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

Consolidated Financial Statements as of December 31, 2020 and for the fiscal years ended December 31, 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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Auditor's report issued by independent auditors

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. and its subsidiary (the "Company"), including the consolidated statement of financial position at December 31, 2020 and the consolidated statements of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the most significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2020 and its consolidated comprehensive income and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS)..

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards have been adopted as auditing standards in Argentina by Technical Pronouncement No. 32 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), and approved by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with requirements that are relevant to our audit of the financial statements in Argentina, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	Audit response
Long-term non-financial assets recoverability As of December 31, 2020, the Company had long-term non-financial assets recorded for $ 31,332,583. As mentioned in Note 3.7 to the consolidated financial statements, the Company analyzes its long-term non-financial assets recoverability on a regular basis or when there are events or changes in circumstances that imply a potential indication of impairment of the value of assets with respect to their recoverable value, measured as the value in use at year end. The value in use is calculated based on discounted projected cash flows. The cash flow is prepared based on estimates regarding the future behavior of certain variables that are sensitive in determining the recoverable value, among which the following stand out: (i) nature, timing and method of the rate increases; (ii) demand projections; (iii) changes in the costs to be incurred, (iv) macroeconomic variables such as growth rates, inflation rates, exchange rates, (v) discount rate, among others. In addition, to compare between the expected cash flow and the carrying value of long-term non-financial assets, the Company has weighted scenarios according to the probabilities of occurrence to determine the expected use value. This is a key issue because it involves the application of critical judgment and significant estimates by Management, which are subject to uncertainty and future events. In addition, a great extent of professional judgment and efforts were required from the auditor to evaluate Management's cash flow projections and test significant assumptions.	The audit procedures performed included the following, among others: • evaluate the estimation methodology; • test the significant assumptions, such as the (i) nature, timing and modality of the rate increases; (ii) demand projections; (iii) changes in the costs to be incurred, (iv) macroeconomic variables such as growth rates, inflation rates, exchange rates, (v) discount rate, and test the completeness, precision and importance of the underlying data used. Significant assumptions were compared with available economic trend data; • we assessed the historical experience of Management's estimates, the weighting of the defined scenarios, as well as the sensitivity analyses of significant assumptions to evaluate the changes in value in use that would result from changes in the assumptions; • test the arithmetic accuracy of the discounted cash flow model; • and evaluate the completeness of the disclosures in the consolidated financial statements. Professionals with dedicated skills and knowledge were engaged in the evaluation of the methodology and the significant assumptions used in the projected cash flows estimated by Management.

Information that accompanies the Consolidated Financial Statements ("Other Information")

The Other Information comprises the annual report and summary of activity. The Board of Directors is responsible for the Other Information.

Our opinion on the consolidated financial statements will not cover the Other Information and, therefore, we do not express any audit conclusion.

In relation to our audit of the consolidated financial statements, our responsibility is to read the Other Information and when doing so, considering whether the other information contained is materially inconsistent with the consolidated financial statements or with our knowledge obtained in the audit or if for any other reason it appears to contain a material misstatement. If, based on the work performed, we consider that, as regards our field of competence, there is a material misstatement in the Other Information, we have to report it. We have nothing to report in this regard.

Board of Directors' and Audit Committee's Responsibilities for the Consolidated Financial Statements

The Board of Directors of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for the internal control the Board of Directors may deem necessary to prepare consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing these consolidated financial statements, the Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so..

The Audit Committee is responsible for overseeing the process of preparation of Company's financial reporting.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

The objective of our audit is to obtain reasonable assurance that the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As part of the audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and asses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Board.
- Conclude on the appropriateness of the Company's Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of issue of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall consolidated financial statements presentation, structure and content, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and adequate audit evidence in relation to the financial information of the entities or business activities within the Company to express an opinion on these consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We are the only responsible for our audit opinion.

We communicate with the Company's Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company's Audit Committee with a statement on our fulfillment of relevant ethical requirements regarding independence, and communicate any relationship and other matters that might be thought to affect our independence and, when applicable, the actions taken to reduce threats or the related safeguards.

Among the matters that have been subject to communications with the Company's Audit Committee, we determine those of most significance in the audit of the consolidated financial statements for the current year, which are, consequently, the key audit matters. We describe these matters in this audit report, except for those legal or regulatory provisions that prohibit the public disclosure of the matter or if, in extremely infrequent circumstances, we determine that a matter should not be disclosed in our report, because it is reasonable to expect that the adverse consequences of doing so would outweigh the public interest benefits thereof.

Report on other legal and regulatory requirements

In compliance with current regulations, we report that:

a) as mentioned in Note 3.1, the consolidated Financial Statements of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. have not yet been transcribed into the Inventory and Balance Sheet book, and as regards those matters that are within our field of competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;

b) The separate Financial Statements of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A., except for the fact that they are pending transcription into the Inventory and Balance Sheet book and the entries for December 2020 are pending transcription into the Journal book, arise from accounting records kept in all formal respects in conformity with legal regulations, which maintain the security and integrity conditions on the basis of which they were authorized by the National Securities Commission;

c) at December 31, 2020 the debt of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. accrued in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to $85,680,425.22, none of which was claimable at that date;

d) as required by Section 21, subsection b), Chapter III, Part VI, Title II of the regulations issued by the National Securities Commission, we report that total fees for auditing and related services billed to Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. during the fiscal year ended December 31, 2020 account for:

   d.1) 88% of the total fees for services billed to the Company or all items during that fiscal year;

   d.2) 56% of the total fees for services for auditing and related services billed to the Company, its parent company, subsidiaries and related companies during that year;

   d.3) 50% of the total fees for services billed to the Company, its parent company, subsidiaries and related companies for all items during that year;

e) we have applied for Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. the money laundering abatement and anti-terrorist financing procedures comprised in the professional standards issued by the Professional Council in Economic Sciences for the City of Buenos Aires.

City of Buenos Aires, March 9, 2021

PRICE WATERHOUSE & CO. S.R.L

(Partner)
C.P.C.E.C.A.B.A. V. 1 F. 17
Fernando A. Rodríguez
Public Accountant (UBA)
C.P.C.E.C.A.B.A. V. 264 F. 112

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

Consolidated Statements of Operations
for the fiscal years ended December 31, 2020 and 2019

(Expressed in thousands of Argentine Pesos)

		Fiscal year ended	
Consolidated income statement	Note	**December 31, 2020**	**December 31, 2019**
Revenue	6	16,289,060	19,712,108
Operating costs	7	(8,251,169)	(8,114,047)
Gross income		8,037,891	11,598,061
Administrative expenses	7	(1,061,864)	(1,112,645)
Other operating (expense) / income, net		(147,490)	258,463
Operating income		6,828,537	10,743,879
Finance income	8	1,809,678	2,180,832
Finance costs	8	(1,566,101)	(1,516,862)
Other financial results	8	(1,127,400)	(1,088,121)
Income before taxes		5,944,714	10,319,728
Income tax	9	(1,781,203)	(4,795,794)
Profit of the year from continuing operations		4,163,511	5,523,934
Profit of the year attributable to :			
Owners of the parent		4,163,511	5,425,035
Non-controlling interests		0	98,899
Total for the year		4,163,511	5,523,934
OTHER COMPREHENSIVE CONSOLIDATED RESULTS			
Items that will not be reclassified to profit or loss			
Recognition of actuarial income in retirement benefits plans	16	(11,581)	57,221
Tax effect on actuarial income in retirement benefits plans	9	3,011	(14,822)
Other comprehensive results for the year, net of taxes		(8,570)	42,399
Comprehensive income for the year		4,154,941	5,566,333
Comprehensive income for the year attributable to:			
Owners of the parent		4,154,941	5,467,434
Non-controlling interests		0	98,899
Total for the year		4,154,941	5,566,333
Income per share attributable to the equity holders of the Company ($ per share)	25	9.34	12.30

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

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

Consolidated Balance Sheets as of December 31, 2020 and 2019

(Expressed in thousands of Argentine Pesos)

	Note	December 31, 2020	December 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	10	30,098,463	28,412,622
Inventories		1,234,120	1,003,674
Total Non-current assets		31,332,583	29,416,296
Current Assets			
Trade accounts receivable	12	3,956,334	4,288,114
Other receivables	11	1,619,478	1,777,363
Investments at fair value	14	7,720,510	5,702,609
Investments at amortized cost	14	50,796	0
Cash and cash equivalents	13	901,643	60,506
Total Current assets		14,248,761	11,828,592
Total Assets		45,581,344	41,244,888
Equity and liabilities			
Share capital		444,674	444,674
Share capital adjustment		12,485,733	12,485,733
Legal reserve		1,004,961	698,367
Optional reserve		600,846	600,846
Reserve for acquisition of non-controlling interests		0	706,846
Voluntary reserve		9,191,960	3,366,673
Other comprehensive income		(567,016)	(558,446)
Retained earnings		4,163,511	5,425,035
Total equity		27,324,669	23,169,728
Liabilities			
Non-current liabilities			
Loans	15	0	7,356,619
Deferred tax liabilities	9	4,340,949	4,610,859
Employee benefits payable	16	718,263	746,876
Trade accounts payable	17	12,952	39,780
Total Non-current liabilities		5,072,164	12,754,134
Current liabilities			
Provisions	18	138,763	147,541
Loans	15	7,942,290	278,869
Income tax payable		1,069,673	1,327,657
Taxes payable	19	235,016	241,772
Payroll and social securities taxes payable	20	1,384,328	1,221,641
Employee benefits payable	16	179,566	146,677
Trade accounts payable	17	2,234,875	1,956,869
Total Current liabilities		13,184,511	5,321,026
Total Liabilities		18,256,675	18,075,160
Total Equity and liabilities		45,581,344	41,244,888

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

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

Consolidated Statements of Changes in Equity for the fiscal years ended December 31, 2020 and 2019

