aes Argentina

CONSOLIDATED FINANCIAL STATEMENTS
AES Argentina Generación S.A. and Subsidiaries
For the year ended
December 31, 2021

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AES ARGENTINA GENERACIÓN S.A.

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REGULAR STATUTORY AUDITORS:	Andrés Leonardo Vittone Patricio Richards Manuel Goyenechea y Zarza
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2021 Annual Report

To the Shareholders of AES Argentina Generación S.A. (“AES Argentina,” the “Issuer” or the “Company”):

According to the legal and regulatory provisions, we submit to your consideration the Annual Report and Financial Statements for the 29th fiscal year ended December 31, 2021.

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Lawyer C.P.A.C.F. Vol. 67- Fo. 212
Regular Statutory Auditor
By the Supervisory Committee

The Company

AES Argentina is one of the leading power generation companies in the private sector of Argentina, with an installed generation capacity of 2,985 MW as of December 31, 2021, distributed among nine generation plants, and accounting for a 6.9% market share.

Its parent company is "The AES Corporation," a global power company included in Fortune 500 list that holds a diversified portfolio in 14 countries in four continents and an installed capacity of more than 30 GW.

AES Argentina and its subsidiaries have a well-diversified portfolio of competitive assets made up of four hydroelectric power plants with an installed capacity of 1,207 MW (41% of its portfolio), three thermal power plants with an installed capacity of 1,578 MW (53%), and two wind plants of 200 MW (6%), which obtained commercial operation on December 31, 2020.

In addition, the Company is geographically and technologically diversified, with plants strategically located in places with access to fuel supply and to different connecting points of the distribution network connection. The Company is the sole SADI (Interconnection Argentine System) generator with capacity to operate with a variety of fuels such as diesel, fuel oil, biodiesel, natural gas, and coal.

The following table provides a brief description of the plants operated and owned by AES Argentina and its subsidiaries (or whose concession was granted to them):

Plants in operation	Location	Installed Capacity (MW)	Technology
Cabra Corral	Coronel Moldes, Province of Salta	102	Hydroelectric
El Tunal	El Tunal, Province of Salta	10	Hydroelectric
Alicurá	Comahue, Province of Neuquén	1,050	Hydroelectric
Ullum	Ullum, Province of San Juan	45	Hydroelectric
San Nicolás Thermal Power Plant (CTSN)	San Nicolás, Province of Buenos Aires	675	Thermal
AES Paraná	San Nicolás, Province of Buenos Aires	870	Thermal
Sarmiento Plant	San Juan, Province of San Juan	33	Thermal
Vientos Bonaerenses	Tornquist, Province of Buenos Aires	100	Wind
Vientos Neuquinos	Picún Leufú, Province of Neuquén	100	Wind
Total		**2,985**	

It should be mentioned that, in addition, the 20 kv output pipeline of San Nicolás Thermal Power Plant Unit 5 has a 16 MW Battery Energy Storage System (BESS) that provides primary frequency regulation even when the generating unit is out of service.

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In addition to the hydroelectric, thermoelectric and wind power generation assets, the Company owns two fuel supply plants: (i) the CTSN port of discharge for coal supply, and (ii) AES Paraná port of discharge for liquid fuel supply. Each port can serve one vessel at a time. The ports are located one next to the other in the municipality of San Nicolás, Province of Buenos Aires, and they are strategically located to be used to serve industrial customers.

Moreover, the Company makes contributions to the Fund for Investments Required to Increase the Electric Power Supply in the Wholesale Electricity Market (*Fondo para Inversiones Necesarias que Permitan Incrementar la Oferta de Energía Eléctrica en el Mercado Eléctrico Mayorista*, FONINVEMEM) administered by CAMMESA in accordance with instructions of the Ministry of Energy. Insufficient financing of the Wholesale Electricity Market (MEM) for more than a decade generated significant debt with power-generating companies for the sale of electricity from 2004 to and including January 2013. In response, the National Government created the FONINVEMEM with the aim of (i) financing the construction of new generating plants, and (ii) undertaking to cancel the receivables owed to power generators. The collection of Sales Settlements with Due Date to be Determined (LVFVD) was established in 120 equal and consecutive installments, adjustable at their values in US dollars, starting from the time the commercial operation is achieved for each of the plants built under the scope of FONINVEMEM.

The first FONINVEMEM fund was used for the construction and commercial operation of the José de San Martín Thermoelectric Power Plants (TJSM) and Manuel Belgrano Thermoelectric Plant (CTMB). The Company received payment of the 120 installments as of December 31, 2021.

According to the Agreements entered into by generators with the Secretary of Energy and CAMMESA, once the 120 installments have been paid, the Trusts holding the assets of each thermoelectric plant would be liquidated and the assets would be transferred to the Managing Company of each plant. This transfer of assets is pending as of the date of issuance of the Financial Statements.

In 2021, at both Shareholders' Meetings of the Managing Companies it was resolved to make capital increases in TMB and TJSM in the proportion required at each Company so that the National State may subscribe shares and become the owner of 65.006% and 68.826% of the shares of TMB and TJSM, respectively. Executive Decree No. 389/2021, which was published in the Official Gazette on June 16, 2021, among other things, allocated to Integración Energética Argentina S.A. ("IEASA") the shares issued in favor of the National State in the generating companies TMB and TJSM, thus reducing AAG's shareholding interest to 7.2% and 6.4%, respectively.

The second FONINVEMEM fund was used for the construction and commercial operation since April 2016 of Guillermo Brown Thermal Power Plant (CTGB), for which the Company collected 67 of the 120 installments as of December 31, 2021.

Once the accounts receivable have been collected in the 120 installments mentioned above, the National Government shall receive a portion of the shares in the capital stock of the relevant CTGB Generating Company according to the guidelines established in the Generators Agreement, as amended, in order that they proceed to transfer the assets of the trusts to the Managing Company. According to the provisions of Addendum 2 to the Generators Agreement entered into on July 20, 2012, once the proportion of the capital stock allocated to the Argentine Government has been calculated, the percentage share of the generating Company shall not be greater than 30%.

The Company expects to obtain approximately the following interests in the operating companies of the FONINVEMEM thermal power plants listed below:

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Plant	Location	Installed Capacity (MW)	Technology	Equity interest estimated %
San Martín (TJSM)	Timbúes, Province of Santa Fe	865	Thermoelectric	7%
Manuel Belgrano (TMB)	Campana, Province of Buenos Aires	868	Thermoelectric	6%
Guillermo Brown (GTGB)	Bahía Blanca, Province of Buenos Aires	576	Thermoelectric	30%

Relevant facts of fiscal year 2021

Below there is a description of the relevant facts and/or transactions that have had a significant impact on the operations and the economic-financial situation of the Company and subsidiaries in this fiscal year:

a. Repurchase of the Company's own financial instruments

During the year ended December 31, 2021, the Company repurchased its notes at market values for a nominal amount of USD 22.5 million, equivalent to 7.5% of the total issue, the net debt being USD 277.5 million as of the end of the year.

b. Loan with Goldman Sachs - Refinancing Agreement

In February 2021, the Company refinanced, under the terms of Section 7 of Communication "A" No. 7106 issued by the Argentine Central Bank, the loan with Goldman Sachs Bank USA entered into on February 12, 2020. Under the refinancing agreement, the Company paid 40% of the outstanding principal (USD 8 million) together with the accrued interest and refinanced the remaining 60% (USD 12 million) for a period of 24 months.

Macroeconomic Context

According to the latest quarterly report on "World Economic Outlook", the International Monetary Fund (IMF) expects the global growth to be slowed from 5.9% in 2021 to 4.4% in 2022, i.e., half a percentage point less in 2022 than as expected in the October edition of the same report, largely due to a cut in the projections of the two largest economies, the US and China. Inflation is projected to remain high in the short term, averaging 3.9% in advanced economies and 5.9% in emerging and developing markets in 2022, before retreating in 2023. Such higher inflation should retreat as supply chains rebuild, monetary policy tightens, and the demand is rerouted towards services, moving away from intensive consumption of goods.

The IMF lowered its economic growth projection for Latin America and the Caribbean this year, with sharp cuts for Brazil and Mexico, the two largest economies of the region. Regional Gross Domestic Product (GDP) will expand 2.4% in 2022, 0.6 percentage points less than expected in October according to its "World Economic Outlook" (WEO) report. The expansion of regional GDP in 2022 will be two percentage points lower than that of the global GDP, revised downward to 4.4%. With regard to Argentina, the third largest economy in Latin America, the IMF expects a 3% growth in 2022, after a 9.9% contraction in 2020 and an expansion of 10% in 2021.

For Argentina, in December 2021, according to the National Institute of Statistics and Censuses (INDEC), the

Manufacturing Industrial Production Index (manufacturing IPI) showed an increase of 10.1% as compared to the same month of 2020. The cumulative January-December 2021 shows an increase of 15.8% as compared to the same period of 2020.

During 2021, as far as inflation is concerned, the INDEC published that accumulated inflation amounted to 50.9% in 2021, as compared with 36% in 2020. Similarly, the devaluation of the US dollar exchange rate recorded a change of 22% per year and closed in $102.72, as compared to $84.15 at the end of 2020. In addition, the Central Bank of the Argentine Republic (BCRA) provided that those who have principal maturities scheduled between October 15, 2020, and March 31, 2021 (successively extended until June 30, 2022) for financial indebtedness abroad of the private non-financial sector, or debt securities publicly registered in the country, such as Notes denominated in foreign currency, must submit a detail of the Refinancing Plan to the BCRA.

The Argentine Electricity Market

a. Demand

The domestic energy demand of the SADI during 2021 experienced a 5.2 % increase as compared with the previous year, reaching 133,872 GWh net, due to an increased residential demand (1.3%), and in large commercial and industrial customers (8.6%). Energy exports during 2021 grew (25%) to 3,850 GWh. These exports were made to the Federative Republic of Brazil.

In 2020, there has been a decrease of 1.3% to reach 127.306 GWh net, due to an increase in residential demand (8%) and a decrease in large commercial and industrial customers (-8.3%).

b. Generation and Imports

During 2021, there was a 5.7% increase in the energy generated in respect of 2020, with a volume of 141,793 GWh and 134,177 GWh for 2021 and 2020, respectively.

The thermal generation system contributed 63%, while hydroelectric power generation accounted for 17%, nuclear generation covered 7%, other sources such as renewable power represented 12% and the remaining 1% was supplied through electric power imports.

In 2021, the Company generated 8,180 GWh (net) of electric power, accounting for approximately 5.78% of the power generated in the SADI; while in 2020 the Company generated 7,866 GWh (net) of electric power, accounting for approximately 5.86% of the electric power generated by SADI generators.

c. Installed Capacity

The installed capacity in the SADI toward the end of 2021 was 43 GW and rose 2.5% as compared with the 41.9 GW recorded in 2020. The increase is mainly due to proceeds from renewable solar and wind generators.

Taking into account the aforementioned income and the Installed Capacity in the SADI as of December 31, 2021, AES Argentina, with an installed capacity of 2,985 MW (gross), holds a 6.9% share with respect to the total installed capacity of the SADI.

d. Power Prices

On May 19, 2021, the Secretary of Energy amended, by means of Resolution 440/2021, the pricing scheme for power marketed in the "Base Energy" regulatory framework, as established by Resolution 1/2019 and amended by Resolution 31/2020. The new Resolution came into effect as from the economic transaction of February 2021.

In November, the Secretary of Energy, by means of Resolution 1037/2021, recognized an additional remuneration to generators under the regulatory framework of Resolution 440/2021. This additional remuneration has two purposes: (i) to eliminate the payment adjustment for power associated with the generation ratio of the last 12 months (usage factor), and (ii) to create a new "Export Remuneration" related to energy exports from Argentina to Brazil. This Resolution shall be retroactively applied from September 2021 and shall be extended to February 2022.

Remunerative energy and power prices for thermal and hydraulic power plants for the periods ended December 31, 2021, and 2020 are summarized below:

– Energy Remuneration for Thermal and Hydraulic Plants:

Price per source and fuel	*in ARS/MWh*		*in USD/MWh*
	Resolution 440/2021	**Resolution 31/2020**	**Resolution 1/2019**
	effective since February 2021	*effective from February 2020 to January 2021*	*effective from March 2019 to January 2020*
Generated Energy			
Natural Gas	310	240	4.0
Gas Oil / Fuel oil	542	420	7.0
Biodiesel	774	600	10.0
Mineral Coal	929	720	12.0
Hydraulic Power Plants	271	210	3.5
Renewable Power Stations	2,167	1,680	28.0
Operated Electric Power			
Thermal Plants	108	84	1.4
Hydraulic Power Plants	108	84	1.4

– Power Remuneration for Thermal Plants:

Base Price per Technology and Scale	*in ARS/MWh*		*in USD/MWh*
	Resolution 440/2021	**Resolution 31/2020**	**Resolution 1/2019**
	effective since February 2021	*effective from February 2020 to January 2021*	*effective from March 2019 to January 2020*
Large Combined Cycle Power > 150 MW	129,839	100,650	3,050
Large Steam Turbine Power >100 MW	185,180	143,550	4,350
Small Steam Turbine Power ≤ 100MW	221,364	171,600	5,200
Small Gas Turbine Power ≤ 50MW	195,822	151,800	4,600

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Price of Offered Guaranteed Power	*in ARS/MWh*	*in ARS/MWh*	*in USD/MWh*
	Resolution 440/2021	**Resolution 31/2020**	**Resolution 1/2019**
	effective since February 2021	*effective from February 2020 to January 2021*	*effective from March 2019 to January 2020*
Summer: December - January - February	464,400	360,000	7,000
Winter: June - July - August	464,400	360,000	7,000
Rest of the months of the year	348,300	270,000	5,500

– Power Remuneration for Hydraulic Power Plants:

Remuneration for Power	*in ARS/MWh*		*in USD/MWh*
	Resolution 440/2021	**Resolution 31/2020**	**Resolution 1/2019**
	effective since February 2021	*effective from February 2020 to January 2021*	*effective from March 2019 to January 2020*
Large P > 300 MW	127,710	99,000	3,000
Median P > 120 and ≤ 300 MW	170,280	132,000	4,000
Small P > 50 and ≤ 120 MW	234,135	181,500	5,500
Renewable P ≤ 50MW	383,130	297,000	9,000

– Hourly Energy Remuneration of Maximum Thermal Requirement

A remuneration has been created for the average power actually generated in a period of 50 hours where the largest dispatch of net thermal origin generation is recorded in each of the months of the calendar year.

The price of this remuneration is as follows:

ARS/MW-average	Summer / Winter	Spring / Fall
First 25 hours	58	10
Second 25 hours	29	0

e. Fuels

With regard to fuel supply for the generation of electricity, on December 2, 2020, the Secretary of Energy published Resolution 354/2020 - applicable since January 2021 - to implement marketing schemes between gas producing companies and CAMMESA or generators as part of the “PLAN TO PROMOTE THE PRODUCTION OF ARGENTINE NATURAL GAS – SUPPLY AND DEMAND SCHEME 2020-2024” issued by Decree 892/2020. In this regard, Resolution 354/2020 establishes the firm volumes of natural gas for the generation sector represented by CAMMESA and the Generating Agents. Moreover, it establishes the option of adhering to the centralized dispatch involving the operational assignment to CAMMESA by the generators of the product and the contracted transport capacity added to incorporate in the rules of dispatch a priority order number defined for the Natural Gas according to its origin in order to minimize the total cost of supply considering contractual obligations. In addition, it establishes for Generators with contracts under the Energía Plus Service Program, the option to request CAMMESA to provide natural gas so that such generation may cover its contracts at the supply cost of each generator. Finally, the generators that have their own fuel supply obligations under Resolution 287/2017 shall have the option of rendering null and void such obligations and the ensuing recognition of their associated costs, being required to maintain the respective transport capacity.

During 2021, SADI's natural gas consumption for power generation maintained the levels of the previous year, reaching an average of 44,795 cubic decameters/day, which is above the 44,488 cubic decameters/day used in the previous year.

On the other hand, fuel oil and gas oil consumption increased with respect to 2020, in 30% and 137%, which amounted to 750 thousand tons and 2,024 thousand cubic meters, respectively.

The Company supplies itself with the mineral coal used by San Nicolás Thermal Power Plant (CTSN). This fuel increased by 82% this year, mainly due to the lower dispatch of CTSN Units 1, 2 and 5.

Management of the Company

a. Production of Energy and Operations

San Nicolás Thermal Power Plant

The San Nicolás Thermal Power Plant, located in the province of Buenos Aires, with an installed capacity of 675MW, is the only thermoelectric plant in Argentina that can produce energy based on coal, fuel oil and/or natural gas. It was acquired by the Company in May 1993. The plant is made up of six units in total, four 75 MW steam turbines, another 350 MW steam turbine and a 25 MW open cycle gas turbine. In addition, the 20 kv output pipeline of Unit 5 has a 16 MW Battery Energy Storage System (BESS) that provides primary frequency regulation even when the generating unit is out of service.

The following table shows certain data related to CTSN for the years mentioned below:

	2021	**2020**	**2019**	**2018**	**2017**
Total Sales (GWh)	1,823	1,047	468	1,565	1,764
Days out of service for maintenance	18	7	8	7	23
Equivalent Availability Factor (EAF)	93.7%	96.2%	96.3%	97.5%	86.5%

The increase in the production of the San Nicolás Thermal Power Plant, as compared with the previous year, is mainly due to a higher dispatch of Units 1, 2 and 5 during year 2021.

AES Paraná

AES Paraná is a combined cycle thermoelectric plant that can produce energy from natural gas, diesel and/or biodiesel, located in the province of Buenos Aires, in the same premises as CTSN, with an installed capacity of 845 MW, and two gas turbines and one steam turbine. The construction began early in 1999, and the plant obtained commercial operation in February 2001. With a 53% average efficiency, it is one of the most reliable power plants in the Argentine Electricity Market. Additionally, the plant has a 25 MW gas turbine.

The following table shows certain data related to the AES Paraná power plant for the years mentioned below:

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	2021	2020	2019	2018	2017
Total Sales (GWh)	4,138	4,222	3,868	5,181	5,809
Days out of service for maintenance	12	2	14	18	11
Equivalent Availability Factor (EAF)	93.79%	99.33%	96.00%	94.60%	94.00%

The decrease in production of AES Paraná Plant, as compared with the previous year, is mainly due to a lower dispatch during the second half-year and more maintenance scheduled in gas turbine 2.

Alicurá Hydroelectric Power Plant

Alicurá is a dam hydroelectric power plant with a total installed capacity of 1,050 MW, located in the province of Neuquén on Limay River. The Company acquired the plant in August 2000 when it purchased the concession rights to be due in July 2023 from Southern Energy Inc. The Argentine government started the construction of Alicurá dam in 1979, and its commercial operation begun six years later, in 1985. The main duties of Alicurá dam are to regulate the volume of water in Limay River and to generate electricity. Alicurá has a dam with a capacity of 3,215 cubic hectometers (Hm3) sourced from the tributaries of Limay river with a historical mean value of 268 cubic meters per second (m3/sec). The generation plant has four 262,5 MW Francis turbines manufactured by Allis Chalmers-Toshiba and four 280 MVA electric generators manufactured by Toshiba.

The following table shows certain data related to Alicurá plant for the periods stated below:

	2021	2020	2019	2018	2017
Total Sales (GWh)	1,147	1,671	1,689	1,992	1,570
Days out of service for maintenance	8	1	6	7	7
Equivalent Availability Factor (EAF)	97.730%	99,80%	99.10%	98.03%	97.30%

The decrease in the production of Alicurá plant in 2021 as compared to that of the two previous years or with respect to the past year and a half is mainly due to hydrological matters. The average inputs of the year for the Limay river were lower than those recorded in previous years and the past year and a half.

Cabra Corral Hydroelectric Power Complex

This complex is made up of Cabra Corral Hydroelectric Power Plant with a total installed capacity of 102 MW and Peñas Blancas Offset Dike with a regulating capacity of 125 m3/sec, both located in the province of Salta on the Pasaje-Juramento-Salado river. The Company acquired Cabra Corral Hydroelectric Power Complex in December 1995 and holds the operation concession until November 2025.

The Argentine Government began its construction in 1966, started filling the reservoir in 1971 and begun its commercial exploitation in 1978. Cabra Corral Hydroelectric Power Complex, together with El Tunal Hydroelectric Power Complex located downstream from the first one and also operated by the Company, were built with the main purpose of regulating the flows of the high and middle-level basin of the Pasaje-Juramento-Salado river, providing water for consuming purposes in the provinces of Salta, Santiago del Estero and Santa Fe, and the generation of electricity for the SADI.

General Manuel Belgrano Reservoir, which feeds the Cabra Corral Hydroelectric Power Plant, has a current storage volume of about 2,500 Hm3 at its maximum limit and is fed with an annual average contribution flow of 29 m3/sec.

The following table shows certain data related to Cabra Corral Complex for the periods stated below:

	2021	2020	2019	2018	2017
Total Sales (GWh)	142	158	140	142	136
Days out of service for maintenance	8	10	9	14	22
Equivalent Availability Factor (EAF)	97.77%	97.16%	97.41%	96.00%	94.10%

El Tunal Hydroelectric Power Complex

El Tunal Hydroelectric Power Complex has a total installed capacity of 10 MW, and is located in the province of Salta on Pasaje-Juramento-Salado river approximately 170 km downstream of Cabra Corral Hydroelectric Power Complex. The Company acquired El Tunal Hydroelectric Power Complex in December 1995 and holds the operation concession until November 2025.

The Argentine Government started filling the reservoir in 1981 and its commercial exploitation was started by the Company in 1997. As with Cabra Corral Hydroelectric Power Complex, El Tunal Hydroelectric Power Complex helps to regulate the flows of the middle-level basin of Pasaje-Juramento-Salado river and the generation of energy is also delivered to the SADI.

General Martín Miguel de Güemes Reservoir, which feeds the El Tunal Hydroelectric Power Plant, has a current storage volume of about 192 Hm3 at its maximum limit and is fed with an annual average contribution flow of 42 m3/sec, incorporating the contribution of Medina and San Ignacio rivers from the middle-level basin of Pasaje-Juramento-Salado river.

	2021	2020	2019	2018	2017
Total Sales (GWh)	47	51	51	48	52
Days out of service for maintenance	20	8	9	14	10
Equivalent Availability Factor (EAF)	94.56%	97.69%	97.46%	96.20%	97.20%

Ullum Plant

Ullum is a run-of-the-river hydroelectric power plant located in the Province of San Juan, with an installed capacity of 45 MW. The plant has two Francis turbines. Ullum operates under a concession acquired by the Company in March 1996, which expires in February 2026.

Located in San Juan river in the middle of a waterfall of four hydroelectric power plants (Caracoles, Punta Negra, Ullum and Quebrada de Ullum), Ullum is a run-of-the-river hydroelectric power plant with a mean input of 53 m3/s. The inputs of San Juan river come mainly from thawing during Spring and the beginning of Summer and are the main source of irrigation water of Ullum valley and fresh water for the city of San Juan.

The following table shows certain data related to Ullum Plant for the periods stated below:

	2021	2020	2019	2018	2017
Total Sales (GWh)	105	146	183	198	263
Days out of service for maintenance	21	7	21	26	23
Equivalent Availability Factor (EAF)	94.14%	99.00%	95.58%	92.82%	92.70%

Sarmiento Plant

Sarmiento Power Plant is an open cycle natural gas, gas oil and/or biodiesel fired thermoelectric power plant, located in the province of San Juan, with an installed capacity of 33 MW. The plant has three gas turbines. Sarmiento plant was acquired by the Company in March 1996. Sarmiento plant is located in the city of San Juan and the electricity generated by it is generally dispatched to cover the demand peak due to the lack of distribution line infrastructure.

The following table shows certain data related to Sarmiento Plant for the periods stated below:

	2021	2020	2019	2018	2017
Total Sales (GWh)	6	25	24	11	12
Days out of service for maintenance	4	19	24	9	29
Equivalent Availability Factor (EAF)	98.80%	94.60%	93.90%	97.72%	91.20%

The decrease in the production of Sarmiento plant in 2021 as compared to that of the two previous years is clearly due to a lower dispatch of the plant associated with a lower local demand.

Vientos Bonaerenses Wind Plant

The Vientos Bonaerenses Wind Plant is located in the Province of Buenos Aires (district of Tres Picos). It has 30 wind turbines divided into two phases for generation, one that will supply the MATER (six 3,325 MW wind turbines) and another one that will supply the SADI, awarded under the RenovAr program (twenty-four 3,325 MW wind turbines).

	2021	2020
Total Sales (GWh)	439	378
Equivalent Availability Factor (EAF)	95.26%	91.21%

Vientos Neuquinos Wind Plant

Vientos Neuquinos Wind Plant is located in the Province of Neuquén. It has 29 wind turbines divided into two phases for generation that will supply the MATER with an installed capacity 100MW.

As of the end of fiscal year 2021, the wind plant generated 351 GWh.

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	2021	2020
Total Sales (GWh)	351	169
Equivalent Availability Factor (EAF)	94.18%	— *

(*) 100% of the wind plant was commissioned by the end of 2020 and no records are available.

b. Supply of Fuel

During 2021, AES Argentina used a total of 714.4 million cubic meters of natural gas, 28,940 tons of fuel oil and 143,230 cubic meters of gas oil. While during 2020, we used a total of 810 million cubic meters of natural gas, 159,103 tons of fuel oil and 47,161 cubic meters of gas oil.

The type of coal used for generation in Units 1, 2 and 5 of San Nicolás Thermal Power Plant had two different qualities: Colombian quality (including Drummond and Cerrejon quality subtypes) and Australian quality. The Company used 734,120 metric tons in 2021 and 401,373 tons in 2020.

c. Maintenance

Thermal Plants

During 2021, our thermal units underwent the required scheduled maintenance to ensure sustainable operation. In the case of units 1, 2, 3 and 4, preventive maintenance was made on critical equipment. In unit 5, work was performed on the equipment related to coal and ash lines and the rest of the critical equipment. In AES Paraná Combined Cycle, an annual scheduled maintenance was conducted, where the major maintenance of gas turbine 2 was conducted. Likewise, the preventive maintenance necessary to secure reliable operational continuity was conducted.

CTSN Units 1 and 2

No yearly maintenance with a set time range was performed during 2021 in units 1 and 2; however, all scheduled maintenance was performed on critical equipment, with a special focus on coal and ash lines, which are the most impaired when using this fuel.

CTSN Units 3 and 4

No yearly maintenance with a set time range was performed during 2021 in units 3 and 4; however, all scheduled maintenance was performed on critical equipment to ensure sustainable operation.

CTSN Unit 5

A yearly maintenance with was performed in unit 5, which included corrective and preventive maintenance essential to ensure the availability and reliability of the machine. These include:

- Maintenance in coal mills and power lines, and inspection of air preheaters.
- Inspection of boiler with a drone, with very good results, since we were able to properly inspect the boiler with no need to build scaffold structures.
- Inspection of electrostatic precipitator.

- Preventive maintenance on all engine control centers and power center of the block, also of the uninterrupted energy systems and battery system.
- Preventive maintenance of generator, excitation set, and transformers.
- Condenser cleaning and detailed inspection of the condition of pipes to ensure that there was no cooling water filtration to the condensate circuit.

Paraná Combined Cycle

In AES Paraná Combined Cycle, a major inspection on gas turbine 2, a combustor inspection on gas turbine 1, and an inspection on steam inlet valves in the steam turbine were performed in 2021. Together with the above, the major inspection of the GT2 generator and the minor inspections of the GT1 and WT generators were conducted. Likewise, the preventive maintenance necessary to secure reliable operational continuity was conducted.

The annual maintenance of auxiliary system of the combined cycle, engines and associated instrumentation and control systems was performed. The non-destructive testing established in the predictive maintenance plan of the unit and the annual testing of the fire systems were duly completed.

Sarmiento Plant

In 2021, minor inspections and predictive controls were conducted on the three gas turbines. No major maintenance was required due to the low accumulation of running hours. In fall and spring, conversion of gas-liquid fuel, and vice versa, respectively, was conducted in order to operate three units throughout the year with the most efficient fuel.

Hydraulic Power Plants

As regards the hydraulic power plants, we continued with the performance of scheduled maintenance on all the Plants, with a focus on our strategic Safety and Operating Excellence pillars.

Alicurá Plant

During 2021, we continued with the scheduled maintenance plan of the different Plant generation units. As a milestone of the year, it should be mentioned that we conducted the predictive and preventive maintenance scheduled throughout the year on the different pieces of equipment and systems. Moreover, the major maintenance of Unit 3 and the predictive controls and Permapro inspections of Unit 1 and 4 were performed.

Ullum Plant

In 2021, the major maintenance of the turbine of unit No. 2 and the local inspection and maintenance of turbine 1 were conducted, the predictive controls of the main equipment and the auxiliary equipment of both units were also conducted, and the annual maintenance of the underground facilities and the 132 Kv line was conducted.

Cabra Corral and El Tunal Plants

During 2021, we continued with the scheduled maintenance plan for the different units of Cabra Corral and El Tunal Power Plants, with no greater impacts despite COVID-19. In the Cabra Corral Plant, the inspection on the forced tubing of the units was scheduled for 2021 and finally postponed for 2022 to continue analyzing the emptying/filling procedure. Considering the above, the intervention needs of the units were somewhat reduced to those initially scheduled, being units CCO01, CCO02 and CCO03 affected for 12, 2 and 11 days, respectively. Moreover, major tasks were conducted in Units 1 and 2 of El Tunal Plant.

We continued with the implementation of the improvements resulting from the latest SMART Maintenance and the periodic audits of Global Risk Consultant, as well as improvements related to electromechanical equipment related with the safety of dams, civil works and auscultation derived from the audits of Independent Consultants, in both plants.

In particular, the Dam Safety Audits by Independent Consultants appointed by the Dam Safety Regulatory Agency (ORSEP, for its acronym in Spanish) were also conducted in both Hydroelectric Complexes, with satisfactory outcomes in everything related to the performance of civil works and main closures, auscultation and maintenance activities in general, maintenance and operation of hydromechanical equipment, among other issues reviewed.

d. Finance

Further to the financial policies adopted by the Company in the last years, during this fiscal year, AES Argentina continued giving priority to a stringent management of its Cash in order to secure the necessary financial resources required for the proper operation of its Plants and payment of debt services.

Notes:

On January 02, 2017, we issued in the international markets Class A Notes due on February 2, 2024 at a fixed rate of 7.75% for a nominal value of US$ 300 million, under the scope of our program of simple notes (not convertible into shares) for up to USD 500 million (or its equivalent in other currencies). The principal of the Notes will be amortized in a single payment on the due date. The interest accrued on the debt shall be due and payable every six months, in February and August.

The funds obtained from the placement of Class A Notes for USD 300 million were allocated, according to the provisions of article 36 of the Negotiable Obligations Law, as follows: (i) to refinance the existing debt; (ii) to finance working capital in Argentina; (iii) to make investments in physical assets located in Argentina; and (iv) to cover expenses inherent in the transaction.

During the year ended December 31, 2021, the Company repurchased its notes at market values for a nominal amount of USD 22.5 million, equivalent to 7.5% of the total issue, the net debt being USD 277.5 million as of the end of the year.

On February 18, 2020, AAG issued Notes (non-convertible into shares) of three different classes due in 9 months on November 18, 2020, this being the first issue of green bonds in the Argentine primary market. These Notes were neither secured by any floating and/or special guarantees from the Company nor otherwise guaranteed or secured by any other means. The combined nominal value of the Notes amounted to the equivalent amount of USD 47 million and the proceeds were used to complete the construction of Vientos Neuquinos Wind Plant. The interest accrued on the debt of the 3 Classes (B, C and D) was due and payable every three months, in May, August and November. Both principal and interest of the Notes were timely and properly paid on their respective due dates.

Banking Debts:

On September 15, 2020, the BCRA issued Communication "A" 7106, where it provided that those who have principal maturities scheduled between October 15, 2020 and March 31, 2021, for financial indebtedness abroad, must submit before the BCRA a detail of the Refinancing Plan following the criteria established in such Communication.

These measures affected the financial loans with Citibank New York and Goldman Sachs, with principal maturities as of that date of USD 26,666,667 million until March 31, 2021. On November 16, 2020, the Company executed an Addendum to the Loan Agreement with Citibank New York to accommodate the maturities of the next 2 installments to the reference standards. An addendum was executed on February 9, 2021, which restructured the payment of the loan with Goldman Sachs in two installments, the first due on February 12, 2021 (repaid on such date) for USD 8 million and the remaining USD 12 million due on February 12, 2023.

Subsequently, through Communication "A" 7230 issued by the BCRA on February 25, 2021, it was established that the provisions of paragraph 7 of the aforementioned Communication "A" 7106 are extended to those who have principal maturities scheduled between April 1, 2021, and December 31, 2021 for the debts detailed in such communication. For this reason, on April 6, 2021, Citibank New York accepted the second addendum to the Loan to accommodate the maturities from April 1, 2021 onwards, thus complying with the new benchmark regulations.

e. Human Resources

During 2021, the Company had the support and collaboration of 316 employees.

In order to attract talents for the Company, we have connections with educational organizations close to our plants, which are focused on attracting young professionals interested in working for the Company so as to forge and maintain long-term relationships.

Focusing on the sustainability of the Company and the benefit of our employees, we seek to enforce the development of our human team along with the organization, so that they can properly address present and future challenges, by adding value to the business and aligning their duties to the strategic goals of the Company. In order to efficiently manage our power generation park and consolidate our project portfolio, the Company seeks to attract, foster and retain the best people and, in turn, to reinforce its human team by recruiting the right people for each position and with development potential to deal with new projects and work out succession plans.

The investment of AES Argentina in Training and Organizational Development Plans in 2021 was approximately to 9800 training hours, which investment was distributed among Technical and Safety Training and Development Skill Programs. All our employees participated in at least one training session between E-Learning courses and workshops.

During 2021, as a result of the pandemic, AES globally continued to implement an employee assistance program which provided advisory services for a wide range of personal and professional challenges, such as managing stress in a healthy way,

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managing anxiety, managing work-related concerns.

Moreover, as it is publicly known, the pandemic has changed the habits and working conditions of our employees who work other than in our power plants.

Accordingly, we continued to organize workshops focused on providing tools for all our employees in the new way of virtual working.

In order to promote the development of our people at the time of starting any recruitment process, we give priority to the internal promotion process to enhance the development and growth of our employees.

We have an open door policy: in AES Argentina all people can have direct access to Human Resources representatives, their immediate boss and all the Managers and Board Members. Our culture and environment of trust promotes and facilitates the approach, and we are always ready to talk, clear doubts and receive suggestions of any kind.

A large number of people have spent most or all their working lives in AES Argentina or any of its subsidiaries. Some even joined us in their first job and today are leaders in different areas and plants. That is why we specially recognize the effort and work of our employees on their service anniversaries.

During 2021, 107 employees were trained in English or Portuguese under our foreign language training program. Foreign language training has made it possible for collaborators to gain the language skills required to perform their duties and has impacted heavily on the mobility and professional development possibilities of the Argentine collaborators.

In addition, the Company also contributes to the development of workers by granting scholarships for Postgraduate Studies to certain employees, under which the studies of the employees who wish to undertake further training programs are partly funded.

Having more skilled and better prepared employees, allows them to improve their careers within the Company, either by submitting applications in open competitions or through internal promotions to positions of greater responsibility.

Moreover, we continued with the Performance Management Process as a key tool for fostering the performance of all the Company employees. The process has three phases: (i) definition of performance and development goals; (ii) two reviews throughout the year; and (iii) final assessment of goals. All of the above were conducted transversally in the organization. The main goal of the process is to promote the professional development of each person by contributing to its performance from a certain position. Therefore, apart from performance objectives, each employee, together with his/her direct boss, is urged to secure at least a development objective focused on enhancing the skills and/or abilities that may be necessary for achieving the proposed goals.

The Company uses the tool "Workday," a system that helped to facilitate and streamline the performance, compensation and talent management processes.

In 2021, we continued offering training through the Workday Learning Module, which provided our employees with the ability to access hundreds of training courses through the platform.

In 2020, regarding the "Great Place to Work" ranking, AES Argentina was included for the sixth time among the best companies to work in Argentina. We ranked sixth among the best companies to work in the country within a group of companies with 250 to 1,000 employees and continued to be the only power generation company included in the ranking. The Company participated in the measurement of 2021, but the results have not yet been published for that period. The main goal is to draw comparisons with other important companies at a domestic level and to generate improvements in the current procedures and plans concerning the staff management-related organizational atmosphere.

As part of AES compensation system at a global level, the companies of AES Argentina include in their practices and within its internal policies the use of Hay Group methodology in order to achieve a proper definition of positions. This methodology points out the tools and the common language for making an actual description of the position under the Hay Group profile and scale methodology. The aforementioned allows to set a competitive remuneration for each position, including the Annual Performance Bonus and applicable allowances.

Regarding the activities of Staff Benefits developed during 2021, they continued to promote the integration of the worker and his/her family with, and the feeling of belonging to, the Company. In this regard, certain activities were carried out, including the delivery of gifts on special dates (Secretary's Date, Values Day), delivery of the school kit for the children of workers who started kindergarten to secondary school, the attendance of a nutritionist at the company to help the employees, the delivery of Christmas boxes, innovation days (APEX), AES awards to leadership, spirit, commitment to the environment, safety, community, along with preventive health controls and talks on various occupational health topics (prevention of diseases, COVID 19 first aid and CPR, ergonomic risk, healthy eating, smoking and drug abuse prevention) and we also have a recognition program where every month our collaborators who have outstandingly performed their duties are rewarded.

f. Safety and Environment

AES Corporation has explicitly recognized the value of sustainability in the declaration of its mission: "Accelerate the future of energy together." At AES, we are committed to a smarter, greener energy future and to leading our industry in the responsible transition to low-carbon and zero-carbon energy sources. As the world faces the reality of climate change, we are taking decisive and measurable steps to transform our own portfolio and create innovative solutions that make it possible for others to rapidly decarbonize their economies as well.

On this path we have accelerated our commitment to reduce coal generation to less than 10% of our portfolio in five years, from 2025 to 2030, on a megawatt-hour (MWh) basis. In addition, we have set a new goal to achieve net zero-carbon emissions associated with our electricity sales by 2040, one of the most ambitious announcements to date of any major company in our industry that owns a significant share of thermal generation today.

