

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 41st fiscal year that commenced on January 1, 2020 and ended on December 31, 2020. 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, together with all additional information required pursuant to Section 12, Chapter 3, Title 4 of the regulations of the National Securities Commission for Argentina (hereinafter referred to as "CNV") 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") 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) the exploration permissions over the areas of Loma Ancha and Loma Ranqueles.

In addition, the Company hold exploitation rights over conventional hydrocarbon areas in Neuquina and Noroeste - San Jorge basins through joint individual operations. It also has an exploratory (and potential exploitation) permission over the area Gran Bajo Oriental located in the province of Santa Cruz. Through a consortium to which the Company is a party (10% participation), Tecpetrol has an exploration permission over MLO-124 area (located in Malvinas marine basin approximately 100 kilometers away from the coast of Tierra del Fuego).

At December 31, 2020, proven oil and gas reserves according to the Company's shareholding reached 78.9 million m³ of oil equivalent.

Hydrocarbon production during the fiscal year under consideration in the areas operated by Tecpetrol reached, on average, 2,250 m³/day of oil and 13,652 thousand m³/day of gas (1,457 m³/d and 12,048 thousand m³/d of such production, respectively, correspond to the Company). These figures represent a 14% decrease in oil production and a 17% decrease in gas production, in comparison with last year.



The level of activity during 2020 was greatly affected by the economic crisis generated by the COVID-19 syndemic. All around the world, many countries imposed lockdowns and a cease on activities in order to safeguard the population, all of which drastically reduced business activities and halted the economy. Likewise, the national government implemented several measures intended to reduce population movement, and imposed a social, preventive and compulsory self-isolation or distancing order as from March 2020. Although the energy industry is considered essential, the abovementioned situations (together with the new outbreak of the virus) have greatly affected the hydrocarbon demand, and its evolution in the short-term remains uncertain.

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, 2020, investments in Fortín de Piedra exceeded USD 2,000 million. Gas production in 2020 totaled 11 million m³/day, on average, turning Fortín de Piedra into one of the main gas production fields in the country.

During 2020, due to the COVID-19 syndemic, Tecpetrol had to adjust its operations to a new scenario, postponing investments, optimizing costs and adjusting its production to the market conditions, while working together with clients and vendors to preserve the sustainability of the Company.

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

- In October, in Fortín de Piedra area, fracturing activities were resumed, completing 2 wells in a depth close to 3,500 meters, with horizontal branches of 2,500 meters. Positive results were obtained. In December, there was a planned halt in the Central Production Facilities intended to revise and improve the safety standards and carry out other complementary tasks.
- In Loma Ranqueles, an unconventional completion well with horizontal branch of approximately 1,500 meters was tested, which was successful, but had to be abandoned because of mechanical issues.
- During the first quarter of 2020, in Aguara Güe, the testing of the last development well was successfully completed in Tupambi formation, and in El Tordillo, 3 wells were drilled.
- Because of the halt in business caused by the syndemic, the Company negotiated with the local governments the extension of the investment commitments over the areas of El Tordillo, Gran Bajo Oriental, Los Toldos I Norte, Los Toldos II Este and Agua Salada.



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 personal, management, technological and leadership skills to boost their development and achieve a better performance.

In 2020, training sessions were re-adapted to allow for a remote modality using different platforms. The Company launched a series of e-learning workshops including an integrated sequence of educational resources and material, which can be done asynchronously depending on the time and activities of the attendee. Also, the Company hosted several webinars on emotional support, which were intended to provide tools contributing to deal with emotions under complex situations and uncertain scenarios.

Health, Safety and Environment

The main purpose of the Health, Safety, and Environment policy of the Company (hereinafter referred to as "HSE") is to conduct its business protecting the physical integrity of its 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 and it comprises risk management and prevention programs, improvement plans, safety and environmental care initiatives, preventive observations, and inspections of operations, accident and incident investigation, among many others.

In 2020, the operations were affected by the COVID-19 syndemic. From the very beginning, 15 preventive practices were elaborated and implemented aimed at preventing the spread of the virus in our facilities. Some of these measures include 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, the reduction in transport capacity, etc. As a result of the implementation of those practices, the virus did not spread in our facilities and we could guarantee the continuity of our operations.

