

## 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” of 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 our business, results of operations, and financial condition.
- 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 accordance with IFRS, 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, consequently, affect our business, results of our operations and growth prospects.
- Fluctuations in the value of the Argentine Peso could adversely affect the Argentine economy and could in turn adversely affect our results of operations.
- Intervention by the Argentine Government may adversely affect the Argentine economy and, as a result, our business and results of operations.
- 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, or by more general “contagion” effects. Such external shocks and “contagion” effects could have a material adverse effect on Argentina’s economic growth and, therefore, our results of operations and financial condition.
- The global and local economies and our results of operations could be adversely affected as a result of the outbreak of war between Ukraine and Russia.
- Developments relating to the coronavirus may have a material adverse impact on our business operations, financial condition or results of operations.
- The application of certain laws and regulations could adversely affect our results of operations and financial condition.
- The Argentine economy and finances may be adversely affected as a consequence of a decrease in the international prices of commodities that Argentina exports.
- Failure to adequately address actual and perceived risks of institutional deterioration and corruption may adversely affect Argentina’s economy and financial condition.
- Any downgrade in the credit rating or rating outlook of Argentina could adversely affect both the rating and the market price of our ADS, our Class B common shares and our corporate debt, affecting also our liquidity.

#### 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 were severely affected by the emergency measures adopted during the economic crisis, many of which remain in effect.
- Electricity demand may be affected by tariff increases, which could lead distribution companies, such as us, to record lower revenues.
- Energy shortages may act as a brake on growing demand for electricity and disrupt distribution companies' ability to deliver electricity to their customers, which could result in customer claims and material penalties imposed on these companies.
- 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 our business and financial performance.
- Our operations could cause environmental risks and any change in environmental laws, climate change legislation or regulations restricting emissions of greenhouse gases ("GHGs") and legal frameworks promoting an increase in the participation of energies from renewable sources could significantly impact our business and result in increased 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.
- We may not be able to adjust our tariffs to reflect increases in our distribution costs in a timely manner, or at all, which may have a material adverse effect on our results of operations.
- 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.
- The increase in the illegal settlements within the Great Buenos Aires area may affect the Company's ability to distribute energy to its customers, as well as produce an increase in public safety risks.
- If we are unable to control our energy losses, especially the theft of energy, our results of operations could be adversely affected.

- Under the Concession Agreement, 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.
- The expiration of the management period could result in the sale of the Company's controlling interest.
- 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 our business and on our results of operations.
- Our performance is largely dependent on recruiting and retaining key personnel.
- We are subject to anti-corruption, anti-bribery, anti-money laundering and antitrust laws and regulations in Argentina. Any violation thereunder could have a material adverse effect on our reputation and the results of our operation.
- 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.
- We currently are not able to effectively hedge our currency risk in full and, as a result, a devaluation of the Peso may have a material adverse effect on our results of operations and financial condition.
- 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 the exclusivity of electricity distribution in our service area may be adversely affected by technological or other changes in the energy distribution industry, which could have a material adverse effect on our business.
- A potential nationalization or expropriation of 51% of our capital stock, represented by Class A shares, may limit the ability of Class B 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, our major supplier.
- We may not have the ability to collect the amounts corresponding to the discounts of the Social Rate, the ceilings of the Social Rate and the bonuses for neighbourhood clubs, that must be financed by the Province of Buenos Aires and the Autonomous City of Buenos Aires.
- 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 offering as required by our 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.
- 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.
- Cybersecurity events, such as interruptions or failures in our information technology systems as well as cyber-attacks, could adversely affect our business, financial condition, results of operations and cash flows.
- The Company's operations and business could be affected by the adoption of restrictions on the import of products or the technical conditions applicable thereto.

#### 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. For example, Argentina's economy grew in 2017 and 2021, but contracted in 2018, 2019 and 2020. Several factors have impacted the Argentine economy in the recent past, and may continue to impact it in the future, including among others, inflation rates, exchange rates, commodity prices, public debt, amendments to the tax regime, trade and fiscal balances, government policy, the international context and further developments of the COVID-19 pandemic.

Our activity is highly regulated and subject to uncertainties due to politic 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 "Item 3. Key Information—Risk Factors—Factors Relating to Argentina—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.

Global economic and financial crises, and the general weakness of the global economy due to the COVID-19 pandemic negatively affected emerging economies like Argentina's economy. Global financial instability, any further economic global downturn due to COVID-19 and any future increases in the interest of the United States and other developed countries may impact the Argentine economy and prevent Argentina to be put back on track to growth or could aggravate the current recession with consequences in the trade and fiscal balances and in the unemployment rate. Although Argentina's economy has recovered substantially during 2021, 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 foreign exchange regime could rapidly affect local economic output, while lack of appropriate levels of investment in certain economy 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.

In addition to the severe social and market disruption at a global scale during 2020 caused by the COVID 19 outbreak, in recent years, several trading partners of Argentina (such as Brazil, Europe and China) have experienced significant slowdowns or recession periods in their economies. These slowdowns intensified during 2020. While the vast majority of economies recovered during 2021, if such slowdowns or recessions were to recur, this may impact the demand for products coming from Argentina and hence affect its economy. Additionally, there is uncertainty as to how the trade relationship between the Mercosur member States will unfold, in particular between Argentina and Brazil. We cannot predict the effect on the Argentine economy and our operations if trade disputes arise between Argentina and Brazil, or in case either country decided to exit the Mercosur.

In addition, the global macroeconomic environment is facing challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Iran, Ukraine, Syria and North Korea. Moreover, political and social crises arose in several countries of Latin America during 2019, as the economy in much of the region has slowed down after almost a decade of sustained growth, among other factors. There have also been concerns on the relationship among China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes, and the possibility of a trade war between the United States and China. In addition, United Kingdom exited the European Union ("Brexit") on January 31, 2020. The medium and long term implications of Brexit could adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets.

Furthermore, in February 2022, Russian troops invaded Ukraine. Although the severity and duration of the ongoing military action are highly unpredictable, the conflict in Ukraine, Russia's prior annexation of Crimea, recent recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and subsequent military interventions in Ukraine have led to sanctions being levied by the United States, the European Union and other countries against Russia, with additional potential sanctions threatened and/or proposed. Russia's military incursion and the market volatility could adversely affect the global economy and financial markets and thus could affect our business, financial condition or results of operations. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions caused by Russian military action or resulting sanctions may magnify the impact of other risks described in this Annual Report and may result in compliance and operational challenges for the Company. In 2022, following the Russian invasion of Ukraine, many countries have imposed economic sanctions against Russia, which has impacted the global economy as many commercial, industrial and financial businesses are closing operations in Russia. Trade restrictions imposed on Russia have led to increasing prices of oil, fluctuation in commodities markets and foreign currency exchange volatility. Russia's military incursion and the market volatility could adversely affect the global economy and financial markets and thus could affect our business, financial condition or results of operation. Further escalation of such armed conflict could lead to supply disruptions and higher energy costs, among others, which could adversely affect our results of operations.

