# Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

**Unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2020 and for the three and nine-month periods ended September 30, 2020 and 2019**

Free translation from the original prepared in Spanish for publication in Argentina

# Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

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**REVIEW REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

To the Shareholders, President and Board of Directors
of Compañía de Transporte de Energía Eléctrica en
Alta Tensión Transener S.A.
Legal address: Av. Paseo Colón 728 – 6th Floor
Autonomous City of Buenos Aires
Tax Code No. 30-66314877-6

## Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. and its subsidiary (hereinafter "Transener S.A.") which comprise the condensed interim consolidated balance sheets as of September 30, 2020, the related condensed interim consolidated statement of operations for the three and nine month period ended on that date, and the condensed interim consolidated statements of changes in equity and cash flows for the nine months period then ended, and the selected explanatory notes.

The balances and other information corresponding to the fiscal year 2019 and interim period are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

## Board responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and included by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and is therefore responsible for the preparation and presentation of the interim condensed consolidated financial statements mentioned in the first paragraph, in accordance with International Accounting Standard 34 "Interim Financial Information" (IAS 34).

## Scope of our review

Our review was limited to the application of the procedures established under International Standards on Review Engagements ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", adopted as a review standard in Argentina by Technical Pronouncement No. 33 of the FACPCE and approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries of the Company's personnel responsible for preparing the information included in the condensed interim consolidated financial statements and performing analytical and other review procedures. Such a review is substantially less in scope than an audit conducted in accordance with international standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion on the consolidated financial position, the consolidated comprehensive income, or the consolidated cash flows of the Company.

**Conclusion**

On the basis of our review, nothing has come to our attention that make us think that the condensed interim financial statements mentioned in the first paragraph of this report have not been prepared, in all material respects, in accordance with International Accounting Standard 34.

**Report on compliance with current regulations**

In compliance with current regulations, we report, in connection with Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. that:

a) the condensed interim consolidated financial statements of Transener S.A., as regards those matters that are within our competence, are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission, except for the fact that they are pending transcription into the Inventory and Balance Sheet book as mentioned in Note 3.1 to the attached financial statements;

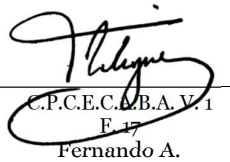
b) as mentioned in Note 3.1 to the attached financial statements, the condensed interim parent-only financial statements of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener
S.A. arise from accounting records carried in all formal aspects in accordance with legal requirements, except for the fact that: i) they are pending transcription into the Inventory and Balance Sheet book, and ii) the entries for September 2020 are pending transcription into the Journal book;

c) we have read the summary of activity, on which we have no observations to make, insofar as concerns our field of competence;

d) at September 30, 2020, the debt accrued in favor of the Argentine Integrated Social Security System amounted, as shown by the Company's accounting records and calculations, to $51,089,773.01, none of which was claimable at that date.

Autonomous City of Buenos Aires, November 10, 2020.

PRICE WATERHOUSE & CO. S.R.L.



(Partner)

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# Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

## Unaudited Condensed Interim Consolidated Statements of Operations

## for the three and nine-month periods ended September 30, 2020 and 2019

(Expressed in thousands of Argentine Pesos)

| | | Three-month period ended | | Nine-month period ended | |
|---|---|---|---|---|---|
| **Consolidated income statement** | Note | **September 30, 2020** | **September 30, 2019** | **September 30, 2020** | **September 30, 2019** |
| Revenue | 6 | 3,645,348 | 4,531,014 | 11,475,232 | 13,466,981 |
| Operating costs | 7 | (1,736,697) | (1,800,472) | (5,496,481) | (5,451,395) |
| **Gross income** | | 1,908,651 | 2,730,542 | 5,978,751 | 8,015,586 |
| Administrative expenses | 7 | (225,735) | (231,914) | (706,379) | (708,627) |
| Other operating (expense) / income, net | | (91,493) | 56,210 | (128,032) | 209,660 |
| **Operating income** | | 1,591,423 | 2,554,838 | 5,144,340 | 7,516,619 |
| Finance income | 8 | 209,017 | 419,609 | 1,013,118 | 1,190,792 |
| Finance costs | 8 | (345,878) | (389,808) | (1,043,652) | (986,424) |
| Other financial results | 8 | (156,526) | (1,015,381) | (551,356) | (629,682) |
| **Income before taxes** | | 1,298,036 | 1,569,258 | 4,562,450 | 7,091,305 |
| Income tax | 9 | (434,397) | (880,852) | (1,221,251) | (3,611,646) |
| **Profit of the period from continuing operations** | | 863,639 | 688,406 | 3,341,199 | 3,479,659 |
| Profit of the period attributable to : | | | | | |
| Owners of the parent | | 863,639 | 688,406 | 3,341,199 | 3,390,421 |
| Non-controlling interests | | 0 | 0 | 0 | 89,238 |
| Total for the period | | 863,639 | 688,406 | 3,341,199 | 3,479,659 |
| **OTHER COMPREHENSIVE CONSOLIDATED RESULTS** | | | | | |
| Income for the period | | 863,639 | 688,406 | 3,341,199 | 3,479,659 |
| **Items that will not be reclassified to profit or loss** | | | | | |
| Other comprehensive results for the period, net of taxes | | 0 | 0 | 0 | 0 |
| Comprehensive income for the period | | 863,639 | 688,406 | 3,341,199 | 3,479,659 |
| **Attributable to :** | | | | | |
| Owners of the parent | | 863,639 | 688,406 | 3,341,199 | 3,390,421 |
| Non-controlling interests | | 0 | 0 | 0 | 89,238 |
| Total for the period | | 863,639 | 688,406 | 3,341,199 | 3,479,659 |
| Income per share attributable to the equity holders of the Company ($ per share) | 25 | 1.94 | 1.55 | 7.51 | 7.62 |

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

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## Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

**Unaudited Condensed Interim Consolidated Balance Sheets as of September 30, 2020 and December 31, 2019**

(Expressed in thousands of Argentine Pesos)

| | Note | September 30, 2020 | December 31, 2019 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | 26,537,126 | 25,637,034 |
| Inventories | | 969,890 | 905,624 |
| Investments at amortized cost | 14 | 45,974 | 0 |
| **Total Non-current assets** | | 27,552,990 | 26,542,658 |
| **Current Assets** | | | |
| Trade accounts receivable | 12 | 3,815,608 | 3,869,214 |
| Other receivables | 11 | 1,426,781 | 1,603,735 |
| Investments at fair value | 14 | 6,047,720 | 5,145,530 |
| Cash and cash equivalents | 13 | 815,435 | 54,595 |
| **Total Current assets** | | 12,105,544 | 10,673,074 |
| **Total Assets** | | 39,658,534 | 37,215,732 |
| | | | |
| **Equity and liabilities** | | | |
| Share capital | | 444,674 | 444,674 |
| Share capital adjustment | | 11,222,581 | 11,222,581 |
| Legal reserve | | 906,787 | 630,144 |
| Optional reserve | | 542,149 | 542,149 |
| Reserve for acquisition of non-controlling interests | | 0 | 637,795 |
| Voluntary reserve | | 8,294,011 | 3,037,788 |
| Other comprehensive income | | (503,893) | (503,893) |
| Retained earnings | | 3,341,199 | 4,895,071 |
| **Total equity** | | 24,247,508 | 20,906,309 |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Loans | 15 | 0 | 6,637,962 |
| Deferred tax liabilities | 9 | 3,801,770 | 4,160,430 |
| Employee benefits payable | 16 | 707,403 | 673,915 |
| Trade accounts payable | 17 | 18,073 | 35,894 |
| **Total Non-current liabilities** | | 4,527,246 | 11,508,201 |
| **Current liabilities** | | | |
| Provisions | 18 | 128,021 | 133,127 |
| Loans | 15 | 7,001,774 | 251,626 |
| Income tax payable | | 1,140,663 | 1,197,960 |
| Taxes payable | 19 | 212,231 | 218,154 |
| Payroll and social securities taxes payable | 20 | 1,037,470 | 1,102,301 |
| Employee benefits payable | 16 | 176,851 | 132,348 |
| Trade accounts payable | 17 | 1,186,770 | 1,765,706 |
| **Total Current liabilities** | | 10,883,780 | 4,801,222 |
| **Total Liabilities** | | 15,411,026 | 16,309,423 |
| **Total Equity and liabilities** | | 39,658,534 | 37,215,732 |

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

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# Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

## Unaudited Condensed Interim Consolidated Statements of Changes in Equity for the nine-month period ended September 30, 2020 and 2019

