



Tecpetrol Sociedad Anónima

FINANCIAL STATEMENTS

At December 31, 2023, 2022 and 2021
and for the years then ended

Tecpetrol Sociedad Anónima

Index

Legal information

Financial statements at December 31, 2023, 2022 and 2021

Income Statement

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the financial statements

Independent Auditor's Report

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

LEGAL INFORMATION

Legal domicile:	Pasaje Della Paolera 299/297, 16th floor, City of Buenos Aires
Reported fiscal year:	No. 44
Company's main line of business:	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
Registration dates with the Companies Registration Office:	By-laws: registered under No. 247 of Book 94, Volume of Companies by Shares on June 19, 1981 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, August 14, 2018 and May 28, 2024
Date of expiry of Company's by-laws:	June 19, 2080
Correlative registration number with the Companies Controlling Office (Inspección General de Justicia, IGJ):	802,207
Name of Parent Company:	Tecpetrol Internacional S.L. (Sole shareholder company)
Legal domicile of Parent Company:	Paseo de Recoletos 12, 3rd floor, Madrid 28001, Spain
Parent Company's main line of business:	Investment
Equity interest held by Parent Company:	95.99%
Percentage of votes of Parent Company:	98.175%

		At December 31, 2023
Share Capital (Note 2.10.b)	Type of shares	Total subscribed, paid-up and registered
	Book entry shares	ARS
	Class A common shares of ARS 1 par value – 1 vote per share	3,106,342,422
	Class B common shares of ARS 1 par value – 5 votes per share	1,330,105,646
		4,436,448,068

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

INCOME STATEMENT

for the years ended on December 31, 2023, 2022 and 2021

(Amounts in U.S. dollars, unless otherwise stated)

	Notes	Year ended on December 31,		
		2023	2022	2021
Continuing operations				
Sales revenues	7	1,325,449,957	1,319,193,832	1,224,560,591
Operating costs	8	(1,033,406,865)	(858,873,555)	(637,401,801)
Gross margin		292,043,092	460,320,277	587,158,790
Selling expenses	9	(77,103,432)	(65,844,299)	(11,909,500)
Administrative expenses	10	(107,918,940)	(89,136,440)	(63,977,824)
Exploration and evaluation costs		(3,115,917)	(18,232,560)	(11,913,979)
Other operating income	12	4,950,905	8,442,590	3,251,530
Other operating expenses	12	(1,506,234)	(112,799)	(2,723,355)
Operating profit		107,349,474	295,436,769	499,885,662
Financial income	13	38,430,082	38,952,929	39,920,969
Financial costs	13	(280,484,782)	(80,076,075)	(65,930,965)
Other net financial profit / (loss)	13	206,247,162	(122,281,522)	(70,659,421)
Income before equity in earnings from investments accounted for using the equity method and income tax		71,541,936	132,032,101	403,216,245
Equity in earnings from investments accounted for using the equity method	17	2,590,774	1,141,722	8,155
Profit before income tax		74,132,710	133,173,823	403,224,400
Income tax	14	(96,493,650)	57,112,152	50,558,139
(Loss) / Profit for the year		(22,360,940)	190,285,975	453,782,539
Attributable to:				
Owners of the Parent Company		(22,360,940)	190,285,975	453,782,539

The accompanying notes 1 to 35 are an integral part of these financial statements.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

STATEMENT OF COMPREHENSIVE INCOME

for the years ended on December 31, 2023, 2022 and 2021
(Amounts in U.S. dollars, unless otherwise stated)

		Year ended on December 31,		
	Notes	2023	2022	2021
(Loss) / Profit for the year		(22,360,940)	190,285,975	453,782,539
Other comprehensive income:				
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
Changes in the fair value of investments in equity instruments	19	(2,209,019)	(508,855)	1,981,027
Remeasurement of post-employment benefit obligations	25	(2,084,380)	(2,172,378)	(3,910,928)
Income tax related to components of other comprehensive income (i)	28	1,451,591	891,009	(1,024,866)
Total other comprehensive income for the year		(2,841,808)	(1,790,224)	(2,954,767)
Total comprehensive income for the year		(25,202,748)	188,495,751	450,827,772
Attributable to:				
Owners of the Parent Company		(25,202,748)	188,495,751	450,827,772

(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 are an integral part of these financial statements.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

STATEMENT OF FINANCIAL POSITION at December 31, 2023, 2022 and 2021

(Amounts in U.S. dollars, unless otherwise stated)

	Notes	2023	December 31, 2022	2021
ASSETS				
Non-current assets				
Property, plant and equipment - Exploration, evaluation and development assets	15	1,532,581,557	1,492,464,401	1,255,319,540
Right-of-use assets	16.a	42,723,041	29,722,441	30,329,725
Investments accounted for using the equity method	17	5,970,772	3,379,998	2,238,276
Investments in equity instruments at fair value	19	17,585,085	19,794,104	20,302,959
Deferred tax assets	28	-	58,988,691	985,530
Other receivables and prepayments	20	27,780,478	14,768,126	8,384,145
Income tax assets		88,260	24,019,342	453,479
Total non-current assets		1,626,729,193	1,643,137,103	1,318,013,654
Current assets				
Inventories	22	39,179,433	35,946,349	33,362,347
Other receivables and prepayments	20	50,444,734	95,967,647	112,194,087
Income tax assets		1,380,959	7,902,460	16,961,657
Trade receivables	21	118,665,323	147,460,549	128,164,000
Derivative financial instruments		-	-	8,217
Other investments	23.a	79,210,319	225,605,838	334,713,230
Cash and cash equivalents	23.b	4,863,074	2,096,472	181,938,857
Total current assets		293,743,842	514,979,315	807,342,395
Assets classified as held for sale	34	-	-	2,029,968
Total assets		1,920,473,035	2,158,116,418	2,127,386,017
EQUITY AND LIABILITIES				
Equity				
Share capital	2.10.b	342,569,980	342,569,980	342,569,980
Capital contributions		57,069,009	57,069,009	57,069,009
Legal reserve		42,844,510	33,330,211	10,641,084
Other reserves	2.10.f	60,820,064	63,661,872	65,452,096
Reserve for future dividends		589,061,847	408,290,171	63,421,983
Retained earnings		(22,360,940)	190,285,975	453,782,539
Total equity		1,070,004,470	1,095,207,218	992,936,691
Non-current liabilities				
Borrowings	24	163,454,638	323,161,315	196,736,723
Deferred tax liability	28	36,053,368	-	-
Lease liabilities	16.a	14,789,698	9,935,170	15,843,881
Employee benefits	25	26,617,520	32,702,081	26,482,930
Provisions	26	81,127,652	54,277,273	42,890,712
Total non-current liabilities		322,042,876	420,075,839	281,954,246
Current liabilities				
Borrowings	24	294,260,341	400,783,513	695,015,206
Lease liabilities	16.a	13,094,981	12,009,421	11,915,673
Derivative financial instruments		-	-	1,616,638
Employee benefits	25	6,782,776	7,071,716	3,871,847
Provisions	26	3,156,816	3,593,587	4,969,488
Trade and other payables	27	211,130,775	219,375,124	135,106,228
Total current liabilities		528,425,689	642,833,361	852,495,080
Total liabilities		850,468,565	1,062,909,200	1,134,449,326
Total equity and liabilities		1,920,473,035	2,158,116,418	2,127,386,017

The accompanying notes 1 to 35 are an integral part of these financial statements.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

STATEMENT OF CHANGES IN EQUITY

for the years ended on December 31, 2023, 2022 and 2021
(Amounts in U.S. dollars, unless otherwise stated)

Attributable to the owners of the Parent Company							
Shareholders' contributions			Accumulated profit (loss)				
Notes	Share capital	Capital contributions	Reserved earnings			Retained earnings	Total
	Subscribed capital (i)		Legal reserve	Other reserves (ii)	Reserve for future dividends		
Balance at December 31, 2022	342,569,980	57,069,009	33,330,211	63,661,872	408,290,171	190,285,975	1,095,207,218
Loss for the year	-	-	-	-	-	(22,360,940)	(22,360,940)
Changes in the fair value of investments in equity instruments	19	-	-	(2,209,019)	-	-	(2,209,019)
Remeasurement of post-employment benefit obligations	25	-	-	(2,084,380)	-	-	(2,084,380)
Income tax related to components of other comprehensive income	28	-	-	1,451,591	-	-	1,451,591
Other comprehensive income for the year		-	-	(2,841,808)	-	-	(2,841,808)
Total comprehensive income for the year		-	-	(2,841,808)	-	(22,360,940)	(25,202,748)
Distribution of earnings according to the decision adopted during the Annual General Meeting of Shareholders held on March 13, 2023:							
Reserve allocation	-	-	9,514,299	-	180,771,676	(190,285,975)	-
Balance at December 31, 2023	342,569,980	57,069,009	42,844,510	60,820,064	589,061,847	(22,360,940)	1,070,004,470

(i) See Note 2.10.b.

(ii) See Note 2.10.f.

The accompanying notes 1 to 35 are an integral part of these financial statements.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

STATEMENT OF CHANGES IN EQUITY

for the years ended on December 31, 2023, 2022 and 2021 (cont.)

(Amounts in U.S. dollars, unless otherwise stated)

		Attributable to the owners of the Parent Company						
		Shareholders' contributions		Accumulated profit (loss)				
		Share capital		Reserved earnings			Retained earnings	Total
Notes		Subscribed capital (i)	Capital contributions	Legal reserve	Other reserves (iii)	Reserve for future dividends		
Balance at December 31, 2021		342,569,980	57,069,009	10,641,084	65,452,096	63,421,983	453,782,539	992,936,691
Profit for the year		-	-	-	-	-	190,285,975	190,285,975
19	Changes in the fair value of investments in equity instruments	-	-	-	(508,855)	-	-	(508,855)
25	Remeasurement of post-employment benefit obligations	-	-	-	(2,172,378)	-	-	(2,172,378)
28	Income tax related to components of other comprehensive income	-	-	-	891,009	-	-	891,009
Other comprehensive income for the year		-	-	-	(1,790,224)	-	-	(1,790,224)
Total comprehensive income for the year		-	-	-	(1,790,224)	-	190,285,975	188,495,751
Distribution of earnings according to the decision adopted during the Annual General Meeting of Shareholders held on March 23, 2022:								
Reserve allocation		-	-	22,689,127	-	431,093,412	(453,782,539)	-
Partial reduction of the reserve for future dividends due to the distribution of cash and in-kind dividends (ii)		-	-	-	-	(86,225,224)	-	(86,225,224)
Balance at December 31, 2022		342,569,980	57,069,009	33,330,211	63,661,872	408,290,171	190,285,975	1,095,207,218

(i) See Note 2.10.b.

(ii) See Note 2.10.c.

(iii) See Note 2.10.f.

The accompanying notes 1 to 35 are an integral part of these financial statements.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

STATEMENT OF CHANGES IN EQUITY

for the years ended on December 31, 2023, 2022 and 2021 (cont.)

(Amounts in U.S. dollars, unless otherwise stated)

	Notes	Attributable to the owners of the Parent Company						
		Shareholders' contributions		Accumulated profit (loss)				
		Share capital	Capital contributions	Reserved earnings			Retained earnings	Total
		Subscribed capital (i)		Legal reserve	Other reserves (ii)	Reserve for future dividends		
Balance at December 31, 2020		342,569,980	57,069,009	8,560,149	68,406,863	11,942,996	53,559,922	542,108,919
Profit for the year		-	-	-	-	-	453,782,539	453,782,539
Changes in the fair value of investments in equity instruments	19	-	-	-	1,981,027	-	-	1,981,027
Remeasurement of post-employment benefit obligations	25	-	-	-	(3,910,928)	-	-	(3,910,928)
Income tax related to components of other comprehensive income	28	-	-	-	(1,024,866)	-	-	(1,024,866)
Other comprehensive income for the year		-	-	-	(2,954,767)	-	-	(2,954,767)
Total comprehensive income for the year		-	-	-	(2,954,767)	-	453,782,539	450,827,772
Distribution of earnings according to the decision adopted during the Annual General Meeting of Shareholders held on March 25, 2021:								
Reserve allocation		-	-	2,080,935	-	51,478,987	(53,559,922)	-
Balance at December 31, 2021		342,569,980	57,069,009	10,641,084	65,452,096	63,421,983	453,782,539	992,936,691

(i) See Note 2.10.b.

(ii) See Note 2.10.f.

The accompanying notes 1 to 35 are an integral part of these financial statements.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

STATEMENT OF CASH FLOWS

for the years ended on December 31, 2023, 2022 and 2021

(Amounts in U.S. dollars, unless otherwise stated)

		Year ended on December 31,		
	Notes	2023	2022	2021
OPERATING ACTIVITIES				
(Loss) / Profit for the year		(22,360,940)	190,285,975	453,782,539
Adjustments to (loss) / profit for the year to reach operating cash flows	29	835,390,590	438,690,152	257,387,553
Changes in working capital	29	41,844,152	42,457,820	114,080,920
Others		(361,048,441)	62,727,823	37,637,996
Payment of employee benefits		(12,493,175)	(1,871,397)	(9,308,249)
Payment of income tax		(4,630,227)	(37,717,001)	(17,194,199)
Cash generated by operating activities		476,701,959	694,573,372	836,386,560
INVESTING ACTIVITIES				
Investments in property, plant and equipment		(656,567,310)	(696,744,340)	(357,184,231)
Collection from the sale of property, plant and equipment		1,168,863	1,410,767	563,215
Collection / (Payments) of other investments		135,346,750	36,696,680	(163,027,123)
Collected dividends	13	2,110,000	3,468,009	2,041,349
Payments of assets classified as held for sale		(181,700)	(1,181,800)	(667,026)
Collection from the sale of assets classified as held for sale	34	-	4,024,900	-
Cash used in investing activities		(518,123,397)	(652,325,784)	(518,273,816)
FINANCING ACTIVITIES				
Proceeds from borrowings	24	390,180,062	480,915,722	288,184,742
Proceeds from negotiable obligations, net of issuance costs		259,111,537	-	5,277,691
Repurchase of negotiable obligations	24	-	-	(29,477,037)
Payment of borrowings		(525,428,579)	(707,091,666)	(529,097,800)
Dividends paid	2.10.c	(2,897,233)	(33,327,991)	-
Lease liabilities payments		(14,748,385)	(15,009,187)	(8,079,583)
Cash generated by / (Used in) financing activities		106,217,402	(274,513,122)	(273,191,987)
Increase / (Decrease) in cash and cash equivalents		64,795,964	(232,265,534)	44,920,757
Changes in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year, net of bank overdrafts		(54,555,326)	181,938,857	123,491,642
Increase / (Decrease) in cash and cash equivalents		64,795,964	(232,265,534)	44,920,757
Financial (loss) / profit generated by cash and cash equivalents		(5,698,229)	(4,228,649)	13,526,458
Cash and cash equivalents at year-end, net of bank overdrafts		4,542,409	(54,555,326)	181,938,857
		Year ended on December 31,		
		2023	2022	2021
Cash and cash equivalents	23.b	4,863,074	2,096,472	181,938,857
Bank overdrafts	24	(320,665)	(56,651,798)	-
Cash and cash equivalents at year-end, net of bank overdrafts		4,542,409	(54,555,326)	181,938,857
Non-cash transactions				
Unpaid investments in property, plant and equipment		109,677,674	97,702,083	75,667,562
Dividends paid in kind	2.10.c	-	50,000,000	-
Unpaid dividends	2.10.c	-	2,897,233	-
Payments in kind of negotiable obligations		-	-	1,232,214
Unpaid assets classified as held for-sale		-	-	1,363,500

The accompanying notes 1 to 35 are an integral part of these financial statements.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Index to the notes to the financial statements

1. General information
2. Summary of significant accounting policies
3. New accounting standards
4. Financial risk management
5. Critical accounting estimates and judgments
6. Segment information
7. Sales revenues
8. Operating costs
9. Selling expenses
10. Administrative expenses
11. Labor costs
12. Other operating income / (expenses), net
13. Financial results
14. Income tax
15. Property, plant and equipment - Exploration, evaluation and development assets
16. Leases
17. Investments accounted for using the equity method
18. Impairment of non-financial long-term assets
19. Investments in equity instruments at fair value
20. Other receivables and prepayments
21. Trade receivables
22. Inventories
23. Other investments and Cash and cash equivalents
24. Borrowings
25. Employee benefits
26. Provisions
27. Trade and other payables
28. Deferred income tax
29. Complementary information of the Statement of Cash Flows
30. Contingencies, commitments, guarantees and restrictions on the distribution of profits
31. Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs
32. Related-party balances and transactions
33. Main joint operations
34. Assets classified as held for sale
35. Subsequent events

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021

(Amounts in U.S. dollars, unless otherwise stated)

1. General information

Tecpetrol S.A. (hereinafter referred to as the "Company" or "Tecpetrol") 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 (province of Neuquén), through (i) the unconventional exploitation concessions over which it holds all rights and obligations in the areas of Fortín de Piedra and Punta Senillosa (granted in July 2016 for a 35-year period) and in Puesto Parada area (granted in December 2022 for a 35-year period); and (ii) joint operations over unconventional exploitation concessions in the areas of Los Toldos I Norte, Los Toldos II Este and Los Toldos I Sur.

