

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Form 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020 Commission File Number: 001-33422

### Empresa Distribuidora y Comercializadora Norte S.A.

(Exact name of Registrant as specified in its charter)

**Distribution and Marketing Company of the North S.A.**

(Translation of Registrant's name into English)

**Argentine Republic**

(Jurisdiction of incorporation or organization)

**Avenida Del Libertador 6363**  
**Ciudad de Buenos Aires, C1428ARG**  
**Buenos Aires, Argentina**  
(Address of principal executive offices)

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**(C1428ARG)**

**Buenos Aires, Argentina**

**Chief Financial Officer**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

**Securities registered or to be registered pursuant to Section 12(b) of the Act:**

Title of each class:	Trading Symbol	Name of each exchange on which registered
Class B Common Shares	EDN	New York Stock Exchange, Inc.*
American Depositary Shares, or ADSs, evidenced by American Depositary Receipts, each representing 20 Class B Common Shares	EDN	New York Stock Exchange, Inc.

\* Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: N/A

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 462,292,111 Class A Common Shares, 442,210,385 Class B Common Shares and 1,952,604 Class C Common Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Sections 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Note: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, every

Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐

Non-Accelerated Filer ☒

Accelerated Filer ☐

Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act. ☐

<sup>†</sup> The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (§ 15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing: U.S. GAAP ☐

International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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## PART I

### **Item 1.     *Identity of Directors, Senior Management and Advisors***

Not applicable.

### **Item 2.     *Offer Statistics and Expected Timetable***

Not applicable.

### **Item 3.     *Key Information***

In this annual report, except as otherwise specified, references to “we”, “us”, “our” and “the Company” are references to (i) Empresa Distribuidora y Comercializadora Norte S.A., or “Edenor. For more information, see “Item 4—Information on the Company—History and Development of the Company.”

## **FORWARD-LOOKING STATEMENTS**

This annual report includes forward-looking statements, principally under the captions “Item 3. Key Information - Risk Factors”, “Item 4. Information on the Company” and “Item 5. Operating and Financial Review and Prospects”. We have based these forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business. Forward-looking statements may also be identified by words such as “believes”, “expects”, “anticipates”, “projects”, “intends”, “should”, “seeks”, “estimates”, “future” or similar expressions. Many important factors, in addition to those discussed elsewhere in this annual report, could cause our actual results to differ materially from those expressed or implied in our forward-looking statements, including, among other things:

- the treatment of tariff update according to Integral Tariff Revision (Revisión Tarifaria Integral or “RTI”);
- uncertainties related to future Government interventions or legal actions;
- general political, economic, social, demographic and business conditions in the Republic of Argentina, or “Argentina” and particularly in the geographic market we serve;
- the evolution of energy losses and the impact of fines and penalties and uncollectable debt;
- the impact of regulatory reform and changes in the regulatory environment in which we operate;
- electricity shortages;
- potential disruption or interruption of our service;
- the revocation or amendment of our concession by the granting authority;
- our ability to implement our capital expenditure plan, including our ability to arrange financing when required and on reasonable terms;
- fluctuations in exchange rates, including a depreciation of the Peso;
- the effects of a pandemic or epidemic and any subsequent mandatory regulatory restrictions or containment measures, including lockdowns and other restrictions;
- uncertainties relating to the effects of the COVID-19 outbreak;
- the impact of high rates of inflation on our costs;
- renegotiation of public debt; and,
- additional matters identified in “Risk factors”.

Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update publicly or to revise any forward-looking statements after we file this annual report because of new information, future events or other factors. In light of these limitations, undue reliance should not be placed on forward-looking statements contained in this annual report.

## EXCHANGE RATES

In 2020, the Argentine Peso experienced a rapid depreciation against major foreign currencies, particularly against the U.S. dollar. According to the exchange rate information published by the Banco de la Nación Argentina, the Argentine Peso depreciated by 40.5% against the U.S. dollar during the year ended December 31, 2020 (compared to 58.9%, 102.2% and 17.4% in the years ended December 31, 2019, 2018 and 2017 respectively).

The following table sets forth the high, low, average and period-end exchange rates for the periods indicated, expressed in Pesos per U.S. Dollar and not adjusted for inflation. When preparing our financial statements, we utilize the selling exchange rates for U.S. Dollars quoted by the Banco Nación to translate our U.S. Dollar denominated assets and liabilities into Pesos. There can be no assurance that the Peso will not depreciate or appreciate in the future. The Federal Reserve Bank of New York does not report a noon buying rate for Pesos. For more information regarding depreciation see “—Risk Factors—Factors Relating to Argentina—Fluctuations in the value of the Peso could adversely affect the Argentine economy and, which could, in turn adversely affect our results of operations.”

In this annual report, except as otherwise specified, references to “U.S.\$” and “Dollars” are to U.S. Dollars, and references to “Ps.”, “AR\$” and “Pesos” are to Argentine Pesos. Solely for the convenience of the reader, we have converted certain amounts included in this annual report from Pesos into Dollars using, for the information provided as of December 31, 2020, the seller exchange rate reported by the Banco de la Nación Argentina (“Banco Nación”), as of December 31, 2020, which was Ps.84.15 to U.S.\$1.00 unless otherwise indicated. These conversions should not be considered representations that any such amounts have been, could have been or could be converted into U.S. Dollars at that or at any other exchange rate. On April 23, 2021, the exchange rate was Ps.93.12, to U.S.\$1.00. As a result of fluctuations in the Dollar Peso exchange rate, the exchange rate at such date may not be indicative of current or future exchange rates. See “—Risk Factors—Factors Relating to Argentina—Fluctuations in the value of the Argentine Peso could adversely affect the Argentine economy and, in turn, adversely affect our results of operations”. The Federal Reserve Bank of New York does not report a noon buying rate for Pesos.

	Low	High	Average	Period End
	<i>(Pesos per U.S. Dollar)</i>			
<b>Year ended December 31,</b>				
2016	13.20	16.03	14.99 (1)	15.89
2017	15.19	19.20	16.73 (1)	18.65
2018	18.41	41.25	29.26 (1)	37.70
2019	36.90	60.40	47.82 (1)	59.89
2020	59.82	84.15	70.87 (1)	84.15
<b>Month</b>				
November-20	78.32	81.31	79.91 (2)	81.31
December-20	81.43	84.15	82.56 (2)	84.15
January-21	84.15	87.33	85.81 (2)	87.33
February-21	87.60	89.82	88.70 (2)	89.82
March-21	90.09	92.00	91.09 (2)	92.00
April-21 (3)	92.00	93.12	92.57 (2)	93.12

Source : Banco Nación

- (1) Represents the average of the exchange rates on the last day of each month during the period.
- (2) Average of the lowest and highest daily rates in the month.
- (3) Represents the corresponding exchange rates from April 1 through April 23, 2021.

## RISK FACTORS

The following summarizes some, but not all, of the risks provided below. Please carefully consider all of the information discussed in this Item 3.D. “Risk Factors” in this annual report for a more thorough description of these and other risks:

### ***Risks Related to Argentina***

- A global or regional financial crisis and unfavorable credit and market conditions may negatively affect our liquidity, users, business, and results of operations.
- The Argentine economy remains vulnerable and any significant decline may adversely affect us.
- Economic and political developments in Argentina, and future policies of the Argentine Government may affect the economy as well as the operations of the energy distribution industry, including Edenor.
- If high levels of inflation continue, the Argentine economy and our results of operations could be adversely affected.
- As of July 1, 2018, the Argentine Peso qualifies as a currency of a hyperinflationary economy and we are required to restate our historical financial statements in terms of the measuring unit current at the end of the reporting year, which could adversely affect our results of operation and financial condition.
- The credibility of several Argentine economic indexes was called into question, which may lead to a lack of confidence in the Argentine economy and, in turn, limit our ability to access credit and the capital markets.
- Argentina's ability to obtain financing from international markets could be limited, which may impair its ability to implement reforms and foster economic growth and negatively affect us.
- Fluctuations in the value of the Argentine Peso could adversely affect the Argentine economy and us.
- Intervention by the Argentine Government may adversely affect the Argentine economy and, as a result, us.
- Argentine corporations may be restricted to make payments in foreign currencies or import certain products.
- Argentine public expenditure may generate negative consequences for the Argentine economy.
- The Argentine economy remains vulnerable to external shocks that could be caused by significant economic difficulties of Argentina's major regional trading partners, particularly Brazil, or by more general "contagion" effects. Such external shocks and "contagion" effects could have a material adverse effect on Argentina's economic growth, and consequently, our results of operations and financial condition.
- Developments relating to the coronavirus may have a material adverse impact on us.
- The application of certain laws and regulations could adversely affect us.

#### **Risks Relating to the Electricity Distribution Sector**

- The Argentine Government has intervened in the electricity sector in the past, and may continue intervening.
- The Argentine Government signed an agreement with the Province of Buenos Aires and the City of Buenos Aires for the transfer of the public service of electricity distribution.
- There is uncertainty as to what other measures the Argentine Government may adopt in connection with tariffs on public services and their impact on the Argentine economy.
- Electricity distributors are severely affected by the emergency measures adopted during the economic crisis.
- Electricity demand may be affected by tariff increases, which could lead distribution companies, such as us, to record lower revenues.
- If the demand for energy is increased suddenly, the difficulty in increasing the capacity of distribution companies in a short or medium term, could adversely affect the Company, which in turn could result in customer complaints and substantial fines for any interruptions.

#### **Risks Relating to Our Business**

- We operate our business pursuant to our Concession Agreement granted by the Argentine Government, the revocation or termination of which would have a material adverse effect on our business.
- Downgrades in our credit ratings could have negative effects on our funding costs and business operations.
- Our business is subject to risks arising from natural disasters, catastrophic accidents and terrorist attacks. Additionally, our businesses are subject to the risk of mechanical or electrical failures and any resulting unavailability may affect our ability to fulfil our contractual commitments and thus adversely affect us.
- Our operations could cause environmental risks and change in environmental laws could increase operating costs.
- Failure or delay to negotiate further improvements to our tariff structure, including increases in our distribution margin, and/or to have our tariffs adjusted to reflect increases in our distribution costs in a timely manner or at all, affected and may continue to affect our capacity to perform our commercial obligations and could also have a material adverse effect on our ability to perform our financial obligations.
- Our distribution tariffs may be subject to challenges by Argentine consumer and other groups.
- We have been, and may continue to be, subject to fines and penalties that could have a material adverse effect on our financial condition and results of operations.

- If we are unable to control our energy losses, our results of operations could be adversely affected.
- The Argentine Government could foreclose on its pledge over our Class A common shares under certain circumstances, which could have a material adverse effect on our business and financial condition.
- Default by the Argentine Government could lead to termination of our concession, and have a material adverse effect on our business and financial condition.
- We may be unable to import certain equipment to meet growing demand for electricity, which could lead to a breach of our Concession Agreement and could have a material adverse effect on the operations and financial position.
- We employ a largely unionized labor force and could be subject to an organized labor action, including work stoppages that could have a material effect on our business.
- We could incur material labor liabilities in connection with our outsourcing that could have an adverse effect on us.
- Our performance is largely dependent on recruiting and retaining key personnel.
- We are involved in various legal proceedings which could result in unfavorable decisions for us, which could in turn have a material adverse effect on our financial position and results of operations.
- In the event of an accident or other event not covered by our insurance, we could face significant losses that could materially adversely affect our business and results of operations.
- A substantial number of our assets are not subject to attachment or foreclosure and the enforcement of judgments obtained against us by our shareholders may be substantially limited.
- The loss of exclusivity to distribute electricity in our service area may be adversely affected by technological or other changes in the energy distribution industry, which would have a material adverse effect on our business.
- A potential nationalization or expropriation of 51% of our capital stock, represented by the Class A shares, may limit the capacity of the Class B common shares to participate in the Board of Directors.
- We may not be able to raise the funds necessary to repay our commercial debt with CAMMESA.
- All of our outstanding financial indebtedness contains bankruptcy, reorganization proceedings and expropriation events of default, and we may be required to repay all of our outstanding debt upon occurrence of any such events.
- We may not have the ability to raise the funds necessary to finance a change of control offer as required by the Senior Notes due 2022.
- The New York Stock Exchange and/or the Buenos Aires Stock Exchange may suspend trading and/or delist our ADSs and Class B common shares, upon the occurrence of certain events relating to our financial situation.
- Cybersecurity events, such as a cyber-attack could adversely affect us.

#### **Risks relating to our ADSs and Class B common shares**

- Restrictions on the movement of capital out of Argentina may impair the ability of holders of ADSs to receive dividends and distributions on, and the proceeds of any sale of, the Class B common shares underlying the ADSs, which could affect the market value of the ADSs.
- Our shareholders' ability to receive cash dividends may be limited.
- Under Argentine law, shareholder rights may be fewer or less well-defined than in other jurisdictions.
- Holders of ADSs may be unable to exercise voting rights with respect to the Class B common shares underlying the ADSs at our shareholders' meetings.
- Our shareholders may be subject to liability for certain votes of their securities.
- If we fail to maintain an effective system of internal controls, we may be unable to accurately report our financial results or prevent fraud and investor confidence and the market price of our securities may be adversely impacted.
- Provisions of Argentine securities laws could deter takeover attempts and have an adverse impact on the price of our shares and ADSs.

#### **Risks Related to Argentina**

##### ***Overview***

We are a stock corporation (*sociedad anónima*) incorporated under the laws of the Republic of Argentina and all of our revenues are earned in Argentina and all of our operations, facilities, and users are located in Argentina. Accordingly, our financial condition and results of operations depend to a significant extent on macroeconomic, regulatory, political and financial conditions prevailing in Argentina, including

growth rates, inflation rates, currency exchange rates, taxes, interest rates, and other local, regional and international events and conditions that may affect Argentina in any manner. For example, a slowdown in economic growth or economic recession could lead to a decreased demand for electricity in our concession area or a decline in the purchasing power of our users, which, in turn, could lead to a decrease in collection rates from our users or increased energy losses due to illegal use of our service. Actions of the Argentine Government concerning the economy, including measures with respect to inflation, interest rates, price controls (including tariffs and other compensation of public services), foreign exchange controls and taxes, have had and may in the future have a material adverse effect on private sector entities, including us. Our activity is highly regulated and subject to uncertainties due to political and economic factors, changes in legislation, termination and modification of contractual rights, control of prices and currency fluctuations, among others.

We cannot assure that the Argentine Government will not adopt other policies that could adversely affect the Argentine economy or our business, financial condition or results of operations. In addition, we cannot assure you that future economic, regulatory, social and political developments in Argentina will not impair our business, financial condition or results of operations, nor cause the market value of our ADSs and Class B common shares to decline.

***A global or regional financial crisis and unfavorable credit and market conditions may negatively affect our liquidity, users, business, and results of operations***

The effects of a global or regional financial crisis and related turmoil in the global financial system may have a negative impact on our business, ability to access credit and the international capital markets, financial condition and results of operations, which is likely to be more severe on an emerging market economy, such as Argentina. See “Argentina’s ability to obtain financing from international markets could be limited, which may impair its ability to implement reforms and foster economic growth and, consequently, affect our business, results of our operations and growth prospects”. This was the case in 2008, when the global economic crisis led to a sudden economic decline in Argentina in 2009, accompanied by inflationary pressures, depreciation of the Peso and a drop in consumer and investor confidence.

The effects of an economic crisis on our users and on us cannot be predicted. Weak global and local economic conditions could lead to reduced demand or lower prices for energy, hydrocarbons and related oil products and petrochemicals, which could have a negative effect on our revenues. Economic factors such as unemployment, inflation and the unavailability of credit could also have a material adverse effect on the demand for energy and, therefore, on our business, financial condition and results of operations. The financial and economic situation in Argentina or in other countries in Latin America, such as Brazil, may also have a negative impact on us and third parties with whom we do, or may do, business.

***The Argentine economy remains vulnerable and any significant decline may adversely affect our business, results of operations, and financial condition***

The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high levels of inflation and currency depreciation. Sustainable economic growth in Argentina depends on a variety of factors including the international demand for Argentine exports, the stability and competitiveness of the Peso against foreign currencies, confidence among consumers and foreign and domestic investors and a stable rate of inflation, national employment levels and the circumstances of Argentina’s regional trade partners. The Argentine macroeconomic environment, in which we operate, remains vulnerable, as reflected by the following economic conditions:

- according to the recent data published by the INDEC in 2021, for the year ended December 31, 2020, Argentina’s real GDP decreased by 9.9% compared to the same period in 2019, mainly due to the effects of the COVID-19 pandemic. Argentina’s performance has depended on a significant extent to high commodity prices which, despite having favorable long-term trends, are volatile in the short-term and beyond the control of the Argentine Government and the private sector;
- the International Monetary Fund (“IMF”) in its World Economic Outlook issued in April 2021 projected a 5.8% growth in Argentina’s economy for 2021.



- continued increases in public expenditures have resulted and could continue to result in fiscal deficit and affect economic growth;
- inflation remains high and may continue at those levels in the future;
- investment as a percentage of GDP remains low to sustain the growth rate of the past decades;
- protests or strikes may adversely affect the stability of the political, social and economic environment and may negatively impact the global financial market's confidence in the Argentine economy;
- energy or natural gas supply may not be sufficient to supply increased industrial activity (thereby limiting industrial development) and consumption;
- unemployment and informal employment remain high; and
- the Argentine Government's economic expectations may not be met and the process of restoring the confidence in the Argentine economy may take longer than anticipated.

As in the recent past, Argentina's economy may be adversely affected if political and social pressures inhibit the implementation by the Argentine Government of policies designed to control inflation, generate growth and enhance consumer and investor confidence, or if policies implemented by the Argentine Government that are designed to achieve these goals are not successful. These events could materially affect our financial condition and results of operations, or cause the market value of our ADSs and our Class B common shares to decline.

Moreover, Argentina's economic growth was severely impacted as a consequence of the COVID-19 pandemic. It might also be negatively affected in the future by several domestic factors such as an appreciation of the real exchange rate which could affect its competitiveness, reductions and even reversion of a positive trade balance, which, combined with capital outflows could reduce the levels of consumption and investment resulting in greater exchange rate pressure. Additionally, abrupt changes in monetary and fiscal policies or the foreign exchange regimes could rapidly affect local economic output, while lack of appropriate levels of investment in certain economic sectors could reduce long-term growth. Access to the international financial markets could be limited. Consequently, an increase in public spending not correlated with an increase in public revenues could affect the Argentina's fiscal results and generate uncertainties that might affect the economy's growth level.

The Argentine Peso has been subject to significant depreciation against the U.S. dollar in the past and may be subject to fluctuations in the future. We cannot predict whether and to what extent the value of the Peso could depreciate or appreciate against the U.S. dollar and the way in which any such fluctuations could affect our business. The value of the Peso compared to other currencies is dependent, in addition to other factors listed above, on the level of international reserves maintained by the Central Bank of the Republic of Argentina (Banco Central de la República Argentina, the "Central Bank" or BCRA), which have also shown significant fluctuations in recent years. As of March 31, 2021, the international reserves of the BCRA totaled U.S.\$ 39,677 million. According to the exchange rate information published by the Banco de la Nación Argentina, the Argentine Peso depreciated by 40.5% against the U.S. dollar during the year ended December 31, 2020 (compared to 58.9%, 102.2% and 17.4% in the years ended December 31, 2019, 2018 and 2017, respectively).

In 2019, as a result of the economic instability, economic uncertainty, and rising inflation rates, the former Argentine administration and the BCRA adopted a series of measures reinstating foreign exchange controls, which applied with respect to access to the foreign exchange market by residents for savings and investment purposes abroad, the payment of external financial debts, the payment of dividends in foreign currency abroad, payments of goods and services in foreign currencies, payments of imports of goods and services, and the obligation to repatriate and settle for Pesos the proceeds from exports of goods and services, among others. Other financial transactions such as derivatives and securities related operations, were also covered by the new foreign exchange regime. Following the change in government, the new administration extended the validity of such measures, which were originally in effect until December 31, 2019, and established further restrictions by means of the enacted Law No. 27,541 on Social

Solidarity and Productive Reactivation in the Framework of the Public Emergency (Ley de Solidaridad Social y Reactivación Productiva en el Marco de la Emergencia Pública, or the “Productive Reactivation Law”), regulated by Decrees Nos. 58 and 99/19, including a new tax on certain transactions involving the purchase of foreign currency by both Argentine individuals and entities. Although the official exchange rate has stabilized since the adoption of the foreign exchange controls, we cannot assure you that the official exchange rate will not fluctuate significantly in the future. There can be no assurances regarding future modifications to exchange controls. Exchange controls could adversely affect our financial condition or results of operations and our ability to meet our foreign currency obligations and execute our financing plans. See “Item 10. Additional Information— Exchange Controls.”

The success of these measures or other measures that the BCRA may implement in the future, are subject to uncertainty and any further depreciation of the Argentine Peso or our inability to acquire foreign currency could have a material adverse effect on our financial condition and results of operations. We cannot predict the effectiveness of these measures. We cannot predict whether, and to what extent, the value of the Argentine Peso may depreciate or appreciate against the U.S. dollar or other foreign currencies, and how these uncertainties will affect electricity consumption. Furthermore, no assurance can be given that, in the future, no additional currency or foreign exchange restrictions or controls will be imposed. Existing and future measures may negatively affect Argentina’s international competitiveness, discouraging foreign investments and lending by foreign investors or increasing foreign capital outflow which could have an adverse effect on economic activity in Argentina, and which in turn could adversely affect our business and results of operations. We cannot predict how these conditions will affect the consumption of services provided by Edenor or our ability to meet our liabilities denominated in currencies other than the Argentine Peso. Any restrictions on transferring funds abroad imposed by the Government could undermine our ability to pay dividends on our ADSs or make payments (of principal or interest) under our outstanding indebtedness in U.S. dollars, as well as to comply with any other obligation denominated in foreign currency.

We cannot assure that a decline in economic growth, an increase in economic instability or the expansion of economic policies and measures taken or that may be adopted in the future by the Argentine Government to control inflation or address other macroeconomic developments that affect private sector entities such as us, all developments over which we have no control, would not have an adverse effect on our business, financial condition or results of operations or would not have a negative impact on the market value of our ADSs and Class B common shares.

Taking into consideration the financial impact on the Company due to the abovementioned macroeconomic situation, the Board of Directors has raised substantial doubt about Edenor’s ability to continue as a going concern.

***Economic and political developments in Argentina, and future policies of the Argentine Government may affect the economy as well as the operations of the energy distribution industry, including Edenor***

The Argentine Government has historically exercised significant influence over the economy, and our Company has operated in a highly regulated environment. The Argentine Government may promulgate numerous, far-reaching regulations affecting the economy and electricity companies in particular.

In the event of any economic, social or political crisis, companies operating in Argentina may face the risk of strikes, expropriation, nationalization, mandatory amendment of existing contracts, and changes in taxation policies, including tax increases and retroactive tax claims. In addition, Argentine courts have sanctioned modifications on rules related to labor matters, requiring companies to assume greater responsibility for the assumption of costs and risks associated with subcontracted labor and the calculation of salaries, severance payments and social security contributions. Since we operate in a context in which the governing law and applicable regulations change frequently, also as a result of changes in government administrations, it is difficult to predict if and how our activities will be affected by such changes.

We cannot assure you that future economic, regulatory, social and political developments in Argentina will not adversely affect our business, financial condition or results of operations, or cause the decrease of the market value of our securities.

***If the high levels of inflation continue, the Argentine economy and our results of operations could be adversely affected***

Historically, inflation has materially undermined the Argentine economy and the Argentine Government's ability to create conditions that allow growth. In recent years, Argentina has confronted inflationary pressures, evidenced by significantly higher fuel, energy and food prices, among other factors.

According to data published by the INDEC, Consumers Price Index ("CPI") rates for July, August, September, October, November and December 2020, and January, February and March 2021 were 1.9%, 2.7%, 2.8%, 3.8%, 3.2%, 4.0%, 4.0%, 3.6%, and 4.8%, respectively. See "*—The credibility of several Argentine economic indexes was called into question, which may lead to a lack of confidence in the Argentine economy and, in turn, limit our ability to access credit and the capital markets*" below. The National CPI variation was 36.1% in 2020 and 53.8% in 2019. The Argentine Government's adjustments to electricity and gas tariffs, as well as the increase in the price of gasoline have affected prices, creating additional inflationary pressure. If the value of the Argentine Peso cannot be stabilized through fiscal and monetary policies, an increase in inflation rates could be expected.

A high inflation rate affects Argentina's foreign competitiveness by diluting the effects of the Peso depreciation, negatively impacting employment and the level of economic activity and undermining confidence in Argentina's banking system, which may further limit the availability of domestic and international credit to businesses. In turn, a portion of the Argentine debt continues to be adjusted by the Stabilization Coefficient (*Coeficiente de Estabilización de Referencia*, or "CER"), a currency index, that is strongly related to inflation. Therefore, any significant increase in inflation would cause an increase in the Argentine external debt and consequently in Argentina's financial obligations, which could exacerbate the stress on the Argentine economy. The efforts undertaken by the Argentine Government to reduce inflation have not achieved the desired results. A continuing inflationary environment could undermine our results of operations, adversely affect our ability to finance the working capital needs of our businesses on favorable terms, and it could adversely affect our results of operations and cause the market value of our ADSs and our Class B common shares to decline.

There is uncertainty regarding the effectiveness of the policies implemented by the Argentine Government to reduce and control inflation and the potential impact of those policies. An increase in inflation may adversely affect the Argentine economy, which in turn may have a negative impact in our financial condition and the result of our operations.

***As of July 1, 2018, the Argentine Peso qualifies as a currency of a hyperinflationary economy and we are required to restate our historical financial statements in terms of the measuring unit current at the end of the reporting year, which could adversely affect our results of operation and financial condition***

As of July 1, 2018, the Peso qualifies as a currency of a hyperinflationary economy and we are required to restate our historical financial statements by applying inflationary adjustments to our financial statements.

Pursuant to IAS 29 "Financial Reporting in Hyperinflationary Economies", the financial statements of entities whose functional currency is that of a hyperinflationary economy must be restated for the effects of changes in a suitable general price index. IAS 29 does not prescribe when hyperinflation arises, but includes several characteristics of hyperinflation. The IASB does not identify specific hyperinflationary jurisdictions. However, in June 2018, the International Practices Task Force of the Centre for Quality ("IPTF"), which monitors "highly inflationary countries", categorized Argentina as a country with projected three-year cumulative inflation rate greater than 100%. Additionally, some of the other qualitative factors of IAS 29 were present, providing prima facie evidence that the Argentine economy is hyperinflationary for the purposes of IAS 29. Therefore, Argentine companies using IFRS are required to apply IAS 29 to their financial statements for periods ending on and after July 1, 2018.

During the first three years as from January 1, 2018, the tax indexation will be applicable if the variation of the CPI exceeds 55% in 2018, 30% in 2019 and 15% in 2020. The tax indexation determined

during the first and second fiscal period as from January 2019 shall be allocated as follows: 1/6 in that same fiscal period, and the remaining 5/6 in equal parts in the immediately following 5 fiscal periods. From January 1, 2021, the tax indexation procedure will be triggered under similar standards as those set forth by IAS 29.

We cannot predict the future impact that the eventual application of tax indexation and related inflation adjustments described above will have on our financial statements or their effects on our business, results of operations and financial condition.

***The credibility of several Argentine economic indexes was called into question, which may lead to a lack of confidence in the Argentine economy and, in turn, limit our ability to access credit and the capital markets***

Prior to 2015, the credibility of the CPI, as well as other indices published by the INDEC were called into question.

On January 8, 2016, based on its determination that the INDEC had failed to produce reliable statistical information, particularly with respect to CPI, GDP, inflation and foreign trade data, as well as with poverty and unemployment rates, the Argentine Government declared a state of administrative emergency for the national statistical system and the INDEC. The INDEC temporarily suspended the publication of certain statistical data until a reorganization of its technical and administrative structure to recover its ability to produce reliable statistical information.

In 2017, the INDEC began publishing a national CPI, which is based on a survey conducted by the INDEC and several provincial statistical offices in 39 urban areas including each of Argentina's provinces. The official CPI inflation rate for the year ended December 31, 2020 was 36.1%.

Any future required correction or restatement of the INDEC indexes could result in decreased confidence in Argentina's economy, which, in turn, could have an adverse effect on our ability to access international capital markets to finance our operations and growth, and which could, in turn, adversely affect our results of operations and financial condition and cause the market value of our ADSs and Class B common shares to decline.

***Argentina's ability to obtain financing from international markets could be limited, which may impair its ability to implement reforms and foster economic growth and, consequently, affect our business, results of our operations and growth prospects.***

Argentina's history of defaults on its external debt and the protracted litigation with holdout creditors may reoccur in the future and prevent Argentine companies such as us from accessing the international capital markets readily or may result in higher costs and more onerous terms for such financing, and may therefore negatively affect our business, results of operations, financial condition, the value of our securities, and our ability to meet our financial obligations.

Following the default on its external debt in 2001, Argentina sought to restructure its outstanding debt exchange offers in 2005 and again in 2010. Holders of approximately 93% of Argentina's defaulted debt participated in the exchanges. Nonetheless, a number of bondholders held out from the exchange offers and pursued legal actions against Argentina.

In 2016, the Argentine Government settled several agreements with the defaulted bondholders, ending more than 15 years of litigation.

In 2020, the Argentine Government reached an agreement with private creditors to renegotiate certain debt conditions as maturity dates and interest rates applicable for the following first years.

As of the date of this annual report, the Argentine Government has initiated negotiations with the IMF in order to renegotiate the principal maturities of the U.S.\$44.1 billion disbursed between 2018 and 2019 under a SBA, originally planned for the years 2021, 2022 and 2023. In addition, the Argentine

Government is currently renegotiating with the Paris Club the maturity date of the U.S.\$2.4 billion payment currently set to mature in May 2021.

We cannot assure whether the Argentine Government will be successful in the negotiations with that agency and creditors, which could affect its ability to implement reforms and public policies and boost economic growth, nor the impact of the result that renegotiation will have in Argentina's ability to access international capital markets (and indirectly in our ability to access those markets) to access international capital markets, in the Argentine economy or in our economic and financial situation or in our capacity to extend the maturity dates of our debt or other conditions that could affect our results and operations or businesses.

***Fluctuations in the value of the Argentine Peso could adversely affect the Argentine economy and could in turn adversely affect our results of operations***

The Argentine Peso suffered important fluctuations during the last four years: it lost more than 17% of its value with respect to the U.S. dollar in 2017 and approximately 102.2% in 2018, 58.9% in 2019 and 40.5% in 2020. We are unable to predict the future value of the Peso against the U.S. Dollar. If the Peso devaluates further, the negative effects on the Argentine economy could have adverse consequences on our business, our results of operations and the market value of our ADSs, including as measured in U.S. Dollars.

On September 1, 2019, certain exchange controls and restrictions were reinstated in order to control the volatility in the currency exchange rate. The new controls and restrictions regulate, among others, the purchase of external assets for residents in Argentina, the payment of financial debts outside the Argentine borders, the payment of dividends, the payment of imports of goods and services, the obligation to repatriate and settle the incomes from exports of goods and services. Additional volatility, appreciation or depreciation of the Peso against the U.S. dollar or reduction of the Central Bank's reserves because of currency intervention could adversely affect the Argentine economy and our ability to service our debt obligations and could affect the value of our ADSs and our Class B common shares. See "Item 10. Additional Information—Exchange Controls."

On the other hand, a significant appreciation of the Peso against the U.S. Dollar also presents risks for the Argentine economy, including the possibility of a reduction in exports (as a consequence of the loss of external competitiveness). Any such increase could also have a negative effect on economic growth and employment, reduce the Argentine public sector's revenues from tax collection in real terms, and have a material adverse effect on our business, our results of operations, our ability to repay our debt within its maturity dates and the market value of our ADSs, as a result of the overall effects of the weakening of the Argentine economy.

Fluctuations in the value of the Peso may also adversely affect the Argentine economy, our financial condition and results of operations. The Peso has been subject to significant depreciation against the U.S. dollar in the past and may be subject to further fluctuation in the future. A depreciation of the Peso against major foreign currencies may also have an adverse impact on our capital expenditure program and increase the Peso amount of our trade liabilities and financial debt denominated in foreign currencies. The depreciation of the Peso may have a negative impact on the ability of certain Argentine businesses to service their foreign currency-denominated debt, lead to high inflation, significantly reduce real wages, jeopardize the stability of businesses whose success depends on domestic market demand, including public utilities, and the financial industry and adversely affect the Argentine Government's ability to honor its foreign debt obligations.

***Intervention by the Argentine Government may adversely affect the Argentine economy and, as a result, our business and results of operations***

In the recent past, the Argentine Government directly intervened in the economy, including through the implementation of expropriation and nationalization measures, price controls and exchange controls.

In the future, the Argentine Government may introduce new exchange controls and/or strengthen the existing ones, create restrictions on transfers to other countries, restrictions to capital movements or other measures in response to an eventual capital flight or an important depreciation in the Peso, measures that can, in turn, affect our ability to access the international capital markets. Such restrictions and measures may generate political and social tensions and deteriorate the Argentine Government's public finances, as has occurred in the past, generating an adverse effect in the Argentine economic activity and, in consequence, adversely affecting our business and the result of our operations, and cause the market value of our ADSs and our Class B common shares to decline. See "Item 10. Additional Information—Exchange Controls."

Moreover, we cannot guarantee that the measures that may be adopted by the current or any future government, such as expropriation, nationalization, forced renegotiation or modification of existing contracts, new taxation policies, changes in laws, regulations and policies affecting foreign trade and investments, restrictions to transfers to other countries or to capitals movement, or an important depreciation of the Peso will not have a material adverse effect on the Argentine economy and, as a consequence, adversely affect our financial condition, our results of operations or cause the market value of our ADSs and our Class B common shares to decline.

***Argentine corporations may be restricted to make payments in foreign currencies or import certain products***

There are certain restrictions in Argentina that affect corporations' ability to access to the exchange market (*Mercado Libre de Cambios*, the "MLC") to acquire foreign currency, transfer funds to other countries, service debt, make payments outside Argentina and other operations, requiring, in some cases, previous approval by the Central Bank.

These restrictions may affect our operations and our expansion projects, as they require the import of services and goods for which payment may be restricted. The Argentine Government may impose or create further restrictions on the access to the MLC. In such case, the possibility of Argentine corporations to make payments outside Argentina and to comply with their obligations and duties may be affected.

We cannot predict how such current restrictions may evolve after this annual report, mainly regarding limitations to transfer funds outside the country. The Argentine Government may impose further exchange controls or restrictions to capital transfers and modify and adopt other policies that may limit or restrict our ability to access international capital markets, to make payments of principal and interests and other additional amounts outside the country (including payments relating to our notes), or affect in other ways our business and the results of our operations, or cause the market value of our ADSs and our Class B common shares to decline.

Exchange controls in an economic environment in which the access to local capital markets is restricted may cause an adverse effect in our activities, mainly in our ability to make payments of principal and/or interests of our notes in foreign currency. See "Item 10. Additional Information—Exchange Controls."

***Argentine public expenditure may generate negative consequences for the Argentine economy***

Public expenditure increased significantly throughout the last decade in Argentina. The Argentine Government adopted several measures to finance its high public expenditure, including –among others-, using the Central Bank's and ANSES's resources to fund its financial needs, and implementing an expansionary monetary policy that increased inflation levels.

Primary deficit may increase in the future if public expenditure continues to increase faster than the Argentine Government's revenues. A greater fiscal deficit may generate further complications for the Argentine Government's ability to access the financial markets in the long term, and, at the same time, limit even more Argentine corporations' access to those markets.

As of the date of this annual report, we cannot predict how the measures that the Argentine Government has applied and may continue to apply will impact the Argentine economy, and, in turn, our business, our financial condition and the results of our operations.

***The Argentine economy remains vulnerable to external shocks that could be caused by significant economic difficulties of Argentina's major regional trading partners, particularly Brazil, or by more general "contagion" effects. Such external shocks and "contagion" effects could have a material adverse effect on Argentina's economic growth, and consequently, our results of operations and financial condition***

Although economic conditions vary from country to country, investors' perceptions of events occurring in certain countries have in the past substantially affected, and may continue to substantially affect, capital flows into and investments in securities of issuers from other countries, including Argentina. There can be no assurance that the Argentine financial system and securities markets will not be adversely affected by policies that may be adopted by foreign governments or the Argentine Government in the future. Argentina can also be adversely affected by negative economic or financial events that take place in other countries, subsequently affecting our operations and financial condition, including our ability to repay our debt at its maturity date.

Argentina's economy is vulnerable to external shocks. For example, economic slowdowns, especially in Argentina's major trading partners such as Brazil, led to declines in Argentine exports in the last few years. Specifically, fluctuations in the price of commodities sold by Argentina and a significant devaluation of the Peso against the U.S. Dollar could harm Argentina's competitiveness and affect its exports. In addition, international investors' reactions to events occurring in one market may result in a "contagion" effect which could lead to an entire region or class of investment being disfavored by international investors. Additionally, financial and securities markets in Argentina are also influenced by economic and market conditions in other markets worldwide.

Furthermore, COVID-19 has caused significant social and market disruption during 2020, and is also expected to have an adverse impact in Argentina's economy during 2021 (See "*Developments relating to the coronavirus may have a material adverse impact on our business operations, financial condition or results of operations.*" below). There can be no assurance that the Argentine financial system and securities markets will not be adversely affected by policies that may be adopted by foreign governments or the Argentine Government in the future, or by events in the economies of developed countries or in other emerging markets.

Finally, international investors' perceptions of events occurring in one market may generate a "contagion" effect by which an entire region or class of investment is disfavored by international investors. Argentina could be adversely affected by negative economic or financial developments in other emerging and developed countries, which in turn may have material adverse effects on the Argentine economy and, indirectly, on our business, financial condition and results of operations, and the market value of our ADSs and Class B common shares.

***Developments relating to the coronavirus may have a material adverse impact on our business operations, financial condition or results of operations.***

In late December 2019 a notice of pneumonia originating from Wuhan, Hubei province (COVID-19, caused by a novel coronavirus) was reported to the World Health Organization, with cases soon confirmed in multiple provinces in China, as well as in other countries. The virus rapidly spread globally and, as of the date of this annual report, has affected more than 150 countries and territories around the world, including Argentina, causing tragic consequences for many people. Global efforts to stop the virus are also having major economic consequences.

To date, our activities have been adversely affected by measures adopted to protect the population and combat the disease, including (i) preventive and mandatory social isolation, (ii) measures to protect the labor force by imposing double severance payments and a prohibition on layoffs (iii) measures prohibiting

public utility companies, such as Edenor, to discontinue their services to certain users who fail to pay three consecutive or alternate bills due as from March 1, 2020 until December 31, 2020.

Any prolonged restrictive measures put in place in order to control an outbreak of a contagious disease or other adverse public health development such as the ongoing COVID-19 outbreak, may have a material and adverse effect on our business operations, financial condition or results of operations including that (i) our earnings may be reduced as our commercial offices must remain closed until the end of the quarantine and customers may face difficulties to pay tariffs, (ii) demand from non-residential customers is expected to be lower, which may not be offset by the increased demand of residential customers, (iii) the Company's supply chain of management is expected to be interrupted across our operations, (iv) we may not be able to comply with the investment plan as required by ENRE, which may lead to fines and penalties and (v) impairment of long-lived assets. We may also be affected by the need to implement policies limiting the efficiency and effectiveness of our operations, including home office policies. For more information, see "Item 5— Operating and Financial Review and Prospects— Coronavirus (COVID-19)."

It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Additionally, we cannot predict how the disease will evolve in Argentina, nor anticipate what additional restrictions the Argentine Government may impose. However, we expect COVID-19 to have a significant adverse effect on the world economy, which will in turn negatively affect Argentina's economy.

The Company is currently considering available alternatives to mitigate the effects this outbreak may have on its operations and undergoing projects, as well as with regards to measures adopted by the Argentine Government, which so far have resulted in a slowdown in economic activity that has further adversely affect economic growth in Argentina in 2020 and possibly will continue to affect economic growth in 2021, to a degree that we cannot quantify as of the date of this annual report. For more information on the measures adopted by the Argentine Government, see "Item 4.A.—Recent Developments in Argentina—Measures Designed to Address the COVID-19 Outbreak."

***The application of certain laws and regulations could adversely affect our results of operations and financial condition***

Law No. 26,854, which regulates the procedure applicable to injunctions that are requested against or by the Argentine Government or any of its decentralized entities, was promulgated on April 30, 2013 as part of a judicial reform bill approved by the Argentine Congress. The principal changes implemented pursuant to Law No. 26,854 include: (i) prior to issuing a ruling on injunctions requested against the Argentine Government or decentralized entities, judges must request a report on the relevant matters from the competent administrative agency (the "Preliminary Report"), within five days in ordinary proceedings and three days in abbreviated proceedings and in amparo actions. Also, judges are authorized to request an opinion on the matter from the relevant representative of the General Prosecuting Office, (ii) judges are permitted to order interim measures before ruling on the injunction request, in the event that "exceptional circumstances, objectively insurmountable" are present. Such interim measures are effective until the competent administrative authority has produced the Preliminary Report or until the term for producing such report has expired, and (iii) injunctions that are ordered against the Argentine Government or its decentralized entities must have a "reasonable term of effectiveness" (a maximum term of six months if the injunction is granted within the framework of an ordinary judicial procedure or three months if it is an abbreviated proceeding or an *amparo* action). In addition, Law No. 26,855, which became effective on May 27, 2013, modified the structure and functions of the Argentine Consejo de la Magistratura (judicial council), which has the authority to appoint judges, present charges against them and suspend or remove them. As of the date of this annual report, several aspects of this legislation have been struck down as unconstitutional by the Argentine Supreme Court.

On August 7, 2014, Law No. 26,944 on State Responsibility was enacted to regulate the liability of the Argentine Government and public officers, including state liability for unlawful and lawful actions. Such law governs the responsibility of the Argentine Government regarding the damages that its activity or inactivity may cause to individuals' properties or rights. Additionally, Law No. 26,944 establishes that the Argentine Government's responsibility is objective and direct, that the provisions of the civil and commercial codes are not applicable to the actions of the Argentine Government in a direct or subsidiary



manner and that no dissuasive financial penalties may be imposed on the Argentine Government, its agents or officers. Additionally, Law No. 26,944 provides that the Argentine Government shall not be liable for the damages caused by public services concessionaires.

On September 18, 2014, the Argentine Congress enacted Law No. 26,991 amending Law No. 20,680 (the “Supply Law”), which became effective on September 28, 2014, to increase control over the supply of goods and provision of services. The Supply Law applies to all economic processes linked to goods, facilities and services which, either directly or indirectly, satisfy basic consumer needs (“Basic Needs Goods”) and grants a broad range of powers to its enforcing agency. It also grants the enforcing agency the power to order the sale, production, distribution or delivery of Basic Needs Goods throughout Argentina in case of a shortage of supply. The Supply Law includes the ability of the Argentine Government to regulate consumer rights under Article 42 of the Constitution and permits the creation of an authority to maintain the prices of goods and services (the “Observer of Prices of Goods and Services”). The Supply Law, as amended: (i) requires the continued production of goods to meet basic requirements; (ii) creates an obligation to publish prices of goods and services produced and borrowed; (iii) allows financial information to be requested and seized; and (iv) increases fines for legal entities and individuals. Additionally, on September 18, 2014 the Argentine Congress enacted Law No. 26,993, amending, among other laws, Law No. 25,156, which provides (i) the creation of a preliminary system where consumers may request a settlement of their complaints with companies, (ii) the incorporation of a new branch within the Judicial Power, namely the “National Courts on Consumer Relations” and (iii) the amendment of Law No. 24,240 (the “Consumer Defense Law”). Such reforms and creation of the Observer of Prices of Goods and Services could adversely affect our operations.

On October 1, 2014, the Argentine Congress approved the reform, update and unification of the National Civil and Commercial Code. A single new National Civil and Commercial Code became effective on August 1, 2015. In addition, the Argentine Congress has passed certain laws such as those reforming the pension system and establishing corporate criminal liability for certain corrupt practices and a tax law reform. On December 21, 2019, the Argentine Congress adopted the Productive Reactivation Law, which covers a wide range of political and economic areas and establishes measures that will significantly impact the Argentine economy. See “—Economic and political developments in Argentina, and future policies of the Argentine Government may affect the economy as well as the operations of the energy distribution industry, including Edenor.”

The implementation of the aforementioned legislation has modified Argentina’s legal system. Future changes in applicable laws and regulations (including as a result of a change in government administration), administrative or judicial proceedings, including potential future claims by us against the Argentine Government, cannot be predicted and we cannot assure you that such changes will not adversely affect our business, financial condition and results of operations.

***The Argentine economy and finances may be adversely affected as a consequence of a decrease in the international prices of commodities that Argentina exports***

The commodities market is characterized by its volatility. Commodities exports have contributed significantly to the Argentine Government’s incomes. Subsequently, the Argentine economy has remained relatively dependent on the price of its exports (mainly soy). During 2018, Argentina suffered a huge drought—presumably the biggest drought in the last 50 years—. The effects of the drought in the agriculture caused significant economic problems to Argentina, with decreases in the soy and corn harvests that generated damages for approximately U.S.\$6 billion.

A sustained decrease in the international price of the main commodities exported by Argentina, or any future climate event or condition may have adverse effect in the agriculture, and therefore in the Argentine Government’s incomes and its capacity to comply with the payments of its public debt, eventually generating recessive or inflationary pressures, thus affecting our business, financial situation and the results of our operations.

***Failure to adequately address actual and perceived risks of institutional deterioration and corruption may adversely affect Argentina’s economy and financial condition***

A lack of a solid and transparent institutional framework for contracts with the Argentine government and its agencies and corruption allegations have affected and continue to affect Argentina. Argentina ranked 78 of 180 in the Transparency International's 2020 Corruption Perceptions Index and 126 of 190 in the World Bank's Doing Business 2020 report.

As of the date of this annual report, there are various ongoing investigations into allegations of money laundering and corruption being conducted by the Office of the Argentine Federal Prosecutor, including the largest such investigation, known as Los Cuadernos de las Coimas (the "Notebooks Investigation") which have negatively impacted the Argentine economy and political environment. Depending on the results of these investigations and how long it takes to finalize them, companies involved in the Notebooks Investigation may be subject to, among other consequences, a decrease in their credit ratings, having claims filed against them by investors in their equity and debt securities, and may further experience restrictions in their access to financing through the capital markets, all of which will likely decrease their income. Additionally, as the criminal cases against the companies involved in the Notebooks Investigation move forward, they may be restricted from rendering services or may face new restrictions due to their customers' internal policies and procedures. These adverse effects could restrict these companies' ability to conduct their operating activities and to fulfill their financial obligations. Consequently, the number of suppliers available for our operations may be reduced which could in turn have an adverse effect on our commercial activities and results of operations.

Recognizing that the failure to address these issues could increase the risk of political instability, distort decision-making processes and adversely affect Argentina's international reputation and ability to attract foreign investment, the Argentine Government has announced several measures aimed at strengthening Argentina's institutions and reducing corruption. These measures include the reduction of criminal sentences in exchange for cooperation with the government in corruption investigations, increased access to public information, the seizing of assets from corrupt officials, increasing the powers of the Anticorruption Office (Oficina Anticorrupción), submitting a bill for the issuance of a new public ethic law, among others. The government's ability to implement these initiatives is uncertain as it would be subject to independent review by the judicial branch, as well as legislative support from opposition parties.

We cannot estimate the impact that these investigations could have on the Argentine economy. Similarly, it is not possible to predict the duration of the corruption investigations, nor which other companies might be involved or how far-reaching the effects of these investigations might be, particularly in the energy sector, or if there will be any other future investigations in this or other industry, which may negatively impact the Argentine economy. In turn, the decrease in investor confidence resulting from any of these, among other issues, could have a significant adverse effect on the growth of the Argentine economy, which could, in turn, harm our business, our financial condition and operational results and affect the trading price of our Class B common shares and ADSs.

***Any downgrade in the credit rating or rating outlook of Argentina could adversely affect both the rating and the market price of our ADS and our Class B common shares***

Argentina's long-term debt denominated in foreign currency is currently rated "Ca" by Moody's, "CCC+" by S&P and "CCC" by Fitch. On September 28, 2020, risk rating agencies decided to raise Argentina's long-term sovereign credit ratings, as a result of the closing of the debt renegotiation with private creditors and the initiation of the negotiation with the IMF for a new agreement.

There can be no assurance that Argentina's credit rating or rating outlook will not be downgraded in the future, which could have an adverse effect both on the rating and the market price of our ADS and Class B common shares.

## **Risks Relating to the Electricity Distribution Sector**

***The Argentine Government has intervened in the electricity sector in the past, and may continue intervening***

Historically, the Argentine Government has exerted a significant influence on the economy, including the energy sector, and companies such as us that operate in such sector have done so in a highly regulated context that aims mainly at guaranteeing the supply of domestic demand.

To address the Argentine economic crisis in 2001 and 2002, the Argentine Government adopted the Public Emergency Law and other regulations, which made a number of material changes to the regulatory framework applicable to the electricity sector. These changes severely affected electricity generation, distribution and transmission companies and included the freezing of nominal distribution margins, the revocation of adjustment and inflation indexation mechanisms for tariffs, a limitation on the ability of electricity distribution companies to pass on to the user increases in costs due to regulatory charges and the introduction of a new price-setting mechanism in the wholesale electricity market (the “WEM”) which had a significant impact on electricity generators and generated substantial price differences within the market. From time to time, the Argentine Government intervened in this sector by, for example, granting temporary nominal margin increases, proposing a new social tariff regime for residents of poverty-stricken areas, removing discretionary subsidies, creating specific charges to raise funds that were transferred to government-managed trust funds that finance investments in generation and distribution infrastructure and mandating investments for the construction of new generation plants and the expansion of existing transmission and distribution networks.

On December 17, 2015, the Argentine Government issued Decree No. 134/15 declaring the emergency of the national electricity sector which was in effect until December 31, 2017 and instructing the Ministry of Energy and Mining (“ME&M”) to adopt any measure it deemed necessary regarding the generation, transmission and distribution segments, to adjust the quality and guarantee the provision of electricity.

During 2017, the Argentine Government, through the relevant agencies enacted several resolutions to establish the penalties regime and adjust tariffs. On February 1, 2017, the RTI process was completed and a new tariff scheme for the following five year period was enacted. However, on December 21, 2019, the Argentine Congress adopted the Productive Reactivation Law, which adopts measures that will significantly impact the Argentine economy, including the declaration of the public emergency in tariffs and energy matters until December 31, 2020, and the delegation to the Federal Executive Power of certain powers normally reserved to Congress or otherwise not within the purview of the Argentine Executive Power (including the ability to make determinations in the renegotiation of public tariffs). Additionally, on December 16, 2020, the Executive Branch issued Decree No. 1020/20 which extended the freeze on electricity rates prescribed by the Productive Reactivation Law until March 31, 2021, or until the new transitional electricity rate schedules come into effect, whichever occurs first. Additionally, by means of Decree No. 1020/20, the Argentine Executive Power provided for the commencement of the Tariff Structure Review renegotiation process, which may not exceed two years, suspending the agreements relating to the respective Tariff Structure Reviews in effect. Interim Renegotiation Agreements may be entered into, which modify to a limited extent the conditions of the tariff review imposing a Transitional Tariff System until a Definitive Renegotiation Agreement is reached.

On March 30, 2021, the ENRE called a public hearing, with the main goal of determining a transitional rate schedule for electricity distribution until the next RTI. The president and CEO of the Company, Ricardo Torres, explained the need of funds required to maintain and continue the improvement in the quality of electricity services. Additionally, he explained the financial situation of the Company, the investments that have been made to satisfy demand and the improvement in the provision of the services, and he proposed a rate schedule structure that allows better control by customers.

We cannot assure you that certain other regulations or measures that may be adopted by the Argentine Government will not have a material adverse effect on our business and results of operations or on the market value of our shares and ADSs, or that the Argentine Government will not adopt further regulations in the future that may increase our obligations, including increased taxes, unfavorable alterations to our tariff structures or remuneration scheme and other regulatory obligations, compliance with which would increase our costs and may have a direct negative impact on our results of operations and cause the market value of our ADSs and Class B common shares to decline. See “Item 4. Information on the Company—Our Business Overview—Edenor Concession.”

***The Argentine Government signed an agreement with the Province of Buenos Aires and the City of Buenos Aires for the transfer of the public service of electricity distribution.***

Pursuant to Law No. 27,467, which enacted the 2019 Federal Budget of Expenditures and Resources Law, the Argentine Executive Power was instructed to promote the transfer of Edenor's jurisdiction to the jurisdiction of the Province of Buenos Aires and the City of Buenos Aires as from January 1, 2019 and the creation of a new oversight body. On February 28, 2019, the Argentine Government, the Province of Buenos Aires and the City of Buenos Aires entered into an agreement for the transfer of the public service of electricity distribution duly awarded to Edenor under the Concession Agreement (as defined below) entered into by the Argentine Government (including the Concession Agreement), to the joint jurisdiction of the Province of Buenos Aires and the City of Buenos Aires. Pursuant to such agreement, the Province of Buenos Aires and the City of Buenos Aires will create a new entity in lieu of the ENRE, in charge of controlling and regulating the distribution service. It was also agreed that the Federal Government shall be the sole responsible for any and all debts and credits relating to the distribution service awarded to Edenor which cause is prior to February 28, 2019. As of the date of this annual report, certain major issues related to such transfer remain pending, including, among others, the continuation of the existing Concession Agreement as is; whether the federal legal and regulatory framework shall continue to apply or not; and the settlement of claims and debts between Edenor and the Federal Government resulting from the contractual transition period ended on January 31, 2016. However, on December 21, 2019 the Argentine Congress passed the Productive Reactivation Law which, among other things, suspended the transfer of Edenor's jurisdiction to the jurisdiction of the Province of Buenos Aires and the City of Buenos Aires, reassuming the ENRE the jurisdiction over the public service of electricity distribution provided by Edenor and Edesur. On February 19, 2021, the Company assented to the Agreement on the Joint Exercise of the Regulation and Control of the Public Service of Electricity Distribution entered into by the Federal Government, the Province of Buenos Aires and the City of Buenos Aires, whereby it is recognized that the Federal Government currently retains the ownership and capacity as Grantor of the Concession of the public service of electricity distribution in the Company's concession area, being it agreed that a number of instruments related to the transfer of the referred to service to the local jurisdictions will no longer be in effect and that a Tripartite agency in charge of the activity's regulation and control will be set up. On February 23, 2021, such agreement was ratified by the Company's Extraordinary Shareholders' Meeting.

Although as of the date of this annual report the beforementioned transfer was reversed, we cannot assure whether any future actions in connection with that agreement will not have an adverse effect on our business, financial condition or results of operations or would not have a negative impact on the market value of our ADSs and Class B common shares.

***There is uncertainty as to what other measures the Argentine Government may adopt in connection with tariffs on public services and their impact on the Argentine economy***

As explained in other risk factors in this annual report, following the economic crisis of 2001-2002, the subsequent freeze on electricity rates in Pesos and the significant depreciation of the Argentine Peso against the U.S. Dollar, there was a lack of investment in the distribution capacities of electricity and, at the same time, demand for electricity increased substantially.

In response, the Argentine Government announced several measures, including the revision of subsidy policies, Decree No. 134/2015 of December 16, 2015, which placed the national electricity system in a state of emergency until December 31, 2017 and Decree No. 367/2016 of February 16, 2016, which instructed the ministries, including the ME&M to continue the procedures related to the renegotiation of contracts related to the provision of public services and their RTI, among which are the distribution of electricity.

On February 1, 2017, the RTI process was completed. Through Resolution No. 63/17 (amended by ENRE Resolutions No. 82/17 and No. 92/17), the ENRE approved a rate of return for us of 12.46% before taxes. The resulting income was determined by applying the Net Replacement Value ("NRV") methodology, over a slightly lower base capital than the one we had submitted in our proposal, reaching an amount of Ps.34 billion. The difference with our proposal was mainly explained by the fact that the ENRE excluded the fully depreciated assets from the regulatory net asset base. Moreover, the ENRE stated that our acknowledged remuneration as of December 2015 was Ps.12.5 billion, which adjusted to February 2017

reached to Ps.17.2 billion. The ENRE also established a non-automatic mechanism to adjust our tariffs, as it had done under the original Concession Agreement and the Adjustment Agreement (as defined below), in order to preserve the economic and financial sustainability of the concession in the event of price fluctuations in the economy. This mechanism has a biannual basis and includes a combined formula of wholesale and consumer price indexes (WPI, CPI and salaries increases) which trigger the adjustment of tariffs when the result is above 5%.

Edenor filed an administrative appeal (*recurso de reconsideración*) against ENRE's Resolution No. 63/17. On October 25, 2017, the ENRE, through Resolution No. 524/17, rejected the appeal filed by Edenor.

On January 31, 2018, the ENRE issued Resolution No. 33/18 which approved the new distribution cost for Edenor to be applied as from February 1, 2018 and the new tariff scheme.

Furthermore, such resolution approved the new adjustments to own distribution costs ("CPD") (last stage of 17% according to Resolution No 63/17, including the inflation adjustment of 11.9% for the period July 2017-December 2017 and a stimulus factor "E" of negative 2.51%) and determined the deferred income to be recovered in 48 installments for a total amount of Ps.6,343.4 million. Additionally, it reported that the price of the average tariff reached Ps.2.4627/ KWh.

Furthermore, on September 19, 2019, the Company and the Federal Government entered into an Electricity Rate Schedules Maintenance Agreement, which provided for the following:

- To keep the electricity rate schedules that were effective prior to August 1, 2019 for all electricity tariff categories;
- To postpone until January 1, 2020 the application of the CPD that was to be applied as from August 1, 2019, regarding the January-June 2019 period, which amounted to 19.05%;
- To update the electricity rate schedules in relation to seasonal energy prices as from January 1, 2020;
- To regulate the difference of the CPD and the seasonal energy prices generated between those applied as from August 1, 2019 and those to be applied as from January 1, 2020, for the August 1, 2019-December 31, 2019 period. Such difference shall be recovered in seven monthly and consecutive installments as from January 1, 2020 and shall be adjusted in accordance with the relevant CPD adjustment and the plan set forth in late payment procedures applied by CAMMESA, respectively;

The Productive Reactivation Law, authorized the Executive Branch to (i) initiate either a renegotiation process of the tariff structure in effect or an extraordinary review, and (ii) freeze electricity rates for 180-days (term that was extended until December 31, 2020 by means of Decree No. 543/2020 and later on extended until March 31, 2021 by means of Decree No. 1020/20 until March 31, 2021), or until the new transitional electricity rate schedules come into effect, whichever occurs first. For more information on tariffs, see "Item 5. Operating and Financial Review and Prospects—Operating Results—Tariffs.

On December 27, 2019, the ENRE instructed the Company to not apply the electricity rate schedules from January 1, 2020, resulting from the provisions of the Electricity Rate Schedules Maintenance Agreement as of September 19, 2019, as such agreement had lost enforceability due to the electricity rate emergency provided in the aforementioned law, and the electricity rate schedule that had been approved by ENRE Resolution No. 104/19 dated April 30, 2019 remained in effect.

Notwithstanding the measures adopted recently, there is uncertainty as to what measures the Argentine Government may adopt in connection with tariffs, whether tariffs will be updated from time to time to reflect an increase in operating costs, and their impact on the Argentine economy.

***Electricity distributors were severely affected by the emergency measures adopted during the economic crisis, many of which remain in effect***

Distribution tariffs include a regulated margin that is intended to cover the costs of distribution and provide an adequate return over the distributor's asset base. Under the Convertibility Regime, which established a fixed exchange rate of one Peso per U.S. Dollar, distribution tariffs were calculated in U.S. Dollars and distribution margins were adjusted periodically to reflect variations in U.S. inflation indexes. However, the Public Emergency Law, which came into effect in January 2002, froze all distribution margins, revoked all margin adjustments provisions in distribution concession agreements and converted distribution tariffs into Pesos at a rate of Ps.1.00 per U.S.\$1.00. These measures, coupled with the effect of high inflation and the depreciation of the Peso, led to a decline in distribution revenues and an increase of distribution costs in real terms, which could no longer be recovered through adjustments to the distribution margin. This situation, in turn, led many public utility companies, including us and other important distribution companies, to suspend payments on their commercial debt (which continued to be denominated in U.S. Dollars despite the pesification of revenues), effectively preventing these companies from obtaining further financing in the domestic or international credit markets and making additional investments.

In the past, the Argentine Government granted temporary and partial relief to some distribution companies, including limited increases in distribution margins, a temporary cost adjustment mechanism which was not fully implemented and the ability to apply certain additional charges to users.

On December 21, 2019, the Argentine Congress adopted the Productive Reactivation Law, which included the declaration of the public emergency in tariffs and energy matters (among others) and the delegation to the Federal Executive Power of certain powers normally reserved to Congress or otherwise not within the purview of the Federal Executive Power (including the ability to make determinations in the renegotiation of public tariffs. The effects of this law were extended until March 31, 2021, postponing the update of the electricity rate schedule.

Any measures that may be taken as a result of the enactment of the Productive Reactivation Law and the declaration of public emergency, coupled with the economic crisis, may have an adverse impact on the Company. Our inability to cover the costs or to receive an adequate return on our asset base may further adversely affect our financial condition and results of operations.

***Electricity demand may be affected by tariff increases, which could lead distribution companies, such as us, to record lower revenues***

From 2013 through 2018, electricity demand in Argentina increased by 6%, which in part reflects the relative low cost, in real terms, of electricity to users due to the freezing of distribution margins, the establishment of subsidies in the purchase price of energy and the elimination of the inflation adjustment provisions in distribution concessions, coupled with the depreciation of the Peso and inflation through 2018.

We cannot make any assurance that any future increases in the cost of electricity will not have a material adverse effect on electricity demand or result in a decline in collections from users. In this respect, we cannot assure you that these measures or any future measure will not lead electricity companies, like us, to record lower revenues and results of operations, which may, in turn, have a material adverse effect on the market value of our ADSs.

***If the demand for energy is increased suddenly, the difficulty in increasing the capacity of distribution companies in a short or medium term, could adversely affect the Company, which in turn could result in customer complaints and substantial fines for any interruptions***

In recent years, the increase in electricity demand was greater than the structural increase in electricity distribution capacities, which led to power shortages and disruptions, in certain occasions. A sustained increase in electricity demand could generate future shortages. In addition, the condition of the Argentine electricity market has provided little incentive to generators and distributors to further invest in increasing their generation and distribution capacity, respectively, which would require material long-term financial commitments. Although there were several investments in generation during 2017, 2018 and 2019, which would increase the installed power capacity in the coming years, the highest density of investments was concentrated in the Greater Buenos Aires area. It is still necessary to make several investments in the transmission and distribution system to guarantee the delivery of electricity to the user

and reduce the frequency of interruptions. During December 2013, an increase in demand for electricity resulted in energy shortages and blackouts in Buenos Aires and other cities around Argentina.

Additionally, according to Argentine law, distribution companies, such as us, are responsible to their users for any disruption in the supply of electricity. Consequently, customers can direct their claims to the distribution companies. Also, distribution companies are subject to fines and penalties for service disruptions caused by energy shortages, unless the respective Argentine authorities determine that energy shortages constitute force majeure events. As a result, we could face user claims and fines and penalties for service disruptions caused by energy shortages unless the relevant Argentine authorities determine that energy shortages constitute force majeure. Additionally, disruptions in the supply of electricity could expose us to intervention by the Argentine Government, which warned of such possibility during the blackouts of December 2013. We cannot assure that we will not experience a lack in the supply of energy or that such claims, fines, penalties or government intervention will not have a materially adverse effect on our financial condition and results of operations and cause the market value of our ADSs and Class B common shares to decline.

#### ***Risks Relating to Our Business***

***We operate our business pursuant to our Concession Agreement granted by the Argentine Government, the revocation or termination of which would have a material adverse effect on our business.***

We conduct our business pursuant to our Concession Agreement granted by the Argentine Government. Such agreement contains several requirements regarding the operation of our business and compliance with laws and regulations. Compliance with our obligations under our Concession Agreement is, in certain cases, secured by a pledge of our shares in favor of the Argentine Government. Accordingly, upon the occurrence of specified events of default under our Concession Agreement, the Argentine Government would be entitled to foreclose on its pledge of our Class A common shares to a third party. Such sale would have a severe negative impact on our ability to operate a material portion of our business, and as a result, our results of operations would be materially adversely affected. Finally, our Concession Agreement also generally provides for termination in the case of our insolvency or bankruptcy. If our Concession Agreement is terminated or if the Argentine Government forecloses its pledge over Class A common shares, we may not be able to continue to operate as a going concern, and in turn our consolidated results of operations would be materially adversely affected and the market value of our Class B common shares and ADSs could decline.

***Downgrades in our credit ratings could have negative effects on our funding costs and business operations***

Credit ratings are assigned to the Company. The credit ratings are based on information furnished by us or obtained by the credit rating agencies from independent sources and are also influenced by the credit ratings of Argentine Government bonds and general views regarding the Argentine financial system as a whole. The credit ratings are subject to revision, suspension or withdrawal by the credit rating agencies at any time. A downgrade, suspension or withdrawal in our credit ratings could result in, among others, the following: (i) increased funding costs and other difficulties in raising funds; (ii) the need to provide additional collateral in connection with financial market transactions; and (iii) the termination or cancellation of existing agreements. As a result, our business, financial condition and results of operations could be materially and adversely affected.

***Our business is subject to risks arising from natural disasters, catastrophic accidents and terrorist attacks. Additionally, our businesses are subject to the risk of mechanical or electrical failures and any resulting unavailability may affect our ability to fulfil our demand and thus adversely affect our business and financial performance***

The electric power distribution infrastructure that we rely on, may be damaged by flooding, fires, earthquakes and other catastrophic disasters arising from natural or accidental or intentional human causes. We could experience severe business disruptions, significant decreases in revenues based on lower demand

arising from catastrophic events, or significant additional costs to us not otherwise covered by insurance policies. There may be an important time lag between a major accident, catastrophic event or terrorist attack and our definitive recovery from our insurance policies, which typically carry non-recoverable deductible amounts. In addition, any of these events could cause adverse effects on the energy demand of some of our customers and of consumers generally in the affected market. Some of these considerations, could have a material adverse effect on our business, financial condition and our result of operations.

Additionally, our assets are subject to the risk of mechanical or electrical failures and may experience periods of unavailability affecting our ability to fulfil our energy demand. Any unplanned unavailability of our energy demand, so we could be subject to fines and penalties. For example, in June 2019, Argentina suffered a general blackout which hindered the distribution of energy in our concession area. Although our facilities did not suffer any damage, we cannot assure that any other event in the Argentine network will not affect our facilities and consequently their availability to fulfil our energy demand and our operational results.

***Our operations could cause environmental risks and any change in environmental laws could increase our operating costs***

Some of our operations are subject to environmental risks that could arise unexpectedly and cause material adverse effects on our results of operations and financial condition. In addition, the occurrence of any of these risks could lead to personal injury, loss of life, environmental damage, repair and expenses, equipment damage and liability in civil and administrative proceedings. We cannot assure you that we will not incur additional costs related to environmental issues in the future, which could adversely affect our results of operations and financial condition. In addition, we cannot ensure that our insurance coverage is sufficient to cover the losses that could potentially arise from these environmental risks.

In addition, we are subject to a broad range of environmental legislation, both in Argentina. Local, provincial and national authorities in Argentina may implement new environmental laws and regulations and may require us to incur higher costs to comply with new standards. The imposition of more stringent regulatory and permit requirements in relation to our operators in Argentina could significantly increase the costs of our activity.

We cannot predict the general effects of the implementation of any new environmental laws and regulations on our financial condition and results of operations.

***Failure or delay to negotiate further improvements to our tariff structure, including increases in our distribution margin, and/or to have our tariffs adjusted to reflect increases in our distribution costs in a timely manner or at all, affected and may continue to affect our capacity to perform our commercial obligations and could also have a material adverse effect on our ability to perform our financial obligations***

Since the execution of the agreement entered into between us and the Argentine Government on February 13, 2006 relating to the adjustment and renegotiation of the terms of our concession (Acta Acuerdo sobre la Adecuación del Contrato de Concesión del Servicio Público de Distribución y Comercialización de Energía Eléctrica or the “Adjustment Agreement”) and as required by the Argentine Government, we were engaged in an RTI with the ENRE through February 1, 2017.

The Adjustment Agreement contemplated a cost adjustment mechanism for the transitional period during which the RTI process was being conducted. This mechanism, known as the Cost Monitoring Mechanism (“CMM”), required the ENRE to review our actual distribution costs every six months (in May and November of each year) and adjust our distribution margins to reflect variations of 5% or more in our distribution cost base. We could also request that the ENRE apply the CMM at any time that the variation in our distribution cost base was at least 10% or more. Any adjustments, however, were subject to the ENRE’s assessment of variations in our costs, and the ENRE’s approval of adjustments were not sufficient to cover our actual incremental costs in a timely manner. During such time, even when the ENRE approved adjustments to our tariffs, there was a lag between the time when we actually experienced increases in our



distribution costs and the time when we received increased income following the corresponding adjustments to our distribution margins pursuant to the CMM.

In this context and in light of the situation that affected the electricity sector, the ENRE issued Resolution No. 347/12 in November 2012, which established the application of fixed and variable charges that allowed the Company to obtain additional revenue as from November 2012 through 2016. However, changes made by Resolution No. 250/13 and Notes No. 6,852/13, No. 4,012/14, No. 486/14 and No. 1,136/14 of the SE and additional revenue obtained through Resolution No. 347/12 were insufficient to make up for our operating deficit in 2014, due to the constant increase in operating costs.

In March 2015, Resolution No. 32/15 of the former SE granted us a temporary increase in income through funds provided by CAMMESA applicable retroactively as from February 1, 2015 through February 1, 2016, to cover costs and investments associated with the regular provision of the public service of distribution of energy on account of the RTI.