We also reaffirm our commitment to be "carbon neutral" by 2050 in all business areas, including the carbon emissions associated with our customers' use of our energy products. We are also adding an intermediate carbon intensity target for 2030 following a sectoral decarbonization approach.

Being aware that our decisions and activities affect our environment, we assume the commitment to incorporate the business sustainability principles and practices in our culture and in the daily management of our business.

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The economic, environmental, and social aspects are considered as from the planning and during the different stages of the decision-making process.

As we have defined in our Integrated Management System policy, we always put Work Safety and Health first for all people who work in our plants, and we further recognize that Environmental protection is of the essence in our business. As a consequence, we promote the conservation of high biodiversity value areas and ecosystems located within our operations by protecting and promoting the knowledge of species that should be preserved in those areas.

In that sense, 2021 was again an atypical and different year, the COVID 19 pandemic forced us to maintain and adopt new measures to maintain our EHS standards.

Throughout 2021, we maintained a series of actions aimed at managing the pandemic, such as:

- All the non-essential office staff continued to work from home. On October 1, they were allowed to return to the offices with due observance of the protocol then applicable. Then, with the increase in cases at the end of December, we decided to close our offices again.
- Only essential staff continued to work at the plants.
- We continued to control body temperature at the entrance to all our plants (with non-contact IR thermometers) and thermal cameras.
- We continued to implement health protocols/sworn statements for the staff entering and leaving our plants.
- The procedures to issue remote work permits/distancing protocol in control rooms were adapted.
- We continued with the technical training in safety, environment, and occupational health. If possible, they were given in person with due observance of the provisions contained in the protocols. The use of e-learning was increased.
- We continued with our employee assistance program (PAE, for its acronym in Spanish), which is available 24/7/365, to provide support for issues related to the physical and mental health of workers.
- Virtual active pause workshops were conducted on a regular basis to improve the physical health of workers.
- Periodic updates were made to the COVID 19 Procedures and Instructions drafted to prevent the transmission of the virus.
- We adapted workplaces by incorporating acrylic screens.
- We worked strongly on the rapid isolation of symptomatic cases and close contacts, with subsequent PCR, antigen or antibodies test, according to the criteria of the health area through agreements with private laboratories at all the sites where we operate. Random tests were also conducted to detect asymptomatic cases.
- We continued giving health talks with specialists on issues related to the pandemic.
- We monitored the health of both isolated and COVID-19 infected staff until discharge and return to work.
- We implemented various communication systems to reach the largest number of people in the plant with the necessary information.

As a conclusion, we can add that in 2021, 421 health/safety team interventions were conducted to evaluate, isolate, or test for COVID-19 in all our plants in Argentina according to the protocols established for AES people and Contractors. The process was successful since the goal of ensuring the operation of all our plants was never at risk. We recorded only 239 positive cases of COVID-19 among our staff and contractors, 27 (11.3%) of which were due to infections attributable to the working environment and the rest to external infections. In 2021, we had to mourn the death of two contractors who collaborated with us.

As an additional fact, we can mention that in Argentina, approximately 3,854,000 confirmed cases were recorded with more than 72,000 deaths throughout 2021.

COVID-19 vaccination plans were monitored and followed-up. As of December 31, 2021, 98.2% of our staff received one dose and 92.9% completed the vaccination schedule. Guidance talks were held from time to time during the year to encourage vaccination.

Periodic medical examinations were resumed at all our premises with the participation of absolutely all our essential collaborators, who duly observed all the pandemic-related protocols.

For the purposes of ensuring compliance with the regulatory framework and the safety, health and environmental standards, we have continued to develop the Management Systems and the Legal Compliance Audit and Assessment Program, and we followed-up all the findings arising from such audits and assessments.

- As regards the established goals, they have been met as stipulated and the ISO 45001 certification of the plants belonging to the Norte and Oeste complex has been achieved.
- In 2021, we were able to achieve a multi-site certification for ISO 45001 and 14001 standards at San Nicolás and Vientos Bonaerenses Wind Plant I together with 12 other businesses in Chile, within Andes.

For the purposes of ensuring compliance with the regulatory framework and the safety, health and environmental standards, we have implemented a Legal Compliance Audit and Assessment Program, and we followed-up all the findings arising from such audits and assessments.

These audits are conducted both internally and also with the support of external consultants according to the details outlined below:

- Safety and environment legal compliance audit
- Safety and environment internal audits (based on corporate standards and the Integrated Management System)
- Safety and environment external audits (conducted by third parties retained by Certifying Agencies).

All AES Argentina plants are certified to international Quality (ISO 9001), Safety and Health (ISO 45001), and Environment (ISO 14001) standards.

With regard to Dam Safety, which is a key aspect in the operation of our hydraulic power plants, we have developed validation simulations, along with the Control Agency, for our hydraulic businesses. In addition, all businesses maintain an Emergency Brigade, which is continuously trained and participates in periodic simulations.

g. Corporate Social Responsibility

In every location where we work, we contribute with the community through different Social Responsibility programs with the same energy with which we provide a service of excellence.

At a corporate level, the Company developed an educational workshop called "*Aprendiendo con AES Argentina*" with the aim of providing primary school students with the basic concepts of power generation, electrical safety tips, and recommendations for rational use of electricity.

AES Argentina implements other programs in accordance with community needs. We also support cultural events of the communities where we operate. The main actions of the Company in different sectors where we operate are presented below:

Centro Complex

During 2021, the following actions, mainly related to donations, are highlighted:

- Donation of biosafety elements and infrared thermometers to Clínica Nuestra Señora del Rosario (UOM), Cooperadora Centro de Formación Profesional 404 and Colegio Don Bosco.
- Donation of money and materials (notebooks, food supplies, inputs, etc.) to NGOs, nursing home and children's home, San Nicolas City fire barracks and specific-purpose civil associations.
- Collaboration with the fire station of San Nicolás for the repair, hydraulic testing, and maintenance of tubes for autonomous breathing equipment and compressor.
- Collaboration with the provision of video and editing services for the virtual annual exhibition of students from School of Technical Education number 6.
- Donation of tree species for the Automóvil Club San Nicolás and the Asociación Civil Abrazo a la Educación, with the aim of implementing the Organic Garden for All project intended to obtain the raw material for the manufacture of organic jams and to generate sources of work.
- Donation of money to the Rotary Club San Nicolás to collaborate with the "safe water" project that consists of the donation of water purification equipment for the inhabitants of the islands of Paraná river.
- Donation of electronic equipment, unused furniture and electrical materials for associations such as ITC Liderazgo y Coaching, Basketball Association of San Nicolás and DDI San Nicolás.
- Donation of unused material (coal dust and profiles) to the Municipality of Zaballa, the Club of Hunters and Fishermen of San Nicolás and the Automóvil Club San Nicolás.
- Donation of money for a virtual charity festival organized by ELOHIM Ministry.
- Donation of candies to the neighborhood commissions near San Nicolás plant to celebrate children's day and donation of non-perishable goods to the Asociación Cooperadora Pro Casa del Niño for the celebration of children's day.
- Grant of funds and items for the Asociación Cooperadora Escuela de Educación Media No. 457, Kindergarten 901 and the Sociedad Damas de Caridad del Hogar del Carmen in the city of San Nicolás.
- Donation of wires and sets of Christmas lights for the Neighborhood Commission of Astul Urquiaga.
- Donation of safety elements and infrastructure improvements to the Centro de Atención Integral al Discapacitado of Tornquist.

Argentina Norte Complex

The operation of the Hydraulic Power Plants of Salta Complex is closely related to the district of Coronel Moldes and the capital of the province.

During 2020, we renewed the Framework Cooperation Agreement originally entered into in 2015, between the Company, “Cooperadora para la Nutrición Infantil (CONIN)” and “Fundación Nutrir Salta” for the creation and support of the La Unión Nutritional Center, in Rivadavia Banda Sur, Province of Salta. During 2021, we continued to actively collaborate with this project.

We can also highlight the following actions throughout 2021:

- We continued to help the Community Soup Kitchen of San Bernardo Parish in the town of Coronel Moldes, where we provide food assistance and other articles to approximately 65 children at risk from 6 to 12 years old.
- We continued to help the Education Unit No. 4081 “Coronel José de Moldes School” with the provision of materials and/or consumables in general for minor maintenance repairs in the facilities.
- Collaboration with Police Station No.19 (DUR-1) of El Carril through the delivery of computer equipment and food for the celebration of Children’s Day.

Alicurá Complex

During 2021, the Company continued to support schools in the area, including Nehuen Peunam Technical School of San Carlos de Bariloche and the Rural School of Corralito in the Province of Neuquén. In both schools, through our staff, the Company helps and contributes with materials for the maintenance of school facilities, including those related to its electricity grid and unused computer equipment. We also provide food for the Children’s Day and school ceremonies throughout the year.

This year due to the Covid-19 pandemic, we have not received visits from groups of different educational establishments in the area of Bariloche and in the provinces of Neuquén and Río Negro in order to provide information on the production of energy through the use of different types of power plants, activity that is expected to continue when the pandemic situation is overcome, and the free movement of persons is authorized.

San Juan Complex

In San Juan, where Ullum and Sarmiento plants are located, we continued to collaborate with the Multiple Special School of Ullum, where the Company also helps for the maintenance of facilities and collaborates with food and footwear for the children who attend special celebrations, such as the Children’s Day, and other school ceremonies throughout the year.

With regard to educational visits, as detailed for the Alicurá plant, this year, due to Covid-19 pandemic, no visits were received from the educational establishments of San Juan, activity to be continued when the pandemic situation is overcome, and the free movement of persons is allowed.

Vientos Neuquinos Wind Plant

In the area of the Vientos Neuquinos Wind Plant, this year we provided support to and contributed with different organizations, including:

- Comisión de Fomento de Santo Tomas (Nqn), donation of materials for the distribution of drinking water.
- Escuela Primaria Paraje El Sauce (Nqn), donation of paint for the maintenance of the facilities.
- Municipality of Piedra del Águila (Nqn), donation of food for the celebration of Children’s Day.
- Comisión de Fomento El Sauce (Nqn), donation of food for the celebration of Children’s Day.

Results of Operations

The following table has been obtained from the audited consolidated financial statements of the Company and shows the results of the operations for the years ended December 31, 2021 and 2020:

	2021	2020	2021/2020	
	(in thousands of pesos)		*(in thousands of*	*(in percentages)*
Income from ordinary activities	34,427,907	28,003,807	6,424,100	23 %
Sales cost	(22,812,172)	(14,940,979)	(7,871,193)	53 %
Gross profit	**11,615,735**	**13,062,828**	**(1,447,093)**	(11) %
Administrative Expenses	(2,173,861)	(2,286,238)	112,377	(5) %
Marketing expenses	(993,608)	(2,937,836)	1,944,228	(66) %
Other income and expenses	(85,413)	245,984	(331,397)	(135) %
Operating income	**8,362,853**	**8,084,738**	**278,115**	3 %
Financial income	5,627,387	5,126,650	500,737	10 %
Financial expenses	(6,303,277)	(5,364,730)	(938,547)	17 %
Exchange gain (loss)	1,033,698	419,752	613,946	146 %
RECPAM	(6,156,061)	(2,988,530)	(3,167,531)	106 %
Income from investments in other	86,006	115,212	(29,206)	(25) %
Income before tax	**2,650,606**	**5,393,092**	**(2,742,486)**	**(51)%**
Income tax	(1,118,276)	(2,255,541)	1,137,265	(50) %
Net income for the year	**1,532,330**	**3,137,551**	**(1,605,221)**	**(51)%**
Income attributable to				
Income (loss) attributable to owners of parent company	1,539,132	3,138,140		
Income (loss) attributable to non-controlling interests	(6,802)	(589)		
Income	**1,532,330**	**3,137,551**		

a. Net Sales

Net sales for 2021 and 2020 are broken down as follows:

	2021	2020	2021/2020	
	(in thousands of pesos)		*(in thousands of*	*(in percentages)*
Remuneration for energy (1)	19,726,122	12,640,795	7,085,327	56 %
Remuneration for power (2)	9,732,698	11,633,899	(1,901,201)	(16) %
Sales of energy and capacity under agreements	4,678,877	3,312,391	1,366,486	41 %
Other income	290,210	416,722	(126,512)	(30) %
Total	**34,427,907**	**28,003,807**	**6,424,100**	**23 %**

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(1) Includes the notions of generated and operated energy pursuant to the remuneration provided for by Resolutions 1037/2021, 440/2021, 31/2020, 1/2019 and 19/2017, as applicable, as well as other notions established by other current prior resolutions.
(2) Includes sales of renewable energy under Renovar contract with CAMMESA and Forward Market contracts (industrial customers).

The proceeds of sales for this year amounted to Th$34,427,907, an increase of 23% compared to Th$28,003,807 in 2020. This increase was mainly due to the increase in the production of San Nicolás Thermal Power Plant in 776 GWh and 243GWh from the wind plants, as compared to 2020.

Sales Cost

Sales cost for 2021 and 2020 is broken down as follows:

	2021	2020	2021/2020	
	(in thousands of pesos)		*(in thousands of pesos)*	*(in percentages)*
Fuels used for generation	10,802,411	4,070,893	6,731,518	165 %
Operation and maintenance expenditures	2,552,545	1,783,384	769,161	43 %
Cleaning expenses	14,139	14,655	(516)	(4) %
Remunerations, social security contributions and other staff expenses	1,919,430	1,873,674	45,756	2 %
Insurance	2,213,227	1,659,121	554,106	33 %
Depreciation of property plant and equipment	3,861,117	3,737,353	123,764	3 %
Fees and royalties	195,261	361,986	(166,725)	(46) %
Amortization of intangible assets	488,100	557,244	(69,144)	(12) %
Purchase of energy and capacity	70,025	86,964	(16,939)	(19) %
Professional services from related entities	149,891	184,678	(34,787)	(19) %
Safety and security services	69,017	87,906	(18,889)	(21) %
Materials and other supplies	113,379	65,681	47,698	73 %
Frequency regulation	29,102	25,214	3,888	15 %
Travel, mobility and transport expenses	27,257	21,749	5,508	25 %
Transmission costs	88,177	137,675	(49,498)	(36) %
Other market charges	97,129	82,152	14,977	18 %
Fees and remunerations to third parties	38,768	104,692	(65,924)	(63) %
Office and communications expenses	3,160	5,779	(2,619)	(45) %
Sundry	33,660	59,521	(25,861)	(43) %
Use of fields	46,377	20,658	25,719	124 %
Total	**22,812,172**	**14,940,979**	**7,871,193**	**53 %**

The sales cost for this year amounted to Th$22,812,172, a 53% increase as compared to Th$14,940,979 in 2020.

This increase was mainly due to:

- an increase of Th$6,731,518 in fuel costs mainly attributable to higher coal costs as a consequence of higher prices and higher generation;
- an increase in insurance costs of Th$554,106 due to an increase in insurance policies for the year 2021;
- an increase of Th$769,161 in maintenance expenses due to the fact that in 2021 there were less maintenance activities than in 2020 mainly as a consequence of the mayor maintenance conducted in Paraná Combined Cycle Unit.

- an increase of Th$123,764 in the depreciation of property, plant and equipment mainly because the subsidiaries started to depreciate, along with the increasing price of combined cycle parts in AES Paraná.
- a decrease in fees and royalty costs of $(166,725) due to the 29% tariff readjustment (Res. 440/2021) versus the 51% annual inflation and 30% lower generation in hydroelectric power plants.

b. Gross profit

Gross profit increased to Th$11,615,735, 11% less than the Th$13,062,828 recorded in the previous year, i.e. 34% of the sales in 2021 compared to 47% recorded in the previous year. This is mainly due to less energy and power price increases in relation to the inflation recorded during 2021, partly offset by additional revenues generated by the sale of energy and capacity under renewable energy contracts.

c. Administrative Expenses

Administrative expenses for 2021 and 2020 are broken down as follows:

	2021	2020	2021/2020	
	(in thousands of pesos)		*(in thousands of pesos)*	*(in percentages)*
Remunerations, social security contributions and other staff expenses	323,788	380,165	(56,377)	(15) %
Depreciation of property plant and equipment	188,131	211,141	(23,010)	(11) %
Taxes, rates and contributions	521,552	513,729	7,823	2 %
Professional services from related entities	709,062	644,089	64,973	10 %
Travel, mobility and transport expenses	7,806	15,582	(7,776)	(50) %
Fees and remunerations to third parties	355,752	460,406	(104,654)	(23) %
Office and communications expenses	40,351	34,845	5,506	16 %
Sundry	27,419	26,281	1,138	4 %
Total	**2,173,861**	**2,286,238**	**(112,377)**	**(5)%**

Administrative expenses amounted to Th$2,173,861, a 5% decrease as compared to $2,286,238 recorded in the previous year. This decrease was mainly due to:

- Th$(104,654) due to lower fees for consulting services denominated in pesos as a result of the inflationary process, including a rise related to the impact of peso depreciation on services denominated in foreign currency, and
- Th$(64,973) for management fees of related companies, mainly AES Andes S.A.

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d. Marketing expenses

Marketing expenses for 2021 and 2020 are broken down as follows:

	2021	2020	2021/2020	
	(in thousands of pesos)		*(in thousands of pesos)*	*(in percentages)*
Remunerations, social security contributions and other staff expenses	119,459	146,414	(26,955)	(18) %
Taxes, rates and contributions	463,379	504,296	(40,917)	(8) %
Travel, mobility and transport expenses	499	1,970	(1,471)	(75) %
Fees and remunerations to third parties	19,390	13,410	5,980	45 %
Office and communications expenses	6	—	6	100 %
Sundry	10	13	(3)	(23) %
Bad debts	390,865	2,271,733	(1,880,868)	(83) %
Total	**993,608**	**2,937,836**	**(1,944,228)**	**(66)%**

Marketing expenses amounted to Th$993,608, a decrease of 66% compared to Th$2,937,836 recorded in the previous year.

The decrease of Th$(1,880,868) is due to the fact that in 2020 the Company adjusted its estimate of losses on trade receivables balances by recording a bad debt allowance on receivables for which we took into account the significant increase in the risk of long-term trade receivables, with CAMMESA as single counterparty, being this a company that has received and continues to receive financial support from the National State to meet its obligations, as well as the increase in the risk of default of the National State, among other factors.

e. Financial Income and Expense

Financial Income and Expense for 2021 and 2020 is broken down as follows:

	Income (loss)			
	2021	2020	2021/2020	
	(in thousands of pesos)		(in thousands of pesos)	(in percentage)
Interest from financial assets	4,182,120	4,167,940	14,180	0.3 %
Interest earned with related companies	1,304	—	1,304	100 %
Other financial income	1,443,963	958,710	485,253	51 %
Total financial income	**5,627,387**	**5,126,650**	**500,737**	**10 %**
Interest on financial debts	(4,302,722)	(5,138,347)	835,625	(16) %
Interest on tax debts	(14,531)	(80,036)	65,505	(82) %
Interest on trade payables	(23,028)	(23,431)	403	(2) %
Cost of interest on long-term benefit obligations	(135,421)	(122,916)	(12,505)	10 %
Loss due to early debt redemption	(1,827,575)	—	(1,827,575)	(100) %
Total Financial Expenses	**(6,303,277)**	**(5,364,730)**	**(938,547)**	**17 %**
Exchange differences from assets	8,371,644	17,166,163	(8,794,519)	(51) %
Exchange differences from liabilities	(7,154,366)	(15,778,138)	8,623,772	(55) %
Financial derivative instruments	(183,580)	(968,273)	784,693	(81) %
Total of exchange differences	**1,033,698**	**419,752**	**613,946**	**146 %**
RECPAM	(6,156,061)	(2,988,530)	(3,167,531)	106 %
Total financial profit (loss)	**(5,798,253)**	**(2,806,858)**	**(2,991,395)**	**107 %**

The financial results for 2021 amounted to a loss of $5,798,253, a 107% increase as compared with the previous year. The variation of Th$2,991,395 is mainly due to:

- an increase in interest earned of Th$500,737 on balances of accounts receivable from Cammesa resulting from the current regulatory framework between 2013 and January 2017 and the FONINVEMEM credits, an increase in interest earned due to financial placements and an increase in interest earned for days of delay in the credits with Cammesa;
- an increase of Th$938,547, mainly due to financial expenses related to the repurchase of Class A notes, partly offset by lower interest on financial debt.
- higher income from net exchange differences by Th$613,946, generated by higher earnings from derivative financial instruments by Th$784,693 partly offset by a monetary position of net foreign currency assets and liabilities by Th$172,163.
- greater losses due to the RECPAM effect for Th$3,167,531, which has been observed since 2020 when the Company changed its functional currency to the Argentine peso. (Until February 2020, the functional currency was the US dollar.)

Andrés Leonardo Vittone
Lawyer C.P.A.C.F. Vol. 67- Fo. 212
Regular Statutory Auditor
By the Supervisory Committee

f. Result of investments in other companies

The results of investments in other companies for 2021 and 2020 are broken down as follows:

Investments in Subsidiary and Associates	2021	2020	2021/2020	
	(in thousands of pesos)		(in thousands of pesos)	(in percentage)
CTGBSA	87,897	64,861	23,036	36 %
TJSM	(1,581)	35,654	(37,235)	(104) %
TMB	(310)	14,697	(15,007)	(102) %
Total Result of Investment in other	**86,006**	**115,212**	**(29,206)**	**(25)%**

The results recognized by CTGB reflect a decrease due to the impact of the depreciation of the Argentine peso on their profit or loss.

During 2021, the profits or losses generated by TJSM and TMB ceased to be accounted for with equity method.

g. Other income and expenses

Other income and expenses for 2021 and 2020 are broken down as follows:

	Income (loss)			
	2021	2020	2021/2020	
	(in thousands of pesos)		(in thousands of pesos)	(in percentage)
Waiver of loan	—	151,545	(151,545)	(100) %
Proceeds from the sale of assets	227	87,104	(86,877)	(100) %
Proceeds from settlement agreements	45,864	84,181	(38,317)	(46) %
Leasing income	29,627	40,386	(10,759)	(27) %
Recovered bad debts	—	32	(32)	(100) %
Results from disposal of property plant and	(20,978)	(2,379)	(18,599)	782 %
Surrogate payers on personal property	(75,920)	(34,030)	(41,890)	123 %
Net charge for provision of legal claims	(85,897)	(108,919)	23,022	(21) %
Sundry	21,664	28,064	(6,400)	(23) %
Total	**(85,413)**	**245,984**	**(331,397)**	**(135)%**

h. Income tax for the year

Income tax represented a loss of Th$1,118,276, which represented a 50% decrease with respect to the amount of Th$2,255,541 reported in the previous year. This change is mainly due to:

- a lower loss of Th$1,137,265 in the income tax charge mainly due to the application of the comprehensive tax inflation adjustment established by Law 27,430 and a decrease in income before taxes based on the disclosures made above.

i. Net Income for the Year

Net income for fiscal year ended December 31, 2021 increased to Th$1,532,330, a 51% decrease with respect to the Th$3,137,551 recorded during the same period in 2020.

Net income per share rose to $0,134 and $0,272 in 2021 and 2020, respectively.

Economic-Financial Situation

According to the provisions of Title IV, Chapter III, article 4 of the New Consolidated Text of the National Securities Commission (CNV) on rules concerning the form of presentation of the financial statements before that Agency, the information referred to the economic-financial situation of the Company and subsidiaries has been included in the Information Review attached to these financial statements.

Future Perspectives

The World Bank stated that growth in Latin America and the Caribbean rebounded to an estimated 6.7% in 2021 (1.5% more than their previous projection) mainly boosted by favorable external conditions (including the price of commodities) and, in the second half of the year, significant progress on vaccination campaigns, with 60% being fully vaccinated as of this month, compared to 15% in early July.

The World Bank forecasts that the Argentina's economy will expand by 2.6% in 2022, six tenths more than previously projected last June. In its biannual "Global Economic Prospects" report, the agency estimates that after a 9.9% drop in 2020, Argentina grew by 10% in 2021, thus recovering its pre-pandemic level. This growth is also higher than expected in its previous report of last June, where the agency had estimated a GDP growth of around 6.4%. With these figures, Argentina is the fifth country with the highest growth in the region during 2021.

The agency conditioned the durability of the recovery in the region on the control of the pandemic and stated that the economic trajectory of some countries is uncertain due to upcoming elections and the failure to reach political consensus on the reform agenda.

The agency predicted that the Argentina's economy will grow by 2.6% in 2022, partly reflecting the carry-over from strong growth in

2021. Moreover, it estimated a slow in private consumption because of the drawdown of pandemic-related fiscal support to households.

In the operating area of the Company, the efforts will continue to be directed towards making the works and improvements required so that the plants may continue to operate and meet the growing power demand in the country.

We will continue to prioritize a conservative management of finance, through a stringent cash management in order to ensure that the required financial resources for the proper operation of our power plants will be obtained and that the commitments made will be met.

Proposal from the Board

The results of the fiscal year recorded a Net Income of $1,539,131,275. Therefore, considering that (i) the Legal Reserve is fully provisioned in accordance with the terms of the Business Companies Law 19550, and (ii) the 0.5% set out in Article 11 of the Company Bylaws has already been discounted from the income for the year, which should be distributed as Profit Sharing Bonus to the employees, the Board proposes that the total of such Net Income be allocated to an Optional Reserve.

Likewise, the General Shareholders' Meeting will discuss and eventually decide on the allocation of retained earnings.

Final Considerations

Finally, we want to thank all the people who make AES Argentina Generación S.A. a leading company in the generation of electric power in Argentina. We warmly thank them, the shareholders who trust us, and our advisors, clients and suppliers.

San Nicolás de los Arroyos, March 08, 2022

The Board

Schedule 1: REPORT ON THE IMPLEMENTATION OF THE PRINCIPLES AND BEST PRACTICES OF THE CORPORATE GOVERNANCE CODE - Resolution 797/2019 of the National Securities Commission (CNV)

Introduction

This report on the application of the principles and practices recommended by the corporate governance code is issued in order to comply with the provisions of General Resolution 797/2019 issued by the National Securities Commission ("CNV").

AES Argentina Generación S.A. ("AES Argentina" or the "Company," interchangeably) understands the importance for the Company to have a system of corporate governance to govern and structure the operation of corporate bodies with a view to the ethics, transparency and enforcement of anti-corruption mechanisms. This way, the Company focuses on the performance of a responsible business from an economic, environmental and social viewpoint.

Following the philosophy behind CNV General Resolution 797/2019 and taking as guidelines the principles of proportionality and flexibility that make a good Corporate Governance, the following are the principles and good practices that make up the Corporate Governance Code, indicating in each case whether or not they are applied by AES Argentina, and always justifying the response given (in one sense or another).

Also, in compliance with the new Code, in cases where a practice is not applied by the Company as of the date of issue of this report, AES Argentina describes whether it complies with the principle that inspires the practice in question through the application of another practice, whether measures are being evaluated or taken to incorporate the necessary elements to ensure observance of the principle or good practice, or otherwise the reasons why such principle, good practice and/or recommendation is not adopted, taking into account the feasibility, modality and timeliness of its implementation, as well as the particular characteristics of the company and the current degree of corporate development.

A) DUTIES OF THE BOARD

Principles

i. The Company is to be led by a professional and qualified Board, which will be in charge of laying the necessary foundations to ensure the sustainable success of the company. The Board is the guardian of the company and the rights of all its Shareholders.
ii. The Board shall be responsible for determining and promoting corporate culture and values. In its performance, the Board shall ensure compliance with the highest standards of ethics and integrity in the best interest of the company.
iii. The Board shall be responsible for ensuring a strategy inspired by the vision and mission of the company, which shall be consistent with its values and culture. The Board shall interact constructively with the management to ensure the correct development, implementation, monitoring and modification of the company's strategy.
iv. The Board shall exercise permanent control and supervision of the management of the company, ensuring that the management takes actions aimed at the implementation of the strategy and the business plan approved by the Board.
v. The Board shall have the necessary mechanisms and policies to exercise its role and that of each of its members in an efficient and effective manner.

Practices

1. *The Board generates an ethical culture of work and establishes the vision, mission and values of the company.*

COMPLIANT.

Recently, in order to accommodate to the multiple changes occurred at a national and international level, the mission of the AES group at a global level ("**AES**" or the "**AES Group**") was updated and replaced by Accelerate the future of energy, together. In other words, at AES we believe that if we work together, we improve lives by delivering greener, smarter energy solutions the world needs.

Likewise, also with a view to receiving the evolution experienced in the different elements that make up the company's business, as well as in order to reflect the evolution of AES as a company, the values of the AES Group were reformulated to express them in a simpler way, showing the Company's commitment to real change and preparation for the future, while acknowledging and embracing our history. Thus, the new values of AES Argentina are Safety First; Highest Standards; and All Together, as described below:

(i) Safety first.

Safety is at the core of everything we do. We always identify potential risks to our people, contractors, customers, partners, and communities. We measure success by how safely we conduct our work together while contributing to a greener energy future.

Our absolute priority has always been, is and will be the safety of our employees (both direct employees and subcontractors) in the performance of their tasks. Prior to the performance of any work, our staff must ensure that the work is conducted under appropriate safety conditions that do not involve unnecessary risks to their lives, health and/or physical integrity. This is strongly emphasized by the Company's management team, through regular seminars on the importance of this value and ways of implementing it. This principle is also reinforced through the right and duty of every worker to stop a work if he/she considers that there is any unsafe condition.

(ii) Highest standards.

We act with the utmost integrity towards our people, customers and partners. The solutions we offer together meet global standards of excellence.

Our management team and employees must act with ethics and respect, creating an environment of trust, caring for the environment in which we do business, and complying with the law and our policies. Such policies include, without limitation, "Conflicts of Interest," "Gifts and Entertainment," and "Donations and Contributions."

This value also includes the need to act with agility, always striving for excellence. Thus, the AES Argentina team is empowered to make rapid decisions and adapt to changes, being accountable for its actions and seeking also to maximize its potential on an ongoing basis, trying to provide the best possible solutions to the various challenges arising day after day from the development of our business. This value focuses on the personal goals that each of our executive officers and employees must have to excel, rather than to mechanically fulfilling the tasks entrusted to them.

(iii) All Together.

We work as a team with our customers and partners. We meet changing customer needs with agility and enjoy celebrating everyone's success, solving significant challenges as a team.

On the one hand, this value refers to enjoy working. In AES Argentina, we believe in the importance of collaboration for value creation, and we are proud of what we and our team do both internally and externally, being aware of their impact on and significance for the communities we serve.

But it also emphasizes how important are the other stakeholders (suppliers, contractors, customers, regulators, investors, the communities where the different plants are located, and which constantly interact with the activity of the Company) for AES Argentina in the pursuance of our goals and mission.

In this regard, the Company, as part of the AES Group at a global level, has an AES Values Guide which is embodied in the AES Code of Conduct (the "AES Code of Conduct"), which is binding on all collaborators of AES Argentina and reviewed from time to time.

The AES Code of Conduct establishes the processes that ensure that each and every member of AES Argentina team, through a 360° system, monitor the enforcement of the code and, in any case, conduct the procedures established to solve any situations of conflict and impose punishments for violations.

AES Argentina is also implementing the position of Compliance Officer, who is responsible for promoting, monitoring and enforcing the Code of Ethics and Conduct.

Nevertheless, the Company's Board places special emphasis on constantly transmitting both AES Argentina's mission and its values, not only to its employees but also to other stakeholders, such as investors, customers, and suppliers, among others. Some of the key tools to achieve this dissemination are regular talks and online courses on the subject for employees, the annual celebration of the Values Day, safety walks, the delivery to suppliers of the AES Code of Conduct with the commitment to comply with it, and the publication of the Code of Conduct so that it is available for investors. The communities where AES Argentina does business and provides services are also taken into account. Therefore, the Company -with the approval of its Board of Directors- makes various donations and participates in agreements with local authorities as a way of engaging in the development and well-being of these communities.

In this way, the Board supervises and encourages the conduct of all the activities set out in the preceding paragraph, restlessly seeking the implementation of new processes and mechanisms that reinforce both the mission and the values of the company.

Actually, the Board of the Company plays a fundamental role since it is primarily responsible for generating and promoting the culture of work ethics and ensuring compliance with AES Argentina's vision, mission and values.

2. *The Board sets forth the Company's overall strategy and approves the strategic plan developed by the management. In doing so, the Board takes into consideration environmental, social and corporate governance factors. The Board supervises its implementation by using key performance indicators and taking into account the best interest of the company and all its shareholders.*

COMPLIANT.

The Company has a strategic plan that has been developed by the first-line management and analyzed together with the Board. For that purpose, the Board conducts periodic follow-up meetings both among its members and with members of the management and officers responsible for other areas. They analyze the degree of compliance with the strategic plan, and they adjust expectations according to the variations of the Company's business. In addition, each of the Board members manages to be informed about the Company's business and, to this end, they meet with the leaders of the different areas within AES Argentina. The strategic plan is reviewed every year by both the first-line management and the Board and sets out the goals for each fiscal year. Its final purpose is to contribute to increasing the value for shareholders and investors by the satisfaction of the following goals:

Solid Cash Flow Generation. The generation of operating cash flow from the Company's activities is one of the cornerstones of our strategy to finance development. Maximizing the efficiency of the Company's asset production will be the main source of cash flow generation and return growth for shareholders.

Focus on development. One of our main purposes is the permanent innovation applied to the development of our activity and, in this sense, the rapid adaptation to changes in the electric market with a view to maximizing our growth and productivity. Hence, for more than four years, we have been actively involved in the development of various renewable energy projects and have obtained the commercial operation ("*habilitación comercial*") of two of them, with a total capacity of 100MW each. Moreover, in spite of the extremely adverse economic context of the country, the Company is still analyzing possible investments in that kind of projects, so as to continue to increase the share of renewable energy generation within its portfolio.

A Leadership Position as Operator. We aim to become a leading operator with the achievement of the lowest levels of development and operating costs, getting the maximum value for our shareholders, obtaining the maximum return on our conventional production by continuously reducing our operating costs, and by sustaining our production levels with cost-effective primary, secondary, and tertiary recovery.
We believe that the experience and knowledge of our management team and specialized professional team will improve the ability to reduce our development and operating costs faster than other companies of the sector.

Retain our Financial Flexibility. We aim at maintaining a solid balance, with an adequate level of leverage, by generating a solid cash flow from both our conventional and non-conventional assets, and by investing temporary cash surplus in instruments primarily intended to preserve the capital, in accordance with the Corporate Treasury Policy.

Search for Profitable Growth Opportunities. We believe that there may exist many opportunities to acquire assets that will allow growth in the exploration and production sector in the country, which is rich in resources. In this sense, the Board and first-line management have relevant operational and managerial expertise in Argentina and throughout Latin America and have all the necessary skills to identify attractive growth opportunities for AES Argentina.

3. *The Board supervises the management and ensures that it develops, implements and maintains an adequate system of internal control with clear reporting lines.*

COMPLIANT.

Our Board meets at least each quarter for the purpose of analyzing the status of our corporate business, the degree of compliance with the strategic plan, and the performance of those who hold managing positions in the Company. These meetings are called by the Chairman upon having arranged the agenda with the other members of the Board and the Supervisory Committee.

It should be noted that, at its meetings, unless prevented by any emergency or agenda matter, the Board becomes acquainted with the current situation and development of the corporate business. In other words, the Board permanently obtains updated information about the Company and the performance of the first-line management and/or area managers. Therefore, in these Board meetings and in the meetings individually held by the Board members with the staff of the Company, they get updated information about the performance of the Management members.

It is important to understand that AES Argentina is part of the AES Group, an international business group, and in this regard, the performance evaluation of each member of the first-line management is not only conducted at a local level, but also, in the case of those holding managerial positions, at an international level. In this sense, the role of the Board in these evaluations is relevant, as it is the body responsible for the administration of the Company and which supervises the persons holding managerial positions.

In turn, with the annual frequency statutorily required, the Board prepares an Annual Report, which is an integral part of the annual Financial Statements that are submitted to the consideration of the Shareholders' Meeting. In that document, the Board describes its performance and the management results for the previous year in order to provide an adequate and sufficient guide to allow the assessment of the performance of its members by the Shareholders' Meeting.

For the purpose of evaluating the performance of the General Manager and the other members of the first-line management, the Board considers the goals set at the beginning of the fiscal year for each member individually, fulfillment of the principles and values of the Company, compliance with the AES Code of Conduct and the economic, political and social situation at a national and international level. Furthermore, pursuant to the principles of the Company, the Board considers the variables that were unforeseen during the setting of goals at the beginning of the fiscal year in order to make an equitable evaluation. In line with the above, the Board considers "hard" and "soft" variables on the understanding that hard variables are the algebraic indices of result and soft variables are the compliance-grade indices requiring greater interpretation and subjectivity for their calculation by the evaluator. As an example, to evaluate the performance of the General Manager and the other members of the first-line management, the Board considers as a hard variable the business results based on the metrics established at the beginning of the cycle and reflected in an index called "score card", and as a soft variable the satisfaction of individual goals, as assessed in each case by the hierarchical superior of each one of the managers.

The Performance Evaluation Process for first-line managers consists of 3 stages:

1. Definition of performance and personal development goals.

2. Mid-year review or feedback.

3. Final evaluation and closing.

This tool makes it possible to review the results of the employee being evaluated together with his/her immediate boss. In turn, the collaborator participates in the definition of its work plan for the year, in respect of their performance objectives, but also in relation to the training activities (development objectives), agreeing on priorities with his/her immediate boss.

With regard to remunerations, we have created a "Compensation Center of Excellence" at a corporate level that devises and implements the strategy of the Company in that matter. External competitiveness and internal equity are sought to be fostered. For that purpose, the HAY Group compensation methodology is used.

This tool is based on the correct definition based on the adequate description of each position. Then, under the profile and scale models, the job is evaluated in order to establish a level or degree for each position. Finally, each HAY level or degree has a set salary range. The definition of a salary range is the result of studies conducted on salaries in the labor market.

