



To the Shareholders:

In compliance with the bylaws and related legislation, the members of the Board of Directors of the Company submit for the consideration of the Annual General Meeting of Shareholders the Annual Report, the Financial Statements for the 42nd fiscal year that commenced on January 1, 2021 and ended on December 31, 2021. Such Financial Statements comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and related notes. Moreover, the independent auditor's report and the report issued by the Shareholders' Committee for Corporate Control are also submitted for consideration.

ANNUAL REPORT

1 – DESCRIPTION OF THE BUSINESS

I. COMPANY INFORMATION

Tecpetrol S.A. (hereinafter referred to as the "Company" or "Tecpetrol") primarily carries out oil and gas exploration and exploitation activities in Argentina.

The Company has an important presence in Vaca Muerta area (province of Neuquén), 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) exploration permissions over the areas of Loma Ancha and Loma Ranqueles.

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

At December 31, 2021, proven oil and gas reserves according to the Company's shareholding reached 82.9 million m³ of oil equivalent.

Hydrocarbon production during the fiscal year under consideration in the areas operated by Tecpetrol reached, on average, 2,535 m³/day of oil and 15,260 thousand m³/day of gas (1,721 m³/d and 13,797 thousand m³/d of such production, respectively, correspond to the Company). These figures represent a 13% increase in oil production and a 12% increase in gas production, in comparison with 2020.

The Company operates in an economic setting whose main variables are affected by the COVID-19 syndemic, producing a global economic and financial crisis that impacts the activities of Tecpetrol. The situations mentioned above have heavily influenced the demand of hydrocarbons; however, 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 of the Company.

In April 2021 operations in Fortín de Piedra and Los Bastos were affected for twenty-one days because of the forceful measures adopted by the healthcare workers of the province of Neuquén, which included total restriction on the access and circulation in different areas of the province, blocking the regular access of employees and contractors. This situation resulted in a sudden interruption of the activities necessary for the continuity of the production and the drillings in progress. Under such circumstances, there was a reduction in gas volumes injected under the Promotion Plan for Argentine Natural Gas Production/2020-2024 Supply and Demand Scheme (hereinafter referred to as "Plan Gas 4"). However, in July 2021, the Hydrocarbons Office accepted the operational reasons alleged by the Company: therefore, agreeing to a force majeure event and stating that there was no breach of contract by the Company under the Plan.

This Annual Report should be construed in light of these circumstances.

II. COMMENTS ON THE BUSINESS MANAGEMENT

i. EXPLORATION AND PRODUCTION

Tecpetrol holds an important position among production companies in terms of its own acreage in the Vaca Muerta wet gas window. It has obtained an unconventional exploitation concession for the area of Fortín de Piedra aimed at developing the formation of Vaca Muerta (province of Neuquén), a world-class reservoir of high productivity in multi-fractured horizontal wells.

At December 31, 2021, accumulated investments in Fortín de Piedra exceeded USD 2,400 million. Gas deliveries in 2021 totaled 12.6 million m³/day, on average, reaching a peak of 18 million m³/day in winter season, and turning Fortín de Piedra into one of the main gas production fields in the country.

In 2021, amid the recovery of the global economy and the rise in international prices of crude oil and gas, Tecpetrol has strengthened its activities; therefore, increasing investments and production while promoting COVID-19 prevention protocols and adapting to the new labor conditions.

The main events occurred during the fiscal year under analysis are disclosed below:

- The levels of drilling activities rose in Fortín de Piedra. Such activities were carried out in 868 phases (an average of 4.2 phases a day). Twenty wells around 2,800 meters deep with horizontal branches of 2,500 meters were completed producing satisfactory outcomes.
- In Los Bastos, an exploratory well around 3,700 meters deep with horizontal branch of 1,500 meters was finished. This well, located in Vaca Muerta, is intended for the extraction of shale oil. Drilling activities were carried out in 22 phases producing satisfactory outcomes.



- In Los Toldos II Este, three appraisal wells (intended for the extraction of shale oil) were drilled in Vaca Muerta, pending completion.
- In El Tordillo drilling activities were resumed in the first quarter of 2021 and thirteen wells were brought into production achieving satisfactory outcomes.

ii. STAFF AND COMMUNITY RELATIONS

Tecpetrol endorses the Ten Principles of the UN Global Compact on human rights, labor, environment and anti-corruption.

