



Tecpetrol Sociedad Anónima

INTERIM CONDENSED FINANCIAL STATEMENTS

At June 30, 2021

and for the six-month period ended on June 30, 2021

Translation of a document originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails.

Tecpetrol Sociedad Anónima

Table of contents

Interim Condensed Financial Statements

Summary of information

Legal information

Interim Condensed Financial Statements at June 30, 2021

Interim Condensed Income Statement

Interim Condensed Statement of Comprehensive Income

Interim Condensed Statement of Financial Position

Interim Condensed Statement of Changes in Equity

Interim Condensed Cash Flow Statement

Notes to Interim Condensed Financial Statements

Auditor's Report on Interim Condensed Financial Statements

TECPETROL SOCIEDAD ANÓNIMA

SUMMARY OF INFORMATION

In accordance with the regulations issued by the National Securities Commission for Argentina (Comisión Nacional de Valores, CNV), the Board of Directors of the Company has approved this Summary of Information for the six-month period which commenced on January 1, 2021, and ended on June 30, 2021.

1. Activity of the Company

The operations of Tecpetrol mainly consist in the exploration and exploitation of oil and gas in Argentina.

Operating profits or losses of the Company are principally affected by production levels, sales prices, market demand for oil, gas and derivative products, fluctuations in operating costs, the national economic and financial setting and government regulations.

The Company operates in an economic setting whose main variables are affected by the fluctuation in the prices of commodities and the impact of the COVID-19 syndrome, all of which produced a global economic and financial crisis that affects the activities of Tecpetrol. The economic agenda of the government is currently dominated by the sanitary emergency and the economic crisis.

In April 2021 the operations in Fortín de Piedra and Los Bastos were affected for 21 days because of the forceful measures adopted by the healthcare workers of the province of Neuquén, which included the total restriction on the access and circulation in different areas in the province, blocking the regular access of employees and contractors. This situation resulted in a sudden cancellation of the activities necessary for the continuity of the production and the drillings in progress.

The management of the Company closely monitors the evolution of the abovementioned situations in order to adopt measures according to the complexity of the events, aiming at safeguarding the integrity of the staff, keeping operations running and preserving the corporate financial health.

The Interim Condensed Financial Statements are prepared based on items recorded in the functional currency (USD) and are translated into ARS for presentation purposes. Therefore, the following explanations are based upon variations in the functional currency.

Analysis of the second quarter of 2021

Net sales totaled \$26,106.9 million, representing an increase in relation to the same period of the previous year. Such increase was caused by an increase in the production of gas and oil, and an increase in average crude sales prices, all of which was partially offset by a drop in average gas sales prices.

Gas production totaled 1,181 million m³, representing an increase of 8% in relation to that of the second quarter of 2020, which was of 1,097 million m³. In the second quarter of 2021, all gas production was sold to the domestic market, whereas in the second quarter of 2020, exports totaled 1.8 million m³.

Volumes of crude oil production reached 135 thousand m³ (40% from escalante crude oil and 60% from medianito crude oil), representing a 22% increase with respect to the production recorded during the second quarter of 2020. In the second quarter of 2021, 64.6 million m³ of crude oil were exported, whereas in the second quarter of 2020, crude oil exports totaled 91.7 million m³.

Operating costs totaled \$15,127.6 million, representing a 33% increase compared to the amount recorded in the second quarter of 2020. Said variation is mainly explained by an increase in maintenance operations and wells service activities and in royalty expenses, as a consequence of the increase in production and the conversion into the presentation currency, all of which was partially offset by a decrease in impairment charges for Property, plant and equipment recognized in the same period of 2020.

Selling and administrative expenses amounted to \$1,567.7 million, representing a 5% decrease in relation to the amount recorded in the second quarter of 2020, which was \$1,649.2 million. Such variation is mainly explained by an allowance for doubtful accounts recovery, partially offset by an increase in labor costs and in taxes due to a production volume increase.

Net financial profits (losses) triggered profits for \$172.7 million, compared to losses for \$2,551.3 million recorded in the second quarter of 2020. Such fluctuation is primarily explained by an increase in interest income generated mainly by short-term deposits, profits (losses) from purchasing/selling and holding of other investments and a decrease in net losses generated by exchange differences on balances in ARS, all of which was partially offset by losses from derivative financial instruments and profits (losses) from the repurchase of negotiable obligations.

Income tax expense represented a loss of \$4,345.6 million, compared to profits for \$423.0 million recorded in the second quarter of 2020. Such variation is mainly explained by fluctuations in sales, costs and other expenses already mentioned, the new income tax rates that took place in the second quarter of 2021, the tax inflation adjustment and the effect of the exchange rate fluctuation upon tax balances.

Profits for the period amount to \$5,126.1 million, while in the same period of 2020, the Company had losses for \$1,364.7 million.

Analysis of the six-month period ended on June 30, 2021

Net sales during the six-month period ended on June 30, 2021, totaled \$47,798.9 million, representing an increase in relation to the same period of the previous year. Such increase was primarily caused by an increase in average crude sales prices, partially offset by a drop in average gas sales prices.

During the first six months of 2021, gas production totaled 2,237 million m³, representing an increase of 0.04% in relation to that of the same period of 2020, which was 2,236 million m³. In the six-month period ended on June 30, 2021, 3.7 million m³ of gas were exported to the international market, whereas in the second quarter of 2020, exports totaled 9.9 million m³.

Volumes of crude oil production reached 265 thousand m³ (40% from escalante crude oil and 60% from medanito crude oil), representing a 1% decrease with respect to the production recorded during the same period of the previous year. In the six-month period ended on June 30, 2021, 148.3 million m³ of crude oil were exported, whereas in the second quarter of 2020, crude oil exports totaled 132.4 million m³.

In the six-month period ended on June 30, 2021, operating costs totaled \$26,623.7 million, representing an 24% increase compared to the amount recorded in the same period of 2020, which was \$21,527.3 million. Said increase is mainly explained by the conversion into the presentation currency, which was partially offset by a decrease in depreciation of property, plant and equipment and the impairment charges in property, plant and equipment recognized in the same period of 2020.

Selling and administrative expenses during the first six months of 2021 amounted to \$549.1 million, representing an 80% increase in comparison with the amount recorded in the same period of 2020, which was \$2,798.9 million. Such variation is mainly explained by an allowance for doubtful accounts recovery, partially offset by an increase in labor costs.

Net financial profit (loss) showed a loss of 6,343.2 million in the six-month period ended on June 30, 2021, compared to losses for \$4,798.6 million recorded during the same period of 2020. Such fluctuation is primarily explained by an increase in net losses generated by exchange differences on balances in ARS, losses from derivative financial instruments, and profits and losses from the repurchase of negotiable obligations, all of which was partially offset by an increase in interest income from short-term deposits and profits (losses) from the purchase/sale and holding of other investments.

The income tax expense represented a loss of \$4,978.8 million, compared to losses for \$168.2 million recorded in the same period of 2020. Such variation is explained by fluctuations in sales, costs and other expenses already mentioned, the new income tax rates that took place in the second quarter of 2021, the tax inflation adjustment and the effect of the exchange rate fluctuation upon tax balances.

Profits for the six-month period ended on June 30, 2021, yielded profits for \$9,238.5 million, while in the six-month period ended on June 30, 2020, the Company had net profits for \$843.6 million.

Liquidity and cash flows

In the six-month period ended on June 30, 2021, the Company received funds from its regular business activities, bank borrowings and the issuance of negotiable obligations.

Net cash generated by operating activities in the first six months of 2021 totaled \$33,035.6 million.

At June 30, 2021, the Company's borrowings totaled \$95,579.3 million and equity totaled \$61,369.6 million.

Additionally, on February 9, 2021, the Company issued Class 4 negotiable obligations for a nominal value of USD 6.5 million, paid in cash (in USD) and in kind through the delivery of Class 2 negotiable obligations, with an issuance price of 100%, bearing interest at a fixed rate of 4% and maturing on February 9, 2023. Interest is payable quarterly, and the capital will be fully paid off upon maturity. Funds obtained from the issuance of such negotiable obligations were used for the partial refinancing of Class 2 negotiable obligations, as enforced by Communication "A" 7106 from the BCRA.

Additionally, in March 2021, the Company took out a loan from Itaú Unibanco S.A. Nassau Branch for USD 286 million intended for the settlement of financial debt and other purposes related to the ordinary activities of the Company. The loan bears compensatory interest at an annual rate of 5.75% which must be paid on a quarterly basis. Capital will be cancelled in 13 equal and quarterly installments. The first installment will be payable after the first six months following receipt of funds and the last installment will be payable on September 26, 2024.

Such financing was obtained at market rates, considering comparable solvency, soundness, fund generation and risk indicators.

By means of Communication "A" 7106 dated September 15, 2020, the BCRA introduced restrictions to access the exchange market. One of such measures applicable to entities with offshore financial debt with a non-related counterparty and with debt securities issued in Argentina and denominated in foreign currency, maturing between October 15, 2020, and March 31, 2021, is the obligation to submit a refinancing plan under certain parameters. Additionally, on February 25, 2021, through Communication "A" 7230, the BCRA extended the obligation to submit a refinancing plan to capital amounts maturing on or after April 1, 2021, and until December 31, 2021, pursuant to Communication "A" 7106. At the date of this Summary of information, the Company has refinanced its debts maturing on or before December 31, 2021, pursuant to Communications "A" 7106 and "A" 7230.

Investments in Property, plant and equipment during the six-month period ended on June 30, 2021, net of unpaid acquisitions at the end of such period, reached \$10,406.1 million (mainly from the development of Fortín de Piedra area).

2. Structure of Financial Position (comparative at June 30, 2020, June 30, 2019, June 30, 2018, and June 30, 2017 – amounts stated in thousands of pesos)

| | 2021 | 2020 | At June 30, 2019 | 2018 | 2017 |
|---|--------------------|--------------------|-----------------------------|-------------------|------------------|
| Non-current assets | 124,469,942 | 103,062,727 | 78,063,927 | 43,922,115 | 7,164,834 |
| Current assets | 66,543,047 | 33,219,219 | 23,592,824 | 9,947,734 | 1,407,910 |
| Total Assets | 191,012,989 | 136,281,946 | 101,656,751 | 53,869,849 | 8,572,744 |
| Equity attributable to the owners of the Parent Company | 61,369,595 | 35,131,507 | 22,091,851 | 9,243,892 | 4,268,515 |
| Non-controlling interest | - | - | - | 1,691 | 50 |
| Total Equity | 61,369,595 | 35,131,507 | 22,091,851 | 9,245,583 | 4,268,565 |
| Non-current liabilities | 91,679,916 | 49,559,759 | 57,302,092 | 34,816,729 | 1,684,044 |
| Current liabilities | 37,963,478 | 51,590,680 | 22,262,808 | 9,807,537 | 2,620,135 |
| Total Liabilities | 129,643,394 | 101,150,439 | 79,564,900 | 44,624,266 | 4,304,179 |
| Total Equity and Liabilities | 191,012,989 | 136,281,946 | 101,656,751 | 53,869,849 | 8,572,744 |

3. Structure of Income and Comprehensive Income for the six-month period ended on June 30, 2021 (comparative with the six-month periods ended on June 30, 2020, June 30, 2019, June 30, 2018, and June 30, 2017 – amounts stated in thousands of pesos)

| | Six-month period ended on June 30, | | | | |
|--|------------------------------------|------------------|------------------|------------------|------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Operating profit (loss) | 20,575,192 | 5,806,741 | 9,090,040 | 2,080,895 | (550,856) |
| Net financial losses | (6,343,248) | (4,798,560) | (3,060,658) | (1,808,965) | (151,683) |
| Profit (loss) from investments in entities accounted for using the equity method | (14,640) | 3,574 | (1,585) | - | (4) |
| Profit (loss) before taxes | 14,217,304 | 1,011,755 | 6,027,797 | 271,930 | (702,543) |
| Income tax | (4,978,783) | (168,157) | (1,760,604) | 153,661 | 141,821 |
| Profit (loss) from continuing operations | 9,238,521 | 843,598 | 4,267,193 | 425,591 | (560,722) |
| Profit (loss) from discontinued operations | - | - | - | 166 | (176,966) |
| Profit (loss) for the period | 9,238,521 | 843,598 | 4,267,193 | 425,757 | (737,688) |
| Statement of Comprehensive Income | | | | | |
| Profit (loss) for the period | 9,238,521 | 843,598 | 4,267,193 | 425,757 | (737,688) |
| Other comprehensive income from continuing operations | 6,512,602 | 5,324,489 | 2,092,039 | 3,206,465 | 141,920 |
| Other comprehensive income from discontinued operations | - | - | - | 43,550 | 121,208 |
| Comprehensive income for the period | 15,751,123 | 6,168,087 | 6,359,232 | 3,675,772 | (474,560) |

4. Structure of Cash Flow for the six-month period ended on June 30, 2021 (comparative with the six-month periods ended on June 30, 2020, June 30, 2019, June 30, 2018, and June 30, 2017 – amounts stated in thousands of pesos)

| | Six-month period ended on June 30, | | | | |
|--|------------------------------------|------------------|----------------|--------------------|---------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Cash generated by/(used in) operating activities | 33,035,579 | 16,511,991 | 10,201,626 | (429,283) | 1,251,327 |
| Cash used in investing activities | (20,133,865) | (2,827,265) | (12,678,415) | (13,442,848) | (1,954,937) |
| Funds (used in)/generated by financing activities | (13,379,777) | (8,968,902) | 3,085,749 | 5,060,576 | 770,899 |
| Total cash generated/(used) during the period | (478,063) | 4,715,824 | 608,960 | (8,811,555) | 67,289 |

5. Statistical Data for the six-month period ended on June 30, 2021 (comparative with the six-month periods ended on June 30, 2020, June 30, 2019, June 30, 2018, and June 30, 2017 – amounts stated in thousands of m³ of oil and gas equivalents)

| | Six-month period ended on June 30, | | | | |
|--------------------------------------|------------------------------------|-------|-------|-------|------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Production volume (*) | | | | | |
| Total production in equivalent units | 2,502 | 2,505 | 3,199 | 1,308 | 570 |
| Oil production | 265 | 269 | 318 | 224 | 192 |
| Gas production | 2,237 | 2,236 | 2,881 | 1,084 | 378 |
| Domestic market | 2,350 | 2,363 | 3,063 | 1,201 | 510 |
| Exports | 152 | 142 | 136 | 107 | 60 |

(*) Volumetric equivalence (1,000 m³ gas = 1 m³ oil)

6. Indicators at June 30, 2021 (comparative at June 30, 2020, June 30, 2019, June 30, 2018, and June 30, 2017)

| | 2021 | 2020 | At June 30, 2019 | 2018 | 2017 |
|-------------------|------|------|---------------------|------|------|
| Liquidity | 1.75 | 0.64 | 1.06 | 1.01 | 0.54 |
| Solvency | 0.47 | 0.35 | 0.28 | 0.21 | 0.99 |
| Locked-up capital | 0.65 | 0.76 | 0.77 | 0.82 | 0.84 |

Liquidity: Current assets/Current liabilities

Solvency: Total Equity/Total liabilities

Locked-up capital: Non-current assets/Total assets

7. Prospects

The Company has knowledge and skills which give it a competitive advantage to position itself as a leader in the regional development of unconventional resources in long-term projects which are significant for the country's economy, since they have an impact upon job creation, the development of value chains, tax saving, import replacement, the improvement of the trade balance and the reduction in gas prices for consumers and industries.

