

Albanesi Energía S.A.

Condensed interim Financial Statements

at September 30, 2023 and for the nine-month and three-month periods
ended September 30, 2023 and 2022,
presented in comparative format

(In thousands of US dollars (USD))

Albanesi Energía S.A.

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Contents

Glossary of Technical Terms

Condensed interim Financial Statements

Statement of Financial Position

Statement of Comprehensive Income

Statement of Changes in Equity

Statement of Cash Flows

Notes to the condensed interim Financial Statements

Summary of Activity

Review report on the condensed interim Financial Statements

GLOSSARY OF TECHNICAL TERMS

The following are not technical definitions, but they are helpful for the reader's understanding of some terms used in the notes to the condensed interim Financial Statements of the Company.

Terms	Definitions
/day	Per day
AESA	Albanesi Energía S.A. / the Company
AFIP	Federal Administration of Public Revenue
AJSA	Alba Jet S.A.
ASA	Albanesi S.A.
AVRC	Alto Valle Río Colorado S.A. (a company merged into BDD)
BADCOR	Adjusted BADLAR rate
BADLAR	Average interest rate paid by financial institutions on time deposits for over one million pesos.
BCRA	Central Bank of Argentina
BDD	Bodega del Desierto S.A.
CAMMESA	Compañía Administradora del Mercado Mayorista Eléctrico S.A. (Wholesale Electricity Market Management Company)
CC	Combined Cycle
IFRIC	International Financial Reporting Interpretations Committee
CNV	National Securities Commission
CTE	Central Térmica Ezeiza, located in Ezeiza, Buenos Aires
CTF	Central Térmica Frías, located in Frías, Santiago del Estero
CTI	Central Térmica Independencia, located in San Miguel de Tucumán, Tucumán
CTLB	Central Térmica La Banda, located in La Banda, Santiago del Estero
CTMM	Central Térmica Modesto Maranzana, located in Río IV, Córdoba
CTR	Central Térmica Roca S.A.
CTRi	Central Térmica Riojana, located in La Rioja, province of La Rioja
CVP	Variable Production Cost
Dam3	Cubic Decameter. Volume equivalent to 1,000 (one thousand) cubic meters
DH	Historical Availability
DIGO	Offered Guaranteed Availability
Availability	Percentage of time in which the power plant or machinery, as applicable, is in operation (generating power) or available for power generation, but not called by CAMMESA
DMC	Minimum Availability Committed
DO	Target Availability
DR	Registered Availability
Grupo Albanesi	Albanesi S.A., its subsidiaries, and other related companies
ENARSA	Energía Argentina S.A.
Energía Plus	Plan created under ES Resolution No. 1281/06
ENRE	National Electricity Regulatory Authority
EPEC	Empresa Provincial de Energía de Córdoba
FACPCE	Argentine Federation of Professional Councils in Economic Sciences
FONINVEMEM	Fund for investments required to increase the electric energy supply in the WEM
GE	General Electric
GENEN	Generación Centro S.A.
GLSA	Generación Litoral S.A.
GMGS	GM Gestión y Servicios S.A.C.
GMSA	Generación Mediterránea S.A.
GMOP	GM Operaciones S.A.C.
Large Users	WEM agents classified based on their consumption into: GUMAs, GUMEs, GUPAs and GUDIs
GROSA	Generación Rosario S.A.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GUDIs	Large Demand from Distributors' customers, with declared or demanded power of over 300 kW
GUMAs	Major Large Users
GUMEs	Minor Large Users
GUPAs	Large Users - Individuals
GW	Gigawatt. Unit of power equivalent to 1,000,000,000 watts
GWh	Gigawatt-hour. Unit of energy equivalent to 1,000,000,000 watts hour
HRSG	Heat Recovery Steam Generator
IASB	International Accounting Standards Board
IGJ	Legal Entities Regulator
CPI	Consumer Price Index
WPI	Wholesale Price Index
kV	Kilovolt. Unit of electromotive force which is equal to 1,000 (one thousand) volts
kW	Kilowatt. Unit of power equivalent to 1,000 watts
kWh	Kilowatt-hour. Unit of energy equivalent to 1,000 watts hour
LGS	General Companies Law
LVFVD	Sale liquidations with maturity date to be defined
MAPRO	Major Scheduled Maintenance
MAT	Futures Market
WEM	Wholesale Electric Market
MMm3	Million cubic meters
MVA	Mega-volt ampere. Unit of energy equivalent to 1 volt x 1 ampere x 10 ⁶
MW	Megawatt. Unit of power equivalent to 1,000,000 watts
MWh	Megawatt-hour. Unit of energy equivalent to 1,000,000 watts hour
ARG GAAP	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
NFHCC	New Date Committed for Commercial Authorization
SDG	Sustainable Development Goals
NO	Negotiable Obligations
GDP	Gross Domestic Product
PWPS	Pratt & Whitney Power System Inc
RECPAM	Gain/loss on net monetary position
Resolution No. 220/07	Regulatory framework for the sale of energy to CAMMESA through the "WEM Supply Contracts" under Energy Secretariat Resolution No. 220/07
GR	General Resolution
RGA	Rafael G. Albanesi S.A.
RSE	Corporate Social Responsibility
TP	Technical Pronouncements
SADI	Argentine Interconnection System
ES	Energy Secretariat
SEK	Swedish Crowns
GSE	Government Secretariat of Energy
OHHS	Occupational Health, Hygiene, and Safety
TRASNOA S.A.	Empresa de Transporte de Energía Eléctrica por Distribución Troncal del Noroeste Argentino S.A.
GU	Generating Unit
CGU	Cash Generating Unit
USD	United States Dollars
UVA	Unit of Purchasing Power

Albanesi Energía S.A.

Composition of the Board of Directors and Statutory Audit Committee at September 30, 2023

President

Armando Losón (Jr.)

1st Vice President

Guillermo Gonzalo Brun

2nd Vice President

Julián Pablo Sarti

Full Directors

María Eleonora Bauzas

Oscar Camilo De Luise

Ricardo Martín López

Alternate Directors

Juan Gregorio Daly

Oswaldo Enrique Alberto Cado

María Andrea Bauzas

Full Statutory Auditors

Enrique Omar Rucq

Francisco Agustín Landó

Marcelo Claudio Barattieri

Alternate Statutory Auditors

Carlos Indalecio Vela

Julieta De Ruggiero

Marcelo Rafael Tavarone

Legal Information

Business name: Albanesi Energía S.A.

Legal address: Av. L.N. Alem 855, 14th floor - City of Buenos Aires

Main business activity: Generation and sale of electric energy

Tax Registration Number (CUIT): 30-71225509-5

Dates of registration with the Public Registry of Commerce:

Bylaws or Incorporation Agreement: February 23, 2012

Latest amendment: February 7, 2023

Registration with the Legal Entities Regulator under number: 1085, Book: 111, Volume: - Companies by Shares

Expiration of Bylaws or Incorporation Agreement: February 23, 2111

Albanesi Energía S.A.

Condensed interim Statement of Financial Position

at September 30, 2023 and December 31, 2022

stated in thousands of US dollars

	<u>Note</u>	<u>09/30/2023</u>	<u>12/31/2022</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	221,689	227,038
Deferred tax assets, net	17	14,947	19,842
Other receivables		810	968
Total non-current assets		237,446	247,848
CURRENT ASSETS			
Inventories		3,984	3,741
Other receivables		2,682	2,197
Other financial assets at fair value through profit or loss		892	-
Trade receivables		15,607	13,599
Cash and cash equivalents	13	15,905	15,399
Total current assets		39,070	34,936
Total assets		276,516	282,784
EQUITY			
Share capital	14	8,824	8,824
Capital adjustment		2,305	2,305
Technical revaluation reserve		50,921	53,060
Other comprehensive income/(loss)		(6)	(6)
Unappropriated retained earnings/(accumulated losses)		(35,381)	(32,129)
TOTAL EQUITY		26,663	32,054
LIABILITIES			
NON-CURRENT LIABILITIES			
Defined benefit plan		205	214
Loans	16	136,650	84,929
Trade payables		1,996	1,996
Total non-current liabilities		138,851	87,139
CURRENT LIABILITIES			
Tax payables		1,367	2,594
Salaries and social security liabilities		315	254
Defined benefit plan		1	2
Loans	16	107,614	158,810
Trade payables		1,705	1,931
Total current liabilities		111,002	163,591
Total liabilities		249,853	250,730
Total liabilities and equity		276,516	282,784

The accompanying notes form an integral part of these condensed interim Financial Statements.

Albanesi Energía S.A.

