



**CONDENSED INTERIM FINANCIAL STATEMENTS**

**AS OF JUNE 30, 2019 AND FOR THE  
SIX AND THREE-MONTH PERIOD ENDED JUNE 30, 2019  
PRESENTED IN COMPARATIVE FORM**

*(Stated in thousands of constant pesos – Note 3)*

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

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**Report on review of Condensed Interim Financial Statements  
Supervisory Committee's Report**

### Glossary of Terms

The following definitions, which are not technical ones, will help readers understand some of the terms used in the text of the notes to the Company's Condensed Interim Financial Statements.

| <i>Terms</i> | <i>Definitions</i>   |
|--------------|--|
| BCRA         | Central Bank of Argentina  |
| CABA         | Ciudad Autónoma de Buenos Aires  |
| CAMMESA      | Compañía Administradora del Mercado Mayorista Eléctrico<br>(the company in charge of the regulation and operation of the wholesale electricity market) |
| CNV          | National Securities Commission   |
| EASA         | Electricidad Argentina S.A.  |
| edenor       | Empresa Distribuidora y Comercializadora Norte S.A.  |
| ENRE         | National Regulatory Authority for the Distribution of Electricity  |
| FACPCE       | Argentine Federation of Professional Councils in Economic Sciences   |
| FOTAE        | Trust for the Management of Electric Power Transmission Works  |
| GUDI         | Large Users of the Distribution Company  |
| ICBC         | Industrial and Commercial Bank of China  |
| IASB         | Accounting Standards Board   |
| IFRS         | International Financial Reporting Standards  |
| IPC          | Consumer Price Index   |
| MEM          | Wholesale Electricity Market   |
| OSV          | Orígenes Seguros de Vida S.A.  |
| PBA          | Province of Buenos Aires   |
| PEN          | Federal Executive Power  |
| PESA         | Pampa Energía S.A.   |
| REM          | Market Expectation Survey  |
| SACDE        | Sociedad Argentina de Construcción y Desarrollo Estratégico S.A.   |
| SACME        | S.A. Centro de Movimiento de Energía   |
| SEGBA        | Servicios Eléctricos del Gran Buenos Aires S.A.  |

**Legal Information**

**Corporate name:** Empresa Distribuidora y Comercializadora Norte S.A.

**Legal address:** 6363 Av. del Libertador Ave., City of Buenos Aires

**Main business:** Distribution and sale of electricity in the area and under the terms of the Concession Agreement by which this public service is regulated.

**Date of registration with the Public Registry of Commerce:**

- of the Articles of Incorporation: August 3, 1992
- of the last amendment to the By-laws: May 28, 2007

**Term of the Corporation:** August 3, 2087

**Registration number with the “Inspección General de Justicia” (the Argentine governmental regulatory agency of corporations):** 1,559,940

**Parent company:** PESA

**Legal address:** 1 Maipú Street, CABA

**Main business of the parent company:** Study, exploration and exploitation of hydrocarbon wells, development of mining activities, industrialization, transport and sale of hydrocarbons and their by-products, and the generation, transmission and distribution of electricity. Investment in undertakings and in companies of any nature on its own account or on behalf of third parties or associates of third parties in Argentina or abroad.

**Interest held by the parent company in capital stock and votes:** 51.79%

**CAPITAL STRUCTURE  
AS OF JUNE 30, 2019  
(amounts stated in pesos)**

| Class of shares   | Subscribed and<br>paid-in<br>(See Note 15) |
|---|--|
| Common, book-entry shares, face value 1<br>and 1 vote per share |  |
| Class A   | 462,292,111                                |
| Class B (1)   | 442,210,385                                |
| Class C (2)   | 1,952,604                                  |
|   | 906,455,100                                |

(1) Includes 31,380,871 and 23,111,131 treasury shares as of June 30, 2019 and December 31, 2018, respectively.

(2) Relates to the Employee Stock Ownership Program Class C shares that have not been transferred.

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**edenor**  
**Condensed Interim Statement of Financial Position**  
**as of June 30, 2019 presented in comparative form**  
(Stated in thousands of constant pesos – Note 3)

|   | <u>Note</u> | <u>06.30.19</u>          | <u>12.31.18</u>          |
|---|-------------|--------------------------|--------------------------|
| <b>ASSETS</b>   |             |                          |                          |
| <b>Non-current assets</b>                             |             |                          |                          |
| Property, plant and equipment                         | 8           | 79,048,277               | 76,487,949               |
| Interest in joint ventures                            |             | 10,212                   | 10,827                   |
| Right of uses asset                                   | 9           | 288,732                  | -                        |
| Other receivables                                     | 10          | 797,230                  | 980,347                  |
| <b>Total non-current assets</b>                       |             | <b><u>80,144,451</u></b> | <b><u>77,479,123</u></b> |
| <b>Current assets</b>                                 |             |                          |                          |
| Inventories   |             | 1,686,529                | 1,542,376                |
| Other receivables                                     | 10          | 590,592                  | 296,424                  |
| Trade receivables                                     | 11          | 11,433,368               | 9,289,873                |
| Financial assets at fair value through profit or loss | 12          | 2,154,344                | 4,140,031                |
| Financial assets at amortized cost                    | 13          | -                        | 1,479,898                |
| Cash and cash equivalents                             | 14          | 1,138,684                | 33,801                   |
| <b>Total current assets</b>                           |             | <b><u>17,003,517</u></b> | <b><u>16,782,403</u></b> |
| <b>TOTAL ASSETS</b>                                   |             | <b><u>97,147,968</u></b> | <b><u>94,261,526</u></b> |

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**edenor**  
**Condensed Interim Statement of Financial Position**  
**as of June 30, 2019 presented in comparative form (continued)**  
(Stated in thousands of constant pesos – Note 3)

|  | <u>Note</u> | <u>06.30.19</u>          | <u>12.31.18</u>          |
|--|-------------|--------------------------|--------------------------|
| <b>EQUITY</b>  |             |                          |                          |
| <b>Share capital and reserve attributable to the owners of the Company</b> |             |                          |                          |
| Share capital  | 15          | 875,074                  | 883,344                  |
| Adjustment to share capital  | 15          | 20,913,885               | 21,091,520               |
| Additional paid-in capital   | 15          | 294,592                  | 294,592                  |
| Treasury stock   | 15          | 31,381                   | 23,111                   |
| Adjustment to treasury stock   | 15          | 458,962                  | 281,327                  |
| Cost treasury stock  |             | (1,786,103)              | (1,308,512)              |
| Legal reserve  |             | 1,025,980                | 187,031                  |
| Opcional reserve   |             | 15,791,530               | 449,389                  |
| Other comprehensive loss   |             | (167,578)                | (167,578)                |
| Accumulated losses   |             | 10,828,087               | 16,181,090               |
| <b>TOTAL EQUITY</b>  |             | <b><u>48,265,810</u></b> | <b><u>37,915,314</u></b> |
| <b>LIABILITIES</b>   |             |                          |                          |
| <b>Non-current liabilities</b>   |             |                          |                          |
| Trade payables   | 19          | 300,127                  | 350,415                  |
| Other payables   | 20          | 3,294,415                | 9,334,241                |
| Borrowings   | 21          | 7,473,124                | 8,805,738                |
| Deferred revenue   |             | 272,764                  | 337,217                  |
| Salaries and social security payable                                       | 22          | 197,663                  | 199,239                  |
| Benefit plans  |             | 485,877                  | 471,476                  |
| Deferred tax liability   | 23          | 13,150,904               | 9,853,542                |
| Provisions   | 25          | 1,615,212                | 1,310,184                |
| <b>Total non-current liabilities</b>                                       |             | <b><u>26,790,086</u></b> | <b><u>30,662,052</u></b> |
| <b>Current liabilities</b>   |             |                          |                          |
| Trade payables   | 19          | 13,121,173               | 17,885,771               |
| Other payables   | 20          | 2,520,194                | 2,353,152                |
| Borrowings   | 21          | 1,205,371                | 1,319,125                |
| Derivative financial instruments   |             | 865                      | 1,267                    |
| Deferred revenue   |             | 5,346                    | 6,545                    |
| Salaries and social security payable                                       | 22          | 1,373,911                | 2,133,497                |
| Benefit plans  |             | 32,362                   | 39,628                   |
| Tax payable  | 23          | 2,824,397                | 755,793                  |
| Tax liabilities  | 24          | 785,324                  | 959,906                  |
| Provisions   | 25          | 223,129                  | 229,476                  |
| <b>Total current liabilities</b>   |             | <b><u>22,092,072</u></b> | <b><u>25,684,160</u></b> |
| <b>TOTAL LIABILITIES</b>   |             | <b><u>48,882,158</u></b> | <b><u>56,346,212</u></b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>  |             | <b><u>97,147,968</u></b> | <b><u>94,261,526</u></b> |

The accompanying notes are an integral part of the Condensed Interim Financial Statements.

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**edenor**  
**Condensed Interim Statement of Comprehensive Income**  
**for the six and three-month period ended June 30, 2019**  
**presented in comparative form**  
(Stated in thousands of constant pesos – Note 3)