The COVID-19 syndemic and the new outbreak taking place in several locations worldwide still cause an adverse impact on the global economy. At the date of issuance of this Summary of Information, the full extent of the syndemic, its impact on the country's economy and the effect on the Company's activities are unknown and cannot be reasonably predicted. However, such situation is not expected to affect the continuity of the business.

In Neuquina basin, within the framework of the Promotion Plan for Argentine Natural Gas Production/2020-2024 Supply and Demand Scheme (hereinafter referred to as the "Gas Plan 4"), Tecpetrol expects to keep current drilling and completion activities in order to maintain high levels of production.

City of Buenos Aires, August 6, 2021.

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

LEGAL INFORMATION

| | |
|---|---|
| Legal domicile: | Pasaje Della Paolera 299/297, 16th floor, City of Buenos Aires |
| Reported fiscal year: | No. 42 |
| Company's main line of business: | Exploration, exploitation and development of hydrocarbon fields; transport, distribution, transformation, distillation and industrial use of hydrocarbons and by-products and hydrocarbons trade; electric power generation and commercialization through the construction, operation and exploitation in any manner of power plants and equipment for the generation, production, self-generation and/or co-generation of electric power |
| Registration dates with the Companies Registration Office: | By-laws: registered under No. 247 of Book 94, Volume of companies by Shares on June 19, 1981 Amendments to by-laws: March 25, 1983; October 16, 1985, July 1, 1987; February 24, 1989; December 12, 1989; August 18, 1992; December 21, 1992; April 6, 1993; December 14, 1995; October 30, 1997; October 13, 2000; September 14, 2005; November 16, 2007; March 23, 2009; September 20, 2010; March 2, 2016; November 25, 2016; September 28, 2017, and August 14, 2018 |
| Date of expiry of Company's by-laws: | June 19, 2080 |
| Correlative registration number with the Companies Controlling Office (Inspección General de Justicia, IGJ): | 802.207 |
| Name of Parent Company: | Tecpetrol Internacional S.L.U. |
| Legal domicile of Parent Company: | Calle De Recoletos 23, 3rd floor, apartments A and B, 28001 Madrid, Spain. |
| Parent Company's main line of business: | Investment |
| Equity interest held by Parent Company: | 95.99% |
| Percentage of votes of Parent Company: | 98.175% |

| | | At June 30, 2021 |
|---------------------------------|---|---|
| Capital status (Note 22) | Type of shares | Total subscribed, paid-up and registered |
| | Book entry shares | \$ |
| | Class A common shares of \$1 par value -1 vote per share | 3,106,342,422 |
| | Class B common shares of \$1 par value -5 votes per share | 1,330,105,646 |
| | | 4,436,448,068 |

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

INTERIM CONDENSED INCOME STATEMENT

for the three-month and six-month periods ended on June 30, 2021, and June 30, 2020

(Amounts stated in thousands of pesos, unless otherwise specified)

| | Notes | Three-month period ended on June 30, | | Six-month period ended on June 30, | |
|---|-------|---|--------------------|---------------------------------------|-------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Continuing operations | | (Unaudited) | | (Unaudited) | |
| Net sales | 5 | 26,106,854 | 15,236,407 | 47,798,873 | 31,578,972 |
| Operating costs | 6 | (15,127,625) | (11,385,818) | (26,623,664) | (21,527,326) |
| Gross margin | | 10,979,229 | 3,850,589 | 21,175,209 | 10,051,646 |
| Selling expenses | 7 | (148,001) | (1,014,341) | 1,832,886 | (1,507,710) |
| Administrative expenses | 8 | (1,419,732) | (634,824) | (2,382,025) | (1,291,219) |
| Exploration costs | | (210,507) | (1,635,347) | (211,886) | (1,657,177) |
| Other operating income | 10 | 110,063 | 187,848 | 167,193 | 220,261 |
| Other operating expenses | 10 | (4,347) | (7,200) | (6,185) | (9,060) |
| Operating profit | | 9,306,705 | 746,725 | 20,575,192 | 5,806,741 |
| Financial income | 11 | 946,316 | 198,564 | 1,557,885 | 264,519 |
| Financial costs | 11 | (1,401,362) | (1,116,348) | (3,271,450) | (2,417,419) |
| Other net financial profit (loss) | 11 | 627,761 | (1,633,498) | (4,629,683) | (2,645,660) |
| Profit (loss) before profit (loss) from investments in entities accounted for using the equity method and income tax | | 9,479,420 | (1,804,557) | 14,231,944 | 1,008,181 |
| Profit (loss) from investments in entities accounted for using the equity method | 15 | (7,688) | 16,857 | (14,640) | 3,574 |
| Profit (loss) before income tax | | 9,471,732 | (1,787,700) | 14,217,304 | 1,011,755 |
| Income tax | 12 | (4,345,639) | 422,986 | (4,978,783) | (168,157) |
| Profit (loss) for the period | | 5,126,093 | (1,364,714) | 9,238,521 | 843,598 |
| Profit (loss) attributable to: | | | | | |
| Owners of the Parent Company | | 5,126,093 | (1,364,714) | 9,238,521 | 843,598 |

The accompanying notes 1 to 35 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2020.

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the three-month and six-month periods ended on June 30, 2021, and June 30, 2020

(Amounts stated in thousands of pesos, unless otherwise specified)

| | Notes | Three-month period ended on June 30, | | Six-month period ended on June 30, | |
|---|-------|---|--------------------|---------------------------------------|------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | (Unaudited) | | (Unaudited) | |
| Profit (loss) for the period | | 5,126,093 | (1,364,714) | 9,238,521 | 843,598 |
| Other comprehensive income: | | | | | |
| Items that may be subsequently reclassified to profit or loss: | | | | | |
| Currency translation differences | | 7,868 | 13,188 | 25,109 | 23,090 |
| Items that will not be reclassified to profit or loss: | | | | | |
| Currency translation differences - Tecpetrol S.A. | | 2,267,896 | 3,039,774 | 6,660,723 | 5,349,956 |
| Changes in the fair value of investments in equity instruments | 16 | 181,140 | (36,856) | 185,970 | (92,731) |
| Remeasurement of post-employment benefit obligations | | (190,730) | 30,047 | (190,730) | 30,047 |
| Income tax related to components of other comprehensive income (i) | 27 | (166,596) | 962 | (168,470) | 14,127 |
| Total other comprehensive income for the period | | 2,099,578 | 3,047,115 | 6,512,602 | 5,324,489 |
| Total comprehensive income for the period | | 7,225,671 | 1,682,401 | 15,751,123 | 6,168,087 |
| Comprehensive income attributable to: | | | | | |
| Owners of the Parent Company | | 7,225,671 | 1,682,401 | 15,751,123 | 6,168,087 |

(i) Generated by changes in the fair value of investments in equity instruments and remeasurement of post-employment benefit obligations.

The accompanying notes 1 to 35 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2020.

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
at June 30, 2021, and December 31, 2020

(Amounts stated in thousands of pesos, unless otherwise specified)

| | Notes | June 30, 2021 (Unaudited) | December 31, 2020 |
|--|-------|---------------------------------|----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment - Exploration, evaluation and development assets | 13 | 118,524,782 | 105,584,348 |
| Right-of-use assets | 14 | 2,550,295 | 1,520,902 |
| Investments in entities accounted for using the equity method | 15 | 198,087 | 187,618 |
| Investments in equity instruments at fair value | 16 | 1,943,293 | 1,542,888 |
| Other receivables and prepayments | 17 | 1,240,631 | 1,537,422 |
| Income tax credit | | 12,854 | 74,822 |
| Total Non-current assets | | 124,469,942 | 110,448,000 |
| Current assets | | | |
| Inventories | 19 | 3,270,776 | 2,771,888 |
| Other receivables and prepayments | 17 | 12,138,151 | 18,423,719 |
| Income tax credit | | 562,521 | - |
| Trade receivables | 18 | 17,995,884 | 7,857,235 |
| Derivative financial instruments | 28 | - | 14,399 |
| Other investments | 20.a | 21,681,803 | 11,933,176 |
| Cash and cash equivalents | 20.b | 10,893,912 | 10,391,822 |
| Total Current assets | | 66,543,047 | 51,392,239 |
| Total Assets | | 191,012,989 | 161,840,239 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 22 | 4,436,448 | 4,436,448 |
| Capital contributions | | 897,941 | 897,941 |
| Reserve for future dividends | | 7,500,558 | 3,877,319 |
| Legal reserve | | 621,256 | 430,559 |
| Special reserve | | 1,017,867 | 1,017,867 |
| Other reserves | | 37,657,004 | 31,144,402 |
| Retained earnings | | 9,238,521 | 3,813,936 |
| Total Equity | | 61,369,595 | 45,618,472 |
| Non-current liabilities | | | |
| Borrowings | 23 | 73,097,449 | 48,240,195 |
| Deferred tax liability | 27 | 9,923,544 | 4,085,293 |
| Right-of-use liabilities | 14 | 1,433,090 | 1,016,265 |
| Employee benefits programs | 24 | 1,863,633 | 1,920,168 |
| Provisions | 25 | 5,362,200 | 4,390,633 |
| Total Non-current liabilities | | 91,679,916 | 59,652,554 |
| Current liabilities | | | |
| Borrowings | 23 | 22,481,825 | 47,957,135 |
| Right-of-use liabilities | 14 | 807,134 | 595,711 |
| Employee benefits programs | 24 | 328,761 | 289,023 |
| Provisions | 25 | 598,600 | 359,107 |
| Derivative financial instruments | 28 | - | 118,710 |
| Trade and other payables | 26 | 13,747,158 | 7,249,527 |
| Total Current liabilities | | 37,963,478 | 56,569,213 |
| Total Liabilities | | 129,643,394 | 116,221,767 |
| Total Equity and Liabilities | | 191,012,989 | 161,840,239 |

The accompanying notes 1 to 35 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2020.

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six-month periods ended on June 30, 2021, and June 30, 2020

(Amounts stated in thousands of pesos, unless otherwise specified)

| | | Attributable to the owners of the Parent Company | | | | | | | |
|--|--|--|-----------------------|------------------------------|----------------------|----------------|------------------------------|-------------------|------------|
| | | Shareholders' contributions | | Accumulated profits (losses) | | | | | |
| | | Share capital | | Reserved earnings | | | | | |
| Notes | | Subscribed capital (i) | Capital contributions | Legal reserve | Special reserve (ii) | Other reserves | Reserve for future dividends | Retained earnings | Total |
| (Unaudited) | | | | | | | | | |
| Balances at December 31, 2020 | | 4,436,448 | 897,941 | 430,559 | 1,017,867 | 31,144,402 | 3,877,319 | 3,813,936 | 45,618,472 |
| Profit for the period | | - | - | - | - | - | - | 9,238,521 | 9,238,521 |
| Currency translation differences | | - | - | - | - | 6,685,832 | - | - | 6,685,832 |
| Changes in the fair value of investments in equity instruments | | 16 | - | - | - | 185,970 | - | - | 185,970 |
| Remeasurement of post-employment benefit obligations | | - | - | - | - | (190,730) | - | - | (190,730) |
| Income tax related to components of other comprehensive income | | 27 | - | - | - | (168,470) | - | - | (168,470) |
| Other comprehensive income for the period | | - | - | - | - | 6,512,602 | - | - | 6,512,602 |
| Total comprehensive income for the period | | - | - | - | - | 6,512,602 | - | 9,238,521 | 15,751,123 |
| Distribution of earnings according to the decision adopted during the Annual General Meeting of Shareholders held on March 25, 2021: | | | | | | | | | |
| Reserve allocation | | - | - | 190,697 | - | - | 3,623,239 | (3,813,936) | - |
| Balances at June 30, 2021 | | 4,436,448 | 897,941 | 621,256 | 1,017,867 | 37,657,004 | 7,500,558 | 9,238,521 | 61,369,595 |

(i) See Note 22.

(ii) It corresponds to General Resolution No. 609/12 of the CNV [See Note 31 (iii)].

The accompanying notes 1 to 35 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2020.

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six-month periods ended on June 30, 2021, and June 30, 2020 (cont'd.)

