



## **Tecpetrol Sociedad Anónima**

### **INTERIM CONDENSED FINANCIAL STATEMENTS**

**At September 30, 2020**

and for the nine-month period ended on September 30, 2020

Translation of a document originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails.

# **Tecpetrol Sociedad Anónima**

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Additional information required under Section 12, Chapter 3, Title 4 of the regulations of the National Securities Commission for Argentina.

Auditor's Report on Interim Condensed Financial Statements

## 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 nine-month period which commenced on January 1, 2020 and ended on September 30, 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 economic and financial setting in the country 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 situation of the Company.

#### Analysis of the third quarter of 2020

Net sales reached \$21,298.0 million. In relation to the same period of the previous year, net sales increased mainly because of the fluctuation in the exchange rate, partially offset by fewer deliveries of gas 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 1,290 million m<sup>3</sup>, representing a decrease of 12% in relation to that of the third quarter of 2019, which was of 1,466 million m<sup>3</sup>. In the third quarter of 2020, 3.2 million m<sup>3</sup> of gas were exported, whereas in the third quarter of 2019, exports totaled 0.1 million m<sup>3</sup>.

Volumes of crude oil production reached 146 thousand m<sup>3</sup> (34% from escalante crude oil and 66% from medianito crude oil), representing a 13% decrease with respect to the production recorded during the third quarter of 2019. In the third quarter of 2020, 77% of crude oil production was destined for exports, whereas in the third quarter of 2019, 25% of crude oil production was destined for exports.

Operating costs totaled \$11,825.1 million, representing an increase of 13% compared to the amount recorded in the third quarter of 2019. Said increase is mainly explained by the exchange rate fluctuation, 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 production.

Selling and administrative expenses amounted to \$2,732.3 million, representing a 73% increase in comparison with the amount recorded in the third 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 due to fewer sales.

Net financial profit (loss) resulted in a loss of \$3,167.6 million, compared to losses for \$5,435.7 million recorded in the third quarter of 2019. Such fluctuation is primarily explained by a decrease in net losses generated by exchange differences on balances in ARS and an increase in interest income due to an increase in short-term deposits, partially offset by a decrease in interest cost due to fewer borrowings.

Profit (loss) from income tax represented a loss of \$1,100.6 million, compared to losses for \$2,376.8 million recorded in the third quarter of 2019, all of which is mainly explained by fluctuations in sales, costs and other expenses already mentioned.

Net profit and losses recorded profits for \$2,431.9 million, while in the third quarter of 2019, the Company had net losses for \$1,456.3 million.

#### Analysis of the nine-month period ended on September 30, 2020

Net sales for the nine-month period ended on September 30, 2020, totaled \$52,877 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.

During the first nine months of 2020, gas production totaled 3,526 million m<sup>3</sup>, representing a decrease of 19% in relation to that of the same period of 2019, which was of 4,347 million m<sup>3</sup>. In the nine-month period ended on September 30, 2020, 13.1 million m<sup>3</sup> of gas were exported, whereas during the same period of 2019, gas exports totaled 0.1 million m<sup>3</sup>.

Volumes of crude oil production reached 415 thousand m<sup>3</sup> (39% from escalante crude oil and 61% from medanito crude oil), representing a 14% decrease with respect to the production recorded during the same period of 2019. In the nine-month period ended on September 30, 2020, 59% of crude oil production was destined for exports, whereas in the same period of 2019, 36% of crude oil production was destined for exports.

In the nine-month period ended on September 30, 2020, operating costs totaled \$33,352.4 million, representing an increase of 19% compared to the amount recorded in the same period of 2019, which was \$28,140.2 million. Said increase is mainly explained by the exchange rate fluctuations and impairment charges recognized in Property, plant and equipment in the areas of El Tordillo, La Tapera – Puesto Quiroga and Aguaragüe, 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 production and in average sales prices.

Selling and administrative expenses during the first nine months of 2020 amounted to \$5,531.2 million, representing a 42% increase in comparison with the amount of \$3,899.9 million recorded during the same period of 2019. 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) showed a loss of \$7,966.2 million in the nine-month period ended on September 30, 2020, compared to the loss of \$8,496.4 million recorded during the same period of 2019. Such fluctuation is primarily explained by a decrease in net losses generated by exchange differences on balances in ARS and an increase in interest income due to an increase in short-term deposits, partially offset by a decrease in interest cost due to fewer borrowings.

The income tax expense represented a loss of \$1,268.7 million, compared to a loss of \$4,137.4 million recorded in the same period of 2019. Such variation is mainly explained by fewer operating profits (losses) for the nine-month period ended on September 30, 2020, and by the exchange differences effect.

Net profits (losses) for the nine-month period ended on September 30, 2020 recorded a profit of \$3,275.5 million, while in the nine-month period ended on September 30, 2019 the Company had net profits for \$2,810.9 million.

#### Liquidity and cash flows

Net cash generated by operating activities in the first nine months of 2020 was \$25,752.8 million.

During the nine-month period ended on September 30, 2020, the Company received funds from its regular business activities, 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 working capital integration and refinancing of liabilities.

These borrowings were obtained at market rates, considering comparable solvency, soundness, fund generation and risk indicators.

At September 30, 2020, the Company's equity totaled \$40,555.5 million and its borrowings totaled \$89,484.4 million (\$28,164.8 million of such amount are overdue as will be explained below).

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. The Company has not obtained such approvals for payments maturing as from June to date. At the date of issuance of this Summary of Information, the due date of such loans was extended to December 14, 2020 with the consent of Tecpetrol Internacional S.L.U.

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 refinance plan under certain parameters. At the date of this Summary of Information, the Company has stated its intention to negotiate with the creditors or refinance such debts through external borrowing, in compliance with the conditions set forth under the above-mentioned Communication.

These exchange restrictions affect the Company's access to the Argentine foreign exchange market (Mercado Único y Libre de Cambios, MULC), and therefore, the acquisition of foreign currency to honor its financial obligations.

Investments in Property, plant and equipment in the nine-month period ended on September 30, 2020, net of unpaid acquisitions at the end of such period, reached \$3,826.1 million (mainly from the development of Fortín de Piedra area).

At September 30, 2020, the Company has a negative working capital of \$8,152.7 million (\$26,794.3 million at December 31, 2019) which is 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 September 30, 2019, September 30, 2018, September 30, 2017 and September 30, 2016 – amounts stated in thousands of pesos)

|  | <b>At September 30,</b> |                    |                   |                   |                   |
|--|-------------------------|--------------------|-------------------|-------------------|-------------------|
|  | <b>2020</b>             | <b>2019</b>        | <b>2018</b>       | <b>2017</b>       | <b>2016</b>       |
| Non-current assets                           | 102,234,939             | 99,721,242         | 69,512,017        | 10,288,884        | 9,500,519         |
| Current assets                               | 44,420,843              | 30,364,683         | 17,800,343        | 1,597,204         | 1,641,598         |
| <b>Total Assets</b>                          | <b>146,655,782</b>      | <b>130,085,925</b> | <b>87,312,360</b> | <b>11,886,088</b> | <b>11,142,117</b> |
| Equity attributable to Owners of the Company | 40,555,504              | 26,551,685         | 15,464,213        | 4,262,163         | 1,273,943         |
| Non-controlling interest                     | -                       | -                  | -                 | (351)             | (13,195)          |
| <b>Total Equity</b>                          | <b>40,555,504</b>       | <b>26,551,685</b>  | <b>15,464,213</b> | <b>4,261,812</b>  | <b>1,260,748</b>  |
| Non-current liabilities                      | 53,526,739              | 53,987,806         | 57,811,195        | 4,658,437         | 6,556,473         |
| Current liabilities                          | 52,573,539              | 49,546,434         | 14,036,952        | 2,965,839         | 3,324,896         |
| <b>Total Liabilities</b>                     | <b>106,100,278</b>      | <b>103,534,240</b> | <b>71,848,147</b> | <b>7,624,276</b>  | <b>9,881,369</b>  |
| <b>Total Equity and Liabilities</b>          | <b>146,655,782</b>      | <b>130,085,925</b> | <b>87,312,360</b> | <b>11,886,088</b> | <b>11,142,117</b> |

**3. Structure of Income and Comprehensive Income** (comparative with the nine-month periods ended on September 30, 2019, September 30, 2018, September 30, 2017 and September 30, 2016 – amounts stated in thousands of pesos)

|  | Nine-month period ended on September 30, |                   |                  |                  |                  |
|--|--|-------------------|------------------|------------------|------------------|
|  | 2020                                     | 2019              | 2018             | 2017             | 2016 (*)         |
| Operating profit (loss)  | 12,509,714                               | 15,489,061        | 5,456,321        | (605,191)        | (18,817)         |
| Net financial loss   | (7,966,154)                              | (8,496,398)       | (4,117,860)      | (190,360)        | (161,919)        |
| Profit (loss) from investments in entities accounted for using the equity method | 701                                      | (44,453)          | -                | (60)             | (2)              |
| <b>Profit (loss) before taxes</b>  | <b>4,544,261</b>                         | <b>6,948,210</b>  | <b>1,338,461</b> | <b>(795,611)</b> | <b>(180,738)</b> |
| Income tax   | (1,268,742)                              | (4,137,358)       | 797,986          | 68,123           | 77,963           |
| <b>Profit (loss) from continuing operations</b>                                  | <b>3,275,519</b>                         | <b>2,810,852</b>  | <b>2,136,447</b> | <b>(727,488)</b> | <b>(102,775)</b> |
| Profit (loss) from discontinued operations                                       | -  | -                 | 53,407           | (192,638)        | (203,888)        |
| <b>Profit (loss) for the period</b>  | <b>3,275,519</b>                         | <b>2,810,852</b>  | <b>2,189,854</b> | <b>(920,126)</b> | <b>(306,663)</b> |
| <b>Statement of Comprehensive Income</b>   |  |                   |                  |                  |                  |
| Profit (loss) for the period   | 3,275,519                                | 2,810,852         | 2,189,854        | (920,126)        | (306,663)        |
| Other comprehensive income from continuing operations                            | 8,316,565                                | 9,747,454         | 7,717,915        | 317,543          | 302,836          |
| Other comprehensive income from discontinued operations                          | -  | -                 | (11,727)         | 121,270          | (84,244)         |
| <b>Comprehensive income for the period</b>                                       | <b>11,592,084</b>                        | <b>12,558,306</b> | <b>9,896,042</b> | <b>(481,313)</b> | <b>(88,071)</b>  |

(\*) Some figures from the Structure of Income and Comprehensive Income for the period ended on September 30, 2016 have been reclassified in order to present comparative information in respect of the current period.

**4. Cash Flow Structure** (comparative with the nine-month periods ended on September 30, 2019, September 30, 2018, September 30, 2017 and September 30, 2016 – amounts stated in thousands of pesos)

|   | Nine-month period ended on September 30, |                  |                    |               |                |
|---|--|------------------|--------------------|---------------|----------------|
|   | 2020                                     | 2019             | 2018               | 2017          | 2016           |
| Cash generated by operating activities                | 25,752,797                               | 22,758,230       | 2,885,164          | 1,237,761     | 590,999        |
| Cash used in investing activities                     | (4,372,981)                              | (19,687,774)     | (22,399,980)       | (4,535,402)   | (1,185,881)    |
| Cash (used in)/generated by financing activities      | (11,542,831)                             | 837,284          | 11,444,143         | 3,326,439     | 930,685        |
| <b>Total funds generated/(used) during the period</b> | <b>9,836,985</b>                         | <b>3,907,740</b> | <b>(8,070,673)</b> | <b>28,798</b> | <b>335,803</b> |

**5. Statistical Data** (comparative information with the nine-month periods ended on September 30, 2019, September 30, 2018, September 30, 2017 and September 30, 2016 – amounts stated in thousands of m<sup>3</sup> of oil and gas equivalents)

|                                      | Nine-month period ended on September 30, |       |       |      |      |
|--------------------------------------|--|-------|-------|------|------|
|                                      | 2020                                     | 2019  | 2018  | 2017 | 2016 |
| <b>Production volume (*)</b>         |  |       |       |      |      |
| Total production in equivalent units | 3,941                                    | 4,832 | 2,415 | 914  | 841  |
| Oil production                       | 415                                      | 485   | 379   | 295  | 396  |
| Gas production                       | 3,526                                    | 4,347 | 2,036 | 619  | 445  |
| Domestic market                      | 3,683                                    | 4,655 | 2,246 | 854  | 684  |
| Exports                              | 258                                      | 177   | 169   | 60   | 157  |

(\*) Volumetric equivalence (1,000 m<sup>3</sup> gas = 1 m<sup>3</sup> oil)

**6. Indicators** (comparative at September 30, 2019, September 30, 2018, September 30, 2017 and September 30, 2016)

|                   | At September 30, |      |      |      |      |
|-------------------|------------------|------|------|------|------|
|                   | 2020             | 2019 | 2018 | 2017 | 2016 |
| Liquidity         | 0.84             | 0.61 | 1.27 | 0.54 | 0.49 |
| Solvency          | 0.38             | 0.26 | 0.22 | 0.56 | 0.13 |
| Locked up capital | 0.70             | 0.77 | 0.80 | 0.87 | 0.85 |

Liquidity: Current assets/Current liabilities

Solvency: Total Equity/Total liabilities

Locked up capital: Non-current assets/Total assets



## **7. Prospects**

The COVID-19 syndemic and the new outbreak taking place in several locations worldwide still causes an adverse impact on the global economy. Its scope and duration remain uncertain. The national hydrocarbon industry has also been significantly affected by a lower demand of crude oil.

The gradual exit from the syndemic in Asian and European countries that took place during the last quarter and its resulting increase in demand have generated a recovery in oil prices that consolidated during this quarter. However, the impact of the COVID-19 new outbreak still causes uncertainty. Setting an internal price for crude oil (referred to as "local barrel") and removing export taxes for exports not exceeding such price have contributed to resume and sustain local production.

This situation produces an impact on Tecpetrol. Investments have been put off to adjust operations to this new scenario, face an additional reduction in costs and adjust production to the market conditions. We've been working with our clients and vendors for the purposes of preserving the financial situation. Measures adopted by the Government in relation to the hydrocarbon sector will be pivotal to ensure the sustainability of the Company and encourage new investments.

Natural gas sales prices are expected to be similar or lower than current prices. A higher demand for gas from the generation segment is also expected during the summer. It is expected that crude oil sales in the domestic market will increase, together with regular exports of escalante crude oil, in similar proportions as the ones recorded prior to the syndemic.

The members of the Board of Directors of the Company continuously monitor 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 situation of the Company which should be recognized in the financial statements of future periods. 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 and its resulting profits or losses are unknown and cannot be reasonably predicted. However, such situation is not expected to affect the continuity of the business. Given the financial soundness of the Company and its shareholders, all financial commitments are expected to be honored in the subsequent twelve months.

