

Amendments to IFRS 3 - Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business Combinations - Reference to Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements. The amendments promote consistency in financial reporting and avoid potential confusion from having more than one version of the Conceptual Framework in use.

The amendments are effective for periods beginning on or after January 1, 2022, and must be applied retrospectively. The amendments did not have a significant impact on our consolidated financial statements.

IFRS 9 Fees in the "10 per cent" test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, and has not had a significant effect on our consolidated financial statements.

IAS 41 Agriculture - Taxation in fair value measurements

The amendment deletes the requirement established in paragraph 22 of IAS 41 for entities to exclude the cash flows for taxation when measuring the fair value of the assets within the scope of application of IAS 41. This amendment had no impact on our consolidated financial statements.

IFRS Standards and Interpretations Issued but not yet effective

The following new and/or amended standards and interpretations have been issued but were not effective as of the date of issuance of our Audited Consolidated Financial Statements. In this sense, only the new and/or amended standards and interpretations that the Company expects to be applicable in the future are indicated. In general, the Company intends to adopt these standards, as applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, and must be applied retrospectively. We are currently assessing the impact the amendments will have on our financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on our financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

We are currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction-- Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

We will evaluate the impact of the amendments once effective and if there is any transaction to which the amendments apply.

Segment Reporting

As of December 31, 2022, we divided our business into three segments: electric power generation from conventional sources, electric power generation from renewable sources and natural gas transport and distribution. Management and operations of thermal plants are not included in these segments given that such information is not material for our business operations.

Results of Operations for the Years Ended December 31, 2022, 2021 and 2020

We discuss below: (i) our results of operations for the year ended December 31, 2022, as compared with our results of operations for the year ended December 31, 2021; and (ii) our results of operations for the year ended December 31, 2021, as compared with our results of operations for the year ended December 31, 2020.

	Year ended December 31,			Change December 31,	
	2022	2021	2020	2022/2021	2021/2020
	<i>(in thousands of Ps.)</i>			<i>(in percentages)</i>	
Revenues	101,392,706	111,186,661	112,047,140	(8.81%)	(0.77%)
Cost of sales	(53,322,891)	(57,585,906)	(49,441,324)	(7.40%)	16.47%
Gross income	48,069,815	53,600,755	62,605,816	(10.32%)	(14.38%)
Administrative and selling expenses	(7,467,141)	(8,087,079)	(8,740,168)	(7.67%)	(7.47%)
Other operating income	35,913,509	21,269,586	41,452,962	68.85%	(48.69%)
Other operating expenses	(602,151)	(1,573,218)	(1,343,937)	(61.72%)	17.06%
Impairment of property, plant and equipment and intangible assets	(14,023,567)	(15,125,724)	(11,808,900)	(7.29%)	28.09%
Operating income	61,890,465	50,084,320	82,165,773	23.57%	(39.04%)
(Loss) Gain on net monetary position	(30,463,105)	(3,221,836)	3,408,462	845.52%	(194.52%)
Finance income	25,538,201	3,784,144	15,171,037	574.87%	(75.06%)
Finance expenses	(43,453,085)	(34,702,805)	(65,558,937)	25.21%	(47.07%)
Share of the profit of associates	111,534	(1,099,611)	319,751	(110.14%)	(443.90%)
Gain from bargain purchase	12,174,169	-	-	100%	-
Income before income tax	25,798,179	14,844,212	35,506,086	73.79%	(58.19%)
Income tax for the year	(6,720,204)	(16,106,205)	(15,048,075)	(58.28%)	7.03%
Net (loss) income for the year	19,077,975	(1,261,993)	20,458,011	(1,611.73%)	(106.17%)

