



GENNEIA S.A.

Interim Condensed Consolidated Financial
Statements as of and for the six-month period ended
June 30, 2020 and Comparative Information
Report of Independent Public Accountants

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the President and Board of Directors of GENNEIA S.A.:

1. Identification of the interim condensed consolidated financial statements subject to review

We have reviewed the accompanying interim condensed consolidated financial statements of GENNEIA S.A. (an Argentine corporation, hereinafter mentioned as "GENNEIA" or the "Company") and its subsidiaries which comprise the interim condensed consolidated statement of financial position as of June 30, 2020, the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and other explanatory information included in notes 1 to 11.

The amounts and other information corresponding to the fiscal year ended December 31, 2019 and to the six-month period ended June 30, 2019 are an integral part of the interim condensed consolidated financial statements referred to above and are intended to be read only in relation to the amounts and other information of the current period.

2. Responsibility of the Company's Board of Directors for the interim condensed consolidated financial statements

The Company's Board of Directors is responsible for the preparation and fair presentation of the accompanying interim condensed consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards, as issued by the International Accounting Standards Board (IASB), and consequently, is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34, "Interim financial reporting". Additionally, the Company's Board of Directors is responsible for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatements.

3. Auditors' responsibility

Our responsibility is to express a conclusion on the accompanying interim condensed consolidated financial statements based on our review. We conducted our review in accordance with the International Standards on Review Engagements adopted by the FACPCE through its Technical Resolution N° 33, as issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethic requirements.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of GENNEIA S.A. for the six-month period ended June 30, 2020 are not prepared, in all material respects, in accordance with IAS 34.

Province of Buenos Aires, August 10, 2020.

Deloitte & Co. S.A.

Guillermo D. Cohen
Partner

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GENNEIA S.A.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 (UNAUDITED)

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GENNEIA S.A.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2020
(UNAUDITED)**

(Presented for comparative purposes with the corresponding amounts of the fiscal year ended December 31, 2019 - amounts expressed in thousands of United States dollars - Note 2.2)

	June 30, 2020	December 31, 2019
Current Assets		
Cash and banks (Note 5.a)	58,474	63,704
Investments (Note 5.b)	66,645	27,557
Trade receivables (Note 5.c)	76,720	79,249
Other receivables (Note 5.d)	31,604	34,011
Inventories (Note 5.e)	1,449	1,734
Total current assets	<u>234,892</u>	<u>206,255</u>
Non-current assets		
Trade receivables (Note 5.c)	2,893	3,404
Other receivables (Note 5.d)	28,974	45,647
Investments (Note 5.b)	50,752	52,022
Inventories (Note 5.e)	8,702	7,908
Goodwill (Note 5.f)	-	-
Fixed assets (Note 5.f)	1,110,937	1,124,481
Intangible assets (Note 5.f)	27,167	29,011
Total non-current assets	<u>1,229,425</u>	<u>1,262,473</u>
Total assets	<u><u>1,464,317</u></u>	<u><u>1,468,728</u></u>
Current liabilities		
Accounts payable (Note 5.g)	80,195	131,829
Loans (Note 5.h)	189,627	190,673
Salaries and social security payable (Note 5.i)	4,172	5,903
Taxes payable (Note 5.j)	6,930	11,324
Other liabilities (Note 5.k)	301	1,728
Provisions (Note 5.l)	3,035	3,479
Total current liabilities	<u>284,260</u>	<u>344,936</u>
Non-current liabilities		
Taxes payable (Note 5.j)	-	-
Other liabilities (Note 5.k)	8,357	8,270
Loans (Note 5.h)	777,657	755,070
Deferred income tax liability (Note 5.r)	130,326	121,255
Total non-current liabilities	<u>916,340</u>	<u>884,595</u>
Total liabilities	<u><u>1,200,600</u></u>	<u><u>1,229,531</u></u>
Shareholders' equity (per corresponding statements)		
Capital stock	19,491	19,491
Share premium	276,029	276,029
Capital contributions	5,323	5,323
Legal reserve	1,221	1,221
Accumulated other comprehensive loss	(2,200)	(1,997)
Unappropriated retained results	(36,147)	(60,870)
Shareholders' equity attributable to owners of the Company	<u>263,717</u>	<u>239,197</u>
Total liabilities and shareholders' equity	<u><u>1,464,317</u></u>	<u><u>1,468,728</u></u>

Notes 1 to 11 are an integral part of and should be read in conjunction with these interim condensed consolidated financial statements.

GENNEIA S.A.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX AND THREE-MONTH PERIODS ENDED JUNE 30, 2020 (UNAUDITED)**

(Presented for comparative purposes with the corresponding amounts from for the six and three months periods ended June 30, 2019 (unaudited) - amounts expressed in thousands of United States dollars, except for per share amounts in United States dollars - Note 2.2)

	For the six-month period ended		For the three-month period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net sales (Note 5.m)	149,337	122,036	72,582	58,583
Cost of sales (Note 5.n)	(48,295)	(47,526)	(24,041)	(23,256)
Gross profit	101,042	74,510	48,541	35,327
Selling expenses (Note 5.o)	(1,535)	(1,263)	(999)	(738)
Administrative expenses (Note 5.o)	(6,503)	(6,638)	(3,131)	(3,686)
Other expenses, net (Note 5.p)	(2,046)	(22,991)	(1,183)	(1,610)
Loss, profit on long term investment in joint ventures	(1,391)	156	(82)	583
Financial expense, net (Note 5.q)	(53,817)	(37,193)	(28,553)	(10,718)
Net profit before income tax	35,750	6,581	14,593	19,158
Income tax (Note 5.r)	(11,027)	(13,836)	1,350	(12,649)
Net profit (loss) for the period	24,723	(7,255)	15,943	6,509
Other comprehensive income				
Translation differences from investments in companies ⁽¹⁾	(203)	706	(142)	(176)
Total other comprehensive income	(203)	706	(142)	(176)
Total comprehensive profit (loss) for the period	24,520	(6,549)	15,801	6,333
Profit (loss) attributable to:				
Owners of the Company	24,723	(7,255)	15,943	6,509
Net profit (loss) for the period	24,723	(7,255)	15,943	6,509
Total comprehensive loss attributable to:				
Owners of the Company	24,520	(6,549)	15,801	6,333
Total comprehensive profit (loss) for the period	24,520	(6,549)	15,801	6,333
Profit (loss) per share (basic and diluted):	0.24	(0.07)	0.15	(0.06)

(1) May be reclassified subsequently to profit or loss at the moment of the sale of the investment or the full or partial reimbursement of the capital.

Notes 1 to 11 are an integral part of and should be read in conjunction with these interim condensed consolidated financial statements.

GENNEIA S.A.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF JUNE 30, 2020 (UNAUDITED)**

(Presented for comparative purposes with the corresponding amounts from the six months period ended June 30, 2019 (unaudited) - amounts expressed in thousands of United States dollars - Note 2.2)

	Shareholders' contributions				Retained earnings			Equity attributable to:			
	Capital stock	Issuance premiums	Subtotal	Capital contributions	Total	Legal Reserve	Facultative reserve	Accumulated other comprehensive loss ⁽¹⁾	Unappropriated retained results	Owners of the Company	Total
Balances at the beginning of the year, 2019	19,491	276,029	295,520	5,323	300,843	1,221	22,960	(2,785)	(64,095)	258,144	258,144
As decided by the General Ordinary and Extraordinary Shareholders' meeting of April 25, 2019:											
- Disaffection from Facultative reserve	-	-	-	-	-	-	(22,960)		22,960	-	-
Net loss for the period	-	-	-	-	-	-	-		(7,255)	(7,255)	(7,255)
Other comprehensive income for the period	-	-	-	-	-	-	-	706	-	706	706
Balances as of the end of the period ended June 30, 2019	19,491	276,029	295,520	5,323	300,843	1,221	-	(2,079)	(48,390)	251,595	251,595
Balances at the beginning of the year, 2020	19,491	276,029	295,520	5,323	300,843	1,221	-	(1,997)	(60,870)	239,197	239,197
Net profit for the period	-	-	-	-	-	-	-	-	24,723	24,723	24,723
Other comprehensive income for the period	-	-	-	-	-	-	-	(203)	-	(203)	(203)
Balances as of the end of the period ended June 30, 2020	19,491	276,029	295,520	5,323	300,843	1,221	-	(2,200)	(36,147)	263,717	263,717

(1) Corresponds to the effect of the translation of the financial statements of investments in companies with functional currencies other than the U.S. dollar.

Notes 1 to 11 are an integral part of and should be read in conjunction with these interim condensed consolidated financial statements.

GENNEIA S.A.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 (UNAUDITED)**

(Presented for comparative purposes with the corresponding amounts from the six months period ended June 30, 2019 (unaudited) - amounts expressed in thousands of United States dollars - Note 2.2)

	June 30, 2020	June 30, 2019
Cash flows provided by operating activities		
Net profit (loss) for the period	24,723	(7,255)
Adjustments to reconcile net profit (loss) for the period to net cash flows provided by operating activities:		
Depreciation and amortization of non-current assets	34,505	33,928
Income tax	11,027	13,836
Loss on long term investment in joint ventures	1,391	(156)
Allowances and provisions net (decrease) increase	(444)	(1,482)
Interest expense recognized in profit or loss	43,312	27,572
Issuance costs and withholdings	4,977	3,269
Exchange differences and others	8,476	8,276
Impairment loss of goodwill and fixed assets	-	20,142
Changes in assets and liabilities:		
Trade receivables	(2,171)	(10,077)
Other receivables ⁽³⁾	10,035	10,826
Inventories	(509)	635
Accounts payable	4,247	2,753
Salaries and social security payable	(1,731)	(744)
Taxes payable	(4,394)	5,107
Other liabilities	(1,340)	52
Interest payments	(32,913)	(25,318)
Net cash flows provided by operating activities	<u>99,191</u>	<u>81,364</u>
Cash flows used in investing activities ⁽²⁾⁽⁴⁾		
Payments for fixed assets and assets under concession acquisitions	(78,980)	(124,766)
Capital contributions on joint ventures	-	(2,200)
Acquisitions of subsidiaries net of acquired cash and equivalents	-	(6,556)
Loans to related parties	2,570	(10,150)
Investment in financial assets (Note 5.b)	(30,320)	-
Deposits in guarantee (Note 5.d)	840	-
Net cash flows used in investing activities	<u>(105,890)</u>	<u>(143,672)</u>
Cash flows provided by financing activities ⁽⁵⁾		
Proceeds from issue of negotiable debt obligations, net of transaction costs ⁽⁶⁾	27,303	-
Payment of negotiable debt obligations	(15,419)	-
Proceeds from loans, net of commissions ⁽⁶⁾	39,153	61,423
Payment of loans	(38,288)	(29,228)
Net cash flows provided by financing activities	<u>12,749</u>	<u>32,195</u>
Exchange differences on cash and cash equivalents	(2,512)	(584)
Increase (decrease) in cash and equivalents ⁽¹⁾	3,538	(30,697)
Cash and equivalents at the beginning of the year ⁽¹⁾	91,261	154,090
Cash and equivalents at the end of the period ⁽¹⁾	<u>94,799</u>	<u>123,393</u>

(1) Cash and short-term investments with maturity up to three months at the acquisition date (Note 3).

(2) As of June 30, 2020 cash used in investing activities includes payments of acquisitions of fixed assets made during the period and is net of financed acquisitions of fixed assets at the end of the period for a net amount of 55,881; additionally includes advanced payments to fixed assets suppliers made during the period and is net of advanced payments to fixed assets suppliers made during preceding years for a net amount of (4,329). As of June 30, 2019 cash used in investing activities includes the payment of 73,612 of acquisitions of fixed assets made during the preceding year, and it is net of 54,050 from financed acquisitions of fixed assets at the end of the period; additionally includes advanced payments to fixed assets suppliers made during the period and is net of advanced payments to fixed assets suppliers made during preceding years for a net amount of (80,058).

(3) Includes (7,670) and (518) related to the decrease in the Account for future investments for the periods ended June 30, 2020 and 2019, respectively.

(4) Includes 4,664 and 11,744 of interest payments related to financial costs capitalized in fixed asset for the periods ended June 30, 2020 and 2019, respectively.

(5) See Note 5.h for a reconciliation between opening and closing balances of liabilities arising from financing activities.

(6) Proceeds from issue of negotiable debt obligations are net of transaction costs and commissions for 343 for the period ended June 30, 2020, and proceeds from loans are net of issuance expenses and commissions for 2,715 for the period ended June 30, 2020.

Notes 1 to 11 are an integral part of and should be read in conjunction with these interim condensed consolidated financial statements.

GENNEIA S.A.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX AND THREE-MONTH PERIODS ENDED JUNE 30, 2020 (UNAUDITED)

(Presented for comparative purposes with the corresponding amounts of the fiscal year ended December 31, 2019 and from the six months period ended June 30, 2019 (unaudited) - Amounts stated in thousands of United States dollars, except where otherwise indicated - Note 2.2)

NOTE 1 - BUSINESS OF THE COMPANY

GENNEIA S.A. (“GENNEIA” or the “Company”) is a “sociedad anónima” (stock corporation) incorporated under the laws in force in Argentina, with a registered office at Nicolas Repetto 3676, 3rd Floor, Olivos, Province of Buenos Aires, Argentina.

The main activities of GENNEIA and its subsidiaries comprise three business units: (i) the electric power generation from renewable sources; (ii) the electric power generation from conventional sources; and (iii) the trading on its own, on behalf of third parties or associated to third parties, of natural gas and/or its transportation capacity and of electric power.

NOTE 2 - BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of preparation

These condensed consolidated financial statements of GENNEIA and its controlled companies as of June 30, 2020 and for the six-month period then ended are prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. The adoption of such standard and of the International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) was determined by the Technical Resolution No. 26 (ordered text) issued by the Argentine Federation of Professional Councils in Economic Sciences (“FACPCE”) and the regulations of the Argentine Securities Commission (“CNV”).

The condensed consolidated financial statements as of and for the period ended June 30, 2020 do not include all of the information required for a complete set of IFRS financial statements and, accordingly, should be read in conjunction with the consolidated financial statements as of December 31, 2019.

These condensed consolidated financial statements are not prepared, and do not include certain information, according to Argentine Securities Commission (“CNV”) regulations. The consolidated and separate financial statements used by the Company for statutory, legal and regulatory purposes in Argentina are those issued and filed with the CNV and approved by the Board of Directors of GENNEIA and authorized for issue on August 10, 2020.

Amounts and other information as of December 31, 2019 and for the six and three-month period ended June 30, 2019, are included as an integral part of the above mentioned condensed consolidated financial statements, and are intended to be read only in relation to that condensed consolidated financial statements.

The condensed consolidated financial statements as of and for the six-month periods ended June 30, 2020 and 2019 are unaudited, but in the opinion of the Company's Management, include all necessary adjustments to be presented on a consistent basis with the audited consolidated financial statements. The results of operations for the six-month period ended June 30, 2020 are not necessarily indicative of the results for the full year.

These consolidated financial statements are presented in U.S. dollars (“US\$”) which is the functional currency of the Company (Note 3.1), and are prepared mainly with the purpose of being used by the non-Argentine holders of the Company's Negotiable Obligations and foreign financial institutions.