The effects of an economic crisis on our users and on us cannot be predicted. Weak global and local economic conditions, together with increased international tension and oil & gas constraints, 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 2022, for the year ended December 31, 2021, Argentina's real GDP increased by 10.3% compared to the same period in 2020, mainly due to a recovery of economic activity after an atypical 2020 which was severally impacted by 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;
- 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, while regulated tariffs may lag behind;
- 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 by generators may not be sufficient to supply increased industrial activity (thereby limiting industrial development) and consumption, mostly at peak demand such as in the winter season;
- unemployment and informal employment remain high, which could have a bearing on energy theft levels potentially impacting our results and operations; 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.

Although Argentina's economy has recovered substantially during 2021, Argentina's economic growth was severely impacted as a consequence of the COVID-19 pandemic (including the spread of new variants). 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 December 30, 2021, the international reserves of the BCRA totaled U.S.\$39,662 million. According to the exchange rate information published by the Banco de la Nación Argentina, the Argentine Peso depreciated by 14.7% against the U.S. dollar during the year ended December 31, 2021 (compared to 40.5%, 58.9% and 102.2% in the years ended December 31, 2020, 2019 and 2018, 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 No. 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, is uncertain 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, including our Senior Notes due 2022 for U.S.\$98 million. 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.

Due to the above mentioned macroeconomic situation, the financial impact on the Company is discussed in Note 1 to our 2021 financial statements, where the Company's Board and management concluded that there is substantial doubt about the Company's ability to continue as a going concern, which was also expressed by our independent registered public accounting firm in their report appearing elsewhere herein. 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, could 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.

***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 2021 and 2020 were 50.9% in 2021 and 36.1%, , respectively and 3.9% and 4.7% in January and February 2022, respectively. See "Item 3. Key Information– Risk Factors–Risks Related to Argentina–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 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 accordance with IFRS, 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.

We cannot predict the future impact that the eventual 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, 2021 was 50.9%.

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. On April 21, 2020, Argentina invited holders of approximately U.S.\$ 66.5 billion aggregate principal amount of its foreign currency external bonds to exchange such bonds for new bonds. The invitation contemplated the use of collective action clauses included in the terms and conditions of such bonds, whereby the decision by certain majorities would bind holders that do not tender into the exchange offer. On August 31, 2020 it announced that it had obtained bondholder consents required to exchange and or modify 99.01% of the aggregate principal amount outstanding of all series of eligible bonds invited to participate in the exchange offer. The restructuring settled on September 4, 2020. As a result of the invitation, the average interest rate paid by Argentina's foreign currency external bonds was lowered to 3.07%, with a maximum rate of 5.0%, compared to an average interest rate of 7.0% and maximum rate of 8.28% prior to the invitation. In addition, the aggregate amount outstanding of Argentina's foreign currency external bonds was reduced by 1.9% and the average maturity of such bonds was extended.

On June 22, 2021, the Minister of Economy announced that the Argentine Government had obtained a "time bridge" within the framework of the Paris Club negotiations, consequently avoiding default. The understanding provides that the Argentine Government will have until March 31, 2022 to reach a restructuring agreement with the Paris Club members, which was further extended until July 31, 2022.

On January 28, 2022, the IMF and the Argentine authorities reached an understanding on key policies as part of their ongoing discussions on an IMF-supported program for the refinancing of the debt of more than U.S.\$[45] billion set to mature in 2022 and 2023. On March 4, 2022, the Argentine Government reached a staff-level agreement with the IMF and a bill was sent to the Argentine Congress. On March 11, 2022, the lower house of the Argentine Congress passed and sent to the Senate the bill that supports the agreement between Argentina and the IMF. On March 17, 2022, the Senate approved the agreement "Program of Extended Facilities" between the Argentine Government and the IMF, following the Argentine Congress' endorsement of the understanding with the IMF, and on March 25, the Program of Extended Facilities was approved by the Executive Board of the IMF.

We cannot assure whether the agreement with IMF could not affect Argentina's 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 102% of its value with respect to the U.S. dollar in 2018 and approximately 58.9% in 2019, 40.5% in 2020 and 22.1% in 2021. 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. Such exchange 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, and the obligation to refinance cross-border financial debts. 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. In particular, further depreciation of the Peso may significantly affect us as U.S.\$98 million of our Senior Notes due 2022 are denominated in U.S dollars.

***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 intervened in the economy, including through the implementation of expropriation and nationalization measures, price controls and exchange controls, among others.

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 predict 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*, or the "MLC") to acquire foreign currency, transfer funds abroad, service debt payments in foreign currency, 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 ability of Argentine corporations to make payments outside Argentina and to comply with their obligations and duties may be affected.

We cannot predict how the current foreign exchange 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 affect the Argentine economy***

Public expenditure increased throughout the last decade in Argentina. The Argentine Government adopted several measures to finance its public expenditure

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, or by more general "contagion" effects. Such external shocks and "contagion" effects could have a material adverse effect on Argentina's economic growth and, therefore, 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.

The situation of the U.S. economy and the restrictive economic measures taken by the federal administration could adversely affect the economy of developing countries, including Argentina.

The U.S. economy has registered its highest inflation rates over the last decades. As of February 20, 2022, inflation has increased at 7.9% per cent on an annual basis, which caused increased consumer concern, affecting the economic activity and, eventually causing recession. We cannot predict the decisions and policies that the Biden administration will adopt in the future, which could generate uncertainty in the international markets and could have a negative effect on developing economies, including Argentina.

In July 2019, the Southern Common Market ("MERCOSUR") signed a strategic partnership agreement with the European Union (the "EU"), which is expected to enter into force in the near future, subject to the approval of the corresponding legislatures of each member country. Such approval is pending as of today, as some member countries are demanding amendments to the agreement (for example, the French government has demanded the inclusion of guarantees regarding the protection of the Amazon, compliance with European agri-food and phytosanitary standards and the fight against climate change). The objective of this agreement is to promote investment, regional integration, increase the competitiveness of the economy and achieve an increase in GDP. However, the effect that this agreement could have on the Argentine economy and on the policies implemented by the Argentine Government is uncertain. Regarding other free trade agreement negotiations, the current Argentine government announced on April 24, 2020 that it would stop participating in Mercosur's trade agreement negotiations with countries such as South Korea, Singapore, Lebanon, Canada and India, excluding those already concluded with the EU.

Moreover, the challenges faced by the EU in stabilizing some of its member economies have had and may continue to have international implications affecting the stability of global financial markets, which has hampered economies around the world.

Furthermore, COVID-19 has caused significant social and market disruption during 2020 (see "Item 3. Key Information—Risk Factors—Factors Relating to Argentina—Developments relating to the coronavirus may have a material adverse impact on our business operations, financial condition or results of operations"). 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. 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 developments in the economies of developed countries or 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.

