Company Registration No. 8095058 (England and Wales)

ANDINA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

ANDINA PLC

COMPANY INFORMATION

Directors	Mr Jorge Rosenblut	
	Mr Luis Alvarez Poli	(Resigned 29 January 2021)
	Mr Neil Bleasdale	
	Mr Julian Collins	(Appointed 12 June 2020)
	Mr Marcelo Comba	
	Mr Carlos Bastos	(Resigned 29 January 2021)
	Mrs Valeria Inés de Oliveira Cézar	(Appointed 29 January 2021)
	Mrs Maria Fernanda Martinez	(Appointed 29 January 2021)
	Mr Ricardo Nicolás Mallo Huergo	(Appointed 27 October 2021)
	Mrs Cecilia Aversa	(Appointed 27 October 2021)
Secretary	Pedro Iván Mazer	(Appointed 27 October 2021)
Company number	8095058	
Registered office	1-3 Charter Square Sheffield United Kingdom S1 4HS	
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London United Kingdom WC2N 6RH	
Solicitors	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London United Kingdom EC4N 6AF	
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ANDINA PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their Strategic Report on the Group for the year ended 31 December 2020.

Highlights
Andina Plc ("Andina" or the "Company" and with its subsidiaries the "Group") is a Latin American energy group.

Key financial results incorporating the results of the Group for the year ended 31 December 2020 are set out below:

- Revenue US$189.3 million (2019: US$246.3 million)
- Operating loss US$9 million (2019: US$2.7 million)

Business review
The Group's principal activity is electricity generation and distribution in the regulated public sector in Argentina. Its principal assets are a 51% indirect controlling interest in Empresa Distribuidora de Electricidad de Mendoza S. A. ("EDEMSA"), the main electricity distribution company in the province of Mendoza, and a 47% indirect controlling interest in Hidroeléctrica Ameghino S. A. ("HASA"), a 60MW hydroelectric power plant in the province of Chubut. This indirect controlling interest in HASA has been reduced from 47% to 23.6% post 31 December 2020 in February 2021 (refer to Note 32 for more details).

Revenue for the Group for the year decreased from US$246.3 million in 2019 to US$189.3 million in 2020. Revenue from operating activities decreased by 23% due to the reduction in the volume of electricity distribution and the devaluation of the Argentine peso ("AR$") against the US dollar ("US$") (see note 1.21 for details of changes in exchange rates). The distribution business represents 98% of the Group's revenue and the electricity generating business represents the remaining 2%.

The Group's total assets have decreased from US$329.1 million at the end of 2019 to US$327.4 million at the end of 2020 due to the devaluation of the Argentine peso ("AR$") against the US dollar ("US$") (see note 1.21 for details of changes in exchange rates).

Total current liabilities increased from US$183.3 million at the end of 2019 to US$208.3 million at the end of 2020. At the year-end, the Group had cash resources of US$10.2 million compared to US$7.9 million at the end of 2019.

Borrowings, excluding leases, have decreased from US$16.7 million at the end of 2019 to US$5.8 million at the end of 2020 mainly a result of an agreement being signed in November 2020 whereby certain outstanding debts of Andina and Andes Electricidad S.A. were converted, including interest, into equity shares of the Company equivalent to US$ 10.7 million (See note 19 to more details). Current borrowings, excluding leases, decreased from US$7.9 million at the end of 2019 to US$2.9 million at the end of 2020 and non-current borrowings, excluding leases, decreased from US$8.9 million at the end of 2019 to US$2.9 million at the end of 2020.

Operating and financial review
Due to the continuous significant devaluation of the AR$, the financial review has been prepared in both AR$ and US$ to facilitate a better understanding of the underlying business performance.

EDEMSA

Financial review
In 2020 EDEMSA reported a post-tax loss of US$20.9 million (AR$1,748.1 million - loss) compared with US$20.4 million loss in 2019 (AR$1,658.4 million - loss).

Sales for the year have shown a decline of 20.7% in real terms mainly because the Distribution Value Added (VAD) was frozen for the whole year. Inflation continued to erode EDEMSA's margins. Even though EDEMSA managed to keep its operating cost increases in AR$ below inflation, gross margin in real terms has declined from US$30.4 million in 2019 (AR$2,471 million) to US$24.6 million in 2020 (AR$2,054 million) and operating loss has decreased from US$5.5 million in 2019 (AR$331 million - loss) to US$9 million in 2020 (AR$790 million - loss).This situation put pressure on its working capital position forcing delays of certain payments to its main electricity provider CAMMESA.

Financial income results are mainly due to the restatement of the financial statements in terms of the current unit of measure at the date of the balance sheet. Financial costs mainly result from interest on the outstanding debt with CAMMESA.

Tariff update
The VAD is the amount of Income Required annually for the distributor to carry out the technical and commercial operation in its concession area, through efficient management and to ensure the long-term financial sustainability of the distributor.

The 5th tariff review commenced on 8 February 2017 by the Ente Provincial Regulador Electrico ("EPRE") covering a period from 1 August 2018 to 31 July 2023. Following a public hearing on 3 July 2018 new tariffs were enforced on 1 August 2018. The new tariff tables were the same as those previously in force and did not reflect the significant cost increases of the electricity providers. Consequently, EDEMSA appealed this new tariff and is currently awaiting the resolution of this appeal.

On 19 October 2018, EDEMSA submitted a request to EPRE for a review of the VAD portion of the existing tariff. The EPRE called for a public hearing in order to consider EDEMSA's request. Following the public hearing, a new tariff scheme was enforced from 4 July 2019 reflecting the favorable results of the public hearing.

On 8 January 2020 and on 28 July 2020, EDEMSA submitted 2 requests to EPRE for a recurring six-monthly review of the electricity distribution companies' VAD according to the procedures established under the previously published Decree 48/17. Following a public hearing on 26 February 2020 and another on 11 December 2020, Decree 08/21 was published instructing EPRE to put into effect a new tariff scheme effective as of 6 January 2021.

On 29 January 2021, EDEMSA submitted a request to EPRE for a recurring six-monthly review of the electricity distribution companies' VAD according to the procedures established under the previously published Decree 48/17. Following a public hearing on 30 June 2021, Decree 1430/21 was published instructing EPRE to put into effect the adjustment VAD procedure scheme effective as of 20 September 2021.

On 29 July 2021, EDEMSA submitted a request to EPRE for a recurring semi-annual review under Decree 48/17. Following a public hearing on 18 November 2021, Decree 25/22 was published instructing EPRE to put into effect a new tariff scheme effective as of 13 January 2022.

On 27 January 2022, EDEMSA submitted a request to EPRE for a recurring semi-annual review under Decree 48/17, on 15 March 2022, EPRE Resolution No. 61/21 calling for a public hearing for 13 April 2022 was notified, which was held as planned.

In the inflationary context in which the Argentinian companies are operating, to the extent that the biannual tariff rate adjustment is granted according to current regulations, EDEMSA's economic and financial situation will significantly improve, as well as the value of the business. This will have a highly positive impact on the Group's financial situation.

Settlement of CAMMESA's historic debt
During 2018, EDEMSA and CAMMESA agreed a payment plan for CAMMESA's historic debt incurred prior to January 2016, which included a reduction in late charges, a grace period from 1 February 2016 to April 2018, a financing term of 90 months from April 2018 until September 2025 and a fixed annual interest rate of 10%. At 31 December 2020 EDEMSA owed CAMMESA US$ 22.1 million (AR$ 1.9 billion) under this payment plan. The agreement is being fulfilled and there were no unpaid instalments at the reporting date. No formal additional payment request has been received as of the date of this report considering the overdue current debt with CAMMESA mentioned below.

Settlement of CAMMESA's historic debt under Article 15
Notwithstanding the payment plan for CAMMESA's historic debt, noted above, on 21 December 2016, Law 27.341 was published (2017 National Budget). Article 15 of this law established the compensation terms for the historic debt which Argentine electricity distributors have with CAMMESA in relation to the purchase of energy between 2013 and 2016 (a time during which electricity tariffs were frozen). Under this law, a company should be able to net off the differences in income received by the distributors compared with the income to with they were entitle to if the concession contract had been applied (the Foregone Income) with regard to the amount payable to CAMMESA. On the basis that EDEMSA's Foregone Income would be higher than the liability owed to CAMMESA, the application of the law should result in a full discharge of the outstanding liability.

Although EDEMSA has agreed a payment plan with CAMMESA in respect of the 2013-2016 period, EDEMSA has not relinquished its right to claim the Article 15 credit. Subsequently, the company has filed a claim with the National Secretary of Energy to request the application of Article 15. No response has been received regarding this claim as of the date of issuance of these financial statements.

Settlement of CAMMESA's current debt
As at 31 December 2020 EDEMSA owed CAMMESA US$126.4 million (AR$ 10.6 billion) for energy purchases, of which US$116 million (AR$ 9.7 billion) is due immediately. EDEMSA is currently in the process of negotiating a payment plan with CAMMESA to ensure it is reflective of the tough economic landscape in which EDEMSA operates.

Settlement of CAMMESA's current debt **(Continued)**
While the negotiations are ongoing, the outstanding debt continues to be payable on demand. After a formal payment request made by CAMMESA on January 2020, EDEMSA and CAMMESA agreed the suspension of procedural deadlines while negotiations are ongoing under Law 27591, Article 87.

On 14 December 2020, Law 27591 was published (2021 National Budget) Article 87 of this law instructs the National Secretary of Energy to regularize the debts and credits with distributors. The measures contemplate different alternatives, that include the negotiation of a payment plan for up to 60 months with a 6-month grace period and a 50% reduction in the interest rate. Likewise, the Ministry of Energy is empowered to dictate the applicable regulations and determine, apply and recognize in the fiscal year 2021 the credit recognized by Article 15 of the law 27,341 (the Foregone Income). These measures were regulated by the Ministry of Energy in accordance with Resolution 40/2021 dated 21 January 2021. EDEMSA has presented the information requested.

Although to date the parties have not yet finalized the agreements under Article 87, Law 27591, EDEMSA is negotiating with the intention of signing them. To this end, EDEMSA has paid CAMMESA in full for all invoices relating to the purchase of energy since March 2021. If EDEMSA were able to finalize the agreements with CAMMESA, it would allow EDEMSA to regularize the situation with its main supplier and stabilize its economic and financial situation, thereby improving the financial position of the Group and benefiting the going concern status making the Group to continue operating as a going concern. For further information around the implications of the status of these negotiations, please refer to the Going Concern disclosure in the Directors' Report and Note 1 to the financial statements.

Operating review
During 2020, ongoing focus on productivity and process efficiency continued. Despite the hyperinflationary environment, the tariff freeze and the Covid-19 pandemic that caused lower energy demand as well as delays on collections, the company has maintained its operations through strict cost control and operational efficiency.

In 2020, EDEMSA continued to migrate from printed billing to electronic invoicing and incorporated new payment channels and virtual customer management through its website.

During 2020, EDEMSA's electricity demand decreased by 6.5% compared to 2019 and the annual level of energy losses including technical and commercial losses reached 16.49%.

The historic trend in energy losses suffered by EDEMSA is as follows:

- December 2017: 12.66%.
- December 2018: 14.09%.
- December 2019: 14.75%.

The increase in energy losses was primarily due to a decrease in the demand from large industries (which historically have lower energy losses) due to the pandemic restrictions.

HASA
Financial review
The company recorded a loss after tax for the year of US$ 0.5 million (AR$ 38.8 million) compared to the 2019 profit after tax of US$ 1.9 million (AR$235.7 million). Sales in real terms decreased amounting to US$ 3.6 million in 2020 (AR$ 297.3 million) compared to US$ 6.3 million in 2019 (AR$ 507.3 million). The power generated in 2020 was 110 GWh, a 11.47% increase compared to the 99 GWh generated in 2019. The decrease in total revenue was mainly because as of February 1, 2020, the National Secretary of Energy passed Resolution 31/2020 with a new payment scheme for power generation companies resulting in a change in the tariff payment currency from US$ to AR$.

On May 19, 2021, the Ministry of Energy of the Nation approved Resolution 440-2021 with a new remuneration scheme for energy generating companies to replace resolution 031-2020 (valid during 2020). The main modifications are:
-An increase in the price of base energy, generated energy, and operated energy by 29%.
-It annulled the price update that was established in Resolution 031/20.
Resolution 440/2021 in article 4, gives companies the choice to adhere to the Resolution. On 10 June2021, the Company decided to approve their adoption of resolution 440/21.

Operating review
Water supply during the year was 1,306.1 hm^3 compared to 973.1 hm^3 in 2019. The total energy produced during the year was sold in the spot market. Collections on billings to CAMMESA remained constant at 50 days, the same level as 2019.

Water level
The reservoir water level is an indication of the amount of power that can be generated. The water level at the end of 2020 was 152.83 meters compared to 153.58 meters at the end of 2019.

ANDINA GROUP

Key performance indicators
The Directors use a range of performance indicators to monitor progress in the delivery of the Group's strategic objectives, to assess actual performance against targets and to aid management of the business. They consider the following relevant key performance indicators in assessing performance

Revenue
Sales provide a measure of the Group's activity that is influenced by the demand for electricity, the amount of electricity generated and energy prices. Revenue decreased from US$246.3 million (AR$19,545 million) in 2019 to US$189.3 million (AR$15,824 million) in 2020.

Gross margin
This represents the margin generated by the core business and excludes all non-operating costs, such as financing and tax expenses as well as any one-off items. Gross margin in US$ increased to 13.6% in 2020 from 13.5% in 2019.

Covid-19
During 2020, the Company's and the Group's operations were impacted by the Covid-19 pandemic. Operations and investment plans slowed down, customer collections were delayed, and costs increased.

Although the future of the pandemic remains unknown, at the date of this report, the situation is stabilized, and management do not expects significant further impact.

Future developments
The immediate focus of management is on securing tariff reviews that will ensure the long-term sustainability of the business and continued investments in infrastructure.

Management is working with the regulatory authorities in order to implement Article 87 of Law 27,591 and Article 15 of Law 27,341 which are another primary focus for the forthcoming year. The implementation of the referred articles is expected to allow EDEMSA to strengthen its financial situation.

The company continues to focus on increasing its investments in the distribution of electricity in Argentina as reflected in its acquisition of shares in EDENOR, see more details in note 32.

Streamlined Energy and Carbon reporting
The Company has no physical operations and no employees. Electricity and gas consumption are below 40,000 kWh annually. Accordingly it is not required to provide SECR disclosures.

Subsequent events
Information about subsequent events is presented in note 32.

Principal risks and uncertainties
Information about the Group's and the Company's principal risks and uncertainties is presented on pages 5 - 6.

S172 Statement
S172 Statement is presented on pages 7 - 8.

