

SCC Power PLC and Subsidiaries

**Unaudited Consolidated Condensed Interim Financial Statements
for the nine-month period ended September 30th, 2023**

SCC Power PLC

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS for the nine-month period ended September 30th, 2023

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Unaudited Consolidated Condensed Interim Statement of Financial Position (in US dollars) as of September 30th, 2023

	Notes	9/30/2023	12/31/2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	633,897,425	579,767,179
Deferred income tax assets	5	80,530,035	68,663,075
Prepayments	7 (a)	3,110,000	4,023,333
Tax assets	7 (b)	34,295,333	38,200,378
Total non-current assets		751,832,793	690,653,965
CURRENT ASSETS			
Prepayments	7 (a)	12,716,173	15,807,365
Tax assets	7 (b)	19,185,354	21,134,010
Spare parts		3,548,791	2,178,196
Trade receivables	7 (e)	26,664,310	24,154,025
Investments	7 (d)	2,753,873	71,999,994
Cash and cash equivalents	7 (c)	63,959,106	43,369,075
Total current assets		128,827,607	178,642,665
Total assets		880,660,400	869,296,630
SHAREHOLDERS' EQUITY			
Share capital		200,060,887	200,060,887
Additional Paid-in capital		(199,998,000)	(199,998,000)
Retained earnings		129,353,117	142,527,583
Total equity		129,416,004	142,590,470
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans	7 (g)	673,463,210	649,522,843
Trade and other payables	7 (f)	27,472,691	37,588,353
Total non-current liabilities		700,935,901	687,111,196
CURRENT LIABILITIES			
Loans	7 (g)	3,771,705	9,268,546
Tax liabilities		53,344	104,946
Salaries and social security		116,214	180,740
Trade and other payables	7 (f)	46,367,232	30,040,732
Total current liabilities		50,308,495	39,594,964
Total liabilities		751,244,396	726,706,160
Total liabilities and equity		880,660,400	869,296,630

See accompanying notes to these Unaudited Consolidated Condensed Interim Financial Statements

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Unaudited Consolidated Condensed Interim Statement of Comprehensive Income (in US dollars) for the nine-month period ended September 30th, 2023

	Notes	9/30/2023 (9 months)	9/30/2022 (144 days)	9/30/2023 (3 months)	9/30/2022 (3 months)
Net revenues		79,495,522	37,846,487	25,032,522	25,421,226
Cost of sales	8 (b)	<u>(34,192,624)</u>	<u>(16,151,827)</u>	<u>(10,444,547)</u>	<u>(11,359,598)</u>
Gross profit		45,302,898	21,694,660	14,587,975	14,061,628
General and administrative expenses	8 (b)	(10,900,940)	(5,039,090)	(4,130,302)	(2,951,869)
Gain on acquisition of business		-	192,026,723	-	-
Net other income and expenses		<u>(6,307,822)</u>	<u>677,064</u>	<u>(6,787,777)</u>	<u>677,064</u>
Operating profit		<u>28,094,136</u>	<u>209,359,357</u>	<u>3,669,896</u>	<u>11,786,823</u>
Financial income	8 (a.1)	6,988,897	3,835,247	2,156,529	3,425,024
Financial expenses	8 (a.2)	(41,380,791)	(19,462,189)	(14,222,497)	(14,261,296)
Other financial results	8 (a.3)	25,396,779	15,239,628	(3,983,870)	15,385,640
Net foreign exchange loss		<u>(41,595,414)</u>	<u>(4,888,763)</u>	<u>(17,807,660)</u>	<u>(3,855,117)</u>
Net finance costs		<u>(50,590,529)</u>	<u>(5,276,077)</u>	<u>(33,857,498)</u>	<u>694,251</u>
Net income (loss) before income tax		<u>(22,496,393)</u>	<u>204,083,280</u>	<u>(30,187,602)</u>	<u>12,481,074</u>
Income tax expense		<u>9,321,927</u>	<u>(4,708,623)</u>	<u>10,618,889</u>	<u>(3,391,410)</u>
Net income (loss) for the period		<u>(13,174,466)</u>	<u>199,374,657</u>	<u>(19,568,713)</u>	<u>9,089,664</u>
Other comprehensive income		-	-	-	-
Comprehensive income (loss) for the period		<u>(13,174,466)</u>	<u>199,374,657</u>	<u>(19,568,713)</u>	<u>9,089,664</u>

See accompanying notes to these Unaudited Consolidated Condensed Interim Financial Statements

SCC Power PLC and Subsidiaries

Unaudited Consolidated Condensed Interim Statement of Changes in equity

(in US dollars)

for the nine-month period ended September 30th, 2023

	Share capital	Additional paid-in capital	Retained earnings (accumulated income)	Total
Initial Capital Contribution on May 9, 2022	60,887	-	-	60,887
Issuance of preferred shares (Note 12)	200,000,000	(199,998,000)	-	2,000
Comprehensive income for the period	-	-	142,527,583	142,527,583
Balances as of December 31st, 2022	200,060,887	(199,998,000)	142,527,583	142,590,470
Comprehensive income for the period	-	-	(13,174,466)	(13,174,466)
Balances as of September 30th, 2023	200,060,887	(199,998,000)	129,353,117	129,416,004

See accompanying notes to these Unaudited Consolidated Condensed Interim Financial Statements

SCC Power PLC and Subsidiaries

Unaudited Consolidated Condensed Interim Statement of Cash Flows

(In US dollars)

for the nine-month period ended September 30th, 2023

	Notes	9/30/2023	9/30/2022
Cash Flow from operating activities			
Net income for the period		(13,174,466)	199,374,657
Adjustments for:			
Income tax expense		(9,321,927)	4,708,623
Depreciation of property, plant and equipment	11	17,486,125	9,541,384
Result of changes in fair value of financial assets	8 (a.3)	4,159,191	2,709,805
Gain on disposal of short-term investments	8 (a.3)	(30,432,479)	(17,949,433)
Change in fair value of derivative instruments	8 (a.3)	876,509	-
Net foreign exchange loss		41,595,414	4,888,763
Accrued interest, net	8 (a.1, a.2)	34,391,894	15,626,942
Other income and expenses, net		6,307,822	-
Gain on acquisition of business		-	(192,026,723)
Changes in operating assets and liabilities:			
Increase in trade receivables		(7,316,523)	(5,576,013)
Decrease (increase) in prepayments		3,052,172	(818,260)
Increase in materials and spare parts		(1,370,595)	(4,874)
Increase in tax assets		(28,449,118)	(14,416,726)
Decrease in trade and other payables		(4,585,571)	(180,808)
Increase in salaries and social charges to be paid		900	23,218
Decrease in tax liabilities		(42,130)	(13,557)
Net cash flows from operating activities		13,177,218	5,886,998
Cash flow from investing activities			
Net proceeds from financial assets and short-term investments		103,216,133	(87,760,285)
Acquisitions of property, plant and equipment		(67,997,247)	(36,184,641)
Net cash flows from investing activities		35,218,886	(123,944,926)
Cash flow from financing activities			
Proceeds from local secured notes		-	133,709,271
Payments of loans	10 (e)	(5,606,836)	(2,468,268)
Payment of interest on bank loans	10 (e)	(2,882,026)	(3,155,869)
Payment of interest on senior secured notes	10 (a, b)	(10,414,778)	(4,393,353)
Capital increase		-	62,887
Net cash flows (used in) / from financing activities		(18,903,640)	123,754,668
Net increase in cash		29,492,464	5,696,740
Cash and cash equivalents at the beginning of period		43,369,075	-
Exchange rate difference		(8,902,433)	(2,189,090)
Cash and cash equivalents from acquisition of business		-	29,658,449
Net increase in cash		29,492,464	5,696,740
Cash and cash equivalents at the end of period		63,959,106	33,166,099
Main investing and financing non-cash transactions			
Acquisition of business, net of cash acquired through issuance of debt		-	(641,853,665)
Net main investing and financing non-cash transactions		-	(641,853,665)

See accompanying notes to these Unaudited Consolidated Condensed Interim Financial Statements

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 1 - GENERAL INFORMATION

1.0) Reporting entity

SCC Power PLC (the “Company”) is a public limited company incorporated, domiciled, and registered in the UK. The registered number is 14094520 and the registered address is, c/o TMF Group 13th floor, One Angel Court, London, United Kingdom. The Company was incorporated on May 9th, 2022.

