

September 21, 2023

Genneia S.A.

Genneia is the leading renewable energy generation company in Argentina, supplying sustainable energy through the prospecting, development, construction, and operation of wind and solar parks. It began its operations in 2007 with thermal energy, and in 2012 embarked on its sustainable journey becoming the first Argentine company with wind energy offerings. Increasing its installed capacity year by year, the company now accounts for 21% of the country's solar and wind generation, making it a leader in this segment.

Genneia's shareholders include Argentum Investments I LLC with 44% of the capital (a subsidiary of PointState, an investment fund of Darío Lizzano, an investor in TGLT, Caputo, Sheraton, and Park Tower), Fintech Energy LLC with 25% (a subsidiary of Fintech Advisory Inc, owned by entrepreneur David Martínez, a shareholder in Cablevisión and Telecom) and Brito and Carballo families with 25% (Banco Macro). Prado Largo S.A. owns the remaining 6% (a subsidiary of LAIG, a Uruguayan company with interests in the regional energy sector). Since 2016, the company has received USD 169 million in equity contributions to execute its expansion plan.

Production

By mid-2023, Genneia, along with its subsidiaries and joint ventures, had an installed capacity of 1,307 MW. 72% comes from renewable sources, while the remaining 28% comes from conventional thermal generation. One year ago, the company began operations at the Sierras de Ullum solar park, adding an additional 6% to its capacity. The company currently operates 7 wind parks, 2 solar parks, and 2 thermal power plants.

At present, Genneia continues to work on the construction of two new parks: Tocota III for solar generation and La Elbita for wind generation. The new solar park is estimated to be operational by early 2024, while the new wind park is expected to begin

operations in 4Q24. Furthermore, in July, the company was awarded two solar projects under RenMDI regulation in Lincoln and Junín, both located in the Buenos Aires province, each with a capacity of 20 MW. It is anticipated that the energy contracts will be signed before November of this year, providing the company with a 3-year window to complete the projects and starts operations.

Current and projected generation assets

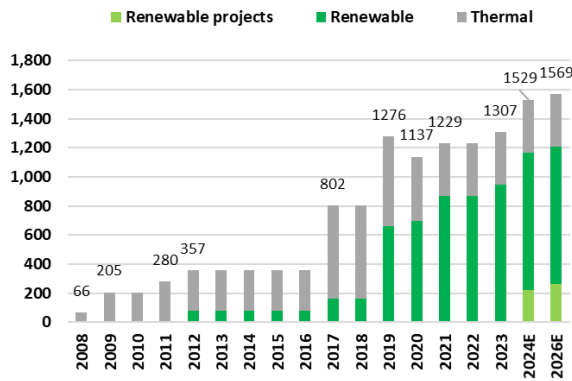
Asset	MW	Regulation	Term	Start	End	FS
Wind	784					
Rawson I	53	GENREN	15 years	Jan-12	Jan-27	Consolidated
Rawson II	31	GENREN	15 years	Jan-12	Jan-27	Consolidated
Rawson III	25	MATER	-	Dec-17	-	Consolidated
Trelew	51	GENREN	15 years	Aug-13	Aug-28	Consolidated
Madryn I	71	Res. 202	20 years	Nov-18	Nov-38	Consolidated
Madryn II	151	Res. 202	20 years	Sep-19	Sep-39	Consolidated
Villalonga I	52	RenovAr 1.0	20 years	Dec-18	Dec-38	Consolidated
Villalonga II	3	MATER	-	Feb-19	-	Consolidated
Chubut Norte I	29	RenovAr 1.0	20 years	Dec-18	Dec-38	Consolidated
Chubut Norte II	26	MATER	-	Mar-21	-	Consolidated
Chubut Norte III	58	RenovAr 2.0	20 years	Feb-21	Feb-41	Equity
Chubut Norte IV	83	RenovAr 2.0	20 years	Feb-21	Feb-41	Equity
Pomona I	101	RenovAr 1.5	20 years	Jul-19	Jul-39	Consolidated
Pomona II	12	MATER	-	Aug-19	-	Consolidated
Necochea	38	RenovAr 1.5	20 years	Feb-20	Feb-40	Equity
Solar	160					
Ullum I	25	RenovAr 1.5	20 years	Dec-18	Dec-38	Consolidated
Ullum II	25	RenovAr 1.5	20 years	Dec-18	Dec-38	Consolidated
Ullum III	32	RenovAr 1.5	20 years	Dec-18	Dec-38	Consolidated
Sierras de Ullum	78	MATER	-	Jan-23	-	Consolidated
Thermal	363					
Bragado II & III	59	Res. 21	10 years	Feb-17	Feb-27	Consolidated
Bragado II & III	59	Res. 21	10 years	May-17	May-27	Consolidated
Cruz Alta	245	Energía Base	-	Jan-02	-	Consolidated
Under construction	222					
La Elbita	162	MATER	-	Oct-24 E	-	Consolidated
Tocota III	60	MATER	-	Jan-24 E	-	Consolidated
Awarded	40					
Lincoln	20	RenMDI	15 years	Nov-26 E	Nov-41 E	Consolidated
Junín	20	RenMDI	15 years	Nov-26 E	Nov-41 E	Consolidated