By order of the board

Jorge Rosenblut
Chairman
26 May 2022

PRINCIPAL RISKS AND UNCERTAINTIES

Set out below are the key operating risks and uncertainties affecting the Group.

Margin risk
The revenues of the Group's principal trading subsidiaries EDEMSA and HASA, are subject to a regulated electricity tariff regime set by the provincial Government, which is revised on a specified periodic basis. This directly impacts the Group's profitability and its ability to fund its operating costs and capital expenditure requirements. Tariffs applicable for the year under review were insufficient to maintain economic and financial sustainability and the delay in the implementation of tariffs for the fifth review period means the Group is financially exposed. This remains a key risk as continuing delays or shortfalls in tariff increases could put the Group into financial difficulties.

Mitigation
The Group seeks to mitigate these risks by monitoring price fluctuations of its key operating costs and by taking actions to minimize the impact on financial performance through various hedging strategies detailed in note 26. The Group engages in regular presentations and negotiations with the regulator to support the need for inflation and tariff adjustments and a resolution to the ongoing tariff disputes.

Economic vulnerability and hyperinflation
The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high levels of inflation and significant depreciation of the Argentine Peso, which is the functional currency of the Group's Argentine operations. In the last 4 years, the Argentine Peso has experienced a rapid depreciation against the U.S. dollar and other major foreign currencies and as of 1 July 2018 it qualifies as a currency of a hyperinflationary economy. Rising costs and frozen tariffs are having serious adverse effects on the Group's profitability, production expenditure, infrastructure investment and ability to service foreign currency debts.

Since September 2019, the Argentine Government has adopted a series of measures reinstating foreign exchange controls that limit the Group's ability to access the foreign exchange market and external financing. Through 2020, high inflation levels and the Peso's depreciation remained. These factors pose significant risks to the Group's liquidity and ability to access credit and capital markets.

Mitigation
The Group seeks to mitigate this risk through the strategic acquisition of financial instruments denominated in foreign currency (US dollar) as well as the advance acquisition of inventory to fix their prices.

Political and regulatory interventions
The Group's operations are based in Argentina and are subject to Argentine laws and regulations. The Argentine Government has historically exercised significant influence over the economy promulgating numerous, far- reaching regulations and reforms affecting the economy and electricity companies in particular. Amendments to laws and regulations governing the Group's operating activities or more stringent implementation or interpretation of these laws and regulations could have a material adverse impact on the Group.

Mitigation
The Group utilizes reputable legal representatives in Argentina to continuously monitor the legal and regulatory regime. Periodic meetings are held with Argentine tax advisers to review fiscal changes and regulatory requirements. The updates are typically undertaken on a monthly basis. In addition, the Group is a member of ADEERA (Asociación de Distribuidores de Energía Eléctrica de la República Argentina) which consistently works with the Argentine authorities to assist in the understanding of regulatory constraints and in the modification of legislation designed to clarify inconsistencies and interpretations of the law.

Plant operating risks **(Continued)**
The failure of an essential component in any of the Group's operating assets will impact the Group's ability to distribute and generate electricity through plant outages or restrictions on operations. The Group's assets have been in service for a substantial amount of time and aging is a significant factor in many areas. A significant plant component failure or failure of a critical non-replaceable plant item may affect the operating lifetime of the station.

Mitigation
The Group seeks to mitigate these risks by having a risk-based plant maintenance and replacement program which, in addition, is also monitored by the EPRE.

Business disruption due to Covid-19
The current situation surrounding the Covid-19 global pandemic represents significant uncertainty for the Group, the industry it operates in and the local and global economy. Even though at the date of this report the situation is stable, the future of the pandemic remains unknown.

Mitigation
The Group seeks to mitigate these risks by implementing effective measures to ensure the safety of employees and contractors including among others, following Government's guidelines, communicating precautionary measures to prevent the spread of the virus to all staff, enabling home-office working and implementing a business continuity strategy.

S172 STATEMENT

The Directors are required to explain how they consider the interests of key stakeholders and the broad matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company and the Group under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the Company and the Group.

This S172 statement explains who the Company's and the Group's stakeholders' groups are, their material issues and how the Directors of Andina relate to them and their expectations, including the principal decisions made by the Company and the Group during the financial year. The S172 statement focuses on matters of strategic importance to Andina, and the level of information disclosed is consistent with the size and the complexity of the business.

When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's and the Group's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) The likely consequences of any decision in the long term
The Directors understand Andina's business and the evolving environment in which it operates, including the challenges of navigating through the political decisions taken by the Argentine Government resulting in continuous changes to business rules. The Directors recognize how Andina's operations, particularly in Argentina, are viewed by different parts of society and that some decisions they take today may not align with all stakeholders' interests.

As a consequence of the financial debts assumed by the Group in Argentina, an agreement was signed in November 2020 to convert a significant portion of the outstanding debt and the accrued interest into equity shares of the Company to preserve the Group's operating cash flows for the next 20 months.

During 2021 the company increased its investments in the distribution of electricity in Argentina through the acquisition of shares in EDENOR, see more details in note 32.

172(1) (B) The interests of Andina's employees
Andina's employees are core to the business and fundamental to its operational success. Significant efforts are being made to ensure that Andina remains a responsible employer when it comes to payroll, benefits, health, safety and a positive working environment.

During 2020 due to Covid-19, taking care of employees' health was a priority and additional health measures were taken such as preventive care and vaccination campaigns, delivery of personal care elements, readjustment of cleaning and disinfection procedures and implementation of home-office working.

The Group invests in its employees through:

- strict health and safety monitoring;
- technical and soft skills training;
- scholarship plans;
- communication apps;
- surveys.

S172(1) (C) The need to foster Andina's business relationships with suppliers, customers and others
Strong and mutually beneficial relationships with suppliers, customers and governments are fundamental pillars for Andina's operational success. The Group seeks the promotion and application of certain general principles in such relationships. The ability to promote them effectively is an important factor in the decision to enter or maintain such relationships. Some of these principles are:

Customers
- Regular monitoring of customer satisfaction rates.
- Faster response to customer calls.

S172 STATEMENT

S172(1) (C) The need to foster Andina's business relationships with suppliers, customers and others (Continued)

Partners and suppliers
- Tenders to ensure equal opportunities for suppliers and the best commercial outcome for the business.
- Health and Safety control plans throughout the value chain.

Governments and regulators
- Permanent dialogue with the government regarding the tariff update and participation in policy debates of interest to Andina and the communities in which it operates.

Society
- Continuous monitoring of environmental management through Annual environment audits.
- Connection with local communities through social media, community workshops and training.
- Sponsoring of charitable social plans such as:
  a) Hands to the Pot (Manos a la olla): employees volunteer program to collect rice and vegetables for Food Banks;
  b) Annual Blood Donation Campaign in cooperation with the Regional Blood Treatment Centre.

S172(1) (D) The impact of Andina's operations on the community and the environment
Andina regularly consults local people and NGOs on the ways in which the Group's activities could impact the local community or the environment. The Group actively participates in numerous community projects such as:

- PAS (Solidarity Help Program): to support teaching and assistance to 3,000+ children in low income / impoverished areas;
- PLEC (Light at Home Program): since 2005 this program has helped 60,000+ people (12,500 families) to access electricity in a safe and economically affordable way;
- Alliances with organizations such as Junior Achievement and FONBEC (Scholarships) to support the education of young people from poor backgrounds.
- Close contribution with the Argentine Red Cross in the framework of the Covid-19 pandemic.

The Group utilizes the Integrated Management System to ensure continuous monitoring of environmental management and ongoing compliance with ISO 9001 Quality Management and ISO 14001 Environmental Management. The Group is subject to annual external environmental audits certified by IRAM (National Institute of Standardization and Certifications).

S172(1) (E) The desirability of Andina maintaining a reputation for high standards of business conduct
The desirability of Andina to maintain its reputation for high standards of business conduct, translates to the Board of Directors' intention to behave responsibly and ensure that the business operates in a responsible manner within the high standards of business conduct and good governance.

Regular communication between the Board and the employees and effective, formally recorded Board Meetings ensure that such standards are maintained. Where appropriate, independent legal advice is sought in order to support the decision-making process.

S172(1) (F) The need to act fairly as between members of the Company and the Group
The Directors are responsible for choosing a course of actions that enables Andina to achieve its long-term strategy, taking into consideration the impact on stakeholders. In doing so, the Directors act fairly as between the Company's and the Group's members but are not required to balance the business interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

BOARD OF DIRECTORS

Executive

Jorge Rosenblut (Chairman)
Jorge Rosenblut joined the board on 31 October 2019. Jorge qualified as a certified Civil Industrial Engineer at the University of Chile and a master's degree in Public Administration from the Harvard Kennedy School. He is Chairman of Smart Utilities LLC and Chairman of the Board of the Institute of the Americas. Mr. Rosenblut acted as Chairman of the Board of the Latin-American Energy arms of the Enel Group (previously Endesa Spain). Prior to joining the ranks of corporate executives, Mr. Rosenblut held leadership roles in the Chilean government from 1990 to 1996. In 1994 he was the Undersecretary of Telecommunications and the Undersecretary of the Presidency from 1995 to 1996.

Valeria Inés de Oliveira Cézar (Chief Executive Officer)
Valeria de Oliveira Cézar joined the board on 29 January 2021. She graduated as an Economist from the Universidad Nacional de Rosario. Later she obtained a Masters degree in Finance from the Tocuato Di Tella University in Buenos Aires and a diploma in renewable energy from the Champagnat University of Mendoza. Since 2010, she has worked as a financial analyst and M&A consultant at Ernst & Young, Banco Meridian and Integra Capital. In 2016 she joined EDEMSA.

Neil Bleasdale (Executive Director)
Neil Bleasdale joined the board on 17 May 2013. He is also the Chairman and Chief Executive Officer of EDEMSA. Neil is a businessman and holds a B.A. (with honours) from the University of Leeds, England. He also acts as a non-executive Director and alternate Director of a number of other Argentine companies.

Nicolás Mallo Huergo (Executive Director)
Nicolás Mallo Huergo joined the board on 27 October 2021. He graduated as a lawyer from the Universidad Católica Argentina in 1993 with a law degree, and obtained a Master in Law (LLM.) with honours at Northwestern University School of Law, Chicago, U.S.A., in 1999. He was appointed to the National Courts of Buenos Aires, working as a clerk between 1990 and 1993. He was admitted to the Bar of the City of Buenos Aires in February of 1994 and he is a member of the Colegio de Abogados de la Ciudad de Buenos Aires.

Non-executive

Julian Collins (Non-Executive Director)
Julian Collins joined the board on 12 June 2020. He brings with him extensive experience of working with a number of multi-national organizations and corporate entities. He is also a Director of a number of UK property companies.

Marcelo Comba (Non-Executive Director)
Marcelo Comba joined the board on 17 May 2013. Marcelo graduated as a solicitor from the University of Buenos Aires in 1988 and became a Master in Business Law in 1994. After working in the legal departments of Siemens S.A. and Ferrovias SAC, he has worked since 2002 as a Partner in the law firm of Aidar Bestene- Garcia Moreno & Associates. He is also the former President of HASA.

Maria Fernanda Martinez (Non-Executive Director)
Fernanda Martinez joined the board on 29 January 2021. She is an Industrial Engineer who graduated from Universidad Nacional de Cuyo, where she completed an Exchange program at the Center Arts et Métiers ParisTech Bordeaux-Talece, obtaining expertise in Environmental Process and Materials Engineering for Sustainable Development. She has a Postgraduate Degree in Project Management and Administration. With more than five years of experience in the Renewable Energy sector, she currently serves as EDEMSA's Senior Analyst in the area of Development and Evaluation of Energy Projects.

Cecilia Aversa (Non-Executive Director)
Cecilia Aversa joined the board on 27 October 2021. She has a Ph.D. in Political Sciences (Catholic University-University of Salamanca- University of Pittsburgh). She served at the Ministry of Science, Technology and Innovation of the Argentine Republic for more than a decade as Counselor for International Relations. In 2020, she assumed her current role as Managing Director of Innovation at Integra Capital S.A., and became a Member of the Board of Directors of Integra Lithium.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their annual report and audited consolidated financial statements for the year ended 31 December 2020.

Principal activities
The Group is a Latin American energy group, with electricity generation and distribution interests in Argentina.

Directors
The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Jorge Rosenblut	
Mr Luis Alvarez Poli	(Resigned 29 January 2021)
Mr Neil Bleasdale	
Mr Julian Collins	(Appointed 12 June 2020)
Mr Marcelo Comba	
Mr Carlos Bastos	(Resigned 29 January 2021)
Mrs Valeria Inés de Oliveira Cézar	(Appointed 29 January 2021)
Mrs Maria Fernanda Martinez	(Appointed 29 January 2021)
Mr Ricardo Nicolás Mallo Huergo	(Appointed 27 October 2021)
Mrs Cecilia Aversa	(Appointed 27 October 2021)

Results and dividends
The results for the year are set out on page 17.

No ordinary dividends were paid or proposed during the year (2019: US$nil). The Directors do not recommend payment of a dividend.

Qualifying third party indemnity provisions
The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

Financial instruments
Information about the Group's and the Company's financial instruments and financial risks management is included in note 26.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The Group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness for all employees of the financial and economic factors affecting the Group's performance.

Future developments
Information about the Group's and Company's future developments is presented in the Strategic Report on pages 1 - 4.

Auditors
The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue as auditors and a resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the forthcoming Annual General Meeting.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;

- state whether for the Group and Company, international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the Financial Statements;

- make judgements and accounting estimates that are reasonable and prudent; and

- prepare the Financial Statements using the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

Going concern

The directors have reviewed the cash position of the Company and the Group for a period to 31 October 2023 and consider it appropriate that the Company and Group financial statements are prepared on the going concern basis for the reasons set out below.

At 31 December 2020, the Group had net current liabilities of US$91.2 million and debt of US$5.8 million and the Company had net current liabilities of US$ 3.4 million and debt of US$2.8 million.

In assessing the Company's ability to adopt the going concern basis, the Directors have tested the Company's ability to meet its liabilities as they fall due, considering the Board's approved base case and including a severe but plausible downside scenario, which still results in positive operational cash flows. In addition, at the beginning of 2021, the Company cancelled the current debt for US$ 2.8 million through the transfer of HDS shares (see note 32).

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern

In the event that any liabilities could not be met the Directors could consider other financing alternatives such as the issuance of warrants and the sale of investments, as they have done previously.

The Directors have also reviewed the cash flow forecasts for the Group, taking into account tariff adjustments, currency fluctuations, scheduled borrowings repayments and the impact of the Covid-19 pandemic, and they note that the ability of the Group to continue operating is dependent on their ability to settle their payable balances with CAMMESA.