In addition, Tecpetrol S.A. operates in conventional hydrocarbon areas in Neuquina, Noroeste, Golfo San Jorge and other basins, through joint operations (see Note 34). It also holds all exploitation rights over the area Los Bastos (province of Neuquén) and has an exploration (and potential exploitation) license over the area Gran Bajo Oriental located in the province of Santa Cruz.

Macroeconomic environment

The Company has been conducting its business under challenging situations both locally and internationally.

Argentina experienced during 2023 a 1.4% decline in the economic activity, (according to preliminary GDP data) and a 211% inflation (CPI), while the Argentine peso (ARS) depreciated against the U.S. dollar by 356.5%, with the exchange rate increasing from ARS 177/USD 1 at the beginning of the year to ARS 808/USD 1 at year-end.

Oil sales prices to the domestic market were below export parity prices.

Throughout most of the year, the government maintained the requirement to convert proceeds from the export of goods and services from foreign currency into local currency at the exchange rate in force in the Foreign Exchange Market (Mercado Libre de Cambios, MLC). During the last quarter of 2023, such requirement was eased allowing for the possibility to settle a portion of those proceeds in foreign currency by purchasing and selling marketable securities acquired with foreign currency and then sold at local currency.

Regarding imports, new restrictions were imposed for accessing foreign currency, which affects the ordinary course of business of the Company.

At December 31, 2023, restrictions on MLC access are still in place, along with the import tax and export withholding regimes, allowing 20% of export values to be settled through the purchase and sale of marketable securities acquired with foreign currency and then sold at local currency.

Assets and liabilities in foreign currency at year-end have been measured based on MLC current quotations.

Since December 2023, the new government aims to establish a different economic regime in the country. This new economic regime consists in a sweeping economic deregulation and the implementation of structural reforms intended to lift all restrictions to invest in and operate in the country, including a gradual removal of all the exchange restrictions mentioned above, provided that the macroeconomic conditions allow it.

By means of Decree No. 592/2024, published in the Official Gazette on July 8, 2024, the Executive Branch promulgated Law No. 27.742 titled "Law of Bases and Starting Points for the Freedom of Argentines" (Ley de Bases y Puntos de Partida para la Libertad de los Argentinos), and thus declared a public emergency in administrative,

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

1. General information (cont.)

economic, financial and energetic matters for a 1-year period. The Law establishes the reform of the state, the promotion of registered employment, labor modernization and the implementation of a Large Investment Incentive Regime (Régimen de Incentivo de Grandes Inversiones, RIGI), among other measures. The RIGI aims to promote the development of productive and infrastructure investments by providing eligible investors with a legal security regime and stability in tax, customs, and foreign exchange matters for a period of 30 years.

Additionally, on the same date, Law No. 27.743 - Mitigating Fiscal Measures was published, which applies to individuals, and includes: (i) the reintroduction of the income tax, (ii) modifications of the personal assets tax, (iii) the expansion of the simplified regime for small taxpayers, (iv) assets regularization regime, and (v) tax and social security regularization.

In this context, the growth of the Company will be influenced by both the macroeconomic conditions in Argentina and the worldwide stability of the financial and geopolitical landscape. The exchange restrictions already imposed, and the ones that might be implemented in the future, could affect the Company's access to the MLC, and therefore, the acquisition of foreign currency to cancel its financial and commercial obligations.

Management of the Company closely monitors the evolution of the abovementioned situations in order to adopt 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 of the Company.

These financial statements of the Company should be read taking into account these circumstances.

2. Summary of significant accounting policies

2.1 Basis for preparation

These financial statements of the Company were prepared in accordance with the IFRS accounting 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.

These financial statements are presented in U.S. dollar (USD), unless otherwise stated, which is the Company's functional currency and were prepared with the purpose of providing information in such currency to non-Argentine users of the financial statements. These financial statements were approved for issuance by the Board of Directors on November 28, 2024.

The financial statements used by Tecpetrol S.A. for statutory, legal and regulatory purposes in Argentina are those presented in Argentine pesos (ARS) and filed with the National Securities Commission for Argentina (Comisión Nacional de Valores, CNV), which were approved for issuance by the Board of Directors on February 27, 2024.

The preparation of financial statements in conformity with IFRS requires management to make certain accounting estimates that might affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates.

The information corresponding to the years ended on December 31, 2022 and December 31, 2021, is part of these financial statements and is presented for comparative purposes only.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

2.2. Basis for consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Company has control, either directly or indirectly. The Company controls an entity when it is exposed to, or has rights to, the variable returns from its investment in the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is exercised by Tecpetrol and are no longer consolidated from the date on which control ceases.

The Company applies the acquisition method to account for business combinations. The cost of acquisition is measured at the fair value of the assets transferred, the equity instruments issued, and the liabilities assumed at the acquisition date. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value on the acquisition date. Any non-controlling interest in the acquiree is measured either at the fair value at the acquisition date or at the non-controlling interest proportionate share of the net assets acquired. The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this amount is less than the fair value of the net assets acquired, the difference is recognized directly in the Income Statement.

Intercompany transactions, balances and unrealized profit (loss) on transactions among subsidiaries are eliminated for consolidation purposes.

The accounting policies of subsidiaries are modified where necessary to ensure consistency with the accounting policies adopted by the Company.

Subsidiaries whose functional currency is the currency of a hyperinflationary economy recognize changes in the purchasing power of the currency pursuant to the dispositions set forth under IAS 29 on "Financial Reporting in Hyperinflationary Economies." The result of the inflation adjustment method set forth in IAS 29 over initial equity measured in functional currency are recognized in Other comprehensive income. Results and the financial position are translated into the presentation currency applying the closing exchange rate.

(b) Associates

Associates are entities over which the Company has significant influence, generally accompanying a shareholding of 20-50% of the voting rights. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Investments in associates are recognized as *Investments accounted for using the equity method* in the Statement of Financial Position. The Company's pro-rata share of earnings and other comprehensive income of associates is recorded as *Equity in Earnings from investments accounted for using the equity method* and *Other comprehensive income of investments accounted for using the equity method* in the Income Statement and the Statement of Comprehensive Income, respectively.

Unrealized profit (loss) on transactions between Tecpetrol and its associates is eliminated to the extent of Tecpetrol's interest in such companies.

The accounting policies of the associates are modified where necessary to ensure consistency with the accounting policies adopted by the Company. Additionally, the Company includes, where significant, subsequent operations when financial statements at different reporting dates are used to calculate the equity method of accounting.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

2.2. Basis for consolidation (cont.)

(b) Associates (cont.)

Investments in associates, each of which is considered a Cash Generating Unit (CGU), are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable; and, if appropriate, an impairment loss is recorded.

(c) Participation in joint arrangements

A joint arrangement is an agreement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties involved.

Investments whereby two or more parties have joint control are classified as *joint operations* when the parties have rights over the assets and obligations in relation to the liabilities of the joint arrangement. Joint operations are consolidated line by line at Tecpetrol's proportionate share.

Investments whereby two or more parties have joint control are classified as *joint ventures* when the parties have rights over the net assets of the arrangement and are registered according to the equity method, as described above. Investments classified as joint ventures are included under *Investments accounted for using the equity method* in the Statement of Financial Position. The Company's pro-rata share of earnings and other comprehensive income of joint ventures is recorded as Equity in earnings *from investments accounted for using the equity method* and *Other comprehensive income of investments accounted for using the equity method* in the Income Statement and the Statement of Comprehensive Income, respectively.

Accounting policies of joint operations and ventures have been modified where necessary to ensure consistency with the accounting policies adopted by the Company.

The valuation of the Company's interests in joint arrangements is reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable and, if appropriate, an impairment loss is recorded.

2.3. Foreign currency translation and balances in foreign currency

(a) Functional and presentation currency

Items included in the 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 USD, since this is the currency which best reflects the economic substance of the transactions. Both sales and prices of main drilling costs are negotiated, denominated and settled either in USD or considering the exchange rate fluctuation with respect to that currency.

The presentation currency of these financial statements is the USD.

(b) Transactions in currency other than the functional currency

Transactions carried out in currencies other than functional currency are translated into functional currency using the exchange rates prevailing at the date of the transaction or valuation. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the Income Statement, except when deferred to *Other comprehensive income* as cash flow hedges. Translation differences on non-monetary financial

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

2.3. Foreign currency translation and balances in foreign currency (cont.)

assets and liabilities, such as *investments in equity instruments at fair value* are reported under *Other comprehensive income*. Share capital is translated at the exchange rate in force at the date of each capital contribution.

2.4. Property, plant and equipment - Exploration, evaluation and development assets

Exploration and exploitation rights over areas relating to proved reserves are capitalized.

Acquisition costs related to rights and concessions of probable and possible reserves are initially capitalized; then; if upon completion and evaluation, exploratory results are determined to be unsuccessful, such costs are charged to expense in the period in which the lack of reserves is definitively confirmed by studies, technical reports or additional drillings.

Exploration and evaluation costs are initially capitalized and accumulated on a field-by-field basis. In the case of exclusively exploratory areas, exploration and evaluation costs include geological studies and other costs directly attributable to this activity. Subsequently, if upon field commercial evaluation, results are determined to be unsuccessful, these costs are charged to expense in the period in which the lack of reserves is definitively confirmed by studies and technical reports.

Drilling costs of exploratory wells are initially capitalized until it is confirmed that proved reserves are found that justify their commercial development. During this period, and subject to the existence of production associated to such exploratory wells, investment costs are reduced by the net proceeds from the commercialization of that production. If such proved reserves are not found, drilling costs are charged to expense in the period in which this determination is definitively confirmed. Occasionally, an exploratory well may determine the existence of reserves, but they might not be classified as proved reserves once the drilling is completed. In this case, these costs remain capitalized provided that the well has enough reserves in order to justify its completion as a productive well and that the Company makes sufficient progress in assessing the economic and operational viability of the project.

No depreciation or amortization is charged during the exploration and evaluation phase.

Field development costs are capitalized as *Property, plant and equipment - exploration, evaluation and development assets*. Such costs include the acquisition and installation of production facilities, drilling costs of development wells and project-related engineering.

Wells drilled in productive fields for the purposes of developing proved reserves are considered development wells; wells which are neither development wells nor service wells are considered exploratory wells.

Workovers carried out in wells intended to develop reserves and/or increase production are capitalized and depreciated on the basis of their estimated average useful life. Maintenance costs are charged to expense when incurred.

Asset retirement obligations costs are calculated pursuant to the guidelines detailed in Note 2.14.

From time to time, the Company re-evaluates the remaining useful lives of its assets, their residual value and the depreciation method; and adjusts them, if necessary.

Depreciation of exploration and exploitation rights related to proved reserves is calculated using the unit-of-production method computed on the basis of total proved reserves of each field.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

2.4. Property, plant and equipment - Exploration, evaluation and development assets (cont.)

Depreciation of wells, machinery, equipment and facilities is calculated using the unit-of-production method computed on the basis of total proved developed reserves of each field as from the month production starts.

Depreciation of machinery and equipment under contracts in which the Company acts as lessor is calculated using the straight-line method over an estimated useful life of 10 years.

Depreciation of the remaining property, plant and equipment is calculated using the straight-line method by applying the following annual rates to the cost of each asset:

- | | |
|----------------------------------|---------------|
| – Vehicles | up to 5 years |
| – Furniture and office equipment | up to 5 years |

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of assets at the date of disposal and are recognized under *Other operating income (expenses)*, as applicable, in the Income Statement.

The carrying value of assets from production and development areas and assets related to probable and possible reserves is reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. Impairment losses are recognized when the carrying value of the assets is higher than their recoverable amount. The recoverable amount is the higher of the assets' fair value, less costs to sell and their value in use. The value in use is determined on the basis of discounted cash flows expected to arise from the remaining commercial reserves.

Assets which have suffered impairment losses in previous periods are reviewed at each reporting date in order to assess if the conditions which gave rise to the impairment loss have changed and, if appropriate, to reverse such impairment loss.

2.5. Leases

Right-of-use assets and liabilities derived from lease agreements under which the Company acts as lessee (Note 16.a) are recognized in the Statement of Financial Position as from the date on which the leased asset is available for use by lessee and are measured at the present value of the payments to be made under the term of the lease agreement considering the discount rate implicit under the lease (provided it could be determined) or the incremental borrowing rate of the Company.

Lease liabilities comprise fixed payments, variable lease payments based on a rate or index, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and penalties for early termination of the lease if the term of the agreement indicates the lessee will exercise the option.

Costs for right-of-use assets include the amount of initially measured liabilities, all payments made before the date of initial application, initial direct costs and related-restoration costs.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and any initial direct costs incurred by the lessee.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

2.5. Leases (cont.)

Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if applicable. Assets are depreciated on a straight-line basis over the term of the lease or useful life of the asset, whichever period is the shorter. Lease liabilities are increased by interest accrual and remeasured to reflect changes in payments, the scope of the lease and the discount rate. The cost for right-of-use assets is adjusted for any remeasurement of the lease liability.

Lease liabilities were discounted using the Company's incremental borrowing rate in USD which averaged 5.4% in 2023.

Lease agreements under which the Company acts as lessor (Note 16.b) and retains all risks and benefits from the ownership of the underlying asset are classified as operating leases. Revenue from these contracts is recognized on an accrual basis under *Sales revenues* in the Income Statement during the term of the lease. All related leased assets are included in the Statement of Financial Position according to their nature.

2.6. Inventories

Hydrocarbon inventories, supplies and spare parts are stated at the lowest between cost, using the weighted average cost formula, and net realizable value.

The Company assesses the recoverability of its inventories at each closing date and, if appropriate, an allowance for obsolete or slow-moving inventories is recognized in the Income Statement.

2.7. Trade and other receivables

Trade and other receivables are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, less allowances for doubtful accounts, if necessary. An allowance for doubtful accounts is established based upon expected credit losses and when there is objective evidence that the Company will not be able to collect trade and other receivables. In order to assess expected credit losses, the Company uses both forward-looking information and historical data. Periodically, the Company evaluates changes in credit risk considering the debtors' significant financial difficulties, the probability that the debtor will file for bankruptcy or will be subject to insolvency proceedings, and default or significant delays in payments, as well as significant changes in foreign market indicators and regulatory or economic conditions. To estimate expected credit losses, the Company groups trade and other receivables (if any) based upon common credit risk indicators and designates an expected bad debt rate according to a historical bad debt ratio adjusted to expected future economic conditions.

The asset's carrying amount is reported net of the allowance for doubtful accounts, if applicable. The expense is recognized in the Income Statement under *Selling expenses*.

2.8. Other investments

Other investments consist of investments in financial debt instruments with a maturity of more than three months at the date of purchase. They are initially recognized at fair value and subsequently valued at amortized cost or at fair value, depending on the classification of the financial instruments, as set forth in Note 2.19.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

2.9. Cash and cash equivalents

Cash and cash equivalents are carried at fair value or at historical cost which approximates the fair value. For purposes of the Statement of Cash Flows, cash and cash equivalents include cash, bank deposits, overdrafts and highly liquid investments with original maturities of less than three months and which are readily convertible into cash.

In the Statement of Financial Position, bank overdrafts are included in *Borrowings* within current liabilities.

2.10. Equity

(a) Equity components

The Statement of Changes in Equity includes share capital, capital contributions, the legal reserve, the reserve for future dividends, other reserves and retained earnings.

(b) Share Capital

At December 31, 2023, 2022 and 2021 the Company's subscribed capital amounted to ARS 4,436,448,068 (USD 342,569,980) and was represented by 4,436,448,068 common shares carrying a nominal value of ARS 1 each.

(c) Distribution of dividends

Dividends distributed to the Company's shareholders are based on profit (loss) attributable to the owners of the Parent Company. Distribution of dividends is recognized as a liability in the financial statements in the period in which those dividends are approved by the Shareholders.

On August 23, 2022, the members of the Board of Directors of Tecpetrol S.A. approved the distribution of dividends through the partial reduction of the reserve for future dividends by USD 53.8 million (USD 50 million were distributed in kind -bonds- and USD 3.8 million were distributed in cash). Such dividends were paid on August 30, 2022.

On October 28, 2022, the members of the Board of Directors of Tecpetrol S.A. approved the distribution of cash dividends, and therefore, partially reduced the reserve for future dividends by USD 21.9 million. Such dividends were paid on November 4, 2022.

On December 16, 2022, the members of the Board of Directors of Tecpetrol S.A. approved the distribution of cash dividends, and therefore, partially reduced the reserve for future dividends by USD 10.5 million. Such decision was ratified by the Shareholders at the Annual General Meeting held on December 28, 2022. At December 31, 2022, the amount paid totaled USD 7.6 million and the remaining was paid in January 2023.

