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

Consolidated Financial Statements as of December 31, 2023 and for the fiscal years ended December 31, 2023 and 2022

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: Maipú 1 – 11th 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 consolidated financial statements of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. and its subsidiary ("the Company"), including the consolidated balance sheets at December 31, 2023 and the consolidated statements of statement of comprehensive income, of consolidated statements changes in equity, and of consolidated statements of cash flows for the year then ended, as well as the notes to the consolidated financial statements, which include material accounting policy information and other explanatory information.

In our opinion, the attached consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2023, as well as the consolidated comprehensive income and consolidated cash flows for the fiscal year then ended, in accordance with IFRS Accounting Standards.

Basis for our opinion

We performed our audit in accordance with International Standards on Auditing (ISAs). These standards were adopted as audit standards in Argentina through Technical Pronouncement No. 32 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), as approved by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 the International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code of Ethics) together with the requirements that are applicable to our audit of the consolidated financial statements in Argentina, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code of Ethics.

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	How our audit addressed the key audit matter
<u>Recoverability of long-lived non-financial assets</u> At December 31, 2023, the Company's Property, plant and equipment amounted to $278.910.373. As mentioned in Note 3.8 to the consolidated financial statements, the Company tests for the recoverability of its long-lived non-financial assets periodically, or when certain events or changes occur involving potential impairment of assets, compared to their recoverable value, which is measured as the value in use at year end. The value in use is calculated based on the projected discounted cash flows. Cash flow is prepared based on estimates of the future performance of certain variables that are sensitive to the determination of the recoverable value, such as: (i) the nature, timing, and modality of rate increases; (ii) demand projections; (iii) variations in the costs to be incurred; and (iv) macroeconomic variables, such as growth rates, inflation rates, and exchange rate, (v) discount rate used for cash flows. Additionally, to compare the expected cash flows with the carrying amount of long-lived non-financial assets, the Company has used an evaluation of scenarios based on the probabilities of occurrence to determine the expected value in use. This is a key audit matter as it involves the exercise of critical judgment and material assumptions made by the Company's Management which are subject to uncertainty and future events. Moreover, it led to a high degree of judgment and effort by the auditor when performing the procedures to assess the cash flow projections made by the Company's Management and to test the significant assumptions.	The audit procedures performed relating to this key audit matter included, among others: • assessing the estimation methodology; • testing significant assumptions such as (i) the nature, timing, and modality of rate increases; (ii) demand projections; (iii) variations in the costs to be incurred; (iv) macroeconomic variables, such as growth rates, inflation rates, and exchange rate, (v) discount rate used for cash flows, and testing the integrity, precision, and relevance of the underlying data used. The significant assumptions were compared with available data on economic trends; • assessing the history of estimates made by Management and the defined evaluation of scenarios; and carrying out sensitivity analyses on the significant assumptions to assess the value in use variations that would be produced due to changes in assumptions; • testing the arithmetic correction of the model of discounted cash flows; and • assessing the integrity of the disclosures included in the consolidated financial statements. Skilled professionals specialized in the subject matter performed the assessment of the methodology and significant assumptions used in the projected cash flows estimated by the Company's Management.

Accompanying information to the consolidated financial statements ("Other information")

The other information comprises the Annual Report and Summary of Activity. The Company's 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, consider whether such information 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.
Based on the work performed, and as regards those matters that are within our field of competence, if we consider that 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 responsibilities relating to the consolidated financial statements

The Board 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 Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of 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, for disclosing, as applicable, matters relating to going concern and for 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 Company's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's 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 the ISAs 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 of users taken on the basis of the consolidated financial statements.

As part of the audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we 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 the override of internal control.
- We obtain an understanding of the 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.
- We evaluate the appropriateness of accounting policies used, as well as the reasonableness of accounting estimates and related disclosures made by the Company's Board of Directors.
- We conclude on the appropriateness of Company’s Board of Directors' 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 auditor’s 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.
- We evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We 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 the internal control that we may 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 communication with the Company's Audit Committee, we have determined those of most significance in the audit of the consolidated financial statements of this fiscal 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.

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Report on other legal and regulatory requirements

In compliance with the regulations in force, we report that:

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

b) except for the fact that the separate financial statements are pending transcription into the Inventory and Balance Sheet book and the entries for December 2023 are pending transcription into the Journal book, the separate financial statements 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, 2023, 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, as shown by the Company's accounting records, amounted to $ 814.956.184, none of which was claimable at that date;

d) as required by Section 21, Subsection b), Chapter III, Part VI, Title II of the National Securities Commission regulations, 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 on 31 December, 2023 account for:

   d.1) 56% of the total fees for services billed to Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. for all items during that year;

   d.2) 2% of the total fees for services for auditing and related services billed to Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A., its parent company, subsidiaries, and related companies during that year;

   d.3) 2% of the total fees for services billed to Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A., its parent company, subsidiaries, and related companies for all items during that year;

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

City of Buenos Aires, March 4, 2024

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Dr. Miguel A. Urus
Contador Público (UBA)
C.P.C.E.C.A.B.A. T° 184 F° 246
Lic. en Administración C.P.C.E.C.A.B.A.
T° 28 F° 223

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

Consolidated Statements of Statement of Comprehensive Income
for the fiscal years ended December 31, 2023 and 2022

(Expressed in thousands of Argentine Pesos)

		Fiscal year ended	
CONSOLIDATED RESULTS	Note	**December 31, 2023**	**December 31, 2022**
Revenues	6	130,451,632	98,235,088
Operating costs	7	(101,986,271)	(83,510,278)
Gross profit		28,465,361	14,724,810
Administrative expenses	7	(13,434,837)	(10,572,252)
Other operating (expenses)/income, net	8	(1,223,703)	1,619,755
Operating income		13,806,821	5,772,313
Finance income	9	37,023,493	17,531,000
Finance costs	9	(11,971,953)	(10,394,645)
Other financial results	9	(1,458,351)	178,423
Loss on net monetary position	9	(26,203,785)	(4,634,323)
Profit before tax		11,196,225	8,452,768
Income tax	10	(4,618,370)	(3,127,882)
Profit of the year from continuing operations		6,577,855	5,324,886
Profit of the year attributable to :			
Owners of the company		6,577,855	5,324,886
Total for the year		6,577,855	5,324,886
OTHER COMPREHENSIVE RESULTS			
Items that will not be reclassified to profit or loss			
Recognition of actuarial income in retirement benefits plans	17	(276,799)	(1,534,788)
Income tax effect on actuarial income in retirement benefits plans	10	96,880	537,176
Other comprehensive loss of the year		(179,919)	(997,612)
Comprehensive income for the year		6,397,936	4,327,274
Comprehensive income for the year attributable to:			
Owners of the company		6,397,936	4,327,274
Total comprehensive income of the year		6,397,936	4,327,274
Earning per share attributable to the equity holders of the Company ($ per share)	26	14.39	9.73

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, 2023 and 2022

(Expressed in thousands of Argentine Pesos)