In January 2016, the ME&M issued Resolution No. 7/16, pursuant to which the ENRE implemented a VAD adjustment to the tariff schedule on account of the future RTI in effect as of February 1, 2016.

In addition, such resolution: (i) abrogated the Energy Rational Use Program (Programa de Uso Racional de la Energía Eléctrica or “PUREE”); (ii) repealed Resolution No. 32/15 as from the date the ENRE resolution implementing the new tariff schedule becomes effective; (iii) discontinued the application of mechanisms that imply the transfer of funds from CAMMESA in the form of loan agreements with CAMMESA; (iv) ordered the implementation of the actions required to terminate the trusts created pursuant to Resolution No. 347/12 of the ENRE and (v) prohibited the distribution of dividends in accordance with Section 7.04 of the Adjustment Agreement.

However, pursuant to Resolution No. 7/16, the ENRE issued Resolution No. 1/16 establishing a new tariff structure, which remained in force (with certain suspensions as a result of injunctions, which are no longer in effect) until February 2017, when the RTI process was completed.

Prior to the completion of the RTI process, several regulatory mechanisms, programs or changes were implemented from time to time by the ENRE to adjust our tariffs to reflect increased costs. Any requested adjustments were usually subject to the ENRE’s assessment of variations in our costs, and not sufficient to cover our actual incremental costs in a timely manner.

On April 1, 2016, the ENRE issued Resolution No. 55/16, which approved the program for the review of the distribution tariff scheme, establishing the criteria and methodologies for completing the RTI process.

On September 5, 2016, pursuant to Resolution No. 55/16, we submitted our rate schedule proposal for the following five-year period. On October 28, 2016, a public hearing was held to provide information and listen to the public opinion on the RTI.

The RTI was completed on February 1, 2017, on which date the ENRE issued Resolution No. 63/17, through which it approved a new tariff scheme that established our new Value-Added for Distribution (“VAD”) for the following five-year period (For more information, see “Item 5—Operating and Financial Review and Prospects—Integral tariff Revision”). On January 31, 2018, the ENRE issued Resolution No. 33/18 approving the new distribution cost for Edenor applicable as from February 1, 2018 and the new tariff scheme applicable to the Company. On July 31, 2018, the ENRE issued Resolution No. 208/18, pursuant to which it approved the CPD for January-June 2018 period of which 7.93% was applied as of August 1, 2018, and 6.51% in six consecutive monthly installments as of February 1, 2019. The CPD amounted to 15.85%.

Within the framework of the aforementioned Electricity Rate Schedules Maintenance Agreement, in 2020, the Company made different presentations to the ENRE with the estimates of the electricity rate schedules that were to be applied during 2020, according to the terms of the Electricity Rate Schedules

Maintenance Agreement entered between the Company and the Federal Government. However, the ENRE has instructed the Company to not apply the rates, in accordance with the Productive Reactivation Law. As mentioned above, the freeze on electricity rates was extended until March 31, 2021, or until the new transitional electricity rate schedules resulting from the Transitional Tariff System come into effect, whichever occurs first (For more information on tariffs, see “Item 5. Operating and Financial Review and Prospects—Operating Results—Tariffs.”)

However, if we are not able to recover all future cost increases and have them reflected in our tariffs, and/or if there is a significant lag of time between when we incur the incremental costs and when we receive increased income we may be unable to comply with our financial obligations, we may suffer liquidity shortfalls and we may need to restructure our debt to ease our financial condition, any of which, individually or in the aggregate, could have a material adverse effect on our business and results of operations and may cause the value of our ADSs and Class B common shares to decline.

***Our distribution tariffs may be subject to challenges by Argentine consumer and other groups***

In the recent years, our tariffs have been challenged by Argentine consumer associations, such as the action brought against us in December 2009, by an Argentine consumer association (*Unión de Usuarios y Consumidores*) seeking to annul certain retroactive tariff increases, which was ultimately dismissed by the Argentine Supreme Court of Justice on October 1, 2013.

In May 2016, we were notified by several courts of the Province of Buenos Aires of certain injunctions granted to individual and collective users against Resolution No. 6/16 and Resolution No. 1/16 issued by the ENRE (which authorized our new tariff schedule as from February 2016). Consequently, the then applicable tariff schedule, which included the WEM prices established by Resolution No. 6/16, were not applied during certain periods in 2016 (i) to the entire concession area as a result of the injunctions issued in the “Abarca” case and (ii) to the districts of “Pilar” and “La Matanza”, where injunctions remained in effect until October 24 and November 11, 2016, respectively, when they expired. Therefore, as of those dates, tariff increases have been applied to all users. If any future legal challenge were successful and prevented us from implementing any tariff adjustments granted by the Argentine Government, we could face a decline in collections from our users, and a decline in our results of operations, which could have a material adverse effect in our financial condition and the market value of our ADSs and Class B common shares.

***We have been, and may continue to be, subject to fines and penalties that could have a material adverse effect on our financial condition and results of operations***

We operate in a highly regulated environment and have been, and in the future may continue to be, subject to significant fines and penalties imposed by regulatory authorities, including for reasons outside our control, such as service disruptions attributable to problems at generation facilities or in the transmission network that result in a lack of electricity supply. Since 2001, the amount of fines and penalties imposed on our Company has increased significantly. As of December 31, 2020, 2019 and 2018, our accrued fines and penalties totaled Ps.8,899 million, Ps.9,963 million and Ps.14,514 million, respectively (taking into account adjustments made to fines and penalties following the ratification of the Adjustment Agreement and recent regulation). See “Item 4. Information on the Company—Our Business Overview—Fines and Penalties.”

On October 19, 2016, pursuant to Note No. 123,091 the ENRE established the average rate values (Ps./KWh) to be applied as from December 2012, for calculating the penalties payable to the Argentine Government. In accordance with the terms of the Concession Agreement, such values should correspond to the average sale price of energy charged to users. Since the amounts set forth in the note were not consistent with the principle contained in our Concession Agreement, on November 1, 2016, the Company submitted a claim to the ENRE requesting that the amounts in Note No. 123,091 be modified to reflect the amounts contained in the Concession Agreement. As of the date of this annual report, we have received the response from the ENRE (Note No. 129,061), which clarified that the increases or adjustments are not applicable, and only the values paid by the users should be considered.

On February 1, 2017, the ENRE issued Resolution No. 63/17, through which it approved new parameters related to the quality standards, with the purpose of achieving an acceptable quality level by the

end of the 2017-2021 period. In this regard, the ENRE established a penalty regime to be applied in the event of non-compliance with the requisite quality rates.

On March 29, 2017, through Note No. 125,248 the ENRE established a new methodology for the calculation of fines and penalties, determining that they must be valued according to the KWh values in effect as of the first day of the six-month period during which the event giving rise to the penalty occurred or the KWh values in effect as of the date of the occurrence of the event in the case of penalties arising from specific events.

In addition, fines and penalties, accrued and not imposed during the transition period of the Adjustment Agreement must be updated using the CPI that the Central Bank uses to elaborate the Multilateral Real Exchange Rate Index. Fines and penalties accrued and imposed since the date of issuance of the Note No. 120,151 through the completion of the RTI on February 1, 2017 (i.e., the period between April 2016 and February 2017) must also be updated using the CPI.

We cannot assure you that we will not incur significant fines in the future, which could have a material adverse effect on our financial condition, our results of operations and the market value of our ADSs and Class B common shares.

***If we are unable to control our energy losses, our results of operations could be adversely affected***

Our concession does not allow us to pass through to our users the cost of additional energy purchased to cover any energy losses that exceed the loss factor contemplated by our concession, which is, on average, 10%. As a result, if we experience energy losses in excess of those contemplated by our concession, we may record lower operating profits than we anticipate. Prior to the 2001 and 2002 economic crisis in Argentina, we were able to reduce the high level of energy losses experienced at the time of the privatization down to the levels contemplated (and reimbursed) under our concession. However, during the last years, our level of energy losses, particularly our non-technical losses, started to grow again, in part as a result of the increase in poverty levels and, in turn, in the number of delinquent accounts and fraud. Although we continue to make investments to reduce energy losses, these losses continue to exceed the average 10% loss factor contemplated by the concession and, based on the current tariff schedule and the economic turmoil, we do not expect these losses to decrease in the near term. Our energy losses amounted to 19.6% in 2020, 19.9% in 2019 and 18.2% in 2018. We cannot assure you that our energy losses will not continue to increase in future periods, which may lead to lower margins and could adversely affect our financial condition, our results of operations and the market value of our Class B common shares and ADSs.

***The Argentine Government could foreclose on its pledge over our Class A common shares under certain circumstances, which could have a material adverse effect on our business and financial condition***

Pursuant to our Concession Agreement and the provisions of the Adjustment Agreement, the Argentine Government has the right to foreclose on its pledge over our Class A common shares and sell these shares to a third party buyer if:

- the fines and penalties incurred in any given year exceed 20% of our gross energy sales, net of taxes, which corresponds to our energy sales;
- we repeatedly and materially breach the terms of our concession and do not remedy these breaches upon the request of the ENRE;
- our controlling shareholder creates any lien or encumbrance over our Class A common shares (other than the existing pledge in favor of the Argentine Government);
- we or our controlling shareholder obstructs the sale of Class A common shares at the end of any management period under our concession;
- our controlling shareholder fails to obtain the ENRE's approval in connection with the disposition of our Class A common shares;

- our shareholders amend our articles of incorporation or voting rights in a way that modifies the voting rights of the Class A common shares without the ENRE's approval; or

On February 1, 2017, the ENRE issued Resolution No. 63/17 establishing the new tariff scheme resulting from the completion of the RTI process, for the following five-year period. In accordance with the provisions of the Adjustment Agreement, Electricidad Argentina S.A. ("EASA") (currently merged into Pampa Energía S.A.) and EDF International S.A. ("EDFI") withdrew their ICSID claim, and on March 28, 2017, the ICSID acknowledged the discontinuance of the procedure.

In 2020, our fines and penalties remained below 10% of our gross energy sales. See "Item 4. Information on the Company—Our Concession—Fines and Penalties."

If the Argentine Government were to foreclose on its pledge of our Class A common shares, pending the sale of those shares, the Argentine Government would also have the right to exercise the voting rights associated with such shares. In addition, the potential foreclosure by the Argentine Government on its pledge over our Class A common shares could be deemed to constitute a change of control under the terms of our Senior Notes due 2022. See "—We may not have the ability to raise the funds necessary to finance a change of control offer as required by the Senior Notes due 2022." If the Argentine Government forecloses on the pledge of our Class A common shares, our results of operations and financial condition could be significantly affected and the market value of our Class B common shares and ADSs could also be affected.

***Default by the Argentine Government could lead to termination of our concession, and have a material adverse effect on our business and financial condition***

If the Argentine Government breaches its obligations in such a way that we cannot comply with our obligations under our Concession Agreement or in such a way that our service is materially affected, we may request the termination of our concession, after giving the Argentine Government a 90 days' prior notice, in writing. Upon termination of our concession, all our assets used to provide the electricity distribution service would be transferred to a new state-owned company to be created by the Argentine Government, whose shares would be sold in an international public bidding procedure. The amount obtained in such bidding would be paid to us, net of the payment of any debt owed by us to the Argentine Government, plus an additional compensation established as a percentage of the bidding price, ranging from 10% to 30%, depending on the management period in which the sale occurs. Any such default could have a material adverse effect on our business and financial condition.

***We may be unable to import certain equipment to meet the growing demand for electricity, which could lead to a breach of our Concession Agreement and could have a material adverse effect on the operations and financial position***

Certain exchange controls established by the Argentine Government and future restrictions on imports that may be adopted in the future could limit or delay our ability to purchase capital goods that are necessary for our operations (including carrying out specific projects). Under our concession, we are obligated to satisfy all of the demand for electricity originated in our concession area, maintaining at all times certain service quality standards that have been established for our concession. If we are not able to purchase significant capital goods to satisfy all of the demand or suffer unexpected delays in the import process, we could face fines and penalties which may, in turn, adversely affect our activity, financial position, results of operations and/or the market value of our ADSs and Class B common shares. For more information on exchange controls, see "—Exchange Controls".

***We employ a largely unionized labor force and could be subject to an organized labor action, including work stoppages that could have a material effect on our business***

As of December 31, 2020, approximately 81% of our employees were union members. Although our relations with unions are currently stable and we have had an agreement in place with the two unions representing our employees since 1995, we cannot assure you that we will not experience work disruptions or stoppages in the future, which could have a material adverse effect on our business and revenues. We cannot assure you that we will be able to negotiate salary agreements or labor conditions on the same terms

as those currently in effect, or that we will not be subject to strikes or work stoppages before or during the negotiation process. If we are unable to negotiate salary agreements or if we are subject to demonstrations or work stoppages, our results of operations, financial conditions and the market value of our ADSs and Class B common shares could be materially adversely affected.

***We could incur material labor liabilities in connection with our outsourcing that could have an adverse effect on our business and results of operations***

We outsource a number of activities related to our business to third-party contractors in order to maintain a flexible cost base. As of December 31, 2020, we had approximately 5,977 third-party employees related to third party's contracts. Although we have very strict policies regarding compliance with labor and social security obligations by contractors, we are not in a position to ensure that contractors will not initiate legal actions to seek indemnification from us based upon a number of judicial rulings issued by labor courts in Argentina which have recognized joint and several liability between the contractor and the entity to which it is supplying services under certain circumstances. We cannot make any assurances that such proceedings will not be brought against us or that the outcome of such proceedings would be favorable to us. If we were to incur material labor liabilities in connection with our outsourcing, such liabilities could have an adverse effect on our financial condition, our results of operations and the market value of our Class B common shares and ADSs.

***Our performance is largely dependent on recruiting and retaining key personnel***

Our current and future performance and the operation of our business are dependent upon the contributions of our senior management and our skilled team of engineers and other employees. We depend on our ability to attract, train, motivate and retain key management and specialized personnel with the necessary skills and experience. There is no guarantee that we will be successful in retaining and attracting key personnel and the replacement of any key personnel who were to leave could be difficult and time consuming. The loss of the experience and services of key personnel or the inability to recruit suitable replacements and additional staff could have a material adverse effect on our business, financial condition and results of operations.

***We are involved in various legal proceedings which could result in unfavorable decisions for us, which could in turn have a material adverse effect on our financial position and results of operations***

We are party to a number of legal proceedings, some of which have been pending for several years. We cannot be certain that these claims will be resolved in our favor and responding to the demands of litigation may divert our management's time and attention and our financial resources and unfavorable decisions may have a material adverse effect on our financial position and results of operations. See "Item 8. Legal Proceedings."

***In the event of an accident or other event not covered by our insurance, we could face significant losses that could materially adversely affect our business and results of operations***

As of December 31, 2020, our physical assets were insured for up to U.S.\$1,764.1 million. However, we do not carry insurance coverage for losses caused by our network or business interruption, including for loss of our concession. See "Item 4. Information on the Company—Our Business—Insurance." Although we believe our insurance coverage is commensurate with standards for the distribution industry, no assurance can be given of the existence or sufficiency of risk coverage for any particular risk or loss. If an accident or other event occurs that is not covered by our current insurance policies, we may experience material losses or have to disburse significant amounts from our own funds, which may have a material adverse effect on our financial condition and results of operations and the market value of our Class B common shares and ADSs.

***A substantial number of our assets are not subject to attachment or foreclosure and the enforcement of judgments obtained against us by our shareholders may be substantially limited***

A substantial number of our assets are essential to the public service we provide. Under Argentine law, as interpreted by the Argentine courts, assets which are essential to the provision of a public service are not subject to attachment or foreclosure, whether as a guarantee for an ongoing legal action or in aid of enforcement of a court judgment. Accordingly, the enforcement of judgments obtained against us by our shareholders may be substantially limited to the extent our shareholders seek to attach those assets to obtain payment on their judgment.

***The loss of exclusivity to distribute electricity in our service area may be adversely affected by technological or other changes in the energy distribution industry, which would have a material adverse effect on our business***

Although our concession grants us the exclusive right to distribute electric energy within our service area, this exclusivity may be revoked in whole or in part if technological developments would make it possible for the energy distribution industry to evolve from its present condition as a natural monopoly into a competitive business. In no case does the complete or partial revocation of our exclusive distribution rights entitle us to claim or to obtain reimbursement or indemnity. Although, to our knowledge, there are no current projects to introduce new technologies in the medium or long-term which may reasonably modify the composition of the electricity distribution business, we cannot assure you that future developments will not enable competition in our industry that would adversely affect the exclusivity right granted by our concession. Any total or partial loss of our exclusive right to distribute electricity within our service area would likely lead to increased competition and result in lower revenues, which could have a material adverse effect on our financial condition, our results of operations and the market value of our Class B common shares and ADSs.

***A potential nationalization or expropriation of 51% of our capital stock, represented by the Class A shares, may limit the capacity of the Class B common shares to participate in the Board of Directors***

As of the date of this annual report, the ANSES owned shares representing 26.8% of our capital stock and jointly appointed five Class B and Class C directors in our last shareholders' meeting. The remaining directors were appointed by the Class A shares.

If the Argentine Government were to expropriate 51% of our capital stock, represented by our Class A shares, the Argentine Government would be the sole holder of the Class A shares and the ANSES would hold the majority of the Class B shares. Certain strategic transactions require the approval of the holders of the Class A shares. Consequently, the Argentine Government and the ANSES would be able to determine substantially all matters requiring approval by a majority of our shareholders, including the election of a majority of our directors, and would be able to direct our operations.

If the Argentine Government nationalizes or expropriates 51% of our capital stock, represented by our Class A shares, our results of operations and financial condition could be adversely affected and this could cause the market value of our ADSs and Class B common shares to decline.

***We may not have the ability to raise the funds necessary to repay our commercial debt with CAMMESA, our major supplier***

On May 10, 2019, the Company entered into with the Energy Government Secretariat (Secretaría de Energía), on behalf of the Federal Government, the Agreement on the Regularization of Obligations, pursuant to which the parties agreed to end pending reciprocal claims originated during the 2006-2016 transitional period (the "Agreement on the Regularization of Obligations"). Accordingly, pending obligations with the WEM for electrical energy purchases during such period were fully compensated. However, as a result of (i) the enactment of the Productive Reactivation Law (in the framework of the public emergency), (ii) the subsequent instruction to the Company to refrain from applying, as from January 1, 2020, the Electricity Rate Schedules Maintenance Agreement entered into between the Company and the Argentine Executive Power on September 19, 2019 (the "Electricity Rate Schedules Maintenance Agreement") and (iii) the prevailing macroeconomic situation, aggravated by the recent effects of COVID-19 outbreak (See "—Developments relating to the novel coronavirus may have a material adverse impact

on our business operations, financial condition or results of operations”), the Company partially postponed payments to CAMMESA regarding maturities taking place in March 2020. We may not have the ability to raise the funds necessary to repay our commercial debt with CAMMESA.

***All of our outstanding financial indebtedness contains bankruptcy, reorganization proceedings and expropriation events of default, and we may be required to repay all of our outstanding debt upon the occurrence of any such events***

As of the date of this annual report, U.S.\$98 million of our financial debt was represented by our Senior Notes due 2022 (the “Senior Notes due 2022”). Under the indenture for the Senior Notes due 2022, certain expropriation and condemnation events with respect to us may constitute an event of default, which, if declared, could trigger the acceleration of our obligations under the notes and require us to immediately repay all such accelerated debt. In addition, all of our outstanding financial indebtedness contains certain events of default related to bankruptcy and voluntary *concurso preventivo*. If we are not able to comply with certain payment obligations as a result of our current financial situation and if the requirements set forth in the Argentine Bankruptcy Law No. 24,522 are met, any creditor, or even us, could file for our bankruptcy, or we could file for a voluntary *concurso preventivo*. In addition, all of our outstanding financial indebtedness also contains cross-default provisions or cross-acceleration provisions that could cause all of our debt to be accelerated if the debt containing expropriation or bankruptcy and/or reorganization proceeding events of default goes into default or is accelerated. In such a case, we would expect to actively pursue formal waivers from the corresponding financial creditors to avoid such potential situation, but in case those waivers are not timely obtained and immediate repayment is required, we could face short-term liquidity problems, which could adversely affect our results of operations and cause the market value of our ADSs and Class B common shares to decline. See “Item 4. Information on the Company—History and Development of the Company—Pampa’s Sale of Controlling Stake in Edenor”

***We may not have the ability to raise the funds necessary to finance a change of control offer as required by the Senior Notes due 2022***

As of the date of this annual report, U.S.\$ 98 million of our financial debt is represented by the Senior Notes due 2022. Under the indenture for the Senior Notes due 2022, if a change of control occurs, we must offer to repurchase any and all such notes that are outstanding at a purchase price equal to 100% of the aggregate principal amount of such notes, plus any accrued and unpaid interest thereon and additional amounts, if any, through the purchase date. We may not have sufficient funds available to us to make the required repurchases of the Senior Notes due 2022 upon a change of control. If we fail to repurchase such notes in circumstances that may constitute an event of default under the indenture, which may in turn trigger cross-default provisions in other of our debt instruments then outstanding, our results of operations could be adversely affected and the market value of our ADSs and Class B common shares could decline.

***The New York Stock Exchange and/or the Buenos Aires Stock Exchange may suspend trading and/or delist our ADSs and Class B common shares, upon the occurrence of certain events relating to our financial situation***

The New York Stock Exchange (“NYSE”) and/or the Buenos Aires Stock Exchange (“BASE”) may suspend and/or cancel the listing of our ADSs and Class B common shares, respectively, in certain circumstances, including upon the occurrence of certain events relating to our financial situation. For example, the NYSE may decide such suspension or cancellation if our shareholders’ equity becomes negative.

The NYSE may in its sole discretion determine on an individual basis the suitability for continued listing of an issue in the light of all pertinent facts. Some of the factors mentioned in the NYSE Listed Company Manual, which may subject a company to suspension and delisting procedures, include: “unsatisfactory financial conditions and/or operating results”, “inability to meet current debt obligations or to adequately finance operations,” and “any other event or condition which may exist or occur that makes further dealings or listing of the securities on the NYSE inadvisable or unwarranted in the opinion of NYSE.”

The BASE may cancel the listing of our Class B common shares if it determines that our shareholders' equity and our financial and economic situation do not justify our access to the stock market or if the NYSE cancels the listing of our ADSs.

We cannot assure you that the NYSE and/or the BASE will not commence any suspension or delisting procedures in light of our financial situation, including if our shareholders' equity becomes negative. A delisting or suspension of trading of our ADSs or Class B common shares by the NYSE and/or the BASE, respectively, could adversely affect our results of operations and financial conditions and cause the market value of our ADSs and Class B common shares to decline.

***Changes in weather conditions or the occurrence of severe weather (whether or not caused by climate change or natural disasters), could adversely affect our operations and financial performance.***

Weather conditions may influence the demand for electricity, our ability to provide it and the costs of providing it. In particular, severe weather may adversely affect our results of operations by causing significant demand increases, which we may be unable to meet without a significant increase in operating costs. This could strongly impact the continuity of our services and our quality indicators. For example, the exceptional thunderstorms that occurred in April and December of 2013 and a heat wave that occurred in December of 2013 affected the continuity of our services, both in the low voltage and medium voltage networks. See "Item 4. Information on the Company—Business Overview—Quality Standards—Edenor's Concession". Furthermore, any such disruptions in the provision of our services could expose us to fines and orders to compensate those users affected by any such power cuts, as has occurred in the past (see "Item 4. Information on the Company—Business Overview—Quality Standards—Fines and Penalties"). Our financial condition, results of operations and cash flows could therefore be negatively affected by changes in weather conditions and severe weather.

***Cybersecurity events, such as a cyber-attack could adversely affect our business, financial condition, results of operations and cash flows***

We depend on the efficient and uninterrupted operation of internet-based data processing communication and information exchange platforms and networks, including administrative and business related systems (such as Supervisory Control and Data Acquisition ("SCADA") and DCS Software, Inc. ("DCS")). Cybersecurity risks have generally increased in recent years as a result of the proliferation of new technologies and the increased sophistication and activities of cyber-attacks. Through part of our grid and other initiatives, we have increasingly connected equipment and systems to the internet. Due to the critical nature of our infrastructure and the increased accessibility enabled through connection to the internet, we may face a heightened risk of cybersecurity incidents such as computer break-ins, phishing, identity theft and other disruptions that could negatively affect the security of information stored in and transmitted through our computer systems and network infrastructure. In the event of a cyber-attack, we could have our business operations disrupted, property damaged and user information stolen; experience substantial loss of revenues, response costs and other financial loss; and be subject to increased regulation, litigation and damage to our reputation. In addition, while we have not experienced any loss related to cybersecurity events, contingency plans in place may not be sufficient to cover liabilities associated with any such events and therefore, applicable insurance coverage may be deemed inadequate, preventing us from receiving full compensation for the losses sustained as a result of such a disruption. Although we intend to continue to implement security technology devices and establish operational procedures (such as, our Disaster Recovery Plan, which aims to respond and recover business' core applications in the event of serious incidents) to prevent disruption resulting from, and counteract the negative effects of cybersecurity incidents within the next three years, it is possible that not all of our current and future systems are or will be entirely free from vulnerability and these security measures will not be successful. Accordingly, cybersecurity is a material risk for us and a cyber-attack could adversely affect our business, results of operations and financial condition. For more information see "Item 4. Information on the Company—Business overview— *Information Technology and Telecommunications - Cybersecurity*"

**Risks relating to our ADSs and Class B common shares**



***Restrictions on the movement of capital out of Argentina may impair the ability of holders of ADSs to receive dividends and distributions on, and the proceeds of any sale of, the Class B common shares underlying the ADSs, which could affect the market value of the ADSs***

The Argentine Government has reestablished restrictions on the conversion of Argentine currency into foreign currencies and on the remittance to foreign investors of proceeds from their investments in Argentina. Conversion of dividends, distributions, or the proceeds from any sale of shares from Pesos into U.S. Dollars, as well as the transfer of those funds abroad is strongly limited. See “Item 10. Additional Information—Exchange Controls”. Future restrictions on foreign exchange market access, other than those already imposed, may affect even more the conversion of dividends, distributions, or the proceeds from any sale of shares, as the case may be, from Pesos into U.S. Dollars and the remittance of such U.S. Dollars abroad. Also, certain of our indebtedness includes covenants limiting the payment of dividends. We cannot assure you that the Argentine Government will not take new measures or deepen those already established in the future. The depositary for the ADSs may hold the Pesos it cannot otherwise convert for the account of the ADS holders who have not been paid. Any future adoption by the Argentine Government of constraints on the movement of capital out of Argentina may deepen the restrictions on the ability of our foreign shareholders and holders of ADSs to obtain the full value of their shares and ADSs, and may adversely affect the market value of our Class B common shares and ADSs.

***Our shareholders’ ability to receive cash dividends may be limited***

According to current regulations, transfer of funds abroad in order to pay dividends does not require Central Bank approval, to the extent such dividend payments are made in compliance with the requirements set forth in article 3.4 of Communication “A” 6844 as amended by Communication “A” 6869 issued by the Central Bank. (see “Item 10—Additional Information—Exchange Controls”). Our shareholders’ ability to receive cash dividends may be limited by the ability of the depositary to convert cash dividends paid in Pesos into U.S. Dollars. Under the terms of our deposit agreement with the depositary for the ADSs, the depositary will convert any cash dividend or other cash distribution we pay on the common shares underlying the ADSs into U.S. Dollars, if it can do so on a reasonable basis and can transfer the U.S. Dollars to the United States. If this conversion is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. If the exchange rate fluctuates significantly during a time when the depositary cannot convert the foreign currency, shareholders may lose some or all of the value of the dividend distribution. We cannot assure you that your ability to receive dividends, as an ADSs holder, will not be affected due to current or future regulations, and that the Argentine Government will not adopt new measures or deepen those already implemented, which could result in more restrictions on the access to the foreign exchange market.

***Under Argentine law, shareholder rights may be fewer or less well-defined than in other jurisdictions***

Our corporate affairs are governed by our by-laws and by Argentine corporate law, which differ from the legal principles that would apply if we were incorporated in a jurisdiction in the United States, such as the States of Delaware or New York, or in other jurisdictions outside Argentina. In addition, the rights of holders of the ADSs or the rights of holders of our Class B common shares under Argentine corporate law to protect their interests relative to actions by our Board of Directors may be fewer and less well-defined than those under the laws of those other jurisdictions. Although insider trading and price manipulation are illegal under Argentine law, the Argentine securities markets are not as highly regulated or supervised as the U.S. securities markets or markets in some other jurisdictions. In addition, rules and policies against self-dealing and regarding the preservation of shareholder interests may be less well-defined and enforced in Argentina than in the United States, putting holders of our Class B common shares and ADSs at a potential disadvantage.

***Holders of ADSs may be unable to exercise voting rights with respect to the Class B common shares underlying the ADSs at our shareholders’ meetings***

Shares underlying the ADSs are held by the depositary in the name of the holder of the ADS. As such, we will not treat holders of ADSs as one of our shareholders and, therefore, holders of ADSs will not

have shareholder rights. The depositary will be the holder of the Class B common shares underlying the ADSs and holders may exercise voting rights with respect to the Class B common shares represented by the ADSs only in accordance with the deposit agreement relating to the ADSs. There are no provisions under Argentine law or under our by-laws that limit the exercise by ADS holders of their voting rights through the depositary with respect to the underlying Class B common shares. However, there are practical limitations on the ability of ADS holders to exercise their voting rights due to the additional procedural steps involved in communicating with these holders. For example, holders of our Class B common shares will receive notice of shareholders' meetings through publication of a notice in an official gazette in Argentina, an Argentine newspaper of general circulation and the daily bulletin of the BASE, and will be able to exercise their voting rights by either attending the meeting in person or voting by proxy. ADS holders, by comparison, do not receive notice directly from us. Instead, in accordance with the deposit agreement, we provide the notice to the depositary. If we ask it to do so, the depositary will mail to holders of ADSs the notice of the meeting and a statement as to the manner in which instructions may be given by holders. To exercise their voting rights, ADS holders must then instruct the depositary as to voting the Class B common shares represented by their ADSs. Due to these procedural steps involving the depositary, the process for exercising voting rights may take longer for ADS holders than for holders of Class B common shares and Class B common shares represented by ADSs may not be voted as the holders of ADSs desire. Class B common shares represented by ADSs for which the depositary fails to receive timely voting instructions may, if requested by us, be voted at the corresponding meeting either in favor of the proposal of the Board of Directors or, in the absence of such a proposal, in accordance with the majority.

***Our shareholders may be subject to liability for certain votes of their securities***

Because we are a limited liability corporation, our shareholders are not liable for our obligations. Shareholders are generally liable only for the payment of the shares they subscribe. However, shareholders who have a conflict of interest with us and who do not abstain from voting at the respective shareholders' meeting may be liable for damages to us, but only if the transaction would not have been approved without such shareholders' votes. Furthermore, shareholders who willfully or negligently vote in favor of a resolution that is subsequently declared void by a court as contrary to the law or our by-laws may be held jointly and severally liable for damages to us or to other third parties, including other shareholders.

***If we fail to maintain an effective system of internal controls, we may be unable to accurately report our financial results or prevent fraud and investor confidence and the market price of our shares and ADSs may be adversely impacted.***

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the subsequent testing by our independent registered public accounting firm, if and when required if our status as a non-accelerated filer changes, may reveal additional deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our consolidated financial statements or identify other areas for further attention or improvement. If in the future we identify new material weaknesses in our internal control over financial reporting, if we are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or, if and when applicable, our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our ordinary shares could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities are then listed, the SEC, or other regulatory authorities, which could require additional financial and management resources. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the market price of our shares and ADSs.

***Provisions of Argentine securities laws could deter takeover attempts and have an adverse impact on the price of our shares and ADSs***

Argentine securities laws contain provisions that may discourage, delay or make more difficult a change in control of our Company, such as the requirement, upon the acquisition of a controlling interest in of our capital stock, to launch a mandatory tender offer to acquire all our voting stock and any securities convertible into, or entitling the holder thereof to subscribe for or acquire, any voting shares in our capital stock. These provisions may delay, defer or prevent a transaction or a change of control that might otherwise be in the best interest of our shareholders and may adversely affect the market value of our shares and ADSs.

#### **Item 4. *Information on the Company***

##### **Recent Developments in Argentina – Measures Designed to Address the COVID-19 Outbreak**

In late December 2019, a notice of a pneumonia originating from Wuhan, Hubei province (COVID-19, caused by a novel coronavirus) was reported to the World Health Organization, with cases soon confirmed in multiple provinces in China, as well as in other countries. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. Several measures have been undertaken by governments of the countries where the coronavirus has affected broad swathes of the population, such as the countries of the European Union, the United Kingdom, the United States of America, South Korea and Japan, among others, to control the coronavirus, including mandatory quarantines, travel restrictions to and from the above listed countries by air carriers and foreign governments. As of April 23, 2021, Argentina identified 2,824,652 confirmed cases of coronavirus, of which 61,176 were fatal. To date, Argentina has adopted several measures in response to the COVID-19 outbreak in the country aimed at preventing mass contagion of Argentine residents and the overcrowding of the Argentine health service, which include:

- February 26 - March 12, 2020: screening of passengers at airports; mandatory isolation for 14 days of persons with suspected or confirmed cases of COVID-19, persons in close contact with suspected or confirmed cases of COVID-19 and persons arriving or recently arrived from affected zones; closure of activities with large crowds; prohibition of audience attendance to sport events;
- March 13 - March 15, 2020: stricter surveillance of Argentine borders; suspension of flights by various airlines and adoption of regulations to coordinate repatriation flights for Argentine residents abroad; prohibition to access national parks and protected areas; schools and universities shutdown (which remained open for food aid and administrative purposes);
- March 16 - March 18, 2020: closure of Argentine borders; suspension of domestic flights and long-distance trains and buses operations; suspension of the national soccer league; temporary work leaves for pregnant women, people older than 60 years and other persons considered at special risk upon infection; authorization for federal public employees to work remotely (except for employees providing essential services); promotion of home office policies in the private sector and beginning of construction of eight modular hospitals;
- March 19, 2020: imposition of a nation-wide mandatory lockdown, where exceptionally essential transit is permitted; deployment of security forces for lockdown enforcement;
- March 20 - April 13, 2020: assistance to Argentine residents abroad; extension of nation-wide lockdown until April 26, 2020.
- April 14 - May 23, 2020: extension of border closures and nation-wide lockdown until May 24, 2020 allowing exceptions to be determined at a local government level, except for the City of Buenos Aires and the metropolitan area of the Province of Buenos Aires (“AMBA”);
- May 24 - August 29, 2020: introduction of a national plan for healthcare workers to prevent contagion; several extensions of the lockdown until August 30, 2020, with some areas being excepted; imposition of a social, preventive and mandatory distancing, for the areas that were not evidencing a high level of contagion, until August 30, 2020;

- August 30 - October 24, 2020: requirement of an affidavit for people entering and leaving the country; extension of the lockdown and the social, preventive and mandatory distancing until October 25, 2020, depending on the level of contagion of the different areas; creation of the “Federal Health Network COVID-19” for the construction, renovation and expansion of hospitals; the suspension of domestic flights and long-distance trains and buses operations was lifted requiring all passengers to carry specific certificates of movement.
- October 25 - December 20, 2020: consecutive extensions of the lockdown, the social, preventive and mandatory distancing and the borders closure until December 20, 2020; the National Migration Office was granted the authority to determined exceptions for entering the country; the suspension of international air flights was lifted; enactment of the Law No. 25,573 declaring of public interest the investigation, production and acquisition of COVID-19 vaccines; opening of the borders for neighbouring countries and suspension of all flights from the United Kingdom after the appearance of a new coronavirus variant.
- December 21, 2020 - February 24, 2021: Extension of the social, preventive and mandatory distancing and borders closure until February 28, 2021; acquisition and arrival of 1,000,000 doses of the SPUTNIK V vaccine; approval of the vaccination operational plan against COVID-19; introduction of new restrictions to enter the country and extension of the border closure (including neighbouring countries); authorization for federal public employees with children up to 13 years old to work remotely; introduction of a general criteria for local governments to adopt nighttime restrictions on movement; schools return to in-person classes; arrival of 580,000 doses of Covishield vaccines
- February 25 - March 12, 2021: arrival of 1,000,000 doses of the Sinopharm vaccines; arrival of 517,500 doses of the SPUTNIK V vaccine; extension of the border closure provisions and the social, preventive and mandatory distancing until March 12, 2021;
- March 13 - March 25, 2021: Arrival of 1,562,500 doses of the SPUTNIK V vaccines; extension of the border closure provisions and the social, preventive and mandatory distancing until April 30, 2021;
- March 26 - April 30, 2021: Direct flights from Brazil, Chile and Mexico are suspended and compulsory coronavirus testing for any authorize passenger that arrives to the country is required; arrival of 1,167,745 doses of the SPUTNIK V vaccine; arrival of the first 218,000 doses of the Oxford AstraZeneca vaccine; suspension of entry into the country through land border crossings; authorization for all federal public employees to work remotely; suspension of the entry via land border to the country; arrival of 1,000,000 doses of the Sinopharm vaccines;
- April 9 - April 30, 2021: restriction of citizens movement and other measures to mitigate the spread of the virus, such as, remote work for all qualifying individuals; suspension of casinos, bingos, night clubs; prohibitions on movement from midnight to 6:00 a.m. in the Metropolitan Area of Buenos Aires (“AMBA”) and in areas of high sanitary-epidemiological risk; prohibition to restaurants to operate between 11:00 p.m. and 6:00 a.m. the following day;
- April 16 - April 30, 2021, the national executive power, given the worsening of the epidemiological situation, decided to apply additional measures in the AMBA such as; restrictions of nighttime movement, between 8:00 p.m. and 6:00 a.m.; suspension of recreational, social, cultural, sports and religious activities in closed places; commercial activities will close at 7:00 p.m.; and gastronomic activities may operate in a home delivery mode after 7:00 p.m. The rest of the jurisdictions of the country may choose to adhere to the measures dictated by the national executive power, and
- April 19 - April 30, 2021, the virtual modality is resumed in the three educational levels.

Simultaneously, the Argentine Government has announced and is implementing a several stimulus measures to limit the effects of the COVID-19 outbreak on the economy, including the following:

- a one-time Ps.3,100 cash payment to recipients of the universal child allowance;
- a one-time Ps.3,000 cash payment to retirees receiving minimum benefits (currently Ps.15,892) and those that receive above the minimum but less than Ps.18,892, which covers approximately 4.6 million retirees;
- a one-time Ps.10,000 cash payment granted to approximately 7,785,000 unemployed persons and persons employed informally, among other socially vulnerable persons;
- a capital spending program on infrastructure, education and tourism for approximately Ps.100 billion;
- a payment exemption of employers' contributions for companies in vulnerable industries, and an increase of unemployment insurance and salaries subsidies;
- subsidized loans to small- and medium-sized companies via the financial system of approximately Ps.30 billion for working capital ;
- a 40% increase in the budget allocation for capital expenditures, mainly in road infrastructure, housing and school construction;
- a financial assistance program for the provinces for an amount up to Ps. 120 billion (*Programa Para la Emergencia Financiera Provincial*) created to provide financial relief to the provinces;
- one time payment to the holders of the *Tarjeta Alimentar* of Ps. 4,000 to families with one child, and Ps. 6,000 payment to families with 2 or more children;
- a one-time cash payment of Ps.10,000 granted to approximately 9 million unemployed persons and persons employed informally, among other socially vulnerable persons;
- Financial assistance program for tourism providers (*Programa de Auxilio para Prestadores Turísticos*) for a total initial amount of Ps. 100,000,000;
- Multiple financial assistance programs for healthcare insurance agents and special treatment for healthcare companies;
- Financial assistance to companies that have suffered a financial drawback due to the pandemic (i.e. payment of Ps. 9,000 for each active employee); and
- a monthly cash payment of Ps.1,500 in April and May of 2021 for retirees receiving benefits for less than Ps.30,857.16.

Other measures adopted by the Argentine Government to mitigate the effects of the COVID-19 outbreak in the economy include the following:

- until December 31, 2020, the suspension of the following services was not permitted upon the beneficiary's failure to pay up to seven consecutive or alternate invoices from March 1, 2020: electric energy, natural gas through pipeline, running water, fixed telephony, mobile telephony, Internet and cable television services. This measure was only applicable to certain users identified in the decree adopting it. Specifically, regarding electric energy, users that have prepaid systems, have been provided with the service even if they failed to make the corresponding recharges. Additionally, through Resolution No.173/2020, in force

as of April 18, 2020, the Ministry of Productive Development sets forth that electricity distribution services, among others, shall be payable in 30 monthly, equal and consecutive installments, the first one being due on September 30, 2020 (notwithstanding the possibility for customers to pay invoices before or through a less number of installments). This resolution is of limited application to a specific group of clients detailed in the resolution. Furthermore, the financing can also be applied to the purchase of energy that the Company makes to the MEM associated to these consumptions.

- the suspension of certain penalties and disqualifications applicable to checking accounts with insufficient funds until June 30, 2020;
- deferral of principal or interest payments in respect of any financing (excluding credit cards) given by local financial entities, due between April 1, 2020, and June 30, 2020;
- the prices freezes as of March 6, 2020, for certain essential goods such as food, personal care, medicines and medical products until May 15, 2021.;
- lease prices freeze and evictions suspension until March 31, 2021;
- prohibition to dismiss employees without cause and dismiss and suspend employees due to work slowdown or force majeure until April 24, 2021; and
- electricity and natural gas services rates freeze until March 31, 2021.

Specifically, regarding corporate matters, the Public Registry of Commerce (*Inspección General de Justicia*, the “IGJ”) issued Resolution No. 11/2020 by means of which, subject to the compliance of certain conditions, companies are authorized to carry out board meetings and shareholders meetings through digital or electronic means or platforms during the mandatory isolation period. Consistently, the CNV issued Resolution No. 830/2020 which establishes that companies that are under CNV’s control are authorized to hold long distance shareholders’ and Board of Directors’ meetings during the mandatory isolation.

## **HISTORY AND DEVELOPMENT OF THE COMPANY**

Empresa Distribuidora y Comercializadora Norte S.A. (Distribution and Marketing Company of the North S.A.), or Edenor, is a public service company incorporated as a *sociedad anónima* (stock corporation) under the laws of Argentina. Our principal executive offices are located at Avenida del Libertador 6363, 11° floor, City of Buenos Aires, C1428ARG, Argentina, and our general telephone number at this location is +54 11 4346 5000.

We were incorporated on July 21, 1992, under the name Empresa Distribuidora Norte Sociedad Anónima, as part of the privatization of the Argentine state-owned electricity utility, Servicios Eléctricos del Gran Buenos Aires S.A. (SEGBA). The Company’s term of duration is 95 years. In anticipation of its privatization, SEGBA was divided into three electricity distribution companies, including our company, and four electricity generation companies, and on May 14, 1992, the Argentine Ministry of Economy and Public Works and Utilities approved the public sale of all of our company’s Class A common shares, representing 51% of the capital stock of our company.

A group of international investors, which included EDF International S.A. (a wholly owned subsidiary of Électricité de France S.A.), presented a bid for our Class A common shares through Electricidad Argentina S.A. (“EASA”), an Argentine company. EASA was awarded the bid and, in August 1992, EASA and the Argentine Government entered into a stock purchase agreement relating to the purchase of our Class A common shares. In addition, on August 5, 1992, the Argentine Government granted us a concession to distribute electricity on an exclusive basis within our concession area for a period of 95 years (the “Concession Agreement”). On September 1, 1992, EASA acquired our Class A common shares

and became our controlling shareholder. See “Item 7. Major Shareholders and Related Party Transactions - Acquisition by Central Térmica Loma de la Lata S.A”.

In June 1996, our shareholders approved the change of our name to Empresa Distribuidora y Comercializadora Norte S.A. (Edenor S.A.) to more accurately reflect the description of our core business. The amendment to our by-laws related to our name change was approved by the ENRE and registered with the IGJ in 1997.

In 2001, EDFI acquired, in a series of transactions, all of the shares of EASA held by EASA’s other shareholders, ENDESA Internacional, YPF S.A. and SAUR. As a result, EASA became a wholly-owned subsidiary of EDFI. In addition, EDFI purchased all of our Class B common shares held by these shareholders, increasing its direct and indirect interest in us to 90%.

On January 6, 2002, the Argentine Congress enacted the Public Emergency Law, which authorized the Argentine Government to implement certain measures to overcome the country’s economic crisis. Under the Public Emergency Law, the Argentine Government altered the terms of our concession and the concessions of other public utility services by renegotiating tariffs, freezing distribution margins and revoking price adjustment mechanisms, among other measures.

In September 2005, Dolphin Energía S.A. (“Dolphin Energía”) and IEASA acquired an indirect controlling stake in our company from EDFI. Dolphin Energía and IEASA were at the time of such acquisition controlled by the principals of Grupo Dolphin, an Argentine advisory and consulting firm that carries out private equity activities. On September 28, 2007, Pampa Energía S.A. (“Pampa Energía”, “PESA” or “Pampa”) acquired all the outstanding capital stock of Dolphin Energía and IEASA from the then current shareholders of these companies, in exchange for common stock of Pampa Energía. As a result of several acquisitions made by Pampa since 2006, it is currently the largest independent energy integrated company in Argentina and, directly and/or through its subsidiaries and joint controlled companies, Pampa participates in the electricity and gas value chains.

In April 2007, we completed the initial public offering of our Class B common shares, in the form of shares and American depositary shares, or ADSs. We and certain of our shareholders sold 18,050,097 ADSs, representing 361,001,940 Class B common shares, in an offering in the United States and elsewhere outside Argentina, and our Employee Stock Participation Program sold 81,208,416 Class B common shares in a concurrent offering in Argentina. Our ADSs are listed in the NYSE under the symbol “EDN,” and our Class B common shares are listed on the Buenos Aires Stock Exchange (“BASE”) under the same symbol. We received approximately U.S.\$61.4 million in proceeds from the initial public offering, before expenses, which we used to repurchase a part of our then outstanding debt. Following the initial public offering, Pampa continues to hold 51.79% of our common shares, and approximately 15.14% are held by the public. See “Item 7. Major Shareholders and Related Party Transactions”.

On November 20, 2008, the Argentine Congress passed a law unifying the Argentine pension and retirement system into a system publicly administered by the ANSES and eliminating the retirement savings system previously administered by private pension funds under the supervision of a Governmental agency. In accordance with this law, private pension funds transferred all of the assets administered by them under the retirement savings system to the ANSES. As of the date of this annual report, ANSES held 242,999,553 of our Class B common shares, representing 26.81% of our capital stock.

### *Parent Company Merger Process*

The merger by absorption between Central Térmica Loma de la Lata S.A. (“CTLL”), as merging and surviving company, and EASA, or parent company, and IEASA S.A. (“IEASA”) - EASA’s majority shareholder – as the merged/absorbed companies, began in March 2017. On January 19, 2018, CTLL’s shareholders approved the merger and CTLL’s Board of Directors became responsible for the management of EASA and IEASA, in accordance with the provisions of Section 84 of the Argentine Corporations Law.

On September 22, 2017, PESA’s Board of Directors approved the merger of Bodega Loma la Lata S.A. (“BLL”), Central Térmica Güemes S.A. (“CTG”), CTLL (the acquiring company of EASA), Eg3 Red S.A. (“EG3 Red”), Inversora Diamante S.A. (“INDISA”), Inversora Nihuiles S.A. (“INNISA”), Inversora Piedra Buena S.A. (“IPB”), Pampa Participaciones II S.A. (“PPII”), Transelec, and Petrolera Pampa S.A. (“PEPASA”), as the acquired or absorbed companies, into PESA, as the acquiring or absorbing company, under the terms of tax neutrality (tax-free reorganization) pursuant to Section 77 and following sections of the Income Tax Law. The effective date of the merger was established as October 1, 2017, as from which date the transfer to the acquiring company of the totality of the acquired companies’ equity took effect, with all the latter’s rights and obligations, assets and liabilities were incorporated into the acquiring company’s equity; subject to the corporate approvals required under the applicable regulations and the registration with the Public Registry of Commerce of both the merger and the dissolution without liquidation of the acquired companies.

On August 24, 2018, the Company was notified of the registration by the IGJ of: (i) the merger of EASA (the parent company of Edenor) and IEASA (the parent company of EASA), with and into CTLL, as the absorbing and surviving company of both; and (ii) the merger with and into Pampa, as the absorbing and surviving company, of CTLL, BLL, CTG, Eg3 Red, INNISA, INDISA, IPB, PPII and PEPASA, as the absorbed companies. As a result thereof, Pampa became the direct controlling company of Edenor.

### *Pampa’s Sale of Controlling Stake in Edenor*

On December 28, 2020, Pampa entered into a binding stock purchase agreement with Empresa de Energía del Cono Sur S.A., as purchaser, and Integra Capital S.A., Messrs. Daniel Eduardo Vila, Mauricio Filiberti and José Luis Manzano as guarantors, for the sale of Pampa’s controlling interest in Edenor. The agreement consists of a transfer of Pampa’s total Class A shares, which represent 51% of the capital stock and voting rights of the Company, pursuant to certain conditions precedent, including but not limited to the approval by Pampa’s shareholders’ meeting and the ENRE (the “Transaction”). The Transaction was approved by Pampa’s Ordinary and Extraordinary General Shareholders’ Meeting held on February 17, 2021. At the closing of the Transaction, the change of control of the Company will trigger, under certain circumstances, an obligation to make payments to certain of the Company’s executive officers, including in connection with the termination of their employment. As of the date of this annual report, the Transaction is pending approval from the ENRE.

Upon the closing of the Transaction, Empresa de Energía del Cono Sur S.A. will be required under Argentine securities law to conduct a mandatory tender offer open to all holders of common shares issued by Edenor, including holders of ADSs in respect of the underlying Class B common shares.

## **BUSINESS OVERVIEW**

We believe we are the largest electricity distribution company in Argentina and one of the largest in Latin America in terms of number of users and electricity sold (both in GWh and in Pesos) in 2020. We hold a concession to distribute electricity on an exclusive basis to the northwestern part of the greater Buenos Aires metropolitan area and in the northern part of the City of Buenos Aires, comprising an area of 4,637 square kilometers and a population of approximately 9 million people. As of December 31, 2020, Edenor served 3.2 million users.



The following table shows the percentage of the electricity produced and sold by generating companies that was purchased by us in the periods indicated:

<b>Year</b>	<b>Electricity demand in Gwh<sup>(1)</sup></b>	<b>Edenor demand in Gwh<sup>(2)</sup></b>	<b>Edenor's demand as % of total demand</b>
2018	132,925	25,906	19.5%
2019	128,880	24,960	19.4%
2020	127,306	25,124	19.7%

Source: CAMMESA

<sup>(1)</sup> Demand in the Mercado Eléctrico Mayorista Sistema Patagónico (Patagonia wholesale electricity market, or MEMSP).

<sup>(2)</sup> Calculated as electricity purchased by us and our wheeling system users.

### ***Edenor Concession***

Edenor's concession is currently set to expire on August 31, 2087, for a term of 95 years, and may be extended for one additional 10-year period if Edenor requests the extension at least 18 months before expiration. The term of the concession is divided into management periods: a first period of 15 years and subsequent periods of ten years each. At the end of each management period, the Class "A" shares representing 51% of the share capital of Edenor, currently held by Pampa, must be offered for sale through a public bidding. If Pampa makes the highest bid, it will continue to hold the Class "A" shares, and no further disbursements will be necessary. On the contrary, if Pampa is not the highest bidder, then the bidder who makes the highest bid shall pay Pampa the amount of the bid in accordance with the conditions of the public bidding. The proceeds from the sale of the Class "A" shares will be delivered to Pampa after deducting any amounts receivable to which the grantor of the concession may be entitled. The first management period commenced on February 1, 2017 and is estimated to end on March 1, 2022.

The Company has the exclusive right to render electric power distribution and sales services within the concession area to all the users who are not authorized to obtain their power supply from the WEM, thus being obliged to supply all the electric power that may be required in a timely manner and in accordance with the established quality levels. In addition, the Company must allow free access to its facilities to any WEM agents whenever required, under the terms of the Concession.

No specific fee must be paid by the Company under the Concession Agreement during the term of the concession.

On January 6, 2002, the Argentine Government enacted Law No. 25,561 pursuant to which U.S. Dollar adjustment clauses, as well as any other indexation mechanism stipulated in the contracts entered into by the Argentine Government, including those related to public utilities, were declared null and void as from such date. The applicable prices and rates were converted into Argentine Pesos at a rate of Ps.1 to U.S.\$1.

The Company is subject to the terms of its Concession Agreement and the provisions of the regulatory framework comprised Laws No. 14,772, 15,336 and 24,065, resolutions and regulatory and supplementary standards issued by certain authorities. Thus, the Company is responsible for the distribution and sale of electricity as a public service with a satisfactory quality level pursuant to the requirements set forth in the aforementioned Concession Agreement and regulatory framework.

Failure to comply with the established guidelines may result in the application of fines, based on the economic damage suffered by the user at the time service was provided in an unsatisfactory manner, which will be determined in accordance with the methodology stipulated in the Concession Agreement. The ENRE is the regulatory authority responsible for enforcing the pre-established guidelines.

### ***Geographic Exclusivity***

Our concession gives us the exclusive right to distribute electricity within our concession area during the term of our concession. Under our concession, neither the national nor the provincial or local Governments may grant further concessions to operate electricity distribution services within our concession area. In that respect, we are obligated to satisfy all of the demand for electricity originated in our concession area, maintaining at all times a service quality standard that has been established in our Concession Agreement. This geographic exclusivity may be terminated in whole or in part by the Argentine Government if technological changes make it possible for the energy distribution industry to evolve from its present condition as a natural monopoly into a competitive business. However, the Argentine or the Provincial Government may only exercise its right to alter or terminate our geographical exclusivity at the end of each management period under our concession, by prior written notice at least six months before the expiration of the corresponding management period.

The electricity distribution and sale service is provided exclusively to all the users connected to the network within the area comprised the following:

Region I: City of Buenos Aires, the area encompassing Dock “D”, “unnamed street”, path of the Autopista Costera (coastline highway), extension of Pueyrredón Ave., Córdoba Ave., Ferrocarril San Martín railway tracks, General San Martín Ave., Zamudio, Tinogasta, General Paz Ave. and Río de La Plata river, and Province of Buenos Aires, the districts of San Martín, Tres de Febrero, San Isidro and Vicente López.

Region II: Province of Buenos Aires, the districts of Morón, Ituzaingó, Hurlingham, Merlo, Marcos Paz, Las Heras and La Matanza.

Region III: Province of Buenos Aires, the districts of San Fernando, Tigre, Escobar, Malvinas Argentinas, San Miguel, José C. Paz, Pilar, Moreno and General Rodríguez.

### ***Our Obligations***

We are obligated to supply electricity upon request by the owner or occupant of any property in our concession area. We are entitled to charge for the electricity supplied at rates that are established by tariffs set with the prior approval of the ENRE under applicable regulations. Pursuant to our concession, we must also meet specified service quality standards relating to:

- the time required to connect new users;
- voltage fluctuations;
- interruptions or reductions in service; and
- the supply of electricity for public lighting and to certain municipalities.

Our concession requires us to make the necessary investments to establish and maintain the quality of service standards and to comply with the stringent minimum public safety standards as specified in our concession. We are also required to furnish the ENRE with all information requested by it and must obtain the ENRE’s prior consent for the disposition of assets that are assigned to the provision of our electricity distribution services. The ENRE also requires us to compile and submit various types of reports regarding the quality of our service and other technical and commercial data, which we must periodically report to the ENRE.

Pursuant to Law No. 27,467, which enacted the 2019 Federal Budget of Expenditures and Resources Law, the Argentine Executive Power was instructed to promote the transfer of Edenor’s jurisdiction to the jurisdiction of the Province of Buenos Aires and the City of Buenos Aires as from January 1, 2019 and the creation of a new oversight body.

On February 28, 2019, the Argentine Government, the Province of Buenos Aires and the City of Buenos Aires entered into an agreement for the transfer of the public service of electricity distribution, duly

awarded under the Concession Agreement by the Argentine Government to Edenor, from the jurisdiction of the Argentine Government to the Province of Buenos Aires and the City of Buenos Aires.

In the framework of such agreement, on May 9, 2019, the Federal Government, the City of Buenos Aires and the Province of Buenos Aires entered into the Agreement on the Implementation of the Transfer of Jurisdiction (the “Transfer Agreement”), which became effective on October 2, 2019, after obtaining the approval of the legislature of the City of Buenos Aires and the Provincial Executive Branch, pursuant to which the City of Buenos Aires and the Province of Buenos Aires jointly assumed, as from the date of effectiveness, the regulation, control and the capacity as grantors over the distribution service granted to Edenor under the Concession Agreement. Furthermore, it is provided that (i) the Concession Agreement and also the national regulations issued by both the Energy Secretariat and the ENRE will remain in full force and effect until the effective date of the transfer occurs pursuant to the applicable regulatory framework; and (ii) that the pledge of the Class “A” shares, duly pledged as collateral to secure the performance of the obligations assumed by the holder of the concession and/or the majority shareholders under the Concession Agreement, is assigned on an undivided basis by the Federal Government to the City of Buenos Aires and the Province of Buenos Aires.

The Company was notified of and assented to the arrangement made by the Federal Government and the new grantors of the concession with respect to the Transfer Agreement and undertook both to indemnify them against any claims and to obtain the agreement of the majority of its shareholders. The Transfer Agreement was ratified by the Provincial Executive Power and the City of Buenos Aires’ Legislative Power.

Furthermore, in the context of the change of jurisdiction and as a condition for the transfer, on May 10, 2019, the Company and the Energy Government Secretariat, on behalf of the Federal Government, entered into the Agreement on the Regularization of Obligations, putting an end to the mutual pending claims originated in the 2006-2016 Transitional Tariff Period.

On December 21, 2019 the Argentine Congress passed the Productive Reactivation Law which, among other things, suspended the transfer of Edenor’s jurisdiction to the jurisdiction of the Province of Buenos Aires and the City of Buenos Aires, reassuming the ENRE the jurisdiction over the public service of electricity distribution provided by Edenor and Edesur.

On February 19, 2021, the Company subscribed to the Agreement on the Joint Exercise of the Regulation and Control of the Public Service of Electricity Distribution (“Acuerdo sobre el Ejercicio Conjunto de la Regulación y Control del Servicio Público de Distribución de Energía Eléctrica”) entered into among the Federal Government, the Province of Buenos Aires and the City of Buenos Aires. The Agreement acknowledged that the Federal Government currently retains ownership and concession of the public electricity distribution service in the Company’s concession area. It was, also, agreed that a series of instruments related to the transfer of the aforementioned service to local jurisdictions would be rendered ineffective and that a tripartite body would be created to regulate and control the activity. On February 23, 2021, this agreement was ratified by the Extraordinary Shareholders’ Meeting of the Company.

We are obligated to allow certain third parties (namely, other agents and large users) to access any available transportation capacity within our distribution system upon payment of a wheeling fee. Consequently, we must render the distribution service on an uninterrupted basis to satisfy any reasonable demand. We are prohibited from engaging in practices that limit competition or result in monopolistic abuses.

Under our concession, we may also be required to continue rendering services after the termination of the Concession Agreement term upon the request of the Argentine Government, but for a period not to exceed 12 months.

In addition, Clause 22.1 of the Adjustment Agreement required us, our shareholders and former shareholders to suspend all claims and legal proceedings (including arbitration actions) in administrative, state or federal courts located in Argentina or abroad, that were related to measures adopted with respect to the Concession Agreement, derived from the emergency situation declared by the Public Emergency Law. After the completion of the RTI, we and our shareholders and former shareholders were also obligated to completely waive and desist from all of the above-mentioned claims and legal proceedings. All proceedings

related to circumstances supervening the above described situations, or that were not related to the consequences of the Public Emergency Law, were expressly excluded. If our shareholders or former shareholders had not desisted from these claims, the Argentine Government would have the right to foreclose on the pledge of our Class A common shares and sell these shares to a third-party buyer. If the Company or any shareholder or former shareholder re-established or initiated a new claim, we would have the obligation to hold the Argentine Government harmless in respect of amounts it could be required to pay pursuant to such claims. EDFI and Pampa suspended all such claims against the Argentine Government as part of the Adjustment Agreement and, in connection with its sale of its controlling stake in Edenor, EDFI agreed to withdraw its claims against the Argentine Government before the ICSID at the request of Dolphin Energía.

On February 1, 2017, the ENRE issued Resolution No. 63/17 which established the new tariff scheme as a result of the completion of the RTI process, which will apply to the following five-year period. Pursuant to the provisions of the Adjustment Agreement, Pampa (See “Item 7. Major Shareholders and Related Party Transactions—Parent Company Merger Process”) and EDFI withdrew their ICSID claim, and on March 28, 2017, the ICSID acknowledged the discontinuance of the proceedings.

In accordance with our concession, our controlling shareholder, Pampa, has pledged its 51% stake in the Company to the Argentine Government to secure obligations under our concession. The Adjustment Agreement required that the pledge be extended to secure our obligations under such agreement. The Argentine Government may foreclose on its pledge over the Class A shares and sell them in a public bidding process if certain situations occur. See “Item 4. Information on the Company—Business Overview—Foreclosure on the Pledge of Our Class A common shares or Revocation of Our Concession”.

## ***Quality Standards***

### **Service quality**

Pursuant to our concession, we are required to meet certain levels of technical quality of the product delivered (voltage level and waveform) and the service provided (frequency and duration of interruptions). With the adoption of the new Sub-Annex IV which has been in force since March 2017 and the start of the RTI’s five-year period (2017-2021) (the “RTI Five-Year Period”), the admissible disruptions gaps in the voltage level may not exceed the following percentages:

High voltage	-5.0% to +5.0%
Overhead network (medium or low voltage)	-8.0% to +8.0%
Buried network (medium or low voltage)	-8.0% to +8.0%
Rural	-8.0% to +8.0%

The concession granted to Edenor stipulates that fines will be applied when registered stress sets exceed the preceding limits for more than 3% of the total measurement time (5% for the case of measurements of perturbations to the waveform). The penalty rate for each kWh delivered in poor conditions depends on the magnitude of the setback with respect to the rated voltage and follows a quality path that increases that rate over the RTI Five-Year Period. For the particular case of voltage set-offs in selected points, regulation provides for an increase in the bonuses to be credited by the customer in case the set-off outside the tension limits persists over time. Fines are credited to the invoice of the affected user.

The technical service quality levels set out in Edenor’s concession refer to the frequency and duration of interruptions. It will be sufficient for one of the limits to be exceeded for the penalized time of said interruption and the rest computable interruptions to be included in the calculation of the bonuses. During the RTI Five-Year Period, the quality requirement is also increased by the percentage of the cost of unsupplied energy corresponding to the customer’s tariff based on the semester of the five-year period and the penalized duration of the interruption. In the event of an extraordinary impact on the provision of the service (i.e., 70,000 or more affected customers for five or more days in a row) special compensation is provided for the T1R customers affected during those periods for more than the time limit for the corresponding semester of the five-year period.

Additionally, through Resolution No. 198/2018, the ENRE established additional penalties of 300 or 600 kWh per user depending on the Feeder Six-Month Track Factor (*Factor de Sendero Semestral del Alimentador* or “FSSA”) and the Consumer Six-Month Track Factor (*Factor de Sendero Semestral de Usuario* or “FSSU”) as from the fourth six-month period of the RTI Five-Year Period, which commenced in September 2018. The penalties that may eventually be applied must be calculated and reported to the ENRE within 120 calendar days from the end of the six-month control period and deposited in an escrow account.

The following table indicates the stipulated levels for the frequency and duration of interruptions per customer during the first semester of the RTI Five-Year Period:

<b>Category of user</b>	<b>Frequency of interruptions (maximum number of interruptions per six month period)</b>	<b>Duration of interruption (maximum amount of time per interruption) <sup>(1)</sup></b>
High voltage	6	4 hours
Medium voltage	8	6 hours
Low voltage: (small and medium demand)	12	20 hours
Large demand	12	12 hours

<sup>(1)</sup> Interruptions of less than three minutes are not recorded.

The values for the final semester of the RTI Five-Year Period are as follows:

<b>User category</b>	<b>Frequency of interruptions (maximum number of interruptions per semester)</b>	<b>Interrupt duration (maximum amount of Time per interruption)<sup>(1)</sup></b>
High Voltage .....	3	2 hours
Medium Voltage.....	4	3 hours
Low Voltage: (Small and Medium Demands).....	6	10 hours
Big Demands .....	6	6 hours

(1) Interruptions of less than or equal to three minutes are not recorded

The convergence of the permissible frequency and time limits between the initial semester and the final semester of the RTI Five-Year Period follows the quality path set out in the new Sub-Annex IV of the concession (pursuant to ENRE Resolution No. 63/2017 and amendments).

The regulation for the RTI Five-Year Period also sets quality levels for SAIFI/SAIDI indicators per district/commune (City of Buenos Area). These limits also vary across the aforementioned quality path. The setting-off of these limits, results, approximately, in a semi-annual factor per district or commune that increases or decreases the individual bonuses of customers belonging to the same district or commune.

Interruptions of less than or equal to three minutes and those attributable to force majeure events are not counted against individual time or frequency limits. The regulation for the RTI Five-Year Period also provides that interruptions linked to Medium Voltage/Low Voltage (“MV” and “LV”, respectively) service improvement works or particular weather events affecting between 100,000 and 400,000 users in 24 hours may be excluded from the calculation of individual bonuses. However, such interruptions cannot be excluded from the calculation of SAIFI/SAIDI indicators per district/commune (City of Buenos Aires).

It is also envisaged that during the RTI Five-Year Period both the cost of unsupplied energy (quality of service) and the cost of energy delivered in poor conditions (product quality) will be updated each time changes in the Value-Added for Distribution (VAD) occur, taking into account the adjustments granted and earned accumulated as of the first day of the corresponding control period. During each control period, the two energy cost values determined above will remain constant.

The following table sets forth the average of frequency and duration (SAIDI and SAIFI) of interruptions to our service in the periods indicated:

	Year ended December 31,			
	2020	2019	2018	2017
Per customers				
Average frequency of interruptions (times)	4.64	6.15	6.94	9.02
Average duration of interruption (hours)	12.23	15.94	22.65	27.55

In addition, to meet required quality levels, we must comply with certain operational requirements related to the quality of our commercial services, safety in public streets, data gathering and processing (including through reports that must be submitted to ENRE for supervision and control) and other contractual requirements related to our environmental management plan and the claims filed with ENRE by users which have been resolved after the established period.

### **Product quality**

As of December 31, 2020, product quality regulations that established a quality track for the RTI Five-Year Period remain effective, and establish voltage deviation limits for MV and LV supplies at a unified value of 8%, 5% exclusively for High Voltage (“HV”), and the cost of energy delivered in bad conditions at incremental values throughout the track for both voltage levels and disturbances.

### ***Fines and Penalties***

Under the terms of our concession, the ENRE may impose fines and penalties if we fail to comply with our obligations.

Fines relating to our failure to meet any of the quality and delivery standards described above are payable by granting credits or bonuses to our users to offset a portion of their electricity charges. Since 1996, we have operated a central information system that allows us to directly credit users who are affected by these quality or delivery deficiencies in the amount of the applicable fines.

Fines and penalties that are not directly related to services rendered to our users are owed to the ENRE, including fines imposed on us by the ENRE for any network installations found to create a safety or security hazard in a public space, such as streets and sidewalks. In addition, the ENRE may fine us for furnishing it inconsistent required technical information. Fines paid to the ENRE are deposited in the Third-Party Reserve Fund of the ENRE (*Reserva de Fondos de Terceros del ENRE*) in an account held with Banco Nación. Payments accumulate in the account until the amount deposited reaches Ps.5.6 million at which point, with the ENRE’s authorization, the amount is proportionally distributed among our users.

The following table shows the adjustments to Edenor’s standalone accruals for ENRE fines and penalties, including current fines and penalties and adjustments to past fines due to increases in our tariffs pursuant to the Adjustment Agreement, for the periods specified:

	Year ended December 31, (in millions of Pesos)		
	2020	2019	2018
<b>Accruals at beginning of year</b>	<b>9,963</b>	<b>14,514</b>	<b>12,902</b>
<b>ENRE Fines and Penalties</b>	<b>2,629</b>	<b>1,530</b>	<b>7,706</b>
<i>Quality of Technical Service</i>	23	(4,150)	3,153
<i>Quality of Technical Product</i>	13	(975)	466
<i>Quality of Commercial Service</i>	328	1,285	2,005
<i>Public Safety</i>	234	(1,221)	1,321
<i>Transport Technical Function</i>	-	(6)	(3)
<i>Reporting Violations</i>	178	(658)	299
<i>Non-compliance with the investment plan</i>	-	-	290
<i>Others</i>	9	(149)	175
<i>Agreement on the Regularization of obligations</i>	1,844	7,404	-
<b>Payments of the year</b>	<b>(872)</b>	<b>(1,220)</b>	<b>(1,098)</b>
<i>Quality of Technical Service</i>	(295)	(408)	(840)
<i>Quality of Technical Product</i>	(15)	(92)	(29)
<i>Quality of Commercial Service</i>	(281)	(384)	(67)
<i>Public Safety</i>	(281)	(336)	(162)
<b>Result from exposure to inflation for the year</b>	<b>(2,821)</b>	<b>(4,861)</b>	<b>(4,996)</b>
<b>Accruals at year-end</b>	<b>8,899</b>	<b>9,963</b>	<b>14,514</b>

Note: The facts or events that generated the amounts charged in each period may have occurred in prior periods and not necessarily in the period in which the charge is made.

Our fines and penalties imposed on us by the ENRE amounted to Ps.2,629 million and Ps.1,530 million as of December 31, 2020 and 2019, respectively.

