

# **SCC Power PLC and Subsidiaries**

**Unaudited Consolidated Condensed Interim Financial  
Statements for the 144-day period ended September 30<sup>th</sup>,  
2022**

## SCC Power PLC

### UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS for the 144-day period ended September 30<sup>th</sup>, 2022

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## SCC Power PLC and Subsidiaries

### Unaudited Consolidated Condensed Interim Statements of Financial Position (in US dollars) At September 30<sup>th</sup>, 2022

	<u>Notes</u>	<u>09/30/2022</u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment		696,099,051
Deferred income tax assets	5	58,248,506
Prepayments	7 (a)	4,833,907
Tax assets	7 (b)	<u>5,072,526</u>
<b>Total non-current assets</b>		<u>764,253,990</u>
<b>CURRENT ASSETS</b>		
Prepayments	7 (a)	5,302,746
Tax assets	7 (b)	29,337,943
Spare parts		2,217,412
Trade receivables	7 (e)	27,082,823
Investments	7 (d)	103,591,232
Cash and cash equivalents	7 (c)	<u>33,166,099</u>
<b>Total current assets</b>		<u>200,698,255</u>
<b>Total assets</b>		<u><u>964,952,245</u></u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital		200,060,887
Additional Paid-in capital		(199,998,000)
Retained earnings		<u>248,021,845</u>
<b>Total equity</b>		<u>248,084,732</u>
<b>LIABILITIES</b>		
<b>NON CURRENT LIABILITIES</b>		
Loans	7 (g)	641,627,725
Trade and other payables	7 (f)	<u>40,434,612</u>
<b>Total non-current liabilities</b>		<u>682,062,337</u>
<b>CURRENT LIABILITIES</b>		
Loans	7 (g)	11,855,108
Tax liabilities		33,034
Salaries and social security		69,972
Trade and other payables	7 (f)	<u>22,847,062</u>
<b>Total current liabilities</b>		<u>34,805,176</u>
<b>Total liabilities</b>		<u>716,867,513</u>
<b>Total liabilities and equity</b>		<u><u>964,952,245</u></u>

See accompanying notes to these Unaudited Consolidated Condensed Interim Financial Statements

## SCC Power PLC and Subsidiaries

### Unaudited Consolidated Condensed Interim Statements of Profit or Loss and Other Comprehensive Income

(in US dollars)

**For the 144-day period ended September 30<sup>th</sup>, 2022**

	<u>Notes</u>	<u>09/30/2022</u> <u>(144 days)</u>	<u>09/30/2022</u> <u>(3 months)</u>
Net revenues		37,846,487	25,421,226
Cost of sales	8 (b)	<u>(17,973,226)</u>	<u>(12,284,265)</u>
<b>Gross profit</b>		<u>19,873,261</u>	<u>13,136,961</u>
General and administrative expenses	8 (b)	(5,039,090)	(2,951,869)
Gain on acquisition of business	2.1	242,495,310	-
Other income/expenses		<u>677,064</u>	<u>677,064</u>
<b>Operating profit</b>		<u>258,006,545</u>	<u>10,862,156</u>
Financial income	8 (a)	21,784,680	21,255,317
Financial expenses	8 (a)	(22,171,994)	(16,971,101)
Net foreign loss		<u>(4,888,763)</u>	<u>(3,589,965)</u>
<b>Net finance costs</b>		<u>(5,276,077)</u>	<u>694,251</u>
<b>Net income before income tax</b>		<u>252,730,468</u>	<u>11,556,407</u>
Income tax expense		<u>(4,708,623)</u>	<u>(3,391,410)</u>
<b>Net income for the period</b>		<u>248,021,845</u>	<u>8,164,997</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Comprehensive income for the period</b>		<u>248,021,845</u>	<u>8,164,997</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 Shareholder's equity

(in US dollars)

**For the 144-day period ended September 30<sup>th</sup>, 2022**

	Share capital	Additional paid- in capital	Retained earnings (accumulated loss)	Total
Initial Capital Contribution on May 9, 2022	60,887	-	-	60,887
Issuance of preferred shares (Note 11)	200,000,000	(199,998,000)	-	2,000
Comprehensive income for the period	-	-	248,021,845	248,021,845
<b>Balances as of September 30th, 2022</b>	<b>200,060,887</b>	<b>(199,998,000)</b>	<b>248,021,845</b>	<b>248,084,732</b>

See accompanying notes to these Unaudited Consolidated Condensed Interim Financial Statements

## SCC Power PLC and Subsidiaries

### Unaudited Consolidated Condensed Interim Statements of Cash Flows

(In US dollars)

