Capex S.A.

"Free translation from the original prepared in Spanish for publication in Argentina"

**CAPEX S.A.**

**CONSOLIDATED FINANCIAL STATEMENTS**
**As of April 30, 2021, presented in comparative format**

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## Contents

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# Annual Report
# Fiscal Year 2020 - 2021

## Contents

**1. Summary for the year and prospects**

Main milestones for the year ended April 30, 2021:

Acquisition and extension de concession of hydrocarbons areas

Puesto Zúñiga area, in November 2019, the Secretariat of Energy of the Government of Rio Negro called for the National and International Public Tender No. 1/19 for the award of exclusive rights for hydrocarbon exploration and potential exploitation concession, transportation and commercialization over this area, in the Province of Rio Negro. The Company participated in the Tender by submitting an offer on November 28, 2019, which consisted of an investment commitment of US$ 7.1 million to be developed within the first exploration period. On February 6, 2020, the Energy Secretariat of Río Negro approved Capex's rating and pre-awarded the Puesto Zúñiga area. Finally, on October 14, 2020, the Province notified CAPEX of Decree No. 1154/20, whereby it awarded the Exploration Permit covering the Puesto Zúñiga area for the term of 3 years as from its publication. The exploration contract was executed in November and, finally, CAPEX took possession of the Area on December 17, 2020.

**La Yesera exploitation area – Agreement with San Jorge Energy S.A.,** On February 8, 2021, the Company and San Jorge Energy S.A. agreed to the terms and conditions for the acquisition of the 18.75% interest that the latter held in the Concession for the Exploitation of La Yesera, located in the province of Río Negro. The actual acquisition of the percentage of interest in the Concession and of all the rights and obligations arising therefrom was subject to compliance with certain conditions. One of these conditions is that the province of Río Negro approved the assignment of the percentage of interest within a term of 90 days counted as from the date of execution of the assignment contract (or any other longer term agreed by the parties). The parties agreed to extend the term to meet the condition precedent for an additional period of 90 days as from May 10, 2021. On June 14, 2021, the province of Río Negro approved the assignment. The approving decree provided for a term of 30 days to complete the transaction. Having all conditions precedent been met, on June 30, 2021, Capex and San Jorge Energy S.A. signed the deed of assignment. The amount paid was US$ 1.5 million, plus taxes. At the date of issuance of these Financial Statements, Capex holds an interest of 37.5% in the Concession for the Exploitation of La Yesera.

**Extension of Loma Negra and La Yesera Concessions,** On March 30, 2021, the contracts for the extension of the concession terms of the Loma Negra and La Yesera Areas were signed. Thus, the 10-year extension contract for the aforementioned areas was signed with the Province of Río Negro, consequently expiring the Loma Negra concession on February 24, 2034 and that of La Yesera on August 4, 2037. The contract extension of Loma Negra includes a firm investment commitment for the Concessionaires of US $ 27.4 million, while for the case of La Yesera it includes an investment of US $ 6.9 million, as well as contingent investments subject to certain conditions by US $ 8.2 million and US $ 18.5 million, respectively.

**Plan Gas 2020-2024**

On November 13, 2020, Decree No. 892/2020 was published, approving the Promotion Plan for Argentine Natural Gas Production - 2020-2024 Supply and Demand Schedule (the "2020-2024 Gas Plan"), based on a competitive system at the point of entry into the gas transportation system, whereby the Energy Secretariat was instructed to implement that plan. On December 15, 2020, the Energy Secretariat adopted Resolution No. 391/2020 awarding the volumes of natural gas according to the Public Bid and approving the offered prices for the awarded volumes of natural gas at the point of Entry into the Transport System. The Company participated as bidder in the Public Bid and obtained the approval of a volume of 0.81 MM $m^3$/day for the base period, of the Neuquen basin, with a price for the total offered volumes of US$ 2.40/MMBTU, committing to invest US$ 22.84 million under this program during 4 years. The Company executed the pertinent contract with CAMMESA, as laid down in Energy Secretariat Resolution No. 317/2020. The Company has not waived its right to the benefits it had been granted under Resolution No. 46/2017.

**Repurchase of negotiable obligations**

In this year, the Company repurchased its Class II Corporate Bonds for a total amount of US$ 44,974,000 (nominal value) at an average price, without considering coupon payments for US$ 88.72 per each US$ 100 (nominal value). The repurchased Corporate Bonds have not been canceled and are in the possession of the Company.

**ADC Thermal Power Plant - Steam Turbine 7 transformer failure:**

In January 2020, the transformer of Steam Turbine 7 at the ADC Power Plant had a failure in the output terminal of a high voltage phase. The repair began after obtaining authorizations for the entry of personnel and cargo movement equipment to the site due to the mandatory isolation in force at that time. By the end of July 2020, repair works were completed, and the Agua del Cajón Power Plant (CT ADC) resumed its operations in a combined cycle as from July 31, 2020, As previously mentioned, from January to July 2020, the ADC Power Plant operated in open cycle mode, with the related decrease in power generation. The incident was reported to the insurance company and the corresponding indemnities under the policies were collected by the Company.

**Resolution 440/2021 of the Ministry of Energy:**

On May 19, 2021, through Resolution No. 440/2021, the Secretariat of Energy discontinued the adjustment of rate values based on the CPI and the WPI considered in Res 31/2020 and provided for an increase of approximately 29% in power and energy rates. In the case of energy rates, such increase is retroactive to February 2021. The amount for the period February 2021 through April 2021 is $233 million and was recorded in the fiscal year beginning on May 1, 2021, in compliance with applicable accounting standards.

**Impact of the Coronavirus on the operations of the Company and its subsidiaries:**

The COVID-19 has caused an adverse impact on global economy, including Argentina. The drop in economic activity due to the isolation measures adopted by different governments to mitigate the virus spread caused a strong downturn in the demand and the price of oil at the beginning of the year, a situation that is being gradually reversed since the end of 2020. However, the new variants and mutations of the virus present a constant threat to a sustained economic recovery due to potential isolation measures that may be dictated in order to contain new sprouts.

In line with WHO recommendations for all countries affected by the COVID-19 pandemic, the National Government issued Emergency Decree (DNU) No. 297/20, whereby the social, preventive and mandatory isolation was implemented as from March 20, 2020, and a series of measures aimed at decreasing the circulation of the population were imposed, being exempted from isolation only those individuals engaged in essential activities. This isolation was extended and made more flexible on successive occasions, taking into account the epidemiological situation of each moment. It is expected that potential hardening and flexibility of isolation measures will take place in response to the epidemiological situation of each moment.

The Company has adapted the activities in its operations in order to preserve the health and safety of its employees. The operations respect strict and precise protocols, which to date have given very good results, reducing the impact of contagion and the spread of the disease. Regarding these measures, operations have been working with minimal staffing, paying strict attention to the epidemiological situation. Regarding administrative and management personnel, we continued working remotely. These well-coordinated activities allowed the Company to maintain its income and expenditure flows, which were strongly affected by the previous market situation as a result of the pandemic. Even with a very retracted market and low energy demand for most part of the year, the Company has managed to sell its production in the local and international market and the thermal power plant has continued to operate normally (beyond the event mentioned in previous paragraphs) The same has happened with eolic farms.

<u>Summary of profits/losses for the year</u>

During the fiscal year commenced on May 1, 2020 and ended on April 30, 2021, Capex and its controlled companies continued to develop their business plan segments in I) Oil and Gas,II) Energy, by generating of I) thermal power and II) wind power, and iii) energy from hydrogen, III) Processing and Separation of Liquid Gases Derived from Gas, and IV) Production and Sale of Oxygen.

During the current fiscal year, the Company had a comprehensive income loss of $ 1,647.1 million (of which a loss of $ 1,667.1 million corresponds to the owners of the Company), which compared to the previous year, the comprehensive result of which was a loss of $ 2,617.2 million (of which a loss of $ 2,626.3 million corresponded to the owners of the Company), shows a loss decrease of 37.1%.

The comprehensive income of the present year is composed of a net loss of $ 615.6 million and other comprehensive loss of $ 1,031.5 million, while in the previous year the comprehensive income was comprised of a net profit of $ 1,373.5 million and other comprehensive income loss of $ 3,990.7 million.

The operating income for the current year showed a profit of $ 795.6 million, which compared to the previous year shows a decrease of 77.7%.