2.2. Applicable accounting policies

The condensed consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The accounting policies adopted for the preparation of the condensed consolidated financial statements as of June 30, 2020, taking into consideration the matters mentioned in Note 2.3, are consistent with those used to prepare the consolidated financial statements as of December 31, 2019 and, consequently, these condensed consolidated financial statements must be read in conjunction with the consolidated financial statements as of December 31, 2019, which include the main accounting policies described in Note 3 of those financial statements.

These condensed consolidated financial statements are presented in U.S. dollars which is the functional currency of the Company as defined by its Board of Directors (Note 3.1 to the consolidated financial statements as of December 31, 2019). In accordance with the provisions of IAS 21, the Company's Management has defined for the companies Enersud Energy S.A., Ingentis II Esquel S.A., Patagonia Wind Energy S.A. Nor Aldyl Bragado S.A. Nor Aldyl San Lorenzo S.A and MyC Energía S.A. the peso as the functional currency. As of the first quarter of 2020, as a consequence of the changes introduced by the resolution 31/2020 (Note 8.1.2), the Company's Management has evaluated that the currency of the main economic environment in which its subsidiary Genneia Desarrollos SA operates has become the Argentine peso, for such reason, the functional currency of said company has changed from US dollars to Argentine pesos with prospective effects from the moment of said change.

Under IAS 21, the financial statements of a subsidiary with the functional currency of a hyperinflationary economy have to be restated according to IAS 29 before they are included in the consolidated financial statements of its parent company with a functional currency of a non-hyperinflationary economy, except for their comparative figures. Following the aforementioned guidelines, the results and financial position of subsidiaries with the Peso as functional currency were translated into U.S. dollars by the following procedures: all amounts (i.e., assets, liabilities, stockholders' equity items, expenditures and revenues) were translated at the exchange rate effective at the closing date of the financial statements, except for comparative amounts, which were presented as current amounts in the financial statements of the previous fiscal year (i.e., these amounts were not be adjusted to reflect subsequent variations in price levels or exchange rates). Thus, the effect of the restatement of comparative amounts was recognized in other comprehensive income. When an economy ceases to be hyperinflationary and an entity ceases to restate its financial statements in accordance with IAS 29, it will use the amounts restated according to the price level of the date on which the entity ceased to make such restatement as historical costs, in order to translate them into the presentation currency.

The Company has adopted all the new standards and interpretations, or amendments issued by the IASB that are relevant to its operations and that are applicable as of June 30, 2020, as described in note 2.3.2 to the Company's consolidated financial statements as of December 31, 2019. The new standards and their interpretations or modifications adopted have not had a significant impact on these condensed consolidated financial statements (Note 2.3.1).

The preparation of these consolidated financial statements is the responsibility of the Company's Management and requires accounting estimates and judgments of the management when applying financial standards. Areas of high complexity which require more judgments or those in which assumptions and estimations are more significant are detailed in Note 4.

2.3. Standards and Interpretations issued

2.3.1. New standards issued adopted by the Company and impact of adoption

As described in note 2.3.2 to the consolidated financial statements as of December 31, 2019, the Standards and Interpretations or amendments, published by the IASB, which were adopted as of the year beginning January 1, 2020, are the following: (i) Amendments to IFRS 9, IAS 39 and IFRS 7 - Reference interest rate reform; (ii) Conceptual Framework - Revised Conceptual Framework for Financial Reporting; (iii) Amendments to IFRS 3 - Definition of a Business; (iv) Amendments to IAS 1 and IAS 8 - 9 Definition of Material.

The impact of the adoption the new accounting policies mentioned above did not have any significant impact on the Company's accounting policies and did not require retrospective adjustments.

2.3.2. New standards, interpretations and amendments issued not yet adopted

In addition to the new and revised IFRSs that have been issued but are not yet mandatorily effective as described in Note 2.3.2 to the annual consolidated financial statements as of December 31, 2019 and for the year then ended, during the six-month period ended June 30, 2020 the standards and interpretations or amendments described below have been additionally issued. The Company did not adopt such standards and interpretations or amendments, because its application is not required at the end of the period ended June 30, 2020.

Amendments to IFRS 17	Insurance contracts - Deferral of the date of initial application of IFRS 17 and other ⁽¹⁾
Amendments to IAS 1	Classification of liabilities as current or non-current - Deferral of Effective Date ⁽²⁾
Amendments to IFRS 3	Reference to the Conceptual Framework ⁽³⁾
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use ⁽⁴⁾
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract ⁽⁵⁾
Amendment to IFRS 16	Covid-19-Related Rent Concessions ⁽⁶⁾
Amendments to IFRS	Annual Improvements to IFRS Standards 2018–2020 ⁽⁷⁾

(1) Effective for fiscal years beginning on or after January 1, 2023, with early application permitted.

(2) Effective for fiscal years beginning on or after January 1, 2023, with early application permitted.

(3) Effective for fiscal years beginning on or after January 1, 2022, with early application permitted.

(4) Effective for fiscal years beginning on or after January 1, 2022, with early application permitted.

(5) Effective for fiscal years beginning on or after January 1, 2022, with early application permitted.

(6) Effective for fiscal period beginning on or after June 1, 2020, with early application permitted

(7) Effective for fiscal years beginning on or after January 1, 2022 (except for the amendment to IFRS 16), with early application permitted.

- The main changes resulting from Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) are:
 - Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023 and change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
 - Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.
 - Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.
 - Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.
 - Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.
 - Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.
 - Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held.
 - Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.
 - Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
 - Several small amendments regarding minor application issues.

The amendments to IFRS 17 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. They are applied retrospectively.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) defers the fixed expiry date of the amendment to annual periods beginning on or after 1 January 2023.

- The new amendment to IAS 1 defers the effective date of the January 2020 amendments to such standard by one year (January 2022), so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.
- The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):
 - update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
 - add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
 - add to IFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

- The changes in Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

- The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to
 - provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification;
 - require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications;
 - require lessees that apply the exemption to disclose that fact; and
 - require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

- Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards:
 - **IFRS 1. Subsidiary as a first-time adopter.** The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
 - **IFRS 9. Fees in the '10 per cent' test for derecognition of financial liabilities.** The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
 - **IFRS 16. Lease incentives.** The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
 - **IAS 41. Taxation in fair value measurements.** The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

All amendments are effective for annual periods beginning on or after January 1, 2022, except for the amendment to IFRS 16 for which there is no effective date. Early application is permitted.

As of the date of issuance of these consolidated financial statements, the Company is evaluating the impact that the adoption of the standards mentioned in the previous paragraph, which will be effective on or after January 1, 2021, will have on the consolidated financial statements of the Company. It is not practicable to provide a reasonable estimate of the potential effect until a detailed review has been completed. The Company will not early adopt any of these standards or amendments from their effective date and the Company will use the transition provisions included in each standards or amendments.

2.4. Basis of consolidation

The consolidated financial statements of GENNEIA incorporate the separate financial statements of the Company and its controlled entities. They are considered controlled when the Company (i) has power over the investee, (ii) is exposed, or has rights, to variable returns from its involvement with the investee and, (iii) has the ability to use its power to affect its returns.

The main consolidation adjustments are the following:

- elimination of assets and liabilities and income and expenses of the parent with its subsidiaries, in order to disclose the balances maintained effectively with third parties; and
- elimination of interests in the equity and earnings of the controlled entities, for each period.

The latest financial statements available as of the statement of financial position date have been used in the consolidation process and considering significant subsequent events and transactions and/or available management information and the transactions between GENNEIA and the controlled entity.

If necessary, financial statements of controlled entities are adjusted to adapt their accounting policies with those used by the Company.

Detailed below are the controlled companies whose financial statements have been included in these consolidated financial statements:

	Main activity	Percentage of participation (direct and indirect)	
		June 30, 2020	December 31, 2019
Subsidiaries:			
Enersud Energy S.A.U.	Industrialization, separation and trading of propane and butane gas and/or liquefied gas and trading of natural gas and transportation for industrial or residential consumption.	100%	100%
Ingentis II Esquel S.A.	Power generation and trading.	100%	100%
Genneia Desarrollos S.A.	Production and development of renewable energies and its commercialization.	100%	100%
Nor Aldyl San Lorenzo S.A. ⁽¹⁾	Production and development of renewable energies and its commercialization, construction of gas pipelines and networks.	100%	100%
Nor Aldyl Bragado S.A. ⁽¹⁾	Production and development of renewable energies and its commercialization, construction of gas pipelines and networks.	100%	100%
MyC Energía S.A.	Generation, production, development and trading of energies.	100%	100%
Genneia Vientos Argentinos S.A.	Construction, financing, commissioning, operation and maintenance of a renewable sources power plant.	100%	100%
Genneia Vientos Sudoeste S.A.	Construction, financing, commissioning, operation and maintenance of a renewable sources power plant	100%	100%
Genneia Vientos del Sur S.A.	Construction, financing, commissioning, operation and maintenance of a renewable sources power plant	100%	100%
Patagonia Wind Energy S.A.	Production and development of renewable energies and its commercialization.	100%	100%
Parque Eólico Loma Blanca IV S.A.	Production and development of renewable energies and its commercialization.	100%	100%
Genneia La Florida S.A.	Construction, financing, commissioning, operation and maintenance of a renewable sources power plant	100%	100%
Ullum 1 Solar S.A.U.	Production and development of renewable energies and its commercialization.	100%	100%
Ullum 2 Solar S.A.U.	Production and development of renewable energies and its commercialization.	100%	100%
Ullum 3 Solar S.A.U.	Production and development of renewable energies and its commercialization.	100%	100%
Sofeet International LLC ⁽²⁾	Any business that is accepted by the laws of the State of Delaware, United States.	100%	-

(1) Nor Aldyl San Lorenzo S.A. and Nor Aldyl Bragado S.A. began the liquidation and dissolution process.

(2) The company was acquired on June 15, 2020, see note 8.6.

Since the Company has a 100% interest in its controlled entities, there is no information to disclose in relation to non-controlling interests.

2.5. Investments in joint ventures:

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets, and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the joint ventures.

Joint ventures have been valued based upon the latest available financial statements of these companies as of the end of each year, taking into consideration, if applicable, significant subsequent events and transactions, available management information and transactions between the Company and the related company which have produced changes on the latter's shareholders' equity.

On each closing date or upon the existence of signs of impairment, it is determined whether there is any objective evidence of impairment in the value of the investment in joint ventures. If this is the case, Company calculates the amount of the impairment as the difference between the recoverable value of joint ventures and their book value, and recognizes the difference under "Loss on long term investments in joint ventures" in the statement of profit or loss and other comprehensive income. The recorded value of investments in joint ventures does not exceed their recoverable value.

2.6. Seasonality of operations

Except for the energy generation from conventional sources which, during the Argentinian winter has an increase of energy generation based on liquid fuel sources, the operations of the Company does not have a significant seasonal nature.

NOTE 3 - CASH AND CASH EQUIVALENTS

Include cash, time deposits in financial entities and short-term investments with maturity up to three months at the acquisition date, with low risk of value variation and destined to cancel short-term liabilities.

	June 30, 2020	December 31, 2019	June 30, 2019
Cash	58,474	63,704	107,788
Current investments	36,325	27,557	15,490
Cash related to assets classified as available for sale	-	-	115
Cash and cash equivalents	<u>94,799</u>	<u>91,261</u>	<u>123,393</u>

During the six month period ended June 30, 2020, the Company's Management has decided to affect funds as a reserve for its financial debt commitments of the year 2022, for which it disaffected funds that as of December 31, 2019 were considered part of the management of its daily cash and as cash and equivalents, and as of June 30, 2020 has affected its use to invest in various investment instruments that are not part of cash and cash equivalents as of that date, including them under current investments for an amount of 30,320.

NOTE 4 - CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the application of the Company's accounting policies, the Management and Board of Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future years.

The main accounting areas and items that require that management make significant judgment and estimates in preparing its condensed consolidated financial statements are: the determination of its functional currency, the recoverable value of trade receivables and other receivables, the recognition of the Account for future investments, the recoverable value of deferred tax assets, tax loss carryforwards and minimum presumed income tax credits, the useful life of fixed assets, the recoverable value of fixed assets and intangible assets, and the estimate of contingent liabilities for lawsuits and claims.

NOTE 5 - DETAIL OF THE MAIN ACCOUNTS OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The breakdown of the main accounts of the interim condensed consolidated financial statements is as follows:

Condensed consolidated statement of financial position as of June 30, 2020

	June 30, 2020	December 31, 2019
Assets		
a) Cash and banks:		
Cash	20	235
Banks	58,447	63,460
Checks to be deposited	7	9
	<u>58,474</u>	<u>63,704</u>
b) Investments:		
Current		
Time deposits ⁽¹⁾	15,357	-
Mutual funds ⁽²⁾	51,288	27,557
	<u>66,645</u>	<u>27,557</u>
Non-current		
Investments in joint venture	<u>50,752</u>	<u>52,022</u>
	<u>50,752</u>	<u>52,022</u>

(1) Corresponds to deposits that have a maturity of 30 days from the date of constitution.

(2) As of June 30, 2020, includes 30,320 that the Company's Management has affected as a reserve for its financial debt commitments for the year 2022, which are not considered as part of the management of the Company's daily cash and in consequence as cash and equivalents (Note 3), and includes 5,280 as collateral for futures contracts maturing in July and August.

Includes the interest in the following joint ventures:

Joint venture:	Main activity	Percentage of participation	
		June 30, 2020	December 31, 2019
Vientos de Necochea S.A.	Production and development of renewable energies and its commercialization.	50%	50%
Vientos Sudamericanos Chubut Norte IV S.A.	Construction, financing, commissioning, operation and maintenance of a renewable sources power plant.	51%	51%
Vientos Patagónicos Chubut Norte III S.A.	Construction, financing, commissioning, operation and maintenance of a renewable sources power plant.	51%	51%

Joint ventures mentioned above are accounted for using the equity method in these condensed consolidated financial statements.

Vientos de Necochea S.A., Vientos Sudamericanos Chubut Norte IV S.A. and Vientos Patagónicos Chubut Norte III S.A. are stock corporations under the laws in force in Argentina whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, the above mentioned companies are classified as a joint venture of the Company.

Vientos de Necochea S.A. was incorporated in May 2017 by Genneia and Centrales de la Costa Atlántica S.A. for the development of the Vientos de Necochea 1 wind farm project, which is described in Note 8.1.7.

Vientos Sudamericanos Chubut Norte IV S.A. and Vientos Patagónicos Chubut Norte III S.A. were incorporated in June 2016 and March 2018, respectively by Genneia and MyC Energía S.A. for the development of the Chubut Norte IV and Chubut Norte III wind projects which are described in Note 8.2.1. On July 16, 2019, Genneia and its subsidiary MyC Energía SA have agreed to transfer to Pan American Fuegoína SA (“PAF”), a subsidiary of Pan American Energy SL (“PAE”), of 49% of the shareholding of Vientos Patagónicos Chubut Norte III S.A. and Vientos Sudamericanos Chubut Norte IV S.A. This transfer was perfected on August 26, 2019.