Training and development of human resources

The Company consolidates its growth through the development of a committed workforce with broad expertise in both the business and the region. They receive continuous training in management and leadership skills as well as techniques and security practices to boost their development and achieve a better performance.

In 2021 the training continued to adapt as needed (through different platforms) according to the requirements of the labor environment. Besides, “Tecpetrol University” program was implemented. Such program consolidates both the internal and external training demands and it is fed by the business needs and the development of the teams. In November 2021, the Company launched a biannual work environment survey to measure the levels of emotional and rational commitment of the workforce. The results will be used to put forward improvement action plans.

Health, Safety and Environment

The main purpose of the Health, Safety, and Environment policy of Tecpetrol (hereinafter referred to as “HSE”) is to conduct businesses protecting the physical integrity of the Company’s employees and third parties while achieving, in compliance with all applicable laws, an appropriate conservation of the environment and implementing the best practices to benefit the communities, the employees and the Company. HSE policy is based on leadership and commitment by all employees through an HSE management system comprising risk management and prevention programs, improvement plans, safety and environmental care initiatives, preventive observations, and inspections of operations, among many others.

In fiscal year 2021, the Company continued implementing COVID-19 preventive measures aimed at preventing the spread of the virus in Tecpetrol’s facilities. Some of these measures included the following: the separation of operative teams in independent units, access controls (presentation of health affidavits, temperature and symptom controls), the use of specific personal protective equipment for coronavirus disease and the reduction in transport capacity, among others. As a result of the implementation of those practices, the virus did not spread in the corporate facilities guaranteeing the continuity of the operations. Besides, other measures were implemented to mitigate the risks in the operations.

In the areas of Neuquina basin, amid the difficulties caused by the COVID-19, the growing demand during the winter season and the sales commitments already made required operations to be carried out efficiently and safely.



In Aguaraquíe (Noroeste basin) the workforce managed to achieve a 3,000-day period with no Lost Time Incidents (LTI). Such event demonstrates the values of safety, health and environment Tecpetrol and its contractors hold onto.

In terms of safety, the Company continued implementing the program on the reinforcement of safety culture, launched in 2020 and run by an international consulting company. In 2021, the Company organized workshops in all operating areas, which were focused on contractors. The outcomes were favorable in terms of both participation and satisfaction.

Regarding the environment, the Company carried out annual controls and prepared environmental management documents for new projects and activities (for the purposes of obtaining permissions and outlining actions tending to prevent, reduce or correct the environmental impact). Additionally, the Company developed and consolidated environmental indicators and identified a specific objective about the use of water in Tecpetrol, aiming at preparing new proposals tending to a more efficient and rational use of water.

Community Relations

Tecpetrol actively collaborates with the communities close to the areas in which it operates, contributing to the sustainable development of the population and its institutions in the areas of education, health, sports, culture and social advancement. In this spirit, the Company carries out and supports community relation programs in communities and schools near its fields, engaging both its staff and the local population in the development of such programs, pursuing autonomy and building up networks with public and private authorities and other entities. In 2021, Tecpetrol continued displaying its commitment during the sanitary crisis caused by the COVID-19 and contributing to strengthen the health system in the communities where it operates. In this context, in the early stages of the pandemic, the Company and local health authorities designed a support plan, which included the delivery of biosafety items, respirators and specific intensive therapy equipment, among others.

III. OIL AND GAS MARKET

In 2021, Tecpetrol was the largest producer of shale gas and the second producer of unconventional gas in the country.

Oil

In 2021, 43% of crude oil production was sold to domestic market refineries and the remaining 57% was exported primarily to the United States of America, and to a lower extent, to the United Arab Emirates, the Netherlands and Brazil. The proportion of domestic market sales and exports experienced virtually no fluctuations in comparison with 2020.



In 2021 the relaxation of the restrictions and isolation measures imposed in 2020 produced a recovery in the local and international demand for and processing of oil. In fiscal year 2020, crude oil international prices increased, as a consequence of the disposal of the stock accumulated in 2020, reaching, on average, USD 70 per barrel in 2021 (whereas in 2020 average Brent prices were USD 43 per barrel) and with daily closures reaching a peak of above USD 86 per barrel.

