

Tecpetrol S.A. announces results for the three-month period ended on March 31, 2022

Summary and analysis of results for the three-month period ended on March 31, 2022

	3 months 2022	3 months 2021	%
Production (equivalent Mm ³) (*)	1,473	1,186	24%
Gas (MMm ³)	1,310	1,056	24%
Oil (Mm ³)	163	130	25%
Net sales (ARS millions)	27,673	21,692	28%
Operating costs (ARS millions)	(20,453)	(11,496)	78%
Operating profit (ARS millions)	4,515	11,268	(60%)
EBITDA (ARS millions)	15,283	16,171	(5%)
Net profit (ARS millions)	2,801	4,112	(32%)

(*) 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 first quarter of 2022 reached 1,473 Mm³, representing an increase of 24% compared to the same period of the previous year.

Net sales increased ARS 5,981 million compared to the same period of the previous year, as a consequence by an increase in the volumes delivered and an increase in average crude sales prices, all of which was partially offset by a drop in gas sales, despite of higher volumes delivery, 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 8,957 million compared to the first quarter of the previous year. Said variation is explained by an increase in costs associated with higher production levels (mostly 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 decreased by ARS 6,753 million compared to the first quarter of 2021. This variation is explained by a decrease in the gross margin abovementioned, an increase in selling expenses because of an allowance for doubtful accounts recovery in the previous period, an increase during the current period in labor costs, taxes, and in storage and transport expenses.



Net profit for the first quarter of 2022 totaled ARS 2,801 million, compared to a profit of ARS 4,112 million for the same period of the previous year. This variation is primarily explained by: (i) the aforementioned decrease in operating profit, (ii) the variation in net financial loss, primarily explained by an increase in losses from holding other investments and losses from derivative financial instruments, all of which was partially offset by an increase in interest income from short-term deposits, a decrease in interest costs from fewer borrowings, fewer net losses generated by exchange differences on balances in ARS and, (iii) the variation in income tax expense, caused by the aforementioned fluctuations, the difference between the inflation rate and devaluation of the Argentine peso and the modification of the income tax rates.

Financial Debts

At March 31, 2022, net debt (being Net Debt = Financial Debt - Cash and cash equivalents and Other Investments) totaled ARS 47,256.9 million, increasing 23% compared to December 31, 2021, that net debt amounted to ARS 38,530.3 million. During the three-month period ended on March 31, 2022, the Company did not take Financial Debt.

Investments

Investments in Property, plant and equipment during the three-month period ended on March 31, 2022, reached ARS 17,039.1 million (ARS 6,366.4 million for the same period of the previous year), mainly from Fortín de Piedra area in both periods.