City of Buenos Aires, November 9, 2020.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**LEGAL INFORMATION**

|   |  |
|---|--|
| <b>Legal domicile:</b>  | Pasaje Della Paolera 299/297, 16th floor, City of Buenos Aires   |
| <b>Reported fiscal year:</b>  | No. 41   |
| <b>Company's main line of business:</b>                                       | Exploration, exploitation and development of hydrocarbon fields; transport, distribution, transformation, distillation and industrial use of hydrocarbons and by-products and hydrocarbons trade; electric power generation and commercialization through the construction, operation and exploitation in any manner of power plants and equipment for the generation, production, self-generation and/or co-generation of electric power                                      |
| <b>Registration dates with the Companies Registration Office:</b>             | By-laws: registered under No. 247 of Book 94, Volume of companies by Shares on June 19, 1981<br><br>Amendments to by-laws: March 25, 1983; October 16, 1985, July 1, 1987; February 24, 1989; December 12, 1989; August 18, 1992; December 21, 1992; April 6, 1993; December 14, 1995; October 30, 1997; October 13, 2000; September 14, 2005; November 16, 2007; March 23, 2009; September 20, 2010; March 2, 2016; November 25, 2016; September 28, 2017 and August 14, 2018 |
| <b>Date of expiry of Company's by-laws:</b>                                   | June 19, 2080  |
| <b>Correlative registration number with the Companies Controlling Office:</b> | 802.207  |
| <b>Name of Parent Company:</b>  | Tecpetrol Internacional S.L.U.   |
| <b>Legal domicile of Parent Company:</b>                                      | Calle De Recoletos 23, 3rd floor, apartments A and B, 28001 Madrid, Spain.   |
| <b>Parent Company's main line of business:</b>                                | Investment   |
| <b>Equity interest held by Parent Company:</b>                                | 95.99%   |
| <b>Percentage of votes of Parent Company:</b>                                 | 98.175%  |

| <b>Capital status (Note 22)</b> | <b>Type of shares</b>                                      | <b>At September 30, 2020</b>                    |
|---------------------------------|--|---|
|                                 |  | <b>Total subscribed, paid-up and registered</b> |
|                                 | <b>Book entry shares</b>                                   | <b>\$</b>                                       |
|                                 | Class A common shares of \$1 par value - 1 vote per share  | 3,106,342,422                                   |
|                                 | Class A common shares of \$1 par value - 5 votes per share | 1,330,105,646                                   |
|                                 |  | <hr/> 4,436,448,068                             |

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**INTERIM CONDENSED INCOME STATEMENT**

**for the three-month and nine-month periods ended on September 30, 2020 and September 30, 2019**

(Amounts stated in thousands of pesos, unless otherwise specified)

|  |       | Three-month period ended on<br>September 30, |                    | Nine-month period ended on<br>September 30, |                   |
|--|-------|--|--------------------|---|-------------------|
|  | Notes | 2020   | 2019               | 2020  | 2019              |
| <b>Continuing operations</b>   |       | <b>(Unaudited)</b>                           |                    | <b>(Unaudited)</b>                          |                   |
| Net sales  | 5     | 21,298,003                                   | 18,434,497         | 52,876,975                                  | 47,382,973        |
| Operating costs  | 6     | (11,825,104)                                 | (10,459,510)       | (33,352,430)                                | (28,140,161)      |
| <b>Gross margin</b>  |       | <b>9,472,899</b>                             | <b>7,974,987</b>   | <b>19,524,545</b>                           | <b>19,242,812</b> |
| Selling expenses   | 7     | (1,657,517)                                  | (875,865)          | (3,165,227)                                 | (2,132,970)       |
| Administrative expenses  | 8     | (1,074,740)                                  | (707,958)          | (2,365,959)                                 | (1,766,967)       |
| Exploration costs  |       | (42,315)                                     | (1,122)            | (1,699,492)                                 | (25,211)          |
| Other operating income   | 10    | 13,419                                       | 18,819             | 233,680                                     | 189,052           |
| Other operating expenses   | 10    | (8,773)                                      | (9,840)            | (17,833)                                    | (17,655)          |
| <b>Operating profit</b>  |       | <b>6,702,973</b>                             | <b>6,399,021</b>   | <b>12,509,714</b>                           | <b>15,489,061</b> |
| Financial income   | 11    | 587,690                                      | 170,032            | 852,209                                     | 265,544           |
| Financial costs  | 11    | (1,352,492)                                  | (1,080,963)        | (3,769,911)                                 | (2,839,782)       |
| Other net financial loss   | 11    | (2,402,792)                                  | (4,524,809)        | (5,048,452)                                 | (5,922,160)       |
| <b>Profit before profit (loss) from investments in<br/>entities accounted for using the equity<br/>method and income tax</b> |       | <b>3,535,379</b>                             | <b>963,281</b>     | <b>4,543,560</b>                            | <b>6,992,663</b>  |
| Profit (loss) from investments in entities<br>accounted for using the equity method  | 15    | (2,873)                                      | (42,868)           | 701   | (44,453)          |
| <b>Profit before income tax</b>  |       | <b>3,532,506</b>                             | <b>920,413</b>     | <b>4,544,261</b>                            | <b>6,948,210</b>  |
| Income tax   | 12    | (1,100,585)                                  | (2,376,754)        | (1,268,742)                                 | (4,137,358)       |
| <b>Profit (loss) for the period</b>  |       | <b>2,431,921</b>                             | <b>(1,456,341)</b> | <b>3,275,519</b>                            | <b>2,810,852</b>  |
| <b>Profit (loss) attributable to:</b>  |       |  |                    |   |                   |
| Owners of the Parent Company   |       | 2,431,921                                    | (1,456,341)        | 3,275,519                                   | 2,810,852         |

The accompanying Notes 1 to 35 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**for the three-month and nine-month periods ended on September 30, 2020 and September 30, 2019**  
(Amounts stated in thousands of pesos, unless otherwise specified)

|   | Notes | Three-month period ended on<br>September 30, |                    | Nine-month period ended on<br>September 30, |                   |
|---|-------|--|--------------------|---|-------------------|
|   |       | 2020   | 2019               | 2020  | 2019              |
|   |       | (Unaudited)                                  |                    | (Unaudited)                                 |                   |
| <b>Profit (loss) for the period</b>                                   |       | <b>2,431,921</b>                             | <b>(1,456,341)</b> | <b>3,275,519</b>                            | <b>2,810,852</b>  |
| <b>Other comprehensive income:</b>                                    |       |  |                    |   |                   |
| <i>Items that may be subsequently reclassified to profit or loss:</i> |       |  |                    |   |                   |
| Currency translation differences                                      |       | 13,254                                       | 38,309             | 36,344                                      | 36,017            |
| <i>Items that will not be reclassified to profit or loss:</i>         |       |  |                    |   |                   |
| Currency translation differences - Tecpetrol S.A.                     |       | 2,934,050                                    | 7,676,868          | 8,284,006                                   | 9,808,744         |
| Changes in the fair value of investments in equity instruments        | 16    | 60,302                                       | (76,230)           | (32,429)                                    | (141,321)         |
| Remeasurement of post-employment benefit obligations                  |       | -  | -                  | 30,047                                      | 16,285            |
| Income tax related to components of other comprehensive income (i)    | 27    | (15,530)                                     | 16,468             | (1,403)                                     | 27,729            |
| <b>Total other comprehensive income for the period</b>                |       | <b>2,992,076</b>                             | <b>7,655,415</b>   | <b>8,316,565</b>                            | <b>9,747,454</b>  |
| <b>Total comprehensive income for the period</b>                      |       | <b>5,423,997</b>                             | <b>6,199,074</b>   | <b>11,592,084</b>                           | <b>12,558,306</b> |
| <b>Comprehensive income attributable to:</b>                          |       |  |                    |   |                   |
| Owners of the Parent Company  |       | 5,423,997                                    | 6,199,074          | 11,592,084                                  | 12,558,306        |
|   |       | <b>5,423,997</b>                             | <b>6,199,074</b>   | <b>11,592,084</b>                           | <b>12,558,306</b> |

(i) Generated by changes in the fair value of investments in equity instruments and remeasurement of post-employment benefit obligations.

The accompanying Notes 1 to 35 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**at September 30, 2020 and December 31, 2019**

(Amounts stated in thousands of pesos, unless otherwise specified)

|  | Notes | September 30,<br>2020<br>(Unaudited) | December 31,<br>2019 |
|--|-------|--------------------------------------|----------------------|
| <b>ASSETS</b>  |       |                                      |                      |
| <b>Non-current assets</b>  |       |                                      |                      |
| Property, plant and equipment - Exploration, evaluation and development assets | 13    | 98,847,659                           | 96,127,079           |
| Right-of-use assets  | 14    | 1,590,599                            | 1,288,036            |
| Investments in entities accounted for using the equity method                  | 15    | 175,009                              | 137,964              |
| Investments in equity instruments at fair value                                | 16    | 1,151,656                            | 942,407              |
| Other receivables and prepayments  | 17    | 285,995                              | 486,226              |
| Income tax credit  |       | 77,519                               | 101,014              |
| Trade receivables  | 18    | 106,502                              | 251,683              |
| Other investments  | 20.a  | -                                    | 54,785               |
| <b>Total Non-current assets</b>  |       | <b>102,234,939</b>                   | <b>99,389,194</b>    |
| <b>Current assets</b>  |       |                                      |                      |
| Inventories  | 19    | 2,118,276                            | 1,607,093            |
| Other receivables and prepayments  | 17    | 16,102,123                           | 11,401,667           |
| Trade receivables  | 18    | 12,382,803                           | 7,982,515            |
| Other investments  | 20.a  | 702,336                              | 124,127              |
| Cash and cash equivalents  | 20.b  | 13,115,305                           | 2,000,326            |
| <b>Total Current assets</b>  |       | <b>44,420,843</b>                    | <b>23,115,728</b>    |
| <b>Total Assets</b>  |       | <b>146,655,782</b>                   | <b>122,504,922</b>   |
| <b>EQUITY AND LIABILITIES</b>  |       |                                      |                      |
| <b>Equity</b>  |       |                                      |                      |
| Share capital  | 22    | 4,436,448                            | 4,436,448            |
| Capital contributions  |       | 897,941                              | 897,941              |
| Reserve for future dividends   |       | 3,877,319                            | -                    |
| Special reserve  |       | 1,017,867                            | 1,017,867            |
| Legal reserve  |       | 430,559                              | 219,911              |
| Other reserves   |       | 26,619,851                           | 18,303,286           |
| Retained earnings  |       | 3,275,519                            | 4,212,967            |
| <b>Total Equity</b>  |       | <b>40,555,504</b>                    | <b>29,088,420</b>    |
| <b>Non-current liabilities</b>   |       |                                      |                      |
| Borrowings   | 23    | 43,707,746                           | 37,141,419           |
| Deferred tax liability   | 27    | 3,226,121                            | 1,436,883            |
| Right-of-use liabilities   | 14    | 1,069,622                            | 758,251              |
| Employee benefits programs   | 24    | 1,886,986                            | 1,501,110            |
| Provisions   | 25    | 3,636,264                            | 2,668,817            |
| <b>Total Non-current liabilities</b>   |       | <b>53,526,739</b>                    | <b>43,506,480</b>    |
| <b>Current liabilities</b>   |       |                                      |                      |
| Borrowings   | 23    | 45,776,638                           | 42,938,165           |
| Right-of-use liabilities   | 14    | 584,743                              | 576,063              |
| Employee benefits programs   | 24    | 85,470                               | 123,170              |
| Provisions   | 25    | 296,682                              | 286,224              |
| Derivative financial instruments   | 28    | 101,742                              | -                    |
| Trade and other payables   | 26    | 5,728,264                            | 5,986,400            |
| <b>Total Current liabilities</b>   |       | <b>52,573,539</b>                    | <b>49,910,022</b>    |
| <b>Total Liabilities</b>   |       | <b>106,100,278</b>                   | <b>93,416,502</b>    |
| <b>Total Equity and Liabilities</b>  |       | <b>146,655,782</b>                   | <b>122,504,922</b>   |

The accompanying Notes 1 to 35 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the nine-month periods ended on September 30, 2020 and September 30, 2019**

(Amounts stated in thousands of pesos, unless otherwise specified)

|  |  | Attributable to the Owners of the Parent Company |                       |                              |                      |               |                |                   |            |
|--|--|--|-----------------------|------------------------------|----------------------|---------------|----------------|-------------------|------------|
|  |  | Shareholders' contributions                      |                       | Accumulated profits (losses) |                      |               |                |                   |            |
|  |  | Share capital                                    | Reserved earnings     |                              |                      |               |                | Total             |            |
| Notes  |  | Subscribed capital (i)                           | Capital contributions | Reserve for future dividends | Special reserve (ii) | Legal reserve | Other reserves | Retained earnings |            |
| (Unaudited)  |  |  |                       |                              |                      |               |                |                   |            |
| Balances at December 31, 2019  |  | 4,436,448  | 897,941               | -                            | 1,017,867            | 219,911       | 18,303,286     | 4,212,967         | 29,088,420 |
| Profit for the period  |  | -  | -                     | -                            | -                    | -             | -              | 3,275,519         | 3,275,519  |
| Currency translation differences   |  | -  | -                     | -                            | -                    | -             | 8,320,350      | -                 | 8,320,350  |
| Changes in the fair value of investments in equity instruments   |  | 16   | -                     | -                            | -                    | -             | (32,429)       | -                 | (32,429)   |
| Remeasurement of post-employment benefit obligations   |  | -  | -                     | -                            | -                    | -             | 30,047         | -                 | 30,047     |
| Income tax related to components of other comprehensive income   |  | 27   | -                     | -                            | -                    | -             | (1,403)        | -                 | (1,403)    |
| Other comprehensive income for the period  |  | -  | -                     | -                            | -                    | -             | 8,316,565      | -                 | 8,316,565  |
| Total comprehensive income for the period  |  | -  | -                     | -                            | -                    | -             | 8,316,565      | 3,275,519         | 11,592,084 |
| Distribution of earnings according to the decision adopted during the Annual General Meeting of Shareholders held on April 28, 2020: |  |  |                       |                              |                      |               |                |                   |            |
| Reserve set-up   |  | -  | -                     | 3,877,319                    | -                    | 210,648       | -              | (4,087,967)       | -          |
| Cash dividends (i)   |  | -  | -                     | -                            | -                    | -             | -              | (125,000)         | (125,000)  |
| Balances at September 30, 2020   |  | 4,436,448  | 897,941               | 3,877,319                    | 1,017,867            | 430,559       | 26,619,851     | 3,275,519         | 40,555,504 |

(i) See Note 22.

(ii) It corresponds to CNV General Resolution No. 609/12 (See Note 31.iii).

The accompanying Notes 1 to 35 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the nine-month periods ended on September 30, 2020 and September 30, 2019 (Cont'd)**

(Amounts stated in thousands of pesos, unless otherwise specified)

| Attributable to the Owners of the Parent Company   |                        |                       |                              |               |                |             |                   |
|--|------------------------|-----------------------|------------------------------|---------------|----------------|-------------|-------------------|
| Shareholders' contributions  |                        |                       | Accumulated profits (losses) |               |                | Total       |                   |
| Notes  | Share capital          | Capital contributions | Reserved earnings            |               |                |             | Retained earnings |
|  | Subscribed capital (i) |                       | Special reserve (ii)         | Legal reserve | Other reserves |             |                   |
|  | (Unaudited)            |                       |                              |               |                |             |                   |
| <b>Balances at December 31, 2018</b>   |                        |                       |                              |               |                |             |                   |
|  | 4,436,448              | 897,941               | 1,017,867                    | -             | 7,421,212      | 1,959,151   | 15,732,619        |
| Profit for the period  | -                      | -                     | -                            | -             | -              | 2,810,852   | 2,810,852         |
| Currency translation differences   | -                      | -                     | -                            | -             | 9,844,761      | -           | 9,844,761         |
| Changes in the fair value of investments in equity instruments   | -                      | -                     | -                            | -             | (141,321)      | -           | (141,321)         |
| Remeasurement of post-employment benefit obligations   | -                      | -                     | -                            | -             | 16,285         | -           | 16,285            |
| Income tax related to components of other comprehensive income   | -                      | -                     | -                            | -             | 27,729         | -           | 27,729            |
| <b>Other comprehensive income for the period</b>   | -                      | -                     | -                            | -             | 9,747,454      | -           | 9,747,454         |
| <b>Total comprehensive income for the period</b>   | -                      | -                     | -                            | -             | 9,747,454      | 2,810,852   | 12,558,306        |
| Distribution of retained earnings according to the decision adopted during the Annual General Meeting of Shareholders held on March 14, 2019:  |                        |                       |                              |               |                |             |                   |
| Legal reserve  | -                      | -                     | -                            | 219,911       | -              | (219,911)   | -                 |
| Distribution of retained earnings according to the decision adopted during the Annual General Meeting of Shareholders held on August 30, 2019: |                        |                       |                              |               |                |             |                   |
| Cash dividends (i)   | -                      | -                     | -                            | -             | -              | (1,739,240) | (1,739,240)       |
| <b>Balances at September 30, 2019</b>  | 4,436,448              | 897,941               | 1,017,867                    | 219,911       | 17,168,666     | 2,810,852   | 26,551,685        |

(i) See Note 22.

(ii) It corresponds to CNV General Resolution No. 609/12 (See Note 31.iii).