(Expressed in thousands of Argentine Pesos)

	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**	**12,485,733**	**316,930**	**196,925**	**2,706,192**	**0**	**0**	**(600,845)**	**7,628,741**	**23,178,350**	**1,017,515**	**24,195,865**
Ordinary General Meeting of Shareholders held on April 25, 2019:												0
- Legal reserve	0	0	381,437	0	0	0	0	0	(381,437)	0	0	0
- Optional reserve	0	0	0	403,921	0	0	0	0	(403,921)	0	0	0
- Voluntary reserve	0	0	0	0	(2,706,192)	0	3,366,673	0	(660,481)	0	0	0
- Distribution of dividends	0	0	0	0	0	0	0	0	(6,182,902)	(6,182,902)	0	(6,182,902)
Reserve for acquisition of non-controlling interests	0	0	0	0	0	706,846	0	0	0	706,846	(1,116,414)	(409,568)
Income for the year	0	0	0	0	0	0	0	0	5,425,035	5,425,035	98,899	5,523,934
Other comprehensive results for the year	0	0	0	0	0	0	0	42,399	0	42,399	0	42,399
Balance as of December 31, 2019	**444,674**	**12,485,733**	**698,367**	**600,846**	**0**	**706,846**	**3,366,673**	**(558,446)**	**5,425,035**	**23,169,728**	**0**	**23,169,728**
Ordinary General Meeting of Shareholders held on May 5, 2020:												
- Legal reserve	0	0	306,594	0	0	0	0	0	(306,594)	0	0	0
- Voluntary reserve	0	0	0	0	0	0	5,825,287	0	(5,825,287)	0	0	0
Absorption of the reserve for acquisition of non-controlling interests	0	0	0	0	0	(706,846)	0	0	706,846	0	0	0
Income for the year	0	0	0	0	0	0	0	0	4,163,511	4,163,511	0	4,163,511
Other comprehensive results for the year	0	0	0	0	0	0	0	(8,570)	0	(8,570)	0	(8,570)
Balance as of December 31, 2020	**444,674**	**12,485,733**	**1,004,961**	**600,846**	**0**	**0**	**9,191,960**	**(567,016)**	**4,163,511**	**27,324,669**	**0**	**27,324,669**

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

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

Consolidated Statements of Cash Flows for the fiscal years ended December 31, 2020 and 2019

(Expressed in thousands of Argentine Pesos)

	Note	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2019
Cash flows from operating activities:			
Comprehensive income for the year		4,154,941	5,566,333
Adjustments:			
Depreciation of property, plant and equipment	10	1,749,096	1,535,342
Other comprehensive results		8,570	(42,399)
Allowance for doubtful accounts	7	28,644	(30,654)
Provisions	18	16,363	44,987
Employee benefits plan	16	379,726	392,582
Income tax expense accrued during the year	9	1,781,203	4,795,794
Financial results from loans	15	1,086,459	1,120,950
Repurchase Results Class 2 Notes	15	0	(23,666)
Interest and foreign exchange results generated by investments at fair value	8	(2,117,334)	(2,424,668)
Interest and foreign exchange results generated by investments at amortized cost	8	(7,390)	(50,839)
Taxes payable interests		84,102	35,303
RECPAM generated by investments		2,079,969	2,247,655
Financial results from cash ans cash equivalents		158,653	228,449
Retirements of property, plant and equipment	10	94,404	11,488
Changes in certain assets and liabilities, net of non-cash:			
Decrease / (Increase) in trade receivables		303,136	(749,316)
Decrease in other receivables		157,885	122,499
Increase / (Decrease) in trade accounts payable		251,178	(477,646)
Increase / (Decrease) in payroll and social securities taxes payable		162,687	(64,178)
Decrease in taxes payable		(439,214)	(741,674)
Decrease in provisions	18	(25,141)	(72,738)
Decrease of employee benefits payable	16	(387,031)	(548,369)
Income tax payment		(1,957,730)	(2,383,787)
Net cash generated by operating activities before interest		7,563,176	8,491,448

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

Consolidated Statements of Cash Flows for the fiscal years ended December 31, 2020 and 2019 (continued)

(Expressed in thousands of Argentine Pesos)

		Fiscal year ended	
		December 31, 2020	**December 31, 2019**
Cash flows from investing activities:			
Acquisition of property, plant and equipment	10	(3,529,341)	(4,563,252)
Increase in inventories		(230,446)	(99,177)
Increase in investments at fair value		(1,813,676)	(1,149,701)
Increase in investments at amortized cost		(210,266)	(257,013)
Acquisition of non-controlling interests		0	(409,568)
Cash used in investing activities		(5,783,729)	(6,478,711)
Cash flows from financing activities:			
Payment of dividends		0	(6,182,902)
Repurchase Class 2 Notes		0	(563,070)
Payments a of loans - Interest	15	(779,657)	(803,240)
Net cash used in financing activities		(779,657)	(7,549,212)
Increase/(Decrease) in cash and cash equivalents		999,790	(5,536,475)
Financial results from cash ans cash equivalents		(158,653)	(228,449)
Cash and cash equivalents at the beginning of the year		60,506	5,825,430
Cash and cash equivalents at year end	13	901,643	60,506

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

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Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Notes to the 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 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

With the enactment of the Social Solidarity Law, it was established that a freeze would be imposed on the electricity rates within the federal jurisdiction since December 23, 2019, with the possibility of starting an extraordinary review of the current FTR for a maximum term of up to 180 days.

During 2020, the ENRE did not apply the half-yearly adjustment method to the Company's rates, as established in the Comprehensive Rate Review; therefore, the same rate schedule resulting from the adjustment made in August 2019 was still in effect.

On December 16, 2020, through Decree No. 1020/20, the National Government established the commencement of the renegotiation of the current FTR for the electric power and natural gas transmission and distribution services within the federal jurisdiction. This renegotiation process may not take more than 2 years. The effects of the current Agreements relating to the respective Comprehensive Rate Reviews shall be stayed until the end of each renegotiation, with the scopes that the Regulatory Authorities may determine in each case, for public interest reasons. The temporary and definitive agreements will be entered into by the ENRE or the ENARGAS and the Ministry of Economy *ad referendum* of the PEN. In addition, the freeze on the electric power rates, as set forth in Section 5 of Public Emergency Social Solidarity and Productive Reactivation Law No. 27541, was extended for 90 calendar days, or until the new temporary rate schedules arising under the Transitional Rate Regime enter into force.

On January 19, 2021, through Resolution No. 17/21, the ENRE started a procedure for a temporary utility rate adjustment for electricity transmission with the aim of establishing a Transitional Rate Regime until a Definitive Renegotiation Agreement is reached with Carriers. An information requirement has been received in relation to the commencement of that procedure.

At the date of issue of these consolidated financial statements, the Company had complied with this requirement, giving priority to the operating costs and capital expenditure necessary to maintain the service quality.

On March 3, 2021, through Resolutions Nos. 54/21 and 55/21, the ENRE called a Public Hearing for March 29, 2021 to communicate and hear opinions on the Transitional Rate Regime of Transener and Transba, respectively, within the Comprehensive Rate Review (FTR), prior to defining the rates.

Moreover, on July 3, 2018, the ENRE informed that it had started the procedure for determining the remuneration of the Independent Electric Transmission Companies at the exploitation stage. TIBA (Transba S.A.), Fourth Line (Transener S.A.), YACYLEC and LITSA. In this respect, the costs, investments and rates presented by Fourth Line and TIBA were submitted to the ENRE on October 8, 2018. The ENRE has not yet adopted any resolution with the results of the analysis of the requested information.

3. Significant accounting policies

The main accounting policies used in the preparation of these 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 consolidated financial statements have been prepared in accordance with the IFRS issued by the IASB and Interpretations of the IFRIC. All IFRS effective at the date of preparation of these financial statements were applied.

These consolidated financial statements and notes to de consolidated financial statements are presented in thousands of pesos, except for income 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 consolidated financial statements.

These consolidated financial statements, have been approved and authorized for issuance by the Board of Directors on March 9, 2021, 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.

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 December 2020 in its Journal Entries book, and (ii) these consolidated financial statements in its Inventory and Balance Sheet book.

Comparative information

The comparative information as of December 31, 2019 and for the fiscal years ended December 31, 2019 has been restated in terms of the current unit of measurement as of December 31, 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 year.

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 December 31, 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.

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 December 31, 2020 and 2019, measured under IFRS, is as follows:

	December 31, 2020	December 31, 2019
Total assets	16,907,493	15,642,171
Total liabilities	4,878,056	3,413,469
Total equity	12,029,437	12,228,702
Total comprehensive income for the year	2,224,660	2,566,796

3.3 Segment reporting

The operating segments are consistent with the internal reporting provided to the highest authority in the Group in relation with operating decisions. The highest authority in relation with operating decisions, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer, who takes the strategic decisions.

3.4 Foreign currency transaction

(a) Functional and presentation currency

The items of each of the companies that make up the present consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Argentine pesos, which is group functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions or valuation where items are re-measured. Assets and liabilities in foreign currency are converted to the functional currency at the exchange rate prevailing at the end of the fiscal year. Gains and losses on exchange differences resulting from the cancellation of such asset/liability or its conversion using other exchange rates than those used at the time of its incorporation (or at the end of the previous fiscal year), are recognized in the statement of operations in the line "Other financial results".

3.5 Property, plant and equipment

Property, plant and equipment are valued following the cost model. They are recorded at restated cost of acquisition in terms of the unit of measure current at the end of the reporting period, less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that the associated future economic benefits and cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when it is replaced. All other repairs and maintenance are recorded in profit or loss when incurred.

Work in progress is valued on the basis of the degree of completion. Work in progress is recorded at restated cost in terms in terms of the current unit of measure the end of the reporting period, less any impairment losses, if any.

The residual value and remaining useful lives of the assets are reviewed and adjusted if appropriate at each year-end. When the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is immediately reduced to its recoverable amount.