(Expressed in thousands of Argentine Pesos)

| | Attributable to owners of the parent | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share capital adjustment | Legal reserve | Optional reserve | Reserve for future dividends | Reserve for acquisition of non-controlling interests | Voluntary reserve | Other comprehensive income | Retained earnings | Subtotal | Non-controlling interests | Total equity |
| **Balance as of December 31, 2018** | **444,674** | **11,222,581** | **285,969** | **177,687** | **2,441,828** | **0** | **0** | **(542,150)** | **6,883,501** | **20,914,090** | **918,116** | **21,832,206** |
| Ordinary General Meeting of Shareholders held on April 25, 2019: | | | | | | | | | | | | 0 |
| - Legal reserve | 0 | 0 | 344,175 | 0 | 0 | 0 | 0 | 0 | (344,175) | 0 | 0 | 0 |
| - Optional reserve | 0 | 0 | 0 | 364,462 | 0 | 0 | 0 | 0 | (364,462) | 0 | 0 | 0 |
| - Reserve for future dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Voluntary reserve | 0 | 0 | 0 | 0 | (2,441,828) | 0 | 3,037,788 | 0 | (595,960) | 0 | 0 | 0 |
| - Distribution of dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (5,578,904) | (5,578,904) | 0 | (5,578,904) |
| Reserve for acquisition of non-controlling interests | 0 | 0 | 0 | 0 | 0 | 639,895 | 0 | 0 | | 639,895 | (1,007,354) | (367,459) |
| Income for the nine-month period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,390,421 | 3,390,421 | 89,238 | 3,479,659 |
| **Balance as of September 30, 2019** | **444,674** | **11,222,581** | **630,144** | **542,149** | **0** | **639,895** | **3,037,788** | **(542,150)** | **3,390,421** | **19,365,502** | **0** | **19,365,502** |
| Income for the three-month complementary period | 0 | 0 | 0 | 0 | 0 | (2,100) | 0 | 0 | 1,504,650 | 1,502,550 | 0 | 1,502,550 |
| Other comprehensive income for the three-month complementary period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 38,257 | 0 | 38,257 | 0 | 38,257 |
| **Balance as of December 31, 2019** | **444,674** | **11,222,581** | **630,144** | **542,149** | **0** | **637,795** | **3,037,788** | **(503,893)** | **4,895,071** | **20,906,309** | **0** | **20,906,309** |
| Ordinary General Meeting of Shareholders held on May 5, 2020: | | | | | | | | | | | | |
| - Legal reserve | 0 | 0 | 276,643 | 0 | 0 | 0 | 0 | 0 | (276,643) | 0 | 0 | 0 |
| - Voluntary reserve | 0 | 0 | 0 | 0 | 0 | 0 | 5,256,223 | 0 | (5,256,223) | 0 | 0 | 0 |
| Absorption of the reserve for acquisition of non-controlling interests | 0 | 0 | 0 | 0 | 0 | (637,795) | 0 | 0 | 637,795 | 0 | 0 | 0 |
| Income for the nine-month period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,341,199 | 3,341,199 | 0 | 3,341,199 |
| **Balance as of September 30, 2020** | **444,674** | **11,222,581** | **906,787** | **542,149** | **0** | **0** | **8,294,011** | **(503,893)** | **3,341,199** | **24,247,508** | **0** | **24,247,508** |

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

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# Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

## Unaudited Condensed Interim Consolidated Statements of Cash Flows for the nine-month period ended September 30, 2020 and 2019

(Expressed in thousands of Argentine Pesos)

| | Note | Nine-month period ended September 30, 2020 | Nine-month period ended September 30, 2019 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| **Income for the period** | | 3,341,199 | 3,479,659 |
| Adjustments: | | | |
| Depreciation of property, plant and equipment | 10 | 1,180,472 | 1,037,277 |
| Allowance for doubtful accounts | 7 | 87,064 | (19,103) |
| Provisions | 18 | 10,553 | 30,359 |
| Employee benefits plan | 16 | 272,615 | 235,344 |
| Income tax expense accrued during the period | 9 | 1,221,251 | 3,611,646 |
| Financial results from loans | 15 | 771,938 | 1,333,429 |
| Repurchase Results Class 2 Notes | 15 | 0 | (17,870) |
| Interest and foreign exchange results generated by investments at fair value | 8 | (1,365,808) | (1,654,006) |
| Interest and foreign exchange results generated by investments at amortized cost | 8 | (139,406) | 1,129 |
| Taxes payable interests | | 54,548 | 35,616 |
| RECPAM generated by investments | | 1,170,090 | 1,171,989 |
| Financial results from cash ans cash equivalents | | 65,563 | 203,588 |
| Retirements of property, plant and equipment | 10 | 40,230 | 8,538 |
| **Changes in certain assets and liabilities, net of non-cash:** | | | |
| Increase in trade receivables | | (33,458) | (12,460) |
| Decrease in other receivables | | 176,953 | 815,651 |
| Decrease in trade accounts payable | | (596,757) | (1,014,529) |
| Decrease in payroll and social securities taxes payable | | (64,832) | (214,713) |
| Decrease in taxes payable | | (285,958) | (572,004) |
| Decrease in provisions | 18 | (15,659) | (62,793) |
| Decrease of employee benefits payable | 16 | (194,624) | (369,439) |
| Income tax payment | | (1,411,720) | (1,741,739) |
| **Net cash generated by operating activities before interest** | | 4,284,254 | 6,285,569 |

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# Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

## Unaudited Condensed Interim Consolidated Statements of Cash Flows for the nine-month period ended September 30, 2020 and 2019

**(continued)**

(Expressed in thousands of Argentine Pesos)

| | | Nine-month period ended | |
|---|---|---|---|
| | | **September 30, 2020** | **September 30, 2019** |
| **Cash flows from investing activities:** | | | |
| Acquisition of property, plant and equipment | 10 | (2,120,794) | (2,808,407) |
| Increase in inventories | | (64,266) | (47,528) |
| (Increase)/Decrease in investments at fair value | | (615,543) | (1,397,281) |
| Increase in investments at amortized cost | | 2,504 | 76,128 |
| Acquisition of non-controlling interests | | 0 | (367,459) |
| **Cash used in investing activities** | | (2,798,099) | (4,544,547) |
| **Cash flows from financing activities:** | | | |
| Payment of dividends | | 0 | (5,578,904) |
| Repurchase Class 2 Notes | | 0 | (474,645) |
| Payments a of loans - Interest | 15 | (659,752) | (724,773) |
| **Net cash used in financing activities** | | (659,752) | (6,778,322) |
| Increase/(Decrease) in cash and cash equivalents | | 826,403 | (5,037,300) |
| Financial results from cash ans cash equivalents | | (65,563) | (203,588) |
| Cash and cash equivalents at the beginning of the period | | 54,595 | 5,256,353 |
| **Cash and cash equivalents at period end** | 13 | 815,435 | 15,465 |

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

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**Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.**
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**
(In thousands of Argentine Pesos, except as otherwise indicated)

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**Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.**
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**
(In Argentine Pesos, except as otherwise indicated)

## 1. General information

The concessionaire company Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. was constituted on May 31, 1993, as a result of the Laws Nos. 23,696 and 24,065 and the Decree No. 2743/92 which stated the privatization of the high-voltage electricity transmission system in Argentina, which up to that date was provided by Agua y Energía Eléctrica Sociedad del Estado (AyEE), Hidroeléctrica Norpatagónica S.A. (Hidronor) and Servicios Eléctricos del Gran Buenos Aires S.A. (SEGBA) and resolved the creation of a company that would receive the concession to operate the service. The Ministry of Economy and Public Works and Services called for international bidding for the sale of the majority shares of the aforementioned company.

The privatization was finalized through the subscribed contract of transfer by the National State, acting on behalf of the companies mentioned in the preceding paragraph, and Compañía Inversora en Transmisión Eléctrica Citelec S.A. (hereinafter "Citelec"), which has control on Transener. The assets affected to the privatized service were received simultaneously.

Finally, on July 17, 1993 the takeover of Transener by the Consortium took place, starting its operations on the mentioned date.

On July 30, 1997, the province of Buenos Aires privatized Empresa de Transporte de Energía Eléctrica por Distribución Troncal de la Provincia de Buenos Aires Sociedad AnónimaTransba S.A. (hereinafter "Transba"), which was created by the province of Buenos Aires, in March 1996, and subsequently acquired by Transener, in order to own and operate the network of Transba.

On August 16, 2002, Transener created Transener International Ltda., located in the city of Brasilia, Brazil. As of the date of the issuance of these consolidated financial statements, Transener holds 99.93% of Transener International Ltda's shares. On March 25, 2012, the Board of Directors approved to discontinue the Transener International Ltda's operation and maintenance contracts.

In June 28, 2019 Transener S.A. became the owner of all the shares that were affected by the PPAP (41,806,717 Class C shares). In this way, 99.9999995216% of Transba´s share capital corresponds to Transener.

The economic context in which the Company operates is described in Note 29.

## 2. Tariff Review

During the year 2019, as established in the FTR, the ENRE continued with the application of the tariff adjustment mechanism every six months, according to the corresponding formula, which depends on Wholesale Price, Consumer Price and Salaries indexes, as long as the compliance with the "Trigger Clause".

On March 22nd, 2019, the ENRE issued Resolutions Nº 67/19 and 68/19, with the adjustment of 25.15% and 26.53% in the remuneration of Transener and Transba respect the previous semester, accumulating 78.41% and 81.26%, respectively for the period December 2016 – December 2018, applied to the remuneration schedule as from February 2019.

On September 25th, 2019, the ENRE issued Resolutions Nº 269/19 and 267/19, with the adjustment of 18.83% and 18.81% in the remuneration of Transener and Transba respect the previous semester, accumulating 112.41% and 115.75%, respectively for the period December 2016 - June 2019, applied to the remuneration schedule as from August 2019.

As of the date of issuance of these financial statements, the ENRE has not issued a resolution yet regarding the rate adjustment to be applied to the remuneration schedule as from February 2020 and August 2020.

Furthermore, on July 3rd, 2018, the ENRE informed that it has begun the procedure to determine the remuneration of the Independent Transmitters under the operation and maintenance period: TIBA (Transba), Fourth Line (Transener), YACYLEC and LITSA. Regarding this, on October 8th, 2018, the costs, investments and tariff pretension corresponding to Fourth Line and TIBA were presented to the ENRE. The ENRE has not yet issued the Resolution with the results of the analysis of the required information.