The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as “the Group”).

The Group is comprised by:

- SCC Power GP Ltd, incorporated in BVI, a holding entity which is the General Partner 1% controlling shareholder of Stoneway Energy International LP and Stoneway Energy LP.
- Stoneway Energy International LP, incorporated in New Brunswick, Canada, a holding entity which is the 99% controlling shareholder of Stoneway Energy LP (Limited Partner) and holds 5% interests of SCC Power Argentina S.A., SCC Power San Pedro S.A., Araucaria Power Generation S.A. and Araucaria Generation S.A.;
- Stoneway Energy LP, incorporated in New Brunswick, Canada, a holding entity which is the 95% controlling shareholder of SCC Power Argentina S.A., SCC Power San Pedro S.A., Araucaria Power Generation S.A and Araucaria Generation S.A.;
- SCC Power Argentina S.A., incorporated in Argentina to construct and operate three power-generating plants in Buenos Aires, Argentina: Las Palmas, Lujan and Matheu;
- SCC Power San Pedro S.A., incorporated in Argentina to construct and operate a power-generating plant in San Pedro, Buenos Aires, Argentina;
- SCC Power Generation S.A. (former Araucaria Power Generation S.A.), incorporated in Argentina, to acquire and manage investments in real estate; and
- Araucaria Generation S.A., incorporated in Argentina to hold the PPA for the San Pedro combined-cycle plant until September 25, 2019, when it transferred all of its rights under such PPA to SCC Power San Pedro S.A.

1.1) Description of the business

The Group owns and operates four thermal generation plants (the “Plants”), located in Buenos Aires province: Las Palmas, Lujan, Matheu and San Pedro.

The Group's profit is derived from long-term power supply and provision agreements entered into with CAMMESA (Compañía Administradora del Mercado Mayorista Eléctrico S.A.) for the total installed capacity, as specified below:

- 686.5 MW of aggregate installed capacity awarded pursuant to Resolution SEE N0. 21/2016. The operation under simple cycle in each plant has the following configuration:
 - four Siemens SGT-800 gas turbines at Las Palmas Plant with an installed capacity of 202 MW;
 - two Siemens SGT-800 gas turbines at San Pedro Plant with an installed capacity of 103,5 MW;
 - four Trent 60 gas turbines at Matheu Plant with an installed capacity of 254 MW;
 - two Trent 60 gas turbines at Lujan Plant with an installed capacity of 127 MW.

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 1 - GENERAL INFORMATION (cont.)

1.1) Description of the business (cont.)

- 105 MW pursuant to Resolution SEE N0. 287/2017 related to the expansion and conversion to combined cycle of the San Pedro Thermoelectric Plant (hereinafter, “New Combined Cycle PPA”). The first phase of the project consisting of adding a third gas turbine achieved commercial operation on December 2019 adding 50 MW of incremental capacity. The second phase related to the installation of three heat recovery steam generators, an aero condenser, a steam turbine and various other auxiliary components, which is expected to add an additional 55 MW, is currently under construction.

Under the Simple Cycle PPAs, the Group assumed the obligation to maintain a minimum level of generation capacity in each of the Plants for a term of 10 (ten) years, starting from each commercial operation date.

Under the Combined Cycle PPAs, the Group assumed the obligation to expand and convert the San Pedro Plant to combined cycle by installing a third gas turbine, a steam turbine and various other auxiliary components. The combined cycle PPA will be effective upon project completion and will mature February 16th, 2036.

Preventive closure of Matheu Plant

In December 2017, prior to completion of the construction of the Matheu Generation Facility, an injunction (the “2017 Matheu Injunction”) prohibiting the construction and operation of the Matheu Generation Facility was issued by the First Instance Federal Court of Campana, province of Buenos Aires (the “Campana Federal Court”). Before the appeal of SCC Power Argentina, the 2017 Matheu Injunction was overturned on appeal by the Argentine Federal Court of Appeals on May 16, 2018.

On August 16, 2020, the Organismo Provincial para el Desarrollo Sostenible (“OPDS”) ordered the preventive closure of the Matheu Generation Facility based on the existence of disturbing noises, and on the same date the Municipality of Pilar notified a closure order for the Matheu Generation Facility based on the lack of a municipal permit and the order issued by the OPDS.

On December 4, 2020, the Argentine Supreme Court issued a decision reversing the decision made on May 16, 2018 to overturn the 2017 Matheu Injunction and on March 16, 2021, the Argentine Federal Court of Appeals confirmed the 2017 Matheu Injunction, and the closure remained in place.

On May 21, 2021, SCC Power Argentina filed a writ before the Campana Federal Court to (i) modify the Matheu Injunction and authorize SCC Power Argentina to implement a remediation plan (the “Matheu Remediation Plan”). On September 13, 2021, the Campana Federal Court partially modify the Matheu Injunction in order to authorize SCC Power Argentina to begin implementing the Matheu Remediation Plan, if SCC Power Argentina obtains within 30 days the pertinent authorizations from Ministerio de Ambiente de Provincia de Buenos Aires (“MAPBA”) and the Municipality of Pilar. SCC Power Argentina filed the proper documentation in order to obtain the permits to implement the Matheu Remediation Plan, which to this date is still pending.

On August 31, 2022 SCC Power Argentina filed before the Federal Judge a new writ to modify the Matheu Injunction in order to authorize SCC Power Argentina to operate with only two (2) turbines until the Matheu Remediation Plan is authorized. On October 31, 2022 the Federal judge rejected the petition,

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 1 - GENERAL INFORMATION (cont.)

1.1) Description of the business (cont.)

and it was appealed by SCC Power Argentina. On January 23, 2023 the Federal Court of Campana authorized SCC Power Argentina to operate the Matheu Generation Facility on a provisional basis with two (2) turbines, between 8:00 a.m. to 9:00 p.m. and until September 30, 2023. Since July 1, 2023, the facility remains once again non-operational. The Company has requested the Federal Court an extension of the provisional authorization, but such authorization has not yet been granted.

The Group considers that there are no justified reasons that support an extreme measure such as the total preventive closure of the Power Plant. The Group is working on a mitigation plan that aims, among one of the options, at moving the plant to another location.

NOTE 2 - BASIS OF ACCOUNTING

2.0) Statements of compliance with IFRS

These Unaudited Consolidated Condensed Interim Financial Statements have been prepared in conformity with IAS 34 Interim Financial Reporting. This interim financial report does not include all the information required for a complete set of IFRS financial statements. Accordingly, this report should be read in conjunction with the annual report for the year ended December 31st, 2022.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the Group's financial position and performance since the Company's incorporation.