Gains and losses on sales of property, plant and equipment are calculated by comparing the selling price with the carrying amount of the good, restated in terms of the measuring unit current at the end of the reporting fiscal year.

3.5.1 Depreciation

Land is not depreciated. Depreciation on other assets is using the straight-line method, taking into consideration annual rates enough to extinguish the net carrying values at the end of useful lives, as follow:

- Buildings and civil works 50 years
- Electric equipment and Transmission lines 30-50 years
- Vehicles 5 years
- Furniture and fixtures 10 years

The asset´s residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. From the review performed, no adjustments were made to their value.

The costs of financing, if appropriate, are activated within the cost of the works in progress in the measure that met the conditions laid down in IAS 23 "Borrowing costs".

3.6. Inventories

Inventories are valued at the lower of restated cost of acquisition in terms of the unit of measure current at year-end or net realizable value. Cost is determined by first in, first out (FIFO) method.

Since the Company's inventories are not intended for sale, their valuation is considered based on the purchase price, import duties (if applicable) and other taxes (not subsequently recoverable by tax authorities), transportation, warehousing and other costs directly attributable to the acquisition of those assets.

The evaluation of recoverable value is made at the end of the year, recording with charge to results the opportune correction of value when they are overvalued. As of December 31, 2020, the valuation of inventories as a whole does not exceed their recoverable value.

3.7 Impairment of long-lived non-financial assets

The Company analyzes for the recoverability of its long-lived assets periodically, or when there are events or changes in circumstances that imply a potential indication of impairment of the value of assets with respect to their recoverable value, measured as the value in use at year end. Some of the indications the Company evaluates to determine whether there is evidence of impairment of the long-lived non-financial assets are as follows:

- A decrease in the market price of the assets
- Decreases in the prices of the main services being sold
- Changes in the regulatory framework
- Significant increases in operating costs
- Evidence of obsolescence or physical damage
- The worsening of the macroeconomic situation in which the Company carries out its business activities, including significant variations in the sale prices of its services and in interest rates, among others.

Argentina's main macroeconomic and business variables have deteriorated significantly since August 2019. This situation worsened in 2020, due to the negative consequences that the COVID-19 pandemic had on the Argentine economy, which forced the Argentine Government to take a series of measures, even affecting the regulatory framework of the high-voltage electric power transmission (see Notes 2 and 29). In view of this, the cash flows used in determining the recoverable value (value in use) of long-lived non-financial assets were re-estimated.

The value in use is sensitive to the significant variation in the assumptions applied, including the determination of future rates by the Argentine Government for the high-voltage electric power transmission.

This value in use is determined based on the projected discounted cash flows by applying discount rates that reflect the time value of money and the specific risks attaching to the assets under consideration. The cash flow is prepared based on estimates regarding the future behavior of certain variables that are sensitive in determining the recoverable value, among which the following stand out: (i) the nature, timing and modality of rate increases; (ii) demand projections; (iii) changes in the costs to be incurred; and (iv) macroeconomic variables, such as growth rates, inflation rates, exchange rate, among others. The discount rate used for cash flows is the weighted average cost of capital (WACC), measured in United States dollars.

The projections used in the calculation of the recoverable value of long-lived non-financial assets give consideration to alternatives evaluated in connection with: (i) the status of negotiations with the ENRE; (ii) the right-of-use and

associated maintenance contract; (iii) the Company Management's expectations for the transitional rate increase to be granted until the end of the new FTR; (iv) the Company's expectations for the outcome of the new FTR process; and (v) the impact of a cost control scheme to enable making half-yearly adjustments to the current rates.

The Company has prepared three different estimates of the expected cash flows by performing a sensitivity analysis of its main variables and assigning probabilities of occurrence, based on experience and considering the current social and economic context. Those estimates are the following:

- Base case scenario: a 60% probability of occurrence.
- Optimistic scenario: a 20% probability of occurrence.
- Pessimistic scenario: a 20% probability of occurrence.

In all scenarios, the discount rate used (WACC) is 13%, measured in United States dollars.

To compare the expected cash flows with the carrying amount of long-lived non-financial assets, the Company has used an evaluation of scenarios according to the above-mentioned probabilities, to determine the expected value in use.

The carrying amount of long-lived non-financial assets at December 31, 2020 does not exceed recoverable value.

The Company has performed a sensitivity analysis of: i) the probability of occurrence of each scenario and has concluded that an increase of up to 80 percentage points in the weighted probability of the pessimistic case scenario (from 20% to 100%) and a reduction in the probability of occurrence of the optimistic scenario and in the probability of occurrence of the base case scenario (by reducing each of them to zero) would involve the recognition of an impairment loss of approximately $7.8 billion (before taxes); and ii) the discount rate where a 1% increase in it would involve the recognition of an impairment loss of approximately $1.3 billion.

The estimated recoverable values are sensitive to the significant variation in the assumptions applied. In any case, it is not possible to assure that the actual cash flows derived from these circumstances will be in line with the assumptions applied in determining the values in use. Therefore, significant differences could arise in the future in relation to the estimated values in use.

The Company considers that impairment exists when the carrying amount of an asset exceeds its recoverable value. In that case, the Company recognizes an impairment loss on that asset. When the conditions that gave rise to the recognition of an impairment loss disappear, the carrying amount of the asset is taken to its new estimated recoverable value, without exceeding the carrying amount that would have resulted if the impairment loss had not been recorded. The reversal of an impairment loss is recognized in profit or loss.

3.8 Financial assets

According to the IFRS 9 the Company classifies its financial assets at initial recognition in the following categories: (i) in financial assets to fair value, and (ii) financial assets at amortized cost. The classification depends on the Company's business model to manage financial assets and the contractual cash flows of the financial asset characteristics.

(a) Financial assets at amortized cost

Financial assets must be classified in this category if (i) they are financial assets that are framed within a business model that aims to keep the assets to obtain contractual cash flows, and (ii) the financial asset contractual terms give rise, on specified dates, to cash flows that are solely payments of capital and interest on the amount of capital outstanding.

(b) Financial assets to fair value

Financial assets at fair value are those that are not measured at amortized cost.

Recognition and measurement

Purchases and regular sales of financial assets are recognized at the date of negotiation, date in which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus the transaction costs for all financial assets that are not registered at fair value with changes in results. Financial assets recognized at fair value with changes in results are initially recognized at fair value and transaction costs are recognized as an expense in the statement of operations.

Investments se are not recognized any more when the rights to receive cash flows from investments expire or are transferred and the Company has transferred substantially all the risks and benefits of their property. Financial assets at fair value with changes in results are subsequently recorded at their fair value.

Gains and losses arising from changes in the fair value of financial assets at fair value through profit and loss are exposed in the statement of operations under "financial result", in the fiscal year in which the referred changes in the fair value occurs.

The Company's financial assets include the following:

- Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

Cash and deposits held at call with bank are valued at their nominal value.

- Investments at fair value

Investments at fair value include mutual funds.

- Investments at amortized cost

Investments at amortized cost include Class XIII Pan American Energy Notes.

The investments in Mutual guarantee companies are valued at cost of acquisition plus interest accrued as of the end of the year, not considered cash equivalents.

- Accounts receivable trade and other receivables

Trade and other receivables are initially recognized at fair value and subsequently valued at amortized cost using the effective rate method, net of the allowance for uncollectibility. The allowance for uncollectibility is established using the simplified expected loss method. For this purpose, it groups customers according to the shared credit risk characteristics, the existence of guarantees, the history of arrears and the existence of legal proceedings to obtain collection.

If trade accounts receivable and other receivables are expected to be receivable in one year or less, they are classified as current assets, otherwise they are presented as non-current assets.

The fair value of financial assets is similar to the amortized cost included in these consolidated financial statements.

3.9 Impairment of financial assets at amortised cost

To calculate the impairment of accounts receivable and other receivables, the Company uses the simplified expected loss method. For this purpose, it groups customers according to the shared credit risk characteristics, the existence of guarantees, the history of arrears and the existence of legal proceedings to obtain collection. Once each group was defined, an expected uncollectibility rate was assigned, calculated on the basis of historical default rates adjusted to future economic conditions.

If a write-down is recognized, the carrying amount of the asset is reduced through a provision account and the amount of the loss is recognized in the income statement when it occurs. If in subsequent periods the amount of the impairment loss decreases, the reversal is also recorded in the Statement of Comprehensive Income.

The following table shows the ratios used by the Company according to the maturity of the loans:

Maturity	Uncollectibility ratio
From 0 to 60 días	0,50%
From 61 to 90 días	1%
From 91 to 120 días	3%
From 121 to 180 días	5%
From 181 to 360 días	10%
Over 360 días	100%

3.10 Loans

Loans are initially recognized at fair value less direct transaction costs incurred. Subsequently, they are measured at amortized cost. Any difference between the funds obtained (net of direct transaction costs) and the amount due at expiration is recognized in income over the term of the loans using the effective interest method.

Loans are derecognized when the obligation specified in the contract is forgiven, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including assets other than cash transferred or liabilities assumed, is recognized in profit or loss as other finance income or costs.