Condensed interim Statement of Comprehensive Income

for the nine-month and three-month periods ended September 30, 2023 and 2022,
stated in thousands of US dollars

	Note	Nine months at		Three months at	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022
Sales revenue	7	41,441	56,202	12,550	19,630
Cost of sales	8	(17,536)	(28,700)	(3,763)	(10,334)
Gross income/(loss)		23,905	27,502	8,787	9,296
Selling expenses	9	(119)	(706)	(64)	(373)
Administrative expenses	10	(1,305)	(1,310)	(450)	(470)
Other income		-	70	-	68
Other expenses		-	(62)	-	(62)
Operating income/(loss)		22,481	25,494	8,273	8,459
Financial income	11	4,534	1,559	1,644	1,036
Financial expenses	11	(22,407)	(22,338)	(6,847)	(7,657)
Other financial results	11	(5,104)	(12,492)	1,136	(3,690)
Financial results, net		(22,977)	(33,271)	(4,067)	(10,311)
Pre-tax profit/(loss)		(496)	(7,777)	4,206	(1,852)
Income Tax	17	(4,895)	8,510	(4,473)	2,165
(Loss)/Income for the period		(5,391)	733	(267)	313
Earnings/(losses) per share					
Basic and diluted (losses)/earnings per share	15	(0.0072)	0.0010	(0.0004)	0.0004

The accompanying notes form an integral part of these condensed interim Financial Statements.

Albanesi Energía S.A.

Condensed interim Statement of Changes in Equity
for the nine-month periods ended September 30, 2023 and 2022,
stated in thousands of US dollars

	Share capital (Note 14)	Capital adjustment	Technical revaluation reserve	Other comprehensive income/(loss)	Unappropriated retained earnings/(accumulated losses)	Total equity
Balances at December 31, 2021	8,824	2,305	55,994	2	(34,703)	32,422
Reversal of technical revaluation reserve	-	-	(2,173)	-	2,173	-
Income for the nine-month period	-	-	-	-	733	733
Balances at September 30, 2022	8,824	2,305	53,821	2	(31,797)	33,155
Other comprehensive income/(loss) for the period	-	-	-	(8)	-	(8)
Reversal of technical revaluation reserve	-	-	(761)	-	761	-
Income for the complementary three-month period	-	-	-	-	(1,093)	(1,093)
Balances at December 31, 2022	8,824	2,305	53,060	(6)	(32,129)	32,054
Reversal of technical revaluation reserve	-	-	(2,139)	-	2,139	-
Loss for the nine-month period	-	-	-	-	(5,391)	(5,391)
Balances at September 30, 2023	8,824	2,305	50,921	(6)	(35,381)	26,663

The accompanying notes form an integral part of these condensed interim Financial Statements.

Albanesi Energía S.A.

Condensed interim Statement of Cash Flows for the nine-month periods ended September 30, 2023 and 2022, stated in thousands of US dollars

	Notes	09/30/2023	09/30/2022
Cash flows provided by operating activities			
(Loss)/Income for the period		(5,391)	733
Adjustments to arrive at net cash flows provided by operating activities:			
Income Tax	17	4,895	(8,510)
Depreciation of property, plant and equipment	8 and 12	8,867	8,868
Provision for defined benefit plans		30	21
Present value		-	99
Exchange difference, net	11	(14,735)	(6,556)
Accrued interest, net	11	17,500	20,636
(Repurchase) of AESA's own Negotiable Obligations	11	168	(11)
Difference in UVA value	11	20,752	19,249
Other financial results		110	33
Income/(loss) from changes in the fair value of financial instruments	11	(3,775)	(3,264)
Changes in operating assets and liabilities:			
(Increase) in trade receivables		(4,652)	(5,462)
(Increase)/Decrease in other receivables		(3,121)	1,793
(Increase) in inventories		(243)	(268)
(Decrease) in trade payables		(2,122)	(3,739)
Increase in salaries and social security liabilities		212	117
(Decrease) in employee benefit plan		-	9
(Decrease) in tax payables		(969)	(451)
Payment of Income Tax extraordinary advance		(263)	-
Net cash flows provided by operating activities		17,263	23,297
Cash flows from investing activities			
Acquisition of property, plant and equipment	12	(3,454)	(452)
Government securities		(664)	-
Net cash flows (used in) investing activities		(4,118)	(452)
Cash flows from financing activities			
Borrowings	16	116,336	45,090
Payment of interest	16	(16,137)	(16,570)
Leases received	16	3,083	70
Leases paid	16	(295)	(249)
Payment of principal	16	(111,668)	(32,874)
Repurchase of Negotiable Obligations		(1,917)	6,645
Payment of financial instruments		(424)	(331)
Net cash flows (used in) financing activities		(11,022)	1,781
Increase in cash, net		2,123	24,626
Cash and cash equivalents at beginning of period	13	15,399	9,448
Financial results of cash and cash equivalents		(1,617)	(1,314)
Cash and cash equivalents at period end	13	15,905	32,760
		2,123	24,626
		09/30/2023	09/30/2022
Significant transactions not entailing changes in cash:			
Issue of Negotiable Obligations paid-in in kind		49,588	-
Acquisition of property, plant and equipment not yet paid	12	(36)	(36)
Advance to suppliers applied to the acquisition of property, plant and equipment	12	(28)	-

The accompanying notes form an integral part of these condensed interim Financial Statements.

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements

for the nine-month and three-month periods ended September 30, 2023 and 2022,
and for the fiscal year ended December 31, 2022,
stated in thousands of US dollars

NOTE 1: GENERAL INFORMATION

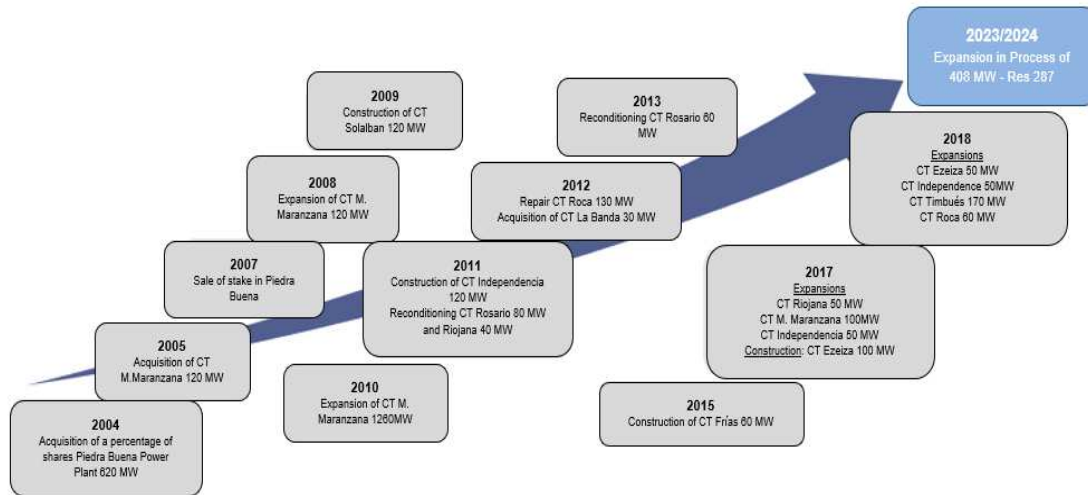
AESA's main line of business is the generation and sale of electric energy and steam through a co-generation system. Nominal installed capacity is 170 MW under EES Resolution No. 21/16.

On February 24, 2018, the Timbúes Cogeneration Thermal Power Plant was authorized for commercial operation in the WEM up to 172 MW of power and on February 11, 2019, it was authorized for steam generation and delivery.

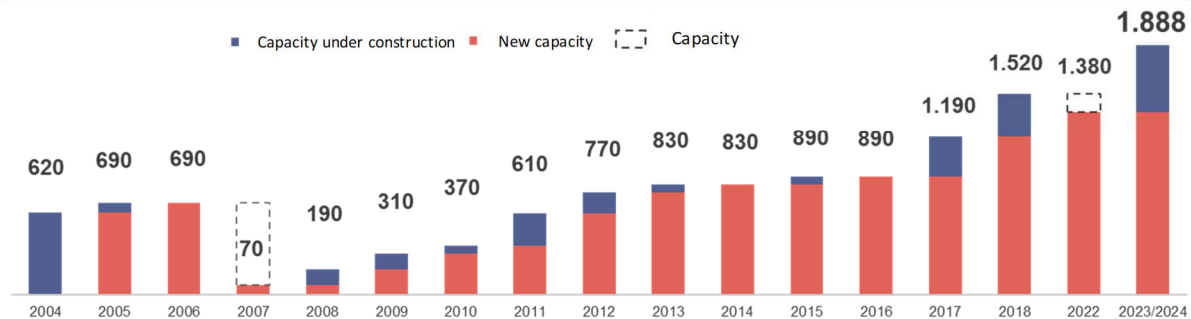
The Company is located in Timbúes, Province of Santa Fe.

At the date of these condensed interim Financial Statements, Grupo Albanesi had a total installed capacity of 1,380 MW, it being expanded with additional 408 MW with all the new projects awarded.

Grupo Albanesi entered the electricity market in 2004 with the purchase of the thermal power plant Luis Piedra Buena S.A. In this way, the development of the electricity segment became one of the main purposes of the Group.



Variation of installed capacity



Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 2: REGULATORY ASPECTS RELATING TO THE COMPANY'S POWER GENERATION ACTIVITIES

The regulatory aspects relating to electric energy generation applied for these condensed interim Financial Statements are consistent with those used in the financial information corresponding to the last fiscal year.

