CENTRAL PUERTO S.A.

CONSOLIDATED STATEMENT OF INCOME

	Notes	For the years ended December 31, 2022	2021	2020
		ARS 000	ARS 000	ARS 000
Revenues	5	101,392,706	111,186,661	112,047,140
Cost of sales	6.1	(53,322,891)	(57,585,906)	(49,441,324)
Gross income		**48,069,815**	**53,600,755**	**62,605,816**
Administrative and selling expenses	6.2	(7,467,141)	(8,087,079)	(8,740,168)
Other operating income	7.1	35,913,509	21,269,586	41,452,962
Other operating expenses	7.2	(602,151)	(1,573,218)	(1,343,937)
Impairment of property, plant and equipment and intangible assets		(14,023,567)	(15,125,724)	(11,808,900)
Operating income		**61,890,465**	**50,084,320**	**82,165,773**
(Loss) Gain on net monetary position	2.1.2	(30,463,105)	(3,221,836)	3,408,462
Finance income	7.3	25,538,201	3,784,144	15,171,037
Finance expenses	7.4	(43,453,085)	(34,702,805)	(65,558,937)
Share of the profit of associates	3	111,534	(1,099,611)	319,751
Gain from bargain purchase	2.2.20	12,174,169	-	-
Income before income tax		**25,798,179**	**14,844,212**	**35,506,086**
Income tax for the year	8	(6,720,204)	(16,106,205)	(15,048,075)
Net gain (loss) income for the year		**19,077,975**	**(1,261,993)**	**20,458,011**
Attributable to:				
– Equity holders of the parent		19,040,491	(1,445,514)	20,263,905
– Non-controlling interests		37,484	183,521	194,106
		19,077,975	**(1,261,993)**	**20,458,011**
Basic and diluted earnings per share (ARS)	9	12.65	(0.96)	13.46

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the years ended December 31, 2022 ARS 000	2021 ARS 000	2020 ARS 000
Net income (loss) for the year		**19,077,975**	**(1,261,993)**	**20,458,011**
Other comprehensive (loss) income for the year				
Other comprehensive (loss) income not to be reclassified to income in subsequent periods				
Remeasurement of losses from long-term employee benefits	14.3	(234,858)	755	21,966
Income tax related to remeasurement of losses from long-term employee benefits	8	82,200	(263)	(5,783)
Total other comprehensive (loss) income not to be reclassified to income in subsequent periods		**(152,658)**	**492**	**16,183**
Total other comprehensive (loss) income for the year		**(152,658)**	**492**	**16,183**
Total comprehensive income (loss) for the year		**18,925,317**	**(1,261,501)**	**20,474,194**
Attributable to:				
– Equity holders of the parent		18,887,833	(1,445,022)	20,280,088
– Non-controlling interests		37,484	183,521	194,106
		18,925,317	**(1,261,501)**	**20,474,194**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	12-31-2022 ARS 000	12-31-2021 ARS 000
Assets			
Non-current assets			
Property, plant and equipment	11	197,914,753	215,486,695
Intangible assets	12	7,775,163	11,764,706
Biological assets		12,298,752	-
Investment in associates	3	12,157,961	12,272,695
Inventories	10	2,188,125	743,545
Other non-financial assets	14.1	245,878	670,529
Trade and other receivables	13.1	42,318,927	59,271,464
Other financial assets	13.6	1,166,408	67,937
Deferred tax asset	8	835,675	256,262
		276,901,642	**300,533,833**
Current assets			
Biological assets		2,948,264	-
Inventories	10	6,320,325	2,819,012
Other non-financial assets	14.1	891,874	4,584,052
Trade and other receivables	13.1	43,892,015	44,321,953
Other financial assets	13.6	41,745,569	38,646,568
Cash and cash equivalents	15	9,243,771	548,787
		105,041,818	**90,920,372**
Total assets		**381,943,460**	**391,454,205**
Equity and liabilities			
Equity			
Capital stock		1,514,022	1,514,022
Adjustment to capital stock		78,266,118	78,266,118
Legal reserve		12,297,965	12,297,965
Voluntary reserve		156,000,937	161,793,029
Other equity accounts		(5,809,476)	(5,780,946)
Retained earnings		18,887,833	(1,428,842)
Equity attributable to holders of the parent		**261,157,399**	**246,661,346**
Non-controlling interests		198,008	331,371
Total equity		**261,355,407**	**246,992,717**
Non-current liabilities			
Other non-financial liabilities	14.2	7,572,272	10,551,939
Loans and borrowings	13.3	45,240,939	70,480,543
Compensation and employee benefits liabilities	14.3	745,477	665,871
Provisions	17	59,373	93,849
Deferred income tax liabilities	8	24,468,302	29,559,226
		78,086,363	**111,351,428**
Current liabilities			
Trade and other payables	13.2	7,506,672	5,301,417
Other non-financial liabilities	14.2	8,772,049	6,540,438
Loans and borrowings	13.3	18,186,024	13,273,992
Compensation and employee benefits liabilities	14.3	3,222,394	3,179,379
Income tax payable		4,768,435	4,640,132
Provisions	17	46,116	174,702
		42,501,690	**33,110,060**
Total liabilities		**120,588,053**	**144,461,488**
Total equity and liabilities		**381,943,460**	**391,454,205**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to holders of the parent								
	Capital stock		Retained earnings						
	Face value	Adjustment to capital stock	Legal reserve	Voluntary reserve	Other equity accounts	Unappropriated retained earnings	Other accumulated comprehensive income (loss)	Non-controlling interests	Total
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
As of January 1, 2022	**1,514,022**	**78,266,118**	**12,297,965**	**161,793,029**	**(5,780,946)**	**(1,428,842)**	**246,661,346**	**331,371**	**246,992,717**
Net income for the year	-	-	-	-	-	19,040,491	19,040,491	37,484	19,077,975
Other comprehensive loss for the year	-	-	-	-	-	(152,658)	(152,658)	-	(152,658)
Total comprehensive income for the year	-	-	-	-	-	18,887,833	18,887,833	37,484	18,925,317
Decrease in voluntary reserve due to loss absorption	-	-	-	(1,428,842)	-	1,428,842	-	-	-
Dividends in cash	-	-	-	(4,363,250)	-	-	(4,363,250)	-	(4,363,250)
Dividends in cash distributed by a subsidiary (2)	-	-	-	-	-	-	-	(170,847)	(170,847)
Acquisition of owned shares (Note 13.3.10)	-	-	-	-	(28,530)	-	(28,530)	-	(28,530)
As of December 31, 2022 (1)	**1,514,022**	**78,266,118**	**12,297,965**	**156,000,937**	**(5,809,476)**	**18,887,833**	**261,157,399**	**198,008**	**261,355,407**
As of January 1, 2021	**1,514,022**	**78,266,118**	**11,284,770**	**142,542,322**	**(5,780,946)**	**20,280,082**	**248,106,368**	**377,289**	**248,483,657**
Net (loss) income for the year	-	-	-	-	-	(1,445,514)	(1,445,514)	183,521	(1,261,993)
Other comprehensive income for the year	-	-	-	-	-	492	492	-	492
Total comprehensive (loss) income for the year	-	-	-	-	-	(1,445,022)	(1,445,022)	183,521	(1,261,501)
Increase in legal reserve	-	-	1,013,195	-	-	(1,013,195)	-	-	-
Increase in voluntary reserve	-	-	-	19,250,707	-	(19,250,707)	-	-	-
Dividends in cash distributed by a subsidiary (3)	-	-	-	-	-	-	-	(229,439)	(229,439)
As of December 31, 2021 (5)	**1,514,022**	**78,266,118**	**12,297,965**	**161,793,029**	**(5,780,946)**	**(1,428,842)**	**246,661,346**	**331,371**	**246,992,717**
As of January 1, 2020	**1,514,022**	**78,266,118**	**9,521,750**	**106,119,832**	**-**	**38,185,504**	**233,607,227**	**3,165,131**	**236,772,358**
Net income for the year	-	-	-	-	-	20,263,905	20,263,905	194,106	20,458,011
Other comprehensive income for the year	-	-	-	-	-	16,183	16,183	-	16,183
Total comprehensive income for the year	-	-	-	-	-	20,280,088	20,280,088	194,106	20,474,194
Increase in legal reserve	-	-	1,763,020	-	-	(1,763,020)	-	-	-
Increase in voluntary reserve	-	-	-	36,422,490	-	(36,422,490)	-	-	-
Dividends in cash distributed by a subsidiary (4)	-	-	-	-	-	-	-	(188,053)	(188,053)
Transaction with non-controlling interest (Note 18)	-	-	-	-	(5,780,946)	-	(5,780,947)	(2,798,814)	(8,579,761)
Share-based payments	-	-	-	-	-	-	-	4,919	4,919
As of December 31, 2020 (5)	**1,514,022**	**78,266,118**	**11,284,770**	**142,542,322**	**(5,780,946)**	**20,280,082**	**248,106,368**	**377,289**	**248,483,657**

(1) 8,977,630 common shares are held by subsidiaries.
(2) Distribution of dividends in cash approved by the Shareholders' Meeting of the subsidiary Central Vuelta de Obligado S.A. held on May 4, 2022.
(3) Distribution of dividends in cash approved by the Shareholders' Meeting of the subsidiary Central Vuelta de Obligado S.A. held on April 28, 2021.
(4) Distribution of dividends in cash approved by the Shareholders' Meeting of the subsidiary Central Vuelta de Obligado S.A. held on April 28, 2020.
(5) 8,851,848 common shares were held by subsidiaries.

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CONSOLIDATED STATEMENT OF CASH FLOWS

	For the years ended December 31,		
	2022	**2021**	**2020**
	ARS 000	**ARS 000**	**ARS 000**
Operating activities			
Income for the year before income tax	25,798,179	14,844,212	35,506,085
Adjustments to reconcile income for the year before income tax to net cash flows:			
Depreciation of property, plant and equipment	15,490,504	14,877,607	10,645,650
Amortization of intangible assets	3,960,776	5,987,461	6,863,399
Impairment of property, plant and equipment and intangible assets	14,023,567	15,125,724	11,808,900
Income from sale of property, plant and equipment	(19,895)	(204,872)	-
(Recovery) discount of tax credits	(262,851)	(461,132)	88,777
Interest earned from customers	(6,652,029)	(7,033,279)	(9,136,975)
Trade and tax interests lost	-	1,216,353	1,097,073
Finance income	(25,538,201)	(3,784,144)	(15,171,037)
Finance expenses	43,453,085	34,702,805	65,558,937
Insurance recovery	(1,340,565)	-	-
Share of the profit of associates	(111,534)	1,099,611	(319,751)
Gain from bargain purchase	(12,174,169)	-	-
Material and spare parts impairments	512,183	80,557	126,240
Share-based payments	-	-	4,919
Movements in provisions, and long-term employee benefit plan expense	343,869	596,406	397,688
Foreign exchange difference for trade receivables	(27,321,040)	(13,401,746)	(32,202,239)
Loss on net monetary position	16,724,713	(1,749,119)	(36,324,267)
Working capital adjustments:			
Decrease in trade and other receivables	10,039,168	7,109,567	42,649,769
Decrease (Increase) in other non-financial assets and inventories	3,390,807	(1,927,553)	1,003,257
Decrease in trade and other payables, other non-financial liabilities and liabilities from employee benefits	(3,684,398)	(13,424,597)	(24,026,845)
Trade and tax interests paid	-	(1,216,353)	(1,097,073)
Interest received from customers	5,789,844	6,862,365	9,149,087
Income tax paid	(8,043,080)	(8,583,682)	(9,893,729)
Insurance recovery collected	1,259,255	-	-
Net cash flows provided by operating activities	**55,638,188**	**50,716,191**	**56,727,865**
Investing activities			
Purchase of property, plant and equipment and inventories	(3,350,719)	(10,464,290)	(35,195,941)
Dividends received	281,082	273,038	414,528
Sale of property, plant and equipment	47,111	7,100,171	-
Acquisition of financial assets, net	(17,851,944)	(10,396,755)	(16,049,922)
Acquisition of subsidiaries and associates, net of cash acquired	(10,356,843)	-	-
Acquisition of owned shares	(28,530)	-	-
Net cash flows used in investing activities	**(31,259,843)**	**(13,487,836)**	**(50,831,335)**
Financing activities			
Bank and investment accounts overdrafts received (paid), net	2,106,210	(3,136,209)	(2,067,268)
Loans paid	(8,456,183)	(25,114,239)	(9,494,938)
Loans received	-	-	12,149,081
Direct financing and loans refinancing costs	(285,267)	(678,492)	(951,103)
Interest and other financial costs paid	(6,084,130)	(8,177,416)	(10,277,688)
Dividends paid	(3,587,388)	(229,439)	(188,053)
Net cash flows used in financing activities	**(16,306,758)**	**(37,335,795)**	**(10,829,969)**
Increase (Decrease) in cash and cash equivalents	**8,071,587**	**(107,440)**	**(4,933,439)**
Exchange difference and other financial results	1,303,724	156,567	813,554
Monetary results effect on cash and cash equivalents	(680,327)	(319,778)	(1,040,422)
Cash and cash equivalents as of January 1	548,787	819,438	5,979,746
Cash and cash equivalents as of December 31	**9,243,771**	**548,787**	**819,439**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information and main business

Central Puerto S.A. (hereinafter the “Company”, ”we”, “us” or “CEPU”) and the companies that make up the business group (hereinafter the “Group”) form an integrated group of companies pertaining to the energy sector. The Group is mainly engaged in electric power generation.

CEPU was incorporated pursuant to Executive Order No. 122/92. We were formed in connection with privatization process involving Servicios Eléctricos del Gran Buenos Aires S.A. (“SEGBA”) in which SEGBA’s electricity generation, transportation, distribution and sales activities were privatized.

On April 1, 1992, Central Puerto S.A., the consortium-awardee, took possession over SEGBA’s Nuevo Puerto and Puerto Nuevo plants, and we began operations.

Our shares are listed on the BCBA (“Buenos Aires Stock Exchange”), and, since February 2, 2018, they are listed on the NYSE (“New York Stock Exchange”), both under the symbol “CEPU”.

In order to carry out its electric energy generation activity the Group owns the following assets:

- Our Puerto complex is composed of two facilities, Central Nuevo Puerto (“Nuevo Puerto”) and Central Puerto Nuevo (“Puerto Nuevo”), located in the port of the City of Buenos Aires. Our Puerto complex’s facilities include steam turbines plants and a Combined Cycle plant and has a current installed capacity of 1,714 MW.

- Our Luján de Cuyo plants are located in Luján de Cuyo, Mendoza province and have an installed capacity of 571 MW and a steam generating capacity of 125 tons per hour.

- The Group also owns the concession right of the Piedra del Águila hydroelectric power plant located at the edge of Limay river in Neuquén province. Piedra del Águila has four 360 MW generating units.

- The Group is engaged in the management and operation of the thermal plants José de San Martín and Manuel Belgrano through its equity investees Termoeléctrica José de San Martín S.A. (“TJSM”) and Termoeléctrica General Belgrano S.A. (“TMB”). Those entities operate the two thermal generation plants with an installed capacity of 865 MW and 873 MW, respectively. Additionally, through its subsidiary Central Vuelta de Obligado S.A. (“CVO”) the Group is engaged in the operation of the thermal plant Central Vuelta de Obligado, with an installed capacity of 816 MW.

- The thermal station Brigadier López located in Sauce Viejo, Santa Fe Province, with an installed power of 280.5 MW (open-cycle operation).

- The thermal cogeneration plant Terminal 6 - San Lorenzo located in Puerto General San Martín, Santa Fe province, with an installed power of 330 MW and 340 tn/h of steam production.

The Group is also engaged in the natural gas distribution public sector service in the Cuyo and Centro regions in Argentina, through its equity investees belonging to ECOGAS Group.

On July 19, 2018, the National Gas Regulation Entity (Enargas) filed the Company with the Registry of Traders and Trade Agreements of Enargas.

Moreover, through CP Renovables S.A. (“CPR”) and its subsidiaries, Vientos La Genoveva S.A.U. and Vientos La Genoveva II S.A.U. the Group takes part on the development and performance of energy projects based on the use of renewable energy sources. In this regard, as of the issuance date of these financial statements, the Group has a total installed capacity of 373.8 MW of commercially-authorized power from sources of renewable energy, which is distributed as follows: (i) wind farm La Castellana 100.8 MW; (ii) wind farm

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La Castellana II 15.2 MW; (iii) wind farm La Genoveva 88.2 MW; (iv) wind farm La Genoveva II 41.8 MW; (v) wind farm Achiras 48 MW; (iv) wind farm Los Olivos 22.8 MW and (vii) wind farm Manque 57 MW.

During 2022, within the framework of MEyM Resolution No. 281/2017, the Company was awarded the project “Parque Solar San Carlos” (solar power station) for a 10 MW power. This project will be built in San Carlos, Salta province. The estimated COD is beginning of 2024.

Finally, on December 27, 2022, Proener S.A.U., a company fully controlled by CPSA, entered into a shares purchase agreement with Masisa S.A. and Masisa Overseas S.A. (jointly, “Masisa”), one of the main forestry companies in the region. Through such agreement, Masisa sold Proener S.A.U. the total shares of its Argentine affiliates Forestal Argentina S.A. and Masisa Forestal S.A. (currently, Loma Alta Forestal S.A.), which hold the forestry assets Masisa had in the country, which consist of 72,000 hectares approximately in the Entre Ríos and Corrientes provinces, in which 43,000 hectares approximately are planted with eucalyptus and pine tree. The consideration for the shares amounted to 12,189,364 (approximately USD 69.4 million); the portion related to tax withholdings amounting to 1,645,564 was paid after the year-end closing.

1.1. Overview of Argentine Electricity Market

Transactions among different participants in the electricity industry take place through the wholesale electricity market (“WEM”) which is a market in which generators, distributors and certain large users of electricity buy and sell electricity at prices determined by supply and demand (“Term market”) and also, where prices are established on an hourly basis based on the economic production cost, represented by the short term marginal cost measured at the system’s load center (“Spot market”). CAMMESA (Compañía Administradora del Mercado Mayorista Eléctrico Sociedad Anónima) is a quasi-government organization that was established to administer the WEM and functions as a clearing house for the different market participants operating in the WEM. Its main functions include the operation of the WEM and dispatch of generation and price calculation in the Spot market, the real-time operation of the electricity system and the administration of the commercial transactions in the electricity market. Currently, the Term market has CAMMESA as sole seller, in accordance with Section 9 of SE Resolution No. 95/2013.

After the Argentine economic crisis in 2001 and 2002 and the Convertibility Law, the costs of generators increased as a result of the Argentine peso devaluation. In addition, the price of fuel for their generation increased as well. The increasing generation costs combined with the freezing of rates for the final user decided at the time by National Government led to a permanent deficit in CAMMESA accounts, which faced difficulties to pay the energy purchases to generators. Due to this structural deficit, the Secretariat of Energy issued a series of regulations to keep the electricity market working despite the deficit.

1.2. Amendments to WEM regulations

a) Resolution SE No. 406/03 and other regulations related to WEM generators’ receivables

Resolution 406/03 issued in September 2003 enforced priority payments of generator’s balances. Under the priority payment plan, generators only collected the variable generation costs declared and the payments for power capacity and the remaining payments on these plants were delayed as there were not sufficient funds as a result of the structural deficit. Resolution 406/03 established that the resulting monthly obligations to generators for the unpaid balance were to be considered payments without a fixed due date, or “LVFVD receivables” using the Spanish acronym. Although these obligations did not have a specified due date, the Resolution provided that they would earn interest at an equivalent rate to the one received by CAMMESA on its own cash investments, hereafter “the CAMMESA rate”.

As a result of this regulation, a portion of the invoices issued by Company’s plants were not paid in full beginning in 2004.

Between 2004 and 2007, the Argentine government issued a series of resolutions aimed at increasing thermal generation capacity while at the same time providing a mechanism for generators to collect their LVFVD receivables. These resolutions created funds called the “FONINVEMEM” which were administered by trusts (“the FONINVEMEM trust”) and made investments in two thermal generation plants within Argentina. All WEM creditor agents with LVFVD (including the Company) were invited to state formally their decision to participate in forming the FONINVEMEM. The Company, as most LVFVD generators, stated its decision to participate in the creation of the FONINVEMEM with the abovementioned receivables.

Within this framework, generators created the companies Termoeléctrica José de San Martín S.A. (“TSM”) and Termoeléctrica Manuel Belgrano S.A. (“TMB”), which were engaged in managing the purchase of equipment, and building, operating and maintaining each new power plant.

Under these Resolutions, the FONINVEMEM trusts are the owner of the Central Termoeléctrica San Martin and Central Termoeléctrica Belgrano plants during the first ten years of operations. Trusts are aimed at administrating, each of them, 50% of the resources accrued under FONINVEMEM and other funds for the purpose of financing the power stations. Under these agreements, CAMMESA acts as a Trustor, Banco de Inversión y Comercio Exterior (“BICE”) as Trustee, the Secretariat of Energy as regulatory authority and TSM and TMB as Trust Beneficiaries and the Company, with the remaining shareholders of TSM and TMB, as guarantors of the obligations of the latter.

The trust agreements had to remain in force until the termination date of the supply agreement that the Trustee - in representation of the Trust - entered into with CAMMESA - as the purchasing party - that had to remain valid for 10 years as from the date of the commercial authorization of the power stations. Upon the termination of that term, the trust assets must be transferred to TSM and TMB provided that, prior to such transference, TSM and TMB and their shareholders perform all the corporate acts necessary to allow private contributors and/or the Argentine Government to receive their correspondent shares in the capital of the power stations pursuant to the terms of the agreement. Failure to comply with this condition, holders of interest certificates (Argentine Government) and the generators who are the current shareholders of TSM and TMB shall be deemed as trust beneficiaries.