Source: Sekoia Research based on Genneia's presentations.

The company's mission aligns with the strategy of promoting clean energy and achieving the Sustainable Development Goals. In the last 5 years, Genneia has multiplied its renewable energy generation capacity by more than 7 times and has divested itself of 279 MW of thermal generation. Renewable assets, which represented 20% of the installed capacity in 2018, are projected to make up 76% of it by 2024.

The promotion of sustainable energy sources allows the company to access various sources of financing, such as the Germany's KfW and Denmark's EKF credit agencies, and enables it to issue international and local Green Bonds debt.

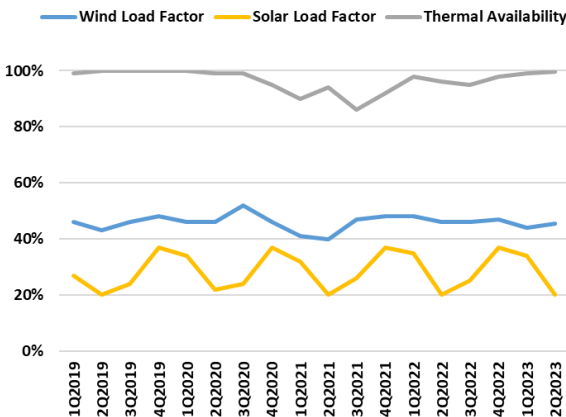
Evolution of Installed Capacity (MW)



Source: Sekoia Research based on Genneia's presentations.

In terms of productivity, thanks to favorable weather conditions and the absence of accidents or maintenance work, Genneia maintained high utilization rates in the past 12 months. The average wind load factor remained around 46%, while the solar load factor fluctuated around 30%. Both indicators surpass the global industry average (39% and 16%, respectively). Additionally, thermal availability improved significantly compared to the previous year, rising from 93% to 98%.

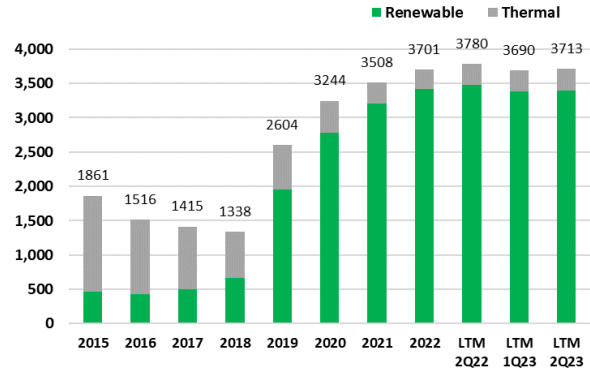
Utilization of Installed Capacity (%)



Source: Sekoia Research based on Genneia's presentations.