The accompanying Notes 1 to 35 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**INTERIM CONDENSED CASH FLOW STATEMENT**

**for the nine-month periods ended on September 30, 2020 and September 30, 2019**

(Amounts stated in thousands of pesos, unless otherwise specified)

|  |             | Nine-month period ended on<br>September 30, |                     |
|--|-------------|---|---------------------|
|  | Notes       | 2020  | 2019                |
|  |             | (Unaudited)                                 |                     |
| <b>OPERATING ACTIVITIES</b>  |             |   |                     |
| Profit for the period  |             | 3,275,519                                   | 2,810,852           |
| Adjustments to profit for the period to reach operating cash flows           | 29          | 28,777,944                                  | 23,547,856          |
| Changes in working capital   | 29          | (10,282,298)                                | (9,438,851)         |
| Others, including currency translation differences                           |             | 4,181,459                                   | 5,878,765           |
| Payment of employee benefits programs  |             | (179,778)                                   | (18,272)            |
| Payment of income tax  |             | (20,049)                                    | (22,120)            |
| <b>Cash generated by operating activities</b>                                |             | <b>25,752,797</b>                           | <b>22,758,230</b>   |
| <b>INVESTING ACTIVITIES</b>  |             |   |                     |
| Investments in Property, plant and equipment                                 |             | (3,826,124)                                 | (19,681,869)        |
| Collection from the sale of Property, plant and equipment                    |             | 10,151                                      | 14,035              |
| Additions of investments in equity instruments at fair value                 | 16          | (801)                                       | -                   |
| Income from the sale of interest in associates                               |             | 18,387                                      | 16,859              |
| Collected dividends  | 11          | 9,088                                       | -                   |
| Increase in other investments  |             | (583,682)                                   | -                   |
| Investments in joint ventures  |             | -   | (36,799)            |
| <b>Cash used in investing activities</b>                                     |             | <b>(4,372,981)</b>                          | <b>(19,687,774)</b> |
| <b>FINANCING ACTIVITIES</b>  |             |   |                     |
| Proceeds from borrowings   | 23          | 1,256,955                                   | 3,662,399           |
| Issuance of negotiable obligations, net of issuance costs                    | 23          | 2,951,943                                   | -                   |
| Payment of borrowings  | 23          | (14,836,164)                                | (2,284,721)         |
| Repurchase of negotiable obligations   | 23          | (167,353)                                   | -                   |
| Paid dividends   | 22          | (125,000)                                   | -                   |
| Right-of-use liabilities payments  | 14          | (623,212)                                   | (540,394)           |
| <b>Cash (used in)/generated by financing activities</b>                      |             | <b>(11,542,831)</b>                         | <b>837,284</b>      |
| <b>Increase in Cash and cash equivalents</b>                                 |             | <b>9,836,985</b>                            | <b>3,907,740</b>    |
| <b>Changes in Cash and cash equivalents</b>                                  |             |   |                     |
| Cash and cash equivalents at the beginning of the period                     |             | 2,000,326                                   | 467,295             |
| Increase in Cash and cash equivalents  |             | 9,836,985                                   | 3,907,740           |
| Currency translation differences   |             | 1,277,994                                   | 918,281             |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>20.b</b> | <b>13,115,305</b>                           | <b>5,293,316</b>    |
| <b>At September 30,</b>  |             |   |                     |
|  |             | <b>2020</b>                                 | <b>2019</b>         |
|  |             | (Unaudited)                                 |                     |
| Cash and cash equivalents  |             | 13,115,305                                  | 5,293,316           |
| <b>Cash and cash equivalents at the end of the period</b>                    |             | <b>13,115,305</b>                           | <b>5,293,316</b>    |
| <b>Non-cash transactions</b>   |             |   |                     |
| Unpaid Investments in Property, plant and equipment at the end of the period |             | 1,280,301                                   | 2,811,837           |
| Contributions in kind in joint ventures                                      |             | -   | 93,439              |
| Unpaid dividends   |             | -   | 1,739,240           |

The accompanying Notes 1 to 35 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2019.



**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

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# **Tecpetrol Sociedad Anónima**

## **Interim Condensed Financial Statements at September 30, 2020**

### **Notes to Interim Condensed Financial Statements at September 30, 2020**

(Amounts stated in thousands of pesos, unless otherwise specified)

#### **1. General information**

Tecpetrol S.A. (hereinafter referred to as the "Company") was incorporated on June 5, 1981 and its main activity consists in the exploration and exploitation of oil and gas in Argentina. Its legal domicile is Pasaje Della Paolera 299/297, 16th floor, city of Buenos Aires, Argentina.

The Company has an important presence in Vaca Muerta area, 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 operates in conventional hydrocarbon areas in Neuquina and Noroeste - San Jorge basins through joint operations (see Note 34) and holds all exploitation rights over the area Los Bastos located in the province of Neuquén.

On August 21, 2018, the Company obtained an exploration (and potential exploitation) permission granting all rights and obligations over the area Gran Bajo Oriental located in the province of Santa Cruz, for an exploratory period of three years, which may be extended one year. Such permission also allows the possibility of accessing a second exploratory period of three years, which may be extended four years.

In May 2019 the Office of the Secretary of Energy, by means of Resolution No. 276/2019, granted an exploration permission over MLO-124 area (located in Malvinas marine basin approximately 100 kilometers away from the coast of Tierra del Fuego) to a consortium to which the Company is a party (10% participation). Activities that will be carried out during the four years of the first phase of the exploration period mainly consist of a 3D geophysical study and other potential geophysical studies. In October 2019, Resolution 645/2019 was published in the Official Gazette, by means of which the exploration permission was granted (see Note 34.b).

The Interim Condensed Financial Statements were approved for issuance by the members of the Board of Directors on November 9, 2020.

#### *Macroeconomic setting*

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 situation of the Company.

These Interim Condensed Financial Statements of the Company should be construed in light of these circumstances.

#### *Coronavirus and crisis of oil prices*

On March 11, the World Health Organization (WHO) declared coronavirus (COVID-19) a global pandemic. The COVID-19 outbreak is exerting an adverse impact upon global economy affecting, among others, oil prices, that fell by more than 50% towards the end of March. In the previous quarter, producers reached a production restriction agreement that, together with the gradual exit from the syndemic in Asian and European countries and its resulting increase in demand, have generated

# **Tecpetrol Sociedad Anónima**

## **Interim Condensed Financial Statements at September 30, 2020**

### **Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

#### **1. General information (Cont'd)**

##### *Coronavirus and crisis of oil prices (Cont'd)*

a recovery in oil prices that consolidated during the quarter. The scope and the duration of COVID-19 containment measures and the effects of the new outbreak in the world (including border closures, flight cancellations, isolation and lockdown) and their impact on global economy remain unknown.

The national Government implemented several measures intended to reduce population movement, and imposed a social, preventive and compulsory self-isolation order as from March 20. Such measure considers exceptions for businesses and people providing essential services or products, and remains in force to this date even though it has been eased. Although the energy industry is considered essential, the abovementioned situations have greatly affected the hydrocarbon demand, and its evolution in the short-term remains uncertain.

As regards the gas market, prices have shown a sustained drop in comparison to the prices recorded at the end of 2019. Also, agreements with distributors (originally maturing by March 31, 2020) have been extended until the end of December.

The management of the Company is closely monitoring the situation and adopting 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. Said measures include the postponement of investments, an additional reduction of costs and the adjustment of production levels to the market conditions.

As of the date of these Interim Condensed Financial Statements, 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 full extent of the syndemic, its impact on the country's economy and the effect on the Company's activities and its resulting profits or losses are still unknown and cannot be reasonably predicted. However, such situation is not expected to affect the continuity of the business. Given the financial soundness of the Company and its shareholders, all financial commitments are expected to be honored in the subsequent twelve months.

Besides, the Central Bank of Argentina (Banco Central de la República Argentina, BCRA) imposed greater exchange restrictions, affecting the value of foreign currency in existing alternative markets for certain exchange transactions which are restricted in the official market. According to such measures, which are intended to restrict access to the exchange market for the purposes of restraining the demand for U.S. dollars, prior approval from the BCRA is required in order to conduct specific transactions and refinance specific debts. Measures applicable to the Company mainly relate to the payment of principal from financial borrowings granted by non-residents and the payment of debt securities issued in Argentina and denominated in foreign currency (see Note 23). Additionally, the existing exchange rate regime sets forth that it is mandatory that all income obtained from goods and services exports (among others) be converted to local currency.

These exchange restrictions, and the ones that might be implemented in the future, could affect the Company's access to the Argentine foreign exchange market (Mercado Único y Libre de Cambios, MULC), and therefore, the acquisition of foreign currency to honor its financial obligations. Assets and liabilities in foreign currency at September 30, 2020 have been valued based on the MULC current quotations.

# **Tecpetrol Sociedad Anónima**

## **Interim Condensed Financial Statements at September 30, 2020**

### **Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

#### **1. General information (Cont'd)**

##### *Seasonality*

The demand for crude oil and gas intended for industrial use and compressed natural gas (CNG) stations does not significantly vary throughout the year; whereas gas demand for residential use and electricity generation is seasonal, thus experiencing substantial fluctuations in winter and summer seasons.

Gas sales prices for residential use are adjusted according to exchange rates fluctuations set forth by Enargas. In summer months, the oversupply of natural gas resulting from lower residential demand and the development of unconventional fields causes gas sales prices to be lower than prices reported in winter months. Crude oil sale prices do not vary due to seasonality.

Consequently, the operations of Tecpetrol S.A. might be subject to seasonal fluctuations in relation to both volume and sales prices.

#### **2. Basis for preparation**

The Interim Condensed Financial Statements of the Company were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), under a historical cost convention, modified by the revaluation of financial assets and liabilities at fair value.

The National Securities Commission for Argentina (hereinafter referred to as "CNV"), by means of General Resolution No. 622/13, has established the application of Technical Resolutions No. 26 and 29 issued by the Argentine Federation of Professional Councils in Economic Sciences (Federación Argentina de Consejos Profesionales de Ciencias Económicas, FACPCE) which adopt IFRS issued by the IASB, for entities included in the public offering regime under Law No. 17.811 and amendments, either due to their capital stock or negotiable obligations, or because they requested authorization to be included in such regime.

These Interim Condensed Financial Statements of Tecpetrol S.A for the nine-month period ended on September 30, 2020 were prepared in accordance with International Accounting Standard (IAS) 34 titled "Interim Financial Reporting".

These Interim Condensed Financial Statements were prepared pursuant to the same accounting policies applied in the preparation of the audited Financial Statements at December 31, 2019; thus, they must be read together.

All information corresponding to the nine-month period ended on September 30, 2019 is part of the Interim Condensed Financial Statements and is presented for comparative purposes only. If applicable, some figures from the financial statements at September 30, 2019 have been reclassified in order to present comparative information in respect of the current period.

Pursuant to the IFRS, the preparation of these Interim Condensed Financial Statements requires the management of the Company to make certain estimates that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the income and expense figures for the reported period. Actual profits or losses might differ from these estimates.

# **Tecpetrol Sociedad Anónima**

## **Interim Condensed Financial Statements at September 30, 2020**

### **Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

#### **2. Basis for preparation (Cont'd)**

Pursuant to Decree No. 297/2020 imposing a social, preventive and compulsory self-isolation measure, and modifying decrees extending such measure, people must stay home and refrain from commuting to the workplace and moving around in routes and public spaces. This lockdown intends to avoid people movement and COVID-19 spread. These Interim Condensed Financial Statements and the Interim Condensed Financial Statements at March 31, 2020 and June 30, 2020 have not yet been recorded in the Inventory and Balance Sheet Book. Also, accounting entries corresponding to the period covering from January to September of 2020 have not been recorded in the Journal. Such pending transcriptions in the corresponding books will take place as soon as the lockdown is lifted.

#### *Functional and presentation currencies*

Accounts included in the Interim Condensed Financial Statements are reported in the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is the United States Dollar ("USD"), since this is the currency which best reflects the economic substance of its transactions. Both sales and prices of main drilling costs are negotiated, agreed upon and settled either in USD or considering the exchange rate fluctuation with respect to said currency.

The presentation currency of these Interim Condensed Financial Statements is the Argentine peso ("ARS").

#### *Translation of Interim Condensed Financial Statements*

Interim Condensed Financial Statements prepared in the functional currency of the Company are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rate at the date of the Interim Condensed Financial Statements and profits and losses are translated at the average exchange rate for the period;
- (ii) all resulting exchange differences are recognized under other comprehensive income as currency translation differences.

#### **3. New accounting standards**

##### *(a) New standards, interpretations and amendments to published standards effective as from the current period*

For the period ended on September 30, 2020, there are no new standards, interpretations and amendments to published standards in force that must be disclosed and that are relevant to the Company.

##### *(b) New standards, interpretations and amendments to published standards not yet effective and not early adopted*

The Management assessed the importance of other new standards, interpretations and amendments not yet effective and concluded that they are not relevant for the Company.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**4. Segment information**

|  | Nine-month period ended on<br>September 30, 2020<br>(Unaudited) |  |            |                     |
|--|---|--|------------|---------------------|
|  | Neuquina<br>basin   | Noroeste -<br>San Jorge<br>basin and<br>others | Others (1) | Total<br>operations |
| Net sales - Managerial Vision                              | 48,656,231  | 3,922,437                                      | 17,216     | 52,595,884          |
| Effect of hydrocarbon inventory valuation                  | 181,715   | 99,376   | -          | 281,091             |
| <b>Net sales - IFRS</b>                                    |   |  |            | <b>52,876,975</b>   |
| Oil  | 4,694,543   | 3,131,704                                      | -          | 7,826,247           |
| Gas  | 43,977,278  | 875,716  | -          | 44,852,994          |
| Other services   | 166,141   | 14,408   | 17,185     | 197,734             |
| <b>Net sales - IFRS</b>                                    |   |  |            | <b>52,876,975</b>   |
| Operating profit (loss) - Managerial vision                | 16,756,093  | (3,307,326)                                    | (81,067)   | 13,367,700          |
| Adjustment of hydrocarbon inventory valuation              | 125,519   | 22,110   | -          | 147,629             |
| Depreciation and impairment differences                    | (28,476)  | 1,238,567                                      | 7,411      | 1,217,502           |
| Administrative expenses (2)                                |   |  |            | (2,223,117)         |
| <b>Operating profit - IFRS</b>                             |   |  |            | <b>12,509,714</b>   |
| Depreciation and impairment of PPE (3) - Managerial Vision | (19,249,722)  | (4,312,700)                                    | (150,135)  | (23,712,557)        |
| Depreciation and impairment differences                    | (28,476)  | 1,238,685                                      | 7,293      | 1,217,502           |
| <b>Depreciation and impairment of PPE - IFRS</b>           |   |  |            | <b>(22,495,055)</b> |
|  | Neuquina<br>basin   | Noroeste -<br>San Jorge<br>basin and<br>others | Others (1) | Total               |
| PPE - Managerial Vision                                    | 92,699,709  | 6,163,495                                      | 422,342    | 99,285,546          |
| Accumulated depreciation and impairment differences        |   |  |            | (437,887)           |
| <b>PPE - IFRS</b>  |   |  |            | <b>98,847,659</b>   |
| Investments in PPE   | 2,239,398   | 666,001  | 167,198    | 3,072,597           |
| <b>Investments in PPE</b>                                  |   |  |            | <b>3,072,597</b>    |

(1) It corresponds to other activities of the Company not included under the defined operating segments.

(2) It corresponds to expenses not allocated to operating profit (loss) of defined reportable segments.

(3) PPE: Property, plant and equipment.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**4. Segment information (Cont'd)**

|   | Nine-month period ended on<br>September 30, 2019<br>(Unaudited) |                                  |            |                                   |
|---|---|----------------------------------|------------|-----------------------------------|
|   | Neuquina<br>basin   | Noroeste -<br>San Jorge<br>basin | Others (1) | Total<br>continuing<br>operations |
| Net sales - Managerial Vision                       | 42,891,269  | 4,589,007                        | 7,527      | 47,487,803                        |
| Effect of hydrocarbon inventory valuation           | (187,737)   | 96,158                           | -          | (91,579)                          |
| Exploratory investments production                  | (13,251)  | -                                | -          | (13,251)                          |
| <b>Net sales - IFRS</b>                             |   |                                  |            | <b>47,382,973</b>                 |
| Oil   | 4,208,647   | 3,638,471                        | -          | 7,847,118                         |
| Gas   | 38,481,634  | 1,025,713                        | -          | 39,507,347                        |
| Other services                                      | -   | 20,981                           | 7,527      | 28,508                            |
| <b>Net sales - IFRS</b>                             |   |                                  |            | <b>47,382,973</b>                 |
| Operating profit - Managerial vision                | 16,186,530  | 1,147,350                        | 42,982     | 17,376,862                        |
| Adjustment of hydrocarbon inventory valuation       | (49,265)  | (83,520)                         | 1,592      | (131,193)                         |
| Depreciation of exploratory investments             | 13,251  | -                                | -          | 13,251                            |
| Depreciation differences                            | (98,651)  | 11,180                           | -          | (87,471)                          |
| Administrative expenses (2)                         |   |                                  |            | (1,682,388)                       |
| <b>Operating profit - IFRS</b>                      |   |                                  |            | <b>15,489,061</b>                 |
| Depreciation of PPE (3) - Managerial Vision         | (16,117,145)  | (691,335)                        | (115,341)  | (16,923,821)                      |
| Depreciation differences                            | (36,014)  | (83,520)                         | 1,592      | (117,942)                         |
| <b>Depreciation of PPE - IFRS</b>                   |   |                                  |            | <b>(17,041,763)</b>               |
|   | Neuquina<br>basin   | Noroeste -<br>San Jorge<br>basin | Others (1) | Total                             |
| PPE - Managerial Vision                             | 88,716,070  | 8,382,512                        | 420,901    | 97,519,483                        |
| Accumulated depreciation and impairment differences |   |                                  |            | (886,360)                         |
| <b>PPE - IFRS</b>                                   |   |                                  |            | <b>96,633,123</b>                 |
| Investments in PPE                                  | 16,316,635  | 993,819                          | 42,530     | 17,352,984                        |
| <b>Investments in PPE</b>                           |   |                                  |            | <b>17,352,984</b>                 |

(1) It corresponds to other activities of the Company not included under the defined operating segments.