## 3. Significant accounting policies

The main accounting policies used in the preparation of these unaudited condensed interim consolidated financial statements are explained below. These accounting policies have been applied consistently in all the years presented, except when otherwise indicated.

### 3.1 Basis of preparation

These unaudited condensed interim consolidated financial statements for the nine-month period ended September 30, 2020 have been prepared in accordance with the Interim Financial Reporting (IAS 34), approved by the International Accounting Standards Board (IASB).

These unaudited condensed interim consolidated financial statements for the nine-month period ended September 30, 2020 have not been audited. The Management of the Company estimates that they include all the necessary adjustments to reasonably present the results of each period. The results for the nine-month period ended September 30, 2020 do not necessarily reflect the proportion of the Company's results for the full year.

These unaudited condensed interim consolidated financial statements are presented in thousands of pesos without cents, as are the notes, except for the net profit per share.

The presentation in the Balance Sheet distinguishes between current and non-current assets and liabilities. Current assets and liabilities are those that are expected to be recovered or canceled within the twelve months following the close of the fiscal year / reporting period. In addition, the Company reports cash flows from operating activities using the indirect method. The fiscal year begins on January 1 and ends on December 31 of each year. The economic and financial results are presented on the basis of the fiscal year.

The Company makes estimates to calculate depreciations, the recoverable value of non-current assets, income tax charge, certain labor charges, provision for contingencies, labor, civil and commercial lawsuits, and allowance for doubtful accounts. Future actual results may differ from estimates and assessments used at the date of preparation of these financial statements.

These unaudited condensed interim consolidated financial statements, have been approved and authorized for issuance by the Board of Directors on November 10, 2020, in compliance with CNV General Resolution No. 830 published in the Official Gazette on April 5, 2020, which allows and regulates the holding of distance board of directors' and governance bodies' meetings through digital media that guarantee their authenticity.

These unaudited condensed interim consolidated financial statements don´t include all of the informations and revelations required for the annually financial statements, therefore they have to be read as a whole with the Transener´s financial statements as of December 31, 2019, approved on March 5, 2020.

Furthermore, as a result of the measures taken by COVID-19 to ensure the health of its personnel, the Company has been prevented from transcribing to books signed by (i) the transactions corresponding to September 2020 in its Journal Entries book , and (ii) these condensed interim consolidated financial statements in its Inventory and Balance Sheet book.

**Comparative information**

The comparative information as of December 31, 2019 and for the nine-month period ended September 30, 2019 has been restated in terms of the current unit of measurement as of September 30, 2020, in accordance with IAS 29 "Financial information in hyperinflationary economies".

Certain reclassifications have been made on the figures corresponding to the financial statements presented in comparative form in order to maintain consistency in the exposure with the figures for the current period.

**Measurement Unit**

IAS 29 “Financial reporting in hyperinflationary economies” requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy, regardless of whether they are based on the historical cost method or the current cost method, be restated in constant currency at the end of the reporting period. To this purpose, in general terms, for non-cash items it is necessary to compute the inflation recorded since the acquisition date or since the date of revaluation, as applicable. Said requirements also apply to comparative information included in financial statements.

In order to conclude on whether an economy is categorized as high inflation in the terms of IAS 29, the standard details a series of factors to be considered among which is a cumulative rate of inflation in three years that approximates or exceeds the 100%. It is for this reason that, in accordance with IAS 29, the Argentine economy must be considered as high inflation starting on July 1, 2018.

In turn, Law No. 27,468 (published in Official Gazette on December 4, 2018) amended Article 10 of Law No. 23,928 and its amendments, by repealing all statutory or regulatory pieces of legislation that established or authorized price adjustment based on price increases, currency restatement, cost variation or other forms of boosting debts, taxes, prices or rates for goods, works or services This does not apply to financial statements in respect of which the provisions of article 62 in fine of the General Company Law No 19,550 (as restated in 1984) as amended will continue to apply. Likewise, the aforementioned legal body provided for the repeal of Decree No. 1269/2002 of July 16, 2002, as amended, and delegated to the National Executive Branch (PEN), through its controlling agencies, the establishment of the date from which the aforementioned provisions will take effect in relation to the financial statements presented to them. Therefore, CNV instructed, through General Resolution 777/2018 (published in Official Gazette on December 28, 2018), that issuing entities subject to its supervision shall restate their annual, interim or special financial statements closed after December 31, 2018 in constant currency as per IAS 29, therefore these financial statements as of September 30, 2020 have been restated.

Pursuant to IAS 29, any entity reporting its financial statements in the currency of a hyperinflationary economy shall report them in the measuring unit current as of the date of those financial statements. All such amounts in the balance sheet as are not reported in terms of the measuring unit as of the date of the financial statements shall be adjusted by applying a general price index. All items in the statement of income shall be reported in terms of the measuring unit adjusted as of the date of the financial statements, by applying the general Price index variation experienced since the date when income and expenses were originally recognized in the financial statements.

The inflation adjustment to initial balances was determined considering the indexes established by FACPCE based on price indexes published by INDEC.

The main procedures for the inflation adjustment above mentioned are as follows:

- Monetary assets and liabilities reported at the balance sheet closing currency are not restated as they are already stated in terms of the measuring unit current at the date of the financial statements.
- Non-monetary assets and liabilities reported at cost at the balance sheet, and equity items, are restated by applying relevant adjustment rates.
- All statement of income items are adjusted by applying relevant conversion factors.
- The effect of inflation on the Company's net monetary position is shown in the statement of income, under "Net financial income", under "Result from exposure to change in purchasing power of currency" (RECPAM).
- Comparative figures are adjusted for inflation following the same procedure described in the preceding items.

In initially applying the inflation adjustment, equity items have been restated as follows:

- Share capital was restated from the date of the last accounting inflation adjustment. The resulting amount was incorporated in the "Share capital adjustment" account.
- Other comprehensive income was restated from each accounting allocation date.
- Other income reserves were not restated in the initial application.

The Company used as an estimate for September 2020 the index that arises from the Central Bank of the Argentine Republic´s ("BCRA") market expectations. Consequently, the variation of the index used by the Company to restate these condensed interim consolidated financial statements for the nine – month period and twelve - month period ended on September 30, 2020 was 22.84% and 37.35% respectively. The variation of the index published by INDEC for those periods was 22.29% and 36.62%. The impact in balance sheet and results is not significant.

### 3.2 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary Transba. Subsidiaries are all entities in relation to which the economic group is exposed or entitled to variable benefits from its activities and has the ability to influence that return through its power over them. Subsidiaries are fully consolidated from the date on which control is transferred to the group and deconsolidated from the date that control ceases.

Significant consolidation adjustments are as follows:

1. Elimination of balances of accounts of assets and liabilities between the controlling company and the subsidiary, so that the financial statements present balances maintained with third parties.
2. Elimination of transactions/operations between the controlling company and the subsidiary, so that the financial statements present results with third parties.
3. Elimination of the participations in the equity and the income / (loss) for each period corresponding to the subsidiary.
4. Recognition of assets and liabilities identified in the processes of business combinations.

The accounting policies of subsidiaries have been modified, if appropriate, to ensure consistency with the policies adopted by the group.

Transba S.A. significant information corresponding to assets, liabilities and results of operations as of September 30, 2020 and December 31, 2019, measured under IFRS, is as follows:

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Total assets | 14,934,796 | 14,114,112 |
| Total liabilities | 4,476,910 | 3,080,014 |
| Total equity | 10,457,886 | 11,034,098 |
| Total comprehensive income for the period | 1,610,923 | 2,316,051 |

### 3.3 New accounting policies, modifications and interpretations issued by IASB that have been adopted by the Company.

The Company adopted the following accounting policies and/or modifications for the first time since January 1, 2020:

- Conceptual framework (issued in March 2018)

- IFRS 3 "Business combinations" (modified in October 2018)

- IAS 1 "Financial statements presentation" and IAS 8 "Accounting policies, changes in accounting estimations and errors" (modified in October 2018)

- IFRS 9 "Financial instruments", IAS 39 "Financial instruments: Presentation" and IFRS 7 "Financial instruments: Information to disclose" (modified in September 2019)

The application of these standards and/or modifications, have not generated any impact in the results of the operations or in the financial situation of the Company.

### 3.4 New standards, amendments and interpretations issued by the IASB not yet effective

Next, the new IFRS standards or modifications to the IFRS issued that have not yet entered into force, which, if any, may affect the Company are analyzed below:

IAS 1 "Presentation of financial statements" (amended in January 2020); criteria are specified to classify the debt as non-current. The IASB proposed deferring the date of application of this amendment for fiscal years beginning on or after January 1, 2023.

### 3.5 Risk policies and accounting estimations

In the preparation of these financial statements, the Company has applied the risk policies and accounting estimates consistently with those of the previous year. There are no significant variations at September 30, 2020 compared with the previous year as regards the risk analysis.

### 4. Financial instruments by category and level fair value hierarchy

| Description | Measurement at fair value as of September 30, 2020 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value through profit or loss** | | | | |
| Investments at fair value | 6,047,720 | 0 | 0 | 6,047,720 |
| Total Assets | 6,047,720 | 0 | 0 | 6,047,720 |

| Description | Measurement at fair value as of December 31, 2019 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value through profit or loss** | | | | |
| Investments at fair value | 5,145,530 | 0 | 0 | 5,145,530 |
| Total Assets | 5,145,530 | 0 | 0 | 5,145,530 |

Level 1 includes financial assets and liabilities whose fair values are determined with reference to quote prices (unadjusted) in active markets for identical liabilities and assets. Level 2 includes financial assets and liabilities whose fair value is estimated using variables other than quote prices included in level 1 that are observable for assets and liabilities, either directly (for example, prices) or indirectly (for example, derivatives prices). Level 3 includes financial instruments for which the variables used in the estimation of the fair value are not based on observable market data.