Moreover, several initiatives were launched aiming at the alignment of contractor staff to the HSE standards of the Company. Among these initiatives, the following are to be highlighted: a program on the reinforcement of safety culture intended for all employees, in charge of an international consulting company and the continuation of the migration process of Area Emergency Response Plans (ERP) to the new international methodology of Incident Command System (ICS). Regarding the environment, the Company optimized the methodology for small spills in wellheads, achieving a 40% reduction in the removal of clean material.



Fluctuation in gas demand during the year required the staff to operate production facilities dynamically and safely. Despite this situation, it was possible to conduct facilities shutdowns for scheduled maintenance, which concluded without incidents. The excellent planification and teamwork with the contractors during these processes should be highlighted.

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 2020, Tecpetrol displayed its commitment during the sanitary crisis caused by COVID-19 and contributed 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 2020, Tecpetrol was the largest producer of shale gas and the second producer of unconventional gas in the country.

Oil

In 2020, 46% of crude oil production was sold to local market refineries and the remaining 54% was exported to the United States of America, France and Singapore. Exports were greater in comparison to last year, as a consequence of the drop in domestic demand.

In 2020, self-isolation measures imposed in most countries for the prevention of the spread of COVID-19 drastically reduced the local and international demand for crude oil, resulting in a drop in crude oil international prices. In 2019, Brent prices were, on average, USD 64 per barrel and, in 2020, average Brent prices dropped to USD 43, with daily closures dropping up to a minimum of USD 19.33 per barrel throughout the year.

Because of the significant drop in crude oil prices in the international market that took place in the second quarter, the national government, by means of Decree No. 488/2020 issued in May 2020, set a support price of USD 45 per barrel for the commercialization of crude oil in the domestic market, valid until December 31, 2020 or until Brent prices exceed such figure. The latest occurred by the end of August. Once the regulation of crude oil prices for the domestic market ended, producers and refiners started to freely negotiate crude oil prices in values that approximated export parity prices.

Decree No. 488/2020 also regulated Law No. 27.541/2019 in relation to the rate applicable to export rights payments. In the first months of 2020, such rate was of 12%, but once the above-mentioned decree took effect, the rate went down to 0% if the international price was USD 45 or less per barrel, to 8% if the international price was USD 60 or less per barrel and to a value (that increased linearly) ranging from 0% and 8% if the international prices ranged between USD 45 and USD 60 per barrel.



Gas

In 2020, 33% of revenues came from sales to electric power generators, 29% from sales to industrial users, 28% from sales to distribution service licensees, 8% from sales to the compressed natural gas (CNG) station segment and 2% from exports, regardless of the compensations received under Resolution No. 46-E/2017.

As already mentioned, because of the COVID-19 outbreak and the lockdown and isolation measures adopted by the government, as from the first quarter of 2020, the demand for natural gas was, to a greater or lesser extent, affected in all consumer segments, reducing the demand mainly from industrial users and CNG.

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 (hereinafter referred to as the "Gas Plan 4"). Within this framework, 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. It also contemplates a longer term (up to eight years) for offshore projects.

Producers had to submit an investment plan in order 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 subject to the incentives.

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 winter season (May to September) and by 0.82 during 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 compressed natural gas (CNG) 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. 317/20 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 the additional natural gas volumes to the awarded producers under Resolution No. 391/2020 and instructing IEASA to subscribe the related contracts. At the date of this Annual Report, the Company is still considering its participation.

- In relation to the pending dispute between the Company and 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, in 2020, Tecpetrol had a lower income of \$11,184 million (\$29,894 million from the commencement of the Program) for the volumes delivered in excess of the production estimated upon request of adherence to the Program.

Within the framework of the Gas Plan 4, subject to the term and validity of Gas Plan 4 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, exceeding such projection.

Distributors

- At the end of November 2017, an agreement (promoted by the then Ministry of Energy and Mining) was entered into among natural gas production companies, Energía Argentina S.A. (formerly, ENARSA; currently, IEASA), and licensees distributing natural gas by pipeline networks. The aim of said agreement was to begin the process of standardizing the gas sector and rebuilding the system of prices and tariffs. This agreement, which is valid as from January 2018 until December 2019, established the basic guidelines that guarantee an adequate supply of natural gas to distributors, thus ensuring the supply to



end consumers. Based on the above, the Company entered into certain agreements in USD with distributors, valid throughout 2018. As a result of the devaluation that took place in May 2018, distributors made payments taking into account the exchange rate set by ENARGAS under the applicable fee charts which was lower than the one set in the agreements. In line with the macroeconomic context, ENARGAS did not approve the pass-through of the gas prices under the agreements to the fee charts from distributors, as set forth under applicable legislation.