(d) Capital contributions

General Resolution No. 562/09 of the CNV establishes that there are certain transactions carried out by an entity with its parent company that, depending on the economic substance of the transaction, are similar to contributions or withdrawals of capital or profits, and therefore must be recognized directly in Equity. When items with a credit balance are generated, they are treated as capital contributions and are disclosed in Equity as *Capital Contributions*.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

2.10. Equity (cont.)

(e) Legal reserve

In accordance with Companies Law No. 19,550 (hereinafter referred to as "LGS"), the Company's by-laws and General Resolutions No. 622/13 and 941/2022 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 share capital.

(f) Other reserves

Other reserves include the changes in the fair value of investments in equity instruments, the actuarial gains and losses generated by employee benefits and the income tax related to components of other comprehensive income.

The composition of *Other reserves* at December 31, 2023, 2022 and 2021 is as follows:

	Special reserve (i)	Reserve for investments in equity instruments	Reserve for employee benefits	Total
Balances at December 31, 2022	64,632,969	3,042,074	(4,013,171)	63,661,872
Other comprehensive income for the year	-	(2,209,019)	(2,084,380)	(4,293,399)
Income tax related to components of other comprehensive income	-	722,058	729,533	1,451,591
Balances at December 31, 2023	64,632,969	1,555,113	(5,368,018)	60,820,064

	Special reserve (i)	Reserve for investments in equity instruments	Reserve for employee benefits	Total
Balances at December 31, 2021	64,632,969	3,420,252	(2,601,125)	65,452,096
Other comprehensive income for the year	-	(508,855)	(2,172,378)	(2,681,233)
Income tax related to components of other comprehensive income	-	130,677	760,332	891,009
Balances at December 31, 2022	64,632,969	3,042,074	(4,013,171)	63,661,872

	Special reserve (i)	Reserve for investments in equity instruments	Reserve for employee benefits	Total
Balances at December 31, 2020	64,632,969	3,832,916	(59,022)	68,406,863
Other comprehensive income for the year	-	1,981,027	(3,910,928)	(1,929,901)
Income tax related to components of other comprehensive income	-	(2,393,691)	1,368,825	(1,024,866)
Balances at December 31, 2021	64,632,969	3,420,252	(2,601,125)	65,452,096

(i) Corresponds to the special reserve created in accordance with CNV General Resolution No. 609/12 [See Note 30 (iii)].

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

2.11. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently measured at amortized cost using the effective interest method.

Borrowings are classified as current liabilities if they are due within the next 12 months after the reporting period and the Company does not have the unconditional right to defer payments for at least 12 months after the reporting period.

2.12. Income tax

The income tax expense comprises current and deferred tax and is recognized in the Income Statement, except to the extent that it relates to items recognized in *Other comprehensive income*. In this case, income tax is also recognized directly in *Other comprehensive income*.

Current income tax is calculated by applying the appropriate tax rate to the taxable income determined under current tax regulations. Tecpetrol periodically evaluates positions taken in returns regarding situations in which tax regulation is subject to interpretation and recognizes a provision when considered appropriate.

Deferred income tax is recognized by applying the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The temporary differences arise mainly from the effect of the difference on functional currency, the tax inflation adjustment, depreciation of property, plant and equipment, net operating loss carry-forwards, allowances and provisions. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the time period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted at the reporting date.

Tax losses are recognized as deferred assets to the extent that it is probable that future taxable income will be available. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets and recognize a deferred asset if it is probable that future taxable income will allow the deferred asset to be recovered.

Deferred tax assets and liabilities are offset at the level of each legal entity when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

For the assessment of income tax charge, Law No. 27,430/2017, as amended, sets forth the application of a tax inflation adjustment in the fiscal year in which the percentage of variation of the CPI accumulated during the thirty-six months prior to the closing date, exceeds 100%. In fiscal years 2023 and 2022 this condition was met, and therefore the tax inflation adjustment was included in the assessment of the provision for current and deferred income tax, including its impact according to applicable regulations.

The Company has applied the inflation adjustments to the tax losses originated as from January 1, 2018, pursuant to section 25 of Income Tax Law (as revised in 2019 and subsequently amended).

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

2.12. Income tax (cont.)

For tax assessment purposes, Law No. 27,630 establishes a three-tiered rate system depending on accumulated net taxable income. The rates applicable for fiscal year 2023 are as follows:

- 25% for accumulated net taxable income up to ARS 14 million.
- 30% for the second tier, which covers accumulated net taxable income up to ARS 143 million, plus ARS 4 million corresponding to taxable income from the first tier.
- 35% for income over ARS 143 million, plus ARS42 million corresponding to income from the first and second tiers.

These amounts are adjusted on a yearly basis, as set forth under Income Tax Law.

As from fiscal year 2022, and based on Law No. 27,701, the Company chose to differ the positive inflation adjustment in three fiscal years (applicable to fiscal years starting on or after January 1, 2022) and committed to make certain investments of an amount equal to or higher than ARS 30,000 million during each of the two fiscal years following the fiscal year to which the positive inflation adjustment corresponds.

Besides, pursuant to the abovementioned law, dividends and similar profits to be distributed among foreign beneficiaries will be taxed at a rate of 7%.

2.13. Employee benefits

(a) Pension plans and others

The Company has established employee benefits classified as *unfunded defined benefits* plans and *other long-term benefits* that are granted after retirement and during the employee's working life and are recognized according to current accounting standards.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, which is calculated at least once a year by independent actuaries using the projected unit credit method.

For unfunded defined benefits, actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in Other comprehensive income in the year in which they arise. Past-service costs are recognized immediately in the Income Statement.

Actuarial gains and losses related to other long-term benefits are recognized immediately in the Income Statement.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

2.13. Employee benefits (cont.)

(b) Employee retention and long-term incentive program

Tecpetrol Investments S.L.U., indirect parent company of the Company, has an employee retention and long-term incentive program for certain executives of some subsidiaries. According to this program, the beneficiaries will be granted a number of units valued at the book value of Equity per share of Tecpetrol Investments S.L.U. (excluding non-controlling interest). The units will be vested over a period of four years and the corresponding subsidiaries will redeem them after a certain period, which according to the terms of the plan granted, contemplates two different redemption periods: a) 10 years from the day they were granted; the employee shall have the right to request payment as from the seventh year onwards; b) 7 years from the day they were granted; or in both cases, when the employment relationship with the payor subsidiary ceases. Payments will be made at the book value of Equity per share attributable to the Shareholders of Tecpetrol Investments S.L.U. upon payment. The beneficiaries of this program will also receive cash payments equivalent to the dividend paid per share, each time Tecpetrol Investments S.L.U. pays cash dividends to its shareholders. Considering that payment of the benefit is tied to the book value of Tecpetrol Investments S.L.U. shares, the Company values this program as *Other long-term benefits*, as required by IAS 19.

At December 31, 2023, 2022 and 2021, the total value of the units granted to employees of the Company under this program, considering both the number of units and the book value per share of Tecpetrol Investments S.L.U. amounts to USD 16, USD 18 and USD 14 million, respectively. Pursuant to calculations carried out by independent actuaries, at December 31, 2023, 2022 and 2021, the Company reported liabilities for USD 17.1 million, USD 19.6 million and USD 14.4 million, respectively; and expenses for USD 6.0 million at December 31, 2023, and USD 6.3 million at December 31, 2022 and 2021 (see Note 25).

2.14 Provisions

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 expenditure expected to be required to settle the obligations using an appropriate discount rate.

The provision for assets retirement obligations is calculated by establishing the present value of future costs related to the decommissioning and restoration of each area. When the liability is initially recognized, the Company capitalizes these costs by increasing the carrying value of the related asset. Over time, the liability is accreted to its present value during each period, and the initially capitalized cost is depreciated over the estimated useful life of the related asset, as detailed in Note 2.4. The Company periodically re-evaluates the future costs of asset retirement obligations, based upon changes in technology, the number of wells, changes in the discount rate, and variations in restoration costs necessary to protect the environment. The effects of these re-calculations are included in the financial statements of the periods in which they are determined and are disclosed as an adjustment to the provision and to *Property, plant and equipment - Exploration, evaluation and development assets*.

2.15. Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method. Trade and other payables are classified as *current liabilities* unless Tecpetrol has the right to defer settlement of the liability for at least 12 months after the reporting date.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

2.16. Revenue recognition

Revenues from contracts with customers comprise the fair value of the consideration received or receivable from the sale of goods and services to customers net of value-added tax, withholding taxes and discounts.

Revenues from hydrocarbon sales contracts with customers are recognized when the control of goods or services is transferred to the customer, at fair value of the consideration received or receivable. Performance obligations are fulfilled, and control is transferred to the customer upon delivery of hydrocarbons.

Revenues from contracts with customers for services mainly related to the sale of hydrocarbons are recognized over time. The related performance obligation is fulfilled as such services are rendered.

Other revenues are recognized on an accrual basis.

2.17. Incentives to production and/or investments

Incentives to production and/or investments created by the national government are recognized according to an accrual basis of accounting when the Company complies with all necessary requirements in order to receive the incentives and has a reasonable certainty that they will be collected. Such incentives are included within *Sales revenues* in the Income Statement.

2.18. Operating costs

Operating costs are recognized in the Income Statement on an accrual basis of accounting.

2.19. Financial instruments

Financial assets and liabilities are recognized and derecognized on their settlement date.

Financial assets and liabilities are offset, and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to offset such amounts, and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies its non-derivative financial instruments into the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification depends on the Company's business model to manage the financial instruments and the terms of their contractual cash flows.

(a) Amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met: (a) the business model of the company is to collect the contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognized in the Income Statement using the effective interest rate method.

Financial liabilities are measured at amortized cost, except when they specifically satisfy certain requirements to be included under another category.

This category mainly includes cash and cash equivalents, trade and other receivables, borrowings, trade and other payables and leases.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

2.19. Financial instruments (cont.)

(b) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met: i) the business model of the company is achieved by both collecting contractual cash flows and selling those financial assets, and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes investments in equity instruments since the Company exercised the irrevocable election to present changes in the fair value in other comprehensive income as an item that will not be subsequently reclassified to profit or loss. Dividends resulting from these investments are recognized in profit or loss.

The Company evaluates at each closing date whether there are impairment indicators, and recognize, if necessary, an impairment charge as part of the changes in the fair value in *Other comprehensive income*.

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial instruments that do not meet the criteria for any of the other categories. This category mainly includes investments in financial debt instruments, fixed-income securities, share certificates and mutual funds

2.20. Derivative financial instruments and hedging activities

Derivative financial instruments are recognized at fair value. Specific tools, which are tested for consistency on a regular basis, are used for calculating the fair value of each instrument. Market indexes are used for all pricing operations. These include exchange rates, interest rates and other discount rates which mitigate the nature of the underlying risk.

The method for recognizing the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument, and if so, on the nature of the item being hedged. Changes in the fair value of derivative financial instruments that are not designated as hedging instruments are immediately recognized in the Income Statement as *Other net financial profit / (loss)*.

A derivative financial instrument designated as a hedging instrument is classified as non-current asset or liability if the item being hedged has a maturity greater than 12 months; and it is classified as current asset or liability if the remaining maturity of the hedged item is less than 12 months. Derivatives not designated as hedging instruments are classified as current assets or liabilities.

Cash flow hedges

When a derivative financial instrument is designated as a hedging instrument, the Company documents the relationship between hedging instruments and hedged items at the inception of the transaction, as well as its objectives and the risk management strategy for undertaking various hedge transactions.

Upon hedge inception and on an ongoing basis, the Company also assesses the effectiveness of the derivative financial instruments designated as hedge to offset cash flows of hedged items.

The effective portion of changes in the fair value of derivatives financial instruments that are designated as cash flow hedges is recognized under *Other comprehensive income*. The profit (loss) related to the ineffective portion is recognized immediately in the Income Statement under *Other net financial profit / (loss)*.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

2.20. Derivative financial instruments and hedging activities (cont.)

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative profit or loss previously reported under *Other comprehensive income* remains in Other comprehensive income and is reclassified to the Income Statement when the hedged transaction takes place. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in Other comprehensive income is immediately reclassified to the Income Statement.

2.21. Segment information

The Company has identified each of the fields in which it participates as operating segments. such operating segments are aggregated into two reportable segments: Neuquina basin and Noroeste - San Jorge basin and others. Each reportable segment is managed by an officer, who is directly responsible for managing the operations in the fields of each basin.

The highest decision-making authority is the group of directors comprising the Chairperson; the General Director of Exploration and Production; the General Director of Business Development, Gas and Power, and Commercial; and the General Director of Corporate Areas, who hold periodical meetings with the officers in charge of the different areas in order to assess the performance of each field and allocate resources. Such assessment is performed based on the operating profit (loss) reported under the management view. Note 6 discloses the information received and monitored by directors and the main differences between operating profit (loss) under management view and IFRS.

The Neuquina basin segment includes the operations in the following fields: Fortín de Piedra, Punta Senillosa, Los Bastos, Puesto Parada, Agua Salada and Los Toldos (I Norte, II Este and I Sur), where medanito crude and gas are produced. Additionally, it includes all evaluation activities developed in Loma Ancha.

The Noroeste - San Jorge basin and others segment include the operations in the following fields: Aguara Güe and Ramos in Salta, El Tordillo and La Tapera - Puesto Quiroga in Chubut and Lago Argentino in Santa Cruz. These are mature fields, with secondary and tertiary productions, mainly of escalante crude oil and gas. Moreover, there are exploratory activities in the area of Gran Bajo Oriental in the province of Santa Cruz and in MLO-124 area, located in Malvinas marine basin.

2.22. Assets classified as held for sale

Non-current assets are classified as assets held for sale if the carrying value will be recoverable mainly through a sale transaction (that is, the asset is not held for continuous use), and such sale is highly likely to occur. Such assets are measured at the lowest of their carrying value and the asset's fair value less costs to sell.

3. New accounting standards

(a) New standards, interpretations and amendments to published standards effective as from the year ended on December 31, 2023:

There were no new standards, interpretations and amendments to published standards that were relevant to the Company.

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

IAS 21:

In August 2023, the IASB modified IAS 21 introducing some guidelines to assess whether a currency is exchangeable into another currency and to determine a spot exchange rate when a currency is not exchangeable.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

3. New accounting standards (cont.)

Amendments to IAS 21 are applicable to annual reporting periods beginning on or after January 1, 2025.

IFRS 18:

In April 2024, the IASB issued IFRS 18 "Presentation and Disclosure in Financial Statements", which replaces IAS 1 "Presentation of Financial Statements" and introduces new requirements to enhance the ways companies disclose their information in the financial statements, particularly in the Income Statement.

IFRS 18 is applicable to annual reporting periods beginning on or after January 1, 2027.

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

4. Financial risk management

4.1. Financial risk factors

Due to its activities, the Company is exposed to a series of financial risks, mainly related to market risks (including fluctuations in exchange rates, interest rates and prices), concentration of credit risk, liquidity risk and capital risk.

The risk management program is focused on the unpredictability of financial markets and aims at minimizing the potential adverse effects on its financial performance.

(i) Foreign exchange rate risk

The Company is exposed to fluctuations in exchange rates for those transactions conducted in a currency other than the functional currency. Since the functional currency is the USD, the purpose of Tecpetrol's is to reduce the risk caused by changes in the exchange rates of other currencies against the USD.

Exposure to fluctuations in foreign exchange rate is reviewed periodically. The Company intends to counteract the potentially negative impact of variations in the exchange rates, using different financial instruments and derivatives, if necessary.

Exposure to the Argentine peso was USD 105.3 million (liabilities) at December 31, 2023.

Tecpetrol estimates that a 1% depreciation/revaluation of the ARS in respect to USD would result in a profit/(loss) of USD 1.1 million at December 31, 2023.

(ii) Interest rate risk

Tecpetrol is exposed to cash flow risks generated by the volatility of the interest rate, mainly related to short-term investments and borrowings.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

4.1. Financial risk factors (cont.)

(ii) Interest rate risk (cont.)

The following table summarizes the proportions of variable-rate and fixed-rate debt at each year-end:

	2023		December 31, 2022		2021	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Fixed rate	109,680,527	24%	357,240,901	49%	799,674,770	90%
Floating rate	348,034,452	76%	366,703,927	51%	92,077,159	10%
	457,714,979		723,944,828		891,751,929	

If interest rates on the accumulated nominal average of borrowings held during the year at floating rates had been 50 basis points higher with all other variables remaining constant, net profit (loss) at December 31, 2023, would have been USD 0.2 million lower (for loans in ARS) and USD 1.6 million lower (for loans in USD). Note 24 includes information concerning the interest rates applicable to main borrowings.

(iii) Credit risk concentration

Tecpetrol's financial assets which are potentially exposed to credit risk concentrations are mainly deposits in financial institutions, short-term investments and trade receivables and other receivables.

