

Tecpetrol S.A. announces results for the three and nine-month period ended on September 30, 2021

Summary and analysis of results for the three-month period ended on September 30, 2021

	Third quarter 2021	Third quarter 2020	%
Production (equivalent Mm ³) (*)	1,714	1,436	19%
Gas (MMm ³)	1,535	1,290	19%
Oil (Mm ³)	179	146	23%
Net sales (ARS millions)	36,375	21,298	71%
Operating profit (ARS millions)	14,824	6,703	121%
EBITDA (ARS millions)	26,257	15,496	69%
Net profit (ARS millions)	11,072	2,432	355%

(*) 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 2021 reached 1,714 Mm³, representing an increase of 19% compared to the same period of the previous year.

Net sales increased ARS 15,077 million compared to the same period of the previous year. The 57% of this variation is due by an increase in dispatched quantities and 43% respond by an increase in average sales prices, mainly of crude.

Operating costs increased 55% compared to the third quarter of the previous year. This variation is due by an increase in costs associated of an increase in production (mainly by depreciation of property, plant and equipment and royalty expenses) and higher maintenance operations wells.

Operating profit increased by ARS 8,121 million compared to the third quarter of 2020, this variation is mainly explained by an increase in the gross margin abovementioned, by an increase in taxes due to higher production volumes and by the variation an allowance for doubtful accounts recovery in selling expenses.



Net profit for the third quarter of 2021 totaled ARS 11,072 million, compared to a profit of ARS 2,432 million for the same period of the previous year. This variation is primarily explained by: (i) the aforementioned increase in operating profit, (ii) net financial profit, primarily explained by an increase in interest income generated mainly by short-term deposits, the profits (losses) from purchasing/selling and holding of other investments, a decrease in interest cost due to fewer borrowings 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; (iii) an increase in income tax expense (loss), caused by higher profits and the new income tax rates.

Summary and analysis of results for the nine-month period ended on September 30, 2021

	9 months 2021	9 months 2020	%
Production (equivalent Mm3)(*)	4,216	3,941	7%
Gas (MMm ³)	3,772	3,526	7%
Oil (Mm ³)	444	415	7%
Net sales (ARS millions)	84,174	52,877	59%
Operating profit (ARS millions)	35,399	12,510	183%
EBITDA (ARS millions)	60,052	37,108	62%
Net profit (ARS millions)	20,310	3,276	520%

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

Total production for the nine-month period ended on September 30, 2021 reached 4,216 Mm³, represented an increase to 7% in the same period of the previous year.

Net sales increased ARS 31,297 million compared to the same period of the previous year. The 53% of this variation is due by an increase in dispatched quantities and 47% respond by an increase in average sales prices, mainly of crude.

Operating costs increased 35% compared to the nine-months of the previous year, which is mainly explained by an increase in royalty expenses as a consequence of the increase in production, an increase in maintenance operations and by the conversion into the presentation currency, which was partially offset by a decrease in impairment and depreciation charges for Property, plant and equipment recognized in the same period of 2020.

Operating profit increased by ARS 22,889 million compared to the nine-months of 2020, this variation is mainly explained by an increase in the gross margin, as a consequence of the abovementioned variations and a decrease in selling expenses mainly because of an allowance for doubtful accounts



recovery which was partially offset by an increase in labor costs and in taxes due to higher production volumes.

Net profit for the first nine-months of 2021 totaled ARS 20,310 million, compared to a profit of ARS 3,276 million for the same period of the previous year. This variation is primarily explained by: (i) an increase in operating profit, (ii) a decrease in loss generated in net financial profit (loss), which is primarily explained by an increase in interest income generated mainly by short-term deposits, a decrease in interest cost due to fewer borrowings, the profits (losses) from purchasing/selling and holding of other investments which was partially offset by losses from derivative financial instruments and profits and losses from the repurchase of negotiable obligations and; (ii) an increase in income tax expense, caused by higher profits abovementioned and the new income tax rates.

Financial Debts

At September 30, 2021, net debt (being Net Debt = Financial Debt - Cash and cash equivalents and Other Investments) totaled ARS 56,314.1 million, decreasing 24% compared to December 31, 2020, that net debt amounted to ARS 73,872.3 million.

Investments

Investments in Property, plant and equipment during the first nine-month period on 2021, reached ARS 27,142.6 million (ARS 3,072.6 million for the same period of the previous year), mainly from Fortín de Piedra area in both periods.