Through Decree No. 1053/18 issued by the President of Argentina in November 2018, it was determined that the National State would exceptionally assume payment of the fluctuations in the exchange rate related to the gas prices paid by distributors and the price included in all fee charts in force between April 1, 2018 and March 31, 2019, which for Tecpetrol amounted to \$802 million, at December 31, 2020. Said decree contemplated that payment should be made in 30 consecutive and monthly instalments, payable as from October 2019. However, only the first payment was received. Section 91 of Law No. 27.591 on National Budget for 2021, promulgated in December 2020, abrogated Decree No. 1053/18.

- In June 2019, the Office of the Secretary of Energy issued Resolution No. 336/2019 introducing a payment deferral of an amount equal to 22% of all invoices issued to residential users as from July 1, 2019 to October 31, 2019. Those payment will be recovered through regular invoices issued to such users from December 1, 2019 and for five equal, consecutive and monthly periods. The deferral is paid by the producers, and the financial cost is assumed by the National State as a subsidy, which was collected by the Company in the fiscal year 2020.
- In September 2019, through Resolution No. 521/2019, the Office of the Secretary of Energy postponed to January 1, 2020, the gas price adjustment under PIST expected in October 1, 2019. In December 2019, through Resolution No. 791/2019, the Office of the Secretary of Energy postponed once again the term under Resolution No. 521/2019.

Also, by means of Law No. 27.541 on Social Solidarity and Productive Reactivation a national economic, financial, fiscal, administrative, pension, tariff, energy, health, and social public emergency was declared in December 2019. According to section 5 of said law, the Executive Branch can maintain gas prices under federal jurisdiction, as from the date the law enters into force and for a maximum 180-day period, tending to a reduction of actual tariff burdens on homes, businesses and industries for 2020.

On June 19, 2020, by means of Decree No. 543/2020, the term provided for under section 5 of Law No. 27.541 was extended for an additional 180-day period. As a consequence of these measures, in 2020, prices under PIST did not increase.



Electricity generation

- As from December 2019, CAMMESA 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 maximum daily offered amount.

Additionally, in 2020, CAMMESA decided not to apply a differential rate for winter seasons, maintaining throughout the year the same reference for maximum price of the summer season.

Exports

- Since the end of October 2020, the Office of the Secretary of Energy has not granted new natural gas export permissions submitted remotely by gas producers. Therefore, permissions expired and cannot be renewed, new agreements cannot be negotiated, so the export market is now limited to the remaining permissions in force.

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

Tecpetrol S.A. 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, Peru and Venezuela.

The table below discloses equity interest in companies of Tecpetrol S.A.:

Joint arrangements and other shareholdings	Main line of business	Country	% 2020	% 2019
Oleoducto Loma Campana - Lago Pellegrini S.A.	Construction and exploitation of an oil pipe in Argentina	Argentina	15.00	15.00
Terminales Marítimas Patagónicas S.A.	Transport concessions of terminals Caleta Córdova and Caleta Olivia	Argentina	4.20	4.20
Tecpe Trading S.A. (i)	Commercialization of hydrocarbons and electric power, among others.	Argentina	4.00	-
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



Joint arrangements and other shareholdings	Main line of business	Country	% 2020	% 2019
Tecpetrol Colombia S.A.S.	Exploration, exploitation and sale of hydrocarbons	Colombia	0.1491	0.1491
Tecpetrol de Venezuela S.A.	Provision of services to the hydrocarbon industry	Venezuela	0.03	0.03
Pardaliservices S.A. (ii)	Provision of services of exploration, evaluation and development of hydrocarbons	Ecuador	-	0.0000054
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. (iii)	Provision of services to the hydrocarbon industry	Ecuador	0.00007	0.00002

- (i) In February 2020, Tecpetrol S.A. and its Parent Company, Tecpetrol Internacional S.L.U., approved the constitution of Tecpe Trading S.A. At the date of issuance of this Annual Report, such company is under early liquidation.
- (ii) In June 2020, the Company sold its shareholding in Pardaliservices S.A. to Tecpetrol Servicios S.L.U. (related company).
- (iii) In November 2020, Tecpetrol Internacional S.L.U. (majority shareholder of Tecpecuador S.A.) unilaterally reduced the capital stock of Tecpecuador S.A., generating an increase in the shareholding of Tecpecuador S.A. in said company.