In the oil and gas segment, during the fiscal year ended April 30, 2021, although the Company has sustained the level of gas production through the investments made mainly encouraged by the stimulus programs, the lower demand for gas from the CTADC regulated and decreased gas production from the ADC field. Additionally, the decrease in the price of gas per million btu as a consequence of the application of established maximum prices, the auctions carried out by CAMMESA for the acquisition of natural gas for the generation of electricity, the declarations of gas costs made by Capex. and to the price awarded to Capex in relation to the "Plan Gas 2020-2024", effective from January 1, 2021, generated a strong impact on operating results. Regarding oil, during the 2020-2021 financial year, the accumulated stock as of April 30, 2020 was sold due to the drop in demand, at that time, as a result of the pandemic. The average price of oil in the year ended April 30, 2021 was affected by the effect of the pandemic, generating a decrease of 32.6% compared to the average price of the previous year, recovering in the last months of this year.

In the fiscal year 2020-2021 the Company recognized an impairment loss for $ 2,466.8 millon relating to exploitation assets for Agua del Cajón CGU associated with the current and future estimated values of the gas price and the increase in value of the assets comprising the CGU, as a result of the application of the adjustment for inflation accounting standards.

The aforementioned points generated a decrease of 280.8% in operating results in this segment compared to the previous year.

Regarding the thermal energy generation segment, operating results decreased by 31.5%. This variation is mainly explained by lower generation, as a result of the breakage of a transformer of the steam turbine 7 of the CT ADC that forced, from January to July 31, 2020, to operate on an open cycle. Additionally, there was a lower remuneration for the energy generated and the charge for power, as a result of the application of Res 31/20 since February 2020, which pesified the energy rate. It should be noted that, in May 2021, the Ministry of Energy, through Res 440/2021, established an increase in the remunerated values for the energy generated and the charge for power of approximately 29%, modifying with this resolution the increase provided for in Res 31/20, which adjusted the rate for the Consumer Price Index and the Internal Wholesale Price Index..

Regarding the energy wind power generation segment, the Diadema Eolic Energy Farms I and II ("DEEF I and II"), have operated with high efficiency as of May 2020, due to the reestablishment of the connection with the SADI, due to the fire in the Diadema Transformer Station that occurred in March 2020, returning to dispatch electricity to the system normally. This has allowed it to obtain an increase in its operating result in this segment of 61.7%.

With respect to Financial Results, as of April 30, 2021, the price of the US dollar reached $ 93.56, an increase from the previous year's closing of 40.0%. Due to the fact that the Company is indebted in such currency, the appreciation of the dollar affects its net financial results. However, the fact that its income and most of its investment portfolio are also denominated in US dollars allows it to mitigate the fluctuations of the exchange rate in the net results. Further, in accordance with the accounting standards in force, these financial statements include recognition of the effects of inflation at the beginning and end of the year; it should be noted that the variation of the Consumer Price Index over the year was 46.3%, compared with 45.6% in the prior year. This recognition of exposure to purchasing power parity is disclosed under the heading Other financial results - (RECPAM). Additionally, the Company has generated positive financial results from the repurchase of its Class II Negotiable Obligations for $ 478 million.

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Other Comprehensive Income with future recognition through profit or loss, with an impact on the Reserve for investments at fair value, amounted to $ 123.5 (loss) at April 30, 2021 as a consequence of the sale of government securities (US Treasury Bonds) stated at fair value.

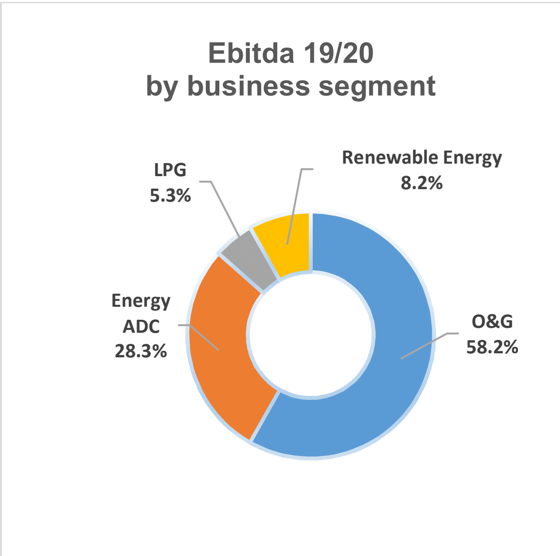
In addition, there were recognized in Other Comprehensive Income without future recognition through profit or loss, which affects the reserve for the revaluation of assets and stated at real values, $ 908.0 million (loss) compared to $ 4,114.2 million (loss) for the previous year, due to the effect of the revaluation and of the application of the inflation adjustment, net of the tax effect of those items of property, plant and equipment measured at fair value

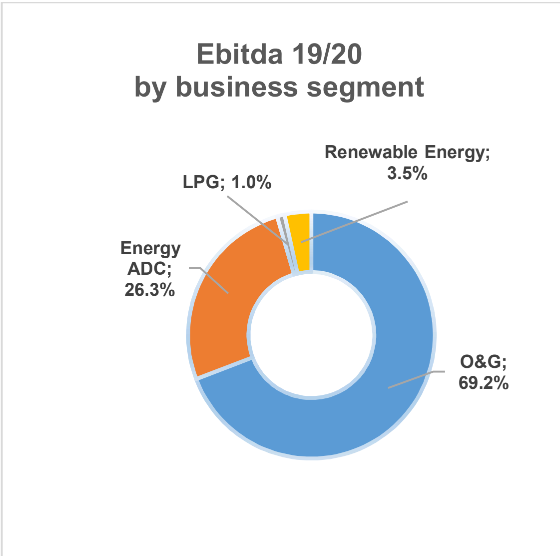
In the fiscal year ended April 30, 2021, oil and gas was the Company segment with the largest contribution to EBITDA (58.2%), Although it decreased by 41.1% compared to the previous year, the The ADC energy segment decreased by 29.3%, the LPG segment by 34.2%,, while renewable energies increased by 53.9%, mainly as by result of the start-up of the DEEF II, in September, 2019.

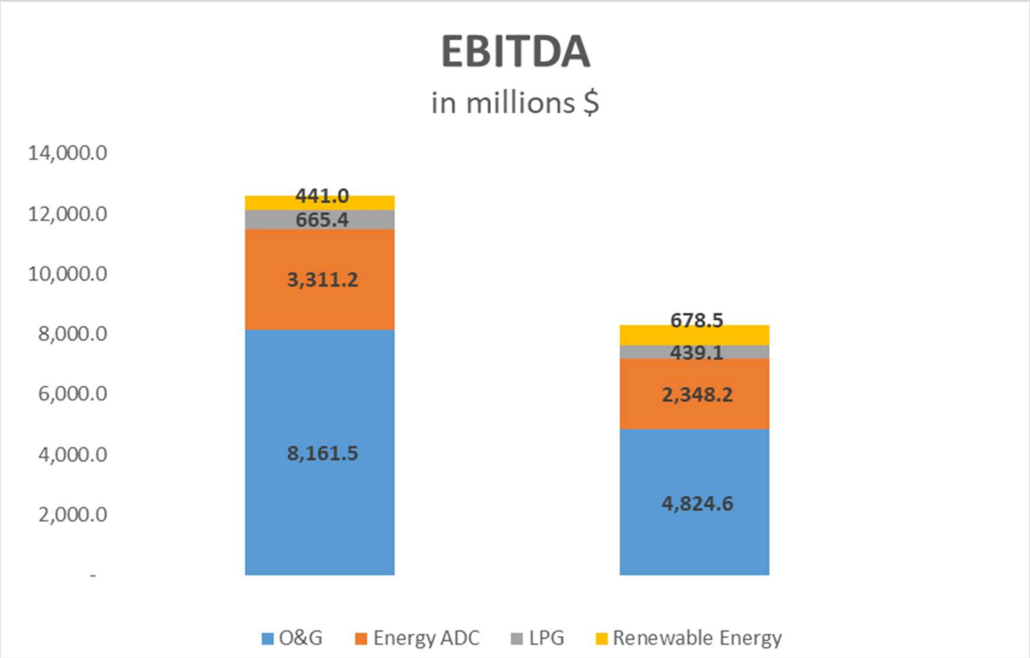
| EBITDA | 04/30/2021 | 04/30/2020 | Var 21 vs 20 |
|---|---|---|---|
| | In thousand $ | | % |
| Operating result | 795,578 | 3,573,017 | -77.7% |
| Non-monetary items: | | | |
| Depreciation of Property, Plant and Equipment | 5,007,008 | 5,645,036 | -11.3% |
| Impairment of Property, Plant and Equipment | 2,466,786 | 2,652,498 | -7.0% |
| Impairment of Inventories | - | 708,498 | -100.0% |
| **Adjusted EBITDA (*)** | **8,269,372** | **12,579,049** | **-34.3%** |

| | | |
|---|---|---|
| Average daily exchange rate for the year as of 04/30/2020: | 55.526 | $/U$S |
| Average daily exchange rate for the year as of 04/30/2021: | 79.507 | $/U$S |
| Exchange rate at year-end 04/30/2020: | 66.840 | $/U$S |
| Exchange rate at year-end 04/30/2021: | 93.560 | $/U$S |

(*) Adjusted EBITDA: Operating result plus/minus non-monetary items






The Company's intention is to continue working on its expansion strategy throughout the energy value chain. In line with this strategy, Capex will evaluate potential acquisitions of local hydrocarbon assets to increase its reserves and production levels.