The issuance of these Unaudited Consolidated Condensed Interim Financial Statements for the period-end September 30th, 2023 was authorised by the board of directors on November 29th, 2023.

2.1) Group's financial position

On May 17th, 2022 the Company acquired the businesses of Stoneway Capital Corporation ("Stoneway"), primarily engaged in the business of constructing, owning and operating, through its subsidiaries, consisting of four power-generating plants, with an aggregate installed capacity 737 MW, that utilize diesel and natural gas to provide base-load electricity to the wholesale electricity market in Argentina (NOTE 14 – BUSINESS COMBINATION).

The Company has prepared cash flow forecasts which includes repayment of the senior secured notes as well as short term debt. Higher cash inflows were estimated as a result of the combined cycle operation in San Pedro plant. The Company estimates that current liabilities will be paid as required.

The directors have assessed that the Group will have sufficient funds to continue to meet its liabilities and obligations as they fall due for at least 12 months from the date of approval of the Financial Statements and have prepared the Financial Statements on a going concern basis.

2.2) Preparation of the Unaudited Consolidated Condensed Interim Financial Statements

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and have the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer (see Note 2.1).

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 2 - BASIS OF ACCOUNTING (cont.)

2.2) Preparation of the Unaudited Consolidated Condensed Interim Financial Statements (cont.)

The Condensed Financial Statements of subsidiaries are included in the Unaudited Consolidated Condensed Interim Financial Statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2.3) Basis for measurement and presentation

All intra-group balances, transactions, income and expenses, and profits and losses, including unrealised profits arising from intra-group transactions, have been eliminated on consolidation.

These Unaudited Consolidated Condensed Interim Financial Statements have been prepared on the historical cost basis.

The presentation in the Unaudited Consolidated Condensed Interim Statement of Financial Position makes a distinction between current and non-current assets and liabilities. Current assets and liabilities are those expected to be recovered or paid within twelve months after the reporting date. In addition, the Group reports the Unaudited Consolidated Condensed Interim Statement of cash flows by the indirect method.

These Unaudited Consolidated Condensed Interim Financial Statements are stated in USD, except as otherwise indicated.

2.4) Translation of Consolidated Condensed Interim Financial Statements

(a) Functional currency

The Company and its subsidiaries' functional currency is the US dollar, determined on the basis of the analysis of various relevant factors set forth in IAS 21 Foreign Currency. All amounts have been rounded to the nearest USD, unless otherwise indicated.

(b) Transactions and balances

Transactions denominated in foreign currencies (all currencies other than the functional currency) are translated to the functional currency by applying the exchange rates prevailing at the dates of the transactions or the fair value measurement. The Unaudited Consolidated Condensed Interim Statement of Comprehensive Income includes foreign exchange gains or losses derived from the settlement of these transactions and the translation at exchange rates prevailing at year-end of monetary assets and liabilities with an original currency other than the US dollar.

Foreign exchange differences are presented in the Unaudited Consolidated Condensed Interim Statement of Comprehensive Income in line Net foreign exchange loss.

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NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 2 - BASIS OF ACCOUNTING (cont.)

2.5) Significant accounting policies

The main accounting policies applied to the preparation of these condensed interim financial statements are consistent with those applied to the preparation of the financial statements under IFRS for the year ended December 31, 2022 except for the following:

Derivative financial instruments:

Derivative financial instruments are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognised in profit or loss.

The Company has not formally designated financial instruments as hedging instruments.

The Company has not adopted in advance any of the new IFRS or modifications to existing IFRS that come into effect after January 1, 2023.

NOTE 3 - USE OF JUDGMENT AND ESTIMATES

The preparation of these Unaudited Consolidated Condensed Interim Financial Statements under IFRS requires Management to apply judgment, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses reported.

The related estimates and assumptions are based on expectations and other factors deemed reasonable in the circumstances, the results of which are the basis of judgment on the value of assets and liabilities not easily evident from other sources. The actual value of future results may differ from these estimates.

Estimates and underlying assumptions are continuously reviewed. The effect of reviews of accounting estimates is prospectively recognised.

The critical judgments made in the application of accounting policies to these Unaudited Consolidated Condensed Interim Financial Statements are related to the type of disbursements to be capitalized, such as property, plant and equipment, as the determination of capitalizable items requires a high degree of professional judgment.

Management recognizes estimation uncertainties with a significant effect on amounts recognised in these Unaudited Consolidated Condensed Interim Financial Statements in relation to the assumptions to determine the amount of deferred tax assets related to estimated tax losses considering availability of future taxable profit against which tax losses carried forward can be utilized.

At the same time, management estimate the residual value of the thermoelectric plants considering the estimated amount that the entity would get currently with reference to the disposal of the related asset, after deducting any estimated costs relating to the disposal of that asset.

NOTE 4 - OPERATING SEGMENTS

The Board of Directors is the chief operating decision maker, who receives and reviews financial information considering that SCC Power PLC has only one operating segment. This is based on the fact that Argentine Subsidiaries have only one customer – CAMMESA (Notes 13 a), b) and c)), to whom they provide with the availability of contractual capacity and the supply of power.

All SCC Power PLC non-current assets are located in Argentina as of September 30th, 2023.

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NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 5 - INCOME TAX

(a) Income tax expense

The income tax expense for interim periods is recognized on the basis of the best estimate made by Management of the weighted average rate that is expected at year end, applied to income before taxes for the period.

As of September 30th, 2023 the effective tax rate calculated for the year reached 41,44%.

(b) Changes in income tax rate

On June 16, 2021, the Executive Branch (PEN) passed and published Law No. 27630 that rendered a system of tax brackets that will be in force for fiscal years beginning on or after January 1, 2021 which will be adjusted annually on and after January 1, 2022, by considering the variation in the Consumer Price Index (CPI) measured as of October of each year. The adjusted amounts effective for the fiscal year beginning on or after January 1, 2023 are as follows:

Accumulated taxable income		To be paid AR\$	Plus %	Over the excess of AR\$
From AR\$	To AR\$			
AR\$ 0	AR\$ 14,301,209	AR\$ 0	25%	AR\$ 0
AR\$ 14,301,209	AR\$ 143,012,092	AR\$ 3,575,302	30%	AR\$ 14,301,209
AR\$ 143,012,092	Without limit	AR\$ 42,188,567	35%	AR\$ 143,012,092

In addition, as provided for by Law No. 27630, the rate applicable to the dividends on earnings generated in fiscal years beginning on or after January 1, 2018, is set to 7%.

As of September 30, 2023, the current tax was measured by applying the progressive tax rates on taxable income determined at such date, whereas the deferred tax balances were measured by applying the progressive tax rate expected to be applied based on the taxable income estimated in the year in which the temporary differences are reversed.

(c) Inflation adjustment for tax purposes

The Law No. 27430, created the obligation that, as from fiscal years beginning on or after January 1, 2018, the inflation adjustment calculated based on the procedure described in the Income Tax Law be deducted or included in the tax income/loss, to the extent that the Consumer Price Index (IPC) at a general level accumulated over the 39 months prior to the end of the year that is calculated exceeds 100%.

During the first three years as from effective date (fiscal years beginning on or after January 1, 2018), the tax inflation adjustment shall be applicable to the extent the IPC variation for each of them exceeds 55%, 30% and 15%, respectively. The resulting inflation adjustment, either gain or loss, was recognized in six equal parts for fiscal years ending on December 31, 2020 and 2019. The first part was computed in the year corresponding to the calculation and the remaining five parts are recognized in the immediately subsequent years. As from December 31, 2021, the amount of the tax inflation adjustment is recognized in the same fiscal year.