|   | Note | Six months at      |                    | Three months at   |                    |
|---|------|--------------------|--------------------|-------------------|--------------------|
|   |      | 06.30.19           | 06.30.18           | 06.30.19          | 06.30.18           |
| Revenue   | 26   | 35,738,905         | 34,324,632         | 18,244,777        | 15,079,059         |
| Electric power purchases                                  |      | (21,708,824)       | (18,252,299)       | (10,224,620)      | (8,601,357)        |
| <b>Subtotal</b>   |      | <b>14,030,081</b>  | <b>16,072,333</b>  | <b>8,020,157</b>  | <b>6,477,702</b>   |
| Transmission and distribution expenses                    | 27   | (6,900,028)        | (6,204,337)        | (3,556,076)       | (3,044,501)        |
| <b>Gross gain</b>   |      | <b>7,130,053</b>   | <b>9,867,996</b>   | <b>4,464,081</b>  | <b>3,433,201</b>   |
| Selling expenses  | 27   | (3,177,718)        | (2,492,598)        | (1,538,674)       | (1,172,409)        |
| Administrative expenses                                   | 27   | (1,498,417)        | (1,537,277)        | (760,785)         | (763,968)          |
| Other operating expense, net                              | 28   | (809,797)          | (674,599)          | (508,475)         | (311,704)          |
| Gain from interest in joint ventures                      |      | 327                | -                  | 327               | -                  |
| <b>Operating profit</b>                                   |      | <b>1,644,448</b>   | <b>5,163,522</b>   | <b>1,656,474</b>  | <b>1,185,120</b>   |
| <b>Agreement on the Regularization of Obligations</b>     | 2.b  | <b>13,066,401</b>  | <b>-</b>           | <b>13,066,401</b> | <b>-</b>           |
| Financial income  | 29   | 411,844            | 337,762            | 215,000           | 177,253            |
| Financial expenses  | 29   | (3,157,203)        | (2,241,388)        | (1,366,802)       | (1,121,667)        |
| Other financial results                                   | 29   | (441,870)          | (2,010,196)        | 253,912           | (1,743,262)        |
| <b>Net financial expense</b>                              |      | <b>(3,187,229)</b> | <b>(3,913,822)</b> | <b>(897,890)</b>  | <b>(2,687,676)</b> |
| Gain on net monetary position                             |      | 5,826,578          | 3,889,030          | 2,206,697         | 2,036,949          |
| <b>Profit before taxes</b>                                |      | <b>17,350,198</b>  | <b>5,138,730</b>   | <b>16,031,682</b> | <b>534,393</b>     |
| Income tax  | 23   | (6,522,111)        | (1,871,416)        | (5,347,493)       | (385,218)          |
| <b>Profit for the year</b>                                |      | <b>10,828,087</b>  | <b>3,267,314</b>   | <b>10,684,189</b> | <b>149,175</b>     |
| <b>Comprehensive income for the year attributable to:</b> |      |                    |                    |                   |                    |
| Owners of the parent                                      |      | 10,828,087         | 3,267,314          | 10,684,189        | 149,175            |
| <b>Comprehensive profit for the year</b>                  |      | <b>10,828,087</b>  | <b>3,267,314</b>   | <b>10,684,189</b> | <b>149,175</b>     |
| <b>Basic and diluted earnings profit per share:</b>       |      |                    |                    |                   |                    |
| Basic and diluted earnings profit per share               | 30   | 12.33              | 3.64               | 12.12             | 0.17               |

The accompanying notes are an integral part of the Condensed Interim Financial Statements.

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**edenor**  
**Condensed Interim Statement of Changes in Equity**  
**for the six-month period ended June 30, 2019**  
**presented in comparative form**  
(Stated in thousands of constant pesos – Note 3)

|   | Share capital  | Adjustment to share capital | Treasury stock | Adjustment to treasury stock | Additional paid-in capital | Cost treasury stock | Legal reserve    | Opcional reserve  | Other reserve | Other comprehensive loss | Accumulated income (deficit) | Total equity      |
|---|----------------|-----------------------------|----------------|------------------------------|----------------------------|---------------------|------------------|-------------------|---------------|--------------------------|------------------------------|-------------------|
| <b>Balance at December 31, 2017</b>   | <b>898,661</b> | <b>21,289,400</b>           | <b>7,794</b>   | <b>83,447</b>                | <b>281,492</b>             | -                   | <b>187,031</b>   | <b>449,389</b>    | -             | <b>(162,746)</b>         | <b>10,993,383</b>            | <b>34,027,851</b> |
| Change of accounting standard - Adjustment by model of expected losses IFRS 9 | -              | -                           | -              | -                            | -                          | -                   | -                | -                 | -             | -                        | (73,681)                     | (73,681)          |
| <b>Balance at December 31, 2017 restated</b>                                  | <b>898,661</b> | <b>21,289,400</b>           | <b>7,794</b>   | <b>83,447</b>                | <b>281,492</b>             | -                   | <b>187,031</b>   | <b>449,389</b>    | -             | <b>(162,746)</b>         | <b>10,919,702</b>            | <b>33,964,170</b> |
| Other reserve constitution - Share-bases compensation plan                    | -              | -                           | -              | -                            | -                          | -                   | -                | -                 | 13,087        | -                        | -                            | 13,087            |
| Payment of Other reserve constitution - Share-bases compensation plan         | 272            | 366                         | (272)          | (366)                        | 13,100                     | -                   | -                | -                 | (13,087)      | -                        | -                            | 13                |
| Acquisition of own shares   | (12,918)       | (11,472)                    | 12,918         | 11,472                       | -                          | (1,133,082)         | -                | -                 | -             | -                        | -                            | (1,133,082)       |
| Profit for the six-month period   | -              | -                           | -              | -                            | -                          | -                   | -                | -                 | -             | -                        | 3,267,315                    | 3,267,315         |
| <b>Balance at Jun 30, 2018</b>  | <b>886,015</b> | <b>21,278,294</b>           | <b>20,440</b>  | <b>94,653</b>                | <b>294,592</b>             | <b>(1,133,082)</b>  | <b>187,031</b>   | <b>449,389</b>    | -             | <b>(162,746)</b>         | <b>14,187,017</b>            | <b>36,101,503</b> |
| Acquisition of own shares   | (2,671)        | (186,774)                   | 2,671          | 186,774                      | -                          | (175,430)           | -                | -                 | -             | -                        | -                            | (175,430)         |
| Other comprehensive results for the period                                    | -              | -                           | -              | -                            | -                          | -                   | -                | -                 | -             | (4,832)                  | -                            | (4,832)           |
| Profit for the six-month period   | -              | -                           | -              | -                            | -                          | -                   | -                | -                 | -             | -                        | 1,994,073                    | 1,994,073         |
| <b>Balance at December 31, 2018</b>   | <b>883,344</b> | <b>21,091,520</b>           | <b>23,111</b>  | <b>281,327</b>               | <b>294,592</b>             | <b>(1,308,512)</b>  | <b>187,031</b>   | <b>449,389</b>    | -             | <b>(167,578)</b>         | <b>16,181,090</b>            | <b>37,915,314</b> |
| Ordinary and Extraordinary Shareholders' Meeting held on 04.24 2019 (Note 32) | -              | -                           | -              | -                            | -                          | -                   | 838,949          | 15,342,141        | -             | -                        | (16,181,090)                 | -                 |
| Acquisition of own shares (Note 18)   | (8,270)        | (177,635)                   | 8,270          | 177,635                      | -                          | (477,591)           | -                | -                 | -             | -                        | -                            | (477,591)         |
| Other comprehensive results   | -              | -                           | -              | -                            | -                          | -                   | -                | -                 | -             | -                        | -                            | -                 |
| Profit for the six-month period   | -              | -                           | -              | -                            | -                          | -                   | -                | -                 | -             | -                        | 10,828,087                   | 10,828,087        |
| <b>Balance at June 30, 2018</b>   | <b>875,074</b> | <b>20,913,886</b>           | <b>31,381</b>  | <b>458,962</b>               | <b>294,592</b>             | <b>(1,786,103)</b>  | <b>1,025,980</b> | <b>16,791,530</b> | -             | <b>(167,578)</b>         | <b>10,828,087</b>            | <b>48,265,810</b> |

The accompanying notes are an integral part of the Condensed Interim Financial Statements.



**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**edenor**  
**Condensed Interim Statement of Cash Flows**  
**for the six-month period ended June 30, 2019**  
**presented in comparative form**  
(Stated in thousands of constant pesos – Note 3)

|  | Note   | 06.30.19         | 06.30.18         |
|--|--------|------------------|------------------|
| <b>Cash flows from operating activities</b>  |        |                  |                  |
| Profit for the year  |        | 10,828,087       | 3,267,314        |
| <b>Adjustments to reconcile net (loss) profit to net cash flows from operating activities:</b> |        |                  |                  |
| Depreciation of property, plants and equipments  | 8 & 27 | 1,874,930        | 1,477,452        |
| Depreciation of right of uses asset  | 9      | 45,956           | -                |
| Loss on disposals of property, plants and equipments   | 8 & 28 | 33,936           | 24,186           |
| Net accrued interest   | 29     | 2,744,459        | 1,902,560        |
| Exchange difference  | 29     | 705,430          | 2,386,544        |
| Income tax   | 23     | 6,522,111        | 1,871,416        |
| Allowance for the impairment of trade and other receivables, net                               | 27     | 406,228          | 542,906          |
| Adjustment to present value of receivables   | 29     | (8,604)          | 191              |
| Provision for contingencies  | 25     | 630,463          | 409,049          |
| Changes in fair value of financial assets  | 29     | (311,722)        | (439,329)        |
| Accrual of benefit plans   |        | 144,816          | 121,416          |
| Net gain from the repurchase of Corporate Bonds  | 29     | 1,850            | 848              |
| Gain from interest in joint ventures   |        | (327)            | -                |
| Income from non-reimbursable customer contributions  | 28     | (2,888)          | (3,308)          |
| Agreement on the Regularization of Obligations   | 2.b    | (13,066,401)     | -                |
| Gain on net monetary position  |        | (5,826,578)      | (3,889,030)      |
| <b>Changes in operating assets and liabilities:</b>  |        |                  |                  |
| Increase in trade receivables  |        | (3,878,269)      | (3,450,314)      |
| Increase in other receivables  |        | (258,912)        | (21,308)         |
| Increase in inventories  |        | (416,626)        | (372,090)        |
| Increase in deferred revenue   |        | -                | 126,218          |
| Increase in trade payables   |        | 6,215,614        | 4,162,851        |
| Decrease in salaries and social security payable   |        | (333,789)        | (407,551)        |
| Decrease in benefit plans  |        | -                | (74,994)         |
| Decrease in tax liabilities  |        | (1,279)          | (126,682)        |
| Increase in other payables   |        | 1,205,668        | 957,761          |
| Increase in provisions   | 25     | (49,705)         | (39,669)         |
| Payment of Tax payable   |        | (1,555,178)      | (553,145)        |
| <b>Net cash flows generated by operating activities</b>  |        | <b>5,649,270</b> | <b>7,873,292</b> |