**For the 144-day period ended September 30<sup>th</sup>, 2022**

	<u>Notes</u>	
<b>Cash Flow from operating activities</b>		
Net income for the period		248,021,845
Adjustments for:		
Income tax expense		4,708,623
Depreciation of property, plant and equipment		11,362,783
Result of changes in fair value of financial assets	8 (a)	2,709,805
Gain on disposal of short-term investments	8 (a)	(17,949,433)
Foreign exchange differences		4,888,763
Net finance costs	8 (a)	15,626,942
Gain on aquisition of business	2.1	(242,495,310)
Changes in operating assets and liabilities:		
Increase in trade receivables		(5,576,013)
Increase in prepayments		(818,260)
Decrease in materials and spare parts		(4,874)
Increase in tax assets		(14,416,726)
Decrease in trade and other payable		(180,808)
Decrease in salaries and social charges to be paid		(13,557)
Increase in tax debts		23,218
		5,886,998
<b>Cash flow from investing activities</b>		
Net payments of financial assets at fair value		(106,301,037)
Interest received from short term investments		17,949,433
Acquisitions of property, plant and equipment		(36,184,641)
		(124,536,245)
<b>Net cash flows from investing activities</b>		
<b>Cash flow from financing activities</b>		
Proceeds from senior secured notes	10 (d)	133,709,271
Payments of loans	10 (e)	(2,468,268)
Payment of interest on bank loans	10 (e)	(3,155,869)
Payment of interest on senior secured notes	10 (a,b)	(4,393,353)
Capital increase	11	62,887
		123,754,668
<b>Net cash flows from financing activities</b>		
<b>Net increase in cash</b>		
		5,105,421
Cash and cash equivalents at the beginning of period		-
Exchange rate difference		(1,597,771)
Cash and cash equivalents from acquisition of business		29,658,449
Net increase in cash		5,105,421
<b>Cash and cash equivalents at the end of period</b>		
		33,166,099
<b>Main investing and financing non-cash transactions</b>		
Acquisition of business, net of cash acquired through issuance of debt		(692,322,252)
		(692,322,252)
<b>Net main investing and financing non-cash transactions</b>		
		(692,322,252)

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 30<sup>th</sup>, 2022 (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 8<sup>th</sup>, floor 20 Farringdon Street, London, United Kingdom. The Company was incorporated on May 9<sup>th</sup>, 2022.

The Group Condensed 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 Araucaria Energy S.A., SPI Energy 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 Araucaria Energy S.A., SPI Energy S.A., Araucaria Power Generation S.A and Araucaria Generation S.A.;
- Araucaria Energy S.A., incorporated in Argentina to construct and operate three power-generating plants in Buenos Aires, Argentina: Las Palmas, Lujan and Matheu;
- SPI Energy S.A., incorporated in Argentina to construct and operate a power-generating plant in San Pedro, Buenos Aires, Argentina;
- 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 SPI Energy S.A.

##### 1.1) Description of the business

The Group’s main business is the generation of electrical power through its four thermal plants (the “Plants”), located in Buenos Aires province: Las Palmas, Luján, 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 installed in aggregate over each plant operating in a simple cycle configuration, were awarded under Resolution SEE No. 21/2016 (hereinafter, “Simple Cycle PPAs”). The installation in each plant consists of four gas turbines installed in Las Palmas Thermoelectric Plant (202 MW) and Matheu Thermoelectric Plant (254 MW) and, two gas turbines installed in Luján Thermoelectric Plant (127 MW) and San Pedro Thermoelectric Plant (103.5 MW), and;
- 105.5 MW awarded under Resolution SEE No. 287/2017 (hereinafter, “New Combined Cycle PPA”) related to the expansion and conversion to combined cycle of the San Pedro Thermoelectric Plant. First phase of the project consisting on adding a third gas turbine achieved commercial operation on December 2019 adding 50.5MW of capacity. Second phase related to the installation of three heat recovery steam generators, an aero-condenser and a steam turbine, which is expected to add the additional 55MW, is currently under construction;

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 1 - GENERAL INFORMATION (cont.)

##### 1.1) Description of the business (cont.)

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 date of commercial operation.

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 and a steam turbine. The combined cycle PPA is effective until February 16<sup>th</sup>, 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”). The 2017 Matheu Injunction (i) ordered the suspension of the construction regarding the Matheu Generation Facility (notwithstanding that the construction of the Generation Facility had already been completed), and of any other activity related to its operation (e.g., fuel storage, improper use of groundwater, noise emissions, among others) and (ii) prohibited Araucaria Energy’s use of underground water resources, the public network water resource, and the suspension of discharges of liquid effluents, until such time that a final judgment is issued. The 2017 Matheu Injunction also prohibited the operation of a neighboring generation plant owned by APR Energy SRL (the “APR Generation Facility”).

The 2017 Matheu Injunction was overturned on appeal by the Argentine Federal Court of Appeals on May 16, 2018, and construction of the Matheu Generation Facility was undertaken and completed. On December 4, 2020, the Argentine Supreme Court issued a decision (the “Argentine Supreme Court Decision”) reversing the Argentine Federal Court of Appeals decision to overturn the 2017 Matheu Injunction. On March 16, 2021, the Argentine Federal Court of Appeals confirmed the 2017 Matheu Injunction.

On August 16, 2020, the OPDS ordered the preventive closure of the Matheu Generation Facility based on the existence of disturbing noises, lack of evidence of current testing of equipment under pressure, improper deposit of special wastes and lack of compliance with the conditions set forth in a Certificate of Environmental Aptitude. This decision was ratified by OPDS on August 18, 2020 (the “OPDS August Decision”) and further confirmed by OPDS on September 17, 2020 (the “OPDS September Decision”). Prior to suspending operation in August 2020, the Matheu Generation Facility generated approximately \$4.5 million of revenue per month. Araucaria filed an administrative appeal before the September 17 Decision, which was rejected on October 27, 2020 and Araucaria Energy filed a legal claim seeking to nullify the OPDS September Decision, which is currently pending before the Contentious Administrative Court N° 2 of La Plata, province of Buenos Aires, under File N° 68020/20 (“ARAUCARIA ENERGY S.A. c/ ORGANISMO PROVINCIAL PARA EL DESARROLLO SOSTENIBLE S/ PRETENSION ANULATORIA - OTROS JUICIOS”).