As regards deposits in financial institutions, the Company reduces its exposure to significant concentrations of credit risk maintaining its deposits and placing its cash investments with high credit quality financial institutions, either directly or through a related company which acts as a financial agent.

Tecpetrol sets out certain guidelines for the investment in financial assets. At December 31, 2023, investments mainly consist in Argentine sovereign bonds.

With regards to trade receivables, the Company implements policies to ensure that products are sold to customers with an appropriate credit history, or, if not available, letters of credit. Tecpetrol actively monitors the credit history of its customers, determining individual credit lines which are reviewed periodically and identifying cases where insurance, credit letters or other instruments intended to mitigate credit risks are necessary. For credit analysis purposes, the Company uses internal information about the performance of its customers as well as external sources.

At December 31, 2023, 18% of the trade receivables are guaranteed with credit insurance (18% and 25% at December 31, 2022 and December 31, 2021, respectively) and 1% with guarantees (3% at December 31, 2022 and December 31, 2021).

Tecpetrol sells to Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA) and Energía Argentina S.A. (ENARSA), state-controlled companies, mostly under the National Public Bidding – Reinsurance and Enhancement Plan of Hydrocarbon Production, Self-supply, Exports, Import Substitution and Expansion of the Transportation System for all Hydrocarbon Basins in the Country for the period 2023-2028 established under Decree No. 892/20 (as amended by Decree No. 730/22) and Resolution No. 317/2020 from the Office of the Secretary of Energy (hereinafter referred to as "Plan Gas.Ar"). At December 31, 2023, CAMMESA and ENARSA represented 24% (42% at December 31, 2022 and 45% December 31, 2021) and 12% (4% at December 31, 2022 and 5% December 31, 2021), respectively, of all trade receivables of Tecpetrol.

Regarding other receivables, at December 31, 2023, 2022 and 2021, 14%, 39% and 60%, respectively, corresponded to incentives granted by the national government.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

4.1. Financial risk factors (cont.)

(iv) Liquidity risk

The financial strategy seeks to maintain adequate financial resources and access to credit facilities to finance the operations of the Company. During 2023, Tecpetrol used cash flows from its operations as well as external financing.

Tecpetrol has a conservative strategy as regards liquidity management, which consists in maintaining a substantial portion of its funds in cash, liquid funds and short-term investments.

At December 31, 2023, Tecpetrol has a negative working capital of USD 234.7 million, which was mainly generated by borrowings. This situation is periodically monitored by the members of the Board and management. The Company has different alternatives to adequately cancel the commitments assumed.

The following table shows the maturity of our financial debt:

	< 1 year	1-2 years	2-5 years	> 5 years
At December 31, 2023				
Borrowings	294,260,341	117,586,506	45,868,132	-
Lease liabilities	13,094,981	6,904,798	4,489,556	3,395,344
Trade and other payables	188,481,689	-	-	-
Interest on unpaid borrowings not yet accrued	91,214,377	14,983,284	7,375,647	-
Total	587,051,388	139,474,588	57,733,335	3,395,344
	< 1 year	1-2 years	2-5 years	> 5 years
At December 31, 2022				
Borrowings	400,783,513	185,271,208	137,890,107	-
Lease liabilities	12,009,421	4,607,169	3,344,873	1,983,128
Trade and other payables	191,830,393	-	-	-
Interest on unpaid borrowings not yet accrued	41,013,431	14,068,758	6,091,587	-
Total	645,636,758	203,947,135	147,326,567	1,983,128
	< 1 year	1-2 years	2-5 years	> 5 years
At December 31, 2021				
Borrowings	695,015,206	131,010,509	65,726,214	-
Lease liabilities	11,915,673	7,040,331	5,229,690	3,573,860
Financial derivative instruments	1,616,638	-	-	-
Trade and other payables	112,020,423	-	-	-
Interest on unpaid borrowings not yet accrued	13,507,157	7,296,318	1,865,875	-
Total	834,075,097	145,347,158	72,821,779	3,573,860

(v) Price risk

The Company is exposed to the variation of international crude oil prices, given that it exports part of its production, and the sales price agreed in the domestic market is determined considering such international prices. A USD 1 variation in the reference price of the barrel of crude oil, with all other variables remaining constant, would imply an impact in net profit / (loss) of USD 3 million for the year ended on December 31, 2023.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

4.1. Financial risk factors (cont.)

(v) Price risk (cont.)

Regarding the gas sales, a variation of USD 0.1 per million of BTU, with all other variables remaining constant, would imply an impact in net profit / (loss) of the Company of USD 5.2 million for the year ended on December 31, 2023. It should be noted that this sensitivity analysis does not consider sales revenues obtained under Plan Gas.Ar since such plan sets fixed prices.

At December 31, 2023, 2022 and 2021, the Company does not have derivative financial instruments to mitigate this price risk.

Additionally, Tecpetrol's short-term investments in financial instruments are exposed to the risk of price change due to fluctuations in relation to the future values of such assets. Management periodically monitors the evolution of such prices.

At December 31, 2023, investments in financial instruments at fair value through profit or loss amounts to USD 17.6 million.

Tecpetrol estimates that a 10% variation in the market price of such investments would have resulted in a profit /(loss) of USD 8 million at December 31, 2023. This sensitivity analysis shows the impact of a price variation and does not consider other variables which might influence the measurement of these assets.

(vi) Capital risk

The Company seeks to maintain an adequate level of indebtedness over total equity considering the industry and the markets in which it operates. The net debt/total equity ratio ("net debt" comprises financial borrowings less cash and cash equivalents and other investments and "equity" is the aggregate of net debt and equity) is 0.26 at December 31, 2023, compared to 0.31 at December 31, 2022 and to 0.27 at December 31, 2021. The Company does not have to comply with regulatory capital adequacy requirements.

4.2. Financial instruments by category

Financial instruments by category are disclosed below:

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
At December 31, 2023				
Assets				
Investments in equity instruments at fair value	-	-	17,585,085	17,585,085
Other receivables	-	29,440,673	-	29,440,673
Trade receivables	-	118,665,323	-	118,665,323
Other investments	79,210,319	-	-	79,210,319
Cash and cash equivalents	3,979,766	883,308	-	4,863,074
Total	83,190,085	148,989,304	17,585,085	249,764,474
At December 31, 2023				
Liabilities				
Borrowings	457,714,979	457,714,979		
Lease liabilities	27,884,679	27,884,679		
Trade and other payables	188,481,689	188,481,689		
Total	674,081,347	674,081,347		

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

4.2. Financial instruments by category (cont.)

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
At December 31, 2022				
Assets				
Investments in equity instruments at fair value	-	-	19,794,104	19,794,104
Other receivables	-	56,430,506	-	56,430,506
Trade receivables	-	147,460,549	-	147,460,549
Other investments	225,605,838	-	-	225,605,838
Cash and cash equivalents	1,154,497	941,975	-	2,096,472
Total	226,760,335	204,833,030	19,794,104	451,387,469

	At amortized cost	Total
At December 31, 2022		
Liabilities		
Borrowings	723,944,828	723,944,828
Lease liabilities	21,944,591	21,944,591
Trade and other payables	191,830,393	191,830,393
Total	937,719,812	937,719,812

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
At December 31, 2021				
Assets				
Investments in equity instruments at fair value	-	-	20,302,959	20,302,959
Other receivables	-	89,813,119	-	89,813,119
Trade receivables	-	128,164,000	-	128,164,000
Derivative financial instruments	8,217	-	-	8,217
Other investments	334,713,230	-	-	334,713,230
Cash and cash equivalents	136,243,109	45,695,748	-	181,938,857
Total	470,964,556	263,672,867	20,302,959	754,940,382

	At fair value through profit or loss	At amortized cost	Total
At December 31, 2021			
Liabilities			
Borrowings	-	891,751,929	891,751,929
Lease liabilities	-	27,759,554	27,759,554
Derivative financial instruments	1,616,638	-	1,616,638
Trade and other payables	-	112,020,423	112,020,423
Total	1,616,638	1,031,531,906	1,033,148,544

4.3. Fair value estimate

Fair value hierarchies

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

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

4.3. Fair value estimate (cont.)

Fair value hierarchies (cont.)

Level 1 – Based on quoted prices in active markets for identical assets and liabilities. The fair value of financial instruments traded in active markets is based on the market quoted price at the end of the reporting period. A market is considered active when the quoted prices are available and such prices represent transactions made between independent parties on a regular basis.

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). For the fair value estimation, the Company applies a series of methods and assumptions based on the market conditions existing at the closing date. 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 assets and liabilities measured at fair value by hierarchy level at December 31, 2023, 2022 and 2021:

At December 31, 2023	Level 1	Level 2	Level 3
Assets			
Investments in equity instruments at fair value	-	-	17,585,085
Other investments	79,210,319	-	-
Cash and cash equivalents	3,979,766	-	-
Total	83,190,085	-	17,585,085
 At December 31, 2022	 Level 1	 Level 2	 Level 3
Assets			
Investments in equity instruments at fair value	-	-	19,794,104
Other investments	225,605,838	-	-
Cash and cash equivalents	1,154,497	-	-
Total	226,760,335	-	19,794,104
 At December 31, 2021	 Level 1	 Level 2	 Level 3
Assets			
Investments in equity instruments at fair value	-	-	20,302,959
Derivative financial instruments	-	8,217	-
Other investments	334,713,230	-	-
Cash and cash equivalents	136,243,109	-	-
Total	470,956,339	8,217	20,302,959
 Liabilities			
Derivative financial instruments	-	1,616,638	-
Total	-	1,616,638	-

There were no transfers among levels 1, 2 and 3 during the years ended on December 31, 2023, 2022 and 2021.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

4.3. Fair value estimate (cont.)

Fair value estimate

For the purpose of estimating the fair value of cash equivalents, the Company generally uses the historical cost which approximates to fair value.

At December 31, 2023, 2022 and 2021, the carrying value of cash, other investments, trade and other receivables and trade and other payables, and lease liabilities, less any allowance for impairment, if applicable, approximates their fair value. Moreover, the fair value of borrowings did not significantly differ from their carrying value at December 31, 2023, 2022 and 2021. In all cases, the fair values were determined based upon discounted cash flows using the market rates and they were classified as Level 2. At December 31, 2021, the fair value of negotiable obligations was determined based upon the quoted price (Level 1), which reached USD 100.48 for each USD 100 of nominal value.

5. Critical accounting estimates and judgments

The preparation of financial statements requires management to make estimates and judgments regarding future events. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ significantly from these estimates. The most significant estimates and assumptions are detailed below:

(a) Hydrocarbon reserves ()*

Reserves are the volumes of oil and gas (expressed in oil equivalent m³) which generate or are related to any economic income, in the areas where Tecpetrol operates or has a direct or indirect participation and over which Tecpetrol has exploitation rights.

There are numerous factors that generate uncertainty regarding the estimation of proved reserves and future production profiles, development costs and prices, including several factors beyond the control of the hydrocarbon producer. The procedure for calculating reserves is a subjective process of estimating crude oil and natural gas to be recovered from the subsoil; and which involves certain level of uncertainty. Reserves are estimated based on the quality of geological and engineering information available at the date of calculation and interpretation.

Developed and undeveloped hydrocarbon proved reserves estimated at December 31, 2023, are disclosed below:

Crude oil

Developed proved reserves: 3.05 million m³

Undeveloped proved reserves: 3.50 million m³

Natural gas

Developed proved reserves: 15.16 billion m³

Undeveloped proved reserves: 83.60 billion m³

The above-mentioned reserves are constituted by proved reserves likely to be extracted. The estimates of our reserves were based upon the information provided by the engineers, geologists and geophysicists of the Company and certified by an independent auditor of reserves.

() Information not covered by the Independent Auditor's Report on the financial statements.*

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

5. Critical accounting estimates and judgments (cont.)

(a) Hydrocarbon reserves () (cont.)*

The estimates of reserves are based on technological and economic conditions in force at December 31, 2023, considering the economic assessment within the term of the concession agreement in order to determine the period for recoverability. Reserve estimates are adjusted at least on an annual basis or whenever changes in the aspects considered for their evaluation justify it.

() Information not covered by the Independent Auditor's Report on the financial statements.*

(b) Impairment of non-financial long-term assets

The assessment of recoverability of non-financial long-term assets implies that management makes a series of critical estimates and assumptions described in Note 18.

(c) Provision for asset retirement obligations

Obligations related to well decommissioning and restoration, after the completion of operations, led management to make estimates of both long-term asset retirement obligations costs and the remaining period until decommission. Technology, costs and political, environmental and safety considerations constantly change, giving rise to possible differences between future costs and estimates.

(d) Contingencies

Tecpetrol is subject to various claims, lawsuits and other legal proceedings which arise during the ordinary course of business. Liabilities related to such complaints, lawsuits and other legal proceedings cannot be accurately estimated. The Company reviews the status of each contingency and assesses the potential financial exposure. If the related potential loss is considered probable and the amount can be reasonably estimated, a provision is recorded. Management, with the assistance of legal counsel, estimate the amount of this provision based on the information available and the assumptions and methods that are considered appropriate. Estimates are periodically reviewed and adjusted as the Company obtains additional information.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

6. Segment information

	Year ended on December 31, 2023			
	Neuquina basin	Noroeste - San Jorge and other basins	Others (1)	Total
	<i>In thousands</i>			
Sales revenues - Management view	1,174,778	133,372	5,144	1,313,294
Effect of hydrocarbon inventory valuation	1,539	10,617	-	12,156
Sales revenues - IFRS				1,325,450
Gas	879,325	27,918	1,563	908,806
Oil	292,590	115,916	689	409,195
Other services	4,402	155	2,892	7,449
Sales revenues - IFRS				1,325,450
Operating profit (loss) - Management view	239,919	(30,088)	(7,101)	202,730
Adjustment of hydrocarbon inventory valuation	(1,054)	5,505	-	4,451
Depreciation and impairment differences	9,308	(3,567)	-	5,741
Administrative expenses (2)				(105,573)
Operating profit - IFRS				107,349
Depreciation and impairment of PPE (3) - Management view	(557,006)	(89,936)	(2,346)	(649,288)
Depreciation and impairment differences	9,308	(3,567)	-	5,741
Depreciation and impairment of PPE - IFRS				(643,547)
PPE – Management view	1,421,059	84,058	13,272	1,518,389
Accumulated depreciation and impairment differences				14,193
PPE - IFRS				1,532,582
Investments in PPE	602,678	71,684	6,995	681,357
Investments in PPE				681,357

(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

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

6. Segment information (cont.)

	Year ended on December 31, 2022			
	Neuquina basin	Noroeste - San Jorge and other basins	Others (1)	Total
	<i>In thousands</i>			
Sales revenues – Management view	1,111,344	168,596	46,458	1,326,398
Effect of hydrocarbon inventory valuation	4,265	(10,662)	(807)	(7,204)
Sales revenues - IFRS				1,319,194
Gas	895,931	26,391	3,457	925,779
Oil	214,268	131,393	41,839	387,500
Other services	5,410	150	355	5,915
Sales revenues - IFRS				1,319,194
Operating profit (loss) – Management view	342,065	23,165	7,027	372,257
Adjustment of hydrocarbon inventory valuation	3,348	(3,761)	-	(413)
Depreciation and impairment differences	2,332	8,550	10	10,892
Administrative expenses (2)				(87,299)
Operating profit - IFRS				295,437
Depreciation and impairment of PPE (3) - Management view	(438,605)	(45,034)	(1,848)	(485,487)
Depreciation and impairment differences	2,332	8,550	10	10,892
Depreciation and impairment of PPE - IFRS				(474,595)
PPE – Management view	1,370,060	103,790	12,371	1,486,221
Accumulated depreciation and impairment differences				6,243
PPE - IFRS				1,492,464
Investments in PPE	655,672	70,301	2,453	728,426
Investments in PPE				728,426

(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

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

6. Segment information (cont.)

	Year ended on December 31, 2021			
	Neuquina basin	Noroeste - San Jorge and other basins	Others (1)	Total
	<i>In thousands</i>			
Sales revenues – Management view	1,111,415	127,645	182	1,239,242
Effect of hydrocarbon inventory valuation	(10,120)	(4,561)	-	(14,681)
Sales revenues - IFRS				1,224,561
Gas	927,317	16,066	-	943,383
Oil	168,586	106,865	-	275,451
Other services	5,392	153	182	5,727
Sales revenues - IFRS				1,224,561
Operating profit (loss) – Management view	503,313	65,535	(2,495)	566,353
Adjustment of hydrocarbon inventory valuation	(3,318)	(770)	-	(4,088)
Depreciation and impairment differences	1,655	(1,983)	68	(260)
Administrative expenses (2)				(62,119)
Operating profit - IFRS				499,886
Depreciation and reversal of impairment of PPE (3)				
– Management view	(381,258)	7,554	(1,927)	(375,631)
Depreciation and impairment differences	1,655	(1,983)	68	(260)
Depreciation and reversal of impairment of PPE - IFRS				(375,891)
PPE – Management view	1,161,772	91,537	7,405	1,260,714
Accumulated depreciation and impairment differences				(5,394)
PPE - IFRS				1,255,320
Investments in PPE	372,936	23,441	4,473	400,850
Investments in PPE				400,850

(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 under management view, is depreciated using the straight-line method in a four-year period; whereas, under IFRS, pursuant to the unit-of-production method.