In terms of volume, as of the end of the second quarter of 2023, Genneia produced 3,713 GWh in the last 12 months, similar to the levels produced in the same period of 2022. Compared to 2016, before the new investments, volumes increased by nearly 700%. Of the total, renewable energy accounted for 92%, a percentage that was only 28% in 2016.

Total Energy Generation (GWh)



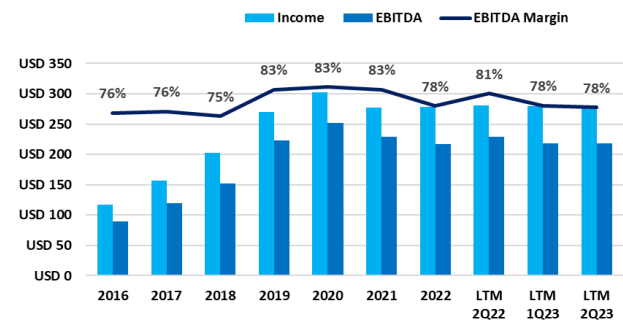
Source: Sekoia Research based on Genneia's presentations.

Sales and Results

The latest results reported by the company are for the second quarter of 2023. Genneia has the majority of its income tied to the official exchange rate, and the majority of its liabilities and assets are denominated in dollars. Therefore, we will analyze the company's financial statements in U.S. dollars at the average or closing official exchange.

Since Genneia's transformation into renewable energy, net income and EBITDA have experienced significant growth, especially during the period from 2016 to 2019. At the end of 2022, income reached USD 278 million, a figure similar to 2021. EBITDA excluding joint ventures reached USD 217 million in 2022. This was 5% lower than the previous year and 14% lower than the record achieved in 2020.

Evolution of Income, EBITDA and EBITDA Margin



Source: Sekoia Research based on Genneia's financial statements.

Looking at more recent data, in the first half of 2023, Genneia reached USD 140 million in revenue, 2% higher than the same period in 2022 and 5% higher than the first half of 2021. Similarly, EBITDA remained

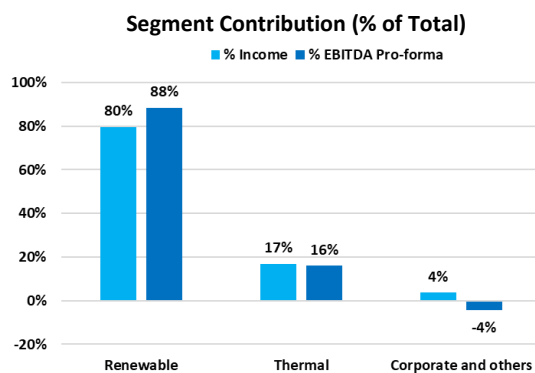
stable compared to 2022 and 2021 at USD 111 million. Despite the inauguration of a new solar plant, the semester's income suffered due to reduced strong winds, increased staff costs in line for the expansion plan, and rising costs in local currency.

Mill. of USD	6M2023	6M2022	Var (%)	6M2021	Var (%)	6M2020	Var (%)
Income	140	137	2%	133	5%	149	-6%
Operating Result	85	79	7%	75	13%	93	-9%
Operating Margin	61%	58%	300bp	56%	400bp	63%	-200bp
EBITDA	111	110	1%	111	0%	128	-13%
EBITDA Margin	80%	80%	-100bp	83%	-300bp	85%	-600bp

Source: Sekoia Research based on Genneia's financial statements.

Segment Analysis

In the first six months of the year, renewable sources accounted for 80% of net income and 88% of consolidated pro-forma EBITDA (including joint ventures).



Source: Sekoia Research based on Genneia's financial statements.

Renewable Generation: Renewable generation assets operate under various regulatory frameworks, all within the regulatory scope of the government. The RenovAr program accounts for 47% of renewable installed capacity, Resolution 202 for 24%, MATER for 15%, and GENREN for 14%. All of these frameworks operate with prices in US dollars per MWh payable at the official exchange rate.