***The global and local economies and our results of operations could be adversely affected as a result of the outbreak of war between Ukraine and Russia.***

In October 2021, Russia began moving troops and military equipment near the border with Ukraine, generating concerns about a possible invasion. By December 2021, more than one hundred thousand troops were located near the border.

In mid-December 2021, the Russian Foreign Ministry issued a series of demands that included a ban on Ukraine joining the North Atlantic Treaty Organization (“NATO”) and the reduction of NATO troops and military equipment in Eastern Europe for its military forces to withdraw. The United States and other NATO allies rejected those demands and warned Russia that they would retaliate if Russia invaded Ukraine, including through the imposition of economic sanctions. Tensions remain high as negotiations continue without any apparent progress toward a formal agreement.

Subsequently, on February 23, 2022, Russian President Vladimir Putin declared a “special military operation” in Ukraine. On the same day, several media organizations reported explosions in several cities and evidence of large-scale military operations throughout Ukraine. Following the Russian invasion of Ukraine, many countries have imposed economic sanctions against Russia, which has impacted the global economy as many commercial, industrial and financial businesses are closing operations in Russia. Trade restrictions imposed on Russia have led to increasing prices of oil, fluctuation in commodities markets and foreign currency exchange volatility. Russia’s military incursion and the market volatility could adversely affect the global economy and financial markets and thus could affect our business, financial condition or results of operation. Further escalation of such armed conflict could lead to supply disruptions and higher energy costs, among others, which could adversely affect our results of operations.

We are not sure and cannot predict if and to what extent this war will impact the global economy, nor can we foresee what measures the Argentine Government may take to address any scenario, and if those measures will result in any negative effect on the Argentine economy, which could, in turn, affect our business and results of operations.

***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 (“WHO”), with cases soon confirmed in multiple provinces in China, as well as in other countries. On March 11, 2020, the WHO designated the rapidly spreading coronavirus outbreak as a “pandemic”, asserting it would probably spread all around the world. 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 have had, and may continue to have, major economic consequences.

Consequently, after the approval of the Argentine Congress, the Argentine Government enacted the Productive Reactivation Law, proposing to Congress a wide range of economic and social reforms. The Productive Reactivation Law declared a state of public emergency until December 31, 2020, in economic, financial, fiscal, administrative, pension, tariff, energy, health and social matters. Following the outbreak of the COVID-19 pandemic, the state of public emergency was partially extended until December 31, 2021. The Productive Reactivation Law sanctioned the delegation of certain legislative powers to the Executive Branch to address social and economic distress, as well as to adjust the profile of Argentina’s public debt.

Thus, since late March 2020, the Argentine Government adopted several measures in response to the COVID-19 outbreak aimed at preventing massive infections of Argentine residents and health service congestion, which mainly included: (1) imposition of a “Social, Preventive and Mandatory Isolation” (“ASPO”) nationwide, allowing only the transit of persons engaged in the excepted activities since they were considered essential activities and services, as extended on successive occasions; (2) a “Social, Preventive and Mandatory Distancing” (“DISPO”) and general prevention measures and local and targeted containment provisions, based on scientific evidence and epidemiological dynamics, to be complied with by all persons, in order to mitigate the spread of the SARS-CoV-2 virus and its health impact, until April 9, 2021, among others.

On April 30, 2021, the Federal Executive Power published the Necessity and Urgency Decree No. 287/2021 through which it established, until May 21, 2021, general measures for the prevention of COVID-19 applicable throughout Argentina, and local and focused provisions for the containment of contagions. Subsequently, the Necessity and Urgency Decree No. 334/2021 extended the provisions of the Necessity and Urgency Decree No. 287/2021 until June 11, 2021 (subsequently extended through August 6, 2021). It also provided for certain measures applicable to places at high epidemiological and sanitary risk or in a situation of epidemiological and sanitary alarm between May 22 and May 30, 2021 and on June 5 and 6, 2021.

On October 1, 2021, the Argentine Government published Decree No. 678/2021 in the Official Gazette by means of which it provided for a series of general preventive measures with the intention of relaxing the restrictions imposed in respect of the coronavirus pandemic and regulating the performance of certain activities that entail greater epidemiological risk.

These included: (i) the lifting of the mandatory use of the use of a mask in the open air, to the extent that a 2-meter distance is respected; (ii) the possibility of holding social gatherings without limits of people to the extent that the prevention and distancing measures are complied with; (iii) the authorization of 100% capacity in economic, industrial, commercial, service, religious, cultural, sports and recreational activities carried out in closed places; (iv) the authorization of massive events with 50% capacity as long as the complete vaccination scheme is complied with. In addition, such Decree extended, through October 31, 2021, the prohibition of entry to the country by foreigners established by Necessity and Urgency Decree No. 274/2020, allowing only nationals and residents of neighboring countries to enter Argentina. Such measures was in force until December 31, 2021.



On December 24, 2021, the Argentine Government, through No. Decree 867/2021, extended the sanitary emergency established by Decree No. 260/2020 and the DISPO until December 31, 2022.

To date, our activities have been adversely affected by measures adopted by the Argentine Government to protect the population and combat the disease, including (i) preventive and mandatory social isolation (subsequently transitioned to a social distancing regime), (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, and (iv) measures to freeze electricity and gas tariffs charged by utility companies that are under federal jurisdiction.

In September and October 2021, the Argentine Government announced a set of measures aimed at promoting production, consumption and employment, including the following (i) the minimum monthly wage was raised; (ii) the minimum monthly income subject to income tax was also raised; (iii) the income tax and personal property tax exemptions were extended to savings in pesos; and (iv) certain export taxes on services were eliminated as of January 2022, among other measures. 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, have had and may continue to have a material and adverse effect on our business operations, financial condition or results of operations including that (i) our earnings have reduced as our commercial offices had to remain closed in the beginning, and even after we were allowed to reopen them, we could not attend the same number of customers as we used to attend, due to the current social distancing measures, (ii) most of our customers faced difficulties to pay tariffs, (iii) demand from non-residential customers has been lower, which may not be offset by the increased demand of residential customers, (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"

Although the pandemic seems to be better controlled due to the fast and reliable testing and highly effective vaccination rollouts, it is not over, and 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 has taken and is currently considering further 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 affected economic growth in Argentina in 2020 and continued in 2021, and possibly will continue to affect economic growth in 2022, 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. Information on the Company–Recent Developments in Argentina–Health situation."

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

The Company's operations and business could be affected by the adoption of restrictions on the import of products or the technical conditions applicable thereto.