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NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 5 - INCOME TAX (cont.)

(d) IFRIC 23 Uncertainty over income tax treatments

The interpretation issued in June 2017 explains how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty over income tax treatments.

For these purposes, an entity must consider whether it is probable that the relevant authority will accept each tax treatment that it used or plans to use in its income tax filing.

If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine the tax position consistently with the tax treatment used or planned to use in its income tax filings.

If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity will reflect the effect of the uncertainty when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

An entity shall make consistent judgments and estimates for both current tax and deferred tax.

An entity shall reassess a judgment or estimate required by this Interpretation if the facts and circumstances on which the judgment or estimate was based change or as a result of new information that affects the judgment or estimate.

As of September 30th, 2023 the Company has applied this interpretation in the recording of current and deferred income tax, considering the adjustment for tax inflation over accumulated tax losses carried forward.

(d) Argentina extraordinary income tax advance payment

On August 12, 2022 the AFIP established through RG 5248/2022 an extraordinary income tax advance payment which should be paid in 3 monthly instalments, for companies that meet any of the following requirements:

- i) The amount of the income tax determined from fiscal period 2021's tax return (year end between August and December 2021) or 2022 (year end between January and July 2022), as applicable, is equal to or greater than AR\$ 100,000,000.
- ii) The amount of the taxable income that arises from the tax return, without applying the deduction of tax losses from previous years, is equal to or greater than AR\$ 300,000,000.

The extraordinary payment was 25% of the calculation base used for the payment of the advances if point i) is met, or 15% of the taxable income, without considering tax carrying forward losses from previous years if point ii) is met. The aforementioned payment must not be cancelled through the compensation mechanism and, moreover, should not be taken into account when applying to request for reduction of income tax advanced payments.

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NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 5 - INCOME TAX (cont.)

(e) IFRIC 23 Uncertainty over income tax treatments (cont.)

The local Subsidiaries paid to AFIP the amounts described below:

- SCC Power Argentina S.A. AR\$ 103,069,425 (equivalent to USD 700,819) in three consecutive monthly instalments of AR\$ 34,356,475 (equivalent to USD 233,606)
- SCC Power San Pedro S.A. AR\$ 136,636,707 (equivalent to USD 929,059) in three consecutive monthly instalments of AR\$ 45,545,569 (equivalent to USD 309,686)

The installments were due in the months of October, November and December of 2022. As of the date of issuance of these Financial Statements, the Company has already paid the extraordinary advance instalment due on October 22nd, 2022, November 22nd, 2022 and December 22nd, 2022. As of September 30th, 2023 the credit related to the advance payments is disclosed in line (Note 7 (b)).

On July 12, 2023 the AFIP established through RG 5391/2023 an additional extraordinary income tax advance payment which should be paid in 3 monthly instalments, for companies that meet any of the following requirements:

- i) have reported a tax result - without applying the deduction of tax losses from previous years - that is equal to or greater than \$ 600,000,000; and
- ii) have not determined income tax payables.

The advance payment will be 15% of the tax result of the fiscal period immediately preceding the one to which the payment is made. The advance payment will have to be charged, without taking into account the deduction of tax losses from previous years calculation and shall not be taken into account when making a request for a reduction of advances.

The extraordinary advance will be calculated on the basis of the tax return for the year ended December 31, 2022 and will be computed on account of the tax return of the following year.

According to the estimates made, the Argentinian subsidiaries do not fall within the parameters established by the regulations for the extraordinary advance payment.

NOTE 6 - FINANCIAL INSTRUMENTS - CLASSIFICATION AND RISK MANAGEMENT

(a) Classification and fair value of financial instruments

SCC Power PLC uses the following hierarchy to determine the fair value of its financial instruments: Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities; Level 2: inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices), and Level 3: inputs for the asset or liability that are not based on observable market data.

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 6 - FINANCIAL INSTRUMENTS - CLASSIFICATION AND RISK MANAGEMENT (cont.)

(a) Classification and fair value of financial instruments (cont.)

The table below shows the classification of financial instruments held by SCC Power PLC:

Item	Balances as of September 30, 2023		
	Note	Fair value (Level 1)	Amortized cost
<i>Financial assets</i>			
Other financial receivables	7 (a)	-	6,500,000
Trade receivables	7 (e)	-	26,664,310
Investments	7 (d)	2,753,873	-
Cash and cash equivalents	7 (c)	63,431,613	527,493
Total financial assets		66,185,486	33,691,803
<i>Financial liabilities</i>			
Loans	7 (e)	-	677,234,915
Trade and other payables	7 (f)	-	73,839,923
Total financial liabilities		-	751,074,838
Item	Balances as of December 31, 2022		
	Note	Fair value (Level 1)	Amortized cost
<i>Financial assets</i>			
Other financial receivables	7 (a)	-	13,333,750
Trade receivables	7 (e)	-	24,154,025
Investments	7 (d)	71,999,994	-
Cash and cash equivalents	7 (c)	2,726,643	40,642,432
Total financial assets		74,726,637	78,130,207
<i>Financial liabilities</i>			
Loans	7 (g)	-	658,791,389
Trade and other payables	7 (f)	-	67,629,085
Total financial liabilities		-	726,420,474

As of the date of these unaudited condensed interim financial statements, the carrying balances of financial instruments are a reasonable estimate of their related fair values except in loans (liability) for which the fair value (Level 2 for Senior secured notes and Level 3 for loans) is USD 633,806,842 and USD 590,661,510 as of September 30, 2023 and December 31, 2022, respectively.

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 6 - FINANCIAL INSTRUMENTS - CLASSIFICATION AND RISK MANAGEMENT (cont.)

(a) Classification and fair value of financial instruments (cont.)

As of September 30, 2023, and December 31, 2022, there are no significant expected credit losses (“ECL”) to be recognized following the impairment assessment of financial assets estimated at amortized cost.

(b) Financial risk management

As part as its business activities, SCC Power PLC is exposed to different financial risks: market risk (including exchange rate risk, interest rate risk, and price risk); credit risk, and liquidity risk.

These Unaudited Consolidated Condensed Interim Financial Statements do not include all the information and disclosures regarding financial risk management.

- Interest rate risk

The interest risk is related with the change in fair value or in future cash flows of certain financial instruments according to the changes that may occur in market interest rates.

- Liquidity risk

The liquidity risk is related to SCC Power PLC capacity to finance its obligations and business plans with stable financing resources. It is also associated with the level of indebtedness and the maturity profile of loans.

NOTE 7 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(a) Prepayments	9/30/2023	12/31/2022
Non current		
Other prepayments (Note 13 e)	3,110,000	4,023,333
Total	3,110,000	4,023,333
Current		
Insurance costs paid in advance	1,332,972	376,163
Advances to suppliers	3,270,504	475,721
Leases paid in advance	392,697	399,354
Customs advances	-	5,710
Other financial credits	6,500,000	13,333,750
Other prepayments (Note 13 e)	1,220,000	1,216,667
Total	12,716,173	15,807,365

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 7 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (cont.)