There were no relevant transfers between levels 1, 2 and 3 of the fair value hierarchy.

The estimated fair value of a financial instrument is the value to which this instrument can be exchanged in the market among interested parties, different from the value that can arise in a sale or forced liquidation. For the purpose of estimating the fair value of financial assets and liabilities, the Company uses quote prices in the market.

The Company does not have financial liabilities measured at fair value at the dates indicated.

## 5. Segment reporting

The sales and assets of the Company are basically carried out in Argentina, therefore, no segments by geographic area have been identified.

The operating segments have been adapted to the guidelines of ENRE Resolution 176/2013, which establishes that a regulatory accounting system will enter into force since January 1, 2014, differentiating regulated from non-regulated activity pursuant to the resolution.

Segment information, used for decision making, has been prepared in historical currency, while these financial statements have been prepared in accordance with IAS 29.

The segment information submitted to the General Director, who takes the business strategic decisions, for the reportable segments for the periods ended September 30, 2020 and 2019, together with the reconciliation with these financial statements, is as follows:

| | Regulated activity | Non-regulated activity | Adjustment according to IAS 29 | Total |
|---|---|---|---|---|
| **Nine-month period ended September, 2020** | | | | |
| Revenue | 9,186,077 | 751,592 | 1,537,563 | 11,475,232 |
| Operating results | 4,971,363 | 626,280 | (453,303) | 5,144,340 |
| Property, plant and equipment depreciation | 237,074 | 13,588 | 929,810 | 1,180,472 |
| **Nine-month period ended September, 2019** | | | | |
| Revenue | 10,362,047 | 1,324,883 | 1,780,051 | 13,466,981 |
| Operating results | 6,516,928 | 720,273 | 279,418 | 7,516,619 |
| Property, plant and equipment depreciation | 208,834 | 9,812 | 818,631 | 1,037,277 |

No sales between operating segments identified by the Company are perfected.

## 6. Revenue

| | Three-month period ended | | Nine-month period ended | |
|---|---|---|---|---|
| | September 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| Net Regulated Revenue | 3,201,952 | 4,002,470 | 10,124,566 | 11,936,846 |
| Net Non-Regulated Revenue | 443,396 | 528,544 | 1,350,666 | 1,530,135 |
| Revenue | 3,645,348 | 4,531,014 | 11,475,232 | 13,466,981 |

## 7. Expenses by nature

| Items | Three-month period ended September 30, 2020 | | | Three-month period ended September 30, 2019 | | |
|---|---|---|---|---|---|---|
| | Total | Operating Costs | Administrative Expenses | Total | Operating Costs | Administrative Expenses |
| Salaries and social security charges | 1,071,161 | 951,605 | 119,556 | 1,087,264 | 977,399 | 109,865 |
| Other personnel costs | 12,627 | 6,028 | 6,599 | 20,331 | 12,928 | 7,403 |
| Professional fees | 26,783 | 11,535 | 15,248 | 40,898 | 29,414 | 11,484 |
| Equipment maintenance | 53,443 | 53,443 | 0 | 56,781 | 56,781 | 0 |
| Fuel and lubricants | 11,743 | 11,680 | 63 | 25,162 | 25,017 | 145 |
| General Maintenance | 60,017 | 57,900 | 2,117 | 76,305 | 76,155 | 150 |
| Electricity | 8,749 | 8,295 | 454 | 8,634 | 8,153 | 481 |
| Depreciation of property, plant and equipment | 392,397 | 358,709 | 33,688 | 350,821 | 314,066 | 36,755 |
| Administration expenses related to WEM | 3,407 | 3,407 | 0 | 4,378 | 4,378 | 0 |
| Regulatory fees | 4,351 | 4,351 | 0 | 4,124 | 4,124 | 0 |
| ATEERA membership fees | 1,150 | 0 | 1,150 | 1,018 | 0 | 1,018 |
| Communications | 13,005 | 12,823 | 182 | 12,573 | 12,156 | 417 |
| Transportation | 7,447 | 7,186 | 261 | 21,341 | 21,334 | 7 |
| Insurance | 72,388 | 70,388 | 2,000 | 73,026 | 70,634 | 2,392 |
| Rents | 3,471 | 3,392 | 79 | 7,714 | 7,669 | 45 |
| Travel and lodging expenses | 11,947 | 11,930 | 17 | 48,794 | 48,012 | 782 |
| Stationery and printing | 1,186 | 1,007 | 179 | 5,396 | 5,093 | 303 |
| Licences | 26,473 | 26,473 | 0 | 21,814 | 21,814 | 0 |
| Taxes and government contributions | 45,393 | 14,026 | 31,367 | 46,969 | 12,978 | 33,991 |
| Directors and syndics | 6,941 | 0 | 6,941 | 9,149 | 0 | 9,149 |
| Security | 38,743 | 38,468 | 275 | 35,623 | 35,614 | 9 |
| Office and substation cleaning | 24,196 | 22,369 | 1,827 | 25,513 | 23,787 | 1,726 |
| Electroduct maintenance | 19,456 | 19,456 | 0 | 34,818 | 34,818 | 0 |
| Allowance for doubtful accounts | 26,700 | 26,700 | 0 | (26,617) | (26,617) | 0 |
| Others | 19,258 | 15,526 | 3,732 | 40,557 | 24,765 | 15,792 |
| TOTAL | 1,962,432 | 1,736,697 | 225,735 | 2,032,386 | 1,800,472 | 231,914 |

| Items | Nine-month period ended September 30, 2020 | | | Nine-month period ended September 30, 2019 | | |
|---|---|---|---|---|---|---|
| | Total | Operating Costs | Administrative Expenses | Total | Operating Costs | Administrative Expenses |
| Salaries and social security charges | 3,484,108 | 3,107,535 | 376,573 | 3,411,894 | 3,063,719 | 348,175 |
| Other personnel costs | 44,244 | 22,399 | 21,845 | 48,181 | 31,246 | 16,935 |
| Professional fees | 99,090 | 56,546 | 42,544 | 114,948 | 77,560 | 37,388 |
| Equipment maintenance | 110,050 | 110,050 | 0 | 92,946 | 92,946 | 0 |
| Fuel and lubricants | 44,459 | 44,156 | 303 | 70,447 | 69,867 | 580 |
| General Maintenance | 156,634 | 153,554 | 3,080 | 217,144 | 215,695 | 1,449 |
| Electricity | 27,684 | 26,522 | 1,162 | 28,724 | 27,187 | 1,537 |
| Depreciation of property, plant and equipment | 1,180,472 | 1,075,341 | 105,131 | 1,037,277 | 934,067 | 103,210 |
| Administration expenses related to WEM | 11,749 | 11,749 | 0 | 10,190 | 10,190 | 0 |
| Regulatory fees | 14,084 | 14,084 | 0 | 16,084 | 16,084 | 0 |
| ATEERA membership fees | 3,475 | 0 | 3,475 | 3,746 | 0 | 3,746 |
| Communications | 40,718 | 40,163 | 555 | 36,332 | 35,539 | 793 |
| Transportation | 34,749 | 34,324 | 425 | 61,910 | 61,791 | 119 |
| Insurance | 231,902 | 227,019 | 4,883 | 236,363 | 230,779 | 5,584 |
| Rents | 21,255 | 21,016 | 239 | 17,984 | 17,824 | 160 |
| Travel and lodging expenses | 67,745 | 66,878 | 867 | 138,675 | 135,609 | 3,066 |
| Stationery and printing | 3,692 | 3,234 | 458 | 16,332 | 15,038 | 1,294 |
| Licences | 71,931 | 71,931 | 0 | 54,656 | 54,656 | 0 |
| Taxes and government contributions | 148,562 | 48,630 | 99,932 | 180,840 | 53,113 | 127,727 |
| Directors and syndics | 22,167 | 0 | 22,167 | 27,457 | 0 | 27,457 |
| Security | 109,705 | 109,358 | 347 | 117,510 | 117,474 | 36 |
| Office and substation cleaning | 74,248 | 68,516 | 5,732 | 78,253 | 72,829 | 5,424 |
| Electroduct maintenance | 28,468 | 28,468 | 0 | 67,780 | 67,780 | 0 |
| Allowance for doubtful accounts | 87,064 | 87,064 | 0 | (19,103) | (19,103) | 0 |
| Others | 84,605 | 67,944 | 16,661 | 93,452 | 69,505 | 23,947 |
| TOTAL | 6,202,860 | 5,496,481 | 706,379 | 6,160,022 | 5,451,395 | 708,627 |