(Amounts stated in thousands of pesos, unless otherwise specified)

| | | Attributable to the owners of the Parent Company | | | | | | | |
|---|-------|--|-----------------------|------------------------------|----------------------|----------------|-------------------|-------------|------------------------------|
| | | Shareholders' contributions | | Accumulated profits (losses) | | | | | |
| | Notes | Share capital | Capital contributions | Reserved earnings | | | Retained earnings | Total | |
| | | Subscribed capital (i) | | Legal reserve | Special reserve (ii) | Other reserves | | | Reserve for future dividends |
| (Unaudited) | | | | | | | | | |
| Balances at December 31, 2019 | | 4,436,448 | 897,941 | 219,911 | 1,017,867 | 18,303,286 | - | 4,212,967 | 29,088,420 |
| Profit for the period | | - | - | - | - | - | - | 843,598 | 843,598 |
| Currency translation differences | | - | - | - | - | 5,373,046 | - | - | 5,373,046 |
| Changes in the fair value of investments in equity instruments | | 16 | - | - | - | (92,731) | - | - | (92,731) |
| Remeasurement of post-employment benefit obligations | | - | - | - | - | 30,047 | - | - | 30,047 |
| Income tax related to components of other comprehensive income | | 27 | - | - | - | 14,127 | - | - | 14,127 |
| Other comprehensive income for the period | | - | - | - | - | 5,324,489 | - | - | 5,324,489 |
| Total comprehensive income for the period | | - | - | - | - | 5,324,489 | - | 843,598 | 6,168,087 |
| Distribution of retained earnings according to the decision adopted during the Annual General Meeting of Shareholders held on April 28, 2020: | | | | | | | | | |
| Reserve allocation | | - | - | 210,648 | - | - | 3,877,319 | (4,087,967) | - |
| Cash dividends (i) | | - | - | - | - | - | - | (125,000) | (125,000) |
| Balances at June 30, 2020 | | 4,436,448 | 897,941 | 430,559 | 1,017,867 | 23,627,775 | 3,877,319 | 843,598 | 35,131,507 |

(i) See Note 22.

(ii) It corresponds to General Resolution No. 609/12 of the CNV [See Note 31 (iii)].

The accompanying notes 1 to 35 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2020.

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

INTERIM CONDENSED CASH FLOW STATEMENT
for the six-month periods ended on June 30, 2021, and June 30, 2020

(Amounts stated in thousands of pesos, unless otherwise specified)

| | | Six-month period ended on June 30, | |
|--|-------|---------------------------------------|--------------------|
| | Notes | 2021 | 2020 |
| | | (Unaudited) | |
| OPERATING ACTIVITIES | | | |
| Profit for the period | | 9,238,521 | 843,598 |
| Adjustments to profit for the period to reach operating cash flows | 29 | 19,570,952 | 18,278,861 |
| Changes in working capital | 29 | 346,757 | (5,061,807) |
| Others, including currency translation differences | | 5,175,036 | 2,628,285 |
| Payment of employee benefits programs | | (793,346) | (161,946) |
| Payment of income tax | | (502,341) | (15,000) |
| Cash generated by operating activities | | 33,035,579 | 16,511,991 |
| INVESTING ACTIVITIES | | | |
| Investments in Property, plant and equipment | | (10,406,065) | (2,857,667) |
| Collection from the sale of Property, plant and equipment | | 8,200 | 3,728 |
| Additions of Investments in equity instruments at fair value | | - | (801) |
| Income from the sale of interest in associates | | - | 18,387 |
| Collected dividends | 11 | 12,627 | 9,088 |
| Increase in Other investments | | (9,748,627) | - |
| Cash used in investing activities | | (20,133,865) | (2,827,265) |
| FINANCING ACTIVITIES | | | |
| Proceeds from Borrowings | 23 | 25,573,146 | 1,256,955 |
| Issuance of negotiable obligations | | 467,977 | 2,951,943 |
| Payment of Borrowings | | (38,531,535) | (12,595,082) |
| Repurchase of negotiable obligations | 23 | (531,110) | - |
| Paid dividends | 22 | - | (125,000) |
| Right-of-use liabilities payments | 14 | (358,255) | (457,718) |
| Cash used in financing activities | | (13,379,777) | (8,968,902) |
| (Decrease)/increase in Cash and cash equivalents | | (478,063) | 4,715,824 |
| Changes in Cash and cash equivalents | | | |
| Cash and cash equivalents at the beginning of the period | | 10,391,822 | 2,000,326 |
| (Decrease)/increase in Cash and cash equivalents | | (478,063) | 4,715,824 |
| Currency translation differences | | 980,153 | 495,490 |
| Cash and cash equivalents at the end of the period | 20.b | 10,893,912 | 7,211,640 |
| At June 30, | | | |
| | | 2021 | 2020 |
| | | (Unaudited) | |
| Cash and cash equivalents | | 10,893,912 | 7,211,640 |
| Cash and cash equivalents at the end of the period | | 10,893,912 | 7,211,640 |
| Non-cash transactions | | | |
| Unpaid investments in Property, plant and equipment at the end of the period | | 6,300,777 | 3,135,689 |
| Payments in kind of negotiable obligations | | 109,262 | |

The accompanying notes 1 to 35 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2020.

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

Table of contents of notes to Interim Condensed Financial Statements

1. General information
2. Basis for preparation
3. New accounting standards
4. Segment information
5. Net sales
6. Operating costs
7. Selling expenses
8. Administrative expenses
9. Labor costs
10. Other operating profits (losses), net
11. Net financial profits (losses)
12. Income tax
13. Property, plant and equipment - Exploration, evaluation and development assets.
14. Leases
15. Investments in entities accounted for using the equity method
16. Investments in equity instruments at fair value
17. Other receivables and prepayments
18. Trade receivables
19. Inventories
20. Other investments and Cash and cash equivalents
21. Financial instruments
22. Equity
23. Borrowings
24. Employee benefits programs
25. Provisions
26. Trade and other payables
27. Deferred income tax
28. Derivative financial instruments
29. Cash Flow Statement complementary information
30. Assets and liabilities in currency other than Argentine pesos
31. Contingencies, investment commitments, guarantees and restrictions on the distribution of profits
32. Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs
33. Related-party balances and transactions
34. Main joint operations
35. Subsequent events

Tecpetrol Sociedad Anónima

Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021

(Amounts stated in thousands of pesos, unless otherwise specified)

1. General information

Tecpetrol S.A. (hereinafter referred to as the "Company") was incorporated on June 5, 1981, and its main activity consists in the exploration and exploitation of oil and gas in Argentina. Its legal domicile is Pasaje Della Paolera 299/297, 16th floor, city of Buenos Aires, Argentina.

The Company has an important presence in Vaca Muerta area, through (i) unconventional exploitation concessions in the areas of Fortín de Piedra and Punta Senillosa, which were granted in July 2016 for a period of 35 years and over which the Company holds all rights and obligations; (ii) joint operations over unconventional exploitation concessions in the areas of Los Toldos I Norte, Los Toldos II Este and Los Toldos I Sur, and (iii) the exploration permissions over the areas of Loma Ancha and Loma Ranqueles.

In addition, the Company operates in conventional hydrocarbon areas in Neuquina, Noroeste – Golfo San Jorge and other basins through joint operations (see Note 34). It also holds all exploitation rights over the area Los Bastos (province of Neuquén) and has an exploration (and potential exploitation) permission over the area Gran Bajo Oriental located in the province of Santa Cruz.

The Interim Condensed Financial Statements were approved for issuance by the members of the Board of Directors on August 6, 2021. At such date, the Company is undergoing procedures to renew the authorization to keep the Journal through digital means, in accordance with Section 42, Title II, Chapter IV, Division VII of the National Securities Commission for Argentina (Comisión Nacional de Valores, CNV) regulations, given that in June there was an update of the accounting system version.

The macroeconomic environment

The Company operates in an economic setting whose main variables are affected by the fluctuation in the prices of commodities and the impact of the COVID-19 syndemic, all of which produced a global economic and financial crisis that affects the activities of Tecpetrol.

The economic agenda of the government is currently dominated by the sanitary emergency and the economic crisis. Under these circumstances, the national government implemented several measures intended to reduce population movement. The abovementioned situations have greatly affected hydrocarbon demand, and its evolution in the short-term remains uncertain.

As of the date of these Interim Condensed Financial Statements, on site access to the fields by essential operations staff and the remote work of all other employees have not greatly affected the capacity of Tecpetrol to conduct its operations as usual. In line with this, such changes have not adversely affected corporate information systems or financial information internal controls.

The management of the Company closely monitors the evolution of the abovementioned situations in order to adopt measures according to the complexity of the events, aiming at safeguarding the integrity of the staff, keeping operations running and preserving the corporate financial health.

The full extent of the syndemic and the duration of the containment measures, as well as the impact on the country's economy and the effect on the Company's activities and its resulting profits or losses are still uncertain and cannot be reasonably predicted. However, such situation is not expected to affect the continuity of the business. Given the financial soundness of the Company and its shareholders, all financial commitments due in the subsequent twelve months are expected to be honored.

1. General information (cont'd)

The macroeconomic environment (cont'd)

Furthermore, the restrictions imposed by the Central Bank of Argentina (Banco Central de la República Argentina, BCRA) in 2020 remain in force. Such limitations intend to restrict access to the exchange market for the purposes of restraining the demand for U.S. dollars; therefore, prior approval from the BCRA is required in order to conduct specific transactions and specific debts have to be refinanced. Measures applicable to the Company mainly relate to the payment of principal from financial borrowings granted by non-residents and the payment of debt securities issued in Argentina and denominated in foreign currency (see Note 23). Additionally, the existing exchange rate regime sets forth that it is mandatory that all income obtained from goods and services exports (among others) be converted to local currency.

These exchange restrictions, and the ones that might be implemented in the future, could affect the Company's access to the Argentine foreign exchange market (Mercado Único y Libre de Cambios, MULC), and therefore, the acquisition of foreign currency to honor its financial obligations. Assets and liabilities in foreign currency at June 30, 2021, have been valued based on MULC current quotations.

In April 2021 the operations in Fortín de Piedra and Los Bastos were affected for 21 days because of the forceful measures adopted by the healthcare workers of the province of Neuquén, which included the total restriction on the access and circulation in different areas in the province, blocking the regular access of employees and contractors. This situation resulted in a sudden interruption of activities necessary for the continuity of production and drillings in progress.

These Interim Condensed Financial Statements of the Company should be construed in light of these circumstances.

Seasonality

Neither the demand for crude oil nor its prices significantly vary throughout the year due to seasonality. Gas demand for residential use and electricity generation is seasonal; thus, there are substantial fluctuations between winter and summer seasons. Gas demand intended for industrial use and compressed natural gas (CNG) stations does not significantly vary throughout the year. Gas prices vary upon demand.

Consequently, the operations of Tecpetrol S.A. might be subject to seasonal fluctuations in relation to both volume and sales prices.

2. Basis for preparation

These Interim Condensed Financial Statements of the Company were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), under a historical cost convention, modified by the revaluation of financial assets and liabilities at fair value.

The CNV, by means of General Resolution No. 622/13, has established the application of Technical Resolutions No. 26 and 29 issued by the Argentine Federation of Professional Councils in Economic Sciences (Federación Argentina de Consejos Profesionales de Ciencias Económicas, FACPCE) which adopt IFRS issued by the IASB, for entities included in the public offering regime under Law No. 17.811 and amendments, either due to their capital stock or negotiable obligations, or because they requested authorization to be included in such regime.

2. Basis for preparation (cont'd)

These Interim Condensed Financial Statements of Tecpetrol S.A. for the six-month period ended on June 30, 2021, were prepared in accordance with International Accounting Standard (IAS) 34 titled "Interim Financial Reporting" and are presented in thousands of Argentine pesos, unless otherwise stated.

These Interim Condensed Financial Statements were prepared pursuant to the same accounting policies applied in the preparation of the audited Financial Statements at December 31, 2020; therefore, they must be read together.

All information corresponding to the balances at December 31, 2020, and to the six-month period ended on June 30, 2020, is part of these Interim Condensed Financial Statements and is presented for comparative purposes only. If applicable, some figures from the Financial Statements at December 31, 2020, and June 30, 2020, have been reclassified in order to present comparative information in respect of the current period.

Pursuant to the IFRS, the preparation of these Interim Condensed Financial Statements requires the management of the Company to make certain estimates that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the income and expense figures for the reported periods. Actual profits or losses might differ from these estimates.

Functional and presentation currencies

Items included in the Interim Condensed Financial Statements are registered in the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is the United States Dollar ("USD"), since this is the currency which best reflects the economic substance of the transactions. Both sales and prices of main drilling costs are negotiated, agreed upon and settled either in USD or considering the exchange rate fluctuation with respect to said currency.

The presentation currency of these Interim Condensed Financial Statements is the Argentine peso ("ARS").

Translation of Interim Condensed Financial Statements

Interim Condensed Financial Statements prepared using the functional currency of the Company are translated into the presentation currency pursuant to the following:

- (i) assets and liabilities are translated at the closing exchange rate at each reporting date; profits and losses are translated at the average exchange rate of the period.
- (ii) all resulting translation differences are recognized under Other comprehensive income as currency translation differences. When a subsidiary is dissolved or disposed of, accumulated currency translation differences are reported as profit or loss upon sale or disposal.

3. New accounting standards

(a) *New standards, interpretations and amendments to published standards effective as from the current period*

At June 30, 2021, there are no new standards, interpretations and amendments to published standards in force that must be disclosed and that are relevant to the Company.

(b) *New standards, interpretations and amendments to published standards not yet effective and not early adopted*

The Management assessed the importance of other new standards, interpretations and amendments not yet effective and concluded that they are not relevant for the Company.