As of December 31, 2020, total accrued fines and penalties imposed on us amounted to Ps.8,899 million, of which Ps.6,443 million (including accrued interest) corresponded to penalties accrued but not yet imposed on us and Ps.2,456 million (including accrued interest) correspond to penalties imposed on us but not yet paid.

Additionally, pursuant to Note No. 125,248 dated March 29, 2017, the ENRE set the new penalty determination and adjustment mechanisms in relation to the control procedures, the service quality assessment methodologies, and the penalty system applicable as from February 1, 2017 for the 2017 – 2021 period established by ENRE Resolution No. 63/17.

In accordance with the provisions of Sub-Appendix XVI to such Resolution, the Company is required to submit within a term of 60 calendar days, the calculation of global indicators, interruptions for which force majeure has been alleged, the calculation of individual indicators, and shall determine the related discounts, crediting the amounts thereof within 10 business days. In turn, the ENRE will examine the information submitted by the Company, and in the event that the crediting of such discounts is not verified, it will impose a fine, payable to the Federal Government, for an amount equivalent to twice the value of the original amount that should have been recorded.

In this regard, the ENRE has implemented an automatic penalty mechanism so that the discounts on account of deviations may be credited to customers within a term of 60 days as from the end of the relevant six-month period.

The penalty system provides that penalties are updated in accordance with the variation of distributor's CPD or by the energy tariff average price as the case may be. Subsequently, through different resolutions concerning penalties relating to the commercial service and the safety on streets and public spaces, the ENRE provided for the application of increases and adjustments, applying for such purpose a criterion different from the one applied by the Company.

Additionally, and following the completion of the RTI process, the ENRE regulated and/or issued new penalty procedures, such as:

- ENRE Resolution No. 118/18: It regulated the compensation for extraordinary service provision interruptions.

- ENRE Resolution No. 170/18: It regulated the Penalty System for Deviations from the Investment Plan, whereby real investments are compared to the annual investment plan submitted by the Company, and the investment plan carried out for the five-year period is assessed against the five-year plan proposed in the RTI.
- ENRE Resolution No. 198/18: New Supplementary Penalty Procedure of Technical Service Quality, which penalizes deviations from quality parameters at feeder level.
- ENRE Resolution No. 91/18: Through the filing of charges, the ENRE informs Edenor about the penalty procedure to be applied for failure to comply with meter-reading and billing time periods.
- ENRE Resolution No. 5/19: Through the filing of charges, the ENRE notifies Edenor about the penalty system to be applied for failure to comply with customer service timing requirements in commercial offices (Intelligent Routing and Customer Service System – Sistema Inteligente de Direccionamiento y Atención de Usuarios (SIDyAA))

The effects of the resolutions detailed above were quantified by the Company and recognized as of December 31, 2020, without implying consent to the criteria applied.

On May 10, 2019, the Company and the Energy Government Secretariat, on behalf of the Federal Government, entered into the Agreement on the Regularization of Obligations. By virtue of this agreement, the Company (i) undertook to pay users certain penalty and compensation amounts relating to the 2006-2016 period; and (ii) agreed to make investments, in addition to those agreed upon in the RTI, to contribute to improve the reliability and safety of the service. In return, the Federal Government partially recognized the claim duly made by the Company, by fully offsetting pending obligations and cancelling penalties payable to the National Treasury.

Accordingly, based on the terms of the second clause of the aforementioned agreement, the Company recorded, as of December 31, 2020, the update of the amounts related to “penalties to be used for investments” for a total of Ps.1,576 million, amounting to a total liability (pending of application) of Ps.6,224 million, which was allocated as financial interest.

In accordance with the Electricity Rate Schedules Maintenance Agreement and in the context of the Productive Reactivation Law, it was agreed that the Company will maintain the quality of the service and comply with the quality parameters set forth in the Concession Agreement, and that the payment of any penalty is postponed until March 1, 2020 and will be paid in 6 installments at its original value plus any adjustments that may apply at the time of payment.

Additionally, on June 3, 2020, by means of Resolution No. 42/2020, the ENRE approved the new plan for crediting and distributing the penalties payable to all Edenor’s active users, and the regulations of the methodology for crediting the penalties payable to Edenor’s non-active users, as well as the manner in which distribution companies must produce such information and send it to the ENRE. As of December 31, 2020, all the penalties payable to active users have been credited.

On January 19, 2021, by means of Resolution No. 15/2021, the ENRE approved the new plan for crediting penalties to the Solidarity Account for Users in Vulnerable Situations (“*Cuenta Solidaria para Personas Usuarias Vulnerables*”), as well as the manner in which Edenor must produce that information and send it to the ENRE.

As of the date of this annual report the Company has complied with the payment of the six penalty-related installments, all of which had been deferred.

#### *Disruptions*

As mentioned above, on May 10, 2019, the Company and the Energy Government Secretariat, on behalf of the Federal Government, entered into the Agreement on the Regularization of Obligations. By virtue of this Agreement, the Company undertook to pay users certain penalty and compensation amounts relating to the 2006-2016 period; and agreed to make investments, in addition to those agreed upon in the



RTI. Furthermore, the Company waived any rights to which it may be entitled and abandoned any actions against the Federal Government.

#### ***Foreclosure on the Pledge of Our Class A common shares or Revocation of Our Concession***

Under the terms of our concession, the Argentine Government has the right to revoke our concession if we enter into bankruptcy and the Argentine Government decides that we may not continue rendering services, in which case all of our assets will be transferred to a new state-owned company that will be sold in an international public bidding process. At the conclusion of this bidding process, the purchase price would be delivered to the bankruptcy court in favor of our creditors, net of any debt owed by us to the Argentine Government. Any residual proceeds would be distributed among our shareholders.

#### ***Periodic bidding for control of Edenor***

Before the end of each management period under our concession, the ENRE will arrange for an international public bidding procedure to be conducted for the sale of 51% of our capital stock and voting rights in similar conditions to those under which Pampa acquired its stake. Pampa (or its successor) will be entitled to participate in the bid. The person or group offering the highest price will acquire the stock and will pay the offered price to Pampa. If Pampa is the highest bidder or if Pampa's bid equals the highest bid, it will retain 51% of our stock, but no funds will need to be paid to the Argentine Government and Pampa will have no further obligation with respect to its bid. There is no restriction as to the amount Pampa may bid. In the event Pampa fails to submit a bid or its bid is lower than the highest bid, the Class A common shares will be transferred to the highest bidder and the price paid by the purchaser (except for any amounts owed to the Argentine Government) will be delivered to Pampa. See "Item 7. Major Shareholders and Related Party Transactions—Parent Company Merger Process."

The first management period was set to expire on August 31, 2007. We presented a request for a five-year extension of the initial management period in May 2007 and on July 5, 2007, the ENRE, pursuant to Resolution No. 467/07, agreed to extend the initial management period for an additional five-years term from the date that the new tariff structure was adopted under the RTI. The remaining 10-year periods will run from the expiration of the extension of the initial management period. The first management period is estimated to end on March 1, 2022.

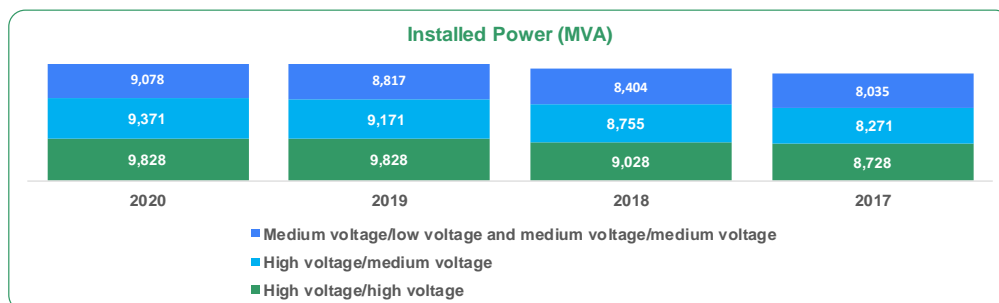
#### ***Default of the Argentine Government***

If the Argentine Government breaches its obligations in such a way that we cannot comply with our obligations under our concession or in such a way that our distribution service is materially affected, we may request the termination of our concession, after giving the Argentine Government a 90 days' prior notice. Upon termination of our concession, all our assets used to provide our electricity distribution service will be transferred to a new state-owned company to be created by the Argentine Government, which shares will be sold in an international public bidding procedure. The amount obtained in such bidding will be paid to us, net of the payment of any debt owed by us to the Argentine Government, plus compensation established as a percentage of the bidding price, ranging from 10% to 30% depending on the management period in which the sale occurs.

#### ***Edenor Network***

As of December 31, 2020, the system through which the Company supplies electricity comprises 79 HV/HV, HV/HV/MV and HV/MV transformer substations, which represents 11,199 MVA of installed power and 1,538 kilometers of 220 kV, 132 kV and 27.5 kV high-voltage networks. The MV/LV and MV/MV distribution system comprises 18,607 MV/LV transformers, which represents 9,078 MVA of installed power, 11,687 kilometers of 33 and 13.2 kV medium-voltage lines, and 27,636 kilometers of 380/220 V low-voltage lines.

The table below shows the most significant data related to the transmission and distribution system for the last five years:

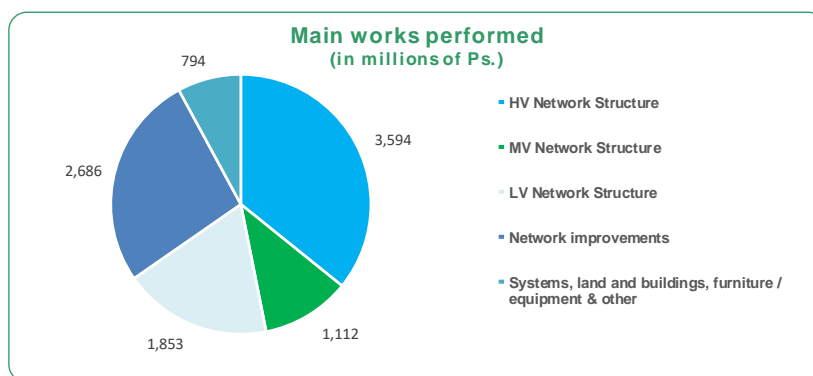


Electricity is conveyed from points of interconnection with the Argentine Interconnection System (“SADI”), 500 kV-220 kV Rodríguez Substation, 220 kV Ezeiza Substation, and from the local power plants, mainly Puerto and Costanera. In turn, the transmission network links these nodes with Casanova, Colegiales, Malaver, Matheu, Morón, Rodríguez, Talar and Zappalorto 220 kV head substations, and with Matanza, Ramos Mejía, Agronomía, Puerto Nuevo, Edison, Pilar, and Malvinas 132 kV head substations. Additionally, other local thermal-generation power plants are linked to Pilar, Zappalorto and Matheu Substations.

The transmission and distribution system, together with Edesur S.A. and Edelap S.A.’s systems, form the Greater Buenos Aires system that is operated by SACME, a company jointly controlled by the Company and Edesur S.A. SACME is responsible for the management of the high-voltage regional distribution in the Buenos Aires metropolitan area, coordinating, controlling and supervising the operation of the generation, transmission and distribution network in the City of Buenos Aires and the Buenos Aires metropolitan area, including coordination with the SADI in the Company’s and Edesur’s concession areas.

The Company distributes energy from the high/medium voltage substations through the primary 13.2kV and 33kV system to a secondary 380/220 V low-voltage system, distributing the electricity to final users with varied voltage levels depending on their requirements. In exceptional cases, certain users are supplied with power at higher voltages.

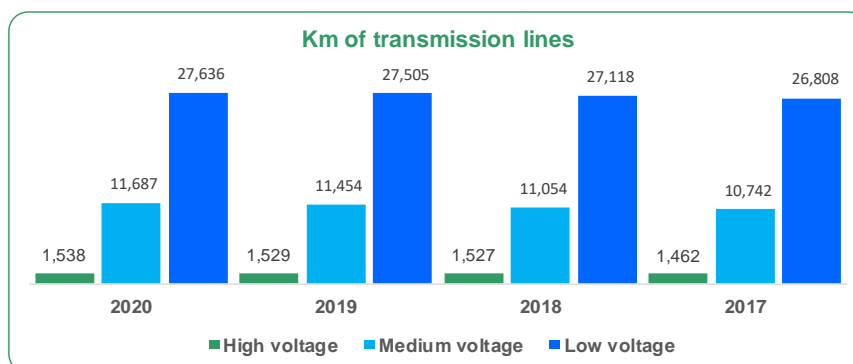
The following main works were performed in 2020:



#### *Transmission structure:*

Our transmission network’s structure comprises high voltage (HV: 500, 220 and 132 kV) lines and/or cables that link non-radial operation substations, the interconnection points and the generation. The main development criterion of this network is its adaptability in order to meet the planned demand according to its geographical distribution, considering the various possible generation scenarios and the eventual unavailability of facilities comprising the network. The Company’s HV transmission network

takes power mainly from the SADI through the Rodríguez Substation, Ezeiza Substation, Puerto Nuevo and Nuevo Puerto thermal power plants, and Costanera Substation; additionally, it exchanges power with other companies at transmission and distribution level.



In 2020, to improve service quality and meet the growth in demand, the following significant works were carried out in the HV network, among others:

- Put into service two capacitive compensation banks of 220 kV and 117.7 MVA each in the Rodríguez Substation, the first installation of this type in the country;
- Replacement of an 9 km-long section of 132 kV three-phase oil-paper cable with an XLPE-type dry cable in one of the electrical transmission lines that link Malaver and Munro Substations.
- Put into service 132 kV bars in the José C. Paz Substation, the first stage of network connection through the 132 kV electroducts from Morón Substation - to Matheu Substation. The second stage is expected to be completed during the second quarter of 2021.
- Continuation of work in 132 kV electroduct three-phase oil-paper cable with an XLPE-type dry cable in one of the electrical transmission lines that link Puerto Nuevo and Austria Substations.

#### *Subtransmission Structure*

Our subtransmission network is the link between HV (HV/HV) head substations and the substations where voltage is transformed from high to medium (HV/MV), adopting generally the 132 kV voltage level. The overhead network (double radial deviation or double loop deviation) and the underground network (in “simple circuit” loops or double loop deviation) are considered as the basic structure of the subtransmission network.

In 2020, some of the main works performed were:

- Completion of the new 132/13.2 kV 2 x 40 MVA Libertad Substation with two new 132 kV electrical transmission lines for a total length of 0,24 km that link this substation to Zappalorto and Merlo Substation;
- Put into service a new 132/13.2 kV - 80 MVA transformer in José C. Paz. Substation
- Replacement of one 132/13.2 kV - 40 MVA transformer in Colegiales Substation with one 132/13.2 kV - 80 MVA transformer;

- Completion of new 13.2 kV switchboards in Ramos Matheu Substation;
- Completion of new 13.2 kV switchboards in Ramos Mejía Substation which completed the remote control in all the medium voltage switchboards in the Edenor Substations, in addition to normalizing the network structure.
- Continuation of new substations: ARA San Juan of 132/13,2 kV 2x80 MVA and Oro Verde of 132/13,2 kV 2x40 MVA, which are expected to be put into services in 2021.

#### *Distribution Structure:*

The distribution network comprises all the equipment, medium voltage (13.2 and 33 kV) lines and cables that link subtransmission substations with medium and medium/low-voltage transformer centers. The network's basic structure consists of open normal operation feeders forming rings with other feeders of another busbar of the same substation or with neighboring substations.

In 2020, the following works were performed, among others:

- Installation of 37 new feeders in new and existing Substations;
- Closure between Substations' MV feeders and installation of 281 new MV/LV transformer centers and 516 power increases, which resulted in a net increase of installed power capacity of 241 MVA.

#### *Network improvement*

The improvements made to the networks in 2020 comprised all voltage levels. The most significant improvements are:

- High-voltage network: replacement of bushings in 500/220 kV, 220/132 kV and 132/MT kV transformers, and 220 kV disconnectors. The replacement of 132kv disconnectors / circuit breakers and 220 kV and 132kv line protection switchboards were made.
- Medium-voltage network: replacement of circuit breakers in substations and installation of internal arc protections in switchboards. Putting into service of a new switchboard in. Significant replacement of old technology in the underground network, change of medium and low-voltage transformers, and change of equipment in transformer centers.
- Low-voltage network: replacement of the underground and overhead network. Reinforcement of the network with product quality problems.

### **Information Technology and Telecommunications**

The Company operations in a dynamic industry with many business challenges. To address these challenges, the Company has continued to make progress through the strategic transformation of its Information Technology and Telecommunications function.

During 2020, due to the COVID-19 pandemic, the Company implemented several measures to promote and develop their internal technology, business processes and work performance. For example, the Company adopted new practices and working procedures and incorporated cutting-edge technologies for remote working.

#### *Digital architecture, innovation and processes*

In 2020, the Company implemented data management programs, designing the new Big Data & Analytics reference architecture, which offers a technology and best practices-based framework that will

enable the Company to take advantage of the benefits of advanced analytics, while strengthening information security and processing capacity. Such implementation will begin later in 2021.

In order to address the challenges imposed by the COVID-19 pandemic, the Company continued consolidating the application of an integration platform that it had implemented in 2019, migrating to the Red Hat technology.

#### *Commercial Processes*

We continued sustaining the development of an increasingly digital relationship with our customers by implementing the new Edenordigital, thus migrating to a completely redesigned and new platform from the technological viewpoint, incorporating the possibility of carrying out procedures digitally and facilitating customer self-management.

Moreover, the ASOP imposed to mitigate the effects of the COVID-19 pandemic meant, among other things, the closure of the commercial offices and headquarters, the need to estimate readings and the granting of payment facilities to avoid shutting off the service due to delinquency in payment. As a consequence, several systems and applications of the commercial cycle had to be adapted.

The continued development of both Edenordigital and the contact center, implemented in 2019, performed successfully, with an increase in both customers and transactions during 2020. With regard to Edenordigital, we extended its scope, adding the possibility to accomplish new procedures, such as that concerning new supplies, and making payments through new channels, such as debit cards and e-wallets. The Company also doubled the contact center's channels capacity and adjusted it so that agents could work from home. At the same time, new modules for the management of social networks were put into operation.

The Company has also adapted its reading and billing system (Oracle CC&B) in order to be able to process estimates, adapt the distribution of bills and manage delinquent payments with different behavioral segmentation models.

The Company has also implemented online appointment scheduling, in order for customers to book an appointment either to attend the commercial offices (when they are reopened to the public), or to receive remote customer service.

As for the medium and large customers segment, we finished developing the prototype of a new digital interaction platform, which will be launched in a first phase in 2021.

#### *Innovation, processes and integrated management system*

The consolidation of the practice of Management by Processes was accompanied by the implementation of several process analysis and redesign projects, including: New Supplies, Sales of Services and Collection Management. Furthermore, the Integrated Management System (IMS) has been successfully recertified under ISO 9001 and 14001/2015, and OHSAS 18001/2007 standards.

With regards to the automation of processes, new transactional robots ("RPA") were added for the analysis of files, recovery calculation and energy rebilling. With these new robots, the Company was able to achieve a recovery of Ps.20 million per month.

Moreover, the Company launched an online space called "Café en red" (Networking Coffee), with the objective to bring technology closer to the Company's new employees and accompany them in their remote work. In 2021, the Company is expecting to continue developing this online space.

Finally, as part of the Service Center launched in 2019, the Company launched the new "Edenor Soluciones" portal, a space of interaction that allows technology users to channel and follow up on their requirements and services. In 2021, this portal is expected to be used to channel other areas' internal requirements.

#### *Technical, operating and support processes*

In the framework of our strategy towards a new more flexible working environment and robust technology architecture, we were able to install more than 3,500 smart meters in the medium and large customer segments, using components of the smart metering architecture developed last year.

Furthermore, the Company was able to remotely control more than 2,200 transformer centers, many of which are connected through our own fiber optic network, whose length this year reached 2,500 kilometers, comparable in size with some local telecommunication companies.

The implementation project of the new ABB SCADA, which is in its final stage, continues to progress and is expected to be implemented in the first months of 2021.

With regards to the management of fraud and technical losses, the Company developed and implemented the first phase of a new energy balance system .

Additionally, the Company began to develop micro-balances of energy in more than 23 gated communities, proactively detecting potential fraud. Moreover, the Company implemented a mobile app so that the street crews can report nearby fraud. In addition to this, we continued strengthening the non-technical losses predictive model, based on machine learning.

With regards to supply management, the Company optimized the planning of supplies that are critical for the Company's activity (meters, switchgears, transformers), by means of a new SAP supported supply planning process.

#### *Data*

To help drive business decisions, the Company, has been developing a governance model and the quality of data, seeking to introduce more advanced forms of analysis and intelligence practices, including technology tools and development of analytical competences, by the Data Lab program (a multidisciplinary team to resolve user cases).

The machine learning-based predictive maintenance model for medium-voltage faults, which began to be developed last year, achieved more than 80% effectiveness. Additionally, the Company generated data analysis dashboards and models for the management of ENRE curves, the regulatory capital base, the reconciliation of supplies, the follow-up of purchases, and the optimization of contacts, among others.

#### *Cybersecurity*

In accordance with the cybersecurity program launched in 2018, and taking into consideration the criticality of this issue during the COVID-19 pandemic, the Company reinforced certain stages of the cybersecurity program, such as the incident response plan.

In that regard, the Company performed a simulated computer attack to adjust response variables in the event of these unexpected situations. Additionally, we implemented the new security model for the new SCADA system.

#### *Infrastructure*

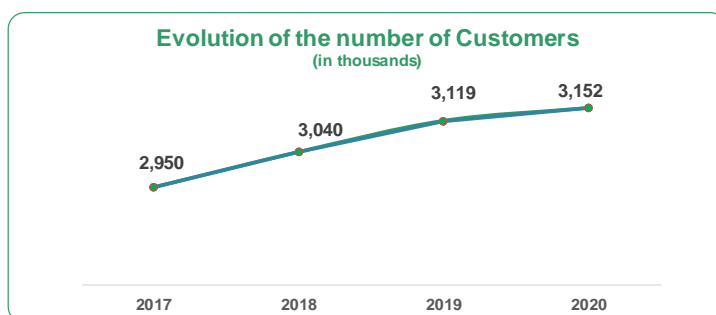
Adjustments and new service and infrastructure monitoring activities were made to and carried out in the entire platform that supports Edenordigital, CC&B, MIDE, external collections and the IVR, which allowed for the real-time measurement of performance and the achievement of a 99.81% average availability of customer digital platforms and applications within the Company.

The Company increased its installed capacity by 50% to support the growth of digital channels (Edenordigital, corporate website, payment hub, etc.) and implemented smart meters monitoring processes.

Moreover, the Company implemented a new storage platform (Dell PowerMax) that increases application performance by 30% and improves user experience, along with a RHEV virtualization farm.

## Users

The following graph shows the evolution of our user base over the last four years:



As of December 31, 2020, Edenor served 3,152,000 users. We define a “user” as one meter.

## Edenor Tariff Categories

Edenor classifies its users pursuant to the following tariff categories:

- Residential (T1-R1 to T1-R9): residential users whose peak capacity demand is less than 10kW. In 2020, this category accounted for approximately 46.2% of our electricity sales.
- Small commercial (T1-G1 to T1-G3): commercial users whose peak capacity demand is less than 10kW. In 2020, this category accounted for approximately 8% of our electricity sales.
- Medium commercial (T2): commercial users whose peak capacity demand is equal to or greater than 10kW but less than 50kW. In 2020, this category accounted for approximately 6.6% of our electricity sales.
- Industrial (T3): industrial users whose peak capacity demand is equal to or greater than 50kW. This category is applied to high-demand users according to the voltage at which each user is connected. The voltage ranges included in this category are the following: (i) Low Voltage (LV): voltage less than or equal to 1 kV; (ii) Medium Voltage (MV): voltage greater than 1kV but less than 66 kV; and (iii) High Voltage (HV): voltage equal to or greater than 66kV. In 2020, this category accounted for approximately 15.9% of our electricity sales. This category does not include users who purchase their electricity directly through the WEM under the wheeling system.
- Wheeling System: large users who purchase their electricity directly from generation or broker companies through the WEM. These tariffs follow the same structure as those applied under the Industrial category described above. As of December 31, 2020, the total number of such large users was 687, and this category represented approximately 16.7% of our electricity sales.
- Others: public lighting (T1-PL) and shantytown users whose peak capacity demand is less than 10kW. In 2020 this category accounted for approximately 6.7% of our electricity sales. See “Framework Agreement (Shantytowns)”.

We aim to maintain an accurate categorization of our users to charge the appropriate tariff to each user. In particular, we focus on our residential tariff categorizations to both minimize the number of commercial and industrial users who are classified as residential users and identify residential users whose peak capacity demand exceeds 10 kW and therefore do not qualify as residential users.

We rely on the following measures to detect incorrectly categorized users:

- reporting carried out by our employees tasked with reading meter information to identify observed commercial activities which are being performed by residential users,
- conducting internet surveys to identify advertisements for commercial services (such as medical or other professional services) that are linked to a residential user's address, and
- analyzing user demand to determine whether we should further evaluate the peak capacity demand of a given user whose use might exceed 10kW.

### ***Reading, Billing and Collecting***

The Company bills its users based on their tariff categories. Residential users and small business users are billed a fixed monthly charge and a variable charge based on each unit of energy consumed.

On January 29, 2016, pursuant to Resolution No. 1/16, the ENRE established a monthly billing scheme providing for bimonthly consumption reading. On February 1, 2017, the ENRE issued Resolution No. 63/17, which established a new tariff scheme that maintains the billing methodology of Resolution No. 1/16.

In 2017, the implementation of the remote meter reading system for the tariff 3 (high demand) and tariff 2 (medium demand) user segments gradually began.

As part of the measures aimed at the restructuring of the electricity sector after the RTI became effective, a system was implemented for the monthly billing of the consumption measured every two months, dividing for such purpose the bimonthly consumption into two similar monthly periods with a view to providing T1 (small demand) users with more timely information regarding their consumption and facilitating payment.

Additionally, to measure the amount of actual readings for which service is billed, limits of estimated readings have been established in order to maximize user billing on actual readings. The Concession Agreement initially stipulated that the maximum limit of estimates was 8% of the total bills issued. As from the effective date of the RTI, a maximum of 2% of estimated bills over the total number of bills issued for each electricity rate category has been set as a global indicator.

Due to the ASPO, there was a two-month period during which the consumption of all customers was estimated. However, the Company was able to minimize the impact using historical consumption formulas and making adjustments in the cases with significant changes in customer behavior. For instance, of the 3 million total customers whose consumption was estimated, less than 0.7% of them filed claims, which were timely and properly resolved.

Technology adaptations, such as remote meter readings, changes made in procedures, and the opening of new contact channels to coordinate meter readings notably reduced the number of cases that could not be billed in first instance, avoiding estimated consumption. Therefore, the subsequent processes of the commercial cycle have a regular flow; bill distribution tasks are more organized, due dates become more predictable and cash flows predictability is improved.

In the billing area, the Company developed six RPA robots and implemented in the billing processes of T1 customers category, for efficiency in the billing process.

Our residential and small commercial users are divided into subcategories based on their consumption, as follows:

#### ***Residential (Tariff 1-R or T1-R):***

- Tariff 1-R1: monthly energy consumption less than or equal to 300 KWh;



- Tariff 1-R2: monthly energy consumption greater than 301 KWh and less than or equal to 650 KWh;
- Tariff 1-R3: monthly energy consumption greater than 651 KWh and less than or equal to 800 KWh;
- Tariff 1-R4: monthly energy consumption greater than 801 KWh and less than or equal to 900 KWh;
- Tariff 1-R5: monthly energy consumption greater than 901 KWh and less than or equal to 1000 KWh;
- Tariff 1-R6: monthly energy consumption greater than 1001 KWh and less than or equal to 1200 KWh;
- Tariff 1-R7: monthly energy consumption greater than 1201 KWh and less than or equal to 1400 KWh;
- Tariff 1-R8: monthly energy consumption greater than 1401 KWh and less than or equal to 2800 KWh; and
- Tariff 1-R9: monthly energy consumption greater than 2800 KWh.

#### *Social Tariff*

The social tariff applies to the same subcategories of residential rates, for which there is no variable charge for the first 150 KWh of monthly consumption until November 2017. Since December 2017, mechanisms for discounts based on consumption (150 KWh/month at the price) of Stabilized Energy Price (“PEE”) energy, and the second (150 KWh/month at 50% of the PEE) and are differentiated according to whether they generate savings over the same period of 2015, provided for in Resolution of the ENRE No. 603/17. However, since the beginning of 2019, bonuses for savings have been eliminated.

To qualify for the social tariff, users must comply with one of the following characteristics:

- retirees or pensioners who receive two gross minimum wages or less;
- workers in employment relationships that earn two gross minimum wages or less;
- self-employed individuals falling in categories that correspond to annual income which monthly break out reaches two minimum gross wages or less;
- grantees of social programs;
- registered in the self-employed (*monotributista*) social category;
- grantees of non-contributory pensions with gross income equal to or less than two minimum wages;
- grantees of unemployment insurance;
- domestic service incorporated into the relevant special social security scheme;
- holders of the Lifetime Pension for Veterans of the South Atlantic War;
- persons with a disability certificate issued by a competent authority; and
- persons suffering or living with another person suffering from an illness whose treatment involves electrodependence (in this case, the variable charge for the first 600 KWh monthly consumption is free).

#### *Small commercial (Tariff 1-G):*

- Tariff 1-G1: bimonthly energy demand less than or equal to 1600 KWh;

- Tariff 1-G2: bimonthly energy demand greater than 1600 KWh but less than or equal to 4000 KWh; and
- Tariff 1-G3: bimonthly energy demand greater than 4000 KWh.

*Medium Commercial (Tariff 2):*

Medium commercial users (demand greater than 10 kW but less than 50 kW - Tariff T2) are billed on a monthly basis, as follows: (1) a fixed charge per invoice issued; (2) a fixed charge per each “scope of supply” of kW capacity agreed; (3) a fixed charge based on a maximum kW capacity (applicable to the maximum capacity registered during the billing period); (4) a variable charge based on each unit of energy consumed, without hour discrimination; and, (5) if applicable, a cos phi surcharge.

*Industrial (Tariff 3):*

Industrial users (demand equal or greater than 50 kW - Tariff T3) are billed on a monthly basis, as follows: (1) a fixed charge per invoice issued; (2) a fixed charge per each “scope of supply” of kW capacity agreed for low, medium or high voltage, with or without electricity consumption; (3) a fixed charge based on a maximum kW capacity registered, in low, medium or high voltage, applicable to the maximum capacity registered during the billing period; (4) a charge resulting from the electricity supplied in the voltage corresponding to the provision, in accordance with the consumption registered in each of the tariff timetables: “peak”, “night-time” and “remaining hours”; (5) if the supply is carried out in continuous current, a surcharge equivalent to a percentage of the price of the rectified electricity; and (6), if it is applicable, a cos phi surcharge.

*Public Lighting (AP):*

Public lighting users are billed a monthly variable energy charge based on each unit of energy consumed.

The table below shows the number of Edenor users per tariff category as of December 31, for the years 2020, 2019, 2018 and 2017, respectively:

	As of December 31,			
	2020	2019	2018	2017
T1R	2,785,165	2,757,794	2,677,693	2,580,003
T1G	327,923	322,255	322,479	328,715
T2	30,980	31,045	31,993	33,426
T3	6,881	6,888	6,876	6,874
Wheeling system	687	675	679	706
Other*	661	576	619	605
<b>Total</b>	<b>3,152,297</b>	<b>3,119,233</b>	<b>3,040,339</b>	<b>2,950,329</b>

\* Represents public lighting and shantytown users.

All of the meters are read with portable meter-reading terminals, either with manual access or optical reading (in the case of electronic meters for T2, T3 and certain T1 users). The systems validate the readings, and any inconsistent reading is checked and/or corrected before billing. Estimates of user usage were significantly reduced as a result of this new billing system. Once the invoices are printed, independent contractors in each operating area, that are subject to strict controls, distribute them.

*Slow-Paying Accounts and Past Due Receivables*

Pursuant to the Concession Agreement, certain procedures were established to reduce delinquency and enable collection, overseen with strict observance by the Commercial Department.

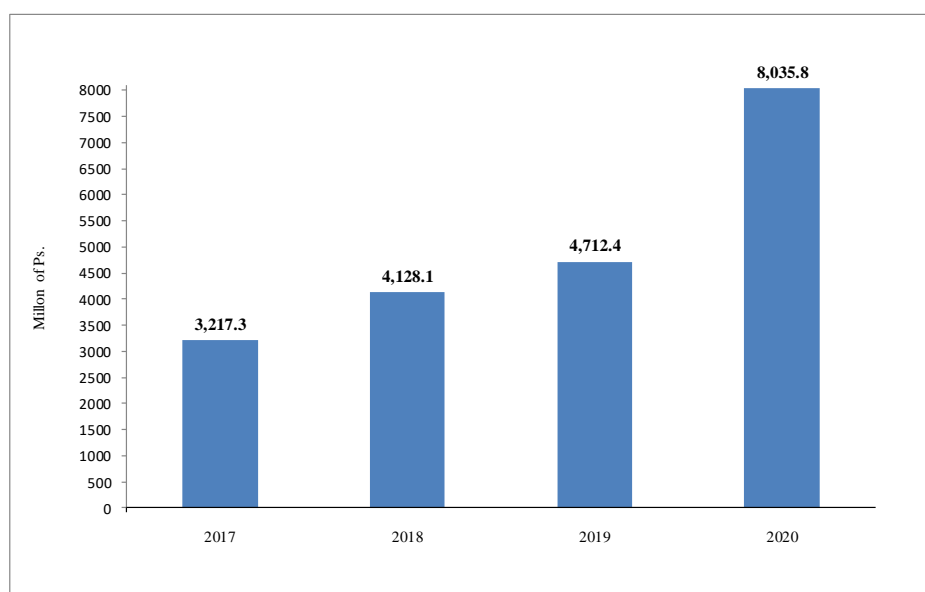
Municipal accounts make up a significant number of our arrears' accounts. The methods of collection on such arrears vary for each municipality. One method of collection is to withhold from the municipalities certain taxes collected from the public by us on behalf of the municipalities and using such taxes to offset any past due amounts owed to us by such municipalities. Another method of collection is to enter into refinancing agreements with the municipalities. Such methods significantly reduce the number of arrears accounts.

Our past due receivables increased to Ps.8,035.8 million as of December 31, 2020 from Ps.4,712.4 million as of December 31, 2019, due to the socioeconomic situation, which was exacerbated by the effects of the COVID-19 pandemic. Past due receivables could also be measured as an equivalent of billing days - according to this measure, an increase from 13.9 to 26.7 days is observed.

Throughout 2020, several actions were performed to control the past due receivables, including the following ones:

- Payment strategies to facilitate new payment channels;
- Special notices prompting payment;
- Personalized calls to negotiate and prompt payment;
- Sending e-mails informing about unpaid balances;
- Management and follow-up plans;
- More flexible payment plans; and
- Management of inactive accounts, including external collection agencies.

The following graph shows Edenor's delinquent balances as of December 31, of each year:



We also supply energy to low-income areas pursuant to the framework agreement with the Argentine Government and the Province of Buenos Aires, for which certain payments are still owed to us. See “Framework Agreement (Shantytowns).”

### ***Energy Losses***

Energy losses are equivalent to the difference between energy purchased and energy sold, and may be classified as technical and non-technical losses. Technical losses represent the energy that is lost during transmission and network distribution as a consequence of natural heating of the transformers and

conductors that transmit the electricity from the generating plants to the users. The non-technical energy losses represent the remainder of our energy losses mainly due to the illegal use of its services and administrative and technical errors.

Energy losses require us to purchase additional energy to satisfy apparent demand, thereby increasing costs. Furthermore, illegally tied-in users typically consume more electricity than the average level of consumption for their category. We are unable to recover from users the cost of electricity purchased beyond the average loss factor set at 10% pursuant to our concession. Therefore, the reduction of energy losses reduces the amount of energy we have to purchase to satisfy apparent demand but cannot invoice, and increases the amount of electricity actually sold.

At the time of the privatization of the electricity sector in 1992, our total energy losses were approximately 26.54%. At that time, our non-technical losses were estimated at 17%, of the energy purchased; with over half of that amount due to fraud and illegal use of our service. In response to the high level of losses, we implemented a loss reduction plan in 1992, which emphasized accurate measurement of energy consumption through periodic inspections, reduction of administrative errors, regularization of shantytowns, reduction of illegal direct connections, provision of services to shantytowns and reduction of technical losses. However, from time to time, the Company has experienced an increase in non-technical losses as economic crises have impaired the ability of its users to pay their bills, and an increase in technical losses relative to the increase in the volume of energy that the Company supplied during such periods.

Our goal is to maintain our energy losses at an optimal level, while also considering the cost of reducing such losses and the level at which we are reimbursed for the cost of these losses under our concession. Our procedures for maintaining an optimal level of losses are focused on improving collections to ensure that users pay for all the energy that they consume and making investments in our network to control technical losses. To reduce the theft of electricity we have implemented vigilance and special technologies, such as networks that cannot be reached using normal ladders, shields close to the electricity posts, concentric cables, shielded meters and suspension of electricity service, among other remedies.

In 2020, the plan launched in previous years continued to be implemented, substantially increasing the installation of self-managed meters (MIDEs) under a plan that consists of having 250,000 meters in place by 2020. The plan was aimed at normalizing clandestine consumers, inactive customers and chronic delinquent customers. In 2020, 25,466 MIDEs were installed, 24,540 which are currently operative, reaching 225,194 enabled MIDEs in the entire concession area.

In Regions II and III, new shantytowns were formed while existing shantytowns continued to grow. In 2020, the increase in total losses was mainly due to the theft of energy in these areas.

The installation of the new type of multiple concentric network (MLCON), which had begun by the end of 2018, has continued leveraging MIDE's functionalities and increasing invulnerability (by adding security to the meter system) in neighborhoods with a high fraud rate.

The following table illustrates our estimates of the approximate disruption between technical and non-technical energy losses experienced in our concession area for the periods indicated:

	<b>Year ended December 31,</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Technical losses	9.1%	9.6%	8.4%	8.8%
Non technical losses	10.5%	10.3%	9.8%	8.3%
<b>Total losses</b>	<b>19.6%</b>	<b>19.9%</b>	<b>18.2%</b>	<b>17.1%</b>

### ***Framework Agreement (Shantytowns)***

On January 10, 1994, the Company, Edesur, the Argentine Government and the Government of the Province of Buenos Aires entered into a Framework Agreement, whose purpose was to establish the guidelines under which the Company was to supply electricity to low-income areas and shantytowns (the “Framework Agreement”).

In accordance with the terms of our concession and given the nature of public service that the law grants for the distribution of electricity, the Company is required to supply electricity to all users within the concession area, including low-income areas and shantytowns located within our concession area. In October 2003, Edenor, Edesur and Edelap entered into a framework agreement with the Argentine Government and the Province of Buenos Aires (the “2003 Framework Agreement”) to regulate the supply of electricity to low-income areas and shantytowns. Under the 2003 Framework Agreement, the Company has the right to receive compensation for the services provided to shantytowns from funds collected from residents of each relevant shantytown, the Municipality in which it is located and, if there is a shortfall, by a special fund supported by the Argentine Government and the Government of the Province of Buenos Aires. The Argentine Government and the Province of Buenos Aires contribute an amount equal to 21% and 15.5% of such compensation, respectively, net of taxes, paid by those users with payment problems and meter irregularities, which are transferred to distributors such as Edenor as compensation. On June 23, 2008, Edenor entered into an amendment to the 2003 Framework Agreement (the “Amended 2003 Framework Agreement”) with the Argentine Government, the Province of Buenos Aires and the other national electric distributors extending the terms of the 2003 Framework Agreement. The Amended 2003 Framework Agreement expired on December 31, 2010.

On July 22, 2011, the Company, together with Edesur and Edelap, entered into an addendum (the “Addendum”) with the Argentine Government and the Government of the Province of Buenos Aires, to extend the Amended 2003 Framework Agreement for an additional term of four years (from January 1, 2011, to December 31, 2014). Such extension was approved on September 21, 2012 by Resolution No. 248/12 issued by the ENRE and ratified by the Ministry of Planning pursuant to Resolution No. 247/12. On December 31, 2014 the Amended 2003 Framework Agreement expired.

On August 3, 2017, an extension to the Framework Agreement until September 30, 2018 was signed, which represents the recognition of revenue relating to the distribution of electricity to low-income areas and shantytowns for the January 1, 2015 - September 30, 2018 period for an amount of Ps.764.5 million.

On May 10, 2019, the Company and the Federal Government entered into an additional addenda to the Framework Agreement, extending the term thereof until May 31, 2019. Additionally, such addenda provided for the following:

- The Federal Government’s commitment to settle the amounts of its economic contribution for the supply of electricity to shantytowns, after deducting the energy associated with the social tariff;
- That the Company may assign the receivable amounts recognized by this extension to Edesur. In this regard, the relevant agreement on the assignment of receivables was signed, whereby Edesur, in consideration for the assigned receivables, paid to Edenor Ps.167.8 million.

Consequently, as of December 31, 2019 the Company recognized revenue from the sale of electricity under the Framework Agreement until December 31, 2018 for Ps.470.8 million, which stated in constant values amounts to Ps.986.0 million, and for the first five months of 2019 for Ps.205.5 million, which stated in constant values amounts to Ps.279.8 million, both related to the Federal Government’s participation in the Framework Agreement.

On December 16, 2020, the “Agreement on the Development of the Preventive and Corrective Maintenance Work Plan for the Electricity Distribution Network of the Buenos Aires Metropolitan Area”

(the “Work Plan”), was signed with the Federal Government and the province of Buenos Aires, to guarantee the electricity supply to vulnerable neighborhoods of the Buenos Aires Metropolitan Area.

As of December 31, 2020, the debt for the electricity supplied in the October 2017 – July 2020 period to low-income areas and shantytowns in Edenor’s concession area amounted to Ps.2,126 million.

All of these amounts will be applied to the Work Plan so that the necessary investment and preventive and corrective maintenance works can be carried out in the networks in charge of distribution companies and related to vulnerable neighborhoods and other areas of the concession area, with the aim of improving the service therein provided and meeting the contingencies and any peak demand that often occurs in the summer.

On January 14, 2021, the Company received the first disbursement for Ps.1,500 million; the second disbursement for Ps.500 million is expected to be received in the first quarter of 2021; the third disbursement for Ps.500 million in the second quarter of 2021; and the fourth disbursement in accordance with that which the ENRE will validate and inform about the vulnerable neighborhoods’ total consumption between August and December 2020. The aforementioned disbursements are subject to compliance with the Work Plan mentioned in the previous paragraph and the control by the ENRE and the Federal Government.

### ***Insurance***

As of December 31, 2020, the Company is insured for partial and total property loss and damage, including those due to floods, fires and acts of nature, up to U.S.\$1,764.1 million, with the following deductibles:

- transformers, between U.S.\$175,000 and U.S.\$850,000 (depending on their power level);
- equipment of sub-stations (not including transformers), U.S.\$75,000;
- commercial offices, U.S.\$1,500 for each office;
- deposits and other properties, U.S.\$25,000; and
- terrorism risk, U.S.\$50,000, being the maximum insured amount of U.S.\$7,000,000.

We are also insured against theft of safe-deposit boxes, and cash/valuables in commercial offices and cash/valuables-in-transit for a maximum amount of U.S.\$250,000 and U.S.\$5,000, respectively, with a deductible of U.S.\$250.

In addition, we maintain the following insurances, subject to customary deductibles and the conditions established for each coverage:

- Directors and Officers Liability (D&O);
- General Liability;
- Vehicles;
- Environmental insurance (requested by governmental authorities);
- Surety insurance (requested by governmental authorities);
- Electronic equipment insurance;
- Mandatory life insurance for all our employees which is maintained in accordance with Argentine law; and,
- Optional life insurances for all our employees.

The Company has been analyzing cybersecurity coverages offered by different insurance companies, which cover the following risks:

- Responsibility for data privacy (personal / corporate / contracted companies);
- Responsibility for network security;
- Responsibility for electronic content;
- Cyber extortion;
- Loss of digital assets (theft / damage / destruction / data contamination); and
- Business interruption

However, there is not yet a company that covers material damage to the property of the insured, as well as damage to third parties or damage to property of third parties, as a result of a cyber-attack.

After a bidding process, none of the insurance company participants has offered a business-interruption coverage. Although, we consider our insurance coverage to be adequate and in accordance with the prevailing standards for the industry, see “Item 3. Key Information—Risk Factors—Risks Relating to Our Business—In the event of an accident or other event not covered by our insurance, we could face significant losses that could materially adversely affect our business and results of operations.”

### ***Environmental Management***

In Argentina, the Argentine Government, the provincial Governments and the Government of the City of Buenos Aires are empowered to legislate on natural resources and environmental protection issues. The 1994 Constitution reaffirms this principle, assigning to the Argentine Government the establishment of broad environmental guidelines and to the provincial Governments and the Government of the City of Buenos Aires the duty to implement the necessary legislation to attain national environmental goals. The environmental policy for the electricity market was formulated by the former SE and implemented by the ENRE. Areas regulated by the ENRE include the tolerance level for electromagnetic fields, radio interference, voltage of contact and pass, liquid spills, disposal and handling of solid wastes, noise and vibration admissible levels and use, and the transport and storage of hazardous waste, including polychlorinated biphenyl (PCB), a viscous substance which was historically used to lubricate electrical transformers. The Argentine Environmental Law required that we eliminate the use of PCB in our transformers before January 1, 2011.

Over the course of 2009, we completed the removal of PCBs from all our transformers with contaminated coolant oils exceeding 50 ppm (parts per million), the limit established by National Law No. 25,670.

As part of our investment plan, we made important improvements to our network and implemented technological innovations which reduced the impact of these improvements on the environment. We are required to apply for licenses from the ENRE for all our business activities, which include certain requirements related to environmental protection. To the best of our knowledge, we are in compliance in all material respects with all applicable environmental standards, rules and regulations established by the ENRE, the former SE and other federal, provincial and municipal authorities. We have implemented environmental management programs to evaluate environmental impact and to take corrective actions when necessary. In addition, we have in place an environmental emergency plan designed to reduce potential adverse consequences should an environment contingency occur. Finally, as part of our environmental actions, we improved and deepened the program of rational uses of energy in our buildings and in our user equipment.

Regarding the addition of new installations and related construction works, all of the studies corresponding to the environmental impact evaluation required by law are being performed. These analyses are presented to local environmental authorities and submitted to consideration of the local communities in public audiences held as required by applicable regulations for the issuance of an environmental aptitude certificate.

On October 19, 1999, the Argentine Institute of Normalization (Instituto Argentino de Normalización) certified that we have an environmental management system that is in accordance with the requirements of the standards set by the International Standardization Organization (ISO) as specified in its release, ISO 14001/15, which relates specifically to environmental management systems. This certification is reaffirmed on an annual basis, most recently as of December 20, 2020.

Section 22 of Law No. 25,675 requires all persons whose activities maintain an Environmental Complexity Level (ECL) that implies a risk of damage to the environment, such as any activity of the Company, to obtain environmental insurance for a certain minimum coverage

### *Seasonality*

Demand for our services fluctuates on a seasonal basis. For a discussion of this seasonality of demand, see “Item 5. Operating and Financial Review and Prospects—Demand —Seasonality of Demand”.

### *New Brand and Institutional Image*

In 2017, the Company launched its new brand and institutional image. The goal of this change is to reflect a modern company, with an emphasis on technology, innovation and user service quality, as well as portray the Company as a model public utility company, with a focus on two pillars: efficiency and proximity.

The new brand and institutional image continued during 2020 and was visible throughout the different levels of the Company’s operations, including the corporate buildings, our commercial offices, corporate vehicles, invoices, among others. The principal actions were:

- Industrial safety: on December 20, 2020, the Company successfully passed the annual audit conducted by the Argentine Institute for Standardization and Certification (“IRAM”) on the management of Industrial Safety, which allowed it to maintain the OHSAS 18001 certification it had obtained in 2005. In order to comply with these guidelines related to Occupational Health and Safety, the Company performed several activities, resulting in improved accident indicators from 2016 to 2020.
- Public safety: in 2020 the Company successfully passed the annual audit conducted by the IRAM on the Public Safety System (PSS) according to ENRE Resolution No. 421/11, thus maintaining the related certification.
- Quality: the Company successfully passed the external maintenance audit of the Integrated Management System (IMS), which was conducted on December 20, 2020. The certifying entity IRAM highlighted as strengths the technical level and the commitment to service of the interviewed technical staff, as well as the assignment of technology and financial resources to improve the service and the customer service.
- Environmental management: in 2020, the Provincial Agency for Sustainable Development of the Province of Buenos Aires granted Edenor the environmental clearance certificate, for certain works projects developed in such province.
- Community actions: in 2020, the Corporate Social Responsibility (CSR) area was created, within the Human Resources Department, with the aim of enhancing and integrating all the actions carried out by Edenor in the communities where we operate. For this purpose, the electricity inclusion project, the Educational Program (“Edenorchicos”) and the Scholarship and mentoring program were developed.
- Sustainable energy: in 2020, Law No. 27,424 on “Program for the Promotion of Distributed Generation of Renewable Energy Integrated in the Public Electricity Grid” was enacted. This law allows users to install in their premises renewable energy generation equipment for self-consumption and sale of generation surpluses injected into Edenor’s network. On the other hand, we began to implement the first phase of the T3 customer meters modernization plan. This phase consists of replacing 1,000 conventional meters with smart meters. It is expected that the total universe of T3 customer meters are being replaced between 2020 and 2022. Continuing with actions developed to provide medically dependent on power customers with a preferential customer service, we launched a smart meter installation pilot plan for a reduced number of cases (approximately 10 % of the universe). In 2020, we increased the number of remotely-managed MIDEs to a total of 225,194, distributed in 139 transformer centers. Moreover, with the aim of making power outage and restoration detection in sensitive customers more efficient, and building synergy with the smart meter implementation projects, we began to develop tools to achieve an automatic alert generation in such group of customers.



## THE ARGENTINE ELECTRICITY INDUSTRY

### Historical Background

Electricity was first made available in Argentina in 1887 with the first public street lighting in Buenos Aires. The Argentine Government's involvement in the electricity sector began in 1946 with the creation of the *Dirección General de Centrales Eléctricas del Estado* (General Directorate of Electric Power Plants of the State) to construct and operate electricity generation plants. In 1947, the Argentine Government created *Agua y Energía Eléctrica S.A.* (Water and Electricity, or AyEE) to develop a system of hydroelectric generation, transmission and distribution for Argentina.

In 1961, the Argentine Government granted a concession to the *Compañía Italo Argentina de Electricidad* (Italian-Argentine Electricity Company, or CIADE) for the distribution of electricity in a part of the City of Buenos Aires. In 1962, the Argentine Government granted a concession formerly held by the *Compañía Argentina de Electricidad* (Argentine Electricity Company, or CADE) to *Servicios Eléctricos del Gran Buenos Aires* (Electricity Services of Greater Buenos Aires, or SEGBA), our predecessor, for the generation and distribution of electricity to parts of Buenos Aires. In 1967, the Argentine Government granted a concession to Hidroeléctrica Norpatagónica S.A. (Hidronor) to build and operate a series of hydroelectric generation facilities. In 1978, CIADE transferred all of its assets to the Argentine Government, following which CIADE's business became Government-owned and operated.

By 1990, virtually all of the electricity supply in Argentina was controlled by the public sector (97% of total generation). The Argentine Government had assumed responsibility for the regulation of the industry at the national level and controlled all of the national electricity companies, AyEE, SEGBA and Hidronor. The Argentine Government also represented Argentine interests in generation facilities developed or operated jointly with Uruguay, Paraguay and Brazil. In addition, several of the Argentine provinces operated their own electricity companies. Inefficient management and inadequate capital spending, which prevailed under national and provincial Government control, were in large measure responsible for the deterioration of physical equipment, decline in quality of service and proliferation of financial losses that occurred during this period.

In 1991, as part of the economic plan adopted by former President Carlos Menem, the Argentine Government undertook an extensive privatization program of all major state-owned industries, including within the electricity generation, transmission and distribution sectors. In January 1992, the Argentine Congress adopted Law No. 24,065 (the "Regulatory Framework Law"), which established guidelines for the restructuring and privatization of the electricity sector. The Regulatory Framework Law, which continues to provide the framework for regulation of the electricity sector since the privatization of this sector, divided generation, transmission and distribution of electricity into separate businesses and subjected each to appropriate regulation.

The ultimate objective of the privatization process was to achieve a reduction in tariffs paid by users and improve quality of service through competition. The privatization process commenced in February 1992 with the sale of several large thermal generation facilities formerly operated by SEGBA, and continued with the sale of transmission and distribution facilities (including those currently operated by our company) and additional thermoelectric and hydroelectric generation facilities.

### Regulatory and Legal Framework

#### *Role of the Government*

The Argentine Government has restricted its participation in the electricity market to regulatory oversight and policy-making activities. These activities were assigned to agencies that have a close working relationship with one another and occasionally even overlap in their responsibilities. The Argentine Government has limited its holding in the commercial sector to the operation of international hydropower projects and nuclear power plants. Provincial authorities followed the Argentine Government by divesting themselves of commercial interests and creating separate policy-making and regulatory entities for the provincial electricity sector.

### *Limits and Restrictions*

To preserve competition in the electricity market, participants in the electricity sector are subject to vertical and horizontal restrictions, depending on the market segment in which they operate.

#### *Vertical Restrictions*

The vertical restrictions apply to companies that intend to participate simultaneously in different sub-sectors of the electricity market. These vertical restrictions were imposed by Law No. 24,065, and apply differently depending on each sub-sector as follows:

##### *Generators*

- Under Section 31 of Law No. 24,065, neither a generation company, nor any of its controlled companies or its controlling company, can be the owner or a majority shareholder of a transmitter company or the controlling entity of a transmitter company; and
- Under Section 9 of Decree No. 1398/92, since a distribution company cannot own generation units, a holder of generation units cannot own distribution concessions. However, the shareholders of the electricity generator may own an entity that holds distribution units, either as shareholders of the generator or through any other entity created with the purpose of owning or controlling distribution units.

##### *Transmitters*

- Under Section 31 of Law No. 24,065, neither a transmission company nor any of its controlled companies or its controlling entity can be the owner or majority shareholder or the controlling company of a generation company;
- Under Section 31 of Law No. 24,065, neither a transmission company, any company controlled by a transmission company nor any company controlling a transmission company can own or be the majority shareholder or the controlling company of a distribution company; and
- Under Section 30 of Law No. 24,065, transmission companies cannot buy or sell electricity.

##### *Distributors*

- Under Section 31 of Law No. 24,065, neither a distribution company, nor any of its controlled companies or its controlling company, can be the owner or majority shareholder or the controlling company of a transmission company; and
- Under Section 9 of Decree No. 1398/92, a distribution company cannot own generation units. However, the shareholders of the electricity distributor may own generation units, either directly or through any other entity created with the purpose of owning or controlling generation units.

#### *Definition of Control*

The term “control” referred to in Section 31 of the Regulatory Framework Law (which establishes vertical restrictions) is not defined in such law. Section 33 of the Argentine Corporations Law states that “companies are considered as controlled by others when the holding company, either directly or through another company: (1) holds an interest, under any circumstance, that grants the necessary votes to control the corporate will in board meetings or ordinary shareholders meetings; or (2) exercises a dominant influence as a consequence of holding shares, quotas or equity interest or due to special linkage between the companies.” We cannot assure you, however, that the electricity regulators will apply this standard of control in implementing the restrictions described above.

#### *Horizontal Restrictions*

In addition to the vertical restrictions described above, distribution and transmission companies are subject to horizontal restrictions, as described below.

#### *Transmitters*

- According to Section 32 of Law No. 24,065, two or more transmission companies can merge or be part of the same economic group only if they obtain an express approval from the ENRE. Such approval is also necessary when a transmission company intends to acquire shares of another electricity transmission company;
- Pursuant to the concession agreements that govern the services rendered by private companies operating transmission lines above 132 kW and below 140 kW, the service is rendered by the concessionaire on an exclusive basis over certain areas indicated in the concession agreement; and
- Pursuant to the concession agreements that govern the services rendered by the private company operating the high-tension transmission services equal to or higher than 220 KW, the Company must render the service on an exclusive basis and is entitled to render the service throughout Argentina, without territorial limitations.

#### *Distributors*

- Two or more distribution companies can merge or be part of the same economic group only if they obtain an express approval from the ENRE. Such approval is necessary when a distribution company intends to acquire shares of another electricity transmission or distribution company; and
- Pursuant to the concession agreements that govern the services rendered by private companies operating distribution networks, the service is rendered by the concessionaire on an exclusive basis over certain areas indicated in the concession agreement.

#### **2001 Economic Crisis**

At the end of 2001 and beginning of 2002, Argentina experienced an unprecedented crisis that virtually paralyzed the country's economy through most of 2002 and led to radical changes in government policies. See "Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Results of Operations—Argentine Economic Conditions". The crisis and the Argentine Government's policies during this period severely affected the electricity sector.

The Argentine Government has repeatedly intervened in and modified the rules of the WEM since 2002 in an effort to address the electricity crisis generated by the economic crisis. These modifications include the establishment of caps on the prices paid by distributors for electricity power purchases and the requirement that all prices charged by generators be calculated based on the price of natural gas (also regulated by the Argentine Government) regardless of the fuel actually used in generation activities. These modifications have created a huge structural deficit in the operation of the WEM. The Argentine Government has made some attempts to correct these problems, including proposing new rules to structure the WEM in December 2004 and creating a special fund to finance infrastructure improvements in the energy sector in April 2006, but little progress has been made in advancing a system-wide solution to the problems confronting Argentina's electricity sector.

In September 2006, the former SE issued Resolution No. 1,281/06 in an effort to respond to the sustained increase in energy demand following Argentina's economic recovery after the crisis. This resolution sought to create incentives for energy generation plants in order to meet increasing energy needs. The resolution's principal objective was to ensure that energy available in the market was used primarily to service residential users and those industrial and commercial users whose energy demand was at or below 300 kW and who lacked access to other viable energy alternatives. This resolution helped us to mitigate the risk of energy shortages due to a lack of electricity generation. See "—Business Overview—Our obligations."

In 2009, the Argentine Government completed the construction and began the operation of two new 800 MW combined cycle generators constructed as part of its effort to increase energy supply. The costs of construction were financed with net revenues of generators derived from energy sales in the spot market and through specific charges from CAMMESA to large users. These funds had been deposited in the Fund for Investments Required to Increase Electricity Supply in the Wholesale Electricity Market (*Fondo de Inversiones Necesarias que Permitan Incrementar la Oferta de Energía Eléctrica en el Mercado Eléctrico Mayorista*, or FONINVEMEM).

## **Regulatory Authorities**

The principal regulatory authorities responsible for the Argentine electricity industry are:

- (1) the Secretaría de Energía (the “SE”);
- (2) the ENRE; and
- (3) CAMMESA.

The SE advises the Argentine Government on matters related to the electricity sector and is responsible for the application of the policies concerning the Argentine electricity industry. See “Item. 3. Key Information—Risk Factors—Risks Relating to Our Business—Failure or delay to negotiate further improvements to our tariff structure, including increases in our distribution margin, and/or to have our tariff adjusted to reflect increases in our distribution costs in a timely manner or at all, has affected our capacity to perform our commercial obligations and could also have a material adverse effect on our capacity to perform our financial obligations.”

The ENRE is an autonomous agency created by the Regulatory Framework Law. The ENRE has a variety of regulatory and jurisdictional powers, including, among others:

- enforcement of compliance with the Regulatory Framework Law and related regulations;
- control of the delivery of electric services and enforcement of compliance with the terms of concessions;
- adoption of rules applicable to generators, transmitters, distributors, electricity users and other related parties concerning safety, technical procedures, measurement and billing of electricity consumption, interruption and reconnection of supplies, third-party access to real estate used in the electricity industry and quality of services offered;
- prevention of anticompetitive, monopolistic and discriminatory conduct between participants in the electricity industry;
- imposition of penalties for violations of concessions or other related regulations; and
- arbitration of conflicts between electricity sector participants.

Under Law No. 24,065, the ENRE is managed by a five-member Board of Directors appointed by the Argentine Executive Power of the Argentine Government. Two of these five members are nominated by the Consejo Federal de la Energía Eléctrica (Federal Council on Electricity, or “CFEE”). The CFEE is funded with a percentage of revenues collected by CAMMESA for each MWh sold in the market. Sixty percent of the funds received by the CFEE are reserved for the Fondo Subsidiario para Compensaciones Regionales de Tarifas a Usuarios Finales (Regional Tariff Subsidy Fund for End Users), from which the CFEE makes distributions to provinces that have met certain specified tariff provisions. The remaining forty percent is used for investments related to the development of electrical services in the Argentine provinces.

By means of the Productive Reactivation Law, the Argentine Executive Power was entitled to assume the administrative control of the ENRE and the ENARGAS until December 31, 2020, which effectively occurred on March, 16, 2020, according to Decree No. 277/2020. Said intervention was extended on December 17, 2020 by means of Decree No. 1020/20, until December 31, 2021, or until the tariff review process is concluded, whichever occurs first.

On December 22, 2015, through Decree No 231/15 the ME&M was created, as a result of the rise in hierarchy of the old SE, which had been part of the Ministry of Federal Planning, Public Investment and Services of the Nation, with the objective of elaborating, proposing and executing the national energy policy. On March 5, 2018, through Decree No 174/18 the structure of the ME&M was modified, amongst other offices of the Argentine Government. The older structure of the ME&M, created through Decree No 231/15, comprised four secretaries and fourteen undersecretaries, whilst the new structure was reduced to three secretaries and ten undersecretaries. However, on September 6, 2018, through Decree No. 801/18, the Argentine Government strategically reorganized the ministries, dissolving the ME&M and transforming it into the SEE, which remains within the orbit of control of the Ministry of Finance. On December 19, 2019, the Argentine Executive Power issued Decree No. 50/19 by means of which it approved the new organizational chart of the national government. On October 2020, the Executive Branch issued Decree No. 804/20, modifying the organizational chart of the national government. According to this Decree, the Secretariat of Energy, which is in charge of elaborating, proposing and executing the national energy policy, is now part of the Ministry of Economy.

Although CAMMESA is not a state-owned company, it usually receives funds from the Argentine Government, has a public purpose and makes decisions pursuant to SEE instructions.

CAMMESA is responsible for:

- managing the SADI to the Regulatory Framework Law and related regulations, which includes:
- determining technical and economic dispatch of electricity (i.e., schedule of production for all generating units on a power system to match production with demand) in the SADI;
- maximizing the system's security and the quality of electricity supplied;
- minimizing wholesale prices in the spot market;
- planning energy capacity needs and optimizing energy use pursuant to the rules from time to time established by the SE,
- monitoring the operation of the term market and administering the technical dispatch of electricity pursuant to any agreements entered into in such market;
- acting as agent of the various WEM participants;
- purchasing or selling electricity from or to other countries by performing the relevant import/export operations;
- providing consulting and other services related to these activities;
- supplying fuel pursuant to Resolution No. 95/13 of the former SE, which includes the management, acquisition, nationalization, control, reception, storage and distribution of liquid fuels to Generation Centrals through marine, river and land transportation;
- administrating the expansion of gas pipelines associated to natural gas supply to the new thermal centrals under construction;
- managing the availability of the generation system, formalizing, controlling and supervising the works involved with supply commitment contracts. Implementation of the maintenance plans for the thermal system;
- implementing the increase in capacity of the central storage;
- incorporating Biodiesel to the electricity generation matrix; and
- developing related activities pursuant to the execution of new generation infrastructure and transport, managing the trust contracts for the new thermal and nuclear centrals, especially for non-conventional sources of energy or those works within the National Hydraulic Works Program.

The operating costs of CAMMESA are covered by mandatory contributions made by WEM participants. CAMMESA's annual budget is subject to a mandatory cap equivalent to 0.85% of the aggregate amount of transactions in the WEM projected for that year.

Pursuant to Law No. 27,467, which enacted the 2019 Federal Budget of Expenditures and Resources Law, the Argentine Executive Power was instructed to promote such actions that may be necessary in order for the electricity distribution companies Edenor and Edesur to become subject to the joint jurisdiction of the Province of Buenos Aires as of and the City of Buenos Aires on January 1st, 2019.

On February 28, 2019, the Federal Government, the Province of Buenos Aires and the City of Buenos Aires entered into an agreement to initiate the process of transferring the public service of electricity distribution, duly awarded under the Concession Agreement by the Federal Government to Edenor, from the jurisdiction of the Argentine Government to the joint jurisdiction of the Province of Buenos Aires and the City of Buenos Aires, with the latter two jointly assuming the capacity as grantors of the concession of the service. The Province of Buenos Aires and the City of Buenos Aires agreed to set up a new bipartite agency in charge of the regulation and control of the distribution service, and the Federal Government agreed to take the necessary steps and carry out the necessary administrative procedures to provide a solution to the pending claims with both distribution companies.

In the framework of such agreement, on May 9, 2019, the Federal Government, the City of Buenos Aires and the Province of Buenos Aires entered into the Transfer Agreement, pursuant to which the City of Buenos Aires and the Province of Buenos Aires jointly assume, as from the date of effectiveness, the regulation, control and the capacity as grantor over the distribution service granted to Edenor under the Concession Agreement]. Furthermore, it is provided that (i) the Concession Agreement and also the national regulations issued by both the Energy Secretariat and the ENRE will remain in full force and effect until the effective date of the transfer occurs pursuant to the applicable regulatory framework; and (ii) that the pledge of the Class "A" shares, duly pledged as collateral to secure the performance of the obligations assumed by the holder of the concession and/or the majority shareholders under the Concession Agreement, is assigned on an undivided basis by the Federal Government to the City of Buenos Aires and the Province of Buenos Aires.

The Company was notified of and assented to the arrangement made by the Federal Government and the new grantors of the concession with respect to the Transfer Agreement and undertook both to indemnify them against any claims and to obtain the agreement of the majority of its shareholders. The Transfer Agreement was ratified by the Provincial Executive Power and the City of Buenos Aires Legislative Power.

Further, with the enactment of the Productive Reactivation Law and the suspension of the transfer of the jurisdiction, the ENRE retained its jurisdiction over the public service of electricity distribution during the term of the emergency as set forth in such law.

## **The Wholesale Electricity Market**

### ***Overview***

The former SE established the WEM in August 1991 to allow electricity generators, distributors and other agents to buy and sell electricity in spot transactions or under long-term supply contracts at prices determined by the forces of supply and demand.

The WEM consists of:

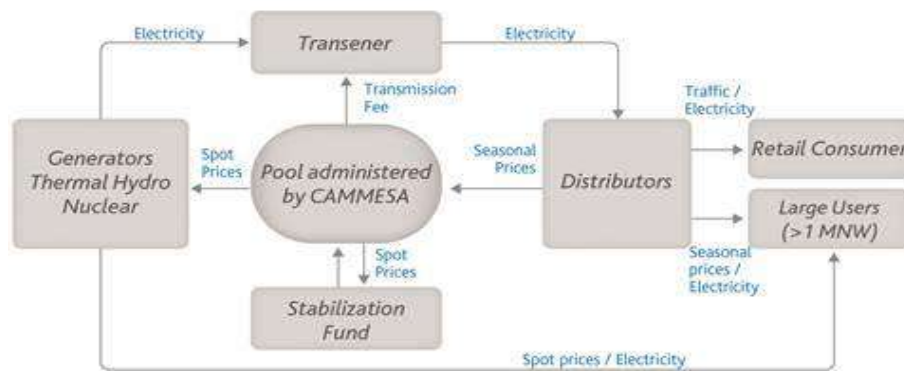
- a term market in which generators, distributors and large users enter into long-term agreements on quantities, prices and conditions. Since March 2013, pursuant to Resolution No. 95/13 of the former SE, all large users have to buy their backup energy from CAMMESA seasonally;
- a spot market, in which prices are established on an hourly basis as a function of economic production costs, represented by the short-term marginal cost of production and demand; and

- a stabilization fund, managed by CAMMESA, which absorbs the differences between purchases by distributors at seasonal prices and payments to generators for energy sales at the spot price.

### ***Operation of the Wholesale Electricity Market***

The operation of the WEM is administered by CAMMESA, which was created in July 1992 by the Argentine Government and currently owns 20% of CAMMESA's capital stock. The remaining 80% is owned by various associations that represent WEM participants, including generators, transmitters, distributors and large users.

The following chart shows the relationships among the various actors in the WEM:



### ***Wholesale Electricity Market Participants***

The main participants in the WEM are generation, transmission and distribution companies. Large users and traders also participate in the WEM but to a lesser extent.

#### ***Generators***

According to a recent report issued by CAMMESA, as of December 31, 2019, Argentina's installed power capacity was 39,704 MW, 62% of which derived from thermal generation, 27% from hydraulic generation, 4.4% from nuclear generation and 6.6% from non-conventional sources of energy. As of December 31, 2020, Argentina's installed power capacity was 41,951 MW, 61.3% of which derived from thermal generation, 21.7% from hydraulic generation, 7.5% from nuclear generation and 9.5% from non-conventional sources of energy. Private generators participate in CAMMESA through the Asociación de Generadores de Energía Eléctrica de la República Argentina (Argentine Association of Electric Power Generators, or AGEERA), which is entitled to appoint two acting and two alternate directors of CAMMESA.

On December 27, 2017, Law No. 27,424 was enacted and is related to the generation of electric power from renewable energy sources. Such law provides the legal and contractual conditions for the generation of renewable energy by the users of the distribution network for self-consumption and eventual injection of excess electricity into the grid. Additionally, the law created a public fiduciary fund, called Fund for the Distributed Generation of Renewable Energy ("FODIS"), which aims to finance the implementation of distributed generation systems of renewable energy. Also, the law created the promotion regime for the National Manufacturing Systems, Equipment and Supplies for the Distributed Generation of Renewable Energy ("FANSIGED"), whose main activities comprise research, design, development, investment in capital goods, production, certification and installation services for the distributed generation of energy from renewable sources.