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**edenor**  
**Condensed Interim Statement of Cash Flows**  
**for the six-month period ended June 30, 2019**  
**presented in comparative form (continued)**  
(Stated in thousands of constant pesos – Note 3)

|  | <b>Note</b> | <b>06.30.19</b>    | <b>06.30.18</b>    |
|--|-------------|--------------------|--------------------|
| <b>Cash flows from investing activities</b>  |             |                    |                    |
| Payment of property, plants and equipments   |             | (4,648,275)        | (3,539,536)        |
| Net collection of Financial assets   |             | 1,186,298          | (2,064,936)        |
| Redemption net of money market funds   |             | 649,276            | 166,609            |
| Mutuum charges granted to third parties  |             | (148,576)          | -                  |
| Mutuum payments granted to third parties   |             | 96,401             | -                  |
| Collection of receivables from sale of subsidiaries  |             | 6,215              | 10,576             |
| <b>Net cash flows used in investing activities</b>   |             | <b>(2,858,661)</b> | <b>(5,427,287)</b> |
| <b>Cash flows from financing activities</b>  |             |                    |                    |
| Payment of borrowings  |             | (588,264)          | -                  |
| Payment of financial lease liability   |             | (137,337)          | -                  |
| Payment of interests from borrowings   |             | (416,431)          | (317,930)          |
| Repurchase of corporate notes  |             | (103,138)          | (20,366)           |
| Acquisition of own shares  |             | (477,591)          | (1,180,820)        |
| <b>Net cash flows (used in) generated by financing activities</b>                                    |             | <b>(1,722,761)</b> | <b>(1,519,116)</b> |
| <b>Increase in cash and cash equivalents</b>   |             | <b>1,067,848</b>   | <b>926,889</b>     |
| Cash and cash equivalents at the beginning of year   | <b>14</b>   | 33,801             | 128,972            |
| Exchange differences in cash and cash equivalents  |             | 40,283             | 32,435             |
| Result from exposure to inflation  |             | (3,248)            | 71,912             |
| Increase in cash and cash equivalents  |             | 1,067,848          | 926,889            |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>14</b>   | <b>1,138,684</b>   | <b>1,160,208</b>   |
| <b>Supplemental cash flows information</b>   |             |                    |                    |
| <b>Non-cash activities</b>   |             |                    |                    |
| Agreement on the Regularization of Obligations   | <b>2.b</b>  | 13,066,401         | -                  |
| Adquisition of advances to suppliers, property, plant and equipment through increased trade payables |             | (650,024)          | (374,059)          |

The accompanying notes are an integral part of the Condensed Interim Financial Statements.

## **Nota 1 | General information**

### **History and development of the Company**

**edenor** was organized on July 21, 1992 by Executive Order No. 714/92 in connection with the privatization and concession process of the distribution and sale of electric power carried out by SEGBA.

By means of an International Public Bidding, the PEN awarded 51% of the Company's capital stock, represented by the Class "A" shares, to the bid made by EASA, the parent company of **edenor** at that time. The award as well as the transfer contract were approved on August 24, 1992 by Executive Order No. 1,507/92 of the PEN.

On September 1, 1992, EASA took over the operations of **edenor**.

The corporate purpose of **edenor** is to engage in the distribution and sale of electricity within the concession area. Furthermore, among other activities, the Company may subscribe or acquire shares of other electricity distribution companies, subject to the approval of the regulatory agency, assign the use of the network to provide electricity transmission or other voice, data and image transmission services, and render advisory, training, maintenance, consulting, and management services and know-how related to the distribution of electricity both in Argentina and abroad. These activities may be conducted directly by **edenor** or through subsidiaries or related companies. In addition, the Company may act as trustee of trusts created under Argentine laws.

## **Nota 2 | Regulatory framework**

At the date of issuance of these condensed interim financial statements, the changes with respect to the situation reported by the Company as of December 31, 2018 are the following:

### **a) Electricity rate situation**

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

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

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

This Resolution provides that the increases of the Stabilized Price of Energy relating to the May-October 2019 six-month period, which had been authorized by Resolution 366/2018 for Residential customers, are to be absorbed by the Federal Government, whereas the increases established for non-residential customers with supplies lower than 300 kW and those relating to customers with supplies higher than 300 kW, GUDI customers, were modified for the May-July and August-October 2019 three-month periods.

With regard to the supplies lower than 300 kW (non-residential customers), and those higher than 300 kW, GUDI Customers, the values of the Stabilized Price of Energy were increased for the May-July 2019 and August-October 2019 three-month periods.

Furthermore, according to the adjustment mechanism set forth in ENRE Resolution No. 63/2017, the CPD to be applied as from August 1, 2019, relating to the January-June 2019 period, amounted to 20.02%. At the date of issuance of these condensed interim financial statements, no resolution has been issued by the ENRE concerning the electricity rate schedule that includes the aforementioned adjustment.

#### **b) Change of Jurisdiction and Regularization of Obligations**

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

In the framework of such agreement, on May 9, 2019, the Federal Government, the CABA and the PBA entered into an agreement, the Agreement on the Implementation of the Transfer of Jurisdiction, pursuant to which the CABA and the PBA jointly assume, as from the date on which the agreement comes into effect with the relevant ratifications, the regulation and control and the capacity as grantor over the distribution service granted to **edenor** under a concession. Furthermore, it is established that the Concession Agreement will remain in full force and effect and the national regulations and provisions issued by both the Energy Secretariat and the ENRE will be regarded as the applicable regulatory framework until the effective date of the transfer; and that the pledge on the class A shares held by PESA, representing 51% of the Company's share capital, made as security for the strict compliance with the obligations resulting from the Concession Agreement, is assigned by the Federal Government to the CABA and the PBA.

The Company was notified of and consented to the agreement between the Federal Government and the new Grantors of the concession, and agreed both to indemnify them against any claims and to obtain the consent of the majority of its shareholders. This Agreement on the Implementation of the Transfer of Jurisdiction was ratified by the Provincial Executive Power and the City's Legislative Power in July 2019, by means of executive order 992/2019 and Law 6,180, respectively.

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

By virtue of this Agreement, the Company (i) waives any rights to which it may be entitled and abandons any actions against the Federal Government, including the complaint filed by **edenor** in 2013 for failure to comply with the obligations resulting from the Agreement on the Renegotiation of the Concession Agreement (the "Adjustment Agreement") entered into on February 13, 2006; (ii) undertakes to repay works-related debts and loans for consumption ("mutuums") originated in the transition period; (iii) agrees to pay users certain penalty and compensation amounts relating to that period; and (iv) agrees to make investments, in addition to those agreed upon in the RTI, aimed at contributing to improving the reliability and/or safety of the service.

In return, the Federal Government partially recognizes the claim duly made by the Company -referred to in caption (i) of the previous paragraph-, by fully offsetting pending obligations with the MEM for electric power purchases made during the transition period, partially cancelling the mutuums for investments granted by CAMMESA also during that period, and cancelling penalties payable to the National Treasury.

The implementation of this agreement implied, one time, the partial recognition of the claim made by the Company for an amount of \$ 6,906.4 million as compensation for the Federal Government's failure to comply with obligations for 10 years during the Transitional Tariff Period, as well as the adjustment of the liabilities recorded at the time of the agreement, replicating the conditions applied to all the sector's distributors, generating a profit of \$ 6,160.0 million. These effects are disclosed in the "Agreement on the Regularization of Obligations" line item of the Condensed Interim Statement of Comprehensive Income, and do not imply any inflow of funds whatsoever for the Company; on the contrary, the Company must comply in the next 5 years with the investment plan stipulated in the above-mentioned agreement, which will be aimed at contributing to improving the reliability and/or safety of the service as a whole, in addition to complying with the Investment Plan duly agreed upon in the tariff structure review (RTI) approved by Resolution 63/2017, which, together with the penalties payable to users, the payment of liabilities for mutuums and works, and the payment of the generated income tax amount, implies an actual disbursement of funds for a total approximate amount of \$ 7,600 million, in a 5-year term.

Additionally, it was agreed that the receivable amounts in favor of the Company for the consumption of shantytowns with community meters generated from July 2017 through December 31, 2018 -exclusively with regard to the percentage agreed upon by the Federal Government-, relating to the framework Agreement (Note 2.c.) for \$ 470.8 million, and the receivable amount resulting from applying the cap to the bills of users benefited from the Social Tariff for \$ 923.0 million, would be offset against both part of the debt the Company held with CAMMESA for loans received for the carrying out of works, and the debts the Company held with CAMMESA for the investments made in the Costanera - Puerto Nuevo - Malaver 220kV Interconnection works, carried out through the Trust for the Management of Electric Power Transmission Works (FOTAE), and for the carrying out of the Tecnópolis Substation's works.

In this framework, the Company Extraordinary Shareholders' Meeting dated June 10, 2019 not only ratified the actions taken by the Board of Directors in the negotiations and signing of the Agreement on the Implementation of the transfer of jurisdiction and the Agreement on the Regularization of obligations, but also approved the waiver of rights, actions and claims against the Federal Government originated in the Transitional Tariff Period, and the abandonment of the lawsuit filed in 2013 against the Federal Government.

Notwithstanding the above, the negative working capital of \$5,088.6 million as of June 30, 2019 is a reflection of the Company's still deteriorated economic and financial equation, mainly as a consequence of the constant increase in operating costs. The Company's Board of Directors believes that it has sufficient financing tools to meet any funding needs that might arise in the next 12 months.

### **c) Framework Agreement and Social Tariff**

Based on the terms of the Agreement on the Regularization of Obligations (Note 2.b), as of June 30, 2019, the Company recognized revenue from the sale of electricity under the Framework Agreement for \$ 470.8 million, relating to the Federal Government's participation in the Framework Agreement until December 31, 2018.

Additionally, and as a consequence of the transfer of jurisdiction of the public service of electricity distribution, provided for by Law 27,467, from the Federal Government to the Province of Buenos Aires and to the City of Buenos Aires (Note 2.c.), the Company will be required to undertake a review, with the new Grantors of the Concession, of the treatment to be given to the low-income areas and shantytowns' consumption of electricity as from January 1, 2019. In this framework, the Government of the Province of Buenos Aires enacted Law No. 15,078 on General Budget, which establishes that the Province of Buenos Aires will pay for the aforementioned consumption the same amount as that paid in 2018, and that any amount in excess of that shall be borne by the Municipalities in whose territories the particular shantytowns are located. Such consumption shall be previously approved by the regulatory agencies or local authorities having jurisdiction in each area.

With regard to the discounts under the system of caps applicable to customers benefited from the Social Tariff that the Federal Government owed to this Distributor, the Company recorded revenue for \$ 923.0 million, relating to the December 2017-December 2018 period, as a consequence of the implementation and subsequent cancellation thereof resulting from the Agreement on the Regularization of Obligations (Note 2.b).

### **Nota 3 | Basis of preparation**

These condensed interim financial statements for the six-month period ended June 30, 2019 have been prepared in accordance with the provisions of IAS 34 "Interim Financial Reporting", incorporated by the CNV.

This condensed interim financial information is measured in pesos (the legal currency in Argentina) restated in accordance with that mentioned under the following title, which is also the presentation currency, and must be read together with the audited Financial Statements as of December 31, 2018 prepared under IFRS.