3.11 Equity

The accounting for movements in equity has been carried out in accordance with the respective decisions of assemblies, legal or regulatory standards.

a. Share capital
The share capital represents the issued capital, which is formed by the committed contributions and/or made by the shareholders, represented by shares, including the shares in circulation at their nominal value. These ordinary shares are classified within equity. Their restatement in terms of the unit of measure current at the end of the reporting year has been made since the date of their subscription.

b. Legal reserve
In accordance with the provisions of Law No. 19,550 on Commercial Companies, not less than 5% of the net income arising from the statement of comprehensive income for the year, adjustments to prior years, transfers from Other comprehensive income to unallocated income and accumulated losses from prior years must be allocated to the legal reserve until the same reaches 20% of share capital and the corresponding share capital adjustment. When for any circumstance the amount of this reserve is reduced, no dividends may be distributed until such amount is paid in. It is exposed to its nominal value in the opening balance sheet of the first application of IAS 29 and is

subsequently restated in terms of the unit of measurement current at the end of the reporting year. The constitution of reserves subsequent to the opening balance sheet of the first application of IAS 29, are restated from the closing date of the previous fiscal year to which they refer.

c. Optional Reserve
Corresponds to the allocation made by the Shareholders' Meeting in which a specific amount is allocated to cover the needs of funds required by the projects and situations that may occur in relation to the Company's policy. It is exposed to its nominal value in the opening balance sheet of the first application of IAS 29 and is subsequently restated in terms of the unit of measurement current at the end of the reporting year. The reserves created after the opening balance sheet of the first application of IAS 29 are restated from the closing date of the previous year to which they relate.

d. Other reserves
It is exposed to its nominal value in the opening balance sheet of the first application of IAS 29 and the reserves created after the opening balance sheet of the first application of IAS 29 are restated from the closing date of the previous financial year to which they relate.

e. Unallocated profit or loss
The unallocated results comprise the accumulated profits or losses without specific allocation, which being positive can be distributed through the decision of the Shareholders' Meeting, as long as they are not subject to legal and/or contractual restrictions. These results include the result of previous years that were not distributed and the amounts transferred from Other comprehensive income and the adjustments from previous years due to the application of IFRS. Their value arises from the difference in initial equity in the first application of IAS 29, from the restatement of assets, liabilities and the rest of the components of equity. These values are subsequently restated in terms of the unit of measure current at the end of the reporting year.

General Resolution No. 593/2011 of the CNV established that Shareholders' Meetings that consider financial statements whose income statement is positive must adopt an express resolution regarding their use, either as distribution in the form of dividends, capitalization, constitution of reserves or an eventual combination of such devices. The Company's Shareholders' Meetings complied with the foregoing.

f. Other comprehensive income
Included are the results generated by the actuarial gains and losses corresponding to the defined benefit plans and their corresponding tax effects, restated in terms of the unit of measurement current at the end of the reporting year.

3.12 Employee benefits

The Company operates several defined benefit plans. The defined benefit plans establish the amount of benefit that an employee will receive at the time of retirement, depending on one or more factors such as age, years of service and remuneration. In accordance with the conditions established in each plan, the benefit may involve payment of a single sum, or the making of payments complementary to those of the pension system.

The benefits considered are as follows: a) a bonus for years of seniority to be paid, which consists of paying one salary after 20 years of continued employment and for every 5 years up to 40 years; and b) a bonus for those workers who have credited years of service in order to obtain the Ordinary Pension. The amounts and conditions may vary according to each collective bargaining agreement and for those workers, who are not included in them.

The amount recognized as a liability in the statement of financial position in respect of defined benefit plans represents, at year-end, the sum of the present value of the obligation and the current value of the plan assets, with which the obligations will be settled directly. The present value of the defined benefit plan obligation is determined by discounting estimated future cash outflows using actuarial assumptions about the demographic and financial variables that influence the determination of the amount of such benefits.

Liabilities related to accumulated seniority plans and to benefits given to employees before mentioned have been determined contemplating all rights accrued by the beneficiaries of the plans until the end of the years ended December

31, 2020 and 2019 respectively, based on an actuarial study conducted by an independent professional. The carried out actuarial method used by the Company is the projected unit credit method.

The before mentioned concepts are exposed under Employee Benefits Payable.

Actuarial gains and losses arising from experience and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service expenses are recognized immediately in income/loss. Liabilities for labor costs accrue in the period of time in which the employees have rendered the service that gives rise to such consideration.

The cost of defined benefit plans is recognized periodically, in accordance with the contributions made by the Company.

3.13 Income tax

The income tax charge for the year comprises current and deferred taxes. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in Other comprehensive income or directly in equity. In this case, the income tax is also recognized in Other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated based on tax laws enacted or nearing enactment on the closing date. The Company's management periodically evaluates the positions taken in the tax returns with respect to situations in which the applicable tax regulation is subject to interpretation, and, if necessary, establishes provisions according to the amount it estimates will have to be paid to the tax authorities.

The deferred tax is determined in its entirety, by the liability method, on temporary differences arising between the tax bases of assets and liabilities and their respective accounting values. The deferred tax is determined using tax rates (and legislation) that have been enacted at the balance sheet date and is expected to be applicable when the active deferred tax is carried out or passive deferred taxes be paid.

Deferred assets are only recognized to the extent that future tax benefits against which the temporary differences can be used occur.

Balances of deferred tax income assets and liabilities are compensated when there is enforceable legal right to compensate current tax assets with current tax liabilities and when deferred income tax assets and liabilities relate to the same tax authority already is the entity or different taxable entities in where there is intention to liquidate a net basis balances.

3.14 Previsions

The Company is a party to various claims, lawsuits and other legal proceedings, including customer’s claims, where third parties seek compensation, payment for damages or reimbursement for losses. The potential responsibility of the Company with respect to such claims, lawsuits and other legal proceedings cannot be estimated with certainty. The Management, with the aid of the legal counsel (lawyers) periodically reviews the status of each significant matter and assesses the potential financial exposure. If the loss arising from a lawsuit or claim is considered probable and the amount can be reasonably estimated, a provision is set up.

Provisions for contingent losses reflect a reasonable estimate of the losses that will be incurred, based on information available to management at the date of preparation of the financial statements, and considering litigation and resolution/settlement strategies. These estimates are mainly prepared with the assistance of legal advisors. However, if management's estimates prove to be incorrect, the current provisions may be inadequate and may incur a charge to earnings that could have a material effect on the consolidated statements of financial position, comprehensive income, changes in shareholders' equity and cash flows.

3.15 Assets and liabilities balances with related parties

Assets and liabilities with the owner of the parent and other related parties generated by several transactions have been valued in accordance with the conditions agreed.

Persons and companies covered by the Law N° 26,831 (Capital Market) and regulations of the National Securities Commission have been included as related parties.

3.16 Revenue recognition

Revenue from customer contracts includes the current value of the consideration received or to be received for the sale of goods and services to customers net of value added tax, withholdings and discounts. Revenue from sales is recognized when control of the goods and services is transferred to the customer at the fair value of the consideration received or receivable. These revenues are recognized at a specific time and are mainly derived from direct sales to customers.

IFRS 15 incorporates a five-step model for the recognition and measurement of income:

i) identify the contract with the customer; ii) identify contract performance obligations; iii) determine the transaction price; iv) allocate the transaction price among the contract performance obligations; and v) recognize revenue when the entity satisfies the performance obligations.

The operating revenue is derived principally from two sources: (i) regulated revenues and (ii) net non-regulated revenues.

(i) Regulated revenues

Electric power transmission service, net consists of tariffs paid to the Company by CAMMESA on a monthly basis for putting its transmission assets at the SADI's disposal. Net revenues by service of electric power transmission include (a) income by transmission capacity (to operate and maintain the transmission equipment comprising networks), (b) income per connection (for operating and maintaining the connection and transformation equipment), (c) revenue from reactive equipment (for operating and maintaining reactive power equipment, such as reactors, capacitors and synchronous compensators) and (d) revenue from automation (for operating and maintaining the control and communications equipment related to the automation intended to maintain the stability of the SADI before regional failures).

In addition, the Company generates revenues derived from (a) the supervision of the expansion of the SADI and (b) the supervision of operations and maintenance of the independent transmitters.

Regulated sales revenues are recognized as services are provided.

(ii) Net non-regulated revenues

The Company receives net other revenues from services provided to third-party. These net other revenues derive from (a) the construction and installation of structures and electrical equipment, (b) operation and maintenance of the lines outside of the network, (c) operation and maintenance of the Fourth Line and TIBA and (d) other services. Net other revenues and costs related to them, except the service referred to in (a) are recognized as a result to these services are provided. The revenues generated by the construction and installation of electrical equipment and assets are recognized accounted for according to the degree of progress of work.

(iii) Penalties and Prizes

The Concession Contract establishes a system of penalties that Transener S.A. and Transba S.A. may incur if certain parts of the Networks are not available for the transport of electricity. The lack of availability is divided into two

types: scheduled and forced. Scheduled service departures, which are generally for the purpose of performing planned maintenance, incur a reduced penalty of 10% of the penalties applicable to forced service departures described below.

The penalties applicable to forced departures are proportional to the regulated revenues corresponding to the unavailable equipment in question, taking into account the following factors: (i) time of the duration of the service's output (ii) economic impact on the system as a consequence of unavailability (case of lines and transformers) and (iii) sanction coefficient corresponding to the type of equipment.

The penalties that Transener S.A. and Transba S.A. may be required to pay in any calendar month may not exceed 50% of their monthly Regulated Income (determined by dividing the annual Regulated Income by twelve) and, in relation to any twelve-month period, 10% of such annual Regulated Income. It is the Company's accounting policy to record a provision for penalties on the basis of information relating to the duration of an exit from service and the best estimate of the penalty to be imposed. This provision is shown under "Other operating (expense) / income, net".

The penalties of Transener S.A. and Transba S.A. accrue interest from the 39th day following the last day of the month in which the event that resulted in the determination of penalties occurred, until the date on which CAMMESA withholds the amount of the penalty from the Regulated Income payments it makes to the Company. This interest is calculated at a variable daily rate published by Banco de la Nación Argentina, determined in accordance with the regulations issued by the Secretariat of Energy, which is the same rate applied to all debts of MEM Agents. The interest that accrues the penalties is shown under "Finance costs".

CAMMESA is responsible for supervising the availability of the Networks, recording all incidents of unavailability and deducting penalties from the Company's revenues.

The Penalty System also establishes a system for increasing the penalties to be applied to Transener S.A. and/or Transba S.A. if they do not exceed a minimum level of service quality established on a monthly basis.