(b) Tax assets	9/30/2023	12/31/2022
Non current		
Turnover tax - advance payment	87,073	172,571
Valued added tax	15,855,008	25,186,148
Withholding income tax	18,353,252	12,841,659
Total	34,295,333	38,200,378
Current		
Valued added tax	15,704,984	17,823,146
Extraordinary income tax advance payment (Note 5 d)	684,973	1,389,183
Other tax assets	2,795,397	1,921,681
Total	19,185,354	21,134,010
(c) Cash and cash equivalents		
Cash	447	668
Banks	527,046	40,641,764
Short-term investments	63,431,613	2,726,643
Total	63,959,106	43,369,075
(d) Investments		
Short-term investments	2,753,873	71,999,994
Total	2,753,873	71,999,994
(e) Trade receivables		
Account receivables	18,474,792	16,750,610
Unbilled receivables	8,189,518	7,403,415
Total	26,664,310	24,154,025
(f) Trade and other payables		
Non current		
Fines imposed by CAMMESA (Note 13)	27,472,691	37,588,353
Total	27,472,691	37,588,353
Current		
Trade payables	13,471,379	10,606,178
Accrued liabilities	18,812,265	8,120,216
Fines imposed by CAMMESA (Note 13)	14,083,588	11,314,338
Total	46,367,232	30,040,732

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 7 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (cont.)

(g) Loans	9/30/2023	12/31/2022
Non current		
Local secured notes (Note 10 d)	142,909,929	138,300,657
Senior secured notes (Notes 10 a, b and c)	530,553,281	511,222,186
Total	673,463,210	649,522,843
Current		
Short-term loans (Note 10 f)	-	7,954,879
Local secured notes (Note 10 d)	2,186,709	-
Senior secured notes (Notes 10 a, b and c)	1,584,996	1,313,667
Total	3,771,705	9,268,546

NOTE 8 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(a) Net finance costs

	09/30/2023 (9 months)	09/30/2022 (144 days)	09/30/2023 (3 months)	09/30/2022 (3 months)
8 (a.1) - Financial income				
Interest income	6,988,897	3,835,247	2,156,529	3,425,024
Total financial income	6,988,897	3,835,247	2,156,529	3,425,024
8 (a.2) - Financial expenses				
Interest expense for bank loans	(2,565,422)	(3,206,438)	(209,490)	(2,142,988)
Interest expense for trade payables	(1,877,039)	(1,923,732)	(1,620,196)	(1,884,640)
Interest expense for SCC Power PLC Senior Secured Notes	(30,017,201)	(14,206,581)	(10,040,274)	(10,108,230)
Interest expense for SCC Power San Pedro Local Secured Notes	(6,467,482)	-	(2,218,574)	-
Other Financial expenses	(453,647)	(125,438)	(133,963)	(125,438)
Total financial expenses	(41,380,791)	(19,462,189)	(14,222,497)	(14,261,296)
8 (a.3) - Other financial results				
Gain on disposal of short-term investments (*)	30,432,479	17,949,433	-	17,949,433
Change in fair value of derivative instruments	(876,509)	-	(876,509)	-
Result of changes in fair value of financial assets	(4,159,191)	(2,709,805)	(3,107,361)	(2,563,793)
Total Other financial results	25,396,779	15,239,628	(3,983,870)	15,385,640

(*) During the period ended September 30th, 2023, the Company's Argentine subsidiaries acquired certain financial instruments in the U.S. market denominated in U.S. dollars. The fair value of these instruments in the Argentine market measured in Argentine pesos at the official exchange rate was higher than its quoted price in the U.S. market (in U.S dollars), resulting in a fair value gain.

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 8 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (cont.)

(b) Expense by nature

Items	Cost of sales	General and administrative expenses	09/30/2023 (9 months)	Cost of sales	General and administrative expenses	09/30/2022 (144 days)
Salaries and other personnel – related expenses	306,063	388,217	694,280	54,813	352,033	406,846
Operating expenses	15,123,550	-	15,123,550	5,527,458	-	5,527,458
Travel expenses	-	148,251	148,251	-	9,514	9,514
Bank expenses	-	416,182	416,182	-	159,847	159,847
Depreciation	17,431,089	55,036	17,486,125	9,528,184	13,200	9,541,384
Administrative Penalties	-	8,606	8,606	-	-	-
Professional Fees	-	3,686,369	3,686,369	-	1,479,503	1,479,503
Operating Penalties	1,331,922	-	1,331,922	1,041,372	-	1,041,372
Taxes, rates and contributions	-	2,033,520	2,033,520	-	1,709,242	1,709,242
Insurance	-	3,796,797	3,796,797	-	1,112,103	1,112,103
Other expenses	-	367,962	367,962	-	203,648	203,648
Total	34,192,624	10,900,940	45,093,564	16,151,827	5,039,090	21,190,917

Items	Cost of sales	General and administrative expenses	09/30/2023 (3 months)	Cost of sales	General and administrative expenses	09/30/2022 (3 months)
Salaries and other personnel – related expenses	149,422	120,483	269,905	32,448	192,566	225,014
Operating expenses	4,298,649	-	4,298,649	4,316,551	-	4,316,551
Travel expenses	-	40,427	40,427	-	-	-
Bank expenses	-	280,586	280,586	-	84,668	84,668
Depreciation	5,864,010	27,677	5,891,687	6,457,934	9,016	6,466,950
Administrative Penalties	-	6,655	6,655	-	-	-
Professional Fees	-	1,445,663	1,445,663	-	323,454	323,454
Operating Penalties	132,466	-	132,466	552,665	-	552,665
Taxes, rates and contributions	-	756,558	756,558	-	1,501,885	1,501,885
Insurance	-	1,253,566	1,253,566	-	723,423	723,423
Other expenses	-	198,687	198,687	-	116,857	116,857
Total	10,444,547	4,130,302	14,574,849	11,359,598	2,951,869	14,311,467

NOTE 9 - BALANCES AND TRANSACTIONS WITH KEY MANAGEMENT (Board of Directors)

During the period-end September 30, 2023, key management received compensations in the total amount of USD 333,754, which are considered short-term benefits and entail the only benefits granted to the Board of Directors. SCC Power PLC does not grant long-term benefits or share-based payments to its employees.

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 10 - LOANS

(a) SCC Power Senior Secured First Lien Notes

On May 17th, 2022, the Company issued Secured First Lien Notes described as follows:

- Principal amount: USD 17,861,000.
- Maturity Date: December 31, 2028.
- Interest rate: 6 % per annum, paid quarterly in cash.
- Scheduled interest payment dates: September 15, December 15, March 15 and June 15 of each year and on the Maturity Date, beginning on September 15, 2022.

In connection with these Secured First Lien Notes, the Company has principal and interest debt outstanding equivalent to the amount of USD 17,909,125 (Note 7 g) as of September 30th, 2023 and December 31st, 2022.

(b) SCC Power Senior Secured Second Lien Notes

On May 17th, 2022, the Company issued Secured Second Lien Notes described as follows:

- Principal amount: USD 310,000,000.
- Maturity Date: December 31, 2028.
- Interest rate:
For the first 24 months following the issue date:
4% per annum, paid quarterly in cash; plus
4% per annum, paid quarterly either in cash or in kind

Thereafter, 8% per annum, paid quarterly in cash
- Scheduled interest payment dates: September 15, December 15, March 15 and June 15 of each year and on the Maturity Date, beginning on September 15, 2022.

In connection with these Secured Second Lien Notes, the Company has principal and interest debt outstanding equivalent to the amount of USD 327,981,023 and USD 318,192,173 (Note 7 g) as of September 30th, 2023 and December 31st, 2022 respectively.

(c) SCC Power Senior Secured Third Lien Notes

On May 17th, 2022, the Company issued Secured Third Lien Notes described as follows:

- Principal amount: USD 200,000,000.
- Maturity Date: May 17, 2032.
- Interest rate:
For the first 24 months following the issue date: 4% per annum, paid quarterly in cash or in kind.