Revenues

	Year ended December 31,			Change December 31,	
	2022	2021	2020	2022/2021	2021/2020
	<i>(in thousands of Ps.)</i>			<i>(in percentages)</i>	
Revenues from Spot Sales ⁽¹⁾	40,171,129	46,392,088	51,377,058	(13.41%)	(9.70%)
Sales under contracts ⁽²⁾	53,858,399	58,662,360	54,088,034	(8.19%)	8.46%
Steam sales ⁽³⁾	4,997,935	3,342,579	3,130,683	46.83%	6.77%
Resale of gas transport and distribution capacity	702,759	599,953	1,160,926	17.14%	(48.32%)
Revenues from CVO thermal plant management	1,752,484	2,189,681	2,290,439	(19.97%)	(4.40%)
Total revenues from ordinary activities	101,392,706	111,186,661	112,047,140	(8.81%)	(0.77%)

- (1) Includes sales of energy and power to CAMMESA remunerated under Resolution No. 95/13, Resolution No.19/2017, Resolution SE No. 1/2019, Resolution No. 31/20, Resolution No. 440/21, Resolution No. 238/22 and Resolution No. 826/22, (see "Item 4.B. Business Overview-The Argentine Electric Power Sector-Remuneration Scheme").
- (2) Includes (i) term market sales under contracts and, (ii) energy sold under the Energia Plus, (iii) contracts under the MATER framework and (iv) RenovAr Program sales under contracts (for further information regarding term market sales under contract, see "Item 4.B. Business Overview-Our Customers").
- (3) Includes steam sold under steam sale contract with YPF from the Luján de Cuyo Plant and Terminal 6 Industrial S.A. from San Lorenzo cogeneration plant.

	Year ended December 31,			Change December 31,	
	2022	2021	2020	2022/2021	2021/2020
	<i>(in thousands of Ps.)</i>			<i>(in percentages)</i>	
Electric power generation from conventional sources	80,676,265	86,295,219	87,415,727	(6.51%)	(1.28%)
Electric power generation from renewable sources	18,261,198	22,101,809	21,180,050	(17.38%)	4.35%
Others ⁽¹⁾	2,455,243	2,789,633	3,451,363	(11.99%)	(19.17%)
Total revenues	101,392,706	111,186,661	112,047,140	(8.81%)	(0.77%)

- (1) Includes resale of gas transport and distribution capacity and management and operation of thermal plant CVO.

2022 Compared to 2021

Revenues in 2022 totaled Ps.101.39 billion, an 8.81% decrease from Ps.111.19 billion in 2021. This decrease was primarily attributable to:

- a 13.41% decrease in Spot Sales, which amounted Ps.40.17 billion during 2022, as compared to Ps.46.39 billion in 2021, mainly due to price adjustments behind inflation rates during 2022, partially offset by higher generation from Piedra del Aguila hydroelectric plant and the combined cycles located in the provinces of Mendoza and Buenos Aires.
- Spot Sales a 8.19% decrease in Sales under contracts, which amounted Ps.53.86 billion during 2022, as compared to Ps.58.66 billion in 2021, mainly due to the ending of Brigadier López PPA, lower generation from Luján de Cuyo cogeneration units and a decrease in the generation of La Genoveva I and CPR wind farms (Manque, Los Olivos and La Castellana II).
- a 19.97% decrease in revenues from CVO thermal plant management fees, which amounted to Ps.1.75 billion during 2022, as compared to Ps.2.19 billion in 2021.

The decrease in revenues in 2022 was partially offset by:

- a 46.83% increase in steam sales, which totaled Ps.4.91 billion in 2022, compared to Ps.3.34 billion in 2021, due to a 26.77% increase in the production of the thermal plant located in the Province of Mendoza and a 2,197.47% increase in the San Lorenzo facility.
- a 17.14% increase in resales of gas transport and distribution capacity, which totaled Ps.0.70 billion in 2022, compared to Ps.0.69 billion in 2021.

Revenues attributable to electric power generation from conventional sources in the year ended December 31, 2022, totaled Ps.80.7 billion, a 6.51% decrease from Ps.86.30 billion in the year ended December 31, 2021. This decrease is mainly attributable to the decrease in Spot Sales and CVO fees described above, which was partially offset by the abovementioned increase in steam sales and resales of gas transport and distribution capacity.

Revenues attributable to electric power generation from renewable sources in the year ended December 31, 2022, totaled Ps.18.26 billion, a 17.38% decrease from Ps.22.10 billion in the year ended December 31, 2021. This decrease is mainly attributable to lower generation from La Genoveva I and CPR wind farms (Manque, Los Olivos and La Castellana II).