In addition, the Company has an Awards Scheme as an incentive to improve the quality of the service provided. It establishes the payment of a prize (with a maximum established) when the Company exceeds the minimum level of quality of service calculated on a monthly basis.

It is Transener S.A.'s accounting policy to record a provision for prizes on the basis of the information referring to the level of service quality recorded in the period. This provision is shown under "Other operating (expense) / income, net".

(iv) Interest

Interest income is recognized on a time-elapsed basis using the effective rate method. When the value of an account receivable becomes impaired, the Company reduces its carrying amount to its recoverable amount, which is the estimated future cash flow discounted at the instrument's original effective interest rate and continues to reverse the discount as interest income. Interest income from loans granted or provisioned placements is recognized using the instrument's original effective rate.

3.17 New accounting standards, amendments and interpretations issued by the IASB effective at December 31, 2020 and adopted by the Company

The Company has applied the following standards and/or amendments for the first time since January 1, 2020.

- Conceptual framework, issued in March 2018

- IFRS 3 *Business combinations*, amended in October 2018

- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting policies, changes in accounting estimates and errors*, amended in October 2018

- IFRS 9 *Financial instruments*; IAS 39 *Financial instruments*: *Recognition and measurement* and IFRS 7 *Financial instruments*: *Disclosures*, amended in September 2019

- IFRS 16 *Leases*, amended in May 2020

Application of the above standards and/or amendments did not have an impact on the results of operations or the financial position of the Company.

3.18 New standards, amendments and interpretations not yet effective and not early adopted by the Company

- IFRS 17 *Insurance contracts*, issued in May 2017 and amended in June 2020. It replaces IFRS 4, introduced as a provisional standard in 2004 to account for insurance contracts using the national accounting standards that resulted in multiple approaches in application. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and is effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted if both IFRS 15 and IFRS 9 have also been applied. The Company estimates that application of this standard will not have an impact on the results of its operations or its financial position.

- IAS 1 *Presentation of Financial Statements*, amended in January and July 2020. Includes amendments to the classification of liabilities into current or non-current liabilities. Amendments are applicable for annual periods beginning on or after January 1, 2023, and their early adoption is permitted. Application of this standard will not have an impact on the results of operations or the financial position of the Company.

- IFRS 3 *Business combinations*, amended in May 2020. Includes references to the definitions of assets and liabilities within the new Conceptual Framework and clarifications relating to contingent assets and liabilities to be incurred separately from the ones assumed in a business combination. It applies to business combinations as from January 1, 2022. Earlier adoption is permitted.

- Annual improvements to IFRS - Cycle 2018-2020: the amendments were issued in May 2020 and they are applicable for annual periods beginning on or after January 1, 2022. The Company estimates that their application will not have an impact on the results of its operations or its financial position.

- IAS 16 *Property, plant and equipment*, amended in May 2020. Includes amendments regarding recognition of inventories, sales and costs of produced items, while taking a PPE item to the place and in the conditions necessary to be able to operate as planned. Amendments are applicable for annual periods beginning on or after January 1, 2022, and their early adoption is permitted. The Company estimates that their application will not have an impact on the results of its operations or its financial position.

- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, amended in May 2020. It clarifies the scope of the concept "cost of fulfilling an onerous contract". Amendments are applicable for annual periods beginning on or after January 1, 2022, and their early adoption is permitted. The Company estimates that their application will not have an impact on the results of its operations or its financial position.

- Amendments to IFRS 9 *Financial instruments*; IAS 39 *Financial instruments*: *Recognition and measurement*; IFRS 7 *Financial instruments*: *Disclosures*; IFRS 4 *Insurance contracts* and IFRS 16 *Leases*, amended in August 2020. It includes guidance for the measurement of financial assets and liabilities at amortized cost, which were affected by the reform of the benchmark interest rate. Amendments are applicable for annual periods beginning on or after January 1, 2021. The Company estimates that their application will not have an impact on the results of its operations or its financial position.

3.19 Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires Management to exercise judgment in the process of applying the Company's accounting policies. The areas that require a greater degree of judgment and complexity or areas where assumptions and estimates are material for these consolidated financial statements are detailed in Notes 3.5, 3.7, 3.9 and 3.12.

4. Financial risk and capital risk management

4.1 Financial risk factors

Financial risk management is part of the policies of the Company which focuses on the uncertainty of global financial markets and tries to minimize the potential adverse effects on its financial profitability.

Financial risk management is controlled by the Administration and Finance Office which identifies, evaluates, and covers financial risks through risk management policies.

(a) Markets risks

(i) Exchange rate risk

The exchange rate risk is the risk that the fair value or future cash flows of a financial instrument vary as a result of variations in the exchange rate of the peso in respect with a foreign currency. The Company receives most of their income in pesos in accordance with rates that are not indexed in relation to the US dollar, while a significant portion of its existing financial debt is denominated in US dollars, which exposes it to the risk of a loss arising from a devaluation of the peso. In addition, a significant portion of operating expenses is nominated in, or calculated by reference to, US dollars or other foreign currencies.

For these reasons the risk of change derives basically from financial debts held in US dollars partially covered by funds invested in foreign currency.

If at December 31, 2020, the peso had revalued / devalued 10% relative to the US dollar; with all other variables held constant, the loss after tax for the year ended on that date would have been $ 235.5 million higher / lower, mainly as a result of gains / losses exchange of cash and cash equivalents and financial debts denominated in US dollars.

If at December 31, 2019, the peso had revalued / devalued 10% relative to the US dollar; with all other variables held constant, the loss after tax for the year ended on that date would have been $ 218.2 million higher / lower, mainly as a result of gains / losses exchange of cash and cash equivalents and financial debts denominated in US dollars.

As of December 31, 2020 and 2019, the Company valued its financial debt in US dollars at the exchange rate prevailing at that date (See Note 30).

(ii) Price risk

The Company is exposed to the risk of fluctuations in the prices of their investments maintained and classified in the balance sheet at fair value through profit and loss. The Company is not exposed in their income to the risk of the commodity prices. To manage their exposure to price risk arising from their investments, the Company diversifies its portfolio. Diversification of the portfolio is made according to limits and parameters pre-established by the Administration and Finance Department.

In addition, the Company is exposed to the risk of rising prices of inputs used in the ordinary course of its business. In particular, since the tariffs collected by the Company from its customers are regulated, is exposed to the risk of

not being able translate to tariffs increases in its operating costs. To manage their exposure to this risk, the management has business practices targeted to the selection of most suitable providers to ensure that minimize the costs of purchase of inputs without resign the quality of them.

(iii) Interest rate risks

The Company is not exposed to the risk of interest rate given that as of December 31, 2020 approximately 100% of the financial and banking debt was agreed at a fixed interest rate.

(b) Credit risk

Credit risk represents the exposure to possible losses derived from the non-compliance of commercial or financial counterparties with respect to their obligations to the Company.

Credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as exposure to the credit of customers, which includes the outstanding accounts receivable balances and committed transactions. With regard to banks and financial institutions, it is accepted only to institutions whose independent risk ratings are "Investment grade". In the case of the non-regulated business customers, if there are no independent risks ratings the Company evaluates the credit quality of the customer, taking into account its financial position, past experience and other factors. As of December 31, 2020, the accounts receivable debts amounted to approximately $ 1,399.8 million (2019: $ 1,385.6 million). As of December 31, 2020, the financial statements included an estimate of $ 114.9 million (2019: $130.2 million).

In the case of the regulated business, credit concentration focuses mainly on the balances held with CAMMESA, and accordingly the answer to the credit risk in this business is not subject to decisions or internal credit assessments of the Company, but currently matured balances by revenue invoiced in this business are not registered.

In relation to the accounts receivable, the Company's credit portfolio is distributed mainly between the balances held with CAMMESA and other clients. The concentration of appropriations focuses mainly on the balances held with CAMMESA, representing 96.8% of the total portfolio of accounts receivable of the Company to December 31, 2020 (2019: 93.9%).

(c) Liquidity risk

The Administration and Finance Department oversees the cash flow projections updated with the object of ensuring the cash needed to meet operational needs while maintaining credit lines with sufficient margin to cover any financial shortfall. These projections, as well as habitual operating income and expenses, take into consideration plans for financing of capital investments of the Company, fulfillment of the obligations of trust contracts that govern the long term debts (covenants), regulatory and legal requirements, for example, rules issued by Central Bank of the Republic Argentina.

The Company's Finance Department invests surplus cash in fixed-term deposits, deposits in foreign currency funds, mutual funds and corporate and sovereign bonds, choosing instruments with maturities suitable or sufficient liquidity to give sufficient margin as determined in the above projections. As of December 31, 2020, the Company remained cash and cash equivalents by $ 8,672.9 million that is expected to generate immediate cash inflows for the liquidity risk management (2019: $ 5,763.1 million).

The table below analyses the financial liabilities on a net basis grouped on the basis of the period remaining to the date of the balance sheet until the date of its expiry, on nominal without discounted basis.

As of December 31, 2020	Matured	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Over 2 years
Loans (*)	0	375,341	8,074,645	0	0
Accounts payable	0	2,108,743	22,060	12,952	0

As of December 31, 2019	Matured	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Over 2 years
Loans (*)	0	363,675	363,675	8,187,358	0
Accounts payable	0	1,818,665	35,343	36,590	3,190

(*) Contractual flow

4.2 The risk of capital management

The objectives of the Company to manage capital are to safeguard the ability of the Company to continue as a going concern for the purpose of generating returns to its shareholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce its debt.

Consistent with the industry, the Company monitors its capital on the basis of the ratio of leverage. This ratio is calculated by dividing net debt between the total capital. Net debt corresponds to the total of the debt (including current and non-current indebtedness) less cash and cash equivalents. The total capital corresponds to the equity as it is in the Balance Sheets more net debt.