As of the completion of the transfer of the shares, the Company has followed the guidelines of IFRS 10 “Consolidated Financial Statements” and has concluded that since the entry of PAE in Vientos Patagónicos Chubut Norte III S.A. and Vientos Sudamericanos Chubut Norte IV S.A., Genneia will jointly control Vientos Patagónicos Chubut Norte III S.A. and Vientos Sudamericanos Chubut Norte IV S.A. Consequently, the Company applies IFRS 11 “Joint Agreements” that defines such Companies as joint ventures, and evaluates them in accordance with the equity method according to IAS 28 “Investments in associates and joint ventures”.

Some of the main assumptions evaluated are described below: (i) Any decision on certain relevant activities thereof, detailed in the shareholders agreement to be concluded, must be taken jointly between Genneia and PAE, since there is no power of a shareholder over the other in relation to the investment, regardless of the different capital percentages. interests of each of them. Although the Company will have a 51% stake in Vientos Patagónicos Chubut Norte III S.A. and Vientos Sudamericanos Chubut Norte IV SA, in accordance with the shareholders agreement, the approval of at least one Director appointed by each class of shares at the Board meeting or the approval of the full class of the shares at the shareholders meeting are required for decision making regarding certain relevant activities; fixed in the shareholders agreement to be concluded; (ii) No shareholder has any power, as defined in IFRS 10 to the detriment of any other, regardless of the number of Directors or personnel (key or not) designated by each class of shares, in the management of the Company itself to benefit or unilaterally modify variable investment returns or, ultimately, unilaterally direct any of the decisions associated with the relevant activities.

Summarized financial information in respect of the joint ventures is set out below. The summarized financial information below represents amounts shown in the joint venture's condensed financial statements.

	Vientos Sudamericanos Chubut Norte IV S.A.	Vientos Patagónicos Chubut Norte III S.A.	Vientos de Necochea S.A.	
	June 30, 2020	June 30, 2020	June 30, 2020	
Statement of financial position				
Current assets	19,951	13,004	10,250	
Non-current assets	107,407	65,474	69,524	
Current liabilities	13,257	14,787	23,119	
Non-current liabilities	67,202	35,793	31,439	
Shareholders' equity	46,899	27,898	25,216	
For the six-month period ended				
	June 30, 2020	June 30, 2020	June 30, 2020	
Statement of profit or loss and other comprehensive income				
Net sales ⁽¹⁾	-	-	4,129	
Cost of sales	-	-	(1,537)	
Administration expenses	(43)	(35)	(45)	
Other expenses, net	(88)	(144)	(44)	
Financial expenses, net	(2,287)	(1,051)	(2,324)	
Net (loss) profit before income tax	(2,418)	(1,230)	179	
Income tax	327	1,224	(823)	
Net loss for the period	(2,091)	(6)	(644)	
	June 30, 2020	June 30, 2020	June 30, 2020	Total June 30, 2020
Reconciliation of the above summarized financial information to the carrying amount of the interest in the joint venture recognized in the condensed consolidated financial information:				
Net assets of the joint venture	46,899	27,898	25,216	-
Proportion of the Company's ownership interest in the joint venture	51%	51%	50%	-
Carrying amount of the Company's interest in the joint venture	23,916	14,228	12,608	50,752
Evolution of non-current investments:				
Balance at the beginning of the year	24,865	14,227	12,930	52,022
Other capital contributions ⁽²⁾	118	4	-	122
Comprehensive loss for the period	(1,067)	(3)	(322)	(1,392)
Balance at the end of the period	23,916	14,228	12,608	50,752

(1) For the six-month period ended June 30, 2020, 100% of sales have been made to CAMMESA.

(2) Corresponds mainly to the effect related to those transactions of loans to joint ventures that, according to IFRS, according on the underlying economic substance of the operation, are assimilated to increases or decreases in other capital contributions to such companies (see Note 5.d to these condensed consolidated financial statements and 3.4 to the consolidated financial statements as of December 31, 2019).

	Vientos Sudamericanos Chubut Norte IV S.A.	Vientos Patagónicos Chubut Norte III S.A.	Vientos de Necochea S.A.	
	December 31, 2019	December 31, 2019	December 31, 2019	
Statement of financial position				
Current assets	44,832	19,719	8,349	
Non-current assets	90,032	44,097	60,477	
Current liabilities	25,013	4,391	18,517	
Non-current liabilities	61,095	31,541	24,445	
Shareholders' equity	48,756	27,884	25,864	
For the six-month period ended				
	June 30, 2019 ⁽³⁾	June 30, 2019 ⁽³⁾	June 30, 2019	
Statement of profit or loss and other comprehensive income				
Net sales ⁽¹⁾	-	-	-	
Cost of sales	-	-	-	
Administration expenses	-	-	(28)	
Other expenses, net	-	-	(138)	
Financial expenses, net	-	-	(666)	
Net loss before income tax	-	-	(832)	
Income tax	-	-	1,144	
Net loss for the period	-	-	312	
	June 30, 2019	June 30, 2019	June 30, 2019	Total June 30, 2019
Reconciliation of the above summarized financial information to the carrying amount of the interest in the joint venture recognized in the condensed consolidated financial information:				
Net assets of the joint venture	-	-	27,198	-
Proportion of the Company's ownership interest in the joint venture	-	-	50%	-
Carrying amount of the Company's interest in the joint venture	-	-	13,599	13,599
<u>Evolution of non-current investments:</u>				
Balance at the beginning of the year	-	-	11,243	11,243
Capital contributions	-	-	2,200	2,200
Comprehensive profit for the period	-	-	156	156
Balance at the end of the period	-	-	13,599	13,599

- (3) No comparative information is presented for the companies Vientos Patagonicos Chubut Norte III S.A and Vientos Sudamericanos Chubut Norte IV S.A. since as of June 30, 2019 they were controlled companies (see Note 5.b).

	June 30, 2020	December 31, 2019
c) Trade receivables:		
Current		
Trade receivables - electric power generation	49,275	52,200
Accruals for unbilled sales of electric power generation	24,876	25,417
Related parties (Note 6)	50	58
Trade receivables - sale of gas and gas transportation	1,310	671
Accruals for unbilled sales of gas and gas transportation	1,209	903
	<u>76,720</u>	<u>79,249</u>
Non-current		
Trade receivables - electric power generation		
Río Mayo and Costa, net (Note 8.1.1 to the consolidated financial statements as of December 31, 2019)	2,893	3,404
	<u>2,893</u>	<u>3,404</u>

	June 30, 2020	December 31, 2019
<u>Aging of trade receivables</u>		
Up to three months	14,219	13,766
Three to six months	553	833
Six to nine months	796	457
Nine to twelve months	932	1,451
More than one year	6,974	7,249
Past due balance at end of the period ⁽¹⁾⁽³⁾	23,474	23,756
To be due	56,139	58,897
Balance at end of period ⁽²⁾	79,613	82,653

(1) In relation to uncollected past due current trade receivables with IEASA (Ex ENARSA) of 9,124 and 13,235 as of June 30, 2020 and December 31, 2019 respectively, see Note 11.8 to the consolidated financial statements as of December 31, 2019 and 8.4 to these consolidated financial statements.

(2) In relation to uncollected trade receivables with the Province of Chubut (Dirección General de Servicios Públicos) for a net amount of 2,893 and 3,404 as of June 30, 2020 and December 31, 2019, respectively, see Note 8.1.1 to the consolidated financial statements as of December 31, 2019.

(3) As of June 30, 2020 and December 31, 2019, past due balances include certain trade receivables net amounts classified as non-current for 2,893 and 3,404, respectively, related to electric power generation of Rio Mayo and Costa power plants.

d) Other receivables:

Current

Financial assets

Account for future investments ⁽¹⁾	3,499	11,169
Related parties (Note 6) ⁽²⁾	15,373	8,251
Credit related to the sale of companies ⁽³⁾	1,851	1,851
Receivable for investment in Patagonian Pipeline	91	107
Loma Blanca Trust credits	267	327
	<u>21,081</u>	<u>21,705</u>

Prepayments, tax receivables and others

Prepaid insurance	1,989	1,050
Value added tax	1,817	4,676
Income tax and minimum presumed income tax advances and withholdings (net of minimum presumed income tax payable)	1,114	1,254
Advanced payments to suppliers	90	65
Turnover tax credit	228	199
Recovery of expenses receivable	1,737	1,737
Miscellaneous	3,548	3,325
	<u>10,523</u>	<u>12,306</u>
	<u>31,604</u>	<u>34,011</u>

Non-current

Financial assets

Related parties (Note 6) ⁽²⁾	6,289	17,068
Construction costs to be recovered	248	302
Receivable for investment in Patagonian Pipeline	555	655
Loma Blanca Trust credits	1,575	2,220
	<u>8,667</u>	<u>20,245</u>

	June 30, 2020	December 31, 2019
<u>Prepayments, tax receivables and others</u>		
Minimum presumed income tax credit	744	661
Turnover tax credit	557	440
Advanced payments to suppliers of fixed assets ⁽⁴⁾	3,128	7,376
Credit from tax on bank debits and credits	2,152	1,779
Expenses paid in advance	1,595	1,638
Deposits in guarantee ⁽⁵⁾	11,776	12,615
Miscellaneous	355	893
	<u>20,307</u>	<u>25,402</u>
	<u>28,974</u>	<u>45,647</u>

- (1) On February 21, 2020 and on April 20, 2020 the Company received reimbursements for US\$ 2,9 and US\$ 6,4 million, respectively. On January 2, 2019, February 28, 2019, May 10, 2019, October 2, 2019 and November 7, 2019, the Company received reimbursements for US\$ 2,1 million, US\$ 2,2 million, US\$ 1,9 million, US\$ 1,9 million, and US\$ 6,5 million, respectively.
- (2) As of June 30, 2020 and December 31, 2019 includes US\$ 32 million and US\$ 6,3 million, respectively, of term loans granted to joint ventures, which have been recognized at the time of their initial recognition at fair value, having recognized the difference generated with respect to the nominal value of the transaction, net of its effect on deferred tax, as other capital contributions in joint ventures.
- (3) Corresponds to the credit held with PAF associated with the sale of 49% of the shares of Vientos Sudamericanos Chubut Norte IV S.A. and Vientos Patagonicos Chubut Norte III S.A. (Note 5.b to these condensed consolidated financial statements and 16.3 to the consolidated financial statements as of December 31, 2019).
- (4) Corresponds to advanced payments to suppliers for fixed assets acquisitions in relation to the projects detailed in Note 8.
- (5) Corresponds to a security deposit of US\$ 11,8 and US\$ 12,6 million as of June 30, 2020 and December 31, 2019 respectively, in compliance with the commitment of contributions to Pomona II, Chubut Norte III and IV projects which are described in Note 8.

e) Inventories:

Current

Materials and spare parts	<u>1,449</u>	<u>1,734</u>
	<u>1,449</u>	<u>1,734</u>

Non-current

Materials and spare parts	<u>8,702</u>	<u>7,908</u>
	<u>8,702</u>	<u>7,908</u>

	June 30, 2020	December 31, 2019	June 30, 2019
f) Fixed assets, intangible assets and goodwill:			
<u>f.1) Fixed assets:</u>			
Fixed assets value	1,120,327	1,134,319	1,092,895
Allowance for fixed assets impairments (Note 5.1)	(9,390)	(9,838)	(2,506)
Net book value	<u>1,110,937</u>	<u>1,124,481</u>	<u>1,090,389</u>

Main account	2020						Accumulated at the end of the period
	Cost						
	Accumulated at the beginning of the year	Increases	Decreases	Transfers	Foreign currency exchange difference		
Land	8,370	-	-	-	(104)	8,266	
Furniture and fixture	544	-	-	-	-	544	
Machinery	3,992	-	-	-	-	3,992	
Computer equipment	6,227	9	-	-	(5)	6,231	
Communication equipment	61	-	-	-	-	61	
Vehicles	1,671	-	-	-	-	1,671	
Buildings and installations	15,526	1	-	-	(51)	15,476	
Tools	1,720	-	-	-	(2)	1,718	
Pipelines	10,910	-	-	-	(238)	10,672	
Power generation equipment	495,275	-	-	-	(3,834)	491,441	
Wind Farm	889,328	216	-	-	-	889,544	
Solar Photovoltaic Plant	83,618	45	-	-	-	83,663	
Work in progress	12,238	21,493	-	-	-	33,731	
Right of use on land and buildings	5,797	-	-	-	-	5,797	
Total 2020	1,535,277	21,764	-	-	(4,234)	1,552,807	
Total 2019	1,299,897	188,979 ⁽¹⁾⁽²⁾	(33,272) ⁽³⁾	-	411	1,456,015	

Main account	2020						2019		
	Accumulated Depreciation						Net book value at June 30, 2020	Net book value at June 30, 2019	Net book value at December 31, 2019
	Accumulated at the beginning of the year	Annual depreciation rate	Increases	Decreases	Foreign currency exchange difference	Accumulated at the end of the period			
Land	-	-	-	-	-	-	8,266	8,370	8,370
Furniture and fixture	444	10%	11	-	(1)	454	90	112	100
Machinery	1,494	10%	130	-	-	1,624	2,368	2,607	2,498
Computer equipment	5,113	33%	188	-	(13)	5,288	943	734	1,114
Communication equipment	50	33%	-	-	-	50	11	3	11
Vehicles	1,155	20%	94	-	-	1,249	422	584	516
Buildings and installations	3,015	10%	224	-	(1)	3,238	12,238	12,047	12,511
Tools	917	10%	94	-	(1)	1,010	708	621	803
Pipelines	8,255	3%-7%	325	-	(151)	8,429	2,243	3,599	2,655
Power generation equipment	287,821	5%-10%	14,119	-	(1,420)	300,520	190,921 ⁽⁴⁾	221,788	207,454
Windfarm	87,773	3%-5%	16,182	-	-	103,955	785,589	436,345	801,555
Solar Photovoltaic Plant	2,977	3%	1,385	-	-	4,362	79,301	81,830	80,641
Work in progress	-	-	-	-	-	-	33,731	320,045	12,238
Right of use on land and buildings	1,944	4%-33%	357	-	-	2,301	3,496	4,210	3,853
Total 2020	400,958		33,109	-	(1,587)	432,480	1,120,327		
Total 2019	348,451		32,215	(17,658) ⁽³⁾	112	363,120		1,092,895	1,134,319

- (1) Includes 15,435 for the period ended June 30, 2019 corresponding to financial costs related to third parties financing to work in progress extended for a substantial period of time.
- (2) Includes 26 for the period ended June 30, 2019 of depreciation of fixed assets that are being used in the construction projects.
- (3) Includes (1,192) associated with the Pinamar Thermal Power Plant equipment that were sold for the period ended June 30, 2019. Additionally, it includes (14,464) associated with the sale and loss of control of the companies Vientos Sudamericanos Chubut Norte IV S.A. y Vientos Patagónicos Chubut Norte III S.A.
- (4) Includes 7,390 associated with the Matheu Thermal Power Plant which as of April 30, 2020 was withdrawn from active use. The book value of these assets net of its Allowance for impairments amounts to 1,418.