4. Segment information

| Six-month period ended on June 30, 2021 (Unaudited) | | | | |
|--|-------------------|--|------------|---------------------|
| | Neuquina basin | Noroeste - San Jorge and other basins | Others (1) | Total |
| Net sales - Managerial Vision | 43,322,427 | 5,065,229 | 10,964 | 48,398,620 |
| Effect of hydrocarbon inventory valuation | 199,607 | (799,354) | - | (599,747) |
| Net sales - IFRS | | | | 47,798,873 |
| Gas | 37,639,565 | 626,782 | - | 38,266,347 |
| Oil | 5,692,126 | 3,631,523 | - | 9,323,649 |
| Other services | 190,381 | 7,532 | 10,964 | 208,877 |
| Net sales - IFRS | | | | 47,798,873 |
| Operating profit - Managerial Vision | 21,450,187 | 1,969,659 | (342,708) | 23,077,138 |
| Adjustment of hydrocarbon inventory valuation | 245,984 | (442,889) | - | (196,905) |
| Depreciation differences | 66,326 | (77,206) | 1,878 | (9,002) |
| Administrative expenses (2) | | | | (2,296,039) |
| Operating profit - IFRS | | | | 20,575,192 |
| Depreciation of PPE (3) - Managerial Vision | (15,248,264) | (499,533) | (87,864) | (15,835,661) |
| Depreciation differences | 66,326 | (77,206) | 1,878 | (9,002) |
| Depreciation of PPE - IFRS | | | | (15,844,663) |
| PPE - Managerial Vision | 110,948,286 | 7,271,274 | 748,435 | 118,967,995 |
| Accumulated depreciation and impairment differences | | | | (443,213) |
| PPE - IFRS | | | | 118,524,782 |
| Investments in PPE | 13,188,468 | 862,150 | 381,729 | 14,432,347 |
| Investments in PPE | | | | 14,432,347 |

(1) It corresponds to other activities of the Company not included under the defined operating segments.

(2) It corresponds to expenses not allocated to operating profit of defined reportable segments.

(3) PPE: Property, plant and equipment.

4. Segment information (cont'd)

| Six-month period ended on June 30, 2020 (Unaudited) | | | | |
|--|-------------------|--|------------|---------------------|
| | Neuquina basin | Noroeste - San Jorge and other basins | Others (1) | Total |
| Net sales - Managerial Vision | 29,603,212 | 2,422,647 | 13,297 | 32,039,156 |
| Effect of hydrocarbon inventory valuation | 43,877 | (504,061) | - | (460,184) |
| Net sales - IFRS | | | | 31,578,972 |
| Gas | 26,830,884 | 590,436 | - | 27,421,320 |
| Oil | 2,694,394 | 1,318,480 | - | 4,012,874 |
| Other services | 121,817 | 9,664 | 13,297 | 144,778 |
| Net sales - IFRS | | | | 31,578,972 |
| Operating profit - Managerial Vision | 9,428,799 | (3,573,613) | (113,418) | 5,741,768 |
| Adjustment of hydrocarbon inventory valuation | 65,953 | (51,981) | - | 13,972 |
| Depreciation and impairment differences | (40,213) | 1,286,983 | 6,290 | 1,253,060 |
| Administrative expenses (2) | | | | (1,202,059) |
| Operating profit - IFRS | | | | 5,806,741 |
| Depreciation and impairment of PPE (3) - Managerial Vision | (11,916,246) | (4,121,223) | (95,426) | (16,132,895) |
| Depreciation and impairment differences | (40,213) | 1,287,007 | 6,266 | 1,253,060 |
| Depreciation and impairment of PPE - IFRS | | | | (14,879,835) |
| PPE - Managerial Vision | 93,434,610 | 5,527,657 | 463,415 | 99,425,682 |
| Accumulated depreciation and impairment differences | | | | 204,935 |
| PPE - IFRS | | | | 99,630,617 |
| Investments in PPE | 3,298,008 | 558,627 | 95,235 | 3,951,870 |
| Investments in PPE | | | | 3,951,870 |

(1) It corresponds to other activities of the Company not included under the defined operating segments.

(2) It corresponds to expenses not allocated to operating profit of defined reportable segments.

(3) PPE: Property, plant and equipment.

Depreciation and impairment differences mainly arise from the difference in acquisition costs resulting from the Property, plant and equipment valuation criteria adopted upon transition to IFRS.

At June 30, 2021, net sales arose mainly from The Netherlands (9.53%), United States (8.92%) and Argentina (81.45%), whereas at June 30, 2020, net sales correspond mainly to France (5.17%), United States (2.2%) and Argentina (91.25%). The designation of net sales is based upon customer location.

At June 30, 2021, Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA) and Raizen Argentina S.A. represented 30.27% and 9.59%, respectively, of all sales revenues of the Company, not taking into account the incentives to investments granted under Resolution No. 46E/2017 and amendments, and the incentives from the Promotion Plan for Argentine Natural Gas Production/2020-2024 Supply and Demand Scheme (hereinafter referred to as "Plan Gas 4"), paid directly by the National Government; whereas at June 30, 2020, CAMMESA and Raizen Argentina S.A. represented 23% and 15%, respectively.

5. Net sales

| | Six-month period ended on June 30, | |
|----------------|---------------------------------------|-------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Gas (i) (ii) | 38,266,347 | 27,421,320 |
| Oil | 9,323,649 | 4,012,874 |
| Other services | 208,877 | 144,778 |
| | 47,798,873 | 31,578,972 |

(i) It includes \$15,040,307 and \$13,725,003 due to incentives to investments in natural gas production developments from unconventional reservoirs, granted under Resolution 46E/2017 as amended, for the six-month periods ended on June 30, 2021, and June 30, 2020, respectively (see Note 32).

(ii) It includes \$922,805 due to incentives from Plan Gas 4 for the six-month period ended on June 30, 2021.

6. Operating costs

| | Six-month period ended on June 30, | |
|---|---------------------------------------|-------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Inventories at the beginning of the period | 2,771,888 | 1,607,093 |
| Purchases, uses and production costs | 26,747,540 | 22,051,178 |
| Inventories at the end of the period | (3,270,776) | (2,425,623) |
| Currency translation differences | 375,012 | 294,678 |
| Operating costs | 26,623,664 | 21,527,326 |
| Labor costs | 1,441,170 | 1,231,447 |
| Fees and services | 314,617 | 243,891 |
| Maintenance operations and wells service costs | 2,861,407 | 1,911,614 |
| Depreciation of Property, plant and equipment | 15,758,677 | 12,630,294 |
| Impairment of Property, plant and equipment (Note 13) | - | 2,160,381 |
| Depreciation of Right-of-use assets | 288,566 | 305,610 |
| Treatment and storage | 202,062 | 96,799 |
| Royalties and other taxes (iii) | 4,014,217 | 2,318,322 |
| Others | 1,741,500 | 989,272 |
| Stock uses and purchases | 125,324 | 163,548 |
| Purchases, uses and production costs | 26,747,540 | 22,051,178 |

(iii) Royalties are paid for the production of crude oil and natural gas ranging from 12% to 17% of said production, valued on the basis of the prices actually obtained in the commercialization of hydrocarbons in the area, less deductions provided for in the legislation for the treatment of the product to make it fit for delivery to third parties.

7. Selling expenses

| | Six-month period ended on June 30, | |
|--|---------------------------------------|------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Taxes | 868,126 | 499,114 |
| Storage and transport | 216,732 | 394,358 |
| Allowance for doubtful accounts (recovery)/expense | (2,943,049) | 598,663 |
| Others | 25,305 | 15,575 |
| | (1,832,886) | 1,507,710 |

8. Administrative expenses

| | Six-month period ended on June 30, | |
|---|---------------------------------------|------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Labor costs | 1,627,079 | 794,459 |
| Fees and services | 315,346 | 196,860 |
| Depreciation of Property, plant and equipment | 85,986 | 89,160 |
| Depreciation of Right-of-use assets | 43,893 | 38,424 |
| Taxes | 521,966 | 287,733 |
| Office expenses | 226,587 | 196,296 |
| Reimbursement of expenses (i) | (438,832) | (311,713) |
| | 2,382,025 | 1,291,219 |

(i) These are not liable to association or proration in connection with each line involved in the costs and/or expenses notes, but rather in connection with the tasks which constitute the function of the operator.

9. Labor costs (included in Operating costs and Administrative expenses)

| | Six-month period ended on June 30, | |
|--------------------------------------|---------------------------------------|------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Salaries, wages and other costs | 2,249,436 | 1,637,738 |
| Social security costs | 528,153 | 303,044 |
| Employee benefits programs (Note 24) | 290,660 | 85,124 |
| | 3,068,249 | 2,025,906 |

10. Other operating profits (losses), net

| | Six-month period ended on June 30, | |
|---|---------------------------------------|----------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| <i>Other operating income</i> | | |
| Recovery of provisions for legal claims and contingencies | - | 22,347 |
| Profit from the sale of Property, plant and equipment | 6,360 | 2,278 |
| Reimbursements and compensations | 14,124 | 183,904 |
| Income from other sales | - | 1,146 |
| Others | 146,709 | 10,586 |
| | 167,193 | 220,261 |
| <i>Other operating expenses</i> | | |
| Provision for legal claims and contingencies | (732) | (1,923) |
| Others | (5,453) | (7,137) |
| | (6,185) | (9,060) |

11. Net financial profits (losses)

| | Six-month period ended on June 30, | |
|---|---------------------------------------|--------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Dividend income | 12,627 | 9,088 |
| Interest income | 1,545,258 | 255,431 |
| Financial income | 1,557,885 | 264,519 |
| Interest cost | (3,271,450) | (2,417,419) |
| Financial costs | (3,271,450) | (2,417,419) |
| Net loss from exchange differences | (4,953,397) | (2,628,473) |
| Changes in the fair value of derivative instruments | (798,567) | - |
| Profit from the purchase, sale and holding of Other investments | 1,394,797 | - |
| Other net financial loss | (272,516) | (17,187) |
| Other net financial loss | (4,629,683) | (2,645,660) |
| Net financial loss | (6,343,248) | (4,798,560) |

12. Income tax

| | Six-month period ended on June 30, | |
|--------------------------------------|---------------------------------------|----------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Deferred income tax - Loss (Note 27) | 4,978,783 | 168,157 |
| | 4,978,783 | 168,157 |

Title 6 of Law No. 20.628 on Income Tax, as amended by Laws No. 27.468 and No. 27.541 published on December 4, 2018, and December 23, 2019, respectively, was considered for the assessment of income tax for the period, given that the variation percentage of the Consumer Price Index (CPI), accumulated during the last three years prior to the commencement of the current period, exceeds 100%.

Law No. 27630, published in the Official Gazette on June 16, 2021, modifies the income tax rate and is applicable to all fiscal years commencing as from January 1, 2021. For tax assessment purposes, the law sets forth a three-tiered structure of income tax rates depending on accumulated net taxable income, according to the following detail:

- 25% for accumulated net taxable income of up to \$5 million (first tier).
- 30% for the second tier, which covers income up to \$50 million plus \$1.25 million corresponding to income from the first tier.
- 35% for income over \$50 million plus \$14.75 million corresponding to income from the first and second tiers.

Such amounts will be adjusted annually, as from January 1, 2022, considering the annual variation of the CPI corresponding to the month of October of the year prior to the adjustment with respect to the same month of the previous year. These sums will be applicable for all fiscal years beginning after each adjustment.

Besides, pursuant to the above-mentioned law, dividends and similar profits to be distributed among people, undivided estates and/or foreign beneficiaries will be taxed at an additional rate of 7%.

The Company has recognized the effects of the increase in the tax rate under Income tax in the Interim Condensed Income Statement for the six-month period ended on June 30, 2021.

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

13. Property, plant and equipment - Exploration, evaluation and development assets

| | Six-month period ended on June 30, | | | | | | | |
|----------------------------------|------------------------------------|-------------------------|------------------------------|----------------------------|-----------------------|------------------|--------------------|-------------------|
| | 2021 | | | | | | 2020 | |
| | Development and production assets | Machinery and equipment | Asset retirement obligations | Exploration and evaluation | Works in progress (i) | Others | Total | Total |
| <u>Cost</u> | | | | | | | (Unaudited) | |
| At the beginning of the period | 177,285,551 | 87,754,231 | 2,047,465 | 8,078,832 | 17,545,384 | 6,034,195 | 298,745,658 | 208,881,761 |
| Currency translation differences | 25,137,197 | 12,081,696 | 284,182 | 1,121,564 | 2,292,857 | 802,874 | 41,720,370 | 37,244,315 |
| Additions | - | - | 126,569 | - | 14,266,148 | 158,171 | 14,550,888 | 3,884,405 |
| Right-of-use assets transfers | - | - | - | - | 8,028 | - | 8,028 | 67,465 |
| Transfers | 18,062,093 | 530,666 | - | 144,190 | (18,341,290) | (395,659) | - | - |
| Write-offs | (186) | - | - | - | (213,011) | (14,707) | (227,904) | (1,660,010) (ii) |
| At the end of the period | 220,484,655 | 100,366,593 | 2,458,216 | 9,344,586 | 15,558,116 | 6,584,874 | 354,797,040 | 248,417,936 |
| <u>Depreciation</u> | | | | | | | | |
| At the beginning of the period | 134,475,677 | 54,594,206 | 1,621,488 | - | - | 2,469,939 | 193,161,310 | 112,754,682 |
| Currency translation differences | 18,904,705 | 7,791,339 | 228,647 | - | - | 354,461 | 27,279,152 | 21,158,906 |
| Depreciation of the period | 9,327,137 | 6,105,587 | 121,074 | - | - | 290,865 | 15,844,663 | 12,719,454 |
| Impairment of the period | - | - | - | - | - | - | - | 2,160,381 |
| Write-offs | - | - | - | - | - | (12,867) | (12,867) | (6,104) |
| At the end of the period | 162,707,519 | 68,491,132 | 1,971,209 | - | - | 3,102,398 | 236,272,258 | 148,787,319 |
| Residual value | 57,777,136 | 31,875,461 | 487,007 | 9,344,586 | 15,558,116 | 3,482,476 | 118,524,782 | 99,630,617 |

(i) It includes \$257,221 and \$278,741 from works in progress related to exploration and evaluation investments at June 30, 2021, and June 30, 2020, respectively.