NOTE 3: BASIS FOR PRESENTATION

The condensed interim Financial Statements for the nine-month and three-month periods ended on September 30, 2023 and 2022 have been prepared in accordance with IAS 34. This condensed interim financial information must be read jointly with the Company's Financial Statements for the year ended on December 31, 2022.

The presentation in the condensed interim Statement of Financial Position segregates current and non-current assets and liabilities. Current assets and liabilities are those expected to be recovered or settled within twelve months following the end of the reporting period. In addition, the Company reports on the cash flows from operating activities using the indirect method.

The fiscal year commences on January 1 and ends on December 31 of each year.

Economic and financial results are presented on a fiscal year basis, in proportion to the elapsed period.

The condensed interim Financial Statements for the nine-month and three-month periods ended on September 30, 2023 and 2022 have not been audited. Company Management considers that they include all the necessary adjustments to reasonably present the results for the period. The results for the nine-month and three-month periods ended on September 30, 2023 and 2022 do not necessarily reflect the proportion of the Company's results for full fiscal years.

These condensed interim Financial Statements are disclosed in thousands of dollars without cents, as are notes, except for the earnings per share.

These condensed interim Financial Statements were approved for issuance by the Company's Board of Directors on November 13, 2023.

Purpose of these condensed interim Financial Statements

The non-statutory condensed interim Financial Statements are presented in United States Dollars (USD), which is the Company's functional currency, and have been prepared to provide interim financial information mainly for use by non-Argentine holders of Company's Negotiable Obligations and foreign financial institutions.

Comparative information

Balances at December 31, 2022, and for the nine-month and three-month periods ended on September 30, 2022, disclosed in these condensed interim Financial Statements for comparative purposes, arise from financial statements at those dates.

Certain reclassifications have been included in the Financial Statement figures presented for comparative purposes to conform them to the current period presentation.

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

Tax-purpose inflation adjustment

To determine the net taxable income, an inflation adjustment for tax purpose computed pursuant to Sections 105 to 108 of the Income Tax Law must be deducted from or added to the tax result for the fiscal period being calculated. This will apply in the fiscal year in which a variation percentage of the CPI accumulated over the 36 months prior to year-end exceeds 100%. These provisions are applicable for fiscal years commencing on or after January 1, 2018.

The Company estimated that, at September 30, 2023, the CPI variation exceeded the index mentioned in the paragraph above; accordingly, the Company included this adjustment in the determination of the taxable income for the current period.

Going concern principle

At the date of these condensed interim Financial Statements, there are no uncertainties regarding events or conditions that may raise doubts about the possibility that the Company will continue to operate normally as a going concern.

NOTE 4: ACCOUNTING POLICIES

The accounting policies adopted for these condensed interim Financial Statements are consistent with those used in the audited financial statements for the last fiscal year, ended on December 31, 2022.

4.1 New published standards, modifications, and interpretations that have not yet entered into force and have not been early adopted by the Company

- Amendment to IAS 12 - International tax reform - Pillar Two model rules. Amended in May 2023. These amendments aim to provide a temporary exception to the accounting for deferred taxes arising from the implementation of the international tax reform by the Organization for Economic Co-operation and Development (OECD). The amendments also introduce targeted disclosure requirements for affected companies. Deferred tax exemption and disclosure of the fact that the exception has been applied are effective immediately. The other disclosure requirements are for annual periods effective beginning on or after January 1, 2023. The Company estimates that the application thereof will not have a significant impact on the results of operations or the financial position of the Company.

- Amendments to IAS 7 and IFRS 7 on supplier financing agreements. Amended in May 2023. These amendments contain disclosure requirements to enhance the transparency of supplier financial arrangements and their effects on a company's liabilities, cash flows, and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier financing arrangements are not sufficiently visible, hindering investors' analysis. The amendment applies to annual fiscal years beginning on or after January 1, 2024 (with transitory exemptions in the first year). The Company estimates that the application thereof will not have a significant impact on the results of operations or the financial position of the Company.

- Amendments to IAS 21 - Lack of Exchangeability. Amended in August 2023. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.1 New published standards, modifications, and interpretations that have not yet entered into force and have not been early adopted by the Company (Cont'd)

or exchange mechanism that creates enforceable rights and obligations. The amendment is applicable for annual periods beginning on or after January 1, 2025 (early adoption is permitted). The Company is currently assessing the potential effects of its application.

There are no new IFRS or IFRIC interpretations applicable as from the current period which have a material impact on the Company's condensed interim Financial Statements.

These condensed interim Financial Statements must be read jointly with the audited Financial Statements at December 31, 2022 prepared under IFRS.

The Company measures facilities, machinery, and buildings at fair value less accumulated depreciation and impairment losses recognized at the date of revaluation, if any. Land is measured at fair value and is not depreciated. (See accounting policy for property, plant and equipment in Note 4 to the December 31, 2022 Financial Statements.) Revaluations are made frequently enough to ensure that the fair value of a revalued asset does not differ significantly from its carrying amount.

At September 30, 2023, the Company has not revalued land, buildings, facilities, and machinery, as there have not been important changes in the fair values of those assets caused by macroeconomic fluctuations.

NOTE 5: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim Financial Statements in accordance with IFRS requires the Company to make estimates and assessments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of issue of these condensed interim Financial Statements, as well as the income and expenses recorded in the current period.

The Company makes estimates to calculate the depreciation and amortization charges, the recoverable value of non-current assets, the Income Tax charge, certain labor costs, provisions for contingencies, for labor, civil and commercial lawsuits and bad debt allowance. Actual future results may differ from those estimates and assessments made at the date these Financial Statements were prepared.

In preparing these condensed interim Financial Statements, the critical judgments delivered by Management to apply the Company's accounting policies and the sources of information used for the related estimates are the same as those delivered in the Financial Statements for fiscal year ended on December 31, 2022.

a) Fair value of property, plant and equipment

The Company has opted to value land, buildings, facilities, and machinery at fair value applying discounted cash flows or market comparable techniques.

The fair value calculated by means of the discounted cash flow was used to value facilities, machinery, and turbines. These cash flows were prepared on the basis of estimates with an approach to consider different scenarios based on their probability of occurrence.

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 5: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

a) Fair value of property, plant and equipment (Cont'd)

The following variables have been taken into account in relation to the estimates made: (i) exchange rate fluctuations; (ii) availability and dispatch of turbines associated with demand projections based on vegetative growth; (iii) operating and maintenance cost; (iv) number of employees; (v) discount rate used, among others. Each of these scenarios contemplate different assumptions regarding the critical variables used.

The discounted cash flows at December 31, 2022 consider two scenarios (pessimistic and base scenarios) with different probabilities of occurrence. The two scenarios arise from current rate schedules and are combined with different turbine dispatch alternatives.

The criteria considered in each scenario are the following:

1. Base scenario: In this case, the Company considers a historical average availability and an expected dispatch based on projections of the demand for energy with a vegetative growth. Probability of occurrence: 80%.
2. Pessimistic scenario: In this case, the Company considers a historical average availability and a dispatch of less than expected of the demand for energy. Probability of occurrence: 20%.

In all scenarios, a discount rate in US dollars of approximately 11.50% was used, which contemplates the future scenarios.

The percentages of probability of occurrence assigned are mainly based on the occurrence of different past events (experience).

Actual results could differ from estimates, so the projected cash flows might be badly affected if any of the above-mentioned factors changes in the near future.

The Company cannot assure that the future behavior of those variables will be in line with projections, and differences might arise between the estimated cash flows and the ones really obtained.

The fair value determination of property, plant and equipment is significantly affected by the US dollar exchange rate. This situation, valuation processes and results are discussed and approved by the Board of the Companies at least once a year.

However, if the discounted cash flows differ by 10% from Management estimates, the Company will need:

- To increase the fair value of land, buildings, facilities, and machinery by USD 22 million, if it were favorable; or
- To reduce the fair value of land, buildings, facilities, and machinery by USD 22 million, if it were not favorable.

At September 30, 2023, the Company has analyzed the variables considered in the calculation of the recoverable value of property, plant and equipment and concluded that there were no significant changes in those variables.

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 6: FINANCIAL RISK MANAGEMENT

In view of its business activities, the Company is exposed to various financial risks: market risk (including price risk, interest rate risk, and exchange rate risk), credit risk, and liquidity risk.

These condensed interim Financial Statements do not include all the information on risk management, as required for the annual Financial Statements. These Financial Statements must be read jointly with the Financial Statements for the year ended on December 31, 2022. There have been no significant changes in the risk management policies since the last annual closing date.