In 2020 the Company's subsidiary EDEMSA, whose principal activity is electricity distribution in Argentina, reported a loss for the year of US$20.9 million and had a net current assets position of US$60.3 million.

However, as detailed in note 18, the delays and uncertainties arising from the implementation of the local tariff regime resulted in EDEMSA deferring payments to its principal supplier CAMMESA, the state-owned electricity wholesaler, with a total outstanding debt amounting to US$126.4 million at the reporting date, of which US$116 million is due immediately. Currently, the Group does not have sufficient liquid resources to pay/settle its obligations with CAMMESA. The Board of Directors of EDEMSA is working closely with CAMMESA to define an action plan to address the current situation and agree on a payment schedule. Whilst in the past both parties have come to an agreement on a payment plan for previous overdue balances and progress is being made on a number of potential options to cancel the current overdue debt, in particular under Law 27,591, Article 87, currently there is still no binding agreement. The Directors are confident that an agreement and a payment plan will be agreed with CAMMESA as has been previously achieved.

The outstanding debt with CAMMESA, and the Group's inability to settle this debt, indicates the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Based on the current progress of the negotiations with CAMMESA and the specific amendments to payment terms expected to be agreed, the Directors believe that the Group will be able to meet its obligations as they fall due. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements. The Group financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern

Directors' confirmations

In the case of each Director in office on the date the Directors' Report was approved:

- as far as the Director is aware, there is no relevant audit information that the auditors of the Group and the Company are unaware; and
- that he/she has taken all the steps that the Director ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditors of the Group and the Company are aware of that information.

By order of the board

Pedro Ivan Mazer
Company Secretary
26 May 2022

Independent auditors' report to the members of Andina Plc

Report on the audit of the financial statements

Opinion

In our opinion, Andina PLC's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's loss and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2020; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.4 to the financial statements concerning the Group's ability to continue as a going concern. The Group experienced delays and uncertainties arising from the implementation of a local tariff regime which resulted in its subsidiary, EDEMSA, deferring payments to its principal supplier, CAMMESA. As at 31 December 2020, the Group made a loss in the year of $20.9million and has net current liabilities of $91.2 million. Included in its total liabilities is an amount of $126.4 million owed to its principal supplier CAMMESA, of which $116million is due immediately and at present the Group does not have sufficient liquid resources to settle this obligation.

The board of EDEMSA is working closely with CAMMESA to define an action plan to address the current situation and agree a settlement schedule. Whilst the Directors have indicated that they have reasonable expectations that a satisfactory outcome to the negotiations will be achieved, at the date of signing the financial statements there is no binding agreement in place and the outcome of these actions is uncertain. These conditions, along with the other matters explained in note 1.4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. After considering the matters set out above the Directors confirm that they have a reasonable expectation that a satisfactory outcome to mitigate effectively the risk will be achieved and for this reason they continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of energy market regulations in the jurisdictions in which the Group operates, to tax and employment laws in the jurisdictions in which the Group operates and to unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inquiries with the Directors and management, regarding its consideration of known or suspected instances of non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in respect of critical accounting judgements and significant accounting estimates;
- Review of minutes of meetings of the Board of Directors;
- Inspection of supporting documentation where appropriate; and
- Identifying and testing journal entries, in particular any journal entries posted with certain unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 May 2022

ANDINA PLC

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$'000	2019 US$'000
Revenue	4	189,280	246,346
Cost of sales		(163,500)	(212,978)
Gross profit		25,780	33,368
Distribution costs		(17,989)	(19,537)
Administrative expenses		(18,211)	(19,286)
Other operating income		1,461	2,706
Operating loss	5	(8,959)	(2,749)
Finance income	9	8,624	13,544
Finance costs	10	(50,569)	(58,499)
Hyperinflation impact	1.21	29,086	34,830
Loss before taxation		(21,818)	(12,874)
Income tax credit/(charge)	11	872	(7,701)
Loss for the financial year		(20,946)	(20,575)
Loss for the financial year is attributable to:			
- Owners of the parent company		(10,570)	(11,615)
- Non-controlling interests		(10,376)	(8,960)
		(20,946)	(20,575)

The accompanying notes on pages 26 – 75 form an integral part of these financial statements.

ANDINA PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$'000	2019 US$'000
Loss for the financial year		(20,946)	(20,575)
Other comprehensive expense			
Items that will not be reclassified to profit or loss			
Translation differences	1.21	(2,011)	(4,457)
Actuarial loss on defined benefit pension schemes		(344)	(673)
Tax relating to other comprehensive loss		(36)	5
Other comprehensive expense for the year		(2,391)	(5,125)
Total comprehensive expense for the year		(23,337)	(25,700)
Total comprehensive expense for the year is attributable to:			
- Owners of the parent company		(11,510)	(13,613)
- Non-controlling interests		(11,827)	(12,087)
		(23,337)	(25,700)

The accompanying notes on pages 26 – 75 form an integral part of these financial statements.

ANDINA PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 US$'000	US$'000	2019 US$'000	US$'000
Non-current assets					
Intangible assets	12		7,573		8,233
Property, plant and equipment	13		198,724		201,551
Right of use assets	20		1,170		1,224
Inventories	16		2,725		2,742
Trade and other receivables	17		26		309
			210,218		214,059
Current assets					
Inventories	16	3,234		3,279	
Trade and other receivables	17	48,788		61,606	
Investments	14	54,918		42,336	
Cash and cash equivalents	1.12	10,229		7,851	
		117,169		115,072	
Total assets			327,387		329,131
Current liabilities					
Trade and other payables	18	(195,217)		(167,895)	
Borrowings	19	(2,915)		(7,875)	
Leases	20	(295)		(367)	
Provisions	21	(8,799)		(6,318)	
Defined benefit pension liability	23	(1,094)		(886)	
		(208,320)		(183,341)	
Non-current liabilities					
Trade and other payables	18		(21,890)		(27,561)
Borrowings	19		(2,880)		(8,860)
Leases	20		(688)		(1,051)
Provisions	21		(266)		(402)
Deferred tax liability	22		(33,383)		(35,055)
Defined benefit pension liability	23		(3,456)		(3,726)
			(62,563)		(76,655)
Total liabilities			(270,883)		(259,996)
Net assets			56,504		69,135

ANDINA PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2020

	Note	2020 US$'000	2020 US$'000	2019 US$'000	2019 US$'000
Equity					
Share capital	25		20,852		14,934
Share premium	25		4,758		-
Translation reserve	25		28,889		29,635
Merger reserve	25		40,432		40,432
Accumulated losses	25		(70,713)		(59,949)
Equity attributable to owners of the parent company			24,218		25,022
Non-controlling interests			32,286		44,113
Total equity			56,504		69,135

The accompanying notes on pages 26 – 75 form an integral part of these financial statements.

The financial statements on pages 17 to 74 were approved by the Board of Directors and authorized for issue on 26 May 2022 and are signed on its behalf by:

Jorge Rosenblut
Chairman

ANDINA PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 US$'000	2020 US$'000	2019 US$'000	2019 US$'000
Non-current assets					
Investments	14		34,831		33,829
Trade and other receivables	17		5,458		-
			40,289		33,829
Current assets					
Trade and other receivables	17	455		124	
Cash and cash equivalents	1.12	18		19	
		473		143	
Total assets			40,762		33,972
Current liabilities					
Trade and other payables	18	(1,061)		(2,326)	
Borrowings	19	(2,813)		(7,766)	
		(3,874)		(10,092)	
Non-current liabilities					
Trade and other payables	18		(4,199)		(2,501)
Borrowings	19		-		(1,014)
			(4,199)		(3,515)
Total liabilities			(8,073)		(13,607)
Net assets			32,689		20,365
Equity					
Share capital	25		20,852		14,904
Share premium	25		4,758		-
Translation reserve	25		(2,716)		(3,714)
Merger reserve	25		40,432		40,432
Accumulated losses	25		(30,637)		(31,257)
Total equity			32,689		20,365

As permitted by s408 Companies Act 2006, the Company has not presented its own income statement and related notes. The Company's profit for the year was US$620,000 (2019 - US$1,826,000 loss).

The accompanying notes on pages 26 – 75 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorized for issue on 26 May 2022 and are signed on its behalf by:

Jorge Rosenblut
Chairman
Company Registration No. 8095056

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium	Translation reserve	Merger reserve	Accumulated losses	Total controlling interest	Non-controlling interest	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2019	14,904	-	31,292	40,432	(47,993)	38,635	56,200	94,835
Year ended 31 December 2019:								
Loss for the year	-	-	-	-	(11,615)	(11,615)	(8,960)	(20,575)
Other comprehensive income:								
Translation differences *	-	-	(1,657)	-	-	(1,657)	(2,800)	(4,457)
Actuarial loss on defined benefit plans	-	-	-	-	(341)	(341)	(327)	(668)
Total comprehensive expense for the year	-	-	(1,657)	-	(11,956)	(13,613)	(12,087)	(25,700)
Balance at 31 December 2019	14,904	-	29,635	40,432	(59,949)	25,022	44,113	69,135
Year ended 31 December 2020:								
Loss for the year	-	-	-	-	(10,570)	(10,570)	(10,376)	(20,946)
Other comprehensive income:								
Translation differences **	-	-	(746)	-		(746)	(1,265)	(2,011)
Actuarial loss on defined benefit plans	-	-	-	-	(194)	(194)	(186)	(380)
Total comprehensive expense for the year	**-**	**-**	**(746)**	**-**	**(10,764)**	**(11,510)**	**(11,827)**	**(23,337)**
Increase in capital according to Meeting of the Board of Directors on 30 December 2020	5,948	4,758	-	-	-	10,706	-	10,706
Balance at 31 December 2020	20,852	4,758	28,889	40,432	(70,713)	24,218	32,286	56,504

The accompanying notes on pages 26 – 75 form an integral part of these financial statements.

(*) Includes hyperinflation impact of US$57 million, net of US$61 million translation impact on opening balances at the year end exchange rate.
(**) Includes hyperinflation impact of US$30 million, net of US$32 million translation impact on opening balances at the year end exchange rate.

ANDINA PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Merger reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Balance at 1 January 2019	14,904	-	(5,251)	40,432	(29,431)	20,654
Year ended 31 December 2019:						
Loss for the year	-	-	-	-	(1,826)	(1,826)
Other comprehensive income:						
Translation differences	-	-	1,537	-	-	1,537
Total comprehensive expense for the year	-	-	1,537	-	(1,826)	(289)
Balance at 31 December 2019	14,904	-	(3,714)	40,432	(31,257)	20,365
Year ended 31 December 2020						
Profit for the year	-	-	-	-	620	620
Other comprehensive expense:						
Translation differences	-	-	998	-	-	998
Total comprehensive income for the year	-	-	998	-	620	1,618
Increase in capital according to Meeting of the Board of Directors on 30 December 2020	5,948	4,758	-	-	-	10,706
Balance at 31 December 2020	20,852	4,758	(2,716)	40,432	(30,637)	32,689

The accompanying notes on pages 26 – 75 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$'000	2020 US$'000	2019 US$'000	2019 US$'000
Cash flows from operating activities					
Cash generated from operations	30		35,772		16,520
Income taxes paid			-		(192)
Net cash generated from operating activities			35,772		16,328
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(9,454)		(11,795)	
Purchase of current investments net	14	(21,991)		(17,309)	
Interest received		-		4,426	
Dividends paid by 47% owned subsidiary		-		(1,063)	
Net cash used in investing activities			(31,445)		(25,741)
Cash flows from financing activities					
Proceeds from borrowings		228		408	
Repayment of borrowings and interest paid		(49)		(1,651)	
Net cash generated from/(used in) financing activities			179		(1,243)
Net increase/(decrease) in cash and cash equivalents			4,506		(10,656)
Cash and cash equivalents at beginning of year	1.12		7,851		22,341
Effect of foreign exchange rates	1.12		(2,128)		(3,834)
Cash and cash equivalents at end of year			10,229		7,851

The accompanying notes on pages 26 – 75 form an integral part of these financial statements.

Significant non-cash transactions

There were no significant non-cash transactions in 2020 or 2019 apart from the transactions detailed below:

	Note	2020 US$'000	2019 US$'000
Transfer of inventory to property, plant and equipment		2,258	3,753
Debt capitalization	19	10,706	-

ANDINA PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Note	US$'000	US$'000	US$'000	US$'000
Cash flows from operating activities					
Cash generated from operations	31		23		393
Cash flows from financing activities					
Proceeds from borrowings		-		105	
Repayment of borrowings		(24)		(500)	
Net cash used in financing activities			(24)		(395)
Net decrease in cash and cash equivalents			(1)		(2)
Cash and cash equivalents at beginning of year			19		20
Effect of foreign exchange rates			-		1
Cash and cash equivalents at end of year			18		19

The accompanying notes on pages 26 – 75 form an integral part of these financial statements.

Significant non-cash transactions

There were no significant non-cash transactions in 2020 or 2019 apart from the transactions detailed below:

	Note	2020	2019
		US$'000	US$'000
Debt capitalization	19	10,706	-

1 Accounting policies

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

1.1 General information

Andina Plc ("the Company") is a public limited company domiciled and incorporated in England and Wales. The registered office is 1-3 Charter Square, Sheffield, United Kingdom, S1 4HS.

1.2 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated and Company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements have been prepared under the historic cost convention, except for the financial assets and financial liabilities measured at fair value through profit or loss and the net assets and results of the Group's operations in Argentina, an economy that is considered hyperinflationary, which are expressed in terms of the measuring unit current at the closing date of the reporting period.

The consolidated financial statements are prepared in US dollars (US$), rounded to the nearest thousand.

The preparation of financial statements in conformity with the applicable framework detailed above requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of Andina and its subsidiaries.

Subsidiaries are entities (including special purpose entities) which are controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, where appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of subsidiaries are identified separately from the Group's interest therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination together with the non-controlling interests' share of profit or loss and each component of other comprehensive income since the date of the combination. Total comprehensive income is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The non-controlling interest of shareholders in an acquisition is initially measured at their proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

1 Accounting policies **(Continued)**

1.4 Going concern

The directors have reviewed the cash position of the Company and the Group for a period to 31 October 2023 and consider it appropriate that the Company and Group financial statements are prepared on the going concern basis for the reasons set out below.

At 31 December 2020, the Group had net current liabilities of US$91.2 million and debt of US$5.8 million and the Company had net current liabilities of US$ 3.4 million and debt of US$2.8 million.

In assessing the Company's ability to adopt the going concern basis, the Directors have tested the Company's ability to meet its liabilities as they fall due, considering the Board's approved base case and including a severe but plausible downside scenario, which still results in positive operational cash flows. In addition, at the beginning of 2021, the Company cancelled the current debt for US$ 2.8 million through the transfer of HDS shares (see note 32).