In February 2011, the then Ministry of Industry issued Resolution No. 45/11 by means of which, among other issues, it resolved to extend the application of the non-automatic licensing system with respect to the import of products that the Ministry of Industry considers to be luxury or that compete unfairly with local production on the understanding that such national production was capable of meeting domestic demand. On January 25, 2013 and by means of Decree 11/13, the Ministry of Economy repealed Resolution No. 45/11 putting an end to the mechanism that required importers to process an authorization certificate to enter certain products into the country. On January 8, 2020, the Secretariat of Industry, Knowledge Economy and External Trade Management of the Ministry of Productive Development issued Resolution (SIECGCE) No. 1/20 (i) incorporated new tariff items that shall process non-automatic licenses ("LNA"), (ii) modified the forms for the import license application, (iii) decreased the tolerance in the FOB unit value of goods subject to the processing of LNA, (iv) decreased the term of validity of the LNA from 180 to 90 days as from its approval in the SIMI, (v) extended the scope of imports of goods to the territory of the Isla Grande de la Tierra del Fuego (except for products coming from the continental territory), and (vi) established the Undersecretariat of Trade Policy and Management of the Secretariat of Industry, Knowledge Economy and External Trade Management as the enforcement authority.

In addition, by means of Resolution of the Secretariat of Domestic Trade 247/2019 and its extensions, it has been established that by December 31, 2021, electric meters must comply with certain characteristics that none of the suppliers based in Argentina have, which leads to greater imports and therefore, subject to the restrictions that exist on the matter.

As of the date of this annual report, Edenor cannot guarantee that in the future, measures limiting or restricting import of products or the technical conditions will not be adopted which may have an impact on the goods used by the Company as inputs, causing the Company an adverse effect on its net worth, economic, financial or other situation, its results of operations, business operations and/or its ability to comply with its obligations in general.

Moreover, 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 actions for the protection of a constitutional right. 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 “Item 3. Key Information-Risk Factors-Factors Relating to Argentina-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.”

By means of Executive Order No. 990/20, the 2021 Budget Law was partially approved. In its Section 87, the law provides for a system for the settlement of debts with CAMMESA and/or the WEM accumulated by the electricity distribution companies as of September 30, 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 application authority, which may provide for credits equivalent to up to five times the monthly average bill or to 60% 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 50%.

Consequently, by means of Resolution No. 40/2021, the SE established the “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 established 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.

Subsequently, the SE determined that it was suitable to establish as indicators for purposes of calculating the credits to be recognized, the maintenance of the electricity rate schedules throughout the year 2020, the policies implemented by each distribution company that is an agent of the WEM aimed at benefiting the demand, the effect of the application of the provisions of Executive Order No. 311 dated March 24, 2020, as amended and supplemented, as well as the investment commitments on energy efficiency, technology applied to the provision of the service and/or energy infrastructure works that imply an improvement in the quality of the service provided to users. Therefore, it issued Resolution No. 371/2021, which supplements Resolution No. 40/2021.

Finally, on February 22, 2022, by means of Executive Order No. 88/2022, the Argentine Government extended until December 31, 2022 the implementation of the “Special System for the Regularization of Payment Obligations” provided for in Section 87 of Law No. 27,591.

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). For more information, please see “Item 3. Key Information–Risk Factors–Factors Relating to Argentina–Developments relating to the coronavirus may have a material adverse impact on our business operations, financial condition or results of operations.”

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 96 of 180 in the Transparency International's 2021 Corruption Perceptions Index.

As of the date of this annual report, various 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") 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 Argentine 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, our Class B common shares and our corporate debt, affecting also our liquidity***

On June 24, 2021, Morgan Stanley Capital International ("MSCI") announced the reclassification of Argentina to the standalone or independent category with effect as of November 2021, thus being excluded from the MSCI indexes. In June 2019, Argentina had entered the emerging market category. According to MSCI the main reason for this decision lies in the reinstatement of exchange controls, which have been in force since September 2019.

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 Electric Market (*Mercado Eléctrico Mayorista* or “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, an 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. As a result of such process, the ENRE approved a 20,9% of own distribution costs ("CPD", also referred as value-added for distribution ("VAD") in this annual report) (which resulted in a final 9% tariff's increase).

On April 30, 2021, in order to reach a temporary solution to guarantee the continuity, accessibility and normal transportation and distribution of electric energy, through Resolutions No. 106/2021 and 107/2021, the ENRE defined a 9% increase in the average tariff for Edenor and Edesur users, effective as from May 1, 2021.

Finally, on February 26, 2022, the ENRE granted an additional 8% in CPD. However, it also enacted an increase of the penalty rate applicable to the energy sector, which resulted in a net increase of 4%.

The adjustment indicated above represents an increase in the Company's income for the year 2022 of Ps. 2,915 million, which is insufficient to cover the requirement of Ps. 56,800 million requested by us as necessary to deal with the deficit for the period, affecting the our ability to operate and meet our obligations.

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-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.***

On May 10, 2019, we and the SE, on behalf of the Argentine Government, entered into the Agreement on the Regularization of Obligations, pursuant to which the parties agreed to end the pending reciprocal claims originated during the 2006-2016 transitional period (the "2019 Agreement on the Regularization of Obligations"). As part of the jurisdiction transfer process, the then Energy Government Secretariat and the Renewable Resources and Electricity Market Secretariat signed with Edenor and Edesur on May 10, 2019 an agreement to end pending reciprocal claims originated during the 2006-2016 transitional period, before transferring concession companies to local jurisdictions (the "Agreement on the Regularization of Obligations").

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. Also, by virtue of this law, the ENRE was intervened by the Executive Branch.

On February 19, 2021, we 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 our 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 our Extraordinary Shareholders' Meeting.

During the intervention framework of the ENRE, a technical, legal and economic audit was ordered to evaluate the aspects regulated by the Productive Reactivation Law in energy matters. As stated in the recitals of Resolution No. 590/2021 of the Ministry of Economy, the technical reports evidenced that the Agreement on the Regularization of Obligations would contain serious defects that would cause its absolute nullity, among which it is mentioned that the Government Secretary of Energy and the Secretary of Renewable Resources and Electricity Market lacked material competence to sign the agreement on behalf of the Federal Government.

In addition, Resolution No. 590/2021 of the Ministry of Economy instructed the Directorate of Contentious Energy Matters under the General Directorate of Legal Matters of this Ministry to initiate a judicial action for injunctive relief against the electricity distributors Edenor and Edesur, in order to obtain the judicial declaration of nullity of the Agreement and the acts issued as a consequence. Moreover, such Resolution No. 590/2021 suspended the administrative proceedings related to the execution of the obligations arising from the Agreement on the Regularization of Obligations.

On September 20, 2021, the Ministry of Economy issued Resolution No. 590/2021, whereby it declared the Agreement on the Regularization of Obligations, registered on May 10, 2019, harmful to the general interest. It also ordered the suspension of the administrative proceedings related to the execution of obligations originated in such Agreement on the Regularization of Obligations. Edenor filed a hierarchical appeal against Regulation No. 590/2021 in order to annul it.

Notwithstanding the foregoing, as of the date of this annual report, the Company has not been notified of the commencement of any legal action aimed at the judicial declaration of nullity of the Agreement on the Regularization of Obligations or of the acts issued as a consequence thereof. The administrative act in question has not provided for the suspension of the legal effects of said Agreement on the Regularization of Obligations, and therefore it is in full and complete force and effect. The Company filed a hierarchical appeal against this resolution before the Office of the Chief of Cabinet of Ministers and an appeal for clarification before the Ministry of Economy, which was granted and resolved by Resolution ME No. 656/2021, notified on October 20, 2021, whereby said Ministry confirms that the aforementioned Agreement on the Regularization of Obligations is not suspended.