In the first quarter of 2021, producers and refineries negotiated sales prices that approximated export parity prices. However, as the increase in crude oil international prices became clear, prices below export parity prices were set in the local market. Escalante and medianito crude oil were exported at prices with price differentials ranging from + USD 0.5 per barrel to - USD 2 per barrel and USD 1 per barrel to - USD 3 per barrel, respectively, in relation to ICE Brent. Such decoupled prices (between domestic and international prices) were maintained throughout 2021 and ranged from USD 8 to USD 15 per barrel.

The export duties rate, as set forth under Decree No. 488/2020, was still in force throughout 2021. Such rate was set at 0% if the international price was USD 45 or less per barrel, at 8% if the international price was USD 60 or more per barrel, and if the international price ranged from USD 45 to USD 60 per barrel a variable rate was applicable which increased linearly from 0% to 8%. In the first months of the year, the rate ranged from 3% to 6%, whereas as from March international prices continuously exceeded USD 60 per barrel, resulting in the maximum rate of 8% for the remaining part of the year.

Gas

Net sales came from electric power generators (38%), industrial users (24%), distribution service licensees (33%), compressed natural gas stations (3%) and exports (2%), regardless of the compensations received under Resolution No. 46-E/2017 and the incentives under Plan Gas 4 cancelled directly by the National Government.

The main events related to the regulatory framework and general situation of the gas market are disclosed below:

Incentive Programs

- In November 2020, through Decree No 892/2020, the Executive Branch stated that the promotion of Argentine natural gas is a matter of public interest and therefore, approved the Promotion Plan for Argentine Natural Gas Production/2020-2024 Supply and Demand Scheme. In this context, in November 2020, the Office of the Secretary of Energy issued Resolution No. 316/2020 calling a Public Bidding to award a base volume of natural gas of 70 million m³/day (20 million m³/day for Austral basin, 47.2 million m³/day for Neuquina basin and 2.8 million m³/day for Noroeste basin) for four years (which can be extended by the Office of the Secretary of Energy for additional annual terms based on related market analyses) as from January 2021, and an additional volume for each winter season during 2021-2024 inclusive. It also contemplates a longer term (up to eight years) for offshore projects.

Producers had to submit an investment plan to reach committed injection volumes and they are obliged to reach a production curve per basin which guarantees that levels of production set forth under the Program are either maintained or increased.



Subject to approval by the Office of the Secretary of Energy, participating producers will be able to export between 8 million m³/d and 11 million m³/d in non-winter seasons. Such exported volumes are not covered by the incentive.

Plan Gas 4 is implemented through direct contracts between natural gas producers and (i) gas distributors, sub-distributors and Integración Energética Argentina S.A. (IEASA) for the supply of residential demand, on the one hand, and (ii) Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA) for the supply of the demand for electricity to thermal power plants, on the other hand. The order for the award of those contracts is determined based on gas prices under the Gas Transportation System (Punto de Ingreso al Sistema de Transporte, PIST) from the above-mentioned Public Bidding, upon which seasonality factors are implemented. In consequence, the bidding price is affected by 1.25 during the winter season (May to September) and by 0.82 during the summer season (October to April). Also, for the additional volumes of gas during the winter season, a 1.30 factor will be applicable. For gas intended for distributors, the government will subsidize the difference between bidding prices under the Public Bidding and the gas price under PIST authorized to be included in the rates, which will be paid by distributors to producers under the agreements. For gas delivered to IEASA and CAMMESA, they will pay to producers the bidding price, but will get government subsidy. The demand under Plan Gas 4 does not include GNC stations, which must get their own supply of natural gas.

On December 15, 2020, the Office of the Secretary of Energy issued Resolution No. 391/2020 approving the procedure for the Public Bidding called under Resolution No. 317/2020 from the Office of the Secretary of Energy, awarding volumes of natural gas under the Public Bidding and approving prices under PIST related to the awarded volumes.

Tecpetrol was awarded the contract for the gas supply from Neuquina basin to distributors, IEASA and CAMMESA of up to 9.9 million m³/d, plus an additional of 2 million m³/d during winter season.

As the bid volumes offered by the producers were insufficient to cover the internal consumption projections for 2021-2024 winter seasons, on February 22, 2021, the Office of the Secretary of Energy issued Resolution No. 129/2021 convening a second call for bidders to award additional natural gas volumes to awarded producers under Resolution No. 391/2020, for all winter seasons of 2021-2024 inclusive and under the same price conditions bid under Resolution No. 391/2020, and requiring IEASA to sign the related contracts.