The FONINVEMEM agreements established that the receivables mentioned above will be paid by CAMMESA in 120 equal, consecutive monthly installments commencing on the commercial operation date of the plants. Also, the agreements established that the LVFVD receivables would be collected converted to US dollar and began earning interest at LIBOR plus a spread of 1% and 2%.

Once Manuel Belgrano and San Martin plants were commissioned (on January 7, 2010 and February 2, 2010, respectively), CAMMESA began paying the LVFVD receivables. On May 2010, CAMMESA informed the Company of the payment plan, including the amount of accrued interest at the CAMMESA rate which was added to the principal to be repaid in monthly installments over a ten-year period. Upon receipt of the payment schedule, the Company recognized accrued interest (related to the CAMMESA rate). The Company also began recognizing LIBOR interest income based on the contractual rate provided in the Resolution and the conversion of the receivables into US dollar. Since achieving commercial operations in 2010, CAMMESA have made all scheduled contractual principal and interest payments in accordance with the installment plan.

On January 7, 2020, the supply agreement with TMB was terminated and on February 2, 2020, the supply agreement with TSM was terminated, therefore payments of the final installment of the 120 established in the agreement for each power stations ceased. As a result, the reimbursement for the LVFVD receivables is deemed completed.

Additionally, in 2010 the Company approved a new agreement with the former Secretariat of Energy (the “CVO agreement”). This agreement established, among other agreements, a framework to determine a mechanism to settle unpaid trade receivables as per Resolution 406/03 accrued over the 2008 - 2011 period by the generators (“CVO receivables”) and for that purpose, enabling the construction of a thermal combined cycle plant named Central Vuelta de Obligado. The CVO agreement established that the CVO receivables will be paid by CAMMESA in 120 equal and consecutive monthly installments. For the determination of the novation of CVO credits, the following mechanism was applied: the cumulative LVFVD (sale settlements with due date to be defined) were converted to USD at the exchange rate established in the agreement (ARS 3.97 per USD for the cumulative LVFVD until the execution date of the CVO Agreement and the closing exchange rate corresponding to each month for the LVFVD subsequently accumulated), the LIBOR rate was applied plus a 5% margin.

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As from March 20, 2018, CAMMESA granted the commercial operation as a combined cycle of Central Vuelta de Obligado thermal power plant (the “Commercial Approval”). The financial impact of the Commercial Approval is described in Note 13.1.

Under the agreement mentioned above, generators created the company Central Vuelta de Obligado S.A., which was in charge of managing the purchase of equipment and construction of the Central Vuelta de Obligado thermal power plant and currently it is in charge of managing its operation and maintenance.

TSM and TMB

After termination of the supply agreements with TSM and TMB dated February 2, 2020 and January 7, 2020, respectively, trust agreements also terminated. As from those dates, a 90-day period commenced in which TSM and TMB and their shareholders had to perform all the company acts necessary to allow the Argentine Government to receive the corresponding shares in the capital of TSM and TMB that their contributions gave them rights to.

On January 3, 2020, i.e. before the aforementioned 90-day period commenced, the Argentine Government (through the Ministry of Productive Development) served notice to the Company (together with TSM, TMB and their other shareholders and BICE, among others) stating that, according to the Final Agreement for the Re-adaptation of WEM, TSM and TMB shall perform the necessary acts to incorporate the Argentine Government as shareholder of both companies, acknowledging the following equity interest rights: 65.006% in TMB and 68.826% in TSM.

On January 9, 2020, the Company, together with the other generation shareholders of TSM and TMB, rejected such act understanding that the equity interest the Government claims does not correspond with the contributions made for the construction of power stations and that gave it right to claim such equity interest.

On March 4, 2020, the Company was notified on two notes sent by the Minister of Productive Development in response to the note sent by the Company on January 9, 2020 - mentioned above -, ratifying the terms of the note notified to the Company on January 3, 2020. In March 2020, the Company raised a reconsideration motion, with higher supplementary appeal, against the Argentine Government’s order for the acts mentioned above.

On May 4 and 8, 2020, the Company attended the Special Shareholder’s Meetings of TMB and TSM, respectively, in which the admission of the Argentine Government as shareholder of TSM and TMB was allowed, in accordance with the shareholding interest claimed by the Argentine Government. This with the sole purpose of complying with the precedent condition established in the respective Trust Agreements, which stated that for the trusted equity -comprised, among others, by the power plants- to be transferred to the companies TSM and TMB in a 90-day period counted as from the end of the supply agreements, such companies and their shareholders (among which the Company is included) had to allow the entrance of the Argentine Government in TSM and TMB, receiving the same amount of shares representing the contributions made by the Argentine Government for the construction of the plants and giving it the right to claim such interest.

In both cases, when the mentioned Shareholders’ Meetings were held, through which the Argentine Government was allowed as shareholder of TMB and TSM due to its interest claim, the Company made the corresponding reservation of rights so as to continue the abovementioned claims already commenced.

On November 19, 2020, BICE (in its capacity as trustee of both trust agreements) had the condition precedent established in the Trust Agreements fulfilled since the necessary corporate acts for the Argentine Government to be allowed as shareholder of TSM and TMB were performed. Finally, on March 11, 2021, the Argentine Government has subscribed its shares in TSM and TMB. This way, the Group´s equity interest in TSM and TMB was changed from 30.8752% to 9.6269% and from 30.9464% to 10.8312%, respectively. As of the date of these financial statements, the transference of power stations has not been made to TSM and TMB.

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On the other hand, the Company, together with the other shareholders of TSM and TMB (as guarantor within the framework and the limits stated by the Final Agreement for the Re-adaptation of WEM, Note SE no. 1368/05 and trust agreements), BICE, TSM, TMB and SE signed: a) on January 7, 2020 an amendment addenda of the Operation and Maintenance ("OMA") of Thermal Plant Manuel Belgrano and b) on January 9, 2020 an amendment addenda of the OMA of Thermal Plant San Martín, to extend the operating period until the effective transference of the trust's liquidation equity.

The values recorded in these financial statements for the investments in TMB and TSM are included in non-current assets under other financial assets. During the year ended December 31, 2020, the Company received cash dividends from TMB and TSM for 414,528.

b) Resolution No. 95/2013, Resolution No. 529/2014, Resolution No. 482/2015 and Resolution No. 22/2016

On March 26, 2013, the former Secretariat of Energy released Resolution No. 95/2013 ("Resolution 95"), which affects the remuneration of generators whose sales prices had been frozen since 2003. This new regulation, which modified the current regulatory framework for the electricity industry, is applicable to generators with certain exceptions. It defined a new compensation system based on compensating for fixed costs, non-fuel variable costs and an additional remuneration. Resolution 95 converted the Argentine electric market towards an "average cost" compensation scheme. Resolution 95 applied to all Company's plants, excluding La Plata plant, which also sells energy in excess of YPF's demand on the Spot market pursuant to the framework in place prior to Resolution 95.

In addition, Resolution 95 addressed LVFVD receivables not already included in any one of the FONINVEMEM trusts.

Thermal units must achieve an availability target which varies by technology in order to receive full fixed cost revenues. The availability of all Company's plants exceeds this market average. As a result of Resolution 95, revenues to Company's thermal units increased, but the impact on hydroelectric plant Piedra del Águila is dependent on hydrology. The new Resolution also established that all fuels, except coal, are to be provided by CAMMESA.

The resolution also established that part of the additional remuneration shall be not collected in cash rather it is implemented through LVFDV and will be directed to a "New Infrastructure Projects in the Energy Sector" which need to be approved by the former Secretariat of the Energy.

Finally, Resolution 95 suspended the inclusion of new contracts in the Term market as well as their extension or renewal. Notwithstanding the foregoing, contracts in force as at the effective date of Resolution 95 were continue being managed by CAMMESA upon their termination. As from such termination, large users should acquire their supplies directly from CAMMESA. Also, Resolution 95 temporarily suspended the acquisition of fuel by the generation agents. All fuel purchases for the generation of electric power are centralized through CAMMESA.

On May 23, 2014, the Official Gazzette published Resolution No. 529/2014 issued by the former Secretariat of Energy ("Resolution 529") which retroactively updated the prices of Resolution 95 to February 1, 2014, changed target availability and added a remuneration for non-recurrence maintenance. This remuneration is implemented through LVFDV and is aimed to cover the expenses that the generator incurs when performing major maintenances in its units.

On July 17, 2015, the Secretariat of Electric Energy set forth Resolution No. 482/2015 ("Resolution 482") which retroactively updated the prices of Resolution 529 to February 1, 2015, and created a new trust called "Recursos para las inversiones del FONINVEMEM 2015-2018" in order to invest in new generation plants. Company's plants would receive compensation under this program.

Finally, on March 30, 2016, through Resolution No. 22/2016 ("Resolution 22"), the values set by Resolution 482 were updated to become effective as from the transactions of February 2016.

c) Resolution No. 19/2017

On January 27, 2017, the Secretariat of Electric Energy ("SEE") issued Resolution SEE No. 19/17 (published in the Official Gazette on February 2, 2017) (Resolution 19), which replaced Resolution 95, as amended. This resolution changes electric energy generators remuneration methodology for transactions operated since February 1, 2017.

Resolution 19 substantially amended the tariff scheme applicable, which was previously governed by Resolution 22. Among its most significant provisions, such resolution established: (a) that generation companies would receive a remuneration of electric power generated and available capacity, (b) gradual increases in tariffs effective as of February, May and November 2017, (c) that the new tariffs would be denominated in U.S. dollars, instead of Argentine pesos, thus protecting generation companies from potential fluctuations in the value of the Argentine peso and (d) 100% of the energy sales are collected in cash by generators, eliminating the creation of additional LVFVD receivables.

Pursuant to this resolution, the Secretariat of Electric Energy established that electricity generators, co-generators and self-generators acting as agents in the WEM and which operate conventional thermal power plants, may make guaranteed availability offers (ofertas de disponibilidad garantizada) in the WEM. Pursuant to these offers, these generation companies may commit specific capacity and power output of the generation, provided that such capacity and energy had not been committed under other power purchase agreements. The offers must be accepted by CAMMESA (acting on behalf of the electricity demanding agents of the WEM), who will be the purchaser of the power under the guaranteed availability agreements (compromisos de disponibilidad garantizada). The term of the guaranteed availability agreements is 3 years, and their general terms and conditions are established in Resolution 19.

Resolution 19 also establishes that WEM agents that operate hydroelectric power plants shall be remunerated for the energy and capacity of their generation units in accordance with the values set forth in such resolution.

d) SGE (Secretaría de Gobierno de Energía) Resolution No. 70/2018 and Ministry of Productive Development Resolution No. 12/2019

On November 6, 2018, Resolution No. 70/2018 of the SGE was published, which resolution replaces Article 8 of Resolution issued by former SE no. 95/2013. The new article allows MEM Generators, Autogenerators and Cogenerators to obtain their own fuel. This does not alter the commitments assumed by Generation Agents within the context of MEM supply agreements with CAMMESA. It is established that generation costs with their own fuel will be valued according to the recognition mechanism of Average Variable Costs ("CVP") recognized by CAMMESA. The Resolution also establishes that regarding those Generators not purchasing their own fuel, CAMMESA will continue the commercial management and the fuel supply.

Regarding this matter, under Resolution No. 12/2019 by the Ministry of Productive Development (published in the Official Gazette on December 30, 2019) fuel purchase for the generation of electric power is once again centralized through CAMMESA, therefore repealing the effect of Resolution No. 70/2018 of the former Secretariat of Energy, and Section 8 of Resolution No. 95/2013 of the former Secretariat of Energy and Section 4 of Resolution No. 529/2014 of the former Secretariat of Energy are back in force.

e) Resolution of the Secretariat of Renewable Resources and Electricity Market no. 1/2019

On March 1, 2019 Resolution No. 1/2019 ("Resolution 1") of the Secretariat of Renewable Resources and Electricity Market was published in the Official Gazette by virtue of which Resolution 19 was abolished. It establishes the new remuneration values of energy, power and associated services for the affected generators, as well as their application methodology. Its validity commences on the date of its publication in the Official Gazette.

According to Resolution 1, the approved remuneration system will be of transitional application and until the following are defined and gradually implemented: regulatory mechanisms aimed at reaching an autonomous, competitive and sustainable operation that allows for freedom of contract between supply and demand; and a technical, economical and operative functioning for the integration of different generation technologies so as to guarantee a reliable and cost effective system.

The following are the main changes introduced by Resolution 1 in connection with Resolution 19:

Energy Sale:

- The price of energy generated by thermal power stations is reduced. Therefore, the price for energy generated with natural gas is of 4 USD/MWh and 7 USD/MWh for energy generated with liquid fuel.

- The price of energy operated by thermal power stations is reduced. Therefore, the price for energy operated with any fuel is of 1.4 USD/MW.

- The price for energy generated from non-conventional energy sources (renewable energies) is fixed at 28 USD/MWh.

Power Sale:

- DIGO price (established by Resolution 19) goes from 7,000 USD/MW-month during the twelve months of the year to 7,000 USD/MW-month the six months of higher seasonal demand for electrical energy (December, January, February, June, July and August) and to 5,500 USD/MW-month the remaining months of the year (March, April, May, September, October and November).

- Some minimum values of offered availability are reduced. Its compliance is subject to the foregoing prices.

- A weighting factor is fixed for the foregoing prices, between 1 and 0.7, depending on the use factor of the twelve months previous to each month of the transaction.

f) Resolution No. 31/2020 of the Secretariat of Energy

On February 27, 2020, the Secretariat of Energy published in the Official Gazette Resolution No. 31 (“Resolution 31”) which sets forth the criteria to calculate the economic transactions of energy and power that the generating parties commercialize in the spot market, which is in force as from February 1, 2020.

This new regulation, contrary to Resolution 1, establishes all prices for the remuneration of energy and power in Argentine pesos, and it sets forth that the prices shall be adjusted on a monthly basis with a formula based on the evolution of Consumer Price Index (IPC) and the Domestic Wholesale Price Index (IPIM). New power prices are generally reduced in relation to the current prices as at January 2020, and the energy prices remain equivalent, expressed in Argentine pesos instead of US dollars. Finally, this regulation introduces a new remuneration component which applies to the energy generated during the first 50 hours of maximum thermal requirement of the month (MTR, which is determined by the sum of the hours of all the thermal generation of the system), it determines different remuneration prices based on the season of the year and the energy delivered during the first and second 25 hours of MTR.

On April 8, 2020, the Company learned that the Secretariat of Energy instructed CAMMESA to postpone until further notice the application of the price update mechanism described in the second paragraph of this note. Accordingly, CAMMESA did not apply the price update mechanism to the energy and power sold since March 2020.

g) Secretariat of Energy Resolution No. 440/2021

Through Resolution No. 440 (“Resolution 440”), published in the Official Gazette on May 21, 2021, the Secretariat of Energy established a new remuneration scheme for MEM generation agents. In this regard, Exhibits II, III, IV and V of Resolution 31 were replaced. Moreover, section 2 of Resolution 31, which established a system for the automatic updating of remuneration values, was repealed. In general terms, Resolution 440 increased the remuneration values of generation agents by 29% compared to Resolution 31.

It was established that for the application of what Resolution 440 set forth (collection of the new remuneration values as from February 2021 transactions, among others), MEM generation agents had to submit before CAMMESA a note -to CAMMESA's satisfaction- stating full and unconditional withdrawal of any administrative complaint or ongoing judicial procedure against the National Government, the Secretariat of Energy and/or CAMMESA, related to section 2 of Resolution 31. Dated June 17, 2021, the Company submitted the requested withdrawal note.

In addition, on November 9, 2021, the Secretariat of Energy established that in order to determine the Power Availability Remuneration of thermal generators under Resolution 440, a constant Utilization Factor equal to 70% had to be considered.

h) Secretariat of Energy Resolution No. 354/2020

This resolution established, among other things, that as from the effectiveness of Plan "GasAr" (Plan Gas 4), Generators of WEM may adhere to centralized dispatch, assigning CAMMESA such contracts entered into with producers or transporters of natural gas, so that such contracts are used by the Dispatch Entity (OED for its acronym in Spanish), based on dispatch criteria.

In addition, this resolution established that generation agents who, pursuant to Resolution No. 287/2017, have the obligation of self-procuring fuel are able to deem such obligations and the recognition of associated costs, but maintaining the transport capacity for centralized dispatch management, as long as CAMMESA determines its convenience.

i) Secretariat of Energy Resolution No. 1037/2021

On November 2, 2021, Resolution No.1037/2021 was published in the Official Gazette, whereby the Secretariat of Energy, upon verifying a status of high energy demand in Brazil due droughts in the area, created an Exports Account where the revenue margins will be accumulated after such electric power export. Such amounts will be destined to financing energy infrastructure works.

In addition, through such Resolution, the Secretariat informed there will be an additional and temporary recognition in the remuneration of Generation Agents under the scope of Resolution 440, covering economic transactions between September 1, 2021 and February 28, 2022. Such recognition was established in an exported 1000 $/MWh additional amount during the month, which will be assigned in a proportional manner to the power generated on a monthly basis to each generating agent.

j) Secretariat of Energy Resolution No. 238/2022

On April 21, 2022, Resolution No. 238/2022 ("Resolution 238") issued by the Secretariat of Energy was published in the Official Gazette. This resolution updates remuneration prices for energy and capacity of generation units not committed on a Purchase Power Agreement, it replaces Annex I to V of the former Resolution 440 and it abolishes section 4 of Resolution No. 1037/2021, which granted an additional and temporary increase to generators remuneration. It also removes the Use Factor from the capacity payment calculation, improving revenue performance.

Resolution 238 increased by 30% the remuneration values starting February 2022, and it provided an additional 10% above the new values starting on June 2022. The Company has recorded the effects of this resolution in the statement of income for year ended December 31, 2022.

k) Secretariat of Energy Resolution No. 826/2022

On December 14, 2022, Resolution No. 826/2022 ("Resolution 826") issued by the Secretariat of Energy was published in the Official Gazette, through which the power and energy remuneration values of the generation not committed under contracts were updated. Exhibits I to V of Resolution No. 238 were replaced therein, and a 20% retroactive increase was ordered as of September 1, 2022, as well as the following consecutive increases: 10% as from December 1, 2022, 25% as from February 1, 2023 and 28% as from August 1, 2023. The Company has recorded the effects of the first two increases established by Resolution 826 in the income statement for the fiscal year ended December 31, 2022.

l) Secretariat of Energy Resolution No. 59/2023

On February 7, 2023, Resolution No. 59/2023 ("Resolution 59") was published in the Official Gazette whereby generators with combined cycle units are authorized to adhere to the Power Availability and Efficiency Improvement Agreement so as to foster the necessary investments for major and minor maintenance of the equipments.

Through this agreement, adhering generators commit to reach, at least, 85% of monthly average power availability in exchange of a new power and energy price formed, in part, by amounts denominated in US dollars. In the case of power, a 2,000 USD/MW-month, plus the amount in ARS corresponding to the 85% and 65% of the power value established by Resolution 826 is set for the spring/winter and summer/winter periods, respectively. Additionally, the price for generated energy is set at 3.5 USD/MWh in case of using gas, and at 6.1 USD/MWh in case of alternative fuel (gasoil) use.

On March …., 2023, the Company has adhered to the Agreement. (….).

2. Basis of preparation of the consolidated financial statements

2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The attached financial statements have been prepared in order to be included in a Securities and Exchange Commission ("SEC") filing and have been approved by the Company's Board of Directors on April …, 2022.

These consolidated financial statements provide comparative information in respect of the previous years.

In preparing these consolidated financial statements, the Group applied the significant accounting policies, estimates and assumptions described in Notes 2.2 and 2.3, respectively. Moreover, the Group has adopted the changes in accounting policies described in Note 2.4.

The Group's consolidated financial statements are presented in Argentine pesos, which is the Group's functional currency, and all values have been rounded to the nearest thousand (ARS 000), except when otherwise indicated.

2.1.1. Basis of consolidation

The consolidated financial statements as of December 31, 2022 and 2021 and for each of the years ended December 31, 2022, 2021 and 2020, include the financial statements of the Group formed by the parent company and its subsidiaries: Central Vuelta de Obligado S.A., Vientos La Genoveva S.A.U., Vientos La Genoveva II S.A.U., Proener S.A.U. and its subsidiaries and CP Renovables S.A. and its subsidiaries.

Control is achieved when the investor is exposed or entitled to variable returns arising from its ownership interest in the investee, and has the ability to affect such returns through its power over the investee. Specifically, the investor controls an investee, if and only if it has:

– Power over the investee (i.e. the investor has rights that entitle it to direct the relevant activities of the investee).

– Exposure or right to variable returns arising from its ownership interest in the investee.

– Ability to exercise its power over the investee to significantly affect its returns.

Consolidation of a subsidiary begins when the parent company obtains control over the subsidiary and ends when the parent company loses control over the subsidiary. The assets, liabilities, income and expenses of a subsidiary acquired or sold during the fiscal year are included in the consolidated financial statements from the date on which the parent company acquired control of the subsidiary to the date on which the parent company ceased to control the subsidiary.

The result for the fiscal year and each component of the other comprehensive income (loss) are assigned to the owners of the parent company and non-controlling interests, even if the results of the non-controlling interests give rise to a debit balance. If necessary, appropriate adjustments are made to the subsidiaries' financial statements so that their accounting policies are in accordance with the Group's accounting policies. All assets and liabilities, equity, income, expenses and cash flows within the Group that relate to transactions among the members of the Group are completely eliminated in the consolidation process.