f.2) Evolution of intangible assets:

	June 30, 2020			
	Intangible assets acquired separately (Puerto Madryn Project)	Intangible assets acquired in a business combination (intangible asset related PELBIV acquisition)	Intangible assets acquired in a business combination (intangible asset related ULLUMs acquisitions)	Total
Cost value	4,260	31,904	5,792	41,956
Accumulated amortization	(77)	(7,076)	(288)	(7,441)
Allowance for impairment of intangible assets (Note 5.1)	-	-	(5,504)	(5,504)
Book value at the beginning of the year	4,183	24,828	-	29,011
Amortization of the period	(71)	(1,773)	(144)	(1,988)
Impairment decrease	-	-	144	144
Book value at the end of the period	4,112	23,055	-	27,167
Cost value	4,260	31,904	5,792	41,956
Accumulated amortization	(148)	(8,849)	(432)	(9,429)
Allowance for impairment of intangible assets (Note 5.1)	-	-	(5,360)	(5,360)
Book value at the end of the period	4,112	23,055	-	27,167
	June 30, 2019			
	Intangible assets acquired separately (Puerto Madryn Project)	Intangible assets acquired in a business combination (intangible asset related PELBIV acquisition)	Intangible assets acquired in a business combination (intangible asset related ULLUMs acquisitions)	Total
Cost value	4,260	31,904	5,792	41,956
Accumulated amortization	(8)	(3,538)	-	(3,546)
Allowance for impairment of intangible assets	-	-	(5,792)	(5,792)
Book value at the beginning of the year	4,252	28,366	-	32,618
Amortization of the period	(23)	(1,765)	(144)	(1,932)
Impairment decrease	-	-	144	144
Book value at the end of the period	4,229	26,601	-	30,830
Cost value	4,260	31,904	5,792	41,956
Accumulated amortization	(31)	(5,303)	(144)	(5,478)
Allowance for impairment of intangible assets (Note 5.1)	-	-	(5,648)	(5,648)
Book value at the end of the period	4,229	26,601	-	30,830

f.3) Evolution of Goodwill:**f.3.1) Evolution of Goodwill (GETSA):**

Cost and book value at the beginning of the year
 Impairment
 Book value at the end of the period

	June 30, 2020	June 30, 2019
	-	17,587
	-	(17,587)
	-	-
	June 30, 2020	December 31, 2019

Liabilities**g) Accounts payable:****Current**

Trade	54,168	96,162
Accrual for invoices pending to receive	25,946	35,586
Related parties (Note 6)	81	81
	<u>80,195⁽¹⁾</u>	<u>131,829⁽²⁾</u>

(1) Includes 1,209 past due up to three months, 582 from three to six months, 1,610 from six to nine months, 57 from nine to twelve months, and 43,946 over a year and 32,791 to be due up to three months. In relation to past due accounts payable to IEASA (Ex ENARSA) for an amount of 38,442 as of June 30, 2020, see Note 11.8 to the consolidated financial statements as of December 31, 2019 and Note 8.6 to these financial statements.

(2) Includes 46,467 past due up to three months, 430 from three to six months, 7 from six to nine months, 5 from nine to twelve months, and 43,919 over a year and 41,001 to be due up to three months. In relation to past due accounts payable to IEASA (Ex ENARSA) for an amount of 38,442 as of December 31, 2019, see Note 11.8 to the consolidated financial statements as of December 31, 2019.

h) Loans:**Current**

Negotiable Debt Obligations	114,575	103,485
Bank loans and others	74,401	73,784
Related parties, net of commissions (Note 6)	-	12,519
Leasings	651	885
	<u>189,627⁽¹⁾</u>	<u>190,673⁽¹⁾</u>

Non-current

Negotiable Debt Obligations	504,148	504,749
Bank loans and others	203,722	186,256
Related parties, net of commissions (Note 6)	66,995	61,082
Leasings	2,792	2,983
	<u>777,657⁽¹⁾</u>	<u>755,070⁽¹⁾</u>

(1) Current loans are net of 4,006 and 3,473 as of June 30, 2020 and December 31, 2019, respectively, corresponding to fees and costs demanded in the structuring of loans and the issuance of negotiable obligations. Non-current loans are net of 45,368 and 47,604 as of June 30, 2020 and December 31, 2019, respectively, corresponding to fees and costs demanded in the structuring of loans and the issuance of negotiable obligations.

Detail of interest rates of loans:

Loans	Outstanding principal as of June 30, 2020	Interest Rate	Date	Maturity
Bank Loans	77,846	5,50% - 11,0%	2017 – 2019	2020 – 2026
Project finance and KfW Corporate Loan	241,042	3,93% - 6,12%	2018 – 2020	2023 – 2034
Negotiable Debt Obligations in US\$	643,951	2% - 14,5%	2015 – 2020	2020 – 2022
Negotiable Debt Obligations in AR\$	6,032	BADLAR+5%	2020	2020

	June 30, 2020	June 30, 2019
<u>Evolution of loans and reconciliation of liabilities arising from financing activities:</u>		
Balances at the beginning of the year	945,743	922,886
<i>Financing cash flows</i>		
Proceeds from loans	66,456	61,423
Principal payments	(53,707)	(29,228)
	<u>12,749</u>	<u>32,195</u>
<i>Non-cash changes</i>		
Leasings	-	1,050
	-	<u>1,050</u>
<i>Other changes:</i>		
Interest accrual	41,988	40,726
Accrued issuance costs	4,791	5,550
Interest payments	(37,577)	(37,063)
Effect of exchange difference and others	(410)	(385)
	<u>8,792</u>	<u>8,828</u>
Balance at the end of the period	<u>967,284</u>	<u>964,959</u>

	June 30, 2020	December 31, 2019
<u>Detail of loans:</u>		
Series XVIII Negotiable Debt Obligations ⁽¹⁾	10,912	19,993
Series XX Bonds (Genn 2022 Bond)	521,570	522,290
Series XXI Negotiable Debt Obligations	51,996	51,815
Private Negotiable Debt Obligation	66,995	61,082
Series XXIII Negotiable Debt Obligations	6,791	6,751
Series XXV Negotiable Debt Obligations	-	7,385
Series XXVI Negotiable Debt Obligations (Nota 8.3.5)	6,161	-
Series XXVII Negotiable Debt Obligations (Nota 8.3.5)	21,293	-
Banco Provincia S.A. Loan	-	3,422
Syndicated Loan	16,908	19,680
Banco Macro S.A. Loan	-	12,519
Banco Chubut S.A. Loan	1,255	2,510
Banco Mariva S.A. Loan	-	1,003
Derivative financial instruments	1,205	317
KfW Corporate Loan Pomona II and Chubut Norte II - Genneia S.A. ⁽²⁾	22,894	-
GDSA Credit Facility	23,741	27,894
Financial Trust Loma Blanca Serie I	35,851	42,031
Project Finance Pomona I - Genneia Vientos del Sudoeste S.A. ⁽³⁾	86,469	79,598
Project Finance Chubut Norte I - Genneia Vientos del Sur S.A. ⁽⁴⁾	33,991	31,521
Project Finance Villalonga I - Genneia Vientos Argentinos S.A. ⁽⁵⁾	55,809	52,064
Leasings Genneia S.A.	293	564
Leasings Parque Eólico Loma Blanca IV S.A.	1,437	1,575
Leasings Genneia Vientos del Sudoeste S.A.	1,568	1,585
Leasings Genneia La Florida S.A.	145	144
	<u>967,284</u>	<u>945,743</u>

(1) Net of Genneia S.A.'s repurchases. As of June 30, 2020 the Company held in portfolio a residual amount of 2,400.

(2) As of June 30, 2020, the amount disbursed amounts to 26,147.

(3) As of June 30, 2020 and December 31, 2019, the amount disbursed amounts to 111,930 and 104,043; respectively.

(4) As of June 30, 2020 and December 31, 2019, the amount disbursed amounts to 42,445 and 39,358; respectively.

(5) As of June 30, 2020 and December 31, 2019, the amount disbursed amounts to 69,016 and 64,268; respectively.

i) Salaries and social security payable:

Salaries, social security and withholdings payables	4,172	5,903
	<u>4,172</u>	<u>5,903</u>

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
j) Taxes payable:		
Current		
Value added tax	5,697	9,466
Tax withholdings payable	265	362
Taxes under regularization regime	233	709
Miscellaneous	735	787
	<u>6,930</u>	<u>11,324</u>
k) Other liabilities:		
Current		
Liability with the Province of Chubut on the purchase of Ingentis II shares	245	288
Liability with Pluspetrol on the purchase of GETSA shares	-	1,384
Miscellaneous	56	56
	<u>301</u>	<u>1,728</u>
Non-current		
Accrual for assets retirement obligation	8,357	8,270
	<u>8,357</u>	<u>8,270</u>

l) Allowances and provisions:

Items	For the six-month period ended							
	June 30, 2020			June 30, 2019				
	Value as of December 31, 2019	Decreases	Additions	Value as of June 30, 2020	Value as of December 31, 2018	Decreases	Additions	Value as of June 31, 2019
Allowances deducted from assets:								
For fixed assets	9,838	(448) ⁽¹⁾	-	9,390	-	(49) ⁽¹⁾	2,555	2,506
For intangible assets	5,504	(144) ⁽²⁾	-	5,360	5,792	(144) ⁽²⁾	-	5,648
Total deducted from assets	<u>15,342</u>	<u>(592)</u>	<u>-</u>	<u>14,750</u>	<u>5,792</u>	<u>(193)⁽³⁾</u>	<u>2,555⁽³⁾</u>	<u>8,154</u>
Provisions included in liabilities:								
For claims and pending labor lawsuits	3,479	(444)	-	3,035	3,963	(1,534)	52	2,481
Total included in liabilities	<u>3,479</u>	<u>(444)</u>	<u>-</u>	<u>3,035</u>	<u>3,963</u>	<u>(1,534)</u>	<u>52</u>	<u>2,481</u>

- (1) Included in Depreciation of fixed assets on Operating cost of electric power generation from conventional sources Note 5.o.
- (2) Included in Amortization of intangible assets on Operating cost of electric power generation from renewable sources Note 5.o.
- (3) Includes increases of 2,555 in relation to the impairment analysis of the fixed assets associated with the Cruz Alta Thermal Power Plant and decreases of (49) associated with the depreciation of the provision for these assets. Additionally, it includes losses for (144) associated to the intangible for the acquisition of the Ullums.

Interim condensed consolidated statements of profit or loss and other comprehensive income for the six and three-month periods ended June 30, 2020

	For the six-month period ended		For the three-month period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
m) Net sales:				
Revenue from electric power generation from renewable sources	108,992	62,985	53,302	30,712
Revenue from electric power generation from conventional sources	35,578	55,146	16,952	26,023
Revenue from gas trading and transport	2,381	2,218	1,286	1,340
Other revenues	2,386	1,687	1,042	508
	<u>149,337</u>	<u>122,036</u>	<u>72,582</u>	<u>58,583</u>

(1) For the six-month periods ended June 30, 2020 and 2019, 93% and 94%, respectively, of sales were made to CAMMESA and IEASA (Ex ENARSA).

n) Cost of sales:				
Purchases for electric power generation from conventional sources	(1,628)	(2,916)	(727)	(1,229)
Purchases for gas trading and transport	(416)	(581)	(205)	(311)
Operating costs of electric power generation from renewable sources (Note 5.o)	(28,561)	(18,549)	(14,444)	(9,223)
Operating costs of electric power generation from conventional sources (Note 5.o)	(17,326)	(25,310)	(8,490)	(12,400)
Operating cost of gas trading and transport (Note 5.o)	(364)	(170)	(175)	(93)
	<u>(48,295)</u>	<u>(47,526)</u>	<u>(24,041)</u>	<u>(23,256)</u>

o) Operating costs and expenses:

	For the six-month period ended					Total
	June 30, 2020					
	Operating cost of electric power generation from renewable sources	Operating cost of electric power generation from conventional sources	Operating cost of gas trading and transport	Administrative expenses	Selling expenses	
Salaries and benefits	912	1,104	29	2,797	184	5,026
Social security charges and other contributions	381	323	5	461	45	1,215
Professional fees and compensations for services	4,916	84	-	428	1	5,429
Directors and statutory auditors' fees	-	-	-	725	-	725
Expenses for development of new businesses	-	-	-	60	-	60
Other staff costs	-	11	-	272	-	283
Travelling and lodging expenses	19	63	-	145	1	228
Freight and insurance	875	939	-	43	-	1,857
Rental and expenses of property, machinery and equipment	253	2	-	142	4	401
Taxes, rates and contributions	217	136	5	5	950	1,313
Maintenance and repairs	431	401	-	413	1	1,246
Works contracts and other services	84	128	-	207	-	419
Fixed assets depreciation	17,924	13,876	325	533	3	32,661
Amortization of intangible assets	1,844	-	-	-	-	1,844
Miscellaneous	705	259	-	272	346	1,582
Total 2020	28,561	17,326	364	6,503	1,535	54,289

	For the six-month period ended					
	June 30, 2019					
	Operating cost of electric power generation from renewable sources	Operating cost of electric power generation from conventional sources	Operating cost of gas trading and transport	Administrative expenses	Selling expenses	Total
Salaries and benefits	356	1,831	34	2,876	230	5,327
Social security charges and other contributions	107	519	6	814	50	1,496
Professional fees and compensations for services	3,653	304	-	678	1	4,636
Directors and statutory auditors' fees	-	-	-	333	-	333
Expenses for development of new businesses	-	-	-	-	-	-
Other staff costs	3	24	-	230	-	257
Travelling and lodging expenses	30	147	-	154	3	334
Freight and insurance	590	1,026	-	72	-	1,688
Rental and expenses of property, machinery and equipment	-	4	-	153	4	161
Taxes, rates and contributions	13	142	3	12	851	1,021
Maintenance and repairs	178	693	-	471	2	1,344
Works contracts and other services	38	145	-	43	-	226
Fixed assets depreciation	11,304	20,085	127	621	3	32,140
Amortization of intangible assets	1,788	-	-	-	-	1,788
Miscellaneous	489	390	-	181	119	1,179
Total 2019	18,549	25,310	170	6,638	1,263	51,930

	For the three-month period ended					
	June 30, 2020					
	Operating cost of electric power generation from renewable sources	Operating cost of electric power generation from conventional sources	Operating cost of gas trading and transport	Administrative expenses	Selling expenses	Total
Salaries and benefits	512	573	14	1,303	111	2,513
Social security charges and other contributions	207	157	2	206	24	596
Professional fees and compensations for services	2,447	56	-	183	-	2,686
Directors and statutory auditors' fees	-	-	-	558	-	558
Expenses for development of new businesses	-	-	-	24	-	24
Other staff costs	-	6	-	145	-	151
Travelling and lodging expenses	7	22	-	36	-	65
Freight and insurance	442	448	-	11	-	901
Rental and expenses of property, machinery and equipment	100	1	-	73	2	176
Taxes, rates and contributions	133	63	4	2	688	890
Maintenance and repairs	257	251	-	69	-	577
Works contracts and other services	40	64	-	112	-	216
Fixed assets depreciation	9,033	6,707	155	274	1	16,170
Amortization of intangible assets	921	-	-	-	-	921
Miscellaneous	345	142	-	135	173	795
Total 2020	14,444	8,490	175	3,131	999	27,239