## 8. Financial Results

| | Three-month period ended | | Nine-month period ended | |
|---|---|---|---|---|
| | September 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| Finance Income | | | | |
| Results from investments at fair value | 109,592 | 234,891 | 412,744 | 773,332 |
| Results from investments at amortized cost | 31,878 | 33,865 | 34,697 | 40,628 |
| Other finance income | 67,547 | 150,853 | 565,677 | 376,832 |
| Total finance income | 209,017 | 419,609 | 1,013,118 | 1,190,792 |
| Finance Costs | | | | |
| Interest generated by loans | (179,298) | (191,135) | (540,600) | (537,955) |
| Other interest | (166,580) | (198,673) | (503,052) | (448,469) |
| Total finance costs | (345,878) | (389,808) | (1,043,652) | (986,424) |
| Other financial results | | | | |
| Foreign exchange generated by loans | (548,159) | (2,121,801) | (1,643,765) | (2,953,182) |
| Foreign exchange generated by investments at fair value | 406,413 | 854,018 | 972,027 | 880,674 |
| Foreign exchange generated by investments at amortized cost | 102,922 | (44,503) | 104,709 | (41,757) |
| Other foreign exchange net | 52,371 | 147,103 | 47,820 | 1,033,474 |
| Fair value valuation loss of financial assets with impact in results | (112,875) | 0 | (18,963) | 0 |
| RECPAM | (57,198) | 149,802 | (13,184) | 451,109 |
| Total Other financial results | (156,526) | (1,015,381) | (551,356) | (629,682) |
| Total | (293,387) | (985,580) | (581,890) | (425,314) |

## 9. Income tax and deferred income tax

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

### Deferred Tax Assets

| | Tax loss carryforward | Trade accounts receivables | Other receivables | Employee benefits payable | Other liabilities | Total |
|---|---|---|---|---|---|---|
| **As of January 1, 2020** | **101,315** | **35,232** | **196** | **198,656** | **152,574** | **487,973** |
| Charged to the income statement | (101,315) | 19,615 | (36) | 20,278 | 13,536 | (47,922) |
| **As of September 30, 2020** | **0** | **54,847** | **160** | **218,934** | **166,110** | **440,051** |
| **As of January 1, 2019** | **0** | **66,133** | **1,350** | **256,814** | **128,056** | **452,353** |
| Charged to the income statement | 0 | (23,340) | (1,168) | (40,722) | (17,686) | (82,916) |
| **As of September 30, 2019** | **0** | **42,793** | **182** | **216,092** | **110,370** | **369,437** |

### Deferred Tax Liabilities

| | Property, plant and equipment | Inventories | Investments at fair value | Tax payables | Loans | Total |
|---|---|---|---|---|---|---|
| **As of January 1, 2020** | **4,014,636** | **130,544** | **129,904** | **348,734** | **24,585** | **4,648,403** |
| Charged to the income statement | (329,779) | (4,802) | (115,162) | 52,897 | (9,736) | (406,582) |
| **As of September 30, 2020** | **3,684,857** | **125,742** | **14,742** | **401,631** | **14,849** | **4,241,821** |
| **As of January 1, 2019** | **2,829,496** | **105,950** | **114,089** | **0** | **38,862** | **3,088,397** |
| Charged to the income statement | 1,027,051 | 22,251 | 238,404 | 126,980 | (8,686) | 1,406,000 |
| **As of September 30, 2019** | **3,856,547** | **128,201** | **352,493** | **126,980** | **30,176** | **4,494,397** |

Deferred Tax Liabilities as of September 30, 2020 and December 31, 2019 amounts to $3,801,770 and $4,160,430, respectively.

The income tax charge for the period is as follows:

| | Nine-month period ended | |
|---|---|---|
| | **September 30, 2020** | **September 30, 2019** |
| Current tax | 1,579,911 | 2,122,730 |
| Deferred tax | (358,660) | 1,488,916 |
| Income tax | 1,221,251 | 3,611,646 |

The Company has recognized the income tax charge according to the deferred tax liability method, thus considering the timing differences between measurements of accounting and taxable assets and liabilities.

For purposes of determining the deferred assets and liabilities, the tax rate that is expected to be in force at the moment of their reversal or use has been applied to the timing differences identified, under legal provisions enacted at the date of issue of these financial statements.

The Tax Reform Law No. 27,430 establishes the application of the fiscal inflation adjustment provided in Title VI of the Income Tax Law with respect to the first, second and third fiscal year as of its validity (in 2018), in case the Cumulative variation in the IPC, calculated from the beginning until the end of each year, exceeds fifty-five percent (55%), thirty percent (30%) and fifteen percent (15%) for years 2018, 2019 and 2020, respectively. As of December 31, 2019, accumulated inflation amounts to 53.8%, so that the condition provided by the law of 30% for the year 2019 is exceeded.

The inflation estimation for 2020, presupposes the application of the fiscal inflation adjustment for that fiscal year as well.

The tax inflation adjustment must be allocated as follows: one sixth (1/6) in the current fiscal year and the remaining two sixth (5/6) in equal parts in the immediate following five fiscal years.

Tax determined by Transba S.A. for fiscal year 2018 and 2019

Transba S.A. has determined the income tax for fiscal year 2018 and 2019 considering the overall application of the tax inflation adjustment mechanisms provided for in Title VI of the Income Tax Law, and the restatement of fixed asset depreciation provided for by Sections 87 and 88 of that law (as restated in 2019). Without the application of the inflation adjustments, the tax determined for this period would represent an amount to be deposited that exceeds any reasonable tax limit, thus implying an alleged confiscatory situation and infringing the constitutional guarantee of not violating property rights. This procedure has been approved by the Supreme Court in similar cases, with the ruling of the case Candy S.A. dated July 3, 2009 being the most renowned.

Should the inflation adjustment mechanisms have not been applied, the tax computed for fiscal year 2018 would have amounted to $ 637,816, and for fiscal year 2019 would have amounted to $ 894,794. Until the matter has a final resolution, Transba S.A. will keep a provision within the caption Income tax liabilities- current for the liability for the additional income tax that would have been determined for fiscal periods 2018 and 2019 if the inflation adjustment had not been subtracted. At September 30, 2020 the provision amounts to $ 196,659 for fiscal year 2018 and 224,150 for fiscal year 2019 respectively, including compensatory interest.

## 10. Property, plant and equipment

| Principal account | Original Value | | | | |
|---|---|---|---|---|---|
| | At the beginning of the period | Additions | Deductions | Transfers | At the end of the period |
| | $ | | | | |
| Land | 62,729 | 0 | 0 | 0 | 62,729 |
| Vehicles | 1,406,992 | 348 | (15,361) | 0 | 1,391,979 |
| Air and heavy equipment | 1,015,042 | 101,830 | 0 | 0 | 1,116,872 |
| Furniture and fixtures | 156,696 | 560 | 0 | 14,478 | 171,734 |
| Information systems | 554,859 | 37,584 | (1,119) | 5,720 | 597,044 |
| Transmission lines | 18,524,011 | 0 | (1,644) | 1,018,339 | 19,540,706 |
| Substations and related works | 20,243,942 | 106,686 | (201,886) | 3,699,657 | 23,848,399 |
| Building and civil works | 1,895,472 | 34,387 | 0 | 910,441 | 2,840,300 |
| Labs and maintenance | 476,567 | 29,287 | 0 | 0 | 505,854 |
| Communication equipment | 2,352,312 | 5,876 | (17,598) | 49,147 | 2,389,737 |
| Miscellaneous | 514,006 | 69,329 | 0 | 12,849 | 596,184 |
| Work in progress | 10,565,546 | 1,734,907 | 0 | (5,710,631) | 6,589,822 |
| Right of use assets | 125,489 | 0 | 0 | 0 | 125,489 |
| Total September 30, 2020 | 57,893,663 | 2,120,794 | (237,608) | 0 | 59,776,849 |
| Total September 30, 2019 | 53,812,192 | 2,808,407 | (30,273) | 0 | 56,590,326 |

| Principal account | Depreciation | | | | Net carrying value | |
|---|---|---|---|---|---|---|
| | At the beginning of the period | Deductions | From the period | At the end of the period | At September 30, 2020 | At September 30, 2019 |
| | $ | | | | | |
| Land | 0 | 0 | 0 | 0 | 62,729 | 62,729 |
| Vehicles | (912,252) | 15,034 | (87,371) | (984,589) | 407,390 | 472,596 |
| Air and heavy equipment | (294,800) | 0 | (33,979) | (328,779) | 788,093 | 591,679 |
| Furniture and fixtures | (116,380) | 0 | (4,463) | (120,843) | 50,891 | 41,381 |
| Information systems | (438,000) | 1,005 | (54,087) | (491,082) | 105,962 | 126,274 |
| Transmission lines | (14,687,999) | 1,644 | (298,249) | (14,984,604) | 4,556,102 | 3,883,410 |
| Substations and related works | (12,380,983) | 162,097 | (477,521) | (12,696,407) | 11,151,992 | 7,882,106 |
| Building and civil works | (802,081) | 0 | (68,541) | (870,622) | 1,969,678 | 1,056,255 |
| Labs and maintenance | (184,120) | 0 | (21,315) | (205,435) | 300,419 | 295,394 |
| Communication equipment | (2,008,403) | 17,598 | (50,739) | (2,041,544) | 348,193 | 358,179 |
| Miscellaneous | (391,221) | 0 | (54,086) | (445,307) | 150,877 | 116,896 |
| Work in progress | 0 | 0 | 0 | 0 | 6,589,822 | 9,696,237 |
| Right of use assets | (40,390) | 0 | (30,121) | (70,511) | 54,978 | 94,738 |
| Total September 30, 2020 | (32,256,629) | 197,378 | (1,180,472) | (33,239,723) | 26,537,126 | - |
| Total September 30, 2019 | (30,896,910) | 21,735 | (1,037,277) | (31,912,452) | - | 24,677,874 |

The depreciation charge has been included in operating and administrative expenses as detailed in Note 7.

During the nine-month periods ended September 30, 2020 and 2019, the Company has not capitalized interest costs.