2021 Compared to 2020

Revenues in 2021 totaled Ps.111.19 billion, a 0.77% decrease from Ps.112.05 billion in 2020. This decrease was primarily attributable to:

- a 9.70% decrease in Spot Sales, which amounted to Ps.46.39 billion during 2021, as compared to Ps.51.38 billion in 2020, mainly due to the decrease in energy generation from our Piedra del Águila hydroelectric plant.

The decrease in revenues in 2021 was partially offset by:

- a 8.46% increase in sales under contracts, which amounted to Ps.58.66 billion in 2021, compared to Ps.54.09 billion in 2020, due to the commencement of operations of San Lorenzo plant and full-year operation of La Genoveva I, Manque and Los Olivos wind farms.
- a 6.77% increase in steam sales, which totaled Ps.3.34 billion in 2021, compared to Ps.3.13 billion in 2020, due to a 12% increase in production, as a result of the good performance of our operations in the Province of Mendoza and the commencement of operations of San Lorenzo.

Revenues attributable to electric power generation from conventional sources in the year ended December 31, 2021, totaled Ps.86.30 billion, a 1.28% decrease from Ps.87.4 billion in the year ended December 31, 2020. This decrease is mainly attributable to the decrease in the Spot Sales described above, which was partially offset by the rise in sales under contracts due to the commencement of operations of San Lorenzo and the increase in steam sales also described above.

Revenues attributable to electric power generation from renewable sources in the year ended December 31, 2021, totaled Ps.22.10 billion, a 4.35% increase from Ps.21.18 billion in the year ended December 31, 2020. This increase is mainly attributable to the full-year operation of La Genoveva I, Manque and Los Olivos wind farms.

Cost of Sales

	Year ended December 31,			Change December 31,	
	2022	2021	2020	2022/2021	2021/2020
	(in thousands of Ps.)			(in percentages)	
Inventories at the beginning of the year	3,562,557	4,299,670	3,209,352	(17.14%)	33.97%
Purchases	15,725,055	12,028,007	10,733,127	30.74%	12.06%
Operating expenses:					
Compensation to employees	8,474,303	8,441,740	8,499,035	0.39%	(0.67%)
Other long-term employee benefits	344,514	400,917	306,943	(14.07%)	30.62%
Depreciation of property, plant and equipment	15,490,504	14,877,607	10,645,650	4.12%	39.75%
Amortization of intangible assets	3,960,776	5,987,461	6,863,399	(33.85%)	(12.76%)
Purchase of energy and power	304,640	375,906	421,733	(18.96%)	(10.87%)
Fees and compensation for services	3,046,284	2,729,366	2,761,308	11.61%	(1.16%)
Maintenance expenses	5,520,519	7,001,977	5,182,149	(21.94%)	36.66%
Consumption of materials and spare parts	2,441,676	2,244,091	1,505,874	8.80%	49.02%
Insurance	1,006,607	2,501,059	2,105,923	(27.77%)	18.76%
Levies and royalties	739,759	749,751	1,318,415	(1.33%)	(43.13%)
Taxes and assessments	126,970	173,569	151,569	(26.85%)	14.51%
Taxes on bank account transactions	10,600	17,882	19,248	4.02%	(7.10%)
Other	61,131	25,662	17,269	138.22%	48.60%
Transfers to property, plant and equipment	—	(786,202)	—	(100%)	100%
Inventories at the end of the year	(8,309,004)	(3,562,557)	(4,299,670)	133.23%	(17.14%)
Total cost of sales	53,322,891	57,585,906	49,441,324	(7.40%)	16.47%

	Year ended December 31,			Change December 31,	
	2022	2021	2020	2022/2021	2021/2020
	<i>(in thousands of Ps.)</i>			<i>(in percentages)</i>	
Electric power generation from conventional sources	44,936,903	49,060,790	41,752,822	(8.41%)	17.50%
Electric power generation from renewable sources	6,486,559	6,581,565	5,542,540	(1.44%)	18.75%
Others ⁽¹⁾	1,899,429	1,943,551	2,145,962	(2.27%)	(9.43%)
Total cost of sales	53,322,891	57,585,906	49,441,324	(7.40%)	16.47%

(1) Includes resale of gas transport and distribution capacity and management and operation of thermal plant CVO.