(2) It corresponds to expenses not allocated to operating profit (loss) of defined reportable segments.

(3) PPE: Property, plant and equipment.

Depreciation and impairment differences mainly arise from the difference in acquisition costs resulting from the Property, plant and equipment valuation criteria adopted upon transition to IFRS; and from the different criteria of depreciation of seismic exploration, which is depreciated, under Managerial Vision, according to the straight line method in a four-year period; and, under IFRS, pursuant to the depletion method.

At September 30, 2020, net sales arose from the USA (9.92%), France (3.1%) and the remaining percentage from Argentina; whereas at September 30, 2019 net sales came from the USA (3.8%), the United Arab Emirates (3.8%) and the remaining percentage from Argentina. The designation of net sales is based upon customer location.

At September 30, 2020, the customer representing or surpassing 10% of the revenue from regular activities of the Company, regardless of the incentives to investments granted in Argentina through Resolution No. 46E/2017 and amendments, was CAMMESA (21%); whereas at September 30, 2019, no customer represented or surpassed such percentage.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**5. Net sales**

|                | <b>Nine-month period ended on<br/>September 30,</b> |                   |
|----------------|---|-------------------|
|                | <b>2020</b>   | <b>2019</b>       |
|                | <b>(Unaudited)</b>                                  |                   |
| Gas (i)        | 44,852,994  | 39,507,347        |
| Oil            | 7,826,247   | 7,847,118         |
| Other services | 197,734   | 28,508            |
|                | <b>52,876,975</b>                                   | <b>47,382,973</b> |

(i) It includes \$21,355,273 and \$11,951,071 due to incentives to investments in natural gas production developments from unconventional reservoirs, granted under Resolution 46E/2017 as amended, for the nine-month period ended on September 30, 2020 and September 30, 2019, respectively. See Note 32.

**6. Operating costs**

|   | <b>Nine-month period ended on<br/>September 30,</b> |                   |
|---|---|-------------------|
|   | <b>2020</b>   | <b>2019</b>       |
|   | <b>(Unaudited)</b>                                  |                   |
| Inventories at the beginning of the period            | 1,607,093   | 847,572           |
| Purchases, uses and production costs                  | 33,390,705  | 28,284,331        |
| Inventories at the end of the period                  | (2,118,276)   | (1,363,987)       |
| Currency translation differences                      | 472,908   | 372,245           |
| <b>Costs of sales</b>                                 | <b>33,352,430</b>                                   | <b>28,140,161</b> |
| Labor costs   | 1,673,481   | 1,338,517         |
| Fees and services                                     | 334,105   | 336,341           |
| Maintenance operations and wells service costs        | 2,907,161   | 3,546,681         |
| Depreciation of Property, plant and equipment         | 20,191,832  | 16,957,184        |
| Impairment of Property, plant and equipment (Note 13) | 2,160,381   | -                 |
| Depreciation of right-of-use assets                   | 427,866   | 255,679           |
| Treatment and storage                                 | 171,966   | 181,736           |
| Royalties and other taxes (ii)                        | 3,911,239   | 4,507,987         |
| Other production costs                                | 1,187,026   | 784,991           |
| Stock uses and purchases                              | 425,648   | 375,215           |
| <b>Purchases, uses and production costs</b>           | <b>33,390,705</b>                                   | <b>28,284,331</b> |

(ii) Royalties are paid for the production of crude oil and natural gas ranging from 12% to 17% of said production, valued on the basis of the prices actually obtained in the commercialization of hydrocarbons of the area, less deductions provided for in the legislation for the treatment of the product to make it fit for delivery to third parties.



**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**7. Selling expenses**

|                                 | Nine-month period ended on<br>September 30, |                  |
|---------------------------------|---|------------------|
|                                 | 2020  | 2019             |
|                                 | (Unaudited)                                 |                  |
| Taxes                           | 855,225                                     | 993,751          |
| Storage and transport           | 657,939                                     | 839,222          |
| Allowance for doubtful accounts | 1,635,408                                   | 283,106          |
| Others                          | 16,655                                      | 16,891           |
|                                 | <b>3,165,227</b>                            | <b>2,132,970</b> |

**8. Administrative expenses**

|   | Nine-month period ended on<br>September 30, |                  |
|---|---|------------------|
|   | 2020  | 2019             |
|   | (Unaudited)                                 |                  |
| Labor costs                                   | 1,474,061                                   | 1,182,900        |
| Fees and services                             | 324,595                                     | 233,474          |
| Depreciation of Property, plant and equipment | 142,842                                     | 84,579           |
| Depreciation of right-of-use assets           | 60,241                                      | 37,698           |
| Taxes   | 496,358                                     | 543,866          |
| Office expenses                               | 298,517                                     | 230,499          |
| Reimbursement of expenses (i)                 | (430,655)                                   | (546,049)        |
|   | <b>2,365,959</b>                            | <b>1,766,967</b> |

(i) These are not liable to association or proration in connection with each line involved in the costs and/or expenses notes, but rather in connection with the tasks which constitute the function of the operator.

**9. Labor costs (included in Operating costs and Administrative expenses)**

|                                      | Nine-month period ended on<br>September 30, |                  |
|--------------------------------------|---|------------------|
|                                      | 2020  | 2019             |
|                                      | (Unaudited)                                 |                  |
| Salaries, wages and other costs      | 2,511,197                                   | 1,965,757        |
| Social security costs                | 457,661                                     | 356,969          |
| Employee benefits programs (Note 24) | 178,684                                     | 198,691          |
|                                      | <b>3,147,542</b>                            | <b>2,521,417</b> |

**10. Other operating profit (loss), net**

|   | Nine-month period ended on<br>September 30, |                 |
|---|---|-----------------|
|   | 2020  | 2019            |
|   | (Unaudited)                                 |                 |
| <i>Other operating income</i>                             |   |                 |
| Profit from the sale of Property, plant and equipment     | 2,604                                       | 8,059           |
| Recovery of provisions for legal claims and contingencies | 22,697                                      | 147,630         |
| Reimbursements and compensations                          | 183,904                                     | 10,286          |
| Income from other sales                                   | 1,904                                       | 8,751           |
| Others  | 22,571                                      | 14,326          |
|   | <b>233,680</b>                              | <b>189,052</b>  |
| <i>Other operating expenses</i>                           |   |                 |
| Provision for legal claims and contingencies              | (2,142)                                     | (2,705)         |
| Others  | (15,691)                                    | (14,950)        |
|   | <b>(17,833)</b>                             | <b>(17,655)</b> |

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**11. Net financial profit (loss)**

|  | <b>Nine-month period ended on<br/>September 30,</b> |                    |
|--|---|--------------------|
|  | <b>2020</b>   | <b>2019</b>        |
|  | <b>(Unaudited)</b>                                  |                    |
| Dividend income  | 9,088   | -                  |
| Interest income  | 843,121   | 265,544            |
| <b>Financial income</b>                                      | <b>852,209</b>                                      | <b>265,544</b>     |
| Interest cost  | (3,769,911)   | (2,839,782)        |
| <b>Financial costs</b>                                       | <b>(3,769,911)</b>                                  | <b>(2,839,782)</b> |
| Net loss from exchange differences                           | (4,828,969)   | (5,899,839)        |
| Changes in the fair value of derivative instruments - (Loss) | (129,689)   | -                  |
| Other net financial loss                                     | (89,794)  | (22,321)           |
| <b>Other net financial loss</b>                              | <b>(5,048,452)</b>                                  | <b>(5,922,160)</b> |
| <b>Net financial loss</b>                                    | <b>(7,966,154)</b>                                  | <b>(8,496,398)</b> |

**12. Income tax**

|                                      | <b>Nine-month period ended on<br/>September 30,</b> |                  |
|--------------------------------------|---|------------------|
|                                      | <b>2020</b>   | <b>2019</b>      |
|                                      | <b>(Unaudited)</b>                                  |                  |
| Deferred income tax - Loss (Note 27) | 1,268,742   | 4,137,358        |
|                                      | <b>1,268,742</b>                                    | <b>4,137,358</b> |

Title 6 of Law No. 20.628 on Income Tax, as amended by Laws No. 27.468 and No. 27.541 published on December 4, 2018 and December 23, 2019, respectively, was considered for the assessment of income tax for the period, considering that, at the closing date of the current period, there was a Consumer Price Index accumulated variation exceeding the 15% expected for the third year of implementation.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**13. Property, plant and equipment - Exploration, evaluation and development assets**

|                                  | Nine-month period ended on September 30, |                         |                              |                            |                       |                  |                   |                   |
|----------------------------------|--|-------------------------|------------------------------|----------------------------|-----------------------|------------------|-------------------|-------------------|
|                                  | 2020                                     |                         |                              |                            |                       |                  | 2019              |                   |
|                                  | Development and production assets        | Machinery and equipment | Asset retirement obligations | Exploration and evaluation | Works in progress (i) | Others           | Total             | Total             |
| <u>Cost</u>                      |  |                         |                              |                            |                       |                  | (Unaudited)       |                   |
| At the beginning of the period   | 125,910,362                              | 54,983,136              | 1,177,261                    | 7,025,154                  | 15,493,840            | 4,292,008        | 208,881,761       | 115,333,634       |
| Currency translation differences | 34,435,471                               | 16,350,985              | 320,213                      | 1,738,145                  | 3,286,699             | 1,243,621        | 57,375,134        | 66,714,778        |
| Additions                        | 139                                      | -                       | -                            | -                          | 2,729,636             | 267,699          | 2,997,474         | 17,138,312        |
| Right-of-use assets transfers    | -  | -                       | -                            | -                          | 75,123                | -                | 75,123            | 231,992           |
| Transfers                        | 987,721                                  | 7,180,019               | -                            | 88,594                     | (8,454,078)           | 197,744          | -                 | -                 |
| Write-offs                       | -  | -                       | -                            | (1,538,606) (ii)           | (155,612)             | (20,803)         | (1,715,021)       | (72,469)          |
| At the end of the period         | 161,333,693                              | 78,514,140              | 1,497,474                    | 7,313,287                  | 12,975,608            | 5,980,269        | 267,614,471       | 199,346,247       |
| <u>Depreciation</u>              |  |                         |                              |                            |                       |                  |                   |                   |
| At the beginning of the period   | 81,389,502                               | 28,767,131              | 1,142,819                    | -                          | -                     | 1,455,230        | 112,754,682       | 52,845,741        |
| Currency translation differences | 23,845,974                               | 8,944,906               | 312,230                      | -                          | -                     | 427,221          | 33,530,331        | 32,856,451        |
| Depreciation for the period      | 11,486,414                               | 8,567,536               | 11,031                       | -                          | -                     | 269,693          | 20,334,674        | 17,041,763        |
| Impairment for the period        | 1,852,803                                | 307,578                 | -                            | -                          | -                     | -                | 2,160,381         | -                 |
| Write-offs                       | -  | -                       | -                            | -                          | -                     | (13,256)         | (13,256)          | (30,831)          |
| At the end of the period         | 118,574,693                              | 46,587,151              | 1,466,080                    | -                          | -                     | 2,138,888        | 168,766,812       | 102,713,124       |
| <b>Residual value</b>            | <b>42,759,000</b>                        | <b>31,926,989</b>       | <b>31,394</b>                | <b>7,313,287</b>           | <b>12,975,608</b>     | <b>3,841,381</b> | <b>98,847,659</b> | <b>96,633,123</b> |

(i) It includes \$317,637 from Works in progress related to exploration and evaluation investments at September 30, 2020.

(ii) It corresponds to the write-off of unsuccessful exploratory wells in Loma Ranqueles. Such write-offs were included under Exploration costs in the Interim Condensed Income Statement at September 30, 2020.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**13. Property, plant and equipment. Exploration, evaluation and development assets (Cont'd)**

**Impairment of long-term assets**

The Company analyses *Property, plant and equipment - Exploration, evaluation and development assets* for impairment periodically or whenever events or changes in the circumstances indicate a potential evidence of impairment.

The recoverable value of each CGU (considering a CGU as each area in which Tecpetrol S.A has interest) is estimated as the higher of an asset's fair value less direct costs of disposal and value in use. The value in use is calculated based on the discounted cash flows, applying a discount rate based on the weighted average cost of capital (WACC), which considers the risks of the country where the CGU operates and its specific characteristics.

The determination of the discounted cash flows is based on projections approved by the Management and includes a set of sensitive estimates and assumptions, such as changes in hydrocarbons production levels, sales prices, the evolution of the curve of future hydrocarbon prices, inflation, exchange rates, costs and other cash expenditures, on the basis of the best estimate the Company foresees regarding its operations and available market information.

Cash flows derived from the different CGUs are usually projected for a period that covers the existence of commercially exploitable reserves and is limited to the existence of reserves for the term of the concession or contract.

As a result of the situation described in note 1, in the second quarter of 2020, Tecpetrol recognized impairment charges in production and development assets in El Tordillo and La Tapera - Puesto Quiroga and Aguaragüe areas (Noroeste – San Jorge basin segment) for \$1,661.9 million and \$498.5 million, respectively.

Some of the most relevant hypotheses considered by the Management are post-tax discount rates, which are estimated at 13.4%, and future prices for the next 5 years of gas (with prices ranging from USD 2.2 to USD 3.9 per million BTU) and oil (with Brent prices ranging from USD 42 to USD 48 per barrel).

The recoverable value of El Tordillo and La Tapera - Puesto Quiroga CGU at June 30, 2020 reached \$4,392.6 million and was estimated based on its value in use. A variation of 100 basis points in the discount rate would have generated an increase/(decrease) in the recoverable value of 5%, and a variation of USD 1 per barrel in the projections of crude oil prices would have generated an increase/(decrease) in the recoverable value of 2%.

The recoverable value of Aguaragüe CGU at June 30, 2020 reached \$738.3 million and was estimated based on its value in use. A variation of 100 basis points in the discount rate would have generated an increase/(decrease) in the recoverable value of 3%, and a variation of USD 0.1 per million BTU in the projections of gas prices would have generated an increase/(decrease) in the recoverable value of 3%.

Impairment charges are included under Operating costs in the Interim Condensed Income Statement at September 30, 2020.