The condensed interim financial statements for the six-month period ended June 30, 2019 have not been audited; they have been reviewed by the Independent Accountant in accordance with ISRE 2,410, whose scope is substantially less than that of an audit performed in accordance with IFRS. The Company's Management estimates that they include all the necessary adjustments to fairly present the results of operations for each period. The result of operations for the six-month period ended June 30, 2019 does not necessarily reflect the Company's results in proportion to the full fiscal year. They were approved for issue by the Company's Board of Directors on August 9, 2019.

#### **Restatement of financial information**

The financial statements are stated in terms of the measuring unit current at June 30, 2019, in accordance with IAS 29 "Financial reporting in hyperinflationary economies", using the indexes established by the FACPCE, based on the price indexes published by the INDEC, or an estimate thereof considering the REM when, at the time of preparing the information, they were not available.

Taking into consideration the indexes established by the CNV, the inflation rate in the period between January 1, 2019 and June 30, 2019 amounted to 22.43%.

#### **Comparative information**

The balances as of December 31, 2018 and for the six and three-month period ended June 30, 2018, disclosed in these condensed interim financial statements for comparative purposes, arise as a result of restating the financial statements as of those dates to the purchasing power of the currency at June 30, 2019, as a consequence of the restatement of the financial information described in the preceding paragraph.

#### **Nota 4 | Accounting policies**

The accounting policies adopted for these condensed interim financial statements are consistent with those used in the preparation of the financial statements for the last financial year, which ended on December 31, 2018.

There are no new IFRS or IFRIC applicable as from this period that have a material impact on the Company's condensed interim financial statements, except for that mentioned below:

##### Impacts of adoption of IFRS 16

The Company has elected to apply IFRS 16 retrospectively using the simplified approach, in relation to the lease contracts identified as such under IAS 17, recognizing the cumulative effect of the application as an adjustment to the opening balance of retained earnings as from January 1, 2019, without restating the comparative information.

Management has reviewed the lease contracts that are in full force and effect and has recognized a right-of-use asset relating to the lease liability amount (which is equivalent to the present value of the remaining lease payments). All the other identified lease commitments relate to contracts that either expire within 12 months from the adoption of this standard or refer to short-term leases, which continue to be recognized by the Company on a straight-line basis over the lease term.

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The Company maintained, at the adoption date, the carrying amount of the right-of-use assets and lease liabilities that were classified as finance leases under IAS 17.

Finally, no transition adjustments have been made for leases in which **edenor** acts as lessor.

Consequently, the Company has not recognized any adjustment to the opening balance of unappropriated retained earnings on account of the initial application of IFRS 16.

**Nota 5 | Financial risk management**

**Nota 5.1 | Financial risk factors**

The Company's activities and the market in which it operates expose the Company to a series of financial risks: market risk (including currency risk, cash flows interest rate risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

There have been no significant changes in risk management policies since the last fiscal year end.

**a. Market risks**

**i. Currency risk**

As of June 30, 2019 and December 31, 2018, the Company's balances in foreign currency are as follow:

|  | Currency | Amount in<br>foreign<br>currency | Exchange<br>rate (1) | Total<br>06.30.19 | Total<br>12.31.18 |
|--|----------|----------------------------------|----------------------|-------------------|-------------------|
| <b>ASSETS</b>  |          |                                  |                      |                   |                   |
| <b>NON-CURRENT ASSETS</b>                                |          |                                  |                      |                   |                   |
| Other receivables  | USD      | 18,030                           | 42.463               | 765,608           | 937,324           |
| <b>TOTAL NON-CURRENT ASSETS</b>                          |          | <b>18,030</b>                    |                      | <b>765,608</b>    | <b>937,324</b>    |
| <b>CURRENT ASSETS</b>                                    |          |                                  |                      |                   |                   |
| Other receivables  | USD      | 5,027                            | 42.463               | 213,462           | 183,141           |
| Financial assets at fair value through<br>profit or loss | USD      | 50,735                           | 42.463               | 2,154,360         | 4,022,790         |
| Cash and cash equivalents                                | USD      | 1,570                            | 42.463               | 66,667            | 11,478            |
|  | EUR      | 11                               | 48.323               | 532               | -                 |
| <b>TOTAL CURRENT ASSETS</b>                              |          | <b>57,343</b>                    |                      | <b>2,435,021</b>  | <b>4,217,409</b>  |
| <b>TOTAL ASSETS</b>                                      |          | <b>75,373</b>                    |                      | <b>3,200,629</b>  | <b>5,154,733</b>  |
| <b>LIABILITIES</b>                                       |          |                                  |                      |                   |                   |
| <b>NON-CURRENT LIABILITIES</b>                           |          |                                  |                      |                   |                   |
| Borrowings   | USD      | 175,991                          | 42.463               | 7,473,124         | 8,805,737         |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                     |          | <b>175,991</b>                   |                      | <b>7,473,124</b>  | <b>8,805,737</b>  |
| <b>CURRENT LIABILITIES</b>                               |          |                                  |                      |                   |                   |
| Trade payables   | USD      | 11,338                           | 42.463               | 481,420           | 808,600           |
|  | EUR      | 1,690                            | 48.323               | 81,666            | 4,914             |
|  | CHF      | 243                              | 43.546               | 10,582            | -                 |
|  | NOK      | 68                               | 5.010                | 341               | 362               |
| Borrowings   | USD      | 28,386                           | 42.463               | 1,205,371         | 1,319,126         |
| <b>TOTAL CURRENT LIABILITIES</b>                         |          | <b>41,725</b>                    |                      | <b>1,779,380</b>  | <b>2,133,002</b>  |
| <b>TOTAL LIABILITIES</b>                                 |          | <b>217,716</b>                   |                      | <b>9,252,504</b>  | <b>10,938,739</b> |

(1) The exchange rates used are the BNA exchange rates in effect as of June 30, 2019 for US Dollars (USD), Euros (EUR), Swiss Francs (CHF) and Norwegian Kroner (NOK).



ii. Fair value estimate

The Company classifies the measurements of financial instruments at fair value using a fair value hierarchy that reflects the relevance of the variables used to carry out such measurements. The fair value hierarchy has the following levels:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from the prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below shows the Company's financial assets measured at fair value as of June 30, 2019 and December 31, 2018:

|   | <u>LEVEL 1</u>   | <u>LEVEL 2</u> | <u>TOTAL</u>     |
|---|------------------|----------------|------------------|
| <b>At June 30, 2019</b>                                       |                  |                |                  |
| <b>Assets</b>   |                  |                |                  |
| <i>Financial assets at fair value through profit or loss:</i> |                  |                |                  |
| Money market funds  | 2,154,344        | -              | 2,154,344        |
| <i>Cash and cash equivalents:</i>                             |                  |                |                  |
| Money market funds  | 1,038,642        | -              | 1,038,642        |
| <b>Total assets</b>   | <b>3,192,986</b> | <b>-</b>       | <b>3,192,986</b> |
| <b>Liabilities</b>  |                  |                |                  |
| Derivative financial instruments                              | -                | 865            | 865              |
| <b>Total liabilities</b>                                      | <b>-</b>         | <b>865</b>     | <b>865</b>       |
| <b>At December 31, 2018</b>                                   |                  |                |                  |
| <b>Assets</b>   |                  |                |                  |
| <i>Financial assets at fair value through profit or loss:</i> |                  |                |                  |
| Government bonds  | 4,022,804        | -              | 4,022,804        |
| Money market funds  | 117,227          | -              | 117,227          |
| <b>Total assets</b>   | <b>4,140,031</b> | <b>-</b>       | <b>4,140,031</b> |
| <b>Liabilities</b>  |                  |                |                  |
| Derivative financial instruments                              | -                | 1,267          | 1,267            |
| <b>Total liabilities</b>                                      | <b>-</b>         | <b>1,267</b>   | <b>1,267</b>     |

iii. Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value or cash flows of an instrument due to changes in market interest rates. The Company's exposure to interest rate risk is mainly related to its long-term debt obligations.

Indebtedness at floating rates exposes the Company to interest rate risk on its cash flows. Indebtedness at fixed rates exposes the Company to interest rate risk on the fair value of its liabilities.

As of June 30, 2019 and December 31, 2018 -except for the financial loan granted by ICBC Bank in October 2017, in respect of which on April 12, 2018 the Company entered into a hedge transaction with Citibank London-, 100% of the loans were obtained at fixed interest rates.

The Company's policy is to keep the largest percentage of its indebtedness in instruments that accrue interest at fixed rates.

**Nota 6 | Critical accounting estimates and judgments**

The preparation of the condensed interim financial statements requires the Company's Management to make estimates and assessments concerning the future, exercise critical judgments and make assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities and revenues and expenses.

These estimates and judgments are evaluated and are based upon past experience and other factors under the existing circumstances. Future actual results may differ from the estimates and assessments made at the date of preparation of these condensed interim financial statements and the variations can be significant.

In the preparation of these condensed interim financial statements, there were no changes in either the critical judgments made by the Company when applying its accounting policies or the information sources of estimation uncertainty with respect to those applied in the Financial Statements for the year ended December 31, 2018.

**Nota 7 | Contingencies and lawsuits**

At the date of issuance of these condensed interim financial statements, there are no significant changes with respect to the situation reported by the Company in the Financial Statements as of December 31, 2018, except for the increase recorded in both interest rates and the United States dollar exchange rate, as a consequence of a combination of external factors and the local macroeconomic context.