In addition, it is the Company and its subsidiary Hychico's intention to achieve greater insertion in projects in the renewable energies, for which they are performing assessments and feasibility studies on potential local projects.

Lastly, as part of its growth and diversification strategy, the Company continues evaluating projects for generation and other lines related to the energy sector.

## 1.1 Hydrocarbons

### 1.1.1 Current situation

**Province of Neuquén**

**Agua del Cajón Area**

Given the problematic situation posed by Covid-19, the plan carried out in the area was reduced. The average gas production at 9300 Kcal/$m^3$ was 1.02 million $m^3$/day, while the average oil production was 80 $m^3$/day, being these production levels lower by approximately 21% in gas and 22% in oil, compared to the previous year. Regarding the average productions of propane, butane and gasoline for the year, they were 45 Tn/day, 29 Tn/day and 55 $m^3$/day, respectively, with an average decrease of 17% in the production level compared to the previous year. The total values produced in the year in the oil and gas segments were 374.0 $MMm^3$ and 29.3 $Mm^3$, respectively, while the total productions of propane, butane and gasoline were 16.2 Mtn, 10.6 Mtn and 20.2 $Mm^3$, respectively. As of April 30, 2021, the number of wells in production was 33 producing oil and 235 producing gas.

On January 31, 2018, the Company submitted an application for accession to the Undersecretari at of Exploration and Production under the Ministry of Energy and Mining for the Agua del Cajón Concession to the Program to Encourage Investment in Development of Natural Gas Production from Non-Conventional Reservoirs. Said presentation includes the approval from the Provincial Implementation Authority (Neuquén Ministry of Energy and Natural Resources - Resolution 12 of January 29, 2018) of an investment plan for millions of US$ 101.5 up to the year 2021, which would enable the development of the production of natural gas from unconventional reservoirs.

Said program was approved on June 4, 2018. The Company complied with the requirement of reaching an average annual production of 500,000 $m^3$/day during 12 consecutive months, before December 31, 2019, and it has recorded under the heading sales in the fiscal year ended April 30, 2021 $ 1,396.2 million in relation to the Program incentives, whose collection in the present year has been partially effected, with delays in the timeframe in the Program.

Additionally, the Energy Secretariat applied in December 2018, with retroactive effect to January 2018, a new criterion regarding the volume to be recognized for the payment of compensation derived from the Stimulus Plan, the same being the minimum between the nonconventional actual volume produced and the original curve timely presented.

During the fiscal year ended April 30, 2021, the Company has allocated the 99% of its gas production to electric power generation through the ADC CT.

The estimate of hydrocarbon reserves of the Agua del Cajón area as of December 31, 2020 was certified by the independent auditor, Engineer José C. Estrada, according to the requirements established in Res. SEN 324/06 and Res. MINEM 69E/2016 having as concession expiration horizon the month of January 2052:

| Products | | Reserves | | | | | Resources |
|---|---|---|---|---|---|---|---|
| | | Proven | | | Probable | Possible | |
| | | Developed | Non-developed | Total | | | |
| Gas | $MMm^3$ (1) | 3,197 | 1,586 | 4,783 | 728 | 867 | 16,355 |
| Oil | Mbbl | 1,359 | 1,434 | 2,793 | 4,183 | 6,466 | 28,895 |
| | $Mm^3$ | 216 | 228 | 444 | 665 | 1,028 | 4,594 |

(1) Determined at 9,300 Kcal/$m^3$

During this year the total proven reserves of Oil and gas decreased by 9 %, which is aligned with the obtained production.

## Parva Negra Oeste Area

Capex has been awarded the Exploration, Development and Production Permit for the "Parva Negra Oeste" area by Decree No. 2499/2019 of the Province of Neuquén dated November 22, 2019. This permit contemplates a participation of Gas y Petróleo del Neuquén S.A. according to the following table:

| Partners | Participation |
|---|---|
| Capex S.A. | 90.00% |
| Gas y Petróleo del Neuquén S.A. | 10.00% |

The term of the contract of exploration, development and production of the area is four years and may be extended, ending on 2027.

The Parva Negra Oeste (PNO) area is located approximately 200 km NW of the capital city of the province of Neuquén, and is accessed through provincial route No. 7 and, then, through a secondary road. It has a surface area of 143 km2.

From the geological standpoint, the area subsoil comprises part of the north-eastern hillside known as “Dorso de los Chihuídos” and the north-western area known as “Bajo de Añelo”.

The Parva Negra Oeste area is at an ideal location to exploit Vaca Muerta unconventional resources, such as shale gas. However, it has other formations of prospective interest.

The exploration work plan includes the drilling of 1 vertical well and 1 horizontal well for a total amount of approximately US$ 19.1 million over the first 4 years.

## Province of Río Negro

### Loma Negra

Capex operates the Loma Negra Concession since December 1, 2017. The area is located in the province of Río Negro, with the concession end date being February 24, 2034. The participations on the area are the following:

| Partners | Participation |
|---|---|
| Capex S.A. | 37.50% |
| YPF S.A. | 35.00% |
| Corporación Financiera Internacional | 15.00% |
| Metro Holding S.A. | 12.50% |

On March 30, 2021 the agreement to extend the term for the concession of the area for 10 years was signed and whose new expiration operates on February 24, 2034. The contract includes a firm investment commitment for Concessionaires of US$ 27.4 million, as well as contingent investments of US$ 8.2 million subject to certain conditions.

The area has a total of 135 drilled wells, of which only 41 are active today (29 producers and 12 injectors) and has several fields in production or temporarily inactive (Loma Negra, El Látigo Occidental, Cerro Solo, Anticlinal de María, Anticlinal Viejo, Anticlinal de María Occidental and Loma de María). The average production in the month of April 2021 was 166 $m^3$/day of oil and 603.6 $Mm^3$/day of gas, while in April 2020 it was 181 $m^3$/day of oil and 684 $Mm^3$/day of gas at 9300 Kcal/$m^3$. If we compare the production of April 2021 with the production of the area at the time of the start of the Capex operation, the increase is 167% (62 $m^3$ / day) and 168% (225 $Mm^3$ / day), of oil and gas respectively

With respect to the investment plan developed this year, the Consortium implemented a program to drill 3 wells of tight gas in the Loma de María field and a repair program of producing and injection wells.

The estimation of hydrocarbon reserves in the Loma Negra area, as of December 31, 2020, was certified by the independent auditor, Lic. Héctor Alberto López, according to the requirements established in Res. SEN 324/06 and Res. MINEM 69E/2016.

Until the End of the Concession

<table>
<tr><th colspan="2" rowspan="3">Products</th><th colspan="5">Reserves</th><th rowspan="3">Resources</th></tr>
<tr><th colspan="3">Proven</th><th rowspan="2">Probable</th><th rowspan="2">Possible</th></tr>
<tr><th>Developed</th><th>Non-developed</th><th>Total</th></tr>
<tr><td>Gas</td><td>MMm³ (1)</td><td>1,329</td><td>836</td><td>2,165</td><td>6</td><td>-</td><td>3</td></tr>
<tr><td rowspan="2">Oil</td><td>Mbbl</td><td>2,352</td><td>1,214</td><td>3,566</td><td>170</td><td>-</td><td>359</td></tr>
<tr><td>Mm³</td><td>374</td><td>193</td><td>567</td><td>27</td><td>-</td><td>57</td></tr>
</table>

(1) Determined at 9,300 Kcal/$m^3$

During the present year, total proven reserves of oil and gas increased by approximately 179% and 207%, respectively, with respect to the previous year. This increase is mainly due to the extension of the concession for 10 years.

**La Yesera**

Capex is the operator of the Lote IV La Yesera Concession since December 1, 2017. The area is located in the province of Río Negro. The end date of the concession is August 4, 2037.

On March 30, 2021 the agreement to extend the term for the concession of the area for 10 years was signed and whose new expiration operates on August 4, 2037. The contract includes a firm investment commitment for Concessionaires of US$ 6.9 million, as well as contingent investments of US$ 18.5 million subject to certain conditions.