	For the three-month period ended					Total
	June 30, 2019					
	Operating cost of electric power generation from renewable sources	Operating cost of electric power generation from conventional sources	Operating cost of gas trading and transport	Administrative expenses	Selling expenses	
Salaries and benefits	189	1,041	30	1,804	130	3,194
Social security charges and other contributions	47	273	2	427	27	776
Professional fees and compensations for services	1,824	98	-	380	-	2,302
Directors and statutory auditors' fees	-	-	-	166	-	166
Expenses for development of new businesses	-	-	-	-	-	-
Other staff costs	3	14	-	145	-	162
Travelling and lodging expenses	18	80	-	99	1	198
Freight and insurance	311	600	-	45	-	956
Rental and expenses of property, machinery and equipment	-	3	-	80	2	85
Taxes, rates and contributions	7	55	-	1	528	591
Maintenance and repairs	90	390	-	103	1	584
Works contracts and other services	18	73	-	32	-	123
Fixed assets depreciation	5,700	9,597	61	313	1	15,672
Amortization of intangible assets	927	-	-	-	-	927
Miscellaneous	89	176	-	91	48	404
Total 2019	9,223	12,400	93	3,686	738	26,140

	For the six-month period ended		For the three-month period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
p) Other expenses, net:				
Tax on bank debits and credits	(2,201)	(1,704)	(1,161)	(1,022)
Impairment of goodwill and fixed assets (Note 8.6)	-	(20,142)	-	-
Others	155	(1,145)	(22)	(588)
	<u>(2,046)</u>	<u>(22,991)</u>	<u>(1,183)</u>	<u>(1,610)</u>

q) Financial expense, net:

The breakdown of financial income and expenses is as follows:

Financial income:

Interest income	3,477	652	1,843	611
Fair value gains on financial assets at fair value through profit or loss	1,709	2,219	1,129	1,418
	<u>5,186</u>	<u>2,871</u>	<u>2,972</u>	<u>2,029</u>

Financial expense

Fair value losses on financial assets at fair value through profit or loss	(850)	(72)	503	410
Interest expense	(43,312)	(27,572)	(20,768)	(13,403)
Exchange differences, net	(12,394)	(8,451)	(8,752)	2,226
Issuance costs and withholdings	(4,977)	(3,269)	(2,732)	(1,482)
Miscellaneous	(2,309)	(700)	(2,090)	(498)
	<u>(63,842)</u>	<u>(40,064)</u>	<u>(33,839)</u>	<u>(12,747)</u>

	For the six-month period ended		For the three-month period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Result from exposure to changes in the purchasing power of the currency	4,839	-	2,314	-
Total financial expense, net	<u>(53,817)</u>	<u>(37,193)</u>	<u>(28,553)</u>	<u>(10,718)</u>

r) Income tax:

The consolidated income tax charge for the six and three-month periods ended June 30, 2020 and 2019 is as follows:

	For the six-month period ended		For the three-month period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Deferred income tax	<u>(11,027)</u>	<u>(13,836)</u>	<u>1,350</u>	<u>(12,649)</u>
	<u>(11,027)</u>	<u>(13,836)</u>	<u>1,350</u>	<u>(12,649)</u>

The reconciliation between the consolidated income tax charge for the six-month periods ended June 31, 2020 and 2019 and the (loss) income that would result from applying the prevailing tax rate on the net loss before income tax, included in the condensed consolidated statement of profit or loss and other comprehensive income for each period, is as follows:

	For the six-month period ended	
	June 30, 2020	June 30, 2019
Net profit (loss) before income tax	35,750	(6,581)
Statutory tax rate	30%	30%
Statutory tax rate applied to net (loss) profit before income tax	<u>(10,725)</u>	<u>1,974</u>
Permanent differences and others at the prevailing tax rate:		
Recoverable tax loss carryforwards	-	3,876
Loss on long term investment in joint ventures	(3,083)	-
Tax effects due to tax restatement to current units of currency	(44,422)	(17,469)
Impairment of goodwill	-	(5,276)
Effects of the functional currency and others ⁽¹⁾	47,203	3,059
	<u>(11,027)</u>	<u>(13,836)</u>

(1) It mainly includes the effect of using a different currency for reporting and tax purposes.

Furthermore, the breakdown of the consolidated net deferred tax liabilities as of June 30, 2020 and December 31, 2019, is as follows:

	June 30, 2020	December 31, 2019
Deferred tax assets		
Tax loss carryforwards	92,742	82,691
Non deductible liabilities	4,450	3,526
Other receivables with related parties ⁽¹⁾	8,353	8,271
Miscellaneous	3,612	4,571
Total deferred tax assets	<u>109,157</u>	<u>99,059</u>

	June 30, 2020	December 31, 2019
Deferred tax liabilities		
Fixed assets	(148,832)	(146,713)
Intangible assets	(6,552)	(7,615)
Tax effect due to restatement to current units of currency	(81,616)	(63,190)
Miscellaneous	(2,483)	(2,796)
Total deferred tax liabilities	<u>(239,483)</u>	<u>(220,314)</u>
Net deferred tax liabilities	<u>(130,326)⁽²⁾</u>	<u>(121,255)</u>

- (1) Corresponds to the deferred asset related to the financing mentioned in Note 6.1.2, which has been recognized as other capital contributions in non current investments at the time of initial recognition of the financing.
- (2) Includes 874 related to a decrease in deferred tax liabilities of Genneia Desarrollos S.A. which had an impact on other comprehensive loss for the six-month period ended June 30, 2020.

As of June 30, 2020, the Company and its subsidiaries maintain a deferred tax asset for accumulated tax loss carryforwards as of December 31, 2019 of 71,384, which may be offset against taxable income as follows:

<u>Year until it can be used</u>	<u>Tax loss carryforward</u>	<u>Deferred asset</u>
2020	3,939	1,182
2021	683	171
2022	85	21
2023	11,570	2,893
2024	21,673	5,418
2026	2	1
2027	4,121	1,032
2028	69,339	17,335
2029	173,331	43,333
	<u>284,742</u>	<u>71,384</u>

The following table summarizes the deferred tax assets for tax loss carry forwards as of December 31, 2019 by the individual project and company, which generates it:

<u>Project/Company</u>	<u>Deferred asset</u>
PEM I	10,870
PEM II	16,087
PER III	3,004
Genneia Others	3,648
Subtotal Genneia	<u>33,609</u>
GEDESA	2,322
PELBIV	3,714
Vientos Argentinos	7,022
Vientos del Sudoeste	14,163
Vientos del Sur	3,552
Ullum 1 Solar	1,927
Ullum 2 Solar	2,102
Ullum 3 Solar	2,679
La Florida	293
Others	1
Subtotal Subsidiaries	<u>37,775</u>
Total	<u>71,384</u>

For the six-month period ended June 30, 2020 the Company has estimated a tax loss in relation to the Madryn I, Madryn II, Rawson III, Villalonga, Chubut Norte I, Ullum 1 Solar, Ullum 2 Solar, Ullum 3 Solar, Florida and Pomona projects, by virtue of the benefit granted by Article 9 of Law No. 26.190 (National Development Regime for the Use of Renewable Sources of Energy Destined for The Production of Electric Energy), whose tax loss carryforwards may be used for up to ten years from the year in which they are generated to compensate against taxable income generated from these projects. In addition, the Companies in charge of these projects chose to apply the benefit of the accelerated tax amortization of wind and solar parks, granted in the aforementioned Law. In relation for tax results not generated by these businesses, for the six-month period ended June 30, 2020 the Company has estimated a tax income, in compliance with current tax regulations, which may be compensated with losses from previous years.

For the six-month period ended June 30, 2019 the Company has estimated a tax loss in relation to the Madryn I, Madryn II, Rawson III, Villalonga, Chubut Norte I, III and IV, Ullum 1 Solar, Ullum 2 Solar, Ullum 3 Solar and Pomona projects, whose tax loss carryforwards may be used compensate against taxable income. By virtue of the benefit granted by Article 9 of Law No. 26.190 (National Development Regime for the Use of Renewable Sources of Energy Destined for The Production of Electric Energy), the Company chose to apply the accelerated tax amortization for the projects mentioned in the previous paragraph, and the losses generated may be used for up to ten years from the year in which they are generated. In relation for tax results not generated by these businesses, for the six-month period ended June 30, 2019 the Company has estimated a tax gain, an increase in profits before income tax related to the lower devaluation of the period and the effect of the consideration of the tax adjustments due to changes in the general pricing power in compliance with current tax regulations.

The Company and its subsidiaries recognize tax loss carry-forwards and other tax credits as deferred tax assets when its deduction against future taxable income is probable. To that effect, based on paragraph 36 of IAS 12, the Company and its subsidiaries consider the projected tax results and reverse of temporary liability differences.

To assess the probability of recoverability and estimate the recoverable amount of deferred assets related to tax loss carryforwards, Management has projected the tax income based on various future variables including an estimate of the peso devaluation against the US\$ for the next fiscal years. Such estimates are reviewed periodically, and the effects of such estimates are recognized in the period of the revision.

Unrecognised taxable temporary difference associated with investment and interest

Taxable temporary differences in relation to investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised are attributable to the following:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Subsidiaries	(23,671)	(22,767)
Joint ventures	<u>(6,214)</u>	<u>(6,264)</u>
	<u>(29,885)</u>	<u>(29,031)</u>

NOTE 6 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The principal outstanding consolidated balances as of June 30, 2020 and December 31, 2019 for transactions with related parties are as follows:

	<u>June 30, 2020</u>					
	<u>Trade receivables</u>	<u>Other receivables</u>		<u>Accounts payable</u>	<u>Loans</u>	
	Current	Current	Non Current	Current	Current	Non Current
Companies under joint control:						
Vientos de Necochea S.A	-	4,902	578	-	-	-
Vientos Sudamericanos Chubut Norte IV S.A.	-	4,071	3,740	-	-	-
Vientos Patagónicos Chubut Norte III S.A.	-	6,378	1,971	-	-	-
Shareholders, directors and key management:						
Fintech Energy LLC	-	12	-	74	-	28,077
Jorge Horacio Brito	-	3	-	-	-	-
Jorge Pablo Brito	-	3	-	-	-	-
Delfin Jorge Ezequiel Carballo	-	3	-	7	-	5,613
LAIG Eolia S.A.	-	1	-	-	-	-
PointState Argentum LLC	-	-	-	-	-	33,689
Other related companies:						
Banco Macro S.A. ⁽¹⁾	50	-	-	-	-	-
	<u>50</u>	<u>15,373</u>	<u>6,289</u>	<u>81</u>	<u>-</u>	<u>67,379</u>

	December 31, 2019					
	Trade receivables	Other receivables		Accounts payable	Loans	
	Current	Current	Non Current	Current	Current	Non Current
Companies under joint control:						
Vientos de Necochea S.A.	-	547	10,794	-	-	-
Vientos Sudamericanos Chubut Norte IV S.A.	-	1,845	4,025	-	-	-
Vientos Patagónicos Chubut Norte III S.A.	-	5,836	2,249	-	-	-
Shareholders, directors and key management:						
Fintech Energy LLC	-	13	-	74	-	25,663
Jorge Horacio Brito	-	3	-	-	-	-
Jorge Pablo Brito	-	3	-	-	-	-
Delfín Jorge Ezequiel Carballo	-	3	-	7	-	5,130
LAIG Eolia S.A.	-	1	-	-	-	-
PointState Argentum LLC	-	-	-	-	-	30,793
Other related companies:						
Banco Macro S.A. ⁽¹⁾	58	-	-	-	12,519	-
	<u>58</u>	<u>8,251</u>	<u>17,068</u>	<u>81</u>	<u>12,519</u>	<u>61,586</u>

(1) Company related to shareholders Delfín Jorge Ezequiel Carballo, Jorge Pablo Brito and Jorge Horacio Brito.

The main consolidated operations with related parties for the six-month periods ended June 30, 2020 and 2019 are as follows:

	June 30, 2020				
	Sales of goods and services	Recovery (reimbursement) of expenses, investments and other services, net	Loans received (paid), net	Loans granted (collected), net	Interests and commissions earned, (lost)
Companies under joint control:					
Vientos de Necochea S.A.	326	1	-	(6,299)	1,175
Vientos Sudamericanos Chubut Norte IV S.A.	283	-	-	1,208	231
Vientos Patagónicos Chubut Norte III S.A.	197	-	-	2,521	132
Shareholders, directors and key management:					
Fintech Energy LLC	-	-	-	-	(2,413)
Delfín Jorge Ezequiel Carballo	-	-	-	-	(482)
PointState Argentum LLC	-	-	-	-	(2,896)
Other related companies:					
Banco Macro S.A. ⁽¹⁾	69	-	-	-	(228)
	<u>875</u>	<u>1</u>	<u>-</u>	<u>(2,570)</u>	<u>(4,481)</u>
	June 30, 2019				
	Sales of goods and services	Recovery (reimbursement) of expenses, investments and other services, net	Loans received (paid), net	Loans granted (collected), net	Interests and commissions lost
Companies under joint control:					
Vientos de Necochea S.A.	403	-	-	10,150	225
Vientos Sudamericanos Chubut Norte IV S.A. ⁽²⁾	-	-	-	-	-
Vientos Patagónicos Chubut Norte III S.A. ⁽²⁾	-	-	-	-	-
Shareholders, directors and key management:					
Fintech Energy LLC	-	-	-	-	(2,211)
Delfín Jorge Ezequiel Carballo	-	-	-	-	(442)
PointState Argentum LLC	-	-	-	-	(2,653)
Other related companies:					
Banco Macro S.A. ⁽¹⁾	136	-	22,500	-	(126)
	<u>539</u>	<u>-</u>	<u>22,500</u>	<u>10,150</u>	<u>(5,207)</u>

(1) Company related to shareholders Delfín Jorge Ezequiel Carballo, Jorge Pablo Brito and Jorge Horacio Brito.

(2) Transactions are disclosed since they are companies under joint control (See Note 5.b).

Additionally, the Company has hired insurance policies to grant an indemnity to its Directors in the exercise of their duties.

6.1. Financing agreements with companies under joint control

6.1.1. Financing agreements with Vientos de Necochea S.A.

In May 2019, the Company granted two loans for a total amount of US\$ 10,150,000 due within 17 years to finance the execution of the project.

One of the loans was defined in pesos for an amount of AR\$ 231,946,000 and accrues an interest rate on the balance of principal equivalent to the BADLAR rate on a quarterly basis. These interests will be capitalized quarterly until the date of the effective payment of the principal.

The other loan was defined in US dollars for an amount of US\$ 4,950,000 and accrues an interest rate on the balance of principal equivalent to the annual LIBOR plus Country Risk Premium published by JPMorgan on a quarterly basis. These interests will be capitalized quarterly until the date of the effective payment of the principal.