No impairment charges were recognized for the nine-month period ended on September 30, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**14. Right-of-use assets and liabilities**

There follows the evolution of right-of-use assets and liabilities in the Interim Condensed Statement of Financial Position at September 30, 2020 and September 30, 2019:

*Right-of-use assets*

|  | Nine-month period ended on September 30, |                 |          |          |           |           |
|--|--|-----------------|----------|----------|-----------|-----------|
|  | 2020                                     |                 |          |          |           | 2019      |
|  | Drilling equipment                       | Other equipment | Offices  | Others   | Total     | Total     |
|  | (Unaudited)                              |                 |          |          |           |           |
| At the beginning of the period             | 240,541                                  | 556,896         | 397,135  | 93,464   | 1,288,036 | 1,562,417 |
| Currency translation differences           | 29,786                                   | 210,136         | 103,780  | 13,486   | 357,188   | 586,562   |
| Additions/(Write-offs), net                | (53,512)                                 | 546,433         | 8,529    | 7,155    | 508,605   | (251,735) |
| Transfers to Property, plant and equipment | (51,480)                                 | -               | -        | (23,643) | (75,123)  | (231,992) |
| Depreciation for the period                | (94,388)                                 | (265,396)       | (63,745) | (64,578) | (488,107) | (293,377) |
| At the end of the period                   | 70,947                                   | 1,048,069       | 445,699  | 25,884   | 1,590,599 | 1,371,875 |

*Right-of-use liabilities*

|                                      | Nine-month period ended on September 30, |                  |
|--------------------------------------|--|------------------|
|                                      | 2020                                     | 2019             |
|                                      | (Unaudited)                              |                  |
| At the beginning of the period       | 1,334,314                                | 1,562,417        |
| Exchange and translation differences | 360,834                                  | 545,308          |
| Additions/(Write-offs), net          | 508,605                                  | (251,735)        |
| Accrued interest (i)                 | 73,824                                   | 67,551           |
| Payments                             | (623,212)                                | (540,394)        |
| <b>At the end of the period</b>      | <b>1,654,365</b>                         | <b>1,383,147</b> |

|             | September 30, 2020 | December 31, 2019 |
|-------------|--------------------|-------------------|
|             | (Unaudited)        |                   |
| Non-current | 1,069,622          | 758,251           |
| Current     | 584,743            | 576,063           |
|             | <b>1,654,365</b>   | <b>1,334,314</b>  |

- (i) Included under Financial costs in the Interim Condensed Income Statement at September 30, 2020 and September 30, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**15. Investments in entities accounted for using the equity method**

The evolution of investments in joint ventures is disclosed below:

|  | <b>Nine-month period ended on<br/>September 30,</b> |                |
|--|---|----------------|
|  | <b>2020</b>   | <b>2019</b>    |
|  | <b>(Unaudited)</b>                                  |                |
| At the beginning of the period   | 137,964   | -              |
| Reclassifications from other non-current liabilities                             | -   | (2,051)        |
| Currency translation differences   | 36,344  | 36,017         |
| Profit (loss) from investments in entities accounted for using the equity method | 701   | (44,453)       |
| Contributions  | -   | 130,238        |
| <b>At the end of the period</b>  | <b>175,009</b>                                      | <b>119,751</b> |

On January 24, 2018, Tecpetrol S.A and YPF S.A. set up the company "Oleoducto Loma Campana - Lago Pellegrini S.A.", whose objective is the construction and exploitation of an oil pipe for the transportation of crude oil production of partners and third parties, with entrance located at the crude oil treatment plant in Loma Campana area (province of Neuquén) and exit in the facilities of Oleoductos del Valle S.A. (province of Río Negro). Tecpetrol S.A. owns 15% of the capital of such company, and YPF S.A., the remaining 85%. However, they exercise joint control over Oleoducto Loma Campana - Lago Pellegrini S.A., since they appoint the same number of Directors and all decisions about relevant matters must be adopted unanimously, pursuant to the Shareholders' Agreement.

On January 31, 2019, by means of Resolution No. 18/2019, the Office of the Secretary of Energy granted YPF S.A. and Tecpetrol S.A, with a shareholding percentage of 85% and 15%, respectively, the concession of crude oil transportation for Oleoducto Loma Campana – Lago Pellegrini until August 2052. Operation and maintenance shall be in charge of Oleoductos del Valle S.A.

The oil pipe came into operation in June 2019, allowing for the transfer of the liquid production from Fortín de Piedra and other fields from Vaca Muerta to the facilities of Oleoductos del Valle.

Regarding the financing of the project, the shareholders agreed that 70% of such funds would come from a loan granted by the National Social Security Administration (Administración Nacional de la Seguridad Social, ANSES), acting as legal administrator of the Pension Fund of the Argentine Integrated Pension System (Fondo de Garantía de Sustentabilidad del Sistema Integrado Previsional Argentino, FGS-ANSES); and the remaining 30% would come from shareholders' contributions in proportion to their interest.

As a condition precedent to the first payment for up to an amount of USD 63 million under the loan for consumption entered into by Oleoducto Loma Campana – Lago Pellegrini S.A and the FGS-ANSES, in May 2019 YPF S.A. and the Company granted a first-ranking pledge over all shares of Oleoducto Loma Campana – Lago Pellegrini S.A., in favor of FGS-ANSES.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**15. Investments in entities accounted for using the equity method (Cont'd)**

There follows a detail of investments in joint ventures:

| Company  | Main line of business   | Common<br>shares at Sep-<br>20 (1 vote) | Country   | Interest % |        | September 30,<br>2020<br>(Unaudited) | December 31,<br>2019 | Date       | Latest financial information |                          |           |
|--|---|---|-----------|------------|--------|--------------------------------------|----------------------|------------|------------------------------|--------------------------|-----------|
|  |   |   |           | Sep-20     | Dec-19 |                                      |                      |            | Share<br>capital             | Profit for<br>the period | Equity    |
| Oleoducto Loma Campana -<br>Lago Pellegrini S.A. | Construction and<br>exploitation of an oil<br>pipe in Argentina | 130,259,852                             | Argentina | 15%        | 15%    | 175,009                              | 137,964              | 09.30.2020 | 868,399                      | 4,673                    | 1,166,727 |
| <b>Total</b>                                     |   |   |           |            |        | <b>175,009</b>                       | <b>137,964</b>       |            |                              |                          |           |

**Tecpetrol Sociedad Anónima**  
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**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**16. Investments in equity instruments at fair value**

|                        | September 30,<br>2020 | December 31,<br>2019 |
|------------------------|-----------------------|----------------------|
|                        | (Unaudited)           |                      |
| Non-quoted investments | 1,151,656             | 942,407              |

There follows the evolution of investments in equity instruments at fair value:

|                                  | Nine-month period ended on<br>September 30,<br>2020 | 2019           |
|----------------------------------|---|----------------|
|                                  | (Unaudited)   |                |
| At the beginning of the period   | 942,407   | 679,904        |
| Currency translation differences | 240,877   | 332,014        |
| Additions (i)                    | 801   | -              |
| Changes in the fair value        | (32,429)  | (141,321)      |
| <b>At the end of the period</b>  | <b>1,151,656</b>                                    | <b>870,597</b> |

There follows a detail of the main investments in equity instruments at fair value:

| Company                               | Country   | Interest % |        | September 30,<br>2020<br>(Unaudited) | December 31,<br>2019 |
|---------------------------------------|-----------|------------|--------|--------------------------------------|----------------------|
|                                       |           | Sep-20     | Dec-19 |                                      |                      |
| Tecpetrol del Perú S.A.C.             | Peru      | 2.00       | 2.00   | 743,150                              | 559,411              |
| Tecpetrol Bloque 56 S.A.C.            | Peru      | 2.00       | 2.00   | 174,197                              | 149,456              |
| Oleoductos del Valle S.A.             | Argentina | 2.10       | 2.10   | 135,542                              | 152,811              |
| Terminales Marítimas Patagónicas S.A. | Argentina | 4.20       | 4.20   | 57,232                               | 44,994               |
| Tecpe Trading S.A. (i)                | Argentina | 4.00       | -      | 993                                  | -                    |
| Tecpetrol Operaciones S.A. de C.V.    | Mexico    | 0.9482     | 0.9482 | 27,349                               | 21,233               |
| Norpower S.A de C.V.                  | Mexico    | 0.60       | 0.60   | 4,420                                | 4,963                |
| Other investments (ii)                |           |            |        | 8,773                                | 9,539                |
| <b>Total</b>                          |           |            |        | <b>1,151,656</b>                     | <b>942,407</b>       |

(i) In February 2020, Tecpetrol S.A and its Parent Company, Tecpetrol Internacional S.L.U., approved the constitution of Tecpe Trading S.A., whose main objective is the commercialization of hydrocarbons and electric power, among others. The Company holds a 4% interest upon the capital share of Tecpe Trading S.A.

(ii) In June 2020, the Company sold its shareholding in Pardaliservices S.A. at USD 6, which represented a 0.0000054% interest in such company.

The fair value of investments in equity instruments is estimated on the basis of discounted cash flows, which includes a set of sensitive estimates and assumptions, such as changes in hydrocarbons production levels, sale price, curve of future prices of oil, inflation, exchange rates, collection of dividends, costs and other cash expenditures, on the basis of the best estimate the Company foresees regarding the evolution of its investments and available market information.



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**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**17. Other receivables and prepayments**

|  | September 30,<br>2020<br>(Unaudited) | December 31,<br>2019 |
|--|--------------------------------------|----------------------|
| <b>Non-current</b>                               |                                      |                      |
| Receivables                                      | 29,362                               | 84,553               |
| Expenses paid in advance                         | 212,316                              | 382,546              |
| Employees loans and advances                     | 51,155                               | 42,723               |
|  | <b>292,833</b>                       | <b>509,822</b>       |
| Allowance for doubtful accounts                  | (6,838)                              | (23,596)             |
|  | <b>285,995</b>                       | <b>486,226</b>       |
| <b>Current</b>                                   |                                      |                      |
| Receivables (i)                                  | 16,413,381                           | 8,676,782            |
| Tax credits                                      | 766,365                              | 2,507,943            |
| Expenses paid in advance                         | 63,612                               | 69,005               |
| Employees loans and advances                     | 226,652                              | 33,965               |
| Other receivables from related parties (Note 33) | 283,249                              | 148,447              |
|  | <b>17,753,259</b>                    | <b>11,436,142</b>    |
| Allowance for doubtful accounts                  | (1,651,136)                          | (34,475)             |
|  | <b>16,102,123</b>                    | <b>11,401,667</b>    |

(i) It includes \$15,991,943 and \$8,501,244 due to incentives to investments in natural gas production developments from unconventional reservoirs, granted under Resolution 46E/2017 as amended, at September 30, 2020 and December 31, 2019, respectively (see Note 32).

There follows the evolution of the allowance for doubtful accounts:

|  | Nine-month period ended on<br>September 30,<br>2020<br>(Unaudited) | 2019            |
|--|--|-----------------|
| Balance at the beginning of the period | (58,071)   | (72,825)        |
| Exchange and translation differences   | (24,784)   | (8,566)         |
| Net additions                          | (1,575,119)  | (40,787)        |
| Reclassifications                      | -  | 67,087          |
| Balance at the end of the period       | <b>(1,657,974)</b>   | <b>(55,091)</b> |

**18. Trade receivables**

|  | September 30,<br>2020<br>(Unaudited) | December 31,<br>2019 |
|--|--------------------------------------|----------------------|
| <b>Non-current</b>                               |                                      |                      |
| Trade receivables                                | 138,820                              | 473,159              |
|  | <b>138,820</b>                       | <b>473,159</b>       |
| Allowance for doubtful accounts                  | (32,318)                             | (221,476)            |
|  | <b>106,502</b>                       | <b>251,683</b>       |
| <b>Current</b>                                   |                                      |                      |
| Trade receivables                                | 12,802,993                           | 8,278,264            |
| Trade receivables from related parties (Note 33) | 334,064                              | 139,340              |
|  | <b>13,137,057</b>                    | <b>8,417,604</b>     |
| Allowance for doubtful accounts                  | (754,254)                            | (435,089)            |
|  | <b>12,382,803</b>                    | <b>7,982,515</b>     |

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**18. Trade receivables (Cont'd)**

The evolution of the allowance for doubtful accounts is disclosed below:

|  | <b>Nine-month period ended on<br/>September 30,</b> |                  |
|--|---|------------------|
|  | <b>2020</b>   | <b>2019</b>      |
|  | <b>(Unaudited)</b>                                  |                  |
| Balance at the beginning of the period | (656,565)   | (327,945)        |
| Exchange and translation differences   | (75,274)  | (128,939)        |
| Net additions                          | (54,733)  | (242,319)        |
| Reclassifications                      | -   | (67,087)         |
| Balance at the end of the period       | <b>(786,572)</b>                                    | <b>(766,290)</b> |

**19. Inventories**

|                           | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---------------------------|-------------------------------|------------------------------|
|                           | <b>(Unaudited)</b>            |                              |
| Hydrocarbons              | 113,915                       | 261,253                      |
| Materials and spare parts | 2,004,361                     | 1,345,840                    |
|                           | <b>2,118,276</b>              | <b>1,607,093</b>             |

**20. Other investments and Cash and cash equivalents**

*(a) Other investments*

|                    | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|--------------------|-------------------------------|------------------------------|
| <b>Non-current</b> | <b>(Unaudited)</b>            |                              |
| Bonds (i)          | -                             | 54,785                       |
|                    | -                             | <b>54,785</b>                |
| <b>Current</b>     |                               |                              |
| Bonds (i)          | 702,336                       | 124,127                      |
|                    | <b>702,336</b>                | <b>124,127</b>               |

(i) It includes \$119 million and \$124 million at September 30, 2020 and December 31, 2019, respectively, from public debt securities obtained through Resolution No. 54/2019 issued by the Office of the Secretary of Energy which set forth a new procedure for the payment of compensations under the Program of Incentives for Natural Gas Injection Surplus for companies with a Reduced Injection. In November 2019, the Company agreed to such payment procedure and received zero-coupon bonds for USD 5.2 million which amortize in 30 monthly installments as from February 2019. At September 30, 2020, 21 installments were collected.

*(b) Cash and cash equivalents*

|  | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|--|-------------------------------|------------------------------|
|  | <b>(Unaudited)</b>            |                              |
| Cash and banks                                     | 17,001                        | 506,161                      |
| Short-term deposits                                | 13,092,791                    | 257,115                      |
| Short-term deposits with related parties (Note 33) | 5,513                         | 1,237,050                    |
|  | <b>13,115,305</b>             | <b>2,000,326</b>             |

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**21. Financial instruments**

**21.1 Liquidity risk**

At September 30, 2020, Tecpetrol had a negative working capital of \$8,152.7 million (\$26,794.3 million at December 31, 2019) which was generated mainly by loans with related companies. This situation is constantly monitored by the members of the Board and the Management. The Company has different alternatives that will allow it to adequately honor all commitments assumed.

**21.2 Financial instruments by category**

Financial instruments by category are disclosed below:

|   | At fair value<br>through profit or<br>loss | At amortized cost | At fair value<br>through other<br>comprehensive<br>income | Total             |
|---|--|-------------------|---|-------------------|
| <b>At September 30, 2020</b>                    |  |                   |   |                   |
| <b>Assets</b>                                   |  |                   |   |                   |
| <b>(Unaudited)</b>                              |  |                   |   |                   |
| Investments in equity instruments at fair value | -  | -                 | 1,151,656   | 1,151,656         |
| Other receivables                               | -  | 15,070,368        | -   | 15,070,368        |
| Trade receivables                               | -  | 12,489,305        | -   | 12,489,305        |
| Other investments                               | -  | 702,336           | -   | 702,336           |
| Cash and cash equivalents                       | 6,156,564                                  | 6,958,741         | -   | 13,115,305        |
| <b>Total</b>                                    | <b>6,156,564</b>                           | <b>35,220,750</b> | <b>1,151,656</b>  | <b>42,528,970</b> |

|                                  | At fair value<br>through profit or<br>loss | Amortized cost    | Total             |
|----------------------------------|--|-------------------|-------------------|
| <b>At September 30, 2020</b>     |  |                   |                   |
| <b>Liabilities</b>               |  |                   |                   |
| <b>(Unaudited)</b>               |  |                   |                   |
| Borrowings                       | -  | 89,484,384        | 89,484,384        |
| Right-of-use liabilities         | -  | 1,654,365         | 1,654,365         |
| Derivative financial instruments | 101,742                                    | -                 | 101,742           |
| Trade and other payables         | -  | 3,951,947         | 3,951,947         |
| <b>Total</b>                     | <b>101,742</b>                             | <b>95,090,696</b> | <b>95,192,438</b> |

|   | At fair value<br>through profit or<br>loss | At amortized cost | At fair value<br>through other<br>comprehensive<br>income | Total             |
|---|--|-------------------|---|-------------------|
| <b>At December 31, 2019</b>                     |  |                   |   |                   |
| <b>Assets</b>                                   |  |                   |   |                   |
| Investments in equity instruments at fair value | -  | -                 | 942,407   | 942,407           |
| Other receivables                               | -  | 8,859,561         | -   | 8,859,561         |
| Trade receivables                               | -  | 8,234,198         | -   | 8,234,198         |
| Other investments                               | -  | 178,912           | -   | 178,912           |
| Cash and cash equivalents                       | 257,115                                    | 1,743,211         | -   | 2,000,326         |
| <b>Total</b>                                    | <b>257,115</b>                             | <b>19,015,882</b> | <b>942,407</b>  | <b>20,215,404</b> |

|                             | Amortized<br>cost | Total             |
|-----------------------------|-------------------|-------------------|
| <b>At December 31, 2019</b> |                   |                   |
| <b>Liabilities</b>          |                   |                   |
| Borrowings                  | 80,079,584        | 80,079,584        |
| Right-of-use liabilities    | 1,334,314         | 1,334,314         |
| Trade and other payables    | 5,086,750         | 5,086,750         |
| <b>Total</b>                | <b>86,500,648</b> | <b>86,500,648</b> |

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**21. Financial instruments (Cont'd)**

**21.3 Fair value estimate**

At September 30, 2020 and December 31, 2019, the fair value of the assets and liabilities of Tecpetrol S.A did not significantly differ from their carrying value. Moreover, there were no transfers among fair value hierarchies of financial instruments of Tecpetrol S.A during the nine-month periods ended on September 30, 2020 and September 30, 2019.