In the case of senior management, compensation is made up as follows:

1. Fixed Monthly Salary

2. Annual bonus, which varies according to results and individual performance

3. Long-term Compensation Plans (only applicable to certain positions).

The Responsibility Assignment Policy for First-Line Managers is contained in the internal standards adopted by the Human Resources Department of the Company, which prepares, as a structure formalization scheme, a "Job Description" including the missions and duties inherent in each position within the structure, which is also used to establish the relative weight of the position within the organization; all of the above under a standardized and world renowned methodology prepared by HAY Group. There is a procedure called "Job Description and Evaluation," which establishes the guidelines, responsibilities, and steps to follow for the generation of job descriptions and evaluations in the organizational structure of the Company.

The first-line managers succession plans are defined under the scope of a process called "People Review" with the participation of the Regional President of the AES Group, the Regional Human Resources Vice-president, and the Vice-presidents of the AES Group.

4. ***The Board sets corporate governance structures and practices, appoints a person responsible for their implementation, monitors their effectiveness, and suggests changes if necessary.***

COMPLIANT.

The Board also approves and supervises the corporate governance policy, whose structure and practices are contained not only in the applicable Laws and Regulations but also in the interaction of a set of Codes and Policies adopted by the same Board, which are consistent with the current laws on corporate governance, as issued by the CNV, the Securities and Exchange Commission ("SEC") and the self-regulated markets in which the Parent Company trades its securities, including, without limitation, the AES Code of Conduct, the Values Guide, the Conflicts of Interest Policy, the Anti-corruption Policy, the Gifts and Entertainment Policy, Insider Trading Policy and the Charitable Contributions and Political Donations Policy of the AES Group

Every year, the Company's Board of Directors approves the Report on the Application of the Principles and Best Practices of the Corporate Governance Code, prepared in accordance with the current CNV regulations and submitted for consideration of AES Argentina shareholders and the investors. In such report, the Board analyzes adherence to corporate governance principles, and the progress of the Company and its business. This way, the Board takes advantage of this opportunity to monitor the effectiveness of each corporate governance structure, process and practice adopted by the Company, allowing to identify those that due to their low degree of compliance may require changes and/or updates.

In the future, for a better implementation of the recommendations contained in the Corporate Governance Code and in order to secure a better development of those recommendations, we will evaluate the implementation of a Corporate Governance Secretary that will also coordinate the relationship between investors, Management, Board and the performance of the Board in order to ensure the resources necessary for the development and periodic fulfillment of the good corporate governance system, considering the relationship between costs and benefits in the implementation of corporate governance practices, processes and structures, and taking into account the principles of flexibility and proportionality inherent in the good corporate governance practices.

In terms of communication with investors, the AES Group has a specific department that is responsible for keeping the holders of notes issued by the Company informed of any relevant fact in accounting, financial, corporate or other matters that may reasonably be of interest to them. This, apart from compliance with the reporting system imposed by the current regulations governing the Public Offering System (especially the CNV Technical standards and the BYMA Listing Regulations).

Currently, given its size and structure, there are neither Committees within the Board of Directors nor Management officers with delegated duties to make them responsible for the implementation of corporate governance structures and practices. Nevertheless, the Shareholders' Meeting delegated to the Board certain powers in relation to the Company's Note Program -including the notes already issued and the new notes to be eventually issued under the framework of that Program- which, in turn, were subdelegated by the Board to some of its members. The performance of Subdelegates is controlled directly and periodically by the Board. The sub-delegation is subject to annual renewal by the Board in order to ensure its correct performance.

Likewise, everything concerning the evaluation of compliance, appointments, and remunerations is conducted both locally and globally, as explained in Practice 3.

Considering that AES Argentina is a closed company owned by the AES business group, there shall be no Corporate Secretary since it is considered that the current corporate structure of the group guarantees a smooth communication between the Board, the Management and the shareholders.

Taking the above into account, it is considered that the Company has completed the evaluation and arrived at the conclusion that the current provisions contained in the by-laws, added to the legal provisions applicable to the Company (mainly the Business Companies Law, Law 26,831, the CNV standards, the US laws and regulations applicable to the Company due to the fact that its parent company is listed on the NYSE), together with several internal Codes and Policies, make up a proper regulatory framework regarding corporate governance and general and specific responsibilities of this Board and first-line managers. For this reason and without prejudice of the improvements and modifications that may be introduced in the process, the Board, as of the date hereof, has considered that it is not necessary to fully and expressly incorporate in the Bylaws any provisions regarding the Corporate Governance Code.

5. ***The Board members have sufficient time to perform their duties in a professional and efficient manner. The Board and its committees have clear and formalized rules for their operation and organization, which are disclosed through the company's website.***

COMPLIANT.

AES Argentina has an expert Board with vast experience. The Board also relies on the AES Argentina team made up of specialized staff with extensive experience.

According to the by-laws, the Board of the Company is made up of five (5) regular board members and five (5) alternate board members who are elected by the Shareholders' Meeting of the Company. The board members are appointed for a period of one (1) fiscal year. Board Members are unlimitedly and severally liable toward the Company, shareholders and third parties for the poor performance of their office, violation of the law, the by-laws, or other Company standards, if any, and for any other damage to third parties caused by the willful misconduct, abuse of powers or gross negligence, as provided for in section 274 of Business Companies Law No. 19,550 (" BCL ").

In accordance with the practice and the principle under analysis, AES Argentina has a specialized Board, wholly engaged in the business of the Company. In this regard, the Board Members of the Company do not hold positions in other companies that are not members of the AES Group, and all the member companies of the group where they hold positions do business in the same sector. Therefore, the Board of the Company is fully involved in the development of the social business, an essential requirement to become member of the Board, as it has been informed to each of them at the time of their appointment. In addition to the specialization in the business and the vast experience of all its members, the Board of AES Argentina is characterized by its disciplinary multiplicity since it is made up of professionals from different areas of study, which guarantees an overall and dynamic vision. In addition, the Board is made up of Board Members of different ages, and also has a female Alternate Board Member, who contributes to gender diversity. As far as possible, all the Board Members participate in Board meetings and in the performance of the body.

Moreover, because of the central role they play, the Company sees that each Board member has the necessary elements to fulfill their duties. Actually, the Board has sufficient budget to fulfill its duties, to administer the Company and, in this sense, to guarantee shareholders and investors that the Board is qualified to fulfill its duties and to guide the Company on how to meet its goals and pursue its mission.

The following is a brief description of the background of the Board members, including specific capacities for the development of the business of AES Argentina.

REGULAR BOARD MEMBERS:

Martín José Genesio (Personal Id. "DNI" 25,715,530): was born in San Nicolás de los Arroyos, Province of Buenos Aires, on January 18, 1977. He has obtained a degree as Electronic Engineer from Universidad Tecnológica Nacional of Argentina. He obtained a master's degree in Electricity and Natural Gas Market from the Instituto Tecnológico de Buenos Aires (ITBA) and an Executive MBA (*Magna Cum Laude*) from the IAE Business School at Universidad Austral. He joined Termoandes S.A., a subsidiary of AES, as Business Manager in 2006. He was then appointed as General Manager for Termoandes and General Manager and COO for AES Argentina Generación S.A. in Argentina. He is currently President of AES Argentina. Before joining Termoandes, he served as International Sales Manager at EDF Global Solutions, a company that is member of Electricité de France holding. He has more than 13 years of experience in the Argentine and regional electricity market.

Vicente Javier Giorgio (Personal Id. "DNI" 21,022,116) was born in San Nicolás de los Arroyos, Province of Buenos Aires, on July 10, 1969. He joined AES in 1997, first as Commercial Manager of the distribution business and then as General Manager of the generation business. In 2006, he was appointed as General Manager of Electricidad de Caracas, and in 2007 he became Country Manager of AES Panamá. In 2009, he moved to Chile where he was appointed as Vice President of Operations for AES

Gener S.A., Vice President of Operations for the Andes SBU in 2012, and recently, in 2016, President of the Andes SBU.

Fabián Carlos Giammaría (Personal Id. "DNI" 18,211,356) was born in San Nicolás de los Arroyos, Province of Buenos Aires, on November 3, 1967. He is a lawyer with a degree from Universidad de Buenos Aires and holds a Master's in Business Law from Universidad Austral. He completed a postgraduate degree in Human Resources at the Universidad de Belgrano.
At present, he is regular board member of AES Argentina, AES Alicurá Holdings S.C.A., Inversora de San Nicolás S.A., Shazia S.R.L., AES Paraná Gas S.A., AES Paraná Operations S.R.L., Energética Argentina S.A., Termoandes S.A., Gener Argentina S.A., Interandes S.A., and Energen S.A., and regular board member of AES Caracoles S.R.L. and Termoeléctrica Guillermo Brown S.A. He works at AES Argentina. He joined AES in 2004. Prior to joining AES Argentina, he worked as Senior Legal Advisor in Diego & Associates (2001-2004).

Ivan Diego Durontó (Personal Id. "DNI" 23,471,261) was born in the city of Buenos Aires, on September 25, 1973. He is a lawyer with a degree from Universidad de Buenos Aires and holds a Master's in Business Law from Universidad Austral. He is regular board member of AES Argentina, Inversora de San Nicolás S.A., AES Alicurá Holdings S.C.A., Shazia S.R.L., AES Paraná Gas S.A., AES Paraná Operations S.A. and Energética Argentina S.A.; alternate board member of Vientos Neuquinos I S.A., Termoandes S.A., Gener Argentina S.A., Interandes S.A., Energen S.A., Termoeléctrica José de San Martín S.A. and Termoeléctrica Guillermo Brown S.A., and statutory auditor of Termoeléctrica Manuel Belgrano S.A. He works in AES Argentina since 2006. Prior to joining AES Argentina, he worked as Head of the Legal Department at Empresa Distribuidora La Plata S.A. (2002-2006) and as an associate at Klein & Franco Abogados.

Luis Barnabas Casas (Personal Id. "DNI" 26,405,503) was born in the city of Buenos Aires, on January 10, 1978. He is a certified public accountant from the University of Buenos Aires. He joined AES Argentina Generación S.A. in 2003 as Accounting Analyst.
Then, he served as Development Manager at AES Servicios América S.R.L. and as Administration Manager at AES Argentina Generación S.A. He currently works at AES Gener S.A., a Chilean company of the AES group, where he holds the position of Financial Controller for Argentina, Chile and Colombia. He has more than 15 years of experience in the Argentine and regional electricity market.

ALTERNATE BOARD MEMBERS:

Guillermo Daniel Paponi (Personal Id. "DNI" 17,241,855) was born in the city of Buenos Aires, on December 8, 1964. He is a Mechanical Engineer specializing in Engineering Management, graduated from Universidad Tecnológica Nacional, San Nicolás Regional School. He is alternate board member of AES Argentina, Inversora de San Nicolás S.A., AES Alicurá Holdings S.C.A., Shazia S.R.L., AES Paraná Gas S.A., AES Paraná Operations S.R.L., Energética Argentina S.A., Termoandes S.A., Gener Argentina S.A., Interandes S.A. and Energen S.A. He has been working in AES Argentina since 1993, where he served as Operations and Maintenance Manager at CTSN, San Nicolas Power Plant Manager (CTSN – AES Paraná), Thermal Generation Officer and Operations Officer at AES Argentina S.A. Before joining AES Argentina S.A., he worked in Aguas y Energía Sociedad del Estado as Maintenance and Operational Control Planning Manager (1984-1993).

Rubén Néstor Zaia (Personal Id. "DNI" 17,233,857) was born in the city of Buenos Aires, on September 26, 1964. He has obtained a diploma as Electricity Engineer from Universidad Tecnológica Nacional. His career was developed in companies such as Electricité de France (EDF), Alstom T&D and ABB. He joined AES Argentina Generación in December 2016 as Business Development Officer and during the last few years he participated in the development and execution of the Vientos Bonaerenses 1 (in the district of Tornquist, province of Buenos Aires, Argentina) and Vientos Neuquinos 1 (in the district of Bajada Colorada, province of Neuquén, Argentina) wind projects.

Adriana Beatriz Brambilla (Personal Id. "DNI" 24,838,940) was born in Quilmes, Province of Buenos Aires, on July 2, 1975. She is a Public Accountant graduated from the University of Buenos Aires and holds a postgraduate degree in International Taxation from Universidad Argentina de la Empresa (UADE). Her career was developed in companies such as Pricewaterhouse. She joined AES Argentina Generación in June 2003 to serve as Compliance Tax Manager of the Hidroeléctrica Alicurá group companies, based in San Carlos de Bariloche, province of Rio Negro, Argentina. She currently serves as Tax Manager for AES

Group companies in Argentina and performs her duties in the City of Buenos Aires.

Diego Andrés Parodi (Personal Id. "DNI" 22,265,429) was born in the city of Buenos Aires, on August 2, 1971. He is an Accountant graduated from Universidad Argentina de la Empresa and obtained an MBA from UCEMA. He is alternate board member of AES Argentina, Inversora de San Nicolás S.A. and Termoeléctrica Guillermo Brown S.A. He has been working at AES Servicios América as General Manager since 2013. Before joining AES Servicios América, he worked as Managing Director at AES Argentina Generación S.A., and as CFO at Empresa Distribuidora La Plata S.A.

The Company guarantees the availability of information relevant to the decision-making process of the Board. In this regard, article 23 of the By-laws sets out that the invitation to the meetings of the Board is made by written notice to all its members. Likewise, there is direct consultation mechanism for management lines to be used by all the board members.

The decisions inherent in the management of the Company are made at Board meetings, whose frequency varies according to the needs of the Company, and must be held at least every 3 months, as required by article 267 of the Business Companies Law 19,550 and article 23 of the By-laws.

All the matters submitted to the consideration of the Board include an analysis of the risks inherent in the decisions to be made. For that purpose, each responsible area issues, where appropriate, its analysis and opinion on the area under its responsibility, so that the Board may weigh all the risks associated with the decision, considering the risk level set as acceptable by the Company. In this regard, the advice and opinion of independent professionals is usually required to assess and report those risks to the Board.

During the regular meetings of the Board of Directors, adherence to the approved budget and, consequently, to the business plan is controlled. Budgetary Control is mainly focused on the follow-up of the most important financial-economic and operational variables of the Company, such as: Volumes and Prices, Statement of Income and Cash Flows, Investments, Sales, Fixed Costs, and Working Capital Investment. In turn, these indicators are monitored in different temporal dimensions: Monthly, accumulated and yearly.

As set forth in Practice 3, with the annual frequency statutorily required, the Board prepares an Annual Report, which is an integral part of the annual Financial Statements that are submitted to the consideration of the Shareholders' Meeting. In that document, the Board describes its performance and the management results for the previous year in order to provide an adequate and sufficient guide to allow the assessment of the performance of its members by the Shareholders' Meeting.

Moreover, although the General Shareholders' Meeting is not required to make an assessment of compliance of goals by the Board, it approves its management and the financial statements of the Company, together with the Annual Report and the Report on the Corporate Governance Code, in accordance with the provisions set forth in the BCL and the current regulations of the CNV and Bolsas y Mercados Argentinos S.A. ("BYMA").

The performance and organization of the Board is fully governed by the provisions of the BCL and the Corporate By-laws of AES Argentina, which are widely known by all the Board Members and readily available to the public for being published in the CNV website (which at the same time contains a link to the AES Argentina website). In view of the above, and considering the size and lack of committees, the Board does not deem it necessary to regulate its operation in greater depth by issuing a regulation.

B) <u>CHAIRMANSHIP IN THE BOARD AND CORPORATE SECRETARY</u>

<u>Principles</u>

vi. The Chairman of the Board is responsible for ensuring the effective performance of the Board's duties and for leading its members. The Chairman should generate a positive working dynamic and promote the constructive participation of its members. Moreover, the Chairman should ensure that members have all the elements and information necessary for the decision-making process. This also applies to the Chairmen of each Board Committee according to the duties entrusted to them.

vii. The Chairman of the Board shall lead processes and establish structures seeking the commitment, objectivity and competence of the Board members, as well as the better operation of the body as a whole and its evolution according to the needs of the company.

viii. The Chairman of the Board shall ensure that the Board as a whole is involved and is responsible for the succession of the General Manager.

Practices

6. *The Chairman of the Board is responsible for the good organization of the Board meetings, prepares the agenda by ensuring the collaboration of the other members and ensures that they receive the necessary materials sufficiently in advance to participate in an efficient and informed manner in the meetings. The Committee Chairmen have the same responsibilities for their meetings.*

COMPLIANT.

The Chairman of the Board exercises the legal representation of the Company and coordinates the operation of the Board in a diligent and prudent manner in accordance with the standard of a good businessperson provided for in BCL and the CNV Standards. In this regard, Martín José Genesio, in his capacity as Chairman of the Board of the Company, is in charge of convening the Board meetings, and coordinates the dates and agenda with the other members of the Board. He also chairs and organizes the Board meetings, ensuring the participation and involvement of all Board members.

As indicated above, the Company does not have a Corporate Secretary. Without prejudice to this, the duties of the secretary are fulfilled by the General Department of Legal and Regulatory Affairs of the Company. In this sense, the preparation and organization of the Board meetings are entrusted to the legal department of the Company.

As stated in paragraph 5 above, the availability of information relevant to the decision-making process of the Board is duly guaranteed. Board Members are provided with all the documentation to be submitted to the Board's approval in advance, to allow them to make a correct individual analysis of such documentation before it is discussed at the Board meetings.

All the Board members have direct access to the management lines to make inquiries; and all the matters to be considered by the Board have already been subject to an analysis of the risks related to the decisions that can be made.

Likewise, the Chairman, assisted by the General Department of Legal and Regulatory Affairs, is responsible for the organization and management of the Shareholders' Meetings, which are called sufficiently in advance, directly notified to minority shareholders in addition to the publication of legal notices, and for which the documentation to be considered has been previously distributed. In addition, the General Department of Legal and Regulatory Affairs is responsible for the preparation of the necessary corporate documentation so that the Shareholders' Meeting can be validly held.

7. *The Chairman of the Board ensures the proper internal operation of the Board through the implementation of formal annual evaluation processes.*

NOT COMPLIANT, BUT IT COMPLIES WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.

As mentioned above, the management of the Board and the individual performance of its members is not periodically evaluated by that body or its Chairman, but by the Shareholders' Meeting, which is the governing body of the Company. This procedure has been effective so far since the Board members shall not be involved in the evaluation of their own performance.

Conducted on a yearly basis, this evaluation takes into account the whole performance for the fiscal year, based on financial and economic results, on accounting documentation audited by independent professionals, and on any other documentation that the shareholders may wish to request in the exercise of their right to information prior to the date scheduled for the Shareholders' Meeting. This procedure is supported by the BCL as it sets forth that the Shareholders' Meeting is the only body capable of releasing the Board from its responsibilities. The information on which the assessment of the Shareholders' Meeting is based includes, without limitation, the financial statements, the Annual Report and the Report on the Corporate Governance Code (both prepared by the Board). This documentation shows both the development of the activities of the Company during the fiscal year under consideration, and the performance of the aforementioned corporate body.

In addition, another body of the Company, the Supervisory Committee, monitors every day the acts of the Board and those of its members; therefore, should there arise questionable acts, this Supervisory Committee has powers to start an investigation and, where appropriate, to present to the Shareholders' Meeting the responsibilities of the Board -or any of its members- during its performance. In addition, the Supervisory Committee evaluates and approves the financial statements, thereby ensuring double control over the Board's performance. Supervision is conducted by the Supervisory Committee, as it is also provided for in the Business Companies Law.

Moreover, each of the board members is subject to a Performance Assessment Procedure established at a global level for the companies belonging to the AES Group (see Practice 3). This procedure considers, inter alia, the satisfaction of the goals set at the beginning of the fiscal year for each individual member, the fulfillment of the principles and values of the Company, and the capacity to deal with the situations that arise during the development of the Company's business.

Without prejudice to the foregoing, although at present the Board of AES Argentina has not implemented a formal annual evaluation process other than the consideration of its management by the Shareholders' Meeting and the permanent control of the Supervisory Committee, at the meetings of that corporate body, there is a periodic self-control of the performance of the Board as a whole, as well as of the individual acts performed by each of the Board Members. In fact, as stated above, the Board meetings are intended, inter alia, to ensure that such body is kept up to date with the daily management of the Company and therefore with the good or poor performance of its members. Similarly, in the event of adverse events or difficulties, any issues are disclosed during these meetings in order to find the most appropriate and effective solution, thus ensuring the correct performance of the Board. As already known, these meetings are chaired by the Chairman of the Company.

8. *The Chairman generates a positive and constructive working space for all members of the Board and ensures that they receive ongoing training to stay up-to-date and be able to perform their duties properly.*

COMPLIANT.

In accordance with the above practices, the Board of AES Argentina is a specialized Board that functions as a whole body and none of its members are there to merely occupy their positions.

The role of the Chairman is to coordinate the operation of this body, i.e. the involvement, participation and interaction of its members. In this context, the Chairman of the Company seeks to ensure that all the Board members participate actively in the meetings of the body to the extent of their possibilities and capacities. To that end, the Chairman coordinates the meeting with them in advance and provides them with information about the agenda to be discussed and the documentation to be considered.

Likewise, without prejudice to the managerial functions assigned to each Board member, the Chairman seeks to ensure that all members of the Board are up to date on all areas of the Company (see Practice 7). With regard to financial information, the Board together with the audit team and external auditors projects the financial statements on a quarterly and annual basis, which in turn are published to make them available to the public investors. Although the Board has not approved a training policy for members of the Board and first-line Managers, there is a regional training policy provided by AES Group effective since October 2015. This policy makes no distinction between first-line management and the rest of the levels in the organization.

Under the scope of this policy, the Company has participated, over time, in a series of Management Training and Update Programs. The purpose of these programs is to provide tools and methodologies that allow the development of sustained growth and value adding strategies, by enhancing the key capabilities of the Company.

The Board considers it unnecessary to approve a training policy for members of the management body and first-line managers in the short term, since the training and development policy in force for the entire organization has proven to be satisfactory so far to the Company. Currently, each Board Member is individually responsible for his/her development and training, and they have a budget available for such purpose. In this regard, each department of the Company organizes, with the support of the Human Resources area, training programs and actions according to the guidelines of the above-mentioned policy and common practices for companies of the characteristics as the Company, and keeps the Board informed through the Human Resources Department of the general guidelines of the actions implemented.

Nevertheless, the Company adheres to the guidelines that the AES Group offers to its executives at a global level with regard to Development Plans, which include Training Programs in the field of Managerial Competencies (Leadership, Negotiation, Interpersonal Relations, Management of Change, Innovation, Coaching, Business Vision, and other fields) in recognized institutions both at national and international level addressed to board members and executive officers.

9. ***The Corporate Secretary supports the Chairman of the Board in the effective administration of the Board and collaborates in the communication between shareholders, board members and management.***

NOT COMPLIANT, BUT IT COMPLIES WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.

As stated above, taking into account its size and other characteristics, the Company has chosen not to have a Corporate Secretary. In this way, the Company's General Department of Legal and Regulatory Affairs is responsible for assisting the Chairman in his duties concerning the administration of the Board and the communication with minority shareholders.

In such regard, the AES Group is the owner of shares representing 99.8% of the capital stock. The remaining 0.2% is owned by minority shareholders who make up three Stock Ownership Programs of the Company.
Prior to each Shareholders' Meeting, the General Department of Legal and Regulatory Affairs contacts all minority shareholders duly in advance and directly in order to inform them about the Shareholders' Meeting to be held in the Company (in addition to the publication of the legal notices required by law) and about the agenda to be dealt with and to send them the documentation to be considered at such meeting.

As for the communication between the Board members and the Management, as stated above, all board members have direct access to the managers to make inquiries, a procedure that they constantly follow.

Moreover, considering the importance of investors for AES Argentina, the communications between them and the Company are specifically managed by the Department of Investor Relations, whose main function is to care about the relationship with investors, to assist them and to keep them informed. Finally, the interactions between the Company and its various stakeholders, given their multiplicity, are directly addressed by each of the Departments of the Company, as appropriate.

10. ***The Chairman of the Board ensures the participation of all its members in the development and approval of a succession plan for the general manager of the company.***

NOT COMPLIANT, BUT IT COMPLIES WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.

Given the size, the characteristics and the development of the Company's business, we have chosen not to appoint a General Manager and therefore there is no succession plan for that position.

In addition, the Board has not seen a need to create an appointment committee, and therefore the internal and external recruitment process is initially under the responsibility of the AES Group Shared Services Center, operated by AES Servicios América S.R.L. The final selection and appointment of the Company's staff, including promotions, depends in each case on the leader of the requesting area or department. The Board only intervenes in cases where the appointment falls on a key position in the organizational structure of the Company. Moreover, to establish a system of compensations for each position, the management applies widely recognized internal methodologies such as the "HAY" methodology, being the process for these subjects informed as frequently as required by the Board.

C) <u>COMPOSITION, APPOINTMENT AND SUCCESSION OF THE BOARD</u>

<u>Principles</u>

ix. The Board shall have adequate levels of independence and diversity that will allow it to make decisions in the best interest of the company, avoiding group thinking and decision-making by dominant individuals or groups within the Board.

x. The Board shall ensure that the company has formal procedures for the proposal and appointment of candidates for positions in the Board within the framework of a succession plan.

<u>Practices</u>

11. *The Board has at least two members who are independent in accordance with the current criteria established by the National Securities Commission.*

<u>NOT COMPLIANT, BUT IT PARTIALLY COMPLIES WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.</u>

The Board of the Company is made up of a total of 5 regular board member and 5 alternate board members, all of them classified as executive and non-executive directors. Without prejudice to the absence of independent directors, we consider that the composition of the Board is appropriate according to the capital structure of the Company, as it allows it to make up the bodies required by the applicable regulations.

Without prejudice to the fact that the Company does not have an executive committee within the Board, much of the Board Members have an executive position, and therefore they supervise the conduct of business on a daily basis and are actively involved in the decision-making process.

It should be noted that, in accordance with article 109 of Law 26831, only the companies listing their shares in a stock exchange must create an audit committee that shall be made up of three (3) or more Board members and whose majority will necessarily be independent, according to the criteria established by the CNV. Given that the Company has no legal obligation to create an audit committee with a majority of independent board members, the shareholders of the Company have chosen not to appoint independent Board Members, for considering that the failure to appoint independent members shall not prevent the Company from securing the impartiality and diversity required to make decisions in the best interest of the Company, considering the disciplinary multiplicity that characterizes the Board (as set forth in Practice 5)

In fact, as explained above, the Company's Board is made up of professionals with vast experience in all the cases, but from very varied areas that are related to a greater or lesser extent to the electric market and the business of the Company. This ensures diversity of views, encourages debate on the issues under consideration by the Board, and makes it possible to handle comprehensive solutions that cover all the fields of any issues submitted for evaluation.

12. *The company has an Appointment Committee that is composed of at least three (3) members and is chaired by an independent board member. If the Chairman of the Board chairs the Appointment Committee, he/she shall refrain from participating in any discussion related to the appointment of his/her own successor.*

<u>NOT COMPLIANT, BUT IT PARTIALLY COMPLIES WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.</u>

As stated in the previous item, given the size, characteristics, capital structure, and the development of the Company's business at present, the Company considers that it is not necessary to create an Appointment Committee. The election and appointment of Board members, as set forth in the BCL, is the exclusive power of the shareholders' meeting, and we have in place a replacement system in the event of resignation, removal, or impediment regulated by the provisions of the By-laws of AES Argentina. This appointment system has been satisfactory so far to the Company considering its capital structure, development and activity. With respect to first-line managers, their appointment is defined by the Board following the guidelines proposed by the shareholders of the Company. Also, regarding the selection and appointment of the Company's staff, the management applies widely recognized international methodologies, such as the "HAY" methodology, being the process for these subjects informed as frequently as required by the Board.

13. ***The Board, through the Appointment Committee, develops a succession plan for its members that directs the shortlisting process to fill any vacancies and takes into account the non-binding recommendations made by its members, the General Manager and the Shareholders.***

NOT COMPLIANT, BUT IT PARTIALLY COMPLIES WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.

As stated in the practice above, at present, considering its corporate structure, the development of its business and the satisfactory outcome of the procedure that it has followed since many years ago, the Company considers that it is not necessary to create an Appointment Committee. As stated above, the election and appointment of Board members is the exclusive power of the shareholders' meeting, and we have in place a replacement system in the event of resignation, removal, or impediment to exercise the office regulated by the provisions of the By-laws.

14. ***The Board implements a guidance program for its new elected members.***

NOT COMPLIANT, BUT IT PARTIALLY COMPLIES WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.

Considering that all the Board members of the Company are appointed taking into account their vast experience and solid background in the performance of related positions, the Board of the Company is currently not providing a guidance program for its new elected members. In any case, in the event of any doubt regarding their duties, any of the new elected Board Members may directly contact the Chairman of the Board and/or the General Department of Legal and Regulatory Affairs, which is widely familiar with and informed about the operation and meetings of the Board of Directors.

D) REMUNERATION

Principles

xi. The Board shall provide incentives by way of compensations to align the management - led by the general manager- and the Board itself with the company's long-term interests so that all the Board members honor their obligations towards all shareholders equally.

Practices

15. The company has a Compensation Committee that is made up of at least three (3) members. All of its members are independent or non-executive.

NOT COMPLIANT, BUT IT COMPLIES WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.

The Company has no Compensation Committee since, due to its capital structure, the development of its business, the vast information on economic results and the closeness of communications between the shareholders in the meeting that determines annually the remuneration of the Board and the Statutory Auditors, it has not been necessary to create it so far. In the future, the

Company will assess whether its implementation would be appropriate within the framework of the goals and new needs that the market requires for its development.

Any matter related to the compensation of managers and employees, as well as to general increases, is resolved by the Excellence Compensation Committee of The AES Corporation (parent of the AES Group), in consultation with the Company's Board. Moreover, the daily management of those matters is carried out by the Department of Human Resources of AES Argentina, in compliance with the current legal provisions and the compensation policy established by the Excellence Committee of AES Group. Through the aforementioned procedures, the Company guarantees that the decisions on remunerations are made in an objective, independent manner (as the Excellence Committee made up of executive directors of AES Argentina is not present) and considering gender equity.

In addition, as explained in Practice 3, the Excellence Committee adopts for the definition of salary ranges, the HAY Group methodology, which takes into account the salary market for each position by comparing the Company's practices with those of other market participants.

As it can be observed, the Company's Board is continuously informed of everything related to the current remuneration system, both by the Excellence Committee and by the Department of Human Resources of AES Argentina, whose head, Fabián Carlos Giammaría, is at the same time a member of the Board.

Furthermore, while AES Argentina does not have its own Compensation Committee, the Excellence Compensation Committee at a global level fulfills the duties assigned to the Compensation Committee by the Corporate Governance Code. Consequently, in the opinion of the Company, the current compensation policy for Board Members, managers and other employees currently in force is satisfactory, taking into account the characteristics of the Company and the result that this policy has shown in recent years in relation to the short-, medium- and long-term goals of AES Argentina.

16. *The Board, through the Compensation Committee, establishes a compensation policy for the general manager and Board members.*

NOT COMPLIANT, BUT IT COMPLIES WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.
Idem Practical Justification 15.

E) CONTROL ENVIRONMENT

Principles

xii. The Board shall ensure that there is a control environment, consisting of internal controls developed by the management, internal audit, risk management, regulatory compliance and external audit, to set the lines of defense necessary to ensure integrity in the company' operations and financial reports.
xiii. The Board shall ensure that there is a comprehensive risk management system that will allow the Management and the Board to efficiently lead the company toward the satisfaction of its strategic goals.
xiv. The Board shall ensure that there is a person or department (depending on the size and complexity of the business, the nature of its operations and the risks involved) responsible for the internal audit of the company. This audit intended to evaluate and inspect the company's internal controls, corporate governance processes, and risk management, must be independent and objective and have its reporting lines clearly established.
xv. The Board Audit Committee shall be composed of qualified and experienced members and shall perform its functions in a transparent and independent manner.
xvi. The Board shall establish appropriate procedures to ensure the independent and effective performance of the External Auditors.

Practices

17. ***The Board determines the company's risk appetite and also monitors and guarantees the existence of a comprehensive risk management system that identifies, evaluates, decides the course of action of, and monitors the risks faced by the company, including, without limitation, environmental. social and any other risks inherent in the business in the short and long term.***

COMPLIANT.

AES Argentina's Board identifies and evaluates the main risk factors that are specific to the Company and its business area; monitors risks and implements appropriate mitigation actions. In addition, the Board constantly promotes best practices in sustainability by establishing measurement goals and tools that involve a periodic review. Although the Board makes no representation as to the results of the risk management supervision either in the Annual Report or in the financial statements, it does conduct a general yearly management analysis for the fiscal year, which is shared with the first-line managers.

As part of the AES Group, the Company has adopted the guidelines of the Enterprise Risk Management - Integrated Framework of the year 2004 issued by the "Committee of Sponsoring Organizations" (COSO) as a reference framework for risk management. By applying these guidelines, the Company seeks to identify, measure, monitor, and mitigate risks that may divert the development of our strategy.

Furthermore, the Company has incorporated an assessment of the risk management culture with which it lays the basis for continuous improvement, measuring the alignment of the Company's leaders, risk governance, decision-making under uncertainty and the skills for effective and efficient risk management.

The Board receives and analyzes reports on the main risk factors of the business prepared by the Regional Management of the AES Group. In turn, first-line managers are part of the AES South American Risk Management Committee ("SA Risk Management Committee" or "SA RMC").

The financial reporting risk assessment is conducted under the scope of the certification of section 404 of the Sarbanes Oxley Act and uses as a reference framework the Internal Control - Integrated Framework of year 2013 issued by the COSO.

Moreover, the Company has the AES Group Internal Control Program, which is based on COSO methodology and, pursuant to this guide, the management has set various evaluation activities integrated with one another that provide a reasonable safety degree in terms of: (i) effectiveness and efficiency of operations; and (ii) reliability of financial information and (iii) compliance with the laws, regulations and standards applicable to the business.

One of these activities is the annual internal and external risks assessment. The AES Group has identified, for all its businesses, reporting financial risks and fraud financial risks, classified by business cycle and responsible area. Its purpose is to evaluate the magnitude of risks so that the Management may identify the areas where it should redouble efforts to increase the effectiveness and efficiency of their controls.

Other activity related to risk management is the "Control Self-Assessment," an activity that takes place twice a year and whose main purpose is the assessment of the design, effectiveness and efficiency of internal controls over financial reporting, making the process owners aware of their responsibility in the goal, risk and control management.

The Board defines the Company's risk appetite in each case through the application of and based on the procedures stated above, which may vary according to the particularities of each of the operations evaluated and proposed by the management.

18. ***The Board monitors and reviews the effectiveness of the independent internal audit and guarantees resources for the implementation of an annual risk-based audit plan and a direct reporting line to the Audit Committee.***

PARTIALLY COMPLIANT AND COMPLIANT WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.

In accordance with article 109 of Law 26831, only the companies that list their shares in stock exchanges should create an audit committee. Since the Company is not listed, we have chosen not to appoint a local Audit Committee.

Without prejudice to the above, the Company has a Regional Internal Audit Department that is hierarchically dependent on the Global Head of Internal Audit of the AES Group at a global level and functionally dependent on the Audit Committee of the AES Group at a global level. The Audit area provides independent services for the operating areas and covers the assurance and consulting goals designed to add value and improve the operations of the Company and its related companies in Argentina, contributing to the achievement of the corporate goals, bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

These services include planning, managing, coordinating and implementing all the activities aimed at providing security on the effectiveness of the internal control system of AES Argentina, in order to secure the efficiency of operations; equity safeguarding; information accuracy; and compliance with the internal and external regulations governing the business of the Company, thus minimizing the organizational risks and generating value to the Company and its shareholders.

The Regional Internal Audit Department has drafted policies and procedures that establish guidelines for the function, and defines the mission, scope of work, authority and responsibilities, which are reviewed from to time by the Global Head of Internal Audit.

Moreover, at a local level, the Company has an area responsible for the internal audit. This area alternatively fulfills some of the responsibilities of the Audit Committee. In this regard, the internal audit area is responsible, among other functions, for overseeing the operation of internal control systems and the administrative-accounting system, as well as the reliability of the latter and all financial information.

19. *The internal auditor or members of the internal audit department are independent and highly trained.*

COMPLIANT.

The independence of the audit function is established on the basis of the organization chart of the AES Group and is guaranteed by the following elements:

• The Audit area is not hierarchically subordinated to the Chairman of the Board or General Management of the Company since it functionally reports to the Audit Committee of the AES Group at a global level as a whole, but not to any member in particular.

• The Annual Audit Plan is approved by the Audit Committee at a global/regional level and is reported to the Board and first-line managers at a local level.

• The Internal Audit area has unrestricted access to the senior officers and managers and to all the operating areas of the Company.

• The Audit area is not involved in any operational activity or accounting registration, regarding both assurance and consultancy services provided to the organization.

Neither the Audit area nor the internal auditors individually have any authority over, and/or direct responsibility for, the activities they audit, and, in the performance of their duties, the internal auditors shall avoid conflicts of interest. All circumstances that could compromise the independence or objectivity of the Audit area, a Board Member or any of the first-line Managers shall be informed by the Auditing Board Member to the Audit Committee of the AES Group.

The Internal Audit Department has an autonomous budget that provides for costs for transfer and tuition of its members in ongoing training programs in matters related to its work.

20. ***The Board has an Audit Committee that is governed by a set of regulations. The committee is mostly made up of and chaired by independent board members, without including the general manager. Most of its members have professional experience in financial and accounting areas.***

NOT COMPLIANT, BUT IT COMPLIES WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.

Idem Practical Justification 18.

21. ***The Board, with the opinion of the Audit Committee, approves a policy for the selection and monitoring of external auditors that identifies the indicators to be considered when making the recommendation to the shareholders' meeting on the maintenance or replacement of the external auditors.***

COMPLIANT.

Currently, while the Company has no policy concerning the selection and monitoring of external auditors at a local level, The AES Corporation does have a standard policy, which is included in its Financial Policies Manual, which is observed by the Audit Committee of such company at the time of selecting external auditors for the AES Group at a global level. Therefore, it is advisable for AES Argentina to select the same auditor to take advantage of the audit processes that are mandatory to meet the requirements to which The AES Corporation is subject. Consequently, considering the existence of a comprehensive policy for the selection and monitoring of external auditors to which the Company adheres at a local level, it is considered unnecessary for the Board to approve a different policy; on the understanding that the current system guarantees the proper operation and control of our external auditors, as well as their efficacy and competence.