The participations on the area as of April 30, 2021, are the following:

| Partners | Participation |
|---|---|
| Capex S.A. | 18.75% |
| YPF S.A. | 35.00% |
| Corporación Financiera Internacional | 15.00% |
| Metro Holding S.A. | 12.50% |
| San Jorge Energy S.A. | 18.75% (*) |

(*) Participation adquired by Capex on June 30, 2021

The field has 4 wells drilled, of which one is currently in production of oil and associated gas. The average production in the month of April 2021 was 81 $Mm^3$/day of oil and 60 $Mm^3$/day of gas.

The estimate of hydrocarbon reserves in the La Yesera area as of December 31, 2020 was certified by the independent auditor, Lic. Héctor Alberto López, according to the requirements established in Res. SEN 324/06 and Res. MINEM 69E/2016.

Until the End of the Concession

| Products | | Reserves | | | | | Resources |
|---|---|---|---|---|---|---|---|
| | | Proven | | | Probable | Possible | |
| | | Developed | Non-developed | Total | | | |
| Gas | $MMm^3$ (1) | 167 | 46 | 213 | - | - | 364 |
| Oil | Mbbl | 1,522 | 579 | 2,101 | - | - | 4,692 |
| | $Mm^3$ | 242 | 92 | 334 | - | - | 746 |

(1) Determined at 9,300 K/Cal per $m^3$

During the present year, total proven reserves of oil and gas increased approximately by 50% and 28%, respectively, with respect to the previous year. This increase is mainly due to the extension of the concession for 10 years.

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**Puesto Zúñiga Area**

Capex has been awarded the Contract for the Exploration of the Puesto Zúñiga area under Decree No. 1154/2020 issued by the province of Rio Negro on November 11, 2020. It provides for the participation of the Company and EDHIPSA, according to the following table:

| Partners | Participation |
|---|---|
| Capex S.A. | 90.00% |
| EDHIPSA | 10.00% |

The Puesto Zúñiga area (PZ) is located approximately 600 km to the North-West of the capital city of the province of Río Negro, between la Yesera and Loma Negra areas. It has a surface area of 81 km2, and only two drilled wells.

From a geological standpoint, the area is located in a mixed region given by the transition of the Huincul ridge and the gulfing of the Neuquina Basin. The potential of the area is located in the Precuyano and Grupo Cuyo formations, with an unconventional main objective of the tight sand gas type, considering the background of neighboring areas and the wells drilled in the area.

The exploratory work plan includes during the first period the drilling of 1 vertical well of at least 3800 m depth and the seismic reprocessing of 150 km2, for a total amount of approximately US $ 7.1 Million. This exploratory well has already been drilled, cased and is in completion.

**Provincia del Chubut**

Pampa del Castillo area- La Guitarra

The Pampa del Castillo-La Guitarra area is located in the northern area of the San Jorge Gulf Basin and has an approximate surface of 121 km2. It is located about 50 km west of the city of Comodoro Rivadavia in the Province of Chubut. This concession has a single field with the same name that, operatively, was divided into three regions: Pampa Norte, Pampa Centro (includes the areas Block I to Block V) and Pampa Sur (includes the areas La Guitarra and La Guitarrita).

Capex operates the exploitation concession of the area as from August 1, 2018. The concession for the area expires in 2026, with the option to extend it for 20 additional years if the additional stipulated investments are complied with.

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Below is the interest of the Temporary Union of Enterprises (UTE):

| Partners | Participation |
|---|---|
| Capex S.A. | 95.00% |
| Petrominera Chubut S.E. | 5.00% |

There are 583 wells drilled in the area, of which 323 are active (217 producing wells and 106 injection wells). The average production in the month of April 2021 was 699 $m^3$/day of oil which represents an increase of 25.5% compared with the 557 $m^3$/day produced at the moment of the start of the operation.

Pampa del Castillo Polymers Plant: by the end of the fiscal year, a polymer injection and hydration plant was installed to conduct a "pilot test" in La Guitarrita area. Start-up is expected for the beginning of the next fiscal year. The objective of polymer injection is that injected water reaches a viscosity similar to that of oil to improve the volumetric sweep efficiency and increase oil production. This would also generate an increase in recovery and reserves, thus reducing the production and injection of water and, consequently, the carbon footprint. The area where the "pilot test" is conducted is considered a marginal area with a very high percentage of water. The objective is to lower the percentage of water produced through the injection of polymers into the 12 injection wells falling within the scope of the project.

The estimate of hydrocarbon reserves in the Pampa del Castillo-La Guitarra area as of December 31, 2020 was certified by the independent auditor, Lic. Ana Maria Nardone, according to the requirements established in Res. SEN 324/06 and Res. MINEM 69E/2016.

Until the End of the Concession

| Products | | Reserves | | | | | Resources |
|---|---|---|---|---|---|---|---|
| | | Proven | | | Probable | Possible | |
| | | Developed | Non-developed | Total | | | |
| Gas | $MMm^3$ (1) | 31 | 14 | 45 | 5 | 1 | - |
| Oil | Mbbl | 7,485 | 3,742 | 11,227 | 1,302 | 245 | - |
| | $Mm^3$ | 1,190 | 595 | 1,785 | 207 | 39 | - |

(1) Determined at 9,300 Kcal/$m^3$

Oil proven reserves until the end of the concession at December 31, 2020 decreased by 16% compared to the report submitted at December 31, 2019, due to the proximity to the concession end date.

Due to the problems raised by COVID-19, the Company filed a request with the Competent Authorities for the extension of the terms to carry out the committed investments. This request was approved implying the suspension of investment obligations for a period of approximately one year.

**Bella Vista Oeste Area - Block I**

The Bella Vista Oeste - Block I field is located in the northern zone of the San Jorge Gulf Basin in the Province of Chubut and has an area of approximately 49.33 km2. It is located about 18 km west of the city of Comodoro Rivadavia.

Capex operates the concession of exploitation since February 1, 2020. The term of the concession of the area expires on 2045.

Geologically, it is located in the northern flank of the San Jorge Gulf Basin, near the area of Pampa del Castillo - La Guitarra. It is a typical intra-cratonic basin, of extensive genesis developed on a basement constituted by a complex of quartz porphyries and associated, known as Lonco Trapial Group in its northern sector and Bahía Laura Group in the southern sector.

Capex S.A.

The main producing units in the Bella Vista Oeste area belong to El Trébol Formation, Comodoro Rivadavia Formation and Mina del Carmen Formation from the Chubut Group. Reservoirs are made up of sandstones and tuff-sandstones of fluvial origin, separated from each other by silty clay stones. Formation D129 is the main hydrocarbon source rock.

There is a total of 110 wells drilled, 46 of which are currently active (37 producing wells and 9 injection wells). At April 30, 2021, oil production was 136 $m^3$/day, which accounts for an increase of 56% compared with the 87 $m^3$/day of oil produced at the date the area was taken over.

The estimate of hydrocarbon reserves in the Bella Vista Oeste - Block I area as of December 31, 2020 was certified by the independent auditor, Lic. Héctor Alberto López, according to the requirements established in Res. SEN 324/06 and Res. MINEM 69E/2016. The end date of the concession is February 2045.

Until the End of the Concession

| Products | | Reserves | | | | | Resources |
|---|---|---|---|---|---|---|---|
| | | Proven | | | Probable | Possible | |
| | | Developed | Non-developed | Total | | | |
| Oil | Mbbl | 2,711 | 4,504 | 7,215 | 264 | - | - |
| | $Mm^3$ | 431 | 716 | 1,147 | 42 | - | - |

[1)] Determined at 9,300 Kcal/$m^3$

Proven oil reserves as of December 31, 2020 increased by 42% compared to the previous year, mainly due to the visualization of new projects and the investment activity carried out.

Due to the problems raised by COVID-19, the Company presented a request to Petrominera del Chubut S.E. for the extension of the terms to carry out the committed investments. This request was approved implying the suspension of investment obligations for a period of approximately one year.

**Consolidation of proven reserves and evolution of production**

In the fiscal year 2020/2021, average oil production from the areas operated by Capex was 1,148 $m^3$/day compared to 1,132 $m^3$/day of the period 2019/20, representing an increase of 1.4%. For the same periods, taking Capex's interests in the areas operated, oil production was 938 $m^3$/day and 909 $m^3$/day respectively, representing an increase of 3.1%

With regard to gas production, in the fiscal year 2020/2021 the average production of the areas operated by Capex was 1.75 million $m^3$/day compared to 1.99 million $m^3$/day in 2019/20, representing a decrease of 12%. For the same periods, taking the Company's holdings in the areas operated, production was 1.29 million $m^3$/day and 1.56 million $m^3$/day, respectively, representing a decrease of 17%

In order to observe the evolution of proven reserves and the impact of the acquisitions of the areas on these, they are compared in the following table, taking the expiration of each concession term as horizon and the audit reserves at December 31, 2020 and 2019 as a basis. Values are shown considering the participation of Capex percentages in each area and referred to those dates.