A change in ownership interest in a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control of a subsidiary, it cancels the carrying amount of the assets (including goodwill) and related liabilities, non-controlling interests and other equity components, while recognizing the profit or loss resulting from the transaction in the relevant income statement.

2.1.2. Measuring unit

The financial statements as at December 31, 2022, including the figures for the previous periods (this fact not affecting the decisions taken on the financial information for such periods) were restated to consider the changes in the general purchasing power of the functional currency of the Company (Argentine peso) pursuant to IAS 29. Consequently, the financial statements are stated in the current measurement unit at the end of the reported period.

In accordance with IAS 29, the restatement of the financial statements is necessary when the functional currency of an entity is the currency of a hyperinflationary economy. To define a hyperinflationary state, the IAS 29 provides a series of non-exclusive guidelines that consist on (i) analyzing the behavior of the population, prices, interest rates and wages before the evolution of price indexes and the loss of the currency's purchasing power, and (ii) as a quantitative characteristic, which is the most considered condition in practice, verifying if the three-year cumulative inflation rate approaches or exceeds 100%.

Due to different macroeconomic factors, the triennial inflation in 2022 was higher than such figure, as the goals of the Argentine government, and other available projections, indicate that this trend will not revert in the short term.

So as to evaluate the mentioned quantitative condition and to restate the financial statements, the Argentine Securities Commission established that the series of indexes to be used in the IAS 29 application is the one established by the Argentine Federation of Professional Councils in Economic Sciences.

Considering the before mentioned index, the inflation was of 94.79%, 50.94% and 36.13% in the years ended December 31, 2022, 2021 and 2020, respectively.

The following is a summary of the effects of the IAS 29 application:

Restatement of the Balance Sheet

(i) The monetary items (those with a fixed face value in local currency) are not restated since they are stated in the current measurement unit at the closing date of the reported period. In an inflationary period, keeping monetary assets causes the loss of purchasing power, and keeping monetary liabilities causes gain in purchasing power as long as those items are not tied to an adjustment mechanism compensating those effects. The monetary loss or gain is included in the income (loss) for the reported period.

(ii) The assets and liabilities subject to changes established in specific agreements are adjusted in accordance with those agreements.

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(iii) Non-monetary items measured at their fair values at the end of the reported period are not restated to be included in the balance sheet; however, the adjustment process must be completed to determine the income (loss) produced for having those non-monetary items in the terms of a uniform measurement unit.

As at December 31, 2022 and 2021, the Company counted with the following items measured with the current value method: the share kept in foreign currency of the items Trade and other receivables, Cash and cash equivalents, Biological assets, Loans and borrowings and Trade and other payables.

(iv) Non-monetary items at historical cost or at fair value of a date previous to the end of the reported period are restated at rates reflecting the variation occurred at the general level of prices from the acquisition or revaluation date until the end of the reported period; then the amounts restated for those assets are compared with the corresponding recoverable values. Charges to the income (loss) for the period due to property, plant and equipment depreciation and intangible assets amortization, as well as other non-monetary assets consumption are determined in accordance with the new restated amounts.

As at December 31, 2022 and 2021, the items subject to this restatement process were the following:

– Non-monetary items measured at fair value of a date previous to the end of the reported period: certain machines, equipment, turbogroups and auxiliary equipment of the Property, Plant and Equipment item, which were measured at their fair value as at January 1, 2011.

– Non-monetary items at historical cost: the remaining items of Property, Plant and Equipment, Intangible assets, Investment in associates, Inventories and Deferred income tax liabilities and assets.

(v) When borrowing costs in non-monetary assets are capitalized in accordance with IAS 23, the share of those cost compensating the creditor for the effects of inflation is not capitalized.

The Company proceeded to the capitalization of borrowing costs as stated in Note 2.2.6.

(vi) The restatement of the non-monetary assets in the terms of a current measurement unit at the end of the reported period without an equivalent adjustment for tax purposes leads to a temporary taxable difference and to the recognition of a deferred-tax liability whose balancing entry is recognized in the income (loss) for the period. For the next reporting period, the deferred-tax items are restated for inflation to determine the item on income (loss) for such period. In Note 8 the effects of this process are detailed.

Restatement of the statement of income (loss) and other comprehensive income

(i) The expenses and income are restated as from the date of accountable entry, including interest and currency exchange differences, except for those items not reflecting or including in their determination the consumption of assets measured in currency of purchasing power previous to the consumption entry, which are restated taking into account the origin date of the asset related to the item (for example, depreciation, devaluation and other consumptions of assets valued at historical cost); and except for income (loss) emerging from comparing two measurements expressed in currency of purchasing power of different dates. For such purpose, it is necessary to identify the compared amounts, separately restate them and compare them again, but with amounts already restated.

(ii) The income (loss) for exposure to change in purchasing power of currency (income (loss) on net monetary position), originated by the keeping of monetary assets and liabilities, is shown in a separate item of the income (loss) for the period.

Restatement of the Statement of Changes in Equity

All the components of equity are restated by applying the general prices index as from the beginning of the period, and each variation of such components is re-expressed as from the contribution date or as from the moment in which such contribution was made through any other form, with the exception of the account “Capital stock -face value” which has been maintained for its nominal value and the effects of their restatement can be found in the account “Adjustment to capital stock”.

Restatement of the Statement of Cash Flows

IAS 29 sets forth that all the items of this section shall be restated in terms of the current measurement unit at the closing date of the reported period.

The monetary result generated by cash and equivalents to cash are stated in the Statement of Cash Flows separately from the cash flows resulting from operation, investment and financing activities as a specific item of the conciliation between the existence of cash and cash equivalents at the beginning and at the end of the period.

2.2. Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements.

2.2.1. Classification of items as current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. An entity shall classify an asset as current when:

- it expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realize the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. An entity shall classify a liability as current when:

- it is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, in all cases.

2.2.2. Fair value measurement

The Group measures certain financial instruments at their fair value at each reporting date. In addition, the fair value of financial instruments measured at amortized cost is disclosed in Note 13.5.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 input data: quoted (unadjusted) prices in active markets for identical assets or liabilities.

- Level 2 input data: valuation techniques with input data other than the quoted prices included in Level 1, but which are observable for assets or liabilities, either directly or indirectly.

- Level 3 input data: valuation techniques for which input data are not observable for assets or liabilities.

2.2.3. Transactions and balances in foreign currency

Transactions in foreign currencies are recorded by the Group at the related functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting period-end.

All differences are taken to consolidated statement of income under other operating income or expenses, or under finance income or expenses, depending on the nature of assets or liabilities generating those differences.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured by their fair value in foreign currency are converted using exchange rates at the date in which such fair value is determined.

2.2.4. Revenue recognition

2.2.4.1. Revenue from ordinary activities

IFRS 15 presents a five-step detailed model to explain revenue from contracts with customers. Its fundamental principal lies on the fact that an entity has to recognize revenue to represent the transference of goods or services promised to the customers, in an amount reflecting the consideration the entity expects to receive in exchange for those goods or services at the moment of executing the performance obligation. An asset is transferred when (or while) the client gets control over such asset, defined as the ability to direct the use and substantially obtain all the remaining benefits of the asset. IFRS 15 requires the analysis of the following:

- If the contract (or the combination of contracts) contains more than one promised good or service, when and how such goods or services should be granted.

- If the price of the transaction distributed to each performance obligation should be recognized as revenue throughout time or at a specific moment. According to IFRS 15, an entity recognizes revenue when the performance obligation is satisfied, i.e. every time control over those goods and services is transferred to the customer. The new model does not include separate guidelines for the “sale of goods” and the "rendering of services"; instead, it requires that entities should evaluate whether revenue should be recognized throughout time or at a specific moment, regardless of the fact that it includes "the sale of goods" or "the rendering of services".

- When the price includes an estimation element of variable payments, how that will affect the amount and the time to recognize such revenue. The concept of variable payment estimation is broad. A transaction price is considered as variable due to discounts, reimbursement, credits, price concessions, incentives, performance bonus, penalties and contingency agreements. The new model introduces a big condition for a variable consideration to be considered as revenue: only as long as it is very unlikely for a significant change to occur in the cumulative revenue amount, when the uncertainties inherent to the variable payment estimation are solved.

- When the incurred cost to close an agreement and the costs to comply with it can be recognized as an asset.

The most relevant revenue source of the Group is the commercialization of energy produced in the spot market and under the energy supply agreements, CAMMESA being its main customer.

The Company recognizes its sales revenue in accordance with the availability of its machines' effective power, the energy and steam supplied; and as balancing entry, a sales receivable is recognized, which represents the Company's unconditional right to consideration owed by the customer. Billing for the service is monthly made by CAMMESA in accordance with the guidelines established by SEE; and compensation is usually received in a maximum term of 90 days. Therefore, no implicit financing components are recognized. The satisfaction of the performance obligation is done throughout time since the customer simultaneously receives and consumes the benefits given by the performance of the entity as the entity does it. Payments by CAMMESA related to the sale of energy and power under the spot market during each month are due 42 days following the end of such month. When payments are made after such deadline interests are collected from CAMMESA.

Revenues from energy, power and steam sales are calculated at the prices established in the respective contracts or at the prices prevailing in the electricity market, according to the regulations in force. These include revenues from the sale of steam, energy and power supplied and not billed until the closing date of the reported period, valued at the prices defined in the contracts or in the respective regulations.

Additionally, the Group recognizes the sales from contracts regarding the supplied energy and the prices established in such contracts, and as balancing entry it recognizes an account receivable. Such credit represents the unconditional right the Company has to receive the consideration owed by the customer. Billing for the service is monthly made by CAMMESA in the case of the contracts of the wind farms La Castellana and Achiras and for the Energía plus contract in accordance with the guidelines established by SEE; and compensation is received in a maximum term of 90 days. Therefore, no implicit financing components are recognized. For the rest of the clients, billing is also monthly and done by the Company; and compensation is received in a maximum term of 90 days. Therefore, no implicit financing components are recognized. The satisfaction of the performance obligation is done throughout time since the customer simultaneously receives and consumes the benefits given by the performance of the entity as the entity does it.

The Group recognizes revenues from resale and distribution of gas and revenues for the monthly management of the thermal power plant CVO in accordance with the monthly fees established in the respective contracts and as balancing entry, it recognizes a sale credit. Such credit represents the unconditional right the Company has to receive the consideration owed by the customer. Billing for the service is also monthly made by the Company and compensation is generally received in a maximum term of 90 days. Therefore, no implicit financing components are recognized.

The detail of revenues from ordinary activities of the Group is included in Note 5 to these consolidated financial statements.

2.2.4.2. Other income and expenses - Interest

For all financial assets and liabilities measured at amortized cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. In general, interest income and expense are included in finance income and expenses in the consolidated statement of income, respectively, unless they derive from operating items (such as trade and other receivables or trade and other payables); in that case, they are booked under other operating income and expenses, as the case may be.

2.2.5. Taxes

Current income tax

Current income tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute those amounts are those that are enacted or substantively enacted, at the end of the reporting period. The statutory tax rate for the Group for the fiscal year 2022 is 35%.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Management periodically assesses the positions taken in each tax report regarding the situations in which the applicable tax regulations are subject to interpretation, and it determines whether they must be treated as uncertain tax treatment, and in such case, whether it must be treated independently or collectively with one or more tax treatments, pursuant to IFRIC 23. For these cases, we use the approach which better predicts uncertainty and applies criteria to identify and quantify uncertainties.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their related carrying amounts.

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

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and tax carry forwards losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and/or the tax losses carry forward can be utilized, except:

- where the deferred income tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and taxable profit will be available against which those differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting period date and reduced against income or loss for the period or other comprehensive income, as the case may be, to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized (recovered). Unrecognized deferred income tax assets are reassessed at each reporting period date and are recognized with a charge to income or other comprehensive income for the period, as the case may be, to the extent that it has become probable that future taxable profits will allow the deferred income tax asset not previously recognized to be recovered.

Deferred income tax assets and liabilities are measured at undiscounted nominal value at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting period date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transactions either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets and liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Uncertainties over income tax treatments

The Group determines whether each tax treatment should be considered independently or whether some tax treatments should be considered together and uses an approach that provides better predictions of the resolution of the uncertainty.

The Group applies significant judgment when identifying uncertainties on the income tax treatment. The Group evaluated whether the Interpretation had an impact on its consolidated financial statements, especially within the framework of tax inflation adjustment in determining the tax income of mentioned periods:

a) Income tax return for fiscal year 2014

In February 2015 CPSA filed income tax returns for the nine-month period ended September 30, 2014, applying the adjustment for inflation mechanism established by the Argentine Income Tax Law. In addition, the Company filed its income tax return for the three-month period ended December 31, 2014, applying the same adjustment for inflation mechanism.

Later on, on July 27, 2021, the Argentine Tax Authorities issued a resolution through which it implemented an infringement investigation in relation to the income tax for the irregular fiscal periods ended September 2014 and December 31, 2014, for the alleged omission included in Section 45, Law No. 11,683. On September 8, 2021, CPSA submitted the corresponding deposition and the corresponding evidence. On April 28, 2022, the Argentine Tax Authorities resolved to determine ex officio the payment of the applicable income tax for the irregular fiscal periods ended September 30, 2014 and December 31, 2014. The resolution was appealed by CPSA before the National Tax Court on May 23,2022. As of the date of the issuance of these financial statements, the proceedings are under review of the National Tax Court Authorities.

b) Action for recovery - Income tax refund for fiscal period 2010

In December 2014, the Company, as merging company and continuing company of HPDA, raised a recourse action before fiscal authorities regarding the income tax for the fiscal period 2010, which was incorrectly entered by HPDA. This recourse action seeks to recover the income tax entered by HPDA in accordance with the lack of application of the inflation- adjustment mechanism established by the Law on Income Tax. In December 2015, since the term stated by Law no. 11,683 elapsed, the Company brought a contentious-administrative claim before the National Court to ask for its right to obtain the income tax recovery.

In October 2018, the Company was served notice of the judgment issued by the Federal Contentious-Administrative Court No. 5, which granted the right to recourse. The judgment ordered tax authorities to return the amount of 67,612 (at historical values) to the Company plus the interest stated in the BCRA Communication 14290 and ordered that legal cost must be borne by the defendant. Such judgment was appealed by the National Tax Administration, and on September 9, 2019, Division I of the National Court of Appeals of the

Federal Contentious- Administrative Court ("CNACAF") confirmed the appealed judgment. On September 24, 2019, the National Tax Administration raised Federal Extraordinary Appeal ("REF") against CNACAF judgment, which was replied by the Company. On October 29, 2019, CNACAF granted the REF and sent the file to the Argentine Supreme Court.

c) Action for recovery - income tax refund for fiscal years 2009, 2011 and 2012

In December 2015, the Company filed a petition with the Argentine Tax Authorities for the recovery of income tax for the fiscal year 2009, in the amount of 20,395 at historical values which had been incorrectly paid by the Company in excess of our income tax liability. By filling such action, the Company seeks to recover the excess income tax paid by CPSA due to the failure to apply the adjustment for inflation set forth in the Argentine Income Tax Law. On April 22, 2016, after the term required by Law No. 11,683 expired, the Company filed an action for recovery for the amount claimed with the Argentinean Tax Court. On September 27, 2019, the judge entered judgment rejecting the complaint filed by the Company. Such judgment was appealed by the Company last October 4, 2019. Room I of CNACAF (Argentine Appeal Court for Federal Contentious Administrative Matters) granted the appeal presented by the Company on March 11, 2020. Upon this resolution, the Argentine Tax Authorities raised an Extraordinary Appeal, which was granted by CNACAF on September 1, 2020.

In December 2017, the Company, as merging company and continuing company of HPDA, filed a petition with the Argentine Tax Authorities for the recovery of 52,783 at historical values paid in excess by HPDA for payment of Income Tax for 2011 fiscal period. The purpose of such action is to recover the income tax paid by HPDA due to the failure to apply the adjustment for inflation mechanism aforementioned. On April 1, 2019 such claim was rejected by national fiscal authorities. Therefore, the Company filed an administrative and legal action on April 25, 2019. On September 13, 2022, the Company obtained a favorable first-instance judgment.

In December 2018, the Company brought two administrative complaints of recovery before the Argentine Tax Authorities: the first one was filed by the Company, as merging company and continuing company of HPDA, regarding the income tax for the fiscal period 2012 that amounted to 62,331 at historical values, which was entered in excess by HPDA. The second complaint was filed by the Company regarding the income tax for the same fiscal period that amounted to 33,265 at historical values, which was entered in excess by the Company. These recourse actions seek to recover the income tax entered by HPDA and the Company in accordance with the lack of application of the inflation-adjustment mechanism aforementioned. On September 12, 2019, the Company filed both recourse actions before the Federal Contentious- Administrative Court against the Argentine Tax Authorities in accordance with Section 82, paragraph "c" of Law no. 11,683 (restated text 1998 as amended), as the term established in the second paragraph of Section 81 of such law had elapsed.

d) Action for recovery - Income tax for the fiscal year 2015

On December 23, 2020, the Company submitted before the fiscal authorities an action for recovery of the income tax for the fiscal year 2015 for the amount of 129,231 (at historical values) unduly paid by CPSA. The purpose of the action for recovery is to obtain reimbursement of the income tax paid by CPSA based on the lack of application of the inflation adjustment mechanism set forth in the Argentine Income Tax Act. On April 22, 2021, the Company filed a recovery lawsuit before the Court for Contentious Administrative Matters against the Argentine Tax Authorities pursuant to the provisions of Section 82, subsection c of Law No. 11,683 (restated and amended 1998), on the grounds that the term established in the second paragraph of Section 81 of that body of rules had elapsed.

e) Action of recovery - Income tax for the fiscal year 2016

On January 24, 2022, the Company filed before the tax authorities a recovery action of the income tax for the fiscal year 2016, for the amount of 189,376 (at historical values) unduly paid by CPSA. Such recovery action is aimed at obtaining the reimbursement of the income tax paid by CPSA based on the lack of application of the inflation adjustment mechanism set forth by the Argentine Income Tax Act.

The Group considered, based on the opinion of its legal advisors and on the IFRIC 23 accounting guidelines: 1) regarding the income tax 2014 determination stated in a), that it is probable that tax authorities will accept the position and, therefore, it is not required to register a liability under such item, and 2) regarding recourse actions for income tax, except for the case of recourse action by HPDA for the fiscal period 2011, that it is also probable that the positions adopted by the Company will be accepted in court; therefore, an asset has been recognized for such recourse actions.

The corresponding asset is included in the item “Other non-financial assets” of Current Assets under “Income Tax Credits” and it amounts to 240,947 and 539,708 as of December 31, 2022 and 2021, respectively.

Other taxes related to sales and to bank account transactions

Revenues from recurring activities, expenses incurred and assets are recognized excluding the amount of sales tax, as in the case of value-added tax or turnover tax, or the tax on bank account transactions, except:

- where the tax incurred on a sale or on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as the case may be;

- receivables and payables are stated including value-added tax.

The charge for the tax on bank account transactions is presented in the administrative and selling expenses line within the consolidated statement of income.

The net amount of the tax related to sales and to bank account transactions recoverable from, or payable to, the taxation authority is included as a non-financial asset or liability, as the case may be.

2.2.6. Property, plant and equipment

Property, plant and equipment are measured at the acquisition cost restated according to Note 2.1.2, net of the cumulative depreciation and/or the cumulative losses due to impairment, if any. This cost includes the cost of replacing components of property, plant and equipment and the cost for borrowings related to long-term construction projects, as long as the requirements for their recognition as assets are fulfilled.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognizes the replaced part and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major maintenance is performed, its cost is recognized as a replacement if the conditions for the recognition thereof as an asset are met. All other regular repair and maintenance costs are recognized in the consolidated statement of income as incurred.

Electric power facilities and materials and spare parts related to the Nuevo Puerto Combined Cycle plant are depreciated on a unit-of-production basis.

Electric power facilities related to the Luján de Cuyo combined cycle plant and cogeneration unit, the Terminal 6 - San Lorenzo cogeneration unit and the Brigadier Lopez thermal station are depreciated on a straight-line basis over the total useful lives estimated.

Electric power facilities and auxiliary equipment of Piedra del Águila hydroelectric power plant are depreciated on a straight-line basis over the remaining life of the concession agreement of the mentioned power plant.

The depreciation of the remaining property, plant and equipment is calculated on a straight-line basis over the total estimated useful lives of the assets as follows:

- Buildings: 5 to 50 years.

- Wind turbines: 20 years.

- Lands are not depreciated.

- Material and spare parts: based on the useful life of related machinery and equipment to be replaced.
- Furniture, fixtures and equipment: 5 to 10 years.
- Others:3 to 5 years.
- Gas turbines and Construction in progress: they are not depreciated until they are not in conditions of being used.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognized.

The residual values, useful lives and methods of depreciation are reviewed at each reporting period end and adjusted prospectively, if appropriate.

During the years ended December 31, 2022 and 2021 the Group has not capitalized interests.

2.2.7. Intangible assets

Intangible assets acquired separately are measured on initial recognition at acquisition cost restated according to Note 2.1.2. The cost of the intangible assets acquired in a business combination is their fair value at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization (if they are considered as having finite useful lives) and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. The useful lives of the intangible assets recognized by the Group are finite.

Intangible assets with finite useful lives are amortized over their useful economic lives. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of the asset is accounted for by changing the amortization period or method, as appropriate, and are treated prospectively as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible assets.

The Group’s intangible assets are described in Note 12.