### ***Transmitters***

Electricity is transmitted from power generation facilities to distributors through high voltage power transmission systems. Transmitters do not engage in purchases or sales of power. Transmission services are governed by the Regulatory Framework Law and related regulations promulgated by the ME&M.

In Argentina, transmission is carried at 500 kV, 300 kV, 220 kV and 132 kV through SADI. The SADI consists primarily of overhead lines and transformation stations (i.e., assemblies of equipment through which electricity delivered through transmission circuits passes and is converted into voltages suitable for use by end users) and covers approximately 90% of the country. The majority of the SADI, including almost all of the 500 kV transmission lines, has been privatized and is owned by Transener S.A., which is indirectly co-controlled by Pampa Energía, our controlling shareholder and the largest integrated electricity company in Argentina (See “Item 7. Major Shareholders and Related Party Transactions—Parent Company Merger Process”). Regional transmission companies, most of which have been privatized, own the remaining portion of the SADI. Supply points link the SADI to the distribution systems, and there are interconnections between the transmission systems of Argentina, Brazil, Uruguay and Paraguay allowing for the import and export of electricity from one system to another.

Transmission companies also participate in CAMMESA by appointing two acting and two alternate directors through the Argentine Association of Electric Power Transmitters (*Asociación de Transportistas de Energía Eléctrica de la República Argentina*, or “ATEERA”).

In 2017, pursuant to Resolution No. 1,085/17, the SEE significantly modified the allocation of costs of the HV and extra high voltage transmission systems. The changes implemented, applicable as from December 1, 2017 are: (1) WEM generators no longer pay for the use of the transmission networks, except for the connection equipment entirely destined for each generator; and (2) the total cost of each transmitter is distributed among the users in its network, in proportion to their demand for energy, no longer applying the calculation methodology based on equipment use.

### ***Distributors***

Each distributor supplies electricity to consumers and operates the related distribution network in a specified geographic area pursuant to a concession. Each concession establishes, among other things, the concession area, the quality of service required, the tariffs paid by consumers for the distribution service and an obligation to satisfy demand. The ENRE monitors compliance by federal distributors, including us and Edesur with the provisions of the respective concessions and with the Regulatory Framework Law. In turn, provincial regulatory agencies monitor compliance by local distributors with their respective concessions and with local regulatory frameworks.

Distributors participate in CAMMESA by appointing two acting and two alternate directors through the Argentine Association of Electric Power Distributors (*Asociación de Distribuidores de Energía Eléctrica de la República Argentina*, or ADEERA).

We and Edesur are the largest distribution companies and, together with Edelap, originally comprised SEGBA, which was divided into three distribution companies at the time of its privatization in 1992.

### ***Large Users***

The WEM classifies large users of energy into three categories: Major Large Users (*Grandes Usuarios Mayores*, or GUMAs), Minor Large Users (*Grandes Usuarios Menores*, or GUMEs) and Particular Large Users (*Grandes Usuarios Particulares*, or GUPAs).

Each of these categories of users has different requirements with respect to purchases of their energy demand. For example, GUMAs are required to purchase 50% of their demand through supply contracts and the remainder in the spot market, while GUMEs and GUPAs are required to purchase all of their demand through supply contracts.



Large users participate in CAMMESA by appointing two acting and two alternate directors through the Argentine Association of Electric Power Large Users (*Asociación de Grandes Usuarios de Energía Eléctrica de la República Argentina*, or AGUEERA).

### ***Spot Market***

#### *Spot Prices*

The emergency regulations enacted after the Argentine crisis in 2001 and 2002 had a significant impact on energy prices. Among the measures implemented pursuant to the emergency regulations were the pesification of prices in the WEM, known as the spot market, and the requirement that all spot prices be calculated based on the price of natural gas, even in circumstances where alternative fuel such as diesel is purchased to meet demand due to the lack of supply of natural gas.

Prior to the crisis, energy prices in the spot market were set by CAMMESA, which determined the price charged by generators for energy sold in the spot market of the WEM on an hourly basis. The spot price reflected supply and demand in the WEM at any given time, which CAMMESA determined using different supply and demand scenarios that dispatched the optimum amount of available supply, taking into account the restrictions of the transmission grid, in such a way as to meet demand requirements while seeking to minimize the production cost and the cost associated with reducing risk of system failure.

The spot price set by CAMMESA compensated generators according to the cost of the last unit to be dispatched for the next unit as measured at the Ezeiza 500 kV substation, which is the system's load center and is in close proximity of the City of Buenos Aires. Dispatch order was determined by plant efficiency and the marginal cost of providing energy. In determining the spot price, CAMMESA also would consider the different costs incurred by generators not in the vicinity of Buenos Aires.

In addition to energy payments for actual output at the prevailing spot market prices, generators would receive compensation for capacity placed at the disposal of the spot market, including stand-by capacity, additional stand-by capacity (for system capacity shortages) and ancillary services (such as frequency regulation and voltage control). Capacity payments were originally established and set in U.S. Dollars to allow generators to cover their foreign-denominated costs that were not covered by the spot price. However, in 2002, the Argentine Government set capacity payments in reference to the Peso thereby limiting the purpose for which capacity payments were established.

#### *Seasonal Prices*

The emergency regulations also made significant changes to the seasonal prices charged to distributors in the WEM, including the implementation of a pricing ladder organized by level of user consumption (which varies depending on the category of users) charged by CAMMESA to distributors at a price significantly below the spot price charged by generators. Prior to the implementation of the emergency regulations, seasonal prices were determined by CAMMESA based on an estimate of the weighted average spot price that would be paid by the next generator that would come on-line to satisfy a theoretical increase in demand (marginal cost), as well as the costs associated with the failure of the system and several other factors. CAMMESA would use a seasonal database and optimization models in determining the seasonal prices and would consider both anticipated energy supplies and demand, including, expected availability of generating capacity, committed imports and exports of electricity and the requirements of distributors and large users.

In November 2012, pursuant to Resolution No. 2,016/12 of the former SE and in accordance with the Summer Seasonal Program approved for the period November 2012-April 2013, the seasonal price format was modified, concluding in a single purchase price without considering any demand nor time segmentation and taking into account the structure of the demand as of October 2012 as the base. Subsequently, the former SE adopted Resolution No. 408/13, which maintained both the single price and the criteria for raising subsidies during the winter season.

During the winter season 2014, Resolution No. 2,016/12 issued by the former SE was applied without any price reduction and residential users with consumption levels above 1,000 KWh did not receive subsidies equivalent to those received in 2013.

On January 25, 2016, the former ME&M issued Resolution No. 6/16, approving the seasonal WEM prices for each category of user, pursuant to the Regulatory Framework Law, for the period of February 2016 through April 2016, in force through January 2017. These WEM prices resulted in the elimination of certain energy subsidies and a substantial increase in electricity rates for users. Such resolution also contemplated a differentiated tariff for residential users who achieved energy consumption savings between 10% and 20%, or greater than 20%, compared to the same period in the year 2015 (Stimulus Plan), and a social tariff for residential users who comply with certain consumption requirements, which includes a full exemption for monthly consumptions below or equal to 150 KWh and tariff benefits for users who exceed such consumption level but achieve a monthly consumption lower than that of the same period in the immediately preceding year.

Beginning in May 2016, we were notified by several courts of the Province of Buenos Aires of injunctions granted to individual and collective users against Resolution No. 6/16 and Resolution No. 1/16 issued by the ENRE (which authorized our new tariff schedule as from February 2016). Consequently, the then applicable tariff schedule, which includes the WEM prices established by Resolution No. 6/16, were not applied during certain periods in 2016 to the entire concerned area as a result of the injunctions issued in the above-mentioned case and to the districts of “Pilar” and “La Matanza” where provisional remedies were in effect until October 24 and November 11, 2016, respectively, when they expired. Therefore, as of those dates, no provisional remedy has been in effect and the new tariff scheme has been applied to all users.

On February 1, 2017, the SEE published Resolution No 20-E/17, pursuant to which it approved the Summer Seasonal Schedule for the WEM corresponding to the period held between February 1 and April 30, 2017.

In this regard, the SEE established the power and electricity reference prices for the different categories of users, which has been in force since March 1, 2017, and recognized a discount for the reference prices, exclusively for the month of February 2017. The SEE also ratified the social tariff determined by Resolution No. 6/16, and included the category of electricity dependent users, which establishes a full exemption for monthly consumptions below or equal to 600 KWh and tariff benefits for those users who exceed such consumption level but achieve a monthly consumption lower than that of the same period in the immediately preceding year.

On November 30, 2017, through Resolution No. 1,085-E/17, the SEE established a new methodology for the allocation of high-voltage transportation costs, which will be evenly distributed among all the energy demand of the WEM with a uniform rate, assigning them to the users according to their energy demand.

As of December 1, 2017, in accordance with ME&M Resolution No. 1091/17, the new stabilized price of energy and the power output reference price were defined. Additionally, the new stabilized price of transport was settled, which became more significant in the purchase price of energy.

On December 27, 2018, Resolution No. 366/18 issued by the SGE approved the Summer Seasonal Schedule for the WEM submitted by CAMMESA, which determined new prices for power capacity, energy and transmission for the period from February 2019 through October 2019. Furthermore, the social tariff and savings bonuses for the residential tariff were eliminated, as beneficiaries have been transferred to the provincial jurisdictions. As of the date of issuance of this document, the Province of Buenos Aires and the City of Buenos Aires are complying with the payment of the social tariff on a regular basis.

On January 31, 2019, pursuant to ENRE Resolution No. 25/19 the ENRE approved (under the terms of ENRE’s Resolution No 366/2018) the values of the Company’s Electricity Rate Schedule, effective as from February 1, 2019, and informed the value of the average electricity rate as from February 1, 2019 under the terms of Energy Government Secretariat Resolution No. 366/2018, which modified the prices at which distributors acquire energy in the MEM.

Furthermore, pursuant to Resolution No. 27/19, the ENRE approved the CPD value of February 2019 together with the stimulus factor, which application was deferred until March 2019. Additionally, such Resolution determined the value to be applied for the 36 remaining installments resulting from the gradual application system established in ENRE Resolution No.63/2017, and provided as well that the 50% of the CPD that should have been applied in August 2019, will be recovered in 6 CPD variation-adjusted installments.

On December 21, 2019, the Argentine Executive Power enacted the Productive Reactivation Law, which authorized the Argentine Administration to initiate a renegotiation process of the tariff structure or to execute an extraordinary review for a maximum of 180 days, in order to reduce the actual tariff burden on private, commercial and industrial users for 2020.

On December 27, 2019, the ENRE instructed the Company to not apply the electricity rate schedules from January 1, 2020.

On December 16, 2020, by means of Decree No. 1020, the Argentine Executive Power extended until March 31, 2021 the freeze on electricity rates prescribed under the Productive Reactivation Law enacted in 2019. Such Law authorized the Argentine Executive Power to hold the pricing of electricity and natural gas tariffs under federal jurisdiction and to initiate the RTI renegotiation process. In addition, until a definitive renegotiation agreement is reached, the Law provides alternatively to enforce an interim renegotiation agreements containing a transitional tariff.

Consequently, by Decree No. 543/2020, the freeze on electricity rates was extended until March 31, 2021, or until the new transitional electricity rate schedules resulting from the Transitional Tariff System come into effect, whichever occurs first.

### ***Stabilization Fund***

The stabilization fund, managed by CAMMESA, absorbs the difference between purchases by distributors at seasonal prices and payments to generators for energy sales at the spot price. When the spot price is lower than the seasonal price, the stabilization fund increases, and when the spot price is higher than the seasonal price, the stabilization fund decreases. The outstanding balance of this fund at any given time reflects the accumulation of differences between the seasonal price and the hourly energy price in the spot market. The stabilization fund is required to maintain a minimum amount to cover payments to generators if prices in the spot market during any relevant quarter exceed the seasonal price.

Billing of all WEM transactions is performed monthly through CAMMESA, which acts as the clearing agent for all purchases between participants in the market. Payments are made approximately 40 days after the end of each month.

The stabilization fund was adversely affected as a result of the modifications to the spot price and the seasonal price made by the emergency regulations, pursuant to which seasonal prices were set below spot prices resulting in large deficits in the stabilization fund. As of December 31, 2020, the stabilization fund balance was approximately Ps.85 billion, resulting from the stabilization fund plus the over expenses of dispatch net of the Argentine treasury contributions. However, if all the funds and accounts of energy and power are considered (including the additional energy, fuel over expenses, quality supply, surplus demand pursuant to Resolution No. 1,281/06 of the SE, WEM, over expense contracts, etc.), this balance is decreased to approximately Ps. 219 billion. In this regard, the deficit has been financed by the Argentine Government through nonrefundable loans to CAMMESA over a ten year period, and the same methodology continues to be applied, although the deficit tends to be reduced as a result of the policies implemented by the ME&M.

### ***Term Market***

Generators are able to enter into agreements in the term market to supply energy and capacity to distributors and large users. Distributors are able to purchase energy through agreements in the term market

instead of purchasing energy in the spot market. Term agreements typically stipulate a price based on the spot price plus a margin. Prices in the term market have at times been lower than the seasonal price that distributors are required to pay in the spot market. However, as a result of the emergency regulations, spot prices in the term market are currently higher than seasonal prices, particularly with respect to residential tariffs, making it unattractive for distributors to purchase energy under term contracts while prices remain at their current levels.

As from March 2013, pursuant to the SE Resolution No. 95/13, all large users are required to purchase their backup energy from CAMMESA at any relevant contractual maturity date.

According to Law No. 27,191, users whose average demand in the previous year of each transaction, is less than or equal to 300 kW, must meet the applicable percentages of renewable energy participation imposed by such law through either of the following two mechanisms: joint purchases or supply contracts.

During 2017, pursuant to Resolution No 281-E/17 (amended by Disposition 1-E/18 issued by the Subsecretaría de Energías Renovables) the ME&M created the Term Market Regime for Electric Power from Renewable Sources, which established the percentages of renewable energy that large users are obliged to consume within their demand of energy. The resolution also determined the commercialization and administration charges for large users that opt for the joint purchase of renewable energy that CAMMESA commercializes. Additionally, large users can agree to supply contracts directly with the generators, without incurring charges for joint purchases.

### ***Plus Energy***

In September 2006, the former SE issued Resolution No. 1,281/06 in an effort to respond to the sustained increase in energy demand following Argentina's economic recovery after the crisis. This resolution seeks to create incentives for energy generation plants in order to meet increasing energy needs. The resolution's principal objective is to ensure that energy available in the market is used primarily to service residential users and industrial and commercial users whose energy demand is at or below 300 kW and who do not have access to other viable energy alternatives. To achieve this, the resolution provides that:

- large users in the WEM and large users of distribution companies (in both cases whose energy demand is above 300 kilowatts), will be authorized to secure energy supply up to their "base demand" (equal to their demand in 2005) by entering into term contracts; and
- large users in the WEM and large users of distribution companies (in both cases whose energy demand is above 300 kilowatts) must satisfy any consumption in excess of their base demand with energy from the Plus Energy system at unregulated market prices. The Plus Energy system consists in the supply of additional energy generation from new generation and/or generating agents, co-generators or auto-generators that are not agents of the electricity market or who as of the date of the resolution were not part of the WEM. Large users in the WEM and large users of distribution companies can also enter into contracts directly with these new generators or purchase energy at unregulated market prices through CAMMESA.

Only the new generation facilities (which include generators that were not connected to the SADI as of September 5, 2006) and new generation capacity expansions in respect of existing capacity as of such date are entitled to sell electricity under the *Plus Energy* system.

The resolution also established the price large users are required to pay for excess demand, if not previously contracted under *Plus Energy*, which is equal to the generation cost of the last generation unit transmitted to supply the incremental demand for electricity at any given time. The SE established certain temporary price caps to be paid by large users for any excess demand which as of the date of this annual report were Ps.550 per MWh for GUDIs and Ps.450 per MWh for GUMEs and GUMAs.

These prices have been updated as follows:

- after August 2011, the median incremental charge for excess demand was set at Ps./MWh for GUMAs and GUMEs and 455 Ps./MWh for GUDIs;
- after December 2011, the median incremental charge for excess demand for those who are not subsidized was set at 360 Ps./MWh;
- pursuant to the former SE Resolution No. 95/13 from March 22, 2013, as opposed to the backup contracts where a unique energy supplier is authorized by CAMMESA, the *Plus Energy* contracts are available to the large users and generators previously authorized by the Argentine National Planning, Public Investment and Services Ministry. The users under the GUDI category, whose *Energy Plus* contracts mature, have the option of rehiring *Energy Plus*, reclassifying themselves under the GUME category; or continue buying the total amount of their energy from the distributors, paying in case needed. Base Surplus Demand pursuant to Resolution SE No. 1,281/06;
- as of March 13, 2015, the median incremental charge for excess demand was set at Ps./MWh for GUMAs and GUMEs and 550 Ps./MWh for GUDIs; and
- based on the guidelines set forth in Resolution No. 6 of the ME&M, the median incremental charge for excess demand was set at 650 Ps./MWh for GUMAs and GUMES, while GUDIs stopped paying this charge.

## ORGANIZATIONAL STRUCTURE

As of the date of this annual report, Edenor is a subsidiary of Pampa Energía, which is the largest independent integrated energy company in Argentina. Pampa Energía, however, has entered into a binding stock purchase agreement for the sale of its controlling interest in Edenor, and the sale is pending approval from the ENRE. As of December 31, 2020, Pampa Energía and its subsidiaries were engaged in the generation, distribution and transmission of electricity in Argentina, oil and gas exploration and production, refining and distribution, petrochemicals and hydrocarbon commercialization and transportation in Argentina and, to a lesser extent, in Ecuador and Venezuela.

As of December 31, 2020:

- the generation installed capacity reached approximately 4,955 MW, with a market share in Argentina of approximately 12%. In addition, Pampa Energía committed to develop projects that it expects will increase its installed capacity by 295 MW, for a total installed capacity of 5,250 MW;
- the distribution of energy operations supplied electricity to approximately 3,2 million users throughout the northern region of the City of Buenos Aires and the Northwestern Greater Buenos Aires area, making us the largest electricity distribution company in Argentina;
- the combined oil and gas production in Argentina where Pampa Energía averaged 45.0 thousand barrels of oil equivalent per day, 90 % gas, making it the third largest gas producer in the “Cuenca Neuquina”.
- In petrochemicals operations, Pampa has three highly complex plants, leading the production of styrene, synthetic rubber and polystyrene, with a local market share between 85% and 98%.

Finally, the holding and other businesses segment is mainly made up of its 27.7% shareholding in TGS, the largest gas transporter in the country, which has 9,231 km of gas pipelines and an LGN General Cerri plant, with a production capacity of 1 million tons per year.

In addition, Transener S.A, an indirect shareholder of 26.3% of the Company operates and maintains 85% of Argentina's high voltage transmission network, through 21 thousand km of lines. Pampa

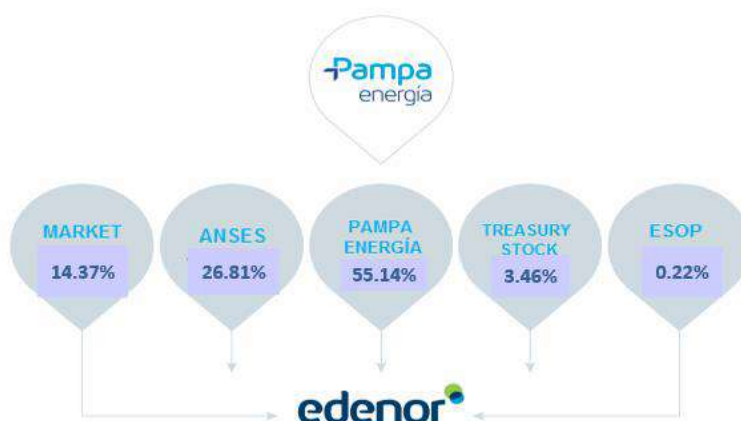
also has a direct 28.5% shareholding in Refinor, which has a refinery with an installed capacity of 25.8 kb of oil per day and 91 service stations in the northwest of the country.

On December 28, 2020, Pampa entered into a binding stock purchase agreement with Empresa de Energía del Cono Sur S.A., as purchaser, and Integra Capital S.A., Messrs. Daniel Eduardo Vila, Mauricio Filiberti and José Luis Manzano as guarantors, for the sale of Pampa's controlling interest in Edenor. The agreement consists of a transfer of Pampa's total Class A shares, which represent 51% of the capital stock and voting rights of the Company, pursuant to certain conditions precedent, including but not limited to the approval by Pampa's shareholders' meeting and the ENRE (the "Transaction"). The Transaction was approved by Pampa's Ordinary and Extraordinary General Shareholders' Meeting held on February 17, 2021. At the closing of the Transaction, the change of control of the Company will trigger, under certain circumstances, an obligation to make payments to certain of the Company's executive officers, including in connection with the termination of their employment. As of the date of this annual report, the Transaction is pending approval from the ENRE.

Upon the closing of the Transaction, Empresa de Energía del Cono Sur S.A. will be required under Argentine securities law to conduct a mandatory tender offer open to all holders of common shares issued by Edenor, including holders of ADSs in respect of the underlying Class B common shares.

For more information, see "Item 7. Major Shareholders and Related Party Transactions—Parent Company Merger Process."

The following diagram presents our corporate structure as of the date of filing of this annual report:



## PROPERTY, PLANT AND EQUIPMENT

Our main properties are transmission lines, substations and distribution networks, all of which are located in the northwestern part of the greater Buenos Aires metropolitan area and in the northern part of the City of Buenos Aires. Substantially all of our properties are held in concession to provide the electricity distribution service, which, by its nature, is considered to be an essential public service. In accordance with Argentine law and court precedents, assets which are necessary for the rendering of an essential public service are not subject to attachment or attachment in aid of execution.

The net book value of our property, plant and equipment as recorded on our financial statements was Ps.124,914 million, Ps.137,894 million and Ps.130,786 million as of December 31, 2020, 2019 and

2018, respectively. For a description of our capital expenditures plan, see “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Edenor’s Capital Expenditures.”

The total value of property, plant and equipment transferred by SEGBA on September 1, 1992 was allocated to individual assets accounts on the basis of engineering studies conducted by the Company. The value of property, plant and equipment was determined based on the price effectively paid by Pampa for the acquisition of 51% of the Company’s capital stock. SEGBA neither prepared separate financial statements nor maintained financial information or records with respect to its distribution operations or the operations in which the assets transferred to Edenor were used. Accordingly, it was not possible to determine the historical cost of transferred assets. Additions subsequent to such date have been valued at acquisition cost, net of the related accumulated depreciation. Depreciation has been calculated by applying the straight-line method over the remaining useful life of the assets, which was determined on the basis of the above-mentioned engineering studies. Furthermore, in order to improve the disclosure of the account, the Company has made certain changes in the classification of property, plant and equipment based on each technical process. In accordance with the provisions of IAS 23, borrowing costs in relation to any given asset are to be capitalized when such asset is in the process of production, construction, assembly or completion, and such processes, due to their nature, take long periods of time; those processes are not interrupted; the period of production, construction, assembly or completion does not exceed the technically required period; the necessary activities to put the asset in condition to be used or sold are not substantially complete; and the asset is not in condition so as to be used in the production or startup of other assets, depending on the purpose pursued with its production, construction, assembly or completion. Subsequent costs (major maintenance and reconstruction costs) are either included in the value of the assets or recognized as a separate asset, only if it is probable that the future benefits associated with the assets will flow to the Company, being it possible as well that the costs of the assets may be measured reliably and the investment will improve the condition of the asset beyond its original state. The other maintenance and repair expenses are recognized in profit or loss in the year in which they are incurred.

The Company analyzes the recoverability of its long-lived assets on a periodical basis or when events or changes in circumstances indicate that the recoverable amount of the long-lived assets may be impaired. As from the enactment by the Argentine Executive Power of the new measures (see “Item 3. Risk Factors – Risks Relating to the Electricity Distribution Sector – The Argentine Government has intervened in the electricity sector in the past, and may continue intervening”), the projections made by the Company concerning the recoverability of its property, plant and equipment have been updated. The value in use is determined on the basis of projected and discounted cash flows, using discount rates that reflect the time value of money and the specific risks of the assets under consideration. Cash flows are prepared based on estimates concerning the future performance of certain variables that are sensitive to the determination of the recoverable amount, among which the following can be noted: (i) nature, timing, and form of the electricity rate increases and/or recognition of cost adjustments; (ii) demand for electricity projections; (iii) development of the costs to be incurred; (iv) investment needs to maintain the service quality levels required by the Regulatory authority, and (v) macroeconomic variables, including, growth rate, inflation rates and foreign currency exchange rates, among others. The Company has made its projections under the assumption that in the next few years it will obtain the delayed electricity rate updates to which it is entitled in accordance with the applicable regulations, using a discount rate (“WACC”) in dollars. After having analysed the recoverability of long-lived assets, as of the date of these annual report, the Company has recorded an impairment of property, plant and equipment for Ps.17,396 million.

The total value of property, plant and equipment suffered the effects of the application of IAS 29, as discussed in our audited financial statements, included in Item 18 of this annual report and in the “Selected Financial Data” included in Item 3; The non-monetary items carried at historical cost were restated using coefficients that reflect the variation recorded in the general level of prices from the date of acquisition or revaluation to the closing date of the reporting period. Depreciation charges of property, plant and equipment and amortization charges of intangible assets recognized in profit or loss for the period, as well as any other consumption of non-monetary assets were determined on the basis of the new restated amounts. See “Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Results of Operations—Tariffs—Distribution Margin or Value-Added for Distribution (VAD)—Integral Tariff Revision, or (RTI).”

### **Termination of agreement on real estate property**

In November 2015, the Company entered into an agreement with RDSA for the purchase and construction of real estate property for a total of U.S.\$46 million (equivalent to Ps.439.3 million according to the effective exchange rate at the time of execution of the purchase agreement). The Company purchased the real estate property to centralize its functions, reduce rental costs and to mitigate the risk of potential rent increases. In addition, the Company obtained a surety bond from Aseguradores de Cauciones for U.S.\$46 million, plus the private banks' Badlar rate in dollars + 2%, to guarantee payment of liquidated damages in the event of the seller's default.

Pursuant to the agreement, RDSA was obligated to deliver the property on June 1, 2018, and failed to perform. As a result, the Company declared the RDSA in breach, notified Aseguradores de Cauciones of such breach and subsequently collected U.S.\$502.8 thousand in fines accrued during the term of the agreement and duly deposited as bond by the seller for failing to meet the construction project milestones of the agreement.

With regards to the legal actions brought by the Company against RDSA and the insurance company, on September 30, 2019, the Company entered into a settlement agreement pursuant to which the insurance company will pay to the Company a sole compensation of U.S.\$15 million and assign it the insurer's subrogation right for the amount paid to RDSA.

As of December 31, 2019, the Company has collected U.S.\$14 million. With regard to the U.S.\$1 million receivable resulting from the agreement with Aseguradora de Cauciones S.A., the Company has received the payment of U.S.\$370,000. The remaining balance for U.S.\$630,000 will be collected in five quarterly installments according to a new payment schedule agreed between the Company and Aseguradora de Cauciones S.A. As of the date of this annual report we have received two payments for a total amount of U.S.\$100,000 each of the remaining balance.

With regard to RDSA reorganization proceedings, the Company has filed ancillary proceedings for review of the amount declared inadmissible, relating to the contractually agreed-upon penalty clause. The ancillary proceedings for review have been rejected by the Court, a decision which the Company has appealed to the Court of Appeals in Commercial Matters, where it is pending resolution. Due to the pandemic declared by the World Health Organization on March 11, 2020 and the ASPO ordered by Decree 297/2020, and the subsequent extensions thereof, the originally set procedural time limits have been extended, with the exclusivity period in order for the reorganization debtor to propose one or more reorganization plans and obtain the consent required by law for the confirmation of the eventual agreement being currently underway.

As a result of the assessment of different alternatives aimed at the recovery of the referred to claim, on January 18, 2021, the Company accepted the "Offer for the Assignment of the Claim in Litigation" made by Creaurban S.A., whereby Edenor assigns and transfers the claim, under the terms of section 1,614 and subsequent sections of the Argentine Civil and Commercial Code. Consequently, Creaurban S.A. will assume the consequences and results deriving from the reorganization proceedings, the claim in litigation and/or any other action or arrangement deriving from the claim to collect the Claim in Litigation; whereas the Company agrees to immediately give Creaurban S.A., with no deductions, any amount or assets received on account of the referred to claim.

The assignment of the claim was agreed for an amount of: (i) Ps.400 million, which was paid by Creaurban S.A. on January 27, 2021; plus (ii) an additional contingent price determined in meters. Item (ii) shall represent 30% of the square meters to which the holder of such claim would be entitled if, in turn, it had applied an internal rate of return of at least 15% per annum after taxes to the New Tower Project, after having deducted the New Tower's development and construction costs and the commitments of the trust and the repayment of the mortgage loan with Banco Patagonia S.A.



#### **Item 4A. *Unresolved Staff Comments***

None.

#### **Item 5. *Operating and Financial Review and Prospects***

The following discussion should be read in conjunction with our audited financial statements as of and for the years ended December 31, 2020, 2019 and 2018, included in Item 18 of this annual report and the “Selected Financial Data,” included in Item 3 herein. Our financial statements have been prepared in accordance with IFRS as issued by the IASB. See “Item 3. Key Information—Selected Financial Data.”

In the last five fiscal years, the Company recorded negative working capital. This situation is due mainly to the suspension of the electricity rate update from February 2019 to date, in spite of the constant increase of the operating costs and the investments necessary, both for the operation of the network and to maintain the quality of the service, in a context of inflation and sustained recession in which the Argentine economy has been since mid-2018. The Company’s financial situation has been significantly affected by the freeze on electricity rates, since its revenues have been tied to December 2018 values, in spite of the high levels of inflation experienced over the past three years. As a result, it is uncertain when the update of costs will be recognized.

Additionally, this situation was exacerbated by the effects of the COVID-19 pandemic, which has had a severe social, economic and financial impact. Most of the world’s countries implemented exceptional actions, which had an immediate impact on their economies, as rapidly evidenced by the falls recorded in production and activity indicators. Governments’ immediate response to these consequences was the implementation of tax aids to sustain their citizens’ income and thereby reduce the risk of a disruption in the supply chain management, with the aim of avoiding an economic and financial crisis. With regards to the Company, significant impacts were felt that affected the economic and financial equation generated by the freeze on electricity tariffs even further, such as the increase in delinquency tariffs and the decrease in demand. As a consequence, the Company’s management was forced to partially postpone payments to CAMMESA for energy purchased in the MEM as from the maturities taking place in March 2020. These payment obligations have been partially cancelled, but as of December 31, 2020 accumulated a principal balance of Ps.19,008, plus interest and charges for Ps.2,376.

This situation is aggravated by a complex and vulnerable economic context, as reflected by the country’s economic conditions (See “Item 3. Key Information—Risk Factors—Risk related to Argentina”)

As for currency restrictions, the BCRA’s prior authorization is required for certain transactions, such as the Company’s transactions associated with the payment of imports of goods from abroad that are necessary for the provision of services, and debt service payments. These currency restrictions, or those that may be implemented in the future, could affect the Company’s ability to access the MLC in order to acquire the foreign currency necessary to meet its operating and financial obligations (See “Item 3. Key Information—Risk Factors—Risks related to Argentina—The Argentine economy remains vulnerable and any significant decline may adversely affect our business, results of operations, and financial condition”).

Taking into consideration the financial impact on the Company due to the abovementioned macroeconomic situation, the Board of Directors has raised substantial doubt about Edenor’s ability to continue as a going concern, which may result in the Company’s being obliged to defer certain payment obligations or unable to meet expectations for salary increases or the increases recorded in third-party costs (See Note 2.b of our financial statements for further information).

Despite what has been described above, the Company’s financial statements have been prepared projecting that the Company will continue to operate as a going concern and do not include the adjustments or reclassifications that might result from the outcome of these uncertainties.

## Coronavirus (COVID-19)

The COVID-19 pandemic is having a significant impact on the global and Argentine economy and financial markets and consequently it may adversely affect our business, results of operations and cash flows. As conditions are recent, uncertain and changing rapidly, it is difficult to predict the full extent of the impact that the pandemic will have on the Company. The outbreak of COVID-19, which has been declared by the World Health Organization to be a “public health emergency of international concern” has rapidly spread across the globe and is impacting worldwide economic activity. Countries around the world, including Argentina, have adopted extraordinary measures to stem the spread of COVID-19, including the use of quarantine, screening at airports and other transport hubs, travel restrictions, suspension of visas, nation-wide lockdowns, closing of public and private institutions and extension of holidays, among many others. Depending on how the spread of the virus evolves, governments may extend these measures for longer periods.

As a result of the COVID-19 pandemic, the Company has experienced the following impacts:

- Suspension of customer service in commercial offices: on March 21, 2020, by means of Resolution No. 3/2020, the ENRE resolved to instruct distribution companies to: i) immediately suspend customer service, with the closure of all the commercial offices during the ASPO period; ii) implement an electronic system to deal with customer commercial proceedings/inquiries and claims; and iii) provide only for the movement of those human resources required for the continuity of the essential provision of the public service of electricity distribution in the technical and operational aspects of their respective areas.
- Prohibition against the interruption of service provision: on March 25, 2020 the Argentine Executive Power issued Decree No. 311/2020 and its subsequent regulation, as amended, prohibiting utility companies from shutting off services to certain customers (detailed therein) as from March 1, 2020. Subsequently, Decree 543/2020 and 756/2020, the aforementioned prohibition was extended until December 31, 2020. Additionally, the Decree provides that customers who have a prepaid system and do not pay for the recharges of energy, will receive the service as normal and usual during that same period. The Company’s operations, its economic and financial situation, and outlook have been impacted, as the necessary resources to address these situations have not been fully determined.
- System of payment for the service: by means of Resolution No. 173/2020 (which regulates Decree 311/2020, as amended by Decree 756/2020), on April 18, 2020, the Ministry of Productive Development provided that the consumers benefited from the prohibition against the interruption of the service due to non-payment of up to seven bills (the customers mentioned in the preceding paragraph), may pay their unpaid bills for the electricity distribution service in up to 30 monthly, equal and consecutive installments with an interest rate to be determined by the application authority, beginning with the first regular invoice to be issued by the distributors as from September 30, 2020. This resolution applies only to a specific group of customers, which is deemed to be in a more vulnerable situation, detailed in the resolution, and whose scope at the date of issuance of these financial statements is still pending definition by the application authority. Furthermore, the financing may be applied to the purchase of energy the Company makes from the WEM associated with these consumptions.
- Consumption estimate: in the framework of the ASPO provided for by the Argentine Executive Power and the provisions of ENRE Resolution No. 3/2020, on April 13, 2020, the Regulatory Authority authorized the Company to apply the methodology for validating meter readings and consumption estimates (ENRE Resolution No. 209/2018), excluding the cases of remote readings and non-metered consumptions. Furthermore, the ENRE issued two instructions, one of them on April 30, 2020 and the other on May 5, 2020, in relation to the application of the aforementioned methodology, mainly with regard to the communication to be provided to customers, the mechanisms for challenging meter readings and the information about this process to be provided on a periodical basis to the regulatory authority. Subsequently, on May 6, 2020, the ENRE authorized distribution companies to perform meter reading activities for the electricity consumption of medium and large demand user categories, T2 and T3.

In this light, by means of Resolution No. 27/2020, the ENRE resolved that in the case of T1R (small-demand residential tariff) category users with no remote meter reading, the lowest consumption recorded over the last three years prior to the issuance of the bill for the same estimated period is to be applied until actual meter readings are available.

Furthermore, by means of Resolution No. 35/2020, the ENRE resolved that T2 (medium-demand), T3 (large-demand) and Wheeling system tariff category users subject to compliance with the mandatory lockdown, who have suffered a reduction of at least 50% in their demand for power, may either suspend payment or make partial payments on account of the contracted power under electricity supply contracts, until 70% of the demand is recovered, maintaining the obligation to pay the other charges.

By means of a note dated May 15, 2020, the ENRE instructed the Company to begin to carry out reading tasks of T1 (small-demand tariff) users' meters so that the billing reflects actual consumption.

In this regard, ENRE instructed that if from the previous consumption estimate process a difference arises in favor of the user, it must be reimbursed by the Company in the first bill with an actual reading. Furthermore, if the difference is in favor of the Company, the resulting amount will have to be paid in six equal and consecutive installments, which will be included in the bills to be issued with the consumption recorded as from September 1, 2020, which was extended to November 1, 2020. Finally, by means of a note dated October 26, 2020, the ENRE suspended the commencement of the payment of the installments of the amounts owed by T1 (small-demand tariff) users until further notice. The cumulative amount pending collection totals Ps.552 million.

Furthermore, by means of Decree No. 875/2020 of November 7, 2020, the Argentine Executive Power provided for the Mandatory and Preventive Social Distancing, eliminating certain restrictions in the CABA and the AMBA.

On February 18, 2021, by means of Resolution No. 37, the ENRE instructed the Company to issue neither debit notes nor supplementary bills for unrecorded consumption, as well as to refrain from suspending electricity supplies due to non-payment of amounts originated from the recovery of energy.

For more information see "Item 3. Key Information—Risk Factors— Developments relating to the coronavirus may have a material adverse impact on our business operations, financial condition or results of operations." and "Item 4. Information on the Company—Recent Developments in Argentina – Measures Designed to Address the COVID-19 Outbreak."

## **Overview of IAS 29**

Pursuant to IAS 29, the financial statements of an entity whose functional currency is that of a highly inflationary economy should be measured in terms of the measuring unit current as of the date of the financial statements. All the amounts included in the statement of financial position which are not stated in terms of the measuring unit current as of the date of the financial statements should be adjusted applying the general price index. All items in the statement of income should be stated in terms of the measuring unit current as of the date of the financial statements, applying the changes in the general price index occurred from the date on which the revenues and expenses were originally recognized in the financial statements.

Adjustment for inflation in the initial balances has been calculated considering the indexes reported by the FACPCE based on the price indexes published by the INDEC.

The principal inflation adjustment procedures are the following:

- Monetary assets and liabilities that are recorded in the current currency as of the balance sheet's closing date are not restated because they are already stated in terms of the currency unit current as of the date of the financial statements.
- Non-monetary assets and liabilities are recorded at cost as of the balance sheet date, and equity components are restated applying the relevant adjustment ratios.

- All items in the statement of income are restated applying the relevant conversion factors.
- The effect of inflation in the Company's net monetary position is included in the statement of income under financial results, net, in the item "Inflation adjustment."
- Comparative figures have been adjusted for inflation following the procedure explained in the previous paragraphs, established in IAS 29.
- Upon initially applying inflation adjustment, the equity accounts were restated as follows:
  - Capital was restated as from the date of subscription or the date of the most recent inflation adjustment for accounting purposes, whichever is later.
  - The resulting amount was included in the "Capital adjustment" account.
  - Other comprehensive income/(loss) was restated as from each accounting allocation.
- The other reserves are restated by applying the variation of the general price index from the date of contribution, or from the moment they arose by any other means.

## **OPERATING RESULTS**

We distribute electricity on an exclusive basis to the northwestern part of the greater Buenos Aires metropolitan area and the northern part of the City of Buenos Aires, comprising an area of 4,637 square kilometers, with an aggregate population of approximately eight million people. Pursuant to our concession, we have the exclusive right to distribute electricity to all users within our concession area, including to WEM participants. As of December 31, 2020, we had 3,152,297 users.

We serve two markets: the regulated market, which comprises users who are unable to purchase their electricity requirements directly through the WEM, and the unregulated market, which comprises large users that purchase their electricity requirements directly from generators in the WEM. The ENRE regulates the terms and conditions of our services and the tariffs we charge users in both the regulated and unregulated markets.

### ***Factors Affecting Our Results of Operations***

Our net sales consist mainly of net energy sales to users in our concession area. Our net energy sales reflect the tariffs we charge our users (which include our energy purchase costs). In addition, our net sales include connection and reconnection charges and leases of poles and other network equipment.

Regulatory changes impact our results of operations as they set tariffs paid to us for our services. The following ENRE resolutions, among others, have a direct impact on the tariffs we charge:

- On January 31, 2017, the ENRE issued Resolution No. 63/17, pursuant to which it determined electricity rate schedules, the mechanism for costs review, the required quality levels and all other rights and obligations that are applicable to the Company as from February 1, 2017. On February 1, 2017, pursuant to Resolution No. 63/17 and as instructed by the ME&M, the ENRE limited VAD increases from the RTI process to a maximum of 42% vis-à-vis the prior VAD, with the VAD remainder being applied in November 2017 and February 2018.
- On November 30, 2017, the ENRE issued Resolution No. 603/17, pursuant to which it approved the CPD values, applicable as of December 1, 2017, and retroactively applied to consumption in August through November 2017, which was billed in two installments, of December 2017 and January 2018. In addition, the electricity rate schedule's values to be applied as of December 1, 2017, were approved.
- On January 31, 2018, the ENRE issued Resolution No. 33/18, pursuant to which it approved the CPD values for July 2017 through December 2017 of which 11.99% was applied to the 48 monthly

installments established in ENRE Resolution No. 329/17 that had been deferred in 2017 and the electricity rate schedule to be applied to consumption as of February 1, 2018 became effective. In addition, such resolution notified the average electricity rate value which amounted to Ps.2.4627/KWh.

- On July 31, 2018, the ENRE issued Resolution No. 208/18, pursuant to which it approved, the CPD for January 2018 through June 2018 of which 7.93% was applied as of August 1, 2018, and 6.51% in six consecutive monthly installments as of February 1, 2019. The CPD amounted to 15.85%. In addition, such resolution established a social tariff cap system and required discount values for users affected by deficiencies in the quality of the technical product and/or the quality of the technical and commercial service from 2018 to February 2019. Furthermore, Resolution No. 208/18 notified the average electricity rate value which amounted to Ps.2.9871/KWh.
- On December 27, 2018, The SGE enacted Resolution No. 366/18, which repealed SEE Resolution 1,091/17, consequently eliminating the energy-savings discount for the residential tariff charged to users under the social tariff as from January 1, 2019. The social tariff discounts will be assumed by the Governments of the Province of Buenos Aires and the City of Buenos Aires in accordance with the provisions of the 2019 Federal Budget of Expenditures and Resources Law.
- On January 31, 2019, the ENRE issued Resolution No. 25/19, which approved (under the terms of ENRE Resolution 366/2018) the values of the Company's electricity rates schedule, effective as from February 1, 2019, and informed the value of the average electricity rate as from February 1, 2019 under the terms of Energy Government Secretariat Resolution No. 366/2018, which modified the prices at which distributors acquire energy in the WEM. Furthermore, the ENRE issued Resolution No. 27/19 which approved the CPD value of February 2019 together with the stimulus factor, which application was deferred until March 2019. Additionally, such Resolution determined the value to be applied for the 36 remaining installments resulting from the gradual application system established in ENRE Resolution No. 63/2017, and provided as well that the 50% of the CPD that should have been applied in August 2019, will be recovered in 6 CPD variation-adjusted installments.
- On December 21, 2019, the Argentine Executive Power enacted the Productive Reactivation Law, which authorized the Executive Power to freeze electricity and natural gas tariffs and to initiate a renegotiation process of the tariff structure or to execute an extraordinary review for a maximum of 180 days, in order to reduce the actual tariff burden on private, commercial and industrial users for 2020.
- On December 27, 2019, the ENRE instructed the Company not to apply the electricity rate schedules from January 1, 2020, resulting from the Electricity Rate Schedules Maintenance Agreement entered into by and between the Company and the Federal Government on September 19, 2019, as such agreement had lost its applicability due to the electricity rate emergency provided for in the aforementioned law, with the electricity rate schedule that had been approved by ENRE Resolution No. 104/19 dated April 30, 2019 remaining in effect.
- On March 17, 2020, Decree No. 277/20 ordered the ENRE's administrative intervention until December 31, 2020.
- On December 16, 2020, by means of Decree No. 1020/20, the Argentine Executive Power provided for the commencement of the RTI renegotiation process, which may not exceed two years, suspending the agreements relating to the respective RTI in effect, with the scope to be determined in each case by the regulatory authorities. interim renegotiation agreements may be entered into, which modify to a limited extent the particular conditions of the tariff review imposing a Transitional Tariff System until a definitive renegotiation agreement is reached. The freeze on electricity rates was extended until March 31, 2021, or until the new transitional electricity rate schedules resulting from the Transitional Tariff System come into effect, whichever occurs first. Additionally, the administrative intervention of the ENRE was extended until December 31, 2021, or until the tariff review renegotiation is concluded.

- On January 19, 2021, the ENRE issued Resolution No. 16/2021, providing for the commencement of the transitional tariff adjustment procedure, with the aim of setting a Transitional Tariff System until a definitive renegotiation agreement is reached, and inviting Edenor to participate in it. To that end, the Regulatory Authority has requested as a first measure that it be provided with certain financial information as well as with information about the 2021-2022 investment plan, on the basis of the investment plan set forth in the 2017 RTI.
- On March 3, 2021, by means of Resolution No. 53/2021, the ENRE called a public hearing to be held on March 30, 2021 to inform and listen to opinions about the Interim Tariff System to be applied to distributors Edesur and Edenor.
- On March 30, 2021, the ENRE called a public hearing, with the main goal of determining a transitional rate schedule for electricity distribution until the next RTI. The president and CEO of the Company, Ricardo Torres, explained the need of funds required to maintain and continue the improvement in the quality of electricity services. Additionally he explained the financial situation of the Company; the investments that have been made to satisfy demand and the improvement in the provision of the services; and he proposed a rate schedule structure that allows better control by customers.
- On March 30, 2021 by means of Resolution No. 78/2021, the ENRE approved the new values of Edenor's tariff schedule effective as of April 1, 2021 which reflects the seasonal modification of the price of energy and has no impact on Edenor's revenues.

If, in the future, we are not able to recover the incremental cost increases and have them reflected in our tariffs, and/or there is a significant lag of time between when we incur the incremental costs and when we receive increased income, we may be unable to comply with our financial and commercial obligations, suffer liquidity shortfalls and need to restructure our debt to ease our financial condition, any of which, individually or in the aggregate, would have a material adverse effect on our business and results of operations and may cause the value of our ADSs to decline. See “Item 5. Operating and Financial Review and Prospects—Factors Affecting our Results of Operations—Tariffs” and “Item 3. Key Information—Risk factors—Risks Relating to Our Business—Failure or delay to negotiate further improvements to our tariff structure, including increases in our distribution margin, and/or to have our tariffs adjusted to reflect increases in our distribution costs in a timely manner or at all, has affected our capacity to perform our commercial obligations and could also have a material adverse effect on our capacity to perform our financial obligations.”

The following table sets forth the composition of our net sales for the periods indicated:

	Year ended December 31		
	2020	2019	2018
	(Figures in millions)		
Sales of Electricity	90,842	121,932	116,568
Right of use of poles	421	386	398
Connection Charges and reconnection charges	53	119	154
<b>Net sales</b>	<b>91,316</b>	<b>122,437</b>	<b>117,120</b>

The following tables show Edenor's energy sales by category of user (in GWh) for the periods indicated:

	Year ended December 31,					
	2020		2019		2018	
Residential	9,315	46%	8,372	43%	8,948	42%
Small Commercial	1,609	8%	1,692	9%	1,810	9%
Medium Commercial	1,341	7%	1,549	8%	1,668	8%
Industrial	3,210	16%	3,503	18%	3,646	17%
Wheeling System <sup>(1)</sup>	3,364	17%	3,569	18%	3,823	18%
Public Lighting	676	3%	713	4%	724	3%
Shantytowns	664	3%	48	0%	553	3%
Total	<b>20,179</b>	<b>100%</b>	<b>19,446</b>	<b>100%</b>	<b>21,172</b>	<b>100%</b>

- (1) Wheeling charges represent our tariffs for generators and large users, which consist of a fixed charge for recognized technical losses and a charge for our distribution margins but exclude charges for electric power purchases, which are undertaken directly between generators and large users.

Our revenues and results of operations are principally affected by economic conditions in Argentina, changes in our regulated tariffs and fluctuations in demand for electricity within our service area. To a lesser extent, our revenues and results of operations are also affected by service interruptions or reductions in excess of those contemplated by Resolution No. 63/17, which may lead us to incur fines and penalties imposed by the ENRE.

### ***Argentine Economic Conditions and Inflation***

Because all of our operations, facilities and users are located in Argentina, we are affected by general economic conditions in the country. In particular, the general performance of the Argentine economy affects the demand for electricity, and inflation and fluctuations in currency exchange rates which affect our costs and our margins. Inflation primarily affects our business by increasing operating costs, while reducing our revenues in real terms.

In December 2001, Argentina experienced an unprecedented crisis that virtually paralyzed the country's economy through most of 2002 and led to radical changes in the Argentine Government's policies. The crisis and the Argentine Government's policies during this period severely affected the electricity sector, as described below. Although over the following years the Argentine economy recovered significantly from the crisis, and the business and political environment was largely stabilized, the Argentine Government has only recently begun to address the difficulties experienced by the Argentine electricity sector as a result of the crisis and its aftermath.

### ***2001 Economic Crisis***

Beginning in December 2001, the Argentine Government implemented an unexpected number of monetary and foreign exchange controls measures that included restrictions on the free disposition of funds deposited with banks and on the transfer of funds abroad without prior approval by the Central Bank, some of which are still in effect. On December 21, 2001, the Central Bank decided to close the foreign exchange market, which amounted to a *de facto* depreciation of the Peso. On December 24, 2001, the Argentine Government suspended payment on most of Argentina's foreign debt.

The economic crisis led to an unprecedented social and political crisis, including the resignation of President Fernando De la Rúa and his entire administration in December 2001. After a series of interim Governments, in January 2002 the Argentine congress appointed Senator Eduardo Duhalde, a former vice-president and former governor of the Province of Buenos Aires, to complete De la Rúa's term through December 2003.

On January 6, 2002, the Argentine congress enacted the Public Emergency Law, which introduced dramatic changes to Argentina's economic model, empowered the Argentine Government to implement, among other things, additional monetary, financial and foreign exchange measures to overcome the economic crisis in the short term and brought to an end the Convertibility Regime, including the fixed parity of the U.S. Dollar and the Peso. Following the adoption of the Public Emergency Law, the Peso devalued

dramatically, reaching its lowest level on June 25, 2002, at which time it had devalued from Ps.1.00 to Ps.3.90 per U.S. Dollar according to Banco Nación. The depreciation of the Peso had a substantial negative effect on the Argentine economy and on the financial condition of individuals and businesses. The depreciation caused many Argentine businesses (including us) to default on their foreign currency debt obligations, significantly reduced real wages and crippled businesses that depended on domestic demand, such as public utilities and the financial services industry. The depreciation of the Peso created pressure on the domestic pricing system and triggered very high rates of inflation. According to INDEC, during 2002 the Argentine WPI increased by approximately 118% and the Argentine CPI rose approximately 41%.

Following the adoption of the Public Emergency Law, the Argentine Government implemented measures, whether by executive Decree, Central Bank regulation or Argentine legislation, attempting to address the effects of the collapse of the Convertibility Regime, recover access to financial markets, reduce Government spending, restore liquidity to the financial system, reduce unemployment and generally stimulate the economy.

Pursuant to the Public Emergency Law, the Argentine Government, among other measures:

- converted public utility tariffs from their original U.S. Dollar values to Pesos at a rate of Ps.1.00 per U.S.\$1.00;
- froze all regulated distribution margins relating to the provision of public utility services (including electricity distribution services);
- revoked all price adjustment provisions and inflation indexation mechanisms in public utility concessions (including our concession); and
- empowered the Argentine Executive Branch to conduct a renegotiation of public utility contracts (including our concession) and the tariffs set therein (including our tariffs).

These measures, combined with the depreciation of the Peso and high rates of inflation, had a severe effect on public utility companies in Argentina (including us). Because public utility companies were no longer able to increase tariffs at a rate consistent with the increased costs they were incurring, increases in the rate of inflation led to decreases in their revenues in real terms and a deterioration of their operating performance and financial condition. Most public utility companies had also incurred large amounts of foreign currency indebtedness to finance the capital improvement and expenditure programs. At the time of these privatizations, the capital structures of each privatized company were determined taking into account the Convertibility Regime and included material levels of U.S. Dollar-denominated debt. Following the elimination of the Convertibility Regime and the resulting depreciation of the Peso, the debt service burden of these utility companies significantly increased, which when combined with the margin freeze and conversion of tariffs from U.S. Dollars to Pesos, led many of these utility companies (including us) to suspend payments on their foreign currency debt in 2002.

### ***Economic Performance and Outlook***

In 2016, the Argentine economy contracted by 2.2%. Although the economic activity showed a slight improvement during the last months of the year, 2016 is considered to be a recessive year.

The negative results may be explained by the deepening contraction in certain sectors that performed poorly in terms of activity. In this sense, during the second quarter of 2016, lower levels of agricultural production were exacerbated by a lower than expected harvest (affected by unusual rains), in addition to a large decline in construction activity and a decrease in retail sector activity. Industrial production also showed a weak performance.

In terms of inflation, the pace of growth of domestic prices accelerated during the first half of 2016 as a result of the increase in the value of the U.S. Dollar relative to the Peso in the official market. In addition, monthly price increases in the first half of 2016 were mainly related to an update of some regulated prices such as public utility tariffs (gas and electricity prices) and urban transport, mainly in the Buenos Aires metropolitan region. As of the third quarter of 2016, price increases began to decelerate as a result of the absence of new tariff increases, the stagnation of economic activity, the relative low price of the U.S.



Dollar in the local market and the restrictive monetary policy, through high interest rates that sought to contain the currency pressure, drove the deceleration in inflation, which slowed to a monthly average of 1.1% in the July to September 2016 period. During the last quarter of 2016, the monthly inflation average was 1.7%, and the annual rate of increase in consumer prices ended the year slightly below 40%. The Argentine Government announced the adoption of an inflation targeting regime to apply in parallel with the floating exchange rate regime and established inflation targets for the next four years. The Central Bank has increased intervention efforts in the foreign exchange market to reduce excess monetary imbalances and raised Peso interest rates to offset inflationary pressure. Since January 2017, the Central Bank started to use the seven-day repo reference rate as the anchor of its inflation targeting regime. LEBACs are used to manage liquidity.

After the currency depreciation at the beginning of the Argentine Government, the Central Bank changed to a flexible exchange market regime, which resulted in a unified foreign exchange system. In 2016, some modest depreciation pressure following Brexit in June and the U.S. election on November 8, 2016, caused the Peso to weaken, ending at Ps.16.10 to U.S.\$1.00 on December 31, 2016. By the end of the year, the Peso depreciated by approximately 20% against the U.S. Dollar.

Argentina's economy grew by 2.8% during 2017, driven by an increase in private consumption, public spending and investment which counteracted the 2.2% contraction in 2016. The Argentine economy's recovery is attributed to both external and domestic factors. The external factors included, among others, an overall improvement of the Brazilian economy, which led to an increase in Argentina exports to Brazil. The domestic factors included, among others, the growth in average wages, an increase in welfare and public works spending by the Argentine government and the increase in bank lending activity to the private sector, which stimulated consumption and private investment. However, the performance of the various sectors of the economy was varied. Sectors buoyed by the change in relative prices, by public works spending or by specific trade agreements, such as agriculture, construction and the automotive industry, respectively, recorded high growth rates during 2017. By contrast, those affected by the relaxation of import controls and the Peso's appreciation, such as the textiles and electronics industries, continued their contraction.

Inflation, measured by its general level, declined by approximately 15%, from 40.5% in December 2016 to 24.8% in December 2017, having achieved the disinflation process simultaneously with the updating of some public services tariffs.

On the monetary policy front, the Central Bank formally instituted an inflation targeting regime, and established a new policy interest rate (the 7-day interbank repo rate). With a view to bringing inflation within the target band (between 12% and 17% for 2017), the monetary authority maintained a policy of high interest rates, which led to increased absorption of Pesos through the placement of central bank bills (LEBAC) and repos; the policy interest rate followed an upward trend during the year, from 24.75% in January 2017 to 28.75% in December 2017.

The Central Bank maintained the free floating exchange rate and intervened in the foreign exchange market only at times of rapid rises. In this context, the nominal Ps./U.S.\$ exchange rate increased by 17% during the year 2017. Although during the last days of 2017, the price of the US currency in the domestic exchange market was rising, the dollar closed December at levels around Ps./U.S.\$18.00 (monthly average).

In 2017, there was a real increase in public spending. As a result of stronger growth in revenues as compared to expenditures, the primary deficit decreased to 3.9% of GDP in 2017 as compared to 4.3% in 2016; after payment of interest on the debt, the fiscal outturn stood at 6.1% of GDP, above the 5.9% recorded in 2016. The fiscal deficit remained high, notwithstanding the policy of reducing subsidies for public services, the extraordinary revenues from the special tax under the capital legalization (or repatriation) program, and the increase in tax receipts associated with greater economic activity.

The fiscal deficit and the current account deficit were financed by a marked increase in external borrowing in 2017, which also underpinned an increase in international reserves. The current account deficit widened in 2017, standing at 5.5% of GDP, as a result of higher imports of goods and services (reflecting the economic recovery and the reduction in import controls and tariff rates), as well as an

increase in debt service payment obligations with respect to interest due on Argentina's public external debt.

After a slight recovery in 2017, the first quarter of 2018 showed a similar positive growth trend, although, a lower than expected harvest and the lower number of international creditors willing to finance the Argentine state highlighted the macroeconomic weaknesses facing Argentina. In addition, the US dollar denominated external debt assumed by the Argentine Government and the lack of US dollars to deal with maturities relating to such debt, Argentina has to resort to the IMF to obtain the foreign currency that could not be obtained by agriculture, exports, or external financing. On May 8, 2018, the current administration announced that the Argentine Government would initiate negotiations with the IMF with a view to entering into a stand-by credit facility that would give Argentina access to financing by the IMF. On June 20, 2018, the executive board of the IMF approved the terms of the stand-by arrangement, consisting of a stand-by credit facility for U.S.\$50 billion, subject to adjustments and compliance with certain political and fiscal performance guidelines by the Argentine Government. On October 26, 2018, a first review of the SBA concluded with the enlargement of the arrangement for U.S.\$5.7 billion.

The lack of predictability generated by the agreement with the IMF generated volatility in the exchange market. By the end of June 2018, the Peso has lost 54% of its value against the US dollar, as compared to exchange rate of December 2017. At the end of August 2018, the exchange rate recorded, a then-historical maximum Ps.40 per U.S.\$1. The rise in the exchange rate and the winding down of the Lebac program, which strongly increased the monetary base, generated an increase in inflation in 2018.

Given the new inflationary context, the BCRA applied a restrictive monetary policy, strongly increasing the reference interest rates. Such policy generated a significant retraction in economic activity.

Pursuant to IAS 29 "Financial Reporting in Hyperinflationary Economies", the financial statements of entities whose functional currency is that of a hyperinflationary economy must be restated for the effects of changes in a suitable general price index. IAS 29 does not prescribe when hyperinflation arises, but includes several characteristics of hyperinflation. The IASB does not identify specific hyperinflationary jurisdictions. However, in June 2018, the International Practices Task Force of the Centre for Quality ("IPTF"), which monitors "highly inflationary countries", categorized Argentina as a country with projected three-year cumulative inflation rate greater than 100%. Additionally, some of the other qualitative factors of IAS 29 were present, providing prima facie evidence that the Argentine economy is hyperinflationary for the purposes of IAS 29. Therefore, Argentine companies using IFRS are required to apply IAS 29 to their financial statements for periods ending on and after July 1, 2018.

## *2020 Macroeconomic Conditions*

### *Economic Activity*

During the third quarter of 2020, the economic activity recorded an accumulated 11.8% decrease compared to the same period of the previous year, mainly as a result of the impact of the COVID-19 pandemic and the 14.7%, 6.5% and 10.3% decreases in private and public consumption, and investment, respectively. The activity contraction affected 15 out of 16 identified sectors of the Argentine economy, the most affected being hotels and restaurants (-61.5%), construction (-27%), transport and communications (-21.7%), manufacturing industry (-5.3%) and wholesale and retail business and repairs (-2.1%). These declines were also partially offset by an increase in exports net of imports as of third quarter of 2020.

### *Price Trends*

With regards to the evolution of prices, the National Cost of Living Index published by the INDEC showed a 36.1% variation in 2020. The most important variations were recorded in clothes and footwear (+60%), leisure and culture (+48%) and food and beverage (+42.1%). The sectors affected to a lesser extent were communications (+7.6%), housing, water, electricity and other fuels (+17.6%) and education (+20.1%). Furthermore, salaries, as measured by the registry of the Stable Workers' Average Taxable Remuneration ("RIPTE") experienced a 34.9% year-on-year increase between December 2020 and the same month of the previous year.

### Trade Balance

At the external level, during the third quarter of 2020 the cumulative current account deficit amounted to U.S.\$4.3 billion according to INDEC's data, which represents 1.2% of the GDP. However, in the first three quarters of 2020, the trade balance recorded a surplus, whereas Free on Board value exports reached U.S.\$41.9 billion, and cost, insurance and freight value imports amounted to U.S.\$30.4 billion. Primary exports increased by 5.4% during this period, while agricultural and industrial manufactures exports experienced a 8.3% and 31.7% contraction, respectively. Fuel and energy exports experienced a 28.5% year-on-year variation. Imports showed a contraction compared to the same period of 2019 in the automotive (-45.4%), capital goods (-21.8%), fuels and lubricants (-40.3%), consumables goods (-7.7%), parts and accessories (-34.2%) and intermediate goods (-9.6%) categories.

### Fiscal Situation

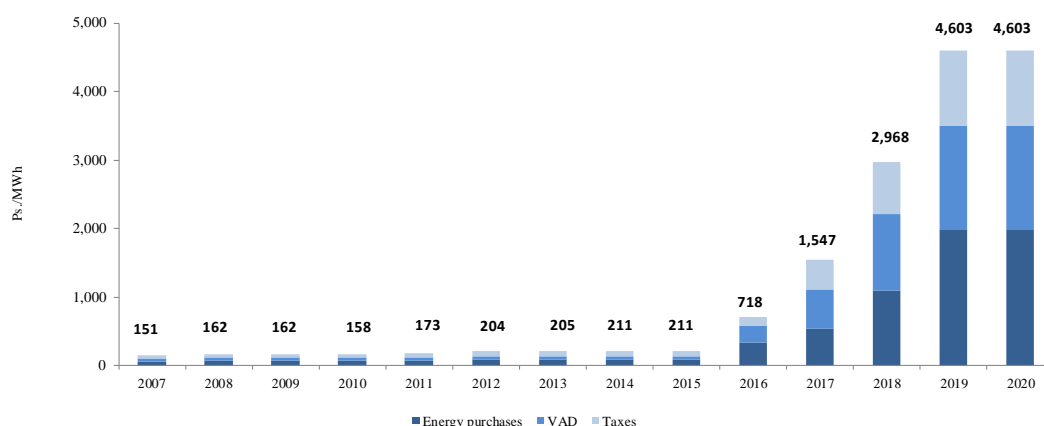
During 2020 non-financial public sector's fiscal accounts accumulated a 7% and 9.1% primary and total deficit to GDP, respectively. The annual variation in aggregated tax revenues, measured in Pesos based on figures published by the Federal Administration of Public Revenue, ended 2020 with a 32.2% increase. Additionally, in 2020 primary expenditures by the national treasury showed a 63.5% year-on year variation.

With respect to the Argentine financial situation, the Central Bank's U.S. Dollar currency wholesale exchange rate (Res. A3500) closed at Ps.84.15/U.S.\$ on December 31, 2020, showing a cumulative 40.5% increase compared to the end of 2019 and a 46.3% average year-on-year variation. The Central Bank's international reserves amounted to U.S.\$39.4 billion at year-end, which represents a U.S.\$5.4 billion decrease compared to the previous year. Moreover, the monetary base reached Ps.2,425 billion, showing an increase of 28.5% compared to the previous year. Furthermore, the Central Bank's debt stock in issued bonds totaled an equivalent amount expressed in dollars of U.S.\$32 billion as of the closing of 2020, which represents a 97% year-on-year variation.

### Tariffs

Our revenues and margins are substantially dependent on the composition of our tariffs and on the tariff setting and adjustment process contemplated by our concession.

The following chart shows the variation in Edenor's average tariffs, including taxes, in Pesos per MWh for the periods indicated:



Under the terms of our concession, our tariffs for all of our users (other than users in the wheeling system) are composed of:

- the cost of electric power purchases, which we pass on to our users, and a fixed charge (which varies depending on the category and level of consumption of each user and their

energy purchase prices) to cover a portion of our energy losses in our distribution activities (determined by reference to a fixed percentage of energy and power capacity for each respective voltage level set forth in our concession);

- our regulated distribution margin, which is known as the value-added for distribution, or VAD; and
- any taxes imposed by the Province of Buenos Aires or the City of Buenos Aires, which may differ in each jurisdiction.

Certain of our large users (which we refer to as wheeling system users) are eligible to purchase their energy needs directly from generators in the WEM and only acquire from us the service of electricity delivery. Therefore, our tariffs for these large users (known as wheeling charges) do not include charges for energy purchases. Accordingly, wheeling charges consist of the fixed charge for recognized losses (determined by reference to a fixed percentage of energy and power capacity for each respective voltage level set forth in our concession) and our distribution margin. As a result, although the amounts billed to wheeling system users are relatively lower than those billed to other large users, namely industrial users, the distribution margin on sales to wheeling system users is similar to that of other large users because we do not incur the corresponding cost of electric power purchases related to those sales.

#### *Recognition of Cost of Electric Power Purchases*

As part of our tariffs, we bill our users for the costs of our electric power purchases, which include energy and capacity charges. In general, we purchase electric power at a seasonal price, which is approved by the ENRE every six months and reviewed quarterly. Our electric power purchase price reflects transportation costs and certain other regulatory charges (such as the charges imposed by the *Fondo Nacional de Energía Eléctrica* or National Electricity Energy Fund).

On January 25, 2016, the ME&M issued Resolution No. 6/16, approving the seasonal WEM prices for each category of users for the period from February 2016 through April 2016. Such resolution adjusted the seasonal prices as required by the regulatory framework. Energy prices in the spot market were set by CAMMESA, which determined the price to be charged by generators for energy sold in the spot market of the WEM on an hourly basis. The WEM prices result in the elimination of certain energy subsidies and a substantial increase in electricity rates for individuals. Resolution No. 6/16 introduced different prices depending on the categories of users. Such resolution also contemplated a social tariff for residential users who comply with certain consumption requirements, which included a full exemption for monthly consumptions below or equal to 150 KWh and tariffs benefits for users who exceed such consumption level but achieve a monthly consumption lower than that of the same period in the immediately preceding year.

On February 1, 2017, Resolution No. 20 – E/17 dated January 27, 2017, of the SEE pursuant to which the summer seasonal rescheduling for the WEM was approved corresponding to the period held between February 1 and April 30, 2017.

Resolution No. 20 – E/17 incorporated a new category of consumer denominated “electricity-dependent user”. An electricity dependent user is a person who registers an extraordinary consumption of electrical energy due to special equipment and / or infrastructure for a disease diagnosed by a physician or a stable and permanent electrical service to address medical needs within their home. The resolution established the provision of 600 KWh per month free of charge and an electricity reference price that varies according to the level of savings and demands registered compared to the previous month. In addition, it stipulates that as from February 2017, the maximum spot price for the approval of the WEM is Ps.240 Ps./MWh and fixes the charge value corresponding to the National Fund for Electric Energy at Ps.15.50 Ps./MWh.

In May 2017, Law No. 27,351 was enacted, which guarantees the permanent and free of charge supply of electricity to those individuals who qualify as dependent on power for reasons of health to avoid risks in their lives or health. The law states that the account holder of the service or someone who lives with a person that is registered at the “Registry of Electricity Dependent for Reasons of Health” will be exempt from the payment of any and all connection fees and will benefit from a special free of charge tariff treatment for the electric power supply service.

In July 2017, the ENRE issued Resolution No. 292 stating that those discounts are to be made as from the effective date of the aforementioned law, and instructed CAMMESA to implement those discounts in its billing to the distribution companies.

According to Decree 740 of the Argentine Executive Power, dated September 20, 2017, the ME&M will be the Authority of Application of Law No. 27,351, whereas the Ministry of Health will be responsible for determining the minimum conditions necessary for eligibility for the “Registry of Electricity Dependent for Reasons of Health.”

In September 2017, the Ministry of Health issued Resolution No. 1,538-E/17, which creates the Registry of Electricity Dependent for Reasons of Health (“RECS”), under the jurisdiction of the Ministry of Health, operating under the authority of the Under Secretariat for the Management of Health Care Services.

On October 31, 2017, the ENRE informed pursuant to Note No 128,399, through the proceedings carried out by the ME&M, the decision to postpone the application of the CPD increase in the RTI for November 1, 2017 to December 1, 2017, as well as the application of the CPD update which was made in August 2017.

Due to the deferring of the CPD increases, the ENRE notified a new tariff schedule to be applied in the December 2017- January 2018 period pursuant to Resolution No. 603/17, which was offset due to a retroactive adjustment, CPD’s updates that were not granted and the previously mentioned application.

In addition, such tariff schedule included the modification of seasonal prices, costs of transport and saving billings and bonuses according to the incentive plan established pursuant to SEE Resolution No. 1091/17. By way of this resolution, the prices to be applied for the WEM for the period between December 1 and January 31, 2018, by keeping in Ps.3,157/Mw per month the power output reference price and by differentiating the stabilized reference energy prices applied to users with output power requirements over 300 kW in approximately (off-peak prices) Ps.1,329/MWh, and for the remaining users in Ps.839/MWh. The saving billing of the incentive plan was modified, by establishing a 10% discount to the stabilized energy price for those residential users who reduce the consumption in at least a 20% compared to the consumption registered on the same month in 2015, having removed saving categories between 10% and 20%. Moreover, a new application methodology for the social tariff was introduced.

