

Tecpetrol S.A. announces results for the three and nine-month period ended on September 30, 2022

Summary and analysis of results for the three-month period ended on September 30, 2022

	Third quarter 2022	Third quarter 2021	%
Production (equivalent Mm ³) (*)	1,934	1,714	13%
Gas (MMm ³)	1,766	1,535	15%
Oil (Mm ³)	168	179	(6%)
Net sales (ARS millions)	59,123	36,375	63%
Operating costs (ARS millions)	(32,442)	(18,360)	77%
Operating profit (ARS millions)	21,406	14,824	44%
EBITDA (ARS millions)	39,138	26,257	49%
Net profit (ARS millions)	14,345	11,072	30%

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

The Interim Condensed Financial Statements are prepared using the functional currency of the Company (USD) and then are translated into ARS for its presentation. Therefore, the following explanations are based on changes in the functional currency.

Total production for the third quarter of 2022 reached 1,934 Mm³, representing an increase of 13% compared to the same period of the previous year.

Net sales increased ARS 22,748 million compared to the same period of the previous year, as a consequence of an increase in the volumes of gas and crude oil delivered and an increase in average crude sales prices, all of which was partially offset by a drop in gas sales, since as from the current period, all gas volumes delivered fall only under Plan Gas 4 and no longer under Resolution No. 46-E/2017 because its validity term ended on December 31, 2021.

Operating costs increased ARS 14,082 million compared to the third quarter of the previous year. Said variation is mainly explained by an increase in costs associated with higher production levels (depreciation of property, plant and equipment, and royalty expenses), an increase in maintenance operations and wells service activities, and an increase in labor costs.

Operating profit increased by ARS 6,582 million compared to the third quarter of 2021. This variation is mainly explained by an increase in the gross margin abovementioned, net an increase in selling and administrative expenses, which is mainly caused by an increase in storage and transport expenses, due to higher production levels and an increase in labor costs.



Net profit for the third quarter of 2022 totaled ARS 14,345 million, compared to a profit of ARS 11,072 million for the same period of the previous year. This variation is primarily explained by: (i) the aforementioned increase in operating profit; (ii) the increase of net financial losses, primarily explained by an increase in net losses generated by exchange differences on balances in ARS, by profits and losses from the purchase, sale and holding of other investments, and by an increase in interest costs due to increasing borrowings during the quarter under analysis and, (iii) the variation of income tax expense, caused by the fluctuations in sales, costs and other expenses already mentioned, and the difference between the inflation rate used to calculate the tax inflation adjustment and the devaluation of the Argentine peso.

Summary and analysis of results for the nine-month period ended on September 30, 2022

	9 months 2022	9 months 2021	%
Production (equivalent Mm ³) (*)	5,268	4,216	25%
Gas (MMm ³)	4,767	3,772	26%
Oil (Mm ³)	501	444	13%
Net sales (ARS millions)	128,194	84,174	52%
Operating costs (ARS millions)	(78,172)	(44,984)	74%
Operating profit (ARS millions)	37,068	35,399	5%
EBITDA (ARS millions)	80,183	60,052	34%
Net profit (ARS millions)	24,433	20,310	20%

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

Total production for the nine-month period ended on September 30 2022 reached 5,268 Mm³, representing an increase of 25% compared to the same period of the previous year.

Net sales increased ARS 44,020 million compared to the same period of the previous year. Such increase was primarily caused by an increase in the volumes of gas and crude oil delivered and an increase in average crude sales prices, all of which was partially offset by a drop in gas prices, since as from the current period, all gas volumes delivered fell only under Plan Gas 4 and no longer under Resolution No. 46-E/2017 because its validity term ended on December 31, 2021.

Operating costs increased 74% compared to the nine-months of 2021. Said variation is mainly explained by an increase in costs associated with higher production levels (depreciation of property, plant and equipment, and royalty expenses), an increase in maintenance operations and wells service activities, an increase in labor costs and the impairment of some slow-moving inventory.

Operating profit for the nine-month period of 2022 increased by ARS 1,669 million compared to the same period of the previous year. This increase is primarily explained by the variations abovementioned and an increase in selling and administrative expenses mainly explained by an allowance for doubtful



accounts recovery in the previous period and an increase in storage and transport expenses during the current period due to higher production levels and increasing labor costs, fees and services, and taxes.

Net profit for the nine-month period ended on September 30, 2022 totaled ARS 24,433 million, compared to a profit of ARS 20,310 million in the same period ended on 2021. This variation is primarily explained by: (i) the aforementioned increase in operating profit; (ii) the increase in net financial losses explained by an increase in net losses generated by exchange differences on balances in ARS and by losses from the purchase, sale and holding of other investments, all of which was partially offset by an increase in interest income from short-term deposits and a decrease in interest cost from fewer borrowings, net of the effect of translation into the presentation currency and (iii) the variation of income tax expense, explained by fluctuations in sales, costs and other expenses already mentioned, and the difference between the inflation rate used to calculate the tax inflation adjustment and the devaluation of the Argentine peso.

Investments

Investments in Property, plant and equipment during the nine-month period ended on September 30, 2022, reached ARS 62,089.5 million (ARS 27,142.6 million for the same period of the previous year), and they were mainly from Fortín de Piedra area in both periods.

Financial Debts

At September 30, 2022, net debt (being Net Debt = Financial Debt - Cash and cash equivalents and Other Investments) totaled ARS 75,271.3 million, increasing 95% compared to a net debt of ARS 38,530.3 million at December 31, 2021, mainly due to the use of funds for the payment of the investments aforementioned.