2022 Compared to 2021

Cost of sales during the year ended December 31, 2022, totaled Ps.53.32 billion, a 7.40% decrease from Ps.57.59 billion in 2021. This decrease was mainly the result of:

1. a 7.15% decrease in costs of production, mainly due to lower (i) maintenance expenses, (ii) purchases of energy and power, (iii) insurance and (iv) depreciation and amortization, partially offset by (i) fees and compensation for services and (ii) consumption of materials and spare parts.

Cost of sales attributable to electric power generation from conventional sources in the year ended December 31, 2022, totaled Ps.44.94 billion, a 8.41% decrease from Ps.49.06 billion in the year ended December 31, 2021. This decrease is mainly attributable to the decrease in maintenance expenses and purchases of energy and power, as described above.

Cost of sales attributable to electric power generation from renewable sources in the year ended December 31, 2022, totaled Ps.6.49 billion, a 1.44% decrease from Ps.6.58 billion in the year ended December 31, 2021.

2021 Compared to 2020

Cost of sales during the year ended December 31, 2021, totaled Ps.57.59 billion, a 16.47% increase from Ps. 49.44 billion in 2020. This increase was mainly the result of:

1. (i) a 12.06% increase in purchases of fuel and spare parts, which totaled Ps. 12.02 billion in 2021 and (ii) a 14.59% increase in costs of production, mainly due to (x) an increase in depreciations, (y) a rise in maintenance expenses and (z) to a lesser extent, an increase in consumption of materials and spare parts.

Cost of sales attributable to electric power generation from conventional sources in the year ended December 31, 2021, totaled Ps.49.06 billion, a 17.50% increase from Ps.41.75 billion in the year ended December 31, 2020. This increase is mainly attributable to the increase in purchases of fuel and spare parts and the increase in costs of production, as described above.

Cost of sales attributable to electric power generation from renewable sources in the year ended December 31, 2021, totaled Ps.6.58 billion, a 18.75% increase from Ps.5.54 billion in the year ended December 31, 2020. This increase was mainly attributable to the full-year operation of La Genoveva I, Manque and Los Olivos wind farms.

Gross Income

2022 Compared to 2021

Gross income during the year ended December 31, 2022, totaled Ps.48.07 billion, a 10.32% decrease from Ps.53.60 billion during the year ended December 31, 2021, due to the abovementioned reasons. Gross margin for the year ended December 31, 2022, was 47.41%, compared to a gross margin of 48.21% during the same period in 2021.

2021 Compared to 2020

Gross income during the year ended December 31, 2021, totaled Ps.53.60 billion, a 14.38% decrease from Ps.62.61 billion during the year ended December 31, 2020, due to the abovementioned reasons. Gross margin for the year ended December 31, 2021, was 48.21%, compared to a gross margin of 55.87% during the same period in 2020.

Administrative and Selling Expenses

	Year ended December 31,			Change December 31,	
	2022	2021	2020	2022/2021	2021/2020
	(in thousands of Ps.)			(in percentages)	
Electric power generation from conventional sources	6,764,320	7,035,993	7,513,849	(3.86%)	(6.36%)
Electric power generation from renewable sources	702,821	1,051,086	1,226,319	(33.13%)	(14.29%)
Total administrative and selling expenses	7,467,141	8,087,079	8,740,168	(7.67%)	(7.47%)

2022 Compared to 2021

Administrative and selling expenses during the year ended December 31, 2022, totaled Ps.7.47 billion, a 7.67% decrease from Ps.8.09 billion during the year ended December 31, 2021. This decrease was primarily the result of a reduction in taxes, maintenance expenses and fees and compensation for services during the year ended December 31, 2022.