## 11. Other receivables

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| **Current** | | |
| Advances to suppliers | 1,279,934 | 1,117,063 |
| Prepaid expenses | 103,590 | 441,628 |
| Tax credits | 8,689 | 13,848 |
| Loans to employees | 10,765 | 15,904 |
| Judicial seizure | 16,929 | 15,186 |
| Others | 6,874 | 106 |
| Total | 1,426,781 | 1,603,735 |

The fair values of other receivables do not differ significantly from their respective book values.

As of September 30, 2020 and December 31, 2019, there are no other past due credits.

## 12. Trade accounts receivable

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| **Current** | | |
| CAMMESA | 3,691,004 | 3,633,099 |
| Other services | 306,224 | 353,076 |
| Other related parties (Note 22) | 1,202 | 479 |
| Allowance for doubtful accounts | (182,822) | (117,440) |
| Total | 3,815,608 | 3,869,214 |

The fair values of trade accounts receivable do not differ significantly from their respective book values.

**Allowance for doubtful accounts**

| | September 30, 2020 | September 30, 2019 |
|---|---|---|
| Total at the beginning of the period | 117,440 | 225,481 |
| Increases | 94,915 | 8,413 |
| Decreases | (29,533) | (90,482) |
| Total at the end of the period | 182,822 | 143,412 |

## 13. Cash and cash equivalents

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Cash in local currency | 2,458 | 2,530 |
| Cash in foreign currency | 1,128 | 1,113 |
| Banks in local currency | 4,962 | 13,727 |
| Banks in foreign currency | 801,374 | 37,225 |
| Securities to deposit | 5,513 | 0 |
| Cash and cash equivalents, net | 815,435 | 54,595 |

## 14. Investments

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| **Non-Current** | | |
| Investments at amortized cost: | | |
| Class XIII Pan American Energy Notes (1) | 45,974 | 0 |
| Total | 45,974 | 0 |
| | | |
| **Current** | | |
| Investments at fair value: | | |
| Mutual funds | 6,047,720 | 5,145,530 |
| Total | 6,047,720 | 5,145,530 |

(1) The Pan American Energy Class XIII corporate bonds do not accrue interest and shall be amortized upon a sole and final payment at maturity, on November 19, 2021. It is the Company's intention to hold these corporate bonds until that date.

## 15. Loans

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| **Non-current loans** | | |
| Class 2 Notes | 0 | 6,637,962 |
| Total Non-current | 0 | 6,637,962 |
| | | |
| **Current loans** | | |
| Class 2 Notes | 7,001,774 | 251,626 |
| Total Current | 7,001,774 | 251,626 |

| | September 30, 2020 | September 30, 2019 |
|---|---|---|
| Total at the beginning of the period | 6,889,588 | 7,132,334 |
| Accrued interests | 540,600 | 537,955 |
| Foreign Exchange | 1,643,765 | 2,953,181 |
| Repurchase Class 2 Notes | 0 | (474,645) |
| Repurchase results Class 2 Notes | 0 | (17,870) |
| Interest payments | (659,752) | (724,773) |
| RECPAM | (1,412,427) | (2,157,707) |
| Total at the end of the period | 7,001,774 | 7,248,475 |

The indebtedness structure of the Company is described in Note 23.

The fair value of loans of the Company as of September 30, 2020 amounts approximately to thousands of $ 5,691,147. This value was calculated based on the market price.

## 16. Employee benefit payable

The amounts recognized in the Comprehensive Statements of operations are as follows:

| | Nine-month period ended | |
|---|---|---|
| | **September 30, 2020** | **September 30, 2019** |
| **Charges to Income** | | |
| Services Cost | 45,154 | 45,948 |
| Interest Cost | 227,461 | 189,396 |
| Total | 272,615 | 235,344 |

The breakdown of the amounts exposed in the Unaudited Condensed Consolidated Balance Sheet are as follows:

| | **September 30, 2020** | **September 30, 2019** |
|---|---|---|
| Benefits Obligations at the beginning of the period | 806,263 | 998,462 |
| Services Cost | 45,154 | 45,948 |
| Interest Cost | 227,461 | 189,396 |
| Benefits paid to participants | (150,341) | (295,868) |
| RECPAM | (44,283) | (73,571) |
| Benefits Obligations at the end of the period | 884,254 | 864,367 |
| | | |
| Non - current benefits obligations | 707,403 | 691,494 |
| Current benefits obligations | 176,851 | 172,873 |
| Benefits Obligations at the end of the period | 884,254 | 864,367 |

The most important actuarial assumptions used for the calculation are as follows**:**

| | | |
|---|---|---|
| Discount rate | 49.10% | 34.40% |
| Current interest rate | 6% | 6% |
| Salary growth rate | 2% | 2% |

## 17. Trade accounts payable

| | **September 30, 2020** | **December 31, 2019** |
|---|---|---|
| **Non-Current** | | |
| Lease liabilities | 18,073 | 35,894 |
| Total | 18,073 | 35,894 |

| | **September 30, 2020** | **December 31, 2019** |
|---|---|---|
| **Current** | | |
| Suppliers | 535,647 | 1,014,719 |
| Provisions | 93,500 | 223,205 |
| Advances from customers | 24,009 | 92,813 |
| Lease liabilities | 29,045 | 41,626 |
| Other liabilites | 504,569 | 393,343 |
| Total | 1,186,770 | 1,765,706 |

The fair value of trade accounts payable is equivalent to their book value, since the impact of applying the discount is not significant.

## 18. Provisions

As of September 30, 2020 and 2019 the balances of foreign currency assets and liabilities are as follows:

| | September 30, 2020 | September 30, 2019 |
|---|---|---|
| Labor lawsuits | | |
| Total at the beginning of the period | 67,382 | 85,461 |
| Increases | 10,553 | 0 |
| Decreases | (14,420) | (30,668) |
| Total at the end of the period | 63,515 | 54,793 |
| | | |
| Regulatory lawsuits | | |
| Total at the beginning of the period | 5,405 | 13,997 |
| Decreases | (1,005) | (7,953) |
| Total at the end of the period | 4,400 | 6,044 |
| | | |
| Commercial lawsuites | | |
| Total at the beginning of the period | 60,340 | 58,710 |
| Increases | 0 | 30,359 |
| Decreases | (234) | (24,172) |
| Total at the end of the period | 60,106 | 64,897 |
| Total at the end of the period | 128,021 | 125,734 |

## 19. Taxes payable

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| V.A.T. payable | 175,860 | 136,567 |
| Withholding tax to be deposited – Income tax | 26,850 | 18,467 |
| Others | 9,521 | 63,120 |
| Totales | 212,231 | 218,154 |

## 20. Payroll and social securities taxes payable

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Salaries and social security charges | 481,239 | 525,344 |
| Provision for variable remuneration | 337,507 | 476,297 |
| Provision for holidays | 218,724 | 100,660 |
| Total | 1,037,470 | 1,102,301 |

## 21. Balances and transactions with related parties

As a part of a program instituted by the Argentine Government consisting in privatizing State-run companies, it created Transener on May 31, 1993 in order to hold and operate the transmission assets that make up Transener's network. Transener's privatization entailed the sale of Transener's majority shareholding through a public call for tenders as required by the Electricity Law. On July 16, 1993 Transener's majority shareholding was awarded to Citelec.

Citelec is the controlling shareholder, and owns 52.65% of Transener's outstanding share capital, 51% corresponds to Class A shares and the remaining participation corresponds to Class B shares (the latter are traded on the BCBA). The remaining 47.35% of the share capital is publicly held and is listed and traded on the BCBA.

Citelec's share capital is comprised as follows: (i) 50% owned by Transelec Argentina SA, and (ii) 50% owned by Integración Energética Argentina S.A.

The following is a brief description of Citelec's current shareholders and their respective shareholdings in Citelec:

- Transelec Argentina S.A., which own 50% of the share capital of Citelec, is a corporation (*sociedad anónima*) organized under the laws of Argentina, whose main business consists of investment and investment management activities. Transelec Argentina S.A. is controlled by Pampa Energia S.A., an Argentine corporation, that is controlled directly and indirectly by legal entities under common control with Grupo Emes S.A.

- Integración Energética Argentina S.A., which owns 50% of the share capital of Citelec, is an Argentine corporation (sociedad anónima) controlled by the Government through the Ministry of Federal Planning, Public Investment and Services under Law No. 25,943.The change in the corporate name of Energía Argentina S.A. (ENARSA) by Integración Energética Argentina S.A., in the terms of art. 215 of the General Companies Law, took place on June 18, 2018.

On April 25, 2019 the Ordinary General Meeting of Shareholders of Transener resolved the distribution of dividends for thousands of $ 5,578,904, corresponding to Citelec S.A. 52.65%, equivalent to thousands of $ 2,937,293.

The transactions with related parties for the nine-month periods as of September 30, 2020 and 2019 are as follows:

**Companies Law No. 19,550 – Sect. 33**

| | Nine-month period ended | |
|---|---|---|
| | September 30, 2020 | September 30, 2019 |
| Sales of assets and services rendered to Pampa Energía S.A. | 14,508 | 5,915 |

**Other related parties**

| | Nine-month period ended | |
|---|---|---|
| | September 30, 2020 | September 30, 2019 |
| Sales of assets and services rendered to Transportadora de Gas del Sur S.A. | 248 | 118 |
| Sales of assets and services rendered to Enecor S.A. | 3,756 | 4,947 |

The balances with Companies Law No. 19,550 – Sect. 33 and other related parties are as follows:

**Companies Law No. 19,550 – Sect. 33**

| **Assets** | **September 30, 2020** | **December 31, 2019** |
|---|---|---|
| **Trade account receivables** | | |
| Pampa Energía S.A. | 695 | 123 |
| **Total** | 695 | 123 |

| | | |
|---|---|---|
| **Other related parties** | | |
| **Trade account receivable** | | |
| Enecor S.A. | 505 | 356 |
| Transportadora de Gas del Sur S.A. | 2 | 0 |
| **Total** | 507 | 356 |

## 22. Investment in Transener Internacional Ltda.

As of September 30, 2020, both the value of the equity interest of Transener in Transener Internacional Ltda. and receivables have been fully provided for due to the uncertainty as to their recovery.