2.2.8. Impairment of property, plant and equipment and intangible assets

The Group assesses at each reporting period-end whether an existing event or one that took place after year end and provides additional evidence of conditions that existed at the end of the reporting period, indicates that an individual component or a group of property, plant and equipment and/or intangible assets with limited useful lives may be impaired. If any indication exists, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of the fair value less costs to sell, and the value-in-use. That amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets; in which case, such assets are considered together as a cash-generating unit (“CGU”).

Where the carrying amount of an individual asset or CGU exceeds its recoverable amount, the individual asset or CGU, as the case may be, is considered impaired and is written down to its recoverable amount.

In assessing value in use of an individual asset or CGU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the individual asset or CGU, as the case may be.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used including obtaining appraisals from valuation specialists. These calculations are verified by valuation multiples, quoted values for similar assets on active markets and other available fair value indicators, if any.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These detailed budgets and forecast calculations generally cover a five-year period. For longer periods, if applicable, a long-term growth rate may be calculated and applied to project future cash flows after the fifth year. Budgets and calculations related to Piedra del Águila hydroelectric power plant are limited to the term of the concession agreement.

Impairment losses of continuing operations are recognized in a specific line of the consolidated statement of income.

In addition, for the assets for which an impairment loss had been booked, as of each reporting period-end, an assessment is made whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

Should there be such triggering event, the Group makes an estimate of the recoverable amount of the individual asset or of the cash generating unit, as the case may be.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the individual assets or CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset or CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of the related depreciation or amortization, had no impairment loss been recognized for the asset or CGU in prior periods. Such reversal is recognized in the statement of income in the same line in which the related impairment charge was previously recognized (generally under the cost of sales or other operating expenses), unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The Group has identified indicators of potential impairment of its property, plant and equipment and its intangible assets with limited useful life, due to the evolution of the macroeconomic variables that led to an increase in interest rates. The Group has also identified indicators of potential impairment of the Company´s gas turbine due to the uncertainty about new projects that would enable the use of such turbine.

In order to measure the recoverability of its property, plant and equipment and its intangible assets with a limited useful life that present indicators of impairment, the Group estimated the value in use of such assets, except for the generating group classified as "Gas turbines", for which the Group estimated the fair value less cost of sale. As a result of the recoverability analysis, the Group determined that the net book value of the assets related to thermal station Brigadier López, Luján de Cuyo and Nuevo Puerto combined cycle power plants, the cogeneration unit Luján de Cuyo, Piedra del Águila hydroelectric power plant, wind farms Achiras, La Castellana, La Castellana II, Los Olivos and La Genoveva II, and the generating group classified as "Gas Turbines", did not exceed their recoverable value as at December 31, 2022.

CGUs Terminal 6 San Lorenzo cogeneration unit and wind farms Manque and La Genoveva

The Group estimated that the book value of the assets related to Terminal 6 San Lorenzo cogeneration unit exceeded its recoverable value by 5,970,504. Therefore, an impairment loss was recognized in the consolidated statement of income for the year ended December 31, 2022 as "Impairment of property, plant and equipment and intangible assets". The impairment was allocated on a pro-rata basis to "Electric power facilities", "Lands and buildings" and "Others". After recognizing such impairment, the net book value of property, plant and equipment of Terminal 6 San Lorenzo cogeneration unit is 64,403,245.

In addition, the Group estimated that the book value of the assets related to wind farm Manque exceeded its recoverable value by 2,523,665. Therefore, an impairment loss was recognized in the consolidated statement of income for the year ended December 31, 2022 as “Impairment of property, plant and equipment and intangible assets.” The impairment was allocated on a pro-rata basis by 2,522,579 to “Wind turbines”, “Electric power facilities”, “Lands and buildings” and “Others” and by 1,086 to intangible assets. After recognizing such impairment, the net book value of property, plant and equipment and intangible assets of wind farm Manque is 10,589,294 and 4,559, respectively.

Finally, the Group estimated that the book value of the assets related to wind farm La Genoveva exceeded its recoverable value by 5,529,398. Therefore, an impairment loss was recognized in the consolidated statement of income for the year ended December 31, 2022 as “Impairment of property, plant and equipment and intangible assets.” The impairment was allocated on a pro-rata basis by 5,496,989 to “Wind turbines”, “Electric power facilities”, “Lands and buildings” and “Others” and by 32,409 to intangible assets. After recognizing such impairment, the net book value of property, plant and equipment and intangible assets of wind farm La Genoveva is 15,868,434 y 93,557, respectively.

The Group estimated the recoverable value considering probability weighted scenarios in relation to the evolution of prices for energy and power that remunerates conventional energy generation units and in relation to the evolution of macroeconomic variables (exchange rate and inflation). This approach required preparing scenarios with different estimations of the expected cash flows considering such variables and assigning occurrence probabilities, based on the experience and expectations of the Group about the outcome of the uncertainties involved.

Key assumptions to estimate the value in use are the following:

– Gross margin: the margin has been determined for the budgeted period (5 years) based on the energy prices arising from Resolution 826 and Resolution 59 adjusted for projections of price increases and energy supply signed agreements, whereas the cost of sale was determined based on the costs incurred in the past. The most relevant cost was the plants maintenance, which was estimated with the provisions from the agreements in force with the suppliers Siemens Energy and Vestas Argentina. Pursuant to IAS 36, growth rates were considered after the budgeted period.

– Discount rate: it represents the current market assessment of the specific risks of the Company, taking into consideration the time-value of money. Discount rate calculation is based on the circumstances of the market participants and it is derived from the weighted average cost of capital (WACC). The WACC rate takes into consideration both debt and equity. The cost of equity is derived from the expected return on investment by market participant investors, whereas the cost of debt is based on the conditions of the debt which market participants could access to. The specific risks of the operational segment are incorporated by applying individual beta factors, which are annually assessed from the available public information of the market.

  The post-tax discount rate used for determining the value in use as of December 31, 2022 was 14.40%.

  Any increase in the discount rate would result in an additional impairment loss for CGUs Terminal 6 San Lorenzo, Manque and La Genoveva.

– Macroeconomic variables: estimated inflation and devaluation rates, as well as exchange rates, were obtained from external sources, which are well known consulting firms dedicated to the local and global economic analysis, widely experienced in the market. An increase in inflation rates over devaluation rates, regarding the variables considered for the determination of the value in use, would entail an additional impairment loss for CGUs Terminal 6 San Lorenzo, Manque and La Genoveva.

Terminal 6 San Lorenzo cogeneration unit belongs to the electric power generation from conventional sources operating segment while wind farms Manque and La Genoveva belong to the electric power generation from renewable sources operating segment.

2.2.9. Financial instruments. Presentation, recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.2.9.1. Financial assets

Classification

According to IFRS 9 “Financial instruments”, the Group classifies its financial assets in three categories:

- Financial assets at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met: (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset give rise on specified dates to solely payments of principal and interest.

Additionally, and for those assets complying with the above-mentioned conditions, IFRS 9 provides for the option of determining, at initial recognition, an asset measured at fair value if doing so would eliminate or significantly reduce a measurement or recognition inconsistency, which would appear if the assets or liabilities valuation or the recognition of their profits or losses are made on different grounds. The Group has not classified a financial asset at fair value using this option.

At the closing of these consolidated financial statements, the financial assets at amortized cost of the Group include certain cash elements and cash equivalents, trade and other receivables and other non-current financial assets.

- Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

At the closing of these consolidated financial statements, the Group has not financial assets at fair value through other comprehensive income.

- Financial assets at fair value through profit or loss

Any financial assets at fair value through profit or loss belong to a residual category that includes the financial assets that are not held in one of the two business models mentioned, including those kept to negotiate and those classified at fair value at initial recognition.

At the closing of these consolidated financial statements, the financial assets of the Group at fair value through profit or loss include mutual funds, public debt securities, stocks and corporate bonds and interest rate swaps accounted under other financial assets.

Recognition and measurement

The purchase and sale of financial assets are recognized at the date on which the Group commits to purchase or sale the asset.

Financial assets valued at amortized cost are initially recognized at their fair value plus cost of transaction. These assets accrue interest according to the effective interest rate method.

Financial assets valued at fair value through profit or loss and other comprehensive income are initially recognized at fair value, and transaction costs are recognized as expenses in the comprehensive income statement. Subsequently, they are valued at fair value. Changes in fair value and income from the sale of financial assets at fair value through profit or loss and other comprehensive income are recorded in Finance

Income or Finance Expenses and Other comprehensive income, respectively, in the consolidated statement of income and comprehensive income, respectively.

In general, the Group uses the transaction price to determine the fair value of a financial instrument at the initial recognition. In the rest of the cases, the Group only records revenue or loss at initial recognition if the fair value of the instrument is evidenced with other comparable and visible transactions of the market for the same instrument or if it is based on a valuation technique that only includes visible market data. Revenue or loss not recognized at the initial recognition of a financial asset is later recognized as long as they derive from a change in factors (including time) in which the market participants consider establishing the price.

The profit or loss of debt instruments which are measured at amortized cost and are not designated as hedge instruments are recognized in profit or loss when the financial assets are removed or when impairment is recognized and during the amortization process by using the effective interest rate method. The Group only reclassifies all investments in debt instruments when it changes the business model used to manage those assets.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized; that is to say, it is deleted from the statement of financial position, when:

- the contractual rights to receive cash flows from the asset have expired;

- the contractual rights to receive cash flows from the asset have been transferred or an obligation has been assumed to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) all the risks and rewards of the asset have been transferred substantially, or (b) all the risks and rewards of the asset have neither been transferred nor retained substantially, but control of the asset has been transferred.

When the contractual rights to receive cash flows from an asset have been transferred or a pass-through arrangement has been entered into, but all of the risks and rewards of the asset have neither transferred nor retained substantially and no control of it has been transferred, such asset shall continue to be recognized to the extent of the Group's continuing involvement in it. In this case, the Group shall also recognize the associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

IFRS 9 establishes an "expected credit loss" model ("ECL"). This requires the application of considerable judgment with regard to how changes in economic factors affect ECL, which is determined over a weighted average base. ECL results from the difference between contractual cash flows and cash flows at current value that the Group expects to receive.

The impairment model set forth by IFRS 9 is applicable to the financial assets measured at amortized value or at fair value through changes in other comprehensive income, except for the investment in equity securities and assets from the contracts recognized under IFRS 15.

Pursuant to IFRS 9, loss allowances are measured using one of the following bases:

- The 12-month ECL: these are expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date; and

- Full lifetime expected credit losses: these are expected credit losses that result from all possible default events over the life of the financial instrument.

Given the nature of the clients with which the Group operates and on the base of the foregoing criteria, the Group did not identify expected credit losses.

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With regard to financial placements and according to the placement policies in force, the Group monitors the credit rate and the credit risk of these instruments. Pursuant to the analysis, the Group did not identify the need to record impairment of these types of instruments.

2.2.9.2. Financial liabilities

Initial recognition and subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge ratio, as appropriate.

Financial liabilities are initially recognized at their fair value, net of the incurred transaction costs. Since the Group has no financial assets whose characteristics require the fair value accounting, according to IFRS, after the initial recognition, the financial assets are valued at amortized cost. Any difference between the amount received as financing (net of transaction costs) and the reimbursement value is recognized in comprehensive income throughout the life of the debt financial instrument using the method of effective interest rate.

At the closing date of these consolidated financial statements, the financial liabilities classified as loans and borrowings of the Group include Trade and other payables, and Loans and borrowings.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized as finance income or costs in the statement of income, as the case may be.

2.2.9.3. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.2.9.4. Financial assets and liabilities with related parties

Assets and liabilities with related parties are recognized initially at fair value plus directly attributable transaction costs. As long as credits and debts with related parties do not derive from arms-length transactions, any difference arising at the initial recognition between such fair value and the consideration given or received in return shall be considered as an equity transaction (capital contribution or payment of dividends, which will depend on whether it is positive or negative).

Following initial recognition, these receivables and payables are measured at their amortized cost through the effective interest rate (EIR) method. The EIR amortization is included in finance income or costs or other operating income or expenses in the statement of income, depending on the nature of the liability giving rise to it.

2.2.9.5. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The derivative financial instruments used by the Group are initially recognized through their fair values at the date on which the contract is entered into, and they are subsequently measured again at their fair value. The derivative financial instruments are accounted as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

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The method to recognize the loss or income from the change in fair value depends on whether the derivative was determined as a hedge instrument; in such case, on the nature of the item it is covering. The Company can determine certain derivative as:

- Fair value hedge;
- Cash flow hedge;

At the beginning of the transaction, the Group records the relationship between the hedge instruments and items covered, as well as its objectives for risk management and the strategy to make different hedge operations. It also records its assessment, both at the beginning and on a continuous base, on whether the derivatives used in the hedge transactions are highly effective to compensate changes in fair value or in the cash flows of the items covered.

Fair value hedge

Changes in fair value of derivatives determined and classified as fair value hedge are recorded in the statement of comprehensive income together with any change in the fair value of the covered asset or liability attributable to the covered risk.

Cash flow hedge

The effective part of changes in fair value of the derivatives determined and classified as cash flow hedge are recognized in Other comprehensive income. The loss or income related to the non-effective part is immediately recognized in the statement of comprehensive income within the Finance Expenses or Finance Income, respectively.

The cumulative amounts in Other comprehensive income are recorded in the statement of comprehensive income in the periods in which the item covered affects the comprehensive income. In the case of interest rates hedge, this means the amounts recognized in equity are reclassified as net finance income as interest is accrued on associated debts.

As at December 31, 2022, the Group has no hedging derivative instruments. Hence, swap contracts of interest rate and stock options contracts are measured at their current value at the closing of each period or fiscal year and are stated as assets or liabilities depending on the rights and obligations emerging from the respective contracts. In this way, changes in the accounting measure of such contracts are recognized in the consolidated statement of income under finance income or finance cost, as applicable.

2.2.10. Inventories

Inventories are valued at the lower of restated acquisition cost and net realizable value. In the estimation of recoverable values, the purpose of the asset to be measured and the movements of items of slow or scarce rotation are taken into account. Inventories balance is not higher than its net realizable value at the corresponding dates.

2.2.11. Cash and cash equivalents

Cash is deemed to include both cash fund and freely-available bank deposits on demand. Short-term deposits are deemed to include short-term investments with significant liquidity and free availability that, subject to no previous notice or material cost, may be easily converted into a specific cash amount that is known with a high degree of certainty upon the acquisition, are subject to an insignificant risk of changes in value, maturing up to three months after the date of the related acquisitions, and whose main purpose is not investment or any other similar purpose, but settling short-term commitments.

For the purpose of the consolidated statement of financial position and the consolidated statement of cash flows, cash and cash equivalents comprise cash at banks and on hand and short-term investments meeting the abovementioned conditions.

2.2.12. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income under the item that better reflects the nature of the provision net of any reimbursement to the extent that the latter is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax market rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the statement of income.

– Provision for lawsuits and claims

In the ordinary course of business, the Group is exposed to claims of different natures (e.g., commercial, labor, tax, social security, foreign exchange or customs claims) and other contingent situations derived from the interpretation of current legislation, which result in a loss, the materialization of which depends on whether one more events occur or not. In assessing these situations, Management uses its own judgment and advice of its legal counsel, both internal and external, as well as the evidence available as of the related dates. If the assessment of the contingency reveals the likelihood of the materialization of a loss and the amount can be reliably estimated, a provision for lawsuits and claims is recorded as of the end of the reporting period.

2.2.13. Contingent liabilities

A contingent liability is: (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or (ii) a present obligation that arises from past events but is not recognized because: (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (2) the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not recognized in financial statements; it is reported in notes, unless the possibility of an outflow of resources to settle such liability is remote. For each type of contingent liability as of the relevant reporting period-end dates, the Group shall disclose (i) a brief description of the nature of the obligation and, if possible, (ii) an estimate of its financial impact; (iii) an indication of the uncertainties about the amount or timing of those outflows; and (iv) the possibility of obtaining potential reimbursements.

2.2.14. Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is not recognized in financial statements; it is reported in notes only where an inflow of economic benefits is probable. For each type of contingent asset as of the relevant reporting period-end dates, the Group shall disclose (i) a brief description of the nature thereof and, if possible, (ii) an estimate of its financial impact.

2.2.15. Employee benefits

Employee short-term benefits:

The Group recognizes short-term benefits to employees, such as salary, vacation pay, bonuses, among others, on an accrued basis and includes the benefits arising from collective bargaining agreements.

Post-employment employee long-term benefits:

The Group grants benefits to all trade-union employees when obtaining the ordinary retirement benefit under the Argentine Integrated Pension Fund System, based on multiples of the relevant employees' salaries.

The amount recognized as a liability for such benefits includes the present value of the liability at the end of the reporting period, and it is determined through actuarial valuations using the projected unit credit method.

Actuarial gains and losses are fully recognized in other comprehensive income in the period when they occur and immediately allocated to unappropriated retained earnings (accumulated losses), and not reclassified to income in subsequent periods.

The Group recognizes the net amount of the following amounts as expense or income in the statement of income for the reporting year: (a) the cost of service for the current period; (b) the cost of interest; (c) the past service cost, and (d) the effect of any curtailment or settlement.

Other long-term employee benefits:

The Group grants seniority-based benefits to all trade-union employees when reaching a specific seniority, based on their normal salaries.

The amount recognized as liabilities for other long-term benefits to employees is the present value of the liability at the end of the reporting period. The Group recognizes the net amount of the following amounts as expense or income: (a) the cost of service for the current period; (b) the cost of interest; (c) actuarial income and loss, which shall be recognized immediately and in full; (d) the past service cost, which shall be recognized immediately and in full; and (e) the effect of any curtailment or settlement.

2.2.16. Share-based payments

The cost of share-based payments transactions that are settled with equity instruments of one of our subsidiaries is determined by the fair value at the date when the grant is made using an appropriate valuation model.

This cost is recognized in the consolidated financial statements under employee benefits expense, together with a corresponding total increase in non-controlling interest.

On January 18, 2017, the subsidiary CP Renovables S.A. ("CPR") entered into a stock option agreement with its minority shareholder at that time that was also its chairman and general manager and a shareholder of the Company (the "minority shareholder"). Under such agreement the minority shareholder has the right to purchase class B shares of CPR that represents 10% of the fully diluted capital stock of CPR. The option is exercisable in whole or in part, at any time prior to the seventh anniversary of the date of the stock option agreement. As of the date of these financial statements, the vesting period has ended while the option was neither exercised nor assigned.

During the year ended December 31, 2020 the expense booked in the consolidated financial statements under employee benefits expense amounts to 4,919. During years ended December 31, 2022 and 2021 no expense has been booked under employee benefits share-based expense.

2.2.17. Investment in associates

The Group's investments in associates are accounted for using the equity method. An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is neither control nor joint control.

According to the equity method, investments in associates are originally booked in the statement of financial position at cost, plus (less) the changes in the Group's ownership interests in the associates' net assets subsequent to the acquisition date. If any, goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

If the cost of the investments is lower than the proportional share as of the date of acquisition on the fair value of the associate's assets and liabilities, a gain is recognized in the period in which the investment was acquired.

The statement of income reflects the share of the results of operations of the associates adjusted on the basis of the fair values estimated as of the date on which the investment was incorporated. When there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes and includes them, when applicable, in the statement of changes in equity.

The Group's share of profit of an associate is shown in a single line on the main body of the consolidated statement of income. This share of profit includes income or loss after taxes of the associates.

The financial information of the associates is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize impairment losses on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the value of investment in the associates has been impaired. If such was the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associates and its carrying value, and recognizes the loss as "Share of losses of an associate" in the statement of income.

The information related to associates is included in Note 3.

2.2.18. Information on operating segments

For management purposes, the Group is organized in four different business units to carry out its activities, as follows:

- Electric power generation from conventional sources: the Group is engaged in the production of electric power from conventional sources and its sale.

- Electric power generation from renewable sources: the Group also is engaged in the production of electric power from renewable sources and its sale.

- Natural gas transport and distribution: through its equity investees companies belonging to ECOGAS Group, the Group is engaged in the natural gas distribution public sector service in the Cuyo and Centro regions of Argentina and it is also engaged in the natural gas transport sector service through its equity investee Company Transportadora de Gas del Mercosur S.A. Also, the Company resells certain gas transport and distribution capacity that was previously contracted by the Company.

- Management and operations of thermal plants: through its equity investees Termoeléctrica José de San Martín S.A. and Termoeléctrica Manuel Belgrano S.A. and its subsidiary Central Vuelta de Obligado S.A. the Group is engaged in the management and operation of these thermal plants.

The Group has three reporting segments: production of electric power from conventional sources, production of electric power from renewable sources and natural gas transport and distribution. Management and operations activities are included in others, because the information is not material.

The Board of Directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The financial performance of segments is evaluated based on net income and measured consistently with the net income disclosed in the consolidated financial statements (Note 4).

2.2.19. Biological assets

Forestry plantations are measured, both on initial recognition and at the end of the reporting period, at its fair value, less costs of sale at harvest or collection point. Fair value of the plantations with no available market prices under their current condition is determined through discounted cash flows, using market discount rates.

Forestry plantations included in the harvest plan for the twelve months following the closing of the period are classified as current biological assets.

2.2.20. Business combinations

Business combinations are accounted using the acquisition method when the Group takes effective control of the acquired company.

The Group will recognize in its financial statements the acquired identifiable assets, the assumed liabilities, any non-controlling interest and, if any, goodwill according to IFRS 3.