NOTE 7: SALES REVENUE

	<u>09/30/2023</u>	<u>09/30/2022</u>
Sale of energy Res. No. 21/2016	36,285	40,308
Sale of steam	5,156	15,894
	<u>41,441</u>	<u>56,202</u>

NOTE 8: COST OF SALES

	<u>09/30/2023</u>	<u>09/30/2022</u>
Purchase of electric energy	(277)	(666)
Gas and diesel consumption at the plant	(3,391)	(13,594)
Salaries and social security liabilities	(1,905)	(1,468)
Defined benefit plan	(30)	(21)
Other employee benefits	(217)	(184)
Fees for professional services	(17)	(45)
Maintenance services	(1,853)	(2,973)
Depreciation of property, plant and equipment	(8,867)	(8,868)
Security guard and porter	(273)	(220)
Insurance	(538)	(447)
Communication expenses	(56)	(49)
Snacks and cleaning	(85)	(89)
Taxes, rates, and contributions	(5)	(51)
Sundry	(22)	(25)
	<u>(17,536)</u>	<u>(28,700)</u>

NOTE 9: SELLING EXPENSES

	<u>09/30/2023</u>	<u>09/30/2022</u>
Taxes, rates, and contributions	(119)	(706)
	<u>(119)</u>	<u>(706)</u>

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 10: ADMINISTRATIVE EXPENSES

	<u>09/30/2023</u>	<u>09/30/2022</u>
Salaries and social security liabilities	(169)	(160)
Other employee benefits	(32)	(28)
Fees and compensation for services	(1,046)	(1,065)
Taxes, rates, and contributions	(5)	(5)
Leases	(27)	(27)
Per diem, travel, and representation expenses	(6)	(1)
Insurance	(8)	-
Office expenses	(3)	(18)
Gifts	-	(1)
Sundry	(9)	(5)
	<u>(1,305)</u>	<u>(1,310)</u>

NOTE 11: FINANCIAL RESULTS

	<u>09/30/2023</u>	<u>09/30/2022</u>
<u>Financial income</u>		
Commercial interest	4,534	1,559
Total financial income	<u>4,534</u>	<u>1,559</u>
<u>Financial expenses</u>		
Interest on loans	(21,758)	(21,409)
Commercial and other interest	(276)	(786)
Bank expenses and commissions	(373)	(143)
Total financial expenses	<u>(22,407)</u>	<u>(22,338)</u>
<u>Other financial results</u>		
Exchange difference, net	14,735	6,556
Changes in the fair value of financial instruments	3,775	3,264
Income/(loss) from purchase/sale of AESA's own Negotiable Obligations	(168)	11
Difference in UVA value	(20,752)	(19,249)
Other financial results	(2,694)	(3,074)
Total other financial results	<u>(5,104)</u>	<u>(12,492)</u>
Total financial results, net	<u>(22,977)</u>	<u>(33,271)</u>

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

Type of asset	Original values				Depreciation			Net amount at period end	
	At beginning of year	Increases	Transfers/withdrawals	At period end	Accumulated at beginning of year	For the period (1)	Accumulated at period end	At 09/30/23	At 12/31/22
Land	250	-	-	250	-	-	-	250	250
Right of use – Land	-	3,083	-	3,083	-	-	-	3,083	-
Buildings	16,501	199	-	16,700	700	263	963	15,737	15,801
Facilities	36,274	76	-	36,350	3,686	1,409	5,095	31,255	32,588
Machinery	193,991	155	-	194,146	18,978	7,129	26,107	168,039	175,013
Computer and office equipment	398	5	-	403	354	28	382	21	44
Furniture and fixtures	65	-	-	65	22	5	27	38	43
Vehicles	136	-	-	136	53	33	86	50	83
Spare parts and materials	3,216	-	-	3,216	-	-	-	3,216	3,216
Total at 09/30/2023	250,831	3,518	-	254,349	23,793	8,867	32,660	221,689	-
Total at 12/31/2022	252,944	539	(2,652)	250,831	11,967	11,826	23,793	-	227,038
Total at 09/30/2022	252,944	488	-	253,432	11,967	8,868	20,835	-	232,597

Depreciation charges for the nine-month periods ended on September 30, 2023 and 2022 were allocated to cost of sales.

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 13: CASH AND CASH EQUIVALENTS

	09/30/2023	12/31/2022
Banks	6,711	138
Mutual funds	9,194	5,051
Short-term investments	-	10,210
	15,905	15,399

For the purposes of the Statement of Cash Flows, cash and cash equivalents include:

	09/30/2023	09/30/2022
Cash and cash equivalents	15,905	32,760
Cash and cash equivalents	15,905	32,760

NOTE 14: CAPITAL STATUS

Capital status at September 30, 2023 is detailed below:

			Approved by	
Principal	Amount In thousands of USD	Date	Body	Date of registration with the Public Registry of Commerce
Total at 12/31/2015	5	02/15/2012	Bylaws	02/23/2012
Capital increase	949	12/16/2016	Extraordinary Shareholders' Meeting	01/12/2017
Capital reduction	(148)	04/19/2018	Ordinary and Extraordinary Shareholders' Meeting	09/10/2019
Capital increase	8,018	01/06/2022	Extraordinary Shareholders' Meeting	02/07/2023
Total	8,824			

The Extraordinary Shareholders' Meeting held on January 6, 2021 unanimously approved a capital increase through cash contributions for USD 5,018 (\$425,000 thousands) and decided to capitalize shareholders' current receivables for USD 3,000 (\$255,000 thousands). Consequently, at September 30, 2023, the Company's capital amounts to USD 8,824 (\$747,850 thousands) and is made up of 747,850,000 shares, with a nominal value of \$1 each and entitled to 1 vote per share. As a result of this capitalization, Article 4 of the Bylaws was amended. Such amendment was registered with the Legal Entities Regulator on February 7, 2023 under number 1085, Book 111, Volume: - Companies by Shares

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 15: EARNINGS/(LOSSES) PER SHARE

Basic

Basic earnings/(losses) per share are calculated by dividing the income attributable to the holders of the Company's equity instruments by the weighted average number of ordinary shares outstanding during the fiscal period.

	Nine months at		Three months at	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
(Loss)/Income for the period	(5,391)	733	(267)	313
Weighted average of outstanding ordinary shares	747,850	747,850	747,850	747,850
Basic (losses)/earnings per share	(0.0072)	0.0010	(0.0004)	0.0004

There are no differences between the calculation of the basic earnings per share and the diluted earnings per share.

NOTE 16: LOANS

<u>Non-current</u>	09/30/2023	12/31/2022
Related parties (Note 19)	49,609	46,397
Negotiable Obligations	84,162	38,505
Finance lease debts	2,879	27
	136,650	84,929
<u>Current</u>		
UBS loan	68,351	100,617
Negotiable Obligations	27,348	52,411
Other bank debts	1,452	-
Bond insurance	10,322	5,769
Finance lease debts	141	13
	107,614	158,810

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 16: LOANS (Cont'd)

At September 30, 2023, the financial debt totals USD 244 million. Our total debt at that date is disclosed in the table below.

	Principal (in thousands)	Balance at September 30, 2023 <small>(in thousands of USD)</small>	Interest rate <small>(%)</small>	Currency	Date of issue	Maturity date
<u>Debt securities</u>						
Class I Negotiable Obligations	USD 39	41	6.00%	Dollar Linked	May 6, 2021	November 7, 2023
Class II Negotiable Obligations	UVA 1,922	1,867	UVA + 5.99%	ARS	May 6, 2021	November 7, 2023
Class III Negotiable Obligations	USD 17,217	17,255	4.90%	Dollar Linked	December 14, 2021	September 14, 2024
Class V Negotiable Obligations	USD 7,497	7,545	2.75%	Dollar Linked	August 22, 2022	August 22, 2024
Class VII Negotiable Obligations	USD 11,327	11,255	4.00%	Dollar Linked	February 13, 2023	February 13, 2025
Class VIII Negotiable Obligations	\$388,552	1,312	Badlar + 5.00%	ARS	February 13, 2023	February 13, 2024
Class IX Negotiable Obligations	UVA 31,275	29,823	UVA + 3.80%	ARS	February 13, 2023	February 13, 2026
Class X Negotiable Obligations	USD 36,843	35,752	5.00%	Dollar Linked	September 21, 2023	September 22, 2025
Class XI Negotiable Obligations	USD 6,734	6,660	9.50%	USD	September 21, 2023	March 23, 2026
Subtotal		<u>111,510</u>				
<u>Loan agreement</u>						
UBS loan	USD 68,332	68,351	13.85%	USD	February 3, 2017	December 30, 2023
Subtotal		<u>68,351</u>				
<u>Other liabilities</u>						
Related parties (Note 27)	USD 20,000	40,324	17.00%	USD	July 21, 2017	Subordinated to UBS loan
Related parties (Note 27)	USD 4,701	9,285	19.00%	USD	August 17, 2018	Subordinated to UBS loan
BAPRO loan	USD 400,000	1,156	84.50%	ARS	February 1, 2023	July 31, 2023
Banco Supervielle loan	USD 100,236	296	86.50%	ARS	March 23, 2023	December 18, 2023
Bond insurance		10,322				
Finance lease		3,020				
Subtotal		<u>64,403</u>				
Total financial debt		<u>244,264</u>				

The Company undertook certain standard commitments with UBS loan. As the Company failed to comply with all the commitments undertaken, a waiver was obtained at September 30, 2023.