Although as of the date of this annual report the above-mentioned 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.

On February 1, 2017, an 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%.

We 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 us to be applied as from February 1, 2018, and the new tariff scheme.

Furthermore, such resolution approved the new adjustments to 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, we 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; and  
§ 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."

According to Decree No. 1020/20, and ENRE Resolutions 16/2021 and 17/2021, the procedure for the transitional electricity rate schedules has been initiated.

On December 27, 2019, the ENRE instructed us 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.

Decree No. 260 dated March 12, 2020, extended the public emergency in health matters established by Law No. 27,541, as a consequence of the Pandemic declared by the WHO in respect of the COVID-19 virus.

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. As a result of such process, the ENRE approved a 20,9% of CPD (which resulted in a final 9% tariff's increase).

On February 17, 2022, the ENRE called another public hearing, with the main goal of determining a transitional rate schedule for electricity distribution until the next RTI. Our Business Control Manager, Federico Mendez, explained the need of an additional Ps. 56,800 million of funds required to maintain and continue the improvement in the company's invent plan and the quality of electricity services. Additionally, he explained the financial situation of the Company, the investments that had been made to satisfy demand and the improvement in the provision of the services, and he proposed a rate schedule structure that allows for better control by customers.

In spite of the presentations made stating the need for an additional cash flow of Ps. 283 million, as of February 26, 2022, the ENRE granted an additional 8% in CPD only, which - after being offset against the increase in the potentially applicable penalty computations- resulted in a net increase of 4%.

On March 22, 2022, the Company filed an administrative appeal (recurso de reconsideración) against ENRE's Resolution No. 76/2022 since, there has been an increase in the value of the average tariff, it still did not reflect the increase in operating costs and the amounts projected for the investments necessary in the electrical network. The Company is expecting the publication of the new RTI before the end of 2022.

The adjustment indicated above represents an increase in our income for the year 2022 of Ps. 2,915 million, which is insufficient to cover the requirement of Ps. 56,800 million requested by us as necessary to deal with the deficit for the period, affecting our ability to operate and meet its obligations.

Later, under Decree No. 1020/2020 dated December 16, 2020, and by Resolutions of the ENRE No. 16 and No. 17 dated January 19, 2021, the procedure for the transitory adjustment of the tariffs of the public distribution and transportation services, respectively, was initiated with the purpose of establishing a Transitional Tariff Regime until a Definitive Renegotiation Agreement is reached.

Then, by Resolutions No. 41 of 2022, the ENRE set the new average tariffs applicable to us as from February 2022, and on which the subsidy to be provided by the national government will be calculated. And by Resolution No. 25 of 2022, the ENRE convened a public hearing to be held on February 17, 2022, in order to inform and hear opinions regarding: (i) the treatment of the establishment of the seasonal reference prices of Power, Stabilized Energy in the WEM, as well as the Stabilized Price of Transportation (PET) and for the Wholesale Electric Market of the Tierra del Fuego System (Mercado Eléctrico Mayorista del Sistema Tierra del Fuego or "MEMSTDF"); (ii) the proposals of the concessionaires of the public electric power transmission and distribution service, aimed at obtaining a transitory adjustment of tariffs, within the ITR renegotiation process and prior to defining the tariffs to be applied by the concessionaires.

In said hearing, Edenor and Edesur presented the investments made in 2021, highlighted their losses and asked for \$100 billion more in revenues this year to guarantee the service they provide, which could be met through tariff increases, subsidies or a combination of both. However, this request was rejected. Therefore, even though there is an increase in the value of the average tariff, it still does not reflect the increase in operating costs, which may result in a negative impact on us.

Notwithstanding the measures recently adopted, 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. However, since the privatization in 1992, this rate update process was never properly implemented.

***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.

As part of the measures adopted within the framework of the declaration of public emergency, the ENRE, through Resolution No. 58, instructed the Company to refrain from pursuing the collection of debts originated during the validity of the ASPO and DISPO regimes, ordering it to reflect them separately in its invoices to users. We cannot foresee what other measures may be enacted in the future and, in turn, affect the Company's capacity to generate current income.

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 2021, electricity demand in Argentina increased by 7%, which in part reflects the relative low cost, in real terms, of electricity to users due to the freezing of tariffs and therefore the 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 2021.

In 2021, the Company's electricity demand amounted to 26,373 GWh, which represented a 5% increase compared to 2020, while the WEM demand amounted to 133,872 GWh (+5.2% year-on-year). The variation in the Company's demand was mainly due to temperature, elasticity, price and the level of economic activity.

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.

***Energy shortages may act as a brake on growing demand for electricity and disrupt distribution companies' ability to deliver electricity to their customers, which could result in customer claims and material penalties imposed on these companies***

In recent years, the condition of the Argentine electricity market has provided little incentive to generators to further invest in increasing their generation capacity, which would require material long-term financial commitments. As a result, Argentine electricity generators are currently operating at near full capacity and could be required to ration supply in order to meet a national energy demand that exceeds the current generation capacity. In addition, the economic crisis and the resulting emergency measures have had and continue to have a material adverse effect on other energy sectors, including oil and gas companies, which has led to a significant reduction in natural gas supplies to generation companies that use this commodity in their generation activities. In addition, Argentina needs to import energy or gas during the winter season or peak demand, and the energy, oil and gas prices have risen recently. As a result, electricity generators may not be able to guarantee the supply of electricity to distribution companies, which, in turn, could prevent these companies, including us, from experiencing continued growth in their businesses and could lead to failures to provide electricity to customers. Under Argentine law, distribution companies are responsible to their customers for any disruption in the supply of electricity. As a result, distribution companies may face customer claims and fines and penalties for disruptions caused by energy shortages unless the relevant Argentine authorities determine that energy shortages constitute force majeure. To date, the Argentine authorities have not been called upon to decide under which conditions energy shortages may constitute force majeure. In the past, however, the Argentine authorities have recognized the existence of force majeure only in limited circumstances, such as internal malfunctions at the customer's facilities, extraordinary meteorological events (such as major storms) and third-party work in public thoroughfares. We cannot make assurances that we will not experience a lack of energy supply that could adversely affect our business, financial condition and results of operations, as well as our ability to repay our debts.

*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. In 2019, 2020 and 2021, the increase in the capacity of our own facilities resulting from the investment process was higher than the increase in demand, and the service quality indicators have continued improving. Regarding the coming years, there is uncertainty about the availability of resources to continue with this process. With respect to generation, depending on the availability of water and fuels, supply could be affected. For these cases, we are exempted from liability according to Resolution ENRE No. 63/2017.

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.

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 dated August 5, 1992 (“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 secured by a pledge of our Class A common 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 on our Class A common shares, which 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, hurricanes, strong windstorms, 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.