Tecpetrol was awarded volumes ranging between 2.5 million m³/d and 3.5 million m³/d for the period June/2021-September/2021 and 2.5 million m³/d for the periods from May to September of 2022, 2023 and 2024.



On October 21, 2021, by means of Resolution No. 984/2021, the Office of the Secretary of Energy convened a third call for bidders under Plan Gas 4 to award additional natural gas volumes to awardees under Resolutions No. 391/2020 (first call) and No. 129/2021 (second call), to bid for natural gas purchases for 3 million m³/d from Neuquina basin, 1.5 million m³/d from Austral basin and 1 million m³/d from Noroeste basin, for the period 2022-2024 inclusive, commencing injection activities in winter 2022. The third round was intended to set additional annual flat volumes for the residential segment (distributors and IEASA) and the electricity generation segment (CMMESA). The maximum price authorized for Neuquina basin was USD 3.66 per million BTU on average per year, USD 3.52 per million BTU for Austral basin and USD 3.58 per million BTU for Noroeste basin. On November 11, 2021, by means of Resolution No. 1091/2021 issued by the Office of the Secretary of Energy, Tecpetrol was awarded the contract for the gas supply to IEASA and CMMESA for up to 0.70 million m³/d.

- Tecpetrol is still in dispute with the government regarding the change of criteria for the assessment of the economic compensations provided for under the Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs (hereinafter referred to as the "Program") created through Resolution No. 46-E/2017 and amended by Resolution No. 419-E/2017. Since the launch of the Program and at December 31, 2021, Tecpetrol had lower revenues of \$29,915 million for the volumes delivered in excess of the production estimated upon request of adherence to the Program.

Under Plan Gas 4, subject to its terms and validity, and in relation to the volumes of production therein committed and delivered, Tecpetrol accepted that payments under the Program related to the deliveries of natural gas as from January 1, 2021, will be limited to the production projection of natural gas estimated upon request of adherence to the Program. Therefore, the Company waived its right to demand payments for natural gas volumes delivered as from January 1, 2021, which exceed such projection.

Distributors

- On December 27, 2021, by means of Resolution No. 518/2021, the Federal Gas Regulatory Authority (Ente Nacional Regulador del Gas, ENARGAS) called for the Public Hearing No. 102 in order to consider provisional rate adjustments for the public services of natural gas transportation and gas distribution networks, which served as the beginning of the renegotiation of the Integral Rate Revision (Revisión Tarifaria Integral, RTI) in force for providers of natural gas transportation services and gas distribution services, under Section 5 of Law No. 27.541. In such Public Hearing, held on January 19, 2022, distributors and carriers raised their needs for rate increases. On February 22, 2022 by means of Resolution No. 91/2022 an increase of transportation and distribution components of natural gas bills was approved as of March. This increase does not affect the price of the natural gas component, which as of the date of issuance of this Annual Report remains unchanged.

Electricity generation

- As from December 2019, CMMESA centralized the commercial management and the dispatch of natural gas to Generators through agreements with marketers and/or producers entered into by means of auctions via Mercado Electrónico del Gas S.A. (MEGSA), which included, as from February 2020, the obligation for the supplier to deliver or pay 30% of the daily maximum amount offered.



Apart from the uninterrupted gas supply agreements entered into under Plan Gas 4, CAMMESA continued negotiating additional interrupted gas contracts supply through monthly auctions via MEGSA. The maximum reference price for Neuquina basin was USD 2.30 per million BTU in April 2021 and USD 3.50 per million BTU in May and July 2021.

Besides, given the lack of interrupted natural gas supply agreements, on June 30, 2021, the Office of the Secretary of Energy, by means of Communication No. 58537096, urged CAMMESA to accept (under competitive conditions) the offers of additional natural gas volumes that awarded producers under Plan Gas 4 could eventually make. The maximum price for natural gas under these agreements is the one included in the contracts for the uninterrupted supply of gas, arising from the allocation detailed in table "IV - Gas Production Facilities Demand for 2021-2024" (IV – Demanda Usinas 2021 – 2024) of the Schedule of the Resolution No. 391/2020 issued by the Office of the Secretary of Energy, which links CAMMESA with the offeror.