Also, by means of resolution ENRE’s Resolution No. 1091/17, an increase was evidenced in the transport prices of electric energy which were transferred to tariffs in Ps.45.1/MWh.

On January 31, 2018, the ENRE issued Resolution No. 33/18, whereby it approved the CPD values for July 2017 through December 2017, which were in the order of 11.99%, the values of the 48 monthly installment to be applied in accordance with the provisions of ENRE Resolution No. 329/17 which were deferred in the year 2017, and the electricity rate schedule to be applied to consumption recorded as from February 1, 2018. Additionally, it is informed that the average electricity rate value amounts to Ps.2.4627/KWh.

On July 31, 2018, the ENRE issued Resolution No. 208/18, pursuant to which it approved, the CPD for January 2018 through June 2018 of which 7.93% was applied as of August 1, 2018, and 6.51% in six consecutive monthly installments as of February 1, 2019. The CPD amounted to 15.85%. Moreover, Resolution No. 208/18 established a system of caps for the social tariff as well as the values that the Company had to apply to determine and credit discounts in the electricity bills of the users affected by deficiencies in the quality of the technical product and/or the quality of the technical and commercial service from 2018 to February 2019. Additionally, the informed average electricity rate value amounted to Ps.2.9871/KWh.

On December 27, 2018, the SGE issued Resolution No. 366/18, pursuant to which approved the summer seasonal programming for the WEM submitted by CAMMESA, thus determining new prices for power capacity, energy and transmission from February 2019 to October 2019. Furthermore, the social

tariff and savings bonuses for the residential tariff were eliminated, as beneficiaries have been transferred to the provincial jurisdictions, which will bear their cost and implementation.

On January 31, 2019, ENRE issued Resolution No. 25 which approved the values of Edenor's tariff scheme as from February 1, 2019, incorporated the new power capacity reference prices and stabilized prices for energy determined by the SGE until April 30, 2019. In turn, the ENRE informed that under the transfer of jurisdiction from the Argentine Government to the Province of Buenos Aires and the City of Buenos Aires, the guidelines for the social tariff regime effective as of December 31, 2018 will remain in effect. As of the date of this annual report, the Province of Buenos Aires and the City of Buenos Aires are complying with the payment of the social tariff regularly.

Moreover, on January 31, 2019, pursuant to Resolution No. 27/19, the ENRE approved the VAD updates for the second six-month period of 2018 and the pending update corresponding to the first six-month period of 2019, totaling a 32.0% increase applicable as from March 1, 2019. Additionally, the application of the new -1.59% "E"-factor adjustment will be deducted from cumulative inflation updates.

Furthermore, the cost of deferrals for August 2018 through February 2019 and for the month of February 2019, totaled Ps.1,005 million and Ps.841 million respectively, and will be paid in 5 installments from March 2019. Additionally, Ps.51 million will be collected under the same method due to the partial recognition of the appeal filed by Edenor to Resolution No. 208/18, which acknowledged additional costs that had not been calculated as part of prior tariffs.

On April 30, 2019, the Resolution SRRYME No. 14/19 was published, approving the Programming Final Winter for the WEM raised by CAMMESA, corresponding to the period from May 1 to July 31, 2019, and the corresponding one for the period from August 1, 2019 to October 31, 2019. This resolution divided the general distributor demand between residential and non-residential, and maintained the category of Large Distributor Users at 300 kW and modified the Power Reference Prices ("PRP") and the Stabilized Price of Energy ("SPE") relating to the May 1-October 31, 2019 period. For residential customers, seasonal prices remained unchanged for both quarters.

Subsequently, as from May 1, 2019, pursuant to Resolution ENRE No. 104/2019, a new tariff table was set up, taking into account the seasonal prices set forth by Resolution SRRYME No. 14/19, for the quarter from May 1 to July 31, 2019, with increases only generated by new seasonal energy prices for all non-residential customers.

On September 19, 2019, the Electricity Rate Schedules Maintenance Agreement was entered into between the Federal Government and the Company – the following points were defined at the tariff level:

- The CPD with the six-monthly update to be implemented from August 1, 2019, will become effective on January 1, 2020. The difference in the CPD between the CPD applied on August 1, 2019 and the one applied on January 1, 2020 (for the period August 1, 2019 to December 31, 2019) will be recovered in 7 monthly and consecutive installments from January 1, 2020 and adjusted according to the appropriate CPD setting.
- The updating of the tariff table with respect to seasonal energy prices took place as from January 1, 2020. In addition, the difference between the seasonal prices in force between August 1, 2019 and December 31, 2019, and the seasonal prices applied in the tariff table in force as of August 1, 2019, have been recovered as from January 1, 2020 in 7 monthly and consecutive installments, and adjusted according to the methodology provided by CAMMESA for the out-of-term payment.

On December 5, 2019, the Company submitted GAR Note 46/2019 with calculation of the tariff table to be applied from January 2020. This table was calculated following the Electricity Rate Schedules Maintenance Agreement referred to above. Subsequent adjustments were also added for the period from November 2018 to July 2019.

Finally, a correction in the value of CPD calculation of August 2019 was included, given the publication of the final indices, with the new value being 19.05%.

On December 27, 2019, ENRE instructed the Company not to apply the Electricity Rate Schedules Maintenance Agreement as such agreement lost its applicability due to the electricity rate emergency provided for in the Productive Reactivation Law (which froze the prices of natural gas and electricity for 180 days since its effectiveness). Therefore, the electricity rate schedule that had been applied since May 1, 2019 (pursuant to ENRE Resolution No. 104/19) came back into effect.

During 2020, Edenor purchased all of the energy in the market at an average monomic price of Ps.2,187.21 / MWh.

We purchased a total of 25,124 GWh in 2020, 25,960 GWh in 2019 and 25,906 GWh in 2018. Following the adoption of certain amendments to the pricing rules applicable to the WEM pursuant to the Public Emergency Law, we have purchased all of our energy supply in the WEM at the monomic price. We have not purchased any energy under long-term supply contracts since 2004.

#### *Recognition of cost of energy losses*

Energy losses are equivalent to the difference between energy purchased (including wheeling system demand) and energy sold. These losses may be classified as technical and non-technical losses. Technical losses represent the energy that is lost during transmission and distribution within the network as a consequence of natural heating of the conductors and transformers that transmit electricity from the generating plants to the users. Non-technical losses represent the remainder of our energy losses and are primarily due to illegal use of our services. Energy losses require us to purchase additional electricity to satisfy demand and our concession allows us to recover from our users the cost of these purchases up to a loss factor specified in our concession for each tariff category. Our loss factor under our concession is, on average, 10%. Our management is focused on taking the necessary measures to ensure that our energy losses do not increase above current levels because of their direct impact on our gross margins. However, due to the inefficiencies associated with reducing our energy losses below the level at which we are reimbursed pursuant to our concession (i.e., 10%), we currently do not intend to significantly lower our level of losses.

At the time of our privatization, our total energy losses represented approximately 30% of our energy purchases, of which more than two thirds were non-technical losses attributable to fraud and illegal use of our service. Beginning in 1992, we implemented a loss reduction plan (*plan de disciplina del mercado*, or market discipline plan) that allowed us to gradually reduce our total energy losses to 10% by 2000, with non-technical losses of 2.7%. However, beginning in mid-2001 and up until 2004, we experienced an increase in our non-technical losses, as the economic crisis eroded the ability of our users to pay their bills, and in our technical losses in proportion to the increased volume of energy we supplied during those periods.

The following table sets forth our estimated disruption between technical and non-technical energy losses experienced in our concession area for the periods indicated.

	Year ended December 31,		
	2020	2019	2018
Technical losses	9.1%	9.6%	8.4%
Non technical losses	10.5%	10.3%	9.8%
<b>Total losses</b>	<b>19.6%</b>	<b>19.9%</b>	<b>18.2%</b>

The rolling annual rate of total losses for 2020 slightly decreased to 19.6%, compared to 19.9% in the previous year. In Regions II and III, new shantytowns were formed while existing shantytowns continued to grow. The theft of energy in these areas continues to be the main factor in the increase in total losses in the last five years.

In 2020, the plan launched in previous years continued to be implemented, substantially increasing the installation of MIDEs, under a plan that consists in having 250,000 meters in place in 2020. The plan is aimed at normalizing clandestine consumers, inactive customers and chronic delinquent customers. In 2020, 25,466 MIDEs were installed, 24,540 of which are currently operative, reaching 225,194 enabled MIDEs in the entire concession area.

The installation of the new type of MLCON network, which had begun by the end of 2018, continued leveraging the MIDE's functionalities and increasing invulnerability in neighborhoods with a high fraud rate.

*Distribution margin or value-added for distribution (VAD)*

Our concession authorizes us to charge a distribution margin for our services to seek to cover our operating expenses, taxes and amortization expenses and to provide us with an adequate return on our asset base.

*Historical Overview of VAD.* Our concession originally contemplated a fixed distribution margin for each tariff parameter with semiannual adjustments based on variations in the U.S. wholesale price index (67% of the distribution margin) and the U.S. consumer price index (the remaining 33% of the distribution margin). However, pursuant to the Public Emergency Law, all adjustment clauses in U.S. Dollars or other foreign currencies and indexation clauses based on foreign indexes or other indexation mechanisms included in contracts to be performed by the Argentine Government were revoked. As a result, the adjustment provisions contained in our concession are no longer in force and, from January 2002 through January 2007, we were required to charge the same fixed distribution margin in Pesos established in 2002, without any type of currency or inflation adjustment. These measures, coupled with the effect of accumulated inflation since 2002 and the depreciation of the Peso, have had a material adverse effect on our financial condition, results of operation and cash flows, leading us to record net losses.

*Adjustment Agreement.* On September 21, 2005, we entered into the *Acta Acuerdo sobre la Adecuación del Contrato de Concesión del Servicio Público de Distribución y Comercialización de Energía Eléctrica* (Adjustment Agreement), an agreement with the Argentine Government relating to the adjustment and renegotiation of the terms of our concession. Because a new Minister of Economy took office thereafter, we formally re-executed the Adjustment Agreement with the Argentine Government on February 13, 2006 under the same terms and conditions originally agreed. The ratification of the Adjustment Agreement by the Argentine Government was completed in January 2007. Pursuant to the Adjustment Agreement, the Argentine Government granted us an increase of 28% in our distribution margin, which includes a 5% increase to fund specified capital expenditures we are required to make under the Adjustment Agreement. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Edenor's Capital expenditures." The increase was effective retroactively from November 1, 2005 and remained in effect until the approval of the new tariff scheme under the RTI, in February 2017.

The Adjustment Agreement also contemplated a cost adjustment mechanism for the transitional period during which the RTI process was being conducted. This mechanism, known as the Cost Monitoring Mechanism, or CMM, took into consideration, among other factors, the wholesale and consumer price indexes, exchange rates, the price of diesel and construction costs and salaries, all of which are weighted based on their relative importance to operating costs and capital expenditures.

On January 30, 2007, the ENRE formally approved our new tariff schedule reflecting the 28% increase in the distribution margins charged to our non-residential users contemplated by the Adjustment Agreement. In addition, because the Adjustment Agreement is effective retroactively from November 1, 2005, the ENRE applied the CMM retroactively in each of May and November 2006, the dates in each year on which the ENRE is required to apply the CMM.

Between 2007 and 2016, we requested several CMM adjustments, which were recognized by the ENRE through different resolutions and notes (Resolution No. 1,037/07, Note No. 81,399, Resolution No. 250/13 and Resolution No. 32/15). Only two adjustments were recognized in a timely manner and were incorporated into the tariff structure, while the rest of them were recognized belatedly and not incorporated into our tariff structure.



On November 23, 2012, the ENRE issued Resolution No. 347/12, pursuant to which it established a fixed and variable charge differentiated by category of users, which the distribution companies will collect on account of the CMM adjustments stipulated in clause 4.2 of the Adjustment Agreement, and will use exclusively to finance infrastructure and corrective maintenance of their facilities. Such charges, which were clearly identified in the bills sent to users, were deposited in a special account to be managed by a Trustee. Such amounts were used exclusively to finance infrastructure and corrective maintenance of the facilities.

Pursuant to the SE's Resolution No. 250/13 and Notes No. 6,852/13, No. 4,012/14, No. 486/14 and No. 1,136/14 of the SE, the Company was authorized to compensate its debt registered under the PUREE against CMM recognitions for the period from May 2008 through December 2014.

In addition, CAMMESA was instructed to issue sale settlements with maturity dates to be determined for the surplus generated after compensation between the credits of the CMM and the PUREE debts, to partially compensate the debt with the WEM. We were also entitled to deposit the remaining sale settlements with maturity dates to be determined in the trust created pursuant to ENRE's Resolution No. 347/12. As of the date of this annual report, all the sale settlements with maturity dates to be determined issued by CAMMESA were compensated with PUREE debts or with Commercial debt with CAMMESA.

As from February 1, 2015, pursuant to Resolution No. 32/15 of the SE, PUREE funds were considered as part of Edenor's income on account of the future RTI. We compensated up to January 31, 2015, the debts for PUREE, with claims arising from the calculation of CMM up to January 31, 2016, including the application of interest that could correspond to both concepts.

In January 2016, the ME&M issued Resolution No. 7/16, pursuant to which the ENRE implemented a VAD adjustment to the tariff schedule on account of the future RTI in effect as of February 1, 2016, and took all the necessary actions to conclude the RTI process by February 2017.

In addition, such resolution: (i) abrogated the PUREE; (ii) repealed SE Resolution No. 32/15 as from the date the ENRE resolution implementing the new tariff schedule that became effective; (iii) discontinued the application of mechanisms that imply the transfer of funds from CAMMESA in the form of loan agreements with CAMMESA; and (iv) ordered the implementation of the actions required to terminate the trusts created pursuant to ENRE Resolution No. 347/12. Resolution No. 2/16 of the ENRE partially repealed Resolution No. 347/12, discontinuing the FOCED and ordered the Company to open a special bank account with a Central Bank authorized entity where the funds received pursuant to Resolution No. 347/12 were deposited. Pursuant to ME&M Resolution No. 7/16, the ENRE issued Resolution No. 1/16 establishing a new tariff structure.

*Integral Tariff Revision.* During the year 2016, the Company, guided by the ENRE, complied with all the procedural obligations required to complete the RTI process set forth in the Adjustment Agreement. The RTI process was completed on February 1, 2017, on which date the ENRE issued Resolution No. 63/17. Such resolution established a new tariff schedule which included a VAD maximum increase of 42% for February 2017, as well as two additional phase increases for the months of November 2017 and February 2018. On January 31, 2019, ENRE issued Resolution No. 25 which approved the values of Edenor's tariff scheme as from February 1, 2019. Moreover, on January 31, 2019, pursuant to Resolution No. 27/19, the ENRE approved the VAD updates for the second six-month period of 2018 and the pending update corresponding to the first six-month period of 2019, totaling a 32.0% increase applicable as from March 1, 2019.

The following table sets forth the relative weight of our distribution margin in our average tariffs per category of user (other than wheeling system, public lighting and shantytown users) in our concession area at the dates indicated. Although the VAD and electric power purchases per category of user are the same, we are subject to different taxes in the Province of Buenos Aires and the City of Buenos Aires.

During 2020, these figures did not experience variations due to the freeze on electricity rates.

Tariff <sup>(1)</sup>	VAD													
	November	January	February	October	Res.1301	Res. 1	Res. 92/17	Res. 92/17	Res. 603/17	Res. 33/18	Res. 208/18	Res. 25/19	Res. 27/19	Res. 104/19
	2001	2005	2007	2008	2011 <sup>(2)</sup>	2016	Feb. 2017	Mar. 2017	Dic. 2017	Dic. 2017	Feb. 2018	Feb. 2019	Mar. 2019	May. 2019
<b>Residential</b>														
TIR1 (0-300)	49.40%	44.50%	44.50%	44.69%	11.26%	30.63%	26.60%	19.07%	18.10%	18.23%	15.24%	11.46%	14.41%	14.41%
TIR12 (301-650)	36.20%	33.00%	33.00%	30.81%	4.80%	15.40%	23.49%	16.54%	15.20%	15.31%	12.69%	9.44%	12.03%	12.03%
TIR# (651-800)				32.08%	4.55%	14.48%	26.66%	19.15%	17.74%	17.73%	14.81%	11.12%	14.02%	14.02%
TIR4 (801-900)				31.63%	4.32%	13.91%	29.46%	21.55%	20.08%	19.98%	16.81%	12.74%	15.95%	15.95%
TIR5 (90-1000)				32.75%	4.35%	14.04%	33.25%	24.91%	23.42%	23.20%	19.72%	15.14%	18.78%	18.78%
TIR6 (1001-1200)				26.29%	4.19%	15.98%	37.51%	28.95%	27.52%	27.09%	23.31%	18.20%	22.31%	22.31%
TIR 7 (1201-1400)				27.18%	3.98%	15.25%	41.21%	32.64%	32.80%	34.80%	30.69%	24.81%	30.91%	30.91%
TIR8 (1401-2800)				25.94%	4.81%	17.83%	45.69%	37.36%	40.50%	42.35%	38.30%	32.13%	36.57%	36.57%
TIR9 (> 2800)				22.50%	3.84%	14.81%	46.83%	38.62%	39.94%	40.79%	36.69%	30.53%	35.18%	35.18%
<b>Commercial - small demands</b>														
TIG1	55.10%	40.00%	47.80%	48.76%	21.91%	53.18%	53.79%	45.89%	48.82%	47.19%	43.14%	37.48%	42.91%	41.83%
TIG2	53.60%	31.10%	43.60%	42.39%	15.97%	41.52%	52.94%	44.89%	47.86%	46.18%	42.08%	36.38%	41.77%	40.67%
TIG3				37.40%	9.13%	24.24%	52.74%	44.65%	47.54%	45.92%	41.81%	36.11%	41.32%	40.22%
<b>Commercial - medium demand</b>														
T2	43.30%	27.90%	35.50%	38.03%	16.03%	44.80%	74.36%	74.36%	43.55%	43.41%	39.03%	31.83%	37.30%	36.29%
<b>Industrial</b>														
T3 low voltage below 300kw	44.20%	26.50%	34.30%	37.86%	15.37%	43.74%	46.90%	37.97%	39.76%	39.59%	35.14%	27.96%	33.33%	32.34%
T3 low voltage over 300kw	42.60%	24.50%	32.10%	27.09%	11.99%	22.80%	23.80%	23.52%	27.24%	29.40%	22.50%	18.29%	22.82%	22.13%
T3 medium voltage below 300kw	29.30%	14.10%	19.70%	25.25%	8.46%	30.72%	30.38%	22.08%	23.59%	23.43%	19.76%	14.58%	18.37%	17.64%
T3 medium volgate over 300kw	27.30%	12.30%	17.50%	17.71%	7.09%	14.50%	13.19%	13.00%	15.44%	17.13%	12.31%	9.59%	12.43%	11.99%
<b>Average Tariff</b>	41.20%	28.50%	33.90%	33.16%	9.57%	28.33%	39.08%	32.46%	32.18%	32.41%	27.75%	22.09%	26.83%	26.36%

Tariff <sup>(1)</sup>	Average Taxes													
	November	January	February	October	Res.1301	Res. 1	Res. 92/17	Res. 92/17	Res. 603/17	Res. 33/18	Res. 208/18	Res. 25/19	Res. 27/19	Res. 104/19
	2001	2005	2007	2008	2011 <sup>(2)</sup>	2016	Feb. 2017	Mar. 2017	Dic. 2017	Dic. 2017	Feb. 2018	Feb. 2019	Mar. 2019	May. 2019
<b>Residential</b>														
TIR1 (0-300)	28.70%	28.70%	28.70%	28.70%	28.70%	28.70%	28.70%	28.70%	28.70%	28.70%	28.70%	28.70%	28.70%	28.70%
TIR12 (301-650)	29.20%	29.20%	29.20%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%
TIR# (651-800)				29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%
TIR4 (801-900)				29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%
TIR5 (90-1000)				29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%
TIR6 (1001-1200)				29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%
TIR 7 (1201-1400)				29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%
TIR8 (1401-2800)				29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%
TIR9 (> 2800)				29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%	29.23%
<b>Commercial - small demands</b>														
TIG1	25.70%	25.70%	25.70%	25.68%	25.68%	25.68%	25.68%	25.68%	25.68%	25.68%	25.68%	25.68%	25.68%	25.68%
TIG2	25.60%	25.60%	25.60%	25.64%	25.64%	25.64%	25.64%	25.64%	25.64%	25.64%	25.64%	25.64%	25.64%	25.64%
TIG3				25.63%	25.63%	25.63%	25.63%	25.63%	25.63%	25.63%	25.63%	25.63%	25.63%	25.63%
<b>Commercial - medium demand</b>														
T2	25.60%	25.60%	25.60%	25.63%	25.63%	25.63%	25.63%	25.63%	25.63%	25.63%	25.63%	25.63%	25.63%	25.63%
<b>Industrial</b>														
T3 low voltage below 300kw	25.70%	25.70%	25.70%	25.66%	25.66%	25.66%	25.66%	25.66%	25.66%	25.66%	25.66%	25.66%	25.66%	25.66%
T3 low voltage over 300kw	25.60%	25.60%	25.60%	25.62%	25.62%	25.62%	25.62%	25.62%	25.62%	25.62%	25.62%	25.62%	25.62%	25.62%
T3 medium voltage below 300kw	25.70%	25.70%	25.70%	25.68%	25.68%	25.68%	25.68%	25.68%	25.68%	25.68%	25.68%	25.68%	25.68%	25.68%
T3 medium volgate over 300kw	25.70%	25.70%	25.70%	25.69%	25.69%	25.69%	25.69%	25.69%	25.69%	25.69%	25.69%	25.69%	25.69%	25.69%
<b>Average Tariff</b>	27.20%	27.20%	27.20%	27.24%	27.24%	27.24%	27.24%	27.24%	27.24%	27.24%	27.24%	27.24%	27.24%	27.24%

Tariff <sup>(1)</sup>	Electric Power Purchases													
	November	January	February	October	Res.1301	Res. 1	Res. 92/17	Res. 92/17	Res. 603/17	Res. 33/18	Res. 208/18	Res. 25/19	Res. 27/19	Res. 104/19
	2001	2005	2007	2008	2011 <sup>(2)</sup>	2016	Feb. 2017	Mar. 2017	Dic. 2017	Dic. 2017	Feb. 2018	Feb. 2019	Mar. 2019	May. 2019
<b>Residential</b>														
TIR1 (0-300)	21.90%	26.80%	26.80%	26.61%	60.00%	40.65%	44.71%	52.23%	53.20%	53.07%	56.06%	59.84%	56.89%	56.89%
TIR12 (301-650)	34.60%	37.80%	37.80%	39.95%	65.91%	55.33%	47.28%	54.23%	55.57%	55.45%	58.08%	61.32%	58.74%	58.74%
TIR8 (651-800)				38.68%	66.15%	56.23%	44.11%	51.61%	53.02%	53.04%	55.96%	59.64%	56.74%	56.74%
TIR4 (801-900)				39.13%	66.39%	56.81%	41.30%	49.22%	50.68%	50.78%	53.96%	58.03%	54.81%	54.81%
TIR5 (90-1000)				38.02%	66.37%	56.69%	37.51%	45.86%	47.34%	47.56%	51.05%	55.62%	51.99%	51.99%
TIR6 (1001-1200)				44.48%	66.51%	54.73%	33.26%	41.81%	43.25%	43.67%	47.46%	52.57%	48.45%	48.45%
TIR 7 (1201-1400)				43.59%	66.73%	55.47%	29.55%	38.13%	37.96%	35.96%	40.08%	45.95%	39.86%	39.86%
TIR8 (1401-2800)				44.83%	65.89%	52.88%	25.08%	33.40%	30.27%	28.41%	32.47%	38.63%	34.20%	34.20%
TIR9 (> 2800)				48.26%	66.88%	55.92%	23.93%	32.15%	30.83%	29.98%	34.08%	40.24%	35.58%	35.58%
<b>Commercial - small demands</b>														
TIG1	19.20%	34.30%	26.50%	25.55%	52.34%	21.11%	20.53%	28.43%	25.50%	27.13%	31.18%	36.84%	31.40%	32.49%
TIG2	20.70%	43.20%	30.70%	31.97%	58.29%	32.79%	21.42%	29.47%	26.50%	28.19%	32.28%	37.98%	32.60%	33.70%
TIG3				37.57%	65.12%	48.04%	21.63%	29.71%	26.82%	28.44%	32.56%	38.25%	33.05%	34.14%
<b>Commercial - medium demand</b>														
T2	31.00%	46.40%	38.90%	36.34%	58.15%	29.47%	0.18%	0.29%	30.81%	30.95%	35.34%	42.54%	37.07%	38.08%
<b>Industrial</b>														
T3 low voltage below 300kw	30.10%	47.80%	40.10%	36.48%	58.84	30.53%	27.44%	36.36%	34.58%	34.75%	39.20%	46.38%	41.01%	42.00%
T3 low voltage over 300kw	31.80%	49.90%	42.30%	47.29%	62.29	51.55%	50.58%	50.86%	47.14%	44.99%	51.88%	56.10%	51.56%	52.26%
T3 medium voltage below 300kw	45.00%	60.30%	54.60%	49.06%	65.73	43.51%	43.94%	52.24%	50.73%	50.88%	54.55%	59.73%	55.94%	56.68%
T3 medium voltage over 300kw	47.00%	62.00%	56.80%	56.60%	67.11	59.77%	61.11%	61.31%	58.87%	57.18%	61.99%	64.72%	61.87%	62.32%
<b>Average Tariff</b>	31.50%	44.20%	38.90%	39.60%	63.10%	44.38%	33.69%	40.30%	40.58%	40.35%	45.01%	50.68%	45.93%	46.40%

- (1) TIR1 refers to residential users whose peak capacity demand is less than 10 kW and whose bimonthly energy demand is less than or equal to 300 KWh. TIR2 refers to residential users whose peak capacity demand is less than 10 kW and whose bimonthly energy demand is greater than 300 KWh but less than 650 KWh. TIR3 refers to residential users whose peak capacity demand is less than 10 kW and whose bimonthly energy demand is greater than 650 KWh but less than 800 KWh. TIR4 refers to residential users whose peak capacity demand is less than 10 kW and whose bimonthly energy demand is greater than 800 KWh but less than 900 KWh. TIR5 refers to residential users whose peak capacity demand is less than 10 kW and whose bimonthly energy demand is greater than 900KWh but less than 1,000 KWh TIR6 refers to residential users whose peak capacity demand is less than 10 kW and whose bimonthly energy demand is greater than 1,000 KWh but less than 1,200 KWh. TIR7 refers to residential users whose peak capacity demand is less than 10 kW and whose bimonthly energy demand is greater than 1,200 KWh but less than 1,400 KWh. TIR8 refers to residential users whose peak capacity demand is less than 10 kW and whose bimonthly energy demand is greater than 1,400 KWh but less than 2,800 KWh. TIR9 refers to residential users whose peak capacity demand is less than 10 kW and whose bimonthly energy demand is greater than 2,800KWh. TIG1 refers to commercial users whose peak capacity demand is less than 10kW and whose bimonthly energy demand is less than or equal to 1600 KWh. TIG2 refers to commercial users whose peak capacity demand is less than 10 kW and whose bimonthly energy demand is greater than 1600 KWh but less than 4,000 KWh. TIG3 refers to commercial users whose peak capacity demand is greater than 4,000 KWh. T2 refers to commercial users whose peak capacity demand is greater than 10 kW but less than 50 KW. T3 refers to users whose peak capacity demand is equal to or greater than 50 kW. The T3 category is applied to high-demand users according to the voltage (tension) at which each user is connected. Low tension is defined as voltage less than or equal to 1 kV and medium tension is defined as voltage greater than 1kV but less than 66 kV.
- (2) On November 7, 2011, the SE issued Resolution No. 1,301/11, which established the summer scheduling, eliminating the Argentine Government grants to certain economic activities, which, in accordance with the provisions of the Resolution, are in conditions to pay the actual cost that needs to be incurred for being supplied with their demand of electricity. The removal of the Argentine Government grants has been extended to residential users, who were classified by geographical areas and type of residence. The modification related only to electricity purchase prices in the Wholesale Electricity Market, for which reason the Company's VAD (value added for distribution) remained almost unchanged.

*Integral Tariff Revision (RTI).*

An integral tariff proposal includes, among other factors, a recalculation of the compensation we receive for our distribution services, including taxes that are not currently passed onto our users (such as taxes on financial transactions), a revised analysis of our distribution costs, modifications to our quality of service standards and penalty scheme and, finally, a revision of our asset base and rate of return.

On April 1, 2016, pursuant to Resolution No. 55/16 issued by ENRE, the RTI process was approved, which set the criteria and methodology to be applied throughout the RTI process, as well as the corresponding working plan.

On September 5, 2016, we submitted our electricity rate schedule proposal for the next five year period. For purposes of the rate proposal, we: determined the capital base using the depreciated NRV method; submitted the 2017-2021 investment plan; submitted a detail of the operating expenses; and submitted all other data requested by the ENRE.

On February 1, 2017, the ENRE issued Resolution No. 63/17 pursuant to which, the ENRE approved a new tariff scheme which set our VAD for the following five-year period. Such income was established by applying the NRV methodology, but over a slightly lower base capital than the one we had submitted in our proposal.

Our operating expenses were determined based on a model that values the resources required for our operations, in line with a “model company” with competent operation costs, including some corrections resulting from the current inefficiencies detected in the Company. In this regard, expenses were calculated annually based on the real network, by incorporating in each year the facilities needed to achieve the quality service required throughout the tariff period, with improvements in the facilities by increasing prevention related maintenance and projected investments. In this regard, the income requirements needed to cover the costs calculated for the 2017-2021 tariff period were established.

In relation to the new tariff schedule and tariff charges, the ENRE established a VAD increase in three stages, including an initial maximum increase of 42% to be applied as from February 1, 2017, and two subsequent increases in November 2017 (19%) and February 2018 (17%). In addition, the ENRE should acknowledge to the Company the difference in VAD resulting from the application of the gradual tariff increase recognized by the RTI in 48 installments as from February 1, 2018, which was incorporated to the VAD value on such date. Furthermore, the fixed charge billing corresponding to Resolution No. 347/12 was set aside.

The ENRE also established a non-automatic mechanism to adjust our tariff, as it had done in the original Concession Contract and the Adjustment Agreement, in order to preserve the economic and financial sustainability of the concession in the event of prices variations in the economy. This mechanism has a six-month basis and includes a combined formula of wholesale and consumer price indexes (WPI, CPI and salaries increases) which trigger the adjustment of tariff when the result is above 5%. In connection with quality standards, the ENRE approved new parameters with the purpose of achieving, by the end of the five-year period an acceptable quality. In this regard, it established a penalties regime to be applied in the event of noncompliance with the quality rates.

During the second half of 2017 in several presentations made to the ENRE, the Company submitted for approval purposes, the electricity rate schedules to be applied from August 1, 2017 and from November 1, 2017, related to the variation recorded in the CPD for the January-June 2017 period, and to the second stage increase set forth in Resolution No. 63/17, respectively.

On October 31, 2017, the ENRE, as instructed by the ME&M, postponed to December 1, 2017 the application of the CPD increases abovementioned.

On November 30, 2017, through Resolution No. 603/17 the ENRE established the output PRP and the SPE and transport, as well as the new social tariff methodology and the new incentive schedule for savings. Also, the ENRE approved the CPD values, applicable as from December 1, 2017, and retroactively to consumption recorded in the months of August through November 2017, which was billed in two

installments, December 2017 and January 2018. Additionally, the resolution approved the Company's electricity rate schedule applicable to consumption recorded as from December 1, 2017.

On January 31, 2018, the ENRE issued Resolution No. 33/18 whereby it approved the values of CPD, the values of the monthly installment to be applied in accordance with the provisions of ENRE Resolution No. 329/17, and the values of the Company's electricity rate schedule applicable to consumption recorded as of February 1, 2018. Additionally, it provided that the average electricity rate value amounts to Ps.2.4627 Ps./KWh. Furthermore, such Resolution approved the new CPD adjustments (last stage of 17% according to Resolution No. 63/17, the inflation adjustment of 11.9% for the period July-December 2017 and stimulus factor "E" of -2.51%) and determined the deferred income to be recovered in 48 installments for a total amount of Ps.8,094.2 million. Additionally, it reported that the value of the average tariff reached Ps.2.4627/KWh.

On July 31, 2018, the ENRE issued Resolution No. 208/18, pursuant to which it approved, the CPD for January 2018 through June 2018 of which 7.93% was applied as of August 1, 2018, and 6.51% in six consecutive monthly installments as of February 1, 2019. The CPD amounted to 15.85%. Moreover, Resolution No. 208/18 established a system of caps for the social tariff as well as the values that the Company had to apply to determine and credit discounts in the electricity bills of the users affected by deficiencies in the quality of the technical product and/or the quality of the technical and commercial service from 2018 to February 2019. Additionally, the informed average electricity rate value amounted to Ps. 2.9871/KWh.

On December 27, 2018, Resolution No. 366/18 issued by the SGE approved the summer seasonal programming for the WEM submitted by CAMMESA, thus determining new prices for power capacity, energy and transmission for February 2019 to October 2019 period. Furthermore, the social tariff and savings bonuses for the residential tariff were eliminated, as beneficiaries have been transferred to the provincial jurisdictions. As of the date of this annual report, the Province of Buenos Aires and the City of Buenos Aires are complying with the payment of the social tariff on a regular basis.

On January 31, 2019, the ENRE issued Resolution No. 25/19, whereby it approved, under the terms of ENRE Resolution 366/2018, the new values of generation prices.

Furthermore, by means of Resolution No. 27/19, the aforementioned regulatory authority approved the CPD value of February 2019 together with the stimulus factor, whose application was deferred until March 2019. Additionally, the ENRE determined the value to be applied for the 36 remaining installments resulting from the gradual application system established in ENRE Resolution No. 63/2017, together with the 50% of the CPD that should have been applied in the August 2018-January 2019 six-month period.

On April 30, 2019, the Electricity Market and Renewable Resources Secretariat issued Resolution No. 14/19, which, among other issues, approves the MEM definitive winter scheduling and modifies the Power Reference Prices and the Stabilized Price of Energy (SPE) relating to the May 1-October 31, 2019 period.

In December 2019, the Executive Power enacted, in the framework of the Economic Emergency, Law No. 27,541 on Social Solidarity and Production Reactivation, pursuant to which is authorized to initiate either a renegotiation process of the tariff structure in effect or an extraordinary review. In this context, on December 27, 2019, the ENRE instructed the Company not to apply the electricity rate schedules from January 1, 2020, resulting from the provisions of the Electricity Rate Schedules Maintenance Agreement entered into by and between the Company and the Federal Government on September 19, 2019, as such agreement had lost its applicability due to the electricity rate emergency provided for in the aforementioned law, with the electricity rate schedule that had been approved by ENRE Resolution No. 104/19 dated April 30, 2019 remaining in effect.

Additionally, on December 16, 2020, the Executive Branch issued Decree No. 1020/2020 which extended the freeze on electricity rates prescribed by the Productive Reactivation Law (which authorized the Executive Power to maintain electricity tariffs under federal jurisdiction frozen) until March 31, 2021, or until the new transitional electricity rate schedules come into effect, whichever occurs first. Additionally,

by means of Decree No. 1020/2020, the Executive Power provided for the commencement of the Tariff Structure Review renegotiation process, which may not exceed two years, suspending until then the Agreements relating to the respective Tariff Structure Reviews in effect, with the scope to be determined in each case by the Regulatory Authorities. It is provided that Interim Renegotiation Agreements may be entered into, which modify to a limited extent the particular conditions of the tariff review imposing a Transitional Tariff System until a Definitive Renegotiation Agreement is reached. Finally, by means of Resolution No. 53/2021, the ENRE called a public hearing to be held on March 30, 2021 to inform and listen to opinions about the Transitional Tariff System to be applied to electricity distributors Edesur and Edenor.

On March 30, 2021, the ENRE called a public hearing, with the main goal of determining a transitional rate schedule for electricity distribution until the next RTI. The president and CEO of the Company, Ricardo Torres, explained the need of funds required to maintain and continue the improvement in the quality of electricity services. Additionally, he explained the financial situation of the Company, the investments that have been made to satisfy demand and the improvement in the provision of the services, and he proposed a rate schedule structure that allows better control by customers.

#### *Social Tariff Regime.*

According to the Adjustment Agreement, we are required to apply a social tariff regime as part of our revised tariff structure resulting from the RTI. This regime is a system of subsidized tariffs for the sectors of the community to be approved by the ENRE in the context of the RTI. The social tariff regime provides sectors of the community with the same service and quality of service as other users. The beneficiaries under this regime must register with the Argentine Government and meet certain criteria, including not owning more than one home and having a level of electricity consumption that is not higher than the limit established by the Argentine Government.

In January 2016, pursuant to ME&M's Resolution No. 6/16, the Argentine Government introduced a social tariff for residential users who comply with certain consumption requirements, which includes a full exemption for monthly consumptions below or equal to 150 KWh and preferential tariffs for users who exceed such consumption level but achieve a monthly consumption lower than that of the same period in the immediately preceding year.

Pursuant to Resolution No. 63/17, the ENRE ratified this measure, maintaining the zero cost modality for monthly consumptions below or equal to 150 KWh and preferential tariffs for consumption that exceeds such level, updating the values in accordance with the new tariff scheme.

Resolution No 603/17 determined a new methodology for social tariff. It established: (1) a 100% discount in the stabilized price of energy for monthly consumptions below or equal to 150 KWh (base consumption); for the monthly consumption above the base consumption, (2) a 50% discount in the stabilized price of energy for the monthly consumptions below or equal 150 KWh; and (3) non-discount for the rest of the surplus consumption. Moreover, a scheme of maximum percentages was established in social tariff user's invoices with respect to what would be paid, before taxes, by residential users of equal consumption.

On December 27, 2018, the social tariff and savings bonuses for the residential tariff were eliminated by Resolution No. 366/18 issued by the SGE.

#### ***Demand***

Energy demand depends to a significant extent on economic and political conditions prevailing from time to time in Argentina, as well as seasonal factors. In general, the demand for electricity varies depending on the performance of the Argentine economy, as businesses and individuals generally consume more energy and are better able to pay their bills during periods of economic stability or growth. As a result, energy demand is affected by Argentine Governmental actions concerning the economy, including with respect to inflation, interest rates, price controls, foreign exchange controls, taxes and energy tariffs.

The following table sets forth the amount of electricity generated in Argentina and our electricity purchases in each of the periods indicated.

<b>Year</b>	<b>Electricity demand in Gwh<sup>(1)</sup></b>	<b>Edenor demand in Gwh<sup>(2)</sup></b>	<b>Edenor's demand as % of total demand</b>
2010	110,767	22,053	19.9%
2011	116,418	23,004	19.8%
2012	131,944	23,933	18.1%
2013	125,162	24,902	19.9%
2014	126,421	24,860	19.7%
2015	131,998	26,322	19.9%
2016	133,111	26,838	20.2%
2017	132,426	25,950	19.6%
2018	132,925	25,906	19.5%
2019	128,880	24,960	19.4%
2020	127,306	25,124	19.7%

Source: CAMMESA

(1) Includes demand in the Mercado Eléctrico Mayorista Sistema Patagónico (Patagonia wholesale electricity market, or MEMSP).

(2) Calculated as electricity purchased by us and our wheeling system users.

Beginning in mid-2001 through 2002, the decline in the overall level of economic activity and the deterioration in the ability of many of our users to pay their bills as a result of the crisis led to an overall decrease in demand for electricity and an increase in non-technical energy losses. After the economic crisis, however, demand started growing again, increasing an average of 4.3% per annum from 2003 through 2013. However, the demand for electricity declined 2.5% in 2009 as a consequence of the global financial crisis. This increase in demand was due to renewed growth in the Argentine economy since the second half of 2003 and the relative low cost of energy to consumers, in real terms, resulting from the freeze of our distribution margin and the elimination of the inflation adjustment provisions of our concession in 2002. In 2014, the demand decreased by 2% as a consequence of the depreciation that took place in the second semester of such year, while in 2016 a decrease of 1% was mainly due to the slight contraction in the economic activity of certain sectors, the implementation of rational use strategies by our larger commercial users and to the Industrial Production Index decrease in the case of industrial users, whose joint participation represents more than 50% of the electricity consumption in our concession area. In 2017, the decline in demand was more pronounced, decreasing by 3.6%, in line with the decrease in the demand of the WEM and can be explained by the combination of three factors: economic recession, elasticity to price (in accordance with the tariff increases settled by Resolution No 33/18) and warmer and more uniform average temperatures than in the prior five years. Nevertheless, industrial users, whose participation represents 38% of the electricity consumption, showed the lowest decline in demand, of around 0.4%, in accordance with the recovery of the Industrial Production Index.

In 2020, the demand of electricity amounted to 25,124 GWh, which represented a 0.7% increase as compared to 2019, whereas the WEM's demand amounted to 127,306 GWh (-1.2% interannual). The fall in Edenor's demand was mainly due to temperature, elasticity, the price and the level of the economic activity.

We cannot assure you that the tariffs that result from the RTI or future economic, social and political developments in Argentina, over which we have no control, will not have an adverse effect on energy demand in Argentina. See "Item 3. Key Information—Risk factors—Risks related to the electricity distribution sector—Electricity demand may be affected by tariff increases, which may lead distribution companies, such as us, to record lower revenues."

### *Capacity demand*

Demand for installed capacity to deliver electricity generally increases with growth in demand for electricity. However, since the 2001 and 2002 crisis, with the exception of two thermal generation plants, no new generation plants have been built in Argentina. Despite the lack of new generation plants, the Argentine Government has implemented some economic incentives, such as those in the *Plus Energy* Program, which have served to increase generating capacity in existing generation plants such as Central Térmica Güemes and Central Loma de la Lata. A lack of generation capacity would place limits on our ability to grow and could lead to increased service disruptions, which could cause an increase in our fines. See “Item 3. Key Information—Risk factors—Risks Relating to the Electricity Distribution Sector—If we experience continued energy shortages in the face of growing demand for electricity, our ability to deliver electricity to our users could be adversely affected, which could result in user claims, material penalties, Government intervention and decreased results of operations.”

In response to the lack of private investment in new generation plants, the Argentine Government undertook a project to construct two 800 MW thermal generation plants, Central Termoeléctrica Manuel Belgrano and Central Termoeléctrica General San Martín. Construction of these two plants was completed and operations commenced in 2009. The two plants were constructed with funds derived from three sources: net revenues of generators derived from energy sales in the spot market, a special charge to our non-residential users per MWh of energy billed and a specific charge from CAMMESA applicable to large users. In addition to the construction of these two new thermal generation plants, in September 2006 the SE issued Resolution No. 1,281/06 in an effort to respond to the sustained increase in energy demand following Argentina’s economic recovery after the crisis. This resolution aims to create incentives for energy generation plants to meet increasing energy needs. The Government has also required us to finance 24% and Edesur 26%, of the construction costs of two high-tension 220 kV lines between the *Central Puerto* and *Central Costanera* generators and the *Malaver* network, which provide access to an additional 600MW of energy from the *Central Puerto* and *Central Costanera* generators that currently cannot be distributed due to saturation of their grids. In May 2012, we finished the construction of the 220kV linking lines of the local generators Central Puerto and Central Costanera with Edenor network, through Malaver substations. This extension pursuant to Resolution No. 1,875/05 of the SE permitted an increase in supply capacity by 600 MW from Central Puerto and Central Costanera generators. In December 2012, the third transformer of 300 MVA-220/132 kV was put into service in Malaver’s substation.

During January 2017, a new temporary 500/132 kV transformer of 300 MVA was installed in SE Rodríguez, which allowed the entry of more power from the WEM. This transformer was replaced by a definitive one of 500 MVA during 2018. In addition, during 2017 a new type of thermal generation (by means of transportable modules) has been directly connected to Edenor’s high voltage network, with an aim to decrease the saturation of these networks: CT Zappalorto (APR), CT Pilar (Pampa Energía S.A.), CT Matheu II (APR). In 2018, CT Matheu III (Araucaria) began operating and a new 220/132 kV transformer of 300 MVA was installed in SE Ezeiza.

We cannot assure you that these new generation plants will be able to serve our energy demands in the manner we anticipate.

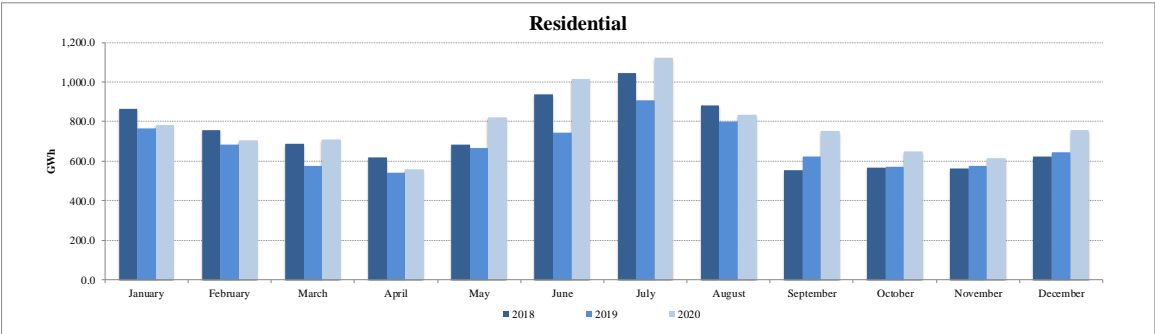
### *Seasonality of Demand*

Seasonality has a significant impact on the demand for electricity in our concession area, with electricity consumption peaks in summer and winter. The impact of seasonal changes in demand is registered primarily in our residential and small commercial user categories. The seasonal changes in demand are attributable to the impact of various climatological factors, including weather and the amount of daylight time, on the usage of lights, heating systems and air conditioners.

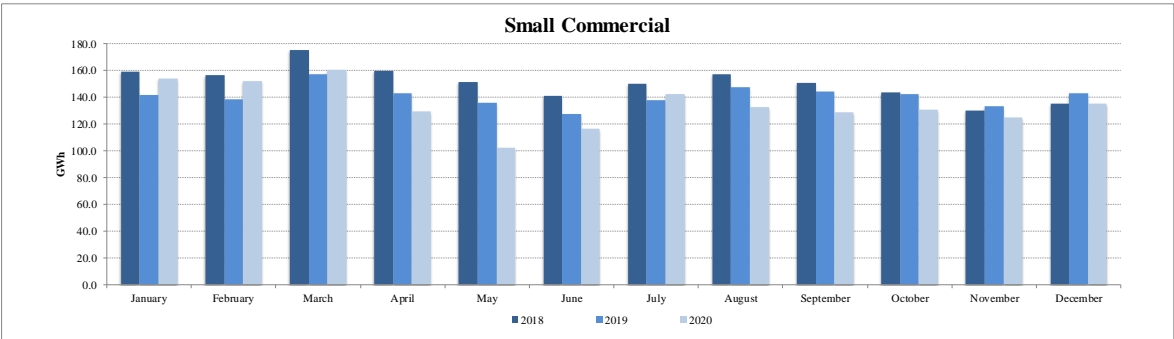
The impact of seasonality on industrial demand for electricity is less pronounced than on the residential and commercial sectors, primarily because different types of industrial activity by their nature have different seasonal peaks, such that the climatic effect is more varied.



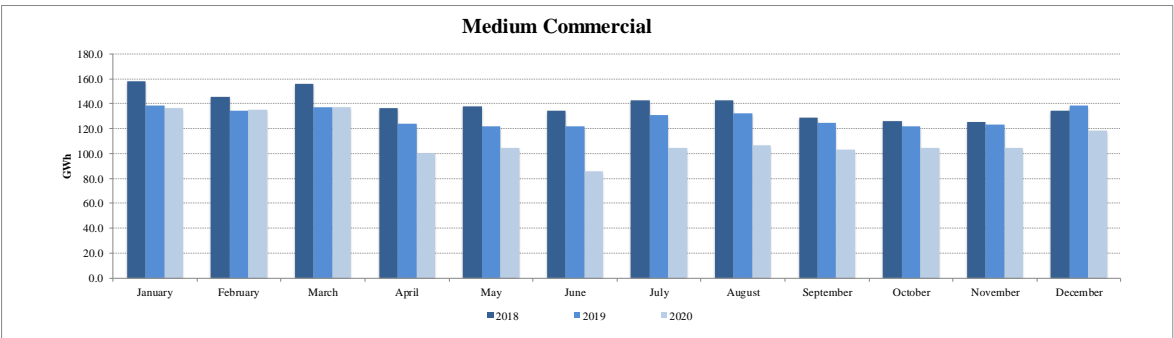
The chart below shows seasonality of demand in Edenor’s residential user category for the periods indicated.



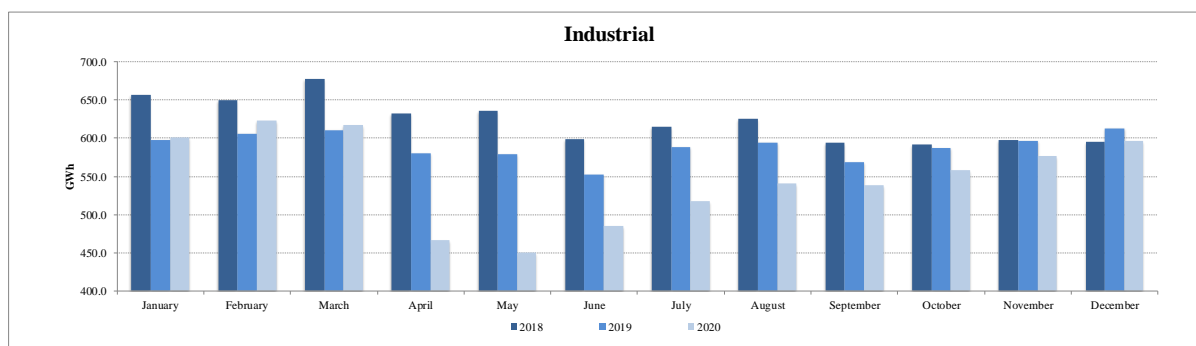
The chart below shows seasonality of demand in Edenor’s small commercial user category for the periods indicated.



The chart below shows seasonality of demand in Edenor’s medium commercial user category for the periods indicated.



The chart below shows seasonality of demand in Edenor's industrial user category for the periods indicated.



### ***Taxes on Electricity Tariffs***

Sales of electricity within our service area are subject to certain taxes, levies and charges at the federal, provincial and municipal levels. These taxes vary according to location and type of user. In general, residential and Governmental users are subject to a lower tax rate than commercial and industrial users. Similarly, taxes are typically higher in the Province of Buenos Aires than in the City of Buenos Aires. All of these taxes are billed to our users along with electricity charges.

### ***Framework Agreement (Shantytowns)***

Since 1994, we have supplied electricity to low-income areas and shantytowns within our concession area under a special regime established pursuant to a series of framework agreements. For a discussion of these agreements and our ongoing negotiations to extend the most recent framework agreement, see “Item 4. Information on the Company—Framework Agreement (Shantytowns).”

### ***Operating Expenses***

Our most significant operating expenses are transmission and distribution expenses, which include depreciation charges, salaries and social security taxes, outsourcing, fines and penalties, and purchases of materials and supplies, among others.

We seek to maintain a flexible cost base by achieving an optimal level of outsourcing, which allows us to respond more quickly to changes in our market. We had 4,776 employees and contracts with third-party services companies that count with 5,977 employees as of December 31, 2020. See “Item 6. Directors, Senior Management and Employees—Employees.”

Our principal material and supply expenses consist of purchases of wire and transformers (*i.e.*, electromagnetic devices used to change the voltage level of alternating-current electricity), which we use to maintain our network.

### **Summary of Historical Results of Operations**

During 2018, the regulatory and electricity rate environment continued to normalize and we improved the quality of our service and the amount and quality of our investments. However, certain unanticipated actions of the Argentine Government, the ENRE and the Province of Buenos Aires strained the Company's ability to generate funds, such as: the lack of recognition of discounts to users with social tariffs for more than Ps.900 million, the deferral of the 50% CPD adjustment that corresponded to apply as of August 1, 2018 in six consecutive monthly installments as of February 1, 2019 for an estimated total of Ps.1 billion and the non-payment from low-income areas and shantytowns of consumption for more than Ps.1 billion.

In February 2018, electricity rates increased, incorporating the last 18% installment that had been deferred in 2017, together with the 11.99% inflation adjustment of the second half of 2017 and the 2.51% net reduction related to the “E” stimulus factor, which provides the transfer of a distributor’s users expected efficiency gains, and reflects the impact of certain investments added to the grid during the previous year. The deferred amounts from 2017 were retroactively applied to be collected in 48 installments were also included. In August 2018, pursuant to applicable regulations, electricity rates increased by 7.93% deferring until February 2019, the remaining 6.51% to complete the inflation adjustment of the first six-month period of 2018.

Although the regulatory framework in effect is currently being applied, the Argentine Government’s decision to incorporate rate increases in the price of electricity of 23% in February 2018 and 36% in August 2018, respectively, in addition to the increases previously mentioned, combined with the deterioration of Argentina’s general economic situation, with household income falling as a result of the significant depreciation and the increasing inflation, gave rise to a public discussion regarding electricity rates. In connection with such discussion, Congress enacted a law to restore electricity rates to their 2017 values and incorporate certain controls over the investments and electricity rates. On May 31, 2018, the Argentine Government vetoed this law.

On May 10, 2019, Edenor and the Energy Government Secretariat, on behalf of the Federal Government, entered into the Agreement on the Regularization of Obligations, putting end to the mutual pending claims originated in the 2006-2016 transition period, pursuant to which the Company (i) waived any rights to which it could be entitled and abandoned any actions against the Federal Government, including the complaint filed by Edenor in 2013 for failure to comply with the obligations resulting from the Adjustment Agreement entered into on February 13, 2006; (ii) bound itself to settle debts for works and loans for consumption (“mutuums”) originated in the transition period; (iii) undertook to pay users certain penalty and compensation amounts related to that period; and (iv) agreed to make investments, in addition to those agreed upon in the RTI, aimed at contributing to improving the reliability and safety of the service. In return, the Federal Government partially recognized the claim duly made by the Company -referred to in (i) above-, by fully offsetting pending obligations with the MEM for electric power purchases made during the transition period, partially cancelling the mutuums for investments granted by CAMMESA also during that period and cancelling penalties payable to the National Treasury.

On September 19, 2019 Edenor and Edesur entered into the Electricity Rate Schedules Maintenance Agreement with the Federal Government, pursuant to which the Federal Government instructed the ENRE to maintain, during the six-month period commenced on August 1, 2019, the electricity rate schedule that was in effect prior to the commencement of such period for all electricity rate categories. The distribution companies accepted that the CPD adjustment, effective as from August 1, 2019, would be applied up to a maximum amount equivalent to that collected by the holders of the concession during the previous six-month period as recovery of the previous six-month period deferral, plus the adjustments that could arise. The CPD value, with the half-yearly adjustment due as of July 31, 2019, would become effective as from January 1, 2020. The generated difference of the CPD would be recovered in seven monthly installments as from January 1, 2020. Furthermore, the distribution companies accepted that the update of the electricity rate schedule in relation to the seasonal prices of energy would take place as from January 1, 2020, and that the difference generated between seasonal prices would be recovered in 7 installments as from January 1, 2020. In the framework of the agreement, the parties also agreed to postpone the payment of any penalty until March 1, 2020.

On December 27, 2019, the ENRE instructed Edenor not to apply the electricity rate schedules resulting from the provisions of the Electricity Rate Schedules Maintenance Agreement, as such agreement lost its applicability due to the electricity rate emergency provided for in Productive Reactivation Law; therefore, the electricity rate schedule that had been applied since May 1, 2019 came back into effect.

By means of the Productive Reactivation Law, regulated by Decrees No. 58 and 99/19, the Federal Executive Power declared the state of emergency in economic, financial, fiscal, administrative, pension, tariff, energy, sanitary, and social matters. Additionally, the Federal Executive Power was authorized both to maintain the electricity and natural gas rates under federal jurisdiction and to initiate either a renegotiation process of the RTI in effect or an extraordinary review, in a maximum term of 180 days, with the aim of reducing the real burden on households, shops and industries for 2020. The provinces were

invited to adhere to these policies on the maintenance of rate schedules and renegotiation or extraordinary review of rates in their jurisdictions.

In 2020, the Company made different presentations to the ENRE with the estimates of the electricity rate schedules that were to be applied during 2020, according to the terms of the Electricity Rate Schedules Maintenance Agreement entered between the Company and the Federal Government. However, the ENRE has instructed the Company not to apply them, in accordance with Productive Reactivation Law.

On December 11, 2020, by means of Decree No. 990/20, the 2021 Budget Law was partially approved. In Section 87, the law provides for a system for the settlement of debts with CAMMESA and/or the WEM accumulated by electricity distribution companies as of December 31, 2020, whether on account of the consumption of energy, power, interest and/or penalties, in accordance with the conditions to be set out by the applicable authority, which may provide for credits equivalent to up to five times the monthly average bill or to sixty-six percent of the existing debt, whereas the remaining debt is to be paid in up to sixty monthly installments, with a grace period of up to six months, and at the rate in effect in the WEM, reduced by fifty percent.

Consequently, by means of Resolution No.40/2021, the Energy Secretariat implemented a “Special System for the Regularization of Payment Obligations” of electricity distribution companies that are agents of the WEM for the debts held with CAMMESA and/or the WEM whether on account of the consumption of energy, power, interest and/or penalties, accumulated as of September 30, 2020. It also implemented a “Special System of Credits” for those electricity distribution companies that are agents of the WEM and have no debts with CAMMESA and/or the WEM or whose debts are regarded as being within reasonable values vis-à-vis their levels of transactions as of September 30, 2020.

Furthermore, on December 16, 2020, by means of Decree No. 1020/20, the Argentine Executive Power provided for the commencement of the RTI renegotiation process, which may not exceed two years, suspending until then the agreements relating to the respective RTI in effect, with the scope to be determined in each case by the regulatory authorities. It is provided that interim renegotiation agreements may be entered into, which modify to a limited extent the particular conditions of the tariff review imposing a Transitional Tariff System until a definitive renegotiation agreement is reached (See “Item 3. Risk Factors—Risks Relating to the Electricity Distribution Sector—There is uncertainty as to what other measures the Argentine Government may adopt in connection with tariffs on public services and their impact on the Argentine economy”).

The following table provides a summary of our operations for the years ended December 31, 2020, 2019 and 2018.

## Statement of comprehensive income (loss)

	2020	2019	2018
	Ps.	Ps.	Ps.
Revenue (1)	91,316	122,437	117,120
Electric power purchases	(57,930)	(77,649)	(66,721)
<b>Subtotal</b>	<b>33,386</b>	<b>44,788</b>	<b>50,399</b>
Transmission and distribution expenses	(19,866)	(21,980)	(22,842)
<b>Gross margin</b>	<b>13,520</b>	<b>22,808</b>	<b>27,557</b>
Selling expenses	(10,843)	(10,007)	(10,534)
Administrative expenses	(5,353)	(5,223)	(6,012)
Other operating income (3)	2,200	2,364	1,903
Other operating expense	(2,045)	(3,479)	(3,438)
Impairment of property, plant and equipment	(17,396)	-	-
Gain from interest in joint ventures	-	2	3
<b>Operating (loss) profit</b>	<b>(19,917)</b>	<b>6,465</b>	<b>9,479</b>
<b>Agreement on the Regularization of Obligations</b>	<b>-</b>	<b>23,270</b>	<b>-</b>
Financial income (3)	55	78	176
Finance costs	(9,276)	(9,205)	(10,416)
Other finance costs	(1,890)	(4,796)	(4,114)
<b>Net finance costs</b>	<b>(11,111)</b>	<b>(13,923)</b>	<b>(14,354)</b>
Monetary gain (RECPAM)	9,767	15,236	17,800
<b>(Loss) Profit before taxes</b>	<b>(21,261)</b>	<b>31,048</b>	<b>12,925</b>
Income tax	3,563	(14,530)	(3,930)
<b>(Loss) Profit for the year</b>	<b>(17,698)</b>	<b>16,518</b>	<b>8,995</b>
<b>(Loss) Profit for the year attributable to:</b>			
Owners of the Company	(17,698)	16,518	8,995
<b>(Loss) Profit for the year</b>	<b>(17,698)</b>	<b>16,518</b>	<b>8,995</b>
<b>Other comprehensive income (loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Results related to benefit plans	108	(10)	(12)
Tax effect of actuarial results on benefit plans	(33)	3	4
<b>Total other comprehensive results</b>	<b>75</b>	<b>(7)</b>	<b>(8)</b>
<b>Comprehensive (loss) income for the year attributable to:</b>			
Owners of the parent	(17,623)	16,511	8,987
<b>Comprehensive (loss) profit for the year</b>	<b>(17,623)</b>	<b>16,511</b>	<b>8,987</b>
<b>Basic and diluted (loss) profit per share:</b>			
(Loss) earnings per share (argentine pesos per share)	(20.2)	18.9	10.1
<b>Basic and diluted (loss) profit per ADS (2):</b>			
(Loss) earnings per ADS (argentine pesos per ADS)	(404.6)	377.6	202.2

- (1) Revenue from operations is recognized on an accrual basis and derives mainly from electricity distribution. Such revenue includes electricity supplied, whether billed or unbilled, at the end of each year.
- (2) Each ADS represents 20 Class B common shares.
- (3) The classification of commercial interests and surcharges in the Statement of Comprehensive Income is modified, since the Company understands that the items related to late payment interest on the cancellation of credits for sale and surcharges applied to customers for late payment or other associated penalties, provide relevant information on the operations and operating cash flows of the business. For this reason, this item is included in other operating income. The Company's management considers that this disclosure reflects the impacts of the operating business process, allowing for consistency of treatment with other items such as credit deterioration. This particularly considering the current economic and financial context that worsened the delay in payment terms, including in the latter case, the restriction of some measures aimed at limiting customer payment delays.

## **Year Ended December 31, 2020 compared with Year Ended December 31, 2019.**

### ***Revenue from sales***

Revenue from sales decreased by 25%, to Ps.91,316 million for the year ended December 31, 2020, from Ps.122,437 million for the year ended December 31, 2019, mainly due to the freeze on electricity rates at February 2019 values.

### ***Electric Power Purchases***

The amount of electric power purchases decreased by 25%, to Ps.57,930 million for the year ended December 31, 2020, from Ps.77,649 million for the year ended December 31, 2019. This decrease was mainly due to the freeze on purchase prices, and the hyper-inflationary economy in Argentina.

Our volume of electric power purchases for the year ended December 31, 2020 amounted to 25,124 GWh, which represented a 1% increase in demand as compared to 2019.

Energy losses slightly decreased to 19.6% for the year ended December 31, 2020, compared to 19.9% for the year ended December 31, 2019 due to the inspections and energy recovery actions carried out by the Company. For more information, see “Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Results of Operations—Recognition of Cost of Energy Losses”.

### ***Transmission and Distribution Expenses***

Transmission and distribution expenses decreased by 10% to Ps.19,866 million for the year ended December 31, 2020, compared to Ps.21,980 million for the year ended December 31, 2019. This decrease was mainly due to a reduction in the amount of penalties as a consequence of the improvement in the technical product quality and the security measures that the Company must comply with on the public streets.

As a percentage of revenue from sales, transmission and distribution expenses increased to 21.9% for the year ended December 31, 2020, from 17.9% for the year ended December 31, 2019, due to the increase in costs because of inflation, as well as the freeze on electricity rates.

The following table sets forth the principal components of our transmission and distribution expenses for the years indicated.

	Year ended December 31,					
	2020		% of 2020 net sales	2019		% of 2019 net sales
Salaries and social security taxes	7,756	39.0%	8.5%	8,666	39.4%	7.1%
Supplies consumption	1,878	9.5%	2.1%	2,200	10.0%	1.8%
Fees and remuneration for services	3,900	19.6%	4.3%	3,481	15.8%	2.8%
Depreciation of property, plant and equipment	5,118	25.8%	5.6%	4,952	22.5%	4.0%
ENRE penalties	330	1.7%	0.4%	1,963	8.9%	1.6%
Others	884	4.4%	1.0%	718	3.4%	0.6%
<b>Total</b>	<b>19,866</b>	<b>100%</b>	<b>21.9%</b>	<b>21,980</b>	<b>100%</b>	<b>17.9%</b>

### ***Gross profit***

Our gross profit, including transmission and distribution expenses, decreased to Ps.13,520 million for the year ended December 31, 2020, from Ps.22,808 million for the year ended December 31, 2019. This decrease was mainly attributable to the freeze of electricity rates, the increase in operating costs necessary to maintain the level of service and the inflationary state of the Argentine economy.

### *Selling Expenses*

Our selling expenses are related to user services provided at our commercial offices, billing, invoice mailing, collection and collection procedures, as well as allowances for doubtful accounts.

Selling expenses increased 8.4% to Ps.10,843 million for the year ended December 31, 2020, from Ps.10,007 million for the year ended December 31, 2019. This increase of Ps.836 million was mainly due to an increase in allowance for impairment of trade receivables, partially offset by a decrease in ENRE penalties due to improvement in commercial quality service.

Selling expenses represented 11.9% and 8.2% of net sales in the years ended December 31, 2020 and 2019, respectively, due to the higher costs as a result of inflation, as well as the freeze on electricity rates.

The following table sets forth the principal components of our selling expenses for the years indicated.

	Year ended December 31,					
	2020		% of 2020 net sales	2019		% of 2019 net sales
Salaries and social security taxes	1,287.0	11.9%	1.4%	1,424.0	14.2%	1.2%
Allowance for the impairment of trade and other receivables	4,183.0	38.6%	4.6%	1,844.0	18.4%	1.5%
Communication expenses	444.0	4.1%	0.5%	504.0	5.0%	0.4%
Fees and remuneration for services	2,169.0	20.0%	2.4%	2,203.0	22.0%	1.8%
ENRE penalties	365.0	3.4%	0.4%	1,806.0	18.0%	1.5%
Taxes and charges	1,453.0	13.4%	1.6%	1,257.0	12.6%	1.0%
Others	942.0	8.6%	1.0%	969.0	9.8%	0.8%
<b>Total</b>	<b>10,843.0</b>	<b>100%</b>	<b>11.9%</b>	<b>10,007.0</b>	<b>100.0%</b>	<b>8.2%</b>

### *Administrative Expenses*

Our administrative expenses include, among others, expenses associated with accounting, payroll administration, personnel training, systems operation third-party services and taxes.

Administrative expenses increased by 2.5%, to Ps.5,353 million for the year ended December 31, 2020, from Ps.5,223 million for the year ended December 31, 2019. This increase was mainly due to an increase in salaries and social security taxes partially offset by fees and remuneration for services.

As a percentage of revenue from sales, administrative expenses increased to 5.9% for the year ended December 31, 2020, from 4.4% for the year ended December 31, 2019, due to the higher costs as a result of inflation, as well as the freeze on electricity rates.

The following are the principal components of our administrative expenses for the years indicated.

	Year ended December 31,					
	2020		% of 2020 net sales	2019		% of 2019 net sales
Salaries and social security taxes	2,272.0	42.4%	2.5%	1,819.0	34.8%	1.5%
Leases and insurance	315.0	5.9%	0.3%	308.0	5.9%	0.3%
Fees and remuneration for services	1,534.0	28.7%	1.7%	1,856.0	35.5%	1.5%
Security Services	35.0	0.7%	0.0%	126.0	2.4%	0.1%
Depreciation of property, plants and equipments	626.0	11.7%	0.7%	605.0	11.6%	0.5%
Taxes and charges	64.0	1.2%	0.1%	68.0	1.3%	0.1%
Others	507.0	9.4%	0.6%	441.0	8.5%	0.4%
<b>Total</b>	<b>5,353.0</b>	<b>100%</b>	<b>5.9%</b>	<b>5,223.0</b>	<b>100%</b>	<b>4.4%</b>

#### ***Other operating (expenses) income***

Other operating (expenses) income include provision for contingencies and debit and credit tax. Other operating (expenses) income, including impairment of property, plant and equipment, increased from a net loss of Ps.1,155 million for the year ended December 31, 2019, to a net loss of Ps.17,241 million for the year ended December 31, 2020. The increase was mainly due to the impairment of property, plant and equipment recorded in the year 2020.

#### ***Operating profit***

Our operating results decreased from a profit of Ps.6,465 million for the year ended December 31, 2019 to a loss of Ps.19,917 million for the year ended December 31, 2020, mainly due to the freeze of electricity rates and the registration of the impairment of property, plant and equipment.

#### ***Net Finance Costs***

Net finance costs totaled Ps.11,111 million for the year ended December 31, 2020, compared to Ps.13,923 million for the year ended December 31, 2019. This decrease was mainly due to a decrease in losses from exchange differences.

#### ***Income Tax***

Our income tax showed a profit of Ps.3,563 million in the year ended December 31, 2020, compared to a loss of Ps.10,673.8 million for the year ended December 31, 2019, mainly due to the operating losses resulting from the freeze of electricity rates and the increase in operating expenses as a result of the increasing inflation rate.

#### ***Loss / Profit for the year***

We recorded a loss of Ps.17,698 million for the year ended December 31, 2020, compared to a profit of Ps.16,518 million for the year ended December 31, 2019, mainly due to the freeze of electricity rates and the registration of the impairment of property, plant and equipment.