F) ETHICS, INTEGRITY AND COMPLIANCE

Principles

xvii. The Board must design and establish appropriate structures and practices to promote a culture of ethics, integrity, and compliance that prevents, detects, and addresses serious corporate or personal defaults.

xviii. The Board will ensure the implementation of formal mechanisms to prevent or otherwise to deal with conflicts of interest that may arise in the management of the company. It shall have formal procedures that seek to ensure that the arm's length transactions are conducted in the best interest of the company and the equitable treatment of all its shareholders.

Practices

22. ***The Board approves a Code of Ethics and Conduct that reflects the ethical and integrity values and principles, as well as the company's culture. The Code of Ethics and Conduct is communicated and applicable to all board members, managers and employees of the company.***

COMPLIANT.

The Company, as part of the AES Group at a global level, has the AES Values Guide, on which the AES Code of Conduct is based. The AES Code of Conduct, as mentioned above, includes the Conflict-of-Interest Policy. This policy describes how to avoid situations that could create or give the appearance of creating a conflict between personal interests and the interests of AES. The policy applies to all staff of AES and sets expectations for temporary workers, consultants, agents, representatives, and other persons who perform works for AES. In this sense, it is worth mentioning here that the policy is constantly reinforced through mandatory training for all employees and is also included as part of the induction for new staff of AES.

Any violation of the provisions of the Conflicts of Interest Policy may be reported at the "AES Helpline."

Furthermore, the Company has mechanisms to prevent conflicts of interest that are based on BCL, mainly in articles 59, 271, 271 and 273, and in the current regulations of the CNV. Thus, the Board members can only enter into agreements with the Company that are related to the activity where it does business and provided that they are agreed on market terms. The agreements that fail to meet the aforementioned requirements shall only be executed upon prior approval of the Board or the Supervisory Committee if there is no quorum in the first body. Moreover, the Shareholders' Meeting shall be informed of these transactions. If the agreements are rejected by the Shareholders' Meeting, the Board members or Supervisory Committee members, as the case may be, shall be jointly and severally liable for the damages suffered by the Company.

In this sense, those Board members who need to resolve any issues where they have an interest that is contrary to that of the Company should inform so to the Board and the Supervisory Committee, and refrain from participating in the discussion.

In order to ensure the development of a culture of ethics and integrity, in addition to having approved the AES Code of Conduct, the Board encourages AES Argentina to develop marketing and/or communication activities aimed at its business environment in a responsible manner. The Company's marketing activities reflect its ethical standards, provide reliable information, and comply with any regulations related to the interaction with its business environment.

AES Argentina's Board also promotes the integrated intervention of its employees in the market, observing the AES Argentina's values and the principles of the AES Code of Conduct. It should be noted that AES Argentina employees must comply with the terms of the AES Code of Conduct also vis-à-vis third parties, just as they do with other employees and members of the Board. Moreover, all third parties working with AES Argentina must commit themselves to complying with the AES Code of Conduct and, for such purpose, AES Argentina selects third parties based on their reputation, and on technical and economic criteria. The AES Code of Conduct defines how AES Argentina conducts its business, and is designed to help AES Argentina fulfill its obligations, generate a culture of respect and act with integrity in the market, always under the rule of good behavior.

AES Argentina understands that clients, third parties engaged in activities in partnership with the AES Group and the community in general, expect an upright and respectful behavior toward the current laws. In meeting this expectation, AES Argentina strengthens the confidence of third parties, avoids damage to its reputation, and lays the foundation for the Company to be sustainable in the development of its activities.

The Board of the Company seeks compliance with the AES Code of Conduct and recognizes the upright behavior; promotes ethical decision-making; promotes an open working environment, in which the AES Argentina team is comfortable and able to express its concerns; seeks to prevent and avoid retaliation against those who express their concerns, including by reporting contrary behaviors; and promotes collaboration to help resolve any "ethical dilemmas" that may arise. The AES Code of Conduct aims to prevent discrimination, occupational harassment, and violence. This goal is specifically treated by our Discrimination and Harassment Prevention Policy. It also recognizes and promotes human rights and job security; and seeks to detect cases where there are conflicts of interest and prevent them. Moreover, through the AES Code of Conduct, it seeks and assists in the treatment to prevent substance abuse.

The AES Code of Conduct regulates and promotes the enforcement of the principles for the AES Group team regarding ethics in the development of social businesses. In this regard, the Code describes situations and details the expected behavior in relation to (i) conflicts of interest; (ii) enforcement of anti-corruption principles regulated by the US Foreign Corrupt Practices Act, the General Administrative Responsibilities Act of the United Mexican States, and Law 27401 of the Republic of Argentina; and (iii) money laundering detection and/or fraud.
All of these matters are discussed in depth in the AES Conflict of Interest and Anti-Corruption Policies.

Each year, AES Argentina conducts several initiatives linked to the confirmation of the understanding and acceptance of the aforementioned Code of Conduct by all members of the Company. In this regard, all the members of AES Argentina team must recognize that he/she has read, understood and committed to complying with that Code. In other words, the AES Code of Conduct is not a mere statement of principles; far from it, it is a set of standards that must be understood and enforced by each member of the AES Argentina team. This knowledge is periodically revalidated through employee participation in the various workshops conducted by the Company's Ethics and Compliance Department, which include simulations of situations where it is necessary to apply the AES Code of Conduct in order to make it possible to assess their understanding and adoption by the employees.

Moreover, to ensure compliance with the Code, AES Argentina has established internal and external channels. Among the internal channels, we should mention the role of the area head and managers. The persons that make up the first line management secure compliance with the AES Code of Conduct and will help providing guidance and receiving any non-compliance reports, in addition to setting a good example so that their behavior may inspire and be replicated by all the employees. Without prejudice to this, each employee is fully free to raise any concern regarding the Company's ethical values or issues before the Compliance Officer.

As for specific procedures for receiving gifts, hospitalities and expenses, donations and lobbying, the Company has in place - as mentioned above- the Gifts and Entertainment, the Charitable Donations and Political Contributions and the Lobbying Policies, respectively.

In the event of violations to the AES Code of Conduct, the Company shall take any appropriate measures, whether it be the application of a disciplinary sanction, which may even include termination of employment, depending on the nature and severity of the violation committed; or in case of violation of the law, any civil and/or criminal penalties to be imposed by a state agency or a court.

23. The Board periodically establishes and reviews, based on risks, size and economic capacity, an Ethics and Integrity Program. The plan is supported visibly and unequivocally by the management, which shall appoint an internal manager to develop, coordinate, monitor, and periodically evaluate the program in terms of effectiveness. The program provides for: (i) periodic training of board members, administrators and employees on ethics, integrity and compliance issues; (ii) internal channels for irregularity reporting, open to third parties and properly disseminated; (iii) a policy to protect whistleblowers against retaliation; and an internal investigation system that respects the rights of any person who is investigated and imposes effective sanctions due to violations of the Code of Ethics and Conduct; (iv) integrity policies in tendering procedures; (v) mechanisms for periodic risk analysis, monitoring and evaluation of the Program; and (vi) procedures that check the integrity and reputation of third parties or business partners (including a due diligence to verify irregularities, wrongful acts or vulnerabilities during corporate transformation and procurement processes), including suppliers, distributors, service providers, agents, and intermediaries.

COMPLIANT.

AES Argentina's Ethics and Integrity Program is defined by the AES Code of Conduct and many specific Policies complementing such code, as explained in detail in the preceding Practice. Likewise, periodic training in the field (subparagraph (i)) was informed and developed in Practice 22.

Moreover, the AES Code of Conduct establishes internal and external channels for reporting non-compliance, which are also open to third parties (subparagraph (ii)).

In such regard, the Company, under the scope of different corporate governance policies adopted at a global level, implemented a help line (the "AES Helpline") as an exclusive channel to report any alleged irregularity or violation of the AES Code of Conduct under strict confidentiality. The AES Helpline provides information relating to the values of the AES group and offers a place to report any concerns about inappropriate behaviors and is available both to employees and any third parties. To ensure confidentiality, AES Helpline is administered by an external provider. The AES Helpline is available 24/7 and you can communicate by phone free of charge to a local number. The AES Helpline website (www.aeshelpline.com) is also available for this purpose. The external supplier that manages the AES Helpline sends all the reports received by telephone and through the web page to the Ethics and Compliance Department of The AES Corporation in Arlington, Virginia, United States. The relevant reports to the Company are referred to the local office of Ethics and Compliance, for on-site follow-up. The Company shall not tolerate any retaliatory measures against any employee of the Company for raising doubts or reporting in good faith an alleged inappropriate conduct (subsection (iii)). On the contrary, AES Argentina encourages its staff to contact the AES helpline with questions and concerns whenever deemed necessary.

As indicated in Practice 22, the Company has established a policy to protect whistleblowers against retaliation. In addition, internal and external research systems have been established to ensure the independence of researchers and respect for the rights of those who are investigated. If there are breaches of the Code, it provides for the imposition of sanctions, which shall be graded on the basis of the importance and magnitude of the infringement.

As already indicated, the AES Code of Conduct is also applicable to third parties that enter into contracts with AES Argentina, and for that reason, they apply the same systems of investigation and punishment of non-compliance applied to employees. In this line, to contract with third parties, AES Argentina performs selection processes based on integrity and their reputation (subsections iv, v and vi). Moreover, it has special instructions for contractors that are delivered to, and required to be performed by, each third party or business partner that deals with AES. As a result, they are also required to adopt the principles of ethics and integrity that govern all the actions of AES Argentina and its way of doing business in a sustainable and responsible manner.

24. ***The Board ensures the existence of formal mechanisms to prevent and deal with conflicts of interest. In the case of arm's length transactions, the Board approves a policy that establishes the role of each corporate body and defines how those transactions harmful to the company or only to certain investors are identified, managed, and disclosed.***

COMPLIANT.

The AES Code of Conduct, as stated in previous practices (see Practice 22), provides for the applicable internal and external mechanisms to prevent and approach conflicts of interest. In this regard, while the conflict of interest does not necessarily represent a breach in itself, there is an obligation for all employees to report the existence of such a conflict of interest and to refrain from participating in the discussion and definition of the matter.
There is a specific policy that governs everything concerning the existence of a conflict of interest and the behaviors expected from our employees in the event of such a matter.

If the conflict of interest is not reported and the violation of the AES Code of Conduct is confirmed, the Company shall start an investigation and eventually impose a sanction as mentioned in Practice 22.

By virtue of the foregoing, the Company considers that there are sufficient formal mechanisms to effectively prevent and deal with any conflicts of interest that may arise, as well as to operate ethically in the case of arm's length transactions. In this regard, the Board periodically monitors compliance with the AES Code of Conduct by AES Argentina staff, along with managers in the different areas and the Ethics and Compliance Department.

In addition to the mechanisms established by the AES Code of Conduct, the internal audit processes listed in the preceding items (see Practices 18, 19 and 20) are another effective resource for strengthening control of the correct performance of all AES Argentina employees, especially in the event of potential conflicts of interest or arm's length transactions. Therefore, the Board has not currently approved a specific Related Party Transaction Policy.

G) SHAREHOLDERS AND STAKEHOLDERS' INVOLVEMENT

Principles

xix. The company shall treat all Shareholders fairly. The company must ensure equal access to non-confidential and relevant information for the Shareholders' Meeting decision-making process.
xx. The company shall promote active participation with adequate information from all Shareholders, especially in the appointment of the Board members.

xxi. The company shall have a transparent Dividend Distribution Policy that is consistent with its strategy.
xxii. The company shall take into account the interests of its stakeholders.

Practices

25. ***The company's website reports financial and non-financial information, providing timely and equal access to all investors. The website has a specialized area for the attention of queries from investors.***

COMPLIANT.

AES Argentina has an up-to-date public access website providing relevant information of the Company: https://www1.aesargentina.com.ar/

Among others, the Company's website has information about the Company's portfolio, objectives, values, and non-financial information. There is also a special section relating to the Company's financial information, which refers to AES Argentina's website within the CNV website: https://www.cnv.gov.ar/SitioWeb/Empresas/

In addition, the Company's website has a special "Contact" section that allows any potential or interested investor to raise their concerns, queries and comments, thus contributing to secure equal access to information.

26. ***The Board shall ensure that there is a procedure for identifying and classifying its stakeholders and a channel of communication for them.***

NOT COMPLIANT, BUT IT COMPLIES WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.

At present, the Company has no formal Stakeholder Engagement Plan since we consider that stakeholder identification and classification and communication with stakeholders (both internal and external) are duly guaranteed. Thus, as far as classification is concerned, stakeholders are mainly divided into internal (shareholders and employees) and external. The latter group is also composed of a diversity of social actors with whom AES Argentina interacts on a regular basis, the main ones being customers, suppliers, regulators, creditors, financial institutions, business partners, investors, and communities.

As for their employees, as mentioned in previous paragraphs, we organize periodical activities to keep them informed and involved in the daily development of the company, promoting interest in the activity of AES Argentina and commitment to the values and goals of the Company. Moreover, as we have seen, both staff and third parties have anonymous mechanisms to express their views and report behaviors that they consider inappropriate. In addition, employees participate in the annual evaluation processes, which in their various stages allow for a specific interaction regarding the individual performance of each employee, consisting not only of the evaluation by their managers, but also of the self-assessment that each employee makes of himself/herself. Finally, AES Argentina fosters daily and fluid communication between each employee and his/her colleagues and managers.

With regard to the external stakeholders, communication with them is the absolute priority of each of the Departments that interact with the different social actors involved in AES Argentina's activity (i.e. clients, suppliers, state and/or private agencies, etc.). Thus, the Departments of Acquisitions and Control of Contractors are in charge of the relationship with suppliers, being customer relations mainly in charge of the Business team. Moreover, this team together with the Business Development team are responsible for searching and negotiating with third parties that become -given their trajectory and reputation- potential business partners for AES Argentina. Regarding investors, as mentioned in Practice 4, the AES Group has a specific sector that manages relations with them. Furthermore, the Finance and Treasury teams deal on a daily basis with financial institutions and creditors of the Company. Finally, relations with the various State bodies are managed in each case by the Department of the Company which is the most appropriate from the technical and political point of view, depending on the subject matter.

27. ***The Board delivers to the Shareholders, prior to the time scheduled for the Shareholders' Meeting, a "provisional information packet" that allows the Shareholders – through a formal communication channel– to make non-binding comments and to share dissenting opinions with the recommendations made by the Board. The Board shall be required to send a final information packet and give any such express opinion on any comments received as may be deemed necessary.***

PARTIALLY COMPLIANT AND COMPLIANT WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.

While the structure of the Company's capital is mainly closed, the Board allows and encourages the participation of minority shareholders in the Shareholders' Meetings. In this sense, all shareholders are notified without exception of each Shareholders' Meeting -and its respective Agenda- in due time, and as appropriate, receive all documentation to be considered during the aforementioned Shareholders' Meeting. Likewise, most of the Shareholders' Meetings held by the Company are unanimous in nature.

At present, there is no formal mechanism to deliver an "interim information packet" prior to the submission of the final packet with the Board's reply to comments made by the Shareholders on the first packet. Without prejudice to this, the shareholders have direct contact with the Board and the General Department of Legal and Regulatory Affairs -with which they maintain a smooth communication- that allows them to clear doubts and/or raise concerns or objections prior to the time scheduled for the Shareholders' Meeting. Given the unanimous nature of most Shareholders' Meetings, the shareholders have the possibility to raise and incorporate Agenda items even at the time of holding such meeting (in the event that they have not made use of the communication channels set out above before the Shareholders' Meeting).

28. ***The by-laws of the Company consider that Shareholders can receive the information packets for the Shareholders' Meeting through virtual media and participate in the Shareholders' Meeting through electronic means of communication that allow the simultaneous transmission of sound, images and words, thus ensuring the principle of equal treatment of participants.***

NOT COMPLIANT, BUT IT COMPLIES WITH THE PRINCIPLE THAT INSPIRES THE PRACTICE.

At present, the by-laws of the Company do not provide for the possibility of participating in Shareholders' Meeting through the use of simultaneous image and sound media. Furthermore, the Company does not have a formal mechanism for the delivery of provisional information packets -as stated in the previous item-, and therefore the by-laws make no provision as to the possibility of delivering them through virtual means. Nevertheless, in accordance with the Business Companies Law, the information for each Shareholders' Meeting is available in hard copy for the shareholders to withdraw it at the registered office of the Company 15 days in advance. The shareholders have the right to request information, as provided for in such standard, by filing an extension of information, where applicable, with the Supervisory Committee through the relevant channel.

In addition, the General Department of Legal and Regulatory Affairs is responsible for sending by e-mail or sharing through digital platforms to shareholders all the information and documentation necessary for each Shareholders' Meeting, although this practice has not been currently in place.

In addition, following the health emergency declared by the World Health Organization and the National Government as a result of the epidemic caused by the spread of the COVID-19 virus, and by virtue of the emergency regulations issued by the CNV and the Board of Legal Persons of the Province of Buenos Aires, which allowed that the Board and Shareholders' Meetings be held remotely, even if such procedure has not been provided for in the Bylaws, throughout 2020, AES Argentina's Board and Shareholders' Meetings were held through electronic means that allowed the simultaneous transmission of sound, images and words (specifically, through the Microsoft Teams platform), and in accordance with the requirements established by the aforementioned standards.
In this way, the General Shareholders' meeting, which among other items on the Agenda, considered the FFSS for 2019 and appointed the authorities of the Company, was unanimous.

29. ***The Dividend Distribution Policy is consistent with the strategy and clearly sets out the criteria, frequency and conditions under which dividends shall be distributed.***

NOT COMPLIANT.

The distribution of dividends of the Company is outlined in the first instance by the provisions of the BCL, ensuring compliance with all the requirements and limitations established by the regulations in question. The By-laws then specifically provides that the liquid and realized profits will be distributed by the General Shareholders' Meeting as follows: (a) FIVE PERCENT (5%) to reach TWENTY PERCENT (20%) of the subscribed capital at least for the legal reserve fund; (b) compensation of the Board and Supervisory Committee members, pursuant to the limits set by Article 261 of Law 19550 (text organized in 1984); (c) payment of interest accrued on Employee Profit-Sharing Bonds; (d) any voluntary reserves or provisions as the Shareholders' Meeting may decide to create; (e) the remaining balance will be distributed as dividend to the shareholders, regardless of their class.

In accordance with the foregoing, it is the responsibility of the Shareholders' Meeting to determine the distribution of dividends, each year, based on the availability of profits for such purpose. Consequently, there is no Dividend Distribution Policy since the distribution of dividends should be decided by the Shareholders' Meeting, upon the Board's prior submission of a proposal in the Annual Report, in accordance with the BCL, the CNV standards and the By-laws based on the results for the fiscal year and the availability of liquid and realizable profits.

Moreover, due to the characteristics of the capital structure, the results, the business and the satisfactory operation of the Company so far, this policy was not considered necessary. Keep in mind that the Company has not made any public offerings, and that it should be governed by these provisions for having issued Notes, therefore its corporate structure has not been segmented in this sense.

Another key factor in determining the absence of a Dividend Policy is the extreme economic instability that characterizes the country and that prevents a future projection in relation to the distribution of profits to shareholders, due to the constant changes in the country's foreign exchange policy, which results in increased restrictions to access the foreign exchange market and to proceed with the payment of dividends.

The Company will assess whether, based on the estimated results, a future greater stability of the country and the conditions for its development, it would be necessary or advisable to adopt a Dividend Policy in the future.

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THE BOARD

Table of Contents of the Consolidated Financial Statements

AES ARGENTINA GENERACIÓN S.A.

Registered address: Román A. Subiza (ex Rivadavia) 1960 - San Nicolás de los Arroyos - Buenos Aires Province
Taxpayer Identification (CUIT) No.: 30-66346111-3

FISCAL YEAR No. 29 BEGINNING ON JANUARY 1, 2021

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED December 31, 2021

Main business of the Group:
Production and block commercialization of electricity.

Date of Registration in the Provincial Board of Legal Persons:
Bylaws: May 04, 2006
Last amendment: October 22, 2010

Registration number in the Provincial Board of Legal Persons:
File N°: 137,419

Expiration Date of the Articles of Incorporation:
July 05, 2092

Parent Companies:
Note 16

OWNERSHIP STRUCTURE
(Figures stated in thousands of pesos - Note 2.2.2 and Note 16)

Characteristics	Class of shares	Subscribed, Paid in and Registered (Note 16)
Book-entry shares each of nominal value 0.10 and entitled to one vote	A	587,789
	B	555,079
	C	9,659
	Total	1,152,527

Signed for identification purposes with
our report dated March 8, 2022
PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
C.P.C.E. Province of Bs. As. Vol. 1, Fo. 196 - Book 196

Alberto R. Vago (Partner)
Certified Public Accountant (U.B.A.)
C.P.C.E. Province of Bs.As. Vol. 154 Fo. 57 Book 39939/6
Tax Identification (“CUIT”) No: 20-16037280-0

Andrés Leonardo Vittone
Lawyer C.P.A.C.F. Vol. 67- Fo. 212
Regular Statutory Auditor
By the Supervisory Committee

Martín Genesio
Chairman

AES Argentina Generación S.A.
Consolidated Statement of Comprehensive Income
for the years ended December 31, 2021 and 2020
(Amounts expressed in thousands of Argentine pesos, unless otherwise stated)

	Note	December 31 2021	December 31 2020
Income from ordinary activities	22	34,427,907	28,003,807
Sales cost	23	(22,812,172)	(14,940,979)
Gross profit		**11,615,735**	**13,062,828**
Administrative Expenses	23	(2,173,861)	(2,286,238)
Marketing expenses	23	(993,608)	(2,937,836)
Other income and expenses	25	(85,413)	245,984
Operating income		**8,362,853**	**8,084,738**
Financial income	24	5,627,387	5,126,650
Financial expenses	24	(6,303,277)	(5,364,730)
Exchange gain (loss)	24	1,033,698	419,752
RECPAM	24	(6,156,061)	(2,988,530)
Income from investments in other companies	6	86,006	115,212
Income before tax		**2,650,606**	**5,393,092**
Income tax	10.2	(1,118,276)	(2,255,541)
Net income for the year		**1,532,330**	**3,137,551**
Income attributable to			
Owners of parent company		1,539,132	3,138,140
Non-controlling interest		(6,802)	(589)
Net income for the year		**1,532,330**	**3,137,551**
Net earnings per share for the year:			
Basic and diluted, net earnings for the year attributable to holders of ordinary equity instruments	26	0.134	0.272

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PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
C.P.C.E. Province of Bs. As. Vol. 1, Fo. 196 - Book 196

Alberto R. Vago (Partner) Certified Public Accountant (U.B.A.) C.P.C.E. Province of Bs.As. Vol. 154 Fo. 57 Book 39939/6 Tax Identification ("CUIT") No: 20-16037280-0	Andrés Leonardo Vittone Lawyer C.P.A.C.F. Vol. 67- Fo. 212 Regular Statutory Auditor By the Supervisory Committee	Martín Genesio Chairman

AES Argentina Generación S.A.
Consolidated Statement of Comprehensive Income (continued)
for the years ended December 31, 2021 and 2020
(Amounts expressed in thousands of Argentine pesos, unless otherwise stated)

	Note	December 31 2021	December 31 2020
Net income for the year		**1,532,330**	**3,137,551**
Other comprehensive income that shall not be reclassified to income in subsequent years			
Exchange difference due to translation	2.2.2 / 16.5	—	(674,953)
Actuarial gains (losses) from employee benefits	16.5	6,344	40,247
Effect of income tax related to employee benefits	16.5	—	(10,151)
Proceeds from the sale of interest in subsidiaries	16.5	(42,360)	—
Other comprehensive income that shall be reclassified to income in subsequent years			
Exchange difference due to translation of investments in subsidiaries	2.2.2 / 16.5	(2,045,999)	260,789
Gain (loss) from derivative valuation differences	16.5	(134,984)	134,984
Effect of Income Tax from derivatives	16.5	39,249	(40,495)
Other comprehensive income for the year		**(2,177,750)**	**(289,579)**
Net comprehensive income for the year		**(645,420)**	**2,847,972**
Other comprehensive income attributable to:			
Owners of parent company		(2,252,862)	(289,256)
Non-controlling interest		75,112	(323)
Other comprehensive income for the year		**(2,177,750)**	**(289,579)**
Net comprehensive income attributable to:			
Owners of parent company		(713,730)	2,848,884
Non-controlling interest		68,310	(912)
Net comprehensive income for the year		**(645,420)**	**2,847,972**

The accompanying notes are integral part of these financial statements.

Signed for identification purposes with
our report dated March 8, 2022
PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
C.P.C.E. Province of Bs. As. Vol. 1, Fo. 196 - Book 196

Alberto R. Vago (Partner)
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Andrés Leonardo Vittone
Lawyer C.P.A.C.F. Vol. 67- Fo. 212
Regular Statutory Auditor
By the Supervisory Committee

Martín Genesio
Chairman

AES Argentina Generación S.A.
Consolidated Statement of Financial Position
as of December 31, 2021 and 2020
(Amounts expressed in thousands of Argentine pesos, unless otherwise stated)

	Note	December 31, 2021	December 31, 2020
NON-CURRENT ASSETS			
Investments in Subsidiary and other Companies	6	185,891	181,581
Property, plant and equipment	7	44,091,874	52,713,789
Intangible assets	8	2,842,948	3,296,926
Inventory	9	1,010,579	1,257,286
Accounts receivable from related entities	11	5,845	5,009
Other financial assets	12	1,242,904	—
Tax assets	10.1	373,114	1,597,722
Other non-financial assets	13	205,383	95,704
Trade receivables and other accounts receivable	14	16,804,288	27,915,408
Deferred tax assets	10	317,642	384,722
Total non-current assets		**67,080,468**	**87,448,147**
CURRENT ASSETS			
Inventory	9	4,537,733	742,605
Accounts receivable from related entities	11	59,304	33,259
Tax assets	10.1	3,080,267	2,269,169
Other financial assets	12	—	2,549,598
Other non-financial assets	13	169,902	1,576,051
Trade receivables and other accounts receivable	14	10,845,587	12,285,572
Cash and Cash Equivalents	15	4,900,301	4,201,051
Total current assets		**23,593,094**	**23,657,305**
TOTAL ASSETS		**90,673,562**	**111,105,452**

Signed for identification purposes with
our report dated March 8, 2022

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
C.P.C.E. Province of Bs. As. Vol. 1, Fo. 196 - Book 196

Alberto R. Vago (Partner)	Andrés Leonardo Vittone	Martín Genesio
Certified Public Accountant (U.B.A.)	Lawyer C.P.A.C.F. Vol. 67- Fo. 212	Chairman
C.P.C.E. Province of Bs.As. Vol. 154 Fo. 57 Book 39939/6	Regular Statutory Auditor	
Tax Identification ("CUIT") No: 20-16037280-0	By the Supervisory Committee	

AES Argentina Generación S.A.
Consolidated Statement of Financial Position (continued)
as of December 31, 2021 and 2020
(Amounts expressed in thousands of Argentine pesos, unless otherwise stated)

	Note	December 31, 2021	December 31, 2020
SHAREHOLDERS' EQUITY			
Issued Capital	16	1,152,527	1,152,527
Capital adjustment		5,494,417	5,494,417
Irrevocable contributions		165,051	165,051
Additional paid-in capital		1,601,373	1,601,373
Legal Reserve		1,649,664	1,649,664
IFRS Special Reserve		3,797,058	3,797,058
Optional reserve		18,686,761	15,642,222
Other reserves		13,200,169	15,453,031
Retained earnings		1,539,132	3,138,140
Shareholders' Equity Attributable to Controlling Group		**47,286,152**	**48,093,483**
Shareholders' Equity Attributable to Non-Controlling Third		**97,577**	**29,267**
TOTAL SHAREHOLDERS' EQUITY		**47,383,729**	**48,122,750**
NON-CURRENT LIABILITIES			
Liabilities for employee compensations and benefits	17	296,972	283,747
Tax liabilities	10.1	424,158	719,541
Deferred tax liabilities	10.2	3,301,193	4,358,336
Provisions	18	251,521	267,697
Accounts payable to related entities	11	35,504	46,742
Financial Liabilities	19	31,565,923	45,374,884
Total non-current liabilities		**35,875,271**	**51,050,947**
CURRENT LIABILITIES			
Liabilities for employee compensations and benefits	17	826,286	891,306
Tax liabilities	10.1	173,572	519,423
Accounts payable to related entities	11	950,137	1,440,290
Financial Liabilities	19	3,109,994	7,671,109
Trade creditors and other accounts payable	20	2,354,573	1,409,627
Total current liabilities		**7,414,562**	**11,931,755**
TOTAL LIABILITIES		**43,289,833**	**62,982,702**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**90,673,562**	**111,105,452**

The accompanying notes are integral part of these financial statements.

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our report dated March 8, 2022
PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
C.P.C.E. Province of Bs. As. Vol. 1, Fo. 196 - Book 196

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Martín Genesio
Chairman

AES Argentina Generación S.A.
Consolidated Statement of Changes in Equity
for the years ended December 31, 2021 and 2020
(Amounts expressed in thousands of Argentine pesos, unless otherwise stated)

	Contributions of Shareholders				Reserves								
Detail	Issued capital	Capital adjustment	Irrevocable contributions	Additional paid-in capital	Legal reserve	IFRS Special Reserve	Optional reserve	Other reserves[1]	Total reserves	Retained earnings	Shareholders' Equity Attributable to Controlling Group	Shareholders' Equity Attributable to Non-Controlling Third	Total Shareholders' Equity
Balance as of December 31, 2019	**1,152,527**	**5,494,417**	**165,051**	**1,601,373**	**1,649,664**	**3,797,058**	**8,343,454**	**15,742,287**	**29,532,463**	**7,433,802**	**45,379,633**	**30,179**	**45,409,812**
Net income (loss) for the year	—	—	—	—	—	—	—	—	—	3,138,140	**3,138,140**	**(589)**	**3,137,551**
Other comprehensive income	—	—	—	—	—	—	—	(289,256)	(289,256)	—	**(289,256)**	**(323)**	**(289,579)**
Creation of an optional reserve fund	—	—	—	—	—	—	7,433,802	—	7,433,802	(7,433,802)	—	—	—
Dividend distribution April 30, 2020	—	—	—	—	—	—	(135,034)	—	(135,034)	—	**(135,034)**	—	**(135,034)**
Balance as of December 31, 2020	**1,152,527**	**5,494,417**	**165,051**	**1,601,373**	**1,649,664**	**3,797,058**	**15,642,222**	**15,453,031**	**36,541,975**	**3,138,140**	**48,093,483**	**29,267**	**48,122,750**
Net income (loss) for the year	—	—	—	—	—	—	—	—	—	1,539,132	**1,539,132**	**(6,802)**	**1,532,330**
Other comprehensive income	—	—	—	—	—	—	—	(2,252,862)	(2,252,862)	—	**(2,252,862)**	**75,112**	**(2,177,750)**
Creation of an optional reserve fund	—	—	—	—	—	—	3,138,140	—	3,138,140	(3,138,140)	—	—	—
Dividend distribution April 30, 2021	—	—	—	—	—	—	(93,601)	—	(93,601)	—	**(93,601)**	—	**(93,601)**
Balance as of December 31, 2021	**1,152,527**	**5,494,417**	**165,051**	**1,601,373**	**1,649,664**	**3,797,058**	**18,686,761**	**13,200,169**	**37,333,652**	**1,539,132**	**47,286,152**	**97,577**	**47,383,729**

[1] See structure and evolution in Note 16.5.

The accompanying notes are integral part of these financial statements.

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AES Argentina Generación S.A.
Consolidated Statement of Cash Flows
for the years ended December 31, 2021 and 2020
(Amounts expressed in thousands of Argentine pesos, unless otherwise stated)

		December 31	
	Note	2021	2020
Operating Activities			
Net income for the year		**1,532,330**	**3,137,551**
Adjustments for reconciliation of results			
Depreciation and amortization expenses	7 and 8	4,537,348	4,505,738
Income due to de-registration of property, plant and equipment	25	20,978	2,379
Exchange gain or loss and RECPAM		3,320,475	(1,638,670)
Interest and other financial income	24	(5,627,387)	(5,126,650)
Loss on partial repurchase of notes	24	1,827,575	—
Income from investments in other companies	6	(86,006)	(115,212)
Income tax loss	10.2	1,118,276	2,255,541
Cost of provisions for legal claims	25	85,897	108,917
Accrued interest expenses	24	4,381,176	5,216,715
Bad debt allowance	23	390,865	2,271,733
Expenses for pension plans	17.1	160,256	148,015
Adjustments for changes in equity accounts			
Inventory		(3,548,422)	(746,360)
Trade receivables and other accounts receivable		7,174,035	6,946,823
Accounts receivable from related entities		(1,792,682)	(141,095)
Other non-financial assets		986,187	(647,642)
Trade creditors and other accounts payable		(1,573,350)	(1,924,983)
Accounts payable to related entities		727,949	340,267
Other liabilities and provisions		(28,428)	1,388
Tax assets		468,603	(1,007,875)
Other tax liabilities		(730,728)	716,842
Liabilities for employee compensations and benefits		339,853	366,348
Income tax paid		(2,989,068)	(3,784,757)
Hedging derivative instruments	19.2	(183,580)	(290,521)
Interest income from trade receivables		1,127,526	1,494,223
Net cash flow from operating activities		**11,639,678**	**12,088,715**

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AES Argentina Generación S.A.
Consolidated Statement of Cash Flow (continued)
for the years ended December 31, 2021 and 2020
(Amounts expressed in thousands of Argentine pesos, unless otherwise stated)

		December 31	
	Note	**2021**	**2020**
Investment Activities			
Purchase of property, plant and equipment		(1,508,973)	(10,826,414)
Purchase of intangible assets		(132,645)	(612,990)
Sale of participating interest		69,870	—
Interest received		1,443,963	954,740
Dividends received		62,408	275,166
Sale of short-term investments		1,899,081	2,411,556
Purchase of short-term investments		(998,493)	(1,455,620)
Net increase of mutual funds		(1,218,846)	(2,516,448)
Loans granted to related entities		(28,522)	—
Net cash flows used in investing activities		**(412,157)**	**(11,770,010)**
Financing Activities			
Amounts from third-party loans	19.2	3,976,340	15,096,190
Margin deposit		—	(2,549,598)
Principal paid due to third-party loans	19.2	(11,860,531)	(13,376,224)
Escrow redemption		844,716	—
Interests paid due to third-party loans	19.2	(3,999,192)	(4,502,479)
Dividends paid		(67,020)	(406,827)
Payments of lease liabilities	7.1/19.2	(5,163)	(7,296)
Net cash flows resulting from (used in) financing activities		**(11,110,850)**	**(5,746,234)**
Effect of exchange difference and RECPAM on cash and cash equivalents		(219,872)	626,079
Increase (decrease) in cash and cash equivalents, net		**(103,201)**	**(4,801,450)**
Cash and cash equivalents at the beginning of the year[(1)]	15	1,690,474	6,491,924
Cash and cash equivalents at the end of the year[(1)]	15	**1,587,273**	**1,690,474**

[(1)] See note 15 regarding cash and cash equivalents at the beginning and end of the year.

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Notes to the consolidated financial statements for the year ended December 31, 2021
(Amounts expressed in thousands of Argentine pesos, unless otherwise stated)

NOTE 1 - OVERVIEW

AES Argentina Generación S.A (www.aesargentina.com.ar) (hereinafter referred to as the "Company", "AES Argentina Generación" or "AAG"), together with its subsidiaries (hereinafter, the "Group") belong to The AES Corporation ("AES Group") whose purpose is the production and block commercialization of electric power, the exploitation of its own or third-party electric power plants, and the provision of services for them.

The Group's business is included in the Electricity Regulatory Framework established in 1992 by Law 24065, which established the guidelines for the structuring and operation of the sector. This law established four types of players: Generators, Transporters, Distributors and Large Users, and created the Wholesale Electricity Market (MEM, for its acronym in Spanish). To administer the MEM, it created Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA) with the involvement of different market players and the Secretary of Energy (SE) that reports to the National Government. Then, the national authorities made a significant amendment to this regulatory framework, as described in Note 3.

The business domicile of the Company is located at Román A. Subiza (ex Rivadavia) 1960, San Nicolás de los Arroyos in the Province of Buenos Aires.

As a result of the acquisition of concessions and interests, different merging processes, and the investment in power plants, the Group currently has 9 productive sites, 4 hydroelectric power plants, 3 thermal power plants, and 2 wind power plants, located in the Provinces of Buenos Aires, Salta, San Juan and Neuquén, with a total installed capacity of 2,985 MW:

1. Alicura Power Plant (Alicura): Hydroelectric power plant located in the Province of Neuquén with an installed capacity of 1,050 MW.
2. Cabra Corral Power Plant: Hydroelectric power plant located in the Province of Salta with an installed capacity of 102 MW.
3. El Tunal Power Plant: Hydroelectric power plant located in the Province of Salta with an installed capacity of 10 MW.
4. Ullum Power Plant: Hydroelectric power plant located in the Province of San Juan with an installed capacity of 45 MW.
5. Paraná Thermal Power Plant (AES Paraná): Combined cycle thermal power plant located in the Province of Buenos Aires with an installed capacity of 845 MW, together with a gas turbine with an installed capacity of 25 MW.
6. San Nicolás Thermal Power Plant (CTSN): Thermal power plant located in the Province of Buenos Aires with an installed capacity of 675 MW.
7. Sarmiento Thermal Power Plant: Thermal power plant located in the Province of San Juan with an installed capacity of MW 33.
8. Vientos Bonaerenses Wind Plant: Wind power plant located in the Province of Buenos Aires with an installed capacity of 100 MW.
9. Vientos Neuquinos Wind Plant: Wind power plant located in the Province of Neuquén with an installed capacity of 100 MW.

The Company was admitted to the Notes public offering system by Resolution 18389 of the National Securities Commission ("CNV"), dated December 1, 2016.

1.1.- Economic Context

COVID-19 Coronavirus Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) as a pandemic. The public health emergency has expanded virtually throughout the world, including Argentina, and the various countries have taken various steps to address it. This situation and the steps taken have significantly affected international economic activity with varying impacts on different countries and business sectors.