RenovAr, Resolution 202, and GENREN allow for the formation of long-term Power Purchase Agreements (PPAs) between Genneia and CAMMESA, a regulated company responsible for operating the wholesale electricity market (MEM) in Argentina. Meanwhile, MATER allows Genneia to participate in the Renewable Energy Market, where it can sell energy to industrial users under purely private long-term

PPA agreements. Genneia's clients include leading companies from many industries such as Cargill, Loma Negra, Saint-Gobain, Bimbo, Mondelez, Aeropuertos Argentina 2000, Vista, Newmont, Mercedes-Benz, and others. The start of operations at Sierras de Ullum added to its market share. Tocota III and La Elbita would join MATER contracts in 2024.

In detail, under GENREN, PPAs do not have guarantees beyond CAMMESA's mandatory monthly payment for dispatched energy. In contrast, the PPAs signed under Resolution 202, payments are guaranteed by FODER (Fund for the Development of Renewable Energies, in which the state is the trustee). Under this scheme, Genneia can claim late or non-payment by CAMMESA to FODER, which must then make the payment on its behalf. Lastly, the PPAs under RenovAr framework are of the highest quality since, in addition to being guaranteed by FODER, they have a special guarantee from the World Bank (WB). The WB acts as the ultimate payer in case of non-payment by both CAMMESA and FODER.

Thanks to these guarantees, and the fact that FODER contracts have been paid steadily within a timeframe of 42 days, Genneia had a weighted average of 55 days to receive payments from CAMMESA in the last year, below other generating companies. The old PPA and Energía Base contracts averaged delays of around 82 days in the same period.

Renewable Generation

Mill. of USD	6M2023	6M2022	Var (%)	6M2021	Var (%)	6M2020	Var (%)
Income	111	111	0%	102	9%	109	2%
EBITDA	98	99	-1%	92	6%	100	-2%

Source: Sekoia Research based on Genneia's financial statements.

Thermal Generation: During the transformation to renewable energy, Genneia divested itself of thermal plants as their contracts expired. Since 2021, the company operates only 2 plants.

As conventional energy sources, there are no promotion schemes from the government. Bragado II and III have USD-denominated PPAs at the official exchange rate with CAMMESA until 2027 under Resolution 21. On the other hand, the Cruz Alta plant operates under the Energía Base remuneration

scheme with prices defined in local currency without an updating mechanism.

The income and EBITDA for the first half of 2023 improved compared to the previous year due to higher thermal availability in Bragado II and III and price adjustments approved at the end of 2022 for Energía Base (increases of 20% for transactions from Sep-22, with updates in Dec-22, Feb-23, and Aug-2023 of 10%, 25%, and 28%, respectively).

Thermal Generation

Mill. of USD	6M2023	6M2022	Var (%)	6M2021	Var (%)	6M2020	Var (%)
Income	23	21	10%	26	-10%	36	-34%
EBITDA	18	17	7%	20	-11%	29	-40%

Source: Sekoia Research based on Genneia's financial statements.

In summary, taking into account Genneia, its subsidiaries, and its joint ventures, 93% of the revenue generated during 2Q23 came from PPAs, 3% from other official US dollar income, and the remaining 4% from Energía Base in pesos. Additionally, 55% of the revenue was protected under FODER or FODER/WB guarantees (RenovAr and Res 202), 37% had CAMMESA as the sole counterparty (GENREN, Res. 21, and Energía Base), while the remaining 8% was purely private (MATER).

Debt Profile

As of the end of June 2023, financial debt stood at USD 771 million, 4% higher than same period last year but 13% lower than at the end of 2021. All financial debt is denominated in US dollars; 67% is in hard dollar, while the remaining 33% is dollar-linked, payable in local currency at the official exchange rate.