The acquisition cost is measured as the aggregate of the transferred consideration, measured at fair value on that date, and the amount of any non-controlling interest in the acquiree. The Group will measure the non-controlling interest in the acquiree at fair value or at the proportional interest in the identifiable net assets of the acquiree.

If the business combination is made in stages, the Group will measure again its previous holding at fair value at the acquisition date and will recognize income or loss in the consolidated statement of comprehensive income.

Goodwill is measured at cost, as excess of the transferred consideration regarding the acquired identifiable assets and the net assumed liabilities of the Group. If this consideration is lower than the fair value of the identifiable assets and of the assumed liabilities, the difference is recognized in the consolidated statement of comprehensive income. If the fair value of the net assets acquired is higher than the consideration paid, the Group reassesses whether it has properly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of the net assets acquired in comparison to the consideration paid, then the gain is recognized in the consolidated statement of comprehensive income.

As described in Note 1, on December 27, 2022, the Company acquired the companies Forestal Argentina S.A. and Loma Alta Forestal S.A. The fair value of the identifiable assets and liabilities transferred at the date of the acquisition, which was determined in accordance with IFRS 3, is as follows:

	ARS 000
Assets	
Property, plant and equipment	11,707,265
Biological assets	15,247,016
Inventories	199,446
Other non-financial assets	145,093
Trade and other receivables	600,349
Other financial assets	452,997
Cash and cash equivalents	191,121
Liabilities	
Trade and other payables	(211,413)
Other non-financial liabilities	(45,269)
Compensation and employee benefits liabilities	(56,762)
Deferred income tax liabilities	(3,866,310)
Total identifiable net assets measured at fair value	**24,363,533**

The business combination was accounted for using the "acquisition method" set forth in IFRS 3. As a result of the application of such method, the Company considers that the consideration transferred amounting to 12,189,364 is lower than the fair value of the assets acquired and liabilities assumed at the acquisition date. The Company reassessed whether it has properly identified all the assets acquired and all the liabilities assumed and reviewed the procedures used to measure the amounts to be recognized at the acquisition date. After the reassessment there was still an excess of the fair value of the net assets acquired in comparison to the consideration paid. Therefore, the Company recognized a gain from bargain purchase amounting to 12,174,169 in the statement of income for the year ended December 31, 2022.

The Company has made a preliminary purchase price allocation and the valuation at fair value of the identifiable assets and the liabilities assumed based on an independent assessment made by an independent specialist. The fair value of the biological assets corresponding to mature plantations has been determined based on the price existing in the active market in which they operate, whereas the fair value of the biological assets corresponding to young plantations has been determined based on the discounted cash flow. The fair value of lands has been determined based on market appraisals. The deferred tax liability corresponds to the difference between the fair value of lands and their tax value. The Company is finishing to gather the necessary information to complete the assets identification and valuation process under the time-window set forth by IFRS 3.

The results accrued after the acquisition date for the acquired companies are not material since the acquisition was made three days before year-end closing. The Company does not have the necessary information to disclose the foregoing figures as if the acquisition took place at the beginning of this fiscal year.

2.3. Significant accounting estimates and assumptions

The preparation of the Group's financial statements requires management to make significant estimates and assumptions that affect the recorded amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. In this sense, the uncertainties related to the estimates and assumptions adopted could give rise in the future to final results that could differ from those estimates and require significant adjustments to the amounts of the assets and liabilities affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its accounting assumptions and significant estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Recoverability of property, plant and equipment and intangible assets:

At each closing date of the reported period, the Group evaluates if there is any sign that the property, plant and equipment and/or intangible assets with finite useful lives may have their value impaired. Impairment exists when the book value of assets related to the Cash Generating Unit (CGU) exceeds its recoverable value, which is the higher between its fair value less costs of sale of such asset and value in use. The value in use is calculated through the estimation of future cash flows discounted at their present value through a discount rate that reflects the current assessments of the market over the temporal value of money and the specific risks of each CGU. Projection calculations cover a five-year period. The recoverable value is sensitive to the used discount rate, as well as the estimated inflows and the long-term growth rate.

2.4. New standards and interpretations adopted

As from the fiscal year beginning January 1, 2022, the Group has applied for the first time certain new and/or amended standards and interpretations as issued by the IASB.

Below is a brief description of the new and/or amended standards and interpretations adopted by the Group and their impact on these consolidated financial statements.

Amendments to IAS 16 - Property, plant and equipment ("PP&E") - Earnings ahead of schedule

In May 2020, the IASB issued an amendment to IAS 16 that prohibits entities from deducting from the cost of an item of PP&E, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2022 and must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments did not have a significant impact on the Group´s consolidated financial statements.

Amendments to IAS 37 - Onerous Contracts: Cost of Fulfilling a Contract

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

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and did not have a significant impact on the Group´s consolidated financial statements.

Amendments to IFRS 3 - Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business Combinations - Reference to Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements. The amendments promote consistency in financial reporting and avoid potential confusion from having more than one version of the Conceptual Framework in use.

The amendments are effective for periods beginning on or after January 1, 2022 and must be applied retrospectively. The amendments did not have a significant impact on the Group´s consolidated financial statements.

IFRS 9 Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and has not had a significant effect on the Group´s consolidated financial statements.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment deletes the requirement established in paragraph 22 of IAS 41 for entities to exclude the cash flows for taxation when measuring the fair value of the assets within the scope of application of IAS 41.

This amendment had no impact on the consolidated financial statements of the Group.

2.5. IFRS issued but not yet effective

The following new and/or amended standards and interpretations have been issued but were not effective as of the date of issuance of these consolidated financial statements of the Group. In this sense, only the new and/or amended standards and interpretations that the Group expects to be applicable in the future are indicated. In general, the Group intends to adopt these standards, as applicable when they become effective.

Amendments to IAS 1: 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 classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group’s financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board 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.

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The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact of the amendments.

3. Investment in associates

The book value of investment in associates as of December 31, 2022 and 2021 amounts to:

	12-31-2022 ARS 000	12-31-2021 ARS 000
ECOGAS Group (Note 3.1)	11,958,097	11,895,704
Transportadora de Gas del Mercosur S.A.	199,864	376,991
	12,157,961	12,272,695

The share of the profit of associates for the years ended December 31, 2022, 2021 and 2020 amounts to:

	2022 ARS 000	2021 ARS 000	2020 ARS 000
ECOGAS Group (Note 3.1)	159,605	(1,010,740)	291,048
Transportadora de Gas del Mercosur S.A.	(48,071)	39,837	(46,639)
Termoeléctrica José de San Martin S.A. (Note 1.2.a)	-	(73,525)	77,456
Termoeléctrica Manuel Belgrano S.A. (Note 1.2.a)	-	(55,183)	(2,114)
	111,534	(1,099,611)	319,751

3.1. Investments in gas distribution

The Group holds ownership interests of 42.31% in Inversora de Gas del Centro S.A. (“IGCE”, the controlling company of Distribuidora de Gas del Centro S.A. “DGCE” and Distribuidora de Gas Cuyana S.A. “DGCU”) and 17.20% in DGCE (from now on, “ECOGAS Group”). Consequently, the Group holds, both directly and indirectly, a 40.59% of the capital stock of DGCE, and, indirectly, a 21.58% interest in DGCU. The Company does not control such companies.

IGCE is a private, unlisted company which holds a 55.29% equity interest in DGCE, a company engaged in the distribution of natural gas in the provinces of Cordoba, La Rioja and Catamarca, Argentine, and a 51% equity interest in DGCU, a company engaged in the distribution of natural gas in the provinces of Mendoza, San Juan and San Luis.

During April 2022 and 2021, the Group received dividends of 98,154 and 273,038, respectively, from ECOGAS Group.

On March 24, 2022 CPSA acquired a 8,60% equity interest in the related company GESER S.A.U., an entity controlled by IGCE. The purchase price was 5,125. GESER S.A.U. is a private unlisted company which is engaged in the rendering of professional services related to administrative and/or commercial activities.

3.2. Transportadora de Gas del Mercosur S.A.

The Group has a 20% interest in Transportadora de Gas del Mercosur S.A. (“TGM”). This Company has a gas pipeline that covers the area from Aldea Brasilera (in the Province of Entre Ríos) to Paso de los Libres (in the Province of Corrientes). TGM is a private unlisted company.

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4. Operating segments

The following provides summarized information of the operating segments for the years ended December 31, 2022, 2021 and 2020:

2022	Electric Power Generation from conventional sources	Electric Power Generation from renewable sources	Natural Gas Transport and Distribution (1) (2)	Others (1) (5)	Adjustments and Eliminations (3)	Total
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Revenues	80,676,265	18,261,198	53,026,157	1,752,484	(52,323,398)	101,392,706
Cost of sales	(44,936,903)	(6,486,559)	(43,060,520)	(1,476,289)	42,637,380	(53,322,891)
Administrative and selling expenses	(6,764,320)	(702,821)	(9,310,387)	-	9,310,387	(7,467,141)
Other operating income	34,097,252	1,771,992	1,366,613	44,265	(1,366,613)	35,913,509
Other operating expenses	(594,178)	(7,813)	(471,091)	(160)	471,091	(602,151)
Impairment of property, plant and equipment and intangible assets	(5,970,504)	(8,053,063)	-	-	-	(14,023,567)
Operating income	56,507,612	4,782,934	1,550,772	320,300	(1,271,153)	61,890,465
Other (expenses) income (4)	(54,469,248)	(296,049)	(4,035,737)	11,939,140	4,049,404	(42,812,490)
Net income (loss) for the segment	2,038,364	4,486,885	(2,484,965)	12,259,440	2,778,251	19,077,975
Share in the net income (loss) for the segment	**2,038,364**	**4,486,885**	**290,071**	**12,262,655**	**-**	**19,077,975**

2021	Electric Power Generation from conventional sources	Electric Power Generation from renewable sources	Natural Gas Transport and Distribution (1) (2)	Others (1)	Adjustments and Eliminations (3)	Total
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Revenues	86,295,219	22,101,809	59,960,850	3,410,912	(60,582,129)	111,186,661
Cost of sales	(49,060,790)	(6,581,565)	(46,179,641)	(2,910,682)	47,146,772	(57,585,906)
Administrative and selling expenses	(7,035,992)	(1,051,086)	(12,106,790)	-	12,106,789	(8,087,079)
Other operating income	20,407,330	823,626	1,959,395	38,630	(1,959,395)	21,269,586
Other operating expenses	(1,593,813)	20,595	(453,332)	-	453,332	(1,573,218)
Impairment of property, plant and equipment and intangible assets	(15,125,724)	-	-	-	-	(15,125,724)
Operating income	33,886,230	15,313,379	3,180,482	538,860	(2,834,631)	50,084,320
Other (expenses) income (4)	(45,560,031)	(4,269,783)	(8,772,675)	(344,818)	7,600,994	(51,346,313)
Net (loss) income for the segment	(11,673,801)	11,043,596	(5,592,193)	194,042	4,766,363	(1,261,993)
Share in the net (loss) income for the segment	**(11,673,801)**	**11,043,596**	**(939,071)**	**307,283**	**-**	**(1,261,993)**

2020	Electric Power Generation from conventional sources	Electric Power Generation from renewable sources	Natural Gas Transport and Distribution (1) (2)	Others (1)	Adjustments and Eliminations (3)	Total
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Revenues	87,415,727	21,180,050	84,674,960	5,186,557	(86,410,154)	112,047,140
Cost of sales	(41,752,822)	(5,542,540)	(69,274,477)	(4,202,050)	71,330,565	(49,441,324)
Administrative and selling expenses	(7,513,849)	(1,226,319)	(18,477,966)	-	18,477,966	(8,740,168)
Other operating income	40,168,359	1,284,603	2,346,097	2,482	(2,348,579)	41,452,962
Other operating expenses	(948,453)	(380,641)	(631,599)	(14,843)	631,599	(1,343,937)
Impairment of property, plant and equipment and intangible assets	(11,808,900)	-	-	-	-	(11,808,900)
Operating income	65,560,062	15,315,153	(1,362,985)	972,146	1,681,397	82,165,773
Other (expenses) income (4)	(47,890,568)	(13,689,301)	(306,482)	(148,720)	327,309	(61,707,762)
Net income (loss) for the segment	17,669,494	1,625,852	(1,669,467)	823,426	2,008,706	20,458,011
Share in the net income (loss) for the segment	**17,669,494**	**1,625,852**	**514,046**	**648,619**	**-**	**20,458,011**

(1) Includes information from associates.
(2) Includes income (expenses) related to resale of gas transport and distribution capacity.
(3) Includes adjustments and eliminations related to equity method investees.
(4) Includes finance income and expenses, net allocated to each segment.
(5) Includes gain from bargain purchase related to the business combination described in Note 2.2.20.

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Major customers

During the years ended December 31, 2022, 2021 and 2020 revenues from CAMMESA amounted to 86%, 87% and 86%, respectively, from total Group revenues.

5. Revenues

	2022 ARS 000	2021 ARS 000	2020 ARS 000
Revenues from spot market	40,171,129	46,392,088	51,377,058
Sales under contracts	53,858,399	58,662,360	54,088,034
Steam sales	4,907,935	3,342,579	3,130,683
Resale of gas transport and distribution capacity	702,759	599,953	1,160,926
Revenues from CVO thermal plant management	1,752,484	2,189,681	2,290,439
	101,392,706	**111,186,661**	**112,047,140**

6. Operating expenses

6.1. Cost of sales

	2022 ARS 000	2021 ARS 000	2020 ARS 000
Inventories at beginning of each year	3,562,557	4,299,670	3,209,352
Purchases and operating expenses for each year:			
Purchases	15,725,055	12,028,007	10,733,127
Operating expenses (Note 6.2)	42,344,283	45,606,988	39,798,515
Transfers to property, plant and equipment, net	-	(786,202)	-
	58,069,338	56,848,793	50,531,642
Inventories at the end of each year	(8,309,004)(1)	(3,562,557)	(4,299,670)
	53,322,891	**57,585,906**	**49,441,324**

(1) It does not include forest inventories for 199,446 that were added to the Company's equity through the business combination described in Note 2.2.20.

6.2. Operating, administrative and selling expenses

Accounts	2022 Operating expenses ARS 000	2022 Administrative and selling expenses ARS 000	2021 Operating expenses ARS 000	2021 Administrative and selling expenses ARS 000	2020 Operating expenses ARS 000	2020 Administrative and selling expenses ARS 000
Compensation to employees	8,474,303	3,189,395	8,441,740	3,128,649	8,499,035	3,204,827
Other long-term employee benefits	344,514	61,077	400,917	85,584	306,943	66,126
Depreciation of property, plant and equipment	15,490,504	-	14,877,607	-	10,645,650	-
Amortization of intangible assets	3,960,776	-	5,987,461	-	6,863,399	-
Purchase of energy and power	304,640	-	375,906	-	421,733	-
Fees and compensation for services	3,046,284	2,321,151	2,729,366	2,946,448	2,761,308	2,339,528
Maintenance expenses	5,528,519	25,578	7,081,977	179,845	5,182,149	554,935
Consumption of materials and spare parts	2,441,676	-	2,244,091	-	1,505,874	-
Insurance	1,806,607	83,819	2,501,059	69,422	2,105,923	92,868
Levies and royalties	739,759	-	749,751	-	1,318,415	-
Taxes and assessments	126,970	521,346	173,569	664,387	151,569	1,039,909
Tax on bank account transactions	18,600	1,095,335	17,882	830,853	19,248	1,320,856
Others	61,131	169,440	25,662	181,891	17,269	121,119
Total	**42,344,283**	**7,467,141**	**45,606,988**	**8,087,079**	**39,798,515**	**8,740,168**

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7. Other income and expenses

7.1. Other operating income

	2022 ARS 000	2021 ARS 000	2020 ARS 000
Interest earned from customers	6,652,029 (1)	7,033,279 (1)	9,136,975 (1)
Foreign exchange difference, net	27,321,040 (2)	13,401,746 (2)	32,202,239 (2)
Insurance recovery	1,340,565	-	-
Recovery related to discount of tax credits	262,851	461,132	-
Income from sale of property, plant and equipment	19,895	204,872	-
Net recovery related to the provision for lawsuits and claims	61,722	-	-
Net recovery related to the allowance for doubtful accounts	556	-	-
Others	254,851	168,557	113,748
	35,913,509	**21,269,586**	**41,452,962**

(1) Includes 1,773 related to receivables under FONINVEMEM I and II Agreements for the years ended December 31, 2020. It also includes 3,332,318, 3,557,446 and 4,731,187 related to CVO receivables for the years ended December 31, 2022, 2021 and 2020, respectively.
(2) Includes 59,768 related to receivables under FONINVEMEM I and II Agreements for the years ended December 31, 2020. It also includes 25,044,457 and 13,756,448 and 29,950,182 related to CVO receivables for the years ended December 31, 2022, 2021 and 2020.

7.2. Other operating expenses

	2022 ARS 000	2021 ARS 000	2020 ARS 000
Impairment of material and spare parts	(512,183)	(80,557)	(126,240)
Net charge related to the provision for lawsuits and claims	-	(109,905)	(24,620)
Net charge related to the allowance for doubtful accounts	-	(1,383)	(7,227)
Trade and tax interests	-	(1,216,353)	(1,097,073)
Charge related to discount of tax credits	-	-	(88,777)
Others	(89,968)	(165,020)	-
	(602,151)	**(1,573,218)**	**(1,343,937)**

7.3. Finance income

	2022 ARS 000	2021 ARS 000	2020 ARS 000
Interest earned	551,847	75,701	378,375
Net income on financial assets at fair value through profit or loss (1)	22,468,050	2,705,880	14,792,662
Interest rate swap income	2,518,304	1,002,563	-
	25,538,201	**3,784,144**	**15,171,037**

(1) Net of 112,580, 45,210 and 71,522 corresponding to turnover tax for the years ended December 31, 2022, 2021 and 2020, respectively.

7.4. Finance expenses

	2022 ARS 000	2021 ARS 000	2020 ARS 000
Interest on loans	(6,309,590)	(9,176,939)	(10,711,550)
Foreign exchange differences	(36,340,863)	(24,082,386)	(50,921,022)
Bank commissions for loans and others	(802,383)	(1,442,334)	(1,526,216)
Others	(249)	(1,146)	(2,400,149)
	(43,453,085)	**(34,702,805)**	**(65,558,937)**

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8. Income tax

The major components of income tax during the years ended December 31, 2022, 2021 and 2020, are the following:

Consolidated statements of income and comprehensive income

Consolidated statement of income

	2022 ARS 000	2021 ARS 000	2020 ARS 000
Current income tax			
Income tax charge for the year	(16,479,523)	(13,271,353)	(14,201,733)
Adjustment related to current income tax for the prior year	304,874	295,242	61,124
Deferred income tax			
Related to the net variation in temporary differences	9,454,445	(3,130,094)	(907,466)
Income tax	**(6,720,204)**	**(16,106,205)**	**(15,048,075)**

Consolidated statement of comprehensive income

	2022 ARS 000	2021 ARS 000	2020 ARS 000
Income tax for the year related to items charged or credited directly to equity			
Deferred income tax income (expense)	82,200	(263)	(5,783)
Income tax credited charged to other comprehensive income	**82,200**	**(263)**	**(5,783)**

The reconciliation between income tax in the consolidated statement of income and the accounting income multiplied by the statutory income tax rate for the years ended December 31, 2022, 2021 and 2020, is as follows:

	2022 ARS 000	2021 ARS 000	2020 ARS 000
Income before income tax	**25,798,179**	**14,844,212**	**35,506,085**
At statutory income tax rate (1)	(9,029,362)	(5,195,475)	(10,651,825)
Share of the profit of associates	(55,539)	32,067	(19,717)
Effect related to statutory income tax rate change (Note 22)	-	(8,412,105)	1,857,589
IFRIC 23 effect	298,760	28,588	58,167
Effect related to the discount of income tax payable	1,592,771	(270,416)	581,052
Adjustment related to current income tax for the prior year	304,874	295,244	61,124
Loss on net monetary position	(3,414,907)	(1,307,240)	(7,341,580)
Unrecognized tax-loss carryforwards	(2,809,286)	(2,344,539)	-
Business combination tax effects	4,260,959	-	-
Others	2,131,526	1,067,671	407,115
Income tax for the year	**(6,720,204)**	**(16,106,205)**	**(15,048,075)**

(1) The statutory income tax rate used amounts to 35% as of December 31, 2022 and 2021 and 30% as of December 31, 2020.

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Deferred income tax

Deferred income tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of income from continuing operations and statement of other comprehensive income		
	12-31-2022	12-31-2021	2022	2021	2020
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Trade receivables	8,040	13,768	(5,728)	4,245	(4,843)
Other financial assets	(101,948)	(66,941)	(35,008)	(65,789)	1,101,292
Provisions and others	(850,124)	(946,631)	96,507	(85,067)	(1,043,977)
Employee benefit liability	351,643	433,275	(81,633)	109,834	3,126
Investments in associates	(4,129,072)	(4,056,739)	(72,333)	(876,967)	(114,357)
Property, plant and equipment - Material & spare parts - Intangible assets	(12,180,928)	(13,797,678)	5,483,061	2,026,665	2,488,485
Deferred tax income	(5,382,269)	(7,283,559)	1,901,290	460,824	685,750
Tax loss carry-forward	157,711	419,022	(261,311)	(6,643,049)	441,986
Tax inflation adjustment - Asset	121,338	350,503	(229,165)	(199,211)	(1,248,143)
Tax inflation adjustment - Liability	(1,627,018)	(4,367,984)	2,740,965	2,138,158	(3,222,568)
Deferred income tax income (expense)			**9,536,645**	**(3,130,357)**	**(913,249)**
Deferred income tax liabilities, net	**(23,632,627)**	**(29,302,964)**			

Deferred income tax liability, net, disclosed in the consolidated statement of financial position

	Consolidated statement of financial position		
	2022	2021	2020
	ARS 000	ARS 000	ARS 000
Deferred income tax asset	835,675	256,262	289,260
Deferred income tax liability	(24,468,302)	(29,559,226)	(26,461,867)
Deferred income tax liability, net	**(23,632,627)**	**(29,302,964)**	**(26,172,607)**

As of December 31, 2022, the Group holds tax loss carry-forward in its subsidiaries for 11,780,465 that could be utilized against future taxable profit from such entities. Nevertheless, the Group considered there is no certainty regarding the existence of future taxable income against which tax loss carry-forward from Proener S.A.U. and CPR for an amount of 11,329,860 can be applied. Therefore, the corresponding deferred tax asset has not been recognized.