Thereafter, 4% per annum, paid quarterly in cash.
- Scheduled interest payment dates: September 15, December 15, March 15 and June 15 of each year and on the Final Maturity Date, beginning on September 15, 2022.

In connection with these Secured Third Lien Notes, the Company has principal and interest debt outstanding equivalent to the amount of USD 211,226,848 and USD 204,966,786 (Note 7 g) as of September 30th, 2023 and December 31st, 2022 respectively.

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 10 – LOANS (cont.)

(c) SCC Power Senior Secured Third Lien Notes (cont.)

These Third Lien Notes have been netted by USD 24,978,719 and USD 28,532,231 (Note 7 g) as of September 30th, 2023 and December 31st, 2022 respectively, resulting from the fair value assessment of the Management Service Agreement compensation pursuant to IFRS 15 (see Note 13 e)

Amortization

There is no mandatory scheduled amortization for any of the Senior Secured Notes. The Secured Notes, however, shall be redeemed in accordance with an offshore excess cash sweep mechanism commencing on July 15, 2024, and on a quarterly basis thereafter on each October 15, January 15, April 15 and July 15. Based on the sweep mechanism, the Company will redeem Notes wherever its Consolidated unrestricted cash as of each quarter and is in excess of USD 15 million (or equivalent in Argentinian pesos)

Collateral

The Secured First, Second and Third Lien Notes are secured by a security interest in and first priority Lien on:

- (i) Pursuant to the Security Agreement, the Pledge Agreements and the Depositary Agreement, substantially all assets of the Issuer and the Guarantors, including, without limitation:
 - 1. all accounts receivable;
 - 2. all equipment;
 - 3. all insurance policies and proceeds thereof and all expropriation compensation;
 - 4. all equity Interests of the Issuer and the Guarantors;
 - 5. all general intangibles and rights in intellectual property necessary for the construction and operation of the Project;
 - 6. all proceeds of the foregoing; and

- (ii) Pursuant to the Argentine Guarantee Trust Agreement, the assignment of:
 - 1. all of the Argentine Guarantors' rights to receive any amounts and credits under, with respect to and/or regarding, the power purchase agreement of the Plants;
 - 2. all the rights, and (solely at such time as an Event of Default has occurred and is continuing) the obligations of the Argentine Guarantors under any current and future material project document;
 - 3. the shares of each of the Argentine Guarantors, and any rights over such shares, including, but not limited to, the rights to receive dividends or any other economic benefits related thereto;
 - 4. all moveable assets, registered and unregistered, tangible and intangible, used in connection with the Project, located in Argentina; and
 - 5. all the know-how, rights, designs, patents, industrial models used in connection with the Project.

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 10 - LOANS (cont.)

(d) SCC Power San Pedro Class I and II senior secured notes

- SCC Power San Pedro Class I senior secured notes denominated in USD becoming due after 48 months of the issue thereof with the following features:

- Amount of the issue: USD 33,499,900.
- Interest rate: 4% paid in semi-annual basis during the first 24 months after the issue, and on quarterly basis there after-
- Option to capitalize: From the Issue and Settlement Date and up to the date on which 24 months have elapsed from the Issue and Settlement Date (inclusive), the Company may opt for fully or partially capitalize the interest accrued corresponding to the corresponding Interest Accrual Period.
- Date of issue: June 27, 2022.
- Maturity date: June 27, 2026.
- Amortization: The capital will be payable in Argentinian Pesos at the Applicable Exchange Rate in 8 equal and consecutive quarterly instalments starting on September 27, 2024.

In connection with this Senior Secured Note, the Company has principal and interest debt equivalent to the amount of USD 35,115,021 and USD 33,977,541 (Note 7 g) as of September 30th, 2023 and December 31st, 2022 respectively.

- SCC Power San Pedro Class II senior secured notes denominated in USD becoming due after 48 months of the issue thereof with the following features:

- Amount of the issue: USD 101,500,100.
- Interest rate: 6.75% paid in semi-annual basis during the first 24 months after the issue, and on quarterly basis thereafter.
- Option to capitalize: From the Issue and Settlement Date and up to the date on which 24 months have elapsed from the Issue and Settlement Date (inclusive), the Company may opt for fully or partially capitalize the interest accrued corresponding to the corresponding Interest Accrual Period.
- Date of issue: June 27, 2022.
- Maturity date: June 27, 2032.
- Amortization: The capital will be payable in Argentinian Pesos at the Applicable Exchange Rate in 24 consecutive quarterly instalments starting on September 27, 2026.

In connection with this Senior Secured Note, the Company has principal and interest debt equivalent to the amount of USD 109,981,617 and USD 104,323,116 (Note 7 g) as of September 30th, 2023 and December 31st, 2022 respectively.

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 10 - LOANS (cont.)

(e) Reconciliation required by IAS 7

Changes from financing cash flows and from non-cash items:

	9/30/2023	9/30/2022
Loans at beginning of the period	658,791,389	-
<i>Cash flows from financing activities:</i>		
SCC Power San Pedro Notes issuance	-	133,709,271
Payments of bank loans	(5,606,836)	(2,468,268)
Payments of interest on bank loans	(2,882,026)	(3,155,869)
Payment of interest on senior notes	(10,414,778)	(4,393,353)
<i>Non-cash items changes:</i>		
SCC Power PLC Notes issuance	-	527,861,496
Loans received	-	16,727,389
Fair value assessment	-	(31,500,000)
Exchange differences	(1,702,237)	19,514,602
Accrual of financing expenses	-	42,074
Interest and other financial costs accrued	39,049,403	(2,854,509)
Loans at period-end	677,234,915	653,482,833

(f) Short-term loans

The breakdown of loans with their related rate and maturity is as follows:

Class	Entity	Type	Currency	Nominal interest rate	Maturity	09/30/2023	12/31/2022
Financial	Banco Ciudad de Buenos Aires	Loan	ARS	(*)	2023	-	801,500
Financial	Banco Galicia	Loan	ARS	(**)	2023	-	1,093,817
Financial	Banco Provincia	Loan	ARS	(***)	2023	-	4,227,562
Financial	Banco Ciudad de Buenos Aires	Loan	ARS	(*)	2023	-	1,832,000
Total						-	7,954,879

(*) Badcor Rate + 7%.

(**) TM20 Rate + 8%

(***) Badcor Rate + 5%

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

2023	Work in progress	Land	Plant (4)	Turbines (4)	Software (3)	Computer equipment and security equipments (1) – (3)	Furniture, fittings & Telephone facilities (1)	Vehicle (2)	Advances to suppliers of fixed assets	Total
<i>Cost</i>										
Balance at January 1, 2023	108,973,703	4,142,309	218,634,594	351,489,057	12,512	310,405	163,638	68,604	16,122,011	699,916,833
Additions	43,525,369	-	14,446,137	5,547,953	3,126	186,550	18,534	18	7,888,684	71,616,371
Transfers	15,012,240	-	-	-	-	-	-	-	(15,012,240)	-
Balance at September 30, 2023	167,511,312	4,142,309	233,080,731	357,037,010	15,638	496,955	182,172	68,622	8,998,455	771,533,204
<i>Accumulated depreciation</i>										
Balance at January 1, 2023	-	-	(46,621,502)	(73,271,215)	(2,041)	(138,561)	(63,960)	(52,375)	-	(120,149,654)
Depreciation charge	-	-	(6,922,682)	(10,474,114)	(1,057)	(60,718)	(13,459)	(14,095)	-	(17,486,125)
Balance at September 30, 2023	-	-	(53,544,184)	(83,745,329)	(3,098)	(199,279)	(77,419)	(66,470)	-	(137,635,779)
<i>Net book value</i>										
Balance at January 1, 2023	108,973,703	4,142,309	172,013,092	278,217,842	10,471	171,844	99,678	16,229	16,122,011	579,767,179
Balance at September 30, 2023	167,511,312	4,142,309	179,536,547	273,291,681	12,540	297,676	104,753	2,152	8,998,455	633,897,425

Reconciliation of carrying amounts:

- (1) Estimated useful life: 10 years
- (2) Estimated useful life: 5 years.
- (3) Estimated useful life: 3 years.
- (4) Estimated useful life: 25 years.