**Nota 8 | Property, plant and equipment**

|                             | Lands and<br>buildings | Substations       | High, medium<br>and low<br>voltage lines | Meters and<br>Transformer<br>chambers and<br>platforms | Tools, Furniture,<br>vehicles,<br>equipment,<br>communications<br>and advances to<br>suppliers | Construction<br>in process | Supplies and<br>spare parts | Total             |
|-----------------------------|------------------------|-------------------|--|--|--|----------------------------|-----------------------------|-------------------|
| <b>At 12.31.18</b>          |                        |                   |  |  |  |                            |                             |                   |
| Cost                        | 1,774,519              | 16,857,844        | 46,598,451                               | 19,282,078   | 3,252,523  | 16,417,823                 | 239,112                     | 104,422,350       |
| Accumulated depreciation    | (298,483)              | (4,865,584)       | (14,902,553)                             | (6,318,896)  | (1,548,885)  | -                          | -                           | (27,934,401)      |
| <b>Net amount</b>           | <b>1,476,036</b>       | <b>11,992,260</b> | <b>31,695,898</b>                        | <b>12,963,182</b>                                      | <b>1,703,638</b>   | <b>16,417,823</b>          | <b>239,112</b>              | <b>76,487,949</b> |
| Additions                   | 4,803                  | 1,272             | 6,777                                    | 84,438   | 345,998  | 3,936,049                  | 89,857                      | 4,469,194         |
| Disposals                   | -                      | -                 | (1,666)                                  | (32,270)   | -  | -                          | -                           | (33,936)          |
| Transfers                   | 126,361                | 639,800           | 1,539,990                                | 887,098  | (425,656)  | (2,560,475)                | (207,118)                   | -                 |
| Depreciation for the period | (40,603)               | (302,935)         | (871,551)                                | (413,440)  | (246,401)  | -                          | -                           | (1,874,930)       |
| <b>Net amount 06.30.19</b>  | <b>1,566,597</b>       | <b>12,330,397</b> | <b>32,369,448</b>                        | <b>13,489,008</b>                                      | <b>1,377,579</b>   | <b>17,793,397</b>          | <b>121,851</b>              | <b>79,048,277</b> |
| <b>At 06.30.19</b>          |                        |                   |  |  |  |                            |                             |                   |
| Cost                        | 1,905,683              | 17,498,918        | 48,068,983                               | 20,207,503   | 3,172,865  | 17,793,397                 | 121,851                     | 108,769,200       |
| Accumulated depreciation    | (339,086)              | (5,168,521)       | (15,699,535)                             | (6,718,495)  | (1,795,286)  | -                          | -                           | (29,720,923)      |
| <b>Net amount</b>           | <b>1,566,597</b>       | <b>12,330,397</b> | <b>32,369,448</b>                        | <b>13,489,008</b>                                      | <b>1,377,579</b>   | <b>17,793,397</b>          | <b>121,851</b>              | <b>79,048,277</b> |

- During the period ended June 30, 2019, the Company capitalized as direct own costs \$ 527.9 million.

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|                             | Lands and<br>buildings | Substations       | High, medium<br>and low<br>voltage lines | Meters and<br>Transformer<br>chambers and<br>platforms | Tools, Furniture,<br>vehicles,<br>equipment,<br>communications<br>and advances to<br>suppliers | Construction<br>in process | Supplies and<br>spare parts | Total             |
|-----------------------------|------------------------|-------------------|--|--|--|----------------------------|-----------------------------|-------------------|
| <b>At 12.31.17</b>          |                        |                   |  |  |  |                            |                             |                   |
| Cost                        | 1,683,381              | 16,477,813        | 44,559,497                               | 18,405,135   | 3,065,688  | 10,716,051                 | 110,956                     | 95,018,521        |
| Accumulated depreciation    | (251,309)              | (4,368,753)       | (13,760,495)                             | (5,674,048)  | (1,116,086)  | -                          | -                           | (25,170,691)      |
| <b>Net amount</b>           | <b>1,432,072</b>       | <b>12,109,060</b> | <b>30,799,002</b>                        | <b>12,731,087</b>                                      | <b>1,949,602</b>   | <b>10,716,051</b>          | <b>110,956</b>              | <b>69,847,830</b> |
| Additions                   | -                      | -                 | -  | -  | 186,856  | 3,060,298                  | 38,041                      | 3,285,195         |
| Disposals                   | -                      | -                 | (17,235)                                 | (5,915)  | (1,036)  | -                          | -                           | (24,186)          |
| Transfers                   | 170,303                | 183,273           | 1,220,084                                | 211,395  | (108,360)  | (1,660,794)                | (15,901)                    | -                 |
| Depreciation for the period | (74,239)               | (193,152)         | (511,124)                                | (265,025)  | (433,912)  | -                          | -                           | (1,477,452)       |
| <b>Net amount 06.30.18</b>  | <b>1,528,136</b>       | <b>12,099,181</b> | <b>31,490,727</b>                        | <b>12,671,542</b>                                      | <b>1,593,150</b>   | <b>12,115,555</b>          | <b>133,096</b>              | <b>71,631,387</b> |
| <b>At 06.30.18</b>          |                        |                   |  |  |  |                            |                             |                   |
| Cost                        | 1,853,684              | 16,661,085        | 45,739,332                               | 18,608,494   | 3,141,043  | 12,115,555                 | 133,096                     | 98,252,289        |
| Accumulated depreciation    | (325,548)              | (4,561,904)       | (14,248,605)                             | (5,936,952)  | (1,547,893)  | -                          | -                           | (26,620,902)      |
| <b>Net amount</b>           | <b>1,528,136</b>       | <b>12,099,181</b> | <b>31,490,727</b>                        | <b>12,671,542</b>                                      | <b>1,593,150</b>   | <b>12,115,555</b>          | <b>133,096</b>              | <b>71,631,387</b> |

- During the period ended June 30, 2018, the Company capitalized as direct own costs \$ 289.7 million.

**Nota 9 | Right-of-use asset**

|  |                       |
|--|-----------------------|
|  | <u>30.06.19</u>       |
| Right of uses asset by leases              | 288,732               |
| <b>Total right of uses asset by leases</b> | <b><u>288,732</u></b> |

The development of right-of-use assets is as follows:

|                                      |                       |
|--------------------------------------|-----------------------|
|                                      | <u>30.06.19</u>       |
| <b>Balance at beginning of year</b>  | -                     |
| Incorporation by adoption of IFRS 16 | 305,862               |
| Gain on net monetary position        | 28,826                |
| Depreciation for the period          | <u>(45,956)</u>       |
| <b>Balance at end of the period</b>  | <b><u>288,732</u></b> |

**Nota 10 | Other receivables**

|   | <u>Note</u> | <u>06.30.19</u>       | <u>12.31.18</u>       |
|---|-------------|-----------------------|-----------------------|
| <b>Non-current:</b>                               |             |                       |                       |
| Financial credit                                  |             | 27,357                | 37,322                |
| Related parties                                   | 31.d        | 4,278                 | 5,707                 |
| Advances to suppliers                             |             | 765,595               | 937,318               |
| <b>Total Non-current</b>                          |             | <b><u>797,230</u></b> | <b><u>980,347</u></b> |
| <b>Current:</b>                                   |             |                       |                       |
| Prepaid expenses                                  |             | 20,955                | 6,503                 |
| Advances to suppliers                             |             | 87,556                | 99,707                |
| Advances to personnel                             |             | 797                   | 2,081                 |
| Security deposits                                 |             | 18,975                | 20,440                |
| Financial credit                                  |             | 90,614                | 71,530                |
| Receivables from electric activities              |             | 377,425               | 120,458               |
| Related parties                                   | 31.d        | 766                   | 2,383                 |
| Judicial deposits                                 |             | 36,965                | 37,319                |
| Credit with SBS Bank Company                      |             | 25,000                | 30,608                |
| Other   |             | 2,083                 | 30                    |
| Allowance for the impairment of other receivables |             | <u>(70,544)</u>       | <u>(94,635)</u>       |
| <b>Total Current</b>                              |             | <b><u>590,592</u></b> | <b><u>296,424</u></b> |

The carrying amount of the Company's other financial receivables approximates their fair value.

The other non-current receivables are measured at amortized cost, which does not differ significantly from their fair value.

The roll forward of the allowance for the impairment of other receivables is as follows:

|                                     | <u>06.30.19</u>      | <u>06.30.18</u>       |
|-------------------------------------|----------------------|-----------------------|
| Balance at beginning of year        | 94,635               | 48,813                |
| Increase                            | 9,774                | 79,357                |
| Result from exposure to inflation   | (17,070)             | 4,617                 |
| Recovery                            | (16,795)             | -                     |
| <b>Balance at end of the period</b> | <b><u>70,544</u></b> | <b><u>132,787</u></b> |

**Nota 11 | Trade receivables**

|  | <u>06.30.19</u>          | <u>12.31.18</u>         |
|--|--------------------------|-------------------------|
| <b>Current:</b>  |                          |                         |
| Sales of electricity - Billed                                  | 6,399,819                | 5,659,572               |
| Sales of electricity – Unbilled                                | 5,986,271                | 4,573,931               |
| Framework Agreement  | 10,003                   | 12,705                  |
| Fee payable for the expansion of the transportation and others | 23,707                   | 28,120                  |
| Receivables in litigation                                      | 132,693                  | 118,951                 |
| Allowance for the impairment of trade receivables              | (1,119,125)              | (1,103,406)             |
| <b>Total Current</b>   | <b><u>11,433,368</u></b> | <b><u>9,289,873</u></b> |

The carrying amount of the Company's trade receivables approximates their fair value.

The roll forward of the allowance for the impairment of trade receivables is as follows:

|   | <u>06.30.19</u>         | <u>06.30.18</u>         |
|---|-------------------------|-------------------------|
| Balance at beginning of the period  | 1,103,406               | 829,499                 |
| Change of accounting standard (Note 6) -<br>Adjustment by model of expected losses IFRS 9 | -                       | 100,443                 |
| Balance at beginning of the period restated   | <u>1,103,406</u>        | <u>929,942</u>          |
| Increase  | 413,249                 | 463,549                 |
| Decrease  | (195,380)               | (229,170)               |
| Result from exposure to inflation   | (202,150)               | (125,078)               |
| <b>Balance at end of the period</b>   | <b><u>1,119,125</u></b> | <b><u>1,039,243</u></b> |

**Nota 12 | Financial assets at fair value through profit or loss**

|                      | <u>06.30.19</u>         | <u>12.31.18</u>         |
|----------------------|-------------------------|-------------------------|
| <b>Current</b>       |                         |                         |
| Government bonds     | -                       | 4,022,803               |
| Money market funds   | 2,154,344               | 117,228                 |
| <b>Total current</b> | <u><b>2,154,344</b></u> | <u><b>4,140,031</b></u> |

**Nota 13 | Financial assets at amortized cost**

|                      | <u>06.30.19</u> | <u>12.31.18</u>         |
|----------------------|-----------------|-------------------------|
| <b>Current</b>       |                 |                         |
| Time deposits        | -               | 1,479,898               |
| <b>Total Current</b> | <u>-</u>        | <u><b>1,479,898</b></u> |

**Nota 14 | Cash and cash equivalents**

|  | <u>06.30.19</u>         | <u>12.31.18</u>      | <u>06.30.18</u>         |
|--|-------------------------|----------------------|-------------------------|
| Cash and banks                         | 100,042                 | 33,801               | 527,503                 |
| Money market funds                     | 1,038,642               | -                    | 632,705                 |
| <b>Total cash and cash equivalents</b> | <u><b>1,138,684</b></u> | <u><b>33,801</b></u> | <u><b>1,160,208</b></u> |

**Nota 15 | Share capital and additional paid-in capital**

|   | <u>Share capital</u>     | <u>Additional<br/>paid-in<br/>capital</u> | <u>Total</u>             |
|---|--------------------------|---|--------------------------|
| <b>Balance at December 31, 2017</b>                   | <u><b>22,279,302</b></u> | <u><b>281,492</b></u>                     | <u><b>22,560,794</b></u> |
| Acquisition of own shares                             | -                        | 13,100                                    | 13,100                   |
| <b>Balance at December 31, 2018 and June 30, 2019</b> | <u><b>22,279,302</b></u> | <u><b>294,592</b></u>                     | <u><b>22,573,894</b></u> |

As of June 30, 2019, the Company's share capital amounts to 906,455,100 shares, divided into 462,292,111 common, book-entry Class A shares with a par value of one peso each and the right to one vote per share; 442,210,385 common, book-entry Class B shares with a par value of one peso each and the right to one vote per share; and 1,952,604 common, book-entry Class C shares with a par value of one peso each and the right to one vote per share.