#### **Year Ended December 31, 2019 compared with Year Ended December 31, 2018.**

#### ***Revenue from sales***

Revenue from sales increased by 5%, to Ps.122,437 million for the year ended December 31, 2019, from Ps.117,120 million for the year ended December 31, 2018, mainly due to the increase in the cost of energy purchases, and the implementation of the VAD update pursuant to the RTI process, together with certain bi-annual CPD adjustments. Additionally, as from May 1, 2019 and by means of Resolution No. 104/2019, there is a new electricity rate schedule, which reflects the new seasonal prices of SRRyME Resolution No. 14/19, was set for the May-July 2019 three-month period. This revenue increase from sales was partially offset by a 4% decrease in the volume of energy sales.

#### ***Electric Power Purchases***

The amount of electric power purchases increased by 16%, to Ps.77,649 million for the year ended December 31, 2019, from Ps.66,721 million for the year ended December 31, 2018. This increase was mainly due to an increase in the average price of sales resulting from new reference seasonal prices for electricity. SEE Resolution No. 366/18 set forth the increases of Power Reference Prices (PRP) and Stabilized Prices of Energy ("SPE") in the WEM for the three-month periods of February-April, May-July, and August-October 2019. Furthermore, such SEE Resolution maintained the values set forth in SEE Resolution No. 75/18 for both the High-Voltage Electric Power Transmission and the Regional Distribution.



Our volume of electric power purchases for the year ended December 31, 2019 amounted to 24,960 GWh, which represented a 4% decrease in demand as compared to 2018.

Energy losses increased to 19.9% for the year ended December 31, 2019, compared to 18.2% for the year ended December 31, 2018, and were mainly generated by increased fraud that may be associated with the economic recession and the impact of tariff increases. For more information, see “Item 5—Factors Affecting Our Results of Operations—Recognition of Cost of Energy Losses” and “Operating and Financial Review and Prospects—Summary of Historical Results of Operations”.

### ***Transmission and Distribution Expenses***

Transmission and distribution expenses decreased by 4% to Ps.21,980 million for the year ended December 31, 2019, compared to Ps.22,842 million for the year ended December 31, 2018. This decrease was basically due to both a reduction in the amount of penalties as a consequence of the improvement in the technical product quality and the security measures that the Company must comply with on the public streets, and the decrease in retroactive adjustments made by the ENRE as a result of the Agreement on the Regularization of Obligations entered into in 2019 (for more information on the Agreement on the Regularization of Obligations, see “Item 5. Operating and Financial Review and Prospects—Summary of Historical Results of Operations”).

As a percentage of revenue from sales, transmission and distribution expenses decreased to 17.9% for the year ended December 31, 2019, compared to 19.4% for the year ended December 31, 2018.

The following table sets forth the principal components of our transmission and distribution expenses for the years indicated.

	Year ended December 31,					
	2019		% of 2019 net sales	2018		% of 2018 net sales
Salaries and social security taxes	8,666	39.4%	7.1%	9,066	39.7%	7.7%
Supplies consumption	2,200	10.0%	1.8%	1,654	7.2%	1.4%
Fees and remuneration for services	3,481	15.8%	2.8%	2,956	12.9%	2.5%
Depreciation of property, plant and equipment	4,952	22.5%	4.0%	4,217	18.5%	3.6%
ENRE penalties	1,963	8.9%	1.6%	4,321	18.9%	3.7%
Others	718	3.4%	0.6%	628	2.8%	0.5%
<b>Total</b>	<b>21,980</b>	<b>100%</b>	<b>17.9%</b>	<b>22,842</b>	<b>100%</b>	<b>19.4%</b>

### ***Gross profit***

Our gross profit, including transmission and distribution expenses, decreased to Ps.22,808 million for the year ended December 31, 2019, from Ps.27,557 million for the year ended December 31, 2018. This decrease was mainly attributable to the increase of electric power purchases.

### ***Selling Expenses***

Our selling expenses are related to user services provided at our commercial offices, billing, invoice mailing, collection and collection procedures, as well as allowances for doubtful accounts.

Selling expenses decreased by 5% to Ps.10,007 million for the year ended December 31, 2019, from Ps.10,534 million for the year ended December 31, 2018. This decrease of Ps.462.9 million was mainly due to: (i) a reduction in the amount of penalties as a consequence of the improvement in the technical product quality and the security measures that the Company must comply with on the public streets, and (ii) a decrease in costs for salaries and social security taxes.

As a percentage of net sales, selling expenses represented 8.2% and 9.1% of net sales in the years ended December 31, 2019 and 2018, respectively.

The following table sets forth the principal components of our selling expenses for the years indicated.

	Year ended December 31,					
	2019		% of 2019 net sales	2018		% of 2018 net sales
Salaries and social security taxes	1,424	14.2%	1.2%	1,627	15.4%	1.4%
Allowance for the impairment of trade and other receivables	1,844	18.4%	1.5%	2,046	19.4%	1.7%
Communication expenses	504	5.0%	0.4%	564	5.4%	0.5%
Fees and remuneration for services	2,203	22.0%	1.8%	2,177	20.7%	1.9%
ENRE penalties	1,806	18.0%	1.5%	2,202	20.9%	1.9%
Taxes and charges	1,257	12.6%	1.0%	1,254	11.9%	1.1%
Others	969	9.8%	0.8%	664	6.3%	0.6%
<b>Total</b>	<b>10,007</b>	<b>100%</b>	<b>8.2%</b>	<b>10,534</b>	<b>100%</b>	<b>9.1%</b>

### ***Administrative Expenses***

Our administrative expenses include, among others, expenses associated with accounting, payroll administration, personnel training, systems operation third-party services and taxes.

Administrative expenses decreased by 13%, to Ps.5,223 million for the year ended December 31, 2019, from Ps.6,012 million for the year ended December 31, 2018. This decrease was mainly due to a decrease in fees and remuneration for services, and a decrease in taxes and charges, partially offset by an increase in depreciation of property, plant and equipment.

As a percentage of revenue from sales, administrative expenses decreased to 4.4% for the year ended December 31, 2019, as compared to 5.0% for the year ended December 31, 2018.

The following are the principal components of our administrative expenses for the years indicated.

	Year ended December 31,					
	2019		% of 2019 net sales	2018		% of 2018 net sales
Salaries and social security taxes	1,819	34.8%	1.5%	1,914	31.8%	1.6%
Leases and insurance	308	5.9%	0.3%	377	6.3%	0.3%
Fees and remuneration for services	1,856	35.5%	1.5%	2,108	35.1%	1.8%
Security Services	126	2.4%	0.1%	269	4.5%	0.2%
Depreciation of property, plants and equipments	605	11.6%	0.5%	516	8.6%	0.4%
Taxes and charges	68	1.3%	0.1%	340	5.7%	0.3%
Others	441	8.5%	0.4%	488	8.0%	0.4%
<b>Total</b>	<b>5,223</b>	<b>100%</b>	<b>4.4%</b>	<b>6,012</b>	<b>100%</b>	<b>5.0%</b>

### ***Other operating (expenses) income***

Other operating (expenses) income include mainly provision for contingencies and debit and credit tax. Other operating (expenses) income decreased by 27% for a net loss of Ps.1,115 million for the year ended December 31, 2019, compared to a net loss of Ps.1,535 million for the year ended December 31, 2018. The decrease was mainly due to a decrease in disposals of property, plant and equipment, and an increase of expenses recovery.

### ***Operating profit***

Our operating results decreased by Ps.3,014 million, from a profit of Ps.9,479 million for the year ended December 31, 2018 to a gain of Ps.6,465 million for the year ended December 31, 2019, mainly due to the increase in electric power purchases.

### ***Net Finance Costs***

Net finance costs totalled Ps.13,923 million for the year ended December 31, 2019, compared to Ps.14,354 million for the year ended December 31, 2018. This decrease was mainly due to a decrease in losses from exchange differences and a decrease in liabilities with CAMMESA (as a consequence of the compensation resulting from the Agreement on the Regularization of Obligations), which resulted in lower accrual of commercial interest.

### ***Income Tax***

Our income tax charge was a loss of Ps.14,530 million in 2019, compared to a loss of Ps.3,930 million for 2018, mainly due to the income recognition pursuant to the Agreement on the Regularization of Obligations, by Ps.23,270 million.

### ***Profit for the year***

We recorded a profit of Ps.16,518 million for the year ended December 31, 2019, compared to a loss of Ps.8,995 million for the year ended December 31, 2018. In addition, during 2019 the profit for the year increased by Ps.7,523 million due to the income recognition of the Agreement on the Regularization of Obligations by Ps.23,270 million.

## **LIQUIDITY AND CAPITAL RESOURCES**

### ***Sources and Uses of Funds***

In 2020, the Company's financial situation has been significantly affected by the freeze on electricity rates, since its revenues have been tied to December 2018 values, in spite of the high levels of inflation experienced over the past three years. As a result, it is uncertain when the update of costs will be recognized. Additionally, the Company's financial situation was exacerbated by the effects of the COVID-19 pandemic, since, for example, the Company had to partially postpone payments to CAMMESA for energy purchased in the WEM.

In the last five fiscal years, the Company recorded negative working capital. This decline is due mainly to (i) the suspension of the electricity rate update from February 2019 to date, (ii) the constant increase of the operating costs and the investments necessary for the operation of the network and maintenance of service standards, and (iii) the context of economic inflation and sustained recession in which the Argentine economy has been since 2018.

In light of the continuous increase of the costs associated with the service provision, as well as the need for additional investments to meet greater seasonal demand, the Company has taken a series of measures aimed at mitigating the negative effects on its financial structure and minimizing the impact on (i) the sources of employment, (ii) the execution of the investment plan, and (iii) the performance of essential operation, maintenance and improvement-related works that are necessary to maintain the provision of the public service, pursuant to the Concession Agreement, in a satisfactory manner in terms of quality and safety.

Taking into consideration that the Company operates in a complex economic context, the main variables have recently been subject to a high degree of volatility, as evidenced, among other, by the following facts:

- Economic contraction by an estimated 9.9% for 2020 (INDEC);
- Increase of both public spending and the fiscal deficit;
- Inflation rate of 36.1% in 2020 that is expected not only to continue but in fact to increase over time;
- 40.5% devaluation of the Argentine Peso against the United States dollar, according to the BNA's rate of exchange, with the gap between the official and the blue-chip swap dollar exchange rates amounting to 67%;

- Imposition of currency restrictions by the monetary authority, which directly affect the value of the foreign currency for certain restricted foreign exchange transactions taking place outside the MLC.

Our principal uses of cash are expected to be operating costs, the servicing of our financial debt and our investment plan. We are subject to limitations on our ability to incur new debt under the terms of our debt instruments so the Company cannot assure that it will be able to obtain additional financing on acceptable terms (See “Debt”). As of December 31, 2020 and 2019, our cash and cash equivalents amounted to Ps.4,362 million and Ps.558 million, respectively. We generally invest our cash in a range of instruments, including sovereign debt, corporate debt securities and other securities. The table below reflects our cash and cash equivalents position at the dates indicated and the net cash provided by (used in) operating, investing and financing activities during the years indicated:

	Year ended December 31		
	2020	2019	2018
<b>Cash and cash equivalents at beginning of year</b>	<b>558</b>	<b>58</b>	<b>256</b>
Net cash flows provided by operating activities	17,336	13,830	20,137
Net cash flows used in investing activities	(7,219)	(7,019)	(17,432)
Net cash flows (used in) generated by financing activities	(6,152)	(6,905)	(4,389)
Result from exposure to inflation	203	(3)	1,159
Exchange differences in cash and cash equivalents	(364)	597	327
<b>Cash and cash equivalents at the end of year</b>	<b>4,362</b>	<b>558</b>	<b>58</b>

#### *Net Cash flows provided by operating activities*

Net cash flows provided by operating activities increased by 25% to Ps.17,336 million in the year ended December 31, 2020, from Ps.13,830 million in the year ended December 31, 2019.

Changes in net cash flows provided by operating activities were primarily due to the fact that the Company had to partially postpone payments to CAMMESA for energy purchased in the WEM.

Net cash flows provided by operating activities decreased by 31% to Ps.13,830 million in the year ended December 31, 2019, from Ps.20,137 million in the year ended December 31, 2018.

Changes in net cash flows provided by operating activities were primarily due to an increase resulting from a one-time payment of Ps.23,270 million under the Agreement on the Regularization of Obligations, which does not account for any inflow whatsoever, and an increase in trade receivables of Ps.5,164 million. Additionally, the payment of income tax was Ps.3,572 million, compared to the payment of income tax in 2018, which was Ps.1,855.

#### *Net Cash flows used in investing activities*

Net cash flows used in investing activities increased by 3% to Ps.7,219 million in the year ended December 31, 2020, compared to Ps.7,019 million in the year ended December 31, 2019.

Changes in net cash flows used in investing activities in 2020 were primarily due to a decrease in net collections resulting from the sales of financial assets at fair value of Ps.2,220 million, partially offset by the payment for the acquisitions of property, plant and equipment, of Ps.9,847 million for the year 2020 compared to Ps.12,755 million in 2019.

Net cash flows used in investing activities decreased by 60% from Ps.17,432 million in the year ended December 31, 2018, compared to Ps.7,019 million in the year ended December 31, 2019.

Changes in net cash flows used in investing activities in 2019 were primarily due to an increase in net collections resulting from the sales of financial assets at fair value of Ps.7,128 million. During 2019,

Ps.12,755 million were paid for the acquisitions of property, plant and equipment, compared to Ps.17,309 million in 2018.

#### ***Net Cash flows used in financing activities***

Net cash flows used in financing activities decreased to Ps.6,152 million in the year ended December 31, 2020, compared to Ps.6,905 million in the year ended December 31, 2019, mainly due to a decrease in payment of loans received from the Industrial and Commercial Bank of China Dubai (ICBC).

Net cash flows used in financing activities decreased to a loss of Ps.6,905 million in the year ended December 31, 2019, compared to Ps.4,389 million in the year ended December 31, 2018, mainly generated by the partial payment of the loan we received from the Industrial and Commercial Bank of China Dubai (ICBC) Branch in 2017.

#### ***Edenor's Capital Expenditures***

Edenor's concession does not require us to make mandatory capital expenditures. Edenor's concession does, however, set forth specific quality standards that become progressively more stringent over time, which require us to make additional capital expenditures. Financial penalties are imposed on us for non-compliance with the terms of our concession, including quality standards.

Prior to our privatization, a low level of capital expenditures and poor maintenance programs adversely affected the condition of our assets. After our privatization in 1992, we developed an aggressive capital expenditure plan to update the technology of our productive assets, renew our facilities and expand energy distribution services, automate the control of the distribution network and improve user service. Following the crisis, however, the freeze of our distribution margins and the pesification of our tariffs and our inability to obtain financing, coupled with increasing energy losses, forced us to curtail our capital expenditure program and make only those investments that were necessary to permit us to comply with quality of service and safety and environmental requirements, despite increases in demand in recent years.

We are not subject to any limitations on the amount of capital expenditures we are required to make pursuant to our concession and applicable laws or regulations.

Our capital expenditures consist of net cash used in investing activities during a specified period plus supplies purchased in prior periods and used in such specified period. The following table sets forth our actual capital expenditures:

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<i>(Figures in millions)</i>	
HV Network structure	3,594	2,285
MV Network structure	1,112	1,009
LV Network structure	1,853	2,044
Network improvements	2,686	2,829
Buildings, software, furniture, tools and equipment	794	457
<b>Total</b>	<b>10,039</b>	<b>8,624</b>

In 2020, in accordance with our capital expenditure program, we invested Ps.10,039 million in nominal currency, a substantial portion of which was dedicated to increasing the capacity of our grid in line with the growth of our user base. In addition, we made investments in order to meet our quality standards. However, due to the ASPO, we have had temporary delays since the activities in our industry were not considered essential in the eyes of the ASPO regulation, and therefore, our employees were not able to provide physical assistance. In this context, most of the investments were used to increase capacity, to install telecontrol equipment in the medium voltage network, to connect new supplies and to install self-managed energy meters.

In the context of the RTI process, we submitted our investment plan for the following five-year period (2017-2021). In comparative terms, in 2020 and 2019, there was a significant increase in the level of investments compared with the last years. We made investments for more than Ps.8 billion aimed at improving both the electricity network's capacity and the operation in order to comply with the investment plan agreed upon with the ENRE.

### ***Debt***

The economic crisis in Argentina had a material adverse effect on our operations. The depreciation of the Peso caused the Peso value of our U.S. Dollar-denominated indebtedness to increase significantly, resulting in significant foreign exchange losses and a significant increase, in Peso terms, in our debt service requirements. At the same time, our cash flow remained Peso-denominated and our distribution margins were frozen and pesified by the Argentine Government pursuant to the Public Emergency Law. Moreover, the 2001 and 2002 economic crisis in Argentina had a significant adverse effect on the overall level of economic activity in Argentina and led to deterioration in the ability of our users to pay their bills. These developments caused us to announce on September 15, 2002 the suspension of principal payments on our financial debt. On September 26, 2005, our Board of Directors decided to suspend interest payments on our financial debt until the restructuring of this financial debt was completed.

The purpose of the restructuring was to restructure all, or substantially all, of our outstanding debt, in order to obtain terms that would enable us to service our financial debt. We believe that the restructuring was the most effective and equitable means of addressing our financial difficulties for our benefit and that of our creditors. We developed a proposal that we believed was necessary to address our financial and liquidity difficulties, while we continued to pursue tariff negotiations with the Argentine Government to improve our financial condition and operating performance.

On January 20, 2006, we launched a voluntary exchange offer and consent solicitation to the holders of our outstanding financial debt. All of these holders elected to participate in the restructuring and, as a result, on April 24, 2006, we exchanged all of our then-outstanding financial debt for the following three series of newly issued notes, which we refer to as the restructuring notes:

- U.S.\$123,773,586 Fixed Rate Par Notes due December 14, 2016, with approximately 50% of the principal due and payable at maturity and the remainder due in semiannual installments commencing June 14, 2011, and bearing interest starting at 3% and stepping up to 10% over time;
- U.S.\$12,656,086 Floating Rate Par Notes due December 14, 2019, with the same payment terms as the Fixed Rate Par Notes and bearing interest at LIBOR plus a spread, which starts at 1% in 2008 and steps up to 2% over time; and
- U.S.\$239,999,985 Discount Notes due December 14, 2014, with 60% of the principal due and payable at maturity and the remainder due in semiannual installments commencing on June 14, 2008, and bearing interest at a fixed rate that starts at 3% and steps up to 12% over time.

As of the date of this annual report, all of the restructuring notes have been repaid and cancelled.

In October 2007, we completed an offering of U.S.\$220 million aggregate principal amount of our 10.5% Senior Notes due 2017, which we refer to as the Senior Notes due 2017. We used a substantial portion of the proceeds from that offering to redeem in full our Discount Notes due 2014 in several transactions throughout the period from October through December 2007.

During 2008, we repurchased and cancelled U.S.\$17.5 million and U.S.\$6 million of our Senior Notes due 2017, respectively.

In May 2009, we issued Ps.510.4 million principal amount of Par Notes due 2013 under our Medium-Term Note Program. The Par Notes due 2013 are denominated and payable in Pesos and accrue interest on a quarterly basis at a rate equal to the private BADLAR, as published by the Central Bank, for

each such quarter plus 6.75%. Principal on the notes is payable in 13 quarterly installments, starting on May 7, 2010. As of December 31, 2013, these Notes had been fully paid.

During 2009, we repurchased U.S.\$53.8 million Senior Notes due 2017, U.S.\$24.5 million of which was transferred to us as a consequence of the dissolution of the discretionary trust described below.

On October 25, 2010, we issued Senior Notes due 2022 with a face value of U.S.\$230.3 million, of which U.S.\$140 million were subscribed under a cash offer and U.S.\$90.3 million were exchanged, as a result of an exchange offer, for Senior Notes due 2017, paying in cash U.S.\$9.5 million plus accrued unpaid interest on those Senior Notes due 2017. Edenor launched an offer to purchase under which we purchased Senior Notes due 2017 with a face value of U.S.\$33.6 million for U.S.\$35.8 million, including payment of accrued and unpaid interest on the Senior Notes due 2017.

The Senior Notes due 2022 have a 12-year maturity and were issued at par, with interest accruing from the date of issuance at a fixed rate of 9.75% and payable semi-annually on October 25 and April 25 of each year, with the first interest payment on April 25, 2011. Edenor repurchased and cancelled U.S.\$123.6 million during 2014.

On October 18, 2010, we cancelled Senior Notes due 2017 with a nominal value of U.S.\$65.3 million.

In addition, on October 25, 2010, November 4, 2010, and December 9, 2010, we cancelled Senior Notes due 2017 for a face value of U.S.\$122.6 million, U.S.\$1.3 million, and U.S.\$0.04 million, respectively, representing approximately 83.3% of the Senior Notes due 2017 then outstanding. As of December 2015, the outstanding amount of Senior Notes due 2017 was U.S.\$14.8 million.

On February 2, 2016, we repurchased the Senior Notes due 2022 at market prices for a nominal value of U.S.\$0.3 million. On July 12, 2016, we redeemed our outstanding Senior Notes due 2017 for a principal amount of U.S.\$14.8 million, plus an accrued interest of U.S.\$0.4 million.

In 2018, we repurchased Senior Notes due 2022 for U.S.\$10.2 million (nominal value) at market prices and in successive transactions.

As of December 31, 2020, our outstanding debt under the Senior Notes due 2022 amounted to U.S.\$98 million. The Senior Notes due 2022 are currently rated “Caa3” by Moody’s, on a global scale.

#### ***Long term loan by the Industrial and Commercial Bank of China Dubai (ICBC) Branch***

On October 11, 2017, we obtained a loan from the Industrial and Commercial Bank of China Dubai (ICBC) Branch in the amount of U.S.\$50 million and for a term of 36 months. Proceeds were allocated to the financing our working capital and investment plan and will allow us to partially offset the impact of the deferral of revenues generated by the staggered recognition of own distribution costs pursuant to ENRE Resolution No. 63/17, as determined by the RTI process. This loan consists of permitted indebtedness under the Senior Notes due 2022.

As of December 31, 2020, this loan was completely canceled.

#### ***Derivatives Contracts***

##### ***Management of derivative financial instruments***

In 2020 and 2019, with the aim of hedging the currency risk associated with the payment of the next interest coupon of our and Senior Notes due 2022 we entered into futures contracts to buy U.S. Dollars.

As of December 31, 2020 and 2019, the economic impact of the transactions carried out in those fiscal years resulted in losses of Ps.77,4 million and Ps.286,9 million, respectively, which are recorded in the “Other finance costs” account of the Statement of Comprehensive (Loss) Income.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

A summary of our significant financial policies is included in Note 6 to our financial statements, which are included elsewhere in this annual report. The preparation of financial statements requires our management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying footnotes. Our estimates and assumptions are based on historical experiences and changes in the business environment. However, actual results may differ from estimates under different conditions, sometimes materially. Critical accounting policies and estimates are defined as those that are both most important to the portrayal of our financial condition and results of operation and require management’s most subjective judgments.

## **OFF-BALANCE SHEET ARRANGEMENTS**

We did not have any off-balance sheet arrangements as of December 31, 2020.

## **CONTRACTUAL OBLIGATIONS**

### ***Technical assistance fees***

Corresponds to the technical advice on financial affairs that EASA (as a result of the parent company’s merger process, Pampa has become the direct controlling company of Edenor, see “Item 7. Major Shareholders and Related Party Transactions—Parent Company Merger Process”) has provided to the Company since September 19, 2015. For this service, we pay Pampa an annual amount of U.S.\$2.5 million. The agreement is valid for five years, unless either party gives notice not less than 60 days prior to the expiration of such term, with no obligations to fulfil and without paying compensation to the other party.

### ***Fines and penalties***

Pursuant to caption C of Section 37 of the Concession Agreement, the grantor of the concession may, without prejudice to other rights to which it is entitled thereunder, foreclose on the collateral granted by the Company when the cumulative value of the penalties imposed in the previous one-year period exceeds 20% of its annual billing, net of taxes and rates.

As of December 31, 2020, total accrued fines and penalties imposed on us amounted to Ps.2,629 million, of which Ps.2,456 million (including accrued interest) corresponded to penalties accrued but not yet imposed on us and Ps.6,443 million (including accrued interest) correspond to penalties imposed on us but not yet paid.

### ***Corporate Notes programs***

The relevant information of our corporate notes program is detailed below (debt issued in U.S. Dollars):



Corporate Notes	Class	Rate	Year of Maturity	Million of USD		Million of \$	
				At 12.31.19	Debt repurchase	Debt structure at 12.31.20	At 12.31.19
Fixed Rate Par Note	9	9.75	2022	137	(39)	98	8,261
<b>Total</b>				<b>137</b>	<b>(39)</b>	<b>98</b>	<b>8,261</b>

Corporate Notes	Class	Rate	Year of Maturity	Million of USD		Million of \$	
				Debt structure at 12.31.18	Debt repurchase	Debt structure at 12.31.19	At 12.31.19
Fixed Rate Par Note	9	9.75	2022	166	(29)	137	11,159
<b>Total</b>				<b>166</b>	<b>(29)</b>	<b>137</b>	<b>11,159</b>

(1) Net of issuance expenses.

### ***Long term loan by the Industrial and Commercial Bank of China Dubai (ICBC) Branch***

On October 11, 2017, we obtained a loan from the Industrial and Commercial Bank of China Dubai (ICBC) Branch in the amount of U.S.\$50 million for a term of 36 months. Proceeds will be allocated to financing our working capital and investment plan and will allow us to partially offset the impact of the deferral of revenues generated by the staggered recognition of CPD pursuant to ENRE Resolution No. 63/17, as determined by the RTI process.

As of December 31, 2020, this loan was completely canceled.

## **TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS**

The following table summarizes our contractual liabilities and commitments as of December 31, 2020.

	Total	Payments due by period	
		Less than 1 year	1-3 years
		<i>(in millions of Pesos)</i>	
Debt obligations and commercial debt obligations <sup>(1)</sup>	29,788	21,527	8,261
Accrued fines and penalties <sup>(2) (3)</sup>	9,132	2,700	6,432
Financial assistance fees <sup>(4)</sup>	210	210	-
Operating leases <sup>(5)</sup>	356	295	61
Capital expenditures <sup>(6)</sup>	-	-	-
<b>Total</b>	<b>39,486</b>	<b>24,732</b>	<b>14,754</b>

(1) Includes amortization of principal and interest payments. All of our financial indebtedness is unsecured. None of our financial indebtedness is guaranteed. See “Debt” in this section for a broader description of our financial debt.

(2) See “Item. 4. Information on the Company—Business Overview—Our Concession—Fines and Penalties.”

(3) Refers to Fines and Penalties’ payment plans, under the ENRE settlement. See “Item. 4. Information on the Company—Business Overview—Our Concession—Fines and Penalties.”

(4) Fees payable under our financial services agreement with Pampa, our controlling shareholder. This agreement expired in 2015 and was renewed for a five-year period. See “Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions.”

(5) Represents our minimum required lease payments.

(6) Our concession does not require us to make any specified amount of capital expenditures but requires us to meet certain quality and other service standards. See “—Liquidity and Capital Resources— Capital Expenditures.”

**Item 6. Directors, Senior Management and Employees**

**DIRECTORS AND SENIOR MANAGEMENT**

**Board of Directors**

Our business and affairs are managed by our Board of Directors in accordance with our bylaws and the Argentine Corporations Law. Our bylaws provide that our Board of Directors will consist of twelve directors and up to the same number of alternate directors. Pursuant to the Argentine Corporations Law, a majority of our directors must be residents of Argentina.

Edenor's bylaws provide that holders of our Class A common shares are entitled to elect seven directors and up to seven alternate directors, while the holders of our Class B and Class C common shares are entitled to elect five directors and up to five alternate directors, one of which must be independent in accordance with CNV regulations. Holders of Class C common shares vote jointly as a single class with the holders of Class B common shares in the election of directors. In the absence of a director elected by holders of a class of shares, any alternate director elected by holders of the same class may legally attend and vote at meetings of our Board of Directors. The Board of Directors elects among its members a chairman and a vice president.

The Ordinary and Extraordinary Shareholders' Meeting held on April 28, 2020 appointed the members and alternate members of the Board of Directors for fiscal year 2020. Furthermore, the Board of Directors at the meeting held on May 11, 2020, subsequent to the Ordinary and Extraordinary Shareholders' Meeting, distributed the positions and approved the continuance of Mr. Ricardo Torres as chairman of the Board.

<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Year of appointment (class electing director)</b>
Ricardo Torres	Chairman	63	2020 (Class A)
Gustavo Mariani	Vice Chairman	50	2020 (Class A)
María Carolina Sigwald	Director	53	2020 (Class A)
Diego Martin Salaverri	Director	56	2020 (Class A)
Maria José Wuille Bille *	Director	61	2020 (Class A)
Carlos Perez Bello *	Director	66	2020 (Class A)
Carlos Alberto Iglesias *	Director	64	2020 (Class A)
Haroldo Arian Montagu *	Director	41	2020 (Class B/C)
Diego Leandro Rozengardt *	Director	41	2020 (Class B/C)
Juan Santiago Fraschina*	Director	44	2020 (Class B/C)
Federico Bernal *	Director	46	2020 (Class B/C)
Hernan Ferrera *	Director	61	2020 (Class B/C)
Leandro Montero	Alternate Director	45	2020 (Class A)
Daniel Flaks	Alternate Director	56	2020 (Class A)
Eduardo Abel Maggi	Alternate Director	65	2020 (Class A)
Gerardo Ruben Tabakman	Alternate Director	46	2020 (Class A)
Carlos Dionisio Ariosa	Alternate Director	55	2020 (Class A)
Mariana de la Fuente	Alternate Director	52	2020 (Class A)
Emilse Alejandra Juarez *	Alternate Director	35	2020 (Class B/C)
Maria Josefina Grosso *	Alternate Director	42	2020 (Class B/C)
Nicolas Sanvitale *	Alternate Director	27	2020 (Class B/C)
Martin Burgos Zeballos*	Alternate Director	44	2020 (Class B/C)
Benjamin Navarro*	Alternate Director	42	2020 (Class B/C)

\* Independent under Argentine law and under Rule 10A-3 under the Securities Exchange Act of 1934, as amended.

In 2020 and 2021, directors appointed by Class B and C shareholders, (Alejandro Vanoli Long Biocca, Flavia Matilde Marrodan and Gonzalo Guillardes Deinert); an alternate director appointed by Class B and C, (Adriana Ávalos); and alternate directors appointed by Class A shareholders, (Ariel Schapira and Mariano Batistella and Carlos Dionisio Ariosa); all of whom had been appointed at the Ordinary and Extraordinary Shareholders' Meeting held on April 28, 2020, tendered resignations, which were accepted by the Board of Directors at its different meetings.

On September 23, 2020, Mr. Gustavo Capatti requested a six-month leave of absence from his position as director for the Class A due to personal reasons. Mr. Carlos Perez Bello, who had been duly appointed as alternate director by the same class of shareholders at the Ordinary and Extraordinary Shareholders' Meeting held on April 28, 2020 and who, like Mr. Capatti, qualified as independent, accepted to take office in Mr. Capatti's place. This was also recorded in the minutes of the Board of Directors meeting of October 30, 2020.

The following is a brief description of our current directors' and alternate directors' background, experience and principal business activities:

**Ricardo Alejandro Torres** was born on March 26, 1958. Mr. Torres holds a degree in accounting from the Universidad de Buenos Aires and a Master's degree in Business Administration from the Instituto de Altos Estudios Empresariales - Escuela de Negocios de la Universidad Austral. He has been Chairman of the Board of Directors of Edenor since March 2012. Mr. Torres has been a member of the Board of Directors of Pampa Energía S.A. since November 2005 and serves as Vice Chairman and Co-CEO. Mr. Torres has also held a post as a professor of Tax and Finance at the school of Economics of the Universidad de Buenos Aires. He currently serves as Chairman at CPB, CTG, IPB and Pampa Inversiones S.A. Ponderosa Assets Holding I LLC. Ponderosa Assets Holding II LLC, RT Warrants S.A., Pop Argentina S.R.L. (Partner), Todos Capital S.R.L. (Partner); Orígenes Seguros de Vida S.A., Orígenes Seguro de Retiro S.A. Mr. Torres is also a member of the Board of Directors of Bodega Loma la Lata S.A. CTG, CTLL, CITELEC (alternate director), EASA, HIDISA, HINISA, IEASA, Inversora Diamante S.A., Inversora Nihuales, PACOSA, Pampa Participaciones S.A., Pampa Participaciones II S.A., PEASA, PEFMSA, Petrolera Pampa S.A., TRANSBA (alternate director) and Transelec Argentina S.A. Also, Mr. Torres is the spokesperson of the management board of "Fundación Pampa Energía Comprometidos con la Educación."

**Gustavo Mariani** was born on September 9, 1970. Mr. Mariani holds a degree in Economics from the Universidad de Belgrano and a Master's degree in Business Administration from the Universidad del CEMA (Center of Macroeconomic Studies) and also is a Chartered Financial Analyst (CFA) since 1998. He has been a member of our Board of Directors since November 2005 and serves as Vice-Chairman. Mr. Mariani is also Vice Chairman of EASA. He has been a member of the Board of Directors of Pampa Energía S.A. since November 2005 and serves as Vice-Chairman and Co-CEO. Mr. Mariani joined Grupo Dolphin in 1993 as an analyst and also served as an investment portfolio manager. Mr. Mariani is currently Chairman of CTLL, CIESA, HIDISA, HINISA, IEASA, Inversora Diamante S.A., Inversora Nihuales S.A., Pampa Comercializadora S.A., PEASA, PEFMSA, IECSA S.A., Transelec Argentina S.A. and TGS. He also serves as Director of ODS S.A., Bodega Loma la Lata S.A., CPB, CTG, GMA Warrants S.A., Transener S.A., Citelec, Consultores Fund Management S.A., Emes Finance S.A., Grupo Mtres S.A., Emes Inversora S.A., Transba S.A., Grupo Emes S.A., Grupo Dolphin Holding S.A., IPB, Orígenes Seguros de Vida S.A., Orígenes Seguros de Retiro S.A., Pampa Participaciones S.A. II, Pampa Participaciones S.A., Petrolera Pampa S.A., Dolphin Fund Management S.A., PELSA and TGS. In addition, Mr. Mariani is the executive secretary of the management board of "Fundación Pampa Energía Comprometidos con la Educación."

**María Carolina Sigwald** was born on November 15, 1967. She was Director of Legal and Regulatory Affairs of Edenor from October 2015 to October 31, 2017. Since November 2017, she has been the Executive Director of Legal Affairs of Pampa. She started her professional career as a lawyer in Central Puerto S.A. after its privatization and then joined Chadbourne & Parke in New York and later the Inter-American Investment Corporation (IIC) in Washington. Carolina returned to Argentina in 1998 as founding partner of Law Firm Díaz Bobillo, Sigwald & Vittone, where she served as an external advisor for energy companies, Pampa Energía among them. Likewise, she took office in Transportadora de Gas del Sur's and Telefónica de Argentina's Board of Directors. Mrs. Sigwald obtained her law degree in from the University of Buenos Aires, where she graduated with honors.

**Diego Salaverri** was born on August 7, 1964. He is a lawyer and graduated from Catholic University of Buenos Aires in the year 1988. He is founding partner of Estudio Salaverri, Burgio and Wetzler Malbrán, specialist in mergers and acquisitions, competition defense, corporate law, capital market and corporate finance. Throughout his career he has been distinguished on several occasions for his professional merits in international publication such as Chambers, Latin Lawyer and International Financial Law Review among others. Mr. Salaverri previously worked as international lawyer in the firm Brown & Brown, New York, currently named Sidley Austin. He was also member of Edenor Board between 2006 and 2017.

**Carlos Iglesias** was born on February 5, 1956. He has a wide experience in the financial area in national and international Companies. Between 2002 and 2016, he was Director of the Investment Banking area at Raymond James Argentina. Previously Iglesias performed as Investment Banker at ING Argentina, Financial Manager at SAMAP (IRSA Group), Advisor at Booz Allen & Hamilton, member of the consortium for the Entel acquisition with Bell Atlantic y Manufacturers Hanover, Head of the Industry & External Commerce Secretary and Financial Analyst at SOCMA. Iglesias holds a degree in Economics from the Buenos Aires University and a degree in Sociology from the Belgrano University.

**María José Wuille Billie** was born on August 11, 1959. She is an English teacher and graduated from Catholic University of Buenos Aires, with a Management on nonprofit organizations Postgraduate from San Andrés University of Buenos Aires. Currently, she performs as a member of the International Board of MSIF and International Relations Director of INECO Foundation.

**Leandro Carlos Montero** was born on February 11, 1976. Mr. Montero has been a member of our Board of Directors since 2012. He is the chief financial officer of Edenor and previously served in the investment group of Pampa Energía S.A. He also served as director in CAMMESA. Prior to joining Edenor in 2012, Mr. Montero held various positions in the administration and finance areas of Pampa Energía and Petrobras Argentina S.A., both public and SEC-listed companies. Mr. Montero worked at Ernst & Young - Pistrelli, Henry Martin y Asociados in the Advisory and Auditing Division. Mr. Montero holds a degree in Public Accounting from the Universidad de Buenos Aires and a Master's degree in Business Administration from the Instituto de Altos Estudios Empresariales (IAE), school of business of the Universidad Austral.

**Daniel Eduardo Flaks** was born on November 19, 1964. Mr. Flaks has been a member of our Board of Directors since 2012. He joined Edenor in 1993. Between 1993 and 2003, Mr. Flaks served as department head and assistant manager in the areas of San Justo and Olivos. Between 2003 and 2006, he worked first as business manager and later as operations manager of the areas of Olivos and Pilar. Between 2006 and 2010, he worked as manager of distribution, responsible for directing, coordinating and controlling the technical and commercial operations of Edenor relating to the operation of the high, medium and low voltage facilities, control centers and commercial operations referring mainly to the attention of users and the relationship with municipal Governments and the ENRE. He currently serves as technical director of Edenor. Between 1993 and 1998, he was an assistant professor of electrical power systems at Universidad Tecnológica Nacional. Mr. Flaks has a degree in electrical engineering from the Universidad Tecnológica Nacional and holds an MBA from the Universidad del Salvador in Argentina.

**Eduardo Abel Maggi** was born on December 31, 1955. Mr. Maggi was appointed Director of Operations at Edenor in 2001. Mr. Maggi also currently serves as a director of SACME, which is responsible for managing regional high-voltage distribution in the greater Buenos Aires metropolitan area, as well coordinating, controlling and supervising the generation, transmission and sub-transmission network in the City of Buenos Aires. Previously, Mr. Maggi served as Director of Operations in two of Edenor's operation areas, San Martín and Morón. Mr. Maggi began his career at Edenor as a technical manager. He holds a degree in engineering from the Universidad Tecnológica Nacional and an MBA from the Universidad del Salvador y Deusto in Spain.

**Gerardo Ruben Tabakman** was born on January 22, 1975. He currently serves as Customer Service Director. Prior to this role, he was the Director of Information Technology and Telecommunications at Edenor and he also served as Manager of the same department from September 2011 to April 2012. From February 2008 to September 2011, he served as Manager of Systems at Pampa Energía and also worked at Accenture from June 1997 to February 2008. Mr. Tabakman holds a degree in

Business Administration from the Universidad de Buenos Aires and an MBA in Management Development Program from the Instituto de Altos Estudios Empresariales (IAE), school of business of the Universidad Austral.

**Carlos Dionisio Ariosa** was born on February 2, 1966. He became the Legal Affairs Manager in May 2012 and reports to the General Management at Edenor. Previously, he reported to the Legal Affairs Directorate beginning in June 2012. From 2010 and 2012, he was a Legal Affairs Manager at EMDERSA. Prior to that, he was a Legal Affairs Director at Transportadora de Gas del Sur S.A. and Legal Affairs Manager at Petrobras. Beginning in 2013, he was a statutory auditor at SACME. In addition, from 2002 and 2006, he acted as statutory auditor within the Auditing Commissions of Transener, Transba, Edesur, Yacylec, Enecor, TGS and Compañía Mega. He was responsible for Perez Companc's Legal Affairs in Bolivia and prior to that, worked at law firms specializing in energy law and the judicial branch. He is a lawyer and graduated with a degree in Law and Political Science from the Catholic University of Argentina. He carried out postgraduate studies in oil and gas legislation at the University of Buenos Aires, and also studied electric market and natural gas administration at ITBA.

**Mariana de la Fuente** was born on December 5, 1968. She became the Director of Human Resources at Edenor in July 2014. She has also served as Manager at Edenor. Prior to these roles, she served as Manager of Human Resources EDEN (Empresa Distribuidora Norte Energía SA), a company that was part of Pampa Energía since 2011. Since 1990, she has served various human resources-related positions at several multinational companies, including Monsanto, Cerveceria Quilmes, Cabot and Abertis. Ms. de la Fuente has a degree in psychology from the University of Buenos Aires and an MBA in Management Development Program from the Instituto de Altos Estudios Empresariales (IAE) at the Universidad Austral.

**Carlos Perez Bello** was born on September 19, 1954. He has served as an independent consultant for reconversion and management of PyMES (small- and medium- sized companies) . Previously, he had developed management functions in the administration and finance areas of multinational companies and PyMES in Argentina and Brazil. He has a degree as National Public Accountant from the University of Belgrano (UB), and he has a Master's degree in Business Administration from Altos Estudios Empresariales - Business School of the Austral University and a Postgraduate Degree in Agribusiness from the Agronomy University (UBA). He is a member of the Commission for Innovation and Competitiveness Studies of CPCECABA and of the Support Network of the Centro Entrepreneur of Naves IAE of the Austral University.

**Haroldo Arian Montagu** was born in September, 1979. He has a degree in Economics from the University of Buenos Aires and is a Magister in Development Studies (specialization in Development Economics) from the Institute of Social Studies (Erasmus University of Rotterdam). He has served for more than a decade in the national public sector, namely in the Economic Policy Secretariat of the Ministry of Economy, where he held various positions, starting as a junior analyst to being appointed as secretary of Economic Policy. He was a researcher at the Bariloche Foundation on issues related to economic and energy planning and he has served as head of the Unit of the Natural Resources Division at the Economic Commission for Latin America (ECLAC) at its headquarters in Santiago de Chile. He also has served as a professor at Buenos Aires University and at the Moreno National University. He is currently part of the boards of Compañía de Transporte de Energía Eléctrica en Alta Tensión (Transener S.A), Pampa Energía and Empresa Distribuidora Eléctrica Regional S.A., as well as Edenor.

**Diego Leandro Rozengardt** was born in July, 1979. He has a degree in Economics from the University of Buenos Aires. He has worked in banking, solidarity finance and in tax offices. He has also served for more than ten years in several areas and state portfolios, including the role of senior analyst in the Secretariat for Economic Policy and in the Planning and Strategic Coordination Commission of the National Plan for Hydrocarbon Investments. He was in charge of the Downstream in the National Energy Secretariat, as well as the Biofuels management. He is currently the National Director of Regional and Sector Studies of the Ministry of Economy and he is a member of the boards of the Distribuidora de Gas Cuyana and Compañía de Transporte de Energía Eléctrica en Alta Tensión (Transener S.A.), in addition to Edenor. He has also served as advisor of Civil Society Organizations and as a professor at many Argentine Universities.

**Juan Santiago Fraschina** was born on January 14, 1977. He is an economist graduated from the University of Buenos Aires ("UBA"). He has a Master's degree in Economic Sociology from UNSAM and a Master's degree in Economic History and Economic Policies from UBA. He has served as coordinator of Proximity Commerce of the Secretariat of Commerce, and was Vice Superintendent of Insurance of the Nation. He is a professor at the University of Buenos Aires, the National University of Lomas de Zamora and the University of Morón. He is currently General Secretary of Anses, and he is a member of the Board of Directors of Pampa Energía, and Ternium Argentina, as well as Edenor.

**Federico Bernal** was born in June, 1974. He has a degree in biochemistry and biotechnology from UBA. He specializes in Industrial Microbiology. He has extensive experience in energy matters, and he is also author of books and publications on this subject. He is currently the comptroller of the Ente Nacional Regulador del Gas. He is also a member of the Board of Directors of the following companies: Transener S.A, Edesa Holding S.A, Edesal Holding S.A.

**Hernan Ferrera** was born in October, 1959. He has a degree in Sociology from the University of Buenos Aires and is an Electrotechnical degree from the Technical School N° 9 Engineer Luis Huergo. He has served for more than ten years in many technical areas, among other, operational management, purchasing and logistics as well as implementation of different computer support systems. He also has a vast experience in the implementation of ISO 9002. He has served as professor at many Universities.

**Emilse Alejandra Juarez** was born in February, 1985. She has a degree in Economics from University of Buenos Aires, and she has also a Master in public policies for development with social inclusion from the University of FLACSO. She is a specialist in Social Economy. She has served as a university professor of Microeconomics at UNDAV (National University of Avellaneda). She currently coordinates the Economic-Financial Area of the Directorate of Management of Corporate Affairs, Executive Sub-Directorate of Operation of the FGS (ANSES). Previously, she has also served as an economic analyst in the Technical and Administrative Coordination of the General Secretariat of ANSES. She took part as an assistant and coordinator in multiple projects of the Undersecretary of Entrepreneurs of the National Ministry of Production (including: UNDP PROJECT 16/004 "Program to Strengthen the Development of Social and Cultural Systemic Conditions for Entrepreneurship", PROJECT UNDP 16/004 "Program to Strengthen the Development of Social and Cultural Systemic Conditions for Entrepreneurship" and UNDP PROJECT ARG 11/018 "Mipco Program for Productive Development Phase II"). She has also served in the Civil Association Nuestras Huellas, in Boulogne, Province of Buenos Aires as Community Bank Coordinator. She is an alternate Director of the following companies: Edenor, Naturgy Ban, TGS and Distribuidora Gas Cuyana.

**Maria Josefina Grosso** was born in May, 1978. She has a degree in Economics from the University of Buenos Aires, a Master in Economics and Industrial Development with a Specialization in PyMES at the National University of General Sarmiento and a Master in Journalism at Universidad Torcuato Di Tella - Diario La Nación. She works at the Secretariat for Economic Policy (Undersecretary for Microeconomic Programming) of the Ministry of Economy. With more than 15 years of experience, she has specialized in productive development and public policies for industrial and service areas. She also has experience in leading work teams and coordinating projects for the analysis of industrial and service sectors and its value chains. She has served as senior consultant of the program of sector tables of the Ministry of Production and Labor, a space for public-private coordination for the consensus at improving the competitiveness and internationalization of the different productive sectors.

**Nicolas Sanvitale** was born in December, 1993. He has a degree in Economics from the University of Buenos Aires, and is currently pursuing a Master's degree in Public Policy at the Torcuato Di Tella University. He is an assistant professor at Argentine University of Business and Buenos Aires University with experience in analytical tasks and team coordination in the public and private sector. He worked as Chief of Advisors at the Secretary of Economic Policy of the Ministry of Economy. He has specialized in macroeconomics and finance with great affinity for the analysis, evaluation and execution of public policies.

**Martin Burgos Zeballos** was born in February, 1976. He has a degree in Economics from the University of Buenos Aires, and a Master's in Comparative Development from the School of Higher Studies

in Social Sciences in Paris (France). He was chief of advisers at the Secretariat for Economic Policy. He has served at the National Foreign Trade Commission, at CEFIDAR and at the Cultural Center for Cooperation. He is a specialist in the China-Argentina relationship, is a postgraduate professor at the National University of Lanus, FLACSO Argentina, and is coordinator of the postgraduate program in finance for development at the National University of Quilmes.

**Benjamin Navarro** was born in December, 1978. He has a degree in Economics from the University of Buenos Aires. He has worked in the energy and insurance sectors. He has more than 10 years of experience in different areas and government roles, including the role of senior analyst in the Energy Secretariat and in the Secretariat of Economic Policy. He was in charge of the statistics management of the Superintendence of Insurance of the Nation. He was deputy general manager of Emprendimientos Energéticos Binacionales S.A. He is currently Director of corporate affairs management of the Guarantee and Sustainability Fund, and he is also alternate director of the companies Distribuidora Gas Cuyana, Naturgy Ban, as well as of Edenor. He has also been a university professor.

## COMPENSATION

With regard to the remuneration policy for senior management, we have implemented a fixed and variable remuneration system. The fixed remuneration is related to both the level of responsibility required for the position and its competitiveness as compared to similar positions in the market, whereas the variable remuneration is associated with the business objectives set at the beginning of each fiscal year and the degree of achievement of such objectives by the performance of the executive member throughout each fiscal year.

Our Board of Directors has not designated a Remuneration Committee and has delegated to the Human Resources Department the approval of the general policy on the remuneration of the Company's employees, as well as the responsibility of proposing options and subsequently implementing the specific decisions and policies on these issues. Due to the fact that he is a related party, our Chief Executive Officer's remuneration has been approved by the Audit Committee and our Board of Directors. The aggregate remuneration paid to the members and alternate members of our Board of Directors, the members and alternate members of our supervisory committee and our senior management during 2020 was Ps.24.7 million, Ps.3.8 million and Ps.322 million at nominal currency, respectively.

## BOARD PRACTICES

The duties and responsibilities of the members of our Board of Directors are set forth in Argentine law and our by-laws. Under Argentine law, directors must perform their duties with loyalty and the diligence of a prudent business person. Directors are prohibited from engaging in activities that compete with our company without express authorization of a shareholders' meeting. Certain transactions between directors and our company are subject to ratification procedures established by Argentine law.

On November 29, 2012, the Argentine Government enacted Law No. 26,831 (the "Capital Markets Law" or "CML") which revokes Law No. 17,811 and Decree No. 677/01. However, the CML adopted most of the provisions established in those regulations. The CML was enacted with the aim of creating an adequate legal framework to strengthen the level of protection of investors in the market. Other objectives of the CML were to promote the development, liquidity, stability, solvency and transparency of the market, generating procedures to guarantee the efficient distribution of savings and good practices in the administration of corporations.

The CML imposes the following duties on members of the Board of Directors of Argentine public companies:

- a duty to disclose all material events related to the company, including any fact or situation which is capable of affecting the value or trading of the securities of the company;
- a duty of loyalty and diligence;
- a duty of confidentiality; and

- a duty to consider the general interests of all shareholders over the interests of controlling shareholders.

There are no agreements between our company and the members of our Board of Directors that provide for any benefits upon termination of their designation as directors.

None of our directors maintains service contracts with us except as described in “Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions.”

The significant differences between our corporate governance practices and the NYSE standards are listed on our website in compliance with the NYSE requirements. For a summary of these differences see “Item 16. Corporate Governance”.

### Executive Committee

On October 4, 2007, our Board of Directors created an Executive Committee, as contemplated by our by-laws and Argentine Law No. 19,550 (Commercial Companies Law), and delegated to the Executive Committee the authority to take certain actions on behalf of the board. The Executive Committee complements the work of the board by performing certain day-to-day tasks required to oversee our activity. By creating an Executive Committee, the board sought to increase the efficiency of our management. The Executive Committee consists of Ricardo Torres, Gustavo Mariani and Carolina Sigwald.

### Audit Committee

Pursuant to the CML and CNV rules, Argentine public companies must appoint a *comité de auditoría* (audit committee) composed of at least three members of the Board of Directors, a majority of which must be independent in accordance with the criteria set forth by Argentine law. They serve for one-year periods

Pursuant to our by-laws, one director is appointed by holders of our Class A common shares and one by holders of our Class B common shares. Our audit committee’s duties include:

- monitoring our internal control, administrative and accounting systems;
- supervising the application of our risk management policies;
- providing the market adequate information regarding conflicts of interests that may arise between our company and our directors or controlling shareholders;
- rendering opinions on relevant transactions with related parties;
- supervising and reporting to regulatory authorities the existence of any kind of conflict of interest;
- supervising external audit and evaluating their independence, plans and performance;
- evaluating plans and performance of the internal audit,
- supervising the operations of the complaints channel.

As of December 31, 2020, the members of our audit committee were:

Name	Position	member
Carlos Perez Bello (1)	Chairman	Class A
Carlos Alberto Iglesias (1)	Member	Class A
Diego Leandro Rozengardt (1)	Member	Class B/C

(1) Independent under Argentine law and under Rule 10A-3 under the Securities Exchange Act of 1934.



## Senior Management

The following table sets forth information regarding our senior management, as of December 31, 2020:

Name	Current Position	Age
Ricardo Torres	Chairman and Chief Executive Officer (CEO)	63
Daniel Eduardo Flaks	Technical Director	56
Eduardo Maggi	Director of Operations	65
Gerardo Tabakman	Customer Services Director	46
Leandro Carlos Montero	Chief Financial Officer (CFO)	45
Luis Lenkiewicz	Director of Information Technology and Telecommunications	56
Mariana de la Fuente	Director of Human Resources	52
Carlos Ariosa	Legal Affairs Manager	55
Víctor Augusto Ruiz	Principal Accounting Officer	61

**Luis Lenkiewicz** was born on March 1, 1964. He became the Director of Information Technology and Telecommunications at Edenor in November 2017. Between March and October 2017, he was a manager of the same area. Previously, from October 2013 to February 2017, he was a Systems Manager at Petrobras Argentina until it was acquired by Pampa Energía. Since 1990, he has served in several executive positions in the Systems and Human Resources departments at Pérez Companc and Petrobras in Argentina and Brazil. He holds a degree in Social Sciences and Humanities from the National University of Quilmes, Systems Analyst issued by ORT Argentina and carried out postgraduate studies in General Management at Austral University in Rosario.

**Víctor Augusto Ruíz** was born on December 20, 1959 and is the Principal Accounting Officer. He began working at Edenor in 1992. Mr. Ruiz was one of the original partners from the consortium that participated in the privatization of Edenor. He also was part of the Grupo ASTRA CAPSA (Astra Compañía Argentina de Petróleo S.A.). Between 1992 and 2006, he worked as financial statements sub-manager and accounting sub-manager at Edenor. From 2006 and 2008, he worked as tax manager and has worked as principal accounting officer since 2008. He is a consultant member of the Tax Commission and the Accounting Rules and Public Offering Commission at la Cámara de Sociedades Anónimas (Chamber of Businesses). Mr. Ruiz holds a CPA from la University of Buenos Aires and an MBA from Universidad del Salvador in Argentina and Deusto in Spain.

## Supervisory Committee

Argentine law requires certain corporations, such as us, to have a *Comisión Fiscalizadora* (supervisory committee). The supervisory committee is responsible for overseeing compliance with our by-laws, shareholders' resolutions and Argentine law and, without prejudice to the role of external auditors, is required to present to the shareholders at the annual ordinary general meeting a written report on the reasonableness of the financial information included in our annual report and in the financial statements presented to the shareholders by our Board of Directors. The members of the supervisory committee are also authorized to attend Board of Directors', audit committee's and shareholders' meetings, call extraordinary shareholders' meetings, and investigate written complaints of shareholders holding at least 2% of our outstanding shares. Pursuant to Argentine law, the members of the supervisory committee must be licensed attorneys or certified public accountants.

Our by-laws provide that our supervisory committee must consist of three members and three alternate members, elected by our shareholders at an ordinary meeting. Members of our supervisory committee are elected to serve one-year terms and may be re-elected. Pursuant to our by-laws, holders of our Class A common shares are entitled to appoint two members and two alternate members of the supervisory committee and holders of our Class B and Class C common shares are entitled to collectively appoint one member and one alternate member.

The members and alternate members of our supervisory committee as of December 31, 2020 were:

Name	Position	(class electing director)
José Daniel Abelovich <sup>(1)</sup>	Chairman	2020 (Class A)
Germán Wetzler Malbrán <sup>(1)</sup>	Member	2020 (Class A)
Jorge Roberto Pardo <sup>(1)</sup>	Member	2020 Class B/C)
Martin Fernandez Dussaut <sup>(1)</sup>	Alternate Member	2020 (Class A)
Marcelo Fuxman <sup>(1)</sup>	Alternate Member	2020 (Class A)
Sandra Auditore <sup>(1)</sup>	Alternate Member	2020 (Class B/C)

(1) Independent under Argentine law.

**José Daniel Abelovich** was born on July 20, 1956. He has been a member of our supervisory committee since 2007. Mr. Abelovich holds a degree in Public Accounting from the Universidad de Buenos Aires. Mr. Abelovich is a partner of Abelovich, Polano & Asociados/NEXIA INTERNATIONAL, an auditing firm. Mr. Abelovich also serves as member of the of the following supervisory committees, among others, of Alto Palermo S.A., Arcos del Gourmet S.A., Banco de Crédito y Securitización S.A., Banco Hipotecario S.A., BH Valores S.A. de Sociedad de Bolsa, BHN Seguros Generales S.A., BHN Sociedad de Inversión S.A., BHN Vida S.A., Transener, Citelec, Convexity Sociedad Gerente de Fondos Comunes de Inversión S.A., Cresud SACIF y A, EASA, Emprendimiento Recoleta S.A., Transba, Pampa Energía, Hoteles Argentinos S.A., Inversora Bolívar S.A., IRSA Inversiones y Representaciones S.A., Llao – Llao Resorts S.A., Nuevas Fronteras S.A., Orígenes Seguros de Retiro S.A., Orígenes Seguros de Vida S.A., Palermo Invest S.A., Panamerican Mall S.A., Petrolera Pampa, Shopping Neuquén S.A., Solares de Santa María S.A., Tarshop S.A. and Unicity S.A.

**Germán Wetzler Malbrán** was born on April 25, 1970. He has been a member of our supervisory committee since April 2018. He received his law degree from the Universidad Católica Argentina in 1993, where he later completed graduate studies in Corporate Law, Banking Law, Bankruptcy Law and Insurance Law. He is a founding partner of the Estudio Salaverri, Burgio and Wetzler Malbrán and specializes in civil and commercial law, defense of competition, with a focus on litigious and transactional areas. He began his professional career in the National Commercial Court No. 11, serving as Secretary until the year 2000. Later he worked as an associate in the law firm Bruchou Fernández Madero, Lombardi & Mitrani and as an international associate in Simpson Thacher & Bartlett LLP. He participated in local and international financing, restructuring of judicial and extrajudicial debts, and litigation of various kinds, matters in which he had previously intervened as a judicial officer. He published various articles on bankruptcy and litigation, mainly in the legal journals "La Ley" and "El Derecho" and was repeatedly distinguished in international publications such as Chambers and Latin Lawyer.

**Jorge Roberto Pardo** was born on March 31, 1953. He has been a member of our supervisory committee since April 26, 2018. From 1993, Mr. Pardo has worked at the General Sindicatura de la Nación (SIGEN) and has held several positions of relevance, including, among others, the Deputy General Syndic of the Nation during the period 2002/03. Between 1983 and 1992, he worked in the General Office of Public Companies, or SIGEP. Mr. Pardo is a national public accountant with a degree from the University of Buenos Aires.

**Martin Fernandez Dussaut** was born on January 29, 1981. He has been an alternate member of our supervisory committee since April 26, 2018. Mr. Fernandez Dussaut graduated with an honors degree from the legal career at the Pontificia Universidad Católica Argentina in 2004. Currently, he is a partner of the Estudio Salaverri, Burgio and Wetzler Malbrán. Additionally, he was an associate at Estudio Bruchou, Fernandez Madero, Lombardi & Mitrani in 2004 and later that year joined the firm Errecondo, Salaverri, Dellatorre, González & Burgio. In 2008, he worked in New York as a foreign associate at Cleary Gottlieb Steen & Hamilton LLP. He later returned to Argentina to continue his professional practice as a specialist in mergers and acquisitions, defense of competition, corporate law, capital markets, corporate finance, regulation of changes and real estate law.

**Marcelo Fuxman** was born on November 30, 1955. He has been an alternate member of our supervisory committee since June 2006, in November 2017 he assumed the position of alternate member.

Mr. Fuxman holds a degree in Accounting from the Universidad de Buenos Aires. Mr. Fuxman is a partner of Abelovich, Polano & Asociados/NEXIA INTERNATIONAL, an auditing firm, and managing partner of Real Estate Investments S.R.L. He currently serves as Director of Abelovich, Polano & Asoc. S.R.L., Abus las Americas I S.A., Abus Securities S.A., Advanced Capital Securities S.A., Agra Argentina S.A., Agro Managers S.A., Agro Investment S.A., Agrotech S.A., Alto Palermo S.A., Arcos del Gourmet S.A., Austral Gold Argentina BACSAA S.A., Banco de Crédito y Securitización S.A., Banco Hipotecario S.A., Baicom Networks S.A., BH Valores S.A. de Sociedad de Bolsa, BHN Seguros Generales S.A., BHN Sociedad de Inversión S.A., BHN Vida S.A., Bitania 26 S.A., Boulevard Norte S.A., Cactus Argentina S.A., Güemes, Loma de la Lata, Transener, Citelec, Conil S.A., Convexity Sociedad Gerente de Fondos Comunes de Inversión S.A., Cresud SACIF y A, Cyrsa S.A., Emes Finance S.A., E-Commerce Latina S.A., EASA, Emprendimiento Recoleta S.A., Emprendimientos del Puerto S.A., Transba, Edenor, Exportaciones Agroindustriales Argentinas S.A., Fibesa S.A., Futuros y Opciones.com S.A., FYO Trading S.A., Grupo Dolphin Holding S.A., HIDISA, Hoteles Argentinos S.A., Inversora Bolívar S.A., IRSA Inversiones y Representaciones S.A., Jordelis S.A., La Clara de Banderolá S.A., La Pionera de Anta S.A., Llao – Llao Resorts S.A., Nuevas Fronteras S.A., Nabsa Corporation, Nuevo Puerto Santa Fe S.A., Orígenes Seguros de Retiro S.A., Orígenes Seguros de Vida S.A., Oberli S.A., Palermo Invest S.A., Panamerican Mall S.A., Petrolera Pampa, Préstamos y Servicios S.A., Proyectos Edilicios S.A., Puerto Retiro S.A., Quality Invest S.A., Palermo Invest S.A., Real Estate Investments S.R.L., Shopping Neuquén S.A., Solares de Santa María S.A., Tarshop S.A., Torres del Puerto S.A., Torres de Puerto Madero S.A., TGS and Unicity S.A.

**Sandra Auditore** was born on November 3, 1967. She has been an alternate member of our supervisory committee since April 24, 2019. Mrs Auditore is a Public Accounting from the Universidad de Buenos Aires since 1995. In 2011 she completed a Specialization in Government Control. Currently, also serves as Company Trustee at Nación Seguros S.A., Nación Seguros de Retiro S.A., Nación Reaseguros S.A. and Transener S.A.

## EMPLOYEES

Edenor had 4,776 employees as of December 31, 2020, 4,777 employees as of December 31, 2019 and 4,922 employees as of December 31, 2018.

As of December 31, 2020, approximately 81% of our full-time employees were subject to two collective bargaining agreements. After our privatization, we implemented an employee reduction plan to reduce the number of employees from 6,368 employees at the time of the privatization. The employee reductions were primarily effected through an early retirement program.

The Company's labor relations with its employees are reflected in the collective bargaining agreements entered into with the *Sindicato de Luz y Fuerza* (Electric Light and Power Labor Union or "LYF") for production personnel and the *Asociación del Personal Superior de Empresas de Energía* (Association of Energy Companies' Supervisory Personnel or "APSEE") for supervision personnel. In July 1995, we signed two collective bargaining agreements with the Electric Light and Power Labor Union and Association of Energy Companies' Supervisory Personnel, which are currently in force pursuant to collective bargaining agreements 817/06 "E" (LYF) and 805/06 "E" (APSEE). Such agreements were renewed on November 8, 2006 and October 5, 2006 respectively. The union agreements have a joint commission integrated by representatives of the Company and the unions, to interpret the agreements and analyze claims and unresolved issues that arise in our daily activities. The most common issues that arise are related to changes in the organization of working tasks, the conformation of the working teams, relocation and readjustment of employees' positions, detailed situations with personnel and the analysis of the suitability of different technological advances and their applications.

Although the terms of the collective bargaining agreements approved by the competent authorities have expired, the working conditions arising therefrom continue to apply until the execution of a new agreement by virtue of the provisions of Section 12 of Law No. 14,250, pursuant to which a collective bargaining agreement shall remain valid after its expiration if it is not renewed.

Furthermore, the Company has entered into several memoranda of understanding with the aforementioned unions with an aim to improving the productivity, efficiency, and the integral application

of multi-functionalism and multi-professionalism in the development of the tasks of personnel in order to increase the quality levels of the service provided to users.

Additional improvements to optimize the Company's human resources in the different operational areas include the incorporation and adoption of new technologies and the introduction of changes in organizational structures, work plans and management systems, including the realignment of positions, responsibilities, work shifts and integration of different workplaces.

The collective bargaining agreements entered into in 2019 were in effect until January 2020. Subsequently, a new agreement effective from February 2020 to December 2020 was signed, which complies with the salary guidelines established in Decree No. 14/2020. As of the date of this annual report, there is no certainty concerning future collective bargaining agreements.

We outsource a number of activities related to our business to third party contractors in order to achieve a lower and more flexible cost base, so as not to oversize our structure following works and investments plans that change from year to year and to provide us with the ability to respond more quickly to changes in our market. We have contracts with third-party service companies that together employed a total of 5,977 employees as of December 31, 2020, 5,588 employees as of December 31, 2019 and 7,397 employees as of December 31, 2018. Although we have very strict policies regarding compliance with labor and social security obligations by our contractors, we are not in a position to ensure that, if conflicted, contractors' employees will not initiate legal actions to seek indemnification from us based upon a number of judicial rulings issued by labor courts in Argentina recognizing joint and several liabilities between the contractor and the entity to which it is supplying services under certain circumstances. As of December 31, 2020, 2019 and 2018, termination complaints amounted to Ps.871.7 million, Ps.1,223.0 million and Ps.390.2 million, respectively.

## **SHARE OWNERSHIP**

None of the members of our Board of Directors, our audit committee or our senior management beneficially own any shares of our capital stock, except for Mr. Ricardo Torres, and Mr. Gustavo Mariani who, through Pampa Energía are indirect beneficiaries of all of our Class A common shares. In addition, Mr. Diego Salaverri, Mrs. Carolina Sigwald, Mr. Leandro Montero, Mr. Eduardo Maggi, and Mr. Daniel Flaks are the beneficial owners of certain capital stock represented by Class B common shares (each of these persons beneficially owns less than one percent of our outstanding shares). See "Item 7. Major Shareholders and Related Party Transactions."

**Item 7. Major Shareholders and Related Party Transactions**

The following table sets forth information relating to the ownership of our common shares as of the date of this annual report.

	<b>Class<sup>(1)</sup></b>	<b>Shares</b>	<b>Percent Ownership</b>
Pampa Energía S.A. <sup>(2)</sup>	A	462,292,111	51,00%
Public	B	130,271,261	14,37%
ANSES <sup>(3)</sup>	B	242,999,553	26,81%
Treasury Shares	B	31,380,871	3,46%
Pampa Energía S.A.	B	37,558,700	4,14%
Employee Stock Participation Program	C	1,952,604	0,22%
<b>Total</b>		<b>906,455,100</b>	<b>100,00%</b>

(1) Each class of shares entitles holders to one vote per share.

(2) All of our Class A common shares have been pledged to the Argentine Government to secure our obligations under our concession and cannot be transferred without the prior approval of the ENRE. See “Item 4. Information on the Company—Business Overview—Our obligations”.

(3) On November 20, 2008, the Argentine Congress passed a law unifying the Argentine pension and retirement system into a system publicly administered by the ANSES and eliminating the retirement savings system previously administered by private pension funds under the supervision of the Superintendency of Retirement and Pension Funds Administrators, under the Ministry of Labor. In accordance with the new law, private pension funds transferred all of the assets administered by them under the retirement savings system to the ANSES. These transferred assets included 242,999,553 of our Class B common shares, representing 26.8% of our capital stock. The ANSES is subject to the same investment rules, prohibitions and restrictions that were applicable to the Argentine private pension funds under the retirement savings system, except as described in the following sentence. On April 12, 2011, the Executive Power issued Emergency Decree No. 441, which annulled the restrictions under Section 76(f) of Law No. 24,241 on the exercise of more than 5% of the voting power in any local or foreign company, such as us, in any meeting of shareholders, irrespective of the actual interest held in the relevant company’s capital stock. The annulment of the restrictions under Section 76(f) of Law No. 24,241 came into effect on April 14, 2011. As of such date, ANSES may exercise its voting power in any local or foreign company, such as us, based on the actual interest held in the relevant company’s capital stock.

All of our shares have the same voting rights. As of December 31, 2020, there were five registered shareholders of our ADSs in the United States and 3,757,486 of our ADSs were outstanding. Since certain of our ADSs are held by brokers or other nominees, the number of direct record holders in the United States may not be fully indicative of the number of direct beneficial owners in the United States or of where the direct beneficial owners of such shares are residents. We have no information concerning holders with registered addresses in the United States that hold our shares not represented by ADSs.

**Initial Public Offering**

In April 2007, we completed the initial public offering of our Class B ordinary shares in the form of American Depositary Shares (ADSs). We and a group of our shareholders sold 18,050,097 ADSs, representing 361,001,940 ordinary Class B common shares, in an offering in the United States and other jurisdictions outside of Argentina, and the Employee Stock Participation Program sold 81,208,416 ordinary class B shares in a simultaneous offering in Argentina. The ADSs are listed on the New York Stock Exchange under the symbol “EDN” and the Class B common shares are listed on the BASE under the same symbol. We received approximately U.S.\$61.4 million from the initial public offering, before costs. Of this amount, we used approximately U.S.\$36 million to repurchase some of our Discount Notes due 2014. The remainder of the proceeds from the initial public offering was used to repurchase some of our Fixed Rate Par Notes due 2016 and for capital expenditures. After the initial public offering, our controlling shareholder continues to own 51% of our ordinary shares.