The Argentine Government has declared a mandatory quarantine since March 20, 2020, which was subsequently extended several times in phases, with certain flexibility considering the epidemiological situation, until the beginning of November 2020. As of that date, the country started a social distancing phase. On April 9, 2021, the Argentine Government declared new restrictions on night-time traffic, use of public transportation, and disruption to certain activities. On September 20, 2021, the Argentine Government announced new flexibilities on the entry of people into the country, the use of public transportation and a large number of social and economic activities, effective as from October 1, 2021. On December 24, 2021, the Argentine Government extended the Health Emergency until December 31, 2022, and the double severance payment for unfair dismissals until June 30, 2022. As of December 31, 2021 and the date of the approval of these financial statements, there are no significant restrictions. The Argentine Government has implemented various measures aimed at sustaining the income of those sectors of the economy that suffer the impact to a greater extent, including the suspension of the interruption of public utilities due to lack of payment for 180 days, which were later extended for a similar number of days. The Board of the Group has evaluated the economic and financial impact of these measures on the operation of the Group and has established the courses of action to be followed. Given the financial situation of the Group, it is currently expected that the facts mentioned above will not affect business continuity. Nevertheless, it is not possible to foresee the effect that the measures adopted and those to be adopted in the future may have, but they could adversely affect the results, financial situation and cash flows. The Group's financial statements should be read in the light of these circumstances.

NOTE 2 - BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. - Professional Accounting Standards

The Group prepares its consolidated financial statements (hereinafter the "consolidated financial statements") in accordance with the current provisions of the National Securities Commission (CNV), which approved General Resolution (RG) 562 and adopted Technical Resolution (RT) 26 (as amended by RT 29) issued by the *Federación Argentina de Consejos Profesionales de Ciencias Económicas* (Argentine Federation of Economic Sciences Professional Councils - FACPCE), which establishes that the issuers of shares and/or notes, with some exceptions, are required to prepare their financial statements as per the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Likewise, some additional disclosures required by the Business Companies Law and/or CNV standards were included to comply with the regulatory requirements.

2.2. - Presentation Basis

These financial statements have been prepared using the accounting principles applicable to a going concern.

Certain reclassifications were made on the figures of the financial statements submitted for comparison purposes in order to maintain a consistency between the disclosure and the figures of this year.

2.2.1. - Consolidated Financial Statements

The consolidated financial statements include the financial statements of AES Argentina Generación and its subsidiaries for the years ended December 31, 2021 and 2020.

The financial information of the subsidiaries is prepared as of and for the same fiscal years as the parent and consistently apply the same accounting policies.

Subsidiaries

According to IFRS 10, subsidiaries are all the entities controlled by AES Argentina Generación. An investor controls an investee if the investor:

1. has power over the investee,
2. is exposed, or has rights, to variable returns from its involvement with the investee, and
3. has the ability to affect those returns through its power over the investee.

It is considered that an investor has power over an investee when the investor has existing rights that give it the ability to direct the relevant activities, i.e., the activities that significantly affect the investee's returns. In the case of the Group, in general, the power over its subsidiaries is derived from the ownership of a majority of voting rights granted by capital instruments of the subsidiaries.

If the Group has less than the majority of the voting rights of an investee, it has power over the investee when these voting rights are sufficient to grant it, in the usual practice, the ability to unilaterally direct the relevant activities of the investee. The Group considers all the events and circumstances to assess whether the rights to voting rights in an investee are sufficient to grant it the power, including:

- the number of voting rights held by the investor relative to the number and dispersion held by the other vote holders;
- potential voting rights held by the investor, other vote holders and other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the investor has, or fails to have, the current ability to direct the relevant activities when decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group shall reassess whether it controls an investee if facts and circumstances indicate that there have been changes to one or more of the three elements of control listed above. The assets, liabilities, revenue and expenditure of a subsidiary acquired or sold are included since the date on which the Group obtains control until the date on which the Group ceases to control the subsidiary.

Below is a detail of the subsidiaries of the Group:

Name of the Company	Reference	Percentage Interest
Energética Argentina S.A.	EASA or Energética	99.67 %
Vientos Neuquinos I S.A.	VN or Vientos Neuquinos	95.00 %
Central Termoeléctrica Guillermo Brown S.A.	CTGBSA	60.00 %

The minority interests of EASA and VN are owned by AES Electroinversora B.V. and that of CTGBSA by AES Globales B.V., both of which are members of The AES Corporation Group.

While the Group's interest in the stock of CTGBSA amounts to 60% and therefore falls into the definition of "control", as described in the IFRS, the Group has chosen not to consolidate this subsidiary on a line-by-line basis in its consolidated financial statements, due to the little significance that the disclosure of such information would bring to the users of the financial statements.

2.2.2. - Unit of Measurement

Functional Currency

Based on the standards set out in IAS 21 "The Effects of Changes in Foreign Exchange Rates," we have established the Argentine Peso as our functional currency expressed in constant currency as of the end of the reporting fiscal year. Such definition has been adopted since February 1, 2020, as a consequence of the issuance of Resolution 31/2020 by the Secretary of Energy on February 27, 2020, which changed, since the beginning of that month, the currency for the recognition of income from US dollars to Argentine pesos.

Previously, from February 1, 2017 to January 31, 2020, the US Dollar was the currency of the main economic environment in which the Company operated under the terms of Resolution No. 19/2017 issued by the Secretary of Electric Power, as amended by Resolution 1/2019.

The subsidiaries EASA and VN maintain the US Dollar as their functional currency, since they are not covered by Resolution 31/2020, and restate the figures converted to the presentation currency in the year-end currency of the reporting period according to the provisions of the Practical Application Guide of Accounting and Auditing Issues in Companies under the Scope of Public Offering No. 1 - 2019.

The assets, liabilities and results of subsidiaries and other companies are expressed in their respective functional currencies, and whenever they are other than the Argentine pesos, and the effects on their translations are recognized in "Other Comprehensive Income" within the statement of comprehensive income.

Exchange difference due to translation of the Group

	December 31, 2021
Balance at the beginning of the year	**15,425,598**
Translation effect in USD functional currency subsidiaries for:	
non-monetary assets	(6,137,801)
net monetary position into functional currency	4,926,347
net monetary position into a currency other than functional	(834,545)
Subtotal	**(2,045,999)**
Balance at the end of the year	**13,379,599**

Tax Effect on Other Comprehensive Income

The results recorded as Other Comprehensive Income related to translation differences generated by investments in subsidiaries and the translation until January 31, 2020 of the financial statements of the Group to their presentation currency (pesos), have no effect either on the income tax or the deferred tax since, at the time of generation, such transactions had no impact on the accounting or tax income.

2.2.3. Restatement of presentation currency in entities with functional currency other than the peso.

IAS 29 Financial Information in Hyperinflationary Economies ("IAS 29") requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy should be stated in terms of the measuring unit current at the end of the reporting period. This applies to AES Argentina Generación as from February 1, 2020.

However, neither IAS 21 nor IAS 29 explain how to report in constant currency in those cases where the functional currency is that of a stable economy, and the presentation currency is that of a hyperinflationary economy. This was the case for AAG until January 31, 2020 and continues to be the case for the subsidiaries EASA and VN, which have a functional currency other than the peso. Therefore, since 2019, those companies have applied as accounting policy the guidelines of the Practical Application of Accounting and Audit Issues in Companies under the scope of Public Offering 1 - 2019 (the "Practical Guide") concerning the conversion into presentation currency and the restatement set forth in this guide, as detailed in the following paragraphs. This was discontinued for AAG on January 31, 2020 to begin applying IAS 29.

The literal application of IAS 21 requires no restatement of the financial statements figures once they are translated to the presentation currency (Pesos). Nevertheless, the Practical Guide considered that this gives rise to the presentation of information in Pesos that would be expressed in a currency of different purchasing power, given that the comparative information, initial shareholders' equity and its variations, the statement of cash flows, evolutionary disclosures, and the results of the entity will not be expressed in a currency of the same purchasing power due to the fact that the presentation currency is that of a hyperinflationary economy (Pesos).

In order to mitigate this distortion, the Practical Guide sets out that it would be acceptable for an entity to restate at year-end currency all the information expressed in a currency other than year-end currency, namely: the contributions of the owners, the reserves, the retained earnings, and each of the items that make up the results of the reporting period. The effect of the restatement should be recognized in the translation reserve within Other Comprehensive Income, so that the balance of the reserve is expressed in real terms. Moreover, the above-mentioned restatement is consistent with the restatement mechanism provided for in IAS 29 and FACPCE Technical Resolution 6.

2.2.4.- Restatement to constant currency - Comparative information

As detailed in note 2.2.2., the Company has changed its functional currency since February 1, 2020.

IAS 29 requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy, regardless of whether they are based on the historical or current cost method, should be stated in terms of the measuring unit current at the end of the reporting fiscal year. For the purpose of arriving at a conclusion on the existence of a hyperinflationary economy, the standard details a number of factors to be consider, including a cumulative inflation rate over three rates that approaches or exceeds 100%.

Cumulative inflation over the past three years is above 100%. Likewise, both the National Government's projections and other available projections indicate that this trend will not be reversed in the short term.

In order to assess the above-mentioned quantitative condition and restate the financial statements, the CNV has set forth that the series of indices to be used in the enforcement of IAS 29 is as determined by FACPCE. This series combines the National Consumer Price Index (CPI) as from January 2017 (baseline month: December 2016) with the Wholesale Domestic Price Index (IPIM, for its acronym in Spanish), both as published by the National Statistics Bureau (INDEC) until that date, computing for the months of November and December 2015, for which INDEC has no information with respect to changes in the IPIM, and the variation in the CPI of the Autonomous City of Buenos Aires. This index is published every month by the FACPCE.

Considering the above index, inflation was 50.9% and 36.14% for the years ended December 31, 2021 and 2020, respectively.

Restatement Mechanism

The financial statements should be adjusted to consider changes in the general purchasing power of the currency so that they are stated in the measuring unit current at the end of the reporting year. These requirements also include all comparative information in these financial statements, without this fact modifying the decisions made on the basis of the financial information for those fiscal years.

Restatement of the statement of financial position

i. Monetary items (those with a fixed nominal value in local currency) are not restated because they are already stated in terms of the measuring unit current at the end of the reporting period. In a period of inflation, an entity holding monetary assets loses purchasing power and an entity holding monetary liabilities gains purchasing power to the extent that such items are not subject to an adjustment mechanism that may otherwise offset these effects. Monetary gain or loss is accounted for as profit or loss for the reporting period.

ii. Non-monetary assets and liabilities carried at amounts current at the end of the reporting fiscal year are not restated for presentation purposes in the statement of financial position. Nevertheless, the adjustment process should be completed to establish, in terms of homogeneous measuring unit, the gains or losses resulting from holding those non-monetary items.

iii. Non-monetary items measured at historical cost or at the amount current at a date prior to the end of the reporting fiscal year are restated by applying coefficients reflecting the changes in the general price level since the date of acquisition or revaluation through the end date. Subsequently, the restated amounts of such assets are compared to the corresponding recoverable amounts.

iv. The restatement of non-monetary assets in terms of the measuring units current at the end of the reporting period with no equivalent adjustment for tax purposes gives rise to a taxable temporary difference and the recognition of deferred tax liabilities in profit or loss for the year. For the end of the next period, deferred tax items are adjusted for inflation to reassess the charge to income for the next period.

v. When borrowing costs are capitalized in non-monetary assets pursuant to IAS 23 Borrowing Costs ("IAS 23"), the components of those costs compensating the creditor for the effects of inflation are not capitalized.

Restatement of the income statement

Expenses and income (including interest and exchange differences) are restated from the date the items were accounted for, except for those profit or loss items that reflect or include in their determination the consumption of assets measured at the currency purchasing power from a date prior to the date on which the consumption was recorded, which is restated based on the date of origin of the asset related to the item (e.g. depreciation and other consumption of assets valued at historical cost); and except also for any income or losses arising from comparing two measurements at currency purchasing power of different dates, for which it is necessary to identify the compared amounts, to restate them separately, and to repeat the comparison, but with the amounts already restated.

The result from exposure to changes in the purchasing power of the currency ("RECPAM" for its acronym in Spanish) is presented in a separate line and reflects the effect of inflation on monetary items.

Restatement of the statement of changes in shareholders' equity

As from the date of change of functional currency (February 01, 2020), all equity components are restated by applying the general price index as from that date, and each variation of these components is restated from the date of contribution or from the time in which it has otherwise occurred.

Restatement of the statement of cash flows

IAS 29 requires that all accounts of this statement should be restated in terms of the measuring unit current at the end of the reporting period.

The monetary gain or loss generated from cash and cash equivalents is recorded in the statement of cash flows separately from the cash flows from operations, investments and financing activities, as a specific item for the reconciliation between cash and cash equivalents at the beginning and at the end of the fiscal year.

2.3. - Summary of Significant Accounting Policies

The following significant accounting policies have been applied by the Group to prepare its financial statements:

2.3.1. - Classification of current and non-current items

The Group classifies its assets and liabilities in the statement of financial position as current and non-current.

An asset is classified as current when the entity:

- Expects to realize the asset or intends to sell it or use it during its normal operation cycle;
- keeps the asset mainly held for trading;
- expects to realize the asset within the following twelve months after the reporting fiscal year; or
- the asset is cash or cash equivalent unless (a) it is restricted and cannot be exchanged or (b) used to cancel a liability for a period lower than twelve months after the end of the fiscal year.

All other assets are classified as non-current.

A liability is classified as current when the entity:

- expects to settle the liability during its normal operation cycle;
- keeps the liability mainly for negotiation purposes;
- the liability must be settled within the twelve months following the end of the reporting fiscal year; or
- fails to have an unconditional right to defer the cancellation of the liability during, at least, the twelve months following the end of the reporting fiscal year.

All the other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities under all circumstances.

2.3.2. - Fair Value Measurements

The Group measures certain financial instruments based on their fair value as of the end date of the reporting period. Likewise, the fair values of the financial instruments measured based on their amortized cost are disclosed in Note 21.

The fair value is the price that the Company would have received if it had sold an asset or that it would have paid if it had transferred a liability in transaction entered into between market players at the measurement date. A fair value measurement assumes that the asset sale transaction or the liability transfer occurs:

- in the main market of the asset or liability; or
- in the absence of a main market, in the most advantageous market for the asset or liability.

The main or most advantageous market must be accessible for the Group. The fair value of an asset or liability is measured using the assumptions that the market participants would use to set the asset or liability price, assuming the market players act on their best economic interest.

All assets and liabilities for which the fair value is measured or disclosed in the financial statements are classified within the fair value hierarchy as described in Note 21.

2.3.3.- Presentation Currency and Translation Basis.

Presentation Currency

As established by Resolution 562 issued by the CNV, the Group is required to submit its financial statements in Argentine pesos as presentation currency. Accordingly, for entities and periods in which the functional currency is different from the presentation currency (see details on change of functional currency in note 2.2.2), the financial statements prepared in a functional currency other than the presentation currency were translated into that currency using the following procedures:

- Assets and liabilities are translated at the year-end exchange rate as of the date of each presented statement of financial position.
- The shareholders' equity items were translated at historical exchange rates.
- The items of the statement of comprehensive income were translated at the exchange rate prevailing at the date of the transactions (or, for practical reasons and when the exchange rate has not changed significantly, at the average exchange rate of each month).
- All differences in the conversion to the presentation currency that may occur as a result of the above, are recognized in other comprehensive income under "Exchange difference due to translation."
- All the figures of the financial statements obtained in accordance with this procedure which are expressed in currencies other than the year-end currency are restated at the year-end currency by using price indexes with a reversing item within Exchange difference due to translation (see notes 2.2.2. and 2.2.3).

Translation Basis

The assets and liabilities in functional currency different from the presentation currency have been translated into that currency using the following exchange rates:

	December 31, 2021	December 31, 2020
Argentine Peso (Ar$)	102.72	84.15

2.3.4. - Transactions and Balances in a Currency other than Functional Currency

Transactions in a foreign currency other than the functional currency are recognized using the exchange rate of its functional currency at the transaction date.

Monetary assets and liabilities denominated in a currency other than the functional currency are translated to the functional currency using the exchange rate at the end date of the reporting period.

2.3.5. - Recognition of income from ordinary activities.

The IFRS 15 presents a detailed model of five steps to analyze the revenue from contracts with customers. Its main principle lies in the fact that an entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, upon satisfaction of a performance obligation. An asset is transferred when (or as) the customer obtains control of that asset, which is defined as the ability to direct the use and obtain substantially all the remaining benefits of the asset. The Group, following the guidelines of IFRS 15, shall analyze:

i. if the contract (or a combination of contracts) contains more than one promised asset or service, when and how the assets or services should be provided
ii. whether the transaction price distributed to each performance obligation should be recognized as revenues over time or at a particular time. The Group recognizes an income when the obligation is met, that is to say, when the control of the goods and services having a specific obligation is transferred to the customer. This model includes no separate guidelines for the sale of goods or the provision of services.
iii. when the transaction price includes a variable payment estimation element, how it will affect the amount and time to recognize the revenue. The notion of variable payment estimation is broad. It is considered as a variable price on discounts, reimbursements, receivables, price concessions, incentives, performance bonuses, penalties and contingency arrangements. No variable payments are recognized until it is very unlikely that there will occur a significant change in the amount of accrued income, i.e. when the uncertainties inherent in a variable payment estimation have disappeared.
iv. If any costs have been incurred to perfect a contract, when these costs can be recognized as an asset.

Revenues of the Group mainly come from the production and sale of energy and power. Revenues are recognized when the control of the goods and services is transferred to the customers and are recognized net of any tax collected that must be paid to the authorities of each country.

Proceeds of energy and power sales

The proceeds of electric energy and power sales are recorded based on physical delivery of energy and power to the coordinator of the relevant grids at the prices prevailing in the electricity market or, where applicable, at the prices established in the current agreements with customers and CAMMESA, and they are recognized in the period in which the energy is delivered and the power is made available in the SADI. Revenues include billed items and those that were not billed as of year-end. Non-invoiced sales are calculated based on the estimated amount of energy delivered and power dispatched and the estimated price for the given month.

The spot market, pursuant to the law, is organized through Dispatch Centers (CAMMESA), where surpluses and deficits of electric energy and power are traded. The surpluses of energy and power are recorded as income, and the deficits are recorded as expenditure under the statement of comprehensive income. When energy and power are sold or purchased in spot markets or to the regulator, the Group evaluates the facts and circumstances to establish the gross or net presentation of purchases and sales in the spot market. Generally, the nature of the consideration includes the sale of excess energy and power over the contractual commitments or the purchase of energy and power to overcome deficits in generation.

The services are provided over time because the client simultaneously receives and uses the benefits provided by the Group. As a result, the Group recognizes the revenue from service contracts over time instead of at a point in time.

The Group is Principal since it controls a specific asset or service before it is transferred to the customer and therefore it is exposed to significant associated risks and benefits.

There are no variable considerations in the services rendered, since it is a fixed price established by CAMMESA under a resolution. Moreover, as the whole price is received in cash, no considerations are made as to any non-cash payment. Finally, there are costs related to obtaining a contract.

2.3.6. - Interest

Regarding all financial assets and liabilities measured at amortized cost and interest accrued on financial assets measured at fair value, interests earned or lost are recorded based on the effective interest rate method, which is the interest rate that accurately discounts future flows of payments and collections in cash throughout the expected life of the financial instruments or a shorter period, as appropriate, with respect to the net carrying amount of the financial asset or liability. In general, interest earned and lost is included under financial income and expenses in the profit and loss statement, respectively.

2.3.7. - Taxes

Current Income Tax

Assets and liabilities for current income tax are measured based on the amounts expected to be recovered or paid from or to the tax authority. The tax rates and tax regulations used to calculate such amounts are those that have been approved or whose approval procedure is about to be completed by the end date of the reporting fiscal year. The current tax rate for the Group is 35%.

The Management periodically assesses the positions taken in the tax returns related to the situations where the applicable tax regulations are subject to interpretation and makes provisions as appropriate.

In accordance with General Resolution 3363/12, the Group shall present, in addition to its financial statements prepared as per IFRS, a statement of financial position as of year-end and an income statement for the year ended as of such date, prepared according to the Argentine professional accounting standards for the subjects not covered by RT 26, along with a professional report detailing the measurement and presentation differences arising from the application of the IFRS with respect to the other rules mentioned above.

Deferred Income Tax

We use the liability method of accounting for deferred income taxes, based on temporary differences between the taxable bases of assets and liabilities and their carrying amounts as of the end date of the reporting fiscal year.

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

- If the deferred tax liability arises from the initial recognition of goodwill, or of an asset or liability in a transaction not involving a business combination and that, at the time of the transaction, has no effect either on the accounting income or the tax income or loss.
- With respect to the taxable temporary differences related to investments in subsidiaries and other companies and interest in joint businesses, if their possible reversion can be controlled, and if they are not likely to be reversed in the near future.

Deferred tax assets are recognized for all deductible temporary differences, and for the future offset of unused tax losses, provided that any future available taxable income against which such deductible temporary differences can be offset is likely to exist and/or that such tax losses can be used, except:

- If the deferred tax asset arises from the initial recognition of an asset or liability in a transaction not involving a business combination and that, at the time of the transaction, has no effect either on the accounting income or the tax income or loss;

- With respect to the deductible temporary differences related to investments in subsidiaries and other companies, and interest in joint businesses, where the deferred tax assets are recognized only to the extent that the deductible temporary differences are likely to be reversed in the near future, and there is future available taxable income against which such differences can be offset.

The carrying amount of deferred tax assets is reviewed at each end date of the reporting fiscal year and is reduced against income of the year or other comprehensive income, as appropriate, provided that the existence of sufficient future taxable income to allow the total or partial use of such assets is no longer possible. The unrecognized deferred tax assets are reevaluated at each end date of the reporting fiscal year and charged to income for the year or in other comprehensive income, as appropriate, provided that any future taxable income is likely to exist that may make it possible to recover such deferred tax assets not previously recognized.

Deferred tax assets and liabilities are measured based on their gross nominal amounts at the tax rates expected to be applied in the year where the asset is realized or the liability is canceled, based on the tax rates and standards approved as of the end date of the reporting period or whose approval process is about to be completed as of that date. The tax rate for the Group is 35% for December 2021 (progressive) and 30% for December 2020.

The deferred tax related to recognized items that are not accounted for in the income statement are recognized in connection with the underlying transactions with which they relate, either in other comprehensive income or directly in shareholders' equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax assets and liabilities and if the deferred taxes are related to the same entity subject to taxes and the same tax jurisdiction.

Note 10 to these financial statements discloses a detail of the deferred tax composition as of December 31, 2021 and 2020.

Other Taxes related to Sales and Bank Debits and Credits.

Income from ordinary activities, incurred expenses and acquired assets are recognized excluding the amount of any sales-related tax, such as the value added tax and the gross income tax, or those related to bank debits and credits, except:

- If the tax levied on a sale, purchase of assets or provision of services is not recoverable from the tax authority, in which case the tax is recognized as part of the acquisition cost of the asset or as part of the expense, as appropriate;
- Accounts receivable and payable, which are already including the value added tax.

The net amount of the tax related to sales and bank debits and credits that are expected to be recovered from, or which must be paid to the tax authority, is presented as an account receivable or an account payable in the statement of financial position, as appropriate.

The gross income tax charge is disclosed under marketing expenses in the statement of comprehensive income. The bank debit and credit charge is disclosed under administrative expenses in the statement of comprehensive income.

Tax Reform Law 27630

The National Executive Branch, through Law 27,630 passed on June 16, 2021, established (i) new progressive Income Tax rates for fiscal years beginning on and after January 1, 2021 as follows: 25% on accumulated net income of up to five million Argentine pesos, 30% on accumulated net income from five million Argentine pesos to fifty million Argentine pesos and 35% on the amount of any such income exceeding fifty million Argentine pesos and (ii) a 7% withholding tax on the dividends distributed to individuals and beneficiaries abroad.

In 2019, the Company opted for the revaluation of its fixed and intangible assets, as established in Law 27,430, and paid the relevant tax as and when required by the law.

2.3.8. - Property, plant and equipment

Property, plant and equipment existing as of the date of transition to IFRSS is measured as follows: (a) for CTSN and AES Paraná, at the fair value as of that date, and (b) for the remaining assets, at the attributed cost, which is the cost restated in constant currency, until March 1, 2003, net of accumulated depreciation and/or impairment losses, if any. This cost includes the cost to replace the components of property, plant and equipment and the borrowing costs related to long-term construction projects, provided that they meet the recognition requirements.

The subsequent additions are carried at cost. The cost of an asset includes its purchase price, all costs directly related to the installation of the asset at the place and in the conditions required to ensure it can work as expected, and, if any, the initial estimate of the total or partial dismantling, withdrawal or removal of the asset, as well as the restoration of the place where it was located, as it constitutes an obligation of the Company at the time of purchasing the item or as a consequence of using the asset during a certain period.

Following the change in functional currency described in Note 2.2.2, the plant, property and equipment items of the Company were valued at historical cost restated since that date, net of the corresponding accumulated depreciations.

In the case of significant components of property, plant and equipment that must be replaced periodically, the Company shall retire the replaced component and recognize the new component with its relevant useful life and depreciation. Likewise, in the case of a large inspection, its cost is recognized as a replacement provided that all the asset recognition requirements are met. All other routine repair and maintenance costs are expensed as incurred in the income statement.

Inventories shall be depreciated according to the remaining useful life years allocated to each asset by applying the straight-line method.

An item or a significant part of an item of property, plant and equipment that has been initially recognized is retired at the time of its sale or when no future economic benefits are expected to be obtained from its use or sale. Any profit or loss resulting at the time of asset deregistration (calculated as the difference between the net profit resulting from the sale and the asset carrying amount) is included in the income statement when the asset is retired.

The residual values, useful lives and the depreciation methods and rates of the assets are reviewed periodically and adjusted prospectively, as appropriate.

Note 7 discloses the evolution of the main items of Property, Plant and Equipment.

2.3.9. - Intangible assets

Intangible assets acquired separately are initially measured at cost. After initial recognition, intangible assets are accounted for at cost less cumulative depreciation (if deemed to have finite useful lives) and any cumulative impairment loss, if any.

Intangible assets existing as of the transition date were valued at deemed cost based on its cost re-expressed in constant currency until March 1, 2003.

Following the change in functional currency described in Note 2.2.2, the intangible assets of the Company were valued at historical cost restated since that date, net of the corresponding accumulated depreciations.

Finite lived intangible assets are amortized over their useful lives and are reviewed to establish whether they had any value impairment if there is an indication that the intangible asset might have suffered such impairment. The amortization period and method for a finite lived intangible asset are reviewed at least at the end of each reporting fiscal year. The changes in the expected useful life or the expected consumption pattern of the asset are accounted for upon change of depreciation period or method, as appropriate, and are retrospectively treated as changes in accounting estimates.

Considering the terms of the concession agreements of the Alicurá, Cabra Corral and Ullum hydroelectric complexes and as a result of the changes mentioned above to the remuneration to the generators described in Note 3, it can be interpreted that the accounting criterion established in the Interpretation 12 “Service Concession Arrangements” issued by the International Financial Reporting Interpretations Committee (“IFRIC 12”) is applicable. The Group has evaluated that if this interpretation is applicable, it shall not have significant effects on these financial statements.

The paragraphs below describe the main intangible assets of the Group:

- Alicurá Concession Contract
  It represents the total value allocated by the Argentine Government to the assets delivered for exploitation purposes to the concessionaire in 1993, according to the concession contract of Alicurá Hydroelectric Complex executed pursuant to Law 23696, in addition to the extension of the electric power transmission capacity (capacitor banks and fourth line). The original value was calculated without specifically setting a value to each of the assets involved in the concession, using the amount paid by the then majority shareholder of AES Argentina Generación S.A. to acquire 59% of the capital stock of such concessionaire, plus the share of the capital stock held by the Argentine Government (and then transferred) and the value of the liabilities assumed by concessionaire pursuant to the concession contract.

  The concession expires in 2023. The intangible asset was considered as deemed cost as of the transition date and amortized using the straight-line method. The amortization is calculated on a monthly basis (or its proportion) for 30 years (term of the concession).

- Former Río Juramento Hydroelectric Complex (Cabra Corral y El Tunal) and Former San Juan Hydrothermal Plants (Ullum y Sarmiento Plants) Concession Agreements
  These assets were valued considering its deemed cost as of the transition date based on their cost restated in constant currency until March 1, 2003. The concession expires in 2025 and the deducted accumulated depreciation is calculated using the straight-line method, based on a 30-year service period (term of the concession).

- Acquisition and development of renewable projects:
  This item refers to the amount paid for the acquisition in 2018 of Vientos Bonaerenses Wind Plant project, the first and second phases of which were completed in 2019 and 2020, respectively, and Vientos Neuquinos Wind Plant project, which was completed in 2020. The deducted accumulated depreciation is calculated using the straight-line method, based on a 25-year period, equivalent to the expected useful life of both wind plants.

  Note 8 discloses the evolution of the main items of intangible assets.

2.3.10. - Impairment of Property, Plant and Equipment and finite lived intangible assets.

As of each end date of the reporting fiscal year, the Group assesses whether there is some indication that the property, plant and equipment and/or finite lived intangible assets might be impaired. If there is any such indication and the annual impairment test of an asset is then required, the Group estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of the fair value less sales cost of the asset and its value in use. The recoverable amount is calculated for an individual asset, except if no cash flows significantly independent from the other assets or groups of assets is generated by the individual asset, in which event the cash flows of the group of assets that make up the cash-generating unit to which they belong shall be taken into account.

When the carrying amount of an individual asset or a cash-generating unit exceeds its recoverable amount, the individual asset, or as the case may be the cash-generating unit is deemed to be impaired and its value is reduced to its recoverable amount.

To assess the value in use of an individual asset or a cash-generating unit, the estimated cash flows are discounted at their present value using a discount rate before taxes that reflects current market assessments over the time value of money and the specific risks of that individual asset or, where applicable, the cash-generating unit.

The Group bases its calculation of cash flows on assumptions and forecast calculations which are made separately for the cash-generating unit of the Group to which the individual assets are allocated.

Impairment losses relevant to continuing operations are recognized in the income statement under the expenses categories consistent with the function of the impaired asset.

In addition, for this asset class, as of each end date of the reporting fiscal year, an assessment is made on whether there is some indication that an impairment loss previously recognized no longer exists or may have decreased. If there is such indication, the Group makes an estimate of the recoverable amount of the individual asset or cash-generating unit, as appropriate. An impairment loss previously recognized is reversed only if there was a change in the assumptions used to determine the recoverable amount of the individual asset or cash-generating unit, since the last time that an impairment loss in relation to that asset or cash-generating unit has been recorded.

The reversal is limited in such a way that the carrying amount of the asset or cash-generating unit shall neither exceed its recoverable amount, nor the calculated carrying amount, net of the relevant depreciation or amortization if no impairment loss for that asset or cash-generating unit has been recorded in prior fiscal years. Such a reversal is accounted for in the income statement under the same item in which the relevant impairment loss was previously recognized.

See Note 7.2. regarding the analysis conducted by the Group on the signs of impairment of property, plant and equipment and/or intangible assets with finite useful lives.

2.3.11.- Investments in Subsidiary and other Companies

Investment of the Group in subsidiaries is accounted for through the equity method. The Company controls an entity when it is exposed or is entitled to variable returns for its involvement and has the capacity to affect those returns through its power over the entity to manage its operating and financial policies.

According to the equity method, our investment in subsidiaries is initially recorded in the statement of financial position at cost, plus (less) changes in the interest of the Group in the net assets of the subsidiaries after the date of acquisition. The higher values of assets or goodwill related to the subsidiaries, if any, are included in the carrying amount of the investment, and are neither amortized nor individually subject to impairment tests.

The income statement shows the share in the results of the operations of the subsidiaries. If there are changes directly recognized in shareholders' equity of the subsidiaries, the Group recognizes its share in any of these changes, and discloses them, as appropriate, in the statement of changes in shareholders' equity.

The share in the income of the subsidiaries is disclosed in the main body of the income statement. This is the income attributable to owners of the subsidiaries.

Once the equity method is applied, the Group assesses whether it is necessary to recognize additional impairment losses with respect to the investment held by the Group in its subsidiaries. As of each end date of this financial statement, the Group assesses whether there is objective evidence that the value of our investment in subsidiaries would have been impaired. If this were the case, the Group calculates the amount of impairment as the difference between the recoverable amount of our investment in subsidiaries and its carrying amount and recognizes that amount in the income statement.

Investments in other companies, until the effective date of the change in interest mentioned in note 3.d.1, were recognized using the equity method. From that date onwards, these investments started to be accounted for at cost plus dividends.

Note 6 describes the details related to associates and other companies.

2.3.12. - Inventory

Inventories are valued at the lowest of its cost or net realizable value, except in the case of those elements that will be used in the production process if their value is expected to be recovered through the sale of the final product. The cost is calculated using the acquisition cost method. The net realizable value is the estimated selling price in the ordinary course of business, minus applicable variable selling costs.

The Group regularly conducts an analysis of low turnover items to assess the possible obsolescence of inventories of materials and fuels and to make, if necessary, the relevant provisions.

The inventory amount does not exceed its recoverable amount as of the relevant dates.

2.3.13. - Financial Assets

Initial recognition and measurement.

Financial assets are classified, on initial recognition, as assets measured at amortized cost, at fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets, when recognized for the first time, depends on the financial asset's contractual cash flow characteristics and business model for its management. Except for trade debtors with no significant financial component or for which the simplified approach has been applied, the Group initially recognizes a financial asset at fair value plus, except for a financial asset through changes in profit or loss, transaction costs. Trade receivables with no significant financial component for which a simplified approach has been applied shall be recognized at the transaction price to be determined pursuant to IFRS 15 (Note 2.3.5).

For a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, the contractual terms of the financial asset must give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is known as SPPI test, and it is conducted at the level of each instrument.

The business model for financial asset management refers to how the financial assets are managed to generate cash flows. A business model establishes whether the cash flows will result from collecting contractual cash flows or selling financial assets, or both.

Financial asset sales or purchases requiring the delivery of assets within a period of time established by a market regulation or convention are recognized on the negotiation date, namely, the date on which the Group undertakes to buy or sell the asset.

Subsequent Valuation

Assets measured at amortized cost

This category is the most relevant. A financial asset is classified in this category if both of the following conditions are met:

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

Financial assets at amortized cost are afterwards calculated using the effective interest method and subject to impairment. Income and losses are charged to income when the asset is derecognized, modified or impaired.

The financial assets at amortized cost include "Trade Receivables and other Accounts Receivable," "Accounts Receivable from Related Entities" and "Other Financial Assets."

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for negotiation purposes, financial assets designated, when recognized for the first time, at fair value through profit or loss, or financial assets required to be measured at fair value. Financial assets are classified as held for trading purposes if they have been acquired with the purpose of selling or repurchasing them in the short term. Derivatives, including separated embedded derivatives also are classified as held for trading, unless they are designated as effective hedging instruments. Financial assets with cash flows that are not only capital and interest payments are classified and measured at fair value through profit or loss, regardless of the business model. Notwithstanding the criteria to be classified as valued at amortized cost, as described above, debt instruments can be designated at fair value through profit or loss on initial recognition if, on doing so, an accounting mismatching is eliminated or significantly reduced.

The financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value with net changes in the fair value recognized in the statement of comprehensive income.

This category includes derivative instruments and investments in mutual funds. Dividends are also recognized as financial results in the income statement when the collection right is established.

Deregistration of financial assets

A financial asset (or, if appropriate, part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. Removed from the statement of financial position) when:

- The rights to receive the cash flows from the financial asset have expired or;

- The rights to receive the cash flows from the asset has been transferred or the entity has assumed the obligation to pay the cash flows received in its entirety without significant delay to a third party under a pass-through agreement, and (a) the entity has transferred substantially all of the risks and rewards of ownership of the asset have been transferred, or (b) the entity has neither retained nor transferred substantially all of the risks and rewards of the asset, but has transferred control of the asset.

Whenever the rights to receive cash flows of an asset have been transferred or a “pass-through” agreement has been signed, it is assessed whether, and to what an extent, the risks and rewards of the ownership have been retained. If the entity has neither retained nor transferred substantially all of the risks and rewards of the asset, and has retained control of the asset, then the entity continues to recognize the transferred asset. In this case, associated liabilities are also recognized. The transferred asset and related liability are measured on a basis that reflects the rights and obligations withheld by the Company.

The continued involvement by way of a guarantee on the transferred asset is measured as the lesser of the original carrying amount of the asset and the maximum amount of the consideration that the Company would be required to reimburse.

Impairment of Financial Assets

IFRS 9 replaces the “incurred loss” model in IAS 39 with an “Expected Credit Loss” model (“ECL”). The new impairment model applies to financial assets measured at amortized cost and contractual assets, but not to investments in equity instruments.

Trade receivables and other accounts receivable are initially measured at fair value and later at amortized cost.

The company measures retained losses in an amount equal to the lifetime ECL. “ECL” are based on the difference between contractual cash flows and all the cash flows that the Company expects to receive. The difference is then discounted using an approximation of the effective interest rate of the original asset.

To establish whether there is an impairment or not on the portfolio, the Company performs a risk analysis, according to the historical experience on its uncollectible nature, which is adjusted by forward-looking factors and macroeconomic variables in order to obtain sufficient forward-looking information for the estimate.

The Group uses a simplified approach with the practical record of IFRS 9 in the stratification of portfolio maturities.

The Company considers that the financial assets are in arrears when: (i) it is unlikely that the debtor will pay its credit obligations in full, without need for the Company to resort to actions such as insurance claims, or (ii) the financial asset has exceeded the due date contractually agreed.

See Note 13.3 for changes in the initial estimates of expected credit losses resulting from certain trade receivables.

2.3.14.- Financial Derivative Instruments and Hedging Activities

The Group uses derivative financial instruments such as interest rate swaps and foreign exchange forwards to hedge its risks associated with fluctuations in interest and foreign exchange rates. Derivatives are initially recognized at the fair value of the date on which the derivative agreement has been entered into and they are subsequently remeasured at their fair values. The method to recognize the gain or loss resulting from the change in fair value depends on whether the derivative has been designated as a hedging instrument, and, if so, the nature of the item that it is hedging. The Group can record certain derivatives as:

a. fair value hedges;
b. cash flow hedges.

At the beginning of the transaction, the Group documents the relation existing between hedging instruments and hedged items, as well as their objectives for risk management and the strategy to conduct various hedging transactions. It also documents its assessment, both at the beginning and on a continuous basis, about whether the derivatives that are used in hedging transactions are highly effective to offset changes in the fair value or cash flows of the hedged items.