In the event that any liabilities could not be met the Directors could consider other financing alternatives such as the issuance of warrants and the sale of investments, as they have done previously.

The Directors have also reviewed the cash flow forecasts for the Group, taking into account tariff adjustments, currency fluctuations, scheduled borrowings repayments and the impact of the Covid-19 pandemic, and they note that the ability of the Group to continue operating is dependent on their ability to settle their payable balances with CAMMESA.

In 2020 the Company's subsidiary EDEMSA, whose principal activity is electricity distribution in Argentina, reported a loss for the year of US$20.9 million and had a net current assets position of US$60.3 million.

However, as detailed in note 18, the delays and uncertainties arising from the implementation of the local tariff regime resulted in EDEMSA deferring payments to its principal supplier CAMMESA, the state-owned electricity wholesaler, with a total outstanding debt amounting to US$126.4 million at the reporting date, of which US$116 million is due immediately. Currently, the Group does not have sufficient liquid resources to pay/settle its obligations with CAMMESA. The Board of Directors of EDEMSA is working closely with CAMMESA to define an action plan to address the current situation and agree on a payment schedule. Whilst in the past both parties have come to an agreement on a payment plan for previous overdue balances and progress is being made on a number of potential options to cancel the current overdue debt, in particular under Law 27,591, Article 87, currently there is still no binding agreement. The Directors are confident that an agreement and a payment plan will be agreed with CAMMESA as has been previously achieved.

The outstanding debt with CAMMESA, and the Group's inability to settle this debt, indicates the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Based on the current progress of the negotiations with CAMMESA and the specific amendments to payment terms expected to be agreed, the Directors believe that the Group will be able to meet its obligations as they fall due. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements. The Group financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

1 Accounting policies (Continued)

1.5 Revenue

Revenue relates mainly to electricity generation and distribution services.

Energy supply to business and residential customers

The Group supplies electricity to residential and business customers in Mendoza, Argentina. The vast majority of contractual energy supply arrangements have no fixed duration, require no minimum consumption by the customer and can be terminated by either party at any time. The Group has determined that no enforceable rights and obligations exist at inception of the contract and arise only once the Group is the legal supplier of energy to the customer. The performance obligation is the supply of energy over the contractual term. The performance obligation is considered to be satisfied as the customer consumes the units of energy delivered. This is the point at which revenue is recognized.

In respect of energy supply contracts, the Group considers that it has the right to consideration from the customer for an amount that corresponds directly with the value delivered to the customer through their consumption. It is the judgement of the Group that the customer consumes energy as the Group supplies and, as a result, the Group recognizes revenue for the amount which the entity has a right to invoice. The Group's assessment of the amount that it has a right to invoice includes an assessment of energy supplied to customers between the date of the last meter reading and the year end (known as unread revenue).

Unread electricity comprises unbilled revenue and is estimated through the billing systems, using historical consumption patterns, on a customer-by-customer basis, taking into account weather patterns, load forecasts and the differences between actual meter readings being returned and system estimates. Actual meter readings continue to be compared to system estimates between the balance sheet date and the finalization of the accounts.

The Group holds a number of energy supply power contracts that specify a minimum consumption volume over a specified contractual term. The transaction price for these contracts is the minimum supply volume multiplied by the price determined by EPRE per unit of energy. Revenue from the sale of additional volumes is considered to be variable and not included in the transaction price. Revenue for these contracts continues to be recognized as invoiced.

Energy generated

The Group generates electricity to be sold through the national Wholesale Electricity Market (MEM), administrated by CAMMESA and regulated by the National Secretary of Energy.

The amount of energy generated is determined by the hourly demand that CAMMESA has and the price is established by SEN. There is a single performance obligation. The Company recognizes its income based on the amounts expected to be received, once the performance obligation has been satisfied.

Other operating income

Other operating income primarily arises from ancillary services provided to third parties and is recognized at the time the service is provided.

1 Accounting policies **(Continued)**

1.6 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill is not amortized. It is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss is recognized for the amount by which the carrying value exceeds the recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to disposal (FVLCD) and value in use (VIU). For the purposes of assessing impairment, assets are grouped at their lowest levels for which there are separately identifiable cash flows (cash-generating units or CGU).

Concession assets

Concession assets represent the amount paid to acquire the concession rights and are comprised of the electricity distribution and the electricity generation businesses (see note 12).

Concession assets acquired are stated at fair value at the date of acquisition. Amortization is charged on a straight-line basis as follows:

Concession	30 years (EDEMSA) and 50 years (HASA)

1.7 Property, plant and equipment

Property, plant and equipment are shown at cost less subsequent depreciation. Costs include expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

Land and buildings	30 to 50 years
Machinery and equipment	up to 25 years
Networks and power transformers	30 to 50 years
Transformers	30 to 40 years
Work in progress and other assets	4 to 9 years

Land and work-in-progress included within 'Work in progress and other assets' are not depreciated. Other assets include IT and communication equipment, furniture and other goods.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognized in the income statement.

1 Accounting policies (Continued)

1.8 Non-current investments
In its separate financial statements, the Company recognizes investments in subsidiary companies measured at cost less any provision for impairment.

1.9 Borrowing costs related to non-current assets
General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale.

The commencement date for capitalization is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

1.10 Impairment of non-current assets
The carrying amount of the Group's non-current assets is compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and the fair value less costs to sell.

Value in use is estimated by reference to the net present value of expected future cash flows of the relevant cash generating unit.

If the recoverable amount is less than the carrying amount of an asset, an impairment loss is recognized. The revised carrying amounts are amortized in line with the Group's accounting policy.

A previously recognized impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. The reversal is recognized in the income statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in the prior reporting periods.

1.11 Inventories
Raw materials and consumables are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost formula method. Classification is performed based on average consumption of these assets in recent years. The Group has no history of obsolete or slow-moving inventory.

1.12 Cash and cash equivalents
Cash and cash equivalents include call deposits held with banks and other short-term highly liquid investments with original maturities of 3 months or less.

	The Group		The Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Cash at bank and in hand	2,091	6,670	18	19
Short term deposits	8,138	1,181	-	-
	10,229	7,851	18	19

1.13 Financial instruments
Financial assets and financial liabilities are recognized in the Group statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position and statement of comprehensive income when there is a currently enforceable legal right to offset the recognized amounts and the Group intends to settle on a net basis or realize the asset and liability simultaneously.

1 Accounting policies **(Continued)**

1.13 Financial instruments (Continued)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets
All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Financial assets that meet the following conditions are measured subsequently at amortized cost using the effective interest rate method:

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

Financial assets are classified and measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost or fair value through other comprehensive income. Such assets are carried at fair value with gains or losses recognized in the income statement.

The Group does not hold any financial assets that meet conditions for subsequent recognition at fair value through other comprehensive income ("FVTOCI").

Impairment of financial assets
The Group recognizes a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortized cost which comprise mainly trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognizes lifetime ECL on trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Derecognition of financial assets
The Group derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities
The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values. The Group's financial liabilities consist only of financial liabilities measured at amortized cost.

1 Accounting policies (Continued)

1.13 Financial instruments (Continued)

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method. The Group's financial liabilities measured at amortized cost comprise trade and other payables, and loans and borrowings. The effective interest method is a method of calculating the amortized cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts/payments through the expected life of the financial asset/liability or, where appropriate, a shorter period.

Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognized when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

Fair value measurement hierarchy

The Group classifies its financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (note 26). The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within the financial asset or financial liability is determined on the basis of the lowest level input that is significant to the fair value measurement.

1.14 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs. Equity instruments issued by the Company for non-cash consideration are recorded at the market value of the equity instrument at the date of issue, net of direct issue costs.

1.15 Taxation

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1 Accounting policies **(Continued)**

1.15 Taxation (Continued)

Deferred tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Minimum notional income tax

The Group determines the tax on notional presumed income by applying the current rate of 1% on the Group's taxable assets at year-end. The tax on notional presumed income and the income tax complement each other. The Group's tax obligation for each year will be equal to the higher of these taxes. However, should the tax on notional presumed income exceed income tax in any given financial year, such excess may be computed as a payment on account of any excess of income tax over the tax on minimum presumed income that may arise in any of the ten subsequent financial years. The Group recognized the tax on notional presumed income earned in previous years as a credit, considering that it will offset future taxable income.

In 2019 the application of the minimum notional income tax was repealed for the years beginning on or after 1 January 2019.

1.16 Provisions

Provisions for legal and other claims are recognized when the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

1.17 Employee benefits

The costs of short-term employee benefits are recognized as a liability and an expense, unless those costs are required to be recognized as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognized in the period in which the employee's services are received.

Termination benefits are recognized immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies **(Continued)**

1.17 Employee benefits (Continued)

Long term benefits for years of service
The Group grants compensation to employees covered by the collective bargaining agreement for the industry labor union, who have completed twenty, twenty five, thirty and thirty five years of service. This is paid in the form of a special remuneration equivalent to the monthly salary of the month in which the amount of years of service conditions is met. This amount doubles when the employee reaches forty years of service.

The cost of providing this benefit is recognized as a liability and an expense over the period in which the employee's services are received.

Long term benefits for retirement or disability
The Group has a defined benefit plan. This represents accrued benefits to be paid to employees covered by the collective bargaining agreement for the industry labor union, for staff reaching retiring age or retiring as a result of disability prior to this.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognized as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognized as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognized in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognized immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

1 Accounting policies **(Continued)**

1.18 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company.

The fair value of the employee services received in exchange for the granting of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

Equity-settled, share-based payments are measured at fair value on the date they are granted by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis during the vesting period, based on the estimate of the shares that will eventually be vested. A corresponding adjustment is made to equity.

The expense in relation to options over the parent shares granted to employees of a subsidiary is recognized by the company as a capital contribution and presented as an increase in the company's investment in that subsidiary.

1.19 Leases

IFRS 16 was adopted on 1 January 2019 without the restatement of comparative figures. The following policy applies subsequent to the date of initial application, 1 January 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent to the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on the commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favor of the Group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated based on termination option being exercised.

Right-of-use assets are initially measured by the amount of the lease liability, reduced for any lease incentive received, and increased by:

- lease payments made on or before the commencement of the lease;
- initial direct costs incurred and
- the amount of any provision recognized when the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to its initial measurement, lease liabilities increase as a result of interests charged at a constant rate on the outstanding balance and are reduced after lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease.

When the Group revises its estimates on the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that was applied on the lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments such as a rate or index, is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset with the revised carrying amount amortized over the remaining (revised) lease term.

1 Accounting policies **(Continued)**

1.19 Leases (Continued)

Rentals payable under short-term low value leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease, except when another systematic basis is more representative of the time pattern in which the economic benefits of the leased asset are consumed.

The following policy is applied prior to the date of initial application of IFRS 16, 1 January 2019.

Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and / or the arrangement conveys a right to use the asset.

Leases of plant and equipment where the Group assumed a significant portion of risks and rewards of ownership were classified as a finance lease. Finance leases were capitalized at the estimated present value of the underlying lease payments. Each lease payment was allocated between the liability and the finance charges to achieve a constant rate on the balance outstanding. The plant and equipment acquired under the finance lease were depreciated over the useful lives of the assets, or over the lease term if shorter.

Leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Payments made under operating leases were charged to the statement of comprehensive income on a straight-line basis over the period of the lease, except when another more systematic basis would be more representative of the time pattern in which economic benefits of the leased asset are consumed.

1.20 Government grants

Government grants are recognized at their fair value when there is reasonable certainty that those grants will be collected and that the Group will meet all the conditions established.

Government grants received in relation to the purchase of non-current assets are deducted from the cost of such assets. These assets are depreciated over their estimated useful lives based on their net acquisition cost.

1.21 Foreign exchange

Functional and presentation currency

The individual financial statements of each Group company are maintained in the currency of the primary economic environment in which it operates (its functional currency), which in the case of the Argentinean companies is the Argentine Peso and in the case of the Company is Pounds Sterling. For the purposes of the consolidated financial statements, the results and financial position of each Group entity are expressed in US dollars, which is the presentation currency for the consolidated and Company financial statements, to facilitate comparison with other utility companies.

The financial statements are presented in US$ and the average rate used for the year 2020 was US$1.284 to £1 and AR $69.7 to US$1 and the 2020 closing rate used was US$1.3654 to £1 and AR$83.6 to US$1 (2019: average rate US$1.277 to £1 and AR$48.25 to US$1 and closing rate US$1.33 to £1 and AR$59.79 to US$1).

1 Accounting policies (Continued)

1.21 Foreign exchange (Continued)

Functional currency of a hyperinflationary economy

IAS 29 requires that the financial statements of an entity with the functional currency of a hyper inflationary economy must be expressed in the measuring unit current at the closing date of the financial year being informed, regardless of whether they are based on the historical cost method or the current cost method. To this effect, in general terms, the inflation produced since the acquisition or the revaluation date, accordingly, must be calculated within the non-monetary section. The said requirements also include the comparative information of the financial statements.

In order to determine whether an economy is considered hyperinflationary according to IAS 29, the Standard details a series of elements to be considered which include an accumulated inflation rate in three years that approximates or exceeds 100%. Hence, according to IAS 29, the Argentine economy must be considered as hyperinflationary since 1 July 2018.

According to IAS 29, the financial statements of an entity that reports in the currency of a hyperinflationary economy must be reported in terms of the current measuring unit at the date of the financial statements. All the amounts in the statement of financial position that are not presented in the current measuring unit at the time of presentation must be updated by applying a general price index. The components of the income statement must be presented in the updated measuring unit on the date of presentation of the financial statements by applying a general price index from the date on which the income and expenses were accounted.

The inflation adjustment of initial prices was computed taking into consideration the indexes established by the FACPCE (Argentine Federation of Professional Councils in Economic Sciences) based on the price index published by the National Statistics Institute (INDEC).

The price indexes used for restatement of the financial statements were:

- 2018 = 184.2552
- 2019 = 283.4442
- 2020 = 385.8826

The main procedures to determine the inflation adjustment are the following:

- All monetary assets and liabilities in the statement of financial position are not adjusted, since the financial statements are already re-expressed at the year-end exchange rate.
- Non-monetary assets and liabilities that were computed at cost prices at the date of the statement of financial position and the capital assets are adjusted based on the corresponding adjustment coefficients.
- All the elements in the income statement are updated applying the relevant conversion factors.
- Gains and losses in purchasing power arising from the net monetary position are recognized in the consolidated statement of income as a separate line under hyperinflation impact and amounted to US$29.09 million (2019: US$ 34.8 million).

On the initial adjustment for inflation, the capital asset accounts were adjusted as follows:

- The capital was adjusted from the date of the previous inflation period of Argentina.