## 23. Financing structure

### 23.1 Series 2 Notes

On August 2011, Series 2 Notes were issued for the amount of thousands of US$ 100,535. These Notes accrue an annual interest rate of 9.75% to be paid semiannually on February 15 and August 15 each year and will mature in just one payment on August 15, 2021.

As of September 30, 2020, the balance of the Series 2 Notes amounted to thousands of US$ 98,535, of which US$ 7,000 were purchased by Transba S.A. and were in the portfolio by that date.

Regarding Transener's ratings, S&P maintained the global rating of "CCC+" and the local of "raBB", in both cases with a negative outlook.

### 23.2 Restrictions in relation to the Series 2 Notes

The Company and its Restricted Subsidiaries have to comply with some restrictions, according to the refinancing terms, in order to carry out, among others, the following transactions:

i) Incurring or securing additional indebtedness;
ii) Paying dividends or making other distributions as regards either the redemption or the repurchase of the Company's share capital or indebtedness;
iii) Making other restricted payments, including investments;
iv) Placing liens or making sale & leaseback transactions;
v) Selling or otherwise disposing of assets, including the subsidiaries' share capital;
vi) Entering into agreements that restrict the dividends of the subsidiaries;
vii) Carrying out transactions with affiliates; and
viii) Performing mergers or consolidation transactions.

As of September 30, 2020 there is not any default related to those restrictions.

### 23.3 Global program for the issuance of simple notes or convertible into shares, for an amount up to US$ 500,000,000 (or its equivalent in any other currency)

On April 18, 2017, an Extraordinary General Meeting of Shareholders resolved to create a global program for the issuance of simple or convertible notes, denominated in US dollars or in any other currency, for a maximum amount outstanding, in any time during its term for up to US $ 500 million or its equivalent in other currencies.

The creation of the program was authorized by the National Securities Commission through Resolution No. 18,941 of September 20, 2017.

## 24. Employee Stock Ownership Program – Transba S.A.

In 1997, the Executive Branch of the Province of Buenos Aires awarded to Transener S.A. 100% of the Class A, B and C shares in Transba S.A. for USD 220.2 million. As for Class C shares, they were awarded with the condition of being transferred to the Employee Share Participation Program (PPAP, for its acronym in Spanish) under the terms of Chapter XII of the Bidding Terms and Conditions of Transba S.A. This program was created for the benefit of certain employees of Transba S.A.

Consequently, Transener S.A. held 89.9999995216 % of the shares in Transba S.A. The remaining participation belonged: a) 0.0000004784% to Citelec S.A. and b) 10% to PPAP, for a price whose balance at historical value was recorded in due time under "Other non-current receivables".

In June 28, 2019 Transener S.A. became the owner of all shares affected to the PPAP (41,806,717 Class C shares). In this way, Transener S.A. owns 99.9999995216 % of the share capital of Transba S.A.

The result of the operation is shown under the heading "Reserve for acquisition of non-controlling interest" in shareholders' equity.

## 25. Income per share

The income per share is calculated dividing the income / (loss) attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, excluding those own shares acquired by the Company.

| | Nine-month period ended | |
|---|---|---|
| | **September 30, 2020** | **September 30, 2019** |
| Results from operations attributable to the equity holders of the Company | 3,341,199 | 3,390,421 |
| Ordinary shares average | 444,674 | 444,674 |
| Income per share attributable to the equity holders of the Company ($/Share) | 7.51 | 7.62 |

## 26. Stored documentation

For the purposes of complying with CNV Resolution 629/14, the Company informs that the accounting and management documentation and information related to economic-financial operations is partially stored in the facilities of Iron Mountain SA, located at (i) Av. Amancio Alcorta 2482, City of Buenos Aires, (ii) San Miguel de Tucumán 605, Spegazzini and (iii) Cañada de Gómez 3825, Lugano (temporarily suspended plant), and Custodia de Archivos SRL located at Gorriti 375, Rosario, Province of Santa Fe.

The detail of the documentation stored with third parties is available at Company Headquarters.

## 27. Interruption of the service in the Argentine Interconnection System (SADI) - June 16, 2019

In June 16, 2019, at 7.07 am a total interruption of the Argentine Interconnection System (SADI) service occurred.

The full interruption of the service was due to the concurrence of multiple inconveniences within SADI, some of them outside the scope of the System of Transport under the operation and maintenance of Transener S.A.

As to the System of Transport under the responsibility of Transener S.A., the fault was due to a specific technical issue, and not to a lack of investment and maintenance. Given the change of setting of the Litoral corridor, as a result of the bypass between the 500kV lines Colonia Elía - Campana and Colonia Elía - Manuel Belgrano, the mechanism for Automatic Disconnection of Generation (DAG) was not correctly adapted and did not recognize the signals emitted by the protection system. This bypass was made due to the transfer of tower 412 and with the aim of maintaining the greatest possible transport of energy capacity of the Litoral corridor.

Due to the great volume of energy dispatched from said corridor and the fault in DAG, an imbalance occurred between offer and supply, which could not be supported by the remaining containment barriers of the system outside the scope of the electrical transport, thus generating the total interruption of the service.

The transport system at 500 kV was available immediately after the disturbance, with 100% of the transmission lines available to provide service and resume the system activity. The restoration of service was quick, in general, (by 8.30am 75% of the country's supply had been restored).

The Company estimated that due to the event described above, it will be subject to a penalty of approximately $ 6.6 million with additional interests, which has been recorded in these financial statements in "Trade accounts payable" . The estimate is made based on the application of the Rules on Quality Service and Penalties of the High-Tension Transport System which form part of the Concession Contract of Transener S.A. as amended and supplemented, under Sub-annex II-B.

As of the date of these financial statements, ENRE has not applied the fine to the Company, which may differ from the estimate made by it.

The occurrence of this event will have an impact in the year 2020 on the amounts of penalties, which will be increased, and the awards, which will be reduced, due to the Additional Regime of Service Quality and Penalties established by Resolutions No. 552/16 and No. 580/16.

## 28. Restricted assets and limitations to transfer of shares

### Restricted assets

Both for Transener S.A. and Transba S.A., the Concession Contract forbids the concessionaire Company to set up a pledge, mortgage or any other lien or encumbrance on behalf of third parties on the assets used to provide the Utility of transport of high-voltage electricity at a national level in the case of Transener S.A. and Utility of transport of electricity at a provincial level for Transba S.A., without prejudice to the free availability of those assets that in the future were inappropriate or unnecessary for such purpose, at ENRE's discretion.

### Limitations to the transfer of shares

Transener S.A. By-laws forbids holders of Class A shares (Citelec S.A.) to change their interest and sell shares without the prior approval of ENRE or otherwise of the agency that replaces it. Transener S.A. is neither allowed to change or sell its interest in Transba S.A. without the prior approval of said agency.

As established in the Concession Contract, Citelec S.A. as regards Transener S.A. and Transener S.A. as regards Transba S.A. have set up a pledge on behalf of the National Government on the total of Class A shares, to guarantee compliance with obligations undertaken. Awardees Citelec S.A. and Transener S.A. should increase the guarantee by pledging Class A shares to be subsequently acquired as a result of new capital contributions that they make or the capitalization of earnings and/or capital adjustment balances and the successive possible transfers of the majority share package of Class A shares will be transferred with the pledge.

In addition, the By-laws also forbid the setting up of a pledge or any other lien on the mentioned Class A shares, except for certain exceptions mentioned in the Concession Contract.

## 29. Economic environment in which the Company operates

The Company operates in a complex economic environment whose main variables have recently been affected by a strong volatility, both nationally and internationally.

In December 2019 the National State declared public economic, financial, tax, administrative, social security, public utility rates, energy, health and social emergency until December 31, 2020 and has implemented a series of measures, which are summarized below:

- The National Executive Branch was vested with powers to keep the electricity and natural gas rates within the federal jurisdiction and to start renegotiations of the current RTI or an extraordinary review of this rate for a term of 180 days, in order to lighten the real rate burden on households, shops and industries for 2020;
- The National Executive Branch was vested with the power to intervene the ENRE and the ENARGAS for one year;
- Application of Section 124, paragraph two, of Law No. 27467 was suspended, which deprived the ENRE of its powers and functions relating to the public utility service for the distribution of electricity, maintaining such functions for one year, upon the transfer of Edenor and Edesur to the jurisdiction of the Province of Buenos Aires and to the Autonomous City of Buenos Aires.