(a) Fair Value Hedge

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

The Group has not used fair value hedges in the reporting fiscal years.

(b) Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in Other Reserves. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within Financial expenses.

The amounts accumulated in Other reserves are accounted for in the income statement, during periods in which the hedged item affects the result. In case of interest rates hedges, this means that the amounts recognized in shareholders' equity are reclassified to results within Financial expenses, as interest on associated debts is accrued.

A hedge is considered to be highly effective when the changes in the fair value or cash flows of the underlying asset attributable to the hedged risk are offset against changes in the fair value or cash flows of the hedging instrument, with an effectiveness between 80% - 125%.

When a hedging instrument expires or is sold or when the requirements established for hedge accounting are not met, any profit or loss accumulated in other reserves until that time remains in the shareholders' equity and is recognized when the expected transaction is finally recognized in the income statement. When it is expected that the transaction is not likely to occur, the cumulative gain or loss in shareholders' equity is immediately charged to the income statement under "Financial Expenses."

2.3.15.- Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, liabilities at amortized cost or derivatives designated for accounting purposes as hedging instruments, as appropriate.

Initial valuation

Financial liabilities are classified as financial liabilities at fair value through profit or loss, liabilities at amortized cost or derivatives designated for accounting purposes as hedging instruments, as appropriate. The Group establishes the classification of financial liabilities at the time of its initial recognition.

Financial liabilities are initially recognized at fair value, net of the transaction costs incurred, in the case of liabilities at amortized cost.

Subsequent Valuation

(a) Financial Liabilities at Fair Value through Profits or Loss

They are classified in this category when they are held for trading or designated on initial recognition at fair value through profit or loss. This category includes derivative instruments not designated for hedge accounting. They are classified as held for trading if they are intended to be repurchased in the short term.

Gains and losses on held-for-trading liabilities are charged to income.

The Group has not classified any financial liabilities within this category.

(b) Liabilities at Amortized Cost

They are subsequently valued at their amortized cost using the effective interest rate method. Income and loss are recognized in the income statement once they are deregistered or using the effective interest rate method.

The amortized cost is calculated by taking into account any premium or discount from the acquisition and includes costs of transactions which are an integral part of the effective interest rate. The effective interest rate method calculates the amortized cost of a financial asset or liability (or a group of financial assets or liabilities) and the financial income or expense to be recorded throughout the relevant period. The effective interest rate is the discount rate that matches exactly the cash flows receivable or payable estimated throughout the expected life of the financial instrument (or, where appropriate, in a shorter period) with the net carrying value of the financial asset or liability. Trade payables with maturity according to generally accepted commercial terms are not discounted.

This category includes “trade payables and other accounts payable,” “financial liabilities,” “accounts payable to related entities.”

Deregistration of Financial Liabilities

Financial liabilities are derecognized when the obligation is paid, settled, or expires.

When an existing financial liability is replaced by another liability from the same lender under substantially different terms, or if the terms of the existing liabilities are substantially modified, such exchange or modification shall be treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized as financial income or expense in the income statement, as appropriate.

Financial assets and financial liabilities are offset so as to reflect the net amount in the statement of financial position, only if there is a present right legally required to offset the recognized amounts, and there is an intention to settle them for the net amount, or to realize the assets and discharge the liabilities simultaneously.

2.3.16. - Financial Assets and Liabilities with Related Entities

The related party receivables and indebtedness are initially recognized at their fair value plus the directly attributable transaction costs. In case they come from transactions that are not entered into at arm's length, any difference arising at the time of its initial recognition between the fair value and the consideration given or received, shall be treated as an equity transaction (capital contribution or dividend distribution, according to whether it is positive or negative).

After the initial recognition, these credits and debts are measured at their amortized cost, using the effective interest rate method. The amortization of the interest rate shall be recognized in the income statement as financial income or expense.

2.3.17. - Cash and cash equivalents

Both the funds held in cash and the freely available demand bank deposits shall be considered as cash. Cash equivalents are deemed to include short-term, highly-liquid, and freely available investments that, without prior notice or relevant cost, are readily convertible to known amounts of cash, with a high degree of certainty at the time of deposit, and are subject to an insignificant risk of changes in value, with maturities of up to three months after the date of the respective deposits, and whose main destination is other than investment or the like, but the cancellation of short-term commitments. In addition, certain restricted availability funds are included, which secure the loan with Goldman Sachs, as detailed in Note 18.1.

2.3.18. - Provisions

Provisions are recognized when, as a consequence of a past event, the Company has a present obligation whose settlement requires an outflow of resources that is considered likely and that can be reliably estimated. This obligation can be legal or tacit, as a consequence of, among other factors, regulations, contracts, habits and customs or public commitments, which have created among third parties a valid expectation on the acknowledgement of certain responsibilities. The amount of the provision is the best estimate of the Company with regard to the disbursement that will be required to settle the obligation, taking into consideration all the information available as of the end date, including the opinion of independent experts, such as legal and financial advisors. If the effect of the time value of money is significant, provisions are discounted using the current market rate before taxes which reflects, where appropriate, the risks specific to the liability.

A contingent liability is: (i) a possible obligation arising from past events and whose existence will be confirmed only by the occurrence, or as the case may be, the non-occurrence of one or more uncertain future events not wholly under the control of the Group; or (ii) a present obligation arising from past events which have not been recognized for accounting purposes due to the fact that: (a) it is unlikely that, in order to comply with such obligation, an outflow of resources including economic benefits would be required; or (b) the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not recognized in the financial statements, but informed in the notes, except where the likelihood of a possible outflow of resources for settlement purposes is remote. For each type of contingent liability, as of the respective year-end dates, the Group discloses (i) a brief description of its nature and, where possible, (ii) an estimate of its financial effects; (iii) an indication of the uncertainties relating to the amount or the schedule of the relevant resource outflows; and (iv) the possibility of obtaining any refunds.

According to the provisions of IAS 37, the policy of the Company is to refrain from disclosing detailed information related to disputes with third parties, provided that such information seriously damages the position of the Company. In these cases, generic information is provided and the reasons that have led it to make such a decision are explained.

Due to the uncertainties inherent in the estimates required to establish the amount of the provisions, the actual disbursements may differ from the originally recognized amounts based on the estimates made.

2.3.19. - Employee Benefits

Short-term Employee Benefits:

The Group recognizes all short-term employee benefits, such as salary, statutory annual bonus, vacation, bonuses and others, on an accrual basis and considers the benefits arising as an obligation from the collective bargaining agreements.

Employee and Other Long-term Benefits

Benefit plans are valued at their present value and are accrued by virtue of the services provided by the employees covered by the respective plans. The amount recognized as a liability for such benefits is the net sum of: (a) the present value of the obligation at the end of the reporting fiscal year; and (b) more or less any actuarial loss or income;

The Group recognizes in the results for the reporting fiscal year, the total net amount of the following items, such as expense or income: (a) the cost of service of the current fiscal year; (b) the interest cost; (c) the effect of any kind of plan settlement or reduction. Actuarial gains and losses are recognized directly in other comprehensive income.

2.3.20. - Leases

A contract is, or contains, a lease if it transfers the right to use an identified asset for a period of time in exchange for a consideration.

The standard includes two exemptions from the recognition of leases by lessees: leases of low-value assets (e.g. personal computers) and short-term leases (i.e. lease contracts with a lease term of 12 months or less). On the start date of a lease, the lessee shall recognize a liability for the present value of the lease payments to be made (i.e., lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. right-of-use asset). Lessees shall recognize separately the interest expense for the lease liability and the expense for the amortization of the right of use.

In the case of exemptions or contracts that are not related to an identified asset, expenditure is accounted for linearly during the term of the lease contract for the fixed income portion. Variable or contingent income is recognized as expenditure for the fiscal year in which its payment is likely to occur.

2.3.21. - Shareholders' Equity

Subscribed Capital and Capital Adjustments

This account is made up of the contributions made by the shareholders represented by shares and includes the outstanding shares at their nominal value. The registered capital account has been kept at its nominal value and the adjustment derived from such monetary restatement is disclosed in Capital adjustment.

The capital adjustment is not available for distribution in cash or in goods, but its capitalization is permitted through the issuance of shares. This item is also allocated to cover retained losses.

Irrevocable contributions

The irrevocable contributions approved by the competent body have been effectively paid in and arise from a written agreement between the parties, which stipulates the permanence of the contribution and the conditions of the relevant conversion to shares, and accordingly they have been considered as part of the shareholders' equity.

Additional Paid-in Capital

This item represents the difference between the capital increase subscription amount and the relevant nominal value of the shares issued.

Legal Reserve

In accordance with the provisions of the Business Companies Law, the Group is required to make a legal reserve of not less than 5% of the positive result arising from the algebraic sum of the results for the year, the adjustments from previous years, transfers of other comprehensive income to retained earnings and the losses for previous years, to complete 20% of the sum of the subscribed capital and the balance of the Capital adjustment account.

IFRS Special Reserve

According to General Resolution 609/12 issued by the CNV, a special reserve was created containing the resulting positive difference between the initial balance of retained earnings disclosed in the financial statements of the first year-end on which the IFRS were applied and the final balance of the retained earnings as of the end of the last fiscal year during which the previous accounting standards were effective. This reserve cannot be reversed to make distributions in cash or in kind and may only be reversed for capitalization purposes or to absorb any negative balances of retained earnings.

Optional Reserve

The Optional Reserve represents the allocation made by the Shareholders' Meeting in which a specific amount is allocated to cover the funding needs required by the projects and situations that might arise in relation to the policy of the Group.

Other Reserves

Actuarial gains and losses are included in the calculation of liabilities for defined benefit plans, gains or losses resulting from derivative instrument valuation differences and their tax effects. Exchange difference due to translation of currencies of the Group, its associates and subsidiary is also included.

Retained Earnings

Retained earnings include the accumulated income or losses with no specific allocation, which, if positive, can be distributed by means of a decision of the Shareholders' Meeting, provided that they are not subject to any legal restrictions. In addition, it includes the results of previous fiscal years that were not distributed, the amounts transferred from other comprehensive income and adjustments from previous fiscal years by application of accounting standards.

In addition, according to the provisions of the CNV standards, when the net balance of other comprehensive income is positive, it shall not be distributed, capitalized, or allocated to absorb retained losses; when the net balance of these results as at the end date of a fiscal year is negative, there will be a restriction on the distribution of retained earnings for the same amount.

2.4. - Information on Operation Segments

For management purposes, the Group is organized in a single business unit to carry out its main electric power generation and marketing business. The Group only discloses the information on that activity in the operating results of the income statement.

2.5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements of the Group requires the Administration to make judgments, estimates and assumptions that affect the amount of the reported income, expenses, assets and liabilities and the determination and disclosure of contingent assets and liabilities as of the end of the reporting fiscal year. In this sense, the uncertainties associated with the adopted assumptions and estimates could lead in the future to final results that could differ from those estimates and require significant adjustments to balances informed of the affected assets or liabilities.

The key forward-looking assumptions and other key sources of uncertainty estimation of the end date of reporting fiscal year are described below. The Group has based its accounting assumptions and significant estimates considering the parameters available at the time of preparation of the financial statements. Nevertheless, the current circumstances and assumptions about future events may vary due to changes in the market or to circumstances arising beyond the control of the Group. These changes are reflected in the assumptions at the time of occurrence.

Below there is a detail the estimates and critical judgments used by the Management:

• The assumptions used in the actuarial calculation of post-employment obligations with employees, including the discount rate.
(See Note 17)
• Useful lives, residual values and estimation of the recoverable amount used in the impairment test for property, plant and equipment and intangibles assets.
(See Notes 7 and 8, respectively)
• Assumptions used in the calculation of the fair value of the financial instruments, including credit risk.
(See Note 21)
• The probability of occurrence and the basis of calculation of the liabilities of uncertain amount or contingent liabilities (see Note 18).

Despite the fact that these estimates have been made based on the best information available at the date of issuance of these financial statements, it is possible that the latest information or events that may take place in the future may lead to change them (either upwards or downwards) in the next fiscal years. In such event, any changes would be made prospectively by recognizing the effects of the change in estimate in the relevant future financial statements, according to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

2.6.- Changes in accounting policies

a. Measurement of participating interests in TJSM and TMB

As explained in note 3 d.1, by virtue of the change in the participating interests in TJSM and TMB, as from the effective date of such change, gains or losses from such participating interests ceased to be recorded according to the equity method and started to be accounted for at their value recorded as of the effective date plus dividends.

b. Accounting Pronouncements effective for periods beginning on or after January 1, 2022

Below are listed and briefly described the new or modified standards and interpretations that the Group reasonably expects that might be applicable in the future. In general, the Group intends to adopt these standards, as appropriate, once they are effective, although it may apply them beforehand in certain cases.

IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for the classification of liabilities as current or non-current.

The amendments are effective for periods beginning on or after January 1, 2023. Entities should carefully consider whether there is any aspect of the amendments suggesting that the terms of their existing loan agreements should be renegotiated. In this context, it is important to stress that the amendments should be applied retrospectively.

The Group will assess the impact of the amendment on a date closer to its effective date.

IFRS 3 Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. These amendments are intended to replace a reference to an earlier version of the IASB Conceptual Framework (1989 Framework) with a reference to the current version issued in March 2018, without significantly changing its requirements.

The amendments shall be effective for periods beginning on or after January 1, 2022 and shall be applied prospectively. Early application is permitted if, at the same time or earlier, an entity also applies all other amendments contained in the amendments to the IFRS References to the Conceptual Framework issued in March 2018.

The amendments will provide consistency in financial reporting and avoid possible confusion for having more than one version of the Conceptual Framework in use.

The amendments are not expected to have a significant impact on the Group.

IAS 16 Property, Plant and Equipment ("PPE"): Proceeds before Intended Use

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

The amendment shall be effective for periods beginning on or after January 1, 2022. The amendment should be applied retrospectively only to items of property, plant and equipment available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendment.

The amendments are not expected to have a significant impact on the Group.

NIC 37: Onerous contracts: Cost of fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify the costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendment shall be effective for periods beginning on or after January 1, 2022. The amendment should apply prospectively to contracts existing at the beginning of the annual reporting period in which the entity first applies the amendment (date of initial application). Early adoption is permitted and must be disclosed.

The amendments are intended to provide clarity and help to ensure consistent application of the standard. Entities that previously applied the incremental cost approach will observe an increase in provisions to reflect the addition of costs directly related to contract activities, while entities that have previously recognized provisions for contract losses using the guidance of the previous standard, IAS 11 Construction Contracts, should exclude the allocation of indirect costs from their provisions.

The amendments are not expected to have a significant impact on the Group.

IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimate

On February 2021, the IASB issued amendments to IAS 8 where it introduced a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. In addition, they clarify how entities use measurement techniques and inputs to account for estimates.

The amended standard clarifies that the effects on an accounting estimate, as a result of a change in an input or a change in a measurement method, are changes in the accounting estimates, provided that these are other than the result of the correction of prior period errors. This definition of a change in the accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not considered as correction of errors.

The amendment shall be effective for annual reporting periods beginning on or after January 1, 2023, and its early application is permitted.

The Group will assess the impact of the amendment on a date closer to its effective date.

IAS 1 Presentation of Financial Statements - Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and the IFRS Practice Statement 2 Making Materiality Judgments, in which it provides companies with guidance and examples to apply materiality judgments relating to accounting policy disclosures.

The amendments are intended to assist entities to provide disclosures on accounting policies that are most useful by:

- Replacing the requirement for entities to disclose their "significant" accounting policies with the requirement to disclose their "material" accounting policies;
- Including guidance on how entities apply the notion of materiality in decision-making on accounting policy disclosures.

When assessing the materiality of accounting policy information, the entities shall consider both the size of the transactions and other events or conditions and the nature of those events or conditions.

The amendment shall be effective for annual reporting periods beginning on or after January 1, 2023. Early application of the amendments to IAS 1 is permitted and must be disclosed.

The Group will assess the impact of the amendment on a date closer to its effective date.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IFRS 10 Consolidated Financial Statements, and IAS 28 Investments in Associates and Joint Ventures (2011) address a recognized inconsistency between the requirements of IFRS 10 and IAS 28 (2011) in the treatment of the sale or the contribution of assets between an investor and its associate or joint venture.

The amendments, issued in September 2014, require a full gain or loss to be recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

In December 2015, the IASB decided to postpone the effective date of these amendments indefinitely, pending the results of its research project on the equity method of accounting. Entities are required to apply these amendments prospectively. Early application is permitted and must be disclosed.

The amendments are not expected to have a significant impact on the Group.

IFRS 17 Insurance Contracts

In May 2017, IASB issued IFRS 17 Insurance Contracts, a new specific accounting standard for insurance contracts covering recognition, measurement, presentation, and disclosure. Once it comes into effect, it will replace IFRS 4 Insurance Contracts, as issued in 2005. The new standard is applicable to all types of insurance contracts, regardless of the type of entity issuing them, as well as to certain guarantees and financial instruments with certain discretionary participation features. Some exceptions within the scope may apply.

In December 2021, the IASB amended IFRS 17 to add a transition option for a "classification overlay" to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information disclosed in the initial application of IFRS 17.

If an entity chooses to apply the classification overlay, it can only do so for comparative periods to which it applies IFRS 17 (i.e. from the transition date to the date of initial application of IFRS 17).

IFRS 17 shall be effective for periods beginning on or after January 1, 2023, with comparative figures required. Early adoption is permitted, provided the entity applies IFRS 9 Financial Instruments, on or before the date on which IFRS 17 is first applied.

The Group will assess the impact of the amendment on a date closer to its effective date.

IAS 12 Deferred taxes related to assets and liabilities arising from a single transaction

In May 2021, the IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the

financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any

temporary differences exist on initial recognition of the asset and liability.

Likewise, according to the amendments issued, the exception on initial recognition is not applicable to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It is applied only if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) gives rise to taxable and deductible temporary differences that are not equal. However, the resulting deferred tax assets and liabilities may not be equal (for example, if the entity is unable to benefit from the tax deductions or if different tax rates apply to taxable and deductible temporary differences). In such cases, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss. The amendment shall be effective for annual reporting periods beginning on or after January 1, 2023.

The Group will assess the impact of the amendment on a date closer to its effective date.

c. Impact of the Application of New Standards and Amendments in 2021

During the year ended December 31, 2021, no new standards or amendments have been applied.

NOTE 3 - REGULATORY ASPECTS AND CURRENT AGREEMENTS

This Note summarizes the regulation in force in the fiscal years ended December 31, 2021 and 2020 and those regulatory aspects that, in spite of having been in force in previous fiscal years, still have an impact on these financial statements.

a. Current Regulatory Framework:

Resolution SE No. 1037/2021

On November 2, 2021, Resolution No. 1037/2021 was published whereby the Secretary of Energy mainly establishes that, as from the economic transactions of September 2021, the income collected by CAMMESA from the electricity export operations, after deducting the costs incurred to supply those exports, such as fuels, generation, transport and any other related cost, will be accumulated in the Export Account of the Wholesale Electricity Market (MEM) Stabilization Fund.

These funds shall be specifically allocated to the financing of energy infrastructure works as appropriately established by the Secretary of Energy through the relevant regulatory instructions. In addition, it establishes that additional and transitional recognition will be regulated in the remuneration of the Generating Agents included in Resolution No. 440/2021.

By means of note NO-2021-108163338-APN-SE #MEC, the Secretary of Energy instructed CAMMESA that, in the calculation of the economic transactions provided for in paragraphs 4 and 5 of Annex II to Resolution SE No. 440/2021, it must be assumed that they have a constant Utilization Factor equal to 70% for the determination of the Power Availability Remuneration. Likewise, an additional amount of $1,000/MWh exported during the month will be recognized and allocated pro rata the monthly generated energy of each conventional and hydraulic thermal Generating Agent under its scope.

Resolution SE No. 440/2021

On May 19, 2021, the Secretary of Energy amended, by means of Resolution 440/2021, the pricing scheme for power marketed in the "Base Energy" regulatory framework established by Resolution 31/2020. The new Resolution is effective as from the economic transaction of February 2021.

Remunerative energy and power prices for thermal and hydraulic power plants for the fiscal years ended December 31, 2021 and 2020, as expressed in historical currency, are summarized below:

– Energy Remuneration for Thermal and Hydraulic Plants:

Price per source and fuel	*in ARS/MWh* **Resolution 440/2021** *effective since February 2021*	*in ARS/MWh* **Resolution 31/2020** *effective from February 2020 to January 2021*	*in USD/MWh* **Resolution 1/2019** *effective from March 2019 to January 2020*
Generated Energy			
Natural Gas	310	240	4.0
Gas Oil / Fuel oil	542	420	7.0
Biodiesel	774	600	10.0
Mineral Coal	929	720	12.0
Hydraulic Power Plants	271	210	3.5
Renewable Power Stations	2,167	1,680	28.0
Operated Electric Power			
Thermal Plants	108	84	1.4
Hydraulic Power Plants	108	84	1.4

– Power Remuneration for Thermal Plants:

Base Price per Technology and Scale	*in ARS/MWh* **Resolution 440/2021** *effective since February 2021*	*in ARS/MWh* **Resolution 31/2020** *effective from February 2020 to January 2021*	*in USD/MWh* **Resolution 1/2019** *effective from March 2019 to January 2020*
Large Combined Cycle Power > 150 MW	129,839	100,650	3,050
Large Steam Turbine Power >100 MW	185,180	143,550	4,350
Small Steam Turbine Power ≤ 100MW	221,364	171,600	5,200
Small Gas Turbine Power ≤ 50MW	195,822	151,800	4,600

Price of Offered Guaranteed Power	*in ARS/MWh* **Resolution 440/2021** *effective since February 2021*	*in ARS/MWh* **Resolution 31/2020** *effective from February 2020 to January 2021*	*in USD/MWh* **Resolution 1/2019** *effective from March 2019 to January 2020*
Summer: December - January - February	464,400	360,000	7,000
Winter: June - July - August	464,400	360,000	7,000
Rest of the months of the year	348,300	270,000	5,500

– Power Remuneration for Hydraulic Power Plants:

Remuneration for Power	*in ARS/MWh*	*in ARS/MWh*	*in USD/MWh*
	Resolution 440/2021	**Resolution 31/2020**	**Resolution 1/2019**
	effective since February 2021	*effective from February 2020 to January 2021*	*effective from March 2019 to January 2020*
Large P > 300 MW	127,710	99,000	3,000
Median P > 120 and ≤ 300 MW	170,280	132,000	4,000
Small P > 50 and ≤ 120 MW	234,135	181,500	5,500
Renewable P ≤ 50MW	383,130	297,000	9,000

b. Regulatory Framework valid from February 2020 to January 2021: Resolution SE No. 31/2020

On February 27, 2020, the Secretary of Energy amended, by means of Resolution 31/2020, the pricing scheme for power marketed in the "Base Energy" regulatory framework established by Resolution 1/2019. The new Resolution was in force between the economic transactions entered into in February 2020 to and including the transactions entered into in January 2021.

The main changes introduced by such resolution include:

a. for all the technologies, it established the remuneration of generators in Argentine pesos, which would be adjusted by inflation on a monthly basis, with a combined index 60% based on the Consumer Price Index (CPI) and 40% based on the Internal Wholesale Price Index (IPIM, for its acronym in Spanish). Nevertheless, on April 8, 2020, the Secretary of Energy belonging to the Ministry of Productive Development of the National Executive Branch issued a note where it instructed Cammesa to postpone until further decision the implementation of Annex VI of Resolution 31/2020 concerning the transactional adjustment factor provided for in the aforementioned resolution to adjust the values established in Argentine pesos. Resolution 440/2021 replaced all the annexes to Resolution 31/2020, thus repealing Article 2 of Resolution 31/2020 that created the notion of inflation adjustment.

b. It further established a reduction in the prices of offered guaranteed power calculated on the prices of Resolution 1/2019 converted to Argentine pesos using a rate of 60 pesos per dollar. For thermal generators, the reduction varies between 14% and 18% depending on whether summer/winter periods or the rest of the months are involved. In the case of hydroelectric generators, the reduction was approximately 45%.

c. A new remuneration for energy actually delivered by the thermal power plants and operated by hydroelectric power plants was incorporated, in the hours of maximum thermal requirement and mainly during winter and summer.

c. <u>Regulatory framework from March 2019 to January 2020 that has an impact on the financial year ended December 31, 2020: Resolution SE No. 1/2019</u>

Resolution 1/2019 was in force since the economic transactions entered into in March 2019 to and including January 2020.

The most significant changes introduced by this resolution are conceptually detailed below:

- it established summer, winter and "other months" prices for the offer of availability commitments with a differential remuneration (Offered Guaranteed Availability (DIGO, for its acronym in Spanish));
- it affected the remuneration for power of thermal generators by the factor of use of the generation equipment, setting, however, a guaranteed minimum price related to the actual power availability;
- it established that the actual power availability of the hydraulic generators is the average monthly availability of each generating machine that is not under scheduled and agreed maintenance.

d. <u>Current Regulatory Aspects Originating in Previous Periods</u>

d.1 Situation of FONINVEMEM I and II:

Early in 2020, CAMMESA paid the 120 installments for projects related to FONINVEMEM I and II and power increase with the respective adjustments and interests.

According to the Agreements entered into by generators with the Secretary of Energy and CAMMESA, once the 120 installments of the Sales Settlements with Due Date to be Determined (LVFVD) have been paid, the trusts holding the assets of each thermoelectric plant would be liquidated and the assets would be transferred to the Managing Company of each plant, on condition that they reach an agreement as to the reallocation of participating interest between the Argentine Government and the existing shareholders.

On May 4 and 8, 2020, the Special Shareholders' Meeting of Termoeléctrica Manuel Belgrano S.A. (TMB) and Termoeléctrica Jose de San Martin S.A. (TJSM) were held, respectively, in order to conduct the acts necessary for the fulfillment of the condition precedent established in Article 1.01 of the Trust Agreement (the "Agreement"). Articles 1.01 and 7.03 of the Agreement provides for that, once the Termination Date has occurred, the Generating Company will become the Trustee upon verifying that the necessary acts have been carried out to allow the National State to receive the shares of TJSM and TMB in accordance with the guidelines established in the "Final Agreement for the MEM Reconversion", as executed on October 17, 2005 between different MEM generators and the National State (the "Final Agreement").

The respective Shareholders' Meetings resolved to make capital increases in TMB and TJSM in the proportion necessary in each Company so that the National State may subscribe shares and become the owner of 65.006% of the shares of TMB and 68.826% of the shares of TJSM. Capital increases were performed without the exercise of any preemptive or accretion rights by the previous shareholders with respect to the shares to be issued in favor of the National State and will be paid in through capitalization of the capital adjustment account.

As a result, the capital increases were subscribed by the National State through the Secretary of Energy and imply that AAG's shareholding interest in both Managing Companies is reduced as consideration for them to receive the net assets of each trust, which transfers are pending.

On March 11 and March 28, 2021, TMB and TJSM, respectively, registered the new interest of the National State in their respective share ledgers, thus reducing the interest of AAG in TMB and TJSM to 7.2% and 6.4%, respectively. As from the effectiveness of this change in the participating interests the resulting gains or losses ceased to be recognized according to the equity method and started to be accounted for at their cost plus dividends.

On June 16, 2021, Executive Decree No. 389/2021 was published in the Official Gazette, whereby, among other things, the shares issued in favor of the National State in the generating companies TMB and TJSM were assigned to Integración Energética Argentina S.A. ("IEASA"). On June 22, 2021, the Managing Companies received a notice from IEASA pursuant to Art. 215 of the Commercial Companies Law, whereby they were informed of the provisions of Art. 6 of Executive Decree No. 389/2021 and requested to consider that the change of ownership has become effective and to record such change in their respective Share Ledgers.

On August 24, 2021, the Common Shareholders' Meetings of TMB and TJSM were held to appoint new regular and alternate directors based on the new stock ownership.

As of the end of the fiscal year, the Company has not recognized any effects, other than those already mentioned above, related to the foregoing disclosures, since we consider that the economic substance of diluting its participating interest in both companies directly corresponds to the increase in assets as a result of having received the net assets from the settlement of the Trusts, mainly as a consequence of the transfer of the aforementioned plants, none of which was made official as of year-end. Once they are made official, the relevant records will be recognized.

d.2 Situation of Generators Agreement (Guillermo Brown Thermal Plant - CTGBSA)

As of December 31, 2021, CAMMESA paid 67 due installments as of the end of the fiscal year out of 120 installments for the credits represented by LVFVDs of Guillermo Brown Thermoelectric Plant project, with the respective adjustments and interests.

Once the accounts receivable have been collected in the 120 installments mentioned above, the National Government shall receive a portion of the shares in the capital stock of the relevant Managing Company according to the guidelines established in the Generators Agreement, as amended, in order that they proceed to transfer the assets of the trusts to the Managing Company (the "Generating Company").

According to the provisions of Addendum 2 to the Generators Agreement entered into on July 20, 2012, the new participating interest of AAG in the Generating Company shall not be greater than 30%.

d.3 2013-2017 Trust Additional Remuneration

As of December 31, 2021, the balance of credits accrued from August 2014 to December 2017 for sales settlements with due date to be determined and interest accrued amounts to 2,156,430 (Note 14).

In August 2021, CAMMESA started to offset receivables for Trust Additional Margin under Resolution SE No. 95/13 earned from February 2013 to August 2014 (partially) against the loan borrowed from CAMMESA as of such date (Notes 14 and 19).

d.4 Resolution SE No. 529/2014: Remuneration of Non-Recurring Maintenance

Resolution SE 529/2014 incorporated the notion of Non-recurrent Maintenance Remuneration, which was accrued based on energy sold at the spot market to cover maintenance of the plants.

As of December 31, 2021, the balance of receivables accrued from August 2014 to January 2017 for LVFVD and interest amount to 1,720,466 (Note 14).

NOTE 4 – FINANCIAL RISK MANAGEMENT

4.1 Risk Management Policy

The Risk Management strategy is designed to safeguard the stability and sustainability of the Group in relation to all relevant components of financial uncertainty, both in normal and special circumstances. The Group's risk management is consistent with the general guidelines defined by its ultimate controlling shareholder, The AES Corporation.

4.2 Risk Factors

Interest Rate Risk

The interest rate variations affect the value of assets and liabilities bearing a fixed interest rate, including the flow of financial assets with variable interest rates.

The interest rate risk is the risk that the fair values or future cash flows of the assets and liabilities of the Group will fluctuate because of changes in market interest rates. The Group is exposed to the risk of changes in the Financial Placement Rate of the dispatch entity and LIBOR, which are used by CAMMESA to calculate interest on different classes of Accounts Receivable.

It is also exposed to the risk of changes in the LIBOR/EURODOLLAR rate due to the loans held by the Group.

As of December 31, 2021, 84% of the interest-bearing financial liabilities of the Group were at fixed rates.

Interest Rate Sensitivity

In the event of a 10% variation in the interest rates mentioned above and if all the other variables remain constant, the income before tax for the year would become affected as follows:

Rate	Rate Percentage Increase/(Decrease)	Effect on income/(loss) before tax
LIBOR	0.01%	762
LIBOR	(0.01)%	(762)
CAMMESA	3.31%	128,325
CAMMESA	(3.31)%	(128,325)
EURODOLLAR	0.02%	(246)
EURODOLLAR	(0.02)%	246

Exchange Risk

Exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the exchange rates. In addition, since the fiscal year ended December 31, 2020, the government issued certain regulations that may affect future cash flows in foreign currency, which are explained in Note 19.1.

The value of assets and liabilities denominated in a currency other than the functional currency of the Group and subsidiaries is subject to changes resulting from the fluctuation in real terms of exchange rates. Given that the functional currency of the Group is the Argentine peso restated in constant currency, the currency that generates the highest exposure in terms of effects on profit or loss is the US Dollar. In the case of the subsidiaries (VN and EASA), whose functional currency is the US dollar, the currency that generates the greatest exposure in terms of effects on profit and loss is the Argentine peso.

The following table summarizes the exposure per assets and liabilities denominated in currencies other than the functional currencies mentioned in the preceding paragraph, to their value in pesos at year-end:

	December 31, 2021
Total Non-Current Assets	28,926,442
Total Current Assets	12,773,405
Total Assets	**41,699,847**
Total Non-Current Liabilities	29,774,397
Total Current Liabilities	3,820,876
Total Liabilities	**33,595,273**

Exchange Rate Sensitivity

The following table shows the sensitivity, in the event of a 10% variation in the exchange rate of the United States dollar for each Argentine peso in real terms, holding all other variables constant, and its impact on income before tax for the fiscal year.

The exposure of the Group to changes in the exchange rates of all other currencies is not significant.

Increase/(Decrease) of Exchange Rate in Pesos	Effect on income/(loss) before tax
10.27	(31,210)
(10.27)	31,210

During the fiscal years ended December 31, 2021 and 2020, the national authorities have implemented foreign exchange control measures (see Notes 16.4 and 19.1).

Risk for the decrease of the purchasing power of currency

Changes in the purchasing power of the currency affect the value of monetary assets and liabilities of the Company, affecting the income/(loss) before taxes. The effects of changes in the purchasing power of the currency affect the value of the monetary assets and liabilities of the subsidiaries and have an impact on "Other Comprehensive Income for the period."

The following table shows the sensitivity, in the event of a 10% decrease in the purchasing power of the currency over the monetary position while keeping all the other variables constant, and its impact on income before tax for the fiscal year.

Decrease of the purchasing power of currency	Effect on income/(loss) before tax
10%	(1,096,584)

Price risk

The income of the AAG depends mainly on the price of electricity sold under the Base Energy regulatory framework. The Company is not able to set prices in the market where it operates.

As for its subsidiaries, EASA receives a portion of its revenues from the RENOVAR program that consists of an electric power supply agreement with CAMMESA at the prices awarded in the tender for such program and, additionally, together with all the income of VN from the Forward Market (MATER, for its acronym in Spanish) consisting of contracts with private customers in accordance with the prices agreed in each operation.

Commodities Price Risk

The Group purchases mineral coal for use in units 1, 2 and 5 of the CTSN. The recognition of the Variable Production Cost (CVP, for its acronym in Spanish) by CAMMESA for the generation of electric power with fuels purchased by the Group mitigates the impact of an increase in the price of these commodities.

Credit Risk

The credit risk is concentrated in the accounts receivable for the recognized book value. Regarding the determination as to whether the credit risk of such financial assets has increased significantly since the initial recognition and estimation of the initial Expected Credit Loss (ECL), the Group considers reasonable and supportable information that is relevant and available at no additional cost.

In the quarter ended March 31, 2020, AAG adjusted its initial estimation of ECLs derived from trade receivables, recording an allowance for doubtful accounts on the loans with CAMMESA whose ECLs are considered to be affected. The calculated ECLs are based on the difference between contractual cash flows and all the cash flows that the Group expects to receive; the difference is then discounted using an approximation of the effective interest rate of the original asset (Note 14).

Liquidity Risk

The Group manages liquidity in order to ensure that the necessary funds are available to support its business strategy. The Group uses its own funds for the payment of its obligations and maintains uncommitted facilities with first-line banks of Argentina, which are disbursed whenever necessary.

4.3 Risk Measurement

The Group maintains methods to measure the effectiveness of risk strategies both prospectively and retrospectively.

Various methodologies on risk quantification, such as regression analysis methods, risk tolerances and maximum exposures are used and documented for such analysis in order to adjust risk mitigation strategies and to assess their impacts.

NOTE 5 - OPERATING SEGMENTS

For the purposes of the application of IFRS 8, the Group defines itself as a single operating segment allocated to the whole business.

Business segments were defined according to the regular manner in which the management analyzes the information in the decision-making process. For this purpose, the management prepares monthly management reports containing a single business segment consisting of the whole Group. It has been established that the representative measure of economic results for the decision-making process by the Management is the “adjusted EBITDA.” The next table shows the reconciliation between Net Income for the year and adjusted EBITDA:

	December 31, 2021	December 31, 2020
Net income for the year	**1,532,330**	**3,137,551**
Income tax	1,118,276	2,255,541
Other income and expenses	85,413	(245,984)
Income from investments in other	(86,006)	(115,212)
Financial income	(5,627,387)	(5,126,650)
Financial expenses	6,303,277	5,364,730
Exchange gain (loss)	(1,033,698)	(419,752)
RECPAM	6,156,061	2,988,530
Depreciation and amortization	4,537,348	4,505,738
Adjusted EBITDA	**12,985,614**	**12,344,492**

NOTE 6 - INVESTMENTS IN SUBSIDIARY AND OTHER COMPANIES

The Group has the following interests in non-consolidated private entities that are not listed on any stock exchange, and which are located in the Republic of Argentina.

a. Subsidiary: Central Termoeléctrica Guillermo Brown S.A. (CTGBSA).

AGG holds 60% of the shares and voting rights of the Subsidiary, while AES Electroinversora BV (member of the economic group The AES Corporation) holds the remaining 40% of the shares and voting rights.

CTGBSA, which is engaged in the operation and maintenance of thermal power plants, prepares its financial information under Argentine professional accounting standards, but no significant differences have been identified with the IFRS applied by the Group. The shares of CTGBSA are encumbered in favor of the trust to guarantee operation and maintenance of the respective generation plants.

b. Evolution and changes in the investment of the subsidiary:

Investments in Subsidiary	Country of origin	Functional Currency	Participating Interest and Shares	Balance January 1 2021	Interest in income	Declared dividends	Transactions	Balance December 31, 2021
CTGBSA	Argentina	AR$	60.00%	115,713	87,897	(62,408)	148	**141,350**

Investments in Subsidiary	Country of origin	Functional Currency	Participating Interest and Shares	Balance January 1 2020	Interest in income	Declared dividends	Transactions	Balance December 31, 2020
CTGBSA	Argentina	AR$	60.00%	184,085	64,861	(133,464)	231	**115,713**

c. Summary financial information of the subsidiary:

	December 31, 2021						
Investments in Subsidiary	Non-Current	Current Assets	Shareholders' equity	Non-Current	Current liabilities	Ordinary	Net Income
CTGBSA[1]	46,326	394,951	235,584	15,675	190,018	716,785	146,495

[1] The financial information from the subsidiary is for the fiscal year ended December 31, 2021.