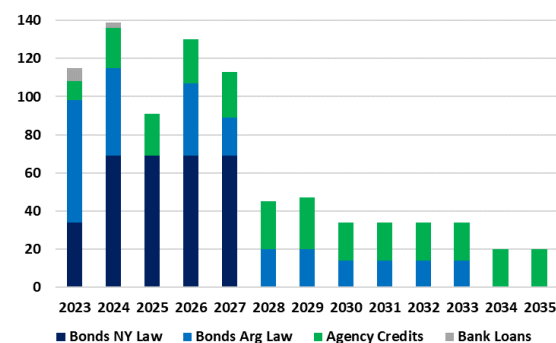
Genneia's corporate bonds account for 76% of the financial debt, with 41% being hard dollar under NY law, 2% being hard dollar under Argentine Law, and 33% consisting in dollar-linked bonds. The rest of the debt consists of international export agencies and development banks credits, accounting for 23%, while the remaining 1% is bank loans.

Net financial debt reached USD 609 million, a figure similar to 2022 but much lower than the same

semester in 2021. Despite the strong expansion, the company maintains its levels of indebtedness.

Following the recent results, Genneia paid off its series 29 and 32 bonds. Some of these payments were covered by new issuances of series 39, 40, and 41, equivalent to USD 60 million (dollar linked) and USD 10 million (hard dollar) under local law. In recent quarters, the weight of dollar-linked debt relative to the total has increased. Genneia benefited from the macroeconomic context and issued debt with rates close to 0% as a result of excessive market demand for exchange rate hedging. Consequently, the weighted average life of the current debt has decreased to 3 years.

Genneia, Subsidiaries and Joint-Ventures
Total Financial Debt (Mill. of USD)



Source: Sekoia Research based on Genneia's presentations.

The company reached a net leverage of 2.8 (LTM), similar to 2022 but lower than 2Q21. The significant improvement is seen in interest expenses, which decreased by 30% compared to the same semester of the previous year. Interest coverage rose to 4.6, largely thanks to the lower interest rates brought by the new dollar-linked bonds.

Mill. of USD	2Q2023	4Q2022	Var (%)	2Q2022	Var (%)	4Q2021	2Q2021
Total Debt	771	751	3%	741	4%	882	875
Cash & Fin. Assets	161	149	8%	126	28%	231	133
Net Debt	609	602	1%	616	-1%	651	742
EBITDA (LTM)	218	217	1%	229	-5%	229	235
Net Debt/EBITDA	2.8	2.8	0.0	2.7	0.1	2.8	3.2
Annual Interests	47	58	-18%	68	-30%	76	77
EBITDA/Interests	4.6	3.8	0.8	3.4	1.2	3.0	3.0

Source: Sekoia Research based on Genneia's financial statements.

To stress the ratios further, we can consider a scenario in which Genneia has no access to the official FX market and is forced to use the blue-chip swap rate. Operating cash flow with zero forex

income would be severely impacted. Considering the average FX gap of 96% in the first half of the year, EBITDA from the last twelve months would drop by 49% to USD 111 million. Genneia currently has no way to obtain dollars from its operations since it does not diversify its sales to external energy markets.

On the other hand, the financial debt is issued in US dollars, but 33% is payable in local currency via dollar-link bonds. Additionally, the company holds 95% of its cash and equivalents in foreign currency (as of the end of 2022). By making these adjustments, net debt valued at the blue-chip swap would decrease to around USD 402 million.

In this scenario, Genneia would increase its net leverage to 3.6, and the interest coverage would decrease to 2.8. This would represent a significant liquidity and default risk, considering that the average debt maturity is 3 years, and the company must face USD 115 million in maturities during 2023 and USD 139 million in 2024. Despite this, the ratios show a significant improvement compared to the same stress scenario calculation for 2Q2022, which were 4.8 and 2.0 respectively. Financial debt linked to the official exchange rate and higher cash positions in hard dollar reflect the good and prudent financial management decisions of the company.

The above scenario does not consider a devaluation of the official rate that would reduce the FX gap towards unifying the exchange rate. If this scenario were to occur, it would represent a significant increase in the company's income. Due to the structure of its contracts, Genneia is completely covered from a devaluation risk.