(ii) At June 30, 2020, it includes \$1,538,606 corresponding to the write-off of unsuccessful exploratory wells in Loma Ranqueles. Such write-offs were included under Exploration costs in the Interim Condensed Income Statement.

13. Property, plant and equipment. Exploration, evaluation and development assets (cont'd)

Impairment of long-term assets

The Company analyses *Property, plant and equipment - Exploration, evaluation and development assets and Right-of-use assets* for impairment periodically or whenever events or changes in the circumstances indicate a potential evidence of impairment.

The recoverable value of each CGU (considering a CGU as each area in which Tecpetrol S.A has interest) is estimated as the higher of an asset's fair value less direct costs of disposal and value in use. The value in use is calculated based on the discounted cash flows, applying a discount rate based on the weighted average cost of capital (WACC), which considers the risks of the country where the CGU operates and its specific characteristics.

The determination of the discounted cash flows is based on projections approved by the Management and includes a set of sensitive estimates and assumptions, such as changes in hydrocarbons production levels, sales prices, the evolution of the curve of future hydrocarbon prices, inflation, exchange rates, costs and other cash expenditures, on the basis of the best estimate the Company foresees regarding its operations and available market information.

Cash flows derived from the different CGUs are usually projected for a period that covers the existence of commercially exploitable reserves and is limited to the existence of reserves for the term of the concession or contract.

In the six-month period ended on June 30, 2021 the Company did not recognize impairment charges in Property, plant and equipment - Exploration, evaluation and development assets; whereas in the second quarter of 2020, as a result of the impact caused by the economic crisis produced due to the COVID-19 syndemic, Tecpetrol recognized impairment charges in production and development assets in El Tordillo and La Tapera - Puesto Quiroga and Aguaragüe areas (Noroeste – San Jorge basin) for \$1,661.9 million and \$498.5 million, respectively. The recoverable value at such date was estimated based on the value in use and reached \$4,392.6 million (El Tordillo and La Tapera - Puesto Quiroga) and \$738.3 million (Aguaragüe). Such impairment charges are included under *Operating costs* in the Interim Condensed Income Statement at June 30, 2020.

14. Leases

Right-of-use assets and liabilities

There follows the evolution of right-of-use assets and liabilities disclosed in the Interim Condensed Statement of Financial Position at June 30, 2021, and June 30, 2020:

Right-of-use assets

| | Six-month period ended on June 30, | | | | | |
|--|------------------------------------|------------------|------------------|----------------|------------------|------------------|
| | 2021 | | | | | 2020 |
| | Drilling equipment | Other equipment | Offices | Others | Total | Total |
| | (Unaudited) | | | | | |
| At the beginning of the period | 67,286 | 1,097,285 | 355,312 | 1,019 | 1,520,902 | 1,288,036 |
| Currency translation differences | 7,862 | 140,067 | 63,988 | 1,815 | 213,732 | 231,918 |
| Net additions | 64 | 38,162 | 1,014,907 | 103,015 | 1,156,148 | 504,697 |
| Transfers to Property, plant and equipment | (8,028) | - | - | - | (8,028) | (67,465) |
| Depreciation of the period | (15,483) | (239,083) | (74,567) | (3,326) | (332,459) | (344,034) |
| At the end of the period | 51,701 | 1,036,431 | 1,359,640 | 102,523 | 2,550,295 | 1,613,152 |

Right-of-use liabilities

| | Six-month period ended on June 30, | |
|--------------------------------------|------------------------------------|------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| At the beginning of the period | 1,611,976 | 1,334,314 |
| Exchange and translation differences | 217,384 | 232,856 |
| Net additions | 706,227 | 504,697 |
| Accrued interest (i) | 62,892 | 45,480 |
| Payments | (358,255) | (457,718) |
| At the end of the period | 2,240,224 | 1,659,629 |

| | June 30, 2021 | December 31, 2020 |
|-------------|------------------|-------------------|
| | (Unaudited) | |
| Non-current | 1,433,090 | 1,016,265 |
| Current | 807,134 | 595,711 |
| | 2,240,224 | 1,611,976 |

(i) Included under Financial costs in the Interim Condensed Income Statement at June 30, 2021, and June 30, 2020.

15. Investments in entities accounted for using the equity method

The Company holds 15% of the share capital of Oleoducto Loma Campana - Lago Pellegrini S.A. and YPF S.A. holds the remaining 85%. Both shareholders exercise joint control over that company, pursuant to the Shareholders' Agreement.

The evolution of investments in joint ventures is disclosed below:

| | Six-month period ended on June 30, | |
|--|---|----------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| At the beginning of the period | 187,618 | 137,964 |
| Currency translation differences | 25,109 | 23,090 |
| Profit (loss) from investments in entities accounted for using the equity method | (14,640) | 3,574 |
| At the end of the period | 198,087 | 164,628 |

Regarding the financing of the project, the shareholders agreed that 70% of such funds would come from a loan granted by the National Social Security Administration (Administración Nacional de la Seguridad Social, ANSES), acting as legal administrator of the Pension Fund of the Argentine Integrated Pension System (Fondo de Garantía de Sustentabilidad del Sistema Integrado Previsional Argentino, FGS-ANSES); and the remaining 30% would come from shareholders' contributions in proportion to their interest. As a condition precedent to the first payment for up to an amount of USD 63 million under the loan for consumption entered into by Oleoducto Loma Campana – Lago Pellegrini S.A and the FGS-ANSES, in May 2019, YPF S.A. and the Company granted a first-ranking pledge over all shares of Oleoducto Loma Campana – Lago Pellegrini S.A., in favor of FGS-ANSES.

Accounting information from Oleoducto Loma Campana - Lago Pellegrini S.A. is disclosed below:

| | At June 30, 2021 |
|-----------------------------------|-----------------------------|
| Share capital | 868,399 |
| Loss for the period | (97,600) |
| Equity | 1,320,580 |
| Holding of common shares (1 vote) | 130,259,852 |

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

16. Investments in equity instruments at fair value

| | June 30, 2021 | December 31, 2020 |
|------------------------|--------------------|----------------------|
| | (Unaudited) | |
| Non-quoted investments | 1,943,293 | 1,542,888 |

There follows the evolution of investments in equity instruments at fair value:

| | Six-month period ended on June 30, 2021 | 2020 |
|----------------------------------|---|------------------|
| | (Unaudited) | |
| At the beginning of the period | 1,542,888 | 942,407 |
| Currency translation differences | 215,591 | 156,786 |
| Net additions/(write-offs) (i) | (1,156) | 801 |
| Changes in the fair value | 185,970 | (92,731) |
| At the end of the period | 1,943,293 | 1,007,263 |

There follows a detail of the main investments in equity instruments at fair value:

| Company | Country | Interest % | | June 30, 2021 | December 31, 2020 |
|---------------------------------------|-----------|------------|--------|--------------------|----------------------|
| | | Jun-21 | Dec-20 | | |
| | | | | (Unaudited) | |
| Tecpetrol del Perú S.A.C. | Peru | 2.00 | 2.00 | 1,144,308 | 891,763 |
| Tecpetrol Bloque 56 S.A.C. | Peru | 2.00 | 2.00 | 373,926 | 297,606 |
| Oleoductos del Valle S.A. | Argentina | 2.10 | 2.10 | 288,123 | 234,800 |
| Terminales Marítimas Patagónicas S.A. | Argentina | 4.20 | 4.20 | 86,435 | 75,987 |
| Tecpe Trading S.A. (i) | Argentina | - | 4.00 | - | 1,097 |
| Tecpetrol Operaciones S.A. de C.V. | Mexico | 0.9482 | 0.9482 | 32,904 | 25,996 |
| Norpower S.A de C.V. | Mexico | 0.60 | 0.60 | 5,341 | 4,862 |
| Other investments | | | | 12,256 | 10,777 |
| Total | | | | 1,943,293 | 1,542,888 |

(i) In February 2020, Tecpetrol S.A and its Parent Company, Tecpetrol Internacional S.L.U., approved the constitution of Tecpe Trading S.A., whose main objective was the commercialization of hydrocarbons and electric power, among others. As of the date of issuance of these Interim Condensed Financial Statements, the registration of the liquidation procedure due to inactivity of Tecpe Trading S.A. before the IGJ is pending.

The fair value of the investments in equity instruments is estimated on the basis of discounted cash flows, which includes a set of sensitive estimates and assumptions, such as changes in hydrocarbons production levels, sale prices, the evolution of the curve of future hydrocarbon prices, inflation, exchange rates, collection of dividends, costs and other cash expenditures, on the basis of the best estimate the Company foresees regarding the operations of its investments and available market information.

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

17. Other receivables and prepayments

| | June 30, 2021 | December 31, 2020 |
|--|-------------------|----------------------|
| | (Unaudited) | |
| Non-current | | |
| Receivables | - | 14,681 |
| Expenses paid in advance | 199,340 | 257,319 |
| Employees loans and advances | 84,091 | 54,386 |
| Other receivables from related parties (Note 33) | 957,200 | 1,225,717 |
| | 1,240,631 | 1,552,103 |
| Allowance for doubtful accounts | - | (14,681) |
| | 1,240,631 | 1,537,422 |
| Current | | |
| Receivables (i) (ii) | 10,865,519 | 19,481,848 |
| Tax credits | 1,071,664 | 891,746 |
| Expenses paid in advance | 146,175 | 121,595 |
| Employees loans and advances | 111,974 | 42,623 |
| Other receivables from related parties (Note 33) | 354,394 | 434,186 |
| | 12,549,726 | 20,971,998 |
| Allowance for doubtful accounts | (411,575) | (2,548,279) |
| | 12,138,151 | 18,423,719 |

(i) It includes \$9,086,220 and \$19,137,348 due to incentives to investments in natural gas production developments from unconventional reservoirs, granted under Resolution No. 46E/2017 as amended. At June 30, 2021, and December 31, 2020, \$4,239,495 and \$12,003,271 of the abovementioned amounts, respectively, are past due (see Note 32). In the six-month period ended on June 30, 2021, the Company collected \$11,998,810 from receivables that were past due at December 31, 2020.

(ii) At June 30, 2021, it includes \$934,851 from incentives obtained under Plan Gas 4.

There follows the evolution of the allowance for doubtful accounts:

| | Six-month period ended on June 30, 2021 | 2020 |
|--|---|------------------|
| | (Unaudited) | |
| Balance at the beginning of the period | (2,562,960) | (58,071) |
| Exchange and translation differences | (414,764) | (14,638) |
| Net (increases)/recoveries | 2,565,831 | (541,439) |
| Uses | 318 | - |
| Balance at the end of the period | (411,575) | (614,148) |

18. Trade receivables

| | June 30, 2021 | December 31, 2020 |
|---------------------------------|------------------|----------------------|
| | (Unaudited) | |
| Non-current | | |
| Trade receivables | - | 68,329 |
| | - | 68,329 |
| Allowance for doubtful accounts | - | (68,329) |
| | - | - |

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

18. Trade receivables (cont'd)

| | June 30, 2021 | December 31, 2020 |
|--|--------------------------|------------------------------|
| | (Unaudited) | |
| Current | | |
| Trade receivables | 18,311,317 | 8,592,050 |
| Trade receivables from related parties (Note 33) | 444,669 | 313,793 |
| | 18,755,986 | 8,905,843 |
| Allowance for doubtful accounts | (760,102) | (1,048,608) |
| | 17,995,884 | 7,857,235 |

The evolution of the allowance for doubtful accounts is disclosed below:

| | Six-month period ended on June 30, | |
|--|---|------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Balance at the beginning of the period | (1,116,937) | (656,565) |
| Exchange and translation differences | (52,651) | (48,109) |
| Net (increases)/recoveries | 377,218 | (57,224) |
| Uses | 32,268 | - |
| Balance at the end of the period | (760,102) | (761,898) |

19. Inventories

| | June 30, 2021 | December 31, 2020 |
|---------------------------|--------------------------|------------------------------|
| | (Unaudited) | |
| Hydrocarbons | 505,448 | 401,117 |
| Materials and spare parts | 2,765,328 | 2,370,771 |
| | 3,270,776 | 2,771,888 |

20. Other investments and Cash and cash equivalents

(a) Other investments

| | June 30, 2021 | December 31, 2020 |
|----------------------------|--------------------------|------------------------------|
| | (Unaudited) | |
| Bonds | 16,511,900 | 9,406,093 |
| Share deposit certificates | 5,169,903 | 2,527,083 |
| | 21,681,803 | 11,933,176 |

(b) Cash and cash equivalents

| | June 30, 2021 | December 31, 2020 |
|---------------------|--------------------------|------------------------------|
| | (Unaudited) | |
| Cash and banks | 2,548,776 | 59,441 |
| Short-term deposits | 8,345,136 | 10,332,381 |
| | 10,893,912 | 10,391,822 |