Between January 10, 2022 and January 16, 2022, our facilities and networks have been affected by a meteorological phenomenon known as “heat wave”. This event is characterized by the persistence of very high minimum and maximum temperatures for several consecutive days (minimum temperatures above 30°C and maximum temperatures above 41°C). A heat wave with extraordinary temperatures for the summer season due to the direct incidence of the La Niña phenomenon took place in the Metropolitan Area of Buenos Aires where our whole concession area is located, as it was duly recognized and published by the National Meteorological Service and by the Federal Executive Power through Decree No. 16/2022. The characteristics of said meteorological phenomenon were verified consecutively and without interruption from January 10, 2022 to January 16, 2022. During 2021, there was a considerable increase in the demand for electricity generated by the sustained economic reactivation in various sectors of the national economy, which has been recognized by the Federal Executive Power in the above-mentioned decree. The increase in demand has had a direct and definitive effect on our facilities during the period from January 10, 2022 to January 16, 2022, when they were subjected to thermal overload that affected their dissipation conditions, adding as a factor of utmost importance, the high consumption sustained during that period by users. The energy demand of Edenor’s area on January 14, 2022 was 107,186 MWh, far exceeding the maximum of the previous year’s summer period, which had reached 103,384 MWh (value recorded on January 25, 2021). As for the maximum power, on January 14, 2022 at 2:00 PM, 5,382 MW were registered, a historical maximum for the summer.

In anticipation of the impact that the heat wave could have on the installations, we have decided:

- all Edenor's and contractors' operating personnel to attend eventual needs of the network;
- all activities not related to repairs and network management were suspended as a preventive measure in order to have all resources available to meet possible contingencies;
- the guards of all auxiliary services were reinforced to keep the operation running permanently (warehouses, fleet maintenance, etc.);
- the diagrams of the technical personnel were adapted to operate with extended working hours, to increase the capacity to respond to the possible operational needs of the areas;
- the time required to deal with any faults that might occur was shortened, thus favoring the operation of the network in its normal state;
- these measures also contribute to making up for the loss of operational personnel caused by the contagions and isolation protocols required by COVID-19; and
- to increase our capacity to respond to potential failures, we extended our contracts with suppliers of generator sets and troubleshooting laboratories.

Finally, it is worth mentioning the situation of the staff of employees affected by the COVID during the week of the heat wave, in which, out of the total of 92 positive cases of the whole Company, 84% of the positive cases belonged to the operations personnel.

Regarding the supply interruptions caused by the heat wave, on February 24, 2022, the ENRE was requested to exclude them from the calculation of the service quality indicators.

***Our operations could cause environmental risks and any change in environmental laws, climate change legislation or regulations restricting emissions of greenhouse gases ("GHGs") and legal frameworks promoting an increase in the participation of energies from renewable sources could significantly impact our business and result in increased operating costs.***

In December 1993, Argentina approved the United Nations Framework Convention on Climate Change ("UNFCCC") through Law No. 24,295. The UNFCCC, which entered into force on March 21, 1994, deals with the stabilization of the GHGs concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.

On February 16, 2005, the Kyoto Protocol to the UNFCCC ("Protocol") entered into force. This Protocol, which deals with the reduction of certain GHGs (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride) in the atmosphere, was in force until 2020 as a consequence of the ratification of the Doha Amendment to the Protocol.

Argentina approved the Protocol through Law No. 25,438 on June 20, 2001, and the Doha Amendment through Law No. 27,137 on April 29, 2015.

The 2015 United Nations Climate Change Conference adopted by consensus the Paris Agreement, which is known to be the successor of the Protocol. The agreement deals with GHG emission reduction measures, targets to limit global temperature increases and requires countries to review and “represent a progression” in their intended nationally determined contributions. Countries agreed they will aim to achieve the long term goal to limit global warming to well below 2°C above pre-industrial levels, and pursue efforts to further limit the temperature increase to 1.5°C. On October 5, 2016, the threshold for entry into force of the Paris Agreement was achieved. International treaties together with increased public awareness related to climate change may result in increased regulation to reduce or mitigate GHG emissions. Under Federal Law No. 27,270, dated September 1, 2016, Argentina approved the Paris Agreement.

Furthermore, Argentine Law No. 26,190, as amended and complemented by Law No. 27,191 and its implementing decrees, established a legal framework which promotes an increase in the participation of energies from renewable sources in Argentina’s electricity market.

Under Law No. 27,191, by December 31, 2017, 8% of the electric energy consumed must come from renewable sources, reaching 20% by December 31, 2025. It sets five stages to achieve the final goal: (i) 8% by December 31, 2017; (ii) 12% by December 31, 2019; (iii) 16% by December 31, 2021; (iv) 18% by December 31, 2023; and (v) 20% by December 31, 2025. It is within this framework that the Argentine government launched the RenovAr programs. As of December 31, 2018, 2019 and 2020, electric energy originated from renewable sources represented 4.6%, 8.2% and 9.7% of the total demand, respectively, according to the data released by the Argentine Government.

Compliance with legal and regulatory changes relating to climate change, including those resulting from the implementation of international treaties, may in the future increase our costs to operate and maintain our facilities, install new emission controls on our facilities and administer and manage any GHG emissions program. More stringent environmental regulations can result in the imposition of costs associated with GHG emissions, either through environmental agency requirements relating to mitigation initiatives or through other regulatory measures such as GHG emissions taxation and market creation of limitations on GHG emissions that have the potential to increase our operating costs. Revenue generation and strategic growth opportunities may also be adversely affected. Any long-term material adverse effect on the telecommunications industry could adversely affect the financial and operational aspects of our business, which we cannot predict with certainty as of the date of annual report.

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 Agreement (*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 an 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 an 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 an RTI process was completed.

Prior to the completion of such 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 an 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 an RTI.

Such 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-Operating Results-Tariffs -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.

On May 10, 2019, the Company and the SE, on behalf of the Argentine 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 Argentine Government partially recognized the claim duly made by the Company, by fully offsetting pending obligations and cancelling penalties payable to the National Treasury. Furthermore, the Company waived any rights to which it may be entitled and abandoned any actions against the Federal Government.

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. As a result of such process, the ENRE approved a 20,9% of own distribution costs ("CPD") (which resulted in a final 9% tariff's increase). Later on April 30, 2021, Edenor obtained an additional 8% increase on CPD.

On February 17, 2022, the ENRE called another public hearing, with the main goal of determining a transitional rate schedule for electricity distribution until the next RTI. Our Business Control Manager, Federico Mendez, explained the need of an additional Ps. 56,800 million required to maintain and continue the improvement in the quality of electricity services. Additionally, he explained our financial situation, 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.

Finally, on February 26, 2022, the ENRE granted an additional 8% in CPD. However, it also enacted an increase of the penalty rate applicable to the energy sector, which resulted in a net increase of 4%. (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.