#### **Nota 16 | Allocation of profits**

The restrictions on the distribution of dividends by the Company are those provided for by the Business Organizations Law and the negative covenants established by the Corporate Notes program. As of June 30, 2019, the Company complies with the indebtedness ratio established in such program.

Additionally, in accordance with Title IV, Chapter III, section 3.11.c of the CNV, the amounts subject to distribution will be restricted to the amount equivalent to the acquisition cost of the Company's own shares.

#### **Nota 17 | The Company's Share-based Compensation Plan**

As indicated in the Financial Statements as of December 31, 2018, the Company has decided to use the available treasury shares for the implementation of share-based compensation plans for its senior management, based on the achievement of the strategic objectives set annually.

#### **Nota 18 | Acquisition of the Company's own shares**

The Company's Board of Directors, at its meeting of April 8, 2019, approved the acquisition of the Company's own shares in conformity with section 64 of Law 26,831 and the CNV's regulations, under the following main terms and conditions:

- Maximum amount to be invested: up to \$ 800,000,000;
- The treasury stock may not exceed, as a whole, the limit of 10% of share capital. At present, the Company's treasury stock amounts to 29,604,808 class B shares, equivalent to 3.2660% of share capital.
- Price to be paid for the shares: up to a maximum of USD 23 per ADR in the New York Stock Exchange, or the amount in pesos equivalent to USD 1.15 per share in Bolsas y Mercados Argentinos S.A., using as reference the closing exchange rate of the day prior to the transaction;
- The acquisitions will be made with realized and liquid profits;
- The shares may be acquired for a term of 120 calendar days to commence on April 9, 2019.

The Board of Directors, at its meeting of June 12, 2019, resolved to bring the duly established term for the acquisition of the Company's own shares to an early end.

As of June 30, 2019, the Company's treasury stock amounts to 31,380,871 Class B shares, 8,269,740 of which were acquired in this six-month interim period, for a total of \$ 477.6 million restated in constant currency.



**Nota 19 | Trade payables**

|  |      | <u>06.30.19</u>          | <u>12.31.18</u>          |
|--|------|--------------------------|--------------------------|
| <b>Non-current</b>                                     |      |                          |                          |
| Customer guarantees                                    |      | 170,169                  | 172,587                  |
| Customer contributions                                 |      | 129,958                  | 137,518                  |
| Funding contributions - substations                    | 2.b  | -                        | 40,310                   |
| <b>Total Non-current</b>                               |      | <b><u>300,127</u></b>    | <b><u>350,415</u></b>    |
| <b>Current</b>   |      |                          |                          |
| Payables for purchase of electricity - CAMMESA         |      | 4,397,520                | 4,995,524                |
| Provision for unbilled electricity purchases - CAMMESA | 2.b  | 5,079,686                | 9,584,381                |
| Suppliers  |      | 3,264,338                | 2,970,171                |
| Advance to customer                                    |      | 311,189                  | 240,557                  |
| Customer contributions                                 |      | 31,068                   | 18,717                   |
| Discounts to customers                                 |      | 37,372                   | 45,755                   |
| Funding contributions - substations                    | 2.b  | -                        | 21,076                   |
| Related parties  | 31.d | -                        | 9,590                    |
| <b>Total Current</b>                                   |      | <b><u>13,121,173</u></b> | <b><u>17,885,771</u></b> |

The fair values of non-current customer contributions as of June 30, 2019 and December 31, 2018 amount to \$ 38 million and \$ 131.9 million, respectively. The fair values are determined based on estimated discounted cash flows in accordance with a representative market rate for this type of transactions. The applicable fair value category is Level 3 category.

The carrying amount of the rest of the financial liabilities included in the Company's trade payables approximates their fair value.

**Nota 20 | Other payables**

|                                    | <u>Note</u> | <u>06.30.19</u>         | <u>12.31.18</u>         |
|------------------------------------|-------------|-------------------------|-------------------------|
| <b>Non-current</b>                 |             |                         |                         |
| Loans (mutuum) with CAMMESA        | 2.b         | -                       | 2,794,069               |
| ENRE penalties and discounts       | 2.b         | 3,126,093               | 6,240,749               |
| Liability with FOTAE               | 2.b         | -                       | 253,884                 |
| Payment agreements with ENRE       |             | 20,640                  | 45,539                  |
| Financial Lease Liability (1)      |             | 147,882                 | -                       |
| <b>Total Non-current</b>           |             | <b><u>3,294,415</u></b> | <b><u>9,334,241</u></b> |
| <b>Current</b>                     |             |                         |                         |
| ENRE penalties and discounts       |             | 2,358,056               | 2,247,313               |
| Related parties                    | 31.d        | 6,399                   | 9,269                   |
| Advances for works to be performed |             | 13,528                  | 16,621                  |
| Payment agreements with ENRE       |             | 56,063                  | 79,949                  |
| Financial Lease Liability (1)      |             | 86,148                  | -                       |
| <b>Total Current</b>               |             | <b><u>2,520,194</u></b> | <b><u>2,353,152</u></b> |

The carrying amount of the Company's other financial payables approximates their fair value.

(1) The development of the financial lease liability is as follows:

|   | <b>30.06.19</b> |
|---|-----------------|
| <b>Balance at beginning of year</b>                   | -               |
| Incorporation by adoption of IFRS 16                  | 305,862         |
| Payments  | (61,965)        |
| Exchange difference and gain on net monetary position | (10,067)        |
| <b>Balance at end of the period</b>                   | <b>233,830</b>  |

#### Nota 21 | Borrowings

|                               | <b>06.30.19</b>  | <b>12.31.18</b>  |
|-------------------------------|------------------|------------------|
| <b>Non-current</b>            |                  |                  |
| Corporate notes (1)           | 6,942,148        | 7,651,835        |
| Borrowing                     | 530,976          | 1,153,903        |
| <b>Total non-current</b>      | <b>7,473,124</b> | <b>8,805,738</b> |
| <b>Current</b>                |                  |                  |
| Interest from corporate notes | 122,110          | 134,695          |
| Borrowing                     | 1,083,261        | 1,184,430        |
| <b>Total current</b>          | <b>1,205,371</b> | <b>1,319,125</b> |

(1) Net of debt repurchase/redemption and issuance expenses.

The fair values of the Company's non-current borrowings as of June 30, 2019 and December 31, 2018 amount approximately to \$ 6,861.9 million and \$ 6,461.9 million, respectively. Such values were calculated on the basis of the estimated market price of the Company's Corporate Notes at the end of each period. The applicable fair value category is Level 1 category.

The carrying amount of the rest of the financial liabilities included in the Company's trade payables approximates their fair value.

#### Nota 22 | Salaries and social security taxes payable

|                                 | <b>06.30.19</b>  | <b>12.31.18</b>  |
|---------------------------------|------------------|------------------|
| <b>Non-current</b>              |                  |                  |
| Early retirements payable       | 12,622           | 18,222           |
| Seniority-based bonus           | 185,041          | 181,017          |
| <b>Total non-current</b>        | <b>197,663</b>   | <b>199,239</b>   |
| <b>Current</b>                  |                  |                  |
| Salaries payable and provisions | 1,152,696        | 1,935,913        |
| Social security payable         | 210,549          | 185,037          |
| Early retirements payable       | 10,666           | 12,547           |
| <b>Total current</b>            | <b>1,373,911</b> | <b>2,133,497</b> |

The carrying amount of the Company's salaries and social security taxes payable approximates their fair value.

**Nota 23 | Income tax / Deferred tax**

At the date of issuance of these condensed interim financial statements, there are no significant changes with respect to the situation reported by the Company as of December 31, 2018, except for the following:

|                          | <u>06.30.19</u>  | <u>12.31.18</u>  |
|--------------------------|------------------|------------------|
| <b>Current</b>           |                  |                  |
| Tax payable 2018         | -                | 1,364,340        |
| <b>Total Tax payable</b> | <u>-</u>         | <u>1,364,340</u> |
| Provision of tax payable | 3,136,375        | -                |
| Tax withholdings         | (311,978)        | (608,547)        |
| <b>Total current</b>     | <u>2,824,397</u> | <u>755,793</u>   |

The detail of deferred tax assets and liabilities is as follows:

|   | <u>06.30.19</u>     | <u>12.31.18</u>     |
|---|---------------------|---------------------|
| <i>Deferred tax assets</i>                            |                     |                     |
| Trade receivables and other receivables               | 303,761             | 544,938             |
| Trade payables and other payables                     | 899,269             | 2,393,215           |
| Salaries and social security payable                  | 66,126              | 60,528              |
| Benefit plans   | 131,179             | 129,756             |
| Tax liabilities                                       | 17,294              | 19,137              |
| Provisions  | 511,375             | 423,435             |
| <b>Deferred tax asset</b>                             | <u>1,929,004</u>    | <u>3,571,009</u>    |
| <i>Deferred tax liabilities</i>                       |                     |                     |
| Property, plants and equipments                       | (14,457,761)        | (13,158,972)        |
| Financial assets at fair value through profit or loss | -                   | (260,136)           |
| Borrowings  | (6,567)             | (5,443)             |
| Adjustment effect on tax inflation (2)                | (615,580)           | -                   |
| <b>Deferred tax liability</b>                         | <u>(15,079,908)</u> | <u>(13,424,551)</u> |
| <b>Net deferred tax assets</b>                        | <u>(13,150,904)</u> | <u>(9,853,542)</u>  |