During the six-month period ended June 30, 2020, that loan defined in United States dollars was canceled in advance by Vientos de Necochea S.A. together with the part of the interest capitalized as of December 31, 2019 for a total amount of US\$ 5,101,047. In addition, in the same period, Vientos de Necochea S.A. canceled in advance part of its debt for the loan determined in pesos for a total amount of AR\$ 1,349,137.

The balance due as of June 30, 2020 is disclosed under “other current receivables” and amounts to 4,902.

6.1.2. Loans and financing to Vientos Sudamericanos Chubut Norte IV S.A. and Vientos Patagónicos Chubut Norte III S.A.

In July 2019, the Company formalized with its related companies Vientos Sudamericanos Chubut Norte III SA and Vientos Patagónicos Chubut Norte IV S.A., a credit line agreement in pesos and without interest, by means of which it was determined that all the financing made used to pay the VAT payments up to the date became part of the credit line, the terms and conditions for future financial assistance were defined, and the possibility that an interest rate applicable to said credit line could be determined under common agreement of the parties from the date on which the parties agree.

The capital owed will be returned and paid in pesos exclusively with the amounts paid by the AFIP as credit for VAT refunds as such payments are received.

In addition, in July 2019, the Companies signed a credit agreement in dollars and 0% interest rate, through which all the financing carried out to date, except those included in the agreement mentioned in the previous paragraph, went to being part of the credit line, the terms and conditions for future financial assistance were defined, and the possibility that the common agreement of the parties can determine an interest rate applicable to said credit line from the date on which the parties agree. The agreement has a term of 17 years from the signing date and early cancellations may be required by partial payments or in single payment before the due date. In accordance with the provisions of IFRS, this financial credit has been initially recognized at fair value at the time of the transaction in “other non-current receivables” of the Company's statement of financial position and the effect of the difference between said value and the nominal value of the financial assistance delivered has been recognized as other capital contributions within the long-term investment caption, net of the corresponding deferred tax effect.

As of June 30, 2020, the balance related to said agreement is disclosed under “other current receivables” and amounts to 4,071 with Vientos Sudamericanos Chubut Norte IV S.A. and 6,378 with Vientos Patagónicos Chubut Norte III S.A.

NOTE 7 - FINANCIAL INSTRUMENTS

7.1. Capital management

GENNEIA manages its capital to ensure its ability to continue as a going concern, managing investment projects, while maximizing the return to its shareholders through the optimization of debt and equity balance.

The Company takes part in operations, which involves financial instruments, stated in statement of financial position, and intended to attend operative requirements and to reduce the exposure to risks of markets, currency and interest rate. The management of these risks, as well as their respective instruments, is performed through defined strategies, establishment of control systems and determination of exposure limits.

The Company is not subject to any externally imposed capital requirements.

The Company's capital management overall strategy remains unchanged as from December 31, 2019.

7.2. Financial instruments by category and fair value measurements

Company's Financial instruments were classified according to IFRS 7 in the following categories:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Financial assets		
Amortized cost:		
Cash and cash equivalents	58,474	63,704
Investments	15,357	-
Loans and trade receivables	107,225	114,912
At fair value through profit or loss	53,424	37,248
Financial liabilities		
Amortized cost:		
Loans	967,284	945,743
Account payables and other liabilities	88,853	141,827

7.2.1. Fair Value Measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

7.2.1.1. Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	<u>Fair value</u>		<u>Fair value hierarchy</u>	<u>Valuation technique(s) and key input(s)</u>
	<u>June 30, 2020</u>	<u>December 31, 2019</u>		
Financial assets				
Investments in financial assets:				
- Mutual funds	51,288	27,557	Level 1	Quoted bid prices in the markets where these financial instruments trade
Other receivables				
- Account for future investments	2,136	9,691	Level 2	(1)

- (1) Correspond to funds deposited in the account for future investments with CAMMESA as detailed in Notes 5.d and 11.12 to the consolidated financial statements as of December 31, 2019, which are invested in mutual funds and bonds, which were valued using quoted bid prices in the markets where these financial instruments trade.

7.2.1.2. Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, Management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	June 30, 2020		December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
Held at amortized cost				
Loans and trade receivables	646	303	762	178
Financial liabilities				
Held at amortized cost				
Loans	967,284	838,218	945,743	844,572
	Fair value		Fair value hierarchy ⁽¹⁾	
	June 30, 2020	December 31, 2019		
Financial assets				
Held at amortized cost				
Loans and trade receivables	303	178		Level 3
Financial liabilities				
Held at amortized cost				
Loans	838,218	844,572		Level 3

- (1) The fair value of financial assets and liabilities included in the Level 2 and 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties and prices derived from quoted bid prices in the markets where these financial instruments trade.

Between December 31, 2019 and June 30, 2020, there was a devaluation of the peso against the US dollar of around 18%, generated mainly during the months of March and April. The devaluation of the currency has an impact on financial assets and liabilities denominated in Argentine pesos, the effect of which was recognized in these condensed consolidated financial statements. Likewise, there have been no transfers between the different hierarchies used to determine the fair value of the Company's financial instruments.

7.3. Risk Management

The Company's financial management coordinates access to domestic and international financial markets and monitors and manages associated financial risks. According to the nature, financial instruments may involve known or unknown risks, being important the better possible analysis of the potential of those risks. Among the major risks that could affect the business of the Company are: market risk (which includes foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed financial statements do not include all the information and disclosures of the financial risk management, and should be read in connection with the annual consolidated financial statements as of December 31, 2019.

There have been no changes in the risk management or risk management policies applied by the Company since December 31, 2019.

NOTE 8 - RELEVANT EVENTS OF THE PERIOD AND ONGOING PROJECTS

8.1. Relevant Events

8.1.1. Thermal Power Plants: Completion of the contractual term

During the years 2018 and 2019, MEM Contracts celebrated under Res. SE N ° 220/2007 have reached the contractual term for the thermal power plants of Concepción del Uruguay I, Concepción del Uruguay II, Las Armas I, Olavarría, Paraná, Matheu and Pinamar.

Concepción del Uruguay I and II are thermal power plants with a total installed capacity of 42 MW, began their commercial operation in October 2009 and terminated their contract under Res. SE No. 220/2007 in October 2019. Las Armas I is a thermal power plant with a total installed capacity of 10 MW, began its commercial operation in October 2009 and ended its contract under Res. SE N ° 220/2007 in November 2019. Olavarría is a thermal power plant with an installed capacity of 42 MW that began its operation in August 2009 and ended its contract under Res. SE N ° 220/2007 in September 2019. Paraná is a thermal power plant with an installed power of 42 MW, began its operation in May 2009 and ended its contract under Res. SE N ° 220/2007 in June 2019. Matheu is a thermal power plant with a total installed capacity of 42 MW, began its commercial operation as of October 2008 and finalized its contract under Res. SE N ° 220/2007 in November 2018.

As of the compliance of the contractual term, all these thermal power plants are operating under the base energy remuneration scheme established under Resolution No. 01/2019, now replaced by Resolution No. 31/2020 (see Note 8.1.2).

As of the date of issuance of these consolidated financial statements, management and the board of directors are evaluating different alternatives for the assets of the thermal power plants mentioned above, including the sale of the equipment. The evaluation of the asset's recovery value included in the present note, is based on estimates of the disposition value. In line with the possibility of selling the assets, the Company has requested the Secretary of Energy to disconnect Matheu, Concepción del Uruguay, Paraná and Olavarría thermal power plants, which will not be able to continue dispatching energy to CAMMESA as of the date that the disconnection authorization indicates. To date, the Secretary of Energy enabled the disconnection of the Matheu thermal power plant which took effect on April 30, 2020 and the Olavarría, Concepción del Uruguay I and II and Las Armas I thermal power plants, which may remain connected until October 31, 2020. As of the date of these financial statements, the book value of the Matheu thermal power plant which has been already disconnected amounts to 1,418, while the residual value of the other plants whose disconnection has been authorized amounts to 21,424.

8.1.2. Resolution 31/2020

On February 27, 2020, RESOL-2020-31-APN-SE # MD ("Resolution 31/2020") of the Ministry of Energy was published in the Official Gazette, which modified the remuneration scheme under Resolution SRRYME No. 1/19, which in turn revoked the remuneration scheme of Resolution SEE N ° 19/17. The new remuneration regime, Resolution 31/2020, is denominated in Argentine pesos and is applicable starting February 1, 2020. This new remuneration scheme is adjusted on a monthly basis by the Consumer Price Index ("IPC") and the Wholesale Internal Price Index ("IPIM").

The following are the main current characteristics of the current remuneration scheme: i. The power remuneration of thermal generators that declare guaranteed power availability (DIGO) is reduced: a. from US\$ 7,000 / MW to AR\$360,000 / MW-month for winter and summer months; b. from US\$ 5,500 / MW to AR\$270,000 / MW-month for the rest of the year; ii. For thermal generators, a coefficient derived from the average utilization factor of the last twelve months of the unit is applied to the power compensation: to receive 100% of the payment per power, a dispatch greater than 70% of the use factor is required; between 30% and 70% utilization, a percentage is perceived based on a formula; and if the use factor is less than 30%, the resulting coefficient is 0.60; and iii. The remuneration for operation and maintenance is reduced: a. from US\$ 4 / MWh to AR\$ 240/ MWh in the energy generated with natural gas; b. and from US\$ 7 / MWh to AR\$420 / MWh with fuel oil or gas oil; and c. the remuneration for energy operated is reduced from US\$ 1.4 / MWh to AR\$84 / MWh. Additionally, the resolution establishes a monthly price indexation based on a formula that weighs the IPC index by 60% and the IPIM index by 40%.

Through Administrative Note 24910606, sent on April 8, 2020, it was established to postpone until further notice the application of Annex VI of Resolution 31/2020 of the Ministry of Energy, which establishes the monthly price indexation.

The Company's Management estimates that its application will not have a significant adverse effect as we understand the measure will be temporary in nature.

8.1.3. Necochea Wind Farm

As mentioned in note 12.1 to the consolidated financial statements as of December 31, 2019, on February 8, 2020, CAMMESA granted the commercial authorization of the Vientos de Necochea wind farm. This meant a delay in the deadlines committed under the PPA, since the Commercial Authorization Date agreed in said contract was December 11, 2019. In this context, CAMMESA could seek to have a fine applied to the Company, as provided under the PPA, consisting of an amount of one thousand three hundred and eighty-eight Dollars (US\$1,388) for each megawatt of power contracted for each day of delay in reaching the Commercial Enabling Date with respect to the committed Commercial Enabling Date.

Nevertheless, in consideration of the public emergency situation declared by Law 27,541 (public emergency in economic, financial, fiscal, administrative, pension, tariff, energy, health and social matters) and the suspension of administrative activities from the second half of March, the Secretariat of Energy unilaterally ordered (through Note No-2020-33443613-APN-SE No MDP dated May 21, 2020), (a) the suspension of the deadlines for projects that have a scheduled commercial authorization date between December 23, 2019 and June 30, 2020; and (b) the temporary suspension of claims for non-compliance with scheduled deadlines of construction stages, both with respect to the increase in the Contract Execution Bond and of the assessment of relevant fines, as appropriate, in all contracts related to the RenovAr Program. Although this Note was later voided by the Ministry of Energy, this does not prevent it from constituting an acknowledgment by the Application Authority in the sense of the emergency situation declared by Law 27,541 (still in force) for RenovAr projects.

However, the legal advisors of the Company consider that, in the event that the fine is applied by CAMMESA, the Company has sufficient arguments to have it dismissed or reversed. For this reason, the Company has not recorded any contingency provision as of June 30, 2020.

8.1.4. Working capital

As of June 30, 2020, the Company has a negative working capital of approximately 49,368. This situation is strictly temporary and is mainly due to the short-term obligations corresponding to commercial debts and the part of the short-term financial debt, directly related to the progress of the different projects that are under construction or have been completed recently, as described in the notes to the financial statements as of December 31, 2019. In this regard, it is worth mentioning that, in line with the financial projections, the Company Management considers that the aforementioned situation does not present problems and will be reversed, among others, with (i) the cash flow of the projects inaugurated in the last quarter of 2018 and in the second half of 2019 (the Pomona I wind farm came into operation on July 12, 2019, with an installed capacity of 101 MW; the Pomona II wind farm went into operation on August 29, 2019, with a 11 MW installed capacity and the Madryn II wind farm came into operation on September 26, 2019, with an installed capacity of 151 MW), (ii) the process of new disbursements of Project Finance financing in subsidiaries; (iii) additional KfW corporate loan disbursements; and (iv) GEDESA debt refinancing (Note 8.3.4).

8.1.5. Expansion of the municipal urban common area

A new Law in force in the Province of Chubut as of December 27, 2019, expanded the limits of the common urban area of the Municipality of Puerto Madryn and, consequently, submitted the activity of the project to the provisions of the Municipal Tax Code.

In April 2020, through Ordinance No. 11,349, the Municipality of Puerto Madryn established new taxes for the activity of renewable energy generation and the construction of renewable energy generation works within the common municipal urban area.

The Municipality has started an audit at the head of Genneia S.A. The other subsidiary companies, which carry out activities in the wind farms currently located in Puerto Madryn and within the ejido, have not yet been notified of the start of an audit.

The Company has filed a petition with CAMMESA, requesting a review of the PPA price of wind farms located in such municipality in order to offset the effects of the new taxes, should the new taxes be considered valid.

CAMMESA has not yet issued a response in relation to these presentations.

However, the Company's legal advisers consider that, in the event of the application of the rate, the Company has sufficient arguments to achieve a result favorable to its interests.

8.1.6. Recent development of the economic-financial context in which the company operates

Since the end of 2019 and during the period ended June 30, 2020, there has been an increasing rise in the general price levels, salary costs and the foreign currency exchange rates, as well as volatility in other variables of the economy, which has impacted on the figures reported in these financial statements.

After the significant devaluation of the Argentine peso that occurred in mid-August 2019, the National Government adopted various measures that modified rules that were in force until that date and that had an effect on the aforementioned variables.

Additionally, on December 20, 2019, the National Congress passed Law No. 27,541 called the Law of Social Solidarity and Productive Reactivation in the framework of Public Emergency declaring the public emergency in economic, financial, fiscal, administrative, pension, tariff matters, energy, health and social, delegating to the National Executive Power broad powers to ensure the sustainability of public debt, regulate the rate restructuring of the energy system through a renegotiation of the current comprehensive tariff revision and reorder the regulatory entities of the energy system, among others. In addition, electricity and natural gas rates will be maintained for a maximum period of 180 days for residential and commercial users and industries.

Said law, promoted by the new National Government, modified the personal property tax, increasing its rate, and empowered the National Executive Power to set higher rates for financial assets located abroad. Also, a new 30% currency purchase tax was created. This tax covers the purchase of bills and foreign currency in foreign currency for treasury or without a specific destination. As part of the package of measures aimed at reducing the fiscal deficit, said law suspended the pension adjustment system for 180 days, among other issues.

On May 28, 2020, the BCRA issued Communication "A" 7030, later modified by other Communications issued by the BCRA, the "Communication".