9. Earnings per share

Earnings per share amounts are calculated by dividing net income for the year attributable to equity holders of the parent by the weighted average number of ordinary shares during the year, net number of treasury shares.

There are no transactions or items generating an effect of dilution.

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The following reflects information on income and the number of shares used in the earnings per share computations:

	2022 ARS 000	2021 ARS 000	2020 ARS 000
Income (loss) attributable to equity holders of the parent	19,040,491	(1,445,514)	20,263,905
Weighted average number of ordinary shares	1,505,044,626	1,505,170,408	1,505,170,408

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of issuance of these consolidated financial statements that may produce a dilution effect.

10. Inventories

	2022 ARS 000	2021 ARS 000
Non-current:		
Materials and spare parts	3,270,647	1,313,884
Provision for obsolete inventory	(1,082,522)	(570,339)
	2,188,125	743,545
Current:		
Materials and spare parts	6,100,542	2,779,396
Forest inventories	199,446	-
Fuel oil	7,461	14,534
Diesel oil	12,876	25,082
	6,320,325	2,819,012

10.1. Provision for obsolete inventory

	12-31-2022			12-31-2021
Item	**At beginning**	**Increases**	**At end**	**At end**
Inventories	570,339	512,183	1,082,522	570,339
Total 12-31-2022	**570,339**	**512,183**	**1,082,522**	
Total 12-31-2021	**489,782**	**80,557**		**570,339**

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11. Property, plant and equipment

	Lands and buildings	Electric power facilities and other equipment	Wind turbines	Gas turbines	Construction in progress	Other	Total	
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	
Cost								
01-01-2021	28,837,418	205,604,344	68,215,112	7,506,390	60,877,646	11,713,736	382,754,646	
Additions	9,775	-	-	2,821	9,878,338	233,789	10,124,723	
Transfers	158,899	48,935,898	21,811	-	(48,352,045)	16,454	781,017	(2)
Disposals	-	(695,493)	-	-	-	(226,973)	(922,466)	
12-31-2021	**29,006,092**	**253,844,749**	**68,236,923**	**7,509,211**	**22,403,939**	**11,737,006**	**392,737,920**	
Additions	11,642,183	3,623	-	-	1,013,291	240,108	12,899,205	(3)
Transfers	41,367	1,021,869	-	-	(1,075,321)	7,357	(4,728)	(1)
Disposals	-	(967,340)	-	-	-	(53,373)	(1,020,713)	
12-31-2022	**40,689,642**	**253,902,901**	**68,236,923**	**7,509,211**	**22,341,909**	**11,931,098**	**404,611,684**	

	Lands and buildings	Electric power facilities and other equipment	Wind turbines	Gas turbines	Construction in progress	Other	Total
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Depreciation and impairment							
01-01-2021	4,277,863	121,019,605	4,461,923	4,374,474	6,981,113	8,811,750	149,926,728
Depreciation for the year	841,884	10,141,748	3,433,088	-	-	460,887	14,877,607
Disposals and impairment	1,302,566	7,371,089	-	-	3,902,050	(128,815)	12,446,890
12-31-2021	**6,422,313**	**138,532,442**	**7,895,011**	**4,374,474**	**10,883,163**	**9,143,822**	**177,251,225**
Depreciation for the year	943,647	10,799,992	3,437,282	-	-	309,583	15,490,504
Disposals and impairment	1,186,379	6,312,391	6,316,392	-	-	140,040	13,955,202
12-31-2022	**8,552,339**	**155,644,825**	**17,648,685**	**4,374,474**	**10,883,163**	**9,593,445**	**206,696,931**
Net book value:							
12-31-2022	**32,137,303**	**98,258,076**	**50,588,238**	**3,134,737**	**11,458,746**	**2,337,653**	**197,914,753**
12-31-2021	**22,583,779**	**115,312,307**	**60,341,912**	**3,134,737**	**11,520,776**	**2,593,184**	**215,486,695**

(1) Transferred to intangible assets related to transmission lines and electrical substation that were transferred to electric energy transport companies.
(2) Includes (5,185) transferred to intangible assets related to electrical substation that was transferred to electric energy transport companies and 786,202 transferred from item "Inventories".
(3) Includes 11,642,183 belonging to lands and buildings, 3,623 belonging to machinery and equipment, and 61,459 belonging to other, that were added to the Company’s equity through the business combination described in Note 2.2.20.

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12. Intangible assets

	Concession right	Transmission lines and electrical substations for wind farms	Turbogas and turbosteam supply agreements for thermal station Brigadier López	Total
	ARS 000	**ARS 000**	**ARS 000**	**ARS 000**
Cost				
01-01-2021	**48,675,033**	**3,966,827**	**24,394,937**	**77,036,797**
Transfers	-	5,185 (1)	-	5,185
12-31-2021	**48,675,033**	**3,972,012**	**24,394,937**	**77,041,982**
Transfers	-	4,728 (1)	-	4,728
12-31-2022	**48,675,033**	**3,976,740**	**24,394,937**	**77,046,710**
Amortization and impairment				
01-01-2021	42,586,716	507,518	14,113,296	57,207,530
Amortization for the year	2,029,439	198,788	3,759,234	5,987,461
Impairment	-	-	2,082,285	2,082,285
12-31-2021	**44,616,155**	**706,306**	**19,954,815**	**65,277,276**
Amortization for the year	2,029,439	198,937	1,732,400	3,960,776
Impairment	-	33,495	-	33,495
12-31-2022	**46,645,594**	**938,738**	**21,687,215**	**69,271,547**
Net book value				
12-31-2021	**4,058,878**	**3,265,706**	**4,440,122**	**11,764,706**
12-31-2022	**2,029,439**	**3,038,002**	**2,707,722**	**7,775,163**

(1) Transferred from property, plant and equipment. See below.

Concession right of Piedra del Águila hydroelectric power plant

Includes the amounts paid as consideration for rights relating to the concession of Piedra del Águila hydroelectric power plant awarded by the Argentine government for a 30-year term, until December 29, 2023. The Group amortizes such intangible asset based on straight-line basis over the remaining life of the concession agreement.

For a concession arrangement to fall within the scope of IFRIC 12, usage of the infrastructure must be controlled by the concession grantor. This requirement is met when the following two conditions are met:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls the infrastructure, i.e., retains the right to take back the infrastructure at the end of the concession.

Upon Resolution 95 passed by Argentine government the Company´s concession right of Piedra del Águila hydroelectric power plant met both conditions above.

The main features of the concession contract are as follows:

Control and regulation of prices by concession grantor: Pricing schedule approved by grantor;

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Remuneration paid by: CAMMESA;

Grant or guarantee from concession grantor: None;

Residual value: Infrastructure returned to grantor for no consideration at end of concession;

Concession end date: December 28, 2023;

IFRIC 12 accounting model: Intangible asset.

Fees and royalties: the Intergovernmental Basin Authority is entitled to a fee of 2.5% of the plant's revenues, and the provinces of Rio Negro and Neuquén are entitled to royalties of 12% of such revenues. For the years ended December 31, 2022, 2021 and 2020, the fees and royalties amounted 739,759, 749,751 and 1,081,383, respectively and they were shown in operating expenses in the consolidated statement of income.

Contractual capital investment obligations and obligations relating to maintenance expenditure on infrastructure under concession are not significant.

Transmission lines of wind farms Achiras, La Castellana, La Genoveva, La Genoveva II and Manque

The Group finished the construction of wind farms La Castellana, Achiras, La Genoveva, La Genoveva II and Manque, whereby the Group agreed to build high and medium tension lines and the electrical substation to connect the wind farms to Sistema Argentino de Interconexión ("SADI"), a part of which were given to the companies transporting the energy; therefore, such companies are in charge of the maintenance of such transferred installations. Consequently, the Group recognized intangible assets for the works related to the construction of the described equipments.

Turbogas and turbosteam supply agreements for Thermal Station Brigadier López

During fiscal year 2019, as a result of the business combination related to the acquisition of Thermal Station Brigadier Lopez, the Group recognized an intangible asset related to turbogas and turbosteam supply agreements entered into with CAMMESA regarding Thermal Station Brigadier López.

13. Financial assets and liabilities

13.1. Trade and other receivables

	12-31-2022 ARS 000	12-31-2021 ARS 000
Non-current:		
Trade receivables - CAMMESA	42,082,559	58,525,950
Receivables from shareholders	236,325	745,431
Guarantee deposits	43	83
	42,318,927	**59,271,464**
Current:		
Trade receivables - CAMMESA	31,748,162	31,808,122
Trade receivables - YPF S.A. and YPF Energía Eléctrica S.A.	738,018	521,711
Trade receivables - Large users	2,145,079	2,703,490
Trade receivables - Forest clients	600,349	-
Receivables from associates and other related parties	58	97
Other receivables	8,677,616	9,317,354
	43,909,282	**44,350,774**
Allowance for doubtful accounts - Note 13.1.1.	(17,267)	(28,821)
	43,892,015	**44,321,953**

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For the terms and conditions of receivables from related parties, refer to Note 18.

Trade receivables from CAMMESA accrue interest, once they become due.

The Company accrues interests on CVO receivables since the Commercial Approval date and according to the rate agreed in the CVO agreement, as described in Note 1.2.a).

Trade receivables related to YPF and large users accrue interest as stipulated in each individual agreement. The average collection term is generally from 30 to 90 days.

FONINVEMEM I and II

During the year ended December 31, 2020 collections of these receivables amounted to 985,879.

As mentioned in Note 1.2.a), during January and February 2020 we collected the last installments from the total 120 installments that were established by TMB and TSM agreements, respectively.

CVO receivables

As described in Note 1.2.a), in 2010 the Company approved the “CVO agreement” and as from March 20, 2018, CAMMESA granted the “Commercial Approval”.

Receivables under CVO agreement are disclosed under “Trade receivables - CAMMESA”.

As a consequence of the Commercial Approval and in accordance with the CVO agreement, the Company collects the CVO receivables converted in US dollars in 120 equal and consecutive installments.

CVO receivables are expressed in USD and they accrue LIBOR interest at a 5% rate.

During the years ended December 31, 2022, 2021 and 2020, collections of CVO receivables amounted to 12,406,714 and 15,964,641 and 18,518,959, respectively.

The information on the Group’s objectives and credit risk management policies is included in Note 19.

The breakdown by due date of trade and other receivables due as of the related dates is as follows:

			Past due				
	Total	To due	<90 days	90-180 days	180-270 days	270-360 days	>360 days
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
12-31-2022	86,210,942	79,386,488	6,592,188	230,538	526	81	1,121

13.1.1. Allowance for doubtful accounts

	12-31-2022					12-31-2021
Item	At beginning	Increases	Decreases	Recoveries	At end	At end
Allowance for doubtful accounts - Trade and other receivables	28,821	2,007	(10,998) (1)	(2,563)	17,267	28,821
Total 12-31-2022	**28,821**	**2,007**	**(10,998)**	**(2,563)**	**17,267**	
Total 12-31-2021	**40,772**	**13,883**	**(13,334)** (1)	**(12,500)**		**28,821**

(1) Loss on net monetary position.

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13.2. Trade and other payables

	12-31-2022	12-31-2021
	ARS 000	**ARS 000**
Current:		
Trade and other payables	7,382,325	5,162,280
Payables to associates and other related parties	124,347	139,137
	7,506,672	**5,301,417**

Trade payables are non-interest bearing and are normally settled on 60-day terms.

The information on the Group's objectives and financial risk management policies is included in Note 19.

For the terms and conditions of payables to related parties, refer to Note 18.

13.3. Loans and borrowings

	12-31-2022	12-31-2021
	ARS 000	**ARS 000**
Non-current		
Long-term loans for project financing (Notes 13.3.1, 13.3.2, 13.3.3, 13.3.4, 13.3.5, 13.3.6 and 13.3.7)	45,240,939	63,236,342
Corporate bonds (Note 13.3.8)	-	6,581,094
Derivative financial liabilities not designated as hedging instrument - Interest rate swap	-	663,107
	45,240,939	**70,480,543**
Current		
Long-term loans for project financing (Notes 13.3.1,13.3.2, 13.3.3, 13.3.4, 13.3.5, 13.3.6 and 13.3.7)	10,995,045	12,273,579
Corporate bonds (Note 13.3.8)	5,084,348	-
Derivative financial liabilities not designated as hedging instrument - Stock options	-	607,679
Derivative financial liabilities not designated as hedging instrument - Interest rate swap	-	385,607
Bank and investment accounts overdrafts	2,106,631	7,127
	18,186,024	**13,273,992**

13.3.1. Loans from the IIC-IFC Facility

On October 20, 2017 and January 17, 2018, CP La Castellana S.A.U. and CP Achiras S.A.U. (both of which are subsidiaries of CPR), respectively, agreed on the structuring of a series of loan agreements in favor of CP La Castellana S.A.U. and CP Achiras S.A.U., for a total amount of USD 100,050,000 and USD 50,700,000, respectively, with: (i) International Finance Corporation (IFC) on its own behalf, as Eligible Hedge Provider and as an implementation entity of the Intercreditor Agreement Managed Program; (ii) Inter-American Investment Corporation ("IIC"), as lender on its behalf, acting as agent for the Inter-American Development Bank ("IDB") and on behalf of IDB as administrator of the Canadian Climate Fund for the Private Sector in the Americas ("C2F", and together with IIC and IDB, "Group IDB", and together with IFC, "Senior Creditors").

As of the date of these financial statements, the loans disbursements have been fully received by the Group.

In accordance with the terms of the agreement subscribed by CP La Castellana, USD 5 million accrue an interest rate equal to LIBOR plus 3.5%, and the rest at LIBOR plus 5.25% and the loan is amortizable quarterly in 52 equal and consecutive installments as from February 15, 2019.

In accordance with the terms of the agreement subscribed by CP Achiras, USD 40.7 million accrue a fixed interest rate equal to 8.05%, and the rest accrue a 6.77% fixed interest rate. The loan is amortizable quarterly in 52 equal and consecutive installments as from May 15, 2019.

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Other related agreements and documents, such as the Guarantee and Sponsor Support Agreement (the “Guarantee Agreement” by which CPSA completely, unconditionally and irrevocably guarantees, as the main debtor, all payment obligations undertaken by CP La Castellana and CP Achiras until the projects reach the commercial operations date) hedging agreements, guarantee trusts, a mortgage, guarantee agreements on shares, guarantee agreements on wind turbines, direct agreements and promissory notes have been signed.

Pursuant to the Guarantee and Sponsor Support Agreement, among other customary covenants for this type of facilities, we committed, until each project completion date, to maintain (i) a leverage ratio of (a) until (and including) December 31, 2018, not more than 4.00:1.00; and (b) thereafter, not more than 3.5:1.00; and (ii) an interest coverage ratio of not less than 2.00:1.00. In addition, our subsidiary, CPR, and we, upon certain conditions, agreed to make certain equity contributions to CP La Castellana and CP Achiras.

As of December 31, 2022, the Group has met the requirements described in (i) and (ii) above.

As of February 16, 2023, CP La Castellana and CP Achiras has fulfilled all the requirements and conditions to prove the occurrence of the project’s compliance date. As a result, the Guarantee Agreement posted by CPSA was released.

We also agreed to maintain, unless otherwise consented to in writing by each senior lender, ownership and control of the CP La Castellana and CP Achiras as follows: (i) until each project completion date, (a) we shall maintain (x) directly or indirectly, at least seventy percent (70%) beneficial ownership of CP La Castellana and CP Achiras; and (y) control of the CP La Castellana and CP Achiras; and (b) CP Renovables shall maintain (x) directly, ninety-five percent (95%) beneficial ownership of CP La Castellana and CP Achiras; and (y) control of CP La Castellana and CP Achiras. In addition, (ii) after each project completion date, (a) we shall maintain (x) directly or indirectly, at least fifty and one tenth percent (50.1%) beneficial ownership of each of CP La Castellana, CP Achiras and CP Renovables; and (y) control of each of CP La Castellana, CP Achiras and CP Renovables; and (b) CP Renovables shall maintain control of CP La Castellana and CP Achiras. As of December 31, 2022, the Group has met such obligations.

Under the subscribed trust guarantee agreement, as at December 31, 2022 and 2021, there are trade receivables with specific assignment for the amount of 6,584,869 and 6,798,864, respectively.

As of December 31, 2022 and 2021, the balance of these loans amounts to 18,251,124 and 22,969,439, respectively.

13.3.2. Borrowing from Kreditanstalt für Wiederaufbau (“KfW”)

On March 26, 2019 the Company entered into a loan agreement with KfW for an amount of USD 56 million in relation to the acquisition of two gas turbines, equipment and related services relating to the Luján de Cuyo cogeneration unit project.

In accordance with the terms of the agreement, the loan accrues an interest equal to LIBOR plus 1.15% and it is amortizable quarterly in 47 equal and consecutive installments as from the day falling six months after the commissioning of the gas turbines and equipment.

Pursuant to the loan agreement, among other obligations, CPSA has agreed to maintain a debt ratio of (a) as at December 31, 2019 of no more than 4.00:1.00 and (b) as from that date, no more than 3.5:1.00. As at December 31, 2022, the Company has complied with that requirement.

During 2019 the disbursements for this loan were fully received for a total amount of USD 55.2 million.

As at December 31, 2022 and 2021, the balance of this loan amounts to 5,518,378 and 7,193,379, respectively.

13.3.3. Loan from Citibank N.A., JP Morgan Chase Bank N.A. and Morgan Stanley Senior Funding INC.

On September 12, 2019, the Company entered into a loan agreement with Citibank N.A., JP Morgan Chase Bank N.A. and Morgan Stanley Senior Funding INC. for USD 180 million to fund the acquisition of the Thermal Station Brigadier López.

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Pursuant to the agreement, this loan accrues an adjustable interest rate based on LIBOR plus a margin.

Pursuant to the loan agreement, among other obligations, CPSA has agreed to maintain (i) a debt ratio of no more than 2.25:1.00; (ii) an interest coverage ratio of no more than 3.50:1.00 and (iii) and a minimum equity of USD 500 million. As at December 31, 2022, the Company has complied with such obligations.

On June 14, 2019 the loan funds were fully disbursed.

As mentioned in Note 22, on September 15, 2020, BCRA issued Communication “A” 7106, which established certain access restrictions to the foreign exchange market for the repayment of the financial debt in which it allows payment of up to 40% of installments higher than USD 1 million becoming due between October 15, 2020 and March 31, 2021, establishing that a refinancing plan should be submitted for the outstanding amounts, which shall fulfill certain conditions established in the regulation, such as that repayment must have an average life higher than 2 years. This way, the loan installments becoming due between December 2020 and March 2021 were under the scope of the provisions of such regulation.

On December 22, 2020, the Company signed an amendment to the loan, modifying, among others, the amortization schedule so as to comply with the requirements established by Communication “A” 7106, partially postponing installments becoming due in December 2020 and March 2021, extending the final payment term to June 2023, including monthly amortizations as from January 2021 until January 2022, and keeping the amortizations in the initial schedule for June, September and December 2021, each of them equal to 20% of capital. In December 2020, 40% of the installment for such month was paid, complying with the regulations in force and the abovementioned amendment. Amongst others, the amendment involves two basic points increase in the interest rates as from December 12, 2020.

Other changes derived from the amendment include: a limitation to make dividends payment during 2021, and a USD 25 million maximum allowed for 2022. Moreover, a collateral agreement was signed, which includes the pledge on turbines of Brigadier López Thermal Station, a mortgage on the land in which such power station is located and a LVFDV passive collection collateral assignment.

On June 15, 2021, the Company signed a new amendment, in accordance with Communication “A” 7230 issued by BCRA, as described in Note 22, which changed the amortization schedule, rescheduling 60% of installments, whose original maturity date operated in June, September and December 2021, and extending the loan’s final term up to January 2024. The schedule in force, which includes this amendment and the one dated December 22, 2020, foresees monthly amortizations until January 2022, one amortization in June 2023 for the amount of USD 34.128 million and the last amortization in January 2024 for the amount of USD 55.1 million. Moreover, the financial commitments and obligations undertaken in the first amendment are kept.

This new amendment also implied a 125 basic-point increase in the applicable interest rate as from June 12, 2021 and the dividend payment restriction was maintained until 2021, as well as the USD 25 million limitation for 2022. During 2023, the highest dividend payment allowed is USD 20 million.

On December 23, 2022, the Company subscribed a limited consent, by means of which the creditor financial entities agreed to the acquisition of the companies Forestal Argentina S.A. and Loma Alta Forestal S.A. by Proener S.A.U. (see Note 1). In addition, it was established that CPSA and Proener S.A.U should keep a minimum amount of “Cash and short-term investments” corresponding to the established payment in the next maturity of principal and interest.

As of the date of these financial statements, all payments established in the schedule resulting from the amendments subscribed have been made.