The detail of the income tax expense is as follows:

|   | <u>06.30.19</u>    | <u>06.30.18</u>    |
|---|--------------------|--------------------|
| Deferred tax                                | (3,297,362)        | (871,408)          |
| Current tax                                 | (3,136,375)        | (1,023,956)        |
| Difference between provision and tax return | (88,374)           | 23,948             |
| <b>Income tax expense</b>                   | <u>(6,522,111)</u> | <u>(1,871,416)</u> |

**CONDENSED INTERIM  
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NOTES

|   | <b>06.30.19</b>    | <b>06.30.18</b>    |
|---|--------------------|--------------------|
| Profit for the year before taxes            | 17,350,198         | 5,138,730          |
| Applicable tax rate                         | 30%                | 30%                |
| <b>Loss for the year at the tax rate</b>    | <b>(5,205,059)</b> | <b>(1,541,619)</b> |
| Gain (Loss) from interest in joint ventures | 313                | 101                |
| Non-taxable income                          | (1,882,834)        | (1,753,435)        |
| Gain on net monetary position               | 1,547,413          | 1,168,901          |
| Adjustment effect on tax inflation (2)      | (971,968)          | -                  |
| Change in the income tax rate (1)           | -                  | 254,636            |
| Difference between provision and tax return | (12,230)           | -                  |
| Other                                       | 2,254              | -                  |
| <b>Income tax expense</b>                   | <b>(6,522,111)</b> | <b>(1,871,416)</b> |

(1) Refers to the change in the income tax rate in accordance with Law No. 27,430 enacted on December 29, 2017.

(2) Law No. 27,430 provides for the application of the tax inflation adjustment set forth in Title VI of the Income Tax Law for the first, second and third fiscal year as from its effective date (in 2018), if the IPC cumulative variation, calculated from the beginning to the end of each year, exceeds fifty-five percent (55%), thirty percent (30%) and fifteen percent (15%) for fiscal years 2018, 2019 and 2020, respectively.

Although as of December 31, 2018, the IPC cumulative variation did not exceed the 55% threshold for the application of the tax inflation adjustment in that first fiscal year, the Company, based on its assessment of the domestic context, the development of financial variables (including the inflation and the devaluation rates), and an average of inflation forecasts of the BCRA's Market Expectations Survey report of June 2019, estimates that as of the closing of this fiscal year, the IPC cumulative variation will exceed the 30% threshold fixed for the second transition year of the tax inflation adjustment, and, therefore, has applied the tax inflation adjustment in the calculation of the current and deferred income tax provision.

**Nota 24 | Tax liabilities**

|   | <b>06.30.19</b> | <b>12.31.18</b> |
|---|-----------------|-----------------|
| <b>Current</b>  |                 |                 |
| Provincial, municipal and federal contributions and taxes | -               | 159,704         |
| VAT payable   | 537,272         | 505,082         |
| Tax withholdings  | 110,670         | 155,634         |
| SUSS withholdings   | 5,805           | 9,103           |
| Municipal taxes   | 131,577         | 129,918         |
| Tax regularization plan                                   | -               | 465             |
| <b>Total Current</b>                                      | <b>785,324</b>  | <b>959,906</b>  |

**Nota 25 | Provisions**

|  | Non-current<br>liabilities | Current<br>liabilities |
|--|----------------------------|------------------------|
|  | Contingencies              |                        |
| <b>At 12.31.18</b>                             | <b>1,310,184</b>           | <b>229,476</b>         |
| Increases                                      | 614,391                    | 16,072                 |
| Decreases                                      | (69,328)                   | 19,623                 |
| Result from exposure to inflation for the year | (240,035)                  | (42,042)               |
| <b>At 06.30.19</b>                             | <b>1,615,212</b>           | <b>223,129</b>         |
| <br>   |                            |                        |
| <b>At 12.31.17</b>                             | <b>1,081,203</b>           | <b>233,667</b>         |
| Increases                                      | 333,295                    | 75,754                 |
| Decreases                                      | (6)                        | (39,663)               |
| Result from exposure to inflation for the year | (322,909)                  | (41,541)               |
| <b>At 06.30.18</b>                             | <b>1,091,583</b>           | <b>228,217</b>         |

**Nota 26 | Revenue from sales**

|                                 | 06.30.19          | 06.30.18          |
|---------------------------------|-------------------|-------------------|
| Sales of electricity            | 35,581,248        | 34,161,735        |
| Right of use on poles           | 122,970           | 116,318           |
| Connection charges              | 23,455            | 30,992            |
| Reconnection charges            | 11,232            | 15,587            |
| <b>Total Revenue from sales</b> | <b>35,738,905</b> | <b>34,324,632</b> |

**Nota 27 | Expenses by nature**

The detail of expenses by nature is as follows:

| <b>Expenses by nature at 06.30.19</b>                       |   |                             |                                    |                   |
|---|---|-----------------------------|------------------------------------|-------------------|
| <b>Description</b>  | <b>Transmission<br/>and distribution<br/>expenses</b> | <b>Selling<br/>expenses</b> | <b>Administrative<br/>expenses</b> | <b>Total</b>      |
| Salaries and social security taxes                          | 2,457,946   | 406,729                     | 544,719                            | 3,409,394         |
| Pension plans   | 104,403   | 17,276                      | 23,137                             | 144,816           |
| Communications expenses                                     | 42,363  | 148,393                     | 8,286                              | 199,042           |
| Allowance for the impairment of trade and other receivables | -   | 406,228                     | -                                  | 406,228           |
| Supplies consumption  | 672,917   | -                           | 58,471                             | 731,388           |
| Leases and insurance  | 271   | -                           | 86,056                             | 86,327            |
| Security service  | 129,919   | 24,412                      | 25,154                             | 179,485           |
| Fees and remuneration for services                          | 1,057,251   | 629,187                     | 484,125                            | 2,170,563         |
| Depreciation of intangible assets                           | 15,319  | 15,319                      | 15,319                             | 45,957            |
| Public relations and marketing                              | -   | -                           | 25,454                             | 25,454            |
| Advertising and sponsorship                                 | -   | -                           | 13,112                             | 13,112            |
| Reimbursements to personnel                                 | 38  | 83                          | 337                                | 458               |
| Depreciation of property, plants and equipments             | 1,474,830   | 219,776                     | 180,324                            | 1,874,930         |
| Directors and Supervisory Committee members' fees           | -   | -                           | 10,476                             | 10,476            |
| ENRE penalties  | 944,370   | 981,331                     | -                                  | 1,925,701         |
| Taxes and charges   | -   | 328,824                     | 21,333                             | 350,157           |
| Other   | 401   | 160                         | 2,114                              | 2,675             |
| <b>At 06.30.19</b>  | <b>6,900,028</b>                                      | <b>3,177,718</b>            | <b>1,498,417</b>                   | <b>11,576,163</b> |

The expenses included in the chart above are net of the Company's own expenses capitalized in Property, plant and equipment as of June 30, 2019 for \$ 579.9 million.

| <b>Expenses by nature at 06.30.18</b>                       |   |                             |                                    |                   |
|---|---|-----------------------------|------------------------------------|-------------------|
| <b>Description</b>  | <b>Transmission<br/>and distribution<br/>expenses</b> | <b>Selling<br/>expenses</b> | <b>Administrative<br/>expenses</b> | <b>Total</b>      |
| Salaries and social security taxes                          | 2,586,380   | 472,960                     | 542,850                            | 3,602,190         |
| Pension plans   | 87,177  | 15,942                      | 18,297                             | 121,416           |
| Communications expenses                                     | 39,274  | 162,703                     | 10,304                             | 212,281           |
| Allowance for the impairment of trade and other receivables | -   | 542,906                     | -                                  | 542,906           |
| Supplies consumption  | 302,509   | -                           | 48,201                             | 350,710           |
| Leases and insurance  | 342   | -                           | 109,090                            | 109,432           |
| Security service  | 44,785  | 220                         | 108,519                            | 153,524           |
| Fees and remuneration for services                          | 819,527   | 620,724                     | 511,834                            | 1,952,085         |
| Public relations and marketing                              | -   | -                           | 8,067                              | 8,067             |
| Advertising and sponsorship                                 | -   | -                           | 4,156                              | 4,156             |
| Reimbursements to personnel                                 | 40  | 44                          | 286                                | 370               |
| Depreciation of property, plants and equipments             | 1,177,779   | 164,252                     | 135,421                            | 1,477,452         |
| Directors and Supervisory Committee members' fees           | -   | -                           | 13,825                             | 13,825            |
| ENRE penalties  | 1,146,203   | 187,432                     | -                                  | 1,333,635         |
| Taxes and charges   | -   | 325,234                     | 22,892                             | 348,126           |
| Other   | 321   | 181                         | 3,535                              | 4,037             |
| <b>At 06.30.18</b>  | <b>6,204,337</b>                                      | <b>2,492,598</b>            | <b>1,537,277</b>                   | <b>10,234,212</b> |

The expenses included in the chart above are net of the Company's own expenses capitalized in Property, plant and equipment as of June 30, 2018 for \$ 289.7 million.