2021 Compared to 2020

Administrative and selling expenses during the year ended December 31, 2021, totaled Ps.8.09 billion, a 7.47% decrease from Ps.8.74 billion during the year ended December 31, 2020. This decrease was primarily the result of a reduction in taxes on bank account transactions and other taxes, partially offset by fees and compensation for services during the year ended December 31, 2021.

Other Operating Income

	Year ended December 31,			Change December 31,	
	2022	2021	2020	2022/2021	2021/2020
	(in thousands of Ps.)			(in percentages)	
Electric power generation from conventional sources	34,097,252	20,407,331	40,168,359	67.08%	(49.20%)
Electric power generation from renewable sources	1,771,992	823,626	1,284,603	115.15%	(35.88%)
Others ⁽¹⁾	44,265	38,629		14.59%	100.00%
Total other operating income	35,913,509	21,269,586	41,452,962	68.85%	(48.69%)

(1) Includes management and operation of thermal plant CVO.

2022 Compared to 2021

Other operating income in the year ended December 31, 2022 totaled Ps.35.91 billion, a 65.85% increase from Ps.21.27 billion in the year ended December 31, 2021. This increase was primarily the result of an increase in foreign exchange rates mainly due to a 72.39% devaluation of the peso with respect to the U.S. dollar in 2022.

2021 Compared to 2020

Other operating income in the year ended December 31, 2021 totaled Ps.21.27 billion, a 48.69% decrease from Ps.41.45 billion in the year ended December 31, 2020. This decrease was primarily the result of a decrease in foreign exchange rates difference, net, mainly due to a 22.11% devaluation of the peso with respect to the U.S. dollar in 2021 while during 2020 the foreign exchange rate increased 40.49%, and a decrease in interest earned from customers.

Other Operating Expenses

	Year ended December 31,			Change December 31,	
	2022	2021	2020	2022/2021	2021/2020
	(in thousands of Ps.)			(in percentages)	
Electric power generation from conventional sources	594,178	1,593,813	948,453	(62.72%)	68.04%
Electric power generation from renewable sources	7,813	(20,595)	380,641	(137.94%)	(105.41%)
Others ⁽¹⁾	160	-	14,843	100.00%	(100.00%)
Total other operating expenses	602,151	1,573,218	1,343,937	(61.72%)	17.06%

(1) Includes management and operation of thermal plant CVO.

2022 Compared to 2021

Other operating expenses in the year ended December 31, 2022, totaled Ps.602.15 million, a 61.72% decrease from Ps.1,573.22 million in the year ended December 31, 2021. This decrease was primarily the result of a decrease of (i) Ps.109.91 million in the net charge related to the provision for lawsuits and claims, (ii) Ps.1.38 million in the charge related to the allowance for doubtful accounts and (iii) Ps.1.22 billion in trade and interest.

2021 Compared to 2020

Other operating expenses in the year ended December 31, 2021, totaled Ps.1.6 billion, a 17.06% increase from Ps.1.3 billion in the year ended December 31, 2020. This increase was primarily the result of an increase of Ps.85.29 million in the net charge related to the provision for lawsuits and claims, and an increase of Ps.119.28 million of trade and tax interests.

Impairment of property, plant and equipment and intangible assets

	Year ended December 31,			Change December 31,	
	2022	2021	2020	2022/2021	2021/2020
	(in thousands of Ps.)			(in percentages)	
Electric power generation from conventional sources	5,970,504	15,125,724	11,808,900	(60.53%)	28.09%
Electric power generation from renewable sources	8,053,063	-	-	100%	0.00%
Total impairment of property, plant and equipment and intangible assets	14,023,567	15,125,724	11,808,900	(7.29%)	28.09%

2022 Compared to 2021

In 2022, we recorded a Ps.14.02 billion impairment of property, plant and equipment and intangible assets charge, related to a reduction in the assessed value-in-use of the following assets that exceeded their previously recorded book value: San Lorenzo cogeneration unit and La Genoveva and Manque wind farms. The main factor that influenced this impairment was the evolution of macroeconomic variables that led to an increase in the interest rates. For further information, see "Item 5.A. Operating Results-Critical Accounting Policies-Impairment of property, plant and equipment and intangible assets".