Capex S.A.

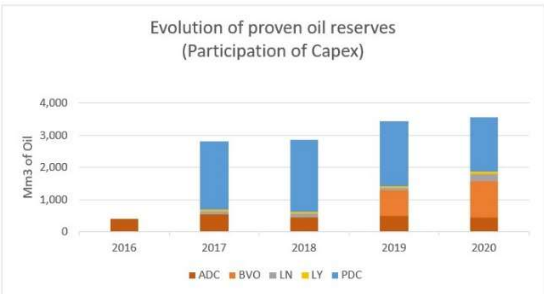
| Areas (Participation of Capex) | Products | | Proven | |
|---|---|---|---|---|
| | | | Total 12.31.20 | Total 12.31.19 |
| **Agua del Cajón (100%)** | Gas | $MMm^3$ (1) | 4,783 | 5,245 |
| | Oil | Mbbl | 2,793 | 3,070 |
| | | $Mm^3$ | 444 | 488 |
| **Bella Vista Oeste – Block I (100%)** | Oil | Mbbl | 7,214 | 5,076 |
| | | $Mm^3$ | 1,147 | 807 |
| **Loma Negra (37.5%)** | Gas | $MMm^3$ (1) | 812 | 264 |
| | Oil | Mbbl | 1,337 | 479 |
| | | $Mm^3$ | 213 | 76 |
| **La Yesera (18.75%) (*)** | Gas | $MMm^3$ (1) | 40 | 31 |
| | Oil | Mbbl | 394 | 262 |
| | | $Mm^3$ | 63 | 42 |
| **Pampa del Castillo – La Guitarra (95%)** | Gas | $MMm^3$ (1) | 43 | 48 |
| | Oil | Mbbl | 10,666 | 12,721 |
| | | $Mm^3$ | 1,696 | 2,023 |
| **Total** | **Gas** | **$MMm^3$ (1)** | **5,678** | **5,588** |
| | **Oil** | **Mbbl** | **22,404** | **21,608** |
| | | **$Mm^3$** | **3,562** | **3,436** |

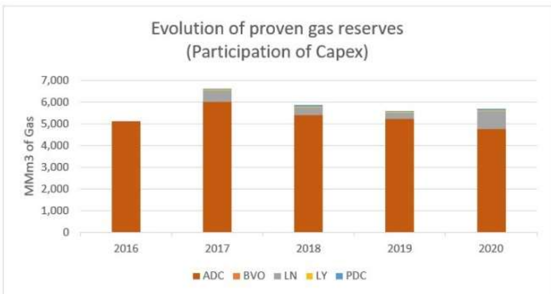
(1) Determined at 9,300 K/Cal per $m^3$

With respect to proven reserves of the operated areas, taking into account the participation in them, an increase of 3.7% in proven oil reserves and 1.6% of gas is observed as a result of the extension of the concessions of Loma Negra and La Yesera areas and the visualization of new projects in the Bella Vista Oeste area.

(*) As a result of the subsequent acquisition by Capex of 18.75% of interest of San Jorge Energy S.A. in La Yesera Consortium, the Company incorporates proven reserves of 40 $MMm^3$ of gas and 394 Mbbl of oil.

The following graphic shows the evolution of proven oil and gas reserves considering the participation of Capex in recent years:




The information on the reserves in different areas included in this Annual Report complies with the requirements of CNV resolution No. 541 "Information about oil and gas reserves". The Company owns reserves only in reservoirs in Argentina and its related subsidiaries have no hydrocarbon activities.

### 1.1.2 Future prospects

During the first half of the fiscal year ended on April 30, 2021, the Company discontinued field works, keeping its fields operational. In the second half of the year, well drilling and intervention activities started, and the works plan was continued, always aimed at preserving the health and safety of its staff and contractors. The guidelines of the investment plan for the future fiscal year are outlined below:

- In the **Agua del Cajón area,** continue with the development plan called "conventional" that includes development plan for conventional gas, "tight gas sand", a plan for repairs and optimizations of oil and gas wells.

The Company will continue focusing its resources on the development of new conventional and unconventional reserves. With regard to the development of shale resources (schist of slate rock), the Company will continue working on its technical-economic viability before embarking on any development project.

- In the **Loma Negra area,** continue with the development of the oil and gas prospects.

- In the **La Yesera area**, drill a development well. The Consortium will focus on the development of oil reserves in deep targets.

- In the **Pampa del Castillo- La Guitarra area**, perform the drilling of advanced/exploration wells and primary/secondary development producing wells, continue with the repair program for oil producing wells and the adaptation of secondary recovery facilities in batteries and plants. Additionally, advance with the implementation of tertiary recovery projects through the injection of polymers in the most mature and marginal areas.

- In the **Bella Vista Oeste area - Block I**, carry out the drilling of advanced and primary/secondary development wells, as well as carrying out the repair of oil producing wells and adapting injection wells.

- In the **Parva Negra Oeste area,** drilling two unconventional wells as an objective in the Vaca Muerta formation and, based on expected productivity, analyze how to continue with the development.

- In the **Puesto Zuñiga area**, perform the completion test of the first well drilled. Then, an analysis of the next steps to follow in the exploration block will be conducted.

As part of the growth strategy, the Company will continue evaluating potential acquisitions of hydrocarbon local assets that will increase production levels and reserves.

## 1.2 Electric Energy

### 1.2.1 Current situation

Capex obtained in January 2014 a financing program for major and extraordinary maintenance of CT ADC, granted by CAMMESA for approximately US$ 31 million, which was extended by US$ 20 million in the subsequent year. The Company carried out the maintenance in accordance with the program, both those of open-cycle turbines and of its combined cycle, ending with them in the month of September of 2017. Having carried out said maintenance program allowed it to maintain at the Company good levels of availability and generation during the year and compromising its availability in the long term.

This financing was offset by the Company with the "Remuneration for non-recurring maintenance" established by ES Resolution No. 529/14 and its amendments and with the credit balance for "Additional remuneration - Trust fund". As from the passing of SRRyME Resolution No. 1/2019, repayment or refund is made by deducting up an amount equivalent to the maximum between US$ 1 MW /h generated and US$ 700 MW/h, from the monthly payment, until full repayment of the financing. As of the date of these financial statements, the financing described above has been fully repaid by the Company.

The Company continued carrying out the technical maintenance required to comply with the power guarantee availability (DIGO) commitments and deliveries required by CAMMESA.

Capex S.A.

During the year the CT ADC has operated with gas from the field, to which the gas purchased from third parties was added. The gross electric power generation of the current year was 3,387 GWh, decreasing the generation level by approximately 6% compared to the previous year, mainly due to the failure of the transformer of Steam Turbine 7 that occurred in January 2020, which made the Company operate until the end of July of that year in open cycle mode.

### 1.2.2 Future prospects

With respect to the remuneration of the electricity tariff, through Resolution 31/2020 of the Secretariat of Energy provided for the pesification of electric power rate values as from February 1, 2020, and although it established that values stated in pesos should be adjusted for inflation on a monthly basis (IPC and IPIM), such adjustment was eliminated by Resolution No. 440/2021, providing for an increase of approximately 29%, retroactive to February 2021.

The Company will evaluate the policies defined by the National Government as well as comply with the regulations in force to develop its medium- and long-term growth and diversification strategy in the energy area.

## 1.3 Renewable Energy

### 1.3.1 Current situation

Diadema Eolic Energy Farm I

In the segment of renewable energy, through the subsidiary Hychico, Diadema eolic energy farm has operated with high efficiency by delivering the energy generated in Diadema Argentina to the national grid. The average capacity ratios with which the DEEF has been operating in the past fiscal years are as follows:

| Year | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 |
|---|---|---|---|---|---|---|---|---|
| **Energy MWh** | 28,849.20 | 28,083.70 | 25,506.60 | 22,969.10 | 31,839.50 | 27,939.65 | 25,656.70 | 23,769.20 |
| **FC** | 52.30% | 50.90% | 46.10% | 41.60% | 57.50% | 50,6% | 46.50% | 43.10% |

FC = (actual energy produced / energy produced if working all the time at nominal power).