	December 31, 2020						
Investments in Subsidiary	Non-Current	Current Assets	Shareholders' equity	Non-Current	Current liabilities	Ordinary	Net Income
CTGBSA[1]	57,145	292,270	192,854	12,921	143,640	667,249	108,102

[1] The financial information from the subsidiary is for the fiscal year ended December 31, 2020.

d. Other Companies

AES Argentina Generación has a participating interest in Termoeléctrica José de San Martín S.A. (TJSM) and Termoeléctrica Manuel Belgrano S.A. (TMB), which are engaged in the operation and maintenance of thermal power plants. The shares of these Companies are encumbered in favor of the different trusts to guarantee operation and maintenance of the respective generation plants.

Note 3.d.1 details the regulatory aspects and the incorporation of the National State as a shareholder of TJSM and TMB, as well as the accounting treatment that the Group adopts with respect to these investments.

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

	December 31, 2021		
Classes	**Gross value**	**Accumulated**	**Net value**
Construction work in progress	179,537	—	179,537
Lands	18,523	—	18,523
Buildings	1,295,224	(798,255)	496,969
Plant and Equipment	68,759,127	(25,542,391)	43,216,736
Information Technology (IT) Equipment	686,236	(602,723)	83,513
Furniture, fixture and fittings	169,585	(140,209)	29,376
Motor vehicles	196,253	(145,206)	51,047
Other property, plant and equipment (1)	18,724	(2,551)	16,173
Total	**71,323,209**	**(27,231,335)**	**44,091,874**

Classes	December 31, 2020 Gross value	Accumulated	Net value
Construction work in progress	210,773	—	210,773
Lands	18,523	—	18,523
Buildings	1,295,224	(755,676)	539,548
Plant and Equipment	73,552,422	(21,890,324)	51,662,098
Information Technology (IT) Equipment	681,487	(533,983)	147,504
Furniture, fixture and fittings	168,378	(130,494)	37,884
Motor vehicles	192,004	(130,425)	61,579
Other property, plant and equipment [1]	37,128	(1,248)	35,880
Total	**76,155,939**	**(23,442,150)**	**52,713,789**

[1] The asset of the cost of Dismantling Obligations is included within "Other property, plant and equipment."

The useful lives of the most relevant assets of the Group are disclosed below:

Classes	Method used for depreciation	Minimum life	Maximum Life
Buildings	Years	1	36
Plant and Equipment	Years	1	34
Renewable Plants and Equipment	Years	1	40
IT equipment	Years	1	5
Furniture, fixture and fittings	Years	1	24
Motor vehicles	Years	3	10
Other property, plant and equipment	Years	1	20

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Regular Statutory Auditor
By the Supervisory Committee

Martín Genesio
Chairman

Find below the changes in properties, plant and equipment:

	Construction Work in Progress	Lands	Buildings, net	Plant and equipment, net	IT equipment, net	Furniture, fixture and fittings, net	Motor vehicles, net	Other Property, Plant and Equipment, net	Total
Balance as of January 1, 2021	**210,773**	**18,523**	**539,548**	**51,662,098**	**147,504**	**37,884**	**61,579**	**35,880**	**52,713,789**
Additions	761,100	—	—	762,524	5,327	1,356	4,406	—	**1,534,713**
Withdrawals	—	—	—	(20,978)	—	—	—	(11,261)	**(32,239)**
Depreciation expense	—	—	(42,579)	(3,911,591)	(68,882)	(9,724)	(14,781)	(1,691)	**(4,049,248)**
Translation effect	(373)	—	—	(6,067,280)	(436)	(140)	(157)	(6,755)	**(6,075,141)**
Finished works	(791,963)	—	—	791,963	—	—	—	—	**—**
Balance as of December 31, 2021	**179,537**	**18,523**	**496,969**	**43,216,736**	**83,513**	**29,376**	**51,047**	**16,173**	**44,091,874**

	Construction Work in Progress	Lands	Buildings, net	Plant and equipment, net	IT equipment, net	Furniture, fixture and fittings, net	Motor vehicles, net	Other Property, Plant and Equipment, net	Total
Balance as of January 1, 2020	**20,250,311**	**18,797**	**704,920**	**24,942,326**	**161,905**	**56,189**	**63,780**	**24,443**	**46,222,671**
Additions	9,458,769	—	6,241	135,634	21,679	3,157	13,003	11,698	9,650,181
Withdrawals	—	—	—	(2,379)	—	—	—	—	(2,379)
Depreciation expense	—	—	(161,373)	(3,658,154)	(91,274)	(19,218)	(17,240)	(1,235)	(3,948,494)
Translation effect	750,411	(274)	(10,240)	54,909	(2,243)	(800)	(927)	974	791,810
Finished works	(30,248,718)	—	—	30,189,762	57,437	(1,444)	2,963	—	—
Balance as of December 31, 2020	**210,773**	**18,523**	**539,548**	**51,662,098**	**147,504**	**37,884**	**61,579**	**35,880**	**52,713,789**

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The Group has insurance contracts with respect to its generation plants, including business interruption all risks insurance policy, which cover, among other things, damages caused by fire, flood, and earthquake.

For the preparation of the statement of cash flows in the cash flows from investing activities, the Group considers the amounts actually paid or anticipated in the period of properties, plant and equipment.

On the other hand, only the items linked to financing operations outside the normal period granted by suppliers, which, once satisfied, are disclosed as financing activities. are considered as non-cash items. During the years ended December 31, 2021 and 2020 there were no non-cash items.

7.1. Leases

Below there is a detail of the net value recorded in Property, Plant and Equipment for rights-of-use assets recognized as of December 31, 2021, including changes, as per class of assets where the Group is lessee.

	Lease of offices[1]	Battery energy storage equipment(1)	Total
Balance as of January 1, 2020	**6,513**	**252,057**	**258,570**
Additions	7,050	—	7,050
Amortization	(6,929)	(98,904)	(105,833)
Exchange gain or loss and RECPAM	(72)	(10,277)	(10,349)
Balance as of December 31, 2020	**6,562**	**142,876**	**149,438**
Additions	4,928	—	4,928
Amortization	(6,914)	(98,931)	(105,845)
Balance as of December 31, 2021	**4,576**	**43,945**	**48,521**

Moreover, the balance of lease liabilities as of December 31, 2021 and the changes during the fiscal year ended on that date are as follows:

	Lease of offices	Battery energy storage equipment(2)	Debt for lease liabilities
Balance as of January 1, 2020	**6,441**	**329,493**	**335,934**
Additions	5,415	—	5,415
Accrued interest	365	25,243	25,608
Payments	(7,296)	—	(7,296)
Exchange gain or loss and RECPAM	61	11,182	11,243
Balance as of December 31, 2020	**4,986**	**365,918**	**370,904**
Additions	4,928	—	4,928
Accrued interest	275	12,269	12,544
Payments	(5,163)	—	(5,163)
Exchange gain or loss and RECPAM	(450)	(70,971)	(71,421)
Balance as of December 31, 2021	**4,576**	**307,216**	**311,792**

(1) Included under the heading Buildings in Property, Plant and Equipment
(2) Included in accounts payable to related entities

7.2 Asset Impairment

During the year ended December 31, 2021 no indication of impairment was observed; therefore, the recoverability test has not been performed. All of the items of property, plant and equipment, and intangible assets have a certain shelf life.

NOTE 8 - INTANGIBLE ASSETS

8.1 Intangible Assets

The detail is shown in the following table:

	December 31, 2021		
	Gross value	**Amortization**	**Net value**
Finite lived intangible assets	14,989,309	(12,146,361)	2,842,948
Total	**14,989,309**	**(12,146,361)**	**2,842,948**
Software	511,490	(374,946)	136,544
Concession agreements (Note 8.3)	12,856,345	(11,745,587)	1,110,758
Acquisition and development of renewable projects	1,621,474	(25,828)	1,595,646
Total	**14,989,309**	**(12,146,361)**	**2,842,948**

	December 31, 2020		
	Gross value	**Amortization**	**Net value**
Finite lived intangible assets	14,959,212	(11,662,286)	3,296,926
Total	**14,959,212**	**(11,662,286)**	**3,296,926**
Software	425,048	(324,847)	100,201
Concession agreements (Note 8.3)	12,845,993	(11,323,164)	1,522,829
Acquisition and development of renewable projects	1,688,171	(14,275)	1,673,896
Total	**14,959,212**	**(11,662,286)**	**3,296,926**

The useful lives of the most relevant intangible assets of the Group are disclosed below.

	Unit	**Maximum life**	**Minimum life**
Concession agreements	Years	Concession period	Concession period
Software	Years	10	1
Acquisition of renewable projects	Years	25	25

Below are the changes in intangible assets:

	Software	**Concession agreement**	**Acquisition and development of**	**Intangible Assets, total**
Balance as of January 1, 2021	100,201	1,522,829	1,673,896	**3,296,926**
Additions	86,430	10,352	—	**96,782**
Amortization	(50,097)	(422,423)	(15,580)	**(488,100)**
Translation effect	10	—	(62,670)	**(62,660)**
Balance as of December 31, 2021	**136,544**	**1,110,758**	**1,595,646**	**2,842,948**

	Software	**Concession agreement**	**Acquisition and development of**	**Intangible Assets, total**
Balance as of January 1, 2020	76,387	1,972,870	1,221,679	**3,270,936**
Additions	81,522	64,989	452,562	**599,073**
Amortization	(56,600)	(486,369)	(14,275)	**(557,244)**
Translation effect	(1,108)	(28,661)	13,930	**(15,839)**
Balance as of December 31, 2020	**100,201**	**1,522,829**	**1,673,896**	**3,296,926**

8.2 Concession Asset Ownership Restrictions

The Group has concessions on Alicurá, Cabra Corral, El Tunal and Ullum power plants.

According to their concession contracts, all the equipment of the concessionaire, including all elements, materials, machinery, and other goods of any nature that the Group, as concessionaire, uses for the performance of the concession, shall be transferred by operation of law to the Grantor at the expiration of the concession term.

8.3 Concessions per Plant

Below is a detail of the recognized carrying amount of the concession contracts detailed for each hydroelectric power plant:

	December 31, 2021	December 31, 2020
Alicurá Plant	647,464	1,017,207
Cabra Corral Plant	190,050	206,267
El Tunal Plant	86,966	108,564
Ullum Plant	186,278	190,791
Total Concession Contracts	**1,110,758**	**1,522,829**

NOTE 9 - INVENTORY

The detail of the inventory is as follows:

	Current		Non-current	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Coal	3,963,315	451,181	—	—
Gas Oil	1,533	1,533	—	—
Fuel Oil	4,468	4,468	—	—
Materials, spare parts and supplies	568,417	285,423	1,010,579	1,257,286
Total	**4,537,733**	**742,605**	**1,010,579**	**1,257,286**

The detail of recognized costs is shown in the following table:

	December 31, 2021	December 31, 2020
Coal(1)	10,741,704	4,025,880
Total	**10,741,704**	**4,025,880**

(1) The coal costs charged to income are included within fuels used for generation in Note 23.

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Fuel Supply

Coal supply

During the year ended December 31, 2021, the supply of coal was covered by the contracts with Interocean Coal Sales LLC, CMC Coal-Marketing DAC and Glencore International AG. The Company received approximately 813,853 and 408,973 metric tons in 2021 and 2020, respectively.

NOTE 10 - TAXES

10.1. Tax Assets and Liabilities (except for Deferred Income Taxes)

Tax assets

	Current		Non-current	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Value Added Tax	2,375,900	2,129,080	362,805	1,597,722
Gross income tax	52,757	30,166	10,309	—
Income tax	604,506	107,063	—	—
Credit balance due to withholding taxes	44,446	—	—	—
Sundry	2,658	2,860	—	—
Total tax assets	**3,080,267**	**2,269,169**	**373,114**	**1,597,722**

Tax liabilities

	Current		Non-Current	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Income tax	—	334,677	—	—
Value Added Tax	—	—	357,082	625,608
Fees and royalties	31,235	72,895	—	—
Personal property tax	60,280	29,230	—	—
Safety and hygiene rate	60,518	57,330	47,240	64,582
Gross income tax	1,505	10,847	1,202	1,642
Sundry	20,034	14,444	18,634	27,709
Total tax liabilities	**173,572**	**519,423**	**424,158**	**719,541**

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our report dated March 8, 2022

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C.P.C.E. Province of Bs. As. Vol. 1, Fo. 196 - Book 196

Alberto R. Vago (Partner)
Certified Public Accountant (U.B.A.)
C.P.C.E. Province of Bs.As. Vol. 154 Fo. 57 Book 39939/6
Tax Identification ("CUIT") No: 20-16037280-0

Andrés Leonardo Vittone
Lawyer C.P.A.C.F. Vol. 67- Fo. 212
Regular Statutory Auditor
By the Supervisory Committee

Martín Genesio
Chairman

10.2- Current Income Tax and Deferred Tax

The charge to income for income tax expense is as follows:

	December 31, 2021	December 31, 2020
Current tax	(2,117,248)	(3,173,957)
Deferred tax	998,972	918,416
Total	**(1,118,276)**	**(2,255,541)**

The tax rate for the Group is 35% for December 2021 (progressive) and 30% for December 2020.

Tax Reform Law 27,430, as amended by Law 27,468, established certain requirements for the application of the tax inflation adjustment, with effect on fiscal years beginning on January 1, 2018. These consolidated financial statements meet these requirements.

The National Executive Branch, through Law 27,630 passed on June 16, 2021, established (i) new progressive Income Tax rates for fiscal years beginning on and after January 1, 2021 as follows: 25% on accumulated net income of up to five million Argentine pesos, 30% on accumulated net income from five million Argentine pesos to fifty million Argentine pesos and 35% on the amount of any such income exceeding fifty million Argentine pesos and (ii) a 7% withholding tax on the dividends distributed to individuals and beneficiaries abroad.

The following is a reconciliation between the income tax charged to income and the income tax that would result from applying the current tax rate on income before taxes:

	December 31, 2021	December 31, 2020
Income before taxes	2,650,606	5,393,092
Current tax rate	35 %	30 %
Subtotal	(927,712)	(1,617,928)
Effect of change in tax rate	(1,026,358)	—
Exchange gain (loss)	1,191,740	1,798,742
Difference for adjustment of property, plant and equipment and intangible assets	2,035,714	(609,043)
Overall tax adjustment effect	(2,143,939)	(1,984,260)
Accounting restatement effect	(329,440)	5,926
Sundry	81,719	151,022
Total Income Tax	**(1,118,276)**	**(2,255,541)**

The amount of the temporary differences associated with investments in CTGBSA and other companies has not been recognized.

The composition of the deferred tax assets is as follows:

	December 31, 2021	December 31, 2020
Difference between depreciable values and amortization of property, plant and equipment and intangible assets	445,553	(772,906)
Overall tax adjustment	(1,630,015)	(1,120,703)
Tax losses	1,496,702	2,253,391
Others	5,402	24,940
Total deferred assets	**317,642**	**384,722**

The composition of the deferred tax liabilities is as follows:

	December 31, 2021	December 31, 2020
Non-taxable accounting income	(3,909,334)	(4,254,746)
Difference between depreciable values and amortization of property, plant and equipment and intangible assets	49,550	(414,798)
Overall tax adjustment	(342,763)	(491,150)
Tax losses		—
Allowance for doubtful receivables	564,339	462,457
Others	337,015	339,901
Total deferred liability	**(3,301,193)**	**(4,358,336)**

The evolution of deferred tax assets during the fiscal year is as follows:

	Total
As of January 1, 2020	208,231
Charged to the income statement - Income	164,579
Charged to other comprehensive income	(50)
Charged to other comprehensive income - Translation	11,962
As of December 31, 2020	384,722
Charged to the income statement - (loss)	(8,067)
Charged to other comprehensive income	(337)
Charged to other comprehensive income - Translation	(58,676)
As of December 31, 2021	317,642

The evolution of deferred tax liabilities during the year is as follows:

	Total
As of January 1, 2020	**5,132,699**
Charged to the income statement - (Income)	(753,837)
Charged to other comprehensive income - Derivative Instruments	50,595
Charged to other comprehensive income - Translation Difference	(71,121)
As of December 31, 2020	**4,358,336**
Charged to the income statement - Loss	(1,007,039)
Charged to other comprehensive income - Derivative Instruments	(27,365)
Charged to other comprehensive income - Translation Difference	(22,739)
As of December 31, 2021	**3,301,193**

NOTE 11 – BALANCES AND TRANSACTIONS WITH RELATED ENTITIES

The transactions between the Group and its related entities involve the usual operations regarding purpose and terms. The nature of the relationship is defined based on the relationship with the Group as follows:

- Parent: Ultimate parent company.
- Shareholder, Subsidiary or associate directly related to the Group.
- Common parent: Subsidiary of the parent company not directly related to the Group.

11.1 Balances and Transactions with Related Entities

a) The balances of accounts receivable between the Group and its related companies are as follows:

Accounts receivable from related entities					Current		Non-Current	
Company	**Country**	**Transaction description**	**Nature of the relation**	**Currency**	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
AES Electroinversora B.V.	Holland	Loans granted	Common parent	USD	23,397	—	—	—
AES Electroinversora B.V.	Holland	Payment on behalf and for account of	Common parent	USD	16,271	20,093	—	—
AES Energy Ltd. - Buenos Aires Branch Buenos Aires	Argentina	Professional Services	Common parent	ARS	3,026	4,931	2,950	3,643
AES Alicurá Holdings S.C.A.	Argentina	Loans granted	Shareholder	ARS	5,125	—	—	—
Termoandes S.A.	Argentina	Recovery of costs	Common parent	ARS	7,081	89	—	—
AES Andes	Chile	Miscellaneous services	Common parent	USD	960	1,186	—	—
AES Servicios América S.R.L.	Argentina	Recovery of costs	Common parent	USD	493	610	—	—
The AES Corporation	United States	Miscellaneous services	Parent	USD	600	357	—	—
Shazia S.R.L.	Argentina	Recovery of costs	Shareholder	ARS	45	68	1,003	1,262
AES Caracoles S.R.L.	Argentina	Provision of Services	Common parent	ARS	—	3,693	—	—
AES Changuinola S.A.	Panamá	Miscellaneous services	Common parent	USD	—	2,232	1,808	—
Central Termoeléctrica Guillermo Brown S.A.	Argentina	Recovery of costs	Subsidiary	ARS	2,306	—	—	—
AES Servicios América S.R.L.	Argentina	Professional Services	Common parent	ARS	—	—	84	104
Total					**59,304**	**33,259**	**5,845**	**5,009**

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b) The balances of accounts payable between the Group and its related companies are as follows:

Accounts payable to related entities					Current		Non-Current	
Company	**Country**	**Transaction description**	**Nature of the relation**	**Currency**	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
AES Andes S.A.	Chile	Professional Services	Common parent	USD	283,605	714,532	—	—
AES Laurel Mountain	United States	Leased Assets	Common parent	USD	307,216	320,344	—	45,574
AES Paraná Operations	Argentina	Professional Services	Common parent	ARS	194,013	178,293	334	412
AES Globales B.V.	Holland	Dividends payable	Shareholder	ARS	45,152	33,866	—	—
AES Paraná Operations	Argentina	Recovery of costs	Common parent	ARS	57,047	70,892	—	—
AES Servicios América	Argentina	Professional Services	Common parent	ARS	42,689	42,232	—	—
The AES Corporation	United States	Miscellaneous services	Parent	USD	—	1,688	—	—
Inversora de San Nicolás S.A.	Argentina	Miscellaneous services	Shareholder	USD	11,082	13,684	—	—
Shazia S.R.L.	Argentina	Dividends payable	Shareholder	ARS	9,186	14,016	—	—
AES Alicura Holdings	Argentina	Dividends payable	Shareholder	ARS	—	5,154	—	—
AES Changuinola S.A.	Panamá	Miscellaneous services	Common parent	USD	—	2,864	2,319	—
AES Latin America	Panamá	Recovery of costs	Common parent	USD	—	288	233	—
AES Panamá	Panamá	Miscellaneous services	Common parent	USD	—	16,967	13,740	—
AES Paraná Gas S.A.	Argentina	Provision of Services	Common parent	ARS	147	86	—	—
Dominican Power Partner (Branch)	Dominican Republic	Miscellaneous services	Common parent	USD	—	22,558	18,365	121
Inversora de San Nicolás	Argentina	Dividends payable	Shareholder	ARS	—	2,826	—	—
Shazia S.R.L.	Argentina	Recovery of costs	Shareholder	USD	—	—	513	635
Total					**950,137**	**1,440,290**	**35,504**	**46,742**

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c) The effects on the income statement of transactions with non-consolidated related parties are as follows:

Effect on income revenues/(expense)				For the fiscal year	
Company	**Country**	**Transaction description**	**Nature of the relation**	**December 31, 2021**	**December 31, 2020**
AES Alicura Holdings S.C.A.	Argentina	Loans granted	Common parent	1,004	—
AES Electroinversora BV	Holland	Loans granted	Common parent	300	—
Total Revenues				**1,304**	**—**
AES Servicios América S.R.L.	Argentina	Professional Services	Common parent	(434,677)	(414,411)
AES Andes S.A.	Chile	Professional Services	Common parent	(232,440)	(162,677)
AES Paraná Operations S.R.L.	Argentina	Professional Services	Common parent	(135,107)	(184,154)
AES Paraná Operations S.R.L.	Argentina	Recovery of costs	Common parent	(30,654)	(51,197)
AES Energy Ltd. - Buenos Aires Branch Buenos Aires	Argentina	Services	Common parent	(16,252)	(15,852)
AES Paraná Gas S.A.	Argentina	Provision of Services	Common parent	(1,575)	(476)
AES Alicurá Holdings S.C.A.	Argentina	Personal Property Tax - Surrogate Payer	Shareholders	(36,609)	(16,409)
AES Globales B.V.	Holland	Personal Property Tax - Surrogate Payer	Shareholders	(23,594)	(10,576)
Inversora de San Nicolás S.A.	Argentina	Personal Property Tax - Surrogate Payer	Shareholders	(15,316)	(6,865)
Shazia S.R.L.	Argentina	Personal Property Tax - Surrogate Payer	Shareholders	(238)	(107)
Total expense				**(926,462)**	**(862,724)**

Moreover, AES Laurel Mountain billed 132,135 and 144,463 for asset leases during the fiscal years ended December 31, 2021 and 2020, respectively.

Transactions with related companies in general consist of transactions inherent in the business of the Group.

11.2 Balances and Remuneration of the Board and Key Staff

Key Staff includes people with the authority and responsibility to plan, manage and control the activities of the Company, either directly or indirectly. The Group is managed by the members of the Senior Management and by a Board made up of five regular board members and five alternate board members for each of them, who are elected at the Annual General Shareholders' Meeting.

For fiscal years ended December 31, 2021 and 2020, the Group neither paid nor made a provision for fees payable to the Board members, given that all of them have waived their fees.

Key Staff accrued compensations with a cost for the Group of 103,811 and 103,537 for the years ended December 31, 2021 and 2020, respectively.

Certain senior positions are centralized within the regional structure of AES, with headquarters in Santiago, Chile, which provides administrative, financial, commercial, human resources, and general administration services under the terms of an agreement effective as of December 31, 2021. By virtue of this agreement, the Group is required to pay an annual fee to AES Gener S.A. (Note 11.b & c)

The members of the Supervisory Committee waived their fees for their duties as statutory auditors for the years ended December 31, 2021 and 2020. Therefore, the Group has neither paid nor made a provision for fees payable to statutory auditors for their duties.

NOTE 12 - OTHER FINANCIAL ASSETS

The detail related to other financial assets is as follows:

	Current		Non-current	
	December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Restricted Cash	—	2,549,598	1,242,904	—
Total	**—**	**2,549,598**	**1,242,904**	**—**

The balance of restricted cash is related to the guarantee of the bank loan, under the pledge agreement entered into on February 12, 2020 with Goldman Sachs. See Note 19.1 (b).

NOTE 13 - OTHER NON-FINANCIAL ASSETS

The details related to other non-financial assets is as follows:

	Current		Non-Current	
	December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Advance Payments to Suppliers	114,531	1,463,300	193,422	75,289
Insurance and other expenses to be accrued	15,209	68,905	—	—
Expenses paid in advance	21,135	25,086	—	—
Stamp tax to be recovered	1,072	1,470	11,312	16,862
Advance payment to employees	9,576	12,060	—	—
Sundry	8,379	5,230	649	3,553
Total	**169,902**	**1,576,051**	**205,383**	**95,704**

NOTE 14 – TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE

14.1 Composition of the Item

The balances of this item involve energy and power sale operations in the ordinary course of business of the Group. The components are:

	Current		Non-Current	
	December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
CAMMESA trade receivables, gross (Note 14.2)	10,137,595	11,472,289	18,362,965	29,694,251
Renovar contracts (Note 14.2)	230,916	307,337	—	—
MATER contracts	475,687	430,566	—	—
Other trade receivables	4,513	80,089	58,792	62,638
Bad debt allowance (Note 14.3)	(3,124)	(4,709)	(1,617,469)	(1,841,481)
Trade receivables and other accounts receivable	**10,845,587**	**12,285,572**	**16,804,288**	**27,915,408**

The fair values of trade receivables and other accounts receivable are not significantly different from their carrying values.

14.2 CAMMESA Trade Receivables

The composition of the credits with Cammesa is as follows:

	December 31, 2021	**December 31, 2020**
CAMMESA common receivables (Note 3.a.)	5,731,896	5,957,676
Renovar contracts	230,916	307,337
Receivable accrued interest from Generators Agreement (Note 3.d.2)	156,517	236,737
Receivables under Generators Agreement (Note 3.d.2.)	18,735,251	28,455,455
Receivables for Trust Additional Remuneration (Note 3.d.3)	2,156,430	4,632,351
Non-recurring maintenance receivables (Note 3.d.4.)	1,720,466	1,884,321
Total CAMMESA receivables	**28,731,476**	**41,473,877**

The values associated with the Receivable for Trust Additional Remuneration Credit were partially offset against the entire loan with CAMMESA. See Note 3.d

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14.3 Bad Debt Allowance

The application of IFRS 9 since its initial adoption was based on an ECL model over the next 12 months in relation to short- and long-term Cammesa receivables.

In 2020, the Group adjusted its initial estimation of the ECL considering the reasonable and supportable information that is relevant and available at no additional cost. This includes quantitative and qualitative information, based on the historical experience of the uncollectible nature of receivables, adjusted by forward-looking factors and macroeconomic variables in order to obtain sufficient forward-looking information for the estimate.

The factors taken into consideration, among others, for the estimate as of the date of these financial statements, are the following (i) the 12-month period over which the ECLs were estimated upon adoption was extended to the entire life of assets due to a significant increase in counterparty credit risk, especially long-term trade receivables; (ii) the receivables held by the Company resulting from the Base Energy scheme have Cammesa as single counterparty, which is the electricity market management company that has received and continues to receive assistance from the National State to meet its obligations; and (iii) the risk of default of the National State.

Following the adoption of IFRS 9 and considering the factors mentioned in the previous paragraph the Group recorded bad debt allowances on certain receivables with Cammesa. The calculated ECLs are based on the difference between contractual cash flows and all the cash flows that the Company expects to receive; the difference is then discounted using an approximation of the effective interest rate of the original asset.

Bad debt allowances concerning trade receivables are as follows:

	Balance
Balance as of January 1, 2020	**69,136**
Year increases - commercial expenses	2,271,733
Exchange gain (loss)	1,575
RECPAM	(494,679)
Translation difference	(1,575)
Balance as of December 31, 2020	**1,846,190**
Year increases - commercial expenses	490,013
Year recoveries - commercial expenses	(99,148)
RECPAM	(616,462)
Balance as of December 31, 2021	**1,620,593**

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NOTE 15 – CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Cash	358	258
Bank balances	216,562	757,407
Short-term deposits	1,370,353	932,809
Mutual funds [(1)]	3,313,028	2,510,577
Total	**4,900,301**	**4,201,051**

[(1)] Mutual funds are not considered as Cash for the preparation of the Statement of Cash Flows

The item of "Mutual Funds" includes mutual funds involving low-risk investments of immediate and unrestricted availability, which are recorded at fair value as of the end date of the financial statements. "Term deposits" mean placements in financial institutions whose original due date is less than 90 days.

NOTE 16 - SHAREHOLDERS' EQUITY

16.1 Companies, Shareholders and Related Companies

The participating interest of our shareholders as of year-end are those mentioned in the following table, being the four companies members of The AES Corporation economic group, ultimate parent company, with registered office in 4300 Wilson Boulevard, 11th. floor Arlington, Virginia, USA.

Name	Legal domicile	Interest %
AES Alicurá Holdings S.C.A.	Román A. Subiza (ex Rivadavia) 1960 - San Nicolás de los Arroyos - Buenos Aires	48.2204%
AES Globales B.V.	Claude Debussylaan 12, 1082MD Amsterdam, Netherlands	31.0763%
Inversora de San Nicolás S.A.	Román A. Subiza (ex Rivadavia) 1960 - San Nicolás de los Arroyos - Buenos Aires	20.1743%
Shazia S.R.L.	Román A. Subiza (ex Rivadavia) 1960 - San Nicolás de los Arroyos - Buenos Aires	0.3139%
Stock Ownership Plan	Román A. Subiza (ex Rivadavia) 1960 - San Nicolás de los Arroyos - Buenos Aires	0.0898%
Other Shareholders		0.1252%
	Total	**100%**

The Group received a communication from Banco Nación informing about the end of the Stock Ownership Plan of Hidroeléctrica Río Juramento S.A., holder of 14,434,698 Class C shares; therefore, the Shareholders' Meeting that approved the yearly Financial Statements ended December 31, 2020, decided to remove the pledge encumbering those shares and convert them into Class B shares, and to reflect those changes in stock ledger of the Group.

16.2 Capital Management

The shareholders' equity includes issued capital, irrevocable contributions, additional paid-in capital, reserves, and retained earnings. The main purpose of the capital management of the Group is to maintain a robust risk rating and sound capital indicators in order to support the business and maximize the value to the shareholders. The Group manages its capital structure and makes adjustments based on changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust dividend payments or capital returns to shareholders, or issue new shares.

No changes were made in the capital related goals, policies or procedures during the year ended December 31, 2021.

16.3 Subscribed and Paid-in Capital

As of December 31, 2021 and 2020, the capital stock of the Group is made up of 11,525,267,740 subscribed and paid in shares of face value 0.10 each and each entitled to one vote.

The subscribed, paid-in and registered capital as of December 31, 2021 and 2020 amounts to 1,152,527.

16.4 Dividend Policy, Restrictions on the Distribution of Retained Earnings and other Restrictions

In accordance with the provisions of the Business Companies Law 19,550, 5% of the net income for the fiscal year should be allocated to the legal reserve until it reaches twenty percent (20%) of the capital stock expressed in constant currency. The Company has reached the limit mentioned above.

In addition, in accordance with Article 11 of the Company's By-laws, a 0.5% of income from the year must be distributed as a Profit Sharing Bonus to employees, amount provided at the end of each reporting period.

Law No. 27,430 established a tax on distribution of dividends to local individuals or foreign beneficiaries, which the Company shall be required to withhold and pay to the Treasury as a single and final payment when dividends are paid. Due to the accounting results for 2018 and following years, the withholding rate on the distribution of dividends, as adjusted for inflation, will be 7% or 13% depending on the period in which such profits were generated. Law 27541 on "Social Solidarity and Productive Reactivation in the Framework of a Public Emergency" and its Decree 58/2019 suspends this change in rates and maintains the 7% rate, until the fiscal years starting from and including January 1, 2021. See Note 10.2 regarding the latest changes in tax rates.

Furthermore, the provisions of the fourth paragraph of Article 166 of Decree 862/2019 shall apply to future dividend distributions arising from the restatement of retained earnings as of December 31, 2017, i.e. these dividends may be distributed free of Equalization Tax and the withholding system established by Law 27340, as amended.

The impact of the inflation adjustment on retained earnings and optional reserves pending distribution is as follows:

Distributable Income	Profit or loss for the year(1)	Inflation Adjustment	Total distributable
Before December 31, 2017	—	9,409,075	9,409,075
Years 2018 to 2020 (2)	4,085,988	5,191,698	9,277,686
Year 2021	1,539,132	—	1,539,132
	5,625,120	**14,600,773**	**20,225,893**

(1) At year-end currency of each financial year
(2) Net of anticipated dividends
(3) Consisting of the balance of the optional reserve and retained earnings

The purpose of the General Shareholders' Meeting is to distribute, as a dividend among its shareholders, the profits generated subject to the results of the projections periodically conducted by the Group and the need to contribute their own resources to finance investment projects, among others.

On September 1, 2019, Decree of Necessity and Urgency (DNU) 609/2019 was published in the Official Gazette, under which it was set forth that any proceeds from export of goods and services shall be entered and/or negotiated in the exchange market in the terms and conditions established by the Argentine Central Bank ("BCRA"). In addition, the DNU provided for that the BCRA will establish the assumptions in which access to the exchange market will require prior authorization, making a distinction between the situation of natural persons and legal persons, and also empowers the BCRA to establish regulations to avoid practices and operations aimed at circumventing, through public securities or other instruments, the measures established in the DNU.

In view of the above, the BCRA issued, as from September 01, 2019, Communication "A" 6770, "A" 7030 as amended by Communications "A" 7042, "A" 7052, "A" 7068, "A" 7079 and "A" 7080 , where it set forth as follows: (i) for exports of goods and/or services, foreign currency shall be surrendered within 5 days as from date of collection, (ii) for the import of goods (in certain cases) and services, BCRA authorizations are required for payment, (iii) for the acquisition of foreign assets, prior approval of the BCRA is required, (iv) certain measures relating to foreign debt repayment and disbursements are established, (v) as regards the transfer of profits and dividends, prior approval from the BCRA shall be required, (vi) in every case where access to the foreign exchange market is required for the payment of financial or commercial debts, it must be proven that those debts were declared under the reporting system set forth by the BCRA in Communication "A" 6401, (vii) the ownership of available liquid external assets in the name of the resident must not exceed USD 100,000 to access the Single Free Foreign Exchange Market (MULC), (viii) that until June 30, 2020, the entity has an affidavit from the customer stating that the total amount of payments from the import of goods made through the foreign exchange market as of January 1, 2020, including the payment whose processing is being requested, does not exceed in more than the equivalent amount of USD 250,000 (US dollars two hundred and fifty thousand) the amount arising from considering the sum for which the importer would have access to the foreign exchange market when computing the import of goods in its name in the SEPAIMPO system and that were made official between January 1, 2020 and the day before the access to the foreign exchange market; (ix) cap of USD 250,000 for advance payments of import of goods; and (x) for access to the MULC, the applicant must prove that no securities purchase or sale transactions have been carried out with settlement in foreign currency within 90 days before the application for access to the MULC and must undertake not to make such transactions within 90 days following access to the MULC. See also Note 19.1.

16.5 Evolution of Other Reserves

	Reserve for Exchange Differences due to					
	Not to be reclassified to profit or	**To be reclassified to profit or**	**Reserve for Cash Flow Hedges**	**Reserve for Defined Benefit Plans**	**Other variations**	**Total**
Balance as of January 1, 2020	**16,331,826**	**(492,064)**	**—**	**(65,533)**	**—**	**15,774,229**
Gain (loss) from derivative valuation differences	—	—	134,984	—	—	134,984
Income tax	—	—	(40,495)	(10,151)	—	(50,646)
Actuarial gains (losses) from employee benefits	—	—	—	40,247	—	40,247
Exchange difference due to translation	(674,953)	—	—	—	—	(674,953)
Exchange difference due to translation of investments in subsidiaries	—	260,789	—	—	—	260,789
Balance as of December 31, 2020	**15,656,873**	**(231,275)**	**94,489**	**(35,437)**	**—**	**15,484,650**
Gain (loss) from derivative valuation differences	—	—	(134,984)	—	—	(134,984)
Income tax	—	—	39,249	—	—	39,249
Actuarial gains (losses) from employee benefits	—	—	—	6,344	—	6,344
Exchange difference due to translation of investments in subsidiaries	—	(2,045,999)	—	—	—	(2,045,999)
Proceeds from the sale of interest in subsidiaries	—	—	—	—	(42,360)	(42,360)
Balance as of December 31, 2021	**15,656,873**	**(2,277,274)**	**(1,246)**	**(29,093)**	**(42,360)**	**13,306,900**

(1) Includes 106,731 and 31,619 as of December 31, 2021 and 2020, respectively, attributable to non-controlling third parties.

NOTE 17 - LIABILITIES FOR EMPLOYEE COMPENSATIONS AND BENEFITS

The Group grants different post-employment benefit plans to part of their active workers, according to the applicable collective bargaining agreements, which are benefits for years of service (granted to all employees upon completing a certain number of years in service), ordinary retirement benefits (granted to all employees upon obtaining the ordinary retirement pension granted by the Argentine Integrated Social Security System) and death benefits, which have been classified as defined benefit plans.

The components of the balance are:

	December 31, 2021	December 31, 2020
Seniority and retirement benefits	296,972	283,747
Total non-current	**296,972**	**283,747**
Provisions for bonuses to staff and holidays	718,211	761,454
Remunerations	64,431	75,856
Seniority and retirement benefits	21,265	28,294
Social security contributions payable	22,379	25,702
Total current	**826,286**	**891,306**
Total	**1,123,258**	**1,175,053**

17.1 Present Value of the Obligations under Long-Term Benefits

The variation of the obligations under defined benefit plans is as follows:

	December 31, 2021	December 31, 2020
Balance at the beginning of the year	**312,041**	**299,880**
Current service cost (*)	24,835	25,099
Interest cost(**)	135,421	122,916
Actuarial Losses (Gains) - Financial Assumptions	(7,467)	(40,253)
Contributions paid	(2,786)	(3,509)
Exchange gain (loss)	1,096	1,652
Translation difference	(3,196)	(1,123)
RECPAM	(141,707)	(92,621)
Balance at the end of the year	**318,237**	**312,041**

(*) Charged to “sales cost” or “administrative expenses,” as appropriate, in the comprehensive income statement.
(**) Charged to “financial result” in the comprehensive income statement.