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

21. Financial instruments

21.1 Financial instruments by category

Financial instruments by category are disclosed below:

| | At fair value through profit or loss | At amortized cost | At fair value through other comprehensive income | Total |
|---|--|----------------------|---|-------------------|
| At June 30, 2021 | | | | |
| Assets | | | | |
| (Unaudited) | | | | |
| Investments in equity instruments at fair value | - | - | 1,943,293 | 1,943,293 |
| Other receivables | - | 11,767,831 | - | 11,767,831 |
| Trade receivables | - | 17,995,884 | - | 17,995,884 |
| Other investments | 21,522,293 | 159,510 | - | 21,681,803 |
| Cash and cash equivalents | 8,345,136 | 2,548,776 | - | 10,893,912 |
| Total | 29,867,429 | 32,472,001 | 1,943,293 | 64,282,723 |

| | At amortized cost | Total |
|--------------------------|--------------------|--------------------|
| At June 30, 2021 | | |
| Liabilities | | |
| (Unaudited) | | |
| Borrowings | 95,579,274 | 95,579,274 |
| Right-of-use liabilities | 2,240,224 | 2,240,224 |
| Trade and other payables | 10,497,685 | 10,497,685 |
| Total | 108,317,183 | 108,317,183 |

| | At fair value through profit or loss | At amortized cost | At fair value through other comprehensive income | Total |
|---|--|----------------------|---|-------------------|
| At December 31, 2020 | | | | |
| Assets | | | | |
| Investments in equity instruments at fair value | - | - | 1,542,888 | 1,542,888 |
| Other receivables | - | 18,193,319 | - | 18,193,319 |
| Trade receivables | - | 7,857,235 | - | 7,857,235 |
| Derivative financial instruments | 14,399 | - | - | 14,399 |
| Other investments | 11,314,027 | 619,149 | - | 11,933,176 |
| Cash and cash equivalents | 6,098,991 | 4,292,831 | - | 10,391,822 |
| Total | 17,427,417 | 30,962,534 | 1,542,888 | 49,932,839 |

| | At fair value through profit or loss | At amortized cost | Total |
|----------------------------------|--|----------------------|--------------------|
| At December 31, 2020 | | | |
| Liabilities | | | |
| Borrowings | - | 96,197,330 | 96,197,330 |
| Right-of-use liabilities | - | 1,611,976 | 1,611,976 |
| Derivative financial instruments | 118,710 | - | 118,710 |
| Trade and other payables | - | 6,001,713 | 6,001,713 |
| Total | 118,710 | 103,811,019 | 103,929,729 |

Tecpetrol Sociedad Anónima

Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

21. Financial instruments (cont'd)

21.2 Fair value estimate

At June 30, 2021, and December 31, 2020, the fair value of all assets and liabilities of Tecpetrol S.A. did not significantly differ from their carrying value. Moreover, there were no transfers among fair value hierarchies of financial instruments of Tecpetrol S.A during the six-month periods ended on June 30, 2021, and June 30, 2020.

Financial instruments measured at fair value can be classified into any of the following hierarchical levels, depending on how the fair value is estimated:

Level 1 – Based on quoted prices in active markets for identical assets and liabilities. A market is considered active when the quoted prices are available and such prices represent transactions regularly conducted between independent parties.

Level 2 – Based on market inputs (other than quoted market prices included within Level 1) that are observable for assets and liabilities, either directly (e.g., prices) or indirectly (e.g., derived from prices). The fair value of financial instruments that are not traded in an active market is determined by means of standard valuation techniques which maximize the use of observable market inputs.

Level 3 – Based on information not observable in the market (for example, discounted cash flows).

The following table presents the financial instruments measured at fair value by hierarchy level at June 30, 2021, and December 31, 2020:

At June 30, 2021

Assets

(Unaudited)

Investments in equity instruments at fair value

Other investments

Cash and cash equivalents

Total

Level 1

Level 3

- 1,943,293

21,522,293

8,345,136

29,867,429

-

-

-

1,943,293

At December 31, 2020

Assets

Investments in equity instruments at fair value

Derivative financial instruments

Other investments

Cash and cash equivalents

Total

Level 1

Level 2

Level 3

- - 1,542,888

- 14,399 -

11,314,027 - -

6,098,991 - -

17,413,018 14,399 1,542,888

Liabilities

Derivative financial instruments

Total

- 118,710 -

- **118,710** -

Tecpetrol Sociedad Anónima

Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

22. Equity

Share capital

At June 30, 2021, and December 31, 2020, the Company's capital amounted to \$4,436,448 and was represented by 4,436,448,068 shares carrying a nominal value of \$1 each.

Distribution of dividends

On January 16, 2020, the members of the Board of Directors of Tecpetrol S.A. approved the distribution of cash dividends for \$125 million (equivalent to \$0.028 per share), which were ratified by the Shareholders at an Annual General Meeting held on April 28, 2020, and paid on May 29, 2020.

23. Borrowings

| | June 30, 2021 (Unaudited) | December 31, 2020 |
|---|---------------------------------|----------------------|
| Non-current | | |
| Bank borrowings | 25,470,299 | 6,675,443 |
| Negotiable obligations | 47,627,150 | 41,564,752 |
| | 73,097,449 | 48,240,195 |
| Current | | |
| Bank borrowings | 13,213,452 | 4,379,832 |
| Borrowings from related parties (Note 33) | 9,233,219 | 40,115,501 |
| Negotiable obligations | 35,154 | 3,461,802 |
| | 22,481,825 | 47,957,135 |

The Company must comply with certain obligations and must refrain from performing certain acts under the conditions set forth in the borrowing agreements and negotiable obligations. Such commitments have been fulfilled at June 30, 2021, and December 31, 2020.

Pursuant to Communication "A" 7030, as amended, issued by the BCRA on May 28, 2020, prior approval from the BCRA is required to access the foreign exchange market in order to settle principal payments of offshore financial debts when the lender is a counterparty related to the debtor.

By means of Communication "A" 7106 dated September 15, 2020, the BCRA introduced restrictions to access the exchange market. One of such measures applicable to entities with offshore financial debt with a non-related counterparty and with debt securities issued in Argentina and denominated in foreign currency, maturing between October 15, 2020, and March 31, 2021, is the obligation to submit a refinancing plan under certain parameters. Additionally, on February 25, 2021, through Communication "A" 7230, the BCRA extended the obligation to submit a refinancing plan to capital amounts maturing on or after April 1, 2021, and until December 31, 2021, pursuant to Communication "A" 7106. At the date of these Interim Condensed Financial Statements, the Company has refinanced its debts maturing on or before December 31, 2021, pursuant to Communications "A" 7106 and "A" 7230.

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

23. Borrowings (cont'd)

There follows the evolution of borrowings:

| | Six-month period ended on June 30, | |
|--|---|-------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Balance at the beginning of the period | 96,197,330 | 80,079,584 |
| Proceeds from borrowings | 25,573,146 | 1,256,955 |
| Issuance of negotiable obligations | 577,239 | 2,951,943 |
| Payment of borrowings | (38,640,797) | (12,595,082) |
| Accrued interest | 3,000,629 | 2,247,855 |
| Paid interest | (2,846,827) | (1,891,192) |
| Loss from repurchase of negotiable obligations | 222,108 | - |
| Repurchase of negotiable obligations | (531,110) | - |
| Exchange and translation differences | 12,027,556 | 12,878,523 |
| Balance at the end of the period | 95,579,274 | 84,928,586 |

Bank borrowings and borrowings from related parties are detailed below:

| Lender | Jun-21 | Interest rate | Contract's currency | Amortization of capital | Maturity |
|---|---------------|----------------------|--------------------------------|------------------------------------|-----------------------|
| Tecpetrol Internacional S.L.U. (i) | 8,880,706 | 9.00% | USD | 2 installments | Jul-21 and Mar-22 (i) |
| Tecpetrol Internacional S.L.U. Uruguay Branch | 352,513 | 8.00% | USD | At maturity | Apr-22 |
| J.P. Morgan Chase Bank, Citibank and others (ii) | 9,971,634 | Libor 3M + 1.50% | USD | Quarterly | Sep-21 to Dec-23 (ii) |
| Banco Santander Río | 1,444,995 | 4.25% | USD | 2 installments | May-22 and Nov-22 |
| Itaú Unibanco S.A. Nassau Branch (iii) | 27,267,122 | 5.75% | USD | Quarterly | Sep-21 to Sep-24 |

(i) In March 2021, the parties agreed to an extension of the due date to repay the capital, therefore, the last installment is due in March 2022. As of the date of issuance of these Interim Condensed Financial Statements, the remaining balance of the loan is USD 50.7 million.

(ii) Pursuant to Communication "A" 7230, issued on May 7, 2021, the Company and J.P. Morgan Chase Bank, Citibank and others agreed on the refinancing of part of the debt and extended the maturity date until December 2023.

(iii) Intended for the settlement of financial debt and other purposes related to the ordinary activities of the Company.

| Lender | Dec-20 | Interest rate | Contract's currency | Amortization of capital | Maturity |
|--|---------------|----------------------|--------------------------------|------------------------------------|-------------------|
| Tecpetrol Internacional S.L.U. | 27,348,750 | 9.00% | USD | At maturity | Mar-21 |
| Tecpetrol Internacional S.L.U. | 1,262,250 | 9.00% | USD | At maturity | Mar-21 |
| Tecpetrol Internacional S.L.U. | 4,604,201 | 9.00% | USD | At maturity | Mar-21 |
| Tecpetrol Internacional S.L.U. | 6,900,300 | 9.00% | USD | At maturity | Mar-21 |
| J.P. Morgan Chase Bank, Citibank and others | 9,785,241 | Libor 3M + 1.50% | USD | Quarterly | Mar-21 to Mar-23 |
| Banco Santander Río | 1,270,034 | 4.25% | USD | 2 installments | May-22 and Nov-22 |

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

23. Borrowings (cont'd)

Negotiable obligations are detailed below:

| Series | Jun-21 | Dec-20 | Interest rate | Contract's currency | Amortization of capital | Maturity |
|---------------|------------|------------|---------------|---------------------|-------------------------|----------|
| Class 1 (i) | 47,035,557 | 41,591,858 | 4.875% | USD | At maturity | Dec-22 |
| Class 2 (ii) | - | 916,877 | 4.00% | USD | At maturity | Feb-21 |
| Class 3 (ii) | - | 2,517,819 | BADLAR + 4.5% | ARS | At maturity | Feb-21 |
| Class 4 (iii) | 626,747 | - | 4.00% | USD | At maturity | Feb-23 |

(i) On December 12, 2017, the Company issued Class 1 negotiable obligations for a nominal value of USD 500 million, with an issuance price of 100%, which bear interest at a fixed rate of 4.875% and mature on December 12, 2022. Interest is payable semi-annually as from June 12, 2018. Capital will be paid upon maturity; and the Company has the right to redeem the Negotiable obligations with no premium, in whole or in part, at any time as from December 12, 2020. Funds obtained from the issuance of such negotiable obligations were used to invest in fixed assets in Fortín de Piedra area in Vaca Muerta formation, located in the province of Neuquén. The Parent Company, Tecpetrol Internacional S.L.U., unconditionally and irrevocably guarantees the negotiable obligations of the Company.

At June 30, 2021, the Company has repurchased its negotiable obligations at market values for a nominal value of USD 8.6 million (USD 5.2 million at December 31, 2020) corresponding to Class 1 negotiable obligations maturing in December 2022.

(ii) On February 20, 2020, the Company issued Class 2 and Class 3 negotiable obligations for a nominal value of USD 10.8 million and \$2,414.1 million, respectively, with an issuance price of 100%, which matured on February 20, 2021 (or the following business day). Class 2 negotiable obligations bore interest at a fixed rate of 4.0% and Class 3 negotiable obligations bore interest at a BADLAR rate plus a margin of 4.50%. In both cases, interest was payable quarterly, and the capital was fully paid off upon maturity. Funds obtained from the issuance of such negotiable obligations were used for the integration of working capital and the refinancing of liabilities.

(iii) Additionally, on February 9, 2021, the Company issued Class 4 negotiable obligations for a nominal value of USD 6.5 million, paid in cash (in USD) and in kind through the delivery of Class 2 negotiable obligations, with an issuance price of 100%, bearing interest at a fixed rate of 4% and maturing on February 9, 2023. Interest is payable quarterly, and the capital will be fully paid off upon maturity. Funds obtained from the issuance of such negotiable obligations were used for the partial refinancing of Class 2 negotiable obligations, as enforced by Communication "A" 7106 from the BCRA. On February 22, 2021, the Company had administered all funds in accordance with the use set forth under the program. On March 2, 2021, the members of the Board of Directors of the Company approved such use of the funds and complied with the requirements set forth in Section 25, Chapter V, Title II of CNV Regulations.