It is worth mentioning that the 2016 calendar year had a very low average annual wind speed

Diadema Eolic Energy Farm II

The Diadema II Wind Farm obtained its commercial authorization from CAMMESA on September 18, 2019, complying with the deadlines stipulated in the RenovAr bid. Due to the limitations in the electrical transportation of the Patagonian corridor and the 132 kV Comodoro Rivadavia - Pico Truncado line in particular, the farm must operate with power restrictions, which are administered by CAMMESA. Until the enlargement works are not performed by the National Government, these restrictions will be more severe as new wind farms are constructed in the area. As a compensation mechanism for said restrictions, section 10.3 of the agreement establishes the "Take-or-Pay Obligation" that came into effect on June 19, 2020, i.e. 30 months following the award.

The performance achieved by the park since its start-up is reflected in the following table:

Year 19/20

| Month | Oct/2019 | Nov/2019 | Dec/2019 | Jan/2020 | Feb/2020 | Mar/2020 | Apr/2020 |
|---|---|---|---|---|---|---|---|
| **FC** | 34.3% | 39.0% | 54.0% | 51.4% | 42.2% | 33.7% | 0.0% |

Year 20/21

| Mes | May/2020 | Jun/2020 | Jul/2020 | Ago/2020 | Sep/2020 | Oct/2020 |
|---|---|---|---|---|---|---|
| **FC** | 14.0% | 49.0% | 32.1% | 60.6% | 60.4% | 58.4% |
| **Mes** | **Nov/2020** | **Dec/2020** | **Jan/2021** | **Feb/2021** | **Mar/2021** | **Apr/2021** |
| **FC** | 41.5% | 39.2% | 41.9% | 33.0% | 36.6% | 43.3% |

It is important to note that both farms were affected by a fire that occurred on March 25, 2020 at the Diadema Transformer Station, which connects the park to the SADI (Argentine Interconnection System), and as a result they were disconnected. The work to re-establish the connection and the root cause analysis were affected by the situation of COVID-19 and the social isolation measures, both preventive and obligatory, established by the National State through National Decree No. 297/2020. This fortuitous event was duly reported to both the National Secretariat of Energy and CAMMESA, and the corresponding disturbance reports were subsequently submitted. Both farms resumed their connection by means of a provisional installation of reclosers on May 22, 2020, and CAMMESA and the National Energy Secretariat were duly notified. At present, the cells, monitoring and control system has been updated with state-of-the art equipment, and the final installation at the Diadema Transformer Station was completed in June 2021.

Furthermore, Hychico continued with the operation of the Hydrogen and Oxygen Plant, by studying and gaining experience in the production and storage of hydrogen.

**1.3.2 Future prospects**

E G WIND will continue operating the Diadema II Wind Farm, while Hychico will operate its Diadema Wind Farm I, jointly with the Hydrogen and Oxygen Plant.

Hychico's strategy aims at having a local platform of renewable energy generation projects to increase its installed capacity in that business segment. To that end, Hychico has identified different locations fit for the development of wind and solar energy generation projects in Argentina and has executed the necessary contracts with the owners of such locations to develop these projects in the near future. In addition, to the extent favorable conditions prevail in Argentina, it will continue evaluating the technical-economic feasibility of producing hydrogen from water electrolysis in the Patagonia region with a view to exporting it to international markets, which already show their future needs today.

**2. Historical review**

The Company started operations in the hydrocarbon exploration and production segment in the Province of Neuquén operating the Agua del Cajón field and then expanded its operations to include electric power generation. The construction and development of a 672-MW combined cycle thermal power plant and an LPG plant, located at the Agua del Cajón field, allowed the Company to vertically integrate operations. As part of this vertical integration, the gas produced by the hydrocarbons segment in the Agua del Cajón field is processed in the LPG plant to separate liquid fluids from dry gas and use the latter as fuel in the Thermal Power Plant for electric power production. Subsequently, through its subsidiaries Hychico and EG WIND, the Company began to develop renewable energy projects including wind generation and hydrogen and oxygen production. In 2017, the Company began a growth process that included the expansion of its hydrocarbon exploration and production business through the purchase of participations and acquisition of concessions in different hydrocarbon areas such as Loma Negra, La Yesera and Puesto Zúñiga, located in the Province of Río Negro; Parva Negra Oeste located in the Province of Neuquén; and Pampa del Castillo and Bella Vista Oeste, both located in the Province of Chubut.

**2.1. Hydrocarbons**

As a first step in oil and gas exploration tasks, In 1989, Capex acquired from Compañías Asociadas Petroleras Sociedad Anónima a 20% interest in the consortium awardee of the Rawson Marina area, tendered in 1985 in the first round of the "Houston Plan" tenders. In addition, it acquired a 5% share in a consortium that purchased the exploration rights to the Tostado area, in the third round of "Houston Plan" tenders. These areas were abandoned in 1990 and 1991, respectively, after prospecting work indicated the inexistence of commercially-developable oil and gas reserves.

Capex S.A.

### 2.1.1 Agua del Cajón area

In January 1991, the Company, having paid US$ 26 million, acquired 100% of the rights to the Agua del Cajón area which the Argentine Energy Secretariat, awarded under concession to the Company for 25 years, with a possibility to extend it for an additional 10 years.

The Agua del Cajon area is located in the neuquina basin, in the southeastern region of the province of Neuquén. As result of an intensive exploratory work, it was identified that most of the reserves were located in two fields in the area (El Salitral and Agua del Cajón), where, lastly, exploitation tasks were intensified.

The increase in production achieved by the Company since it took over the operation of the Agua del Cajón area is worth mentioning. Gas production totaled 87 thousand $m^3$/day and oil production reached 35 $m^3$/day when the Company began. Since the takeover to date, gas and oil production exceeded 3 million $m^3$/day and 200 $m^3$/day, respectively. This increase was mainly driven by putting new formations into production, the optimization of oil recovery systems, increased efficiency in field operation, and the oil uptake associated with gas production and gas processing at the gas separation plant. As a result of the prospecting and development efforts in the area, significant reserves of natural gas and oil were identified and added. The accumulated productions of gas and oil reached 20.9 million of $m^3$ and 3.0 million $m^3$, respectively, at April 30, 2021.

Through Decree 822/08 issued by the Province of Neuquén, the State Secretariat for Natural Resources in its capacity as Enforcement Authority was authorized - under the framework of Law 17319, Law 26197 and the national and provincial legislation in force governing the matter – to renegotiate extension of the concession. Subsequently, Provincial Law 2615 was enacted which approved the basic parameters and conditions for the renegotiation of the provincial areas. As a result of this process, in April 2009 a Memorandum of Agreement was executed through which the Province of Neuquén granted the Company an extension over the original term of the concession for the Agua del Cajón Area for an additional 10 years, in other words, expiring on January 11, 2026. On May 8, 2009, the Province of Neuquén issued Decree 773/09, which definitively approved the agreement.

The extension of the original concession term for the Agua del Cajón area for an additional 10 years, implied the following commitments from the Company:

- Fee: Payment to the Province of Neuquén of a concession fee of US$ 17 million.

- Investment and disbursement work plan: This involves an estimated total of US$ 144 million until the end of the concession. At the date of issuance of these financial statements, the Company complied with all the investment amounts committed.

- Extraordinary production fee: Since June 2009, the Company has paid the corresponding concession fees to the Province of Neuquén at a 15% rate, with the addition of a 3% rate for this concept.

- Extraordinary income: Involves paying an additional percentage of an extraordinary fee that varies between 1% and 3 % depending upon the behavior of the price of crude oil and natural gas, in relation to a reference price scale.

In April 2017, by means of Decree No. 556/17, the Executive Power of the Province of Neuquén granted the Company a non-conventional hydrocarbon exploitation concession for a term of 35 years over the entire Agua del Cajón Area. This concession will end in the year 2052 and, as a condition for its granting, the Company undertook to carry out an investment program for US$ 126.0 million, to be carried out for a period of five years as from January 1, 2017. As of April 30, 2021, the Company has exceeded the investment committed earlier than stipulated.

Likewise, as part of the terms and conditions for granting the non-conventional exploitation concession, the Company paid the following amounts to the Province of Neuquén: (i) US$ 4.97 million as a conventional exploitation bond under the article 58 bis, second paragraph, of Law 17319; (ii) US$ 3.1 million in contributions for corporate social responsibility; and (iii) US$ 0.882 million in stamp tax due to the signing of the investment agreement with the Province. By virtue of the payment of the bond mentioned in (i), the Company also maintains the right to conventionally exploit the area until the end of the non-conventional concession.

Capex S.A.