Transactions and balances with related parties

Transactions and balances with related parties are disclosed in Note 34 to the December 31, 2020.

3 - INFORMATION ABOUT THE FINANCIAL SITUATION

This section must be read together with the Summary of Information at December 31, 2020.

The economic setting during 2019 was controlled by high volatility affecting certain variables which impact on the performance of the Company:

- the gross domestic product dropped by 10.2% in the third semester, in year-on-year terms.
- the inflation rate reached 36.1% (CIP) between January 1, 2020 and December 31, 2020, resulting in an increase in internal costs associated to local currency.
- the ARS devalued by 40.5% in relation to the USD.
- there were fluctuations in crude oil international prices, which impacted local prices.

The net profits (losses) for 2020 recorded a profit of \$3,813.9 million, while in 2019 the Company had net profits for \$4,213.0 million.



The gross margin for the fiscal year ended on December 31, 2020, totaled \$28,734.2 million, representing a 7% increase in relation to the same period of the previous year. Such increase was mainly caused by a fluctuation in the exchange rate, partially offset by fewer deliveries of gas and oil and a drop in average sales prices primarily originated due to the impact of the economic crisis caused by the COVID-19 syndemic.

During the fiscal year under consideration, the Company received funds primarily from its regular business activities, and to a lesser extent, from bank borrowings and the issuance of negotiable obligations.

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%, and maturing on February 20, 2021 (or the following business day). Class 2 negotiable obligations bear interest at a fixed rate of 4.0% and Class 3 negotiable obligations bear interest at a BADLAR rate plus a margin of 4.50%. In both cases, 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 integration of working capital and the refinancing of liabilities.

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

Pursuant to Communication "A" 7030, as amended, issued by the Central Bank of Argentina 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 new 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 Financial Statements, the Company refinanced its debts maturing on or before March 31, 2021 and must submit a refinancing plan pursuant to Communication "A" 7230.

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 the capital will be fully paid off upon maturity. Funds obtained from the issuance of such negotiable obligations are meant to be used for the partial refinancing of Class 2 negotiable obligations, as stated under Communication "A" 7106 from the BCRA.

Investments in Property, plant and equipment, net of unpaid acquisitions at year-end, reached \$5,502.9 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, 2020, the Board consisted of five Regular Directors and three Alternate Directors appointed by the Shareholders at an Annual General Meeting.

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 in the systems and processes might cause.

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.

Tecpetrol S.A has a Business Conduct Compliance Manager, who reports to the General Manager (President) of the Company. He 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 LSG 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 investment



projects financing, 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 for the previous fiscal year (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 will be held in order to approve the financial statements and decide on the use of the profit (loss) 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 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 Annual Report, 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, Tecpetrol is taking part in Gas Plan 4, which is expected to increase drilling and completion activities in order to keep a production plateau of 14 million m³/d. In El Tordillo, in January 2021, Tecpetrol resumed the drilling campaign commenced in 2018, and implemented the protocols to prevent the spread of COVID-19. Said campaign is aimed at discovering similar prospects in other areas of the field and analyzing operational efficiency in order to optimize costs.

During 2021, the Company expects to continue exporting crude oil in similar volumes as those of 2020. In relation to natural gas, deliveries to the different segments are expected to remain in similar levels as those of 2020.

Regarding sales prices for 2021, the Company estimates that crude oil (both escalante and medanito) will be negotiated in the domestic market based on export parity prices. For natural gas, prices intended for industrial users and compressed natural gas (CNG) stations are expected to increase in relation to 2020, while 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

Pursuant to the Income Statement for the fiscal year, there were net profits for \$3,813,936 (in thousands) attributable to the Shareholders of the Company. The members of the Board of Directors of Tecpetrol S.A suggest the Shareholders at a Meeting that \$190,697 (in thousands) should be allocated to the constitution of the legal reserve for the fiscal year and \$3,623,239 (in thousands) should be allocated to the constitution of a reserve for future dividends.