The adjustment of the hydrocarbon inventory valuation arises since under management view, the hydrocarbon inventory is measured at its net realizable value; whereas under IFRS, it is measured at cost, using the weighted average cost formula or the net realizable value, whichever is the lowest.

At December 31, 2023, main sales revenue destinations were Chile (8.8%), United States (7.2%) and Argentina (70.8%), whereas at December 31, 2022 and 2021, it corresponded to United States (11.7% and 13.7%, respectively) and Argentina (71.8% and 79.4%, respectively). The allocation of sales revenues is based on customer location.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

6. Segment information (cont.)

At December 31, 2023, CAMMESA and ENARSA represented 15.7% and 11.1%, respectively, of sales revenues without taking into account the incentives paid directly by the national government, whereas at December 31, 2022, CAMMESA, Trafigura Pte. Ltd. and ENARSA represented 18.7%, 11.9% and 10.1%, respectively, and at December 31, 2021 CAMMESA and ENARSA represented 26.1% and 11.3%, respectively.

7. Sales revenues

	Year ended on December 31,		
	2023	2022	2021
Gas (i) (ii)	908,806,227	925,779,406	943,383,082
Oil	409,195,012	387,499,708	275,450,362
Other services	7,448,718	5,914,718	5,727,147
	1,325,449,957	1,319,193,832	1,224,560,591

(i) It includes USD 94.8 million, USD 100.7 and USD 26.5 million due to incentives from Plan Gas.Ar for years ended on December 31, 2023, 2022 and 2021, respectively.

(ii) It includes USD 313.1 due to incentives to investments in natural gas production developments from unconventional reservoirs, granted under Resolution 46E/2017 as amended, at December 31, 2021 (see Note 31).

8. Operating costs

	Year ended on December 31,		
	2023	2022	2021
Inventories at the beginning of the year	(35,946,349)	(33,362,347)	(32,939,842)
Purchases, consumptions and production costs	(1,036,639,949)	(861,457,557)	(637,824,306)
Inventories at year-end	39,179,433	35,946,349	33,362,347
Operating costs	(1,033,406,865)	(858,873,555)	(637,401,801)

	Year ended on December 31,		
	2023	2022	2021
Labor costs	(61,825,654)	(56,853,415)	(35,589,773)
Fees and services	(9,854,386)	(7,767,466)	(5,778,829)
Maintenance operations and wells service costs	(108,506,692)	(106,926,469)	(75,229,582)
Depreciation of property, plant and equipment	(543,531,184)	(454,557,748)	(393,352,800)
Impairment (charge) / reversal of property, plant and equipment (Note 15)	(97,670,268)	(18,200,000)	19,320,097
Depreciation of right-of-use assets	(11,165,635)	(7,821,264)	(6,697,229)
Treatment and storage	(7,042,233)	(5,819,066)	(5,116,172)
Royalties and other taxes (i)	(148,362,884)	(148,359,594)	(109,697,540)
Others	(36,869,470)	(30,679,004)	(23,768,087)
Purchases and stock consumptions	(11,811,543)	(24,473,531)	(1,914,391)
Purchases, stocks consumptions and production costs	(1,036,639,949)	(861,457,557)	(637,824,306)

(i) Royalties are paid for the production of crude oil and natural gas ranging from 11% to 17% of said production, valued on the basis of the prices obtained from the commercialization of hydrocarbons, less deductions provided by the legislation for the treatment of the product.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

9. Selling expenses

	Year ended on December 31,		
	2023	2022	2021
Taxes and rights	(45,553,199)	(45,478,224)	(35,285,609)
Storage and transport	(31,051,030)	(21,909,529)	(10,115,530)
(Charge) / Reversal of allowance for doubtful accounts	(283,880)	1,531,594	33,868,098
Other (expenses) / recoveries	(215,323)	11,860	(376,459)
	(77,103,432)	(65,844,299)	(11,909,500)

10. Administrative expenses

	Year ended on December 31,		
	2023	2022	2021
Labor costs	(73,825,226)	(58,073,267)	(40,878,157)
Fees and services	(15,274,377)	(12,031,551)	(8,347,012)
Depreciation of property, plant and equipment	(2,345,681)	(1,837,744)	(1,858,660)
Depreciation of right-of-use assets	(2,091,200)	(1,416,549)	(1,030,498)
Taxes	(17,436,670)	(18,007,589)	(13,067,033)
Office expenses	(12,227,682)	(9,807,481)	(6,084,240)
Reimbursement of expenses (i)	15,281,896	12,037,741	7,287,776
	(107,918,940)	(89,136,440)	(63,977,824)

(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.

11. Labor costs (included in Operating costs and Administrative expenses)

	Year ended on December 31,		
	2023	2022	2021
Salaries, wages and others	(95,858,633)	(85,791,334)	(54,825,161)
Social security costs	(25,018,781)	(16,874,189)	(11,888,714)
Employee benefits (Note 25)	(14,773,466)	(12,261,159)	(9,754,055)
	(135,650,880)	(114,926,682)	(76,467,930)

12. Other operating income / (expenses), net

	Year ended on December 31,		
	2023	2022	2021
<i>Other operating income</i>			
Profit from the sale of property, plant, equipment and materials	1,125,085	817,845	509,052
Reversal of provision for asset retirement obligations	40,601	1,557,615	567,883
Reimbursements and compensations	-	300,000	156,358
Other income with related companies (Note 32)	996,000	-	-
Profit from the sale of Parques Eólicos de la Buena Ventura S.A. (Note 32)	-	1,994,932	-
Others	2,789,219	3,772,198	2,018,237
	4,950,905	8,442,590	3,251,530
<i>Other operating expenses</i>			
Provision for legal claims and contingencies	(220,346)	(41,529)	(110,129)
Others	(1,285,888)	(71,270)	(2,613,226)
	(1,506,234)	(112,799)	(2,723,355)

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

13. Financial results

	Year ended on December 31,		
	2023	2022	2021
Dividend income	2,110,000	3,468,009	2,041,349
Interest income	36,320,082	35,484,920	37,879,620
Financial income	38,430,082	38,952,929	39,920,969
Interest cost	(280,484,782)	(80,076,075)	(65,930,965)
Financial costs	(280,484,782)	(80,076,075)	(65,930,965)
Net profit / (loss) from exchange differences	187,133,091	(141,357,824)	(89,809,461)
Profit from purchase and sale of marketable securities (*)	29,451,332	-	-
Changes in the fair value of derivative instruments	-	(17,070,885)	(23,116,766)
(Loss) / profit from the holding of other investments	(8,961,450)	37,689,706	57,791,079
Other net financial loss	(1,375,811)	(1,542,519)	(15,524,273)
Other net financial profit / (loss)	206,247,162	(122,281,522)	(70,659,421)
Net financial results	(35,807,538)	(163,404,668)	(96,669,417)

(*) From the settlement of foreign currency under Resolution No. 808/2023 from the Secretary of Energy, subsequently extended; and Decree No. 28/2023.

14. Income tax

	Year ended on December 31,		
	2023	2022	2021
Deferred income tax - (loss) / profit (Note 28)	(96,493,650)	57,112,152	50,558,139
	(96,493,650)	57,112,152	50,558,139

Income tax on Tecpetrol's before-tax profit differs from the theoretical amount that would result from applying the current tax rate, as shown below:

	Year ended on December 31,		
	2023	2022	2021
Profit before income tax	74,132,710	133,173,823	403,224,400
Tax rate	35%	35%	35%
Tax calculated at the tax rate	(25,946,449)	(46,610,838)	(141,128,540)
Equity in earnings from investments accounted for using the equity method	906,771	399,603	2,854
Effect of currency translation adjustment of tax base	(327,814,144)	(134,158,516)	(30,895,732)
Changes in the tax rates	-	-	(17,804,360)
Effect from tax inflation adjustment	257,109,363	237,411,773	233,761,957
Utilization of previously unrecognized tax losses	-	-	632,791
Non-taxable income, non-deductible expenses and others	(749,191)	70,130	5,989,169
Income tax	(96,493,650)	57,112,152	50,558,139

As mentioned in Note 1, the depreciation of the ARS against the USD during 2023 was 356.5%, while the inflation rate reached 211%. These factors influenced the assessment of the deferred income tax for the year. The evolution of these indexes during the first ten months of 2024, upon assets and liabilities at December 31, 2023, with all other variables remaining constant, results in a reduction of the income tax charge of USD 293 million.

Tecpetrol Sociedad Anónima
Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

15. Property, plant and equipment - Exploration, evaluation and development assets

	Year ended on December 31, 2023						
	Development and production assets	Machinery and equipment	Asset retirement obligations	Exploration and evaluation	Works in progress	Others	Total
<u>Cost</u>							
At the beginning of the year	2,953,530,534	1,185,713,428	26,903,043	153,350,377	255,455,871	61,284,480	4,636,237,733
Additions	9,876,375	-	10,946,608	-	661,163,673	7,333,453	689,320,109
Transfers from right-of-use assets	-	-	-	-	2,983,150	-	2,983,150
Transfers	506,911,537	186,681,406	-	(83,188,789)	(613,030,733)	2,626,579	-
Disposals	(30,746,966)	(2,172,158)	(854,948)	-	(7,208,628)	(1,912,872)	(42,895,572)
At year-end	3,439,571,480	1,370,222,676	36,994,703	70,161,588	299,363,333	69,331,640	5,285,645,420
<u>Depreciation and impairments</u>							
At the beginning of the year	2,149,995,448	933,293,126	22,542,925	-	-	37,941,833	3,143,773,332
Depreciation charge	412,138,440	126,406,163	1,881,443	-	-	5,450,819	545,876,865
Impairment charge (Note 18)	58,038,696	13,652,522	-	25,979,050	-	-	97,670,268
Disposals	(30,663,903)	(2,172,158)	(854,948)	-	-	(565,593)	(34,256,602)
At year-end	2,589,508,681	1,071,179,653	23,569,420	25,979,050	-	42,827,059	3,753,063,863
Residual value at December 31, 2023	850,062,799	299,043,023	13,425,283	44,182,538	299,363,333	26,504,581	1,532,581,557

Tecpetrol Sociedad Anónima
Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

15. Property, plant and equipment - Exploration, evaluation and development assets (cont.)

	Year ended on December 31, 2022						
	Development and production assets	Machinery and equipment (i)	Asset retirement obligations	Exploration and evaluation	Works in progress (ii)	Others	Total
<u>Cost</u>							
At the beginning of the year	2,414,754,994	1,132,832,346	23,650,791	94,361,840	196,839,936	63,580,469	3,926,020,376
Additions	3,386,013	-	3,252,252	-	714,992,244	3,786,618	725,417,127
Transfers from right-of-use assets	-	-	-	-	6,260,883	-	6,260,883
Transfers	535,389,527	52,881,082	-	63,698,162	(650,915,342)	(1,053,429)	-
Disposals	-	-	-	(4,709,625)	(11,721,850)	(5,029,178)	(21,460,653)
At year-end	2,953,530,534	1,185,713,428	26,903,043	153,350,377	255,455,871	61,284,480	4,636,237,733
<u>Depreciation and impairments</u>							
At the beginning of the year	1,820,984,651	794,297,281	21,099,551	-	-	34,319,353	2,670,700,836
Depreciation charge	315,450,248	134,356,394	1,443,374	-	-	5,145,476	456,395,492
Impairment charge (Note 18)	13,560,549	4,639,451	-	-	-	-	18,200,000
Disposals	-	-	-	-	-	(1,522,996)	(1,522,996)
At year-end	2,149,995,448	933,293,126	22,542,925	-	-	37,941,833	3,143,773,332
Residual value at December 31, 2022	803,535,086	252,420,302	4,360,118	153,350,377	255,455,871	23,342,647	1,492,464,401

(i) It includes USD 11.2 million from machinery and equipment under operating leases at December 31, 2022 (see Note 16.b).

(ii) It includes USD 0.8 million from works in progress related to exploration and evaluation investments at December 31, 2022.

Tecpetrol Sociedad Anónima
Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

15. Property, plant and equipment - Exploration, evaluation and development assets (cont.)

	Year ended on December 31, 2021						
	Development and production assets	Machinery and equipment (i)	Asset retirement obligations	Exploration and evaluation	Works in progress (ii)	Others	Total
<u>Cost</u>							
At the beginning of the year	2,106,780,166	1,042,831,017	24,331,119	96,005,115	208,501,288	71,707,667	3,550,156,372
Additions	-	-	2,551,551	-	397,707,704	2,920,698	403,179,953
Transfers from right-of-use assets	-	-	-	-	221,838	-	221,838
Transfers	319,790,267	90,001,329	-	5,674,723	(405,103,515)	(10,362,804)	-
Disposals	(11,815,439)	-	(3,231,879)	(7,317,998)	(4,487,379)	(685,092)	(27,537,787)
At year-end	2,414,754,994	1,132,832,346	23,650,791	94,361,840	196,839,936	63,580,469	3,926,020,376
<u>Depreciation and impairments</u>							
At the beginning of the year	1,598,047,242	648,772,519	19,269,010	-	-	29,351,629	2,295,440,400
Depreciation charge	239,208,589	148,573,679	1,830,541	-	-	5,598,651	395,211,460
Reversal of impairments (Note 18)	(16,271,180)	(3,048,917)	-	-	-	-	(19,320,097)
Disposals	-	-	-	-	-	(630,927)	(630,927)
At year-end	1,820,984,651	794,297,281	21,099,551	-	-	34,319,353	2,670,700,836
Residual value at December 31, 2021	593,770,343	338,535,065	2,551,240	94,361,840	196,839,936	29,261,116	1,255,319,540

(i) It includes USD 12.8 million from machinery and equipment under operating leases at December 31, 2021 (see Note 16.b).

(ii) It includes USD 18.1 million from works in progress related to exploration and evaluation investments at December 31, 2021.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

16. Leases

(a) Right-of-use assets and lease liabilities

The following tables show the evolution of right-of-use assets and lease liabilities from contracts in which the Company acts as lessee, disclosed in the Statement of Financial Position at December 31, 2023, 2022 and 2021:

Right-of-use assets

	Year ended on December 31, 2023				
	Drilling equipment	Other equipment	Offices	Others	Total
At the beginning of the year	3,327,941	6,915,747	12,467,878	7,010,875	29,722,441
Net additions	354,661	16,757,173	712,769	11,415,982	29,240,585
Transfers to property, plant and equipment	(2,548,954)	-	-	(434,196)	(2,983,150)
Depreciation charge	(561,692)	(6,226,762)	(3,380,932)	(3,087,449)	(13,256,835)
At year-end	571,956	17,446,158	9,799,715	14,905,212	42,723,041

	Year ended on December 31, 2022				
	Drilling equipment	Other equipment	Offices	Others	Total
At the beginning of the year	7,171,892	9,082,563	13,023,261	1,052,009	30,329,725
Net additions	2,710,114	2,964,343	2,090,798	7,126,157	14,891,412
Transfers to property, plant and equipment	(6,096,579)	(33,138)	-	(131,166)	(6,260,883)
Depreciation charge	(457,486)	(5,098,021)	(2,646,181)	(1,036,125)	(9,237,813)
At year-end	3,327,941	6,915,747	12,467,878	7,010,875	29,722,441

	Year ended on December 31, 2021				
	Drilling equipment	Other equipment	Offices	Others	Total
At the beginning of the year	799,658	13,039,625	4,222,348	12,074	18,073,705
Net additions	6,915,151	1,312,921	10,788,083	1,189,430	20,205,585
Transfers to property, plant and equipment	(200,825)	(21,013)	-	-	(221,838)
Depreciation charge	(342,092)	(5,248,970)	(1,987,170)	(149,495)	(7,727,727)
At year-end	7,171,892	9,082,563	13,023,261	1,052,009	30,329,725

Lease liabilities

	Year ended on December 31,		
	2023	2022	2021
At the beginning of the year	21,944,591	27,759,554	19,155,991
Exchange differences	(9,585,622)	(2,662,583)	(107,212)
Net additions	29,215,679	14,891,412	15,423,088
Interest accrued (i)	1,058,416	1,305,240	1,367,270
Payments and compensations	(14,748,385)	(19,349,032)	(8,079,583)
At year-end	27,884,679	21,944,591	27,759,554

(i) Included under Financial costs in the Income Statement at December 31, 2023, 2022 and 2021.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

16. Leases (cont.)

	December, 31		
	2023	2022	2021
Non-current	14,789,698	9,935,170	15,843,881
Current	13,094,981	12,009,421	11,915,673
	27,884,679	21,944,591	27,759,554

(b) Operating leases

In September 2020, the Company leased a coiled tubing unit (CTU) in order to offer services to oil and gas companies in Argentina. This agreement ended on September 30, 2023.