On August 16, 2020, the Company was formally notified by the Municipality of Pilar of a closure order for the Matheu Generation Facility based on the lack of a municipal permit and the order issued by the OPDS. On September 9, 2020 Araucaria Energy challenged the Municipality’s closure of Matheu Generation Facility before Pilar’s Tribunal de Faltas (a local administrative court) and requested the lifting of the closure. Due to the lack of response from the authority, Araucaria Energy filed further briefs in the proceeding before the Tribunal de Faltas on October 5, 2020, and October 23, 2020. As of the date of this Unaudited Consolidated Condensed Interim Financial Statements, this proceeding is still pending, and the closure remains in place.



## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 1 - GENERAL INFORMATION (cont.)

##### 1.1) Description of the business (cont.)

The Matheu Generation Facility is subject to three other environmental claims, two of them initiated against Araucaria Energy, which are currently pending before the Campana Federal Court, and the third one initiated against the Municipality of Pilar and the province of Buenos Aires, which is pending before the Supreme Court of Justice of the province of Buenos Aires. Two of the claims seek the suspension of operations and re-location of the Matheu Generation Facility due to alleged infringements to environmental regulations, particularly relating to noise disturbances: (i) “JU.VE.VIR.,” an environmental non-profit association, and other local neighbors (the “Matheu Environmental Claim”); and (ii) “1810 Vecinos Unidos Por Pilar Asociación Civil”, an environmental non-profit association (the “Matheu Environmental Claim II”). A third claim was initiated in 2020 by “Organización de Ambientalistas Autoconvocados Asociación Civil” (the “OdAA”), a non-governmental organization, and other plaintiffs against the Municipality of Pilar and the Province of Buenos Aires and is currently pending before the Supreme Court of Justice of the Province of Buenos Aires. The OdAA seeks the declaration of unconstitutionality (acción originaria de inconstitucionalidad) of: (i) Municipal Ordinance No. 255/2018, by virtue of which the Honorable Deliberative Council of Pilar approved a new code of Territorial Regulation of the Municipality; (ii) the promulgation Decrees No. 2864/2018, 2890/2017 and 2891/2017; (iii) the Decree of provincial validation of the municipal ordinance issued by the Government of the Province of Buenos Aires, Nº 45/19; (iv) Zoning Ordinances No. 233 and 234 of 2017; and (v) Decrees No. 233/2017, 234/2017, 272/2018 and 672/17E issued by the Government of the Province of Buenos Aires (the “Unconstitutionality Claim,” and, together with the Matheu Environmental Claim, Matheu Environmental Claim II, and Matheu Injunction, the “Matheu Disputes”). In addition, the plaintiffs requested a precautionary measure (medida cautelar) in order to suspend the effects of the challenged regulations until the final judgment is rendered.

On May 6, 2021, the Argentine Federal Court of Appeals issued a second injunction on the Matheu Environmental Claim II, ordering the suspension of the activity at the Matheu Generation Facility, and the neighboring APR Generation Facility on similar grounds as those stated in the 2017 Matheu Injunction. As of the date of this Unaudited Consolidated Condensed Interim Financial Statements, this injunction has not yet been notified to Araucaria Energy.

On May 21, 2021, Araucaria Energy filed a writ before the Campana Federal Court to (i) modify the Matheu Injunction in order to restrict only the joint operation of the Matheu Generation Facility and the APR Generation Facility; and (ii) authorize Araucaria Energy to implement a remediation plan (the “Matheu Remediation Plan”) filed with OPDS on September 30, 2020. On September 13, 2021, the Campana Federal Court issued a decision on the Matheu Environmental Claim in which it decided to (i) reject the petition that the Matheu Generation Facility and the APR Generation Facility be authorized to operate alternately, unless Araucaria Energy S.A. files the corresponding authorizations from the Municipality of Pilar and OPDS to operate alternately; and (ii) partially modify the Matheu Injunction in order to authorize Araucaria Energy to begin implementing the Matheu Remediation Plan, if Araucaria Energy obtains the pertinent authorizations from OPDS and the Municipality of Pilar and presents them to the Campana Federal Court within 30 days of receiving such notice. Araucaria Energy has filed the proper documentation with the Municipality of Pilar (on September 17, 2021) and to OPDS (on September 20, 2021) in order to obtain the permits to implement the Matheu Remediation Plan and is currently waiting for the Municipality of Pilar and OPDS to issue the authorization permits in order to start implementing the Matheu Remediation Plan.

On August 31, 2022 Araucaria Energy filed before the Federal Judge a new writ to modify the Matheu Injunction in order to authorize Araucaria Energy to operate the Matheu Generation Facility with only two (2) turbines until the Matheu Remediation Plan was authorized considering that the APR Generation Facility will be dismantled. On October 31 the Federal judge reject the petition, and it was appealed by Araucaria Energy, and is currently waiting for a decision from the Federal Court.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 1 - GENERAL INFORMATION (cont.)

##### 1.1) Description of the business (cont.)

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

These Unaudited Consolidated Condensed Interim Financial Statements have been prepared in conformity with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, 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 ended September 30<sup>th</sup>, 2022 was authorised by the board of directors on November 29<sup>th</sup>, 2022.

##### 2.1) Group's financial position

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, 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.