In 2021, we recorded a Ps. 15.13 billion impairment of property, plant and equipment and intangible assets charge, related to a reduction in the assessed value-in-use of the following assets that exceeded their previously recorded book value: Thermal Station Brigadier López, Luján de Cuyo Combined Cycle Power Plant, Nuevo Puerto combined cycle power plant and San Lorenzo cogeneration unit. Some of the factors that influenced this reduction were the limited useful life of some of these assets, the current economic uncertainties, and the effects from the repeal of the spot market price update mechanism established by Resolution No. SE 440/21. For further information, see "Item 5.A. Operating Results-Critical Accounting Policies-Impairment of property, plant and equipment and intangible assets".

2021 Compared to 2020

In 2021, we recorded a Ps.15.13 billion impairment of property, plant and equipment and intangible assets charge, related to a reduction in the assessed value-in-use of the following assets that exceeded their previously recorded book value: Thermal Station Brigadier López, Luján de Cuyo Combined Cycle Power Plant, Nuevo Puerto combined cycle power plant and San Lorenzo cogeneration unit. Some of the factors that influenced this reduction were the limited useful life of some of these assets, the current economic uncertainties, and the effects from the repeal of the spot market price update mechanism established by Resolution No. 440/21. For further information, see "Item 5.A. Operating Results-Critical Accounting Policies-Impairment of property, plant and equipment and intangible assets".

In 2020, we recorded a Ps.11.81 billion impairment of property, plant and equipment and intangible assets charge, mainly related to a reduction in the assessed value-in-use of certain assets that exceeded their previously recorded book value, related to our Brigadier López plant and our Lujan de Cuyo Combined Cycle plant and also related to the assessed fair value less cost of sales of some of the gas turbines that the Company holds for potential new projects. Some of the factors that influenced this reduction were the limited useful life of these assets, the drop in the Company's stock price, the current economic uncertainties, the suspension of the spot market price update mechanism established by Resolution SE No.31/2020, and in the particular case of the Company's gas turbines, the uncertainty about the feasibility of new projects that would enable the use of the acquired turbines. For further information, see "Item 5.A. Operating Results-Critical Accounting Policies-Impairment of property, plant and equipment and intangible assets".

Operating Income

	Year ended December 31,			Change December 31,	
	2022	2021	2020	2022/2021	2021/2020
	<i>(in thousands of Ps.)</i>			<i>(In percentages)</i>	
Electric power generation from conventional sources	56,507,612	33,886,230	65,560,062	66.76%	(48.31%)
Electric power generation from renewable sources	4,782,934	15,313,379	15,315,153	(68.77%)	(0.01%)
Others ⁽¹⁾	599,919	884,711	1,290,558	(32.19%)	(31.45%)
Total operating income	61,890,465	50,084,320	82,165,773	23.57%	(39.04%)

(2021) Includes resale of gas transport and distribution capacity and management and operation of thermal plant CV0.

2022 Compared to 2021

For the reasons explained above, operating income in the year ended December 31, 2022, totaled Ps 61.89 billion, a 23.57% increase from Ps.50.08 billion in the year ended December 31, 2021. This is mainly explained by (i) an increase in steam sales and resale of gas transport and distribution capacity, offset by a decrease in CV0 management fees and Spot Sales, (ii) an increase and changes in currency exchange references and (iii) a decrease in the costs of sales, primarily driven by lower (x) maintenance expenses, (y) purchases of energy and power and a significant minor growth in (a) depreciation and (b) consumption of materials and spare parts.

2021 Compared to 2020

For the reasons explained above, operating income in the year ended December 31, 2021, totaled Ps.50.08 billion, a 39.04% decrease from Ps.82.17 billion in the year ended December 31, 2020. This is mainly explained by a decrease in CV0 and FONI receivables and minor currency exchange differences of those receivables and an increase in the costs of sales, primarily driven by an increase in purchases of fuel and spare parts and an increase in costs of production, mainly due to (i) an increase in depreciations (ii) a rise in maintenance expenses and, (iii) to a lesser extent, an increase in consumption of materials and spare parts.