***We may not be able to adjust our tariffs to reflect increases in our distribution costs in a timely manner, or at all, which may have a material adverse effect on our results of operations***

The Adjustment Agreement currently contemplates a cost adjustment mechanism for the transition period during which an RTI is being conducted. This mechanism, known as the Cost Monitoring Mechanism (CMM), requires 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 may also request that the ENRE apply the CMM at any time that the variation in our distribution cost base is at least 10% or more. Any adjustments, however, are subject to the ENRE's assessment of variations in our costs, and we cannot guarantee that the ENRE will approve adjustments that are sufficient to cover our actual incremental costs. In the past, even when the ENRE has approved adjustments to our tariffs, there has been a lag between when we actually experience increases in our distribution costs and when we receive increased revenues following the corresponding adjustments to our distribution margins pursuant to the CMM.

Despite the adjustment we were granted under the CMM in October 2007 and July 2008, we cannot make assurances that we will receive similar adjustments in the future. As of the date of this annual report, we have requested four increases under the CMM beginning in May 2008 that are still being reviewed by the ENRE. Under the terms of the Adjustment Agreement, these five increases should have been approved in May 2008, November 2008, May 2009, November 2009 and May 2010. If we are not able to recover all of these incremental costs and all such future cost increases or there is a significant lag time between when we incur the incremental costs and when we receive increased revenues, we may experience a material decline in our results of operations, which could adversely affect our ability to repay the notes.

***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 two actions brought against us in December 2009 and February 2022, by an Argentine consumer association (*Unión de Usuarios y Consumidores*) seeking to annul certain retroactive tariff increases and return of penalties to consumers (which were acknowledged and agreed among the Argentine Government and the Province of Buenos Aires under the Agreement on the Regularization of Obligations). See “Item 8. Financial Information—Legal and Administrative Proceedings—Legal Proceedings”.

***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, 2021, 2020 and 2019, our accrued fines and penalties totaled Ps.12,927 million, Ps.13,656 million and Ps.15,032 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—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.

On January 17, 2022, by Resolution No. 7, the ENRE initiated a summary proceeding and filed charges against the Company, since it allegedly failed to report the power outages that took place on January 11, 14 and 15, 2022. The Company has already filed an answer. To date, the ENRE has not issued a decision on the matter.

On March 5, 2021, through Resolution No. 58, the ENRE instructed us to issue invoices only with the amounts corresponding to the consumption for the period and, separately, report the debts that have originated or increased during the effectiveness of the ASPO and DISPO regimes, without contemplating interest. The balances owed will be paid to the concessionaires in accordance with the guidelines established by the ENRE. As of September 2021, we began to implement the aforementioned resolution. Likewise, we were instructed to refrain from pursuing the collection of accumulated consumption from the ASPO until February 28, 2021, without -said body- having established the guidelines for payment of such amounts by users to date.

We cannot assure you what may be the outcome of this procedure, nor 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.

***The increase in the illegal settlements within the Great Buenos Aires area may affect the Company's ability to distribute energy to its customers, as well as produce an increase in public safety risks.***

Within the second and third regions of the Greater Buenos Aires area, the number of illegal settlements has increased over the years, and the existing ones have grown larger in terms of the number of people living in them as well as in terms of the size and complexity of the constructions built to foster its inhabitants. These phenomena is particularly present in the third ring of the Great Buenos Aires area, where energy theft represents the main cause of the company's energy lost. Furthermore, such illegal connections to the electricity grid are performed in land over which Edenor has governmental permits to install high and medium voltage networks. The growth of such constructions on such land increases the risk of physical contact with such networks which may cause service interruption and even provoke accidents.

Edenor continuously reports to the community, the governmental authorities, and the ENRE about these situations and also files criminal proceedings in connection therewith. However, Edenor does not have the legal authority to remove such illegal constructions, and Edenor cannot assure that those construction will continue to grow and affect the electric system in general.

*If we are unable to control our energy losses, especially the theft of energy, 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. In the regions in which new settlements of vulnerable neighbourhoods continue to be made, which are added to the growth of the already existing ones, mainly in the third region of the Greater Buenos Aires area, energy theft represents one of the main factors in the increase in total losses of the Company. 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 17.6% in 2021, 19.6% in 2020 and 19.9% in 2019. 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, ADSs and our Senior Notes due 2022.

***Under the Concession Agreement, 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 an 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 2021, our fines and penalties remained below 20% of our gross energy sales. See "Item 4. Information on the Company-Business overview-Edenor 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. 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.

***The expiration of the management period could result in the sale of the Company's controlling interest.***

Our concession is currently set to expire on August 31, 2087, after 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. On February 25, 2021, through resolution 65, the ENRE established that the first management period will be considered fulfilled at the end of the term established for the renegotiation of an RTI, according to Decree No. 1,020 dated December 16, 2020.

Six months before the end of each management period, the regulatory authority shall call to Concurso Público Internacional on the Class "A" shares sale representing 51% of the share capital of Edenor, currently held by Empresa de Energía del Cono Sur S.A. ("Edelcos"). However, if Edelcos matches the highest bid or its bid represents the highest bid received, it will continue to hold the Class "A" shares, and no further disbursements will be necessary. On the contrary, if Edelcos's offer is not the highest, the Class "A" shares shall be awarded to the bidder who made the highest bid and the proceeds from the sale shall be payable by Grantor Government to Edelcos, net of any payments owed to the Argentine Government. The before mentioned price shall be delivered within the term of 30 days once the Grantor Control received it. The first management period commenced on September 1, 1992, and was extended by the regulatory authority through Resolution 467/2007.

***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***

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 "Item 10. Additional Information—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, 2021, 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, Class B common shares and our Senior Notes due 2022 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, 2021, we had approximately 5,877 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. As of December 31, 2021, 2020 and 2019, termination claims amounted to Ps.1,702.5 million, Ps.1,315.2 million and Ps.1,843.3 million, respectively.

***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 subject to anti-corruption, anti-bribery, anti-money laundering and antitrust laws and regulations in Argentina. Any violation thereunder could have a material adverse effect on our reputation and the results of our operation***

We are subject to national and international anti-corruption, anti-bribery, anti-money laundering and antitrust laws and regulations. Likewise, we are subject to certain restrictions and our relationship with certain non-cooperative countries. Edenor has internal processes and an Ethic and Compliance Code that are mandatory for all its personnel and suppliers. However, no assurance can be given that such policies and processes are sufficient to prevent or detect frauds, violation of the law or inappropriate behaviour from our employees, directors, officers, shareholders, agents and suppliers.

***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. Financial Information—Legal and Administrative Proceedings—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, 2021, our physical assets were insured for up to U.S.\$1,797 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–Business Overview–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.