The acquisition and restructuring transactions were effected 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	33,166,099
Property plant and equipment	696,099,051
Deferred tax asset	58,248,506
Account payables	(22,847,062)
Other net liabilities acquired	(11,958,114)
Total identifiable net assets acquired	<u>752,708,480</u>

As consideration for the assets, SCC Power PLC issued \$ 16,985,391 Secured First Lien Notes due 2028, \$ 300,000,000 Secured Second Lien Notes due 2028 and \$ 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>(721,980,701)</u>
Goodwill	<u>(242,495,310)</u>

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 2 - BASIS OF ACCOUNTING (cont.)

##### 2.1) Group's financial position (cont.)

The negative goodwill is attributable mainly to the condonation of the public liabilities originally due by Stoneway Capital Corporation in the amount of \$ 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.

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.

As of the date of issuance of these Unaudited Consolidated Condensed Interim Financial Statements, due to the recent of this acquisition, the accounting for this acquisition is incomplete; hence, the Company has not included in this footnote all the disclosures required by IFRS, such as the amount of revenues and profit or loss of the acquired subsidiary since the acquisition date, and the amount of revenues and profit or loss of the combined entity as if the acquisition has been made at the beginning of the reporting period.

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 Condensed Financial Statements and have prepared the Condensed 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).

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.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 2 - BASIS OF ACCOUNTING (cont.)

##### 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 Unaudited 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.

###### (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 profit or loss and other 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 Interim Statement of profit or loss and other comprehensive income in the financial income or financial expenses line.

The Group has consistently applied the following accounting policies to all periods presented in these Unaudited Consolidated Condensed Interim Financial Statements, except for those mentioned in Note 2.6.

##### 2.5) Significant accounting policies

###### 2.5.1) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a service rendered to a customer.

As mentioned in notes 1.1, the Group has entered into Wholesale Demand Agreements with CAMMESA for a term of ten years for Simple Cycle PPAs and for a term of 15 years for Combined Cycle PPAs. Based on those agreements, the Entity will sell:

- 1) Generation capacity, and
- 2) Supply of power

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 2 - BASIS OF ACCOUNTING (cont.)

##### 2.5) Significant accounting policies (cont.)

##### 2.5.1) Revenue recognition (cont.)

###### *Generation capacity*

Pursuant to the terms of the Wholesale Demand Agreements, the Argentine subsidiaries make available to CAMMESA the contracted capacity and support it with the turbines committed.

Consequently, the Argentine subsidiaries recognize income from generation capacity applying the straight-line method over the term of the agreements.

###### *Supply of power*

Regarding the second component, which is providing CAMMESA with the service of generating electric power, revenues are recognized as services are performed during the period.

##### 2.5.2) Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

The Group has not entered into any share based-payments arrangements with its employees or provided any defined benefit obligations plans or other long-term benefits to its employees.

##### 2.5.3) Finance income and expense

The Group's finance income and expenses include:

- Interest income
- Interest expense
- The net gain or loss on financial assets at fair value through profit or loss (FVTPL)
- The foreign currency gains or loss on financial assets and financial liabilities

Interest income or expense is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 2 - BASIS OF ACCOUNTING (cont.)

##### 2.5) Significant accounting policies (cont.)

##### 2.5.4) Income tax

Exchange gains/losses results from the translation of monetary assets and liabilities denominated in currency other than USD by applying the exchange rate prevailing at year-end.

##### a) Income tax expense

Income tax expense comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year for the Group. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual combined entities. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 2 - BASIS OF ACCOUNTING (cont.)

##### 2.5.5) Property, plant and equipment

Items of property, plant and equipment (“PPE”) are measured at cost less accumulated depreciation and all accumulated impairment loss.

Cost includes all expenditure directly attributable to bringing the asset to the location and condition necessary for its intended use, which is, being capable of operating in the manner intended by Director.

Expenditures in carrying out plant feasibility studies before deciding whether to invest in an asset or in deciding which asset to acquire are expensed as incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

The useful lives used by the Group are disclosed in Note 2.5.5.

The useful life and residual values are reviewed at each year end.

In relation to plants, once the construction is complete and the Plants are ready for operation, the Group depreciates the acquisition and construction costs on a straight-line basis over their estimated useful lives of 25 years, recognizing the depreciation in the statement of comprehensive income. Land is not subject to depreciation.

Major maintenance amounts are identified and accounted for as a separate component if that component is used over more than one period. If a major maintenance amount is embedded in the cost of an item of PPE, the carrying amount of the component is determined with reference to the current market price of the maintenance.

At the reporting date, the Group reviews the carrying amount of PPE to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For the impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use (CGU). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount and it is recognized in the statement of comprehensive income.

The Group evaluated the estimated future cash flow of the CGU of Argentine subsidiaries simple cycle fixed asset, discounted at their current value using a pre-tax average discount rate that reflects the evaluations of current market value of money over time and the specific risks of the CGU.

After weighing the various scenarios for both subsidiaries, Management concluded that the discounted value of the estimated future cash flows of the CGU is above the value in books.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 2 - BASIS OF ACCOUNTING (cont.)

##### 2.5) Significant accounting policies (cont.)

##### 2.5.6) Financial instruments

###### (1) Recognition and initial measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes party of the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value, plus, for an item not a FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

###### (2) Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, Fair Value through Other Comprehensive Income (“FVOCI”) or Fair Value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the asset; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

The Company makes an assessment of the objective of the business model in which a financial asset is held at instrument level. The information considered includes:

- Policies in practice, including whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realizing cash flows through the sale of the assets.
- How the performance of the portfolio is evaluated and reported to the Company Management.



## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 2 - BASIS OF ACCOUNTING (cont.)

##### 2.5) Significant accounting policies (cont.)

##### 2.5.6) Financial instruments (cont.)

###### (2) Classification and subsequent measurement of financial assets

- The risk that affect the performance of the business model and how those risks are managed
- The frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company continuing recognition of the assets.

For the purpose of assessment whether contractual cash flows are solely payments of principal and interests, “principal” is defined as the fair value of the financial assets on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

For the purpose of assessment, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable-rate features
- Prepayment and extension features, and
- Terms that limit the Company claim to cash flows from specified assets.

The Company classifies its financial assets into one of the following categories:

- Loans and receivables
- Held to maturity
- Available for sale, and
- At FVTPL

###### (3) Impairment

The Company recognizes loss allowances for Expected Credit Losses (“ECL”) on:

- Financial assets measured at amortized cost
- Debt investments measured at FVOCI
- Contract assets
- Lease receivable

The Company measures loss allowances at the amount equal to lifetime ECLs, except for the other debt securities and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime ECLs.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 2 - BASIS OF ACCOUNTING (cont.)

##### 2.5) Significant accounting policies (cont.)

##### 2.5.6) Financial instruments (cont.)

##### (3) Impairment (cont.)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-months ECLs are the portion of the ECLs that result from default events that are possible within the 12 months after the reporting date, or a shorter period if the expected life of the instrument is less than 12 months.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- Default or delinquency by a debtor
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise
- Indications that a debtor or issuer would enter bankruptcy
- Adverse changes in the payment status of borrower or issuers
- The disappearance of an active market for a security because of financial difficulties; or
- Observable data indicating that there was a measurable decrease in the expected cash flows from a Company of financial assets.

For financial assets measured at amortized cost, the Company considered evidence of impairment for these assets at individual asset level. An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognized in profit or loss and reflected in an allowance account.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 2 - BASIS OF ACCOUNTING (cont.)

##### 2.5) Significant accounting policies (cont.)

##### 2.5.6) Financial instruments (cont.)

###### (4) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. Financial liability at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

###### (5) Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when the contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

###### (6) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

##### 2.5.7) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with maturity dates of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

##### 2.5.8) Share capital

Share capital includes the nominal amount of the owner's contributions

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 2 - BASIS OF ACCOUNTING (cont.)

##### 2.5) Significant accounting policies (cont.)

##### 2.5.9) IFRS 16 Leases

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group, as a lessee, has to recognize right of use assets representing its rights to use the underlying assets and liabilities

representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

##### *Definition of lease*

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

##### *As a lessee*

The Group has no significant lease arrangements acting as a lessee. The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### *As a lessor*

The Group has no significant lease arrangements acting as a lessor.

##### 2.6) Standards issued but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet mandatorily effective:

Amendments to IAS 8	<i>Definition of Accounting Estimates<sup>1</sup></i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies<sup>1</sup></i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021<sup>2</sup></i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction<sup>1</sup></i>

<sup>1</sup>Effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

<sup>2</sup>Effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 2 - BASIS OF ACCOUNTING (cont.)

##### 2.6) Standards issued but not yet effective (cont.)

- On February 12, 2021, IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' providing a new definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.

The management of the Group does not anticipate that the application of this amendment will have a material impact on the Group's Unaudited Consolidated financial statements. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Group has not opted for early application.

- On February 12, 2021, the IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' to help preparers in deciding which accounting policies to disclose in their financial statements.

The management of the Group does not anticipate that the application of this amendment will have a material impact on the Group's Unaudited Consolidated Condensed Interim financial statements. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Group has not opted for early application.

- On March 31, 2021, IASB issued 'Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)' extending, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The management of the Group does not anticipate that the application of this amendment will have a material impact on the Group's interim condensed Unaudited Consolidated financial statements. This amendment is effective for annual periods beginning on or after April 1, 2021. Earlier application is permitted. The Company has not opted for early application.

- On May 7, 2021, the International Accounting Standards Board (the "IASB") issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' clarifying that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The management of the Group does not anticipate that the application of this amendment will have a material impact on the Group's Unaudited Consolidated Condensed Interim Financial Statements. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Group has not opted for early application.

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.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### 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 (see Note 2.5.5), 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 (Note 13 a), b) y 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 30, 2022.

#### NOTE 5 - INCOME TAX

##### a) Income tax

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.

At the end of September 30, 2022, the effective tax rate calculated for the year reached 1,86%.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 5 - INCOME TAX (cont.)

##### b) Argentina tax rates

On December 29, 2017, the Argentine Executive Branch passed and published Law No. 27430, which introduces some amendments to the income tax law, subsequently amended by the “Social Solidarity and Production Reactivation Law within the framework of the Public Emergency” (the “Economic Emergency Law”). As of September 30, 2022, the most significant amendments in force include:

- the reduction in the tax rate from 35% to 30% for fiscal years beginning on or after January 1, 2018, and to 25% for fiscal years beginning on or after 2022; and
- the dividends distributed to individuals and foreign beneficiaries for the fiscal years mentioned above shall be levied at the 7% and 13% rates, respectively.