Firstly, the Communication establishes that to access the Argentine Foreign Exchange Market ("MULC") without the prior agreement of the BCRA, an affidavit ("DDJJ") must be presented: i) arguing that there are no liquid external assets available for an amount greater than the equivalent of US\$ 100,000 and that all of the possession of foreign currency in the country is deposited in accounts in financial entities, and ii) committing to settle in the MULC the proceeds of all non-liquid external assets acquired after May 28, 2020, within five business days of the liquidation of the same.

Second, restrictions were imposed until July 30, 2020 to access the MULC for purposes of paying imports and for the repayment of loan principal where the lender is a related entity.

Finally, the Communication established restrictions to access the exchange market for the payment of imports for amounts higher than the imports made as of January 1, 2020 and with certain exceptions.

The Board of Directors and the Management of the Company will analyze the development of the described issues, as well as the possible additional modifications that the National Government could implement, and will evaluate the impacts that they could have on their future financial position, cash position and the results of operations.

8.1.7. Effects of the spread of COVID-19 on our business, financial position and results of operations

On March 11, 2020, the World Health Organization declared the "public health emergency of international concern" and decreed a worldwide "pandemic" status due to the SARS-CoV-2 outbreak (COVID-19) in Wuhan, China and its subsequent spread all around the world.

Currently, the Major world stock markets and the local capital market have been materially affected by the spread of Coronavirus, which has affected the production and sales of a wide variety of industries, materially thus significantly interrupting or extending the terms of local and international supply chains. At the international level it has also caused a significant rise in the unemployment rate in several business that provide goods and services; The highest authorities of The International Monetary Fund foresees that the situation will lead to the most serious recession worldwide after the crisis of 1929.

The extent of the impact of the Coronavirus on our operational and financial performance will depend on the development of events (duration and rate of spread, as well as national and international government measures adopted) and the impact of this situation on the payment chain of our main client CAMMESA, employees and suppliers; all of which is uncertain and it is not possible to predict at this moment.

On March 19, 2020, through the Executive Order of Necessity and Urgency (DNU) No. 297/2020, the Argentine Government established the "preventive, mandatory social distancing" (ASPO in Spanish), which closes the country's borders and imposes strong restrictions on people's mobility nationwide. These measures included a series of exceptions involving activities considered "essential" and, therefore, excluded from said restrictions. The validity of the ASPO was successively extended through DNUs and continues in force at the date of issuance of these interim financial statements

Although the activities carried out by Genneia S.A. and the companies of its economic group are listed under the exceptions established in the aforementioned Executive Order as an "essential" activity, thus allowing the involvement of minimum guards to ensure the continuity of the operation and maintenance of the Company's generation center, we cannot predict the duration of such measures, nor any possible future additional restrictions that may be imposed by the Argentine government. At this point, the long-term effects for the Argentine and global economy, as well as for the Company, are difficult to foresee and may include risks to the health and safety of our suppliers' employees, shutdowns or interruption of facilities, issues with the supply of spare parts and the availability of technicians (including international technicians unable to travel to our country due to the closure of borders and / or the suspension of international flights; and / or local technicians for replacement of suppliers that are potentially infected by the Coronavirus), and that allow an efficient operation and maintenance of the wind farm. We may also be affected by the need to implement policies that reduce the efficiency and effectiveness of our operations.

In this respect, due to the health emergency, the Company has prioritized the health of its employees to the operations. That said, a Contingency Plan has been implemented in order to minimize the risk of infection of its employees and to secure business continuity. Due to the ASPO applied nationwide, the Company implemented mandatory remote work for its employees provided the nature of their tasks so permits and with the exception of those employees who perform activities and services considered essential during the health emergency as per the applicable regulations. Those employees are required to comply with all safety and prevention measures imposed by authorities and any other measures specifically mandated by the Company, thus allowing for the continuity of the Company's activities.

As of the date of issuance of these interim condensed consolidated financial statements, as a result of the aforementioned situation, there have been delays in payments days by CAMMESA, mainly with respect to thermal generation and renewable energy contracts without the FODER guarantee (Rawson I, II and Trelew wind farms). In addition, the Secretary of Energy has ordered the suspension of the price indexation established by Resolution 31/2020. There have also been certain delays in the provision of supplies and materials destined mainly for the works in progress.

Taking into consideration the characteristics of the Company's business and operations, as of the date of issuance of these interim condensed consolidated financial statements, the issues set forth above, do not have a material adverse effect on the Company's financial position, results of operations and cash flows. There is no foreseeing as to whether the effects that the spread or the depth of the Coronavirus pandemic and the current or future measures potentially adopted by local and international governments may have on the world economy, Argentina's or its strategic partners, nor the Company; however, for the purposes of issuing these interim financial statements, there is no evidence that the Company has significant difficulties to continue its activities normally in the next twelve months.

8.2. Ongoing projects

The main ongoing projects are described in Note 12 to the annual consolidated financial statements. The main news for the six-month period ended June 30, 2020 are described below:

8.2.1. Chubut Norte III and IV Wind Farms Projects

In relation to the Chubut Norte III and IV Wind Farm projects mentioned in note 12.2 to the consolidated financial statements as of December 31, 2019, as of the date of these financial statements, the contractor is evaluating the impact of the lockdown on the date of probable COD and associated action plans for Vientos Sudamericanos Chubut Norte IV S.A. y Vientos Patagónicos Chubut Norte III S.A. As of the date of these condensed financial statements, all the foundations of the wind turbines and the three power transformers required for the projects have been assembled. For Chubut Norte III and IV, all of the wind turbines have been manufactured and are on site.

Since the committed COD in any of the projects was not reached, CAMMESA could claim the application, to the entity, of the fine contemplated in Article 13.2 of the PPA, consisting of an amount of one thousand three hundred and eighty-eight Dollars (US\$ 1,388) for each megawatt of power contracted for each day of delay in reaching the Commercial Enabling Operating Date with respect to the committed Commercial Enabling Date. However, in consideration of the public emergency situation declared by Law 27,541 (public emergency in economic, financial, fiscal, administrative, pension, tariff, energy, health and social matters) and the suspension of administrative activities as from the second half of March, the Ministry of Energy unilaterally ordered (through Note no-2020-33443613-APN-SE # MDP dated May 21, 2020), the suspension of the deadlines of the scheduled dates of work progress under all the RenovAr Program provision of Electric Energy contracts that have not yet reached Commercial Authorization (including Power Purchase Agreements). In this sense, the Ministry of Energy ordered CAMMESA to consider (a) for all projects whose Scheduled Date of Commercial Authorization (“SDCA”) is agreed between December 23, 2019 and June 30, 2020, and that reached the Commercial Authorization within said period, that the projects were authorized in a timely manner, and therefore, that the Scheduled Date of Commercial Authorization coincides with the Commercial Authorization Date; and (b) for those projects in which the effective commercial authorization does not occur within the period of the suspension mentioned, the last day of the referred suspension will be considered as Scheduled Date of Commercial Authorization (that is, June 30, 2020).

Subsequently, through Note NO-2020-37458730-APN-SE # MDP dated June 10, 2020, the Secretary of Energy voided the Note of May 21, 2020, but expressed that, in consideration of the exceptional and abnormal situations caused by the COVID-19 pandemic, it was necessary to review the enforceability of certain obligations arising from executed contracts and from the current regulations. Consequently, the Secretary of Energy ordered to temporarily suspend the toll, through and including September 12, 2020, for those contracts of the RenovAr Programs (Rounds 1, 1.5, 2 and 3) (among others) in respect of projects that had not been authorized to operate as of March 12, 2020. As a corollary of the foregoing, it also instructed CAMMESA to suspend any demand for non-compliance with the scheduled dates for completion of works, both as regards the increase in performance bond and the assessment of fines.

Despite the suspension of the aforementioned deadlines, Vientos Patagónicos Chubut Norte III S.A. may not be able to reach that milestone before the new SDCA resulting from the extensions provided by the Ministry of Energy, due to the already existing delays in the process of construction and commissioning of the projects, as a consequence of the circumstances of force majeure detailed in Note 12.2 to the consolidated financial statements as of December 31, 2019 and that were pre-existing to the situation caused by the COVID-19 pandemic.

However, the legal advisors of the aforementioned companies consider that, in the event of the assessment of the fine by CAMMESA, they have sufficient arguments to have it dismissed or reversed. That is why these companies have not recorded any contingency provision as of June 30, 2020.

8.2.2. Chubut Norte II Wind Farm Project

Chubut Norte II wind farm project is part of our renewables pipeline. Energy generated by this wind farm will be sold to industrial users in the MATER or in the spot market. The Chubut Norte II wind farm will have an installed capacity of 26.28 MW.

The Chubut Norte II wind farm will be located approximately 18 km northeast of the city of Puerto Madryn, Province of Chubut. We acquired 1,766 hectares of land to develop this project. This project will expand the Chubut Norte substation of 33/132 kV located within the property.

On August 10, 2018, we executed (i) a “turn-key” engineering, procurement and construction agreement for the Chubut Norte II wind farm with Nordex Energy GmbH and Nordex Windpower SA, including all the works required in relation to the design, engineering, supply of wind turbines, construction (civil and electrical works), connection, testing, start-up and completion of the wind farm; and (ii) an agreement for the provision of operation and maintenance services (O&M Agreement) with Nordex Argentina S.A in respect of the wind farm’s equipment, which will come into force once the operation stage has begun and will terminate after ten years.

On July 23, 2019, Genneia S.A. signed a \$ 31 million corporate loan with KfW for the construction of the Pomona II and Chubut Norte II wind farms. The financing implies a 4-year secured loan granted by KfW. The KfW loan is guaranteed by the German Export Credit Agency Euler Hermes.

On September 1, 2019, in order to strengthen the normal functioning of the economy, contribute to a prudent administration of the exchange market, reduce the volatility of financial variables and contain the impact of fluctuations in financial flows on the real economy , the national government issued Decree No. 609/2019 by which, in others, exchange controls were temporarily reestablished. The decree mentioned among other measures: (i) reestablished, until December 31, 2019, the obligation of exporters to enter the country in foreign exchange and / or negotiate in the exchange market, the counter value of exports of goods and services, under the conditions and deadlines established in the regulations to be dictated by the BCRA; and (ii) authorized the Central Bank, in the exercise of its powers, (a) to regulate access to the exchange market for the purchase of foreign currency and its transfer abroad; and (b) establish regulations that avoid practices and operations aimed at avoiding, through public titles or other instruments, the measures adopted in said decree.

On December 18, 2019, the Company and Nordex entered an addendum III to the EPC Contract of the Chubut Norte II Project, under which Nordex resumed its suspended contractual services, a new work schedule and a new contractual date for the “Final take over” of the project were agreed, and a cancellation schedule for certain overdue invoices due to Nordex was agreed.

On January 28, 2020, the Company amended the loan agreement with KfW, in order to reflect said exchange controls by the BCRA in the operation of future disbursements, having already made the first disbursements of the financing prior to the date of issuance of these financial statements.

8.2.3. La Florida Biomasa Project

Regarding the project mentioned in note 12.4 to the consolidated financial statements as of December 31, 2019, as of the date of issuance of these financial statements, the construction of the project has not been continued since the Argentine macroeconomic situation, the economic-financial events caused by the exchange controls established by the BCRA since September 2019, the pandemic caused by the COVID-19 and the measures implemented by the National Executive Branch Power to contain the spread of the virus at the national level, have modified the conditions originally considered by the Company when signing the PPA, making it difficult to obtain the necessary financing for the normal development of construction of the project.

8.3. Other financing agreements

The main financing is described in Note 9 to the annual consolidated financial statements. The main news for the six-month period ended June 30, 2020 are described below:

8.3.1. KfW Corporate Loan - Financing of the Pomona II Wind Farm and Chubut Norte II Wind Farm Projects

On July 23, 2019, Genneia S.A. signed a corporate loan of US\$ 31 million with KfW for the construction of the Pomona II (12 MW) and Chubut Norte II (26 MW) wind farms. The financing implies a 4-year secured loan granted by KfW. The KfW loan is guaranteed by the German Export Credit Agency Euler Hermes. On January 28, 2020, the Company addended the loan agreement with KfW, in order to reflect said exchange controls by the BCRA, having already made the first disbursements of the financing prior to the date of issuance of these financial statements.

8.3.2. Project Finance Loan to finance Pomona I Wind Farm Project

On February 6, 2020, the Company agreed to cancel the loan granted by DEG - Deutsche Investitionsk - Und Entwicklungsgesellschaft Mbh (DEG) in relation to the financing of the Pomona I wind farm (described in Note 9.2.11 to the consolidated financial statements as of December 31, 2019) without having received disbursements of funds under said contract. Consequently, the total financing committed for the construction of the Pomona I wind farm was reduced by US\$ 20.7 million and therefore the maximum amount to be disbursed is US\$ 121 million. The reasons for canceling such loan was mainly related to the fact that the pre-established use of the loan proceeds did not comply with the exchange regulations implemented in Argentina as of September 2019 as described in Note 8.2.1. The cancellation of this loan did not affect the original financing plan for the construction and commissioning of the project.

8.3.3. Financing agreement with Vestas

On January 7, 2020, the Company and Vestas entered into an Addendum III to the agreement for the provision of turbines at the Madryn II Wind Farm, in order to agree for a deferred payment plan in installments during 2020, in relation to certain invoices originally payable by the Company 90 days after the commercial operation date of the Madryn II wind farm. These payment obligations of the Company under said agreement, are guaranteed to Vestas with the cash flow from the PPA at the Madryn II wind farm, and with a pledge with first grade registration on the wind turbines of said wind farm.

8.3.4. GEDESA Credit facility

On November 22, 2017, GEDESA entered into a Credit Facility Agreement for an amount US\$45,000 with Industrial and Commercial Bank of China (Argentina) S.A. Dubai Branch ("ICBC Dubai"), Banco Itaú Unibanco S.A. Nassau Branch ("Itau Nassau"), Banco Hipotecario S.A. ("BH") and BACS Banco de Crédito and Securitización S.A. ("BACS"), to finance the acquisition of GETSA. The principal outstanding amount is payable in 12 quarterly and consecutive installments. The first one is due on February 22, 2018 and the last one, on November 22, 2020, this last installment for a final amount of US\$21 million. The financing interest rate is equivalent to Libor rate plus 5,5%, payable on a quarterly basis. The loan has been granted to GEDESA without guarantees.

At the end of this period, GEDESA has breached certain financial ratios established in the aforementioned loan agreement. This breach corresponds to the new remuneration scheme of the thermal power plant that affected only the ability of the subsidiary to comply with the ratios agreed in the loan contract, but not its originally planned ability to pay current debt services. The debt repayment ability was evidenced by the repayment of principal and interest upon maturity in May. As of the date of issuance of these financial statements, GEDESA had been granted a waiver by the lenders for the breach incurred at the close of the first quarter of 2020.

As a result of the original loan maturity schedule, as of June 30, 2020, GEDESA has classified an amount of US\$ 21 million as current loans in the statement of financial position.

Management is actively working together with the borrowing entities to agree on the financing of the last installment of the loan due in November 2020, as expected at the time of obtaining the financing. In this sense, GEDESA and the banks are analyzing the effects of the new tariff regulation mentioned in note 8.4, to adequately establish the financing conditions of the last installment, prioritizing debt sustainability and the normal course of the business of the Company.