(Loss) Gain on net monetary position

2022 Compared to 2021

Loss on net monetary position in the year ended December 31, 2022, totaled Ps.30.46 billion, a 845.52% increase from Ps.3.22 billion in the year ended December 31, 2021.

2021 Compared to 2020

Loss on net monetary position in the year ended December 31, 2021, totaled Ps.3.22 billion, a 194.52% decrease from a gain of Ps.3.41 billion in the year ended December 31, 2020.

Finance Income*2022 Compared to 2021*

Finance income in the year ended December 31, 2022, totaled Ps.25.54 billion, a 574.87% increase from Ps.3.78 billion in the year ended December 31, 2021. This increase was primarily the result of (i) a 628.98% increase in earned interest from Ps.75.70 million in 2021 to Ps.551.85 million in 2022, (ii) a 730.34% increase in net income on financial assets at fair value through profit or loss, which increased from Ps.2.71 billion in 2021 to Ps.22.47 billion in 2022 and (iii) a 151.19% increase in swap recovery, which increased from Ps.1.00 billion in 2021 to Ps. 2.52 billion in 2022.

2021 Compared to 2020

Finance income in the year ended December 31, 2021, totaled Ps.3.78 billion, a 75.06% decrease from Ps.15.17 billion in the year ended December 31, 2020. This decrease was primarily the result of a decrease in net income on financial assets at fair value through profit or loss.

Finance Expenses*2022 Compared to 2021*

Finance expenses in the year ended December 31, 2022 totaled Ps.43.45 billion, a 25.21% increase from Ps.34.70 billion in the year ended December 31, 2021. This increase was primarily the result of a higher foreign exchange difference, which increased from Ps.24.08 billion in 2021 to Ps.36.43 billion in 2022, mainly due to a higher depreciation of the Argentine peso.

2021 Compared to 2020

Finance expenses in the year ended December 31, 2021 totaled Ps.34.70 billion, a 47.07% decrease from Ps.65.56 billion in the year ended December 31, 2020. This decrease was primarily the result of a lower foreign exchange difference, which decreased from Ps.50.92 billion in 2020 to Ps.24.08 billion in 2021, mainly due to a lower U.S. dollar-denominated debt balance and a lower depreciation of the Argentine peso.

Share of the Profit of Associates*2022 Compared to 2021*

Share of the profit of associates in the year ended December 31, 2022, totaled a gain of Ps.0.11 billion during 2022 compared to a loss of Ps.1.10 billion in 2021, mainly due to the gains resulting from the operations of Ecogas in 2022.

2021 Compared to 2020

Share of the profit of associates in the year ended December 31, 2021, totaled a Ps.1.10 billion loss during 2021 compared to a gain of Ps.0.32 billion in 2020, mainly due to the loss resulting from the operations of Ecogas in 2021.

Gain from bargain purchase*2022 Compared to 2021*

In the year ended December 31, 2022, a bargain purchase for Ps.12.17 billion was recorded, resulting from the acquisitions of Forestal Argentina S.A. and Loma Alta Forestal S.A. See Note 2.2.20 to our Audited Consolidated Financial Statements for the year ended on December 31, 2022.

Income Tax*2022 Compared to 2021*

Income tax in the year ended December 31, 2022, totaled Ps.6.72 billion, a 58.28% decrease from Ps.16.11 billion in the year ended December 31, 2021. Our effective tax rate for the year ended December 31, 2022, and 2021 was 26.05% and 108.50%, respectively. This decrease was mainly due to the changes in tax rate of the corporate income tax that took place in 2021, business combination tax effects and effects related to the discount of income tax payable.

2021 Compared to 2020

Income tax in the year ended December 31, 2021, totaled Ps.16.11 billion, a 7.03% increase from Ps.15.05 billion in the year ended December 31, 2020. Our effective tax rate for the year ended December 31, 2021, and 2020 was 108.50% and 42.38%, respectively. This increase was mainly due to the changes in tax rate of the corporate income tax and the no recognition of the deferred tax assets related to a portion of tax loss carryforward for which there is no certainty about the existence of future taxable income against which it could be applied.