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (cont.)

2022	Work in progress	Land	Plant (4)	Turbines (4)	Software (3)	Computer equipment and security equipments (1) - (3)	Furniture, fittings & Telephone facilities (1)	Vehicle (2)	Advances to suppliers of fixed assets	Total
<i>Cost</i>										
At May 9, 2022	-	-	-	-	-	-	-	-	-	-
Incorporation	65,193,547	4,142,309	235,790,222	389,151,668	5,789	251,921	150,548	68,604	-	694,754,608
Impairment	-	-	(19,455,556)	(44,456,159)	-	-	-	-	-	(63,911,715)
Additions	43,780,156	-	2,299,928	6,793,548	6,723	58,484	13,090	-	16,122,011	69,073,940
At December 31, 2022	108,973,703	4,142,309	218,634,594	351,489,057	12,512	310,405	163,638	68,604	16,122,011	699,916,833
<i>Accumulated depreciation</i>										
At May 9, 2022	-	-	-	-	-	-	-	-	-	-
Incorporation	-	-	(40,400,750)	(62,665,618)	(1,375)	(128,530)	(53,927)	(45,239)	-	(103,295,439)
Depreciation charge	-	-	(6,220,752)	(10,605,597)	(666)	(10,031)	(10,033)	(7,136)	-	(16,854,215)
At December 31, 2022	-	-	(46,621,502)	(73,271,215)	(2,041)	(138,561)	(63,960)	(52,375)	-	(120,149,654)
<i>Net book value</i>										
At May 9, 2022	-	-	-	-	-	-	-	-	-	-
At December 31, 2022	108,973,703	4,142,309	172,013,092	278,217,842	10,471	171,844	99,678	16,229	16,122,011	579,767,179

Reconciliation of carrying amounts:

- (1) Estimated useful life: 10 years
- (2) Estimated useful life: 5 years.
- (3) Estimated useful life: 3 years.
- (4) Estimated useful life: 25 years.

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 12 - CAPITAL

	USD 2023	Quantity of Shares 2023
In issue at January 1	200,060,887	200,060,887
In issue at September 30- fully paid	200,060,887	200,060,887

As of September 30th, 2023, the Company's capital amounted to USD 200,060,887, represented by USD 60,887 ordinary shares and 200,000,000 preferred common stock shares, with a nominal value of USD 60,887 and USD 2,000, respectively. The holders of Ordinary Shares shall, in respect of any Ordinary Shares held by them, be entitled to have such number of votes as is equal to one (1) vote for each Ordinary Share held by such holder of Ordinary Shares on all matters. The holders of Preferred Shares shall, in respect of the Preferred Shares held by them, be entitled to attend general meetings of the Company but shall not be entitled to vote at such meetings and shall not constitute an eligible member in relation to any such proposed resolution. Nevertheless, the holders of Preferred Shares shall be entitled to a fixed, cumulative, preferential distribution at the rate of 3.50 per cent. per annum, and the directors may determine in their sole discretion if the Preferred Shares Distribution shall be (i) paid in cash, to the extent of distributable reserves and cash funds of the Company legally available to the Company for payment, or (ii) added to the Preferred Shares Liquidation Preference.

On a return of capital on a liquidation, dissolution or winding up of the Company or Deemed Liquidation Event, before any payment or distribution of the Company (whether capital, surplus or otherwise) shall be made to or set apart for the Ordinary Shares, holders of Preferred Shares shall be entitled to receive a liquidation preference equal to one Dollar (USD 1) per Preferred Share plus all accrued distributions that were not previously paid in cash, including the Preferred Shares Distribution, without any duplication thereof, as of the applicable date of payment.

NOTE 13 - CONTRACTUAL COMMITMENTS

Power Purchase Agreements (PPAs) with CAMMESA:

a) Simple cycle PPAs

In July 2016, SCC Power Argentina S.A. and SCC Power San Pedro S.A. were awarded pursuant to Resolution 21 auction, four US dollar denominated PPAs with CAMMESA, for a total contracted capacity of 686.5 MW. Under the terms of the PPAs, the four plants were required to complete construction and reach commercial operation by December 1st, 2017 and thereafter, sell under a take-or-pay contract the generation capacity to CAMMESA for a 10-year period.

The remuneration scheme of each PPA consists on: (i) a fixed U.S. dollar denominated price per MW month for the capacity availability (a penalty measured in U.S. dollars per hour may be imposed by CAMMESA for unscheduled unavailability of capacity) and (ii) a variable price per MW hour to cover operation and maintenance costs (such as salaries, administrative expenses and insurance) based on energy dispatched upon CAMMESA's request. Fuel to operate the plants, whether it's natural gas or diesel oil, is procured and supply by CAMMESA.

During February, April and May 2018, all four plants achieved commercial operation, effectively triggering the PPAs for 10 years up until December 1st, 2027.

Subject to the terms of the PPAs, Matheu, Las Palmas, Lujan and San Pedro plants didn't achieve commercial operation on or before their committed dates, resulting in penalties.

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 13 - CONTRACTUAL COMMITMENTS (cont.)

Power Purchase Agreements (PPAs) with CAMMESA: (cont.)

a) Simple cycle PPA's (cont.)

On February 2020, CAMMESA imposed the late commercial operation penalty of the Matheu Plant for a total of USD 10,850,880 which was agreed to be collected in forty-eight (48) equal and consecutive monthly installments, applying an Annual Effective Rate (TEA) equivalent to 1.7% denominated in US dollars.

On May 2022, CAMMESA imposed the Las Palmas and the San Pedro plants late commercial operation penalties for USD 21,573,600 and USD 10,370,700 respectively. On September 2023, CAMMESA additionally imposed the Lujan plant late commercial operation penalties for USD 16,459,200. These penalties are being collected in forty-eight (48) equal and consecutive monthly installments since its applications, applying an Annual Effective Rate (TEA) equivalent to 1.7% denominated in US dollars.

Aggregate late commercial operation penalties amounted to USD 41,556,279 and USD 48,902,691 (Note 7 f) as of September 30th, 2023 and December 31st, 2022, respectively.

b) Combined cycle PPA

On November 2, 2017, pursuant to Resolution 287 auction, Araucaria Generation S.A. (an affiliated company incorporated in Argentina) was awarded an additional PPA (the "Additional PPA") with CAMMESA for an additional 105 MW to complete the expansion and conversion to combined cycle of the San Pedro plant. Under the terms of the PPAs, the combined cycle project was required to achieve commercial operation by November 1st, 2019, and thereafter, sell under a take-or-pay contract the generation capacity to CAMMESA for a 15-year period.

The expansion and conversion to combined cycle consists on the installation of an additional Siemens SGT-800 gas turbine, three heat recovery steam generators, a steam turbine, an aero-condenser and various other auxiliary components which will increase San Pedro plant installed capacity to 208.5 MW.