On June 16, 2021, the Executive Branch (PEN) passed and published Law No. 27630 that rendered ineffective the general rate reduction explained above, and a system of tax brackets that will be in force for fiscal years beginning on or after January 1, 2021 was introduced, as follows:

Accumulated taxable income		To be paid \$	Plus %	Over the excess of \$
From \$	To \$			
\$ 0	\$ 5,000,000	\$ 0	25%	\$ 0
\$ 5,000,001	\$ 50,000,000	\$ 1,250,000	30%	\$ 5,000,000
\$ 50,000,001	Without limit	\$ 14,750,000	35%	\$ 50,000,000

All amounts indicated will be annually adjusted as from January 1, 2022, taking into account the Consumer Price Index (IPC) year-on-year variation issued by the Argentine Institute of Statistics and Censuses (INDEC) in October of the year prior to the adjustment, in relation to the same month of the prior year. The amounts thus determined will be applicable to fiscal years beginning after every adjustment.

In addition, as provided for by Law 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 this new amendment was approved after the year-end date, the effect of such re-measurement will be recognized in the fiscal year ending December 31, 2021.

##### c) Argentina tax inflation adjustment

Argentina Law 27.430, subsequently amended by Law 27.468, provides that as from fiscal years beginning on or after January 1, 2018, the inflation adjustment calculated based on the procedure described in Income Tax Law shall be deducted or included in the tax income/loss, to the extent that the general level Consumer Price Index (IPC), accumulated over the 36 months prior to the end of the year that is calculated exceeds 100%.

During the first three years as from January 1, 2018, the tax inflation adjustment shall be applicable to the extent that the change in IPC exceeds 55%, 30% and 15%, respectively in each of those years.

The resulting inflation adjustment, either gain or loss, would be recognized in three equal parts, computing the first third in the year of the calculation and the remaining two thirds in the immediately subsequent years. As from the fourth year, the amount of tax inflation adjustment is recognized in the same fiscal year.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 5 - INCOME TAX (cont.)

##### c) Argentina tax inflation adjustment

Law No. 27541, regulated by Decree No. 99/2019, also introduced changes to the tax inflation adjustment. Based on such changes, the resulting inflation adjustment, either gain or loss, shall be recognized in six equal parts, computing the first sixth in the year of the calculation and the remaining five sixths in the immediately subsequent years. As from the fiscal years beginning January 1, 2021, the amount of the tax inflation adjustment is recognized in the same fiscal year.

As of December 31, 2020 and 2019, the Consumer Price Index (IPC) reached 36.1% and 53.8%, respectively. Since, as of December 31, 2020, the IPC exceeded 15%, the tax inflation adjustment is applicable. Therefore, the Company considered the effects of such adjustment for calculation purposes. In line with the transition methodology provided for in the tax rule, one sixth of the tax inflation adjustment was computed by adjusting the tax income/loss for the year. The remaining five sixths will be computed in

the following five fiscal years and considered as a deductible temporary difference that is recognized in the deferred tax balance.

##### 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 has to 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 30, 2022, the Company has applied this interpretation in the recording of current and deferred income tax, considering the adjustment for tax inflation (Note 5).

##### e) 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:



## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 5 - INCOME TAX (cont.)

e) Extraordinary income tax advance payment (cont.)

- 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 will be 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.

The local Subsidiaries must pay to AFIP the amounts described below:

- Araucaria Energy 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)
- SPI Energy 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 will due in the months of October, November and December of 2022. As of the date of issuance of these Interim Financial Statements, the Company has already paid the first and second extraordinary advance instalment due on October 22, 2022 and November 22, 2022.

#### 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 30<sup>th</sup>, 2022 (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:

<u>Item</u>	<u>Balances as of September 30, 2022</u>	
	<u>Note</u>	<u>Amortized cost</u>
<i>Financial assets</i>		
Trade receivables		27,082,823
Cash and cash equivalents	7 (c)	33,166,099
Total financial assets		60,248,922
<i>Financial liabilities</i>		
Loans	7 (f)	653,482,833
Trade and other payable		63,281,674
Total financial liabilities		716,764,507

(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	<u>09/30/2022</u>
<b>Non current</b>	
Others prepayments	4,833,907
Total	4,833,907
<b>Current</b>	
Insurance costs paid in advance	667,365
Advances to suppliers	2,766,810
Advances to directors	173,509
Leases paid in advance	478,395
Others prepayments	1,216,667
Total	5.302,746

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

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

	09/30/2022
<b>(b) Tax assets</b>	
<b>Non current</b>	
Turnover tax - advance payment	258,546
Withholding income tax	4,813,980
Total	5,072,526
<b>Current</b>	
Valued added tax	27,437,253
Other tax balances	1,900,690
Total	29,337,943
<b>(c) Cash and cash equivalents</b>	
Cash	763
Banks	27,695,593
Temporary investments	5,469,743
Total	33,166,099
<b>(d) Investments</b>	
Short-term investments	103,591,232
Total	103,591,232
<b>(e) Trade receivables</b>	
Account receivables	16,857,137
Provision for deferred income not invoiced	10,225,686
Total	27,082,823
<b>(f) Trade and other payables</b>	
<b>Non current</b>	
Fines imposed by Cammesa (Note 12 a and b)	40,434,612
Total	40,434,612
<b>Current</b>	
Trade payables	6,491,476
Accrued liabilities	5,089,191
Fines imposed by Cammesa (Note 12 a and b)	11,266,395
Total	22,847,062
<b>(g) Loans</b>	
<b>Non current</b>	
Loans (Note 10 f)	2,735,209
Senior secured notes (Note 10 a, b, c and d)	638,892,516
Total	641,627,725