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17.2 Other Disclosures

(a) Actuarial Assumptions:

The following are the assumptions used in the actuarial calculation:

Main actuarial assumptions used	December 31, 2021	December 31, 2020
Nominal discount rate used	57.41%	57.09%
Average job turnover rate		
Staff covered by a collective bargaining agreement	0.29%	0.29%
Staff not covered by a collective bargaining agreement	3.80%	3.80%
Expected rate of salary increases in actual terms	1.00%	1.00%
Mortality table	80% CSO ‘80 ANB	

(b) Other relevant aspects:

The actuarial criteria are as follows:

Relevant data of staff	December 31, 2021	December 31, 2020
Average age of employees	44	43
Average years of service	14	13
Average expected life of plans (years)	15	16

(c) Sensitivity:

As of December 31, 2021, the sensitivity of the total value of post-employment obligations generates the following effects:

Effect on defined benefits obligations	1% Decrease	1% Increase
Discount rate sensitivity	19,861	(17,949)
Salary increase sensitivity	(5,799)	5,962

NOTE 18 - PROVISIONS

The balances of provisions are as follows:

Non-Current	December 31, 2021	December 31, 2020
Provision for legal claims	221,977	225,641
Dismantling costs	28,517	42,056
Other provisions	1,027	—
Total	**251,521**	**267,697**

Movements in provisions

Balance as of January 1, 2020	**223,408**
Increase for the fiscal year (*)	113,732
Other transactions	(1,426)
Translation difference	12,798
RECPAM	(80,815)
Balance as of December 31, 2020	**267,697**
Increase for the fiscal year (*)	92,306
Other transactions	1,027
Translation difference	(19,947)
RECPAM	(89,562)
Balance as of December 31, 2021	**251,521**

(*) Charged to “Other income and expenses” in the consolidated statement of comprehensive income.

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NOTE 19 - FINANCIAL LIABILITIES

19.1 Composition of the Item

Balances are as follows:

	Current		Non-current	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Notes [(a)]	920,965	1,228,822	28,348,428	37,836,287
Bank loans [(b)]	2,184,453	6,342,054	3,217,495	5,061,941
Loan with CAMMESA [(c)]	—	—	—	2,476,656
Derivative instruments	—	95,247	—	—
Financial leases (Note 7.1)	4,576	4,986	—	—
Total	**3,109,994**	**7,671,109**	**31,565,923**	**45,374,884**

On September 15, 2020, the BCRA issued Communication “A” 7106, where it provided that those who have principal maturities scheduled between October 15, 2020, and March 31, 2021, for financial indebtedness abroad of the private non-financial sector, as the Group, with a creditor who is other than a counterparty related to debtor, or debt securities publicly registered in the country denominated in foreign currency, must submit before the BCRA a detail of the Refinancing Plan following the criteria established in such Communication. These measures affected the financial loans with Citibank New York and Goldman Sachs, with principal maturities as of such date for USD 26,666,667 million until March 31, 2021, and USD 20,000,000 which were fully secured by funds deposited in a dollar account in New York, under a pledge agreement granted in favor of Goldman Sachs. On November 16, 2020, the Group executed an Addendum to the Loan Agreement with Citibank New York to adapt the maturities of the next 2 installments to the reference standards. An addendum was executed on February 9, 2021 which restructured the payment of the loan with Goldman Sachs in two installments, the first due on February 12, 2021 (repaid on such date) for USD 8 million and the remaining USD 12 million due on February 12, 2023. Through Communication “A” 7230 issued by the BCRA on February 25, 2021, it was established that the provisions of paragraph 7 of the aforementioned Communication “A” 7106 are extended to those who have principal maturities scheduled between April 1, 2021 and December 31, 2021 for the debts detailed in such communication (then postponed until June 30, 2022). For this reason, on April 6, 2021, Citibank New York accepted the second addendum to the Loan to accommodate the maturities from April 1, 2021 onwards, thus complying with the new reference regulations.

(a) Notes

Under the scope of our program of notes, on January 26, 2017 AAG placed Class A Notes due on February 2, 2024 at a fixed rate of 7.75% for a nominal value of USD 300,000,000 with payment of interest on a semiannual basis on February 2 and August 2 of each year. The principal of the Notes will be amortized in a single payment on the due date. See a detail of the financial commitments assumed in Note 27.

During the months of August, September, October and November 2021, the Group repurchased its notes in the local market for a nominal value of USD 22,500,000.

Series	Currency	Annual nominal rate	Maturity year	Current December 31, 2021	Current December 31, 2020	Non-Current December 31, 2021	Non-Current December 31, 2020
Class A	USD	7.75%	2024	920,965	1,228,822	28,348,428	37,836,287
				920,965	**1,228,822**	**28,348,428**	**37,836,287**

(b) **Bank Loans**

	Currency	Nominal / Effective Annual Rate	Current December 31, 2021	Current December 31, 2020	Non-Current December 31, 2021	Non-Current December 31, 2020
Citibank New York [1]	USD	5.35%	676,687	2,001,175	—	824,030
ICBC Argentina [2]	USD	5.81%	1,494,533	1,797,205	1,987,386	4,237,911
Goldman Sachs[3]	USD	1.90%	3,195	2,543,674	1,230,109	—
Current account overdraft agreement	ARS	43.42%	10,038	—	—	—
Total			**2,184,453**	**6,342,054**	**3,217,495**	**5,061,941**

(1) The loan consists of 4 outstanding installments payable on a monthly basis. 3-Month LIBOR rate plus spread of 5.20%.
(2) The loan consists of 5 outstanding increasing installments payable on a quarterly basis. 3-Month LIBOR rate plus spread of 5.50%.
(3) Loan with original maturity on August 12, 2020 at 3-Month LIBOR plus a spread of 1.75%. On August 3, 2020, the USD 40,000 fee required to extend the maturity term for another six months was paid on February 12, 2021. An addendum was executed on February 9, 2021 which restructured the payment of the loan in two installments, the first due on February 12, 2021 for USD 8 million (repaid on such date) and the remaining USD 12 million due on February 12, 2023. The rate after the restructuring is variable (Adjusted Eurodollar Rate) + a margin of 1.75%.

(c) **Loan with CAMMESA**

	Currency	Nominal / Effective Annual Rate	Non-current December 31, 2021	Non-current December 31, 2020
Increase of thermal generation availability	ARS	33.11%	—	2,476,656
Total			—	**2,476,656**

The Loan with CAMMESA was offset in its entirety against part of the receivables associated with the Trust Additional Remuneration. See Note 3.d

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19.2 Evolution of interest-bearing debts and derivative instruments

				Changes other than cash				
	At the beginning of the year	Cash outflow(2)	Cash inflow (3)	Others (1)	Hedging derivatives	Accrued interest	Translation /Exchange gain or loss / RECPAM	At the end of the year
Non-current								
Notes	37,836,287	(4,206,120)	—	1,827,575	—	63,854	(7,173,168)	28,348,428
CAMMESA Loans	2,476,656	—	—	(2,230,561)	—	466,788	(712,883)	—
Bank loans	5,061,941	(5,491)	—	(917,061)	—	12,275	(934,169)	3,217,495
Total non-current	**45,374,884**	**(4,211,611)**	**—**	**(1,320,047)**	**—**	**542,917**	**(8,820,220)**	**31,565,923**
Current								
Notes	1,228,822	(2,820,998)	—	—	—	2,593,635	(80,494)	920,965
Financial Leases	4,986	(5,163)	—	4,928	—	275	(450)	4,576
Derivative Instruments	95,247	(183,580)	—	—	88,333	—	—	—
Bank loans	6,342,054	(8,827,114)	3,976,340	917,061	—	1,206,790	(1,430,678)	2,184,453
Total current	**7,671,109**	**(11,836,855)**	**3,976,340**	**921,989**	**88,333**	**3,800,700**	**(1,511,622)**	**3,109,994**
2021 Total	**53,045,993**	**(16,048,466)**	**3,976,340**	**(398,058)**	**88,333**	**4,343,617**	**(10,331,842)**	**34,675,917**
2020 Total	**50,262,388**	**(18,176,520)**	**15,096,190**	**—**	**385,768**	**5,349,027**	**123,724**	**53,040,577**

(1) Includes changes due to reclassifications from non-current to current (net), offsetting of the non-current CAMMESA Loan and results due to partial early repayment of Notes.
(2) Includes cash outflows for hedges classified as operating activities.
(3) Includes cash inflows from bank overdrafts during the year ended December 31, 2021. Includes the cash inflows in February 2020 for class B, C and D Notes, which were repaid in November 2020, and the loan with Goldman Sachs borrowed in February 2020.

NOTE 20 - TRADE PAYABLES AND OTHER ACCOUNTS PAYABLE

The components of balances are as follows:

	Current	
	December 31, 2021	December 31, 2020
Trade payables	2,353,328	1,404,428
Sundry	1,245	5,199
Total	**2,354,573**	**1,409,627**

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NOTE 21 - FINANCIAL INSTRUMENTS

21.1 Financial Instruments by Category

The classification of financial assets is as follows:

December 31, 2021	Cash and Cash Equivalents	Financial Assets at amortized cost	Assets at fair value through profit or loss — Level 1	Total
Accounts receivable from related entities	—	65,149	—	65,149
Other financial assets	—	1,242,904	—	1,242,904
Trade receivables and other accounts receivable (1)	—	27,649,875	—	27,649,875
Cash and Cash Equivalents	216,920	1,370,353	3,313,028	4,900,301
Total	**216,920**	**30,328,281**	**3,313,028**	**33,858,229**

(1) Includes bad debt allowance

December 31, 2020	Cash and Cash Equivalents	Financial Assets at amortized cost	Assets at fair value through profit or loss — Level 1	Total
Accounts receivable from related entities	—	38,268	—	38,268
Other financial assets	—	2,549,598	—	2,549,598
Trade receivables and other accounts receivable (1)	—	40,200,980	—	40,200,980
Cash and Cash Equivalents	757,665	932,809	2,510,577	4,201,051
Total	**757,665**	**43,721,655**	**2,510,577**	**46,989,897**

(1) Includes bad debt allowance

The classification of financial liabilities is detailed below:

December 31, 2021	Financial liabilities at amortized cost	Total
Accounts payable to related entities	985,641	985,641
Financial Liabilities	34,675,917	34,675,917
Trade creditors and other accounts payable	2,354,573	2,354,573
Total	**38,016,131**	**38,016,131**

December 31, 2020	Financial liabilities at amortized cost	Hedging derivatives Level 3	Total
Accounts payable to related entities	1,487,032	—	1,487,032
Financial Liabilities	52,950,746	95,247	53,045,993
Trade creditors and other accounts payable	1,409,627	—	1,409,627
Total	**55,847,405**	**95,247**	**55,942,652**

21.2 Fair Value

a. Hierarchy of Fair Value of Financial Instruments

The Group uses the following hierarchy to determine and disclose the fair value of financial instruments, according to valuation technique applied:

- Level 1: Prices quoted (not adjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which data and variables with a significant effect on the determination of the reported fair value are directly or indirectly observable.
- Level 3: Valuation techniques for which data and variables with a significant effect on the definition of the reported fair value are not based on observable market information.

In order to estimate the fair values, the following methods and assumptions have been used:

- Fair values of cash and short-term placements, trade receivables and other accounts receivable, accounts receivable from and payable to related parties, trade payables and other current liabilities approximate their carrying amounts mostly due to the short-term maturities of these instruments.
- The fair value of the mutual funds and listed securities and bonds is based on quoted prices as of the end date of the reporting period (Level 1).
- The financial instruments recorded in Financial Liabilities, involving Interest-bearing loans, show significant differences between the carrying value and fair value mainly due to the fluctuations of the exchange rate (US dollar) and market interest rates.

The calculation methodology is the present value of future debt flows discounted using a yield curve. Certain assumptions such as currency of debt, credit rating of the instrument, credit rating of the Group, are used to calculate the present value. The assumptions used as of December 31, 2021 fall into Level 2 of the Fair Value Hierarchy.

The following table shows the carrying value and fair value of the interest-bearing loans:

	Book Value	Fair Value
December 31, 2021	34,671,341	29,619,606
December 31, 2020	52,945,760	40,761,423

21.3 Derivative Instruments

Financial derivatives of AES Argentina Generación mainly involved operations entered into to hedge the volatility of the Argentine peso due to the fact that the operations are in such currency and certain liabilities in US dollars.

The Group, following its risk management policy, enters into foreign exchange forwards to reduce the expected variability of the future cash flows of the hedged underlying asset.

As of December 31, 2021, the Group has no balances for derivative instruments.

Valuation of Derivative Instruments

The Group works with the FIS Treasury and Risk Manager system - Quantum to calculate the fair value of the foreign exchange rate forwards. The main assumptions used in the valuation models for derivative instruments are as follows:

a) Market assumptions such as spot prices and other price projections, credit risk (own and counterpart) and rates.
b) Discount rates such as risk-free rates, sovereign and counterparty spread (based on risk profiles and information available in the market).
c) Moreover, the following variables are incorporated in the model: volatility, correlations, regression formulas and market spread, among others, using observable market information and techniques commonly used by the market participants.

Foreign Exchange Forward

Observable market forward prices are used and then cash flows are discounted according to a representative interest rate to calculate the fair value of the foreign exchange forwards.

Portfolio of derivative instruments.

(a) **Instruments for Cash Flow Hedge Accounting**

(a.1) **Foreign Exchange Forwards**

Liabilities			Current	
Derivative Instruments	**Counterparty Bank**	**Classification**	**December 31, 2021**	**December 31, 2020**
Foreign Exchange Forward	ICBC / Itaú / Patagonia	Cash flow hedge	—	95,247

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In May, June and July 2020, the Group entered into foreign exchange forwards with Industrial and Commercial Bank of China S.A., Banco Itaú Argentina S.A. and Banco Patagonia, for a total nominal amount of 3,399, 3,095 and 266 million pesos, respectively. As of December 31, 2021, such contracts have expired, and no new contracts of this nature have been entered into.

As of December 31, 2021 and 2020 the Group had no ineffectiveness due to cash flow hedge; therefore, the total effect of the variation in the fair value of derivatives is charged to the Statement of Comprehensive Income.

21.4 Netting

As of December 31, 2021 and 2020 the Group has no derivative instruments that are subject to Master Netting Agreements where there has been a contractual right to offset the assets and liabilities under these financial instruments.

NOTE 22 - INCOME FROM ORDINARY ACTIVITIES

	December 31, 2021	December 31, 2020
Remuneration for energy [1]	19,726,122	12,640,795
Remuneration for power [1]	9,732,698	11,633,899
Sales of energy and capacity under [2]	4,678,877	3,312,391
Other income	290,210	416,722
Total	**34,427,907**	**28,003,807**

[1] Includes the notion of generated and operated energy pursuant to the remuneration provided for by Resolutions 1037/2021, 440/2021, 31/2020, and 1/2019, as applicable, as well as other notions established by other current prior resolutions.
[2] Includes sales of renewable energy under Renovar contract with CAMMESA and Forward Market contracts (industrial customers).

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NOTE 23 – COMPOSITION OF RELEVANT RESULTS

23.1 Expenses by nature

The following is a detail of the main operating costs and expenses classified in the following items the statement of comprehensive income: “Sales cost,” “Marketing expenses” and “Administrative expenses.”

The details for the fiscal year ended December 31, 2021 are as follows:

	December 31, 2021			
	Sales Cost	**Administrative expenses**	**Marketing expenses**	**Total**
Fuels used for generation, net	10,802,411	—	—	10,802,411
Depreciation of property plant and equipment	3,861,117	188,131	—	4,049,248
Remunerations, social security contributions and other staff	1,919,430	323,788	119,459	2,362,677
Operation and maintenance expenditures	2,552,545	—	—	2,552,545
Insurance	2,213,227	—	—	2,213,227
Taxes, rates and contributions	—	521,552	463,379	984,931
Professional services from related entities	149,891	709,062	—	858,953
Amortization of intangible assets	488,100	—	—	488,100
Fees and remunerations to third parties	38,768	355,752	19,390	413,910
Bad debts	—	—	390,865	390,865
Fees and royalties	195,261	—	—	195,261
Materials and other supplies	113,379	—	—	113,379
Other market charges	97,129	—	—	97,129
Transmission costs	88,177	—	—	88,177
Purchase of energy and capacity	70,025	—	—	70,025
Safety and security services	69,017	—	—	69,017
Use of fields	46,377	—	—	46,377
Office and communications expenses	3,160	40,351	6	43,517
Travel, mobility and transport expenses	27,257	7,806	499	35,562
Frequency regulation	29,102	—	—	29,102
Cleaning expenses	14,139	—	—	14,139
Sundry	33,660	27,419	10	61,089
Total	**22,812,172**	**2,173,861**	**993,608**	**25,979,641**

The details for the fiscal year ended December 31, 2020 are as follows:

	December 31, 2020			
	Sales Cost	**Administrative expenses**	**Marketing expenses**	**Total**
Fuels used for generation	4,070,893	—	—	4,070,893
Depreciation of property plant and equipment	3,737,353	211,141	—	3,948,494
Remunerations, social security contributions and other staff	1,873,674	380,165	146,414	2,400,253
Insurance	1,659,121	—	—	1,659,121
Bad debts	—	—	2,271,733	2,271,733
Operation and maintenance expenditures	1,783,384	—	—	1,783,384
Taxes, rates and contributions	—	513,729	504,296	1,018,025
Amortization of intangible assets	557,244	—	—	557,244
Fees and royalties	361,986	—	—	361,986
Professional services from related entities	184,678	644,089	—	828,767
Fees and remunerations to third parties	104,692	460,406	13,410	578,508
Transmission costs	137,675	—	—	137,675
Safety and security services	87,906	—	—	87,906
Operating expenses - related entities	—	—	—	—
Purchase of energy and capacity	86,964	—	—	86,964
Other market charges	82,152	—	—	82,152
Materials and other supplies	65,681	—	—	65,681
Office and communications expenses	5,779	34,845	—	40,624
Travel, mobility and transport expenses	21,749	15,582	1,970	39,301
Frequency regulation	25,214	—	—	25,214
Cleaning expenses	14,655	—	—	14,655
Use of fields	20,658	—	—	20,658
Sundry	59,521	26,281	13	85,815
Total	**14,940,979**	**2,286,238**	**2,937,836**	**20,165,053**

23.2 Remunerations, social security contributions and staff expenses

	December 31, 2021	December 31, 2020
Wages and salaries[(1)]	1,852,884	1,808,248
Short-term employee benefits[(1)]	377,687	481,696
Employment termination benefits	40,382	17,691
Other long-term benefits	20,454	25,711
Other staff costs	71,270	66,907
Total	**2,362,677**	**2,400,253**

[(1)] Includes social security contributions.

NOTE 24 – FINANCIAL RESULTS

	December 31, 2021	December 31, 2020
Interest from financial assets	4,182,120	4,167,940
Interest earned with related companies	1,304	—
Other financial income	1,443,963	958,710
Total financial income	**5,627,387**	**5,126,650**
Interest on financial debts	(4,302,722)	(5,138,347)
Interest on tax debts	(14,531)	(80,036)
Interest on trade payables	(23,028)	(23,431)
Loss on partial repurchase of notes	(1,827,575)	—
Cost of interest on long-term benefit obligations	(135,421)	(122,916)
Total Financial Expenses	**(6,303,277)**	**(5,364,730)**
Exchange differences from assets	8,371,644	17,166,163
Exchange differences from liabilities	(7,154,366)	(15,778,138)
Financial derivative instruments	(183,580)	(968,273)
Total of exchange differences	**1,033,698**	**419,752**
RECPAM	(6,156,061)	(2,988,530)
Total financial profit (loss)	**(5,798,253)**	**(2,806,858)**

NOTE 25 – OTHER INCOME AND EXPENSES

Income (loss)	December 31, 2021	December 31, 2020
Waiver of interest and principal	—	151,545
Income from settlement agreements	45,864	84,181
Proceeds from the sale of assets	227	87,104
Results from disposal of property plant and equipment	(20,978)	(2,379)
Surrogate payers on personal property	(75,920)	(34,030)
Net charge for provision of legal claims	(85,897)	(108,919)
Sundry	51,291	68,482
Total	**(85,413)**	**245,984**

NOTE 26 – EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to the Group's shareholders by the weighted average number of ordinary shares in issue during the year, excluding, if any, any ordinary shares acquired by the Company and held as treasury stock.

	December 31, 2021	December 31, 2020
Net income for the year attributable to holders of ordinary equity instruments	1,539,132	3,138,140
Available profit or loss for ordinary shareholders, basic	**1,539,132**	**3,138,140**
Weighted average number of shares, basic	11,525,267,740	11,525,267,740
Basic and diluted earnings per share in pesos	**0.134**	**0.272**

There are no transactions or items generating dilutive effect.

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By the Supervisory Committee

Martín Genesio
Chairman

NOTE 27 – CONTINGENCIES AND COMMITMENTS

27.1 Financial Commitments

Issue of Notes both Locally and under Rule 144A

In January 2017, AES Argentina completed the issue of 7.75% Notes due February 2024 for a total of US$ 300,000,000. The issue was carried out to repay the EPC debt to Sojitz Corporation, pay out financial loans, meet the needs for working capital and make investments in physical assets in Argentina. Pursuant to the obligations established under the price supplement of the issue, each quarter the Company is required to meet certain limitations on incurring additional indebtedness, paying dividends or making other distributions or capital reductions, granting loans, making investments, and selling assets, except if certain indicators are available once these transactions are effective.

In the case of an event of default, the unpaid principal amount and accrued and unpaid interest shall become immediately due and payable with no need of further declaration or any other act to be performed by the holders, except as explained below, where a written notice to the Company shall be required from the Trustee or the Holders of at least 25% of the outstanding notes.

Events of Default:

- Failure to pay the principal upon expiration in any note, including failure to make the required payment to buy the notes being offered, according to an optional refund, an offer of a change of control or an offer of sale of assets.
- Failure to comply with the payment of interest or additional amounts if such failure to pay continues for a period of 30 days;
- Failure to make or comply with any of the provisions related to certain covenants due to Merger, Consolidation and Sale of Assets;
- The fact that the Company or any subsidiary fails to comply with any other covenant, understanding or obligation contained in the Notes, for 60 days or more after written notice is given upon the Company by the Trustee or the Holders of at least 25% of the outstanding notes;
- Breach of the Company or any subsidiary under any Indebtedness;
- With respect to the Company or any subsidiary, any final judgment or final order for the payment of money of more than US$25 million is paid by the Company and such final judgment or final order remains unfulfilled for a period of 60 days after that judgment is final and non-appealable;
- Bankruptcy events affecting the Company or one of its subsidiaries;

As of December 31, 2021, AES Argentina Generación complies with the limitations and conditions described in the notes credit agreement.

27.2 Contingencies

Labor lawsuits and claims

The Group is subject to different laws, regulations and commercial practices. In the regular course of business, the Group is subject to certain contingent liabilities with respect to claims, lawsuits and other existing or future procedures, including those involving tax, labor, social security, administrative, civil law and others matters. The Group recognizes the liabilities when it is likely to incur in future costs and such costs can be reasonably estimated. The Group bases its estimates on the progress made in the affairs, estimated result of disputes and experience in legal advice on disputes, lawsuits, and settlements. As more certainty is obtained with respect to these liabilities or there is more information available, the Group may need to change its estimated future disbursements, which may have a material effect on the results of its operations and its financial condition or liquidity.

Moreover, the Group is party to different court proceedings, including tax, labor, civil, administrative and other lawsuits. In certain cases, the Group has made no provision based on the information assessed as of the date hereof. In the opinion of the management, the final resolution of any pending or possible dispute, whether at an individual or collective level, shall have no adverse effect on the financial situation and results of the operations of the Group. None of these pending issues is considered to be significant for the Group.

27.3 Other relevant covenants and contracts

a- Power Supply Agreements with Renewable Energy Sources

The Group entered into power supply agreements with renewable energy source, which came into effect in 2020 for an annual contract demand of 543 GWh/year and which are supplied with the generation of renewable source from the projects of the subsidiaries EASA and VN. These agreements establish penalties in the event of breaches, which must be claimed by customers as applicable. To date, no significant claims have arisen in relation to these matters.

b - Covenants for the loan borrowed by Vientos Neuquinos from Industrial and Commercial Bank of China Argentina ("ICBC")

Below there is a list of the most important covenants, including their status of compliance as of the end of the fiscal year.

a. The guarantor (AAG) undertakes to maintain a minimum equity of 7,500 million during the whole life of the loan.
b. The guarantor (AAG) undertakes to maintain a consolidated adjusted EBITDA Ratio (LTM) over the entire life of the loan on consolidated financial interest greater than 3. As of the end of this fiscal year, the calculated ratio amounts to 3.18.
c. The guarantor (AAG) undertakes to maintain for the entire life of the loan a Consolidated Financial Debt Ratio over Consolidated Adjusted EBITDA less than or equal to 3 through June 2020 and 2,75 onwards. As of the end of this fiscal year, the calculated ratio amounts to 1.77.

According to contractual provisions, the EBITDA to be computed is calculated based on the 12-month period immediately prior to the date of the financial statements and in US dollars considering the average exchange rates published by the Bank of the Argentine Nation.

The covenants described in a, b and c were met as of the closing date of these financial statements.

c - Covenants for the loan borrowed by AES Argentina Generación from Citibank

Below there is a list of the most important covenants, including their status of compliance as of the end of the fiscal year.

a. AAG undertakes to maintain during the whole life of the loan minimum tangible assets in the amount of 7,500 million.
b. AAG undertakes to maintain a consolidated adjusted EBITDA Ratio over total debt interest of not less than 3. As of the end of this fiscal year, the calculated ratio amounts to 3.18.
c. AAG undertakes to maintain a debt to adjusted EBITDA ratio not greater than 3 until June 2020 and not greater than 2.75 since July 2020. As of the end of this fiscal year, the calculated ratio amounts to 1.77.

According to contractual provisions, the EBITDA to be computed is calculated based on the 12-month period immediately prior to the date of the financial statements and in US dollars considering the average exchange rates published by the Bank of the Argentine Nation.

The covenants described in a, b and c were met as of the closing date of these financial statements.

NOTE 28 - GUARANTEES

Guarantees granted

A. Guarantees of the Contract for the Expansion of Liquid Fuels Storage Capacity

As guarantee for the fulfillment of its obligation to allocate the funds provided by CAMMESA to the execution of the works described, the Company shall irrevocably assign to CAMMESA its present and future receivables, either accrued or to be accrued as a result of the operations carried out and to be carried out by the Company in the MEM up to the funding amount. This assignment shall not include the current and future receivables already accrued and to be accrued in favor of the Company corresponding to the AES Paraná Plant.

The above guarantee shall become automatically ineffective once the legal operation license of such works is obtained through an Executive Decree in such regard. As of the date of issuance of these financial statements, this license has not been obtained yet. Nevertheless, the conditions to operate the dock were met adequate and the Company has a provisional operating license issued by the Undersecretary of Ports and Waterways, which shall be valid until the appropriate legal license is granted.

B. Guarantees for the loan granted to Vientos Neuquinos

AES Argentina Generación has granted a corporate guarantee to ICBC to assume, in case of non-compliance, the guaranteed obligations arising from the loan contract dated May 3, 2019 for US$50 million entered into by the subsidiary Vientos Neuquinos I S.A.

C. Guarantees for the loan with Goldman Sachs

As of the date of approval of these financial statements, AES Argentina Generación holds the sum of USD 12 million as collateral for the loan granted by such institution.

NOTE 29 – ASSETS AND LIABILITIES IN CURRENCY OTHER THAN PESO OR WITH ADJUSTMENT CLAUSE

Item	Foreign Currency/ Adjustment Clause		Foreign exchange rate	December 31, 2021	December 31, 2020
	Detail	Amount			
FONINVEMEM credits and generators' agreement	(1)	139,097	102.72	14,288,082	22,791,788
Accounts receivable from related entities	USD	18	102.72	1,808	—
Other financial assets	USD	12,100	102.72	1,242,904	—
Total Non-Current Assets				**15,532,794**	**22,791,788**
FONINVEMEM credits and generators' agreement	(1)	40,711	102.72	4,181,878	5,160,405
Interest on FONINVEMEM and generators agreement	USD	1,524	102.72	156,517	236,738
Renovar receivables	USD	2,248	102.72	230,916	307,337
Accounts receivable from related entities	USD	406	102.72	41,721	24,478
Trade receivables and other accounts receivable	USD	4,648	102.72	477,453	516,517
Other financial assets	USD	—	102.72	—	2,549,598
Cash and Cash Equivalents	USD	1,844	102.72	189,458	2,782,167
Total Current Assets				**5,277,943**	**11,577,240**
Total Assets				**20,810,737**	**34,369,028**
Provisions	USD	288	102.72	29,544	42,056
Accounts payable to related entities	USD	342	102.72	35,170	46,330
Financial Liabilities	USD	308,848	102.72	31,724,827	43,137,412
Total Non-Current Liabilities				**31,789,541**	**43,225,798**
Liabilities for employee compensations and benefits	USD	—	102.72	—	270
Financial Liabilities	USD	30,040	102.72	3,085,733	7,570,876
Trade creditors and other accounts payable	USD	21,644	102.72	2,223,259	676,442
	EUR	333	114.36	38,048	4,812
Accounts payable to related entities	USD	5,860	102.72	601,903	1,092,925
Total Current Liabilities				**5,948,943**	**9,345,325**
Total Liabilities				**37,738,484**	**52,571,123**

(1) The credits from Generators' Agreement are adjusted based on changes in the US dollar rate.

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Chairman

NOTE 30 – CREDITS AND DEBTS REPAYMENT DEADLINES

	Expired	Up to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	More than a year	Total
NON-CURRENT ASSETS							
Accounts receivable from related entities	—	—	—	—	—	5,845	**5,845**
Other financial assets	—	—	—	—	—	1,242,904	**1,242,904**
Trade receivables and other accounts receivable	—	—	—	—	—	16,804,288	**16,804,288**
Tax assets	—	—	—	—	—	373,114	**373,114**
CURRENT ASSETS							
Accounts receivable from related entities	—	30,782	28,522	—	—	—	**59,304**
Tax assets	—	1,452,713	789,386	322,255	515,913	—	**3,080,267**
Trade receivables and other accounts receivable	—	7,665,719	1,059,956	1,059,956	1,059,956	—	**10,845,587**
NON-CURRENT LIABILITIES							
Liabilities for employee compensations and benefits	—	—	—	—	—	296,972	**296,972**
Tax liabilities	—	—	—	—	—	424,158	**424,158**
Provisions	—	—	—	—	—	251,521	**251,521**
Accounts payable to related entities	—	—	—	—	—	35,504	**35,504**
Financial Liabilities	—	—	—	—	—	31,565,923	**31,565,923**
CURRENT LIABILITIES							
Liabilities for employee compensations and benefits	—	826,286	—	—	—	—	**826,286**
Tax liabilities	—	113,292	60,280	—	—	—	**173,572**
Accounts payable to related entities	269,953	430,800	11,172	—	238,212	—	**950,137**
Financial liabilities	—	1,521,927	529,466	529,502	529,099	—	**3,109,994**
Trade creditors and other accounts payable	34,805	2,319,768	—	—	—	—	**2,354,573**

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NOTE 31 – ACCOUNTING BOOKS AND OTHER SUPPORTING DOCUMENTATION

Due to administrative reasons, as of the date of issuance of the financial statements, AES Argentina Generación S.A. has not transcribed the financial statements and other relevant documentation for the fiscal year ended December 31, 2021 in the Inventories and Balance Sheets' Book of the Company. The accounting records for the months of October, November and December 2021 are in the process of being generated by optical means.

Pursuant to the current CNV standards (RG 629), we have informed that the corporate books (Shareholders' Meeting Minutes Book, Board Minutes book, Registry of Attendance to Shareholders' Meetings, Registry of Shares, and Supervisory Committee Minutes Book) as well as the statutory accounting records (Journal and Ledgers, kept through optical means, and Inventories and Balance Sheets' Book) for the fiscal years ended December 31, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021, are kept in the registered office of the Group, located in the Román A. Subiza (ex Rivadavia) 1960 - San Nicolas de los Arroyos - Buenos Aires Province.

OVERVIEW OF THE YEARS ENDED

December 31, 2021, 2020, 2019 and 2018

According to the provisions of article 4, Chapter III, Title IV, of the New Consolidated Text of the National Securities Commission (CNV) on rules concerning the form of presentation of the Financial Statements before that Agency, the Board informs as follows:

1. General Comments on the Group's Business (Information not contained in the Independent Auditors' report)

In the fiscal year from January 1, 2021 to December 31, 2021, the Company recorded income from ordinary activities in the amount of Th$34,427,907. The Gross Profit obtained in the fiscal year under analysis amounted to Th$11,615,735 (34% on the net revenues from ordinary activities). The net income for the year was of Th$1,532,330

During 2020, both Vientos Bonaerenses and Vientos Neuquinos Wind Plants, each with an installed capacity of 100MW, obtained commercial operation. During 2021, the operations of the renewable energy companies were consolidated and a generation of 790 GWh was recorded in December 2021, compared to 547 GWh in December 2020.

2. Summary of Accounting Information

a. Comparative Equity Structure as of December 31, 2021, 2020, 2019 and 2018

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands of pesos)			
ASSETS				
Non-current assets	67,080,468	87,448,147	86,008,984	68,990,339
Current assets	23,593,094	23,657,305	25,553,723	37,561,973
Total Assets	**90,673,562**	**111,105,452**	**111,562,707**	**106,552,312**
TOTAL SHAREHOLDERS' EQUITY	**47,383,729**	**48,122,750**	**45,409,810**	**45,368,162**
LIABILITIES				
Non-current liabilities	35,875,271	51,050,947	54,314,615	51,327,619
Current liabilities	7,414,562	11,931,755	11,838,282	9,856,531
Total Liabilities	**43,289,833**	**62,982,702**	**66,152,897**	**61,184,150**
Total liabilities and shareholders' equity	**90,673,562**	**111,105,452**	**111,562,707**	**106,552,312**

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b. Comparative Income Structure as of December 31, 2021, 2020, 2019 and 2018

	2021	2020	2019	2018
	(in thousands of pesos)			
Operating income	**8,362,853**	**8,084,738**	**11,293,874**	**14,912,293**
Financial income	5,627,387	5,126,650	6,840,801	5,276,056
Financial expenses	(6,303,277)	(5,364,730)	(4,595,994)	(3,636,149)
Exchange gain (loss)	1,033,698	419,752	(4,378,687)	(4,873,364)
RECPAM	(6,156,061)	(2,988,530)	—	—
Income from investments in other companies	86,006	115,212	251,929	474,438
Income before tax	**2,650,606**	**5,393,092**	**9,411,923**	**12,153,274**
Income tax	(1,118,276)	(2,255,541)	461,735	(7,244,090)
Net income for the year	**1,532,330**	**3,137,551**	**9,873,658**	**4,909,184**
Other comprehensive income for the year	**(2,177,750)**	**(289,579)**	**3,422,763**	**12,335,138**
Net comprehensive income for the year	**(645,420)**	**2,847,972**	**13,296,421**	**17,244,322**

c. Comparative Cash Flows Structure as of December 31, 2021, 2020, 2019 and 2018

	2021	2020	2019	2018
	(in thousands of pesos)			
Cash flows from operating activities	11,639,678	12,088,715	13,635,472	13,261,157
Cash flows used in investment activities	(412,157)	(11,770,010)	(20,142,308)	(6,498,573)
Cash flows used in financing activities	(11,110,850)	(5,746,234)	(6,601,884)	(6,951,369)
Total of funds generated (applied)	**116,671**	**(5,427,529)**	**(13,108,720)**	**(188,785)**
Effect of exchange difference and RECPAM on cash and cash equivalents	(219,872)	626,079	(598,028)	11,715,604
Increase (decrease) in cash and cash equivalents, net	**(103,201)**	**(4,801,450)**	**(13,706,748)**	**11,526,819**

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3. Energy production (Information not contained in the Independent Auditors' report)

Bellow there is a detail of the Net Generation (GWh) of each of the plants of AES Argentina Generación for the fiscal years ended December 31, 2021, 2020, 2019, 2018 and 2017:

Plants	2021	2020	2019	2018	2017
Paraná	4,140	4,222	3,868	5,181	5,809
San Nicolás	1,830	1,047	468	1,565	1,764
Alicurá	1,122	1,671	1,689	1,992	1,570
Cabra Corral	141	158	140	142	136
El Tunal	48	51	51	48	52
Ullum	105	146	183	198	263
Sarmiento	4	25	24	11	12
Vientos Bonaerenses [1]	439	378	21	—	—
Vientos Neuquinos[2]	351	169	—	—	—
Total Sales (GWh)	**8,180**	**7,867**	**6,444**	**9,137**	**9,606**

[1] Phase I was started in October 2019 and Phase II in February 2020.
[2] The operation of both phases began between July and September 2020.

4. Financial Indexes

The following indexes are calculated on a comparative basis for fiscal years ended December 31, 2021, 2020, 2019 and 2018:

Indexes	2021	2020	2019	2018
Liquidity (Current assets / Current liabilities)	3.18	1.98	2.16	3.81
Solvency (Shareholders' equity / Total liabilities)	1.09	0.76	0.69	0.74
Indebtedness (Total liabilities / Shareholders' equity)	0.91	1.31	1.46	1.35
Immobilization of capital (Non-current assets / Total Assets)	0.74	0.79	0.77	0.65

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5. Prospects for Fiscal Year 2022 (Information not contained in the Independent Auditors' report)

According to the latest forecasts of the International Monetary Fund for the region, we can highlight an improvement in the growth prospects of the Argentine economy for 2022 from 2.5% to 3%, while the estimated growth rates for 2023 calculate an increase of 2% to 2.5% in a global context of higher rates and inflation.

According to IMF report, it seems that, although the world will continue to grow – 4.4% in 2022 –, the international context will be challenging for our country. On the one hand, it will have to face financial risks. As advanced economies raise interest rates to combat inflation, which is no longer considered transitory, threats to financial stability increase, particularly for emerging and developing markets with a strong indebtedness in foreign currency, such as Argentina. On the other hand, the FMI forecasted a slow in the growth prospects of our country's largest trading partners: Brazil and China.

In the operating area of the Group, the efforts will continue to be directed towards making the works and improvements required so that the plants may continue to operate and meet the growing power demand in the country.

We will continue to prioritize a conservative management of finance, through a stringent cash management in order to ensure that the required financial resources for the proper operation of our power plants will be obtained and that the commitments made will be met.