	Note	December 31, 2023	December 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	11	278,910,373	275,838,293
Inventories		13,518,555	11,538,257
Other receivables	12	3,494,886	2,627,616
Total Non-current assets		295,923,814	290,004,166
Current Assets			
Trade accounts receivables	13	28,381,282	21,047,333
Other receivables	12	10,627,696	6,498,606
Investments at fair value	15	3,543,181	3,739,755
Cash and cash equivalents	14	13,263,274	16,004,659
Total Current assets		55,815,433	47,290,353
Total Assets		351,739,247	337,294,519
Liabilities			
Non-current liabilities			
Loans	16	-	605,515
Deferred tax liabilities	10	44,452,901	46,199,315
Employee benefits payable	17	6,656,350	6,757,528
Contract liabilities	19	2,943,679	3,293,354
Trade accounts payable	18	639,895	628,524
Total Non-current liabilities		54,692,825	57,484,236
Current liabilities			
Provisions	20	913,014	1,053,601
Loans	16	249,946	1,331,366
Income tax payable		6,774,795	5,361,685
Taxes payable	21	754,649	1,439,208
Payroll and social securities taxes payable	22	11,241,899	11,398,164
Employee benefits payable	17	1,664,087	1,689,382
Contract liabilities	19	210,263	235,240
Trade accounts payable	18	22,782,247	11,244,051
Total Current liabilities		44,590,900	33,752,697
Total Liabilities		99,283,725	91,236,933
Equity			
Share capital		444,674	444,674
Share capital adjustment		117,947,846	117,947,846
Legal reserve		11,373,884	11,107,637
Optional reserve		6,712,857	5,501,419
Voluntary reserve		116,291,182	112,443,981
Other comprehensive results		(6,892,776)	(6,712,857)
Retained earnings		6,577,855	5,324,886
Total equity		252,455,522	246,057,586
Total Equity and liabilities		351,739,247	337,294,519

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, 2023 and 2022

(Expressed in thousands of Argentine Pesos)

	Share capital	Share capital adjustment	Legal reserve	Optional reserve	Voluntary reserve	Other comprehensive results	Retained earnings	Total equity
Balance as of December 31, 2021	**444,674**	**117,947,846**	**11,107,637**	**5,501,419**	**120,378,380**	**(5,715,245)**	**(7,934,399)**	**241,730,312**
Ordinary General Meeting of Shareholders held on April 21, 2022:								
- Retained earnings absortion	-	-	-	-	(7,934,399)	-	7,934,399	-
Results of the year	-	-	-	-	-	-	5,324,886	5,324,886
Other comprehensive loss of the year	-	-	-	-	-	(997,612)	-	(997,612)
Balance as of December 31, 2022	**444,674**	**117,947,846**	**11,107,637**	**5,501,419**	**112,443,981**	**(6,712,857)**	**5,324,886**	**246,057,586**
Ordinary General Meeting of Shareholders held on April 19, 2023:								
Legal reserve	-	-	266,247	-	-	-	(266,247)	-
Optional reserve	-	-	-	1,211,438	-	-	(1,211,438)	-
Voluntary reserve	-	-	-	-	3,847,201	-	(3,847,201)	-
Results of the year	-	-	-	-	-	-	6,577,855	6,577,855
Other comprehensive loss of the year	-	-	-	-	-	(179,919)	-	(179,919)
Balance as of December 31, 2023	**444,674**	**117,947,846**	**11,373,884**	**6,712,857**	**116,291,182**	**(6,892,776)**	**6,577,855**	**252,455,522**

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, 2023 and 2022

(Expressed in thousands of Argentine Pesos)

	Note	Fiscal year ended December 31, 2023	December 31, 2022
Cash flows from operating activities:			
Comprehensive income for the year		6,397,936	4,327,274
Reconciliation of total comprehensive income to cash flows provided by operating activities:			
Depreciation of property, plant and equipment	11	16,642,055	16,793,008
Provisions	20	759,170	588,094
Impairment results of financial instruments	7	177,293	650,498
Employee benefits plan	17	7,817,965	4,412,071
Income tax expense accrued during the year	10	4,618,370	3,127,882
Loans financial results	16	836,109	2,079,013
Other financial results		(13,275,278)	(4,124,130)
Interest and foreign exchange results generated by investments at fair value	9	(2,147,528)	(855,972)
Interest and foreign exchange results generated by investments at amortized cost	9	(1,316)	(1,782,041)
Interest and foreign exchange results generated by cash and cash equivalents - Mutual funds		(12,407,245)	(5,015,579)
Cash and cash equivalents results		(66,410)	(19,592)
Other comprehensive results		179,919	997,612
Taxes payable interests		566,353	1,054,971
Retirements of property, plant and equipment	11	583,885	70,044
Gain on net monetary possition		26,203,785	4,634,323
Changes in operating assets and liabilities:			
Increase in trade accounts receivables		(35,823,750)	(17,779,048)
Increase in other receivables		(12,186,006)	(5,867,357)
Increase in trade accounts payable		24,576,095	7,583,672
(Decrease)/Increase in liabilities contracts		(374,652)	2,840,679
Increase in payroll and social securities taxes payable		9,902,412	5,043,457
Increase in taxes payable		389,823	355,032
Decrease of employee benefits payable	17	(1,048,273)	(882,871)
Income tax payment		(1,942,505)	(5,936,349)
Net cash generated by operating activities		20,378,207	12,294,691

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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, 2023 and 2022 (continued)

(Expressed in thousands of Argentine Pesos)

		Fiscal year ended	
		December 31, 2023	December 31, 2022
Cash flows from investing activities:			
Acquisition of property, plant and equipment	11	(16,715,492)	(10,239,019)
Increase in inventories		(3,111,803)	(390,959)
Increase in investments at fair value		(106,194)	(3,095,446)
Decrease/(increase) in investments at amortized cost		661	(278,111)
Net cash used in investing activities		(19,932,828)	(14,003,535)
Cash flows from financing activities:			
Increase of loans	16	1,581,991	-
Payments of loans - Capital	16	(2,118,821)	(1,450,535)
Payments of loans - Interest	16	(708,058)	(1,680,014)
Payments of lease liabilities		(213,317)	(199,555)
Net cash used in financing activities		(1,458,205)	(3,330,104)
Decrease in cash and cash equivalents		(1,012,826)	(5,038,948)
Financial results from cash and cash equivalents		(1,728,559)	(1,902,739)
Cash and cash equivalents at the beginning of the year		16,004,659	22,946,346
Cash and cash equivalents at the end of the year	14	13,263,274	16,004,659
Non cash significant transactions:			
Acquisition of property, plant and equipment	11	(3,582,528)	(2,487,455)
Decrease in other receivables		3,582,528	2,487,455
Total		0	0

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)

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. Economic environment in which the Company operates

The Company has been operating in a complex economic environment characterized by a strong volatility, both nationally and internationally.

The main indicators in our country were the following:

- Based on GDP preliminary data, Argentina ended 2023 with a 1.4% drop in activity.
- Cumulative inflation between January 1, 2023 and December 31, 2023 was 211% (CPI).
- Between January 1, 2023 and December 31, 2023, the peso depreciated against the US dollar, from ARS 180/USD 1 at the beginning of the year to ARS 805/USD 1 at year end.
- The monetary authority imposed exchange restrictions to curb the demand for US dollars. These restrictions included, among others, requiring prior authorization from the Central Bank of Argentina to conduct certain foreign transactions such as paying dividends to non-residents, making loan payments, and paying for the import of some specific goods and services.

On December 10, 2023, Argentina's new government took office and set several goals, including a new economic regime in the country, proposing the implementation of a comprehensive reform of laws and regulations.

The plan put forth by the new government calls for a significant deregulation of the economy as well as structural reforms that lift restrictions on foreign investment and business operations. These reforms include a gradual easing of the previously mentioned exchange restrictions, with the ultimate goal of eliminating them altogether once the necessary macroeconomic conditions are met.