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

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

##### (g) Loans (cont.)

##### Current

Loans (Note 10 f)	8,520,216
Senior secured notes (Note 10 a, b, c and d)	3,334,892
Total	11,855,108

#### NOTE 8 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

##### (a) Net finance costs

	09/30/2022 (144 days)	09/30/2022 (3 months)
<u>Financial income</u>		
Interest income	3,835,247	3,425,024
Result of changes in fair value of financial assets	-	(119,140)
Gain on disposal of short-term investments	17,949,433	17,949,433
<b>Total financial income</b>	<b>21,784,680</b>	<b>21,255,317</b>
<u>Financial expenses</u>		
Interest expense for bank loans	(3,206,438)	(2,142,988)
Interest expense for trade payables	(1,923,732)	(1,884,640)
Interest expense for senior secured notes	(14,332,019)	(10,233,668)
Result of changes in the fair value of financial assets	(2,709,805)	(2,709,805)
<b>Total financial expenses</b>	<b>(22,171,994)</b>	<b>(16,971,101)</b>

##### (b) Expense by nature

Items	Cost of sales	General and administrative expenses	09/30/2022 (144 days)
Salaries and other personnel- related expenses	54,813	352,033	406,846
Operating expenses	4,902,729	-	4,902,729
Travel expenses	-	8,984	8,984
Bank expenses	-	159,847	159,847
Depreciation	11,349,583	13,200	11,362,783
Consultancy	-	428,202	428,202
Office lease	-	113,418	113,418
Professional Fees	-	1,051,301	1,051,301
Operating Penalties	1,041,372	-	1,041,372
Taxes, rates and contributions	-	1,709,242	1,709,242
Insurance	-	1,112,103	1,112,103
Auxiliary and Electrical Services	624,729	-	624,729
Other expenses	-	90,760	90,760
<b>Total</b>	<b>17,973,226</b>	<b>5,039,090</b>	<b>23,012,316</b>

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 8 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Items	Cost of sales	General and administrative expenses	09/30/2022 (3 months)
Salaries and other personnel- related expenses	32,448	192,566	225,014
Operating expenses	3,852,404	-	3,852,404
Travel expenses	-	(530)	(530)
Bank expenses	-	84,668	84,668
Depreciation	7,382,600	9,016	7,391,616
Consultancy	-	300,683	300,683
Office lease	-	71,157	71,157
Professional Fees	-	22,771	22,771
Operating Penalties	552,665	-	552,665
Taxes, rates and contributions	-	1,501,885	1,501,885
Insurance	-	723,423	723,423
Auxiliary and Electrical Services	464,149	-	464,149
Other expenses	-	46,230	46,230
<b>Total</b>	<b>12,284,266</b>	<b>2,951,871</b>	<b>15,236,137</b>

#### NOTE 9 - BALANCES AND TRANSACTIONS WITH KEY MANAGEMENT (Board of Directors and senior management)

During the period ended September 30, 2022, key management received compensations in the total amount of \$ 5,000, which are considered short-term benefits and entail the only benefits granted to the Board of Directors and senior Management. SCC Power PLC does not grant long-term benefits or share-based payments to its employees.

#### NOTE 10 - LOANS

##### (a) SCC Power Senior Secured First Lien Notes

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

- Principal amount: \$ 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 equivalent to the amount of \$ 17,903,172 (Note 7 f) as of September 30, 2022.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 10 – LOANS (cont.)

##### (b) SCC Power Senior Secured Second Lien Notes

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

- Principal amount: \$ 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 kindThereafter, 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 equivalent to the amount of \$ 315,063,842 (Note 7 f) as of September 30, 2022.

##### (c) SCC Power Senior Secured Third Lien Notes

On May 17<sup>th</sup>, 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 equivalent to the amount of \$ 202,937,412 (Note 7 f) as of September 30, 2022.

These Third Lien Notes have been netted by \$ 29,729,702 resulting from the fair value assessment of the Management Service Agreement compensation pursuant to IFRS 15 (see Note 12)

#### *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 Unaudited Consolidated unrestricted cash as of each quarter and is in excess of \$ 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:

- (a) Pursuant to the Security Agreement, the Pledge Agreements and the Depositary Agreement, substantially all assets of the Issuer and the Guarantors, including, without limitation:

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 10 - LOANS (cont.)

##### *Collateral*

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

(b) 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.

The Collateral will be subject to a number of exceptions and qualifications. For more details, see the Indenture.

(d) SPI Energy Class I and II senior secured notes

- SPI Energy 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-
  - 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 \$ 33,848,666 (Note 7 f) as of September 30, 2022.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 10 - LOANS (cont.)

- SPI Energy 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.
  - 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 \$ 103,283,304 (Note 7 f) as of September 30, 2022.