Financial instruments measured at fair value can be classified into any of the following hierarchical levels, depending on how the fair value is estimated:

Level 1 – Based on quoted prices in active markets for identical assets and liabilities. A market is considered active when the quoted prices are available and such prices represent transactions regularly conducted between independent parties.

Level 2 – Based on market inputs (other than quoted market prices included within Level 1) that are observable for assets and liabilities, either directly (e.g. prices) or indirectly (e.g. derived from prices). The fair value of financial instruments that are not traded in an active market is determined by means of standard valuation techniques which maximize the use of observable market inputs.

Level 3 – Based on information not observable in the market (for example, discounted cash flows).

The following table presents the financial instruments measured at fair value by hierarchy level at September 30, 2020 and December 31, 2019:

| <b>At September 30, 2020</b>                    | <b>Level 1</b>   | <b>Level 2</b> | <b>Level 3</b>   |
|---|------------------|----------------|------------------|
| <b>Assets</b>                                   |                  |                |                  |
| <b>(Unaudited)</b>                              |                  |                |                  |
| Investments in equity instruments at fair value | -                | -              | 1,151,656        |
| Cash and cash equivalents                       | 6,156,564        | -              | -                |
| <b>Total</b>                                    | <b>6,156,564</b> | <b>-</b>       | <b>1,151,656</b> |
| <b>Liabilities</b>                              |                  |                |                  |
| Derivative financial instruments                | -                | 101,742        | -                |
| <b>Total</b>                                    | <b>-</b>         | <b>101,742</b> | <b>-</b>         |
| <b>At December 31, 2019</b>                     | <b>Level 1</b>   | <b>Level 3</b> |                  |
| <b>Assets</b>                                   |                  |                |                  |
| Investments in equity instruments at fair value | -                | 942,407        |                  |
| Cash and cash equivalents                       | 257,115          | -              |                  |
| <b>Total</b>                                    | <b>257,115</b>   | <b>942,407</b> |                  |

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**22. Equity**

**Share capital**

At September 30, 2020 and December 31, 2019, the Company's share capital amounted to \$4,436,448 and was represented by 4,436,448,068 common shares carrying a nominal value of \$1 each.

**Distribution of dividends**

On January 16, 2020, the members of the Board of Directors of Tecpetrol S.A. approved the distribution of anticipated cash dividends for \$125 million (equivalent to \$0.028 per share), which were ratified as cash dividends by the Shareholders at an Annual General Meeting held on April 28, 2020 and paid on May 29, 2020.

The Shareholders of Tecpetrol S.A. at an Annual General Meeting held on August 30, 2019 approved the distribution of cash dividends for \$1,739.2 million (equivalent to \$0.392 per share) which were paid to the shareholders on November 14, 2019.

**23. Borrowings**

|   | September 30,<br>2020 | December 31,<br>2019 |
|---|-----------------------|----------------------|
|   | (Unaudited)           |                      |
| <b>Non-current</b>                        |                       |                      |
| Bank borrowings                           | 5,800,507             | 7,304,557            |
| Negotiable obligations - Class 1          | 37,907,239            | 29,836,862           |
|   | <b>43,707,746</b>     | <b>37,141,419</b>    |
| <b>Current</b>                            |                       |                      |
| Bank borrowings                           | 5,209,097             | 10,804,967           |
| Borrowings from related parties (Note 33) | 36,746,462            | 32,112,571           |
| Negotiable obligations - Class 1          | 489,605               | 20,627               |
| Negotiable obligations - Class 2          | 830,034               | -                    |
| Negotiable obligations - Class 3          | 2,501,440             | -                    |
|   | <b>45,776,638</b>     | <b>42,938,165</b>    |

The Company must comply with certain obligations and must refrain from performing certain acts under the conditions set forth in the borrowing agreements and negotiable obligations. Such commitments have been fulfilled at September 30, 2020 and December 31, 2019.

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 refinance plan under certain parameters. At the date of these Interim Condensed Financial Statements, the Company has stated its intention to negotiate with the creditors or refinance such debts through external borrowing, in compliance with the conditions set forth under the above-mentioned Communication.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**23. Borrowings (Cont'd)**

There follows the evolution of borrowings:

|  | Nine-month period ended on<br>September 30, |                   |
|--|---|-------------------|
|  | 2020  | 2019              |
|  | (Unaudited)                                 |                   |
| Balance at the beginning of the period                   | 80,079,584                                  | 54,525,224        |
| Proceeds from borrowings                                 | 1,256,955                                   | 3,662,399         |
| Issuance of negotiable obligations                       | 2,951,943                                   | -                 |
| Payment of borrowings                                    | (14,836,164)                                | (2,284,721)       |
| Accrued interest   | 3,491,739                                   | 2,556,621         |
| Paid interest  | (2,854,773)                                 | (1,276,879)       |
| Profit or loss from repurchase of negotiable obligations | 66,889                                      | -                 |
| Repurchase of negotiable obligations                     | (167,353)                                   | -                 |
| Exchange and translation differences                     | 19,495,564                                  | 30,377,310        |
| <b>Balance at the end of the period</b>                  | <b>89,484,384</b>                           | <b>87,559,954</b> |

Bank borrowings and borrowings from related parties are detailed below:

| Lender   | Sep-20     | Interest rate     | Contract's<br>currency | Amortization<br>of capital              | Maturity           |
|--|------------|-------------------|------------------------|---|--------------------|
| Tecpetrol Internacional S.L.U. (i)             | 24,868,432 | Libor 12M + 1.13% | USD                    | At maturity                             | Aug-20 (i)         |
| Tecpetrol Internacional S.L.U. (i)             | 1,143,132  | 2.72%             | USD                    | At maturity                             | Sep-20 (i)         |
| Tecpetrol Internacional S.L.U. (i)             | 4,169,861  | Libor 3M + 2.5%   | USD                    | Quarterly                               | Jun/Sep/Dic-20 (i) |
| Tecpetrol Internacional S.L.U.                 | 6,565,037  | Libor 12M + 4.69% | USD                    | At maturity                             | Dec-20             |
| J.P. Morgan Chase Bank,<br>Citibank and others | 9,318,737  | Libor 3M + 1.50%  | USD                    | Quarterly                               | Dec-20 to Sep-22   |
| Banco Santander Río                            | 1,150,018  | 4.25%             | USD                    | 2 installments:<br>May-22 and<br>Nov-22 | May/Nov-22         |
| Banco Provincia                                | 535,220    | 3.50%             | USD                    | At maturity                             | Nov-20             |
| Banco Provincia                                | 5,629      | BADLAR + 2.0%     | ARS                    | Monthly                                 | Oct-20 to Nov-20   |

(i) At September 30, 2020, and within the contractual grace period, there were overdue balances for USD 369.7 million (equivalent to ARS 28,164.8 million), which matured between June and September 2020, due to lacking the BCRA prior approval to access the exchange market in order to settle the principal amount, as established under Communication "A" 7030 and amendments. At the date of issuance of these Interim Condensed Financial Statements, the due date was extended to December 14, 2020 with the consent of Tecpetrol Internacional S.L.U.

| Lender                         | Dec-19     | Interest rate     | Contract's<br>currency | Amortization<br>of capital | Maturity         |
|--------------------------------|------------|-------------------|------------------------|----------------------------|------------------|
| Tecpetrol Internacional S.L.U. | 19,464,250 | Libor 12M + 1.13% | USD                    | At maturity                | Aug-20           |
| Tecpetrol Internacional S.L.U. | 898,350    | Libor 12M + 1.16% | USD                    | At maturity                | Aug-20           |
| Tecpetrol Internacional S.L.U. | 6,002,868  | Libor 3M + 2.5%   | USD                    | Quarterly                  | Mar-20 to Dec-20 |
| Tecpetrol Internacional S.L.U. | 4,910,980  | Libor 12M + 4.69% | USD                    | At maturity                | Dec-20           |
| Tecpetrol Servicios S.L.U.     | 836,123    | Libor 12M + 5.79% | USD                    | At maturity                | Feb-20           |

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**23. Borrowings (Cont'd)**

| <b>Lender</b>                               | <b>Dec-19</b> | <b>Interest rate</b>   | <b>Contract's currency</b> | <b>Amortization of capital</b> | <b>Maturity</b>                   |
|---|---------------|------------------------|----------------------------|--------------------------------|-----------------------------------|
| J.P. Morgan Chase Bank, Citibank and others | 10,079,049    | Libor 3M + 1.50%       | USD                        | Quarterly                      | Mar-20 to Sep-22                  |
| Banco Santander Río                         | 2,714,562     | between 3.5% and 4.25% | USD                        | 4 installments                 | Jan-20, Jul-20, May-22 and Nov-22 |
| Banco HSBC                                  | 912,391       | 3.50%                  | USD                        | At maturity                    | Jul-20                            |
| Banco Provincia                             | 421,447       | 3.50%                  | USD                        | At maturity                    | Nov-20                            |
| Banco Provincia                             | 30,949        | BADLAR + 2.0%          | ARS                        | Monthly                        | Jan-20 to Nov-20                  |
| Banco Citibank                              | 1,588,022     | 64.50%                 | ARS                        | At maturity                    | Jan-20                            |
| Banco BBVA                                  | 631,665       | 63.00%                 | ARS                        | At maturity                    | Jan-20                            |
| Banco HSBC                                  | 600,000       | 48.00%                 | ARS                        | At maturity                    | Jun-20                            |
| Banco Patagonia                             | 1,131,439     | 49.00%                 | ARS                        | At maturity                    | Jan-20                            |

*Negotiable obligations*

On December 12, 2017, the Company issued Class 1 Negotiable obligations for a nominal value of USD 500 million, with an issuance price of 100%, which bear interest at a fixed rate of 4.875% and whose maturity date is on December 12, 2022. Interest is payable semi-annually as from June 12, 2018. Capital will be paid upon maturity; and the Company has the right to redeem the Negotiable obligations with no premium, in whole or in part, at any time as from December 12, 2020. Funds obtained from the issuance of such negotiable obligations were used to invest in fixed assets in Fortín de Piedra area in Vaca Muerta formation, located in the province of Neuquén. As of April 20, 2018, the Company administered all funds in accordance with the abovementioned use. On May 4, 2018, the members of the Board of Directors of the Company approved such use of the funds and complied with the requirements set forth in Section 25, Chapter V, Title II of CNV Regulations. The Parent Company, Tecpetrol Internacional S.L.U., unconditionally and irrevocably guarantees the negotiable obligations of the Company.

Also, 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 (see note on Communication "A" 7106 from the BCRA mentioned above). 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 working capital integration and refinancing of liabilities. On March 13, 2020, the Company administered all funds in accordance with the use set forth under the program. On April 7, 2020, the members of the Board of Directors of the Company approved such use of the funds and complied with the requirements set forth in Section 25, Chapter V, Title II of CNV Regulations.

During the nine-month period ended on September 30, 2020, the Company repurchased its negotiable obligations at market values for a nominal value of USD 1.3 million corresponding to negotiable obligations Class 1 maturing at December 2022.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**24. Employee benefits programs**

The liability recognized in the Interim Condensed Statement of Financial Position and the amounts disclosed in the Interim Condensed Income Statement are detailed below:

|  | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|--|-------------------------------|------------------------------|
|  | <b>(Unaudited)</b>            |                              |
| <b>Non-current</b>                                 |                               |                              |
| Pension programs and other plans (i)               | 1,118,433                     | 842,673                      |
| Employee retention and long-term incentive program | 768,553                       | 658,437                      |
|  | <b>1,886,986</b>              | <b>1,501,110</b>             |
| <b>Current</b>                                     |                               |                              |
| Employee retention and long-term incentive program | 85,470                        | 123,170                      |
|  | <b>85,470</b>                 | <b>123,170</b>               |

(i) There are no enforceable debts at September 30, 2020 and December 31, 2019.

|  | <b>September 30,<br/>2020</b> | <b>September 30,<br/>2019</b> |
|--|-------------------------------|-------------------------------|
|  | <b>(Unaudited)</b>            |                               |
| Pension programs and other plans                   | 129,723                       | 80,867                        |
| Employee retention and long-term incentive program | 48,961                        | 117,824                       |
| <b>Total included in Labor costs (Note 9)</b>      | <b>178,684</b>                | <b>198,691</b>                |

**25. Provisions**

|                                   | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|-----------------------------------|-------------------------------|------------------------------|
|                                   | <b>(Unaudited)</b>            |                              |
| <b>Non-current</b>                |                               |                              |
| Asset retirement obligations      | 3,563,573                     | 2,581,199                    |
| Provision for other contingencies | 72,691                        | 87,618                       |
|                                   | <b>3,636,264</b>              | <b>2,668,817</b>             |
| <b>Current</b>                    |                               |                              |
| Asset retirement obligations      | 296,682                       | 286,224                      |
|                                   | <b>296,682</b>                | <b>286,224</b>               |

The evolution of provisions is disclosed below:

*Asset retirement obligations*

|  | <b>September 30,<br/>2020</b> | <b>September 30,<br/>2019</b> |
|--|-------------------------------|-------------------------------|
|  | <b>(Unaudited)</b>            |                               |
| Balance at the beginning of the period | 2,867,423                     | 2,006,311                     |
| Currency translation differences       | 804,851                       | 1,087,513                     |
| Increases                              | 277,849                       | 175,008                       |
| Uses                                   | (89,868)                      | (63,673)                      |
| Balance at the end of the period       | <b>3,860,255</b>              | <b>3,205,159</b>              |



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**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**25. Provisions (Cont'd.)**

*Other contingencies*

|  | <b>Nine-month period ended on<br/>September 30,</b> |                |
|--|---|----------------|
|  | <b>2020</b>   | <b>2019</b>    |
|  | <b>(Unaudited)</b>                                  |                |
| Balance at the beginning of the period | 87,618  | 219,155        |
| Exchange and translation differences   | 10,196  | 45,282         |
| (Recoveries) / Increases, net          | (25,123)  | 26,975         |
| Balance at the end of the period       | <b>72,691</b>                                       | <b>291,412</b> |

**26. Trade and other payables**

|                                       | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---------------------------------------|-------------------------------|------------------------------|
|                                       | <b>(Unaudited)</b>            |                              |
| <b>Current</b>                        |                               |                              |
| Trade payables                        | 3,863,548                     | 4,263,369                    |
| Payables to related parties (Note 33) | 85,371                        | 818,166                      |
| Social security debts and other taxes | 1,776,317                     | 899,650                      |
| Other liabilities                     | 3,028                         | 5,215                        |
|                                       | <b>5,728,264</b>              | <b>5,986,400</b>             |

**27. Deferred income tax**

There follows the evolution of deferred income tax:

|  | <b>Nine-month period ended on<br/>September 30,</b> |                 |
|--|---|-----------------|
|  | <b>2020</b>   | <b>2019</b>     |
|  | <b>(Unaudited)</b>                                  |                 |
| Balance at the beginning of the period - Net deferred assets (Liabilities) | (1,436,883)   | 3,156,662       |
| Charged directly to Other comprehensive income                             | (1,403)   | 27,729          |
| Loss for the period  | (1,268,742)   | (4,137,358)     |
| Currency translation differences   | (519,093)   | 899,658         |
| <b>Balance at the end of the period - Net deferred liabilities</b>         | <b>(3,226,121)</b>                                  | <b>(53,309)</b> |

**28. Derivative financial instruments**

There follows a detail of net fair values of derivative financial instruments:

|   | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---|-------------------------------|------------------------------|
|   | <b>(Unaudited)</b>            |                              |
| Foreign currency derivatives                  | (101,742)                     | -                            |
| <b>Derivatives with a negative fair value</b> | <b>(101,742)</b>              | <b>-</b>                     |

There follows a detail of derivative financial instruments:

| <b>Purchase<br/>currency</b> | <b>Sale currency</b> | <b>Maturity</b> | <b>Fair value</b>             |                              |
|------------------------------|----------------------|-----------------|-------------------------------|------------------------------|
|                              |                      |                 | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|                              |                      |                 | <b>(Unaudited)</b>            |                              |
| USD                          | ARS                  | 2020/2021       | (101,742)                     | -                            |
|                              |                      |                 | <b>(101,742)</b>              | <b>-</b>                     |

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**29. Cash Flow Statement complementary information**

*Adjustments to profit (loss) for the period (i)*

|  | <b>Nine-month period ended on<br/>September 30,</b> |                   |
|--|---|-------------------|
|  | <b>2020</b>   | <b>2019</b>       |
|  | <b>(Unaudited)</b>                                  |                   |
| Depreciation of Property, plant and equipment (Note 13)                                    | 20,334,674  | 17,041,763        |
| Impairment of Property, plant and equipment (Note 13)                                      | 2,160,381   | -                 |
| Depreciation of right-of-use assets (Note 14)  | 488,107   | 293,377           |
| Profit (loss) from the sale and write-off of Property, plant and equipment (Note 10)       | (2,604)   | (8,059)           |
| Exploration costs  | 1,699,492   | 25,211            |
| Income tax (Note 12)   | 1,268,742   | 4,137,358         |
| Net accrued interest from Borrowings   | 636,966   | 1,279,742         |
| Accrued interest from Right-of-use liabilities (Note 14)                                   | 73,824  | 67,551            |
| Dividend income (Note 11)  | (9,088)   | -                 |
| Provisions   | 1,882,578   | 467,769           |
| Profit (loss) from the repurchase of negotiable obligations (Note 23)                      | 66,889  | -                 |
| Profit (loss) from investments in entities accounted for using the equity method (Note 15) | (701)   | 44,453            |
| Profit (loss) from employee benefits programs (Note 9)                                     | 178,684   | 198,691           |
|  | <b>28,777,944</b>                                   | <b>23,547,856</b> |

(i) There is no significant difference between interest income and interest collected.