One of the first measures adopted by the president-elect was to publish an Emergency Decree (DNU), which repeals and/or amends nearly 300 laws and introduces reforms to the labor market, the Customs Code, and the status of state-owned companies, among others. Although the DNU must be discussed and ratified by at least one of the houses of Congress, its provisions are partially in force as from December 29, 2023, considering a series of judicial actions ordering the suspension of certain reforms.

At December 31, 2023, the following situation prevails, including the main measures already in force that have an impact on our business:

- Restrictions on access to the official exchange market are still in effect.
- The import tax system is maintained.

This context of volatility and uncertainty persisted at the date of issue of these consolidated financial statements. The reforms proposed by the new administration started to be discussed by the legislative. It is not possible to anticipate neither their progress nor any new measure that might be announced. 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.

2. Tariff Situation

On February 25, 2022, the ENRE communicated Resolutions Nos. 68/2022 and 69/2022 approving the new hourly remuneration rates effective from February 1, 2022, with increases of 25% and 23%, compared with the rates effective from August 2019, for Transener S.A. and Transba S.A., respectively. Considering the difference between the Economic and Financial Projections presented and the rate values finally approved by the ENRE, the Company submitted a petition for examination of the files and the respective preliminary revocations. On March 15, 2022, the Company filed the pertinent Motions for Reconsideration against Resolutions Nos. 68/2022 and 69/2022. As a result, on May 9, 2022, through Resolutions Nos. 147/22 and 148/22, the ENRE partially sustained such Motions filed by the Company and modified the hourly remuneration rates effective from February 1, 2022, with increases of 67% and 69%, compared with the rates effective from August 2019, for Transener S.A. and Transba S.A., respectively.

Since August 2022, the Company has submitted notes to and held meetings with the Energy Secretariat and the ENRE, requesting a temporary current rate adjustment effective from September 2022, on account of the increase to be determined for 2023. For this purpose, the Economic and Financial Projections for 2023 were presented with an explanatory document, including the detail of the investment plan. Further, a filing was made before CAMMESA, accounting for the critical situation of the transportation sector.

On October 20, 2022, through Resolution No. 539/2022, a Public Hearing was called for November 30, 2022, to communicate and hear opinions on the concessionaires' proposals for the provision of the electric power transmission utility service, aimed at a temporary rate adjustment, as part of the Comprehensive Rate Review (RTI) negotiation process, prior to defining rates to be applied by concessionaires.

On December 6, 2022, the Decree No. 815/22 issued by the National Executive Branch extended for a year the Emergency Decree (DNU) No. 1020/20, published on December 18, 2020, whereby the commencement of the RTI renegotiation was established. This renegotiation process may not take more than 2 years as from the date of publication.

To preserve the purchasing power of income during 2023, as provided for in Resolutions Nos. 147/2022 and 148/2022, on December 29, 2022, the ENRE communicated Resolutions Nos. 698/2022 and 702/2022, establishing the hourly remuneration rates effective from January 1, 2023, with increases of 154.5% and 154.1%, compared with the rates effective from February 2022, for Transener S.A. and Transba S.A., respectively.

On April 20, 2023, the ENRE issued Resolution No. 364/2023 to start the Comprehensive Rate Review (RTI, for its acronym in Spanish) process for electric power transmission companies, in compliance with the provisions on Laws Nos. 24065 and 27541, setting a term of 30 days for the preparation of the guidelines and the schedule of the process.

Finally, on May 29, 2023, under Resolution No. 421/2023, the ENRE approved the Transmission Rate Review Program for 2023 and the first quarter of 2024, establishing that the ENRE would inform the schedule and information requirements in September and October 2023. By means of note published on October 26, 2023, the ENRE provided the first information requirements mainly related to a description of the Transmission System facilities, expansions in progress, investment plans, the saturation status of corridors, among others. Transener S.A. and Transba S.A. sent notes on October 27, 2023 replying that they would comply with the requirement in due time and manner, but that it was also necessary that the ENRE provided for: i) the complete schedule of the RTI process; ii) the economic, financial, and regulatory criteria under which the ENRE would perform the process; iii) the explanations made in connection with the First Administration Period.

To preserve the purchasing power of income during 2023, as provided for in Resolutions Nos. 147/22 and 148/22, on September 08, 2023, the ENRE communicated Resolutions Nos. 661/22 and 660/22, establishing the hourly remuneration rates effective from August 1, 2023, with increases of 20.9% and 20.84%, compared with the rates effective from January 2023, for Transener S.A. and Transba S.A., respectively. Similarly, on November 1, 2023, the ENRE issued Resolutions Nos. 781/2022 and 780/2022 communicating the new hourly remuneration rates effective November 1, 2023, with increases of 37.33% and 38.44%, compared with the rates effective since August 2023, for Transener S.A. and Transba S.A., respectively.

In turn, the National Executive Branch, through Decree No. 55 dated December 16, 2023, declared the emergency of the National Energy Sector regarding the electric power generation, transmission, and distribution segments within the federal jurisdiction until December 31, 2024.

Section 3 of the Decree set forth the commencement of the rate review pursuant to Section 43 of Law No. 24065, in relation to electric power transmission and distribution utility services companies within the federal jurisdiction, and that the new rate schedules would become effective on December 31, 2024, at the latest.

On January 2, 2024, through Resolution No. 3/2024, the ENRE called for a Public Hearing, which took place on January 29, 2024, to communicate and hear opinions on the concessionaires' proposals for the provision of the electric power transmission utility service, aimed at a temporary rate adjustment, prior to defining the rates to be applied by concessionaires.

Finally, the ENRE issued Resolutions Nos. 104/2022 and 105/2022 communicating the new hourly remuneration rates effective February 19, 2024, with increases of 179.7% and 191.1%, compared with the rates effective since November 2023, for Transener S.A. and Transba S.A., respectively. The rate adjustment was determined according to a formula based on the Salaries, Wholesale Prices, and Consumer Prices Indexes, to be applied on a monthly basis as from May 2024.

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 Accounting Standards (IFRS), issued by the IASB, and IFRIC Interpretations. All IFRS Accounting Standards (IFRS) effective at the date of preparation of these consolidated financial statements have been applied.

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

These consolidated financial statements have been approved and authorized for issuance by the Board of Directors on March 4, 2024, within the framework of the remote meeting held, in accordance with Article 24 of the Bylaws.

Comparative information

Certain reclassifications have been included in the consolidated financial statement figures presented for comparative purposes to conform them to the current year presentation.

3.2. Functional and presentation currency

The items forming part of these consolidated financial statements are stated in the currency of the primary economic environment where the entity operates (functional currency). The financial statements are presented in Argentine pesos, which is the Company's functional and presentation currency.

The consolidated financial statements at December 31, 2023, including comparative figures, have been restated to reflect the changes in the general purchasing power of the Company's functional currency, pursuant to IAS 29 - Financial Reporting in Hyperinflationary Economies (IAS 29) and General Resolution No. 777/2018 issued by the CNV. As a result, the financial statements are stated in the measuring unit prevailing at the end of the reporting period.

To evaluate this quantitative condition and restate the financial statements, the CNV has established that the indexes to be used for purposes of the application of IAS 29 are the ones determined by the FACPCE. These indexes combine the National Consumer Price Index (CPI) published by the National Institute of Statistics and Census (INDEC) effective January 2017 (base month: December 2016) with the Wholesale Price Index (WPI) published by INDEC until that date, computing for November and December 2015 —for which no information was provided by INDEC on the WPI variation— the CPI variation in the City of Buenos Aires. This index is published by the FACPCE on a monthly basis.