Transactions and balances

When preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the exchange rates prevailing on the dates of the transactions. On each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value denominated in foreign currencies are retranslated at the rates prevailing on the date on which the fair value was determined. The exchange differences that arise are included in the income statement for the period.

1 Accounting policies (Continued)

1.21 Foreign exchange (Continued)

Foreign subsidiaries conversion

The results and financial positions of the Company's subsidiaries that have a functional currency different from the Company's currency are converted to the reporting currency as follows, depending on whether the functional currency is in a hyperinflationary environment or not.

Entities with non-hyperinflationary functional currency

- Assets and liabilities of each statement of financial position presented are converted at the exchange rate of the closing date of the statement of financial position.
- The accounting capital of each statement of financial position presented is converted at the historical exchange rate.
- Profits and losses of each income statement are converted at the annual average exchange rate (when the average exchange rate does not represent a reasonable approximation to the accumulated effect of the transaction exchange rates, the exchange rate at the date of the transaction or monthly averages are used).
- All exchange rate differences arising from this are accounted for in other comprehensive income.
- Gains and losses derived from the conversion of the opening net assets of the Company at prevailing exchange rates are transferred to the translation reserve.

Subsidiaries with hyperinflationary functional currency

- Assets, liabilities and capital from the statements of financial position, as well as profit and loss from the statement of income, are converted at the exchange rate on the closing date of the statement of financial position, after being adjusted to the functional currency.
- Assets, liabilities, capital, profits and losses of the comparative period are kept in accordance with the amounts obtained in the conversion of the previous financial year. Said amounts are not adjusted to the following exchange rates because the Company presents its financial information in US dollars, a non-hyperinflationary currency.

1.22 Finance income

Finance income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

2 Change in accounting policy

New standards, amendments and interpretations effective in 2020

A number of new and amended standards and interpretations issued by IASB have become effective for the first time for financial periods beginning on (or after) 1 January 2020. None of these new and amended standards and interpretations had a significant effect on the Company because they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

New standards, amendments and interpretations that are not yet effective and have not been early adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and which have not been adopted early. None of these are expected to have a significant effect on the Company, in particular:

- IAS 1 Presentation of Financial Statements (Classification of Liabilities as Current and Non-Current)
- IAS 16 Property, Plant and Equipment (Proceeds before Intended Use)
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets: (Sets out how to consider the cost of fulfilling a contract to classify it as Onerous Contracts)
- IFRS 17 Insurance Contracts (Sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts

3 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised when the revision affects only that period, or in the period of the revision and future periods when the revision affects both current and future periods.

Critical judgements

Control over subsidiaries
Management has evaluated the level of influence and control exercised by the Company over its investments and has determined the following:

i) Hidroeléctica del Sur S.A. (HDS)

As of 31 December 2020, Andina Plc owned, through Andes Electricidad S.A, 80% of Hidroeléctrica del Sur S.A. (HDS) shares, which holds 54% of HASA (resulting in a 47% indirect holding). Post 31 December 2020, as part of the Company's agreement with SAED to settle its outstanding debt (refer to Note 32 for further details), the Company sold 40% of its capital and voting rights in HDS, thereby reducing its holding to 40%.

The "highly probable" criteria set by IFRS 5 was not met as of 31 December 2020 since both Andina and SAED were in the process of negotiation and to complete their agreement, the transfer of share capital had to be effectively approved. Therefore, the assets and liabilities associated with our HDS business are not classified as held for distribution as of 31 December 2020 and, consequently, the Company has presented consolidated financial figures including HDS and HASA.

ii) Investment in South American Energy LLP ("SAE")

On 1 December 2020, South American Energy LLP was created. Andina initially had 52% of the membership interest and voting power. On 28 December 2020, Rochester Holdings LLP, Global Income Fund Limited, Equal Power Distribution SCSp and Andina signed a binding agreement to reduce Andina's participation to 23.4%. It was also agreed that the adoption of members resolutions in SAE would require the favorable vote of members holding more than 70% of the aggregate interest and voting power.

As from 30 April 2021, Andina's membership interest in South American Energy LLP has been reduced to 23.4% of the shares and voting power.

On 23 December 2020, South American Energy LLP bought a 95% equity stake and voting power of Energia del Cono Sur S.A (EDELCOS), and before the end of 2020 South American Energy LLP also acquired through a mandate the rest of the capital stock and voting power in EDELCOS.

Considering the above, the financial statements of South American Energy LLP, and its subsidiary EDELCOS, have been accounted for as an Associate under IAS 28 and are not consolidated as of 31 December 2020.

3 Judgements and key sources of estimation uncertainty (Continued)

Debt to equity conversion

In November 2020, Andina plc signed an agreement to convert some debts of Andina plc and Andes Electricidad S.A. including interest, into equity shares of the Company equivalent to US$ 10.7 million (see more details in note 19).

According with IFRC 19, if the fair value of the equity instruments cannot be reliably measured, the fair value of the existing financial liability is used to measure the gain or loss resulting from the difference between the financial liability and the issuance of the entity's own equity instruments.

Management assessed that the loan contracts had been entered under market conditions, and therefore, the carrying value of the financial liabilities and the shares were considered to represent their fair value.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Carrying value of Company investment and Group tangible and intangible assets
Estimated useful lives and residual values are reviewed annually, taking into account prices prevailing at each reporting date. The carrying values of tangible and intangible assets are also reviewed for impairment when there has been an event or a change in the circumstances that would indicate that the carrying amount might not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less the cost to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction.

The value in use is determined using the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The calculation of estimated future cash flows and residual values is based on reasonable management estimates and is therefore subjective. Operating and economic assumptions that could affect the valuation of the assets using discounted cash flow models are regularly reviewed and updated as part of the monitoring of the operational and financial performance and the forecasting processes of the Group. Judgement is required to determine if operating and economic changes are significant and impact the potential performance of an asset or a cash-generating unit and, therefore, determine whether they are an indication of an impairment or an impairment reversal. The key assumption have been included in note 13.

The directors carried out impairment tests of assets at the cash-generating unit level, refer to note 13.

Employee benefits
The Group recognizes provisions for benefits based on years of service and benefits for retirement or disability that includes management's best estimate of certain variables that may not ultimately match the amounts actually paid at the end of service. The key assumptions are wage increases, employee turnover, mortality rate and discount rate. Past experience and actuarial tables of mortality are used to make the estimate. For further details refer to note 23.

Impairment of financial assets
The allowance for the impairment of accounts receivable is assessed based on the delinquent balance, which comprises all such debt arising from the bills for electricity consumption of small demand (T1) and medium-demand (T2). The Company's Management records an allowance by applying to the delinquent balances of each customer category an uncollectible rate that is determined according to each customer category, based on the historical comparison of collections made.

Additionally, and faced with temporary and/or exceptional situations, the Company's Management may redefine the amount of the allowance, specifying and supporting the criteria used in all the cases.

The Company has performed a review of the financial assets it currently measures and classifies at fair value through profit or loss or at amortized cost and has concluded that they meet the conditions to maintain their classification.

3 Judgements and key sources of estimation uncertainty (Continued)

Contingencies and provisions for lawsuits
The Company is a party to several complaints, lawsuits and other legal proceedings, including customer claims. The Company's potential liability with respect to such claims, lawsuits and legal proceedings may not be accurately estimated. The Company's Management, with the assistance of its legal advisors, periodically analyzes the status of each significant matter and evaluates the Company's potential financial exposure. If the loss deriving from a complaint or legal proceeding is considered probable and the amount can be reasonably estimated, a provision is recorded.

Provisions for contingent losses represent a reasonable estimate of the losses that will be incurred, based on the information available to Management at the date of the financial statements preparation, taking into account the Company's litigation and settlement strategies. These estimates are mainly made by the Company's Management. However, if the Management's estimates proved wrong, the current provisions could be inadequate and result in a charge to profits that could have a effect on the Statements of Financial Position, Comprehensive Income (Loss), Changes in Equity and Cash Flows.

4 Revenue

	2020	2019
	US$'000	US$'000
Revenue analyzed by class of business		
Electricity distribution	185,447	240,114
Electricity generation	3,557	6,232
Other	276	-
	189,280	246,346

The Group's revenue arises entirely within Argentina.

5 Operating loss

	2020	2019
	US$'000	US$'000
Operating loss for the year is stated after charging:		
Depreciation of owned property, plant and equipment	9,253	9,669
Amortization of intangible assets*	318	252

(*) The amortization charge for the year is included in the cost of sales line in the consolidated income statement as it relates to the concession assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

6 Employees

The average monthly number of persons (including directors) employed by the Group and Company during the year was:

	Group		Company	
	2020 Number	2019 Number	2020 Number	2019 Number
Selling	156	156	-	-
Technical	399	404	-	-
Administration	191	196	5	5
Total	746	756	5	5

Their aggregate remuneration comprised:

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Wages and salaries	23,403	26,355	480	362
Social security costs	5,798	6,593	72	55
	29,201	32,948	552	417

7 Auditors' remuneration

Fees payable to the Company's auditors and associates:	2020 US$'000	2019 US$'000
For audit services		
Audit of the financial statements of the Group and Company	130	117
Audit of the financial statements of the Company's subsidiaries	160	180
	290	297
For other services		
Audit-related assurance services	1	3
Taxation compliance services	6	7
	7	10

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

8 Directors' remuneration

	2020 US$'000	2019 US$'000
Remuneration for qualifying services	480	417

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 US$'000	2019 US$'000
Remuneration for qualifying services	146	178

9 Finance income

	2020 US$'000	2019 US$'000
Interest income	4,342	8,236
(Loss)/gain on financial instruments measured at fair value through profit or loss	(2,646)	5,308
Income for refinancing agreement	1,817	-
Exchange gain	5,111	-
	8,624	13,544

10 Finance costs

	2020 US$'000	2019 US$'000
Interest on borrowings and exchange loss	8,574	9,455
Commercial interest	41,995	49,044
	50,569	58,499

11 Tax on (loss)

	2020 US$'000	2019 US$'000
Current tax		
Corporation tax on profit or loss for the current year	800	680
Deferred tax		
Origination and reversal of temporary differences	(1,672)	7,021
Total tax (credit)/charge	(872)	7,701

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Tax on (loss) (Continued)

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 US$'000	2019 US$'000
Loss before taxation	(21,818)	(12,874)
Expected tax credit based on the standard rate of corporation tax in Argentina of 30% (2019: 30%)	(6,545)	(3,862)
Unutilized tax losses carried forward	(94)	(347)
Other permanent differences	282	110
Hyperinflation impact	(3,126)	2,265
Fiscal utility impact	8,611	9,535
Taxation (credit)/charge	(872)	7,701

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognized directly in other comprehensive income:

	2020 US$'000	2019 US$'000
Deferred tax arising on:		
Actuarial differences recognized as other comprehensive income	36	(5)

11 **Tax on (loss)** **(Continued)**

The Group was liable to pay a minimum notional income tax at the applicable tax rate, of 1%, calculated on the amount of computable assets at the reporting date. This tax was supplementary to corporation tax and the Group's tax liability for each financial year was the higher of the minimum notional income tax and the corporation tax for the year. If the minimum notional income tax for a given financial year exceeded the amount of income tax, such excess was able to be carried forward as a partial payment of corporation tax for any of the following ten financial years. The Group recognized the tax on notional presumed income earned in previous years as a credit, considering that it would offset future taxable income. See note 22.

In 2019 the application of the minimum notional income tax was repealed for years beginning on or after 1 January 2019. However, the credit of USD 1,382 at the year end, is estimated to be use as a partial payment of corporation tax in the next fiscal year.

Factors affecting future tax charge
The following tax changes enacted in December 2019 and 2021 will affect Andina's future tax charge:

- Income tax for Argentine companies: In June 2021, law 27,630 was enacted, which establishes a new structure of tiered rates for income tax with three segments in relation to the level of accumulated taxable net income. The new tax rates are:

  - 25% for accumulated taxable net earnings of up to AR$ 5 million
  - 30% for the second tranche, which will reach taxable profits of up to AR$ 50 million
  - 35% for taxable profits over AR$ 50 million

- A withholding tax of 7% was introduced on dividends or earnings distribution by companies with a permanent establishment in Argentina. This was effective for fiscal years beginning on or after 1 January 2018. The rate will be increased to 13% for fiscal years beginning on or after 1 January 2022. These changes are expected to increase the Group's tax burden.

12 Intangible assets

Group	Concession Assset US$'000
Cost	
At 1 January 2019	16,052
Hyperinflation adjustments	9,429
Exchange adjustments	(9,163)
At 31 December 2019	16,318
Hyperinflation adjustments	4,218
Exchange adjustments	(4,648)
At 31 December 2020	15,888
Accumulated amortization and impairment	
At 1 January 2019	7,281
Amortization charge	252
Hyperinflation adjustments	5,174
Exchange adjustments	(4,622)
At 31 December 2019	8,085
Amortization charge	318
Hyperinflation adjustments	2,215
Exchange adjustments	(2,303)
At 31 December 2020	8,315
Carrying amount	
At 31 December 2020	**7,573**
At 31 December 2019	8,233

12 Intangible assets **(Continued)**

Concession assets
Concession assets represent the amount paid to acquire the concession rights and are comprised of the electricity distribution and the electricity generation businesses.

- *Distribution assets*

Under a 1998 concession agreement, SODEMSA was awarded an exclusive right to distribute electricity in the province of Mendoza. The concession agreement is for 30 years divided into three management periods of 10 years each.

The concession assets related to the electricity distribution business were fully impaired in previous years based on the value in use analysis carried out by the Group. The assets remain impaired as of the reporting date.

- *Generation assets*

Under a 1994 concession agreement, HASA was awarded a 50-year concession to operate the Ameghino hydro power generating plant located in the province of Chubut.