The leverage ratio on December 31, 2020 and 2019 and the date of transition to IFRS are as follows:

	December 31, 2020	December 31, 2019
Total loans	7,942,290	7,635,488
Less: Cash and cash equivalents and current investments	(8,672,949)	(5,763,115)
Net cash	(730,659)	1,872,373
Total Equity	27,324,669	23,169,728
Total capital	26,594,010	25,042,101
Leverage ratio	-3%	7%

4.3 Financial instruments by category and level fair value hierarchy

For financial instruments accounting policies have been applied to the items as follows:

	December 31, 2020	December 31, 2019
Financial assets		
Trade accounts receivables at amortized cost	3,956,334	4,288,114
Investments at fair value - Mutual Funds	7,720,510	5,702,609
Investments at amortized cost - Class XIII Pan American Energy Notes	50,796	0
Other receivables at amortized cost	33,267	34,573
Cash and cash equivalents at amortized cost	901,643	60,506
Total	12,662,550	10,085,802
Financial Liabilities		
Loans	7,942,290	7,635,488
Trade accounts payable	2,143,755	1,893,788
Total	10,086,045	9,529,276

The Company categorizes each of the classes of financial instruments valued at fair value in the Balance Sheet using a hierarchy of fair value which has three levels, depending on the relevance of the variables used to carry out the measurements.

Description	Measurement at fair value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments at fair value	7,720,510	0	0	7,720,510
Total Assets	7,720,510	0	0	7,720,510

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	5,702,609	0	0	5,702,609
Total Assets	5,702,609	0	0	5,702,609

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 consolidated 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 fiscal years ended December 31, 2020 and 2019, together with the reconciliation with these consolidated financial statements, is as follows:

	Regulated activity	Non-regulated activity	Adjustment according to IAS 29	Total
Fiscal year ended December 31, 2020				
Revenue	12,192,803	1,653,613	2,442,644	16,289,060
Operating income	6,195,309	860,020	(226,792)	6,828,537
Property, plant and equipment depreciation	333,017	17,812	1,398,267	1,749,096
Fiscal year ended December 31, 2019				
Revenue	14,376,751	1,821,592	3,513,765	19,712,108
Operating income	8,935,325	702,477	1,106,077	10,743,879
Property, plant and equipment depreciation	286,339	16,107	1,232,896	1,535,342

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

6. Revenue

	Fiscal year ended	
	December 31, 2020	December 31, 2019
Net Regulated Revenue	14,347,693	17,488,140
Net Non-Regulated Revenue	1,941,367	2,223,968
Revenue	16,289,060	19,712,108

7. Expenses by nature

Items	Fiscal year ended December 31, 2020			Fiscal year ended December 31, 2019		
	Total	Operating Costs	Administrative Expenses	Total	Operating Costs	Administrative Expenses
Salaries and social security charges	5,241,381	4,676,679	564,702	5,106,180	4,533,085	573,095
Other personnel costs	69,288	32,767	36,521	92,191	62,611	29,580
Professional fees	157,414	86,382	71,032	176,635	110,377	66,258
Equipment maintenance	176,134	176,134	0	171,812	171,812	0
Fuel and lubricants	66,986	66,559	427	97,421	96,568	853
General Maintenance	298,928	293,393	5,535	357,926	355,862	2,064
Electricity	39,268	37,727	1,541	42,016	39,826	2,190
Depreciation of property, plant and equipment	1,749,096	1,592,059	157,037	1,535,342	1,380,165	155,177
Administration expenses related to WEM	16,060	16,060	0	15,302	15,302	0
Regulatory fees	15,576	15,576	0	23,014	23,014	0
ATEERA membership fees	5,069	0	5,069	5,466	0	5,466
Communications	60,296	59,495	801	51,824	50,730	1,094
Transportation	45,421	44,644	777	91,594	90,920	674
Insurance	338,263	330,873	7,390	332,969	325,209	7,760
Rents	33,008	32,662	346	21,825	21,592	233
Travel and lodging expenses	103,072	101,897	1,175	213,620	208,883	4,737
Stationery and printing	7,386	6,602	784	30,170	27,356	2,814
Licences	126,615	124,557	2,058	69,768	69,738	30
Taxes and government contributions	223,246	80,708	142,538	258,910	77,336	181,574
Directors and syndics	32,019	0	32,019	40,638	0	40,638
Security	169,657	168,826	831	169,112	169,054	58
Office and substation cleaning	113,876	105,634	8,242	113,787	105,877	7,910
Electroduct maintenance	71,946	71,946	0	101,153	101,153	0
Allowance for doubtful accounts	28,644	28,644	0	(30,654)	(30,654)	0
Others	124,384	101,345	23,039	138,671	108,231	30,440
TOTAL	9,313,033	8,251,169	1,061,864	9,226,692	8,114,047	1,112,645

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8. Financial Results

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2019
Finance Income		
Results from investments at fair value	683,297	1,547,068
Results from investments at amortized cost	3,792	47,405
Other finance income	1,122,589	586,359
Total finance income	1,809,678	2,180,832
Finance Costs		
Interest generated by loans	(814,983)	(802,169)
Other interest	(751,118)	(714,693)
Total finance costs	(1,566,101)	(1,516,862)
Other financial results		
Foreign exchange generated by loans	(2,580,331)	(3,585,461)
Foreign exchange generated by investments at fair value	1,455,053	1,264,764
Foreign exchange generated by investments at amortized cost	3,598	3,434
Other foreign exchange net	137,245	923,989
Fair value valuation loss of financial assets with impact in results	(21,016)	(387,164)
RECPAM	(121,949)	692,317
Total Other financial results	(1,127,400)	(1,088,121)
Total	(883,823)	(424,151)

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	**112,284**	**39,046**	**217**	**220,163**	**169,092**	**540,802**
Charged to the income statement	(112,284)	(4,565)	(58)	10,261	21,041	(85,605)
Charged to other comprehensive income	0	0	0	3,011	0	3,011
As of December 31, 2020	**0**	**34,481**	**159**	**233,435**	**190,133**	**458,208**
As of January 1, 2019	**0**	**73,293**	**1,496**	**284,617**	**141,919**	**501,325**
Charged to the income statement	112,284	(34,247)	(1,279)	(49,632)	27,173	54,299
Charged to other comprehensive income	0	0	0	(14,822)	0	(14,822)
As of December 31, 2019	**112,284**	**39,046**	**217**	**220,163**	**169,092**	**540,802**

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Deferred Tax Liabilities

	Property, plant and equipment	Inventories	Investments at fair value	Tax payables	Loans	Total
As of January 1, 2020	**4,449,280**	**144,677**	**143,968**	**386,490**	**27,246**	**5,151,661**
Charged to the income statement	(428,495)	16,472	(87,076)	159,375	(12,780)	(352,504)
As of December 31, 2020	**4,020,785**	**161,149**	**56,892**	**545,865**	**14,466**	**4,799,157**
As of January 1, 2019	**3,135,831**	**117,421**	**126,441**	**0**	**43,069**	**3,422,762**
Charged to the income statement	1,313,449	27,256	17,527	386,490	(15,823)	1,728,899
As of December 31, 2019	**4,449,280**	**144,677**	**143,968**	**386,490**	**27,246**	**5,151,661**

Deferred Tax Liabilities as of December 31, 2020 and 2019 amounts to $4,340,949 and $4,610,859, respectively.

The income tax charge for the year is as follows:

	Fiscal year ended	
	December 31, 2020	**December 31, 2019**
Current tax	2,048,102	3,121,194
Deferred tax	(266,899)	1,674,600
Income tax	1,781,203	4,795,794

	December 31, 2020
Deferred assets tax	
Deferred tax assets to be recovered in more than 12 months	170,817
Deferred tax assets to be recovered within 12 months	287,391
	458,208
Deferred tax liabilities	
Deferred tax liabiliities to be recovered in more than 12 months	4,029,747
Deferred tax liabiliites to be recovered within 12 months	769,410
	4,799,157

Below is the reconciliation between the income tax charged to results and that one that would result from the application of the tax rate in force on the accounting profit:

	Fiscal year ended	
	December 31, 2020	**December 31, 2019**
Income before taxes	5,944,714	10,319,728
Tax rate in force	30%	30%
Net income at the tax rate	1,783,414	3,095,918
Taxable effects by:		
- RECPAM	807,194	1,493,918
- Taxable inflation adjustment	(478,097)	515,319
- Difference between the previous year's income tax provision and the income tax return	(3,631)	11,579
- Other non taxable and/or non deductible items	(327,677)	(320,940)
Income tax	1,781,203	4,795,794

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 consolidated 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. The inflation rate in the fiscal years ended December 31, 2018, 2019 and 2020 exceeded the rate required by law, therefore, the tax adjustment for inflation had to be applied to determine the income tax of the aforementioned fiscal years.

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 year 2018 and 2019 if the inflation adjustment had not been subtracted. At December 31, 2020 the provision amounts to $ 207,718 for fiscal year 2018 and $ 242,644 for fiscal year 2019 respectively, including compensatory interest.