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

24. Employee benefits programs

The liability recognized in the Interim Condensed Statement of Financial Position and the amounts disclosed in the Interim Condensed Income Statement are detailed below:

| | June 30, 2021 | December 31, 2020 |
|--|------------------|----------------------|
| | (Unaudited) | |
| Non-current | | |
| Pension programs and other plans (i) | 1,225,413 | 1,192,032 |
| Employee retention and long-term incentive program | 638,220 | 728,136 |
| | 1,863,633 | 1,920,168 |
| Current | | |
| Employee retention and long-term incentive program | 328,761 | 289,023 |
| | 328,761 | 289,023 |

(i) There were no enforceable debts at June 30, 2021, and December 31, 2020.

| | Six-month period ended on June 30 | |
|--|--------------------------------------|---------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Pension programs and other plans | 153,608 | 85,005 |
| Employee retention and long-term incentive program | 137,052 | 119 |
| Total included in Labor costs (Note 9) | 290,660 | 85,124 |

25. Provisions

| | June 30, 2021 | December 31, 2020 |
|-----------------------------------|------------------|----------------------|
| | (Unaudited) | |
| Non-current | | |
| Asset retirement obligations | 5,268,531 | 4,304,514 |
| Provision for other contingencies | 93,669 | 86,119 |
| | 5,362,200 | 4,390,633 |
| Current | | |
| Asset retirement obligations | 406,681 | 359,107 |
| Provision for other contingencies | 191,919 | - |
| | 598,600 | 359,107 |

The evolution of provisions is disclosed below:

Asset retirement obligations

| | Six-month period ended on June 30, | |
|--|---------------------------------------|------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Balance at the beginning of the period | 4,663,621 | 2,867,423 |
| Currency translation differences | 654,565 | 516,421 |
| Increases | 358,712 | 184,240 |
| Uses | (1,686) | (33,738) |
| Balance at the end of the period | 5,675,212 | 3,534,346 |

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

25. Provisions (cont'd.)

Other contingencies

| | Six-month period ended on June 30, | |
|--|---|---------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Balance at the beginning of the period | 86,119 | 87,618 |
| Exchange and translation differences | 10,517 | 6,612 |
| Net (recoveries)/increases | 188,952 | (25,572) |
| Balance at the end of the period | 285,588 | 68,658 |

26. Trade and other payables

| | June 30, 2021 | December 31, 2020 |
|---------------------------------------|--------------------------|------------------------------|
| | (Unaudited) | |
| Trade payables | 9,352,158 | 5,847,044 |
| Payables to related parties (Note 33) | 1,141,977 | 147,185 |
| Social security debts and other taxes | 3,249,473 | 1,247,814 |
| Other liabilities | 3,550 | 7,484 |
| | 13,747,158 | 7,249,527 |

27. Deferred income tax

There follows the evolution of deferred income tax:

| | Six-month period ended on June 30, | |
|--|---|--------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Balance at the beginning of the period - Net deferred liabilities | (4,085,293) | (1,436,883) |
| Charged directly to Other comprehensive income | (168,470) | 14,127 |
| Loss for the period | (4,978,783) | (168,157) |
| Currency translation differences | (690,998) | (320,940) |
| Balance at the end of the period - Net deferred liabilities | (9,923,544) | (1,911,853) |

28. Derivative financial instruments

There follows a detail of net fair values of derivative financial instruments:

| | June 30, 2021 | December 31, 2020 |
|---|--------------------------|------------------------------|
| | (Unaudited) | |
| Foreign currency derivatives | - | 14,399 |
| Derivatives with a positive fair value | - | 14,399 |
| Foreign currency derivatives | - | (118,710) |
| Derivatives with a negative fair value | - | (118,710) |

There follows a detail of derivative financial instruments:

| Purchase currency | Sale currency | Maturity | Type of contract | Fair value | |
|------------------------------|----------------------|-----------------|-------------------------|--------------------------|------------------------------|
| | | | | June 30, 2021 | December 31, 2020 |
| | | | | (Unaudited) | |
| USD | ARS | 2021 | Forward (NDF) | - | (104,311) |
| USD | ARS | 2021 | Futures (Rofex) | - | - |
| | | | | - | (104,311) |

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

29. Cash Flow Statement complementary information

Adjustments to profit for the period (i)

| | Six-month period ended on June 30, | |
|--|---|-------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Depreciation of Property, plant and equipment (Note 13) | 15,844,663 | 12,719,454 |
| Impairment of Property, plant and equipment (Note 13) | - | 2,160,381 |
| Depreciation of Right-of-use assets (Note 14) | 332,459 | 344,034 |
| Profit from the sale of Property, plant and equipment (Note 10) | (6,360) | (2,278) |
| Exploration costs | 211,886 | 1,657,177 |
| Income tax (Note 12) | 4,978,783 | 168,157 |
| Net accrued interest from Borrowings | 153,802 | 356,663 |
| Accrued interest from Right-of-use liabilities (Note 14) | 62,892 | 45,480 |
| Dividend income (Note 11) | (12,627) | (9,088) |
| Provisions - (recoveries)/increases, net | (2,521,954) | 757,331 |
| Loss from the repurchase of negotiable obligations (Note 23) | 222,108 | - |
| Profit (loss) from investments in entities accounted for using the equity method (Note 15) | 14,640 | (3,574) |
| Loss from employee benefits programs (Note 9) | 290,660 | 85,124 |
| | 19,570,952 | 18,278,861 |

(i) There is no significant difference between interest income and interest collected.

Changes in working capital

| | Six-month period ended on June 30, | |
|---|---|--------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Increase in Trade and other receivables | (1,529,421) | (4,506,827) |
| Increase in Inventories | (498,888) | (818,530) |
| Changes in Derivative financial instruments | (104,311) | - |
| Increase in Trade and other payables | 2,479,377 | 263,550 |
| | 346,757 | (5,061,807) |

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

30. Assets and liabilities in currency other than Argentine pesos ⁽¹⁾

| Item | Type (2) | 06.30.2021 (Unaudited) | | 12.31.2020 | |
|-----------------------------------|-------------|--|--|--|--|
| | | Amount in currency other than Argentine pesos (3) | Amount in local currency at 95.72 (4) | Amount in currency other than Argentine pesos (3) | Amount in local currency at 84.15 (4) |
| Assets | | | | | |
| Non-current assets | | | | | |
| Other receivables and prepayments | USD | 10,763 | 1,030,233 | 15,780 | 1,327,899 |
| Current assets | | | | | |
| Other receivables and prepayments | USD | 6,027 | 576,897 | 4,111 | 345,909 |
| Other investments | USD | 49,184 | 4,707,891 | 32,914 | 2,769,733 |
| Trade receivables | USD | 40,478 | 3,874,522 | 23,773 | 2,000,464 |
| Cash and cash equivalents | USD | 384 | 36,740 | 365 | 30,686 |
| Total assets | | | 10,226,283 | | 6,474,691 |
| Liabilities | | | | | |
| Non-current liabilities | | | | | |
| Borrowings | USD | 763,659 | 73,097,449 | 573,264 | 48,240,195 |
| Right-of-use liabilities | USD | 14,161 | 1,355,450 | 12,077 | 1,016,265 |
| Provisions | USD | 55,041 | 5,268,531 | 51,153 | 4,304,514 |
| Current liabilities | | | | | |
| Borrowings | USD | 234,871 | 22,481,825 | 539,980 | 45,439,316 |
| Right-of-use liabilities | USD | 8,193 | 784,191 | 7,073 | 595,234 |
| Provisions | USD | 4,249 | 406,681 | 4,267 | 359,107 |
| Trade and other payables | USD | 77,094 | 7,379,458 | 48,814 | 4,107,671 |
| Total liabilities | | | 110,773,585 | | 104,062,302 |

(1) This information is presented for the purposes of complying with the provisions of the CNV. Foreign currency is the currency which is different from the Company's presentation currency.

(2) USD = US dollar.

(3) Amounts stated in thousands.

(4) USD quotation: Banco de la Nación Argentina exchange rate in force at June 30, 2021, and December 31, 2020, respectively.

31. Contingencies, main investment commitments, guarantees and restrictions on the distribution of profits

(i) Contingencies

The Company has contingent liabilities in respect of claims arising from the ordinary course of business. Moreover, there are certain interpretations of controlling authorities as to the calculation and payment of certain taxes that differ from the criterion applied by the Company. Based on the Management's assessment and the opinion of the legal counsels, the Company does not anticipate incurring in any material expenses derived from contingent liabilities other than those provided for in these Interim Condensed Financial Statements.

Tecpetrol Sociedad Anónima

Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

31. Contingencies, main investment commitments, guarantees and restrictions on the distribution of profits (cont'd)

(ii) Main investment commitments and guarantees

There follows a detail of all main commitments assumed by Tecpetrol S.A. through surety bonds as of the date of issuance of these Interim Condensed Financial Statements:

- Guarantee, in favor of the Office of the Secretary of Energy of the Ministry of Economy, of all obligations set forth under Section V, Subsection 3 of Exhibit to Resolution No. 46-E/2017 and amendments, for USD 220.43 million.
- Guarantee, in favor of the Office of the Secretary of Energy of the Ministry of Economy, of all obligations set forth under Section 81 of the Exhibit to Decree No. 892/20 related to the National Public Bidding for the Promotion Plan for Argentine Natural Gas Production/2020-2024 Supply and Demand Scheme, for USD 8.46 million.
- Guarantee in favor of the Energy Institute of the province of Santa Cruz for contract performance for the first exploratory phase in Gran Bajo Oriental for an amount of USD 13.56 million.
- Guarantee for contract performance under the investment and work plan for the exploration of Block MLO-124 Ronda Costa Afuera N°1 for an amount of USD 1.99 million.
- Guarantee for the postponement of commitments corresponding to Agua Salada area for USD 5.04 million.

Furthermore, the Company has the following investment commitments in the areas where it operates:

| Basin | Area | Pending investment commitments |
|---------------------------------|--|---|
| Noroeste - San Jorge and others | El Tordillo and La Tapera - Puesto Quiroga | - Additional investments for USD 200 million until December 31, 2026, aiming at extending the operations in the area until 2047. USD 135 million of such amount must be invested before December 31, 2023. |
| | Gran Bajo Oriental | - Seismic reprocessing and drilling of two exploratory wells before June 2022 for an amount of USD 13.56 million |
| | MLO-124 | - 3D seismic studies over the totality of the area, 3D seismic performance and acquisition of seismic to be completed before 2023. |
| Neuquina | Agua Salada | - Exploratory and development investments for USD 22.86 million to be made before 2025 consisting of the drilling of 1 exploratory well, 3 extension wells, facilities and asset retirement obligations. |
| | Los Bastos | - Exploratory investments for USD 10.85 million to be made until 2026 outside the exploitation area |
| | Loma Ancha | - Drilling of 1 exploratory well with horizontal branch of 1,500 meters minimum, to be drilled before December 31, 2020, and testing of such well for six months to be performed before June 30, 2021. (*) |
| | Los Toldos I Norte | - Pilot Project investments consisting of the drilling and completion of 4 wells, acquisition of 3D seismic, infrastructure and other investments until December 2022 (by July 2022, 4 wells have to be drilled, completed and partially tested). |
| | Los Toldos II Este | - Pilot Project investments consisting of the drilling and completion of 3 wells, infrastructure and other investments until December 2022 (by September 2022, 3 wells have to be drilled, completed and partially tested). |

(*) As of the date of issuance of these Interim Condensed Financial Statements, Tecpetrol is under negotiations with the government of the province of Neuquén about the commitment term.

Under Plan Gas 4, Tecpetrol assumed a total investment commitment of approximately USD 451 million in Neuquina basin: USD 13 million for the first quarter of 2021 and about USD 29.2 million for the remaining quarters starting on the second quarter of 2021. Such investments will be made during 2021-2024 and include keeping drilling equipment in operation (an average of 0.85 rigs per quarter). At June 30, 2021, Tecpetrol has already made investments for USD 120.3 million. Moreover, Tecpetrol committed to a production curve of up to 14.2 million m³/d in Neuquina basin

Tecpetrol Sociedad Anónima

Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

31. Contingencies, main investment commitments, guarantees and restrictions on the distribution of profits (cont'd)

(ii) Main investment commitments and guarantees (cont'd)

until 2024, and regarding the hiring of local, regional and national workforce, the Company made a commitment to proportionally increase the number of Argentinian workers under the committed investment plans until 2024. Also, in relation to the agreements entered into with the distribution service licensees, CAMMESA and Integración Energética Argentina S.A. (IEASA), for the supply of natural gas under the abovementioned Plan, regular clauses for the delivery or payment of up to 9.94 million m³/d until December 2024 were included, considering increases of 4.5 million m³/d from May to September of each year.

(iii) Restrictions on the distribution of profits

In accordance with Companies Law No. N°19.550 (hereinafter referred to as "LGS"), the Company's by-laws and General Resolution No. 622/13 issued by the CNV, 5% of the net profits for the year must be allocated to a legal reserve until such reserve equals 20% of the adjusted capital.

CNV General Resolution No. 609/12 sets forth that the difference between the initial balance of retained earnings disclosed in the financial statements of the first year-end under IFRS implementation and the final balance of retained earnings at the end of the last fiscal year under the previous accounting standards then in force shall be allocated to a Special Reserve. Such reserve shall not be used for distribution (whether in cash or in kind) among shareholders or owners of the entity and shall only be used for capitalization purposes or to compensate potential negative balances under "Retained earnings". On April 26, 2018, the Shareholders at an Annual General Meeting approved the setting up of this reserve and the restrictions upon its use.

The Company's capital does not include preferred stocks. Tecpetrol S.A. is not subject to any other restriction on the distribution of profits other than the ones mentioned in the paragraph above.

32. Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs

On March 2, 2017, the Mining and Energy Ministry issued Resolution MINEM 46E/2017, whereby it creates a Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs located in Neuquina basin (hereinafter referred to as the "Program").

For the purposes of participating in the Program and pursuant to all principles, objectives and guidelines established, Resolution MINEM No. 46-E/2017 set forth certain requirements, including, but not limited to, the presentation of an investment plan approved by the authorities of the province implementing the Program, initial production, an estimated production volume under the concession included during the term of the Program, a projection of the prices Tecpetrol S.A. will charge for natural gas from said exploitation concession, and a presentation of a measurement scheme for the production from said exploitation concession.

Subsequently, by means of Resolution MINEM No. 419-E/2017 dated November 1, 2017, some amendments were introduced to the Program aiming at: (i) including projects that already were in a development phase, but which required, in order to increase production, investments comparable to those made in projects in the early stages of their development phase, and (ii) avoiding market cost distortions arising from the assessment of the compensation based

Tecpetrol Sociedad Anónima

Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

32. Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs (cont'd)

upon sales prices of each beneficiary company. In this respect, it was defined that the determination of the effective price assessment will be based on market average prices.

Finally, Resolution MINEM No. 447-E/2017 extended the Program created under Resolution MINEM No. 46-E/2017 in order to include the production of natural gas from unconventional reservoirs located in Austral basin.

For unconventional exploitation concessions whose adherence to the Program has been approved ("Included Concession"), the Program provided for the payment, by the State, over the whole natural gas production from such concession ("Included Production"), of an amount which equals the difference between the value of Included Production of natural gas from unconventional reservoirs ("Minimum Price"), which is of USD 7.5 per million BTU for 2018, USD 7 per million BTU for 2019, USD 6.5 per million BTU for 2020 and USD 6 per million BTU for 2021, and the average price ("Effective Price") according to Resolution MINEM No. 419-E/2017 dated November 1, 2017). To this effect, and pursuant to the Program, member companies must report: (i) the total volume of natural gas from unconventional reservoirs and (ii) the prices of all sales of natural gas.