*Changes in working capital*

|   | <b>Nine-month period ended on<br/>September 30,</b> |                    |
|---|---|--------------------|
|   | <b>2020</b>   | <b>2019</b>        |
|   | <b>(Unaudited)</b>                                  |                    |
| Increase in Trade and other receivables         | (10,443,371)  | (8,869,450)        |
| Increase in Inventories                         | (511,183)   | (516,415)          |
| Increase in Derivative financial instruments    | 101,742   | -                  |
| Increase/(Decrease) in Trade and other payables | 570,514   | (52,986)           |
|   | <b>(10,282,298)</b>                                 | <b>(9,438,851)</b> |

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**30. Assets and liabilities in currency other than Argentine pesos <sup>(1)</sup>**

| Item                              | Type (2) | 09.30.2020<br>(Unaudited)                                  |  | 12.31.2019   |  |
|-----------------------------------|----------|--|--|--|--|
|                                   |          | Amount in<br>currency other<br>than Argentine<br>pesos (3) | Amount in<br>local<br>currency<br>at 76.18 (4) | Amount in<br>currency other<br>than Argentine<br>pesos (3) | Amount in<br>local<br>currency<br>at 59.89 (4) |
| <b>Assets</b>                     |          |  |  |  |  |
| <b>Non-current assets</b>         |          |  |  |  |  |
| Other receivables and prepayments | USD      | 984  | 74,977   | 1,874  | 112,263  |
| Other investments                 | USD      | -  | -  | 915  | 54,785   |
| <b>Current assets</b>             |          |  |  |  |  |
| Other receivables and prepayments | USD      | 1,209  | 92,133   | 2,830  | 169,510  |
| Other investments                 | USD      | 1,558  | 118,654  | 2,073  | 124,127  |
| Trade receivables                 | USD      | 42,219   | 3,216,225                                      | 48,287   | 2,891,900                                      |
| Cash and cash equivalents         | USD      | 386  | 29,438   | 22,739   | 1,361,833                                      |
| <b>Total assets</b>               |          |  | <b>3,531,427</b>                               |  | <b>4,714,418</b>                               |
| <b>Liabilities</b>                |          |  |  |  |  |
| <b>Non-current liabilities</b>    |          |  |  |  |  |
| Borrowings                        | USD      | 573,743  | 43,707,746                                     | 620,161  | 37,141,419                                     |
| Right-of-use liabilities          | USD      | 14,041   | 1,069,622                                      | 12,661   | 758,251  |
| Provisions                        | USD      | 46,778   | 3,563,573                                      | 43,099   | 2,581,199                                      |
| <b>Current liabilities</b>        |          |  |  |  |  |
| Borrowings                        | USD      | 567,992  | 43,269,569                                     | 716,434  | 42,907,216                                     |
| Right-of-use liabilities          | USD      | 7,500  | 571,349  | 8,780  | 525,811  |
| Provisions                        | USD      | 3,894  | 296,682  | 4,779  | 286,224  |
| Trade and other payables          | USD      | 36,666   | 2,793,206                                      | 64,100   | 3,838,945                                      |
| <b>Total liabilities</b>          |          |  | <b>95,271,747</b>                              |  | <b>88,039,065</b>                              |

(1) This information is presented for the purposes of complying with the provisions of the CNV. Foreign currency is the currency which is different from the Company's presentation currency.

(2) USD = US dollar.

(3) Amounts stated in thousands.

(4) USD quotation: Banco de la Nación Argentina exchange rate in force at September 30, 2020 and December 31, 2019, respectively.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**31. Contingencies, commitments and restrictions on the distribution of profits**

(i) Contingencies

The Company has contingent liabilities in respect of claims arising from the ordinary course of business. Moreover, there are certain interpretations of controlling authorities as to the calculation and payment of certain taxes that differ from the criterion applied by the Company. Based on the Management's assessment and the opinion of the legal counsels, the Company does not anticipate to incur in any material expenses derived from contingent liabilities other than those provided for in these Interim Condensed Financial Statements.

(ii) Main investment commitments and guarantees

There follows a detail of the main commitments assumed by Tecpetrol S.A. through surety bonds as of the date of issuance of these Interim Condensed Financial Statements:

- Guarantee, in favor of the Office of the Secretary of Energy of the Ministry of Economy, of all obligations set forth under Section V, Subsection 3 of Exhibit to Resolution No. 46-E/2017 and amendments, for USD 463.72 million.
- Guarantee in favor of the Energy Institute of the province of Santa Cruz for contract performance for the first exploratory phase in Gran Bajo Oriental for an amount of USD 13.56 million.
- Guarantee for contract performance under the investment and work plan for the exploration of Block MLO-124 Ronda Costa Afuera N°1 for an amount of USD 1.99 million.
- Guarantee for the postponement of commitments corresponding to Agua Salada area for USD 5.04 million.

Furthermore, the Company has the following investment commitments in the areas where it operates:

| Basin                           | Area                                    | Pending investment commitments  |
|---------------------------------|---|---|
| Noroeste - San Jorge and others | Tordillo and La Tapera - Puesto Quiroga | <ul style="list-style-type: none"> <li>- Keeping an item of drilling equipment active for four months until June 30, 2021</li> <li>- Drilling of a P2/P3 well until June 30, 2021</li> <li>- Additional investments for USD 200 million until December 31, 2026 aiming at extending the operations in the area until 2047. USD 135 million of such amount must be invested before December 31, 2023.</li> </ul> |
|                                 | Gran Bajo Oriental                      | - Seismic reprocessing and drilling of two exploratory wells before September 2021 for an amount of USD 13.56 million.  |
|                                 | MLO-124                                 | - 3D seismic studies over the totality of the area, 3D seismic performance and acquisition of 3D seismic to be completed before 2023.   |
| Neuquina                        | Agua Salada                             | - Exploratory and development investments for USD 26.46 million to be made before 2025 consisting of the drilling of 1 exploratory well, 4 extension wells, and facilities and asset retirement obligations.  |
|                                 | Los Bastos                              | - Exploratory investments for USD 9.6 million to be made until 2026 outside the exploitation area.  |
|                                 | Loma Ancha                              | - Drilling of 1 exploratory well with horizontal branch of 1,500 meters minimum, to be drilled before December 31, 2020, and testing of such well for six months to be performed before June 30, 2021.  |
|                                 | Los Toldos I Norte                      | - Pilot Project investments consisting of the drilling and completion of 4 wells, acquisition of 3D seismic, infrastructure and other investments until December 2022 (by July 2022, 4 wells have to be drilled, completed and partially tested).   |
|                                 | Los Toldos II Este                      | - Pilot Project investments consisting of the drilling and completion of 3 wells, infrastructure and other investments until December 2022 (by September 2022, 3 wells have to be drilled, completed and partially tested).   |
|                                 | Los Toldos I Sur                        | - Drilling of 3 unconventional completion wells before October 2022.  |

# **Tecpetrol Sociedad Anónima**

## **Interim Condensed Financial Statements at September 30, 2020**

### **Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

#### **31. Contingencies, commitments and restrictions on the distribution of profits (Cont'd)**

##### **(iii) Restrictions on the distribution of profits**

In accordance with Companies Law No. N°19.550 (hereinafter referred to as "LGS"), the Company's by-laws and General Resolution No. 622/13 issued by the CNV, 5% of the net profits for the year must be allocated to a legal reserve until such reserve equals 20% of the adjusted capital.

CNV General Resolution No. 609/12 sets forth that the difference between the initial balance of retained earnings disclosed in the financial statements of the first year-end under IFRS implementation and the final balance of retained earnings at the end of the last fiscal year under the previous accounting standards then in force shall be allocated to a Special Reserve. Such reserve shall not be used for distribution (whether in cash or in kind) among shareholders or owners of the entity and shall only be used for capitalization purposes or to compensate potential negative balances under "Retained earnings". On April 26, 2018, the Shareholders at an Annual General Meeting approved the setting up of this reserve and the restrictions upon its use.

#### **32. Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs**

On March 2, 2017, the Mining and Energy Ministry issued Resolution MINEM 46-E/2017, whereby it creates a Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs located in Neuquina basin (hereinafter referred to as the "Program".)

For the purposes of participating in the Program and pursuant to all principles, objectives and guidelines established, Resolution MINEM No. 46-E/2017 set forth certain requirements, including, but not limited to, the presentation of an investment plan approved by the authorities of the province implementing the Program, initial production, an estimated production volume under the concession included during the term of the Program, a projection of the prices Tecpetrol S.A. will charge for natural gas from said exploitation concession, and a presentation of a measurement scheme for the production from said exploitation concession.

Subsequently, by means of Resolution MINEM No. 419-E/2017 dated November 1, 2017, some amendments were introduced to the Program aiming at: (i) including projects that already were in a development phase, but which required, in order to increase production, investments comparable to those made in projects in the early stages of their development phase, and (ii) avoiding market cost distortions arising from the assessment of the compensation based upon sales prices of each beneficiary company. In this respect, it was defined that the determination of the effective price assessment will be based on average prices in the market.

Finally, Resolution MINEM No. 447-E/2017 extended the Program created under Resolution MINEM No. 46-E/2017 in order to include the production of natural gas from unconventional reservoirs located in Austral basin.

For unconventional exploitation concessions whose adherence to the Program has been approved ("Included Concession"), the Program provided for the payment, by the State, over the whole natural gas production from such concession ("Included Production"), of an amount which equals the difference between the "Minimum Price", that is, the value of Included Production of natural gas from unconventional reservoirs, which is of USD 7.5 per million BTU for 2018,

## **Tecpetrol Sociedad Anónima**

### **Interim Condensed Financial Statements at September 30, 2020**

#### **Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

##### **32. Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs (Cont'd)**

USD 7 per million BTU for 2019, USD 6.5 per million BTU for 2020 and USD 6 per million BTU for 2021, and the average price ("Effective Price") according to Resolution MINEM No. 419-E/2017 dated November 1, 2017. To this effect, and pursuant to the Program, member companies must report: (i) the total volume of natural gas from unconventional reservoirs and (ii) the prices of all sales of natural gas.

Within this compensation scheme, the Program provided for the possibility of member companies to choose a scheme of provisional monthly payments ("Provisional Payments") consisting of 85% (eighty-five percent) of the compensation to be received for the monthly Included Production, over the basis of production estimates submitted by the company for said month. These payments will be subsequently adjusted ("Payment Adjustments") considering final delivered volumes, certificates issued by independent auditors and definitive prices reported to the authority of implementation. The Company adopted the above-mentioned Provisional Payments scheme.

Moreover, member Companies must report to the former Office of Hydrocarbon Resources any circumstance that substantially modifies projected values or any other submitted information affecting the payments.

After fulfilling all related requirements and obtaining approval of the investment plan by the Ministry of Energy, Public Services and Natural Resources of the province of Neuquén by means of Resolution No. 240/17; on August 23, 2017, the Company requested to participate in the Program to obtain an exploitation concession over Fortín de Piedra area.

Adherence of Tecpetrol S.A. to the Program, as beneficiary of the unconventional exploitation concession over Fortín de Piedra area, was approved by the then Secretary of Exploration and Production in charge of the Office of Hydrocarbon Resources through Resolution No. 2017-271-APN-SECRH#MEM dated November 3, 2017.

In relation to the production from January to July 2018 (all seven months included), the authority implementing the Program timely settled and paid to Tecpetrol S.A. the resulting compensations for the total of the production from the unconventional exploitation concession over Fortín de Piedra area.

Nevertheless, the Office of the Secretary of Energy settled Provisional Payment for August 2018 and subsequent months as from such date, but introduced a change of criteria regarding the assessment of the compensations provided for in Resolution MINEM E-46/2017. Said modification consisted in restricting the amount to be paid to the production projections submitted by the Company upon request of adherence to the Program. Such criterion has been retrospectively applied; thus, affecting the compensations already settled corresponding to April-July 2018. This change of criteria has a negative impact upon cash flows; therefore, the Company periodically reassesses the conditions under the Development Plan of Fortín de Piedra area for the purposes of readjusting cash flows to a new scenario and improving financial indicators.

The Company filed appeals against the resolutions issued by the Office of the Secretary of Energy settling Provisional Payments from Aug-18 to Sep-19 and Payment Adjustments from Apr-18 to Jun-19, since the Company considers that the change of criteria adopted flagrantly violates Section 17 of the National Constitution by affecting acquired rights of the Company previously acknowledged by the State.

## **Tecpetrol Sociedad Anónima**

### **Interim Condensed Financial Statements at September 30, 2020**

#### **Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

##### **32. Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs (Cont'd)**

In such appeals, the Company claimed, among other things, that the contested issues were contrary to the terms of the promotion regime created under Resolution MINEM 46-E/2017 and the Company's acquired rights protected by said regime after adherence. Moreover, it was explained that the terms of the Program should be understood in the sense of avoiding any kind of restriction to the production of natural gas which is the subject matter of the compensations. Besides, the change of criteria implemented by the Government constitutes a unilateral and arbitrary modification of the legal framework under consideration and violates not only previous commitments assumed by the authority of implementation, but also acts carried out by such government. Additionally, concern was expressed regarding the contended issues arising from resolutions issued by the Office of the Secretary of Energy, including, cause, subject matter, purpose, misuse of power, procedure and issuance, among others. The Company reserved its right to claim interest and damages derived from the above-mentioned contended administrative acts.

In April 2019, the Ministry of Finance denied the appeals filed by the Company against the resolutions issued by the Office of the Secretary of Energy by means of which Provisional Payments for August, September and October 2018 were determined.

In May 2019, the Company filed a complaint against the State in order to obtain the nullity of the resolutions issued by the Office of the Secretary of Energy and confirmatory resolutions issued by the Ministry of Finance, which settled Provisional Payments for August, September and October 2018, according to the above-mentioned criterion. Apart from the request for nullity, the complaint also included a request for the collection of \$2,553.3 million (plus interest) and a request for an injunction ordering the Office of the Secretary of Energy to settle all Provisional Payments and Payment Adjustments pursuant to the criterion laid down by the Company for the remaining term of the Program. Besides, direct and indirect shareholders of Tecpetrol S.A. may file claims before international courts.

In compliance with applicable accounting standards, the Company included in these Interim Condensed Financial Statements those compensations that are highly likely to be paid by the Government according to the new assessment criterion used for the last payments. This would represent a lower income for a total amount of \$9,273 million and \$10,498 million for the nine-month periods ended on September 30, 2020 and September 30, 2019, respectively (\$27,983 million accumulated at September 30, 2020).

##### **33. Related-party balances and transactions**

Tecpetrol S.A. is controlled by Tecpetrol Internacional S.L.U., which holds 95.99% of the Company's shares.