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10. Property, plant and equipment

Principal account	Original Value				
	At the beginning of the year	Additions	Deductions	Transfers	At the end of the year
	$				
Land	69,520	0	0	0	69,520
Vehicles	1,559,320	5,719	(31,121)	0	1,533,918
Air and heavy equipment	1,124,935	209,405	(1,444)	0	1,332,896
Furniture and fixtures	173,660	621	0	16,118	190,399
Information systems	614,931	63,925	(2,669)	6,339	682,526
Transmission lines	20,529,508	0	(3,189)	1,620,155	22,146,474
Substations and related works	22,435,647	127,469	(410,958)	5,623,965	27,776,123
Building and civil works	2,100,685	48,759	0	441,514	2,590,958
Labs and maintenance	528,163	33,623	0	0	561,786
Communication equipment	2,606,984	7,210	(487,293)	130,594	2,257,495
Miscellaneous	569,655	85,803	0	14,240	669,698
Work in progress	11,709,422	2,944,432	0	(7,852,925)	6,800,929
Right of use assets	139,076	2,375	0	0	141,451
Total December 31, 2020	64,161,506	3,529,341	(936,674)	0	66,754,173
Total December 31, 2019	59,638,155	4,563,252	(39,901)	0	64,161,506

Principal account	Depreciation				Net carrying value	
	At the beginning of the year	Deductions	From the year	At the end of the year	At December 31, 2020	At December 31, 2019
	$					
Land	0	0	0	0	69,520	69,520
Vehicles	(1,011,017)	31,147	(124,607)	(1,104,477)	429,441	548,303
Air and heavy equipment	(326,716)	1,319	(51,496)	(376,893)	956,003	798,219
Furniture and fixtures	(128,980)	0	(6,960)	(135,940)	54,459	44,680
Information systems	(485,420)	2,669	(81,422)	(564,173)	118,353	129,511
Transmission lines	(16,278,192)	3,004	(449,722)	(16,724,910)	5,421,564	4,251,316
Substations and related works	(13,721,406)	360,830	(749,623)	(14,110,199)	13,665,924	8,714,241
Building and civil works	(888,918)	0	(72,561)	(961,479)	1,629,479	1,211,767
Labs and maintenance	(204,054)	0	(31,660)	(235,714)	326,072	324,109
Communication equipment	(2,225,842)	443,301	(56,859)	(1,839,400)	418,095	381,142
Miscellaneous	(433,576)	0	(80,704)	(514,280)	155,418	136,079
Work in progress	0	0	0	0	6,800,929	11,709,422
Right of use assets	(44,763)	0	(43,482)	(88,245)	53,206	94,313
Total December 31, 2020	(35,748,884)	842,270	(1,749,096)	(36,655,710)	30,098,463	-
Total December 31, 2019	(34,241,955)	28,413	(1,535,342)	(35,748,884)	-	28,412,622

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

During the fiscal year ended December 31, 2020 and 2019, the Company has not capitalized interest costs.

11. Other receivables

	December 31, 2020	December 31, 2019
Current		
Advances to suppliers	1,196,709	1,238,001
Prepaid expenses	381,660	489,441
Tax credits	7,842	15,348
Loans to employees	12,249	17,626
Judicial seizure	15,997	16,830
Others	5,021	117
Total	1,619,478	1,777,363

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

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

The book value of other credits is known in the following currencies:

	December 31, 2020	December 31, 2019
Pesos	1,619,478	1,777,363
	1,619,478	1,777,363

12. Trade accounts receivable

	December 31, 2020	December 31, 2019
Current		
CAMMESA	3,829,019	4,026,436
Other services	241,024	391,302
Other related parties (Note 21)	1,229	530
Allowance for doubtful accounts	(114,938)	(130,154)
Total	3,956,334	4,288,114

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

Allowance for doubtful accounts

	December 31, 2020	December 31, 2019
Total at the beginning of the year	130,154	249,892
Increases	125,495	10,000
Decreases	(140,711)	(129,738)
Total at the end of the year	114,938	130,154

As of December 31, 2020, accounts receivables unexpired amount to $2,556,552 (2019: $ 2,902,477).

As of December 31, 2020, trade accounts receivables amounts to $ 1,399,782 (2019: $ 1,385,637) were due, but not undervalued. The aging analysis of these accounts is as follows:

	December 31, 2020	December 31, 2019
To be matured in 3 months or less (*)	1,399,077	1,350,259
To be matured from 3 to 6 months	7	22,947
To be matured from 6 to 9 months	0	7,259
To be matured from 9 to 12 months	698	5,172
Total	1,399,782	1,385,637

(*) As of December 31, 2020 thousands of $ 1,372,804 corresponding to CAMMESA trade accounts receivables were due.

The book value of accounts receivables is known in the following currencies:

	December 31, 2020	December 31, 2019
Pesos	3,956,334	4,288,114
	3,956,334	4,288,114

13. Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash in local currency	2,458	2,804
Cash in foreign currency	1,253	1,234
Banks in local currency	12,619	15,213
Banks in foreign currency	885,313	41,255
Cash and cash equivalents, net	901,643	60,506

The book value amount of cash and cash equivalents are known in the following currencies:

	December 31, 2020	December 31, 2019
Pesos	15,077	18,017
US Dolar	885,649	42,393
Reales	917	96
Total	901,643	60,506

14. Investments

	December 31, 2020	December 31, 2019
Current		
Investments at fair value:		
Mutual funds	7,720,510	5,702,609
Total	7,720,510	5,702,609
Investments at amortized cost:		
Class XIII Pan American Energy Notes	50,796	0
Total	50,796	0

15. Loans

	December 31, 2020	December 31, 2019
Non-current loans		
Class 2 Notes	0	7,356,619
Total	0	7,356,619
Current loans		
Class 2 Notes	7,942,290	278,869
Total	7,942,290	278,869

	December 31, 2020	December 31, 2019
Total at the beginning of the year	7,635,488	7,904,514
Accrued interests	814,983	802,169
Foreign Exchange	2,580,331	3,585,461
Repurchase Class 2 Notes	0	(563,070)
Repurchase results Class 2 Notes	0	(23,666)
Interest payments	(779,657)	(803,240)
RECPAM	(2,308,855)	(3,266,680)
Total	7,942,290	7,635,488

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

The maturities of the loans according to the contractual dates, are detailed below:

	December 31, 2020	December 31, 2019
To be matured in 3 months or less	287,814	278,869
To be matured from 3 to 12 months	7,654,476	0
To be matured from 1 to 2 years	0	7,356,619
To be matured in more than 2 years	0	0
Total	7,942,290	7,635,488

The book value amount of loans is known in the following currencies:

	December 31, 2020	December 31, 2019
US Dolar	7,942,290	7,635,488
Total	7,942,290	7,635,488

The fair value of loans of the Company as of December 31, 2020 amounts approximately to thousands of $ 7,083,360. 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:

	Fiscal year ended	
	December 31, 2020	December 31, 2019
Charges to Income		
Services Cost	64,758	64,450
Interest Cost	333,782	265,659
Amortization of losses	(18,814)	62,473
Total	379,726	392,582

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

	December 31, 2020	December 31, 2019
Benefits Obligations at the beginning of the year	893,553	1,106,561
Services Cost	64,758	64,450
Interest Cost	333,782	265,659
Amortization of losses	(18,814)	62,473
Actuarial losses / (profits)	11,581	(57,221)
Benefits paid to participants	(121,160)	(118,054)
RECPAM	(265,871)	(430,315)
Benefits Obligations at the end of the year	897,829	893,553
Non - current benefits obligations	718,263	746,876
Current benefits obligations	179,566	146,677
Benefits Obligations at the end of the year	897,829	893,553

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

	December 31, 2020	December 31, 2019
Assumptions		
Discount rate	35.45%	49.10%
Current interest rate	6%	6%
Salary growth rate	2%	2%

17. Trade accounts payable

	December 31, 2020	December 31, 2019
Non-Current		
Lease liabilities	12,952	39,780
Total	12,952	39,780
Current		
Suppliers	1,311,058	1,124,577
Related parties (Note 21)	475	0
Provisions	214,306	247,370
Advances from customers	103,597	102,861
Lease liabilities	29,787	46,133
Other liabilites	575,652	435,928
Total	2,234,875	1,956,869

The maturities of the trade accounts payable according to the contractual dates, are detailed below:

	December 31, 2020	December 31, 2019
To be matured in 3 months or less	2,212,815	1,921,526
To be matured from 3 to 12 months	22,060	35,343
To be matured from 1 to 5 years	12,952	39,780
Total	2,247,827	1,996,649

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

The book value amount of trade accounts payable is known in the following currencies:

	December 31, 2020	December 31, 2019
Pesos	2,060,983	1,849,172
Reales	51	0
US Dolar	158,261	101,183
Euros	28,532	0
Swedish crowns	0	44,599
Pounds sterling	0	1,695
Total	2,247,827	1,996,649

18. Provisions

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

	December 31, 2020	December 31, 2019
Labor lawsuits		
Total at the beginning of the year	74,678	94,713
Increases	16,363	20,421
Decreases	(22,867)	(40,456)
Total at the end of the year	68,174	74,678
Regulatory lawsuits		
Total at the beginning of the year	5,990	15,512
Decreases	(1,590)	(9,522)
Total at the end of the year	4,400	5,990
Commercial lawsuites		
Total at the beginning of the year	66,873	65,066
Increases	0	24,566
Decreases	(684)	(22,759)
Total at the end of the year	66,189	66,873
Total at the end of the year	138,763	147,541

19. Taxes payable

	December 31, 2020	December 31, 2019
V.A.T. payable	164,327	151,352
Withholding tax to be deposited – Income tax	42,411	20,467
Others	28,278	69,953
Total	235,016	241,772

20. Payroll and social securities taxes payable

	December 31, 2020	December 31, 2019
Salaries and social security charges	572,761	582,221
Provision for variable remuneration	546,044	527,863
Provision for holidays	265,523	111,557
Total	1,384,328	1,221,641

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., (in the process of merging with its controlling company Pampa Energía S.A., which - effective as of October 1, 2020, is still pending registration with the corresponding control agencies), which owns 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.

- 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.

On April 25, 2019 the Ordinary General Meeting of Shareholders of Transener resolved the distribution of dividends for thousands of $ 6,182,902, corresponding to Citelec S.A. 52.65%, equivalent to thousands of $ 3,255,298.