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 16: LOANS (Cont'd)

The due dates of Company loans and their exposure to interest rates are as follows:

	09/30/2023	12/31/2022
Fixed rate		
Less than 1 year	95,972	151,631
Between 1 and 2 years	127,251	38,505
Between 2 and 3 years	6,861	46,397
After 3 years	2,531	-
	232,615	236,533
 Floating rate		
Less than 1 year	11,642	7,179
Between 1 and 2 years	7	19
Between 2 and 3 years	-	8
	11,649	7,206
	244,264	243,739

Regarding the other loans, the carrying amount of short-term financial loans approximates their fair value since they fall due in the short term. Long-term financial loans were measured at amortized cost.

Fair values are based on the present value of the contractual cash flows, using a discount rate derived from observable market prices of other similar debt instruments plus the corresponding credit risk.

Company loans are denominated in the following currencies:

	09/30/2023	12/31/2022
Argentine pesos	34,469	45,054
US dollars	209,795	198,685
	244,264	243,739

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 16: LOANS (Cont'd)

Changes in Company's loans during the nine-month periods ended on September 30, 2023 and 2022 were as follows:

	09/30/2023	09/30/2022
Loans at beginning of period	243,739	231,821
Loans received	165,924	45,090
Loans paid	(159,232)	(32,874)
Sale of AESA's own Negotiable Obligations	-	6,645
Leases received	3,083	70
Leases paid	(295)	(249)
Accrued interest	21,758	21,409
Interest paid	(17,521)	(16,570)
Income/(loss) from sale of AESA's own Negotiable Obligations	-	(11)
Repurchase of Negotiable Obligations	(1,917)	-
Income/(loss) from repurchase of Negotiable Obligations	168	-
Difference in UVA value	20,752	19,249
Exchange difference	(29,343)	(15,729)
Capitalized expenses/present values	(2,852)	(353)
Loans at period end	244,264	258,498

On February 13, AESA Class VII, Class VIII, and Class IX Negotiable Obligations were issued. The results were as follows:

Class VII (Dollar Linked):

Amount issued: USD 12,913.

- Swap ratio:

- i. USD 3,162 were paid in cash;
- ii. USD 3,837 were paid in kind through Class I Negotiable Obligations;
- iii. USD 3138 were paid in kind through Class II Negotiable Obligations; and
- iv. USD 2,775 were paid in kind through Class VI Negotiable Obligations.

Term: 24 months.

Payment: 100% on maturity. Payable in pesos at the applicable exchange rate.

Interest rate: 4.00%, with quarterly payments.

Class VIII (ARS):

Amount issued: ARS 388,552 thousand

- Swap ratio:

- i. ARS 27,000 thousand were paid in cash;
- ii. ARS 361,552 thousand were paid in kind by delivering Class VI Negotiable Obligations.

Term: 12 months.

Payment: 100% on maturity.

Interest rate: Badlar + 5.00 %, with quarterly payments.

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 16: LOANS (Cont'd)

Class IX (UVA):

Amount issued: UVA 31,589 thousand

- Swap ratio:

-

- i. 11,478 thousand UVAs were paid in cash; and
- ii. 20,111 thousand UVAs were paid in kind through Class II Negotiable Obligations.

Term: 36 months.

Payment: 100% on maturity.

Interest rate: 3.80%, with quarterly payments.

On September 21, AESA Class X and Class XI Negotiable Obligations were issued. The results were as follows:

Class X (Dollar Linked):

Amount issued: USD 36,843.

- v. They were paid in as follows:
- vi. USD 19,878 were paid in cash;
- vii. USD 7,197 were paid in kind through Class III Negotiable Obligations.
- viii. USD 9,766 were paid in kind through Class V Negotiable Obligations.

Term: 24 months.

Payment: 100% on maturity. Payable in pesos at the applicable exchange rate.

Interest rate: 5.00%, with quarterly payments.

Class XI (Dollar Linked):

Amount issued: USD 6,734 were paid in cash.

Term: 30 months.

Payment: 100% on maturity.

Interest rate: 9.50%, with half-yearly payments.

NOTE 17: INCOME TAX - DEFERRED TAX

The analysis of deferred tax assets and liabilities is as follows:

	<u>09/30/2023</u>	<u>12/31/2022</u>
Deferred tax assets:		
Deferred tax assets to be recovered over more than 12 months	66,042	85,792
	<u>66,042</u>	<u>85,792</u>
Deferred tax liabilities:		
Deferred tax liabilities to be settled over more than 12 months	(51,095)	(65,950)
	<u>(51,095)</u>	<u>(65,950)</u>
Deferred tax assets (net)	<u>14,947</u>	<u>19,842</u>

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 17: INCOME TAX - DEFERRED TAX (Cont'd)

Gross deferred tax account activity is as follows:

	09/30/2023	09/30/2022
Balance at beginning of period	19,842	8,928
Charge to Income Statement	(4,895)	8,510
Balance at period end	14,947	17,438

The Income Tax charge calculated under the deferred tax method corresponds to the following breakdown:

	Balance at December 31, 2022	Charge to Income Statement	Balance at September 30, 2023
Lease	(229)	113	(116)
Other receivables	(13)	6	(7)
Property, plant and equipment	(57,674)	9,606	(48,068)
Inventories	(92)	5	(87)
Accumulated tax losses	82,901	(18,409)	64,492
Mutual fund valuation	(80)	54	(26)
Other financial assets at fair value through profit or loss	(3)	2	(1)
Employee benefit plan	22	23	45
Tax-purpose inflation adjustment	(7,859)	5,069	(2,790)
Loans	2,869	(1,364)	1,505
Total	19,842	(4,895)	14,947

Income Tax losses are valued at the rate prevailing in the year in which they are expected to be used, considering their index-adjustment in line with the tax-purpose inflation adjustment procedures mentioned in Note 4 to the annual Financial Statements. In accordance with the guidelines of IFRIC 23 “Uncertainty over Income Tax Treatments” and with the opinions of the legal and tax advisors, the Company has adjusted the tax losses for inflation by applying the domestic wholesale price index, as laid down in Section 19 of the Income Tax Law. The Company recognizes the deferred tax assets only if there are sufficient future taxable profits against which the tax losses may be offset.

The Company recorded the following accumulated tax losses pending use at September 30, 2023, which may be offset against taxable income for the period ended on that date:

Year	In thousands of USD	Year of expiration
Tax losses for the year 2018	32,751	2023
Tax losses for the year 2019	95,398	2024
Tax losses for the year 2020	56,114	2025
Total accumulated tax losses at September 30, 2023	184,263	

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 17: INCOME TAX - DEFERRED TAX (Cont'd)

On June 16, 2021, the National Executive Branch enacted Law No. 27630. Detailed below are the amendments introduced by the law:

- Income Tax rate: The fixed rate for taxation of Companies' income was discontinued and a progressive scale was set up, starting from a 25% rate for income from \$0 to \$5 million, a 30% rate for income from \$5 to \$50 million, and a 35% rate for income above \$50 million. The law also provides that the fixed amounts in the tax brackets shall be CPI-adjusted as from the fiscal years beginning on or after January 1, 2022.
- Tax on dividends: A 7% rate has been set.

Amendments are applicable for annual reporting periods beginning on or after January 1, 2021.

Pursuant to the National Government Budget Law (Law No. 27701), it was stated that taxpayers who, by applying the comprehensive tax inflation adjustment set forth by the Income Tax Law (Title VI), determine a positive inflation adjustment during the first and second fiscal years beginning on or after January 1, 2022, may allocate one third (1/3) of the adjustment during that fiscal year and the remaining two thirds (2/3) in equal parts in the immediately following two fiscal years.

Only taxpayers who have made an investment equivalent to or exceeding thirty billion Argentine pesos (ARS 30,000,000) to purchase, build, manufacture, prepare or import fixed assets -except for vehicles- during each of the two (2) fiscal years immediately following that on which the first third was computed will be able to compute the above-mentioned positive inflation adjustment. Failure to comply with this requirement will result in the benefit loss.

Extraordinary tax prepayment

Through General Resolution No. 5391/23, the Tax Authorities (AFIP) imposed an Income Tax prepayment on corporate taxpayers that meet the following conditions:

- Have reported a taxable profit, without deducting prior-year tax losses, equal to or higher than six hundred million pesos (ARS 600,000,000); and
- have not assessed any tax amount.

To that end, taxpayers subject to this resolution shall consider:

- The Income Tax return for fiscal period 2023, for those fiscal years ending between August and December 2022, both inclusive.
- The Income Tax return for fiscal period 2024, for those fiscal years ending between January and July 2023, both inclusive.

The prepayment shall be computable in fiscal period 2023, for those fiscal years ending between August and December 2022, and in fiscal period 2024, for those fiscal years ending between January and July 2023.

The amount of the prepayment shall be calculated as follows:

- Taxpayers subject to this resolution: 15% on the taxable profit for the fiscal period preceding that in which the tax prepayment shall be allocated, without computing prior-year tax losses.

Additionally, the resolution established that the tax prepayment shall be made in three (3) equal and consecutive instalments starting in August 2023 and in subsequent months (depending on the fiscal year end date).