**Nota 28 | Other operating expense, net**

|   | <u>06.30.19</u>           | <u>06.30.18</u>         |
|---|---------------------------|-------------------------|
| <b>Other operating income</b>                       |                           |                         |
| Services provided to third parties                  | 76,217                    | 49,193                  |
| Commissions on municipal taxes collection           | 48,822                    | 44,628                  |
| Related parties                                     | 39,988                    | 47,769                  |
| Income from non-reimbursable customer contributions | 2,888                     | 3,308                   |
| Fines to suppliers                                  | 16,375                    | 13,444                  |
| Others  | 65,294                    | 46,265                  |
| <b>Total other operating income</b>                 | <b><u>249,584</u></b>     | <b><u>204,607</u></b>   |
| <b>Other operating expense</b>                      |                           |                         |
| Gratifications for services                         | (35,002)                  | (39,443)                |
| Cost for services provided to third parties         | (38,395)                  | (16,740)                |
| Severance paid                                      | (8,599)                   | (7,105)                 |
| Debit and Credit Tax                                | (311,551)                 | (374,298)               |
| Provision for contingencies                         | (630,463)                 | (409,049)               |
| Disposals of property, plant and equipment          | (33,936)                  | (24,186)                |
| Other   | (1,435)                   | (8,385)                 |
| <b>Total other operating expense</b>                | <b><u>(1,059,381)</u></b> | <b><u>(879,206)</u></b> |
| <b>Other operating expense, net</b>                 | <b><u>(809,797)</u></b>   | <b><u>(674,599)</u></b> |

**Nota 29 | Net financial expense**

|   | <u>06.30.19</u>           | <u>06.30.18</u>           |
|---|---------------------------|---------------------------|
| <u>Financial income</u>                         |                           |                           |
| Commercial interest                             | 178,584                   | 164,010                   |
| Financial interest                              | 233,260                   | 173,752                   |
| <b>Total financial income</b>                   | <b><u>411,844</u></b>     | <b><u>337,762</u></b>     |
| <u>Financial expenses</u>                       |                           |                           |
| Interest and other                              | (1,054,998)               | (661,359)                 |
| Fiscal interest                                 | (2,563)                   | (32,488)                  |
| Commercial interest                             | (2,098,742)               | (1,546,475)               |
| Bank fees and expenses                          | (900)                     | (1,066)                   |
| <b>Total financial expenses</b>                 | <b><u>(3,157,203)</u></b> | <b><u>(2,241,388)</u></b> |
| <u>Other financial results</u>                  |                           |                           |
| Exchange differences                            | (705,430)                 | (2,386,544)               |
| Adjustment to present value of receivables      | 8,604                     | (191)                     |
| Changes in fair value of financial assets       | 311,722                   | 439,329                   |
| Net gain from the repurchase of Corporate Notes | (1,850)                   | (848)                     |
| Other financial expense                         | (54,916)                  | (61,942)                  |
| <b>Total other financial expense</b>            | <b><u>(441,870)</u></b>   | <b><u>(2,010,196)</u></b> |
| <b>Total net financial expense</b>              | <b><u>(3,187,229)</u></b> | <b><u>(3,913,822)</u></b> |

**Nota 30 | Basic and diluted earnings per share**

***Basic***

The basic earnings per share is calculated by dividing the profit attributable to the holders of the Company's equity instruments by the weighted average number of common shares outstanding as of June 30, 2019 and 2018, excluding common shares purchased by the Company and held as treasury shares.

The basic earnings per share coincides with the diluted earnings per share, inasmuch as the Company has issued neither preferred shares nor Corporate Notes convertible into common shares.

|  | <u>06.30.19</u>     | <u>06.30.18</u>    |
|--|---------------------|--------------------|
| Profit (Loss) for the year attributable to the owners of the Company | 10,828,087          | 3,267,314          |
| Weighted average number of common shares outstanding                 | 878,404             | 898,009            |
| <b>Basic and diluted profit (loss) earnings per share – in pesos</b> | <b><u>12.33</u></b> | <b><u>3.64</u></b> |

The basic and diluted earnings per share contains the effects described in Note 2.b.

**Nota 31 | Related-party transactions**

- The following transactions were carried out with related parties:

| <b>a. Income</b>          |   |                        |                         |
|---------------------------|---|------------------------|-------------------------|
| <i>Company</i>            | <i>Concept</i>  | <u>06.30.19</u>        | <u>06.30.18</u>         |
| PESA                      | Impact study  | 671                    | -                       |
|                           | Electrical assembly service                                       | -                      | 42                      |
|                           | Computer services assistance                                      | -                      | 3,541                   |
|                           | Thermal power plant Pilar   | -                      | 12,763                  |
| SACDE                     | Reimbursement expenses  | 39,317                 | 31,423                  |
|                           |   | <b><u>39,988</u></b>   | <b><u>47,769</u></b>    |
| <b>b. Expense</b>         |   |                        |                         |
| <i>Company</i>            | <i>Concept</i>  | <u>06.30.19</u>        | <u>06.30.18</u>         |
| PESA                      | Technical advisory services on financial matters                  | (55,531)               | (45,087)                |
| SACME                     | Operation and oversight of the electric power transmission system | (35,764)               | (48,701)                |
| OSV                       | Hiring life insurance for staff                                   | (3,451)                | (7,245)                 |
| ABELOVICH, POLANO & ASOC. | Legal fees  | (676)                  | (1,409)                 |
|                           |   | <b><u>(95,422)</u></b> | <b><u>(102,442)</u></b> |



c. Key Management personnel's remuneration

|          | <b>06.30.19</b> | <b>06.30.18</b> |
|----------|-----------------|-----------------|
| Salaries | 123,839         | 175,936         |
|          | <b>123,839</b>  | <b>175,936</b>  |

- The balances with related parties are as follow:

d. Receivables and payables

|  | <b>06.30.19</b> | <b>12.31.18</b> |
|--|-----------------|-----------------|
| <u>Other receivables - Non current</u> |                 |                 |
| SACME                                  | 4,278           | 5,707           |
|  | <b>4,278</b>    | <b>5,707</b>    |
| <u>Other receivables - Current</u>     |                 |                 |
| SACME                                  | 766             | 938             |
| PESA                                   | -               | 1,445           |
|  | <b>766</b>      | <b>2,383</b>    |
| <u>Trade payables</u>                  |                 |                 |
| PESA                                   | -               | (9,590)         |
|  | <b>-</b>        | <b>(9,590)</b>  |
| <u>Other payables</u>                  |                 |                 |
| SACME                                  | (6,399)         | (9,269)         |
|  | <b>(6,399)</b>  | <b>(9,269)</b>  |

**Nota 32 | Ordinary and Extraordinary Shareholders' Meeting**

The Company Ordinary and Extraordinary Shareholders' Meeting held on April 24, 2019 resolved, among other issues, the following (1):

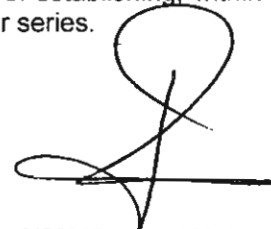
- To approve **edenor's** Annual Report and Financial Statements of as of December 31, 2018;
- To allocate the profit for the year (\$ 4,297.5 million) and the increase recorded in unappropriated retained earnings (\$ 8,919.1 million) due to the application of the inflation adjustment with retrospective effect, relating to the fiscal year ended December 31, 2018 to the:
  - Statutory reserve: \$ 686.2 million;
  - Discretionary reserve: \$ 12,530.4 million under the terms of section 70, 3rd paragraph, of Business Organizations Law No. 19,550.
- To approve the actions taken by the Directors and Supervisory Committee members, together with their respective remunerations;
- To appoint the authorities and the external auditors for the current fiscal year;

(1) The above-mentioned amounts are stated in nominal currency as of December 31, 2018.

**Nota 33 | Events after the reporting period**

The Company Ordinary Shareholders' Meeting held on August 8, 2019 approved the creation of the Global Program for the issuance of Corporate Notes for a term of five years and a maximum amount outstanding of USD 750 million, or its equivalent in other currencies.

Additionally, the Board of Directors was entrusted with the task of establishing, within the fixed maximum amount, the remaining conditions of issue of each class and/or series.

A handwritten signature in black ink, consisting of several loops and a horizontal line at the bottom.

**GUSTAVO MARIANI**  
Vice Chairman



Free translation from the original in Spanish for publication in Argentina

## REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS' REVIEW

To the Shareholders, President and Directors  
Empresa Distribuidora y Comercializadora Norte  
Sociedad Anónima (Edenor S.A.)  
Legal address: Avenida del Libertador 6363  
Autonomous City of Buenos Aires  
Tax Code No. 30-65511620-2

### Introduction

We have reviewed the condensed interim financial statements of Empresa Distribuidora y Comercializadora Norte Sociedad Anónima (Edenor S.A.) (hereinafter "Edenor S.A." or "the Company") including the condensed interim statement of financial position as of June 30, 2019, the related condensed interim statement of comprehensive income for the three and six months period ended June 30, 2019, the related condensed interim statements of changes in equity and cash flows for the six months period then ended and the complementary selected notes.

The balances and other information related to fiscal year 2018 and its interim periods, are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

### Board of Directors' responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of these financial statements, under International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), as the applicable accounting framework and incorporated by the National Securities Commission (CNV) to its standards, as they were approved by the International Accounting Standards Board (IASB), and, therefore, it is responsible for the preparation and presentation of the condensed interim financial statements mentioned in the first paragraph in accordance with IAS 34 "Interim financial information".

### Auditors' responsibility

Our review was limited to the application of the procedures established in International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", which was adopted as review standard in Argentina through Technical Pronouncement No. 33 of the FACPCE as was approved by International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists in making inquiries of Company staff responsible for the preparation of the information included in the

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condensed interim financial statements and the application of analytical procedures and other review procedures. This review is substantially less in scope than an audit in accordance of International Standards on Auditing, consequently, this review does not allow us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express any opinion on the financial position, comprehensive income and cash flows of the Company.

### **Opinion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements mentioned in the first paragraph of this report are not prepared, in all material respects, in accordance with IAS 34.

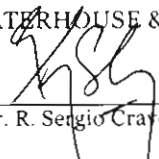
### **Reports on compliance with regulations in force**

In accordance with current regulations, we report that, in connection with Empresa Distribuidora y Comercializadora Norte Sociedad Anónima (Edenor S.A.):

- a) the condensed interim financial statements of Empresa Distribuidora y Comercializadora Norte Sociedad Anónima (Edenor S.A.) are pending of transcription into the "Inventory and Balance Sheet" book, and, except as mentioned above, comply, in what is a matter of our competence, with the provisions of the General Law of Societies and in the relevant resolutions of the National Securities Commission;
- b) the condensed interim financial statements of Empresa Distribuidora y Comercializadora Norte Sociedad Anónima (Edenor S.A.) arise from accounting records kept in all formal respects in conformity with legal provisions, which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;
- c) we have read the summary of activity, and additional information to the notes of condensed interim financial statements required by article 12 °, Chapter III, Title IV of the regulations of the National Securities Commission on which, as regards those matters that are within our competence, we have no observations to make;
- d) at June 30, 2019 the liabilities of Empresa Distribuidora y Comercializadora Norte Sociedad Anónima (Edenor S.A.) accrued in favor of the Argentine Integrated Social Security System, according to the Company's accounting records, amounted to ARSS 171,306,708, none of which was claimable at that date.

Autonomous City of Buenos Aires, August 9<sup>th</sup>, 2019

PRICE WATERHOUSE & CO. S.R.L.

By  (Partner)  
Dr. R. Sergio Crayero