Corporate Bonds

GNNEIA 8 ¾ 09/02/27 was the first Green Bond issued in Argentina for the international market. As such, this bond is aligned with the Green Bond Principles (GBP) of the International Capital Market Association (ICMA). Its residual value is already 80%, with a duration to maturity of 2 years. It trades at around 96.3% with a yield of 10.7%.

It is worth noting that the bond is guaranteed through a local trust that holds the collection rights of the PPAs for the Madryn I and Madryn II wind farms (with FODER guarantees). The local trust has a local currency account where it receives CAMMESA's payments. These funds are used monthly to purchase the foreign currency needed for the upcoming debt service of the 2027 bond.

During 2023, the bond has fluctuated between yields of 10% and 11%. Compared to its peers with similar duration, it trades with yields higher than PAMPAR 9 ½ 12/08/26 but lower than YPFLUZ 10 07/25/26.



Source: Bloomberg.

The rest of the corporate bond consists of the dollar-linked bonds with coupons ranging from 0% to 5.65%, and hard-dollar bonds under local law with very little volume. All bonds are classified as Green Bonds by BYMA and Comisión Nacional de Valores (CNV).

Genneia Corporate Bonds

Bond	Ticker	Type	Law	Coupon	Maturity	Outst. (mill.)
Class XXXIV Green	GN340	Hard USD	Arg	6.00%	10/08/2024	USD 7.8
Class XXXV Green	GN350	Dollar Linked	Arg	0.00%	23/12/2024	USD 38.2
Class XL Green	GN400	Hard USD	Arg	5.50%	14/07/2025	USD 10.9
Class XLI Green	GN410	Dollar Linked	Arg	0.00%	14/07/2026	USD 30.0
Class XXXVII Green	GN370	Dollar Linked	Arg	0.00%	11/11/2026	USD 29.9
Class XXXI Green	GNCX0	Hard USD	NY	8.75%	2/09/2027	USD 292.9
Class XXXIX Green	GN390	Dollar Linked	Arg	2.00%	14/07/2028	USD 30.0
Class XXXVI Green	GN360	Dollar Linked	Arg	5.65%	23/12/2031	USD 50.0
Class XXXVIII Green	GN380	Dollar Linked	Arg	4.50%	10/02/2033	USD 73.4

Source: Sekoia Research based on Bloomberg.

Outlook

In 2022, the demand supplied by renewable sources in Argentina reached 14%. The goal of reaching 20% set by the Renewable Energy Law by the end of 2025 is getting closer. Furthermore, recent strategic plans would raise the target to 30% by 2030. Thanks to its excellent performance, Genneia will be one of the main actors in this transformation. The company has the support of international financial institutions and a favorable regulatory framework.

GNNEIA 8 ¾ 09/02/27 demonstrates strength. Despite the high leverage, which is expected in expanding companies, the guarantees of the bond, as well as the revenues and ongoing projects, make Genneia a remarkable investment option. Furthermore, its management has shown prudence in managing its current debt. However, the nearly 100% exchange rate gap and high inflation affect Genneia's earnings. Margins and EBITDA have deteriorated since 2020.

In the event of a devaluation that significantly narrows the gap or if a unification of FX occurs, the bond would become very attractive. With the exchange policy uncertainty resolute and considering its minimum investment requirements, GNNEIA 8 ¾ 09/02/27 would make a very good alternative to diversify corporate bond portfolios, which are mostly exposed to conventional energy.

On the other hand, for those seeking official exchange rate coverage, the dollar-linked bonds of Genneia are an excellent option. The liquidity of these bonds is scarce in secondary markets, so it would be better to participate directly in their primary auctions. With 96% of its income tied to the official FX, Genneia's coverage against a devaluation is total.

Best regards,

Juan José Battaglia

juan@sekoia.com.ar

Ian Weber

ian@sekoia.com.ar

Manuel Carvalho Ochoa

manuel@sekoia.com.ar

Tomás Mangino

tomasmingino@sekoia.com.ar