A provision was made in the Financial Statements for the fiscal year ended on December 31, 2020, for \$8,700 (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, 2021.

by the Board of Directors

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 twelve-month period which commenced on January 1, 2020 and ended on December 31, 2020.

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 being affected by the volatility 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 currency and economic crises and the COVID-19 sanitary emergency.

The management of the Company continuously monitors the evolution of the aforementioned factors, in order to determine and implement possible courses of action and identify the potential impact on the patrimonial and financial situations of the Company.

Analysis of the fourth quarter of 2020

Net sales reached \$18,663.0 million. In relation to the same period of the previous year, net sales increased mainly because of the fluctuation in the exchange rate, which was partially offset by fewer deliveries of gas and oil, and a drop in average sales prices primarily originated due to the impact of the global economic crisis caused by the COVID-19 syndemic mentioned above.

Gas production totaled 1,008 million m³, representing a decrease of 12% in relation to that of the fourth quarter of 2019, which was of 1,144 million m³. During this quarter, 7.6 million m³ of gas were exported, whereas in the fourth quarter of 2019, exports totaled 13.8 million m³.

Volumes of crude oil production reached 136 thousand m³ (37% from escalante crude oil and 63% from medanito crude oil), representing a 17% decrease with respect to the production recorded during the fourth quarter of 2019. During this quarter, 40% of crude oil production was destined for exports, part of which was delivered after the closing date, whereas during the fourth quarter of 2019, 25% of crude oil production was destined for exports.

Operating costs totaled \$9,453.3 million, representing a decrease of 2% compared to the amount recorded in the fourth quarter of 2019. Said decrease is mainly explained by a decrease in depreciation of Property, plant and equipment, royalty expenses and maintenance operations and wells service costs, as a consequence of the abovementioned drop in production, all of which was partially offset by the exchange rate fluctuation.

Selling and administrative expenses amounted to \$2,690.4 million, representing a 147% increase in comparison with the amount recorded in the fourth quarter of 2019. Such variation is mainly explained by the exchange rate fluctuation and the allowance for doubtful accounts expense, all of which was partially offset by a reduction in taxes and storage and transport expenses due to a drop in operations.

Net financial profit (loss) resulted in a loss of \$5,549.0 million, compared to losses for \$2,802.5 million recorded in the fourth quarter of 2019. 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 a decrease in interest cost due to fewer borrowings, an increase in interest income due to an increase in short-term deposits, and fewer losses from public bonds.

Profit (loss) from income tax represented a loss of \$414.7 million, compared to losses for \$1,348.4 million recorded in the fourth quarter of 2019, all of which is mainly explained by fluctuations in sales, costs as well as other expenses already mentioned, and the effect of the exchange rate fluctuation upon tax balances.

Net profit and losses recorded profits for \$538.4 million, while in the fourth quarter of 2019, the Company had net profits for \$1,402.1 million.

Analysis of the year 2020

Net sales totaled \$71,540 million, representing an increase in relation to the same period of the previous year. Such increase was mainly caused by a fluctuation in the exchange rate, partially offset by fewer deliveries of gas and oil and a drop in average sales prices primarily originated due to the impact of the global economic crisis caused by the COVID-19 syndrome mentioned above.

In 2020, gas production totaled 4,534 million m³, representing a decrease of 17% in relation to the amount recorded in 2019, which was of 5,491 million m³. Also, in 2020, 20.7 million m³ of gas were exported, whereas during the same period of 2019, gas exports totaled 13.9 million m³.

Volumes of crude oil production reached 551 thousand m³ (38% from escalante crude oil and 62% from medianito crude oil), representing a 15% decrease with respect to 2019. In 2020, 54% of crude oil production was destined for exports, part of which was delivered after the closing date, whereas in 2019, 33% of crude oil production was destined for exports.

Operating costs totaled \$42,805.8 million, representing an increase of 13% in relation to the amount recorded in 2019 (\$37,745.9 million). Said increase is mainly explained by the exchange rate fluctuation and the impairment charges recognized during the fiscal year in Property, plant and equipment in the areas of El Tordillo, La Tapera – Puesto Quiroga and Aguara Güe, all of which was partially offset by a decrease in depreciation of Property, plant and equipment, royalty expenses and maintenance operations and wells service costs, as a consequence of the abovementioned decrease in both production and average sales prices.