At December 31, 2023, 2022 and 2021, revenues from operating leases totaled USD 2.5 million, USD 3.4 million and USD 3.3 million, respectively are included in *Other services* under *Sales revenues* in the Income Statement.

17. Investments accounted for using the equity method

Equity in earnings from investments accounted for using the equity method, as recognized in the Income Statement, are disclosed below:

	Year ended on December 31,		
	2023	2022	2021
Equity in earnings from investments accounted for using the equity method	2,590,774	1,141,722	8,155
	2,590,774	1,141,722	8,155

The evolution of investments accounted for using the equity method is disclosed below:

	Year ended on December 31,		
	2023	2022	2021
At the beginning of the year	3,379,998	2,238,276	2,229,563
Additions (*)	-	-	2,030,526
Equity in earnings from investments accounted for using the equity method	2,590,774	1,141,722	8,155
	5,970,772	3,379,998	4,268,244
Transfers to Assets classified as held for sale (*)	-	-	(2,029,968)
At year-end	5,970,772	3,379,998	2,238,276

(*) In December 2021, Tecpetrol S.A. acquired 100% of all ordinary shares from Parques Eólicos de la Buena Ventura S.A. (hereinafter referred to as "PEBV"). In April 2022, the Company sold its interest in PEBV to Siderca S.A.I.C. (see Note 34).

At December 31, 2023, 2022 and 2021, the Company held 15% of the share capital of Oleoducto Loma Campana - Lago Pellegrini S.A. and YPF S.A. held the remaining 85%. Both shareholders exercise joint control over such company, pursuant to the Shareholders' Agreement.

The Company's interest in Oleoducto Loma Campana - Lago Pellegrini S.A. at December 31, 2023, 2022 and 2021 is pledged in favor of the Pension Fund of the Argentine Integrated Pension System (Fondo de Garantía de Sustentabilidad del Sistema Integrado Previsional Argentino, FGS-ANSES), pursuant to the loan agreement entered into by Oleoducto Loma Campana - Lago Pellegrini S.A. and the FGS-ANSES. In June 2024, Oleoducto Loma Campana - Lago Pellegrini S.A. paid off the loan and at the date of issuance of these financial statements Tecpetrol has obtained the shares back.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

17. Investments accounted for using the equity method (cont.)

Accounting information from Oleoducto Loma Campana - Lago Pellegrini S.A. is disclosed below:

	Year ended on December 31,		
	2023	2022	2021
Share capital	19,422,913	19,422,913	19,422,913
Profit for the year	17,271,829	7,611,479	58,085
Equity	39,805,148	22,533,318	14,921,837
Holding of common shares (1 vote)	130,260	130,260	130,260

18. Impairment of non-financial long-term assets

The Company analyses *Property, plant and equipment - Exploration, evaluation and development assets* and *Right-of-use assets* for impairment periodically or whenever events or changes in the circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of each CGU (considering a CGU as each area in which Tecpetrol S.A has interest) is estimated as the higher between the asset's fair value less costs to sell and the asset's value in use. The value in use is calculated based on 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 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 expenditures, on the basis of the best estimate the Company foresees regarding its operations and available market information.

Cash flow derived from the different CGUs is 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.

In 2023, Tecpetrol recognized impairment charges in production and development assets in El Tordillo and La Tapera - Puesto Quiroga CGU (Noroeste – San Jorge basin and others segment) for USD 71.7 million mainly as a consequence of a decrease in sales prices, an increase in investment costs and a well performance lower than expected. The recoverable amount at December 31, 2023, was estimated based on its value in use and amounted to USD 78.7 million. Main assumptions considered by management were the pre-tax discount rate, which was estimated at 25.89%, and future prices for the next 5 years of gas (with prices ranging from USD 4.2 to USD 8 per million BTU) and oil (with Brent prices ranging from USD 67.3 to USD 76.3 per barrel). A variation of 100 basis points in the discount rate would have generated an increase/(decrease) in the recoverable amount of 3.2% and a variation of USD 1 per barrel in the projections of crude oil prices would have generated an increase/(decrease) in the recoverable amount of 3.9%.

Additionally, in 2023 Tecpetrol recognized impairment charges in the evaluation assets in Loma Ancha CGU (Neuquina basin segment) for USD 26.0 million mainly as a result of the gas oversupply in Argentina, which affects the value of the area. The recoverable amount at December 31, 2023 was USD 30.3 million and was estimated based on its fair value less costs to sell. Such fair value was classified as Level 3 and was estimated based on the sale price of the area. One of the most relevant assumptions considered by management to determine the fair value was the acre sale price.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

18. Impairment of non-financial long-term assets (cont.)

In 2022, the Company recognized impairment charges in production and development assets in El Tordillo and La Tapera - Puesto Quiroga CGU (Noroeste – San Jorge and Others basin segment) for USD 18.2 million, mainly as a consequence of an increase in production costs and investments measured in USD and an increase in the discount rate due to a higher risk-free rate. Main assumptions considered by management were the pre-tax discount rate, which was estimated at 32.46%, and future prices for the next 5 years of gas (with prices ranging from USD 4.6 to USD 6.4 per million BTU) and oil (with Brent prices ranging from USD 69.9 to USD 84.2 per barrel). The recoverable amount at such date was estimated based on the value in use and amounted to USD 100.9 million.

On 2021, a reversal of impairment was recognized in El Tordillo and La Tapera - Puesto Quiroga CGU for USD 19.3 million, caused by the recovery of crude oil international prices and the recovery of the levels of activity due to the easement of COVID-19 lockdown measures.

Impairment charges and reversals are included under *Operating costs* in the Income Statement for the years ended on December 31, 2023, 2022 and 2021.

19. Investments in equity instruments at fair value

	December 31,		
	2023	2022	2021
Non-quoted investments	17,585,085	19,794,104	20,302,959

The evolution of investments in equity instruments at fair value is as follows:

	Year ended on December 31,		
	2023	2022	2021
At the beginning of the year	19,794,104	20,302,959	18,334,964
Disposals (i)	-	-	(13,032)
Changes in the fair value	(2,209,019)	(508,855)	1,981,027
At year-end	17,585,085	19,794,104	20,302,959

(i) It corresponds to the liquidation of Tecpe Trading S.A., due to inactivity.

The following table details the main investments in equity instruments at fair value:

Company	Country	Interest %			December 31,		
		Dec-23	Dec-22	Dec-21	2023	2022	2021
Tecpetrol del Perú S.A.C.	Peru	2.00%	2.00%	2.00%	9,536,676	9,835,728	10,714,708
Tecpetrol Bloque 56 S.A.C.	Peru	2.00%	2.00%	2.00%	2,153,170	4,751,318	4,981,790
Oleoductos del Valle S.A.	Argentina	2.10%	2.10%	2.10%	4,348,119	3,644,884	3,014,749
Terminales Marítimas Patagónicas S.A.	Argentina	4.20%	4.20%	4.20%	903,000	903,000	903,000
Tecpetrol Operaciones S.A. de C.V.	Mexico	0.95%	0.95%	0.95%	407,122	422,584	376,989
Tecpetrol Colombia S.A.S.	Colombia	0.15%	0.15%	0.15%	230,768	230,352	305,766
Other investments					6,230	6,238	5,957
Total					17,585,085	19,794,104	20,302,959

At December 31, 2023 and 2022, 5% (4% at December 31, 2021) of the investments in equity instruments at fair value were in ARS, while the remaining were in USD.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

19. Investments in equity instruments at fair value (cont.)

The fair value of the investments 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, the evolution of the curve of future oil prices, inflation, exchange rates, collection of dividends, costs and other expenditures, on the basis of the best estimate the Company foresees regarding the evolution of its investments and available market information.

Since the different factors used for calculating cash flows are closely interrelated, management considers that a sensitivity analysis based on one single variable might not be representative.

20. Other receivables and prepayments

	December 31,		
	2023	2022	2021
Non current			
Advances to suppliers and expenses paid in advance	26,744,218	5,863,504	6,280,668
Employees loans and advances	870,711	1,716,314	1,003,851
Other receivables from related parties (Note 32)	165,549	7,188,308	1,099,626
	27,780,478	14,768,126	8,384,145
Current			
Receivables (i) (ii)	18,793,750	47,208,902	78,044,278
Tax credits	16,809,021	40,952,849	19,830,433
Expenses paid in advance	3,878,752	2,718,453	1,547,274
Employees loans and advances	318,162	1,697,836	1,025,590
Other receivables from related parties (Note 32)	10,823,124	4,231,157	14,947,322
	50,622,809	96,809,197	115,394,897
Allowance for doubtful accounts	(178,075)	(841,550)	(3,200,810)
	50,444,734	95,967,647	112,194,087

(i) It includes USD 10.6 million, USD 42.9 million and USD 6.5 from incentives obtained under Plan Gas.Ar, at December 31, 2023, 2022 and 2021, respectively, out of which USD 4.0 million, USD 34.0 million and 5.1 million were past due, respectively.

(ii) It includes USD 65.5 million at December 31, 2021 from incentives to investments in natural gas production developments from unconventional reservoirs granted under Resolution 46E/2017 as amended (see Note 31).

The following table shows the evolution of the allowance for doubtful accounts:

	Year ended on December 31,		
	2023	2022	2021
Balance at the beginning of the year	(841,550)	(3,200,810)	(30,457,045)
Exchange differences	635,702	451,155	(2,458,582)
Reversal of allowance	27,773	1,908,105	29,711,440
Uses	-	-	3,377
Balance at year-end	(178,075)	(841,550)	(3,200,810)

21. Trade receivables

	December 31,		
	2023	2022	2021
Trade receivables	113,418,083	145,549,974	133,334,083
Trade receivables from related parties (Note 32)	6,611,457	6,430,616	2,095,356
	120,029,540	151,980,590	135,429,439
Allowance for doubtful accounts	(1,364,217)	(4,520,041)	(7,265,439)
	118,665,323	147,460,549	128,164,000

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

21. Trade receivables (cont.)

The following table shows the aging of trade receivables:

	Total	Not yet due	Past due	
			1-180 days	> 180 days
At December 31, 2023				
Trade receivables	120,029,540	112,255,094	6,479,458	1,294,988
Allowance for doubtful accounts	(1,364,217)	(15,551)	(53,678)	(1,294,988)
Net value	118,665,323	112,239,543	6,425,780	-
At December 31, 2022				
Trade receivables	151,980,590	143,197,496	4,323,446	4,459,648
Allowance for doubtful accounts	(4,520,041)	(7,875)	(52,518)	(4,459,648)
Net value	147,460,549	143,189,621	4,270,928	-
At December 31, 2021				
Trade receivables	135,429,439	128,910,316	1,936,050	4,583,073
Allowance for doubtful accounts	(7,265,439)	(1,358,876)	(1,323,490)	(4,583,073)
Net value	128,164,000	127,551,440	612,560	-

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

	Year ended on December 31,		
	2023	2022	2021
Balance at the beginning of the year	(4,520,041)	(7,265,439)	(13,273,169)
Exchange differences	3,467,477	3,121,909	1,508,073
(Charge) / Reversal of allowance	(311,653)	(376,511)	4,156,658
Uses	-	-	342,999
At year end	(1,364,217)	(4,520,041)	(7,265,439)

22. Inventories

	December 31,		
	2023	2022	2021
Hydrocarbons	6,938,781	9,490,458	3,233,724
Materials and spare parts	32,240,652	26,455,891	30,128,623
	39,179,433	35,946,349	33,362,347

23. Other investments and Cash and cash equivalents

(a) Other investments

	December 31,		
	2023	2022	2021
Bonds	79,210,319	225,605,838	256,363,670
Share deposit certificates	-	-	78,349,560
	79,210,319	225,605,838	334,713,230

(b) Cash and cash equivalents

	December 31,		
	2023	2022	2021
Cash and banks	883,308	941,975	45,695,748
Short-term deposits	3,979,766	1,154,497	136,243,109
	4,863,074	2,096,472	181,938,857

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

24. Borrowings

	December 31,		
	2023	2022	2021
Non-current			
Bank borrowings	137,308,463	323,161,315	190,226,817
Negotiable obligations	26,146,175	-	6,509,906
	163,454,638	323,161,315	196,736,723
Current			
Bank borrowings	233,882,037	337,584,004	158,042,089
Borrowings from related parties (Note 32)	2,025,392	-	56,563,854
Bank overdrafts	320,665	56,651,798	-
Negotiable obligations	58,032,247	6,547,711	480,409,263
	294,260,341	400,783,513	695,015,206

The Company must comply with certain covenants according to the borrowing agreements and negotiable obligations. At December 31, 2023, 2022 and 2021, Tecpetrol was in compliance with all of its covenants.

Pursuant to Communication "A" 7030, as amended, issued by the BCRA 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 (as amended) dated September 15, 2020, the BCRA introduced restrictions to access the exchange market. One of such measures, applicable to entities with offshore financial debt with non-related counterparties and with debt securities issued in Argentina and denominated in foreign currency maturing between October 15, 2020 and December 31, 2023, is the obligation to submit a refinancing plan under certain parameters. At December 31, 2023, the Company refinanced its debts in compliance with the above mentioned Communications.

The evolution of borrowings is disclosed below:

	Year ended on December 31,		
	2023	2022	2021
Balance at the beginning of the year	723,944,828	891,751,929	1,143,164,951
Proceeds from borrowings	390,180,062	480,915,722	288,184,742
Proceeds from negotiable obligations, net of issuance costs	259,111,537	-	6,509,905
Payments of borrowings	(525,428,579)	(707,091,666)	(530,330,014)
Interest accrued	251,909,561	70,416,588	57,618,760
Interest paid	(209,587,021)	(60,123,734)	(56,150,622)
Changes in bank overdraft	(56,331,133)	56,651,798	-
Loss from repurchase of negotiable obligations	-	-	14,677,037
Repurchase of negotiable obligations	-	-	(29,477,037)
Exchange differences	(376,084,276)	(8,575,809)	(2,445,793)
Balance at year-end	457,714,979	723,944,828	891,751,929

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

24. Borrowings (cont.)

The main bank borrowings and borrowings from related parties are detailed below:

Lender	Dec-23	Interest rate	Contract's currency	Amortization of capital	Maturity
Itaú Unibanco S.A. Nassau Branch and Banco Santander S.A. (i)	231,814,223	Term SOFR + 2.15%	USD	Quarterly	Jan-24 to Apr-26
Itaú Unibanco S.A. Nassau Branch	65,763,030	5.75%	USD	Quarterly	Mar-24 to Sep-24
J.P. Morgan Chase Bank, Citibank and others	27,768,116	Adjusted Term SOFR + 1.50%	USD	Quarterly	Mar-24 to Sep-24
Banco Citibank	13,394,480	75.00%	ARS	At maturity	Apr-24
Banco Citibank	13,681,937	77.00%	ARS	At maturity	Apr-24
Banco Galicia	10,711,849	75.00%	ARS	At maturity	Apr-24
Banco Citibank	3,783,174	95.00%	ARS	At maturity	Feb-24 (ii)
Tecpetrol Internacional S.L.U. Uruguay Branch	2,025,392	13.85%	USD	At maturity	Nov-24
Banco Santander S.A.	1,735,720	Term SOFR + 4.25%	USD	At maturity	Jul-24
Banco Santander S.A.	1,524,710	Term SOFR + 4.25%	USD	At maturity	Mar-24

(i) The Parent Company, Tecpetrol Internacional S.L.U., unconditionally and irrevocably guarantees the above-mentioned loan.

(ii) At the date of issuance of these financial statements, these amounts were paid off.