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 17: INCOME TAX - DEFERRED TAX (Cont'd)

The reconciliation between Income Tax charged to income and that resulting from the application of the tax rate to the accounting profit before taxes is shown below:

	09/30/2023	09/30/2022
Pre-tax profit/(loss)	(496)	(7,777)
Current tax rate	35%	35%
Income/(loss) at the tax rate	174	2,722
Other permanent differences	(33)	(734)
Effects of exchange and translation differences of property, plant and equipment	(1,023)	1,435
Tax-purpose inflation adjustment and restatement of tax losses	(4,013)	5,079
Overstatement in the prior-year provision	-	8
Total income tax charge	(4,895)	8,510
Deferred tax for the period	(4,895)	8,510
Total Income Tax charge - (Loss)/Profit	(4,895)	8,510

NOTE 18: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES

The categories of financial instruments were determined based on IFRS 9.

At September 30, 2023	Financial assets/liabilities at amortized cost	Financial assets/liabilities at fair value through profit or loss	Non-financial assets/liabilities	Total
Assets				
Trade and other receivables	15,607	-	3,492	19,099
Other financial assets at fair value through profit or loss	-	892	-	892
Cash and cash equivalents	6,711	9,194	-	15,905
Non-financial assets	-	-	240,620	240,620
Total	22,318	10,086	244,112	276,516
Liabilities				
Trade payables	3,701	-	-	3,701
Loans (finance leases excluded)	241,244	-	-	241,244
Finance leases	3,020	-	-	3,020
Non-financial liabilities	-	-	1,888	1,888
Total	247,965	-	1,888	249,853

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 18: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

At December 31, 2022	Financial assets/liabilities at amortized cost	Financial assets/liabilities at fair value through profit or loss	Non-financial assets/liabilities	Total
Assets				
Trade and other receivables	13,988	-	2,776	16,764
Cash and cash equivalents	138	15,261	-	15,399
Non-financial assets	-	-	250,621	250,621
Total	14,126	15,261	253,397	282,784
Liabilities				
Trade payables	3,927	-	-	3,927
Loans (finance leases excluded)	243,699	-	-	243,699
Finance leases	40	-	-	40
Non-financial liabilities	-	-	3,064	3,064
Total	247,666	-	3,064	250,730

Below are presented the revenues, expenses, profits, and losses arising from each financial instrument category.

At September 30, 2023	Financial assets at amortized cost	Financial assets/liabilities at fair value	Financial liabilities at amortized cost	Total
Interest earned	4,534	-	-	4,534
Interest paid	-	-	(22,034)	(22,034)
Income/(loss) from sale of AESA's own Negotiable Obligations	(168)	-	-	(168)
Exchange difference, net	(13,992)	-	28,727	14,735
Other financial costs	-	(16,977)	(3,067)	(20,044)
Total	(9,626)	(16,977)	3,626	(22,977)

At September 30, 2022	Financial assets at amortized cost	Financial assets/liabilities at fair value	Financial liabilities at amortized cost	Total
Interest earned	1,559	-	-	1,559
Interest paid	-	-	(22,195)	(22,195)
Income/(loss) from repurchase of Negotiable Obligations	11	-	-	11
Exchange difference, net	(9,021)	-	15,577	6,556
Other financial costs	-	(15,985)	(3,217)	(19,202)
Total	(7,451)	(15,985)	(9,835)	(33,271)

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 18: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

Determination of fair value

The Company classifies fair value measurements of financial instruments using a three-level hierarchy, which gives priority to the inputs used in making such measurements: Fair value hierarchies:

- Level 1: Inputs such as (unadjusted) quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., deriving from prices).
- Level 3: Inputs on the assets or liabilities not based on observable market inputs (i.e., unobservable inputs).

The following charts show financial assets and liabilities measured at fair value at September 30, 2023, and their allocation to the different fair value hierarchy levels:

At September 30, 2023	Level 1	Level 3	Total
Assets			
<i>Other financial assets at fair value through profit or loss</i>			
Mutual funds	9,194	-	9,194
Other financial assets at fair value through profit or loss	892	-	892
Property, plant and equipment	-	215,281	215,281
Total	10,086	215,281	225,367

At December 31, 2022	Level 1	Level 3	Total
Assets			
<i>Other financial assets at fair value through profit or loss</i>			
Mutual funds	5,051	-	5,051
Short-term investments	10,210	-	10,210
Property, plant and equipment	-	223,652	223,652
Total	15,261	223,652	238,913

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of these condensed interim Financial Statements. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on the Company's specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. No financial instruments should be included in Level 2. If one or more of the significant inputs are not based on observable market inputs (i.e., unobservable inputs), the instrument is included in Level 3. These instruments are included in Level 3. This is the case of the revaluation of certain categories of property, plant and equipment.

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 18: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

Specific valuation techniques used to determine the fair value of property, plant and equipment include:

- a) As for Land and Buildings, they have been adjusted by a method using coefficients that comprise changes in the purchasing power of the currency to conform a fair value.
- b) The fair values of Facilities and Machinery have been calculated based on discounted cash flows (See Note 5.a).

NOTE 19: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) *Balances at the date of the statements of financial position*

	09/30/2023	12/31/2022
Other receivables		
<u>Current</u>		
RGA	-	390
RGA - Gas advance	1,214	-
	1,214	390
Trade payables		
<u>Non-current</u>		
RGA - Surety payable	1,996	1,996
	1,996	1,996
<u>Current</u>		
GMSA	-	721
RGA	396	-
	396	721
Financial debts		
<u>Non-current</u>		
RGA	49,609	46,397
	49,609	46,397

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 19: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

b) Transactions for the period

	<u>09/30/2023</u>	<u>09/30/2022</u>
	<u>Income/(Loss)</u>	
	<u>USD</u>	
Purchase of gas		
RGA	(2,669)	(10,986)
	<u>(2,669)</u>	<u>(10,986)</u>
Leases		
RGA	(27)	(27)
	<u>(27)</u>	<u>(27)</u>
Services		
RGA	(831)	(936)
	<u>(831)</u>	<u>(936)</u>
Sale of spare parts		
CTRO	-	(68)
	<u>-</u>	<u>(68)</u>
Interest paid		
RGA	(3,581)	(3,248)
	<u>(3,581)</u>	<u>(3,248)</u>
Reimbursement of expenses		
RGA	(8)	(5)
GMSA	(8)	-
	<u>(16)</u>	<u>(5)</u>
Guarantee		
RGA	(337)	(730)
	<u>(337)</u>	<u>(730)</u>

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 19: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

c) Remuneration of key managerial staff

	09/30/2023	09/30/2022
	Income/(Loss)	
	USD	
Remuneration of key managerial staff		
Salaries	(105)	(104)
	(105)	(104)

d) Loans received from related parties

	09/30/2023	09/30/2022
Loans from RGA		
Loans at beginning of period	46,397	42,117
Accrued interest	3,212	3,211
Loans at period end	49,609	45,328

	Principal	Interest rate	Conditions
At 09/30/2023			
RGA	20,000	17%	Maturity date: subordinated to UBS loan
RGA	4,701	19%	Maturity date: subordinated to UBS loan
Total in thousands of US dollars	24,701		

NOTE 20: INSURANCE CONTRACTS IN FORCE

All-risk insurance:

All-risk insurance policy with coverage for loss of profit

The Company has taken out all-risk insurance coverage for all the risks of loss or physical damage, whether it is accidental or unforeseeable, including machinery failures and loss of profit as a result, up to 12 months, directly and totally attributable to any cause. This policy is aimed at covering the losses caused by the interruption of the activities as a result of the accident, both as regards the profit that is no longer obtained and the expenses the Company continues to bear despite its inactivity, such that the insured may be in the same financial situation as if the accident had not occurred.

This insurance covers all physical assets of any type and description, not expressly excluded from the text of the policy, belonging to the insured or in their care, custody or control, for which the insured has assumed a responsibility for insuring against any damage, or for which the insured may acquire an insurable interest.

On October 30, 2022, the all-risk insurance policy of all generators of Grupo Albanesi was renewed for a further 13 months through first-class insurers such as: Starr Insurance Companies, Nación Seguros, Federación Patronal, Sancor, Chubb, and Provincia Seguros.

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 20: INSURANCE CONTRACTS IN FORCE (Cont'd)

Civil liability:

These policies provide coverage for underlying civil liability of the insured, as a result of injuries and/or death of third parties and/or damages to third-party property, caused and/or derived from the development of the insured's activity and product liability, subject to the terms, conditions, limitations, and exclusions contained in the policy.

They are structured as follows:

Individual policies were taken out for each of the Group companies, with a maximum compensation of USD 1,000 thousand per event and two reinstatement clauses over the life of the policy.

In addition, an insurance policy common to all companies has been taken out with a compensation limit of USD 9,000 thousand per event and during the effective term of the policy in excess of USD 1,000 thousand (individual policies), with two reinstatements exclusively for operations liability and without reinstatement for product liability.