As at December 31, 2022 and 2021, the balance of the loan amounts to 15,846,595 and 17,942,104, respectively.

13.3.4. Loan from the IFC to the subsidiary Vientos La Genoveva S.A.U.

On June 21, 2019, Vientos La Genoveva S.A.U., a CPSA subsidiary, entered into a loan agreement with IFC on its own behalf, as Eligible Hedge Provider and as an implementation entity of the Managed Co-Lending

Portfolio Program (MCPP) administered by IFC, for an amount of USD 76.1 million.

Pursuant to the terms of the agreement subscribed with Vientos La Genoveva S.A.U., this loan accrues an interest rate equal to LIBOR plus 6.50% and it is amortizable quarterly in 55 installments as from November 15, 2020.

Other related agreements and documents, such as the Guarantee and Sponsor Support Agreement (the “Guarantee Agreement” by which CPSA completely, unconditionally and irrevocably guarantees, as the main debtor, all payment obligations undertaken by Vientos La Genoveva S.A.U until the project reaches the commercial operations date) hedging agreements, guarantee trusts, guarantee agreements on shares, guarantee agreements on wind turbines, direct agreements and promissory notes have been signed.

Pursuant to the Guarantee Agreement, among other customary covenants for this type of facilities, CPSA has committed, until the project completion date, to maintain (i) a leverage ratio of not more than 3.5:1.00; and (ii) an interest coverage ratio of not less than 2.00:1.00. In addition, CPSA, upon certain conditions, agreed to make certain equity contributions to Vientos La Genoveva S.A.U.

As of December 31, 2022, the Group has met the requirements described in (i) and (ii) above.

Under the subscribed trust guarantee agreement, as at December 31, 2022 and 2021, there are trade receivables with specific assignment for the amounts of 1,078,697 and 743,705, respectively.

On November 22, 2019 the loan funds were fully disbursed. As at December 31, 2022 and 2021, the balance of the loan amounts to 11,527,847 and 13,826,578, respectively.

13.3.5. Loan from Banco de Galicia y Buenos Aires S.A. to CPR Energy Solutions S.A.U.

On May 24, 2019, CPR Energy Solutions S.A.U. (subsidiary of CPR) entered into a loan agreement with Banco de Galicia y Buenos Aires S.A. for an amount of USD 12.5 million to fund the construction of the wind farm “La Castellana II”.

According to the executed agreement, this loan accrues a fixed interest rate equal to 8.5% during the first year, which will be increased 0.5% per annum until the sixty-first interest period. The loan is amortizable quarterly in 25 installments as from May 24, 2020.

Other agreements and related documents, like the Collateral (in which CPSA totally, unconditionally and irrevocably guarantees, as main debtor, all the payment obligations assumed by CPR Energy Solutions S.A.U. until total fulfillment of the guaranteed obligations or until the project reaches the commercial operation date, what it happens first) -, guarantee agreements on shares, guarantee agreements on wind turbines, promissory notes and other agreements have been executed.

Pursuant to the Collateral, among other obligations, CPSA has agreed to maintain a debt ratio of no more than 3.75:1.00 until the date of completion of the project. In addition, CPSA, under certain conditions, agreed to make capital contributions, directly or indirectly, to subsidiary CPR Energy Solutions S.A.U. Moreover, CPSA has agreed to maintain, unless otherwise consented to in writing by the lender, the ownership (directly or indirectly) and control over CPR Energy Solutions S.A.U. As of September 3, 2021, CPR Energy Solutions S.A.U. has fulfilled all the requirements and conditions to prove the occurrence of the project’s compliance date. As a result, the Collateral posted by the Company was released and CPSA is not subject any more to the obligations previously described.

On May 24, 2019 the loan funds were fully disbursed. As at December 31, 2022 and 2021, the balance of this loan amounts to 1,313,808 and 1,836,658, respectively.

13.3.6. Loan from Banco Galicia y Buenos Aires S.A. to subsidiary Vientos La Genoveva II S.A.U.

On July 23, 2019, subsidiary Vientos La Genoveva II S.A.U. entered into a loan agreement with Banco de Galicia y Buenos Aires S.A. for an amount of USD 37.5 million.

According to the executed agreement, this loan accrues LIBOR plus 5.95% and it is amortizable quarterly in 26 installments starting on the ninth calendar month counted from the disbursement date.

Other agreements and related documents, like the Collateral (in which CPSA totally, unconditionally and irrevocably guarantees, as main debtor, all the payment obligations assumed by Vientos La Genoveva II S.A.U. until total fulfillment of the guaranteed obligations or until the project reaches the commercial operation date, what happens first), guarantee agreements on shares, guarantee agreements on wind turbines, direct agreements and promissory notes have been signed.

Pursuant to the Collateral, among other obligations, CPSA has agreed, until the project termination date, to maintain a debt ratio of no more than 3.75:1.00. Moreover, CPSA, under certain conditions, agreed to make capital contributions to subsidiary Vientos La Genoveva II S.A.U. Moreover, CPSA has agreed to maintain, unless otherwise consented to in writing by the lender, the ownership (directly or indirectly) and control over Vientos La Genoveva II S.A.U. As of September 3, 2021, Vientos La Genoveva II S.A.U. has fulfilled all the requirements and conditions to prove the occurrence of the project's compliance date. As a result, the Collateral posted by the Company was released and CPSA is not subject any more to the obligations previously described.

On July 23, 2019, the loan funds were fully disbursed. As of December 31, 2022 and 2021, the balance of this loan amounts to 3,778,232 and 5,323,030, respectively.

13.3.7. Financial trust corresponding to Thermal Station Brigadier López

Within the framework of the acquisition of Thermal Station Brigadier López, the Company assumed the capacity of trustor in the financial trust previously entered into by Integración Energética Argentina S.A., which was the previous owner of the thermal station. The financial debt balance at the transfer date of the thermal station was USD 154,662,725.

According to the provisions of the trust agreement, the financial debt accrues an interest rate equal to the LIBO rate plus 5% or equal to 6.25%, whichever is higher, and it is monthly amortizable. On April 5, 2022, this loan has been paid in full. As of December 31, 2021, the balance of this loan amounted to 6,418,733.

Under the subscribed trust guarantee agreement, as at December 31, 2022 and 2021, there are trade receivables with specific assignment for the amounts of 884,757 and 1,723,446, respectively.

As of the date of these financial statements, procedures needed for the financial trust liquidation are being made.

13.3.8. CP Manque S.AU. and CP Los Olivos S.A.U. Program of Corporate Bonds

On August 26, 2020, under Resolution No. RESFC-2020 - 20767 - APN.DIR#CNVM, the public offering of the Global Program for the Co-Issuance of Simple Corporate Bonds (not convertible into shares) by CP Manque S.A.U. and CP Los Olivos S.A.U. (both subsidiaries of CPR, and together the "Co-issuers") for the amount of up to USD 80,000,000 was authorized. By virtue of such program, the Co-Issuers may issue corporate bonds, of different class and/or series, that may qualify as social, green and sustainable marketable securities under the criteria established by CNV in that regard.

Within the framework of the mentioned program, on September 2, 2020, Corporate Bonds Class I were issued for an amount of USD 35,160,000 at a fix 0% interest rate expiring on September 2, 2023; and Corporate Bonds Class II were issued for 1,109,925 at a variable interest rate equivalent to BADLAR, plus an applicable margin of 0.97% expiring on September 2, 2021. After such maturity date, Corporate Bonds Class II were fully paid.

On June 24, 2020, the Board of Directors of CPSA decided to guarantee unconditionally the co-emission of corporate bonds of its subsidiaries CP Manque S.A.U. and CP Los Olivos S.A.U. (the "Guarantee"). The Guarantee is an obligation with a common guarantee, not subordinated and unconditional. And, it shall have, at all times, the same priority rank regarding the non-guaranteed and unsubordinated obligations, present and future, of the Company. The Guarantee was instrumented through the signature of the Company in its capacity as co-signer of the permanent global certificates deposited in Caja de Valores S.A., in which the Corporate Bonds Class I and Corporate Bonds Class II of CP Manque S.AU. and CP Los Olivos S.AU. are represented.

13.3.9. CPSA Notes Program

On July 31, 2020, the Special Shareholders' Meeting of the Company approved the creation of a new global issuance program of corporate bonds for a maximum amount of up to USD 500,000,000 (or its equivalent in other currency), which shall be issued at short, mid or long term, simple, not convertible into shares, under the terms of the Corporate Bonds Act (the "Program"). Moreover, the Board of Directors was granted the powers to determine and establish the conditions of the Program and of the corporate bonds to be issued under it provided they had not been expressly determined at the Shareholders' Meeting. On October 29, 2020, CNV approved the creation of such program, which shall expire on October 29, 2025, in accordance with the regulations in force.

13.3.10. CPSA´s Shares Buyback Program

On October 13, 2022, the Company's Board of Directors approved the creation of a program for the acquisition of shares issued by the Company as per the regulations in force, for a maximum amount of up to USD 10,000,000 or the lowest amount from the acquisition until reaching 10% of the share capital and for a 180-calendar-day period counted as from the business day following the publication of the purchase in the market's media, which shall be subject to any term renewal or extension. The buyback procedure may be conducted by the Company and/or its subsidiaries with a daily limit for operations of up to 25% of the average volume of daily transactions for the share in the markets in which it is listed, considering to such end the previous 90 business days. The maximum price to be paid for the shares will be USD 4.60 per ADR ("American Depositary Receipt") in NYSE and up to a maximum of ARS 144 per share in BYMA. On November 9, 2022, the Company's Board of Directors decided to increase the maximum amounts to be paid: USD 5.40 per ADR in NYSE and ARS 167 per share in BYMA.

At the date of issuance of these financial statements, the subsidiary CPR has purchased 125,782 CPSA shares for a total value of 28,530 under the program. These transactions have been booked as purchase of treasury shares according to IAS 32. Therefore, consideration paid was recognized directly in equity under "Other equity accounts".

The information on the Group's objectives and financial risk management policies is included in Note 19.

13.4. Changes in liabilities arising from financing activities

	01-01-2022	Payments	Non-cash transactions	Disbursements	Other	12-31-2022
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Non-current liabilities						
Loans and borrowings	70,480,543	-	(31,563,075)	-	6,323,471	45,240,939
Current liabilities						
Loans and borrowings	13,273,992	(11,491,144)	(14,728,317)	2,104,679	29,026,814	18,186,024

	01-01-2021	Payments	Non-cash transactions	Disbursements	Other	12-31-2021
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Non-current liabilities						
Loans and borrowings	90,691,315	-	(40,776,526)	-	20,565,754	70,480,543
Current liabilities						
Other loans and borrowings	59,170,747	(39,518,696)	(9,807,776)	380,351	3,049,366	13,273,992

The "Non-cash transactions" column includes the income for exposure to change in purchasing power of currency (income on net monetary position), which amounted to 46,291,392 and 50,584,302 as of December 31, 2022 and 2021, respectively. The "Other" column includes the effect of reclassification of non-current portion to current due to the passage of time, the foreign exchange movement and the effect of accrued but not yet paid interest. The Group classifies interest paid as cash flows from financing activities.

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13.5. Quantitative and qualitative information on fair values

Information on the fair value of financial assets and liabilities by category

The following tables is a comparison by category of the carrying amounts and the relevant fair values of financial assets and liabilities.

	Carrying amount		Fair value	
	12-31-2022	12-31-2021	12-31-2022	12-31-2021
	ARS 000	ARS 000	ARS 000	ARS 000
Financial assets				
Trade and other receivables	86,210,942	103,593,416	86,210,942	103,593,416
Other financial assets	42,844,040	38,646,568	42,844,040	38,646,568
Cash and cash equivalents	9,243,771	548,787	9,243,771	548,787
Total	**138,298,753**	**142,788,771**	**138,298,753**	**142,788,771**
Financial liabilities				
Loans and borrowings	63,426,963	83,754,535	63,426,963	83,754,535
Total	**63,426,963**	**83,754,535**	**63,426,963**	**83,754,535**

Valuation techniques

The fair value reported in connection with the abovementioned financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Management assessed that the fair values of current trade receivables and current loans and borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Group measures long-terms receivables at fixed and variable rates based on discounted cash flows. The valuation requires that the Group adopt certain assumptions such as interest rates, specific risk factors of each transaction and the creditworthiness of the customer.

Fair value of quoted debt securities, mutual funds, stocks and corporate bonds is based on price quotations at the end of each reporting period.

The fair value of the foreign currency forward contracts is calculated based on appropriate valuation techniques that use market observable data.

Fair value of loans and borrowings is similar to their book value.

Fair value hierarchy

The following tables provides, by level within the fair value measurement hierarchy, as described in Note 2.2.2, the Company's financial assets, that were measured at fair value on recurring basis as of December 31, 2022 and 2021:

	Fair value measurement using:			
12-31-2022	Total	Level 1	Level 2	Level 3
	ARS 000	ARS 000	ARS 000	ARS 000
Assets measured at fair value				
Financial assets at fair value through profit or loss:				
Mutual funds	6,140,983	6,140,983	-	-
Public debt securities	34,815,165	34,815,165	-	-
Stocks and corporate bonds	526,671	526,671	-	-
Interest rate swap	1,361,221	-	1,361,221	-
Total financial assets measured at fair value	**42,844,040**	**41,482,819**	**1,361,221**	**-**

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12-31-2021	Total	Level 1	Level 2	Level 3
	Fair value measurement using:			
	ARS 000	ARS 000	ARS 000	ARS 000
Assets measured at fair value				
Financial assets at fair value through profit or loss:				
Mutual funds	1,659,050	1,659,050	-	-
Public debt securities	35,494,884	35,494,884	-	-
Stocks and corporate bonds	1,492,634	1,492,634	-	-
Total financial assets measured at fair value	**38,646,568**	**38,646,568**	**-**	**-**
Liabilities measured at fair value				
Derivative financial liabilities not designated as hedging instruments:				
Interest rate swap	1,048,714	-	1,048,714	-
Stock options	607,679	607,679	-	-
Total financial liabilities measured at fair value	**1,656,393**	**607,679**	**1,048,714**	**-**

There were no transfers between hierarchies and there were not significant variations in assets values.

The information on the Group's objectives and financial risk management policies is included in Note 19.

13.6. Other financial assets

	12-31-2022	12-31-2021
	Book value	Book value
	ARS 000	ARS 000
CURRENT ASSETS		
Financial assets at fair value through profit or loss		
Public debt securities issued by National Government	34,815,130	18,429,760
Public debt securities - T-Bills	35	17,065,124
Mutual funds	5,981,519	1,659,050
Stocks and corporate bonds	526,671	1,492,634
Interest rate swap	422,214	-
	41,745,569	38,646,568
NON-CURRENT ASSETS		
Financial assets at fair value through profit or loss		
Mutual funds	159,464	-
Interest rate swap	939,007	-
	1,098,471	-
Financial assets at amortized cost		
Unquoted shares:		
- TSM	43,528	43,528
- TMB	24,409	24,409
	67,937	67,937
	1,166,408	67,937

The information on the objectives and financial risk management policies is included in Note 19.

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13.7. Financial assets and liabilities in foreign currency

Account	12-31-2022 Currency and amount (in thousands)		Effective exchange rate (1)	Book value ARS 000	12-31-2021 Currency and amount (in thousands)		Book value ARS 000
NON-CURRENT ASSETS							
Trade and other receivables	USD	237,581	177.13 (2)	42,082,318	USD	292,408	58,525,479
Other financial assets	USD	5,306	176.96	938,897	-	-	-
				43,021,215			**58,525,479**
CURRENT ASSETS							
Cash and cash equivalents	USD	50,869	176.96	9,001,778	USD	2,745	548,181
	EUR	2	189.26	379	EUR	2	452
Other financial assets	USD	8,983	176.96	1,589,632	USD	94,859	18,943,446
Trade and other receivables	USD	92,185	177.13 (2)	16,328,572	USD	74,032	14,817,506
	USD	29,201	176.96	5,167,409	USD	32,542	6,498,702
				32,087,770			**40,808,287**
				75,108,985			**99,333,766**
NON-CURRENT LIABILITIES							
Loans and borrowings	USD	305,131	177.16	54,057,008	USD	368,241	73,681,916
				54,057,008			**73,681,916**
CURRENT LIABILITIES							
Loans and borrowings	USD	64,439	177.16	11,416,013	USD	65,894	13,184,834
Trade and other payables	USD	9,966	177.16	1,765,577	USD	8,277	1,656,157
	EUR	144	189.92	27,348	EUR	68	15,414
				13,208,938			**14,856,405**
				67,265,946			**88,538,321**

USD: US dollar.
EUR: Euro.

(1) At the exchange rate prevailing as of December 31, 2022 as per Banco de la Nación Argentina.
(2) At the exchange rate according to Communication "A" 3500 (wholesale) prevailing as of December 31, 2022 as per the Argentine Central Bank.

14. Non-financial assets and liabilities

14.1. Other non-financial assets

	12-31-2022 ARS 000	12-31-2021 ARS 000
Non-current:		
Tax credits	420	122,034
Income tax credits	240,947	539,708
Prepayments to vendors	4,511	8,787
	245,878	670,529
Current:		
Upfront payments of inventories purchases	252,136	142,902
Prepayment insurance	326,028	2,229,396
Tax credits	236,827	2,115,261
Other	76,883	96,493
	891,874	4,584,052

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14.2. Other non-financial liabilities

	12-31-2022 ARS 000	12-31-2021 ARS 000
Non-current:		
VAT payable	7,310,088	10,170,064
Tax on bank account transactions payable	262,184	381,875
	7,572,272	10,551,939
Current:		
VAT payable	5,558,488	5,901,990
Turnover tax payable	48,195	58,900
Income tax withholdings payable	1,804,845	112,945
Concession fees and royalties	53,715	84,632
Tax on bank account transactions payable	349,043	314,747
Dividends payable	946,743	-
Other	11,020	67,224
	8,772,049	6,540,438

14.3. Compensation and employee benefits liabilities

	12-31-2022 ARS 000	12-31-2021 ARS 000
Non-current:		
Employee long-term benefits	745,477	665,871
Current:		
Employee long-term benefits	215,013	252,438
Vacation and statutory bonus	1,186,198	1,229,071
Contributions payable	372,374	378,121
Bonus accrual	1,381,522	1,208,022
Other	67,287	111,727
	3,222,394	3,179,379

The following tables summarize the components of net benefit expense recognized in the consolidated statement of income as long-term employee benefit plans and the changes in the long-term employee benefit liabilities recognized in the consolidated statement of financial position.

	12-31-2022 ARS 000	12-31-2021 ARS 000
Benefit plan expenses		
Cost of interest	57,259	69,041
Cost of service for the current year	284,699	402,628
Past service cost	63,352	-
Expense recognized during the year	**405,310**	**471,669**
Defined benefit obligation at beginning of year	**918,308**	**925,034**
Cost of interest	203,735	350,801
Cost of service for the current year	40,976	60,152
Past service cost	63,352	-
Actuarial losses (gains)	234,858	(755)
Benefits paid	(94,415)	(104,734)
Decrease due to gain on net monetary position	(446,881)	(312,189)
Defined benefit obligation at end of year	**919,933**	**918,309**

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The main key assumptions used to determine the obligations as of year-end are as follows:

Main key assumptions used	2022	2021
Discount rate	5.50%	5.50%
Increase in the real annual salary	2.00%	2.00%
Turn over of participants	0.73%	0.73%

A one percentage point change in the discount rate applied would have the following effect:

	Increase ARS 000	Decrease ARS 000
Effect on the benefit obligation as of the 2022 year-end	(72,806)	85,384
Effect on the benefit obligation as of the 2021 year-end	(70,858)	83,120

A one percentage point change in the annual salary assumed would have the following effect:

	Increase ARS 000	Decrease ARS 000
Effect on the benefit obligation as of the 2022 year-end	79,533	(69,087)
Effect on the benefit obligation as of the 2021 year-end	77,317	(67,132)

As of December 31, 2022 and 2021, the Group had no assets in connection with employee benefit plans.

15. Cash and cash equivalents

For the purpose of the consolidated statement of financial position and the consolidated statement of cash flow, cash and short-term deposits comprise the following items:

	12-31-2022 ARS 000	12-31-2021 ARS 000
Cash at banks and on hand	9,124,319	548,787
Short-term deposits	119,452	-
	9,243,771	548,787

Bank balances accrue interest at variable rates based on the bank deposits daily rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective fixed short-term deposit rates.

16. Equity reserves and dividends

Pursuant to the Argentine Companies Act (Ley General de Sociedades) and the bylaws, 5% of the income for the year must be allocated to the legal reserve until such reserve reaches 20% of the capital stock.

On April 30, 2020, the Shareholders' Meeting of the Company approved to increase the legal reserve in the amount of 905,073 and to allocate the remaining unappropriated earnings as of December 31, 2019 to increase the voluntary reserve by 18,698,031.

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On April 30, 2021, the Shareholders' Meeting of the Company approved to increase the legal reserve in the amount of 1,013,195 and to allocate the remaining unappropriated earnings as of December 31, 2020 to increase the voluntary reserve by 19,250,707.

On April 29, 2022, the Shareholders´ Meeting of the Company approved that the unappropriated earnings (loss) as of December 31, 2021 amounting to 1,428,842 were absorbed into the voluntary reserve.

On December 23, 2022, the Shareholders´ Meeting of the Company decided to partially deallocate the voluntary reserve by 4,363,250 for distribution of a cash dividend.