Exports

- Throughout the fiscal year under consideration, the Office of the Secretary of Energy published interrupted export permits and/or amended already existing permits (at the request of the interested parties). During most part of the year, the Office of the Secretary of Energy ordered to cease interrupted exports in order to prioritize the local market supply. However, some operations were allowed (with different levels of restrictions) during the summer season and even during the winter season.

On April 23, 2021, the Office of the Secretary of Energy issued Resolution No. 360/2021 including the guidelines to request both interrupted and uninterrupted exports authorizations. Under such Resolution, uninterrupted export permits were issued during the summer season (from October 2021 to April 2022) for a total of 6 million m³/d (4 million m³/d from Neuquina basin and 2 million m³/d from Austral basin).

On August 8, 2021, by means of Communication NO-2021-71738397-APN-SSH#MEC, the Office of the Secretary of Energy set forth minimum export prices for interrupted sales. For Neuquina basin such prices were: USD 4.47 per million BTU in winter season and USD 2.93 per million BTU in summer season. Therefore, producers modified their agreements in order to fulfill such condition.

Also, by means of Communication NO-2021-122308354-APN-SE#MEC, dated December 16, 2021, the Office of the Secretary of Energy called producers to submit uninterrupted export contracts for up to a maximum of 5 million m³/d from Neuquina basin for the period covering January 1, 2022 - April 30, 2022. Volumes approved under the above-mentioned call cannot be deducted from the agreements with CAMMESA already in force under Plan Gas 4. Therefore, the allocated volumes represent additional gas (to that already contracted by producers), setting a minimum price under the PIST of USD 4.47 per million BTU. Through these agreements proposed by the Office of the Secretary of Energy, a total of 3.7 million m³/d, on average, was submitted during the supply period.



2 - STRUCTURE AND ORGANISATION OF THE COMPANY AND ITS ECONOMIC GROUP

The Company is controlled by Tecpetrol Internacional S.L.U., which holds a 95.99% interest and is based in Spain. Tecpetrol Internacional S.L.U. also has subsidiaries that develop, invest in and run businesses related to oil and gas production, transportation, and distribution in Argentina, Bolivia, Colombia, Ecuador, Mexico and Peru.

The table below discloses Tecpetrol S.A.'s equity interest in different companies:

Company	Main line of business	Country	% 2021	% 2020
Parques Eólicos de la Buena Ventura S.A. (i)	Planning, development, execution and exploitation of renewable energies projects	Argentina	100.00	-
Oleoducto Loma Campana - Lago Pellegrini S.A.	Construction and exploitation of an oil pipe in Argentina	Argentina	15.00	15.00
Tecpe Trading S.A. (ii)	Commercialization of hydrocarbons and electric power, among others.	Argentina	-	4.00
Terminales Marítimas Patagónicas S.A.	Transport concessions of terminals Caleta Córdova and Caleta Olivia	Argentina	4.20	4.20
Oleoductos del Valle S.A.	Oil pipe transport concessions	Argentina	2.10	2.10
Tecpetrol del Perú S.A.C.	Exploration, exploitation and sale of hydrocarbons	Peru	2.00	2.00
Tecpetrol Bloque 56 S.A.C.	Exploration, exploitation and sale of hydrocarbons	Peru	2.00	2.00
Tecpetrol Operaciones S.A. de C.V.	Provision of services to the hydrocarbon industry	Mexico	0.948	0.948
Norpower S.A. de C.V.	Provision of services to the hydrocarbon industry	Mexico	0.60	0.60
Tecpetrol Colombia S.A.S.	Exploration, exploitation and sale of hydrocarbons	Colombia	0.1491	0.1491
Tecpetrol de Venezuela S.A. (iii)	Provision of services to the hydrocarbon industry	Venezuela	-	0.03
Tecpeservices S.A.	Provision of services of design, engineering and construction of works in fields or any other oil facilities.	Ecuador	0.0063	0.0063
Tecpecuador S.A.	Provision of services to the hydrocarbon industry	Ecuador	0.00007	0.00007

- (i) In December 2021 Tecpetrol S.A. acquired from Abo Wind Energías Renovables S.A. and Abo Wind AG 100,000 ordinary shares of Parques Eólicos de la Buena Ventura S.A., representing 100% of the share capital and the voting rights. At the date of issuance of this Annual Report, the Company agreed to sell such interest to Siderca. S.A.I.C. (see Note 36 to the Financial Statements at December 31, 2021).
- (ii) In February 2020, Tecpetrol S.A. and its Parent Company, Tecpetrol Internacional S.L.U., approved the incorporation of Tecpe Trading S.A. At the date of issuance of this Annual Report, the registration of the liquidation procedure due to inactivity of Tecpe Trading S.A. is pending before the Companies Controlling Office (Inspección General de Justicia, IGJ).
- (iii) In September 2021, the liquidation procedure of Tecpetrol de Venezuela S.A. was approved.