Considering the above-mentioned index, the rate of inflation stood at 211.41% and 94.79% in the years ended December 31, 2023 and 2022, respectively.

3.3 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.

(In Argentine Pesos, except as otherwise indicated)

Relevant information is disclosed below regarding the assets and liabilities of the subsidiary Transba S.A. at December 31, 2023 and 2022, and cash flows for the fiscal years ended December 31, 2023 and 2022, measured under IFRS.:

	December 31, 2023	December 31, 2022
Total assets	128,397,003	120,366,958
Total liabilties	27,605,876	27,099,841
Total Equity	100,791,127	93,267,117
Total Comprehensive income of the year	7,524,010	2,930,152

	December 31, 2023	December 31, 2022
Net cash generated by operating activities	8,874,259	6,071,814
Net Cash used in investing activities	(9,137,923)	(7,461,930)
Financial results in cash and cash and equivalents	(521,979)	(870,122)
Decrease of net cash and cash and equivalents	(785,643)	(2,260,238)

3.4 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.

3.5 Foreign currency translation

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".

3.6 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.

3.6.1 Depreciation and useful lives

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: 50 years
Air and semi-heavy equipment: 15-25 years
Substations and transmission lines: 30-50 years
Vehícles: 5 years
Furniture and fixtures: 10 years
Lab and maintenance: 5-10 years
Information systems: 3 years
Communications equipment: 15 years
Miscellaneous: 3 years
Right of use assets: 3 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".

3.7. 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, 2023 and 2022, the valuation of inventories as a whole does not exceed their recoverable value.

3.8 Impairment of long-term non-financial assets

The Company tests for the recoverability of its long-lived assets periodically, or when certain changes occur involving potential impairment of assets, compared to their recoverable value, which is 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.

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. Cash flow is prepared based on estimates of the future performance of certain variables that are sensitive to the determination of the recoverable value, such as: (i) the nature, timing and modality of rate increases; (ii) demand projections; (iii) variations 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 RTI; (iv) the Company's expectations for the opportunity and outcome of the new RTI 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) after tax is 14.74%, 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 abovementioned probabilities, to determine the expected value in use.

The carrying amount of long-lived non-financial assets at December 31, 2023 does not exceed recoverable value.

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.

3.9 Financial Instruments

In accordance with IFRS 9, the Company classifies its financial instruments at initial recognition under the following categories: (i) amortized cost; (ii) fair value through other comprehensive income (FVTOCI); (iii) fair value through profit or loss (FVTPL); and (iv) financial liabilities at amortized cost. This classification depends on the business model of the Company to manage its financial assets and the characteristics of the financial assets' contractual cash flows.

(i) 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 only principal and interest payments over the outstanding principal amount.

(ii) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are held within a business model the objective of which is attained by obtaining contractual cash flows and selling financial assets, and the contractual conditions of the financial asset give rise, on specific dates, to cash flows that are only principal and interest payments over the outstanding principal amount.

(iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets measured at fair value through profit or loss are assets held for sale. A financial asset is classified under this category if it has been acquired mainly with the aim of being sold in the short term.

(iv) Financial liabilities

Financial liabilities (including financial debts and trade accounts payable) are consequently measured at amortized cost using the effective interest rate method.

The effective interest rate method is used to calculate the amortized cost and allocate the interest income in the right period. The effective interest rate is the exact discount rate of the future cash flow payment (including all expenses paid or received to form an integral part of the effective rate, the transaction costs and other premiums or discounts) over the estimated period of the financial liability or (if appropriate) for a shorter period, at the carrying amount on initial recognition.

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 through profit or loss. Financial assets recognized at fair value through profit or loss are initially recognized at fair value and transaction costs are recognized as an expense in the statements of comprehensive income.

Investments 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 through profit or loss 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 or loss are included in the statement of income under the caption "other financial results", are included in the statement of income under the caption "other financial results", in the year in which the changes in fair value occur. The year in which such changes in fair value occur.

The Company's financial assets include the following:

- Cash and cash equivalents

For the presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, sight deposits in banks and other short-term highly liquid investments originally falling due within three months or less, which are readily converted to known amounts of cash and subject to low material risk of changes in value.

Available cash and unrestricted bank deposit balances are valued at amortized cost and mutual fund balances, at reasonable cost.

- Investments at fair value

Investments at fair value include mutual funds.

- Trade accounts receivable and other receivables

Trade accounts receivable 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.

3.10 Impairment of financial assets at amortized cost

To calculate the impairment of trade 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 Consolidated Statement of Comprehensive Income.

(In Argentine Pesos, except as otherwise indicated)

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	0.5%
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%

3.11 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.

3.12 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. Retained earnings
The retained earnings 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.

3.13 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 balance sheets 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, 2023 and 2022 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.

3.14 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.

3.15 Provisions

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 balance sheets, consolidated statements of comprehensive income, changes in equity and cash flows.

3.16 Trade accounts payable

Trade accounts payable are initially recognized at fair value and subsequently measured at amortized cost, according to the effective interest rate method.

3.17 Contract liabilities

Customer advances consist in prepayments for services performed by customers with the aim of financing their contractual service provision; initial recognition is made at fair value. Subsequently, they are valued at amortized cost based on projections of agreed upon service provisions to settle them, restated as mentioned in Note 3.2.

3.18 Balances and transactions with related parties

Credits and debts with the controlling company and other related parties generated by various transactions have been valued in accordance with the conditions between independent parties.

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.

3.19 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) 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. 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) 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 (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. 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. 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 income / (expense), net".

The penalties of Transener 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. 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 income / (expense), 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.

3.20 New accounting standards, amendments and interpretations issued by the IASB adopted by the Company

- IAS 1 *Presentation of Financial Statements*, amended in July 2020 and February 2021. It includes amendments to the classification of liabilities into current or non-current liabilities and to information to be disclosed on accounting policies.

- IAS 8 - *Accounting policies*, amended in February 2021. It clarifies the treatment of estimates required for the application of the accounting policies.

- IAS 12 *Income Taxes*, amended in May 2021. This standard introduces amendments regarding recognition of deferred tax assets and liabilities arising from a single transaction, giving rise to taxable and deductible temporary differences for the same amount.

The New accounting standards, amendments, and interpretations issued by the IASB that became effective as from January 1, 2023 have not affected the Company's consolidated financial statements.

3.21 New standards, amendments and interpretations issued by the IASB not effective and not early adopted by the Company.

- IAS 7 *Statement of cash flows* and IFRS 7 *Financial instruments: Disclosures*. The amendments include new qualitative and quantitative reporting requirements regarding financing agreements with financial suppliers that enable the analysis of the effects of such agreements on liabilities, cash flows, and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning as from January 1, 2024. The amendments do not require disclosures of comparative information.

- IAS 21 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*. The amendment requires that entities apply a consistent approach to assess whether a currency is exchangeable into another currency and, if not, the determination of the exchange rate to be used for measurement purposes, as well as the disclosures required in their financial statements. The amendments are effective for annual reporting periods beginning as from January 1, 2025. Even though early adoption is allowed, it is not accepted by the National Securities Commission (CNV) (GR No. 972/23). Comparative information is not restated

3.22 Risk policies and accounting estimates

In preparing these financial statements, the Company has applied risk policies consistently with those of the previous year. The risk analysis showed no significant variations at December 31, 2023, as compared with the previous year.