Lender	Dec-22	Interest rate	Contract's currency	Amortization of capital	Maturity
J.P. Morgan Chase Bank, Citibank and others	64,759,367	Adjusted Term SOFR + 1.50%	USD	Quarterly	Mar-23 to Sep-24
Itaú Unibanco S.A. Nassau Branch and Santander S.A.	301,944,560	Term SOFR + 2.15%	USD	Quarterly	Apr-23 to Apr-26
Itaú Unibanco S.A. Nassau Branch	153,413,674	5.75%	USD	Quarterly	Mar-23 to Sep-24
BBVA	18,012,458	50.35%	ARS	At maturity	Jan-23
Banco Patagonia	19,756,153	76.00%	ARS	At maturity	Apr-23
Banco Galicia	28,776,242	74.50%	ARS	At maturity	Jan-23
Banco Galicia	27,013,368	74.75%	ARS	At maturity	Jan-23
Banco Citibank	24,215,898	73.00%	ARS	At maturity	Jan-23
Banco Santander S.A.	22,853,599	77.00%	ARS	At maturity	Apr-23

Lender	Dec-21	Interest rate	Contract's currency	Amortization of capital	Maturity
J.P. Morgan Chase Bank, Citibank and others	92,077,159	Libor 3M+1,50%	USD	Quarterly	Mar-22 to Dec-23
Tecpetrol Internacional S.L.U.	56,563,854	9.00%	USD	1 installment	Mar-22
Banco Santander S.A.	15,094,315	4.25%	USD	2 installments	May-22 and Nov-22
Itaú Unibanco S.A. Nassau Branch	241,097,432	5.75%	USD	Quarterly	Mar-22 to Sep-24

Negotiable obligations are detailed below:

Serie	December 31,			Interest rate	Contract's currency	Amortization of capital	Maturity
	2023	2022	2021				
Class 5 (i)	51,129,263	-	-	Badlar + 2%	ARS	At maturity	Jul-24
Class 6 (ii)	33,049,159	-	-	Badlar + 3%	ARS	At maturity	Jan-25
Class 4 (iii)	-	6,547,711	6,547,711	4.00%	USD	At maturity	Feb-23
Class 1 (iv)	-	-	480,371,458	4.88%	USD	At maturity	Dec-22

(i) Funds obtained from the issuance of such negotiable obligations were mainly used for investments in fixed assets, the integration of working capital and the refinancing of liabilities. In April 2023, 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. At the date of issuance of these financial statements, this negotiable obligation was paid off.

(ii) Funds obtained from the issuance of such negotiable obligations were mainly used for investments in fixed assets, the integration of working capital and the refinancing of liabilities. In August 2023, 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.

(iii) Funds obtained from the issuance of such negotiable obligations were used for the partial refinancing of Class 2 negotiable obligations, as required by Communication "A" 7106 from the BCRA.

(iv) 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.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

25. Employee benefits

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

	December 31,		
	2023	2022	2021
Non-current			
Pension benefits and other plans (i)	16,322,078	20,170,799	15,997,777
Employee retention and long-term incentive program	10,295,442	12,531,282	10,485,153
	26,617,520	32,702,081	26,482,930
Current			
Employee retention and long-term incentive program	6,782,776	7,071,716	3,871,847
	6,782,776	7,071,716	3,871,847

(i) There were no enforceable debts at December 31, 2023, 2022 and 2021

	Year ended on December 31,		
	2023	2022	2021
Pension benefits and other plans	(8,744,807)	(5,958,829)	(3,460,577)
Employee retention and long-term incentive program	(6,028,659)	(6,302,330)	(6,293,478)
Total included in Labor costs (Note 11)	(14,773,466)	(12,261,159)	(9,754,055)

Pension benefits and other plans:

The main actuarial assumptions for the employee benefits classified as “unfunded defined benefits” and “other long-term benefits” consider an average discount rate of 7% and 5.7% and a salary increase rate of 2% and 3%, respectively.

The amounts disclosed in the Income Statement are detailed below:

	Year ended on December 31,		
	2023	2022	2021
Service costs	(4,202,325)	(1,160,788)	(835,500)
Interest costs	(4,542,482)	(4,798,041)	(2,625,077)
Total	(8,744,807)	(5,958,829)	(3,460,577)

The evolution of liabilities disclosed in the Statement of Financial Position is detailed below:

	Year ended on December 31,		
	2023	2022	2021
Balance at the beginning of the year	20,170,799	15,997,777	14,165,558
Service and interest costs	8,744,807	5,958,829	3,460,577
Net actuarial gains / (losses)	2,084,380	2,172,378	3,910,928
Additions	-	337,549	548,400
Exchange differences	(10,738,171)	(3,480,672)	(803,359)
Payments	(3,939,737)	(815,062)	(5,284,327)
Balance at year-end	16,322,078	20,170,799	15,997,777

At December 31, 2023, a 1% increase/(decrease) in the discount rate would have resulted in a (decrease)/increase in the liabilities of (USD 0.5 million)/USD 0.6 million, respectively; while a 1% increase/(decrease) in the salary increase rate would have resulted in an increase/(decrease) of USD 0.4 million. This sensitivity analysis is based on changes in each assumption at a time, keeping all the other variables constant. Nevertheless, in practice this is unlikely to occur since changes in some assumptions should be correlated.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

26. Provisions

	December 31,		
	2023	2022	2021
Non-current			
Asset retirement obligations	80,361,169	53,392,235	41,866,551
Provision for other contingencies	766,483	885,038	1,024,161
	81,127,652	54,277,273	42,890,712
Current			
Asset retirement obligations	2,854,640	3,538,162	4,969,488
Provision for other contingencies	302,176	55,425	-
	3,156,816	3,593,587	4,969,488

The evolution of provisions is disclosed below:

Asset retirement obligations

	Year ended on December 31,		
	2023	2022	2021
Balance at the beginning of the year	56,930,397	46,836,039	55,420,332
Net increases / (decreases)	27,227,105	10,743,101	(7,864,630)
Uses	(941,693)	(648,743)	(719,663)
Balance at year-end	83,215,809	56,930,397	46,836,039

At December 31, 2023, 2022 and 2021, the provision for asset retirement obligation was estimated using inflation rates of 2.3%, 3.8% and 2.9%, respectively, and discount rates of 9.2%, 11.7% and 13.4%, respectively.

Other contingencies

	Year ended on December 31,		
	2023	2022	2021
Balance at the beginning of the year	940,463	1,024,161	1,023,405
Exchange differences	(916,496)	(178,526)	(73,860)
Net increases	1,044,692	94,828	74,616
Balance at year-end	1,068,659	940,463	1,024,161

27. Trade and other payables

	December 31,		
	2023	2022	2021
Trade payables	134,347,172	137,003,299	96,245,260
Payables to related parties (Note 32)	54,066,331	54,693,740	13,843,379
Social security debts and other taxes	22,649,086	27,544,731	23,085,805
Other liabilities	68,186	133,354	1,931,784
	211,130,775	219,375,124	135,106,228

28. Deferred income tax

The following table details the evolution of deferred income tax:

	Year ended on December 31,		
	2023	2022	2021
Balance at the beginning of the year - Net deferred assets / (liabilities)	58,988,691	985,530	(48,547,743)
Other comprehensive income	1,451,591	891,009	(1,024,866)
(Loss) Profit for the year	(96,493,650)	57,112,152	50,558,139
Balance at year-end - Net deferred (liabilities) / assets	(36,053,368)	58,988,691	985,530

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

28. Deferred income tax (cont.)

The evolution of deferred tax assets and liabilities is detailed below:

Deferred tax liability	Property, plant and equipment	Deferral of tax inflation adjustment	Others	Total
At December 31, 2020	(29,394,162)	(124,415,505)	(7,466,596)	(161,276,263)
Transfers to deferred tax assets	29,394,162	-	-	29,394,162
Other comprehensive income	-	-	(2,510,214)	(2,510,214)
Profit (loss)	-	12,896,642	(11,971,850)	924,792
At December 31, 2021	-	(111,518,863)	(21,948,660)	(133,467,523)
Other comprehensive income	-	-	130,676	130,676
Profit (loss)	-	(15,804,322)	9,514,388	(6,289,934)
At December 31, 2022	-	(127,323,185)	(12,303,596)	(139,626,781)
Other comprehensive income	-	-	1,035,944	1,035,944
Profit (loss)	(114,602,398)	17,990,865	(8,215,380)	(104,826,913)
At December 31, 2023	(114,602,398)	(109,332,320)	(19,483,032)	(243,417,750)

Deferred tax assets	Property, plant and equipment	Provisions / allowances	Tax losses (i)	Others	Total
At December 31, 2020	-	9,017,560	92,970,834	10,740,126	112,728,520
Transfers to deferred tax liabilities	(29,394,162)	-	-	-	(29,394,162)
Other comprehensive income	-	1,485,348	-	-	1,485,348
Profit (loss)	70,531,088	2,771,483	(16,620,442)	(7,048,782)	49,633,347
At December 31, 2021	41,136,926	13,274,391	76,350,392	3,691,344	134,453,053
Other comprehensive income	-	760,333	-	-	760,333
Profit (loss)	27,149,125	3,385,427	34,429,775	(1,562,241)	63,402,086
At December 31, 2022	68,286,051	17,420,151	110,780,167	2,129,103	198,615,472
Other comprehensive income	-	415,647	-	-	415,647
Profit (loss)	(68,286,051)	(1,251,360)	79,649,014	(1,778,340)	8,333,263
At December 31, 2023	-	16,584,438	190,429,181	350,763	207,364,382

(i) It included USD 21.3 million, USD 6.2 million and USD 19.6 million from the inflation adjustment for the year ended on December 31, 2023, 2022 and 2021, respectively (see Note 2.12).

The following amounts are disclosed in the Statement of Financial Position, after offsetting as described in Note 2.12:

	December 31,		
	2023	2022	2021
Deferred tax (Liabilities) / Assets	(36,053,368)	58,988,691	985,530
	(36,053,368)	58,988,691	985,530

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

28. Deferred income tax (cont.)

The following table shows the estimated term for reversal of deferred assets and liabilities:

	2023	December 31, 2022	2021
Deferred tax assets to be recovered in more than 12 months	190,429,181	179,066,218	117,487,318
Deferred tax liabilities to be settled in more than 12 months	(223,934,718)	(127,323,185)	(111,518,863)
Deferred tax assets to be recovered in less than 12 months	16,935,201	19,549,254	16,965,735
Deferred tax liabilities to be settled in less than 12 months	(19,483,032)	(12,303,596)	(21,948,660)

29. Complementary information of the Statement of Cash Flows

Complementary information of the Statement of Cash Flows is disclosed below:

Adjustments to profit (loss) for the year to reach operating cash flows ()*

	Year ended on December 31,		
	2023	2022	2021
Depreciation of property, plant and equipment (Note 15)	545,876,865	456,395,492	395,211,460
Impairment charge /(reversal) of property, plant and equipment (Note 15)	97,670,268	18,200,000	(19,320,097)
Depreciation of right-of-use assets (Note 16)	13,256,835	9,237,813	7,727,727
Profit from the sale of property, plant, equipment and materials (Note 12)	(1,125,085)	(817,845)	(509,052)
Profit from the sale of Parques Eólicos de la Buena Ventura S.A. (Note 12)	-	(1,994,932)	-
(Loss) / profit from the holding of other investments (Note 13)	8,961,450	(37,689,706)	(57,791,079)
Financial loss / (profit) generated by cash and cash equivalents	5,698,229	4,228,649	(13,526,458)
Exploration and evaluation costs	3,115,917	18,232,560	11,913,979
Income tax (Note 14)	96,493,650	(57,112,152)	(50,558,139)
Accrued interest from borrowings (Note 24)	251,909,561	70,416,588	57,618,760
Interest paid from borrowings (Note 24)	(209,587,021)	(60,123,734)	(56,150,622)
Accrued interest from lease liabilities (Note 16)	1,058,416	1,305,240	1,367,270
Loss from repurchase of negotiable obligations (Note 24)	-	-	14,677,037
Dividend income (Note 13)	(2,110,000)	(3,468,009)	(2,041,349)
Provisions - Net increases / (recoveries)	11,988,813	10,760,751	(40,977,784)
Equity in earnings from investments accounted for using the equity method (Note 17)	(2,590,774)	(1,141,722)	(8,155)
Employee benefits (Note 11)	14,773,466	12,261,159	9,754,055
	835,390,590	438,690,152	257,387,553

(*) There was no significant difference between interest income and interest collected.

Changes in working capital

	Year ended on December 31,		
	2023	2022	2021
Decrease (Increase) in trade and other receivables	65,125,086	(8,689,283)	109,986,707
Increase in inventories	(6,139,929)	(7,763,424)	(422,505)
Changes in derivative financial instruments	-	(1,608,421)	368,909
(Decrease) Increase in trade and other payables	(17,141,005)	60,518,948	4,147,809
	41,844,152	42,457,820	114,080,920

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

30. Contingencies, commitments, guarantees 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 criteria applied by the Company. Based on management's assessment and the opinion of legal counsels, the Company does not anticipate incurring any material expenses derived from contingent liabilities other than those provided for in these financial statements.

(ii) Main commitments and guarantees

The main commitments assumed by Tecpetrol S.A. through surety insurance and bank guarantees as of the date of issuance of these financial statements are the following:

- Guarantee in favor of Arenas Argentinas del Paraná S.A. for the payment of the remaining balance from the purchase of a sand plant in Entre Ríos province, amounting to USD 1.6 million.
- Guarantee in favor of the Energy Institute of the province of Santa Cruz for contract performance of the second exploratory phase in Gran Bajo Oriental for an amount of USD 2.85 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 in favor of the Office of the Secretary of Energy of the Ministry of Economy of all obligations set forth under Section 64 of the Annex to Decree No. 892/20 related to the National Public Bidding for the Reinsurance and Enhancement Plan of Hydrocarbon Production, Self-supply, Exports, Import Substitution and Expansion of the Transportation System for all Hydrocarbon Basins in the Country for the period 2023-2028, for USD 70.95 million.
- Guarantee for USD 7.14 million in favor of the Revenues and Customs Agency (Agencia de Recaudación y Control Aduanero, ARCA), formerly known as Federal Administration of Public Revenue for Argentina (Administración Federal de Ingresos Públicos, AFIP), for general and special taxes on a temporary import of drilling equipment.

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

Basin	Area	Pending investment commitments
Noroeste - San Jorge and others	El Tordillo and La Tapera - Puesto Quiroga	· Additional investments for USD 200 million to be made until December 31, 2026, aiming at extending the operations in the area for 20 years starting in 2027 (i).
	Gran Bajo Oriental	· Drilling of 1 exploratory well of 1,900 meters below rig floor (equivalent to 570 working units) before June 2025.
	Aguaragüe	· Execution of 1 workover and 2 asset removals to be made in 2023. Drilling of 1 development well, execution of 1 workover and 2 asset removals to be made in 2024, and 2 asset removals to be made in 2025. (ii) · Seismic reprocessing in Rio Pescado.
	MLO-124	· Seismic acquisition and processing before October 2025.
Neuquina	Los Bastos	· Exploratory investments for USD 4.96 million to be made until 2026 outside the exploitation area. (iii)

(i) At the date of issuance of these financial statements, the governmental authorities of the province of Chubut have not yet completed the certification and examination procedures for the investments.

(ii) At the date of issuance of these financial statements, the governmental authorities of the province of Salta have not yet completed the certification procedures for the investment activities.

(iii) At the date of issuance of these financial statements, the governmental authorities of the province of Neuquén have not yet completed the certification and examination procedures for the investments.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

30. Contingencies, commitments and restrictions on the distribution of profits (cont.)

(ii) Main commitments and guarantees (cont.)

Under Plan Gas.Ar, Tecpetrol assumed a total investment commitment from 2021 to 2028 of approximately USD 1,081 million in Neuquina basin which will be made as follows: (i) USD 13 million during Q1 2021, (ii) USD 29.2 million starting from Q2 2021 and until Q4 2022, and (iii) USD 36 million per quarter from 2023 to 2028. Besides, according to Plan Gas.Ar Rounds 1 and 3, Tecpetrol committed to inject 14.9 million m³/d in Neuquina basin until 2024. According to Round 4.1, such period was extended until 2028. The Company has also agreed to inject 2.5 million m³/d starting on July 2023 until 2028, as awarded in Round 4.2. Regarding hiring local, regional and national workforce, the Company made a commitment to proportionally increase the number of Argentine workers under the committed investment plans until 2028. At the date of issuance of these financial statements, Tecpetrol complied with all these commitments.

The agreements entered into with the distribution service licensees, CAMMESA and ENARSA, for the supply of natural gas under Plan Gas.Ar, included standard clauses for the delivery or payment of up to 10.64 million m³/d until June 2023 and up to 13.14 million m³/d from July 2023 to December 2028, contemplating increases of 4.5 million m³/d from May to September of 2023, 7.25 million m³/d from May to September of 2024 and 6 million m³/d from May to September of each year from 2025 to 2028.

Likewise, the agreements entered into with industrial parties and other traders for the supply of gas intended for industrial users or CNG stations included standard clauses for the delivery or payment of around 4 million m³/d until April 2025, date upon which volumes will significantly drop due to contract termination.

Gas transportation agreements include ship or pay clauses for amounts ranging from 2.2 million m³/d to 5 million m³/d during 2024-2028.

Besides, in Plan Gas.Ar Round 5.2, Tecpetrol was awarded incremental production volumes from the exploitation concessions of El Tordillo and Aguaragüe. In regard to El Tordillo award, Tecpetrol entered into a gas sale agreement with CAMMESA for incremental production volumes of up to 0.3 million m³/d until December 2028. In regard to Aguaragüe award, Tecpetrol entered into a gas sale agreement with ENARSA for incremental production volumes of up to 0.1 million m³/d until December 2028. In both cases, Tecpetrol is not obliged to deliver gas if there is no incremental production.