Transactions and balances with related parties

Transactions and balances with related parties are disclosed in Note 34 to the Financial Statements at December 31, 2021.

3 - INFORMATION ABOUT THE FINANCIAL SITUATION

This section must be read together with the Summary of Information at December 31, 2021.

The economic setting during 2021 was controlled by high volatility levels which affected most variables that impact the performance of the Company. Some of them are mentioned below:

- the gross domestic product dropped by 11.9% in the third quarter, in year-on-year terms.
- the inflation rate reached 50.9% (CIP) between January 1, 2021 and December 31, 2021, resulting in an increase in internal costs associated to local currency.
- the ARS devalued by 22.1% in relation to the USD.
- increase in crude oil international prices, which impacted local prices.

Net profits (losses) for 2021 recorded profits for \$44,167.2 million, while in 2020 the Company had net profits for \$3,813.9 million.

The gross margin for the fiscal year ended on December 31, 2021, totaled \$55,080.5 million, representing a 92% increase in relation to 2020. Such increase was mainly caused by fluctuations in the exchange rate, higher deliveries of oil and gas and the recovery of crude oil international prices.

During the fiscal year under consideration, the Company received funds from its regular business activities, borrowings from banks and related parties, and the issuance of negotiable obligations.

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 negotiable obligations Class 2, 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 principal 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 stated under 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. Principal will be cancelled in thirteen equal and quarterly installments. The first installment will be payable after the first nine 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, and December 9, 2021, through Communications "A" 7230 and "A" 7416, the BCRA extended the obligation to submit a refinancing plan to principal amounts maturing on or after April 1, 2021 and until December 31, 2021, and on or after January 1, 2022 until June 30, 2022, respectively, pursuant to Communication "A" 7106. At the date of this Annual Report, the Company refinanced its debts maturing on or before June 30, 2022, pursuant to Communications "A" 7106, "A" 7230 and "A" 7416".

Investments in Property, plant and equipment reached \$38,461.8 million (mainly from Fortín de Piedra area).

4 - ADDITIONAL INFORMATION

In accordance with Article 10 of the by-laws, the Management of the Company is vested in a Board of Directors comprised of a minimum of three and a maximum of five Regular Directors. At December 31, 2021, the Board consisted of five Regular Directors and three Alternate Directors appointed by the Shareholders at an Annual General Meeting and the Shareholders' Committee for Corporate Control, respectively.

Strategic and administrative decisions and policies are submitted to the Board of Directors for approval, including all decisions and policies related to investments and disinvestment in both industrial and financial assets. Operating decisions are adopted by the General Manager and his or her team of first-line executives who are responsible for different business areas.

Moreover, for the purposes of the management of the Company, executives periodically monitor the internal control system in force, considering the effects the changes might cause in the systems and processes.

The Company adopted a Code of Conduct, a Business Conduct Policy, a Policy on Transparency for Third-Party Relations, a Code of Conduct for Vendors and an Anti-harassment and Anti-discrimination Policy, aiming at the consolidation of a corporate culture of transparency and integrity based upon ethical behavior and law compliance. The Company encourages the use of the Compliance Line to report situations violating the above-mentioned codes and policies.

The Company has a Business Conduct Compliance Manager, who reports to the General Manager (President) of the Company. That person is responsible for identifying and reducing risks of corruption, encouraging ethical and transparent behavior and designing standards in line with national and international anti-corruption and anti-bribery laws.

The Code of Conduct and the Business Conduct Policy set forth guidelines regarding relations among employees and between employees and clients, suppliers, public entities and other third parties in relation to business processes, in order to guarantee compliance with applicable legislation.

The bylaws of the Company provide for a Shareholders' Committee for Corporate Control formed by a minimum of three regular members upon whom the responsibilities as set forth under Companies Law No. 19.550 (hereinafter referred to as "LGS") are imposed.