4. Financial 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 will fluctuate as a result of variations in the exchange rate of the Argentine peso in respect with a foreign currency. The Company receives most of their income in Argentine pesos in accordance with rates that are not indexed in relation to the US dollar.

Although imports and some accounts payable are denominated in foreign currency, they are not significant at December 31, 2023, which reduces the risk of loss derived from a peso devaluation.

The Company valued its assets and liabilities at the exchange rates in effect at December 31, 2023 and 2022 (see Note 29).

(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 exposed to the interest rate risk because it has a loan from Banco de la Nación Argentina at BADLAR+8% at December 31, 2023 (see Note 25).

(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, 2023, the accounts receivable debts amounted to approximately $ 7,222.6 million (2022: $ 5,420.8 million). As of December 31, 2023, the financial statements included an estimate of $ 555.5 million (2022: $1,285.1 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.

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 96.2% of the total portfolio of accounts receivable of the Company to December 31, 2023 (2022: 97.0%).

(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 Management 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. As of December 31, 2023, the Company remained cash and cash equivalents by $ 16,806.4 million that is expected to generate immediate cash inflows for the liquidity risk management (2022: $ 7,811.6 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 in accordance with the contractual flow.

As of December 31, 2023 (thousands of $)	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Over 2 years**	**No deadline**
Loans	139,868	142,670	-	-	-
Trade accounts payable	20,777,242	261,890	346,395	359,061	1,596,334

As of December 31, 2022 (thousands of $)	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Over 2 years**	**No deadline**
Loans	558,111	1,365,133	759,474	-	-
Trade accounts payable	10,021,344	178,845	236,807	468,432	730,460

4.2 Capital risk 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.

(In Argentine Pesos, except as otherwise indicated)

The leverage ratio as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Total loans	249,946	1,936,881
Less: Cash and cash equivalents and current investments	(16,806,455)	(19,744,414)
Net debt	(16,556,509)	(17,807,533)
Total Equity	252,455,522	246,057,586
Total capital	235,899,013	228,250,053
Leverage ratio	(7%)	(8%)

4.3 Financial instruments by category and level of fair value hierarchy

The accounting policies for financial instruments have been applied to the items described below:

	December 31, 2023	December 31, 2022
Financial assets		
Investments at fair value - Mutual funds	3,543,181	3,739,755
Trade accounts receivables at amortized cost	28,381,282	21,047,333
Other receivables at amortized cost	195,690	258,963
Cash and cash equivalents at fair value - Mutual funds	12,953,856	15,799,226
Cash and cash equivalents at amortized cost	309,418	205,433
Total	45,383,427	41,050,710
Financial liabilities at amortized cost		
Non-Current		
Loans	-	605,515
Trade accounts payable	639,895	628,524
Total	639,895	1,234,039
Current		
Loans	249,946	1,331,366
Trade accounts payable	22,589,730	10,929,921
Total	22,839,676	12,261,287

In 2021, the Company took out a loan from Banco de la Nación Argentina; the details of which are mentioned in Note 25.

(In Argentine Pesos, except as otherwise indicated)

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, 2023**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Mutual funds	16,497,037	-	-	16,497,037
Total Assets	16,497,037	-	-	16,497,037

Description	**Measurement at fair value as of December 31, 2022**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Mutual funds	19,538,981	-	-	19,538,981
Total Assets	19,538,981	-	-	19,538,981

Level 1 consists of financial assets and liabilities whose fair values are determined through reference to market prices at the date of issuance of these consolidated financial statements in active markets for identical assets and liabilities. 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.

(In Argentine Pesos, except as otherwise indicated)

Segments for decision making at December 31, 2023 and 2022 are reported in constant currency. 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, 2023 and 2022, together with the reconciliation with these consolidated financial statements, is as follows:

Fiscal year ended December 31, 2023	Regulated activity	Non-regulated activity	Total
Revenues (1)	116,298,552	14,153,080	130,451,632
EBITDA (2)	25,784,974	4,663,902	30,448,876

Fiscal year ended December 31, 2022	Regulated activity	Non-regulated activity	Total
Revenues (1)	86,060,244	12,174,844	98,235,088
EBITDA (2)	19,500,682	3,064,639	22,565,321

(1) No sales between operating segments identified by the Company are perfected.
(2) EBITDA represents the operating income before depreciations.

6. Revenues

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
Regulated Revenues	116,298,552	86,060,244
Non-Regulated Revenues	14,153,080	12,174,844
Revenues	130,451,632	98,235,088

(In Argentine Pesos, except as otherwise indicated)

7. Expenses by nature

Items	Fiscal year ended December 31, 2023			Fiscal year ended December 31, 2022		
	Total	Operating Costs	Administrative Expenses	Total	Operating Costs	Administrative Expenses
Salaries and social security charges	63,529,971	55,768,876	7,761,095	52,694,990	47,285,265	5,409,725
Other personnel costs	1,779,047	844,279	934,768	1,053,094	591,993	461,101
Professional fees	2,060,816	988,755	1,072,061	1,857,938	867,863	990,075
Equipment maintenance	10,290,046	10,290,046	-	1,972,825	1,972,825	-
Fuel and lubricants	793,111	778,208	14,903	892,610	882,261	10,349
General Maintenance	5,440,429	5,339,252	101,177	4,514,855	4,331,918	182,937
Electricity	219,192	217,958	1,234	255,517	245,899	9,618
Depreciation of property, plant and equipment	16,642,055	15,327,906	1,314,149	16,793,008	15,292,608	1,500,400
Administration expenses related to WEM	126,321	126,321	-	102,274	102,274	-
Regulatory fees	111,893	111,893	-	127,112	127,112	-
ATEERA membership fees	43,099	-	43,099	52,505	-	52,505
Communications	464,985	456,599	8,386	451,093	438,249	12,844
Transportation	699,529	683,734	15,795	569,779	558,542	11,237
Insurance	2,105,305	2,065,793	39,512	2,450,993	2,376,548	74,445
Rents	443,575	443,471	104	206,601	204,379	2,222
Travel and lodging expenses	2,595,387	2,158,963	436,424	1,720,730	1,647,220	73,510
Stationery and printing	167,238	139,770	27,468	228,666	165,958	62,708
Licences	759,872	748,209	11,663	751,570	750,430	1,140
Taxes and government contributions	1,616,445	501,791	1,114,654	1,645,394	556,742	1,088,652
Directors and syndics	179,042	-	179,042	254,775	-	254,775
Security	1,636,090	1,635,645	445	1,528,669	1,528,547	122
Office and substation cleaning	899,515	898,951	564	946,089	901,008	45,081
Electroduct maintenance	1,071,150	1,071,150	-	793,648	793,648	-
Impairment results of financial instruments	177,293	177,293	-	650,498	650,498	-
Others	1,569,702	1,211,408	358,294	1,567,297	1,238,491	328,806
TOTAL	115,421,108	101,986,271	13,434,837	94,082,530	83,510,278	10,572,252

(In Argentine Pesos, except as otherwise indicated)

8. Other operating (expenses)/income, net

	Fiscal year ended	
	December 31, 2023	**December 31, 2022**
Regulatory provisions	(996,040)	1,524,300
Claims recovery	580,096	300,054
Results of retirements of property, plant and equipment	(490,557)	13,524
Others	(317,202)	(218,123)
Total	(1,223,703)	1,619,755