Directors and Officers (D&O) liability insurance:

This policy covers all actions or decision-making of directors and/or officers acting in such capacity, outside the professional service or company where they work; for example, hirings and firings of employees; financial, advertising, and marketing decisions; mergers or acquisitions; shareholders' statements, accounting records, which are performed with negligence or fault, error or imprudence and cause an economic damage to an employee, shareholder or third party. It does not cover fraudulent activities.

It also covers the company in case of stock-exchange claims or claims from holders of bonds or securities.

It covers the personal property of present, past, or future directors and/or officers, and the company's exposure to capital market risks.

Automobile insurance:

This insurance covers the damage to own vehicles as well as extra-contractual civil liability of the owner, user, or driver of the automobile involved in an accident where third parties are injured or die.

Transport insurance:

The Company has an insurance policy that covers the transport expenses incurred by all generators of Grupo Albanesi under the modality of sworn statement to be presented monthly in arrears. This urban, national, or international transport insurance policy covers the losses or damages to the insured's goods while they are being carried whether by land, air or sea.

Environmental bond:

The Environmental Damage Risk Insurance Policy with Group Incidence complies with the environmental bond required by the enforcement authorities under Section 22 of the General Environmental Law No. 25675.

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 20: INSURANCE CONTRACTS IN FORCE (Cont'd)

Judicial bond:

Insurance bond for judicial guarantees provides litigants with an appropriate means to guarantee their procedural obligations when the respective Code so requires.

These coverages apply both in cases in which the judge hearing the case has ordered the lock of a provisional remedy, and in those in which the constitution of a counterbond has been arranged.

Replacement of provisional remedies: The provisional remedy can be substituted by the defendant in a lawsuit through this policy, thereby releasing the equity affected by such measure.

Counterbond: It is the guarantee that must be provided by the person who has requested the lock of a provisional remedy to guarantee the damages that may arise in case of having requested it without right.

Electronic equipment technical insurance:

This insurance provides coverage for the risks that may be suffered by fixed or mobile office electronic equipment for data processing, such as PCs, notebooks, photocopiers, telephone central systems, etc., as per a detail provided by the insured in case of accidental, sudden and unforeseen events.

Mandatory life insurance:

Employers are required to take out Mandatory Group Life Insurance in favor of their employees. This insurance policy provides 24-hour coverage for employees' risk of death for whatever reason and without limitation in Argentina and abroad.

Life insurance, as required by the Employment Contract Law (LCT):

This insurance covers obligations arising under the Employment Contract Law, if the company has to pay compensation in case of total and permanent disability or death of the employee, for whatever reason.

Group life insurance:

The Company has taken out a Group Life Insurance Policy to the benefit of all Group's employees. This Policy provides coverage by granting compensation in case of death, partial losses caused by accidents, total and permanent disability, advance payments in case of serious diseases, organ transplants, and birth of posthumous child.

NOTE 21: WORKING CAPITAL

The Company reported a deficit of USD 71,932 in its working capital (calculated as current assets less current liabilities) at September 30, 2023. The deficit in working capital amounted to USD 128,655 at December 31, 2022.

The Board of Directors and the shareholders will implement measures to improve the working capital, including issuing Negotiable Obligations.

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 22: SEGMENT REPORTING

The information on exploitation segments is presented in accordance with the internal information furnished to the Chief Operating Decision Maker (CODM). The Board of Directors of the Company has been identified as the highest authority in decision-making, responsible for allocating resources and assessing the performance of the operating segments.

Management has determined the operating segment based on reports reviewed by the Board of Directors and used for strategic decision making.

Upon commercial authorization for generation and delivery of steam in February 2019, the Board of Directors considers the business as two separate segments: generation and sale of electric energy and generation and sale of steam.

The assets (property, plant and equipment) used in these activities are situated in the Republic of Argentina.

At 09/30/23	Energy	Steam	Total
Sales revenue	36,285	5,156	41,441
Cost of sales	(13,950)	(3,586)	(17,536)
Gross income/(loss)	22,335	1,570	23,905
Selling expenses	(113)	(6)	(119)
Administrative expenses	(1,241)	(64)	(1,305)
Operating income/(loss)	20,981	1,500	22,481
Financial income	4,312	222	4,534
Financial expenses	(21,310)	(1,097)	(22,407)
Other financial results	(4,854)	(250)	(5,104)
Financial results, net	(21,852)	(1,125)	(22,977)
Pre-tax profit/(loss)	(871)	375	(496)
Income Tax	(4,655)	(240)	(4,895)
(Loss)/Income for the period	(5,526)	135	(5,391)

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 22: SEGMENT REPORTING (Cont'd)

At 09/30/22	Energy	Steam	Total
Sales revenue	40,308	15,894	56,202
Cost of sales	(17,425)	(11,275)	(28,700)
Gross income/(loss)	22,883	4,619	27,502
Selling expenses	(666)	(40)	(706)
Administrative expenses	(1,236)	(74)	(1,310)
Other income	66	4	70
Other expenses	(59)	(3)	(62)
Operating income/(loss)	20,988	4,506	25,494
Financial income	1,471	88	1,559
Financial expenses	(21,082)	(1,256)	(22,338)
Other financial results	(11,790)	(702)	(12,492)
Financial results, net	(31,401)	(1,870)	(33,271)
Pre-tax profit/(loss)	(10,413)	2,636	(7,777)
Income Tax	8,032	478	8,510
(Loss)/Income for the period	(2,381)	3,114	733

The information used by the Board of Directors for decision-making is based primarily on operating indicators of the business. There are no substantial differences between this information and the disclosures in these condensed interim Financial Statements prepared under IFRS. Considering that the adjustments between the previous accounting standards and IFRS refer to non-operating items, this information has not been substantially affected by the application of new standards.

NOTE 23: ECONOMIC CONTEXT IN WHICH THE COMPANY OPERATES

The Company has been operating in a complex economic environment whose main variables have recently been — and are expected to continue being — affected by a strong volatility in the national sphere.

Fiscal year 2023 is envisaged as complex for the Argentine economy. At the beginning of the year, a historic drought resulted in a fall in the exportable agricultural production, with the consequent loss of foreign currency inflow. This impacted on the dwindling reserves held by the BCRA and on fiscal revenue. The combination of both facts sharpened macroeconomic imbalances and resulted in non-compliance with the objectives set in the arrangement under the Extended Fund Facility with the IMF in the first half of the year, forcing the renegotiation of its terms. Even when an agreement had been reached, enabling disbursements as scheduled, the above-mentioned circumstances further increased volatility in the exchange and financial markets, which in turn had an impact on inflation. The requirements for accessing the foreign exchange market to pay for goods and services abroad were also tightened as a result of the worsening foreign currency shortage.

Further, presidential elections will be held in 2023 and, as usual in these circumstances, volatility and uncertainty rise. Therefore, the second half of the year will most surely follow suit.

Albanesi Energía S.A.

Notes to the condensed interim Financial Statements (Cont'd)

NOTE 23: ECONOMIC CONTEXT IN WHICH THE COMPANY OPERATES (Cont'd)

The main indicators in our country are as follows:

- A fall in GDP for 2023, after two years of post-pandemic recovery.
- At September 2023, total inflation over a nine-month period was 103.2%. Year-on-year inflation at September reached 138.3% (CPI), a three-digit level which is expected to hold for the remainder of the year.
- Between January 1 and September 30, 2023, the peso depreciated 97.53% relative to the US dollar, according to the Banco de la Nación Argentina exchange rate.
- The monetary authority imposed tighter foreign exchange restrictions, which have also affected the value of the foreign currency in existing alternative markets for certain exchange transactions that are restricted in the official market.

With these measures, which aim at restricting access to the exchange market to curb the demand for dollars, prior authorization from the Argentine Central Bank (BCRA) is required for certain transactions; the following being applicable to the Company:

Payment of financial loans granted by non-residents: Companies that have scheduled payments of principal falling due up to December 31, 2023 must submit a refinancing plan of at least 60% of the principal amount due, by assuming a new external debt for a two-year term, in average, which will enable them to pay 40% of the principal amount due. All financial loans granted by non-residents have been renegotiated before the end of the period and there are no restrictions for the Company to access the Single Free Foreign Exchange Market to meet its financial obligations.

Payment for the issuance of publicly traded debt securities.

Additionally, the currency system had already determined that funds obtained from the following transactions and items have to be brought in and traded in the local exchange market:

- External financial indebtedness, if the counterparty is a third party and the intention is to pay principal and interest by accessing the exchange market.
- Disposal of foreign currency-denominated debt securities registered in the country.

Similarly, the exchange authority requires that a series of sworn statements be filed to grant access to the exchange market; among them, the company's commitment that it will not engage in any transactions with securities, since any such transaction would temporarily restrict access to the exchange market.

These foreign exchange restrictions, or those to be issued in the future, might affect the Company's ability to access the Single Free Foreign Exchange Market (Mercado Único y Libre de Cambios, MULC) for the purchase of the necessary foreign currency to meet its financial obligations. Foreign currency assets and liabilities at September 30, 2023 have been valued at the quoted prices in the MULC.