**Parent Company Merger Process**

The merger by absorption between Central Térmica Loma de la Lata S.A. (“CTLL”), as merging and surviving company, and EASA, or parent company, and IEASA S.A. (“IEASA”) EASA’s majority

shareholder. as the merged/absorbed companies, began in March 2017. On January 19, 2018, the CTLL's shareholders approved the merger and the CTLL's Board of Directors became responsible for the management of EASA and IEASA, in accordance with the provisions of Section 84 of the Argentine Corporations Law.

On September 22, 2017, PESA's Board of Directors approved the merger of BLL, CTG, CTLL (the acquiring company of EASA), EG3 Red, INDISA, INNISA, IPB, PPII, Transelec, and PEPASA, as the acquired or absorbed companies, into PESA, as the acquiring or absorbing company, under the terms of tax neutrality (tax-free reorganization) pursuant to Section 77 and following sections of the Income Tax Law. The effective date of the merger was established as October 1, 2017, as from which date the transfer to the acquiring company of the totality of the acquired companies' equity will take effect, with all the latter's rights and obligations, assets and liabilities becoming incorporated into the acquiring company's equity; all that subject to the corporate approvals required under the applicable regulations and the registration with the Public Registry of Commerce of both the merger and the dissolution without liquidation of the acquired companies.

On August 24, 2018, the Company was notified of the registration by the IGJ of: (i) the merger of EASA (the parent company of Edenor) and IEASA (the parent company of EASA), with and into CTLL, as the absorbing and surviving company of both; and (ii) the merger with and into Pampa, as the absorbing and surviving company, of CTLL, BLL, CTG, Eg3 Red, INNISA, INDISA, IPB, PPII and PEPASA, as the absorbed companies. As a result thereof, Pampa became the direct controlling company of Edenor.

#### **Pampa's Sale of Controlling Stake in Edenor**

On December 28, 2020, Pampa entered into a binding stock purchase agreement with Empresa de Energía del Cono Sur S.A., as purchaser, and Integra Capital S.A., Messrs. Daniel Eduardo Vila, Mauricio Filiberti and José Luis Manzano as guarantors, for the sale of Pampa's controlling interest in Edenor. The agreement consists of a transfer of Pampa's total Class A shares, which represent 51% of the capital stock and voting rights of the Company, pursuant to certain conditions precedent, including but not limited to the approval by Pampa's shareholders' meeting and the ENRE (the "Transaction"). The Transaction was approved by Pampa's Ordinary and Extraordinary General Shareholders' Meeting held on February 17, 2021. At the closing of the Transaction, the change of control of the Company will trigger, under certain circumstances, an obligation to make payments to certain of the Company's executive officers, including in connection with the termination of their employment. As of the date of this annual report, the Transaction is pending approval from the ENRE.

Upon the closing of the Transaction, Empresa de Energía del Cono Sur S.A. will be required under Argentine securities law to conduct a mandatory tender offer open to all holders of common shares issued by Edenor, including holders of ADSs in respect of the underlying Class B common shares.

#### **Share Buy-Back Program**

On November 14, 2008, we commenced an open-market share purchase program. Under the terms of the program, we were authorized to purchase our Class B common shares for up to Ps.45 million in nominal currency, equivalent to Ps.309.2 million in current currency, subject to certain volume and price restrictions. The open market share purchase program expired on March 17, 2009. Pursuant to the program we purchased 9,012,500 Class B common shares, at an average price of Ps.0.65 per share in nominal currency, equivalent to Ps.4.5 in current currency, representing approximately 1.03% of our capital stock.

The original term of own shares in portfolio was extended by resolution of the Ordinary General Meeting of Shareholders of the Company dated March 3, 2011, for the same term, computable from November of that year.

On November 18, 2014, the Extraordinary General Meeting of the Company approved an additional extension of three years which will allow for an automatic reduction of capital under the Capital Markets Law and develop a proposal to target those shares, which will be submitted for consideration and approval of the relevant corporate bodies.

On April 18, 2017, the Company held the Annual General Meeting that resolved by majority vote to approve the allocation of own shares in portfolio to the implementation of the long-term incentive plan in favor of personnel dependent on company under the terms of article 67 of the CML.

On May 10, 2018, the Company held an Annual General Meeting that resolved by majority vote to approve the allocation of own shares in portfolio under the terms of article 67 of the CML.

On December 4, 2018, the Company's Board of Directors, approved a share repurchase pursuant to both Section 64 of the CML and the regulations of the CNV, under the following terms and conditions: a maximum amount of Ps.800 million can be invested; the treasury stock may not exceed the limit of 10% of share capital, as a whole; the maximum price to be paid for the shares is U.S.\$30 per ADR in the New York Stock Exchange, or the equivalent amount in Pesos at U.S.\$1.5 per share in the Argentine stock exchange and markets (Bolsas y Mercados Argentinos S.A. or "BYMA"); the repurchases will be made with realized and liquid profits; and the shares may be acquired for a term of 120 calendar days beginning on December 5, 2018.

In this framework, on December 31, 2018, the Company repurchased 15,590,860 of its own Class B shares with a nominal value of Ps.1.

On April 8, 2019, the Company's Board of Directors approved the allocation of own shares in portfolio under the terms of article 67 of the CML.

In making such a decision, the Board of Directors took into account the same decisions adopted on the Board of Directors' meetings of May 10, 2018 and December 4, 2018.

The following are only the terms and conditions approved by the Board of Directors for the share repurchase, which differ from the terms and conditions for the share repurchase approved on May 10, 2018: (i) a maximum amount of Ps.800 million can be invested; the treasury stock may not exceed the limit of 10% of share capital, in the aggregate; (ii) the maximum price to be paid for the shares is U.S.\$23 per ADR in the New York Stock Exchange, or the equivalent amount in Pesos at U.S.\$1.15 per share in the BYMA; (iii) the repurchases will be made with realized and liquid profits; and (iv) the shares could be acquired for a term of 120 calendar days beginning on April 17, 2019.

As of December 31, 2020 and 2019, the Company's treasury stock amounted to 31,380,871 Class B shares ( 8,269,740 and 15,590,860 were acquired in 2019, for a total of Ps.815.6 million and Ps.2,237,5 million restated in constant currency, respectively).

### **The Company's Share-based Compensation Plan**

In 2016, the Company's Board of Directors proposed that the Company's treasury shares be used for the implementation of a long-term incentive plan in favor of executive directors, managers or other personnel holding key executive positions that have an employment relationship with the Company and those individuals that are invited to participate in the future, under the terms of Section 67 of the CML. The plan was ratified and approved by the ordinary and extraordinary shareholders' meeting held on April 18, 2017.

In 2017, the "long term incentive plan" addressed to Edenor's staff was developed with the purpose of keeping and attracting key staff and promoting the highest performance by offering company's shares to the executive and management levels and other key employees. The plan would be administered and executed by an implementing committee to be composed of three members of the Company's Executive Committee, which, in April of each year decides on the implementation of the plan for the respective calendar year and shall issue the corresponding annual granting resolution.

As of December 31, 2020 and 2019 the Company owned 31,380,871 shares, held as treasury stock. In April 2021, 246,451 shares were delivered as additional remuneration to executive directors and managers in connection with the compensation plan mentioned above.

## Employee Stock Participation Program

At the time of the privatization of SEGBA (our predecessor), the Argentine Government allocated all of our Class C common shares, representing 10% of our outstanding capital stock, to establish a *Programa de Propiedad Participada* (employee stock participation program, or PPP), pursuant to Law No. 23,696 and regulations thereunder, through which certain eligible employees (including former employees of SEGBA who became our employees) were each entitled to receive a specified number of our Class C common shares, calculated in accordance with a formula that considered a number of factors, including the employee's salary level, position and seniority. In order to implement the PPP, a general transfer agreement, a share syndication agreement and a trust agreement were executed.

Pursuant to the transfer agreement, participating employees were allowed to defer payment for the Class C common shares over time. As a guarantee for the payment of the deferred purchase price, the Class C common shares were pledged in favor of the Argentine Government. Furthermore, under the original trust agreement, the Class C common shares were placed in trust by the Argentine Government with Banco Nación, acting as trustee for the Class C common shares, for the benefit of the participant employees and the Argentine Government. In addition, pursuant to the share syndication agreement, all political rights of the participant employees (including the right to vote at our ordinary and extraordinary shareholders' meetings) were to be exercised collectively until the payment in full of the deferred purchase price and the release of the pledge in favor of the Argentine Government. On April 27, 2007, the participant employees paid the deferred purchase price of all of the Class C common shares in full to the Argentine Government and, accordingly, the pledge was released and the share syndication agreement was terminated.

According to the regulations applicable to the employee stock participation program, participating employees who terminated their employment with us before the payment in full of the deferred purchase price to the Argentine Government were required to transfer their shares to the guarantee and repurchase fund, at a price calculated pursuant to a formula set forth in the transfer agreement. As of the date of payment of the deferred purchase price, the guarantee and repurchase fund had not paid in full the amounts due to the former participating employees for the transfer of their Class C common Shares.

A number of our and SEGBA's former employees have brought claims against the guaranty and repurchase fund, the Argentine Government and, in certain limited cases, us, in each case relating to the administration of our Employee Stock Participation Program. The plaintiffs who are former employees of SEGBA were not deemed eligible by the relevant authorities to participate in the Employee Stock Participation Program at the time of its creation, which determination these plaintiffs' dispute and are seeking compensation for. The plaintiffs, who are our former employees, are either seeking payment of amounts due to them by the guaranty and repurchase fund for share transfers that occurred upon their retirement from our employment or disputing the calculation of the amounts paid to them by the Guaranty and Repurchase Fund. In several of these claims, the plaintiffs have obtained attachment orders or injunctive relief against the guaranty and repurchase fund over approximately 1,567,231 Class C common shares and Ps.0.7 million of the funds on deposit in the fund, in each case up to the amount of their respective claims. Because the outcome of these proceedings has not yet been determined, the Argentine Government has instructed Banco Nación to create a Contingency Fund to hold a portion of the proceeds of the offering of Class B common shares by the Employee Stock Participation Program pending the outcome of these legal proceedings.

According to the agreements, laws and Decrees that govern the employee stock participation program, our Class C common shares may only be held by our employees. Upon the closing of our initial public offering, substantially all of our Class C common shares were converted into Class B common shares and sold. In accordance with these agreements, laws and Decrees, the rights previously attributable to the Class C common shares have been combined with those attributable to the Class B common shares, and holders of the remaining Class C common shares will vote jointly as a single class with the holders of Class B common shares in the election of directors. Only 1,952,604 Class C common shares remain outstanding, representing 0.2% of our capital stock.



## **RELATED PARTY TRANSACTIONS**

### **Technical Assistance Agreement with PESA**

On April 4, 2006, the Company entered into a Technical Assistance Agreement with EASA pursuant to which it shall provide us with advisory services, as well as services related to the potential development of new lines of business compatible with our corporate objectives. The services performed by EASA include providing assistance and advice in respect of our financial performance, the Company finance management team and our financial decision-making process, our engagement of financial.

On August 31, 2010, the Company signed an amendment to the EASA agreement extending the term of the agreement to five years following September 19, 2010. The Company's Board of Directors approved the amendment on August 31, 2010. No other terms of the contract were modified.

On November 10, 2015, another amendment was executed to extend the term of the EASA agreement until September 19, 2020 and ratifying all other provisions. Such amendment was approved by our Board of Directors on November 9, 2015, with the prior favorable opinion of our Audit Committee.

Due to the merger process of EASA and its parent IEASA with and into CTLL, and, in turn, of CTLL with and into Pampa, the amount stipulated in the agreement in consideration of the services will be paid to Pampa as the acquiring and surviving company/companies of EASA.

In 2020, another amendment was executed to extend the term of the agreement, which expires in 2025, yet may be extended if so agreed by the parties. Such amendment was approved by our Board of Directors on October 30, 2020, with the prior favorable opinion of our Audit Committee. In consideration of these services, the Company pays PESA an annual amount of U.S.\$2.5 million. Any of the parties may terminate the agreement at any time by giving 60 days' notice, without having to comply with any further obligations or paying any indemnification to the other party.

### **Agreement with SACME**

In the framework of the regulation of the Argentine electric power sector established by Law No. 24,065 and SEE Resolution No. 61/92, and after the awarding of the distribution areas of the city and metropolitan area of Buenos Aires to Edenor and Edesur, the bidding terms and conditions of the privatization provided that both companies were required to organize SACME to operate the electric power supervision and control center of the transmission and sub-transmission system that feeds the market areas transferred to those companies. For such purpose, on September 18, 1992 SACME was organized by Edenor and Edesur.

SACME's purpose is to manage, supervise and control the operation of both the electric power generation, transmission and sub-transmission system in the City of Buenos Aires and the Buenos Aires metropolitan area and the interconnections with the SADI, to represent distribution companies in the operational management before CAMMESA, and, in general, to carry out the necessary actions for the proper development of its activities.

The share capital of SACME is divided into 12,000 common, registered non-endorsable shares, of which 6,000 Class I shares are owned by Edenor and 6,000 Class II shares are owned by Edesur.

In 2020, the Company's operating costs amounted to Ps.102 million.

### **Orígenes Seguros de Vida S.A.**

During the process of hiring a compulsory life insurance and after receiving several proposals from insurance companies, our Board of Directors approved the insurance provider Orígenes Seguros de Vida on March 8, 2016, and the audit committee's favorable opinion was previously received.

In 2020, the Company's operating costs relating to this agreement amounted to Ps.27 million.

#### **SACDE S.A.**

During 2018, due to the agreement between the Argentine Government and Sociedad Argentina de Construcción y Desarrollo Estratégico S.A. ("SACDE") for the construction of the Presidente Perón highway extension, Edenor received requests from SACDE for relocating certain facilities owned by the Company located in areas that potentially impede the highway's construction. As stipulated in Edenor's Concession Agreement, SACDE will pay the entire cost of the removals in question as the requesting party. Therefore, the projects and permits area of the Company's Operations Department prepared the respective works budgets in accordance with the effective price list, the related percentages for contingencies, Edenor's fee for the project for providing works oversight and associated electric operations, in addition to the estimated time period for the completion of the works. As SACDE is a related party pursuant to the CML, the aforementioned works contracts were approved by the Board of Directors at the corresponding board meetings held on April 25, 2018 and January 30, 2019.

#### **FIDUS S.G.R.**

On December 4, 2018, the Company's Board of Directors approved the contribution of funds to Fidus S.G.R. totalling Ps.25 million, in the capacity as protector partner and with the scope set forth in Law No. 24,467.

Furthermore, on December 21, 2020, the contribution made as protector partner was refunded to the Company.

#### **CREAURBAN S.A.**

In April 2020, the Company and Creaurban S.A. entered into an agreement on the execution of the architectural project in the Company's new sector located at 940 Austria Norte. In October 2020, an amendment to the original agreement was made, pursuant to which the originally agreed-upon deadlines, amounts and scope were extended. The total values of the aforementioned work, which is expected to reach completion on December 31, 2021, amount to Ps.349.3 million. As of December 31, 2020, the Company has made a down payment of Ps.26.5 million.

#### **Item 8. Financial Information**

See "Item 18. Financial Statements" beginning on page F-1.

### **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

#### **Legal Proceedings**

In the ordinary course of our business, we participate as plaintiff and defendant in various types of lawsuits. Our management evaluates the merit of each claim and assesses its possible outcome, recording a reasonable allowance in our financial statements for the contingencies related to the claims filed in the lawsuits against the Company. As of December 31, 2020, we had established provisions in the aggregate amount of Ps.2,789 million to cover potential losses from such claims and legal proceedings. Except as disclosed below, we are not a party to any legal proceedings or claims that may have a material adverse effect on our financial position or results of operations.

We are not aware of any other contingencies that are reasonably possible and, as of December 31, 2020, there were no losses in excess of the contingencies that we recognized in our Financial Statements as of and for the year ended December 31, 2020.

The most significant legal actions in which the Company is a party involved are detailed below:

**a. Legal action brought by Consumidores Financieros Asociación civil para su defensa**

In March 2010, Consumidores Financieros, Asociación Civil Para Su Defensa, a consumers' association, instituted an action against Edenor and Edesur in the National Court of First Instance in Federal Administrative Claims Tribunal No. 2, Secretariat 3 (Juzgado Nacional de Primera Instancia en lo Contencioso). The action is based on three claims. First, the plaintiffs claim a refund for the percentage payment of VAT over a taxable base they allege was inappropriately increased to include an amount that exceeded Edenor's and Edesur's own payments to the WEM. Second, the plaintiffs claim a refund for charges relating to interest on payments by users that the plaintiffs claim Edenor and Edesur failed to adjust to reflect the actual number of days the payment was outstanding. Finally, the plaintiffs claim a refund for late payment charges from 2008 onwards calculated at the interest rate that Banco Nación pays on deposits (tasa pasiva) in alleged contravention of the Law of Consumer Defense (Ley de Defensa del Consumidor) in April 2008.

On April 22, 2010, we answered the complaint and filed a motion to dismiss for lack of standing ("excepción de falta de legitimación"), requesting, at such time, that summons be served upon the Argentine Government, the AFIP and the ENRE as third-party defendants.

Prior to the evidence stage, the review of the proceeding by the Fiscal Representative was ordered, for the purpose of issuing a ruling on the lack of standing motion filed by Edenor. Once the proceeding returned to the court, the motion to dismiss for lack of standing was rejected. In due time, the Company appealed such rejection.

During 2020, the evidence was offered and the allegations were presented. Prior to the issuance of the judgement, the case was sent to the Fiscal Agent. The dismissal based on lack of standing and expiration have been deferred and will be considered at the final judgment. The ADDUC case (see below), which has not yet reached trial, will be considered together with these actions. Once both cases reach identical procedural conditions, a single judgement will be issued. This proceeding is not projected to conclude during 2021.

**b. Legal action brought by Asociación de Defensa de Derechos de Usuarios y Consumidores – ADDUC**

On October 21, 2011, we were notified of a lawsuit filed by the Association for the Defense of Rights of Users and Consumers (Asociación de Defensa de Derechos de Usuarios y Consumidores, or "ADDUC") requesting that the intervening court (i) order the reduction or moderation of penalty interest rates or late payment interest that we charge to users, because such rates allegedly violate Art. 31 of Law 24,240, and (ii) declare the non-implementation of the agreements or conventions which have stipulated the interest rates that we apply to its users, and of the administrative regulations on the basis of which we justify the interest charging and (iii) orders the restitution of wrongfully perceived interests of users. On April 8, 2014, the court granted the motion to dismiss on account of the existence of other action pending (lis pendens) and ordered that the proceedings be referred to such other court, to be consolidated with such other case "Consumidores Financieros Asociación Civil c/ EDESUR y Otro s/ incumplimiento contractual".

Prior to the evidence stage, the review of the proceeding by the Fiscal Representative was ordered, for the purpose of issuing a ruling on the lack of standing motion filed by Edenor. Once the proceeding returned to the court, the motion to dismiss for lack of standing was rejected. In due time, the Company appealed such rejection.

On October 16, 2020, the National Court of Appeals for Federal Administrative Matters upheld the decision of the lower court, with costs, rejecting the lack of standing filed by Edenor S.A. The file is ready to be opened for evidence. The proceeding is not expected to be concluded during 2021.

**c. Legal action brought by the Company ("Edenor S.A. vs ENRE Resolution No. 32/11")**

On February 9, 2011, we challenged Resolution No. 32/11 of the ENRE, which, in the context of the power cuts that occurred between December 20 and December 31, 2010, established the following:

- that the Company be fined in the amount of Ps.0.8 million due to its failure to comply with the obligations arising from the Concession Agreement and Section 27 of Law No. 24,065.

- that the Company be fined in the amount of Ps.0.4 million due to its failure to comply with the obligations arising from Section 25 of the Concession Agreement and Resolution No. 905/1999 of the ENRE; and

- that our users be paid the following amounts as compensation for the power cuts suffered: Ps.180 to each small-demand residential user who suffered power cuts that lasted more than 12 continuous hours, Ps.350 to each of those who suffered power cuts that lasted more than 24 continuous hours, and Ps.450 to each of those who suffered power cuts that lasted more than 48 continuous hours. The resolution stated that such compensation did not include damages to user facilities and/or appliances, which were to be dealt with in accordance with a specific procedure.

We filed a direct appeal with the Appellate Court in Contentious and Administrative Federal Matters No. 1, requesting that such resolution be declared null and void. Additionally, we filed a petition requesting injunctive relief aimed at suspending the application of the fine imposed until a decision on the direct appeal is issued.

On July 8, 2011, we were requested that process be served on the ENRE. On October 28, 2011, the court denied the request for injunctive relief. As a consequence, we filed a Federal Extraordinary Appeal with the Supreme Court which was dismissed. We then filed another appeal with the Supreme Court (“Recurso de Queja por apelación denegada”) requesting review of the rejected federal extraordinary appeal, which as of the date of this annual report has not been resolved.

On April 24, 2013, we were notified of the decision of the Appellate Court in Contentious and Administrative Federal Matters No. 1 to deny the direct appeal filed by us. On May 3, 2013 and May 13, 2013, we filed an Ordinary Appeal and a Federal Extraordinary Appeal, respectively, with the Supreme Court. On November 7, 2014, our Ordinary Appeal was rejected and our Federal Extraordinary Appeal was partially granted. We timely submitted an extraordinary appeal on account of the partially denied appeal (“Recurso de Queja por Recurso Extraordinario Denegado”).

In view of the provisions of the Agreement on the Regularization of Obligations executed on May 10, 2019 between the Company and the Federal Government, this lawsuit had to be withdrawn. Such Agreement established that the litigation costs shall be borne in the order in which they were incurred.

In February 2020, the withdrawal of the action and of the right was filed, which is pending resolution.

**d. Legal action brought by the Company (“Edenor S.A. vs Federal Government – Ministry of Federal Planning / proceeding for the determination of a claim and motion to litigate in forma pauperis”)**

On June 28, 2013, we initiated a legal action against the Ministry of Planning, Public Investment and Services pursuant to an acknowledgment process and a request to litigate without expenses, both entertained by the National Court of First Instance in Federal Administrative Claims Tribunal No. 11 (Juzgado Nacional de Primera Instancia en lo Contencioso Administrativo Federal No 11). We claimed a breach by the Argentine Government of the agreed terms under the Adjustment Agreement and sought compensation for damages.

On November 22, 2013, we amended the complaint so as to claim additional damages as a consequence of the Argentine Government’s omission to perform the obligations under the aforementioned “Adjustment Agreement”. On February 3, 2015, the court hearing the case ordered that notice of the complaint be served within the time limit prescribed by law, which was answered by the Argentine Government. Subsequently, the Company informed the Court of the issuance of SE Resolution No. 32/15 as new event (“hecho nuevo”), under the terms of Section 365 of the Federal Code of Civil and Commercial Procedure. After notice was served, the court rejected the treatment thereof as an “event”, holding Edenor

liable for costs. The Company filed an appeal, which was admitted “with a delayed effect” (i.e. the Appellate Court will grant or reject the appeal when deciding on the granting or rejection of the appeal against final judgment). On December 4, 2015, we requested the suspension of the procedural time-limits, which as of the date of this annual report, are still suspended by mutual agreement.

The request to litigate without expenses, which was filed on July 2, 2013, is at the discovery period and the period for the parties to file their arguments on the merits of the produced evidence has begun. As of the date of this annual report, and by “agreement of the parties”, the procedural time-limits continue to be suspended.

On September 16, 2019, the Company -within the framework of the “request to litigate without expenses” proceeding-, presented a waiver of the action and the right, arguing that the costs would be imposed in the order in which they were incurred. The representatives of the Argentine Government agreed with the terms of the brief. On September 24, 2019, the court took into account such brief and ordered to close this separate proceeding.

Simultaneously, in the main proceeding, the Company (with the Argentine Government’s consent), on September 16, 2019, submitted a waiver of the action and the right, declaring that the facts disputed in the proceeding amounted to Ps.6,900 million. As a result, the payment of the justice fee was integrated, which amounted to Ps.207 million. The proceeding was sent to the Treasury for review and approval purposes. Before that, the Treasury requested to attach the liquidation of the amounts that integrated the reconciled capital. The Company answered such request timely, explaining the different items and amounts included in the liquidation. As of December 31, 2020, the Treasury has not pronounced itself nor have the proceedings returned to the court.

It is expected that the proceeding will be concluded during 2021.

**e. Legal action brought by the Company (Study, Review and Inspection of Works in public spaces “TERI”)**

In December 2015, the Company filed a petition for a declaratory judgment and requested injunctive relief with the City of Buenos Aires Courts in Contentious and Tax-Related Matters (Fuero Contencioso Administrativo y Tributario de la Ciudad de Buenos Aires), in connection with a claim by the City of Buenos Aires against Edenor with respect to an alleged local tax liability (relating to the Study, Review and Inspection of Works in Public Spaces Fees, the “TERI”). The injunctive relief requested aims at suspending the foreclosure proceedings initiated by the City of Buenos Aires and avoiding an attachment on the Company’s assets. As of the date of the filing of the petition, the City of Buenos Aires’ claim amounted to Ps.96.8 million.

In our opinion, such local taxes are not applicable under federal regulations and case law. The Company’s management and its external counsel understand that there are reasonable grounds to believe that Edenor should prevail on this matter.

**f. AGIP’s claim. Determinative Resolution N° 3417/DGR/17**

By Determinative Resolution No. 3417/DGR/17 issued on December 5, 2017, the AGIP claims Edenor alleged differences in the contribution impacting on electricity companies. The difference is based on the content of the tax base of the Contribution, which the AGIP asserts is made up of the Company’s monthly income from the sale of electricity, without admitting the deduction for the sale of energy to railroads, pursuant to the federal laws that govern the Contribution. Through Resolution 3417/17, the General Tax Collection authority: a) challenged the tax returns submitted by Edenor in connection with “Contributions impacting Electricity Companies in relation to the fiscal periods in 2011 (1st to 12th monthly advances), 2012 (1st to 12th monthly advances) and 2013 (1st to 12th monthly advances); b) determined ex officio the taxable matter and the resulting tax from the taxpayer for the 2011, 2012 and 2013 fiscal years for a total amount of Ps.0.2 million plus interest; c) established that for the income obtained with respect to the activity “Electric power distribution and commercialization services,” the

Company should pay the mentioned Contribution at a rate of 6% for the 2011, 2012 and 2013 fiscal years, and d) Imposed a fine of Ps.0.2 million on Edenor.

In a timely manner, on January 18, 2018, we filed an appeal for reconsideration under the terms of Article 150 of the Tax Code of the Autonomous City of Buenos Aires (T.O.2018), against AGIP's Determinative Resolution N° 3417/DGR/17.

On July 4, 2019, Edenor was notified of Resolution 2019-1908-GCABA-DGR, rejecting the Appeal for Reconsideration filed. Continuing the administrative procedural steps, against that decision, the company brought a hierarchical appeal on July 26, 2019. As of the date of this annual report, the AGIP has not handed down a decision on the appeal.

**g. AFIP Administrative Procedure – Social Security Resources. Rate differential application Decree 814/2001.**

By Administrative Resolution No. 236/2018 DV TJGE (DI RSGE), AFIP alleged differences in the application of the rate determining the Social Security Contributions entered on the staff payroll, for the period between December 2011 and December 2016, for a total amount of Ps.626 million plus interest and a fine imposed of Ps.181.8 million. The Company submitted an appeal on August 3, 2018, which, as of the date of this annual report, is still pending. In addition, on December 2, 2019, the Company was notified of the settlement of adjustments with respect to differences in the application of the above-mentioned rate, but for the period between January 2017 and June 2019 for a total amount of Ps.566 million plus interest and a fine imposed of Ps.252.4 million. The Company submitted an appeal on December 23, 2019, which, as of the date of this annual report, is still pending.

Also, as of the date of this annual report, the administrative proceeding for the last period subject to discussion by the AFIP covering from July to November 2019, both months inclusive, for an amount of Ps. 50.6 million, plus interest and penalty, has not been initiated.

**h. Legal action brought by the Company (“Edenor S.A. vs Ribera Desarrollos S.A.”)**

With regard to the real estate asset to be constructed, acquired by the Company in November 2015, the subsequent termination of the agreement due to RDSA's default in August 2018 and the respective legal actions brought by the Company against the seller and the insurance company, and with respect to the settlement agreement dated September 30, 2019 that the Company entered into with Aseguradores de Cauciones S.A., the following recent events stand out:

- With regard to the U.S.\$1 million receivable resulting from the agreement with Aseguradora de Cauciones S.A., the Company has received to date the payment of U.S.\$370,000. The remaining balance for U.S.\$630,000 will be collected in five quarterly installments according to a new payment schedule agreed upon between the Company and the insurance company. As of the date of this annual report we have received two payments for a total amount of U.S.\$100,000 each of the remaining balance.
- With regard to RDSA reorganization proceedings, the Company has filed ancillary proceedings for review of the amount declared inadmissible, relating to the contractually agreed-upon penalty clause. The ancillary proceedings for review have been rejected by the Court, decision which the Company has appealed to the Court of Appeals in Commercial Matters, where it is pending resolution. Due to the COVID 19 pandemic declared by the WHO on March 11, 2020 and the mandatory and preventive social isolation ordered by Decree 297/2020, and the subsequent extensions thereof, the originally set procedural time limits have been extended, and the exclusivity period in order for the reorganization debtor to propose one or more reorganization plans and obtain the consent required by law for the confirmation of the eventual agreement are currently underway.

Finally, as a result of the assessment of different alternatives aimed at the recovery of the referred to claim, on January 18, 2021, the Company's Board of Directors accepted the “Offer for the Assignment

of the Claim in Litigation” made by Creaurban S.A., whereby Edenor assigns and transfers the claim, under the terms of section 1,614 and subsequent sections of the Civil and Commercial Code.

By virtue of the assignment, Creaurban S.A. will assume the consequences and results deriving from the reorganization proceedings, the claim in litigation and/or any other action or arrangement deriving from the claim to collect the claim in litigation; whereas the Company agrees to immediately give Creaurban S.A., with no deductions whatsoever, any amount or assets received on account of the referred to claim.

The assignment of the claim was agreed for a value of: (i) Ps.400 million, which was paid by Creaurban S.A. on January 27, 2021; plus (ii) an additional contingent price determined in meters that will be of 30% of the square meters to which the holder of the claim would be entitled if an Internal Rate of Return of at least 15% per annum after taxes were applied to the New Tower Project, after having deducted the New Tower’s development and construction costs and the commitments of the trust and the repayment of the mortgage loan with Banco Patagonia S.A. To be valid, the assignment was subject to the acceptance by Banco Comafi S.A. of an offer under similar terms, a condition which was met on January 19, 2021, with the offer of assignment thus becoming accepted by Edenor.

The collected Ps.400 million was recognized as a gain in January 2021, inasmuch as an allowance had been set up for the full amount of the claim in litigation.

## **DIVIDENDS**

Pursuant to the Argentine Corporations Law, declaration and payment of annual dividends, to the extent the distribution of available earnings complies with the requirements of such law, is determined by our shareholders at the annual ordinary shareholders’ meeting. From time to time, the Board of Directors makes a recommendation with respect to the payment of dividends. Edenor has not declared or paid any dividends since August 14, 2001.

### **Amount available for distribution**

Dividends may be lawfully declared and paid only out of our retained earnings stated in our yearly financial statements prepared in accordance with IFRS and CNV regulations and approved by the annual ordinary shareholders’ meeting.

According to the Argentine Corporations Law and our by-laws we are required to maintain a legal reserve of 20% of our outstanding capital stock. The legal reserve is not available for distribution to shareholders. Under the Argentine Corporations Law and our by-laws, our yearly net income (as adjusted to reflect changes in prior results) is allocated in the following order:

- (i) to comply with the legal reserve requirement;
- (ii) to pay the accrued fees of the members of our Board of Directors and supervisory committee;
- (iii) to pay any amounts owed to our employees under the “Bonos de Participación para el Personal” (which are bonds issued to our employees according to the provisions of our by-laws, that entitle each holder to a pro rata portion of 0.5% of our earnings, after payment of taxes);
- (iv) for voluntary or contingent reserves, as may be resolved from time to time by our shareholders at the annual ordinary shareholders’ meeting; and
- (v) remainder of the net income for the year may be distributed as dividends on common shares or as otherwise decided by our shareholders at the annual ordinary shareholders’ meeting.

Our Board of Directors submits our financial statements for the preceding fiscal year, together with reports thereon by the supervisory committee, at the annual ordinary shareholders’ meeting for approval. Within four months of the end of each fiscal year, an ordinary shareholders’ meeting must be held to approve the financial statements and determine the allocation of our net income for such year. Under applicable CNV regulations, cash dividends must be paid to shareholders within 30 days of the

shareholders' meeting approving any dividends. In the case of stock dividends, shares are required to be delivered within three months of our receipt of notice of the authorization of the CNV for the public offering of the shares arising from such dividends. The statute of limitations for any shareholder to receive dividends declared by the shareholders' meeting is three years from the date in which they have been made available to the shareholder.

As from February 2017, pursuant to ENRE Resolution No. 63/17, the company no longer has regulatory restrictions to make dividend payments. Consequently, we could pay dividends out of our retained earnings, subject to the conditions set forth by the Argentine Corporations Law.

As of December 31, 2020, we have 31,380,871 treasury shares. The acquisition cost of such shares in the market, in accordance with the provisions of Title IV, Chapter III, article 3.11.c of the CNV's Rules, restricts the amount of the realized and liquid gains that we may distribute to our shareholders.

## SIGNIFICANT CHANGES

Except as identified in this annual report on Form 20-F, no significant change in our financial condition has occurred since the date of the most recent audited financial statements contained in this annual report. See "Item 5. Operating and Financial Review and Prospects—Factors Affecting our Results of Operations", "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources" and "Item 3. Key Information—Risk factors—Risks Relating to Our Business—Failure or delay to negotiate further improvements to our tariff structure, including increases in our distribution margin, and/or to have our tariffs adjusted to reflect increases in our distribution costs in a timely manner or at all, has affected our capacity to perform our commercial obligations and could also have a material adverse effect on our capacity to perform our financial obligations".

### Item 9. The Offer and Listing

Since April 26, 2007, our Class B common shares and the ADSs have been listed on the BASE and the NYSE, respectively. The ADSs have been issued by the Bank of New York as depositary. Each ADS represents 20 Class B common shares.

## OFFER AND LISTING DETAILS

The following table sets forth, for the periods indicated, the annual high and low market prices for the ADSs on the NYSE and for the shares on the BASE.

Year	Buenos Aires Stock Exchange <i>Pesos per Share</i>		New York Stock Exchange <i>U.S. Dollars per ADS</i>	
	High	Low	High	Low
2016	22.20	9.38	27.98	13.44
2017	45.75	21.75	52.00	28.63
2018	62.10	38.60	62.55	19.60
2019	56.50	15.20	29.60	4.25
2020	30.55	13.40	5.99	2.83

The following tables set forth, for the periods indicated, the reported high and low sales prices for our shares on the BASE and the reported high and low sales prices for the ADSs on the NYSE.



Period	Buenos Aires Stock Exchange <i>Pesos per Share</i>		New York Stock Exchange <i>U.S. Dollars per ADS</i>	
	High	Low	High	Low
<b>2019</b>				
First Quarter	56.50	42.50	29.60	19.10
Second Quarter	43.50	36.80	19.73	16.73
Third Quarter	44.70	15.20	21.40	5.26
Fourth Quarter	26.80	16.25	7.21	4.25
Period	Buenos Aires Stock Exchange <i>Pesos per Share</i>		New York Stock Exchange <i>U.S. Dollars per ADS</i>	
	High	Low	High	Low
<b>2020</b>				
First Quarter	24.70	13.40	5.99	2.96
Second Quarter	28.65	13.70	4.83	2.83
Third Quarter	28.00	18.65	4.57	2.93
Fourth Quarter	30.55	21.50	4.24	2.88
Period	Buenos Aires Stock Exchange <i>Pesos per Share</i>		New York Stock Exchange <i>U.S. Dollars per ADS</i>	
	High	Low	High	Low
<b>2020</b>				
November	28.90	25.95	3.74	3.23
December	29.70	24.85	4.24	3.48
<b>2021</b>				
January	28.10	25.70	3.88	3.39
February	28.45	26.40	4.00	3.45
March	27.70	25.15	3.83	3.35
April (1)	27.40	25.95	3.69	3.52

(1) Represents the corresponding sale prices from April 1 through April 23, 2021.

## THE ARGENTINE SECURITIES MARKETS

### Trading on the Mercado de Valores de Buenos Aires

#### *Trading in the Argentine securities market*

Pursuant to the provisions of the CML, securities market in Argentina is comprised of several markets that require authorization from the CNV to operate (the “Authorized Markets”), including the BYMA, the Mercado Abierto Electrónico S.A., the Mercado Argentino de Valores S.A., the Mercado de Valores de Córdoba S.A., the Mercado a Término de Rosario S.A., among others. The CML allows the authorized Markets to delegate certain of its duties and rights as a market to other qualified entities, as previously authorized by the CNV. Securities listed on these exchanges include corporate equity, bonds and government securities.

On December 29, 2016, the CNV authorized BYMA and on January 2, 2017, IGJ and CNV authorized the creation and operation of BYMA. Most of its capital stock is free float and 30 percent is owned by BASE.

The BYMA is the largest authorized market in Argentina. Pursuant to Resolution No. 18,629, the CNV authorized the BYMA to operate as an Authorized Market, and allowed BYMA to delegate certain of its rights and duties as a market in the BASE, including without limitation, the right to authorize the listing of issuers and securities in the BYMA, and the right to publish the daily market gazette.

In Argentina, debt and equity securities traded on an exchange or the over-the-counter market must, unless otherwise instructed by their shareholders, be deposited with Caja de Valores S.A. (“Caja de Valores”). Caja de Valores is the central securities depository of Argentina and provides central depository facilities, as well as acting as a clearing house for securities trading and as a transfer and paying agent for securities transactions. Additionally, Caja de Valores handles the settlement of securities transactions carried out by the BASE and operations the computerized exchange information system mentioned above.

BYMA incorporated 99.96% of Caja de Valores' equity, and as a result, the operating cycle of the capital market industry is vertically integrated. At the technological level, BYMA acquired the Millennium Stock Exchange platform belonging to the London Stock Exchange group as a sign of its innovative vocation and with the aim of providing the best attention to its participants and investors. Millennium, a leading global technology provider in trading and post-trading software, currently serves the London, Milan, Oslo and Johannesburg Stock Exchanges, among others.

Although companies may list all of their capital on the BYMA or any other Authorized Market, controlling shareholders in Argentina typically retain the majority of a company's capital stock, resulting in a relatively small percentage of active trading of the companies' stock by the public on any such Authorized Market.

Securities may also be listed and traded through over-the-counter market brokers who are linked to an electronic reporting system. The activities of such brokers are controlled and regulated by MAE, an electronic over-the-counter market reporting system that functions independently from the BYMA. Under an agreement between the BASE and the MAE, trading in equity and equity-related securities is conducted exclusively on the BASE (now BYMA) and trading in corporate debt securities is conducted on both the S&P Merval/BASE (now BYMA) and the MAE. Trading in Argentine Government securities, which are not covered by the agreement, may be conducted on either or both of the BYMA and the MAE. The agreement does not extend to other Argentine exchanges.

### ***Regulation of the Argentine securities market***

The Argentine securities market is regulated and overseen by the CNV, pursuant to Law No. 26,831, as well as stockbroker transactions, market operations, the public offering of securities, corporate governance matters relating to public companies and the trading of futures and options. Argentine insurance companies are regulated by a government agency, the Superintendencia de Seguros de la Nación, whereas financial institutions are regulated primarily by the Central Bank.

In order to improve Argentine securities market regulation, the Argentine Government issued Decree No. 677/01 on June 1, 2001, which provided certain guidelines and provisions relating to capital markets transparency and best practices. Further improvements to Argentine securities market regulations were introduced in December 2011 when was modified the Argentine Criminal Code to include insider trading as a criminal offense. In addition, on November 29, 2012, the Argentine Government enacted the CML, which revoked law No. 17,811, and Decree No. 677/01. However, CML incorporated most of the provisions established in those regulations. These provisions were regulated by the CNV through Resolution No. 622/13 and further modifications.

On May 9, 2018, the Argentine Congress approved the Productive Financing Law No. 27,440, which introduced significant reforms to the CML, the Mutual Funds Law No. 24,083 and the Argentine Negotiable Obligations Law No. 23,576, among others. In this respect, the following key reforms are, among others:

- (i) Promoting access to MiPyMES (micro, small and medium-sized companies) to the capital market, among others;
- (ii) Tender offers' regulatory framework: modifies the criteria to determine, such as the price and timing for launching a tender offer due to a change in control, among others.
- (iii) The CNV has power to issue regulations in order to determine when an offer may be considered private placement or public;
- (iv) Amendments to the preemptive subscription rights in the public offers;
- (v) Amendments regarding the duties of the CNV and its financial sources, the most important is the removal of the Section 20 of the current CML, which provides that the CNV may inspect any entity subject to its oversight (such as us, our controlling shareholder or any of our affiliates subject to CNV oversight). If after any inspection the CNV determines that a resolution of the Board of Directors of such entity violated the interests of its minority shareholders or any holder of its securities subject to the Argentine public offering regime, it

may appoint a vendor (observer) with veto powers. Additionally, the Subsection (i) of the Section 19 of the current CML is removed, as a result a previous administrative summary is required to the CNV could declare that an act under its control is irregular or ineffective. In the other hand, the project includes the ability of CNV to initiate administrative summaries;

- (vi) Reestablishes the jurisdiction of the courts in commercial matters to hear appeals relating to resolutions and fines imposed by the CNV;
- (vii) Main amendments to the Argentine Negotiable Obligations Law No. 23,576: (a) expressly permits the issuance of Dollar-linked notes; (b) financial institutions and issuers engaged in construction, sale and financing of real property, infrastructure works and real estate development, will be authorized to issue notes with indexation clauses; (c) allows issuers to establish a procedure to obtain the consent of the majority of bondholders without the need for bondholders meetings, subject to certain requirements; among others.

Before offering securities to the public in Argentina, an issuer must meet certain requirements established by the CNV with regard to the issuer's assets, operating history and management, among others, and only securities for which an application for a public offering has been approved by the CNV may be listed on a stock exchange. Despite these requirements imposed by the CNV, CNV approval does not imply any kind of certification as to the quality of the securities or the solvency of the issuer, although issuers of listed securities are required to file unaudited quarterly financial statements and audited annual financial statements and various other periodic reports with the CNV and the stock exchange on which their securities are listed, as well as to report to the CNV and the relevant stock exchange any event related to the issuer and its shareholders that may affect materially the value or trading volume of the securities traded.

### ***Money Laundering***

The concept of money laundering is commonly used to refer to operations that aim to enter funds from criminal activities into the institutional system and thus convert profits from illegal activities into assets of apparently lawful origin.

On April 13, 2000, the Argentine Congress passed Law No. 25,246, subsequently amended by Laws No. 26,087, 26,119, 26,268, 26,683, 26,733, 26,734 and Decree No. 27/2018 (the "Anti-Money Laundering Law") which typifies money laundering as a crime. Additionally, such law, which amended several sections of the Argentine Criminal Code, has established sanctions for the ones incurring in such illicit activity and has created the Unidad de Información Financiera ("UIF"), which depends on the Ministry of Economy.

The Argentine Criminal Code defines money laundering as a crime, defining it as the exchange, transfer, management, sale or any other use of money or other assets obtained through a crime, by a person who did not take part in such original crime, with the potential result that such original assets (or new assets resulting from such original assets) appear as if obtained through legitimate means, provided that the aggregate value of the assets involved exceed in the aggregate (through one or more related transactions) Ps.300,000.

As previously mentioned, the Anti-Money Laundering Law created the Unidad de Información Financiera ("UIF"), which is in charge of the analysis, supervision and conveyance of information in order to prevent the laundering of assets obtained from: (i) Crimes related to illegal traffic and commercialization of narcotics (Law No. 23,737); (ii) Crimes related to arms trafficking (Law No. 22,415); (iii) Crimes related to the activities of an illegal association as defined in Article 210 bis of the Argentine Criminal Code; (iv) Illegal acts committed by illegal associations (Article 210 of the Argentine Criminal Code) organized to commit crimes with political or racial motivation; (v) Crimes of fraud against the Public Administration (Article 174, Section 5 of the Argentine Criminal Code); (vi) Crime against the Public Administration under Chapters VI, VII, IX and IX bis of Title XI of Book Two of the Argentine Criminal Code; and (vii) Crimes of underage prostitution and child pornography under Articles 125, 125 bis and 128 of the Argentine Criminal Code.

The Anti-Money Laundering Law assigns information and control duties to certain private sector entities, such as banks, agents, stock exchanges and insurance companies, according to the regulations of

the UIF, and for financial entities, the Central Bank. These regulations apply to many Argentine companies. These obligations consist mainly of maintaining internal policies and procedures aimed at preventing money laundering and financing of terrorism, especially through the application of “know your customer” (“KYC”) policies.

Financial entities must inform the UIF about any suspicious or unusual transaction, or transactions lacking economical or legal justification, or being unnecessarily complex. In addition, it has established guidelines and internal procedures for unusual or suspicious transactions, which must be implemented by financial institutions and other entities.

Pursuant to the same criteria that underlies the aforementioned law, in 2012, the office of the Attorney General issued the Resolution No.914/12, which created the prosecution office specialized in economic crimes and money laundering (Procuraduría de Criminalidad Económica y Lavado de Activos – PROCELAC-). As the PROCELAC has no competence to apply sanctions, its main role is to collaborate with the Federal Prosecutors in the crime investigation and in receiving complaints in order to initiate preliminary investigations.

The UIF issued Resolution No. 229/2011, which was replaced by Resolution UIF No. 21/2018 and, subsequently amended by Resolutions No. 156/2018, No. 18/2019 and No. 117/2019 (“AML legislation in the Capital Market Sector”). The AML legislation in the Capital Market Sector establishes certain procedures that must be followed by the authorized agents of the CNV involved in the placement, intermediation and public offering of securities (the “Obligated Subjects in the Capital Market Sector”) in order to prevent, detect and report (within the deadlines established) the acts, transactions or omissions that may arise from the commission of money laundering and terrorist financing crimes in the capital market sector. Additionally, the AML legislation in the Capital Market Sector introduced general guidelines to identify different types of customers (including a distinction between frequent, casual and inactive customers), the requested information, the documentation to be kept and the procedure to detect and report – within the established deadlines – all suspicious transactions.

The main obligations that Obligated Subject shall comply with pursuant to the AML legislation in the Capital Market Sector are the following: a) prepare manuals providing the mechanisms and procedures for the prevention of money laundering and financing of terrorism; b) appoint a compliance officer; c) audit regularly; d) provide training programs to their employees; e) enforce measures that would allow the Obligated Subjects in the Capital Market Sector to compile the transactions performed by the customers using a computerized method, as well as technological tools which would enable to analyze or supervise different aspects to identify behaviors and detect potential suspicious operations; f) implement technological tools that would allow to establish in an effective way the control and prevention procedures against money laundering and financing of terrorism; and g) record the analysis and risk management of the suspicious operations that were detected and those that, for been considered suspicious, have been reported.

The Central Bank and the CNV should also comply with provisions of the Anti-Money Laundering Law. In this respect, the CNV regulations provide that entities involved in the public offering of securities (other than issuers), including, among others, underwriters of any primary issuance of securities, must comply with the standards set by the UIF. In particular, they must comply with the obligation regarding customer identification and required information, record-keeping, precautions to be taken to report suspicious transactions, policies and procedures to prevent money laundering and terrorist financing. With respect to issuers (such as the Company), CNV regulations provide that any person (either individuals or legal entities) performing significant capital contributions or loans must be identified, whether or not a shareholder at the time of the contributions, and must meet the requirements for general participants in the public offering of securities, provided in the CNV regulations and the UIF regulations, especially with regards to the identification of such persons and to the origin and legality of the funds and loans provided.

On the other hand, with the issuance of Resolution No. 21/2018, as amended, the responsibility of the Obligated Subjects in the Capital Market Sector has been included in order to identify and evaluate the risks that they are exposed to and, as a result, to adopt administrative measures for mitigating them, in order to more effectively prevent money laundering. In accordance with this standard, the Obligated Subjects in the Capital Market Sector must have KYC policies, which must be applied according to the risk rating resulting from the implemented risk model. Within this framework, individuals are enabled to implement

reputable technological platforms, which allow carrying out long-distance procedures without the need to present documentation in person, without this conditioning the fulfilment of due diligence duties.

In accordance with Annex I of the UIF Resolution No. 154/2018 (which established the supervision and inspection mechanism of the UIF), both the BCRA and the CNV are considered “Specific Controllers”. Therefore, they must collaborate with the UIF in complying with the procedures for the prevention of money laundering and finance of terrorism implemented by the obligated subjects subject to its control. For these purposes, they are empowered to supervise, monitor and inspect such entities. The refusal, obstruction or obstruction of inspections by the obliged subjects may result in penalties by the UIF, CNV or the BCRA. Both UIF Resolution No. 30/2017, as amended, as well as the BCRA regulations require banks to take certain minimum precautions to prevent money laundering. In August 2018, as provided by the UIF Resolution No. 97/2018, the regulation of the BCRA's duty of collaboration with the UIF were readjusted in accordance with the guidelines established in UIF Resolution No. 30/2017 regarding the procedures of supervision followed by financial and exchange entities.

On October 14, 2016, the UIF issued Resolution No. 135/2016, which strengthened regulations regarding the international exchange of information between similar authorities which may enter into agreements or memorandum of understanding as well as to the foreign public bodies that are members of the Egmont Group of Financial Information Unit or the Asset Recovery Network of the Financial Action Task Force of Latin American (GAFILAT).

On January 11, 2017, the UIF published Resolution No. 4/2017, which established that special due diligence measures must be applied for identifying foreign and domestic investors (who shall comply with the requirements therein set forth to qualify as such) in the Republic of Argentina upon requesting the opening of special investment accounts.

On the other hand, under the Argentine tax amnesty (Law 27,260 and its regulatory Decree No. 895/16) (the “Tax Amnesty Law”) it was established that the information that had been voluntarily disclosed may be used for investigating and sanctioning crimes of money laundering and finance of terrorism. To this end, the UIF is enabled to inform other public intelligence agencies or investigations, based on a previous resolution of the president of the UIF and provide with information that show evidence of the commission of crimes of money laundering and/or financing of terrorism. In the same way, the AFIP is obliged to report to the UIF the suspicious transactions detected in the context of the Tax Amnesty Law and to provide all the information that the UIF requires, not being able to invoke the fiscal secrecy.

In November, 2018 the UIF published Resolution No. 134/18, which updates the list of persons that should be considered “politically exposed persons” (“PEP”) in Argentina, considering the functions they perform or have performed, as well as its relationship of closeness or affinity with third parties who perform or have performed in such functions. Also, during 2019, the UIF issued Resolution No. 15/2019, which modified the PEP list and Resolution 128/19 established that foreign PEPs will be considered high risk and therefore subject to reinforced due diligence measures, with some exceptions.

On December 26, 2018, the UIF published Resolution No. 154/18, which amended the current supervision procedures through new designs adapted and according to international standards promoted by the GAFI based on risks.

For more information, you should seek advice from your legal counsel and read the applicable rules mentioned herein, including their amendments, which can be found at the following websites: [www.infoleg.gov.ar](http://www.infoleg.gov.ar), the UIF's website: [www.uif.gov.ar](http://www.uif.gov.ar) and the Central Bank's website: [www.bcra.gov.ar](http://www.bcra.gov.ar). The information contained on these websites is not part and shall not be deemed incorporated into, this annual report.

### ***Corporate Criminal Liability Law***

On March 1, 2018, the Corporate Criminal Liability Law No. 27,401 (“the Corporate Criminal Liability Law”) came into effect, after having been enacted by the Argentine Congress on November 8, 2017, providing for the criminal liability of corporate entities for offenses against the public administration

and cross-border bribery committed by, among others, its shareholders, attorneys-in-fact, directors, managers, employees, or representatives. A company found liable under this law may be subject to various sanctions, including, among others, fines from two to five times the undue benefit obtained or that could have been obtained and the partial or total suspension of activities for up to ten years. In addition, this law extended the criminal liability under the Argentine Criminal Code to actions committed outside Argentina by Argentine citizens or companies domiciled in Argentina.

On April 6, 2018, the Argentine Executive Power issued Decree No. 277/18, which regulates the Corporate Criminal Liability Law, providing that the Anticorruption Office of the Ministry of Justice and Human Rights will establish the guidelines to comply with the Corporate Criminal Liability Law's provisions related to the Integrity Program. On October 4, 2018, the Anticorruption Office issued Resolution No. 27/2018, which approved the "Integrity's Guidelines for the best compliance of sections 22 and 23 of the Corporate Criminal Liability Law".

Upon the enactment and entry into force of the Corporate Criminal Liability Law, our Board of Directors assessed the level of compliance with the Integrity Program set forth in sections 22 and 23 of such law, which seeks to implement a set of internal proceedings, mechanisms and actions for integrity, supervision and control, geared at preventing, detecting and correcting the irregularities and illegal acts covered by such law.

The Integrity Program set forth by law has mandatory and optional requirements, and we have defined the need to comply with all of them.

Furthermore, the Integrity Program is periodically monitored by the Board of Directors to identify the existence of improvement opportunities or necessary updates. The Board of Directors has defined that our legal affairs department will be responsible for the implementation of the Integrity Program.

#### **Item 10. Additional Information**

### **MEMORANDUM AND ARTICLES OF INCORPORATION**

Set forth below is a brief summary of certain significant provisions of our by-laws and Argentine law. This description does not purport to be complete and is qualified by reference to our by-laws, which have been filed as an exhibit to this annual report. For a description of the provisions of our by-laws relating to our Board of Directors and statutory auditors, see "Item 6. Directors, Senior Management and Employees."

#### **Description of Capital Stock**

We are a public service company incorporated on July 21, 1992 as a *sociedad anónima*, a limited liability corporation, duly incorporated under the laws of Argentina for a 95-year period and registered on August 3, 1992 with the Public Registry of Commerce of the City of Buenos Aires under No. 7041 of Book 111, Volume A of *Sociedades Anónimas*.

As of the date of this annual report, our capital stock consists of 906,455,100 common shares, represented by 462,292,111 book-entry Class A common shares, with a par value of one Peso each and the right to one vote per share, 442,210,385 book-entry Class B common shares, with a par value of one Peso each and the right to one vote per share, and 1,952,604 book-entry Class C common shares, with a par value of one Peso each and the right to one vote per share. Under our by-laws, we are required to ensure, unless the ENRE approves otherwise, that Class A common shares represent 51% of our outstanding capital stock and that new Class A, Class B and Class C common shares are issued *pro rata* to the percentage of the outstanding capital stock represented by them prior to a capital increase, unless a general or special shareholder's meeting approves otherwise. All of our outstanding shares are currently fully paid.

Our shareholders authorized a capital increase of 83,161,020 common shares on June 7, 2006 composed of 42,412,120 Class A common shares, 32,432,797 Class B common shares and 8,316,102 Class C common shares. Our Class B common shares have been listed on the BASE since 1995 although they

have never been traded effectively on that exchange or any other market. Holders of Class A common shares may convert any Class B common shares they may hold into Class A common shares, on a one-for-one basis, if such conversion would be required to maintain at all times 51% of our outstanding capital stock. Our Class A common shares have been pledged in favor of the Argentine Government to secure our obligations under our concession and may not be transferred, not even to shareholders of the same class, without the prior approval of the ENRE.

Upon the closing of our IPO, substantially all our Class C common shares were converted into Class B common shares. The rights previously attributable to our Class C common shares were combined with those attributable to our Class B common shares, and holders of our remaining Class C common shares vote jointly as a single class with the holders of our Class B common shares in the election of directors.

### **Corporate Purpose**

Article 4 of our by-laws establishes that our corporate purpose is to engage in the distribution and sale of electricity within our concession area. We can also acquire the capital stock of other electricity distribution companies, subject to regulatory approval, lease our network to provide power line communication or other voice, data and image transmission services, and render operating, advisory, training, maintenance, consultancy, management services and know-how related to the distribution of electricity both in Argentina and abroad. These activities may be conducted directly by us or through subsidiaries or affiliates. In addition, we may act as trustees of trusts created under Argentine law to the extent they are related to credit facilities granted to vendors and service providers acting in the distribution and sale of electricity who have guarantees granted by reciprocal guaranty companies owned by us.

### **Shareholders' Liability**

Under the Argentine Corporations Law, shareholder liability for a company's losses is limited to the value of the shareholder's shareholding in the company. However, shareholders who have a conflict of interest with the company with respect to certain matters and who do not abstain from voting on such matters may be held liable for damages to the company, provided that their votes were involved in the adoption of the relevant decision. In addition, shareholders who voted in favor of a resolution that is subsequently declared void by a court as contrary to Argentine law or the company's by-laws (or regulations, if any) may be held jointly and severally liable for damages to the company, other shareholders or third parties resulting from the resolution. See also "Item 3. Key Information—Risk factors—Risks related to our ADSs and common shares—Our shareholders may be subject to liability for certain votes of their securities."

### **Appraisal Rights**

Whenever our shareholders approve:

- a merger or spin-off in which we are not the surviving corporation, unless the acquirer shares are authorized for public offering or listed on any stock exchange;
- a transformation of our corporate legal status;
- a fundamental change in our by-laws;
- a change in our domicile outside Argentina;
- a voluntary termination of the public offering or listing authorization;
- a decision in favor of our continuation upon delisting or cancellation of our public offering authorization; or
- a total or partial recapitalization following a mandatory reduction of our capital or liquidation.

Any shareholder that voted against such action or did not attend the relevant meeting may exercise appraisal rights, that is, the rights to withdraw as our shareholder and have its shares cancelled in exchange for the book value of its shares, determined on the basis of our latest Statement of Financial Position, or

that should have been prepared, in accordance with Argentine laws and regulations, provided that such shareholder exercises its appraisal rights within the time frame set forth below.

Appraisal rights must be exercised within five days following the meeting at which the relevant resolution was adopted, in the event of a dissenting shareholder that voted against such resolution, or within 15 days following such meeting in the case of a dissenting shareholder that did not attend the meeting and who can prove that it was a shareholder at the date of the meeting. In the case of mergers or spin-offs involving an entity authorized to make public offering of its shares, appraisal rights may not be exercised if the shares to be received as a result of the transaction are listed in any stock exchange. Appraisal rights are terminated if the resolution giving rise to such rights is overturned at another shareholders' meeting held within 60 days as from the meeting at which the resolution was adopted.

Payment of appraisal rights must be made within one year of the date of the shareholders' meeting at which the resolution was adopted, except where the resolution was to delist our capital stock, in which case the payment period is reduced to 60 days from the date of the relevant resolution.

Because of the absence of legal precedents directly on point, there is doubt as to whether holders of ADSs would be able to exercise appraisal rights either directly or through the depositary with respect to our Class B common shares represented by ADSs.

### **Redemption or Repurchase**

According to the CML, a "*sociedad anónima*" may acquire its own shares, provided that the public offering and listing thereof has been authorized, subject to the following terms and conditions and other regulations that may be issued by the CNV. The conditions are: (a) the shares to be acquired should be fully paid; (b) there shall be a resolution of the Board of Directors to such effect, (c) the acquisition shall be made out of net profits or voluntary reserves; (d) the total amount of shares acquired by the company, including previously acquired shares, shall not exceed 10% of the capital stock or such lower percentage determined by the CNV. The shares acquired in excess of such limit shall be disposed of within 90 days after the date of the acquisition originating the excess.

The shares acquired by the company shall be disposed of by the company within a maximum term of three years counted as from the date of the acquisition thereof. Upon disposition of the shares, the company shall make a preemptive rights offering of such shares. The offer is not mandatory if the shares are issued in connection with a compensation plan or program for the company's employees or if the shares are distributed among all shareholders in proportion to their shareholding. If shareholders do not exercise in whole or in part, their preemptive rights, the sale shall be made in a stock exchange.

In 2008, we acquired 9,412,500 Class B treasury shares with a nominal value of Ps.1.0 in nominal currency, equivalent to Ps.6.9 in current currency. The amount disbursed to acquire these shares totaled Ps.6.1 million in nominal currency, equivalent to Ps.41.9 million, which was deducted from unappropriated retained earnings of the equity attributable to the owners of the Company at that date. As of December 31, 2017, the Company owned 7,794,168 shares, and 1,618,332 shares were delivered as additional remuneration in favor of executive directors and managers for special processes developed during the year 2016 (See "Item 7. Major Shareholders and Related Party Transactions - The Company's Share-based Compensation Plan").

On November 18, 2014, we held the general annual meeting which resolved by majority of votes to extend for another three years the term for holding the treasury shares acquired within the scope of Section 68 of Law No. 17,811 (text consolidated by Decree No. 677/01). All the shares issued have been fully paid-in. On April 18, 2017, the Company held the Annual General Meeting that resolved by majority vote to approve the allocation of own shares in portfolio to the implementation of the long-term incentive plan in favor of personnel dependent on company under the terms of article 67 of the CML.

On May 10, 2018, December 4, 2018 and April 8, 2019 the Company's Board of Directors approved the allocation of own shares in portfolio under the terms of article 67 of the CML. See "Item. 6 – Directors and Management - Share Ownership - Share Buy-Back Program" above.



As of December 31, 2020 and 2019 the Company owned 31,380,871 shares, held as treasury stock. In April, 2021, 246,451 shares were delivered as additional remuneration to executive directors and managers in connection with the compensation plan mentioned above.

### **Preemptive and Accretion Rights**

Under Argentine law, shareholders of any given class of common shares have preemptive rights, on a *pro rata* basis, to subscribe shares of the same class owned by them, and accretion rights, on a *pro rata* basis, to subscribe additional shares of its class or other classes of shares not subscribed by other shareholders of the same class. Preemptive rights and accretion rights may be waived only by each shareholder on a case-by-case basis. Pursuant to the Argentine Corporations Law, in exceptional cases and on a case by case basis when required for the best interest of the relevant company, its shareholders at an extraordinary meeting with a special majority may decide to limit or suspend preemptive rights, provided that the resolution is included in the meeting's agenda and the shares to be issued are paid in kind or are issued to cancel preexisting obligations.

In the event of a capital increase, our by-laws provide that holders of Class A, Class B and Class C common shares have preemptive rights, on a *pro rata* basis, to subscribe new Class A, Class B or Class C common shares, as the case may be, in order to maintain their *pro rata* interest in our capital stock, unless otherwise decided at our general or extraordinary shareholders' meeting. The holders of our Class A common shares, in any capital increase, must exercise their preemptive rights to maintain at least 51% of our capital stock outstanding after giving effect to the capital increase, unless otherwise authorized by the ENRE or to the extent any other legal mechanism is used to secure the 51% ownership of our capital stock. In order for the participant employees of the PPP to participate in such an offering, all of our Class C common shares (including shares of PPP participants who will not participate in such an offering) shall be converted into Class B common shares.

Pursuant to Argentine law, if approved by an extraordinary shareholders' meeting, companies authorized to make a public offering of their securities may shorten the period during which preemptive rights may be exercised from 30 to 10 days following the publication of the offering in the Argentine Official Gazette and a newspaper of wide circulation in Argentina. Preemptive rights are exercisable following such publication (which must be made for three days) for a period of 30 days, provided the period is not reduced in the manner described above.

Shareholders who have exercised their preemptive rights have the right to exercise accretion rights, on a *pro rata* basis, with respect to any unsubscribed shares. Shares not subscribed by shareholders by virtue of preemptive or accretion rights may be offered to third parties. Pampa and certain of our selling shareholders have assigned their preemptive and accretion rights to the international underwriters. Holders of ADSs may be restricted in their ability to exercise preemptive rights if a prospectus under the Securities Act relating thereto has not been filed or is not effective or an exemption is not available.

### **Voting Rights**

Under our by-laws, each class of common shares entitles its holder to one vote per share at any meeting of our shareholders. Pursuant to the Argentine Corporations law, a shareholder is required to abstain from voting any resolution in which his direct or indirect interest conflicts with that of, or is different from, the Company. In the event that such shareholder votes on such resolution, and such resolution would not have been approved without such shareholder's vote, the resolution may be declared void by a court and such shareholder may be held liable for damages to the Company, other shareholders and third parties.

### **Registration Requirements of Foreign Companies Holding Class B Shares**

Under Argentine regulations, foreign companies that hold shares directly (and not indirectly through ADSs) in an Argentine company must register with the IGJ to exercise certain shareholder rights, including voting rights. The registration requires the filing of certain corporate and accounting documents in order to demonstrate that the foreign shareholder is not a special purpose vehicle organized solely to

conduct business in Argentina that it is entitled to conduct business in its place of incorporation and meets certain foreign assets requirements.

### **Liquidation Rights**

In case of liquidation or dissolution, our assets will be applied to satisfy our outstanding liabilities and then be proportionally distributed among holders of our common stock without distinction of classes.

### **Ordinary and Extraordinary Shareholders' Meetings**

Shareholders' meetings may be either ordinary meetings or extraordinary. We are required to convene and hold an ordinary meeting of shareholders within four months of the close of each fiscal year to consider the matters specified in the first two paragraphs of Section 234 of the Argentine Corporations Law, such as the approval of our financial statements, allocation of net income for such fiscal year, approval of the reports of the Board of Directors and the statutory audit committee and election, performance and remuneration of directors and members of the statutory audit committee. In addition, pursuant to the CML, at an ordinary shareholders' meetings, our shareholders must consider (i) the disposition of, or creation of any lien over, our assets as long as such decision has not been performed under the ordinary course of our business and (ii) the execution of administration or management agreements and whether to approve any agreement by virtue of which the assets or services provided to us are paid partially or totally with a percentage of our income, results or earnings, if the payment is material when measured against the volume of the ordinary course of business and our shareholders' equity. Other matters which may be considered at an ordinary meeting convened and held at any time include the responsibility of directors and members of the statutory audit committee, capital increases and the issuance of certain corporate bonds. Extraordinary shareholders' meetings may be called at any time to consider matters beyond the authority of an ordinary meeting including, without limitations, the amendment of our by-laws, issuance of debentures, early dissolution, merger, spin off, reduction of capital stock and redemption of shares, transformation from one type of entity to another, appointment, removal and retribution of the liquidators and limitation or suspension of shareholders' preemptive rights.

### **Special Shareholders Meetings of Classes of Shares**

In the event a shareholder's meeting is held to adopt any resolution affecting the rights of a class of shares, the consent or ratification of shareholders of that class is required and a special shareholder's meeting shall be held. The special shareholder's meetings shall be governed by the rules provided for the ordinary shareholder's meetings.

### **Notices of Meetings**

Notices of shareholders' meetings are governed by the provisions of Argentine Corporations Law. Furthermore, notice of shareholders' meetings must be published for five days in the Official Gazette, in an Argentine newspaper of wide circulation and in the bulletin of the BASE, at least 10 but not more than 30 days prior to the date on which the meeting is to be held. Such notice must include information regarding the type of meeting to be held, the date, time and place of such meeting and the agenda. If quorum is not available at such meeting, a notice for a second meeting, which must be held within 30 days of the date on which the first meeting was called, must be published for 3 days, at least 8 days before the date of the second meeting. Notices of shareholders' meetings may be published simultaneously for the second meeting to be held on the same day as the first meeting, only in the case of ordinary meetings and special shareholder's meetings of a relevant class of shares. Shareholders' meetings may be validly held without notice if all shares of our outstanding capital stock are present and resolutions are adopted by unanimous vote of shares entitled to vote.

### **Quorum and Voting Requirements**

The quorum for ordinary meetings of shareholders on first call is a majority of the shares entitled to vote, and action may be taken by the affirmative vote of an absolute majority of the shares present that are entitled to vote on such action. If a quorum is not available at the first meeting a second meeting may

be held at which action may be taken by the holders of an absolute majority of the shares present, regardless of the number of such shares. The quorum for an extraordinary shareholders' meeting on first call is 70% of the shares entitled to vote, and if such quorum is not available, a second meeting may be held, for which the quorum is 35% of the shares entitled to vote.

Action may be taken at extraordinary shareholders' meetings by the affirmative vote of an absolute majority of shares present that are entitled to vote on such action, except that: the approval of a majority of shares with voting rights (for these purposes non-voting preferred shares shall have voting rights), without application of multiple votes, is required at both the first and second meeting for: (i) the transfer of our domicile outside Argentina, (ii) a fundamental change of the corporate purpose set forth in our bylaws, (iii) our anticipated dissolution, (iv) the total or partial redemption of shares, or (v) the transformation of our corporate legal status, in which cases resolutions shall be adopted by the affirmative vote of the majority of shares with the right to vote. Preferred shares will be entitled to one vote in these circumstances. Moreover, pursuant to our by-laws, the extension of the company's duration, the withdrawal from public offering or delisting, the total or partial recapitalization, the merger or spin-off (including if we are the surviving entity) or the termination of the Concession Agreement for the distribution and sale of electricity, on first and second calls, shall be taken by the affirmative vote of shares representing at least 80% of the outstanding shares entitled to vote, whether present or not at the shareholder's meeting, without application of multiple votes, if applicable. An amendment to our by-laws requires the prior approval of the ENRE. Shareholder's meetings shall approve amendments "ad-referendum" of the ENRE.

Shareholders' meetings may be called by the Board of Directors or the members of the statutory audit committee whenever required by law or whenever they deem it necessary. Also, the board or the members of the statutory audit committee are required to call shareholders' meetings upon the request of shareholders representing an aggregate of at least five percent of our outstanding capital stock in which case the meeting must take place within 40 days of such shareholders' request. If the board or the statutory audit committee fails to call a meeting following such a request, a meeting may be ordered by the CNV or by the courts. In order to attend a meeting, a shareholder must also deposit with us a certificate of book-entry shares registered in its name and issued by *Caja de Valores*. at least three business days prior to the date on which the meeting is to be held. If so entitled to attend a meeting, a shareholder may be represented by proxy. Proxies may not be granted to our board, members of the statutory audit committee, officers or employees.