The book values of the concession assets related to the electricity generation business do not exceed the estimated value in use under current economic and technical conditions

13 Property, plant and equipment

Group	Land and buildings	Machinery and equipment	Networks and power transformers	Transformers	Work in progress and other assets	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost						
At 1 January 2019	29,825	24,201	279,499	34,034	59,969	427,528
Additions	-	1,052	125	128	14,243	15,548
Transfers	2,456	17	6,902	1,056	(10,431)	-
Hyperinflation adjustments	9,816	7,207	94,620	13,964	17,671	143,278
Exchange adjustments	(11,069)	(8,982)	(103,731)	(12,631)	(22,256)	(158,669)
At 31 December 2019	31,028	23,495	277,415	36,551	59,196	427,685
Additions	173	22	255	-	11,262	11,712
Transfers	201	1,075	7,032	935	(9,243)	-
Disposals	-	-	-	-	(20)	(20)
Hyperinflation adjustments	8,020	6,074	71,705	9,448	15,301	110,548
Exchange adjustments	(8,837)	(6,691)	(79,010)	(10,410)	(16,861)	(121,809)
At 31 December 2020	30,585	23,975	277,397	36,524	59,635	428,116
Accumulated depreciation and impairment						
At 1 January 2019	7,524	19,054	160,713	19,415	17,292	223,998
Depreciation charge	998	531	6,311	1,137	692	9,669
Hyperinflation adjustments	2,495	6,399	64,089	9,347	4,117	86,447
Exchange adjustments	(2,793)	(7,071)	(69,328)	(8,370)	(6,418)	(93,980)
At 31 December 2019	8,224	18,913	161,785	21,529	15,683	226,134
Depreciation charge	980	530	6,176	1,142	425	9,253
Disposals	-	-	-	-	(20)	(20)
Hyperinflation adjustments	2,120	4,873	52,107	6,807	4,054	69,961
Exchange adjustments	(2,343)	(5,386)	(56,374)	(7,369)	(4,464)	(75,936)
At 31 December 2020	8,981	18,930	163,694	22,109	15,678	229,392
Carrying amount						
At 31 December 2020	**21,604**	**5,045**	**113,703**	**14,415**	**43,957**	**198,724**
At 31 December 2019	22,804	4,582	115,630	15,022	43,513	201,551

The Company had no property, plant and equipment at 31 December 2020 or 31 December 2019.

13 Property, plant and equipment **(Continued)**

Under the contracts for which the Group's electricity generation and distribution assets were acquired and regulated, there are restrictions on the use of said assets and also obligations to maintain relevant assets with the intention of protecting the services they provide. In addition, the Group cannot pledge relevant assets as collateral for borrowings, except for those borrowings incurred to finance the acquisition of such assets.

Andina operates in a tough economic context, with a hyperinflationary environment as well as uncertainty and delays in tariff adjustments. This has had an adverse impact on the Group's operating results, triggering an impairment review under IAS 36 'Impairment of assets'.

The Board has carried out an impairment review of long-term assets by comparing their carrying amount to the higher of fair value less costs of disposal ("FVLCD") or value in use ("VIU"). For the purposes of assessing impairment, assets are grouped at their lowest level for which there are largely independent cash inflows (CGU).

The VIU for each cash generating unit (CGU) is determined by calculating the net present value of the future cash flows expected to be generated by each CGU. The estimates of future cash flows were derived from approved extrapolated financial budgets using an estimated industry growth rate. The cash flows include the following key assumptions:

1) Tariff increases: Management has calculated these increases based on the adjustment mechanism agreed in the concession contract and the current agreed tariffs;
2) Discount rate: The weighted average growth rate is consistent with the forecasts included in the industry reports. The discount rate used is a real interest rate and reflects specific risks related to the industry and the country of operation;
3) Growth rates: The cash flows include an estimated growth rate of 1%, which the Directors believe reflects the expected annual economic growth in the areas where the Group operates;
4) Tax rate: Management has used the tax rate of 35% that are expected to be in effect in each of the periods considering the current tax law and
5) Inflation and exchange rates: They are based on estimated and current market inflation and exchange rates.

The VIU calculations for each CGU indicate that there is no impairment at the year end.

Impact of possible changes in key assumptions
The impairment is more sensitive to movements in tariffs and discount rate. Accordingly, management has undertaken a sensitivity analysis on these two key assumptions as outlined below:

	Change in assumption	Impairment charge
Tariff	Decrease of 7 %	US$ 6.81 million
Discount rate	Increase of 20%	US$ 6.95 million

14 Investments

	Note	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'000
Non-current					
Investments in subsidiaries	15	-	-	34,831	33,829
		-	-	34,831	33,829
Current					
Listed investments		50,940	27,972	-	-
Other investments		3,978	14,364	-	-
		54,918	42,336	-	-
		54,918	**42,336**	**34,831**	**33,829**

Movements in investments

	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'000
At 1 January	42,336	38,465	33,829	32,398
Additions	31,023	19,789	-	-
Disposals	(9,032)	(2,480)	-	-
Valuation	2,649	5,134	-	-
Exchange differences	(12,058)	(18,572)	1,002	1,431
At 31 December	54,918	42,336	34,831	33,829

Investments in subsidiaries
The Directors consider the carrying value of investments in subsidiaries to be recoverable based on the value in use of the assets in HASA and EDEMSA.

Listed investments
Listed investments comprise mainly national government bonds from Argentina. These financial assets are valued based on their quoted prices at the reporting date (Level 1).

Other investments
Other investments include mainly trust and common funds, and foreign currency. They are carried at fair value through profit or loss based on management's best estimate (Level 2).

15 Subsidiaries and related undertakings

Details of the Company's subsidiaries at 31 December 2020 are as follows:

Name	Country of incorporation	Registered address	Principal activity	Control	% Held 2020	% Held 2019
Andina Electricidad Limited	UK	1-3 Charter Square, Sheffield, S1 4HS	Holding	Direct	100	100
Andes Electricidad S.A.	Argentina	Maipu 1252, 2nd Floor, Ciudad Autonoma de Buenos Aires	Holding	Direct	100	100
Inversora Andina de Electricidad S.A. ("IADESA")	Argentina	Belgrano 815 - Mendoza	Holding	Indirect	100	100
Mendinvert S.A.	Argentina	Belgrano 815 - Mendoza	Holding	Indirect	100	100
SODEMSA	Argentina	Belgrano 815 - Mendoza	Holding	Indirect	100	100
Empresa Distribuidora de Electricidad de Mendoza S.A. ("EDEMSA")	Argentina	Belgrano 815 - Mendoza	Electricity distribution	Indirect	51	51
Hidroelectrica del Sur S.A. ("HDS")	Argentina	Juez Tedin N° 2728 - Ciudad Autonoma de Buenos Aires	Holding	Indirect	80	80
Hidroelectrica Ameghino S.A. ("HASA")	Argentina	Sarmiento 698- Trelew- Chubut	Electricity generation	Indirect	47	47
South American Energy LLP	UK	1-3 Charter Square, Sheffield, S1 4HS	Holding	No	(*)	-
Energia del Cono Sur S.A. (EDELCOS)	Argentina	Av. Maipu 1252, 12th Floor - Ciudad Autonoma de Buenos Aires	Electricity generation and distribution	No	(*)	-

The Company's subsidiary undertakings all have share capital consisting solely of ordinary shares.

EDEMSA's financial statements are available at www.cnv.gov.ar

EDEMSA's shares, rights and obligations under the concession contract may not be assigned, in whole or part, to a third party without the prior consent of the province of Mendoza.

(*) See note 3.

In 2021 EDELCOS bought 51% of the capital stock and voting power in EDENOR, see more details about this acquisition in note 32.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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16 Inventories

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Non-current				
Raw materials and consumables	2,725	2,742	-	-
Current				
Raw materials and consumables	3,234	3,279	-	-

During the year US$2.7 million of inventory, mostly spare parts, was transferred to property, plant and equipment (2019: US$3.8 million); US$2.6 million was transferred to expenses (2019: US$2.7 million) and included in 'Cost of Sales'.

Inventory has been classified as current and non-current to more accurately reflect the period of consumption. No inventory was written off in the year.

17 Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Non-current				
Amounts owed by group undertakings	-	-	5,458	-
Corporation tax recoverable	7	23	-	-
Other receivables	19	286	-	-
	26	309	5,458	-
Current				
Trade receivables	19,707	20,033	445	105
Less provision for impairment	(3,373)	(2,386)	-	-
	16,334	17,647	445	105
Amounts owed by group undertakings	-	-	2,569	2,569
Less provision for impairment	-	-	(2,569)	(2,569)
Other receivables	9,763	10,249	10	19
Prepayments	22,691	33,710	-	-
	48,788	61,606	455	124

17 Trade and other receivables **(Continued)**

Movements in the provision for impairment of trade receivables are as follows:

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Movements in provision for impairment				
At 1 January	2,386	2,240	2,569	2,569
Provision for receivables impairment	1,900	1,201	-	-
Receivables written off in the year	(850)	(981)	-	-
Hyperinflation adjustments	617	757	-	-
Exchange differences	(680)	(831)	-	-
At 31 December	3,373	2,386	2,569	2,569

Trade receivables are non-interest bearing and generally have a 30 to 90-day term. Due to their short maturities, the fair value of trade receivables approximates to their book value.

Loans with related companies accrue interest at a LIBOR rate plus a spread of 8% per year.

As at the reporting date, there were no trade receivables past due but not impaired (2019: US$nil).

18 Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Non-current				
Trade payables	18,437	25,551	-	-
Other taxation and social security	991	562	-	-
Amounts owed to group undertakings	-	-	1,737	1,053
Other payables	2,462	1,448	2,462	1,448
	21,890	**27,561**	**4,199**	**2,501**
Current				
Trade payables	147,690	135,052	195	166
Other taxation and social security	14,142	13,709	-	-
Government payables related to compensation funds	-	4,338	-	-
Other payables	610	1,926	238	1,368
Accrued expenses	32,775	12,870	628	792
	195,217	**167,895**	**1,061**	**2,326**

Trade payables are non-interest bearing and generally have a 30 to 90-day term. Due to their short maturities, the fair value of trade payables approximates to their book value.

18 Trade and other payables (Continued)

Settlement of CAMMESA's historic debt
During 2018, EDEMSA and CAMMESA agreed a payment plan for CAMMESA's historic debt incurred prior to January 2016, which included a reduction in late charges, a grace period from 1 February 2016 to April 2018, a financing term of 90 months from April 2018 until September 2025 and a fixed annual interest rate of 10%. At 31 December 2020 EDEMSA owed CAMMESA US$ 22.1 million (AR$ 1.9 billion) under this payment plan. The agreement is being fulfilled and there were no unpaid instalments at the reporting date. No formal additional payment request has been received as of the date of this report considering the overdue current debt with CAMMESA mentioned below.

Settlement of CAMMESA's historic debt under Article 15
Notwithstanding the payment plan for CAMMESA's historic debt, noted above, on 21 December 2016, Law 27.341 was published (2017 National Budget). Article 15 of this law established the compensation terms for the historic debt which Argentine electricity distributors have with CAMMESA in relation to the purchase of energy between 2013 and 2016 (a time during which electricity tariffs were frozen). Under this law, a company should be able to net off the differences in income received by the distributors compared with the income to with they were entitle to if the concession contract had been applied (the Foregone Income) with regard to the amount payable to CAMMESA. On the basis that EDEMSA's Foregone Income would be higher than the liability owed to CAMMESA, the application of the law should result in a full discharge of the outstanding liability.

Although EDEMSA has agreed a payment plan with CAMMESA in respect of the 2013-2016 period, EDEMSA has not relinquished its right to claim the Article 15 credit. Subsequently, the company has filed a claim with the National Secretary of Energy to request the application of Article 15. No response has been received regarding this claim as of the date of issuance of these financial statements.

Settlement of CAMMESA's current debt
As at 31 December 2020 EDEMSA owed CAMMESA US$126.4 million (AR$ 10.6 billion) for energy purchases, of which US$116 million (AR$ 9.7 billion) is due immediately. EDEMSA is currently in the process of negotiating a payment plan with CAMMESA to ensure it is reflective of the tough economic landscape in which EDEMSA operates.

While the negotiations are ongoing, the outstanding debt continues to be payable on demand. After a formal payment request made by CAMMESA on January 2020, EDEMSA and CAMMESA agreed the suspension of procedural deadlines while negotiations are ongoing under Law 27591, Article 87.

On 14 December 2020, Law 27591 was published (2021 National Budget) Article 87 of this law instructs the National Secretary of Energy to regularize the debts and credits with distributors. The measures contemplate different alternatives, that include the negotiation of a payment plan for up to 60 months with a 6-month grace period and a 50% reduction in the interest rate. Likewise, the Ministry of Energy is empowered to dictate the applicable regulations and determine, apply and recognize in the fiscal year 2021 the credit recognized by Article 15 of the law 27,341 (the Foregone Income). These measures were regulated by the Ministry of Energy in accordance with Resolution 40/2021 dated 21 January 2021. EDEMSA has presented the information requested.

Although to date the parties have not yet finalized the agreements under Article 87, Law 27591, EDEMSA is negotiating with the intention of signing them. To this end, EDEMSA has paid CAMMESA in full for all invoices relating to the purchase of energy since March 2021. If EDEMSA were able to finalize the agreements with CAMMESA, it would allow EDEMSA to regularize the situation with its main supplier and stabilize its economic and financial situation, thereby improving the financial position of the Group and benefiting the going concern status making the Group to continue operating as a going concern.

19 Borrowings

	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'000
Non-current:				
Other borrowings	2,880	8,860	-	1,014
	2,880	8,860	-	1,014
Current:				
Bank borrowings	22	-	-	-
Other borrowings	2,893	7,875	2,813	7,766
	2,915	7,875	2,813	7,766
	5,795	16,735	2,813	8,780

Movement in borrowings is analyzed as follows:

	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'000
At 1 January	16,735	10,736	8,780	8,367
Proceeds from borrowings	228	408	-	-
Accrued interest	3,193	2,298	1,194	913
Income for refinancing agreement	(1,822)	-	(1,822)	-
Debt capitalization as per Settlement Agreement on 30 December 2020 (1)	(10,706)	-	(5,249)	-
Repayments of borrowings and interest	(49)	(1,651)	(24)	(500)
Reclassified from other payable (2)	-	4,993	-	-
Exchange difference	(1,784)	(49)	(66)	-
At 31 December	5,795	16,735	2,813	8,780

(1) In November 2020, an agreement was signed for some debts of Andina and Andes Electricidad S.A. to convert the outstanding debt, including interest, into equity shares of the Company equivalent to US$ 10.7 million. Below is the capitalization of debts:

	US$'000
COMPANY	
South America Energy Development LLC (SAED)	4,263
Stanhope Worldwide Services Inc	986
Subtotal	5,249
Andes Electricidad S.A.	
Criss Cross Int. Dev. Inc	3,072
Generation Capital Investment	2,385
Subtotal	5,457
TOTAL	10,706

As of December 31, 2020 all the outstanding debt to Stanhope Worldwide Services Inc, Criss Cross Int. Dev. Inc and Generation Capital Investment have been cancelled, there is a remainder of US $ 2,8 million for SAED.

(2) Relates to shareholders' and director's loan previously included within current and non-current payables within trade and other payables.

19 **Borrowings** **(Continued)**

The Group's and Company's other borrowings comprise of:

Group

- US$1.7 million loan from Neil Bleasdale, a Director of the Company and a shareholder. The loan is unsecured and bears 8% annual interest up to 31 December 2019 and 11% per annum thereafter. The loan and accrued interest are repayable on 31 December 2022. At 31 December 2020 the accrued interest amounted to US$0.4 million.
- AR$22.2 million (US$0.3 million) from Trench Energy Consulting SRL. The loan is unsecured and bears annual interest at BADLAR + 5% up to 31 December 2019 and 8% per annum thereafter. The loan and accrued interest are repayable on 31 December 2022. At 31 December 2020 the accrued interest amounted to AR$18.5 million (US$0.2 million).