Selling and administrative expenses amounted to \$8,221.6 million, representing a 65% increase in relation to the amount recorded in 2019 (\$4,990.5 million). Such variation is mainly explained by the exchange rate fluctuation and the allowance for doubtful accounts expense, partially offset by a decrease in storage, transport and tax expenses due to lower volumes of production.

Net financial profit (loss) resulted in a loss of \$13,515.2 million, compared to losses for \$11,298.9 million recorded in 2019. Such variation is primarily explained by the exchange rate fluctuation, losses from derivative financial instruments, and profits and losses from the repurchase of negotiable obligations, all of which was partially offset by a decrease in net losses

generated by exchange differences on balances in ARS, a decrease in interest cost due to fewer borrowings, an increase in interest income due to an increase in short-term deposits, and fewer losses from public bonds.

The income tax expense represented a loss of \$1,683.4 million, compared to a loss of \$5,485.8 million recorded in 2019. Such variation is mainly explained by fewer operating profits (losses) and by the effect of the exchange rate fluctuation upon tax balances.

The net profit (loss) recorded a profit of \$3,813.9 million, while in 2019 the Company had net profits for \$4,213.0 million.

Liquidity and cash flows

During this year, the Company received funds primarily from its regular business activities, and to a lesser extent, from bank borrowings and the issuance of negotiable obligations.

Net cash generated by operating activities during 2020 totaled \$37,319.1 million.

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%, and maturing on February 20, 2021 (or the following business day). Class 2 negotiable obligations bear interest at a fixed rate of 4.0% and Class 3 negotiable obligations bear interest at a BADLAR rate plus a margin of 4.50%. In both cases, 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 integration of working capital and the refinancing of liabilities.

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

At December 31, 2020, the Company's borrowings totaled \$96,197.3 million and equity totaled \$45,618.5 million.

Pursuant to Communication "A" 7030, as amended, issued by the Central Bank of Argentina 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 new 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 Financial Statements, the Company refinanced its debts maturing on or before March 31, 2021 and must submit a refinancing plan pursuant to Communication "A" 7230.

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 the capital will be fully paid off upon maturity. Funds obtained from the issuance of such negotiable obligations are meant to be used for the partial refinancing of Class 2 negotiable obligations, as stated under Communication "A" 7106 from the BCRA.

Investments in Property, plant and equipment during the fiscal year ended on December 31, 2020, net of unpaid acquisitions at the end of such period, reached \$5,502.9 million (mainly from the development of Fortín de Piedra area).

At December 31, 2020, the Company has a negative working capital of \$5,177 million (\$26,794.3 million at December 31, 2019) which was generated mainly by loans with related companies. The Company has different alternatives that will allow it to honor all commitments assumed.

2. Structure of Financial Position (comparative at December 31, 2019, December 31, 2018, December 31, 2017 and December 31, 2016 – amounts stated in thousands of pesos)

	At December 31,				
	2020	2019	2018	2017	2016
Non-current assets	110,448,000	99,389,194	67,583,445	16,193,566	10,436,099
Current assets	51,392,239	23,115,728	16,142,735	11,010,955	1,932,941
Total Assets	161,840,239	122,504,922	83,726,180	27,204,521	12,369,040
Equity attributable to the owners of the Company	45,618,472	29,088,420	15,732,619	4,731,741	1,068,119
Non-controlling interest	-	-	-	2,117	(15,729)
Total Equity	45,618,472	29,088,420	15,732,619	4,733,858	1,052,390
Non-current liabilities	59,652,554	43,506,480	52,501,555	17,284,349	6,511,388
Current liabilities	56,569,213	49,910,022	15,492,006	5,186,314	4,805,262
Total Liabilities	116,221,767	93,416,502	67,993,561	22,470,663	11,316,650
Total Equity and Liabilities	161,840,239	122,504,922	83,726,180	27,204,521	12,369,040

3. Structure of Income and Comprehensive Income for the year ended on December 31, 2020 (comparative with the fiscal years ended on December 31, 2019, December 31, 2018, December 31, 2017 and December 31, 2016 – amounts stated in thousands of pesos)