9. Financial Results

	Fiscal year ended	
	December 31, 2023	**December 31, 2022**
Finance Income		
Investments at fair value - Mutual funds	2,147,528	855,972
Cash and cash equivalents at fair value - Mutual funds	12,358,164	4,974,705
Investments interests at amortized cost	1,316	1,782,041
Other finance income	22,516,485	9,918,282
Total finance income	37,023,493	17,531,000
Finance Costs		
Interest generated by loans	(836,109)	(2,079,013)
Other finance costs	(11,135,844)	(8,315,632)
Total finance costs	(11,971,953)	(10,394,645)
Other financial results		
Foreign exchange generated by cash and cash equivalents - Mutual funds	49,081	40,874
Other foreign exchange net	(1,507,432)	137,549
Total Other financial results	(1,458,351)	178,423
Loss on net monetary position	(26,203,785)	(4,634,323)
Total financial results	(2,610,596)	2,680,455

(In Argentine Pesos, except as otherwise indicated)

10. Current and deferred income tax

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

Deferred Tax Assets

	Investments at fair value	Trade accounts receivables	Other receivables	Employee benefits payable	Loans	Liabilities contracts	Other liabilities	Total
As of January 1, 2023	**-**	**449,775**	**-**	**2,956,418**	**79,594**	**1,235,008**	**1,656,475**	**6,377,270**
Charged to the income statement	-	(255,331)	-	(141,145)	(66,569)	(131,128)	(140,286)	(734,459)
Charged to other comprehensive results	-	-	-	96,880	-	-	-	96,880
As of December 31, 2023	**-**	**194,444**	**-**	**2,912,153**	**13,025**	**1,103,880**	**1,516,189**	**5,739,691**
As of January 1, 2022	**52,588**	**473,017**	**1,126**	**2,957,223**	**174**	**-**	**1,967,736**	**5,451,864**
Charged to the income statement	(52,588)	(23,242)	(1,126)	(537,981)	79,420	1,235,008	(311,261)	388,230
Charged to other comprehensive results	-	-	-	537,176	-	-	-	537,176
As of December 31, 2022	**-**	**449,775**	**-**	**2,956,418**	**79,594**	**1,235,008**	**1,656,475**	**6,377,270**

Deferred Tax Liabilities

	Property, plant and equipment	Inventories	Investments at fair value	Tax payables	Other receivables	Total
As of January 1, 2023	**47,189,034**	**3,088,741**	**160,234**	**1,283,007**	**855,569**	**52,576,585**
Charged to the income statement	(2,489,193)	730,555	(137,363)	(1,031,609)	543,617	(2,383,993)
As of December 31, 2023	**44,699,841**	**3,819,296**	**22,871**	**251,398**	**1,399,186**	**50,192,592**
As of January 1, 2022	**48,799,543**	**2,440,282**	**-**	**3,473,437**	**-**	**54,713,262**
Charged to the income statement	(1,610,509)	648,459	160,234	(2,190,430)	855,569	(2,136,677)
As of December 31, 2022	**47,189,034**	**3,088,741**	**160,234**	**1,283,007**	**855,569**	**52,576,585**

As of December 31, 2023 and 2022, the net deferred tax liability amounts to $44,452,901 thousand and $46,199,315 thousand, respectively.

The income tax charge for the year is composed as follows:

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
Current tax	6,267,904	5,652,789
Deferred tax	(1,649,534)	(2,524,907)
Income tax	4,618,370	3,127,882

(In Argentine Pesos, except as otherwise indicated)

	December 31, 2023
Deferred tax assets	
Deferred tax assets to be recovered in more than 12 months	3,253,678
Deferred tax assets to be recovered within 12 months	2,486,013
	5,739,691
Deferred tax liabilities	
Deferred tax liabiliities to be recovered in more than 12 months	(45,310,571)
Deferred tax liabiliites to be recovered within 12 months	(4,882,021)
	(50,192,592)

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, 2023	December 31, 2022
Profit before income tax	11,196,225	8,452,768
Tax rate in force	35%	35%
Net income at the tax rate	3,918,679	2,958,469
Taxable effects by:		
- Gain on net monetary position	38,078,646	25,506,827
- Taxable inflation adjustment	(36,872,869)	(23,702,198)
- Difference between the previous year's income tax provision and the income tax return	172,866	62,020
- Other non taxable and/or non deductit	(678,952)	(1,697,236)
Income tax	4,618,370	3,127,882

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.

Law N° 27.430

Tax Reform Law No. 27430 establishes the application of the tax inflation adjustment provided for in Title VI of the Income Tax Law for the first, second, and third fiscal year following its effective date (2018) under certain conditions. The tax inflation adjustment for the first two fiscal years beginning on or after January 1, 2019 shall be allocated as follows: one sixth (1/6) in the year for which it is calculated and the remaining five sixths (5/6) in equal parts in the immediately following five fiscal years. As from the fiscal year ended December 31, 2021 the tax inflation adjustment shall be fully allocated in the year for which it is calculated.

Tax determined by Transba S.A. for fiscal year 2018, 2019, 2020, 2021 and 2022

Transba S.A. has determined the income tax for fiscal year 2018, 2019, 2020, 2021 and 2022 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.

Had the inflation adjustment mechanisms not been applied, the tax determined for 2018, 2019, 2020, 2021 and 2022 would have amounted, in nominal terms, to ARS 637,816 thousand, ARS 894,794 thousand, ARS 867,157 thousand, ARS 450,820 thousand, and ARS 498,238 thousand respectively. Until the situation is finally resolved, the Company will carry a provision under Current Income Tax liabilities for the additional income tax liability that would have been determined for fiscal years 2018, 2019, 2020, 2021 and 2022 if the inflation adjustment had not been subtracted. At December 31, 2023, the amounts provided for are ARS 406,590, ARS 575,191, ARS 417,776, ARS 271,328, and ARS 312,941 including compensatory interest, for fiscal years 2018, 2019, 2020,2021 and 2022, respectively.

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)

11. Property, plant and equipment

Principal account	Original Value					Depreciation				Net carrying value	
	At the beginning of the year	Additions	Deductions	Transfers	At the end of the year	At the beginning of the year	Deductions	From the year	At the end of the year	December 31, 2023	December 31, 2022
	$										
Lands	636,535	-	-	-	636,535	-	-	-	-	636,535	636,535
Vehicles	15,177,512	1,321,935	(113,025)	-	16,386,422	(11,486,338)	113,025	(1,080,388)	(12,453,701)	3,932,721	3,691,174
Air and semi-heavy equipmen	12,170,566	693,431	-	-	12,863,997	(4,377,045)	-	(497,346)	(4,874,391)	7,989,606	7,793,521
Furniture and fixtures	2,180,824	2,215	-	-	2,183,039	(1,546,490)	-	(156,345)	(1,702,835)	480,204	634,333
Information systems	7,032,049	1,257,448	-	-	8,289,497	(6,339,773)	-	(603,528)	(6,943,301)	1,346,196	692,276
Transmission lines	214,285,626	-	-	2,777,693	217,063,319	(161,616,769)	-	(3,973,094)	(165,589,863)	51,473,456	52,668,857
Substations and related works	274,600,820	354,675	(3,590,672)	9,532,494	280,897,317	(142,726,280)	3,006,787	(8,020,070)	(147,739,563)	133,157,754	131,874,540
Building and civil works	25,076,865	17,403	-	730,033	25,824,301	(10,245,259)	-	(694,890)	(10,940,149)	14,884,152	14,831,606
Lab and maintenance	5,419,219	174,487	-	-	5,593,706	(2,749,414)	-	(298,729)	(3,048,143)	2,545,563	2,669,805
Communication equipment	22,923,122	34,121	(7,315)	363,659	23,313,587	(18,265,002)	7,315	(732,737)	(18,990,424)	4,323,163	4,658,120
Miscellaneous	6,598,460	723,893	-	-	7,322,353	(6,011,665)	-	(362,432)	(6,374,097)	948,256	586,797
Work in progress	54,300,234	15,663,687	-	(13,403,879)	56,560,042	-	-	-	-	56,560,042	54,300,234
Right of use assets	1,115,191	54,725	-	-	1,169,916	(314,695)	-	(222,496)	(537,191)	632,725	800,495
Total December 31, 2023	641,517,023	20,298,020	(3,711,012)	-	658,104,031	(365,678,730)	3,127,127	(16,642,055)	(379,193,658)	278,910,373	-
Total December 31, 2022	630,835,039	12,726,474	(2,044,490)	-	641,517,023	(350,860,168)	1,974,446	(16,793,008)	(365,678,730)	-	275,838,293

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

During the fiscal year ended December 31, 2023 and 2022, the Company has not capitalized interest costs.