Under the agreement signed with the Neuquén Province, the Company pays the following royalties: (a) on the production from all completed and finished wells, except for those with production from unconventional reservoirs, such as shale gas, shale oil or schist of slate rock, the percentages paid under the Memorandum of Understanding shall be paid from April 13, 2009 to January 11, 2026, date as from which the maximum royalty payment of 18% shall be made, as set forth in Section 59 of Law 17319; and (b) royalties of 12% shall be paid on the production from wells completed and finished as from the grant of the unconventional hydrocarbon exploitation concession, with production from the unconventional shale gas, shale oil, or schist of slate rock reservoirs.

The productions of the area in the last 5 years are included below:

| ADC | | | | | |
|---|---|---|---|---|---|
| | 04/30/2021 | 04/30/2020 | 04/30/2019 | 04/30/2018 | 04/30/2017 |
| Oil production in bbl | 184,517 | 235,971 | 274,775 | 337,305 | 298,093 |
| Oil production in $m^3$ | 29,336 | 37,516 | 43,686 | 53,627 | 47,393 |
| Gas production (Thousands of $m^3$) | 374,041 | 473,979 | 527,704 | 540,848 | 566,840 |

**2.1.2 Senillosa area**

In October 1991, the Company acquired 100% of the exploration rights in the Senillosa area, having paid thousands of US $ 315.2. In October 2005 the Senillosa area was returned to the Province of Neuquén.

**2.1.3 Exploration areas in the province of Río Negro**

During 2007 and 2008, Capex acquired exploration permits for 4 areas that were directly tendered by the Province of Río Negro (Villa Regina, Lago Pellegrini, Cerro Chato and Loma de Kauffman). From 2012 to 2017, exploratory studies were conducted, and wells were drilled; most of them proved to be unproductive wells and others produced gas, with low productivity. The Company complied with the investment commitments and carried out the reversion of the areas, approved by the province of Río Negro.

**2.1.4 Loma Negra and La Yesera areas**

On October 31, 2017, Capex S.A. acquired the participation from Chevron Argentina S.R.L. of 37.5% of the concession of hydrocarbon exploitation “Loma Negra”, and 18.75% of the concession of hydrocarbon exploitation “La Yesera”, located in the province of Río Negro. The agreed price was US$ 25.2 million which, net of adjustments set forth in the purchase agreement, amounted to a total purchase price of US$ 24.7 million (including taxes). Capex was designated operator of both areas.

The partners that make up the consortia are: Capex, YPF, Metroholding, IFC and San Jorge (Point 1.1.1.)

The productions of both areas since the acquisition of Capex are indicated below:

| Loma Negra (100% Production) | | | | |
|---|---|---|---|---|
| | 04/30/2021 | 04/30/2020 | 04/30/2019 | 04/30/2018 |
| Oil production in bbl | 395,000 | 415,164 | 268,616 | 72,768 |
| Oil production in $m^3$ | 62,800 | 66,006 | 42,707 | 11,569 |
| Gas production (Thousands of $m^3$) | 235,853 | 240,613 | 133,114 | 40,010 |

| La Yesera (100% Production) | | | | |
|---|---|---|---|---|
| | 04/30/2021 | 04/30/2020 | 04/30/2019 | 04/30/2018 |
| Oil production in bbl | 194,229 | 207,502 | 221,070 | 111,653 |
| Oil production in $m^3$ | 30,880 | 32,990 | 35,147 | 17,751 |
| Gas production (Thousands of $m^3$) | 22,434 | 27,065 | 21,148 | 8,003 |

(1) 04/30/2028 corresponds to the production of the period November 2017 to April 2018.

**2.1.5 Pampa del Castillo – La Guitarra area**

On October 3, 2017, the Company agreed with ENAP SIPETROL ARGENTINA S.A the terms and conditions for the acquisition of 88% of the Concession of Exploitation "Pampa del Castillo - La Guitarra", for an amount of US$ 33 million, which was paid in advance on July 31, 2018 for US $ 28 million, withholding US $ 5 million for contingent environmental liabilities.

On 13 April 2018 Capex agreed with Petrominera Chubut S.E. ("Petrominera") the terms and conditions for the acquisition of the 7% of the participation in the Concession of Exploitation "Pampa del Castillo - La Guitarra". The agreed purchase price paid was US$ 6.27 million.

The Pampa del Castillo-La Guitarra area, located in the northern region of the San Jorge Gulf basin, in the Province of Chubut, has an approximate surface area of 121 km2.

Capex is the operator of the Concession for the exploitation of the area since August 1, 2018. The term of the concession of the area expires in 2026 with the option to extend it for 20 additional years if stipulated investments are met.

Capex and Petrominera committed to make investments in the area until 2021 for US$ 108.4 million, in proportion to their interest and Capex, at its own risk, must make investments in exploration for an amount of US$ 10.6 million during the same period. Additionally, Capex and Petrominera must make additional investments for US$ 70 million until 2026 to make use of the option to continue the area exploitation until the subsequent period (year 2046).

Below is the interest of the Temporary Union of Enterprises (UTE):

| Partners | Participation |
|---|---|
| Capex S.A. | 95.00% |
| Petrominera Chubut S.E. | 5.00% |

The productions of the area since the acquisition of Capex are indicated below:

| Pampa de Castillo (100% Production) | | | |
|---|---|---|---|
| | 04/30/2021 | 04/30/2020 | 04/30/2019 |
| Oil production in bbl | 1,574,497 | 1,683,861 | 1,042,083 |
| Oil production in $m^3$ | 250,325 | 267,713 | 165,678 |

At April 30, 2019 it corresponds to production for the period August 2018 to April 2019.

**2.1.6 Parva Negra Oeste**

In the framework of Neuquén Exploration Plan, Gas y Petróleo del Neuquén S.A ("GyP"). launched the 7th invitation for bids for the exploration, development and potential operation of a series of hydrocarbon areas. On July 25, 2019 the Company submitted a bid for the Parva Negra Oeste area, which was awarded. In November 2019, the Company and GyP entered into a contract for the exploration, development and production of the area, which is in a good location for the possible development of Vaca Muerta formation.

The contract foresees the realization of an exploration plan with an investment of approximately US$ 19 million, to take place within the First Exploration Period of four years. The conditions of the bid include a payment of US$ 5.5 million to the Province of Neuquén for the right of access to the area. Upon compliance with certain conditions and if commercially exploitable hydrocarbons are found, GyP will apply for a Concession for Exploitation of Non-Conventional Hydrocarbons for 35 years, in the framework of the above-mentioned contract. On November 22, 2019 the Province of Neuquén published in the Official Gazette Decree No. 2499/19 that approved the aforementioned contract.

**2.1.7 Bella Vista Oeste - Block I**

In May 2019, Petrominera Chubut S.E. (PMC) launched a call for National and International Public Bid No. 2/19 with the aim of awarding exclusive rights for the operation, transport and commercialization of hydrocarbons within the area of the Bella Vista Oeste Block I, in the Province of Chubut. The Company participated in the Bid and its Economic Tender was accepted on September 2, 2019. In October 2019, the Company entered into a concession contract for 25 years with PMC, Subject to approval from the Executive Branch and the Legislative Branch of the Province of Chubut. According to the concession contract, Capex may request 10-year term extensions, provided always it meets its obligations as a concessionaire, produces hydrocarbons in the area and submits an investment plan.

The related contract was approved by the Executive Branch of the Province of Chubut through Decree No. 14/20, dated January 6, 2020, and subsequently, on January 13, 2020, by the Legislative Branch of the Province of Chubut through Law IX No. 148. In January 2020, Capex paid PMC the initial payment of US $ 4.5 million, paying a Variable Bonus quarterly during the concession period. The concession is effective as from February 1, 2020, and the investments committed for the first 5 years amount to US$ 50.1 million.

**2.2 Electric energy**

The main strategy in the Agua del Cajón area has been the vertical integration, capitalizing all the value added from the extraction of gas and its related liquefied products to its transformation and sale as electric power. This vertical integration, added to the installed technology and efficient operation, has permitted to reach competitive advantages in the energy sector, and mitigated in part the difficulties experienced by that market.

With the incorporation of new gas reserves in the Agua del Cajón area, the Company began to consider alternative industrial uses for its gas production. The limited capacity for electric power generation in Argentina and the incipient deregulation of the electricity sector in the early 90s offered a good opportunity for adding value to the gas business and creating an additional market.

After the completion of feasibility studies and the analysis of alternative projects (largely the construction of additional gas pipelines and treatment facilities) that would enable the Company to develop and sell its natural gas reserves, the Company decided to build a gas-fired electric power generation plant.