***We currently are not able to effectively hedge our currency risk in full and, as a result, a devaluation of the Peso may have a material adverse effect on our results of operations and financial condition***

Our revenues are collected in Pesos pursuant to tariffs that are not indexed to the U.S. Dollar, while a significant portion of our existing financial indebtedness is denominated in U.S. Dollars, which exposes us to the risk of loss from devaluation of the Peso. We currently seek to hedge this risk in part by converting a portion of our excess cash denominated in Pesos into local U.S. dollar-denominated instruments such as local government bonds, but we continue to have substantial exposure to the U.S. Dollar. The Argentine Government does not allow companies, including us, to access the market to acquire U.S. Dollars to hedge our financial position. If we continue to be unable to effectively hedge all or a significant portion of our currency risk exposure, a devaluation of the Peso may significantly increase our debt service burden, which, in turn, may have a material adverse effect on our financial condition and results of operations, as well as our ability to repay our debts.

***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 the exclusivity of electricity distribution in our service area may be adversely affected by technological or other changes in the energy distribution industry, which could 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 make it possible for energy distribution to evolve from its current condition of natural monopoly to a competitive business. In no event does the total or partial revocation of our exclusive distribution rights entitle us to claim or obtain reimbursement or indemnification. Although, to our knowledge, there are no current projects to introduce new technologies in the medium or long term that could reasonably modify the composition of the electricity distribution business, we cannot assure you that future developments will not allow competition in our sector that would adversely affect the exclusivity right granted to us under 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 shares and our ADSs.

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

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

If the Argentine Government was 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 ANSES would hold the majority of the Class B shares. Certain strategic transactions require the approval of the holders of the Class A shares. Accordingly, the Argentine Government and ANSES could determine substantially all matters requiring the approval of a majority of our stockholders, including the election of a majority of our directors, and could direct our operations.

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

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

Pending obligations with the WEM for electrical energy purchases until 2019 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 "Item 3. Key Information-Risk Factors-Factors Relating to Argentina-Developments relating to the 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.

Section 87 of Law No. 27,591 of the General Budget of the National Administration for the Year 2021 established the "Special System for the Regularization of Payment Obligations" that the distributors maintain with CAMMESA, under the conditions established by the SE.

On February 22, 2022, by means of Executive Order No. 88/2022, the Executive Power extended until December 31, 2022 the "Special System for the Regularization of Payment Obligations".

Should no agreement be reached with the Argentine Government to cover our debt with CAMMESA (pursuant to such rules and regulations), no assurance can be given that we may have the ability to raise the necessary funds to pay all our commercial debt with CAMMESA, unless to the extent that a proper RTI is not completed during the 2022.

The Argentine Government could enforce our debt with CAMMESA and without any tariff relief, constrain the Company financially further compromising our ability to meet our obligations.

***We may not have the ability to collect the amounts corresponding to the discounts of the Social Rate, the ceilings of the Social Rate and the bonuses for neighbourhood clubs, that must be financed by the Province of Buenos Aires and the Autonomous City of Buenos Aires***

If we are not able to recover the revenue corresponding to the discounts applied pursuant to the Social Rate regime, the ceilings of the Social Rate and the bonuses for neighborhood clubs, and/or if there is a significant lag of time between when we incur the incremental costs and when we receive the amounts related to these concepts, we may suffer liquidity shortfalls, any of which, individually or in the aggregate, could have a material adverse effect on our business and results of operations.

***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***

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 reorganization proceeding. 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 reorganization proceeding. 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.

Our management, considering Central Bank Communication “A” 2422 and their related regulations, is working to propose a debt restructuring considering the requirements of Section 3.17 that requests to refinance at least 60% of the actual debt with a duration larger than two years, in order to access the MLC. The strategy involves to make the offer and exchange, in advance of the maturity of the Senior Notes due 2022. The offer will include an option to exchange the Senior Notes due 2022 with new notes with similar covenants and characteristics or a second option which will include a cash payment according to Central bank regulation limits and the difference with the new notes.

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

As of the date of this annual report, our Senior Notes due 2022 represent US\$ 98 million of our financial debt. Under the terms of our Senior Notes due 2022, in the event of a change of control, we must offer to repurchase any and all outstanding Notes at a purchase price equal to 100% of the aggregate principal amount of such Notes, plus accrued and unpaid interest thereon and additional amounts, if any, through the date of purchase. We may not have sufficient funds to make the required repurchases of our Senior Notes due 2022 in the event of a change of control. If we fail to make the change of control offer, that could constitute an event of default under the terms and conditions of issuance, which in turn could trigger cross-default provisions under the terms of issuance of other debt instruments from time to time outstanding, whereby the results of operations could be adversely affected and the market value of our ADSs and Class B common stock 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 Bolsas y Mercados Argentinos S.A. (“BYMA”) 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 BYMA 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 BYMA 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 BYMA, 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 have influenced and in the future 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 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 increased operating costs, litigation or decreases in revenue relating to changes in weather conditions and severe weather.

**Cybersecurity events, such as interruptions or failures in our information technology systems as well as cyber-attacks, 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 failure of any of our information technology systems or 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. It should be mentioned that 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".

**The Company's operations and business could be affected by the adoption of restrictions on the import of products or the technical conditions applicable thereto.**

In February 2011, the then Ministry of Industry issued Resolution No. 45/11 by means of which, among other issues, it resolved to extend the application of the non-automatic licensing system with respect to the import of products that the Ministry of Industry considers to be luxury or that compete unfairly with local production on the understanding that such national production was capable of satisfying domestic demand. On January 25, 2013 and by means of Decree No. 11/13, the Ministry of Economy repealed Resolution No. 45/11 putting an end to the mechanism that required importers to process an authorization certificate to enter certain products into the country. On January 8, 2020, the Secretariat of Industry, Knowledge Economy and External Trade Management of the Ministry of Productive Development issued Resolution (SIECGCE) No. 1/20, which (i) incorporated new tariff items that shall process non-automatic licenses ("LNA"), (ii) modified the forms for the import license application, (iii) decreased the tolerance in the FOB unit value of goods subject to the processing of LNA, (iv) decreased the term of validity of the LNA from 180 to 90 days as from its approval in the SIMI, (v) extended the scope of imports of goods to the territory of the Isla Grande de la Tierra del Fuego (except for products coming from the continental territory), and (vi) established the Undersecretariat of Trade Policy and Management of the Secretariat of Industry, Knowledge Economy and External Trade Management as the enforcement authority.

In addition, through Resolution of the Secretariat of Domestic Trade No. 247/2019 and successive extensions, it has been established that before December 31, 2021, electric meters must comply with certain characteristics that none of the suppliers based in Argentina had, which lead to increased imports and, therefore, subject to the restrictions on import that exist.

As of the date of this annual report, we cannot guarantee that in the future, measures similar to those adopted through the date of this annual report will not be adopted that may have an impact on the goods used by the Company as inputs, causing the Company an adverse effect on its economic, financial or other situation, its results of operations, business or its ability to comply with its obligations in general.

**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 re-established 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 under 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. Additionally, any payment of dividends may need to be approved by ENRE. 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. 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 Buenos Aires Stock Exchange ("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 wilfully 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 provide reasonable assurance of achieving the control objectives. 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 (a) of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or any eventual testing that may be required by our independent registered public accounting firm pursuant to Section 404 (b) of the Sarbanes-Oxley Act, 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.