8.3.5. New Negotiable Debt Obligations issuance

On May 26, 2020, Genneia S.A. issued two new series of Negotiable Debt Obligations. On the one hand, Class XXVII was a dollar-linked instrument priced at a fixed rate of 5,00% per year due May 2021, for a total of US\$ 21,4 million. On the other hand, Class XXVI was a Peso denominated instrument priced at a floating rate of BADLAR plus a spread of 5.00% due November 2020, unsecured, for a total of AR\$ 425 million. The funds from these local bonds will be used to refinance short term obligations.

8.3.6. Project Finance Loan to finance the Villalonga I and Chubut Norte I Wind Farm Projects

On April 7, 2020, Genneia Vientos Argentinos S.A. and Genneia Vientos del Sur S.A. agreed to a reduction of US\$ 8.5 million in the financing described in Note 9.2.12 to the consolidated financial statements as of December 31, 2019. Consequently, the total financing committed for the construction of the Villalonga I and Chubut Norte I wind farms totals US\$ 122.2 million. The reasons for this reduction were mainly related to the fact that the pre-established allocation of funds for this loan was associated with the construction costs of the projects, which finally came into operation with substantial cost savings. The reduction of this loan did not affect the original plan for financing the construction and commissioning costs of the projects, since they were already operational as of that date.

Likewise, on April 24, 2020, the companies received a disbursement of US\$ 7.8 million under the financing facility, which proceeds were used to make a one-time remuneration payment to Genneia S.A. linked to the successful management of the projects, having finished them before the stipulated time and with budget savings.

8.4. Situation with IEASA (EX ENARSA) – Claim for PUI y GUI

In relation to Note 11.8 to the consolidated financial statements as of December 31, 2019, by means of document letters received in June 2020, IEASA (formerly “ENARSA”) once again demanded the Company and its subsidiary ENERSUD, in terms substantially equal to the demand dated October 2017, for the payment of bills for gas sold by IEASA under contract and as “Ultimate Supplier” (Proveedor de Ultima Instancia “PUI”) and “Ultimate Gas” (Gas de Ultima Instancia, “GUI”).

Genneia rejected these demands for payment, and demanded IEASA for the payment of USD 9.4 MM, corresponding to unpaid balances for the PER I and PER II contracts, between the month of July 2017 and November 2019. Likewise, through its subsidiary company "Parque Eólico Loma Blanca IV SA", it demanded IEASA for the payment of USD 5.8 MM, corresponding to unpaid balances for the Trelew Wind Farm contract, between the month of December 2017 and March 2020. These claimed balances include the relevant exchange difference, which will be recognized for accounting once its collection is virtually secure.

8.5. New private contracts

In June 2020, Genneia signed a PPA with Mc CAIN Argentina S.A. (private user in Argentina) in relation to any of our wind farms that are not subject to other PPAs (Chubut Norte II, Pomona II and Villalonga II). PPA is denominated in dollars and valid for 5 years.

8.6. Acquisition of Sofeet International L.L.C.

On June 15, 2020, GENNEIA S.A. purchased the entire company Sofeet International L.L.C which is now fully owned, with the aim of carrying out, investment activities, guaranteeing the Company's debt and other activities abroad complementary to those provided for in the Company's bylaws. Sofeet International L.L.C. was incorporated in Delaware, United States on July 9, 2018 as a Limited Liability Company. Its purpose is to carry out any business considered admissible under the laws of the State of Delaware, United States. As of the acquisition date, the Company had a subscribed capital of US\$ 100, and had no other identifiable assets or liabilities. The purchase price of the same was equal to its carrying amount.

NOTE 9 - CONSOLIDATED BUSINESS SEGMENT INFORMATION

The different segments in which the Company is organized have in considering the different activities from which the Company obtains income and incurs expenses. The mentioned organizational structure is based on the way in which the highest authority in the decision-making process analyzes the main financial and operating activities on the basis of internal reports regarding components of the Company while making decisions about resource allocation and performance assessment considering the Company's business strategy.

The Company develops its activities in three business segments: (i) electrical power generation from conventional sources; (ii) electrical power generation from renewable sources; (iii) trading on its own, on behalf of third parties or associated with third parties, of natural gas and/or its transportation capacity and of electric power, through the Company and its subsidiary ENERSUD. Costs and assets related to corporate administration and other income (expenses) are allocated into the segment “Corporate and others”, except for the impairment related with the Cruz Alta Thermal Power Plant which was allocated into the Electrical power generation from conventional sources segment.

All the sales and the non-current assets of the Company are generated and are located in Argentina.

Below is disclosed the information for each business segment as defined by the Company:

	Electrical power generation from conventional sources	Electrical Power generation from renewable sources	Trading of natural gas and gas transportation	Corporate and others	Consolidation adjustments	Total
Six-month period ended June 30, 2020						
Net sales to third parties	35,578	108,992	2,381	2,386	-	149,337
Net inter-segment sales	-	-	-	-	-	-
Net sales	35,578	108,992	2,381	2,386	-	149,337
Gross profit less administrative and selling expenses	16,624	80,431	1,601	(5,652)	-	93,004
Net profit (loss) before financial expense, net and income tax ^{(2) (4)}	16,624	79,040	1,601	(7,698) ⁽¹⁾	-	89,567
Fixed and concessioned assets depreciation and intangible assets amortization	13,876	19,768	325	536	-	34,505
Fixed and concessioned assets investments ⁽³⁾	-	21,754	-	10	-	21,764
Assets ⁽³⁾	289,579	1,022,965	18,092	178,138	(44,457)	1,464,317
Six-month period ended June 30, 2019						
Net sales to third parties	55,146	62,985	2,218	1,687	-	122,036
Net inter-segment sales	-	-	-	-	-	-
Net sales	55,146	62,985	2,218	1,687	-	122,036
Gross profit net administration and selling expenses	26,920	44,436	1,467	(6,214)	-	66,609
Net profit (loss) before financial expense, net and income tax ^{(2) (4)}	6,778	44,592	1,467	(9,063) ⁽¹⁾	-	43,774
Impairment loss on goodwill and fixed assets	20,142	-	-	2,849	-	22,991
Fixed and concessioned assets depreciation and amortization	20,085	13,092	127	624	-	33,928
Fixed and concessioned assets investments ⁽³⁾	702	187,712	-	565	-	188,979
Assets ⁽³⁾	256,010	995,245	18,935	234,598	(36,060)	1,468,728

- (1) Includes (2,046) and (2,849) of other expenses, net for the six-month period ended June 30, 2020 and 2019, respectively.
- (2) Financial expense, net and income tax are allocated to the corporate and others segment. Loss on long term investments in joint ventures has been allocated to Electrical Power generation from renewable sources.
- (3) In addition, the company has made advanced payments to fixed assets suppliers for an amount of 2,137 and 27,960 as of June 30, 2020 and December 31, 2019, respectively, included in other non-current receivables.
- (4) As of June 30, 2020, the Electricity Generation segment from conventional sources includes: Gross profit for 16,624. The Electricity generation from renewable sources segment includes: Gross profit for 80,431, and Results for long-term investments for (1,391). The gas marketing and transportation segment includes: Gross profit for 1,601. Corporate and others include: Gross profit for 2,386, Administrative expenses for (6,503), Selling expenses for (1,535) and Other net expenses for (2,046). As of June 30, 2019, the Electricity Generation segment from conventional sources includes: Gross profit for 26,920 and Other net expenses for (20,142). The Electricity generation from renewable sources segment includes: Gross profit for 44,436 and Results for long-term investments for 156. The gas marketing and transportation segment includes: Gross profit for 1,467. The Corporate Administration segment and others include: Gross profit for 1,687, Administrative expenses for (6,638), Selling expenses for (1,263) and Other net expenses for (2,849).

NOTE 10 - SUBSEQUENTS EVENTS

As of the date of issuance of these interim condensed consolidated financial statements, there have been no other significant subsequent events, which could have an effect on the financial position as of June 30, 2020, the results of operations and cash flows of the Company as of June 30, 2020 or its exposure in a note to these financial statements., if applicable, would not have been considered in accordance with IFRS.

NOTE 11 - APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial, statements were approved by the Board of Directors of GENNEIA and authorized for issue on August 10 2020.

Carlos De la Vega
Authorized Director

Annex A - OTHER SUPPLEMENTAL INFORMATION (Not covered by the Report of Independent Public Accountants)

As part of the terms of issuance of the International Notes (Series XX), the Company has to comply with certain financial ratios as a requirement to incur in new indebtedness.

The following tables present the financial position and results of operations of Genneia S.A. on a standalone basis and its subsidiaries, which are grouped by the Company's Management as Subsidiaries A and Subsidiaries B (as defined below), and Consolidation Adjustments as of June 30, 2020 and for the period ended on such date, to arrive to Genneia's figures on a consolidated basis. The unaudited information provided in this table has been derived from the Company records and its consolidation worksheet and provides supplementary information that is useful for the holders of the Negotiable Obligations in better evaluating the Company's compliance with certain financial ratios under the covenants included in the indenture of the International Notes (Series XX).

Subsidiaries A comprise the following companies: Enersud Energy S.A.U., Ingentis II Esquel S.A., Parque Eólico Loma Blanca IV S.A., Patagonia Wind Energy S.A., MyC Energía S.A., Genneia La Florida S.A., Ullum 1 Solar S.A.U., Ullum 2 Solar S.A.U., Ullum 3 Solar S.A.U. and Sofeet Internacional LLC.

Subsidiaries B comprise the following companies: Genneia Vientos Argentinos S.A., Genneia Vientos del Sur S.A., Genneia Vientos Sudoeste S.A. and Genneia Desarrollos S.A..

SUPPLEMENTAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2020 (Unaudited)
(amounts expressed in thousands of United States dollars)

	Genneia S.A. (Standalone)	Subsidiaries A	Subsidiaries B	Consolidation adjustments	Genneia S.A. (Consolidated)
Current Assets					
Cash and banks	17,208	1,673	39,593	-	58,474
Investments	32,498	33,116	1,031	-	66,645
Trade receivables	63,356	10,906	13,542	(11,084)	76,720
Other receivables ⁽¹⁾	28,650	5,727	4,217	(6,990)	31,604
Inventories	1,242	1	206	-	1,449
Total current assets	142,954	51,423	58,589	(18,074)	234,892
Non-current assets					
Trade receivables	2,893	-	-	-	2,893
Other receivables	125,511	3,861	2,659	(103,057)	28,974
Investments	202,022	292	7	(151,569)	50,752
Inventories	8,131	-	571	-	8,702
Fixed assets	649,141	151,098	315,110	(4,412)	1,110,937
Intangible assets	4,112	23,055	-	-	27,167
Total non-currents assets	991,810	178,306	318,347	(259,038)	1,229,425
Total assets	1,134,764	229,729	376,936	(277,112)	1,464,317
Current liabilities					
Accounts payable	67,703	6,447	19,774	(13,729)	80,195
Loans	134,974	16,060	55,076	(16,483)	189,627
Salaries and social security payable	4,047	12	113	-	4,172
Taxes payable	5,561	783	586	-	6,930
Other liabilities	3,440	3,056	4,996	(11,191)	301
Provisions	1,463	1,572	-	-	3,035
Total current liabilities	217,188	27,930	80,545	(41,403)	284,260
Non-current liabilities					
Taxes payable	-	-	-	-	-
Other liabilities	6,990	-	1,367	-	8,357
Loans	593,661	86,071	180,800	(82,875)	777,657
Deferred income tax liability	59,638	27,860	38,767	4,061	130,326
Total non-current liabilities	660,289	113,931	220,934	(78,814)	916,340
Total liabilities	877,477	141,861	301,479	(120,217)	1,200,600
Shareholders' equity attributable to owners of the Company	257,287	87,868	75,457	(156,895)	263,717
Total liabilities and shareholders' equity	1,134,764	229,729	376,936	(277,112)	1,464,317

SUPPLEMENTAL CONSOLIDATING STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 (Unaudited)

(amounts expressed in thousands of United States dollars)

	Genneia S.A. (Standalone)	Subsidiaries A	Subsidiaries B	Consolidation adjustments	GenneiaS.A. (Consolidated)
Net sales	111,487	17,832	31,288	(11,270)	149,337
Cost of sales ⁽²⁾	(32,416)	(7,849)	(11,517)	3,487	(48,295)
Gross profit	79,071	9,983	19,771	(7,783)	101,042
Selling expenses ⁽³⁾	(1,129)	(53)	(353)	-	(1,535)
Administrative expenses ⁽⁴⁾	(4,855)	(856)	(484)	(308)	(6,503)
Other expenses, net	(1,602)	69	(513)	-	(2,046)
Loss on long term investment in joint ventures	(376)	-	-	(1,015)	(1,391)
Financial expense, net ⁽⁵⁾	(35,322)	(5,972)	(12,523)	-	(53,817)
Net profit (loss) before income tax	35,787	3,171	5,898	(9,106)	35,750
Income tax	(11,064)	(463)	436	64	(11,027)
Net profit (loss) for the period	24,723	2,708	6,334	(9,042)	24,723
Other comprehensive income					
Translation differences from investments in companies	(203)	-	(58)	58	(203)
Total other comprehensive profit (loss)	(203)	-	(58)	58	(203)
Total comprehensive profit (loss) for the period	24,520	2,708	6,276	(8,984)	24,520

SUPPLEMENTAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 (Unaudited)
(amounts expressed in thousands of United States dollars)

	GenneiaS.A. (Standalone)	Subsidiaries A	Subsidiaries B	Consolidation adjustments	GenneiaS.A. (Consolidated)
(1) Other receivables					
Includes Account for future investments	3,499	-	-	-	3,499
(2) Cost of sales					
Includes fixed assets depreciation and amortization of intangible assets	21,527	5,444	6,742	256	33,969
(3) Selling expenses					
Includes fixed assets depreciation	3	-	-	-	3
(4) Administrative expenses					
Includes fixed assets depreciation	533	-	-	-	533
(5) Financial expense, net					
Includes interest expense	34,532	5,298	8,248	(4,766)	43,312
Includes issuance costs and withholdings	1,956	-	3,021	-	4,977
Includes exchange difference	6,837	1,450	4,107	-	12,394

The principal outstanding balances as of June 30, 2020 for transactions between Genneia (stand alone) and its subsidiaries (which were eliminated in the consolidation process) are as follows:

	Subsidiaries A	Subsidiaries B
Trade receivables	3,633	7,117
Other receivables ⁽¹⁾	67,670	39,234
Accounts payable	1,811	1,168
Loans	364	-
Other liabilities	1,721	-

(1) Includes balances from loans granted to Subsidiaries A amounting to 64,697 and to Subsidiaries B amounting to 34,297.

The main operations for the six-month period ended June 30, 2020 for transactions between Genneia (stand alone) and its subsidiaries (which were eliminated in the consolidation process) are as follows:

	Subsidiaries A	Subsidiaries B
	Gain (loss)	
Sales	1,819	9,196
Purchases	293	-
Recovery (reimbursement) of expenses, investments and other services, net	1	2
Loans granted (collected), net	-	-
Loans received (paid), net	(4,918)	876
Interests gain	3,444	1,260

Carlos De la Vega
Authorized Director