	Fiscal year ended on December 31,				
	2020	2019	2018	2017	2016
Operating profit (loss)	19,017,249	21,028,818	5,499,778	(517,073)	(87,876)
Net financial profit (loss)	(13,515,162)	(11,298,904)	(3,837,033)	(331,329)	(224,273)
Profit (loss) from investments in entities accounted for using the equity method	(4,725)	(31,141)	(2,034)	15,310	(3)
Profit (loss) before taxes	5,497,362	9,698,773	1,660,711	(833,092)	(312,152)
Income tax	(1,683,426)	(5,485,806)	2,077,970	154,599	48,031
Profit (loss) from continuing operations	3,813,936	4,212,967	3,738,681	(678,493)	(264,121)
Profit (loss) from discontinued operations	-	-	53,407	(108,447)	(303,698)
Profit (loss) for the year	3,813,936	4,212,967	3,792,088	(786,940)	(567,819)
Statement of Comprehensive Income					
Profit (loss) for the year	3,813,936	4,212,967	3,792,088	(786,940)	(567,819)
Other comprehensive income from continuing operations	12,841,116	10,882,074	6,384,087	651,426	385,720
Other comprehensive income from discontinued operations	-	-	(11,727)	126,059	(114,331)
Comprehensive income for the year	16,655,052	15,095,041	10,164,448	(9,455)	(296,430)

4. Structure of Cash Flow for the year ended on December 31, 2020 (comparative with the fiscal years ended on December 31, 2019, December 31, 2018, December 31, 2017 and December 31, 2016 – amounts stated in thousands of pesos)

	Fiscal year ended on December 31,				
	2020	2019	2018	2017	2016
Cash generated by/ (used in) operating activities	37,319,066	34,349,166	3,506,271	(394,732)	634,738
Cash used in investing activities	(17,977,075)	(23,220,914)	(30,555,774)	(7,214,302)	(1,923,960)
Funds (used in)/generated by financing activities	(13,403,124)	(10,694,077)	16,413,663	14,922,909	1,674,126
Total cash generated/(used) during the fiscal year	5,938,867	434,175	(10,635,840)	7,313,875	384,904

5. Statistical Data for the fiscal year ended on December 31, 2020 (comparative information with the fiscal years ended on December 31, 2019, December 31, 2018, December 31, 2017 and December 31, 2016 – amounts stated in thousands of m³ of oil and gas equivalents)

	Fiscal year ended on December 31,				
	2020	2019	2018	2017	2016
Production volume (*)					
Total production in equivalent units	5,085	6,139	3,941	1,292	1,114
Oil production	551	648	560	415	515
Gas production	4,534	5,491	3,381	877	599
Domestic market	4,766	5,899	3,710	1,232	869
Exports	319	240	231	60	245

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

6. Indicators at December 31, 2020 (comparative at December 31, 2019, December 31, 2018, December 31, 2017 and December 31, 2016)

	At December 31,				
	2020	2019	2018	2017	2016
Liquidity	0.91	0.46	1.04	2.12	0.40
Solvency	0.39	0.31	0.23	0.21	0.09
Locked-up capital	0.68	0.81	0.81	0.60	0.84
Profitability	0.10	0.19	0.37	(0.27)	(0.47)

Liquidity: Current assets/Current liabilities

Solvency: Total Equity/Total liabilities

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

Profitability: Net profit (loss) for the year/Average Equity

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, Tecpetrol is taking part in the Promotion Plan for Argentine Natural Gas Production/2020-2024 Supply and Demand Scheme (hereinafter referred to as "Gas Plan 4"), which is expected to increase drilling and completion activities in order to keep a production *plateau* of 14 million m³/d. In El Tordillo, in January 2021, Tecpetrol resumed the drilling campaign commenced in 2018, and implemented the protocols to prevent the spread of COVID-19. Said campaign is aimed at discovering similar prospects in other areas of the field and analyzing operational efficiency in order to optimize costs.

During 2021, the Company expects to continue exporting crude oil in similar volumes as those of 2020. In relation to natural gas, deliveries to the different segments are expected to remain in similar levels as those of 2020.

Regarding sales prices for 2021, the Company estimates that crude oil (both escalante and medianito) will be negotiated in the domestic market based on export parity prices. For natural gas, prices intended for industrial users and compressed natural gas (CNG) stations are expected to increase in relation to 2020, while prices intended for residential users will depend on the adjustment approved by the implementation authority. The reference price for electricity generation will depend on the adjustments implemented, as deemed necessary by Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA), in relation to the costs incurred in using other fuels.

City of Buenos Aires, March 2, 2021.