(e) Reconciliation required by IAS 7

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

	09/30/2022
<b>Loans at beginning of the period</b>	-
<i>Cash flows from financing activities:</i>	
SPI Notes issuance	135,000,000
Payments of financing expenses	(1,290,729)
Payments of loans	(2,468,268)
Payments of interest on bank loans	(3,155,869)
Payment of interest on senior notes	(4,393,353)
<i>Non-cash items changes:</i>	
SCC Power Notes issuance	527,861,496
Loans received	16,727,389
Fair value assessment	(31,500,000)
Exchange differences	19,514,602
Accrual of financing expenses	42,074
Interest and other financial costs accrued	(2,854,509)
<b>Loans at period-end</b>	<b>653.482.833</b>

#### NOTE 10 - LOANS (cont.)

(f) Loans

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

Class	Entity	Type	Currency	Nominal interest rate	Maturity	09/30/2022
Financial	Banco Ciudad de Buenos Aires	Loan	\$	(*)	2023	1,186,520
Financial	Banco Galicia	Loan	\$	(**)	2023	1,551,922
Financial	Banco Provincia	Loan	\$	(***)	2023	5,800,653
Financial	Banco Ciudad de Buenos Aires	Loan	\$	(****)	2023	2,716,330
Total						<b>11,255,425</b>

(\*) Badcor Rate + 7%.

(\*\*) TM20 Rate+ 6%

(\*\*\*) Badcor Rate + 5%

(\*\*\*\*) Badcor Rate +7%



## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 11 - CAPITAL

	\$ 2022	Quantity of Shares 2022
In issue at May 17 <sup>th</sup> , 2022	<u>200,060,887</u>	<u>200,060,887</u>
In issue at September 30 <sup>th</sup> , 2022 - fully paid	<u>200,060,887</u>	<u>200,060,887</u>

As of September 30, 2022, the Company's capital amounted to \$ 200,060,887, represented by \$ 60,887 ordinary shares and 200,000,000 preferred common stock shares, with a nominal value of \$ 60,887 and \$ 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 (\$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 12 - CONTRACTUAL COMMITMENTS

*Power Purchase Agreements (PPAs) with CAMMESA:*

*a) Simple cycle PPAs*

In July 2016, Araucaria Energy S.A. and SPI Energy 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 1<sup>st</sup>, 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 and type of fuel used. 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.

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 12 - CONTRACTUAL COMMITMENTS

*Power Purchase Agreements (PPAs) with CAMMESA:*

*b) Simple cycle PPAs*

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.

On February 2020, Cammesa imposed the late commercial operation penalty of the Matheu Plant for a total of \$ 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, which are being collected in forty-eight (48) equal and consecutive monthly installments, applying an Annual Effective Rate (TEA) equivalent to 1.7% denominated in US dollars.

The Lujan plant late commercial operation penalty has not yet been enforced by Cammesa, however, the company has included in 2019 a provision for \$ 16,459,200.

As of September 30, 2022, aggregate late commercial operation penalties amounted to \$ 51,701,007.

*c) 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 105MW 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 1<sup>st</sup>, 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 208.5MW.

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

*b) Combined cycle PPA (cont.)*

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 12 a).

On September 25, 2019, Araucaria Generation S.A. transferred all of its rights related to the Additional PPA to SPI Energy S.A.

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

## SCC Power PLC and Subsidiaries

### NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS as of September 30<sup>th</sup>, 2022 (in USD)

#### NOTE 12 - CONTRACTUAL COMMITMENTS (cont.)

The first phase of the project, related to the installation of an additional gas turbine has been completed and achieved commercial operation on 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.

##### *Service contract agreement with Siemens S.A. and Siemens Industrial Turbomachinery AB*

The Company entered into a long-term service contract (10 years) 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.

##### *Equipment, procurement, and construction ("EPC") turnkey contracts – Combined Cycle SPI*

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 31, 2022, SPI Energy 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 the date of these Unaudited Consolidated Condensed Interim Financial Statements the company have already paid USD 25,170,803 related to this contract.

Additionally, on July 20, 2022, SPI Energy SA 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 \$ 14.400.000.

As of the date of these Unaudited Consolidated Condensed Interim Financial Statements the company have already paid USD 4,320,000 related to this contract.

##### *Management service agreement*

SEILP has entered into a Management Service Agreement (the "MSA") to receive strategic management advisory services related to the business.

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 a period of five years from May 17<sup>th</sup>, 2022 (the "Amalgamation date").

According to IFRS 15 an entity shall measure the non-cash consideration of a contract or transaction (or promise of non-cash consideration) at fair value.

The Non-Cash Consideration fair value, determined at the amalgamation date, amounted to USD 6.000.000 included in Prepayments (USD 5,546,667 as of September 30<sup>th</sup>, 2022). 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 30<sup>th</sup>, 2022 (in USD)

#### NOTE 13 - EBITDA RECONCILIATION WITH NET INCOME

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 or benefit and (iii) depreciation and amortization expense.

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 144 days' period ended September 30, 2022 as follows:

Net profit for the period	<u>248,021,845</u>
Gain on acquisition	(242,495,310)
Net finance costs	5,276,077
Income tax expense	4,708,623
Depreciation and amortization	11,362,783
Non-recurrent settlement gains and others	<u>(677,064)</u>
<b>EBITDA</b>	<u>26,196,954</u>

#### NOTE 14 - SUBSEQUENT EVENTS

No events or transactions, other than those mentioned in the notes to the Unaudited Consolidated Interim Condensed Financial Statements, have occurred from period-ended to the date of issuance of these Unaudited Consolidated Interim Condensed Financial Statements that would have a material effect on the financial position of the Company or the results of its operations as of period-ended September 30<sup>th</sup>, 2022.

*[Signature page follow]*

*[Signature page]*

Unaudited Consolidated Condensed Interim Financial Statements for the 144-day period ended  
September 30th, 2022

Diego Juan Abelleira Llodra

Chairman