The following transactions were carried out between related parties for the fiscal years ended December 31, 2020 and 2019:

Companies Law No. 19,550 – Sect. 33

	Fiscal year ended	
	December 31, 2020	December 31, 2019
Sales of assets and services rendered to Pampa Energía S.A.	29,539	12,280

Other related parties

	Fiscal year ended	
	December 31, 2020	December 31, 2019
Sales of assets and services rendered to Transportadora de Gas del Sur S.A.	353	472
Sales of assets and services rendered to Enecor S.A.	5,379	6,788

The following balances are maintained between related parties:

Companies Law No. 19,550 – Sect. 33

Assets	December 31, 2020	December 31, 2019
Trade account receivables		
Pampa Energía S.A.	722	136
Total	722	136
Liabilities		
Trade accounts payable		
Pampa Energía S.A.	475	0
Total	475	0
Other related parties		
Trade account receivable		
Enecor S.A.	507	394
Total	507	394

22. Investment in Transener Internacional Ltda.

As of December 31, 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 December 31, 2020, outstanding nominal Class 2 Corporate Bonds amounted to USD 98,535 thousand, USD 7,040 thousand of which were acquired by Transba S.A., which were in the portfolio at that date. In January and February 2021, Transba acquired additional USD 5,450 thousand Class 2 Corporate Bonds, with a total of USD 12,490 thousand Class 2 Negotiable Obligations remaining in the portfolio, at the date of issue of these consolidated financial statements.

S&P Global Ratings downgraded the risk rating of Transener S.A. Negotiable Obligations from "CCC+" to "CCC-" globally, and from "raBB" to "raCCC" at national level.

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 December 31, 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.

	Fiscal year ended	
	December 31, 2020	**December 31, 2019**
Comprehensive income for the year attributable to Owners of the parent	4,154,941	5,467,434
Ordinary shares average	444,674	444,674
Income per share attributable to the equity holders of the Company ($/Share)	9.34	12.30

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 as a liability as of December 31, 2020 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 consolidated 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 had an impact in 2020 on the amounts of penalties, which were increased, and the awards, which were 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 high volatility, both nationally and internationally.

The outbreak of the coronavirus (COVID-19) pandemic in March 2020 has caused significant consequences worldwide. In most countries, including Argentina, drastic measures were implemented to control the virus spread. These measures consisted in closing borders and imposing a mandatory isolation of the population, together with the cease of non-essential commercial activities, thereby reducing the level of economic activity and production.

In response, most of the governments implemented fiscal aid packages to maintain the income of a part of the population and reduce the risk of disruption to payment chains, thus avoiding financial and economic crises. Argentina was no exception, with the Argentine Government acting relatively quickly right after the pandemic was declared.

The Argentine economy had already slipped into recession, which deepened with the outbreak of the COVID-19 pandemic; this situation led to a cumulative fall of 11.8% in domestic GDP year-on-year at the third quarter of 2020; a cumulative inflation rate of 36.1% (CPI) for 2020 and a peso depreciation of 40.5% relative to the US dollar, at the BNA exchange rate.

The Company's business activities are exposed to numerous financial risks: market risk (including the exchange rate risk, the interest rate risk and the price risk), credit risk and liquidity risk (see Note 4). In this regard, the Company operates in an economic context with highly volatile variables as a result of the pandemic, both nationally and internationally, which has had a negative impact on the financial markets, affecting the cost of loans, the hedging activities, liquidity and access to capital in general. In the local market, particularly, the shares of the main public companies, the sovereign bonds and the Argentine peso suffered a sharp decline in their value.

Effective April 2020, upon the issuance of Communication “A” 7001, subsequently amended by Communications “A” 7030, 7042, 7052, 7068 and 7138, the BCRA introduced measures imposing tougher restrictions on access to the official foreign exchange market (MULC), including measures relating to companies’ operations with financial instruments or securities.

Furthermore, on May 25, 2020 and June 19, 2020, the CNV adopted General Resolutions Nos. 841 and 843 imposing restrictions on the purchase and sale of marketable securities denominated in United States dollars, or on their transfer to depositary companies abroad. Subsequently, through General Resolution No. 862, the CNV introduced flexibility measures regarding the terms of permanence of securities.

With these measures, aimed at restricting access to the MULC to curb the demand for dollars, prior authorization from the BCRA is required for certain transactions, as follows:

- Payment of dividends to non-residents;
- Payment for imports of certain goods from abroad or settlement of debts arising from imports of those goods, except as expressly provided by applicable regulations.
- Formation of external assets; and
- Payment of financial loans to non-residents.

If individuals or businesses request access to the MULC, they are to bring into Argentina and trade in the foreign exchange market within five business days following availability, the funds received from abroad originated in the collection of loans granted to third parties, the collection of time deposits and the sale of any type of assets, when the assets have been acquired, the deposits have been placed, or the loans have been granted after May 28, 2020.

Additionally, on September 15, 2020, the BCRA released Communications “A” 7105 and 7106 establishing, among other measures, that those holding financial debts with independent parties, with principal amounts in foreign currency maturing between October 15, 2020 and March 31, 2021, shall submit to the BCRA a plan for the refinancing of principal maturities according to the following criteria: (a) the net amount for which access to the foreign exchange market will take place within the original terms shall not exceed 40% of the principal amount maturing within the above-mentioned period, and (b) the remaining principal shall, at least, be refinanced with a new foreign indebtedness for 2 years on average, provided that the funds disbursed under the new indebtedness are traded in the foreign exchange market.

Subsequently, on February 25, 2021, the BCRA released Communication "A" 7230 extending application of Communication "A" 7106 mentioned in the preceding paragraph, for those recording principal amounts maturing between April 1, 2021 and December 31, 2021. The norm also states that the refinancing plan shall be submitted to the BCRA before March 15, 2021 for principal amounts maturing between April 1 and 15, 2021, while in the other cases, it shall be submitted at least 30 calendar days prior to the maturity of principal to be refinanced. This amendment affects the Company, since the amortization of principal on its corporate bonds will fall due on August 15, 2021.

At the date of issue of these consolidated financial statements, the Company had paid all of the interest installments on its financial debt on February 17, 2021.

Additionally, the currency system had already required that the funds obtained from the following transactions and items were to be brought into Argentina and traded in the local foreign exchange market:

- Exports of goods and services;
- Collection of pre-export financing, prepayments and post-export financing for goods;
- Exports of services;
- Disposition of external assets.

These foreign exchange restrictions, or those to be issued in the future, might affect the Company's ability to access the official foreign exchange market for the purchase of the necessary foreign currency to meet its financial obligations. Foreign currency assets and liabilities at December 31, 2020 have been valued at the quoted prices in the BNA.

In view of the main impacts of the above-mentioned situation, at the date of these consolidated financial statements the Company had implemented a series of measures to mitigate such impacts. Company Management constantly supervises the evolution of the situations affecting its business to define possible courses of action and identify the potential impact on its economic and financial position. The Company believes that in view of its current financial position it will be able to meet its commitments in foreign currency in the short term.

Impact of COVID-19 on the Company's operations

The World Health Organization (WHO) declared COVID-19 a pandemic on March 11, 2020. Since May 2020, a gradual process for the release of the shutdown measures has started; however, some countries reported new cases of coronavirus, which led to the temporary reimplementation of certain measures.

In Argentina, the National Government has implemented the social, preventive and mandatory isolation since March 20, 2020, which was extended on many occasions by implementing certain flexibility measures depending on the epidemiological and health situation in the different regions of our country. Preventive and mandatory social distancing has been imposed in the Buenos Aires Metropolitan Area (AMBA) since November 9, 2020.

As to 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. Moreover, the isolation measures have impacted on the collection centers and on users' revenue, which led to a considerable increase in non-payment rates. Nevertheless, with the gradual opening of financial institutions and collection centers, the collectability rate has risen 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. Furthermore, on June 19, 2020 DNU No. 543/20 was issued, extending the period for freezing utility rates for an additional term of 180 calendar days. Lastly, on December 16, 2020, DNU No. 1020/20 extended the term for maintaining the electric power rates for 90 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 approximately 30 days for carriers.

At the date of issue of these consolidated financial statements, the Buenos Aires Metropolitan Area and the rest of the Argentine provinces continue with the preventive and mandatory social distancing; however, the National Government is permanently analyzing the epidemiological situation and for this reason the health measures are subject to amendments.

Company Management evaluates the health situation and adopts measures to ensure employee integrity, maintain operations and preserve its financial position. These actions include the implementation of teleworking for all positions, where possible; the reinforcement of the prevention protocols for assets that inevitably require the presence of operating personnel to guarantee due and timely performance of work; the rescheduling of investments and non-essential activities; the search for financing opportunities under reasonable market conditions, among others.

The extent of the COVID-19 outbreak and its final impact on the Argentine economy is unknown, and may not be reasonably predicted to date. Nonetheless, although there have been some significant adverse effects and they are expected to continue in the short term, the Company considers that they will not affect its business continuity. The Company believes that it will be able to continue to meet its financial commitments within the next twelve months due to its current financial soundness.

This context of volatility and uncertainty persisted at the date of issue of these consolidated financial statements.

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 consolidated Financial Statements must be read in light of these circumstances.

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

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

30. Foreign currency assets and liabilities

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

Captions	December 31, 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$ 10,550	83.950	885,649	US$ 522	42,393
Cash and banks	R$ 57	16.163	917	R$ 5	96
Investments at fair value	US$ 46,199	83.950	3,878,443	US$ 56,902	4,623,993
Total current assets			4,765,009		4,666,482
Total assets			4,765,009		4,666,482
Liabilities					
Non current liabilities					
Loans			0	US$ 90,227	7,356,619
Total non current liabilities			0		7,356,619
Current liabilities					
Loans	US$ 94,383	84.150	7,942,290	US$ 3,420	278,869
Accounts payable	US$ 1,881	84.150	158,261	US$ 1,241	101,183
Accounts payable	€ 276	103.530	28,532		0
Accounts payable	R$ 3	16.178	51		0
Accounts payable			0	SEK 5,267	44,599
Accounts payable			0	£16	1,695
Total current liabilities			8,129,134		426,346
Total liabilities			8,129,134		7,782,965

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