(In Argentine Pesos, except as otherwise indicated)

12. Other receivables

	December 31, 2023	December 31, 2022
Non current		
Advances to suppliers	3,494,886	2,627,616
Total	3,494,886	2,627,616
Current		
Advances to suppliers	5,356,477	3,595,129
Prepaid expenses	5,002,169	2,507,515
Tax credits	73,360	136,999
Loans to employees	78,523	98,762
Judicial seizure	24,724	38,567
Others	92,443	121,634
Total	10,627,696	6,498,606

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

As of December 31, 2023 and 2022, there are no other past due credits.

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

	December 31, 2023	December 31, 2022
Argentine Pesos	14,122,582	9,126,222
Total	14,122,582	9,126,222

13. Trade accounts receivable

	December 31, 2023	December 31, 2022
Current		
CAMMESA	27,291,087	20,411,521
Other services	1,631,117	1,909,571
Other related parties (Note 23)	14,632	11,312
Impairment results of financial instruments	(555,554)	(1,285,071)
Total	28,381,282	21,047,333

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

Impairment results of financial instruments

Balance as of 12/31/2021	**1,351,478**
Increases	889,190
Decreases	(238,692)
Loss on net monetary position	(716,905)
Balance as of 12/31/2022	**1,285,071**
Increases	219,787
Decreases	(42,494)
Loss on net monetary position	(906,810)
Balance as of 12/31/2023	**555,554**

As of December 31, 2023, accounts receivables unexpired amount to $21,158,656 (2022: $ 15,626,445).

As of December 31, 2023, trade accounts receivable amounts to $ 7,222,626 (2022: $ 5,420,888) were due, but not undervalued. The aging analysis of these accounts is as follows:

	December 31, 2023	December 31, 2022
To be matured in 3 months or less (*)	7,218,603	5,408,117
To be matured from 3 to 6 months	1,244	3,873
To be matured from 6 to 9 months	-	906
To be matured from 9 to 12 months	2,779	7,992
Total	7,222,626	5,420,888

(*) As of December 31, 2023, thousands of $ 7,186,262 corresponding to CAMMESA trade accounts receivable were due.

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

	December 31, 2023	December 31, 2022
Argentine Pesos	28,381,282	21,047,333
	28,381,282	21,047,333

14. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash in local currency	7,602	11,103
Cash in foreign currency	12,938	8,201
Banks in local currency	226,540	141,375
Banks in foreign currency	62,338	42,600
Mutual funds in local currency	12,897,927	15,732,326
Mutual funds in foreign currency	55,929	66,900
Securities to deposit	-	2,154
Cash and cash equivalents	13,263,274	16,004,659

(In Argentine Pesos, except as otherwise indicated)

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

	December 31, 2023	December 31, 2022
Argentine Pesos	13,132,069	15,886,958
US Dolar	129,543	117,215
Reales	1,662	486
Total	13,263,274	16,004,659

15. Investments

	December 31, 2023	December 31, 2022
Current		
Investments at fair value:		
Mutual funds	3,543,181	3,739,755
Total	3,543,181	3,739,755

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

	December 31, 2023	December 31, 2022
Argentine Pesos	3,543,181	3,739,755
Total	3,543,181	3,739,755

16. Loans

	December 31, 2023	December 31, 2022
Non-current		
Banco de la Nación Argentina	-	605,515
Total	-	605,515
Current		
Banco de la Nación Argentina	249,946	1,331,366
Total	249,946	1,331,366

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Loan evolution

Balance as of 12/31/2021	**5,314,701**
Accrued interests	2,079,013
Capital payments	(1,450,535)
Interest payments	(1,680,014)
Loss on net monetary position	(2,326,284)
Balance as of 12/31/2022	**1,936,881**
Accrued interests	836,109
Current bank account advances	1,581,991
Capital payments	(2,118,821)
Interest payments	(708,058)
Loss on net monetary position	(1,278,156)
Balance as of 12/31/2023	**249,946**

The Company's debt structure is detailed in Note 25.

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

	December 31, 2023	**December 31, 2022**
To be matured in 3 months or less	129,217	552,847
To be matured from 3 to 12 months	120,729	778,519
To be matured from 1 to 2 years	-	605,515
Total	249,946	1,936,881

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

	December 31, 2023	**December 31, 2022**
Argentine Pesos	249,946	1,936,881
Total	249,946	1,936,881

(In Argentine Pesos, except as otherwise indicated)

17. Employee benefits payable

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

	Fiscal year ended	
	December 31, 2023	**December 31, 2022**
Charges to Income		
Services Cost	785,238	592,875
Interest Cost	6,930,005	3,498,403
Amortization of losses	102,722	320,793
Total	7,817,965	4,412,071

The changes in the amounts shown in the Consolidated Balance Sheet are as follows:

Balance as of 12/31/2021	**8,449,209**
Services Cost	592,875
Interest Cost	3,498,403
Amortization of profits	320,793
Actuarial losses	1,534,788
Benefits paid to participants	(882,871)
Loss on net monetary position	(5,066,287)
Balance as of 12/31/2022	**8,446,910**
Services Cost	785,238
Interest Cost	6,930,005
Amortization of losses	102,722
Actuarial losses	276,799
Benefits paid to participants	(1,048,273)
Loss on net monetary position	(7,172,964)
Balance as of 12/31/2023	**8,320,437**

	December 31, 2023	**December 31, 2022**
Non - current benefits obligations	6,656,350	6,757,528
Current benefits obligations	1,664,087	1,689,382
Benefits Obligations at the end of the year	8,320,437	8,446,910

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

	December 31, 2023	**December 31, 2022**
Assumptions		
Discount rate	206.60%	68.00%
Current interest rate	5%	5%
Salary growth rate	2%	2%

(In Argentine Pesos, except as otherwise indicated)

18. Trade accounts payable

	December 31, 2023	December 31, 2022
Non-Current		
Related parties (Note 23)	612,517	555,181
Lease liabilities	27,378	73,343
Total	639,895	628,524

	December 31, 2023	December 31, 2022
Current		
Suppliers	11,613,209	7,824,774
Related parties (Note 23)	327,379	239,367
Provisions	9,028,737	2,109,911
Customer advances	192,517	314,130
Lease liabilities	24,071	25,407
Other liabilites	1,596,334	730,462
Total	22,782,247	11,244,051

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

	December 31, 2023	December 31, 2022
To be matured in 3 months or less	20,982,856	10,335,633
To be matured from 3 to 12 months	202,065	177,955
To be matured from 1 to 5 years	639,895	628,524
No term	1,597,326	730,463
Total	23,422,142	11,872,575