### **Election of Directors**

Our Board of Directors must have 12 acting directors and the number of alternate directors that the shareholders may resolve in a general annual ordinary meeting or at a class annual ordinary meeting, such number not to exceed the number of acting directors. All directors are elected to serve for one fiscal year. Holders of Class A common shares are entitled to elect, at a general annual ordinary meeting or at an annual ordinary meeting of Class A holders 7 directors, two of which must be independent in accordance with CNV regulations and our by-laws. Holders of Class B common shares are entitled to elect, at a general annual ordinary meeting or at an annual ordinary meeting of Class B holders, 4 directors one of which must also be independent in accordance with CNV regulations and our by-laws. Holders of Class C common shares are entitled to elect, at a general annual ordinary meeting or at an annual ordinary meeting of Class C holders 1 director until the percentage of our capital stock represented by Class C common shares decreases below 6% at which moment holders of Class C common shares will be required to vote together with holders of Class B common shares to elect, as a common class, 5 directors. Upon the closing of the Argentine offering (to the extent consummated), substantially all Class C common shares will have been converted into Class B common shares and a nominal amount of Class C common shares will remain outstanding. Accordingly, any rights previously attributable to the Class C common shares will have been combined with those attributable to the Class B common shares, and holders of the remaining Class C common shares will vote jointly as a single class with the holders of Class B common shares in the election of directors.

### **Form and Transfer**

Our current capital stock is represented by book-entry shares. Our shareholders are required to hold their shares through book-entries directly made by *Caja de Valores* in the stock registry of the

company carried by *Caja de Valores* or through book-entries with brokers, banks and other entities approved by the CNV that have accounts with *Caja de Valores*, or with the participants of the *Caja de Valores*. *Caja de Valores* is in charge of maintaining a stock registry on our behalf based on information received from shareholders that chose to hold their shares directly by registration on the stock registry of the company and from participants of the *Caja de Valores*, and in accordance with Argentine law only those holders listed in the stock registry either directly or through participants of the *Caja de Valores* will be recognized as shareholders. Shares held by participants of the *Caja de Valores* -have the same rights as shares recorded in our shareholders' register.

## **MATERIAL CONTRACTS**

We are party to various contracts in the ordinary course of business. "See Item 5. Operating and Financial Review and Prospects – Contractual Obligations"

## **EXCHANGE CONTROLS**

The following is a summary of the main measures taken by the BCRA with the purpose of regulating inflows and outflows in the MLC to maintain the exchange rate stability and protect international reserves in view of the high degree of uncertainty and volatility in the exchange rate by tightening exchange controls and restrictions on the inflow and outflow of foreign exchange. In this regard, in 2020, the BCRA issued a series of communications (including, but not limited to, Communications "A" 7001, 7030, 7042, 7052, 7068, 7106, 7142 and 7152), which introduced restrictions associated, among other factors, with transactions with stock market assets by companies and the disposal of liquid foreign assets, thus imposing further restrictions on access to the MLC.

In main, it provided for the obligation to file an affidavit to access the MLC without BCRA's prior authorization, certifying that all foreign-currency holdings in the country are deposited in accounts with local financial institutions and that it does not have liquid foreign assets available for an amount equivalent to or higher than U.S.\$100,000. In case such liquid foreign assets exceed the amount of U.S.\$100,000, an additional affidavit should be submitted.

To such effects, the term "liquid foreign assets" will comprise, among others: holdings of foreign currency notes and coins, holdings of gold in the form of good delivery bars or coins, demand deposits in foreign financial institutions and other investments allowing for the immediate availability of foreign currency (for example, investments in foreign public securities, funds in investment accounts deposited with investment managers located abroad, crypto assets, funds deposited in payment service providers' accounts, etc.). On the other hand, the following will not be considered available liquid foreign assets: funds deposited abroad which may not be used by the customer as they are reserve or guarantee funds created under foreign debt contracts, or funds kept as collateral for foreign transactions with derivatives entered into abroad.

Furthermore, it established the obligation to enter and settle in the MLC, in case access has been requested and within a term of five business days after they become available, foreign funds originated from the collection of loans granted to third parties, the collection of time deposits or the sale of any kind of asset, in case the asset has been acquired, the deposit has been made or the loan has been granted after May 28, 2020;

As regards transactions with stock market assets, it established: (i) the restriction, as from the moment access to the MLC is requested, to perform security sales transactions to be settled in foreign currency or their transfer to depository institutions abroad for a term of 90 days before and after the request, and the filing of an affidavit in this respect; and (ii) that transactions with securities concerted abroad and securities acquired abroad may not be settled in pesos in the country.

Regarding imports, BCRA's prior authorization to access the MLC is required to make payments for the import of certain goods abroad or to cancel the principal of debts originating from the import of goods by companies. Additionally, and before executing payments for the import of goods, entities should verify that the affidavit requested to the customer is compatible with BCRA's existing data.

With respect to payments related to foreign financial indebtedness or debt securities registered in Argentina denominated in foreign currency and in excess of U.S.\$1,000,000 with principal maturities scheduled between October 15, 2020 and December 31, 2021, the BCRA established the obligation to submit a refinancing plan, based on the following criteria: (i) access to the MLC for up to 40% of the principal amount, within the original term; and (ii) the refinancing of the principal balance, through new foreign indebtedness with an average life of 2 years. Within the framework of this refinancing process, access to the MLC is allowed for the early cancellation of principal, interest or debt swaps up to 45 calendar days before the maturity date, provided all requirements set forth by the regulation have been verified.

In January, 2021, BCRA issued Communication “A” 7196 by which provided, among other modifications, measures aiming to make regulations more flexible so as to facilitate the exchange or financing of foreign private-sector liabilities that have been entered and settled through the MLC and concerted as from January 7, 2021, such as: (i) the extension of the term before the maturity date to access the MLC for the cancellation of principal and interest of foreign financial debts or debt securities publicly registered in the country and denominated in foreign currency; and (ii) the possibility to accumulate funds originating from the collection of goods and services exports in foreign and/or domestic accounts destined to guarantee the payment of maturities of debts concerted as from January 2021, among others.

For more information regarding Argentina’s foreign exchange policies, you should seek advice from your legal counsel and read the applicable rules mentioned herein, including their amendments, which can be found at the following websites: [www.infoleg.gov.ar](http://www.infoleg.gov.ar) and the Central Bank’s website: [www.bcra.gov.ar](http://www.bcra.gov.ar). The information contained on these websites is not part and shall not be deemed incorporated into, this annual report.

## **TAXATION**

The following summary contains a description of the principal Argentine and U.S. federal income tax consequences of the Acquisition, ownership and disposition of common shares or ADSs, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase common shares or ADSs. The summary is based upon the tax laws of Argentina and regulations thereunder and on the tax laws of the United States and regulations thereunder as in effect on the date hereof, which are subject to change. Investors should consult their own tax advisors as to the tax consequences of the Acquisition, ownership and disposition of common shares or ADSs.

Although there is no income tax treaty between Argentina and the United States, the tax authorities of the two countries have had discussions that may culminate in such a treaty. No assurance can be given, however, as to whether or when a treaty will enter into force or how it will affect the U.S. holders of common shares or ADSs.

### **Argentine Tax Considerations Capital gains tax**

#### *Resident individuals.*

The Law No. 27,430 provides for the taxation of Argentine resident individuals’ income from the sale, exchange or other disposition of shares will be subject to income tax rate of 15%.

On December 29, 2017, the Executive Power promulgated and put into effect through Decree 1112/2017 a tax reform enacted in the National Congress through Law No. 27,430 (the “Tax Reform”), which establishes an exemption for individuals tax residents on the sale of shares that are publicly traded

in stock exchanges under the supervision of the Argentine Securities and Exchange Commission (the “CNV”).

#### *Foreign beneficiaries.*

Pursuant to the Law No. 27,430, all income resulting from the purchase and sale, exchange or other disposition of shares and other securities earned by foreign beneficiaries will be exempt of the Income Tax, if they are listed on stock exchanges or securities markets and/or have an authorization for public offering under the supervision of the CNV and the foreign beneficiaries do not reside in or the funds not arising from “non-cooperating jurisdictions”. In case that the disposition does not meet the former requirements, the income obtained by foreign individual and legal entities will be taxable at a 13,5% rate on the gross price or 15% rate on the net capital gain (with the possibility of upgrading the cost of acquisitions from January 1, 2018 and onwards, considering the variation of the Internal Wholesale Price Index).

The non-cooperating jurisdictions list is prepared and published by the Argentine Executive Power. The United State of America is currently not a non-cooperating jurisdiction.

In the case the foreign beneficiaries reside in or the funds arise from “non-cooperating jurisdictions”, the exemption will not apply and income will be subject to income tax rate of 35% applied on a presumed net gain of the sale price.

The Tax Reform, effective as of January 1, 2018, specifies that in case of share certificates issued abroad that represent shares issued by Argentine companies (i.e., ADSs), the “source” is defined by the location of the original issuer of the shares. However, the tax will not be due if the publicly traded exemption described above applies in respect of the underlying shares.

#### *Local entities.*

Capital gains obtained by Argentine entities in general, entities organized or incorporated under Argentine law, certain traders and intermediaries, local branches of non-Argentine entities, sole proprietorships and individuals carrying on certain commercial activities in Argentina derived from the sale, exchange or other disposition of our common shares or ADSs are subject to income tax at the rate of 30% for the years 2018, 2019 and 2020 and at the rate of 25% for the fiscal periods starting January 1, 2021. Losses arising from the sale of our common shares or ADSs can be applied to offset such income.

Additionally, a withholding of 7% or 13% is established for the periods mentioned above, on the dividends distributed by the capital companies in favor of their shareholders, when they are legal persons or undivided successions resident in the country, or are foreign beneficiaries.

#### *Dividends tax*

Pursuant to Law No. 26,893, dividends and other profits paid in cash or in kind —except for stock dividends—by companies and other entities incorporated in Argentina referred to in the Argentine Income Tax Law (the “Income Tax Law”), Sections 69 (a)(1), (2), (3), (6) and (7), and Section 69(b), were subject to income tax at a 10% rate except for those beneficiaries that were domestic corporate taxpayers. Law No. 27,260 repealed this withholding tax as of July 23, 2016. Consequently, no withholding tax is levied on dividends distributed to either Argentine or non-Argentine resident shareholders since then. This treatment applies only to dividends to be distributed at any time out of retained earnings accumulated until the end of the last fiscal year starting before January 1, 2018.

Likewise, the portion of those dividends exceeding the Company’s accumulated net taxable income (as determined by application of the Argentine Income Tax Law), if any, is subject to a 35% withholding tax on such excess (the “Equalization Tax”). For purpose of the Equalization Tax, the amount of accumulated net taxable income to be considered shall be determined by (1) deducting the income tax paid by the Company, and (2) adding the dividends and profits not subject to tax received as distributions

from other corporations. If the distribution is in-kind, then the corporation must pay the tax to the Argentine tax authorities and will be entitled to seek reimbursement from the shareholders.

Dividends to be distributed out of earnings accrued in fiscal years starting on or after January 1, 2018, are to be subject to a tax treatment different from the one previously described, based on the enactment of a comprehensive tax reform -Law No. 27,430-, published in the Official Gazette on December 29, 2017, and generally effective since January 1, 2018.

Pursuant to Law No. 27,430, dividends and other profits paid in cash or in kind —except for stock dividends—by companies and other entities incorporated in Argentina referred to in the Argentine Income Tax Law, Sections 73 (a)(1), (2), (3), (6), (7) and (8), and Section 73(b) out of retained earnings accumulated in fiscal years starting on or after January 1, 2018, will be subject to withholding tax at a 7% rate (on profits accrued during fiscal years starting January 1, 2018 until January 1, 2021), and at a 13% rate (on profits accrued for the fiscal years starting thereafter), provided that they are distributed to Argentine resident individuals and foreign shareholders (including holders of common shares or ADSs).

With respect to dividends paid to shareholders residing abroad, such withholding may be reduced by a tax treaty between Argentina and their country of residence. See “Tax Treaties” below.

#### ***Capital reductions and other distributions***

Capital reductions and redemptions of our shares and ADSs are not subject to income tax up to an amount equivalent to the contributed capital corresponding to the shares and ADSs to be redeemed. Any distribution exceeding this amount, however, will be considered as a dividend for tax purposes and subject to withholding tax as described above.

#### ***Other Income Tax provisions***

##### ***Transfer pricing***

The Transfer Pricing regime includes import and export controls of any product with the intervention of an international intermediary, that is not the importer at destination or exporter at origin, respectively.

In addition, for exports of goods with known prices and with the intervention of an intermediary (either related, or located in “non-cooperating” or low or no tax jurisdictions), the Law requires the Argentine exporter to file with AFIP the agreements supporting the transactions.

##### ***Equalization income tax***

Equalization income tax -established by Income Law, art. 69.1- will not be applicable on profits generated from the 2018.

##### ***Upgrade***

The Tax Reform re-establishes the adjustment for inflation procedures in the Income Tax Law with the following rules: (i) inflation adjustment of new acquisitions and investments carried out from January 1, 2018 and onwards, considering the variation of the Internal Wholesale Price Index (in Spanish, Índice de Precios Internos al Consumidor Nivel General or IPC) supplied by the INDEC; and (ii) the application of an integral inflation adjustment mechanism when, the variation of the IPC is higher than 100% for the 36-month period before the end of the fiscal period or else, with respect to the first, second and third fiscal year of effectiveness, this procedure will be applicable in case the accumulated variation of the IPC, calculated from the beginning of the first of them and until ***the end of*** each year, exceeds

fifty-five percent (55%), thirty percent (30%) and fifteen percent (15%) for the first, second and third year of application, respectively.

#### ***Personal assets tax***

Argentine entities, such as us, are required to pay the personal assets tax corresponding to Argentine and foreign individuals and foreign entities for the holding of our shares on December 31 of each year. The applicable tax rate is 0.25% and is levied on the equity value, or the book value, of the shares arising from the last balance sheet. Pursuant to the Personal Assets Tax Law, the Argentine company is entitled to seek reimbursement of such paid tax from the applicable Argentine individuals and/or foreign shareholders or by withholding dividend payments. However, our Company has obtained an exemption based on Law No. 27.260 applicable to personal assets tax from 2016 to 2018. As of 2019, pursuant to Law No. 27,541, the applicable tax rate is 0.50%.

#### ***Gross Income Tax***

The gross income tax is a local tax; therefore, the rules of the relevant provincial jurisdiction should be considered, which may levy this tax on the customary purchase and sale, exchange or other disposition of common shares and ADSs, and/or the collection of dividends at an average rate between 6% and 10%, unless an exemption is applicable. In the particular case of the City of Buenos Aires, any transaction involving common shares and/or the collection of dividends and revaluations is exempt from this tax.

#### ***Value added tax***

The sale, exchange or other disposition of our common shares or ADSs and the distribution of dividends are exempted from the value added tax.

#### ***Transfer taxes***

The sale, exchange or other disposition of our common shares or ADSs is not subject to transfer taxes.

#### ***Stamp taxes***

Stamp taxes may apply in the City of Buenos Aires and in certain Argentine provinces in case transfer of our common shares or ADSs is performed or executed in such jurisdictions by means of written agreements.

#### ***Other taxes***

Commissions paid on brokerage transactions for the sale of our common shares on the BYMA are subject to VAT at a rate of 21%.

There is no inheritance, gift, succession or VAT applicable to the ownership, transfer, exchange or disposition of our common shares or ADSs, except for the inheritance tax applicable only to corporations or individuals with tax domicile in the Province of Buenos Aires with a fixed amount tax plus a tax rate between 1% and 9% depending on the relationship and the amount of inheritance).

Law No. 27,541 also amended the regulations regarding employers' contributions to Social Security. Edenor is subject to this modification, as a consequence we paid a 20.40% rate on the total amount of the payroll for December 2019, compared to the 18% rate previously applied.

#### ***Tax treaties***

Argentina has signed tax treaties for the avoidance of double taxation with Australia, Belgium, Bolivia, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Italy, Mexico, Norway, Qatar, Russia, Spain, Sweden, Switzerland, The Netherlands, United Arab Emirates, United Kingdom, and Uruguay



(through an information exchange treaty that contains clauses for avoidance of double taxation). In addition, Argentina has signed tax treaties with Turkey, Luxembourg, Japan, Austria and China, but they are still pending to approval by the Argentine Congress. Additionally, tax treaties are being negotiated with Colombia and Israel, and amendments to the current tax treaty with Germany. An amendment to the current tax treaty with France is pending of approval by the Argentine Congress. There is currently an agreement between Argentina and the United States on the exchange of Country-by-Country Reports, but there is to date no tax treaty or convention in effect between both countries. It is not clear when, if ever, a treaty will be ratified or entered into effect. As a result, the Argentine tax consequences described in this section will apply, without modification, to a holder of our common shares or ADSs that is a U.S. resident. Foreign shareholders located in certain jurisdictions with a tax treaty in force with Argentina may be exempted from the payment of the personal asset tax.

### ***Value Added Tax (VAT)***

### ***Investments Tax Returns***

The return of tax credits originated in investments in fixed assets will be given, in case that, 6 months after their payment, have not been absorbed by fiscal debits generated by the activity.

### ***Tax on Fuels***

The Fuel tax scheme is modified, incorporating a tax on carbon dioxide emissions. The same tax pressure existing before the reform will be maintained.

### **United States Federal Income Tax Considerations**

This summary describes certain U.S. federal income tax consequences for a U.S. holder (as defined below) of acquiring, owning, and disposing of ADSs. This summary applies to a holder only if such holder holds the ADSs as capital assets for tax purposes. This summary does not address the Medicare tax on net investment income the alternative minimum tax or under special timing rules prescribed under section 451(b) of the Code. This summary also does not apply to investors that are members of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;
- a bank;
- a life insurance company;
- a tax-exempt organization;
- an entity treated as a partnership for U.S. federal income tax purposes, or a partner therein;
- a person that holds ADSs that are a hedge or that are hedged against interest rate or currency risks;
- a person that holds ADSs as part of a straddle or conversion transaction for tax purposes;
- a person whose functional currency for U.S. tax purposes is not the U.S. Dollar; or
- a person that owns or is deemed to own 10% or more of any class of our stock.

This summary is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. Investors should consult their own tax advisors concerning the consequences of purchasing, owning, and disposing of ADSs in their particular circumstances, including the possible application of state, local, non-U.S. or other tax

laws. For purposes of this summary, an investor is a “U.S. holder” if such investor is a beneficial owner of an ADS and is:

- a citizen or resident of the United States;
- a U.S. domestic corporation; or
- otherwise subject to U.S. federal income tax on a net income basis with respect to income from the ADS.

In general, if an investor is the beneficial owner of ADSs, such investor will be treated as the beneficial owner of the common stock represented by those ADSs for U.S. federal income tax purposes, and no gain or loss will be recognized if such investor exchanges an ADS for the common stock represented by that ADS.

### *Dividends*

The gross amount of distributions that investors receive (prior to deduction of Argentine taxes) generally will be subject to U.S. federal income taxation as foreign source dividend income, to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. We do not expect to maintain calculations of our earnings and profits in accordance with U.S. federal income tax principles. U.S. Holders therefore should expect that distributions generally will be treated as dividends for U.S. federal income tax purposes. Dividends paid in Argentine Pesos will be included in an investor’s income in a U.S. Dollar amount calculated by reference to the exchange rate in effect on the date of the depositary’s receipt of the dividend, regardless of whether the payment is in fact converted into U.S. Dollars. A U.S. holder will have a tax basis in such Pesos for U.S. federal income tax purposes equal to the U.S. Dollar value on the date of such receipt. Any subsequent gain or loss in respect of such Pesos arising from exchange rate fluctuations will be ordinary income or loss and will be treated as income from U.S. sources for foreign tax credit purposes. If such a dividend is converted into U.S. Dollars on the date of receipt, investors generally should not be required to recognize foreign currency gain or loss in respect of the dividend income.

Subject to certain exceptions for short-term (60 days or less) positions, the U.S. Dollar amount of dividends received by an individual U.S. holder in respect of ADSs generally will be subject to taxation at a maximum rate of 20% if the dividends are “qualified dividends.” Dividends paid on the ADSs will be treated as qualified dividends if (i) the ADSs are readily tradable on an established securities market in the United States and (ii) we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a passive foreign investment company (a “PFIC”). The ADSs are listed on the New York Stock Exchange and will qualify as readily tradable on an established securities market in the United States so long as they are so listed. Based on our audited financial statements and relevant market and shareholder data, we believe that we were not treated as a PFIC for U.S. federal income tax purposes with respect to our 2019 and 2020 taxable years. In addition, based on our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not anticipate becoming a PFIC for our 2021 taxable year.

Because the common shares are not themselves listed on a U.S. exchange, dividends received with respect to the common shares may not be treated as qualified dividends. U.S. holders should consult their own tax advisors regarding the availability of the reduced dividend tax rate in the light of their own particular circumstances.

Distributions of additional shares in respect of ADSs that are made as part of a pro-rata distribution to all of our shareholders generally will not be subject to U.S. federal income tax, unless a U.S. Holder that receives the distribution has the right to receive cash or property, in which case the U.S. Holder will be treated as if it received cash equal to the fair market value of the distribution.

### ***Sale or other disposition***

Upon a sale or other disposition of ADSs, an investor will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the U.S. Dollar value of the amount realized and such investor's tax basis, determined in U.S. Dollars, in the ADSs. Generally, such gain or loss realized on the sale or other disposition of ADSs will be treated as U.S. source capital gain or loss, and will be long-term capital gain or loss if the ADSs were held for more than one year. The ability to offset capital losses against ordinary income is limited. Long-term capital gain recognized by an individual U.S. holder generally is subject to taxation at a reduced rate.

### ***Foreign tax credit considerations***

Investors should consult their own tax advisors to determine whether they are subject to any special rules that limit their ability to make effective use of foreign tax credits. If no such rules apply, a U.S. holder may be able to claim a credit against its U.S. federal income tax liability for Argentine income taxes withheld at the appropriate rate applicable to the U.S. holder from cash dividends on the ADSs, if the tax is treated for U.S. federal income tax purposes as imposed on the U.S. holder, so long as the U.S. holder has owned the ADSs (and not entered into specified kinds of hedging transactions) for at least a 16-day period that includes the ex-dividend date. Dividend distributions with respect to the ADSs generally will be treated as "passive category" income from sources outside the United States for purposes of determining a U.S. Holder's U.S. foreign tax credit limitation. If a gain realized on the sale or other disposition of ADSs is subject to withholding tax, a U.S. holder may not be able to credit the tax against its U.S. federal income tax liability unless such credit can be applied (subject to applicable conditions and limitations) against tax due on other income treated as derived from foreign sources. It is unclear whether the Argentine personal assets tax (as described in "—Argentine Tax Considerations") is treated as an income tax for U.S. federal income tax purposes. If the Argentine personal assets tax is not treated as an income tax for U.S. federal income tax purposes, a U.S. holder would be unable to claim a foreign tax credit for any Argentine personal assets tax withheld. A U.S. holder may be able to deduct such tax in computing its U.S. federal income tax liability, subject to applicable limitations. The calculation of foreign tax credits and, in the case of a U.S. holder that elects to deduct foreign taxes, the availability of deductions, involve the application of complex rules that depend on a U.S. holder's particular circumstances. Investors should consult their own tax advisors regarding the creditability or deductibility of such taxes.

### ***U.S. Information reporting and backup withholding rules***

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries are subject to information reporting unless the holder is an exempt recipient and may also be subject to backup withholding unless the holder (1) provides its taxpayer identification number and certifies that it is not subject to backup withholding or (2) otherwise establishes an exemption from backup withholding. Investors may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim or refund with the Internal Revenue Service and filing any required information.

A holder that is a foreign corporation or a non-resident alien individual may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

### ***Specified Foreign Financial Assets***

Certain U.S. holders that own "specified foreign financial assets" with an aggregate value in excess of U.S.\$50,000 on the last day of the taxable year or U.S.\$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based

on certain objective criteria. U.S. holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Investors should consult their own tax advisors concerning the application of these rules to their particular circumstances.

## **DESCRIPTION OF AMERICAN DEPOSITARY SHARES**

### **American Depositary Receipts**

The Bank of New York is the depositary for the American Depositary Shares, also referred to as ADSs. Each ADS represents 20 Class B common shares (or a right to receive 20 Class B common shares) deposited with the principal Buenos Aires office of Banco Río de la Plata S.A., as custodian for the depositary in Argentina. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary's office at which the ADRs are administered is located at 101 Barclay Street, 22W, New York, NY 10280.

The depositary is required to keep books at its corporate trust office for the registration of ADSs and transfers of ADSs which at all reasonable times shall be open for inspection by the holders of ADSs, provided that such inspection shall not be for the purpose of communicating with holders in the interest of a business or object other than the business of Edenor or a matter related to the deposit agreement or the receipts.

Investors hold ADSs directly either by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in the investor's name, or by having ADSs registered in the investor's name in the Direct Registration System. Investors also hold ADSs indirectly by holding a security entitlement in ADSs through the investor's broker or other financial institution. If investors hold ADSs directly, they are ADS registered holders. This description assumes that such investors are ADS registered holders. If investors hold the ADSs indirectly, the investors must rely on the procedures of their broker or other financial institution to assert their rights as ADS registered holders described in this section. Investors should consult with their broker or financial institution to learn what those procedures are.

The Direct Registration System, or DRS, is a system administered by The Depository Trust Company, also referred to as DTC, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements sent by the depositary to the registered holders of uncertificated ADSs.

We do not treat ADS holders as one of our shareholders and ADS holders do not have shareholder rights. Argentine law governs shareholder rights. The depositary is the holder of the common shares underlying the ADSs. Holders of ADSs have ADS holder rights. A deposit agreement among us, the depositary, the ADS holder, and the beneficial owners of ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, investors should read the entire deposit agreement and the form of ADR.

### ***Dividends and Other Distributions***

#### ***How will investors receive dividends and other distributions on the shares?***

The depositary has agreed to pay to ADS holders the cash dividends or other distributions it or the custodian receives on common shares or other deposited securities, after deducting its fees and expenses described below. ADS holders will receive these distributions in proportion to the number of common shares your ADSs represent.

### *Cash*

The depositary will convert any cash dividend or other cash distribution we pay on the common shares into U.S. Dollars; if it can do so on a reasonable basis and can transfer the U.S. Dollars to the United States. If that is not possible or if any Government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADR holders to whom it is possible to do so. It may hold the foreign currency it cannot convert for the account of the ADR holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, the depositary will deduct any withholding taxes that must be paid. See “Taxation”. It will distribute only whole U.S. Dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, holders of ADSs may lose some or all of the value of the distribution.

### *Shares*

The depositary may distribute additional ADSs representing any common shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will try to sell common shares, in lieu of delivering fractional ADS and distribute the net proceeds in the same way as it does with cash. The depositary may also sell a portion of the distributed common shares to pay its fees and expenses in connection with the distribution. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new common shares.

### *Rights to Purchase Additional Common Shares*

If we offer holders of our securities any rights to subscribe for additional common shares or any other rights, the depositary may make these rights available to holders of ADSs. If the depositary decides it is not legal and practical to make the rights available but that it is practical to sell the rights, the depositary will use reasonable efforts to sell the rights and distribute the proceeds in the same way as it does with cash. The depositary will allow rights that are not distributed or sold to lapse. In that case, holders of ADSs will receive no value for them.

If the depositary makes rights to purchase common shares available to holders of ADSs, it will exercise the rights and purchase the common shares on their behalf. The depositary will then deposit the shares and deliver ADSs to the investor. It will only exercise rights if the investor pays it the exercise price and any other charges the rights require the investor to pay.

U.S. securities laws may restrict transfers and cancellation of the ADSs representing common shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depositary may deliver restricted depositary shares that have the same terms as the ADSs described in this section except for changes needed to put the necessary restrictions in place.

### *Other Distributions*

The depositary will send to holders of ADSs anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to holders of ADSs unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed property to pay its fees and expenses in connection with the distribution.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holders. We have no obligation to register ADSs, common shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit

the distribution of ADSs, common shares, rights or anything else to ADS holders. This means that holders of ADSs may not receive the distributions we make on our common shares or any value for them if it is illegal or impractical for us to make them available to holders of ADSs.

### ***Deposit, Withdrawal and Cancellation***

#### ***How are ADSs issued?***

The depositary will deliver ADSs if the investor or the investor's broker deposits common shares or evidence of rights to receive common shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names the investor requests.

#### ***How do ADS holders cancel ADSs and obtain shares?***

If an investor surrenders ADSs to the depositary, upon payment of the investor's fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the common shares and any other deposited securities underlying the surrendered ADSs to the investor or a person the investor designates at the office of the custodian. Or, at the investor's request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible.

#### ***How do ADS holders interchange between certified ADSs and uncertified ADSs?***

Investors may surrender their ADRs to the depositary for the purpose of exchanging their ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS registered holder a statement confirming that the ADS registered holder is the registered holder of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS registered holder an ADR evidencing those ADSs.

### ***Voting Rights***

#### ***How do holders of ADSs vote?***

Holders of ADSs may instruct the depositary to vote the number of common shares their ADSs represent. If we ask for the instructions of the holders of the ADSs, the depositary will notify the holders of the ADSs of shareholders' meetings and the upcoming vote and arrange to deliver our voting materials to the holder of the ADSs. Those materials will describe the matters to be voted on and explain how holders of ADSs may instruct the depositary to vote the shares or other deposited securities underlying their ADSs as the holder of the ADSs directs by a specified date. For instructions to be valid, the depositary must receive them on or before the date specified.

The depositary will try, as far as practical, subject to Argentine law and the provisions of our by-laws or similar documents, to vote or to have its agents vote the number of common shares or other deposited securities represented by the ADSs as the holder of the ADSs instructs. Otherwise, the holder of the ADSs will not be able to exercise their right to vote unless they withdraw the shares underlying their ADSs. In the absence of the instruction of the holder of the ADSs, our company may request the depositary to vote as we instruct at the corresponding meeting. The holder of the ADSs may otherwise not know about the meeting far enough in advance to withdraw the shares. We will use our best efforts to request that the depositary notify holders of ADSs of upcoming votes and ask for the instructions of holders of ADSs.

If we timely ask the depositary to solicit the instructions of holders of ADSs and the depositary does not receive voting instructions from the holder of the ADSs by the specified date, the depositary will consider the holder of the ADSs to have authorized and directed it to vote the number of deposited securities represented by their ADSs in favor of all resolutions proposed by our Board of Directors or, if not so proposed, to vote in the same manner as the majority of all other shares voted in respect of this resolution. The depositary will vote as described in the preceding sentence unless we notify the depositary that:

- we do not wish the depositary to vote those deposited securities;
- we think there is substantial shareholder opposition to the particular question; or
- we think the particular question would have an adverse impact on our shareholders.

### ***Fees and Expenses***

#### ***Reclassifications, Recapitalizations and Mergers***

<b><i>If we:</i></b>	<b><i>Then:</i></b>
Change the nominal or par value of our common shares	The cash, shares or other securities received by the depositary will become deposited securities. Each ADS will automatically represent its equal share of the new deposited securities.
Reclassify, split up or consolidate any of the deposited securities	
Distribute securities on the common shares that are not distributed to the holders of ADSs	The depositary may distribute some or all of the cash, shares or other securities it received. It may also deliver new ADRs or ask the holder of ADSs to surrender their outstanding ADRs in exchange for new ADRs identifying the new deposited securities.
Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action	

### ***Limitations on Obligations and Liability***

#### ***Limits on Our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADRs***

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if either of us is prevented or delayed by law or circumstances beyond our control from performing our obligations under the deposit agreement;
- are not liable if either of us exercises discretion permitted under the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADRs or the deposit agreement on behalf of holders of ADSs or on behalf of any other party; and
- may rely upon any documents we believe in good faith to be genuine and to have been signed or presented by the proper party.

In the deposit agreement, we agree to indemnify the depositary for acting as depositary, except for losses caused by the depositary's own negligence or bad faith, and the depositary agrees to indemnify us for losses resulting from its negligence or bad faith.

### ***Requirements for Depositary Actions***

Before the depositary will deliver or register a transfer of an ADR, make a distribution on an ADR, or permit withdrawal of common shares, the depositary may require:

- payment of stock transfer or other taxes or other Governmental charges and transfer or registration fees charged by third parties for the transfer of any common shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs generally when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

### ***The Right of Holders of ADSs to Receive the Common Shares Underlying their ADRs***

Holders of ADSs have the right to surrender their ADSs and withdraw the underlying common shares at any time except:

When temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of common shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our common shares.

When holder of ADSs seeking to withdraw common shares owe money to pay fees, taxes and similar charges.

When it is necessary to prohibit withdrawals in order to comply with any laws or Governmental regulations that apply to ADRs or to the withdrawal of common shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

### ***Pre-Release of ADSs***

The deposit agreement permits the depositary to deliver ADSs before deposit of the underlying common shares. This is called a Pre-Release of the ADSs. The depositary may also deliver common shares upon the receipt and cancellation of pre-released ADSs (even if the ADSs are surrendered before the Pre-Release transaction has been terminated). A Pre-Release is terminated as soon as the underlying common shares are delivered to the Depositary. The depositary may receive ADSs instead of common shares to satisfy a Pre-Release. The depositary may pre-release ADSs only under the following conditions: (a) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its user (i) owns the common shares or ADSs to be deposited; (ii) transfers all beneficial right, title and interest in such common shares or ADSs, as the case may be, to the Depositary in its capacity as such and for the benefit of the Beneficial Owners, and (iii) will not take any action with respect to such common shares or ADSs, as the case may be, that is inconsistent with the transfer of ownership (including, without the consent of the Depositary, disposing of common shares or ADSs, as the case may be, other than in satisfaction of such Pre-Release); (b) the pre-release is fully collateralized with cash or other collateral that the depositary considers appropriate; (c) the depositary must be able to terminate the pre-release on not more than five business days' notice and (d) Pre-Release is subject to such further indemnities and credit regulations as the Depositary deems appropriate. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of Pre-Release, although the depositary may disregard the limit from time to time, if it thinks it is appropriate to do so.

### ***Direct Registration System***

In the deposit agreement, all parties to the deposit agreement acknowledge that the DRS and Profile Modification System, or Profile, will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements sent by the depositary to the registered holders of uncertificated ADSs. Profile is a required feature of DRS which



allows a DTC participant, claiming to act on behalf of a registered holder of ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS registered holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not verify, determine or otherwise ascertain that the DTC participant, which is claiming to be acting on behalf of an ADS registered holder in requesting registration of transfer and delivery described in the paragraph above, has the actual authority to act on behalf of the ADS registered holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile System and in accordance with the deposit agreement, shall not constitute negligence or bad faith on the part of the depositary.

#### ***Shareholder Communications and Inspection of Register of Holders of ADSs***

The holders of ADSs are holders of deposited securities. As such, the depositary will make available for inspection by the holders of ADSs at its office all communications that it receives from us that we make generally available to holders of deposited securities. The depositary will send holders of ADSs copies of those communications if we ask it to. Holders of ADSs have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

#### ***Amendment and Termination***

We may agree with the depositary to amend the deposit agreement and the ADRs without the consent of holders of ADSs for any reason. If an amendment adds or increases fees or charges, except for taxes and other Governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADR holders, it will not become effective for outstanding ADRs until 30 days after the depositary notifies ADR holders of the amendment. At the time an amendment becomes effective, the holders of ADSs are considered, by continuing to hold their ADR, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

The depositary will terminate the deposit agreement if we ask it to do so. The depositary may also terminate the deposit agreement if the depositary has told us that it would like to resign and we have not appointed a new depositary bank within 60 days. In either case, the depositary must notify the holder of ADSs at least 30 days before termination.

After termination, the depositary and its agents will do the following under the deposit agreement but nothing else: (a) advise the holders of ADSs that the deposit agreement is terminated, (b) collect distributions on the deposited securities, (c) sell rights and other property, and (d) deliver common shares and other deposited securities upon surrenders of ADRs. One year after termination, the depositary may sell any remaining deposited securities by public or private sale. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement for the *pro rata* benefit of the ADR holders that have not surrendered their ADRs. It will not invest the money and has no liability for interest. The depositary's only obligations will be to account for the money and other cash. After termination our only obligations will be to indemnify the depositary and to pay fees and expenses of the depositary that we agreed to pay.

#### ***Fees, Expenses and Payment of Taxes***

See "Item 12. Description of Securities other than Equity Securities".

## DOCUMENTS ON DISPLAY

The materials included in this annual report on Form 20-F, and exhibits thereto, may be inspected and copied at the Securities and Exchange Commission's public reference room in Washington, D.C. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference rooms. The Securities and Exchange Commission maintains a World Wide Web site on the Internet at <http://www.sec.gov> that contains reports and information statements and other information regarding us. The reports and information statements and other information about us can be downloaded from the Securities and Exchange Commission's website.

### **Item 11. *Quantitative and Qualitative Disclosures about Market Risk***

Market risk generally represents the risk that losses may occur in the value of financial instruments as a result of movements in interest rates, foreign currency exchange rates or commodity prices. We are exposed to changes in financial market conditions in the ordinary course of our business due to our use of certain financial instruments and to our execution of transactions in various foreign currencies.

As of December 31, 2020, we had no material exposure to commodity price risk, since they represented a minor part of our operating expenses. See Note 5 of our financial statements for further information.

#### **Foreign Currency Risk**

Our cash and deposits in U.S. Dollars amounted to U.S.\$17 million as of December 31, 2020.

As of December 31, 2020, the potential loss to the Company that would result from a hypothetical 10% change in foreign currency exchange rates, after giving effect to the impact of the change on our assets and liabilities denominated in foreign currency as of December 31, 2020, was approximately Ps.819 million, primarily due to the increase in the principal amount of, and debt service payments on, our foreign currency indebtedness.

The Company does not currently hedge its exposure to currency risk. Therefore, any depreciation of the Peso could significantly increase its debt service burden, which, in turn, could have a substantial adverse effect on its financial and cash position (including its ability to repay its Corporate Notes) and the results of its operations.

#### **Interest rate risk**

Interest rate risk is the risk of fluctuation in the fair value or cash flows of an instrument due to changes in market interest rates. The Company's exposure to interest rate risk arises mainly from its long-term debt obligations.

Indebtedness at floating rates exposes the Company to interest rate risk on its cash flows. Indebtedness at fixed rates exposes the Company to interest rate risk on the fair value of its liabilities. As of December 31, 2020 and 2019 -except for a loan applied for by the Company and granted by ICBC Bank as from October 2017 for a three-year term, cancelled in October 2020, at a six-month Libor rate plus an initial 2.75% spread, which was adjusted semi-annually by a quarter-point-, 100% of the loans were obtained at fixed interest rates. The Company's policy is to keep the highest percentage of its indebtedness in instruments that accrue interest at fixed rates.

The table below shows the breakdown of the Company's loans according to interest rate and the currency in which they are denominated:

	Year ended December 31,		
	2020	2019	2018
		(in millions of Pesos)	
<b>Fixed rate:</b>			
US dollar	8,404	11,355	13,314
<b>Sobtotal loans at fixed rates:</b>	<b>8,404</b>	<b>11,355</b>	<b>13,314</b>
<b>Floating rate:</b>			
US dollar	-	2,063	4,002
<b>Sobtotal loans at floating rates:</b>	<b>-</b>	<b>2,063</b>	<b>4,002</b>
<b>Total loans:</b>	<b>8,404</b>	<b>13,418</b>	<b>17,316</b>

## Item 12. Description of Securities Other than Equity Securities

Persons depositing common shares or holders of ADSs will be required to pay certain fees and expenses, as described in the table below, which the depositary is entitled to deduct prior to making any cash dividend or other cash distribution on the deposited shares.

<i><b>Persons depositing common shares or ADS holders must pay:</b></i>	<i><b>For:</b></i>
U.S.\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	<ul style="list-style-type: none"> <li>• Issuance of ADSs, including issuances resulting from a distribution of common shares or rights or other property</li> </ul>
U.S.\$0.02 (or less) per ADS	<ul style="list-style-type: none"> <li>• Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates</li> </ul>
U.S.\$0.02 (or less) per ADS per year	<ul style="list-style-type: none"> <li>• Any cash distribution to the holder of the ADSs</li> </ul>
A fee equivalent to the fee that would be payable if securities distributed to the holder of ADSs had been common shares and the shares had been deposited for issuance of ADSs	<ul style="list-style-type: none"> <li>• Depositary services</li> </ul>
Registration or transfer fees	<ul style="list-style-type: none"> <li>• Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADR holders</li> </ul>
Expenses of the depositary in converting foreign currency to U.S. Dollars	<ul style="list-style-type: none"> <li>• Transfer and registration of common shares on our common share register to or from the name of the depositary or its agent when the holder of ADSs deposits or withdraw common shares.</li> </ul>
Expenses of the depositary	<ul style="list-style-type: none"> <li>• Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)</li> </ul>
Taxes and other Governmental charges the depositary or the custodian have to pay on any ADSs or common share underlying ADSs, for example, stock transfer taxes, stamp duty or withholding taxes	
Any charges incurred by the depositary or its agents for servicing the deposited securities	<ul style="list-style-type: none"> <li>• No charges of this type are currently made in the Argentine market</li> </ul>

## **Reimbursement of fees**

The Bank of New York Mellon, as depositary, reimbursed us for certain expenses relating to our initial public offering and establishment of our ADR program in 2007. Aside from that initial payment, we did not receive any reimbursement from the depositary for expenses we incur that are related to the maintenance of the ADS program.

The depositary collects fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees related to making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

## **Payment of taxes**

The depositary may deduct the amount of any taxes owed from any payments to the holder of ADSs. It may also sell deposited securities, by public or private sale, to pay any taxes owed. The holder of ADSs will remain liable if the proceeds of the sale are not enough to pay the taxes. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to the holder of ADSs any proceeds, or send to the holder of ADSs any property, remaining after it has paid the taxes.

## **PART II**

### **Item 13. *Defaults, Dividend Arrearages and Delinquencies***

The 2001 and 2002 economic crisis in Argentina had a material adverse effect on our operations. The depreciation of the Peso caused the Peso value of our U.S. Dollar-denominated indebtedness to increase significantly, resulting in significant foreign exchange losses and a significant increase, in Peso terms, in our debt service requirements. At the same time, our cash flow remained Peso-denominated and our distribution margins were frozen and pesified by the Argentine Government pursuant to the Public Emergency Law. Moreover, the 2001 and 2002 economic crisis in Argentina had a significant adverse effect on the overall level of economic activity in Argentina and led to deterioration in the ability of our users to pay their bills. These developments caused us to announce on September 15, 2002 the suspension of principal payments on our financial debt. On September 26, 2005, our Board of Directors decided to suspend interest payments on our financial debt until the restructuring of this debt was completed.

On January 20, 2006, we launched a voluntary exchange offer and consent solicitation to the holders of our then-outstanding financial debt. All of these holders elected to participate in the restructuring and, as a result, on April 24, 2006, we exchanged all of our then-outstanding financial debt for three series of newly-issued notes, which we refer to as the restructuring notes. As of the date of this annual report, all of the restructuring notes have been repaid and cancelled. For a description of our debt following the restructuring see “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Debt”.

### **Item 14. *Material Modifications to the Rights of Security Holders and Use of Proceeds***

#### **Use of Proceeds**

On April 30, 2007, we completed an initial public offering. We received U.S.\$57.7 million in net proceeds from the offering. We did not receive any proceeds from the sale of our shares and ADSs by our selling shareholders in the offering. We used all of the net proceeds we received from the offering to

repurchase a part of our then outstanding Fixed Rate Par Notes due 2016 and Discount Notes due 2014 in various market repurchase transactions during 2007 and to make capital expenditures.

#### **Item 15. Controls and Procedures**

##### **a) Disclosure Controls and Procedures.**

Our management has evaluated, under the supervision of our chief executive officer and chief financial officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of December 31, 2020.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that Company's disclosure controls and procedures were effective as of December 31, 2020.

##### **b) Management's Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes those policies and procedures that:

- i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). Based on our assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2020.

##### **c) Attestation Report of the Registered Public Accounting Firm**

This annual report on Form 20-F does not include an attestation report on the Company's effectiveness of internal control over financial reporting of the Company's independent registered public accounting firm because the Company is neither an accelerated filer nor a large accelerated filer, as such terms are defined in Rule 12b-2 under the Exchange Act. As a non-accelerated filer, we are not required to

provide an attestation on the effectiveness of our internal control over financial reporting by our independent registered public accounting firm under the Sarbanes-Oxley Act or the requirements of the SEC promulgated thereunder.

d) **Changes in Internal Control over Financial Reporting**

There has been no change in our internal control over financial reporting during 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 16A. *Audit Committee Financial Expert***

Our Board of Directors has determined that Carlos Perez Bello, an independent member of our Board of Directors, under Argentine law and Rule 10A-3, is an “audit committee financial expert” as defined in Item 16A of Form 20-F under the Securities and Exchange Act of 1934. See “Item 6. Directors, Senior Management and Employees—Directors and Senior Management—Audit Committee”.

**Item 16B. *Code of Ethics***

Our company adopted a Code of Ethics in May 1999, which applies to all of our employees, including our principal executive, financial and accounting officers. Our Code of Ethics was further reviewed and updated in 2012, 2015, 2019 and 2020.

Our updated Code of Ethics continues to be applied. We posted a copy of our Code of Ethics on our website at <http://www.Edenor.com.ar>.

The Code provides a roadmap to how we expect to conduct ourselves and lays the foundation for delivering the service of excellence we set out to achieve.

The Code of Ethics is also available on both the integration, communication and management platform “Edenorcerca” and the platform where employee paylips are stored.

**Item 16C. *Principal Accountant Fees and Services***

Price Waterhouse & Co. S.R.L. (member firm of PricewaterhouseCoopers network) acted as our independent registered public accounting for the fiscal years ended December 31, 2020 and 2019. The chart below sets forth the services rendered to us by Price Waterhouse & Co. S.R.L. and the fees accrued in the last two years for those services (including related expenses), and breaks down these amounts by category of service in million of Pesos in constant currency:

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Audit fees	22	24
Audit-related fees	-	-
Tax fees	-	-
All other fees	-	-
<b>Total</b>	<b>22</b>	<b>24</b>

We have adopted pre-approval policies and procedures under which all audit services provided by our external auditors must be pre-approved by the audit committee as set forth in our internal policies. Any service proposals submitted by external auditors need to be discussed and approved by the audit committee during its meetings. Once the proposed service is approved, we formalize the engagement of services. The

approval of any audit services to be provided by our external auditors is specified in the minutes of our audit committee.

**Item 16D. Exemptions from the Listing Standards for Audit Committees**

Not applicable.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

Not applicable.

**Item 16F. Change in Registrant's Certifying Accountant**

Not applicable.

**Item 16G. Corporate Governance**

Pursuant to Rule 303A.11 of the Listed Company Manual of the New York Stock Exchange (NYSE), we are required to provide a summary of the significant ways in which our corporate governance practices differ from those required for U.S. companies under the NYSE listing standards. Our corporate governance practices are governed by our bylaws, Argentine corporate and securities law (including the Argentine Corporations Law, the CML and Law No. 26,386) and the regulations issued by the CNV, such as the Corporate Governance Code CNV's General Resolution No. 797/19 (the "CGC").

F. NYSE LISTED COMPANY MANUAL SECTION 303.A	G. Edenor's Corporate Practices
<b>SECTION 303A.01.</b> Independent directors must constitute the majority of a listed company's Board of Directors.	Edenor follows Argentine law, which does not require that a majority of the Board of Directors be comprised of independent directors. Argentine law instead requires that public companies in Argentina have a sufficient number of independent directors to be able to form an audit committee of at least three members, the majority of which must be independent pursuant to the criteria established by the CNV. As of the date of this annual report, seven of Edenor's twelve directors are independent under Argentine law and Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").
<p><b>SECTION 303A.02.</b> This rule establishes the standards that determine whether a director qualifies as independent.</p> <p>It provides that directors cannot qualify as independent unless the Board of Directors finds them to have no material relationship with the listed company. A number of per se exclusions from independence apply, generally triggered by having a connection, individually or through an immediate family member, to the listed company or to a company that has a material relationship with the listed company as a shareholder, employee, officer, or director of the listed company.</p>	<p>The CNV's Regulations, specifically Article 11 of Section III, Chapter III, Title II and Article 24 of Section VII, Chapter I, Title VI, indicate the criteria for establishing independence of a director. They provide that any director is not independent when:</p> <ul style="list-style-type: none"> <li>(i) Has been a member of the management body for the controlling entity or another company belonging to the same economic group of the issuer by a preexistent relationship to the moment of his/her election, or if said relationship had ceased to exist during the previous three years;</li> <li>(ii) Is associated to the issuer or any of its shareholders that have significant participation, directly or indirectly, with the issuer; or with companies with which they have significant participation, directly or indirectly; or if he/she</li> </ul>

	<p>was associated to them by an employment relationship for the past three years;</p> <p>(iii) Has professional relationships or is affiliated to a professional organization or entity that maintains a frequent professional relationship of such nature and of relevant volume with, or that entitles him or she to a remuneration or fees (different from those corresponding to the functions that he/she fulfils in the management body), from the issuer, the issuer's shareholders that have directly or indirectly "significant participations" or with companies in which these too have, directly or indirectly, "significant participations". This prohibition comprises the professional relationships and affiliation during the last three years prior to his/hers appointment as director;</p> <p>(iv) Holds FIVE percent (5%) or more, directly or indirectly, of shares attached with voting rights and/or capital stock of the issuer or any company with a "significant participation" in it;</p> <p>(v) Directly or indirectly, sells and/or provides goods and/or services – different from those accounted for in subsection c) – frequently and in such nature and volume relevant to the issuer or its shareholders that have a "significant participation" with it, directly or indirectly, for which he or she has perceived amounts substantially superior to those perceived for his or her functions as a member of the management body. This prohibition comprises the commercial relationships that took place during the last three years prior to his/her appointment as director;</p> <p>(vi) Has been director, manager, administrator or principal executive of nonprofit organizations that have been benefited from funds proceeding from the company, its controlling company and any other company belonging to the same organization, by an amount superior to those described in article 12 subsection I) of the Resolution UIF N° 30/11 and its amendments thereto;</p> <p>(vii) Receives any payment, including the participation in plans or stock option schemes, from the company or from another company belonging to the same economic group, other than the compensation paid as a member of the Board of Directors, except dividends paid as a shareholder of the company in the terms of paragraph d) and the corresponding to the consideration described in paragraph e);</p> <p>(viii) Has been a director for the issuer, the controlling entity or another company belonging to the same economic group of the issuer for more than ten years. If said relationship had ceased to exist during the previous three years, the independent condition will be recovered;</p>
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	<p>(ix) Is spouse or a legally recognized partner, up to the third grade of consanguinity or second grade of affinity, of the members of the management body of the company that do not comply with the conditions described in the previous points;</p> <p>(x) Is a member of the Board of Directors or supervisory committee in one or more companies registered as negotiating agent, liquidation and compensation agent and/or broker of negotiable securities, that are members of the respective stock exchange market or are linked by a dependency relationship with members of such stock exchange market; and</p> <p>(xi) Maintains, directly or indirectly, a significant participation in one or more companies registered as negotiating agent, liquidation and compensation agent and/or broker of negotiable securities, which are members of the stock exchange market.</p> <p>In addition, Article 4 of Section III, Chapter I, Title XII of the CNV's Regulations provides that at each election of directors, the non-independence or independence of any candidates proposed at the shareholders' meeting must be disclosed. Moreover, after the shareholders' meeting in which directors are appointed, the personal data of the appointed directors and their qualification as independent or non-independent (in the latter case in the form of an affidavit executed by each director) must be disclosed to the CNV and the exchanges where the company has its securities listed.</p>
<p><b>SECTION 303A.03.</b> This rule requires regular scheduled meetings of non-management directors to increase the involvement and efficiency of such director.</p>	<p>Under Argentine Law No. 19,550 (Commercial Companies Law) requires that the board meets at least once every three months.</p> <p>Edenor's Board of Directors as a whole is responsible for administering and monitoring the company's affairs. Under Argentine law, the Board of Directors may approve the delegation of specific responsibilities to designated directors or executive directors and or managers of the Company. Also, it is mandatory for public companies to have a supervisory committee (<i>Comisión Fiscalizadora</i>), which is responsible for monitoring legal compliance by the Company with Argentine law, its bylaws and shareholders' resolutions. The supervisory committee, without prejudice to the role of external auditors, is also required to present to the shareholders at the annual ordinary general meeting a written report on the reasonableness of the financial information of the Company's annual report and the financial statements presented to the shareholders by Edenor's Board of Directors. The supervisory committee also presents a report to the Board of Directors on Edenor's quarterly financial statements. The members of the supervisory committee are not directors of the company.</p>
<p><b>SECTION 303A.04.</b> Listed companies must organize a Nominating and Corporate</p>	<p>Neither Argentine law nor Edenor's bylaws require having a Corporate Governance Committee nor a</p>

<p>Governance Committee composed entirely of independent directors.</p>	<p>Nominating Committee. CNV recommends having a Nominating Committee.</p> <p>The entire Board of Directors is in charge of overseeing Edenor's corporate governance practices.</p> <p>Also the Boards often nominates Board members candidates for consideration by Shareholders Meeting.</p>
<p><b>SECTION 303A.05.</b> Listed companies must organize a Compensation Committee composed entirely of independent directors, which satisfy additional independence requirements specific to Compensation Committee membership.</p>	<p>Neither Argentine law nor Edenor's bylaws require having a compensation committee. CNV recommends having one.</p> <p>Although the Issuer does not have a specific Remuneration Committee, at the Meeting held on April 18, 2017 the creation of a long-term incentive plan in favor of the personnel dependent on Edenor pursuant to the terms of article 67 of the Capital Markets Law was approved. The implementation, administration and execution is responsibility of the Implementation Committee, comprised of three members of the Executive Committee and the Board of Directors of the Company, which is in charge of generating the incentives to align all those reached.</p> <p>Within this framework, different incentive programs have been created for the Company's executives, in order to align them with the Companies objectives and encourage them to fulfil their obligations in an equitable manner. Together with the Human Resources and General Management, the Implementation Committee approves, in an integrated and coordinated manner, the process to set remuneration by which, on an annual basis, all employees, including Managers, are evaluated in relation to the performance of their duties. The Issuer has established a fixed and variable remuneration scheme that is associated with the fulfilment of objectives and the degree of compliance with these objectives.</p> <p>In addition, the remuneration of the members of the Board of Directors is approved annually by the shareholders at the General Ordinary Shareholders' Meeting, in advance to Shareholders Meeting, Edenor's Audit Committee (composed entirely of independent directors) is required to issue an opinion about the reasonability of Board members' fees.</p>
<p><b>SECTION 303A.06.</b> Listed companies must organize an audit committee that meets the requirements set forth in the Securities Exchange Act of 1934.</p>	<p>Edenor is subject to and in compliance with</p> <p>§303A.06 and Rule 10A-3. Edenor's audit committee is entirely composed of independent members of Edenor's Board of Directors.</p>
<p><b>SECTION 303A.07.</b> The audit committee must have at least 3 members, all of whom must qualify as independent.</p> <p>In addition, the audit committee must have written regulations establishing: (i) the purpose of the committee; (ii) the annual assessment of the committee's performance; and (iii) the committee's duties and responsibilities.</p>	<p>As a foreign private issuer, Edenor is not subject to §303A.07. As such, Edenor's audit committee charter may not provide for every one of the specific duties required by §303A.07.</p> <p>The duties of the audit committee include monitoring Edenor's internal control, administrative and accounting systems; supervising the application of Edenor's risk management policies; providing the market adequate information regarding conflicts of interests that may arise between Edenor's company and</p>

<p>Finally, the rule establishes that listed companies must have internal audit functions within their organization in order to assist both the audit committee and the company's management in matters related to risk and internal control processes.</p>	<p>Edenor's directors or controlling shareholders; rendering opinions on relevant transactions with related parties; and supervising and reporting to regulatory authorities the existence of any kind of conflict of interest, oversight of external audit, internal audit and procedures for receipt and treatment of complaints regarding accounting, internal control and audit matters.</p> <p>Edenor has an Internal Audit Department that assists both the Audit Committee and management in risk and internal control matters</p> <p>The scope of the committee's powers and obligations is detailed in Article 110 of the CML and Article 17 Section 5, Chapter III, Title II, of the CNV's Regulations. A member of the Audit Committee with extensive expertise on audit matters has been appointed by the Board as audit committee financial expert (as defined in Item 16.A).</p> <p>Under Argentine law, there is no requirement related to the financial expertise of the members of the audit committee. However, the members of Edenor's audit committee have extensive corporate and financial experience. At least one member of the audit committee has sufficient expertise as an external auditor to be recognized by the Board of Directors of Edenor as an "audit committee financial expert" as defined in Item 16A of Form 20-F. In accordance with Edenor's internal policies, Edenor's audit committee must pre-approve all audit and non-audit services provided by external auditors.</p>
<p><b>SECTION 303A.08.</b> The shareholders must be given the opportunity to vote on equity-compensation plans and their material revisions, although there are exceptions to this requirement, such as when these compensation plans serve as labor incentive tools.</p>	<p>Edenor does not have any equity compensation plans and therefore does not have in place procedures for shareholder approval of such plans.</p>
<p><b>SECTION 303A.09.</b> Listed companies must adopt and disclose their corporate governance guidelines.</p>	<p>CML requires Edenor to provide governance-related information in the annual reports to the CNV, including information relating to the decision-making organization (corporate governance), the company's internal control system, norms for director and management compensation, and any other compensation system applying to board members and managers. All relevant information provided by the Company to the CNV is sent through the CNV's electronic financial reporting database and may be viewed by the public on the CNV website.</p> <p>Edenor's Annual Report, financial statements and press releases may also be viewed on the Company's Web site (<a href="http://www.Edenor.com.ar">www.Edenor.com.ar</a>).</p>

	<p>Under Argentine law, the board's performance is evaluated at the annual Shareholders' Meeting.</p> <p>Annually, listed companies must meet the disclosure requirements of the CGC, stating how they follow the practices recommended by CNV or else explaining the alternative practices they observe".</p> <p>Once filed with the CNV and the exchange markets where the company is listed, the CGC report qualifies as public information.</p> <p>Edenor complies with the CGC annual disclosure requirements and fully disclose all corporate governance policies and practices. This information may be viewed on the company's website at <a href="http://www.Edenor.com.ar">http://www.Edenor.com.ar</a>.</p>
<p><b>SECTION 303A.10.</b> Listed companies must adopt and disclose to the market a Code of Ethics and Business Conduct which is applicable to their directors, officers and employees. In addition, any waiver of the provisions contained in this Code in favor of any of the parties that are subject to it must be immediately disclosed.</p>	<p>Under Argentine Law No 27,401 Criminal Responsibility of Legal Persons, establishes as a requirement to exempt themselves from liability that companies has an Integrity Program, composed of the set of mechanisms and internal procedures for the promotion of the integrity, supervision and control, aimed at preventing, detecting and correcting irregularities and unlawful acts, including the Code of Ethics</p> <p>Our company adopted a code of ethics in 1999, which applies to all of our employees, including our principal executive, financial and accounting officers. In 2015 and 2019, we reviewed and updated our code of ethics.</p>
<p><b>SECTION 303A.12(a).</b> The Chief Executive Officer (CEO) of a listed company must certify on an yearly basis that he or she has no knowledge of any violation or default of the corporate governance listing standards.</p> <p>Additionally, the CEO must promptly notify the NYSE in writing after any executive officer of the listed company becomes aware of any non-compliance with any provision of the governance listing standards.</p> <p>Finally, listed companies must file an annual statement and updated reports with the NYSE disclosing any changes in the composition of their Board of Directors or any of the committees described in Section 302A of the NYSE LCM.</p>	<p>No similar obligation exists under Argentine legislation. However, in accordance with Argentine law the directors of a company must annually submit for its shareholders' approval such company's annual report and financial statements at such company's annual shareholders' meeting. Also, Edenor discloses material events in regulatory filings both with the CNV in Argentina and with the SEC on form 6K in the United States (as "materiality" is understood in each of those respective jurisdictions). Under applicable rules of the NYSE, Edenor is required to disclose to the NYSE certain changes in its audit committee, including any change that affects the committee's independence.</p> <p>Edenor is subject to and complies with §303A.12(b), to the extent that it relates to the sections of the NYSE Listed Company Manual that apply to foreign private issuers.</p> <p>Edenor complies with the certification requirements under §303A.12(c).</p>

**Item 16 H. Mine Safety Disclosures**

Not applicable.

**PART III**

**Item 17. Financial Statements**

The Registrant has responded to Item 18 in lieu of this Item.

**Item 18. Financial Statements**

Our financial statements are included in this annual report beginning on page F-1.

**Item 19. Exhibits**

Documents filed as exhibits to this annual report:

- 1.1 *Estatutos sociales* (corporate bylaws) of Empresa Distribuidora y Comercializadora Norte S.A. (English translation) (previously filed as Exhibit 3.1 to Edenor's Registration Statement on Form F-1 (File No. 333-141894) on April 4, 2007 and incorporated by reference herein.)
- 2.1 Form of Deposit Agreement among Empresa Distribuidora y Comercializadora Norte S.A., The Bank of New York, as depositary, and the Holders from time to time of American Depositary Shares issued thereunder, including the form of American Depositary Receipts (previously filed as Exhibit 4.1 to Edenor's Amendment No. 2 to Registration Statement on Form F-1 (File No. 333-141894) on April 20, 2007 and incorporated by reference herein.)
- 2.2 Indenture dated October 9, 2007, between Empresa Distribuidora y Comercializadora Norte S.A., as Issuer, and The Bank of New York, as Trustee, Co-Registrar and Paying Agent, and Banco Santander Río S.A., as Registrar, Transfer and Paying Agent in Argentina and Representative of the Trustee in Argentina (previously filed as Exhibit 2.3 to Edenor's Annual Report on Form 20-F (File No. 001-33422) on June 26, 2008 and incorporated by reference herein).
- 2.3 Registration Rights Agreement, dated October 9, 2007, between Empresa Distribuidora y Comercializadora Norte S.A. and Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. as Representatives of the Initial Purchasers (previously filed as Exhibit 2.4 to Edenor's Annual Report on Form 20-F (File No. 001-33422) on June 26, 2008 and incorporated by reference herein).
- 2.4 Indenture dated October 25, 2010, between Empresa Distribuidora y Comercializadora Norte S.A., as Issuer, and The Bank of New York, as Trustee, Co-Registrar and Paying Agent, and Banco Santander Río S.A., as Registrar, Transfer and Paying Agent in Argentina and Representative of the Trustee in Argentina (previously filed as Exhibit 2.5 to Edenor's Annual Report on Form 20-F (File No. 001-33422) on June 6, 2011, and incorporated by reference herein).
- 2.D Description of securities registered under Section 12 of the Securities Exchange Act of 1934.
- 12.1 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

- 12.2 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 13.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

## **SIGNATURE**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Empresa Distribuidora y Comercializadora Norte  
Sociedad Anónima

/S/ LEANDRO CARLOS MONTERO

Date: April 26, 2021

Name: Leandro Carlos Montero  
Title: Chief Financial Officer



**Empresa Distribuidora y Comercializadora Norte Sociedad Anónima (Edenor S.A.)**  
**Management's Report on Internal Control Over Financial Reporting**

Edenor S.A.'s Management is responsible for establishing and maintaining adequate internal control over financial reporting for Edenor S.A. as defined in Exchange Act Rule 13a-15(f) and 15d-15(f). Our internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS"). Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Edenor S.A.;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures of Edenor S.A. are being made only in accordance with authorizations of Management and directors of Edenor S.A.; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Edenor S.A.'s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of Edenor S.A.'s internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013. Based on such evaluation, Management concluded that the Edenor S.A.'s internal control over financial reporting was effective as of December 31, 2020.

Date: March 9th, 2021.

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/S/ RICARDO TORRES

Ricardo Torres  
Chief Executive Officer

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/S/ LEANDRO CARLOS  
MONTERO

Leandro Montero  
Chief Financial Officer





## **Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders of  
Empresa Distribuidora y Comercializadora Norte  
Sociedad Anónima (Edenor S.A.)

### ***Opinion on the Financial Statements***

We have audited the accompanying statement of financial position of Empresa Distribuidora y Comercializadora Norte Sociedad Anónima (the "Company") as of December 31, 2020 and 2019, and the related statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### ***Substantial Doubt About the Company's Ability to Continue as a Going Concern***

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's current economic and financial situation raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter is also described in the "Critical Audit Matters" section of our report.

### ***Basis for Opinion***

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

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### ***Critical Audit Matters***

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### ***Impairment of Property, Plant and Equipment***

As described in Notes 6.c and 14 to the financial statements, as of December 31, 2020, the Company's property, plant and equipment balance was \$124.914 million. According to Note 6.c the Company analyzes the recoverability of its long-lived assets -including property, plant and equipment- on a periodical basis or when events or changes in circumstances indicate that the recoverable amount of the long-lived assets, which is measured as the higher of value in use and fair value less costs to sell at the end of the period, may be impaired. As from the enactment by the authorities of the new measures, as described in Notes 1 and 2.b., the projections made by the Company concerning the recoverability of its property, plant and equipment have been updated. The value in use is determined on the basis of projected and discounted cash flows, using discount rates that reflect the time value of money and the specific risks of the assets under consideration. Management's cash flow projections included significant judgments and assumptions relating to the discount rate; nature, timing, and form of the electricity rate increases and/or recognition of cost adjustments; demand for electricity projections; development of the costs to be incurred; investment needs to maintain the service quality levels required by the regulatory authority, and macroeconomic variables, including growth rates, inflation rates and foreign currency exchange rates.

The principal consideration for our determination that performing procedures relating to impairment of property, plant and equipment is a critical audit matter is that there was significant judgment by management when developing the recoverable value measurement of the property, plant and equipment, which, in turn, led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate management's cash flow projections and significant assumptions, including the discount rate; nature, timing, and form of the electricity rate increases and/or recognition of cost adjustments; demand for electricity projections; development of the costs to be incurred; investment needs to maintain the service quality levels required by the regulatory authority, and macroeconomic variables, including growth rates, inflation rates and foreign currency exchange rates. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist us in performing these procedures and evaluating the audit evidence obtained from these procedures.



Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures included testing the effectiveness of controls relating to management's impairment assessment, including controls over the valuation of the Company's property, plant and equipment. These procedures also included, among others, testing management's process for developing the value-in-use estimate; evaluating the appropriateness of the discounted cash flow model, as well as the mathematical accuracy of the calculations; testing the completeness, accuracy, and relevance of underlying data used in the model; and evaluating the significant assumptions used by management relating to the discount rate; nature, timing, and form of the electricity rate increases and/or recognition of cost adjustments; demand for electricity projections; development of the costs to be incurred; investment needs to maintain the service quality levels required by the regulatory authority, and macroeconomic variables, including growth rates, inflation rates and foreign currency exchange rates. Evaluating management's assumptions involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the energy distribution business, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist us in the evaluation of the Company's discounted cash flow model and certain significant assumptions, including the discount rate. The procedures performed also included evaluating the sufficiency of the information disclosed in the financial statements regarding the evaluation of the recoverable amount of property, plant and equipment.

#### *Company's Going Concern Assessment*

As described above and in Note 1 to the financial statements, the Company's current economic and financial situation raises substantial doubt about its ability to continue as a going concern. The suspension of the electricity rate update, in spite of the constant increase of the operating costs and the investments necessary, both for the operation of the network and to maintain the quality of the service, in a context of inflation and sustained recession in which the Argentine economy has been since mid-2018 and the effects of the COVID-19 pandemic, has raised substantial doubt about the Company's ability to continue as a going concern, which may result in the Company's being obliged to defer certain payment obligations or being unable to meet expectations for salary increases or the increases recorded in third-party costs. As disclosed in Note 1, Management's plans in regard to these matters are also described. The financial statements have been prepared assuming that the Company will continue as a going concern. This matter is also described in the "Substantial Doubt About the Company's Ability to Continue as a Going Concern" section of our report.

The principal considerations for our determination that performing procedures relating to the Company's going concern assessment is a critical audit matter are the significant judgment by management when evaluating the uncertainty related to financial condition, operating results, cash flows and the effects of the COVID-19 pandemic on the Company's business, which impacts the Company's forecasted operating results. This, in turn, led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate management's cash flow projections and significant assumptions, including the nature, opportunity and form of the electricity rate increases and/or cost adjustments recognition; demand for electricity projections; evolution of the costs to be incurred; investment needs to maintain the service quality levels required by the regulatory authority; and macroeconomic variables, including growth rates, inflation rates and foreign currency exchange rates. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist us in performing these procedures and evaluating the audit evidence obtained from these procedures.



Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures included testing the effectiveness of controls related to management's going concern assessment, including forecasting related to financial condition, operating results, cash flows and the estimated effects of the COVID-19 pandemic on the Company's business. The procedures also included, among others (i) testing management's process for forecasting operating results within one year after the date the financial statements are issued; (ii) evaluating the mathematical accuracy of the calculations; (iii) testing the completeness, accuracy, and relevance of underlying data used in the model; and (iv) evaluating the reasonableness of significant assumptions, including the nature, opportunity and form of the electricity rate increases and/or cost adjustments recognition; demand for electricity projections; evolution of the costs to be incurred; investment needs to maintain the service quality levels required by the regulatory authority; and macroeconomic variables, including growth rates, inflation rates and foreign currency exchange rates. Professionals with specialized skill and knowledge were used to assist in evaluating whether the assumptions were reasonable considering the consistency with external market and industry data.

/s/ PRICE WATERHOUSE & CO. S.R.L.

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/s/ Reinaldo Sergio Cravero (Partner)

Autonomous City of Buenos Aires, Argentina

March 9, 2021.

We have served as the Company's auditor since 2006.