  Trench Energy Consulting S.R.L. ("Trench") provides a consulting service to EDEMSA. Trench develops commercial activities and receives, among others, advisory services from Andes Electricidad S.A., an indirect controlling Company of EDEMSA, as part of a development and expansion plan.
- AR$8.5 million (US$101) from DALAI SA. The loan is unsecured and bears annual interest of 8% per annum from 1 January 2020. The loan and accrued interest are repayable on 31 December 2022. At 31 December 2020 the accrued interest amounted to AR$0.7 million (US$9).
- AR$12.6 million (US$0.2 million) from Magnus Argentina SA. The loan is unsecured and bears annual interest at BADLAR + 4%. The loan and accrued interest are repayable on 31 December 2022. At 31 December 2020 the accrued interest amounted to AR$0.3 million (US$0.4 million).

Company

- US$7 million loan from South American Energy Development LLC (hereafter "SAED"), of which US$2.8 million remained outstanding at 31 December 2020. The loan is unsecured and bears 11% annual interest payable monthly.

  The loan has been presented in current other borrowings due to the agreement which was signed with SAED with the possibility to convert the entire outstanding debt of US$ 2,8 million including interest, into equity shares of the HDS Company that represent 40% of the capital and voting rights of HDS (see note 32).

20 Leases

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Right of use assets				
At 1 January	1,224	-	-	-
Additions in the year	-	1,809	-	-
Amortization	(48)	(49)	-	-
Hyperinflation adjustments	331	-	-	-
Exchange adjustments	(337)	(536)	-	-
At 31 December	1,170	1,224	-	-
Lease liability				
At 1 January	1,418	827	-	-
New leases obtained	-	1,407	-	-
Repayments of leases	(435)	(816)	-	-
At 31 December	983	1,418	-	-
Of which are:				
Non-current	688	1,051	-	-
Current	295	367	-	-
	983	1,418	-	-

21 Provisions

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Fines	8,431	6,119	-	-
Legal claims	634	601	-	-
	9,065	6,720	-	-
Non-current	266	402	-	-
Current	8,799	6,318	-	-
	9,065	6,720	-	-

21 **Provisions** (Continued)

Movements in provisions:

Group	Fines	Legal claims	Total
	US$'000	US$'000	US$'000
At 1 January 2020	6,119	601	6,720
Additional provisions in the year	4,751	439	5,190
Used/paid during the year	(2,277)	(390)	(2,667)
Exchange difference	(1,743)	(171)	(1,914)
Hyperinflation adjustment	1,581	155	1,736
At 31 December 2020	8,431	634	9,065

Group	Fines	Legal claims	Total
	US$'000	US$'000	US$'000
At 1 January 2019	11,685	817	12,502
Additional provisions in the year	5,865	712	6,577
Used/paid during the year	(11,050)	(902)	(11,952)
Exchange difference	(4,337)	(303)	(4,640)
Hyperinflation adjustment	3,956	277	4,233
At 31 December 2019	6,119	601	6,720

Fines
EDEMSA's activities are regulated by the provincial regulator, Ente Provincial Regulador Eléctrico (EPRE). EPRE regulates the approval and control of tariffs, the control of the quality of the technical product and service, and the commercial quality. Failure to comply with the provisions established in the concession contract and in the applicable regulations may result in penalties being imposed. The Group has appealed the penalties. As of the reporting date, no response to the appeal has been received and the Group has provided US$2.97 million (2019: US$2.1 million) for possible penalties, and US$5.46 million (2019: US$ 4.0 million) to cover the risks associated with possible fines.

Legal claims
This represent provisions for certain claims relating to penalties in connection with legal procedures related to the ordinary course of business, which are expected to crystallize under varied terms after the reporting date.

In management's opinion, after receiving appropriate legal advice, the outcome of these claims is unlikely to result in a significant loss in excess of the amounts provided.

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognized by the Group and Company, and movements thereon:

Group	Liabilities 2020 US$'000	Liabilities 2019 US$'000
Provision for bad debt	709	436
Notional income tax	1,364	1,931
Provision charges	6,426	(68)
Employee benefits	1,137	1,153
Carry forward losses	8,689	9,156
Other	(10,662)	(8,178)
Non-current assets	(41,066)	(39,545)
Borrowings	20	60
	(33,383)	(35,055)

The Company has no deferred tax assets or liabilities.

22 Deferred taxation (Continued)

Movements in deferred tax liabilities

	Provision for bad debt	Notional income tax	Provision charges	Employee benefits	Carry forward losses	Other	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 January 2019	422	3,185	(2,143)	1,424	5,398	128	8,414
Credit/(charge) to the profit or loss	28	(370)	2,005	(230)	3,934	(1,362)	4,005
Credit to employee Benefits	-	-	-	5	-	-	5
Minimal notional tax paid	-	(1,070)	-	-	-	-	(1,070)
Hyperinflation effect	227	1,714	(1,153)	767	2,906	69	4,530
Exchange differences	(241)	(1,528)	1,223	(813)	(3,082)	(73)	(4,514)
At 31 December 2019	436	1,931	(68)	1,153	9,156	(1,238)	11,370
Credit/(charge) to the profit or loss	284	(416)	6,493	51	(226)	397	6,583
Charge to employee benefits	-	-	-	(36)	-	-	(36)
Minimal notional tax paid	-	(194)	-	-	-	-	(194)
Hyperinflation effect	158	688	(25)	417	3,309	(447)	4,100
Exchange differences	(169)	(645)	26	(448)	(3,550)	480	(4,306)
At 31 December 2020	**709**	**1,364**	**6,426**	**1,137**	**8,689**	**(808)**	**17,517**

22 Deferred taxation (Continued)

Movements in deferred net tax liabilities

	Borrowings US$'000	Non-current assets US$'000	Other US$'000	Total US$'000
At 1 January 2019	135	(36,583)	-	(36,448)
(Charge) to loss	(71)	(4,015)	(6,940)	(11,026)
Hyperinflation effect	73	(20,374)	-	(20,301)
Exchange differences	(77)	21,427	-	21,350
At 31 December 2019	60	(39,545)	(6,940)	(46,425)
(Charge) to loss	(39)	(1,985)	(3,184)	(5,208)
Hyperinflation effect	22	(14,297)	(2,385)	(16,660)
Exchange differences	(23)	14,761	2,655	17,393
At 31 December 2020	20	(41,066)	(9,854)	(50,900)
Net deferred income tax liability				
At 31 December 2020				(33,383)
At 31 December 2019				(35,055)

In addition to the net deferred income tax liability of US$33 million (2019: US$35 million), the Group has recognized a non-offsetting deferred income tax asset of US$nil (2019: US$ nil).

Minimum notional income tax was payable in Argentina and is supplementary to income tax. The Group determined the amount of minimum notional income tax due at the applicable tax rate and its tax liability was the higher of the minimum notional tax and the income tax due. However, if the minimum notional income tax for a given year exceeded the amount of income tax, such excess may be carried forward against future income tax liabilities for a maximum of ten years. In 2019 the application of the minimum notional income tax was repealed for the years beginning on or after 1 January 2019.

The minimum notional income tax is included as a deferred tax asset to the extent that it is probable that taxable profits will be available against which the minimum notional income tax can be utilized. However, the credit of USD 1,382 at the year end, is estimated to be used as a partial payment of corporation tax in the next fiscal year.

In the Group, losses in respect of which deferred tax assets have been recognized will expire between 2021 and 2025.

In June 2021 there was a reform of the income tax rates, see the impact on the deferred tax in note 32.

23 Employee benefits schemes

Long term benefits for years of service
This represents the accrued benefits to be paid to employees covered by the collective bargaining agreement for the industry labour union, that have completed twenty, twenty five, thirty, and thirty five years of service. This is paid in the form of a special remuneration equivalent to the monthly salary in the month that the year of service conditions are met. This amount doubles when the employee reaches forty years of service.

Long term benefits for retirement or disability
The Group operates a defined benefit plan. This represents accrued benefits to be paid to employees covered by the collective bargaining agreement for the industry labor union, for staff reaching retiring age or retiring as a result of disability prior to this. All such employees who have at least five years of service with the Group are entitled to this benefit. Employees are paid a bonus equivalent to ten months of their last monthly salary. This benefit is increased by two percent for each year of service exceeding the first five years.

These benefits are valued according to the actuarial method of the projected unit credit. The Group estimates the future outcome of certain variables that affect the value of the liability, including the rate of inflation, salary increases and changes in mortality rates. The amounts calculated are discounted using a discount rate that reflects the time value of money and the specific risks to the cash flows considered. The differences between the prior year estimates and the actual charge and changes in estimates are classified as gains and losses with in administrative expenses.

The main assumptions used in the calculation are the discount rate and the expected salary increase. The actual rate used to discount the obligations of these benefits was determined by reference to the market yield (at the reporting date) of the National Government's bonds. The salary increase rate responds to the historical evolution of it.

Key assumptions	2020 %	2019 %
Discount rate	15.5	15.5
Expected rate of salary increases	9	9

Amounts recognized in the income statement	2020 US$'000	2019 US$'000
Current service cost	586	783
Net interest on net defined benefit liability	513	660
Total costs	1,099	1,443

Amounts taken to other comprehensive income	2020 US$'000	2019 US$'000
Actuarial changes related to obligations	344	673

23 **Employee benefits schemes** **(Continued)**

The amounts included in the statement of financial position arising from obligations in respect of defined benefit plans are as follows:

Group	2020 US$'000	2019 US$'000
Present value of defined benefit obligations	4,550	4,612
Deficit in scheme	4,550	4,612

The Company had no post-employment benefits at 31 December 2020 or 31 December 2019

Movements in the present value of defined benefit obligations	Group 2020 US$'000	Group 2019 US$'000
Liabilities at 1 January	4,612	5,955
Current service cost	586	783
Benefits paid	(1,383)	(2,805)
Actuarial gains and losses	344	673
Interest cost	513	660
Other	(122)	(654)
At 31 December	4,550	4,612

There are no plan assets and therefore the liability presented is the gross defined benefit liability.

The sensitivity of the defined benefit liability outstanding at 31 December 2020 to changes in the main actuarial assumptions is as follows:

- Increase / decrease of 1% in discount rate will result in a decrease of US$310,000 / an increase of US$364,000 in the liability respectively;

- Increase / decrease of 1% in rate of salary increases will result in an increase of US$374,000 / a decrease of US$324,000 in the liability respectively.

24 Warrants

The Company issued warrants to subscribe for its ordinary shares. All outstanding warrants expired during the year and at the reporting date there were no outstanding warrants as shown below:

Company	Number of share options		Weighted average exercise price	
	2020 Number	2019 Number	2020 US$'000	2019 US$'000
Outstanding at 1 January	-	2,158,120	-	0.54
Expired	-	(2,158,120)	-	-
Outstanding at 31 December	-	-	-	0.54
Exercisable at 31 December	-	-	-	0.54

Company

The fair values of warrants, which fall under the scope of IFRS 2 "Share-based payments", were calculated using the Black-Scholes model. The estimated fair values of warrants and the inputs used in the model to calculate those fair values are as follows:

	June 2012
Weighted average share price (£)	0.45
Weighted average exercise price (£)	0.54
Expected volatility (%)	53.00
Expected life (years)	7.00
Risk free rate (%)	1.80

24 Warrants **(Continued)**

The share price is the pre-demerger share price of Andes and the volatility was derived from the pre-demerger Andes share activity.

25 Share capital and reserves

	Group and Company	
	2020	2019
Ordinary share capital	**US$'000**	**US$'000**
Issued and fully paid		
96,156,114 (2019: 96,156,114) ordinary shares of 10p each	14,904	14,904
44,853,670 (2019: nil) ordinary shares having a nominal value of 10p per share	5,948	-
Total share capital	20,852	14,904
44,853,670 (2019: nil) share premium of 8p per share	4,758	-
Total share premium	4,758	14,904
Preference share capital		
Issued and fully paid		
50,000 (2019: 50,000) redeemable preference shares of £1 each	78	78
Preference shares classified as liabilities	78	78

Reserves

Merger reserve
The merger reserve arose following the completion of the demerger of Andes PLC on 11 July 2012.

Translation reserve
The translation reserve results from exchange differences arising from the translation of the assets and liabilities of the Group's operations into the presentation currency at exchange rates prevailing at the reporting date, and income and expense items at the average exchange rates for the reporting year.

Retained earnings/(deficit)
The retained earnings/(deficit) include all other net gains and losses and transactions with owners (e.g. dividends) not recognized elsewhere.

26 **Financial instruments**

The Group is exposed through its operations to the following financial risks: market risk, foreign currency risk, interest rate risk, price risk, credit risk, liquidity risk and capital risk. Management seek to minimize the Group's exposure to those risks by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis. No formal policies have been put in place in order to hedge the Group's activities to the exposure to interest rate risk, price risk or foreign currency risk, however they may be considered in the future. No derivatives or hedges against these risks were used during the year.

There have been no substantive changes in the Group's exposure to financial risks, policies, management or measurement of them unless otherwise stated in this note.

Principal financial instruments
The Group's principal financial instruments, from which financial instrument risks arises, comprise cash and cash equivalents, trade and other receivables, trade and other payables and borrowings.

The table below shows the carrying values of the Group's financial assets and financial liabilities.

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Carrying amount of financial assets				
Trade and other receivable	35,768	48,876	455	124
Cash and cash equivalents	10,229	7,851	18	19
Listed investment	54,918	42,336	-	-
Carrying amount of financial liabilities				
Measured at amortized cost	206,290	199,338	5,611	12,554

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is monitored by the Group to ensure that it has sufficient resources to meet its financial obligations as they fall due. The liquidity risk of the Group is managed by the Board who monitor the Group's liquidity requirements through monthly management accounts and periodic cash flow forecasts. New funds are borrowed when required. The Group intends to maintain a balance of funding designed to reduce liquidity risks whilst also seeking to minimize the costs of borrowings. Where appropriate the Board will seek additional funds from the issue of share capital, private or public placements.

The table below shows the Group and Company's financial liabilities at the reporting date by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows which may differ from the amounts included in the statement of financial position because the balances presented in the statement of financial position are based on discounted cash flows.