San Faustin S.A. ("San Faustin"), a *Société Anonyme* based in Luxembourg, controls the Company through its subsidiaries.

Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin, a private foundation located in the Netherlands (Stichting) ("R&P STAK") holds enough voting shares in San Faustin to control it. No person neither any group of persons control R&P STAK.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**33. Related-party balances and transactions (Cont'd)**

*Main transactions with related parties*

|   | <b>Nine-month period ended on<br/>September 30,</b> |                    |
|---|---|--------------------|
|   | <b>2020</b>   | <b>2019</b>        |
|   | <b>(Unaudited)</b>                                  |                    |
| <b>Net sales</b>                              |   |                    |
| Other related companies                       | 1,883,274   | 2,727,062          |
| <b>Purchases of goods and services</b>        |   |                    |
| Other related companies                       | (273,360)   | (5,549,861)        |
| Oleoducto Loma Campana - Lago Pellegrini S.A. | (61,598)  | -                  |
|   | <u>(334,958)</u>                                    | <u>(5,549,861)</u> |
| <b>Reimbursement of expenses</b>              |   |                    |
| Other related companies                       | 98,485  | 211,009            |
| <b>Interest income</b>                        |   |                    |
| Other related companies                       | 4,322   | 15,792             |
| <b>Interest cost</b>                          |   |                    |
| Tecpetrol Internacional S.L.U.                | (1,011,094)   | (1,267,426)        |
| Other related companies                       | (10,968)  | (46,712)           |
|   | <u>(1,022,062)</u>                                  | <u>(1,314,138)</u> |

*Balances with related parties*

|   | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---|-------------------------------|------------------------------|
|   | <b>(Unaudited)</b>            |                              |
| <b>Other receivables from related parties (Note 17) (i):</b>    |                               |                              |
| Current - Tecpetrol Internacional S.L.U.                        | 20,391                        | 894                          |
| Current - Tecpetrol Investments S.L.U. (ii)                     | 267                           | 502                          |
| Current - Other related companies                               | 262,591                       | 147,051                      |
|   | <u>283,249</u>                | <u>148,447</u>               |
| <b>Trade receivables from related parties (Note 18):</b>        |                               |                              |
| Current - Other related companies                               | 334,064                       | 139,340                      |
| <b>Short-term deposits with related parties (Nota 20):</b>      |                               |                              |
| Current - Other related companies                               | 5,513                         | 1,237,050                    |
| <b>Borrowings from related parties (Note 23):</b>               |                               |                              |
| Current - Tecpetrol Internacional S.L.U.                        | 36,746,462                    | 31,276,448                   |
| Current - Other related companies                               | -                             | 836,123                      |
|   | <u>36,746,462</u>             | <u>32,112,571</u>            |
| <b>Trade and other payables with related parties (Note 26):</b> |                               |                              |
| Current - Oleoducto Loma Campana - Lago Pellegrini S.A.         | 6,172                         | -                            |
| Current - Other related companies (iii)                         | 79,199                        | 818,166                      |
|   | <u>85,371</u>                 | <u>818,166</u>               |

(i) It mainly includes balances from reimbursement of expenses.

(ii) In January 2020, the shareholder of Tecpetrol Internacional S.A changed the company's domicile to Spain and the corporate name to Tecpetrol Investments S.L.U.

(iii) It mainly includes balances from purchases of materials and services.



**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**34. Main joint operations**

Joint operations

*a) Areas operated by Tecpetrol S.A.*

| Name                               | Location   | % at September 30, 2020 | % at December 31, 2019 | Expiration date of the concession |
|------------------------------------|------------|-------------------------|------------------------|-----------------------------------|
| Aguaragüe                          | Salta      | 23.0                    | 23.0                   | Nov-27                            |
| Agua Salada                        | Río Negro  | 70.0                    | 70.0                   | Sep-25                            |
| El Tordillo                        | Chubut     | 52.1                    | 52.1                   | Nov-27                            |
| La Tapera - Puesto Quiroga         | Chubut     | 52.1                    | 52.1                   | Aug-27                            |
| Lago Argentino (i)                 | Santa Cruz | 74.6                    | 74.6                   | Nov-33                            |
| Loma Ancha (ii)                    | Neuquén    | 95.0                    | 95.0                   | Dec-21                            |
| Loma Ranqueles (iii)               | Neuquén    | 65.0                    | 65.0                   | Jun-20                            |
| Los Toldos (I Norte, II Este) (iv) | Neuquén    | 90.0                    | 90.0                   | May-54                            |

(i) Tecpetrol S.A. assumes 100% of the costs and investments pursuant to an agreement among private parties and Alianza Petrolera S.A. and a joint venture agreement between Fomento Minero de Santa Cruz S.E. and Alianza Petrolera S.A.

(ii) Tecpetrol S.A. assumes 100% of the costs and investments during the basic exploration period under an agreement with its partner Gas y Petróleo del Neuquén S.A.

(iii) In March 2020, an extension request of the area under evaluation was formally submitted. As of the date of issuance of these Interim Condensed Financial Statements, the government of the province of Neuquén has not yet approved said request.

(iv) In August 2019, Decree No. 1392/19 issued by the Governor of the province of Neuquén was published in the Official Gazette by means of which a 35-year extension of the Hydrocarbon Unconventional Exploitation Concession over Los Toldos I Norte and II Este was granted.

*b) Areas operated by third parties*

| Name                 | Location              | % at September 30, 2020 | % at December 31, 2019 | Expiration date of the concession |
|----------------------|-----------------------|-------------------------|------------------------|-----------------------------------|
| Ramos                | Salta                 | 25                      | 25                     | Jan-26                            |
| Los Toldos I Sur (i) | Neuquén               | 10                      | 10                     | Mar-52                            |
| MLO-124 (ii)         | Malvinas marine basin | 10                      | 10                     | Oct-27                            |

(i) The authorities of the province of Neuquén granted to the joint venture the exploitation concession over the area.

(ii) Tecpetrol S.A. has a 10% interest, Eni Argentina Exploración y Explotación S.A. is the operator and holds an 80% interest, and MITSUI & CO., LTD. owns the remaining 10% (see Note 1). The term of the exploration permission is divided into 2 exploratory periods of 4 years each. Once the first period is completed, the Office of the Secretary of Energy should be notified if the area will continue to be explored or not.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020**

**Notes to Interim Condensed Financial Statements at September 30, 2020 (Cont'd.)**

**35. Subsequent events**

No events, situations or circumstances have taken place as from September 30, 2020 and until the date of issuance of these Interim Condensed Financial Statements, other than the ones mentioned herein, which affect or might significantly affect the economic and financial position of the Company or are otherwise worth mentioning.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020.**

**Additional information required under Section 12, Chapter 3, Title 4 of the regulations of the National Securities Commission for Argentina.**

1. a) There are no significant and specific legal regulations involving contingent re-emergences or declines of benefits provided for under such resolutions.
- b) There were no significant changes related to the activities of the Company and any other circumstances during the period covered by the financial statements, which are not publicly known, that affect comparability in relation to either previous or prospective financial statements, and which are not sufficiently explained in the attached financial statements, exhibits or notes.
2. Classification of receivables and payables according to maturity.

|                       | Receivables |            |            | Payables   |              |             |
|-----------------------|-------------|------------|------------|------------|--------------|-------------|
|                       | Due         | Past due   | Total      | Due        | Past due (i) | Total       |
| Up to 3 months        | 17,344,099  | 8,426,920  | 25,771,019 | 16,888,251 | 27,805,700   | 44,693,951  |
| 3-6 months            | 608,989     | 1,062,171  | 1,671,160  | 4,560,879  | 359,129      | 4,920,008   |
| 6-9 months            | 223,972     | 1,576,496  | 1,800,468  | 1,292,927  | -            | 1,292,927   |
| 9-12 months           | 231,076     | 663,041    | 894,117    | 1,284,431  | -            | 1,284,431   |
| Between 1 and 2 years | 406,413     | -          | 406,413    | 5,651,206  | -            | 5,651,206   |
| Between 2 and 3 years | 15,973      | -          | 15,973     | 38,861,336 | -            | 38,861,336  |
| Between 3 and 4 years | 7,621       | -          | 7,621      | 170,647    | -            | 170,647     |
| More than 4 years     | 1,646       | -          | 1,646      | 94,179     | -            | 94,179      |
|                       | 18,839,789  | 11,728,628 | 30,568,417 | 68,803,856 | 28,164,829   | 96,968,685  |
| No maturity date      | 831,071     | -          | 831,071    | 9,131,593  | -            | 9,131,593   |
| Total                 | 19,670,860  | 11,728,628 | 31,399,488 | 77,935,449 | 28,164,829   | 106,100,278 |

The allowance for doubtful accounts and existing guarantees are sufficient to cover past due receivables.

(i) At September 30, 2020, and within the contractual grace period, there were overdue balances for USD 369.7 million (equivalent to ARS 28,164.8 million), which matured between June and September 2020, due to lacking the BCRA prior approval to access the exchange market in order to settle the principal amount, as established under Communication "A" 7030 and amendments. At the date of issuance of these Interim Condensed Financial Statements, the due date was extended to December 14, 2020 with the consent of Tecpetrol Internacional S.L.U.

3. Classification of receivables and payables according to their financial impact.

|   | Receivables | Payables    |
|---|-------------|-------------|
| In local currency - not accruing interest   | 27,939,129  | 6,315,782   |
| In foreign currency - not accruing interest | 3,383,335   | 2,793,206   |
| In local currency - accruing interest       | 77,024      | 4,512,749   |
| In foreign currency - accruing interest     | -           | 92,478,541  |
|   | 31,399,488  | 106,100,278 |

There are no receivables or payables subject to price adjustment clauses.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020.**

**Additional information required under Section 12, Chapter 3, Title 4 of the regulations of the National Securities Commission for Argentina.**

4. Shareholding interest in companies included under Section 33 of Law No. 19,550 on Companies Law:

| <u>Company</u>                                   | <u>% shareholding<br/>interest upon<br/>capital share</u> | <u>% shareholding<br/>interest upon<br/>voting rights</u> |
|--|---|---|
| <b><u>Joint venture</u></b>                      |   |   |
| Oleoducto Loma Campana -<br>Lago Pellegrini S.A. | 15,0  | 15,0  |

Classification of receivables and payables with companies included under Section 33 of Law No, 19,550 on Companies Law, according to maturity dates:

- a) There are no receivables or payables past due, except for the mention in point 2 in relation to the restrictions set forth by Communication "A" 7030 and its amendments by the BCRA.
  - b) All receivables and payables are subject to maturity dates.
  - c) Maturity dates have not been reached (receivables and payables not yet due will reach maturity within three months).
  - d) There are no receivables or payables representing a financial impact.
5. There are no trade receivables or loans against directors, members of the shareholders' committee for corporate control or their first-degree and second-degree relatives.
6. Physical merchandise inventory.  
The Company's policy determinates two physical inventories per year by means of which all goods intended for sales are included, except for petty materials, which are subject to sampling. There are no significant amounts of idle materials.
7. There are no interests in other companies exceeding the limits set forth in Section 31 of Law No, 19,550 on Companies Law.
8. Recoverable values.  
The recoverable value of inventories is their net realizable value. Regarding property, plant and equipment, the recoverable value is the value in use determined on the basis of discounted cash flows expected to arise from the remaining commercial reserves.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at September 30, 2020.**

**Additional information required under Section 12, Chapter 3, Title 4 of the regulations of the National Securities Commission for Argentina.**

9. Insurance covering tangible assets.

| Item  | Currency of amount covered | Amounts covered | Carrying values | Risk covered   |
|---|----------------------------|-----------------|-----------------|--|
| Wells   | USD                        | (*)             | (**)            | Monitoring, redrilling, spill                              |
| Vehicles  | ARS                        | 397,614         |                 | Damages and liability insurance                            |
| Buildings, facilities and ducts used for exploitation and transport | USD                        | 1,206,822       |                 | Damage of materials or equipment                           |
| Buildings, facilities and ducts used for exploitation and transport | USD                        | 57,239          | 35,768,372      | Full coverage in relation to construction and installation |
| Goods   | USD                        | 5,000           |                 | Full coverage in relation to transport                     |
| Computer equipment  | USD                        | 10,451          |                 | Full coverage  |

(\*) Subject to limits and deductibles depending on the insurance policy.

(\*\*) The drilling of wells and flowing wells in production are insured.

10. a) Positive and negative contingencies

Positive: see Note 32 to Interim Condensed Financial Statements at September 30, 2020.

Negative: there are no provisions for contingencies, whose balances, either separately or jointly, exceed 2% of the capital stock of the Company. Provisions are recognized when a) the Company has a present obligation, whether legal or constructive, as a result of past events; b) it is highly probable that an outflow of resources will be required to settle the obligation; and c) the amount can be estimated reliably. Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using an appropriate discount rate.

b) There are no other significant contingencies which have not been recorded and which are likely to take place in the near future.

11. Irrevocable capital contributions on account of future increases of shares

At the end of the year, the Company has not received any irrevocable capital contributions on account of future increases of shares.

12. The Company has not issued preference shares.

13. Legal and contractual restrictions on the distribution of profits,

See Note 31.iii to Interim Condensed Financial Statements at September 30, 2020.



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## **REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS**

To the Shareholders, President and Directors of  
Tecpetrol Sociedad Anónima  
Legal address: Pasaje Della Paolera 299/297 - 16<sup>th</sup> floor  
Autonomous City of Buenos Aires  
Tax Code No. 30-59266547-2

### **Introduction**

We have reviewed the accompanying interim condensed financial statements of Tecpetrol Sociedad Anónima (hereinafter, "the Company"), which comprise the interim condensed statement of financial position at September 30, 2020, the interim condensed income statement and the interim condensed statement of comprehensive income for the three-month and nine-month periods ended September 30, 2020, the interim condensed statement of changes in equity and the interim condensed cash flow statement for the nine-month period then ended, and selected explanatory notes.

The balances and other information corresponding to the year 2019 and to its intermediate periods are an integral part of the financial statements mentioned above and, therefore, they must be considered in connection with these financial statements.

### **Board's responsibility**

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE, for its Spanish acronym) as professional accounting standards and incorporated by the Argentine Securities Commission (CNV, for its Spanish acronym) to its regulations, as approved by the International Accounting Standards Board (IASB) and, therefore, is responsible for the preparation and presentation of the interim condensed financial statements mentioned in the first paragraph in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34).

### **Scope of our review**

Our review was limited to the application of the procedures established by International Standard on Review Engagements ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity", which was adopted as review standard in Argentina by Technical Resolution No. 33 of the FACPCE as it was approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries to the Company's personnel responsible for preparing the information included in the interim condensed financial statements and applying analytical and other review procedures. The scope of this review is substantially less than an audit conducted in accordance with International Standards on Auditing. Consequently, a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the financial position, comprehensive income and cash flows of the Company.

### **Conclusion**

Based on our review, nothing has come to our attention that caused us to believe that the interim condensed financial statements mentioned in the first paragraph of this report are not prepared, in all material respects, in accordance with International Accounting Standard 34.



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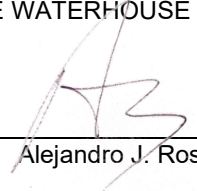
#### **Report on compliance with current regulations**

In accordance with current regulations, we report, regarding Tecpetrol Sociedad Anónima, that:

- a) as mentioned in Note 2, except for the lack of transcription into the "Inventory and Balance Sheet" book, the interim condensed financial statements of Tecpetrol Sociedad Anónima, as regards those matters that are within our competence, comply with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;
- b) as mentioned in Note 2, the interim condensed financial statements of Tecpetrol Sociedad Anónima arise from accounting records kept in all formal respects in conformity with legal provisions; except for: i) the lack of transcription into the "Inventory and Balance Sheet" book, and ii) the lack of transcription of the accounting entries corresponding to January to September 2020 into the Journal book;
- c) we have read the summary of information and supplementary information presented with the interim condensed financial statements in accordance with article 12, Chapter III, Title IV of the regulation of the National Securities Commission, on which, as regards those matters that are within our competence, we have no observations to make;
- d) as of September 30, 2020, the debt of Tecpetrol Sociedad Anónima accrued in favor of the Argentine Integrated Social Security System arising from the Company's accounting records amounted to \$166,419,542.16, none of which was claimable at that date.

Autonomous City of Buenos Aires, November 9, 2020

PRICE WATERHOUSE & CO. S.R.L.

by  (Partner)  
Alejandro J. Rosa