This context of volatility and uncertainty persisted at the date of issue of these Financial Statements.

The Company's Management permanently monitors the performance of variables affecting its business to define the course of action and identify the potential impact on its economic and financial position. The Company's Financial Statements must be read in light of these circumstances.

Albanesi Energía S.A.

Summary of Activity at September 30, 2023 and 2022

1. Brief description of the activities of the issuing company, including references to relevant situations subsequent to period end.

We present below an analysis of the results of operations of AESA and its financial position, which must be read together with the attached Financial Statements.

Nine-month period ended September 30,				
	2023	2022	Variation	Variation %
	MWh			
Sales by type of market				
Sale of energy Res. No. 21	225,504	688,932	(463,428)	(67%)
	225,504	688,932	(463,428)	(67%)

(Information not covered by the review report on the condensed interim Financial Statements issued by independent auditors)

Sales by type of market (in thousands of US dollars) are shown below:

Nine-month period ended September 30,				
	2023	2022	Variation	Variation %
	(in thousands of US dollars)			
Sales by type of market				
Sale of steam	5,156	15,894	(10,738)	(68%)
Sale of energy Res. No. 21	36,285	40,308	(4,023)	(10%)
	41,441	56,202	(14,761)	(26%)

Albanesi Energía S.A.

Summary of Activity at September 30, 2023 and 2022

Income/(loss) for the periods ended on September 30, 2023 and 2022 (in thousands of US dollars):

	Nine-month period ended September 30,			
	2023	2022	Variation	Variation %
Sales	41,441	56,202	(14,761)	(26%)
Net sales	41,441	56,202	(14,761)	(26%)
Purchase of electric energy	(277)	(666)	389	(58%)
Gas and diesel consumption at the plant	(3,391)	(13,594)	10,203	(75%)
Salaries, social security liabilities, and employee benefits	(2,122)	(1,652)	(470)	28%
Defined benefit plans	(30)	(21)	(9)	43%
Maintenance services	(1,853)	(2,973)	1,120	(38%)
Depreciation of property, plant and equipment	(8,867)	(8,868)	1	(0%)
Security guard and porter	(273)	(220)	(53)	24%
Insurance	(538)	(447)	(91)	20%
Taxes, rates, and contributions	(5)	(51)	46	(90%)
Other	(180)	(208)	28	(13%)
Cost of sales	(17,536)	(28,700)	11,164	(39%)
Gross income/(loss)	23,905	27,502	(3,597)	(13%)
Taxes, rates, and contributions	(119)	(706)	587	(83%)
Selling expenses	(119)	(706)	587	(83%)
Salaries, social security liabilities, and employee benefits	(201)	(188)	(13)	7%
Fees and compensation for services	(1,046)	(1,065)	19	(2%)
Leases	(27)	(27)	0	0%
Per diem, travel, and representation expenses	(6)	(1)	(5)	500%
Office expenses	(11)	(18)	7	(39%)
Sundry	(14)	(11)	(3)	27%
Administrative expenses	(1,305)	(1,310)	5	(0%)
Other operating income/expenses	-	8	(8)	(100%)
Operating income/(loss)	22,481	25,494	(3,013)	(12%)
Commercial interest	4,258	773	3,485	451%
Interest on loans	(21,758)	(21,409)	(349)	2%
Bank expenses and commissions	(373)	(143)	(230)	161%
Income/(loss) from sale of negotiable obligations	(168)	11	(179)	(1627%)
Exchange difference, net	14,735	6,556	8,179	125%
Changes in the fair value of financial instruments	3,775	3,264	511	16%
Difference in UVA value	(20,752)	(19,249)	(1,503)	8%
Other financial results	(2,694)	(3,074)	380	(12%)
Financial and holding results, net	(22,977)	(33,271)	10,294	(31%)
Pre-tax profit/(loss)	(496)	(7,777)	7,281	(94%)
Income Tax	(4,895)	8,510	(13,405)	(158%)
Income/(loss) for the period	(5,391)	733	(6,124)	(835%)
Total comprehensive income/(loss) for the period	(5,391)	733	(6,124)	(835%)

Albanesi Energía S.A.

Summary of Activity at September 30, 2023 and 2022

Sales:

Net sales for the nine-month period ended on September 30, 2023 amounted to USD 41,411, compared with USD 56,202 for the same period in 2022, showing a decrease of USD 14,761 (26%).

During the nine-month period ended on September 30, 2023, the dispatch of energy was 225,504 MWh, accounting for a 67% decrease, compared with 688,932 MWh for the same period in 2022.

Below is a description of the Company's main revenues, and their variation during the nine-month period ended on September 30, 2023, as against the same period of 2022:

- (i) USD 36,285 from energy and power sales in the forward market to CAMMESA under the framework of Resolution No. 21, representing a 10% decrease as against the USD 40,308 reached in the same period in 2022. This variation is mainly explained by the decrease in MWh sold.
- (ii) USD 5,156 for steam sales under the contract for steam supply to Renova SA, which represented a decrease of 68% compared to USD 15,894 for the same period in 2022. This variation is mainly explained by the variation in the steam volumes sold.

Cost of sales:

Total cost of sales for the nine-month period ended on September 30, 2023 reached USD 17,536 compared with USD 28,700 for the same period in 2022, reflecting a decrease of USD 11,164 (39%).

The main costs of sales of the Company during the nine-month period ended on September 30, 2023 are the depreciation of property, plant and equipment, gas and diesel consumption, maintenance services, and salaries, social security liabilities and employee benefits.

Administrative expenses:

Total administrative expenses for the nine-month period ended on September 30, 2023 amounted to USD 1,305, a USD 5 decrease compared with USD 1,310 recorded in the same period of 2022.

Operating income/(loss):

Operating income/(loss) for the nine-month period ended on September 30, 2023 amounted to USD 22,481 compared with the USD 25,494 recorded in the same period of 2022, accounting for a decrease of USD 3,013.

Financial and holding results, net:

Net financial and holding results for the nine-month period ended on September 30, 2023 amounted to a loss of USD 22,977 compared with the loss of USD 33,271 recorded in the same period of 2022, which accounted for a 31% decrease. This is mainly due to the variation in interest on loans, exchange difference and the difference in UVA value.

Albanesi Energía S.A.

Summary of Activity at September 30, 2023 and 2022

Financial and holding results, net (Cont'd):

The most noticeable aspects of the variation are:

- (i) USD 21,758 loss from interest on loans, accounting for an increase of 2% compared with the USD 21,409 loss recorded in the same period of 2022.
- (ii) USD 14,735 gain due to net exchange differences, reflecting an increase of USD 8,179 (125%) compared to the USD 6,556 gain obtained in the same period of 2022. This variation is mainly explained by a liability position in pesos for the period ended on September 30, 2023.

Net income/(loss):

The Company reported a pre-tax profit of USD 496 for the nine-month period ended on September 30, 2023, as against the USD 7,777 loss for the same period in 2022.

The Company recognized an Income Tax expense of USD 4,895 for the nine-month period ended on September 30, 2023, as against the Income Tax benefit of USD 8,510 for the same period in 2022. The variation is mainly due to the lesser impact of the inflation adjustment on property, plant and equipment as compared to the same period of the prior year.

Total comprehensive loss for the nine-month period amounted to USD 5,391 representing an 835% decrease compared to the comprehensive income of USD 733 for the nine-month period of 2022.



REVIEW REPORT ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders, President and Directors of
Albanesi Energía S.A.
Legal address: Leandro N. Alem 855 - 14th Floor
City of Buenos Aires
Tax Registration Number: 30-71225509-5

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Albanesi Energía S.A. as at September 30th, 2023 and the related condensed interim statements of comprehensive income for the three-month and nine-month periods then ended, and condensed statements of, and condensed statements of changes in equity and cash flows for the nine-month period then ended and notes, comprising significant accounting policies and other explanatory notes. The Board of Directors is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 Interim Financial Information (IAS 34). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of our review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

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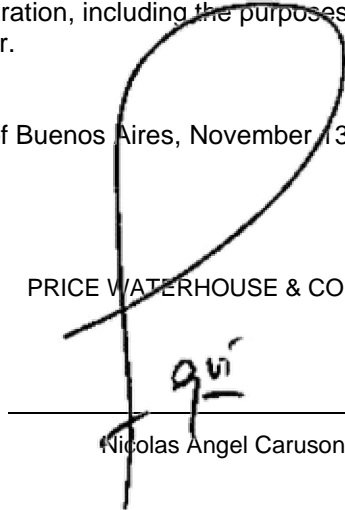


Emphasis of Matter – Purpose of these condensed interim financial statements

We draw attention to note 3 to the condensed interim financial statements, which discloses the basis of preparation, including the purposes for preparing them. Our conclusion is not modified in respect of this matter.

City of Buenos Aires, November 13, 2023.

PRICE WATERHOUSE & CO. S.R.L.

A large, stylized handwritten signature in black ink, featuring a large loop at the top and a vertical stroke that descends below a horizontal line. The initials "NAC" are written in a cursive style above the horizontal line.

(Partner)
Nicolas Angel Carusoni