26 Financial instruments (Continued)

Group 2020	Carrying amount US$'000	Contractual cash flows US$'000	1 year or less US$'000	1 to 5 years US$'000	Over 5 years US$'000
Current financial liabilities:					
Trade and other payables	181,075	181,075	181,075	-	-
Loans and borrowings	2,915	102	102	-	-
Leases	295	297	297	-	-
Non-current financial liabilities:					
Trade and other payables	18,437	34,650	4,195	30,455	-
Loans and borrowings	2,880	3,697	-	3,697	-
Leases	688	969	190	779	-
	206,290	220,790	185,859	34.931	-

Company 2020	Carrying amount US$'000	Contractual cash flows US$'000	1 year or less US$'000	1 to 5 years US$'000	Over 5 years US$'000
Current financial liabilities:					
Trade and other payables	1,061	1,061	1,061	-	-
Loans and borrowings	2,813	-	-	-	-
Non-current financial liabilities:					
Trade and other payables	1,737	1,737	-	1,737	-
Loans and borrowings	-	-	-	-	-
	5,611	2,798	1,061	1,737	-

Group 2019	Carrying amount US$'000	Contractual cash flows US$'000	1 year or less US$'000	1 to 5 years US$'000	Over 5 years US$'000
Current financial liabilities:					
Trade and other payables	153,244	153,244	153,244	-	-
Loans and borrowings	8,885	8,968	8,968	-	-
Leases	367	382	382	-	-
Non-current financial liabilities:					
Trade and other payables	27,941	36,090	-	31,694	4,396
Loans and borrowings	7,850	9,251	-	9,251	-
Leases	1,051	1,274	-	1,274	-
	199,338	209,209	162,594	42,219	4,396

26 Financial instruments (Continued)

Company 2019	Carrying amount US$'000	Contractual cash flows US$'000	1 year or less US$'000	1 to 5 years US$'000	Over 5 years US$'000
Current financial liabilities:					
Trade and other payables	1,384	1,384	1,384	-	-
Loans and borrowings	8,780	10,119	10,119	-	-
Non-current financial liabilities:					
Trade and other payables	2,390	2,390	-	2,390	-
Loans and borrowings	-	-	-	-	-
	12,554	13,893	11,503	2,390	-

Credit risk

In accordance with the local legislation, the Group is not able to subject its customer portfolio to a regular credit risk assessment and is therefore exposed to credit risk due to the possibility that customers may fail to meet their financial obligations. The Group has the right to disconnect services if customers fail to meet their financial obligations.

The Group is also subject to counterparty credit risk attributable to its deposits of cash and cash equivalents. The risk is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Group	2020 Carrying value US$'000	Maximum exposure US$'000	2019 Carrying value US$'000	Maximum exposure US$'000
Current financial assets:				
Trade and other receivables	35,768	35,768	48,876	48,876
Investments	54,918	54,918	42,336	42,336
Cash and cash equivalents	10,229	10,229	7,851	7,851
	100,915	100,915	99,063	99,063

Company	2020 Carrying value US$'000	Maximum exposure US$'000	2019 Carrying value US$'000	Maximum exposure US$'000
Current financial assets:				
Trade and other receivables	455	455	124	124
Cash and cash equivalents	18	18	19	19
	473	473	143	143

26 Financial instruments (Continued)

Market risk
The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies and (b) interest bearing liabilities and commodity risks, all of which are exposed to general and specific market movements. Management does not limit the value of risks that may be accepted. However, management is on alert for significant market movements and takes these movements into account in their future dealings.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If variable interest rates increase by 1% compared to the current rate this would result in a US$0.5 million additional charge to the income statement. The Group's exposure to cash flow interest rate risk comes from variable interest rates on borrowings.

The Group does not have formal policies and procedures for the management of interest rate risks as management considers this risk insignificant to the Group's business.

Price risk
The Group is not subject to price risk due to tariffs not being open market based but regulated. However, if future tariff reviews are not forthcoming, this will adversely affect cash flows and the ability of the Group to invest in the business and could impair Group asset values. The Group has not used any derivative hedges against this risk. In connection with electricity sales, the Group is not exposed to risks due to fluctuations in the prices paid to purchase electricity on the market, since price fluctuations are passed through to customers.

The Group is exposed to commodity price risk in relation to the purchase of the copper wires used in the distribution networks. The Group does not use derivatives to hedge this risk. The Group is also exposed to price risk due to inflationary increases in the price of the goods and services it purchases. To manage its exposure to this risk, the Group has established commercial practices aimed at selecting the most convenient suppliers which ensure minimizing the costs of purchasing inputs without resigning their quality.

Foreign currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is mainly exposed to currency risks on certain bank deposits, debtors and creditors denominated in a different currency from their functional currency.

The Group's exposure to foreign currency risk mainly relates to balances in US$, based on carrying amounts at the reporting date as follows:

	2020 US$'000	**2019 US$'000**
Trade and other receivables	874	2,283
Investment	50,137	32,139
Cash and cash equivalents	769	2,552
Financial liabilities	(6,192)	(20,234)
	45,588	16,740

26 Financial instruments

(Continued)

Effect on profit of changes in exchange rates

	2020 US$'000	2019 US$'000
Functional currency strengthening by 25%	11,397	3,765
Functional currency weakening by 25%	(11,397)	(3,765)

Capital risk
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to maintain sufficient financial flexibility in order to undertake investment plans, and to optimize the weighted average cost of capital and tax efficiency.

To maintain or adjust the optimum capital structure, the Group may look for new debt facilities, issue new share capital for cash, repay or restructure existing debt, amend its dividend policy, or undertake other restructuring activities considered appropriate.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group monitors capital on the basis of the net debt ratio as follows:

	Group	
	2020 US$'000	2019 US$'000
Borrowings excluding leases	5,773	16,735
Less: cash and cash equivalents	(10,229)	(7,851)
Net debt	(4,434)	8,884
Total equity	56,504	69,135
Equity and net debt	52,070	78,019
Net debt ratio	9%	11%

27 **Capital commitments**

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Acquisition of property, plant and equipment	8,744	9,392	-	-

All amounts are categorized as less than one year.

28 **Related party transactions**

Remuneration of key management personnel
Key management include directors (executive and non-executive) and senior management who have authority for planning, directing and controlling the Group. The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Salaries and other short-term benefits	452	362	-	-
	452	362	-	-

Year end balances with related parties
Amounts outstanding at the reporting date owed by the Company to related parties are stated below:

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Key management personnel	2,094	1,943	-	-
	2,094	1,943	-	-

Amounts owed to key management personnel are due to one of the Company's directors, Neil Bleasdale and his related company.

No other transactions occurred with related parties during the current and preceding years.

29 Contingent liabilities

EDEMSA has received a claim from the Argentine fiscal bureau in respect of a different interpretation of the tax assessed in certain years. On 25 June 2007, the Group received notice from the authorities of their intention to pursue the claim plus interest and penalties. In the opinion of EDEMSA's tax advisors, the criteria used by the Argentine fiscal bureau is not in line with tax regulations. For this reason, the Group has not made any provision for this claim. On 19 July 2007 EDEMSA filed appeals with the National Tax Court. The Group does consider that an estimate of the debt with respect to such claims can be estimated with certainty. The matter remains outstanding as at year end, and the Company's position remains the same based on recent tax advice.

30 Cash generated from Group operations

	2020 US$'000	2019 US$'000
Loss for the year after tax	(20,946)	(20,575)
Adjustments for:		
Tax (credit)/charge	(872)	7,701
Finance costs	44,127	48,733
Finance income	(7,299)	(13,544)
Hyperinflation impact	(29,086)	(34,830)
Amortization of intangible assets	318	252
Depreciation of property, plant and equipment	9,253	9,669
Increase/(Decrease) in provisions	6,258	(6,046)
Movements in working capital:		
Increase in inventories	(4,253)	(4,878)
Increase in trade and other payables	45,124	71,609
Increase in trade and other receivables	(6,852)	(41,571)
Cash generated from operations	35,772	16,520

31 Cash generated from operations - Company

	2020 US$'000	2019 US$'000
Gain/(Loss) for the year after tax	620	(1,826)
Adjustments for:		
Finance costs	1,066	913
Finance income	(1,817)	-
Movements in working capital:		
Increase in trade and other receivables	(279)	(24)
Increase in trade and other payables	433	1,330
Cash generated from operations	23	393

32 Subsequent events

Transfer of shares

On 25 February, 2021, the agreement with South American Energy Development LLC (SAED) that converted the borrowing at 31 December 2020 for USD 2,798,088 was completed. The coversion was structured via payment in kind, by assigning and transferring to SAED shares in Hidroeléctrica Del Sur (HDS) representing 40% of the capital and voting rights of HDS.

Under IFRS, the reclassification of assets (and any associated liabilities) as 'held for distribution' can only be triggered once the assets are available for distribution in their present condition and the distribution is 'highly probable'. The highly probable criteria is met when the distribution is expected to be completed within a year.

The "highly probable" criteria was not met as of 31 December, 2020 since both Andina and SAED were in the process of negotiation and to complete the agreement with SAED, the approval transfer of share capital by the shareholders had to be effective. Therefore, the assets and liabilities associated with our HDS business are not classified as held for distribution as of 31 December, 2020.

New investment

As detailed in Note 3 Andina Plc has a 23.4% direct interest in South American Energy LLP and a 23.4% indirect interest in Energia del Cono Sur S.A. (EDELCOS – 100% controlled by SAE).

On December 28, 2020, EDELCOS entered into a Stock Purchase Agreement (the "SPA") with Argentine company Pampa Energia S.A., for the transfer and assignment by the latter to EDELCOS of 51% of the capital stock and voting power in Argentine listed company Empresa Distribuidora y Comercializadora Norte S.A. (EDENOR). This transaction was subject to certain precedent conditions including, among others, the approval of the relevant transfer and assignment by ENRE, the Argentine enforcement agency, which is responsible for the regulation of the distribution of electricity.

The SPA contemplated a total price of USD 100,000,000 to be paid as follows: (i) a down-payment in the amount of USD 5,000,000 plus a 21.876.856 of class B shares, that were acquired from Pampa Energia S.A. in November 2020 at a cost of USD 5,000,000, and then transferred and assigned back to Pampa Energia S.A. at the time of execution of the SPA; (ii) USD 50,000,000 to be paid upon the Closing Date; and (iii) USD 40,000,000 to be paid upon one year from the Closing date, and bearing a 10% interest to be paid quarterly as from the Closing Date of the SPA.

On June 23, 2021, by Resolution No. 207/2021, ENRE authorized Pampa Energia S.A. to transfer all the Class A shares, representing 51% of the Company's share capital and votes, to EDELCOS, in accordance with the SPA. The SPA was closed on June 30, 2021 (the "Closing Date"), and the transfer and assignment of the 51% controlling stake in EDENOR to EDELCOS occurred on that date.

The down-payment of USD 5,000,000 plus the amount of class B shares acquired from Pampa Energia S.A., to enter the SPA, was funded by José Luis Manzano, a shareholder, on behalf of the wider group of shareholders. The second instalment of USD 50,000,000 was paid on June 30, 2021 by the shareholders.

32 Subsequent events (Continued)

New investment

Andina's funding obligation, in respect of the purchase of EDENOR, is 23.4% of the full transaction price, which reflects its 23.4% interest in SAE. Andina's participation was funded with:

I) certain capital contributions detailed in Note 32 and

II) two loans from Crosgo Trading Ltd and José Luis Manzano. Both loans are due in January 2024 and December 2023 respectively.

As of the date of these financial statements, the pending payment for the acquisition of EDENOR is USD 40,000,000 to be paid in June 2022. If the Company does not have enough funds to pay and no other financing alternatives are available, there are other payment guarantees such as a promissory note signed by Andina and seven other co-obligors, as well as certain pledge collateral of shares of EDELCOS. Finally, the guarantee for the payment would be the investment itself.

EDENOR is the largest electricity distribution company in Argentina in terms of number of customers and electricity sold. The company holds a concession to distribute electricity exclusively in the Northwestern greater Buenos Aires metropolitan area and the Northern part of the city of Buenos Aires, which has a population of approximately 9 million people and an area of 4,637 sq. km.

EDENOR is listed on the Buenos Aires Stock Exchange (BCBA: EDN) and its ADS (American Depositary Shares) shares (each ADS representing 20 Class "B" shares) are listed on the New York Stock Exchange (NYSE: EDN) since 2007.
As of the date of this accounts, Andina Plc holds 11.9% indirect interest in EDENOR.

Issue of shares

The company issued shares as detailed below:

- On 31 March 2021, the Group issued and allotted to Ema Electromechanichs Inc 3,224,380 new ordinary shares with a nominal value of 10p each and share premium of 8p per share.

- On 19 August 2021, the Group issued and allotted 22,810,652 new ordinary shares with a nominal value of 10p each and share premium of 8p per share, as follows:

  - 8,051,529 ordinary shares to Almada International Limited,
  - 5,995,204 ordinary shares to Magnus Capital S.A.,
  - 4,131,472 ordinary shares to Stanhope Worldwide Services Inc.,
  - 3,816,228 ordinary shares to Mezzo Trading International Inc.,
  - 791,910 ordinary shares to Criss Cross International Development Inc.,
  - 19,262 ordinary shares to J M Finn Nominees Limited, and
  - 5,047 ordinary shares to Jim Nominees Limited.

32 **Subsequent events** **(Continued)**

COVID-19

During this year, the company continued to develop its operations under the challenging circumstances due to the pandemic declared by the World Health Organization in March 2020, as a result of the Covid-19 virus. The pandemic continues generating, to a lesser extent than in the previous year, consequences on business and economic activities at global and local levels.

CAMMESA

On December 14, 2020, Law 27,591 was published (2021 National Budget). Article 87 of this law instructs the National Secretary of Energy to regularize the debts and credits with distributors. The measures contemplate different alternatives that include the negotiation of a payment plan for up to 60 months with a 6-month grace period and a 50% reduction in the interest rate. Likewise, the Ministry of Energy is empowered to dictate the applicable regulations and determine, apply and recognize in the fiscal year 2021 the credit recognized by Article 15 (Law 27,341). These measures were regulated by the Ministry of Energy in accordance to Resolution 40/2021 dated January 21, 2021. EDEMSA has presented the information requested. However, the agreement has not yet been finalized.

Tax reform in Argentina

Since 2021, a staggered income tax scheme is applied to which different rates are applied, which are from 25% to 35% depending on the accumulated net tax profit.

These amounts will be adjusted annually as of January 1, 2022, considering the annual variation of the Consumer Price Indices (CPI) provided by the National Institute of Statistics and Censuses (INDEC).

The estimated impact of this change, which will be recognized as of the next fiscal year, will generate an impact on the financial statement of net deferred liabilities of US$ 13,353(loss), considering the effective rate that is estimated to be applicable to the probable date of reversal of deferred assets and liabilities.

Economic context
Between 1 January 2021 and 24 March 2022, the argentine peso depreciated by 31% compared with the US dollar.

To the best of the knowledge and understanding of management and directors, since 31 December 2020, there have been no other significant subsequent events not described in this Annual Report that could affect the financial statements presented for 2020.