Within this compensation scheme, the Program provided for the possibility of member companies to choose a scheme of provisional monthly payments ("Provisional Payments") consisting of 85% (eighty-five percent) of the compensation to be received for the monthly Included Production, over the basis of production estimates submitted by the company for said month. These payments will be subsequently adjusted ("Payment Adjustments") considering final delivered volumes, certificates issued by independent auditors and definitive prices reported to the authority of implementation. The Company adopted the above-mentioned Provisional Payments scheme.

Moreover, member Companies must report to the former Office of Hydrocarbon Resources any circumstance that substantially modifies projected values or any other submitted information affecting the payments.

After fulfilling all related requirements and obtaining approval of the investment plan by the Ministry of Energy, Public Services and Natural Resources of the province of Neuquén by means of Resolution No. 240/17; on August 23, 2017, the Company requested to participate in the Program to obtain an exploitation concession over Fortín de Piedra area.

Adherence of Tecpetrol S.A. to the Program, as beneficiary of the unconventional exploitation concession over Fortín de Piedra area, was approved by the then Secretary of Exploration and Production in charge of the Office of Hydrocarbon Resources through Resolution No. 2017-271-APN-SECRH#MEM dated November 3, 2017.

In relation to the production from January to July 2018 (all seven months included), the authority implementing the Program timely settled and paid to Tecpetrol S.A. the resulting compensations for the total of the production from the unconventional exploitation concession over Fortín de Piedra area.

Nevertheless, the Office of the Secretary of Energy settled Provisional Payment for August 2018 and subsequent months as from such date but introduced a change of criteria regarding the assessment of the compensations

Tecpetrol Sociedad Anónima

Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

32. Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs (cont'd)

provided for in Resolution MINEM E-46/2017. Said modification consisted in restricting the amount to be paid to the production projections submitted by the Company upon request of adherence to the Program. Such criterion has been retrospectively applied; thus, affecting the compensations already settled corresponding to April-July 2018. This change of criteria has a negative impact upon cash flows; therefore, the Company periodically reassesses the conditions under the Development Plan of Fortín de Piedra area for the purposes of readjusting cash flows to a new scenario and improving financial indicators.

The Company filed appeals against the resolutions issued by the Office of the Secretary of Energy settling Provisional Payments from Aug-18 to Dec-20 and Payment Adjustments from Apr-18 to Nov-20, since the Company considers that the change of criteria adopted flagrantly violates Section 17 of the National Constitution by affecting acquired rights of the Company previously acknowledged by the Government.

In such appeals, the Company claimed, among other things, that the contested issues were contrary to the terms of the promotion regime created under Resolution MINEM 46-E/2017 and the Company's acquired rights protected by said regime after adherence. Moreover, it was explained that the terms of the Program should be understood in the sense of avoiding any kind of restriction to the production of natural gas which is the subject matter of the compensations. Besides, the change of criteria implemented by the Government constitutes a unilateral and arbitrary modification of the legal framework under consideration and violates not only previous commitments assumed by the authority of implementation, but also acts carried out by such government. Additionally, concern was expressed regarding the contended issues arising from resolutions issued by the Office of the Secretary of Energy, including, cause, subject matter, purpose, misuse of power, procedure and issuance, among others. The Company reserved its right to claim interest and damages derived from the above-mentioned contended administrative acts.

In April 2019, the Ministry of Finance denied the appeals filed by the Company against the resolutions issued by the Office of the Secretary of Energy by means of which Provisional Payments for August, September and October 2018 were determined.

In May 2019, the Company filed a complaint against the State in order to obtain the nullity of the resolutions issued by the Office of the Secretary of Energy and confirmatory resolutions issued by the Ministry of Finance, which settled Provisional Payments for August, September and October 2018, according to the above-mentioned criterion. Apart from the request for nullity, the complaint also included a request for the collection of \$2,553.3 million (plus interest) and a request for an injunction ordering the Office of the Secretary of Energy to settle all Provisional Payments and Payment Adjustments pursuant to the criterion laid down by the Company for the remaining term of the Program. Besides, direct and indirect shareholders of Tecpetrol S.A. may file claims before international courts.

Within the framework of the Public Bidding – Promotion Plan for Argentine Natural Gas Production/2020-2024 Supply and Demand Scheme, established by means of Executive Decree No. 892/2020 and the Bidding Terms and Conditions of the Public Bidding – Promotion Plan for Argentine Natural Gas Production/2020-2024 Supply and Demand Scheme under Resolution No. 317/2020 issued by the Office of the Secretary of Energy ("Plan Gas 4"), subject to the term and

Tecpetrol Sociedad Anónima

Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

32. Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs (cont'd)

validity of Plan Gas 4 and in relation to the volumes of production therein committed and delivered, Tecpetrol accepted that payments under the Program related to the volumes of natural gas delivered in accordance with Plan Gas 4 as from the first delivery, that is, January 1, 2021, will be limited to the production projection of natural gas estimated upon request of adherence of Fortín de Piedra Project to the Program. Therefore, the Company waived its right to demand payments for natural gas volumes under the Program as from January 1, 2021, exceeding the figures projected for the above-mentioned production.

In compliance with applicable accounting standards, the Company included those compensations that are highly likely to be paid by the government according to the assessment criterion used for the last payments. This would represent a lower income for a total amount of \$29,915 million and \$23,473 million accumulated from the commencement of the Program and until June 30, 2021, and June 30, 2020, respectively.

33. Related-party balances and transactions

Tecpetrol S.A. is controlled by Tecpetrol Internacional S.L.U., which holds 95.99% of the Company's shares.

San Faustin S.A. ("San Faustin"), a *Société Anonyme* based in Luxembourg, controls the Company through its subsidiaries.

Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin, a private foundation located in the Netherlands (Stichting) ("R&P STAK") holds enough voting shares in San Faustin to control it. No person neither any group of persons control R&P STAK.

Main transactions with related parties

| | Six-month period ended on June 30, | |
|---|---|--------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Net sales | | |
| Other related companies | 1,949,382 | 1,111,728 |
| Purchases of goods and services | | |
| Other related companies | (2,829,405) | (1,584,264) |
| Oleoducto Loma Campana - Lago Pellegrini S.A. | (34,162) | (41,589) |
| | <u>(2,863,567)</u> | <u>(1,625,853)</u> |
| Reimbursement of expenses | | |
| Other related companies | 49,367 | 60,039 |
| Interest income | | |
| Other related companies | 31,723 | 4,296 |
| Interest cost | | |
| Tecpetrol Internacional S.L.U. | (1,145,240) | (626,539) |
| Tecpetrol Internacional S.L.U. Uruguay Branch | (5,903) | - |
| Other related companies | (14,082) | (10,968) |
| | <u>(1,165,225)</u> | <u>(637,507)</u> |

Tecpetrol Sociedad Anónima
Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

33. Related-party balances and transactions (cont'd)

Balances with related parties

| | June 30, 2021 (Unaudited) | December 31, 2020 |
|---|---------------------------------|----------------------|
| Other receivables from related parties (Note 17) | | |
| <i>Non-current</i> | | |
| Expenses paid in advance - Other related companies | - | 326,988 |
| Borrowings - Other related companies | 957,200 | 898,729 |
| | <u>957,200</u> | <u>1,225,717</u> |
| <i>Current</i> | | |
| Expenses paid in advance - Other related companies | - | 75,459 |
| Other receivables - Tecpetrol Internacional S.L.U. | 1,563 | 20,385 |
| Other receivables - Tecpetrol Investments S.L.U. | 432 | 380 |
| Other receivables - Other related companies (i) | 352,399 | 337,962 |
| | <u>354,394</u> | <u>434,186</u> |
| Trade receivables from related parties (Note 18): | | |
| Current - Other related companies | 444,669 | 313,793 |
| Borrowings from related parties (Note 23): | | |
| Current - Tecpetrol Internacional S.L.U. | 8,880,706 | 40,115,501 |
| Current - Tecpetrol Internacional S.L.U. Uruguay Branch | 352,513 | - |
| | <u>9,233,219</u> | <u>40,115,501</u> |
| Right-of-use liabilities: | | |
| Non-current - Other related companies | 829,141 | - |
| Current - Other related companies | 247,251 | - |
| Trade and other payables with related parties (Note 26): | | |
| Current - Oleoducto Loma Campana - Lago Pellegrini S.A. | 10,001 | 5,467 |
| Current - Other related companies (ii) | 1,131,976 | 141,718 |
| | <u>1,141,977</u> | <u>147,185</u> |

(i) It mainly includes balances from reimbursement of expenses.

(ii) It mainly includes balances from purchases of materials and services.

Tecpetrol Sociedad Anónima

Interim Condensed Financial Statements at June 30, 2021

Notes to Interim Condensed Financial Statements at June 30, 2021 (cont'd)

34. Main joint operations

Joint operations

a) Areas operated by Tecpetrol S.A.

| Name | Location | % at June 30, 2021 | % at December 31, 2020 | Expiration date of the concession |
|-------------------------------|------------|--------------------|------------------------|-----------------------------------|
| Aguaragüe | Salta | 23.0 | 23.0 | Nov-27 |
| Agua Salada | Río Negro | 70.0 | 70.0 | Sep-25 |
| El Tordillo | Chubut | 52.1 | 52.1 | Nov-27 |
| La Tapera - Puesto Quiroga | Chubut | 52.1 | 52.1 | Aug-27 |
| Lago Argentino (i) | Santa Cruz | 74.6 | 74.6 | Nov-33 |
| Loma Ancha (ii) | Neuquén | 95.0 | 95.0 | Dec-21 |
| Loma Ranqueles (iii) | Neuquén | 65.0 | 65.0 | Jun-20 |
| Los Toldos (I Norte, II Este) | Neuquén | 90.0 | 90.0 | May-54 |

(i) Tecpetrol S.A. assumes 100% of the costs and investments pursuant to an agreement among private parties and Alianza Petrolera S.A. and a joint venture agreement between Fomento Minero de Santa Cruz S.E. and Alianza Petrolera S.A.

(ii) Tecpetrol S.A. assumes 100% of the costs and investments during the basic exploration period under an agreement with its partner Gas y Petróleo del Neuquén S.A.

(iii) In March 2020 the Company filed a petition to extend the term for the evaluation of the area. As of the date of issuance of these Interim Condensed Financial Statements, the government of the province of Neuquén has not yet approved said request.

b) Areas operated by third parties

| Name | Location | % at June 30, 2021 | % at December 31, 2020 | Expiration date of the concession |
|------------------|-----------------------|--------------------|------------------------|-----------------------------------|
| Ramos | Salta | 25 | 25 | Jan-26 |
| Los Toldos I Sur | Neuquén | 10 | 10 | Mar-52 |
| MLO-124 (i) | Malvinas marine basin | 10 | 10 | Oct-27 |

(i) The term of the exploration permission is divided into 2 exploratory periods of 4 years each. Once the first period is completed, the Office of the Secretary of Energy should be notified if the area will continue to be explored or not.

35. Subsequent events

No events, situations or circumstances have taken place as from June 30, 2021, and until the date of issuance of these Interim Condensed Financial Statements, other than the ones mentioned herein, which affect or might significantly affect the economic and financial position of the Company or are otherwise worth mentioning.



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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholders, President and Directors of
Tecpetrol Sociedad Anónima
Legal address: Pasaje Della Paolera 299/297 - 16th floor
Autonomous City of Buenos Aires
Tax Code No. 30-59266547-2

Introduction

We have reviewed the accompanying interim condensed financial statements of Tecpetrol Sociedad Anónima (hereinafter, "the Company"), which comprise the interim condensed statement of financial position at June 30, 2021, the interim condensed income statement and the interim condensed statement of comprehensive income for the three-month and six-month periods ended June 30, 2021, the interim condensed statement of changes in equity and the interim condensed cash flow statement for the six-month period then ended, and selected explanatory notes.

The balances and other information corresponding to the year 2020 and to its intermediate periods are an integral part of the financial statements mentioned above and, therefore, they must be considered in connection with these financial statements.

Board's responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE, for its Spanish acronym) as professional accounting standards and incorporated by the Argentine Securities Commission (CNV, for its Spanish acronym) to its regulations, as approved by the International Accounting Standards Board (IASB) and, therefore, is responsible for the preparation and presentation of the interim condensed financial statements mentioned in the first paragraph in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34).

Scope of our review

Our review was limited to the application of the procedures established by International Standard on Review Engagements ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity", which was adopted as review standard in Argentina by Technical Resolution No. 33 of the FACPCE as it was approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries to the Company's personnel responsible for preparing the information included in the interim condensed financial statements and applying analytical and other review procedures. The scope of this review is substantially less than an audit conducted in accordance with International Standards on Auditing. Consequently, a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the financial position, comprehensive income and cash flows of the Company.

Conclusion

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



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Report on compliance with current regulations

In accordance with current regulations, we report, regarding Tecpetrol Sociedad Anónima, that:

- a) the interim condensed financial statements of Tecpetrol Sociedad Anónima are transcribed into the "Inventory and Balance Sheet" book and, as regards those matters that are within our competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;
- b) the interim condensed financial statements of Tecpetrol Sociedad Anónima arise from accounting records kept in all formal respects in conformity with legal provisions, except for the situation mentioned in note 1, pertaining to the fact that the Company is undergoing procedures to renew the authorization from the National Securities Commission to keep the journal through digital means;
- c) we have read the summary of information, on which, as regards those matters that are within our competence, we have no observations to make;
- d) as of June 30, 2021, the debt of Tecpetrol Sociedad Anónima accrued in favor of the Argentine Integrated Social Security System arising from the Company's accounting records amounted to \$105,199,328.66, none of which was claimable at that date.

Autonomous City of Buenos Aires, August 6, 2021

PRICE WATERHOUSE & CO. S.R.L.

by _____ (Partner)
Alejandro J. Rosa