Within the framework of the amendment to the loan agreement with Citibank N.A., JP Morgan Chase Bank N.A. and Morgan Stanley Senior Funding INC -described in Note 13.3.3-, there is a restriction for the payment of dividends until 80% of the loan's principal and interests are paid. Thus, during 2021 no dividends could be paid, while during 2022 dividends could be paid up to USD 25 million and during 2023 dividends can be paid up to USD 20 million.

Dividends originated in profits obtained during fiscal years initiated on or after January 1, 2018, that are to be paid to Argentine resident individuals and/or non-Argentine residents, are subject to a 7% income tax withholding on the amount of such dividends.

17. Provisions

	2022					2021
Item	**At beginning**	**Increases**	**Decreases**	**Recoveries**	**At end**	**At end**
	ARS 000	**ARS 000**	**ARS 000**	**ARS 000**	**ARS 000**	**ARS 000**
Current						
Provision for lawsuits and claims	174,702	11,345	(66,864) (2)	(73,067)	46,116	174,702
Total 2022	**174,702**	**11,345**	**(66,864)**	**(73,067)**	**46,116**	
Total 2021	**102,479**	**138,241**	**(37,681) (1)**	**(28,337)**		**174,702**
Non-current						
Provision for wind farms dismantling	93,849	11,194	(45,670) (1)	-	59,373	93,849
Total 2022	**93,849**	**11,194**	**(45,670)**	**-**	**59,373**	
Total 2021	**133,496**	**5,407**	**(45,054) (1)**	**-**		**93,849**

(1) Relates to the effect of the inflation for the year.
(2) Includes 29,039 corresponding to provision consumption and 37,825 corresponding to the effect of the inflation for the year.

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18. Information on related parties

The following table provides the transactions performed for the years ended December 31, 2022, 2021 and 2020, and the accounts payable to/receivable from related parties as of December 31, 2022, 2021 and 2020:

		Income	Expenses	Receivables	Payables
		ARS 000	ARS 000	ARS 000	ARS 000
Associates:					
Termoeléctrica José de San Martín S.A.	12-31-2022	670	-	50	-
	12-31-2021	1,124	-	97	-
	12-31-2020	1,662	-	140	-
Distribuidora de Gas Cuyana S.A. (1)	12-31-2022	17,344	1,308,847	-	117,867
	12-31-2021	-	1,087,575	-	138,069
	12-31-2020	-	1,090,614	-	81,324
Distribuidora de Gas del Centro S.A.	12-31-2022	17,344	-	-	6,480
	12-31-2021	-	-	-	-
	12-31-2020	-	-	-	-
Energía Sudamericana S.A.	12-31-2022	-	-	-	-
	12-31-2021	-	-	-	1,068
	12-31-2020	-	-	-	1,611
Related companies:					
RMPE Asociados S.A. (2)	12-31-2022	503	1,379,451	8	-
	12-31-2021	579	1,651,924	-	-
	12-31-2020	746	1,600,705	-	-
Coyserv S.A.	12-31-2022	-	-	-	-
	12-31-2021	-	-	-	-
	12-31-2020	-	8,699	-	-
Total	**12-31-2022**	**35,861**	**2,688,298**	**58**	**124,347**
	12-31-2021	**1,703**	**2,739,499**	**97**	**139,137**
	12-31-2020	**2,408**	**2,700,018**	**140**	**82,935**

(1) Acquisition of natural gas for our thermal station located in Mendoza province. The purchase price is set according to current regulation of the natural gas market.
(2) Administrative, financial, commercial, human resources and general management services rendered under the terms of the management assistance agreement. The management assistance fee is calculated as a percentage of revenues.

Balances and transactions with shareholders

As at December 31, 2022 and 2021, there is a balance of 236,325 and 745,431 due from shareholders, corresponding to the tax on personal goods paid by the Company as a substitute taxpayer.

As described in Note 2.2.16, on January 18, 2017, the subsidiary CPR entered into a stock option agreement with its minority shareholder at that time.

On June 24, 2020, the Board of Directors of the Company authorized the purchase of 30% of the capital stock of the subsidiary CP Renovables S.A. from the non-controlling interest (a shareholder of the Company), representing 993,993,952 shares, at a value of US Dollars 0.034418 per share, which was fully paid through the transfer of financial assets. Based on the Audit Committee's report, the Board of Directors determined that such transaction is an arm´s length transaction.

This transaction was accounted for as a transaction with non-controlling interest in accordance with IFRS 10. Consequently, the difference of 5,780,946 between the book value of the non-controlling interest at the transaction date and the fair value of the consideration paid was directly recognized in equity and attributed to holders of the parent.

This way, the Group´s consolidated interest in the subsidiary CP Renovables S.A. amounts to 100% of the capital stock as at December 31, 2022, 2021 and 2020.

Terms and conditions of transactions with related parties

Balances at the related reporting period-ends are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables.

For the years ended December 31, 2022, 2021 and 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at the end of each reporting period by examining the financial position of the related party and the market in which the related party operates.

19. Financial risk management objectives and policies

– Interest rate risk

Interest rate variations affect the value of assets and liabilities accruing a fixed interest rate, as well as the flow of financial assets and liabilities with floating interest rates.

The Company´s risk administration policy is defined for the purposes of reducing the effect of the purchasing power loss. During most of 2022 and 2021 net monetary positions have been assets; hence, during such period the Company sought to mitigate the risk by implementing adjustment mechanisms through interest and exchange differences. Consequently, during 2022 and 2021, item "Gain / (loss) on net monetary position" registered a net loss due to inflation-exposure of monetary items.

Interest rate sensitivity

The following table shows the sensitivity of income before income tax for the year ended December 31, 2022, to a reasonably possible change in interest rates over the portion of loans bearing interest at a variable interest rate, with all other variables held constant:

Increase in percentage	Effect on income before income tax (Loss)
	ARS 000
5%	(2,965,232)

– Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to the foreign currency risk at an ARS/USD ratio, mainly due to its operating activities, the investment projects defined by the Company and the financial debt related to the bank loans mentioned in Note 13.3. The Company does not use derivative financial instruments to hedge such risk. However, as of December 31, 2022, the Company has receivables, other financial assets and cash and short-term deposits in foreign currency for USD 424,127 thousands, which exceed existing liabilities in foreign currency amounting to USD 379,690 thousands as of such date.

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Foreign currency sensitivity

The following table shows the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of income before income tax as of December 31, 2022 (due to changes in the fair value of monetary assets and liabilities):

Change in USD rate	Effect on income before income tax (Income)
	ARS 000
10%	786,279

– Price risk

The Company's revenues depend on the electric power price in the spot market and the production cost paid by CAMMESA. The Company has no power to set prices in the market where it operates, except for the income from agreements entered into in the Term Market, where the price risk is reduced since normally prices are negotiated above the spot market price.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including holdings of government securities.

– Trade and other receivables

The Finance Department is in charge of managing customer credit risk subject to policies, procedures and controls relating to the Group's credit risk management. Customer receivables are regularly monitored. Although the Group has received no guarantees, it is entitled to request interruption of electric power flow if customers fail to comply with their credit obligations. In regard to credit concentration, see Note 13.1. The need to book impairment is analyzed at the end of each reporting period on an individual basis for major clients. The allowance recorded as of December 31, 2022, is deemed sufficient to cover the potential impairment in the value of trade receivables.

– Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with corporate policy. Investments of surplus funds are made only with approved counterparties; in this case, the risk is limited because high-credit-rating banks are involved.

– Public and corporate securities

This risk is managed by the Company's finance management according to corporate policies, whereby these types of investments may only be made in first-class companies and in instruments issued by the federal or provincial governments.

Liquidity risk

The Group manages its liquidity to guarantee the funds required to support its business strategy. Short-term financing needs related to seasonal increases in working capital are covered through short-and medium-term bank credit lines.

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The table below summarizes the maturity profile of the Company’s financial liabilities.

	Less than 3 months ARS 000	3 to 12 months ARS 000	More than a year ARS 000	Total ARS 000
12-31-2022				
Loans and borrowings	2,106,631	16,079,393	45,240,939	63,426,963
Trade and other payables	7,506,672	-	-	7,506,672
	9,613,303	16,079,393	45,240,939	70,933,635
12-31-2021				
Loans and borrowings	607,679	12,666,314	70,480,542	83,754,535
Trade and other payables	5,301,417	-	-	5,301,417
	5,909,096	12,666,314	70,480,542	89,055,952

Guarantees

In connection with the concession right agreement described in Note 12, the Group granted a bank security to provide performance assurance of its obligations in the amount of 26,883.

On March 19, 2009, the Group entered into a pledge agreement with the former Secretariat of Energy to secure its obligations in favor of FONINVEMEM trusts by virtue of the operation and maintenance agreement of the José de San Martín and Manuel Belgrano power stations, by which it pledged as a collateral 100% of the shares in TSM and TMB.

Likewise, the Group entered into various guarantee agreements to provide performance assurance of its obligations arising from the agreements described in Notes 1.2.a), 13.3.1, 13.3.3, 13.3.4, 13.3.8, 13.3.9 and 20.6.

20. Contracts, acquisitions and agreements

20.1. Maintenance and service contracts

The Group entered into long-term service agreements executed with leading global companies in the construction and maintenance of thermal generation plants, such as (i) General Electric, which is in charge of the maintenance of the Nuevo Puerto Combined Cycle plant, and part of the Mendoza based units, and (ii) Siemens Energy, which is in charge of the maintenance of the combined cycle unit based in Mendoza site, the Thermal Station Brigadier López and Luján de Cuyo and Terminal 6 San Lorenzo cogeneration units.

Under long-term service agreements, suppliers provide materials, spare parts, labor and on-site engineering guidance in connection with scheduled maintenance activities, in accordance with the applicable technical recommendations.

20.2. Agreement for supplying electricity and steam to YPF

As from January 1999 and for a 20-year term, our Luján de Cuyo plant supplies 150 tons per hour of steam to YPF’s refinery in Luján de Cuyo under a steam supply agreement. Under this agreement YPF supplies the Luján de Cuyo plant with the fuel and water needed for operation of the plant.

On February 8, 2018, we signed an agreement to extend the aforementioned agreement with YPF for a period of up to 24 months or up to the start of commercial operation of the new Luján de Cuyo co-generation unit, which is described in Note 20.7, whatever occurs first. This way, this agreement was valid up to September 24, 2019 since the new cogeneration commenced supplying steam to YPF on September 25, 2019, the new steam agreement entering into force on October 5, 2019.

20.3. Acquisition of Siemens gas turbine

On December 18, 2014, the Company acquired from Siemens a gas turbine for electric power generation composed by a turbine and a generator with 286 MW output power, and the proper ancillary equipment and maintenance and assistance services. This equipment was used in the cogeneration project called "Terminal 6 San Lorenzo", which is described in Note 20.7.

20.4. Acquisition of General Electric gas turbine

On March 13th, 2015, the Company acquired a gas turbine from General Electric and hired their specialized technical support services. The unit is a gas turbine with 373 MW output power.

20.5. Acquisition of two Siemens gas turbines

On May 27th, 2016, the Company acquired from Siemens two gas turbines for electric power generation composed by a turbine and a generator with 298 MW output power, and the proper ancillary equipment and maintenance and assistance services.

During September 2021, the Company sold such equipment to UNIPER KRAFTWERKE GMBH and UNIPER HUNGARY Kft. for the amount of USD 33,750,000.

20.6. Renewable Energy generation farms

In 2017 the Group entered into a power purchase agreement with CAMMESA for La Castellana and Achiras wind farms for a 20-year term as from the launch of the commercial operations. Likewise, during 2018 the Group entered into a power purchase agreement with CAMMESA for La Genoveva wind farm for a 20-year term as from the launch of the commercial operations.

Regarding wind farm La Castellana II, the Group entered into supply agreements with Rayen Cura S.A.I.C. for a 7-year term and approximately 35,000 MWh/year volume, with Metrive S.A. for a 15-year term and 12,000 MWh/year volume, with N. Ferraris for a 10-year term and 6,500 MWh/year volume and with Banco de Galicia y Buenos Aires S.A. for a 10-year term to supply energy demand for approximately 4,700 MWh/year.

Regarding wind farm La Genoveva II, the Group entered into supply agreements with Aguas y Saneamiento S.A. (AYSA) for a 10-year term from the beginning of operations date of the wind farm and approximately 87.6 GWh/year volume, with PBB Polisur S.R.L. (Dow Chemical) for a term of 6 years and an estimated volume of 80 GWh/year, with INC S.A. (Carrefour) for a term of 3 years and an annual volume of 12 GWh/year, with Farm Frites for a 5-year term and 9.5 GWh/year volume and with BBVA for a 5-year term and 6 GWh/year volume.

Regarding wind farm Manque, the Group entered into a power purchase agreement with Cervecería y Maltería Quilmes SAICAyG (“Quilmes”) for the wind farm Manque for a 20-year term as from the launch of the commercial operations and for an estimated volume of 235 GWh per year.

Regarding the wind farm Los Olivos, the Group entered into power purchase agreements with S.A. San Miguel A.G.I.C.I. y F., Minera Alumbrera Limited and SCANIA Argentina S.A.U. for a 10-year term as from the launch of commercial operations, to supply them 8.7 GWh/year, 27.4 GWh/year and 20.2 GWh/year, respectively.

Acquisition and operation of wind turbines

The Group has entered into agreements with Nordex Windpower S.A. for the operation and maintenance of Achiras and La Castellana wind farms for a 10-year term.

Moreover, the Group has entered into agreements with Vestas Argentina S.A. for the operation and maintenance of La Genoveva I, La Genoveva II, La Castellana II, Manque and Los Olivos wind farms for a 5-year term.

20.7. Awarding of co-generation projects

On September 25, 2017, the Company was awarded through Resolution SEE 820/2017 with two co-generation projects called “Terminal 6 San Lorenzo” with a capacity of 330 MW and Luján de Cuyo (within our Luján de Cuyo plant) with a capacity of 93 MW.

On January 4, 2018, the Company entered into power purchase agreements with CAMMESA for each of the mentioned projects for a 15-year term as from the launch of commercial operations. The Group has posted a guarantee for the fulfillment of the “Terminal 6 San Lorenzo” cogeneration project.

On December 15, 2017, we executed a new steam supply contract with YPF for a 15-year term that began when the new co-generation unit at our Luján de Cuyo plant started operations.

Also, on December 27, 2017, we entered into a steam supply agreement with T6 Industrial S.A. for the new co-generation unit at our Terminal 6 San Lorenzo plant for a 15 year-term counted as from the commencement of the cogeneration unit’s commercial operations. On September 2, 2022, an amendment to the steam supply agreement was signed, replacing the agreement previously signed in 2017, whereby, in addition to transactional adjustments, the preliminary purchase agreement for the premises in which the cogeneration power station is located was signed.

On October 5, 2019, the commercial operation of the new cogeneration unit Luján de Cuyo started. On November 21, 2020, the open cycle commercial operation of cogeneration unit Terminal 6 San Lorenzo started, while on August 15, 2021, the power station launched operations at combined cycle. On October 31, 2021, commencement of the cogeneration unit’s commercial operations was completed as the steam supply agreement commenced.

20.8. Acquisition of Thermal Station Brigadier López

In the context of a local and foreign public tender called by Integración Energética Argentina S.A. (“IEASA”), which has been awarded to the Company, on June 14, 2019 the transfer agreement of the production unit that is part of Brigadier López Thermal Station and of the premises on which the Station is located, was signed, including: a) production unit for the Station, which includes personal property, recordable personal property, facilities, machines, tools, spare parts, and other assets used for the Station operation and use; b) IEASA’s contractual position in executed contracts (including turbogas and turbosteam supplying contracts with CAMMESA and the financial trust agreement signed by IEASA as trustor, among others); c) permits and authorizations in effect related to the Station operation; and d) the labor relationship with the transferred employees.

The Station currently has a Siemens gas turbine of 280.5 MW. According to the tender specifications and conditions, it is expected to supplement the gas turbine with a boiler and a steam turbine to reach the closing of the combined cycle, which will generate 420 MW in total.

The cycle closing works’ finishing is pending.

20.9. Shares purchase agreements with Enel Group

On February 17, 2023, Proener S.A.U. acquired 531,273,928 shares from Enel Argentina S.A., which represent 75.68% of the capital stock and votes from Enel Generación Costanera S.A. (currently, Central Costanera S.A.). The total purchase price amounted to USD 48,000,000.

Central Costanera S.A. is a listed company that owns the thermal station Central Costanera, which is located in the City of Buenos Aires. The station consists of six turbo-steam units with an installed power capacity of 1,140 MW and a combined cycle plant with an installed power capacity of 1,165 MW.

Pursuant to the CNV applicable regulations, on March 17, 2023, a mandatory tender offer ("OPA") at an equitable price with respect to the remaining outstanding shares was announced. As of the date of these financial statements, (………)

This transaction shall be accounted for as a business combination using the “acquisition method” set forth in IFRS 3. As of the date of these financial statements, the Group is gathering the necessary information to make the purchase price allocation, to identify the assets acquired and liabilities assumed and to complete the valuation process of such assets and liabilities.

On February 17, 2023, Proener S.A.U. entered into a shares purchase agreement with Enel Argentina S.A. and Enel Américas S.A., by virtue of which, subject to the exercise of the preemptive right of the remaining shareholders, (i) Enel Américas S.A. has agreed to sell to Proener S.A.U. its interest in Inversora Dock Sud S.A. (“IDS”) formed by 473,671,287 shares that represent 57.14% of stock capital and votes from IDS, and (ii) Enel Argentina S.A. has agreed to sell to Proener S.A.U. its interest in Central Dock Sud S.A. (“CDS”) formed by 290.535.500 shares that represent 0.24% of capital stock and votes from CDS. IDS has a controlling interest in CDS that represents 71.78% of capital stock of CDS. The total purchase price for both holdings amounts to USD 54,000,000. On March 17, 2023, Proener S.A.U. has been informed by Enel Argentina S.A. and Enel Américas S.A. that the remaining shareholders have decided to exercise their preemptive right.

21. Tax integral inflation adjustment

Pursuant to current income tax law, to determine the amount of taxable net profits for fiscal years commencing January 1, 2019, the inflation adjustment calculated on the basis of the provisions set forth in the income tax law will have to be added to or deducted from the fiscal year’s tax result. This adjustment will only be applicable (a) if the variance percentage of the consumers price index (“IPC”) during the 36 months prior to fiscal year closing is higher than 100%, and (b) if for the first, second, and third fiscal year as from its effective date, the accumulated IPC variance is higher than 55%, 30% and 15% of such 100%, respectively. The positive or negative tax inflation adjustment, depending on the case, corresponding to the first, second and third period commenced as from January 1, 2018, which must be calculated in case of verifying the statements on the foregoing paragraphs (a) y (b), shall be charged in a sixth for that fiscal period and the remaining five sixths, equally, in the immediately following fiscal periods.

At December 31, 2019 and during the following fiscal years such conditions have been already met. Consequently, the current and deferred income tax have been booked since the fiscal year ended December 31, 2019 including the effects derived from the application of the tax inflation adjustment under the terms established by the income tax law.

22. Measures in the Argentine economy

Foreign exchange market

As from December 2019, the BCRA issued a series of communications whereby it extended indefinitely the regulations on Foreign Market and Foreign Exchange Market issued by BCRA that included regulations on exports, imports and previous authorization from BCRA to access the foreign exchange market to transfer profits and dividends abroad, as well as other restrictions on the operation in the foreign exchange market.

Particularly, as from September 16, 2020, Communication “A” 7106 established, among other measures referred to human persons, the need for refinancing the international financial indebtedness for those loans from the non-financial private sector with a creditor not being a related counterparty of the debtor expiring between October 15, 2020 and March 31, 2021. The affected legal entities were to submit before the Central Bank a refinancing plan under certain criteria: that the net amount for which the foreign exchange market was to be accessed in the original terms did not exceed 40% of the capital amount due for that period and that the remaining capital had been, as a minimum, refinanced with a new external indebtedness with an average life of 2 years. This point shall not be applicable when indebtedness is taken from international entities and official credit agencies, among others. On February 25, 2021, through Communication “A” 7230, BCRA broadened the regulation scope to all those debt installments higher than USD 2 million becoming due between April 1 and December 31, 2021. The effects of these regulations for the Company are described in Note 13.3.3. Moreover, on March 3, 2022 and October 13, 2022, through Communications “A” 7466 and "A" 7621, BCRA broadened the regulation scope to all those debt installments higher than USD 2 million becoming due until December 31, 2022 and December 31, 2023, respectively. These updates had no effect on the Company.

As of the date of issuance of these financial statements, restrictions imposed by BCRA have been increased, due to additional restrictions established both for imports payment and foreign exchange market operation.

Income Tax

On June 16, 2021, the Argentine Executive Power passed Law No. 27630, which established changes in the corporate income tax rate for the fiscal periods commencing as from January 1, 2021. Such law establishes payment of the tax based on a structure of staggered rates regarding the level of accumulated taxable net income. The scale consists of three segments: 25% up to an accumulated taxable net income of 5 million Ps.; 30% for the excess of such amount up to 50 million Ps.; and 35% for the excess of such amount. The estimated amounts in this scale will be annually adjusted as from January 1, 2022, considering the annual variation of the consumer price index provided by the INDEC corresponding to October of the year prior to the adjustment compared with the same month of the previous year. As a result of this update, for fiscal year 2022 the applicable scale is the following: 25% up to an accumulated taxable net income of 7.6 million Ps.; 30% for the excess of such amount up to 76 million Ps.; and 35% for the excess of such amount.

23. Subsequent events

No facts or operations, other than disclosed, occurred between the closing date of the fiscal year and the date of issuance of these financial statements that may significantly affect such financial statements.