The remuneration of all Directors and members of the Shareholders' Committee for Corporate Control is determined considering their responsibilities, time of service, competence, professional reputation and the value of their services in the market. The remuneration of the managers consists of a fixed component and a variable component based upon performance; such remuneration is in line with market values.

The Company offers ongoing benefit programs such as “unfunded defined benefits” and “other long-term benefits” that, under certain established conditions, are granted after retirement and during an employee's working life and are recorded according to current accounting standards. Additionally, Tecpetrol Investments S.L.U. (indirect parent company of Tecpetrol S.A.), adopted an employee retention and long-term incentive program for certain employees of some subsidiaries. According to this program, certain executives of the Company will be granted a number of equity units valued at carrying value of Consolidated Equity per share of Tecpetrol Investments S.L.U. (excluding non-controlling interest). The Company does not offer stock option plans as part of the remuneration of Directors or Managers.

The Company does not have a specific dividend policy. The distribution of dividends depends upon, among other things, the profits or losses of the Company, the investment requirements, the possibilities and costs of financing investment projects, the settlement of obligations, statutory and contractual restrictions in force, future perspectives and any other factor which the members of the Board of Directors deem relevant.

The Directors submit the Financial Statements of the Company (together with the related report issued by the Shareholders' Committee for Corporate Control) for consideration and approval of the Shareholders at an Annual General Meeting. Within a 120-day period following the closing date of the fiscal year, an Annual General Meeting of Shareholders must be held in order to approve the financial statements and decide on the use of the profits (losses) for the year.

In compliance with section 1, subsection a.1), Part I, Chapter I, Title IV of 2013 CNV Regulations, a report on the level of compliance with the Corporate Governance Code is hereby included as a separate exhibit.

5 - 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 still impacts the global economy. At the date of issuance of this Annual Report, the full extent of the syndemic and its impact on the country's economy are unknown. However, such situation is not expected to significantly affect the Company's business.

In Neuquina basin, Tecpetrol is taking part in Plan Gas 4, which is expected to maintain drilling and completion activities in order to reach a production plateau of 18 million m³/d. In El Tordillo, the Company will continue with the drilling campaign and the analysis of operational efficiency in order to optimize costs. Also, in Gran Bajo Oriental, the Company expects to drill two exploratory wells in order to assess the productive capacity of the field.

In 2022, the Company expects to continue exporting crude oil in similar volumes as those recorded in 2021. In relation to natural gas, deliveries to the different segments are expected to remain in similar levels as those recorded in 2021.



Regarding sales prices for 2022, the Company estimates that crude oil (both escalante and medianito) will be negotiated in the domestic market at decoupled prices (between domestic and international prices) evolution depending of the political and macroeconomic context. For natural gas, prices intended for industrial users are expected to increase, prices intended for compressed natural gas (GNC) stations will depend on the fluctuations of premium gas, since agreements are based on premium gas, and prices intended for residential users will depend on the adjustments approved by the implementation authority. The reference price for electricity generation will depend on the adjustments implemented, as deemed necessary by CAMMESA, in relation to the costs incurred in using other fuels.

6 - DISTRIBUTION OF DIVIDENDS

Accumulated profits (losses) of the Company at December 31, 2021 reached \$46,098,489 (in thousands). The members of the Board of Directors of Tecpetrol S.A suggest the Shareholders at a Meeting that the amount corresponding to currency translation differences, that is, \$3,019,000 (in thousands) should be allocated to the legal reserve \$471,796 (in thousands) and to the reserve for future dividends \$2,547,204 (in thousands). They also suggest allocating the remaining accumulated profits (losses), that is, \$43,079,489 (in thousands) to the constitution of the legal reserve for the fiscal year \$2,330,627 (in thousands) and to the reserve for future dividends \$40,748,862 (in thousands).

A provision was made in the Financial Statements for the fiscal year ended on December 31, 2021, for \$13,050 (in thousands) as estimated fees of the members of the Board of Directors and the members of the Shareholders' Committee for Corporate Control. Said fees must be approved (together with this Annual Report and the Financial Statements) by the Shareholders at a Meeting.

The members of the Board of Directors thank all the staff for their dedication and efforts throughout the year.

City of Buenos Aires, March 2, 2022.

by the Board of Directors