The combined cycle operation enhances energy efficiency by using the exhaust heat from the gas turbines to produce steam in three heat recovery steam generators that connected to the steam turbine generates more electricity with no additional fuel consumption.

The remuneration of the Additional PPA has substantially the same scheme and provisions as the Simple Cycle PPAs described in Note 13 a).

On September 25, 2019, Araucaria Generation S.A. transferred all of its rights related to the Additional PPA to SCC Power San Pedro S.A.

Committed commercial operation date of November 1, 2019, pursuant to Resolution 39/2022, has been extended to February 1, 2024.

The first phase of the project, related to the installation of an additional gas turbine has been completed and achieved commercial operation in December 2019. The second phase of the combined cycle project is currently under construction and is expected to reach commercial operation by the committed date.

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 13 - CONTRACTUAL COMMITMENTS (cont.)

c) Service contract agreement with Siemens S.A. and Siemens Industrial Turbomachinery AB

SEILP entered into a long-term service contract with Siemens S.A. (manufacturer of the turbines and equipment set up at the Plants) and Siemens Industrial Turbomachinery AB in order to guarantee availability and compliance with the Wholesale Demand Agreements mentioned above, by providing maintenance services, spare parts and remote monitoring system.

On September 22, 2023, SCC Power San Pedro S.A. and SCC Power Argentina entered into an agreement with Siemens for the early termination of the Operation & Maintenance contracts of San Pedro and Las Palmas plants, the total amount for the agreement and other items included in the scope of the negotiation was US\$ 6,809,319 registered in the Unaudited Consolidated Condensed Interim Statement of Comprehensive Income in line Other income and expenses.

As of October 1, 2023, SCC Power San Pedro S.A. and SCC Power Argentina will take over the operation of the San Pedro and the Las Palmas plant, respectively, with personnel included in the company's payroll.

d) Equipment, procurement, and construction ("EPC") turnkey contracts – Combined Cycle SCC Power San Pedro S.A.

In order to guarantee the works and supplies of the necessary equipment for the expansion and conversion of the simple cycle thermoelectric plant into a combined cycle, on May 31st, 2022, SCC Power San Pedro S.A., DVS Construcciones S.A. and DV Santos LLC implemented a contract for the provision of certain engineering, supply, construction, and equipment provision services (Engineering, Procurement and Construction, "EPC"), for a total amount of USD 98,142,288. As of September 30th, SCC Power San Pedro owes USD 23,649,535 related to this contract.

Additionally, on July 20, 2022, SCC Power San Pedro S.A. and Siemens entered into a contract for the provision of the steam turbine and auxiliary equipment that will be installed in the thermoelectric plant which amounts to USD 14,400,000. As of September 30th, SCC Power San Pedro owes USD 455,000 related to this contract.

e) Management service agreement

SEILP has entered into a Management Service Agreement (the "MSA") with Agrouy S.A. and Bienkal S.A. (the "MSA providers") to receive among other services related to advice, planning and controlling the operational, financial and administrative tasks to be carried out by the entity.

As compensation, SCC Power PLC will pay USD 2,5 million in cash per year and, additionally, has issued, in favor of the MSA Providers, Third Lien Notes in the principal amount of USD 37,500,000 (the "Non-Cash Consideration"). The compensation will be effective for the next five years from May 17th, 2022 (the "Acquisition date").

According to IFRS 15 standard to determine the transaction price for contracts in which a customer promises consideration in a form other than cash, an entity shall measure the non-cash consideration (or promise of non-cash consideration) at fair value.

The Non-Cash Consideration fair value, determined at the acquisition date, amounted to USD 6,000,000 included in Note 7 (a) Other Prepayments (USD 4,330,000 and USD 5.240.000 as of September 30th, 2023 and December 31st, 2022, respectively).

As a result, the Non-Cash Consideration has been adjusted accordingly (Note 10 c).

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 14 – BUSINESS COMBINATION

On May 17, 2022 the Company acquired the businesses of Stoneway Capital Corporation (“Stoneway”), primarily engaged in the business of constructing, owning and operating, through its subsidiaries, four power-generating plants, with an aggregate installed capacity 737 MW, that utilize natural gas and diesel to provide base-load electricity to the wholesale electricity market in Argentina.

The acquisition and restructuring transactions were affected pursuant to the chapter 11 plan (the “Chapter 11 Plan”) and the plan of arrangement pursuant to the Canada Business Corporations Act (the “CBCA Plan”) and, together with the Chapter 11 Plan, the “Plans”) of Stoneway and its affiliated debtors-in-possession, which went effective on May 17, 2022.

The following table summarises the amounts preliminary recognized of assets acquired and liabilities assumed at the date of the acquisition by SCC Power PLC:

Cash and cash equivalents	29,658,449
Property plant and equipment	591,459,169
Deferred tax asset	90,132,523
Account payables	(2,400,000)
Other net liabilities acquired	<u>(37,338,027)</u>
Total identifiable net assets acquired	<u>671,512,114</u>

As consideration for the assets, SCC Power PLC issued USD 16,985,391 Secured First Lien Notes due 2028, USD 300,000,000 Secured Second Lien Notes due 2028 and USD 162,500,000 Secured Third Lien Notes due 2032.

Goodwill arising from the acquisition has been recognized as follows:

Total consideration transferred	479,485,391
Fair value of identifiable assets	<u>(671,512,114)</u>
Gain on acquisition of business	<u>(192,026,723)</u>

The negative goodwill is attributable mainly to the condonation of the public liabilities originally due by Stoneway Capital Corporation in the amount of USD 790 M which were renegotiated with the involvement of SCC Power PLC as an acquirer of the business.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. Acquisition-related charges are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired business, and the fair value of the acquirer's previously held equity interest in the acquired business (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquired business and the fair value of the acquirer's previously held equity interest in the acquired business (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

SCC Power PLC and Subsidiaries

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30th, 2023 (in USD)

NOTE 14 – BUSINESS COMBINATION (cont.)

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The effect of the adjustment reviewed during the measurement period was included as of December 31st, 2022. Comparative prior period information as of September 30th, 2022 has been revised to include the effect of the measurement period adjustment as if the accounting for the business combination had been completed on the acquisition date. The related adjustment caused changes in depreciation and net assets acquired due to the business combination.

NOTE 15 - EBITDA RECONCILIATION WITH NET INCOME - UNAUDITED

Management has presented the performance measure EBITDA because it believes that this measure is relevant to an understanding of the financial performance. EBITDA is calculated by adding back to net profit for the period: (i) net finance costs, (ii) income tax expense and (iii) depreciation and amortization expense, and (iv) non-recurrent settlement gains and others.

EBITDA is not a defined performance measure in IFRS Standards. The definitions of EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

a) For the nine-month period ended September 30th, 2023 as follows:

Net profit for the period	<u>(13,174,466)</u>
Net finance costs	50,590,529
Income tax expense	(9,321,927)
Depreciation and amortization	17,486,125
Non-recurrent settlement gains and others	<u>6,307,822</u>
EBITDA	<u>51,888,083</u>

NOTE 16 - SUBSEQUENT EVENTS

No events or transactions have occurred from period-end to the date of issuance of these Unaudited Consolidated Condensed Interim Financial Statements that would have a material effect on the financial position of the Company or the results of its operations as of period-end September 30th, 2023.

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Unaudited Consolidated Condensed Interim Financial Statements for the nine-month period ended September 30th, 2023.

Diego Juan Abelleira Llodra

Chairman