In relation with the Open Bidding Process No. 1/2022 from Oldelval and the Open Bidding Process No. 1/2022 from Oiltanking Ebytem, Tecpetrol committed to contract transport, shipping and storage services including ship or pay clauses for approximately 3,066 m³/d, 3,522 m³/d and 21,122 m³, respectively. Such commitments will enter into force once the facilities are ready for operation and until 2037.

(iii) Restrictions on the distribution of profits

In accordance with Companies Law No. 19,550 (hereinafter referred to as "LGS"), the Company's by-laws and General Resolutions No. 622/13 and 941/2022 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 share capital.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

30. Contingencies, commitments and restrictions on the distribution of profits (cont.)

(iii) Restrictions on the distribution of profits (cont.)

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 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 constitution of this reserve and the restrictions upon its use.

The Company's capital does not include preferred stocks. Tecpetrol S.A. is not subject to any other restriction on the distribution of profits other than the ones mentioned in the paragraph above.

31. Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs

At the date of issuance of these financial statements, the Company has the following claims against the government regarding the change of criteria for the assessment of the economic compensations provided for under the Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs (hereinafter referred to as the "Program") created through Resolution No. 46-E/2017 and amended by Resolution No. 419-E/2017: (i) the administrative appeals against the resolutions settling provisional payments from November 2018 to December 2020 as well as payment adjustments from April 2018 to December 2020 (inclusive), and (ii) the legal complaint against the resolutions settling provisional payments for August, September and October 2018, following the rejection of the administrative appeals filed by the Company against such resolutions. Under Plan Gas.Ar, subject to its terms and validity, and in relation to the volumes of production therein committed and delivered, Tecpetrol accepted that payments under the Program related to the deliveries of natural gas as from January 1, 2021, will be limited to the production projection of natural gas estimated upon request of adherence to the Program. Therefore, the Company waived its right to demand payments for natural gas volumes delivered as from January 1, 2021, which exceed such projection. Since the launch of the Program and until December 31, 2020, Tecpetrol experienced a decrease in net sales by ARS 29,915 million (approximately USD 588 million at historical exchange rate) for volumes delivered exceeding the production estimated upon request of adherence to the Program.

32. Related-party balances and transactions

Tecpetrol S.A. is controlled by Tecpetrol Internacional S.L. (sole shareholder company), (hereinafter referred to as "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 nor any group of persons control R&P STAK.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

32. Related-party balances and transactions (cont.)

Main transactions with related parties:

	Year ended on December 31,		
	2023	2022	2021
Sales revenues			
Other related companies	103,065,193	62,254,738	49,741,405
Purchases of goods and services			
Other related companies	(308,083,011)	(246,083,712)	(117,334,479)
Oleoducto Loma Campana - Lago Pellegrini S.A.	(1,468,857)	(1,422,803)	(1,019,460)
	(309,551,868)	(247,506,515)	(118,353,939)
Reimbursement of expenses			
Other related companies	4,666,149	3,702,998	844,127
Interest income			
Other related companies	378,347	1,678,546	699,999
Interest cost			
Tecpetrol Internacional S.L.U.	-	(1,030,713)	(15,483,923)
Tecpetrol Internacional S.L.U. Uruguay Branch	(25,392)	-	(175,418)
Other related companies	(1,791,775)	(479,848)	(447,105)
	(1,817,167)	(1,510,561)	(16,106,446)
Other income			
Other related companies	996,000	1,994,932	-

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

32. Related-party balances and transactions (cont.)

Balances with related parties

	December 31,		
	2023	2022	2021
Other receivables from related parties (Note 20):			
<i>Non-current</i>			
Advances - Other related companies	165,549	1,367,585	1,099,626
Loans - Other related companies	-	5,820,723	-
	<u>165,549</u>	<u>7,188,308</u>	<u>1,099,626</u>
<i>Current</i>			
Other receivables - Tecpetrol Internacional S.L.U.	-	52,870	9,246
Other receivables - Tecpetrol Investments S.L.U.	-	-	5,858
Other receivables - Tecpetrol Internacional S.L.U. Uruguay Branch	-	15,169	-
Other receivables - Other related companies (i)	4,981,673	19,691	4,890,026
Loans - Other related companies	<u>5,841,451</u>	<u>4,143,427</u>	<u>10,042,192</u>
	<u>10,823,124</u>	<u>4,231,157</u>	<u>14,947,322</u>
Trade receivables from related parties (Note 21):			
Current - Other related companies	6,611,457	6,430,616	2,095,356
Borrowings from related parties (Note 24):			
Current - Tecpetrol Internacional S.L.U.	-	-	56,563,854
Current - Tecpetrol Internacional S.L.U. Uruguay Branch	<u>2,025,392</u>	<u>-</u>	<u>-</u>
	<u>2,025,392</u>	<u>-</u>	<u>56,563,854</u>
Lease liabilities to related parties:			
Non-current - Other related companies	3,665,265	7,131,742	9,118,479
Current - Other related companies	<u>2,870,232</u>	<u>3,530,458</u>	<u>1,614,179</u>
Trade and other payables with related parties (Note 27):			
Current - Tecpetrol Internacional S.L.U.	37,726	2,780,946	-
Current- Tecpetrol Investments S.L.U.	4,075	130,399	-
Current - Tecpetrol Internacional S.L.U. Uruguay Branch	23,581	-	-
Current - Oleoducto Loma Campana - Lago Pellegrini S.A.	141,387	152,565	130,671
Current - Other related companies (ii)	<u>53,859,562</u>	<u>51,629,830</u>	<u>13,712,708</u>
	<u>54,066,331</u>	<u>54,693,740</u>	<u>13,843,379</u>

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

(ii) It mainly included balances from purchases of materials and services.

Remuneration of Directors

Remuneration of Directors and first-line executives for the years ended on December 31, 2023, 2022 and 2021 amounted to USD 7.9 million, USD 4.2 million and USD 4.5 million, respectively. Additionally, Directors and first-line executives received units under the employee retention and long-term incentive program mentioned in Note 2.13 (b) for a total amount of USD 0.8 million on December 31, 2023 and USD 0.7 million in on December 31, 2022 and 2021.

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

33. Main joint operations

Joint operations

a) Areas operated by Tecpetrol

Name	Location	% at Dec-23	% at Dec-22	% at Dec-21	Expiration date of the concession
Aguaragüe	Salta	23.0	23.0	23.0	Nov-37
Agua Salada	Río Negro	70.0	70.0	70.0	Sep-25
El Tordillo	Chubut	52.1	52.1	52.1	Nov-27
La Tapera - Puesto Quiroga	Chubut	52.1	52.1	52.1	Aug-27
Lago Argentino (i)	Santa Cruz	74.6	74.6	74.6	Nov-33
Loma Ancha (ii)	Neuquén	95.0	95.0	95.0	Dec-25
Los Toldos (I Norte, II Este)	Neuquén	90.0	90.0	90.0	Oct-54

(i) In February 2023, Tecpetrol S.A. assigned to Alianza Petrolera S.A (APASA) its rights and obligations associated with the exploitation concession over Estancia La Mariposa area, waived its concession over the areas Lomita de la Costa and Cerro Mangrullo, and assigned its contract position in joint venture Lago Argentino. As of March 2023, all obligations related to the concession over Estancia La Mariposa, along with its production, were transferred to APASA. At the date of issuance of these financial statements, the approval by the local authority is still pending.

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

b) Areas operated by third parties

Name	Location	% at Dec-23	% at Dec-22	% at Dec-21	Expiration date of the concession
Ramos (i)	Salta	25.0	25.0	25.0	Jan-26
Los Toldos I Sur	Neuquén	10.0	10.0	10.0	Mar-52
MLO-124 (ii)	Malvinas marine basin	10.0	10.0	10.0	Oct-27

(i) In December 2023 Tecpetrol S.A. exercised its right of first refusal in relation to the 33% interest of Pluspetrol Energy S.A. (area operational partner) in the hydrocarbon exploitation concession on Ramons area, along with the associated transport concession, for a price of USD 4 million. In January 2024, Pluspetrol Energy S.A. and Tecpetrol entered into an assignment agreement and set up an operational committee to discuss the appointment of Tecpetrol S.A. as successor operator of the area and replacement of Pluspetrol, once the assignment is officially approved by the authorities of Salta, in accordance with Section 72 of Law No. 17,319. By means of Decree No. 214/24, published in the Official Gazette on May 6, 2024, the relevant authorities of the province of Salta approved the assignment, and on May 22, 2024, Tecpetrol S.A. took over the operations in the area.

(ii) The exploration period consists in 2 subperiods of 4 years each. The area can be returned upon the completion of each subperiod. The first exploration period ends in October 2025. If the Company decides to proceed with the second period, it must notify the Secretary of Energy before August 31, 2025.

Main joint operations – Assets and liabilities at Tecpetrol's share of interest

Name	Assets			Liabilities		
	Dec-23	Dec-22	Dec-21	Dec-23	Dec-22	Dec-21
Aguaragüe	5,750,869	6,490,750	11,142,467	7,790,319	8,202,343	7,024,588
Agua Salada	12,890,600	13,722,968	19,381,068	13,313,362	13,353,803	18,314,121
El Tordillo	81,278,528	109,601,721	83,790,744	42,978,339	35,569,202	27,977,961
La Tapera Puesto Quiroga	8,815,406	833,801	545,218	6,678,404	574,639	358,359
Los Toldos I Norte & II Este	206,647,293	115,108,002	86,386,224	35,505,943	7,698,086	20,855,982
Ramos	2,392,629	3,768,198	5,971,883	8,612,717	6,891,786	6,843,975
Los Toldos I Sur	15,812,532	15,268,677	18,775,497	2,918,686	2,061,277	1,230,557

Tecpetrol Sociedad Anónima

Financial Statements at December 31, 2023, 2022 and 2021

Notes to the financial statements at December 31, 2023, 2022 and 2021 (cont.)

34. Assets classified as held for sale

In December 2021, Tecpetrol S.A. acquired from Abo Wind Energías Renovables S.A. and Abo Wind AG all of the ordinary shares of Parques Eólicos de la Buena Ventura S.A. (hereinafter referred to as "PEBV"), representing 100% of the share capital and the voting rights. Such company was going through the early development stage of the project Parque Eólico de la Buena Ventura, consisting of up to 105 MW and located in Gonzales Chaves, province of Buenos Aires. In November 2021, CAMMESA notified PEBV of the allocation of dispatch priorities in the Renewable Energy Market (Mercado a Término de Energías Renovables, MATER) according to Resolution No. 281/17 from the Mining and Energy Ministry, related to the requests submitted in the third quarter of 2021 consisting in a 100.8 MV power demand.

The purchase price amounted to USD 2.0 million (USD 1.9 million of the total amount correspond to costs of shares and USD 0.1 million correspond to the assignment of a credit of Abo Wind Energías Renovables S.A. with PEBV). At the date of acquisition Tecpetrol S.A. paid USD 0.7 million, and the remaining balance (subject to certain clauses) was cancelled in installments until August 2023 (in February 2022, the second instalment for USD 0.5 million was paid off, in May 2022 the third and fourth instalments were paid for USD 0.2 million and USD 0.5 million, respectively, and in August 2023, the fifth and last instalment was paid for USD 0.2 million).

At December 31, 2021, the investment in PEBV totaled USD 2.0 million. In April 2022, the Company sold its interest in PEBV and a credit with PEBV to Siderca S.A.I.C. for a total amount of USD 4.0 million. Profit from such transaction is included in Other operating income in the Income Statement for the year ended on December 31, 2022.

35. Subsequent events

During 2024, the Company entered into the following borrowings:

Type / Lender	Principal (in millions)	Interest rate	Contract's currency	Maturity
Banco Santander Argentina S.A.	60	4.8%	USD	January 2026
Banco Macro S.A.	30	4%	USD	February 2025
Banco Galicia (*)	20	3.05%	USD	December 2024
Banco Ciudad	15	4%	USD	February 2025
Banco Galicia	10	4%	USD	March 2025
Negotiable obligations - Class 7	120	5.98	USD	April 2026
Negotiable obligations - Class 8	67.4	5%	USD	October 2027
Negotiable obligations - Class 9	80.5	6.8%	USD	October 2029

(*) In November 2024, Tecpetrol prepaid USD 8.1 million.

No other events, situations or circumstances have taken place as from December 31, 2023, and until the date of issuance of these financial statements, other than the ones mentioned in the notes to the financial statements, which affect or might significantly affect the economic and financial position of the Company or are otherwise worth mentioning.



Independent auditor's report

To the Shareholders, President and Directors of
Tecpetrol Sociedad Anónima

Opinion

We have audited the financial statements of Tecpetrol Sociedad Anónima (the Company) which comprise the statement of financial position at December 31, 2023, 2022 and 2021, and the income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows for each of the three years in the period ended December 31, 2023, and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Argentina. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter	How our audit addressed the key audit matter
Impact of proven hydrocarbon reserves on the carrying amount of Property, plant and equipment (“PP&E”) As indicated in Notes 15 and 18 to the accompanying financial statements, as at December 31, 2023 the carrying value, net of impairment, of “Development and production assets” and “Machinery and equipment” amounts to USD 850,062,799 and USD 299,043,023 respectively, with depreciation charges of USD 412,138,440 and USD 126,406,163 respectively, and impairment losses of USD 58,038,696 and USD 13,652,522 respectively. These values recorded in the financial statements are affected by Management’s estimates of proven hydrocarbon reserves. A description of the main judgments and estimates relating to hydrocarbon reserves is included in Note 5 (a) Hydrocarbon Reserves to the financial statements. In accordance with the Company’s accounting policies described in Note 2.4, development assets are depreciated applying the depletion method based on the total proven or developed proven reserves considered in each area, as applicable. The recoverability of the carrying amount of assets relating to production and development areas and to probable and possible reserves is evaluated in case events or changes in the circumstances show that the carrying amount may not be recoverable. The recoverable value is the higher of assets’ fair value less direct costs to sell and their value in use. The value in use is determined based on discounted cash flows expected to be obtained with the remaining commercial reserves. The estimate of hydrocarbon reserves and the calculation of the recoverable value of assets are based on a series of factors, assumptions and variables, such as: (i) the quality of available geological, technical, and economic data as well as	Audit procedures performed in relation to this key audit matter included, among others: • Understanding the Company’s process for estimating hydrocarbon reserves. • Testing those significant controls implemented by the Company. • Reviewing the contracts indicating the Company’s interests in proven developed hydrocarbon reserves until the termination of the contracts. • Obtaining the reports certified by independent experts, including a) evaluating their objectivity and competence, b) confirming the scope of the work performed, and c) confirming the conclusions of the analysis performed. • Evaluating the reasonableness of significant hypotheses used in these estimates, including development costs and production volumes, the discount rate used, considering the Company’s past performance and the consistency with evidence obtained in other areas of the audit. • Performing a retrospective review to verify indicators of estimation bias over time, which included comparing production volumes, exploitation costs and capital expenditures for the current year with the applicable hypotheses used in the estimation of proven reserves for the prior year to assess the Company’s ability to make accurate provisions. • Confirming that the significant variations in reserves have been based on new available information in the period under analysis.

Key audit matter	How our audit addressed the key audit matter
the interpretation and evaluation carried out by internal and external experts;	
(ii) the estimate of future units of production and related flows of operating income and expenses, of development and retirement costs as well as the moment when these costs are expected to be incurred.	• Verifying the accuracy of the units of production indexes used to calculate depreciation, including the comparison of proven oil reserves used with the reserves reported by the Company.
(iii) changes in tax legislation, administrative regulations, and the type or term of underlying contracts;	• Verifying the consistency between projected hydrocarbon production in the cash flows prepared by management to determine the recoverable amount of the areas with impairment indicators, and the amounts of proven hydrocarbon reserves from the reports certified by independent specialists to the Company.
(iv) production volumes of extracted oil and natural gas and the subsequent field analyses, which may entail significant reviews;	• Evaluating the sufficiency of the information disclosed in the financial statements.
(v) changes in the curve of future prices of hydrocarbons, inflation and exchange rates;	
(vi) internal factors related to economic policies and regulatory and governmental factors restricting the Company's ability to increase or maintain the prices in relation to international prices; and	
(vii) the discount rate used.	

This area is relevant based on: (i) it implies the application of critical judgments and significant estimates by Management, including the use of external experts, (ii) the high level of uncertainty of estimates and measurements, (iii) the technical complexity of valuation models used, and (iv) the materiality of related items of the financial statements.



Other Matter

These accompanying financial statements are presented in U.S. Dollars, which is the functional currency of the Company. However, the financial statements used by the Company for statutory, legal and regulatory purposes in Argentina are those presented in Argentine pesos, issued and filed with the Argentine Securities Commission (Comisión Nacional de Valores in Spanish), which were approved for issuance by the Board of Directors on February 27, 2024.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to



events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Surveillance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Surveillance Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Surveillance Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Autonomous City of Buenos Aires, November 28, 2024.

PRICE WATERHOUSE & CO.S.R.L
Carolina García Zúñiga
Partner