- A system was implemented for the regularization of tax, social security and customs debts for micro, small and medium-sized enterprises;
- The employer contributions rate unification schedule was suspended;
- The National Executive Branch was vested with powers to determine mandatory minimum salary increases to workers in the private sector (with temporary exemption from payments of employer contributions and employee withholdings to the Argentine Integrated Social Security System in relation to the salary increases resulting from those powers or from a collective bargaining);
- Suspension, for the fiscal years beginning on or after January 1, 2021, inclusive, of the income tax rate reduction, keeping the 30% rate and the 7% withholding rate for dividends accrued for those years.
- A new allocation method for the tax inflation adjustment was established for the first and second fiscal years beginning on or after January 1, 2019;
- Value Added Tax on basic food basket products was re-established and the variability in pension benefits was suspended;
- The schedular tax system was modified and exemptions from income tax were reinstated for certain securities and corporate bonds;
- The Tax for an Inclusive and Supportive Argentina (PAIS) was created for a term of five fiscal periods; and
- Application of the Central Bank rules on the entry into and exit of foreign currency from the exchange market was extended.

In addition, in September 2020, the National State announced the restructuring of the bonds issued under argentine law, with an acceptance of 98.0%.

**Financial risk management**

The Company's activities are subject to several financial risks: market risk (including the exchange rate risk, the interest rate risk and price risk), credit risk and liquidity risk; that were described in the annual financial statements as of December 31, 2019.

In this sense, the Company operates in an economic context which main variables have recently suffered significant volatility as a result of political and economic events both domestically and internationally due to the COVID-19 pandemic.

As a result, the main variables of the worldwide and Argentinean economies have also negatively affected the cost of loans, hedging activities, liquidity and access to capital in general. In the local market, particularly, the shares of the main listed companies, sovereign bonds and the Argentine peso experienced a sharp drop in their market value.

In addition, as from April 2020, by issuing Communication "A" 7001, subsequently amended by Communication "A" 7030, 7042, 7052 and 7068, the BCRA established measures that intensify restrictions on the access to the official foreign exchange market ("MULC") including measures related to the operation of public trade assets by the companies.

Additionally, on May 25, 2020, and June 19, 2020, the CNV issued General Resolutions No. 841 and 843, establishing restrictions for the purchase and sale of negotiable securities in U.S. dollars, or their transfer to depositary companies abroad. Subsequently, by means of General Resolution N° 862, the CNV ordered certain flexibilities to the terms of permanence of said securities.

These measures aimed at restricting the MULC in order to contain the demand for dollars imply a request for prior authorization from the BCRA for certain transactions, including the following:

- Payments of dividends to non-residents;
- Payments of imports of certain goods abroad or cancellation of debts originated in their importation, except for some exceptions expressly provided for in the applicable regulations;
- The creation of external assets; and
- The payment of financial loans to non-residents.

If access to the MULC is requested, the commitment to enter and settle in the foreign exchange market, within five business days of its availability, the funds received from abroad originating from the collection of loans granted to third parties, the collection of a time deposit or the sale of any asset, in case the asset has been acquired, the deposit has been created or the loan has been granted after May 28, 2020.

Additionally, on September 15, 2020, the BCRA published Communications "A" 7105 and 7106, which establishes, among other measures, that those who register loans with independent parties with capital maturities in foreign currency scheduled between October 15, 2020 and March 31, 2021, must submit to the BCRA a refinancing plan for capital maturities based on the following criteria: (a) that the net amount for which the foreign exchange market will be accessed original terms will not exceed 40% of the principal amount due in the period indicated above, and (b) that the rest of the capital is, at least, refinanced with a new external debt with an average life of 2 years, provided that the new debt is settled in the exchange market.

The aforementioned rule does not have immediate effect on the Company since the amortization of the capital of its notes operates on August 15, 2021, not within the aforementioned period. On the other hand, as of the date of issuance of these interim condensed consolidated financial statements, the Company paid the total interest installment corresponding to its financial debt on August 18, 2020.

Additionally, the exchange regime already determined as mandatory the settlement in national currency of the funds obtained as a result of the following operations and concepts,
among others:

- Exports of goods and services;
- Collections of pre-financing, advances and post-financing of goods exports ;
- Exports of services;
- Disposal of external assets.

These exchange restrictions, or those that may be provided in the future, could affect the Company's ability to access the official exchange market to acquire the necessary foreign exchange to meet its financial obligations. Assets and liabilities in foreign currency as of September 30, 2020 have been valued considering the current prices in the BNA.

Due to the main impacts of the described situation detailed in these unaudited condensed interim consolidated financial statements, the Company has implemented a series of measures that will mitigate its impact. In this sense, the Company's Management constantly monitors the evolution of the situations that affect its business, to determine the possible actions to be taken and to identify the possible impacts on its equity and financial position. The Company considers that its current financial situation will allow it to comply, in the short term, with its commitments in foreign currency.

**Impact of the Coronavirus outbreak on our Operations**

On March 11, the World Health Organization declared COVID-19 a global pandemic. Given the magnitude of the spread of the virus, in March 2020 several governments around the world implemented drastic measures to contain it, including, but not limited to, the closure of borders and the mandatory lockdown of the population, halting non-essential economic activities and generating a pronounced global economic recession.

As from the month of May, several countries in Europe, Asia and Oceania started a gradual lockdown easing process; however, some areas experienced a new increase in infection levels, which led to the temporary reimplementation of some measures. For its part, the American continent maintains high infection rates.

In Argentina, the Federal Government decreed the nationwide social, preventive and mandatory lockdown effective from March 20 to March 31, allowing for the movement of persons exclusively in association with the provision of essential products and services. However, in view of the epidemiological diagnostic,this term was repeatedly extended, although incorporating certain relaxation measures based on the epidemiological and health situation in the different areas of the country. On November 6, the national Government announced the end of the social, preventive and mandatory isolation in the Metropolitan Area of Buenos Aires (i.e., the City and Greater Buenos Aires) as from November 9, when a phase of preventive and mandatory social distancing started, which implies more flexibility and gradual expansion of activities. In contrast, other provinces continue in the isolation phase, in light of their epidemiological situation.

As to the electric power distributors, they have experienced a slight decrease in demand of electricity, mainly as a result of the decline in non-essential industrial and commercial activity, offset by the increment in consumption by residential users. Furthermore, the lockdown has impacted physical collection agencies and the consumers' income, and a considerable increase in delinquency indexes has been evidenced. However, with the gradual opening of financial institutions and collection agencies, the collectability rate has increased substantially. Emergency Decree (DNU) No. 311/20, issued on March 25, 2020, suspended power cuts (among other services) in case of late or non-payment for 180 days, for certain users in a situation of social vulnerability. Further, on June 19, 2020 DNU No. 543/20 was issued, extending the period for freezing utility tariffs for an additional term of 180 calendar days. It is important to note that payments by distributors are an essential source of financing for CAMMESA which, in turn has extended the payment terms by 30 days for carriers, a trend that could continue to grow.

The Company's management is monitoring the situation and adopting measures aiming to safeguard its staff's health integrity, maintain operations and preserve its financial position. These actions include, among others, the implementation of a remote working scheme for all positions allowing it, the reinforcement of preventive protocols in the assets where the presence of staff is essential to guarantee the proper and timely performance of operation and maintenance tasks, and the search for financing opportunities under reasonable market conditions.

The full scope of the COVID-19 outbreak and its impact in the economy of the country is still unknown and impossible to predict in a reasonable manner. However, even though significant adverse effects have resulted and are expected to continue in the short term, it is anticipated that they will not affect the Company's business continuity. Given its current financial soundness, the Company estimates that it will be able to continue meeting its financial commitments over the next twelve months.

However, it is impossible to foresee how measures will continue evolving and their impact on the economy in general and the Company in particular, as well as to which extent the Company's business and the results of its operations will be affected in the future. Therefore, Company Management permanently monitors the performance of variables affecting its business, to define the course of action and identify the potential impact on its economic and financial position.
The Company's Financial Statements must be read in light of these circumstances.

## 30. Foreign currency assets and liabilities

As of September 30, 2020 and December 31, 2019, the balances of foreign currency assets and liabilities are as follows:

| Captions | September 30, 2020 | | | December 31, 2019 | |
|---|---|---|---|---|---|
| | Amount and class of foreign currency | Current exchange rate | Amount in local currency | Amount and class of foreign currency | Amount in local currency |
| | | | $ | | $ |
| Assets | | | | | |
| Current assests | | | | | |
| Cash and banks | US$ 10,561 | 75.980 | 802,438 | US$ 522 | 38,251 |
| Cash and banks | R$ 5 | 13.516 | 64 | R$ 5 | 87 |
| Investments at fair value | US$ 46,406 | 75.980 | 3,525,943 | US$ 56,902 | 4,172,282 |
| Total current assets | | | 4,328,445 | | 4,210,620 |
| Total assets | | | 4,328,445 | | 4,210,620 |
| Liabilities | | | | | |
| Non current liabilities | | | | | |
| Loans | | | 0 | US$ 90,227 | 6,637,962 |
| Total non current liabilities | | | 0 | | 6,637,962 |
| Current liabilities | | | | | |
| Loans | US$ 91,911 | 76.180 | 7,001,774 | US$ 3,420 | 251,626 |
| Accounts payable | US$ 435 | 76.180 | 33,139 | US$ 1,241 | 91,299 |
| Accounts payable | € 35 | 89.390 | 3,096 | | 0 |
| Accounts payable | R$ 4 | 13.516 | 51 | | 0 |
| Accounts payable | | | 0 | US$ 5,267 | 40,242 |
| Accounts payable | | | 0 | US$ 16 | 1,529 |
| Total current liabilities | | | 7,038,060 | | 384,696 |
| Total liabilities | | | 7,038,060 | | 7,022,658 |

US$: thousands of United States Dollars
R$: thousands of Reais
€: thousands of Euros
SEK: thousands of Swedish Krona
£: thousands of Pounds