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, 2023	December 31, 2022
Argentine Pesos	23,101,555	11,664,649
US Dolar	263,307	197,015
Euros	53,228	2,047
Pounds	3,342	-
Reales	710	2,211
CHF	-	6,653
Total	23,422,142	11,872,575

(In Argentine Pesos, except as otherwise indicated)

19. Contract liabilities

	December 31, 2023	December 31, 2022
Non-current		
Advances to customers	2,943,679	3,293,354
Total	2,943,679	3,293,354
Current		
Advances to customers	210,263	235,240
Total	210,263	235,240

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

	December 31, 2023	December 31, 2022
Argentine Pesos	3,153,942	3,528,594
Total	3,153,942	3,528,594

20. Provisions

As of December 31, 2023 and 2022 the evolution of the balances related to provisions is as follows:

Labor lawsuits

Balance as of 12/31/2021	**823,307**
Increases	429,968
Decreases	(83,387)
Loss on net monetary position	(435,724)
Balance as of 12/31/2022	**734,164**
Increases	437,982
Decreases	(160,005)
Loss on net monetary position	(395,148)
Balance as of 12/31/2023	**616,993**

Regulatory lawsuits

Balance as of 12/31/2021	**26,690**
Loss on net monetary position	(12,988)
Balance as of 12/31/2022	**13,702**
Loss on net monetary position	(9,302)
Balance as of 12/31/2023	**4,400**

(In Argentine Pesos, except as otherwise indicated)

Civil and commercial lawsuites

Balance as of 12/31/2021	**353,267**
Increases	158,126
Loss on net monetary position	(205,658)
Balance as of 12/31/2022	**305,735**
Increases	321,188
Decreases	(60,035)
Loss on net monetary position	(275,267)
Balance as of 12/31/2023	**291,621**

21. Taxes payable

	December 31, 2023	December 31, 2022
V.A.T. payable	488,805	810,162
Withholding tax to be deposited – Income tax	108,803	375,090
Others	157,041	253,956
Total	754,649	1,439,208

22. Payroll and social securities taxes payable

	December 31, 2023	December 31, 2022
Salaries and social security charges	3,840,958	3,968,612
Provision for variable remuneration	5,267,942	5,075,363
Provision for holidays	2,132,999	2,354,189
Total	11,241,899	11,398,164

23. 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 Pampa Energía SA, and (ii) 50% owned by Energía Argentina S.A.

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

- Pampa Energía S.A., owner of 50% of Citelec S.A.'s capital stock, is a corporation organized under the laws of Argentina, whose main line of business is the study, exploration and exploitation of hydrocarbon wells, the development of mining activities, the industrialization, transport and sale of hydrocarbons and their byproducts; and the generation, transmission and distribution of electric power. Investment in undertakings and companies of any nature on its own account or on behalf of or in association with third parties in the Republic of Argentina or abroad.

- Energía Argentina S.A., (on February 27, 2023, the shareholder notified the Company of the change of corporate name, registered with the Legal Entities Regulator on July 28, 2022, formerly known as Integración Energética Argentina S.A.), owner of 50% of Citelec S.A.'s capital stock, is a corporation controlled by the National State under Law No. 25,943.

On January 18, 2022, the Company entered into a lease agreement with Pampa Energía S.A. to lease certain units within the Pampa Energía S.A. building to set up its new commercial and administrative offices for five years as from February 1, 2022.

The following transactions were carried out between related parties for the fiscal year ended December 31, 2023 and 2022:

Companies Law No. 19,550 – Sect. 33

	Fiscal year ended	
	December 31, 2023	December 31, 2022
Sales of assets and services rendered to Pampa Energía S.A.	116,623	237,860
Purchase of services to Pampa Energía S.A.	370,534	161,890

Other related parties

	Fiscal year ended	
	December 31, 2023	December 31, 2022
Sales of assets and services rendered to Transportadora de Gas del Sur S.A.	594	1,305
Sales of assets and services rendered to Enecor S.A.	-	26,163

(In Argentine Pesos, except as otherwise indicated)

The following balances are maintained between related parties:

Companies Law No. 19,550 – Sect. 33

	December 31, 2023	December 31, 2022
Companies Law No. 19,550 - Sect. 33		
Assets	**December 31, 2023**	**December 31, 2022**
Trade account receivables		
Pampa Energía S.A.	14,600	11,306
Total	14,600	11,306
Liabilities		
Trade accounts payable		
Non current		
Pampa Energía S.A.- Lease liabilities	612,517	555,181
Total	612,517	555,181
Current		
Pampa Energía S.A.	48,001	26,527
Pampa Energía S.A.- Customer advances	1,665	-
Pampa Energía S.A.- Lease liabilities	277,652	212,840
	327,318	239,367
Other related parties		
Trade account receivable		
Transportadora de Gas del Sur S.A.	32	6
Total	32	6
Trade accounts payable		
Transportadora de Gas del Sur S.A.	61	-
Total	61	-

24. Investment in Transener Internacional Ltda.

As of December 31, 2023, 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.

25. Financing structure

Fix Scr S.A. Agente de Calificación de Riesgo maintained the long-term A+(arg) credit rating assigned to the issuer with a stable financial backing.

At December 31, 2023, Transener S.A. recognizes a principal balance of ARS 194.4 million on a loan from Banco de la Nación Argentina, agreed upon for $1.000 million in July 2021.

(In Argentine Pesos, except as otherwise indicated)

The loan term is three years and will accrue interest at BADLAR+8%. Principal shall be amortized in consecutive monthly installments by the German amortization system as from August 2021 and shall be applied to the financing of working capital. At the request of the Bank in relation to this loan, the Company's Board of Directors has covenanted not to propose, while the loan is still outstanding, that the Shareholders' Meeting should reverse the Company's reserves for their distribution as dividends among the shareholders, and not to propose, if losses are generated affecting the reserves, while the loan is still outstanding, that profits be distributed until the reserves have returned to the current levels.

26. Income per share

The income per share is calculated dividing the comprehensive income for the year attributable to owners 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, 2023	**December 31, 2022**
Comprehensive income for the year attributable to Owners of the company	6,397,936	4,327,274
Ordinary shares average	444,674	444,674
Income per share attributable to the equity holders of the Company ($/Share)	14.39	9.73

27. Storage of 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.

28. Assets of restricted availability and limitation on the transferability of the 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 on the transferability 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.

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29. Foreign currency

As of December 31, 2023, and 2022, the balances of foreign currency assets and liabilities are as follows:

Captions	December 31, 2023			December 31, 2022	
	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 cash equivalents	US$ 161	805.45	129,543	US$ 213	117,215
Cash and cash equivalents	R$ 10	168.0	1,662	R$ 5	486
Total current assets			131,205		117,701
Total assets			131,205		117,701
Liabilities					
Current liabilities					
Trade accounts payable	US$ 326	808.45	263,307	US$ 357	197,015
Trade accounts payable	€ 59	894.71	53,228	€ 3	2,047
Trade accounts payable	£3	1,032.87	3,342		-
Trade accounts payable	R$ 4	178.00	710	R$ 21	2,211
Trade accounts payable			-	CHF 11	6,653
Total current liabilities			320,587		207,926
Total liabilities			320,587		207,926

US$: thousands of United States Dollars
R$: thousands of Reais
€: thousands of Euros
CHF: thousands of Swiss francs
£: thousands of Pounds