The development of CT ADC to its current generating capacity was achieved in four stages: stage I, with the addition of two turbine generators with a capacity of 93 MW, and put into service in December 1993; stage II, in October 1994, which added three turbine generators with a nominal total capacity of 144 MW; in August 1995 Stage III came into operation with an additional 134 MW turbine, completing the development of the power station as an open cycle plant with a nominal total capacity of 371 MW.

To advantageously use the hot exhaust gases, the Company embarked on the conversion of the power station to combined cycle operation (stage IV). Definitive start-up took place in January 2000. Combined cycle operation recovers the exhaust gases using a recovery boiler. These boilers have supplementary fire, which increases the amount of steam produced and allows generating additional energy compared to the energy obtained only with exhaust gases. The combined cycle operation significantly increases efficiency while the operation with supplementary fire allows us to have flexibility to increase the generation of energy. With the completion of the four stages for the development of the Plant, total nominal generation capacity reached 672 MW (ISO).

In order to connect the CT ADC to the National Grid (SIN), three 132kW high-voltage lines were built covering a distance of 111 km, with Arroyito and Chocón Oeste being the interconnection points. Due to the operating requirements of the combined cycle, an additional 500kW high-voltage line was built, with a connection point at Chocón Oeste, thus achieving high reliability and flexibility in power delivery.

| | 04/30/2021 | 04/30/2020 | 04/30/2019 | 04/30/2018 | 04/30/2017 |
|---|---|---|---|---|---|
| Power generated | 3,386,565 | 3,589,280 | 4,783,718 | 4,325,789 | 4,344,150 |
| Power nominal | 5,886,720 | 5,886,720 | 5,886,720 | 5,886,720 | 5,886,720 |
| **Charge factor** | **57.5%** | **61.0%** | **81.3%** | **73.5%** | **73.8%** |

**2.3 LPG**

The turboexpander plant started operating in 1998. The Company processes its rich-in-liquefiable-components gas at an LPG Plant owned by Servicios Buproneu S.A., subsidiary of Capex, From this processing of rich gas it obtains propane, butane and stripped gasoline. Propane and butane are sold by the Company separately, and the stripped gasoline is sold together with its crude oil, while the remaining gas is used as fuel for the generation of electricity. The efficiency levels of this plant are high and exceed 99%.

**2.4 Renewable Energy**

With the strategic vision of sustainable development and environmental preservation, the Company started the activity in relation to renewable energies by means of its subsidiary Hychico S.A. and subsequently also through its subsidiary E G WIND S.A.

As from the start of Hychico's activities, in 2006, two new projects related to the installation of a wind farm that supplied wind energy to the national interconnected system (DEEF) and the design and commissioning of a production plant of hydrogen from the electrolysis of water, both located in the Argentine Patagonia. Subsequently, in 2017, the development of a second wind farm began (DEEF II) which ended in 2019.

Diadema Eolic Energy Farm I

The Argentine Patagonia, due to the abundance of wind resources in particular, and other factors including a large expanse of available land with low population density, qualified workers and a road infrastructure, amply qualifies for the installation of eolic energy farms that will allow the start of large-scale projects in the medium term for the production of energy free from greenhouse gas emissions.

Based on a long-term vision, and on the importance to gain operating experience in the development and operation of wind farms, Hychico has defined the execution of a project in the Patagonia. Thus, an eolic energy farm was built which is composed of 7 aerogenerators with a generation capacity of 6.3 MW, each of them interconnected with the national grid. The Diadema Eolic Energy Farm (DEEF) was put into commercial operation in December 2011. In March 2012, Hychico and Cammesa entered into a WEM Supply Contract with Renewable Sources of Energy for the commercialization of energy generated by DEEF, under ES Resolution 108/11 at a price of 115.9 US$/MWh.

The term of the contract is 15 years from the first day of the month following the date of signature thereof and may be extended by the SE up to 18 months unless the company delivers the contracted energy in a shorter period.

In its economic and financial analysis, Hychico has considered the rate of return from the DEEF and the obtainment of greenhouse gases emission reduction certificates (GGAC) in the framework of the Clean Development Mechanism (CDM). To this end, Hychico has written the Project Design Document (PDD) and submitted it to the Argentine Office of the Clean Development Mechanism (OAMDL for its Spanish acronym), having obtained approval from this organism with retroactive effects to July 2012.

Likewise, it must be taken into account that the CDM methodology is currently being replaced by "Verified Carbon Standards" (VCS) and that the markets for the purchase and sale of carbon credits are not active, so the sales expectations are low and at prices well below prices at the beginning. This is mainly due to the few agreements reached in the last Conferences of the Parties (COPs), and therefore to the little commitment to mitigation and swap of bonds for correction time, showing little interest from the industry.

Diadema Eolic Energy Farm II

Furthermore, the Company presented the Diadema II Wind Farm project (DEEF II) in the RenovAr Program – Round 2 and it was approved on December 19, 2017 through ES Resolution No. 488/2017 from the Ministry Energy. It is carried out through its subsidiary E G WIND S.A. On June 4, 2018 E G WIND entered into an agreement with CAMMESA for the construction, start-up and supply of renewable energy for a maximum power of 27.6 MW at a price of US$ 40.27 MWh, for a period of 20 years from the date of the commercial operation, including E G WIND's obligation to build the DEEF II.

The Diadema II Wind Farm is located in the city of Comodoro Rivadavia, Province of Chubut, and comprises 9 wind energy converters model ENERCON E-82 E4 with a nominal power of 3.07 MW (megawatt) each, adding up to a total installed power of 27.6 MW. The total investment was approximately 35.7 US$ MM.

The Farm received the authorization to operate from CAMMESA on September 18, 2019, complying with the terms stipulated in the bid. Due to the limitations in the electrical transportation of the Patagonian corridor and the 132 kV Comodoro Rivadavia - Pico Truncado line in particular, the farm must operate with power restrictions, which are administered by CAMMESA. Until the enlargement works are not performed by the National Government, these restrictions will be more severe as new wind farms are constructed in the area. As a compensation mechanism for said restrictions, section 10.3 of the agreement establishes the “Take-or-Pay Obligation” that came into effect on June 19, 2020, i.e. 30 months following the award.

Hydrogen and Oxygen Plant

The hydrogen and oxygen plant has two electrolyzers of 325 KW (kilowatts) each, with a production capacity of 60 $Nm^3/h$ (normal cubic meters per hour) for hydrogen and 30 $m^3/h$ for oxygen, an oxygen compressor, a gas engine generator with total installed power of 1.4 MW, hydrogen and oxygen storage systems and auxiliary systems. The plant has been operational since May 2010. Hydrogen is used for generating electric power by an air gas combination and the oxygen is used for the industrial gas market of the region.

It is worth mentioning that the purity of hydrogen produced makes it especially suitable for use in fuel cells. It should be noted that the proportions reached of up to 42% hydrogen mixture are above the usual international ranges for these high horsepower engines, achieving good performances in terms of yields and reducing emissions of greenhouse gases.

The oxygen produced, also high purity (99.998%), is marketed to high pressure in the market for industrial gases.

The Plant was built in 11,000 m2 and is divided into different areas: control, processes and auxiliary systems.

**3. Macroeconomic context**

During the 2020 year, the Argentine economy remained conditioned by the financial crisis and the recession started in 2018. This implied a sharp increase in inflation and a strong contraction of activity and consumption in a context aggravated by the Covid-19.

The COVID-19 pandemic and related isolation measures have had a significant impact on the Argentine economy. In 2020, the country suffered a 9.9% drop in GDP, the largest since 2002. The domestic economy continues to show strong macroeconomic imbalances that include high inflation and a growing fiscal deficit. Annual inflation, showing a slowdown compared to 2019, reached 36% in 2020.

The National Cost of Living Index published by the National Institute of Statistics and Census (INDEC) showed a 36.1% variation in 2020. The most significant variations were recorded in the areas clothing (+60.0%), recreation and culture (+48.0%) and food and non-alcoholic beverages (+42.1%). The less affected sectors were education (+47.1%) housing, water, electricity and other fuels (17.6%) and communications (+7,6%). In addition, salaries measured by the Workers' Average Taxable Remuneration Registry (RIPTE, its acronym in Spanish) had a 34.9% year-on-year increase at December 2020 compared to the same month of 2019. Inflation registered in the period May 2020 - April 2021 amounted to 46.3%.

The non-financial public sector had at December 2020 a total primary deficit of 7.0% and 9.1% in relation to GDP, respectively. Annual variation in total tax revenue measured in $ according to AFIP statistics ended 2020 with an increase of 32.2%, as compared with 2019. Primary expenses recorded by the National Treasury in 2020 varied 63.5% year-on-year.

In relation to the financial situation, the wholesale exchange rate for the US dollar (as per BCRA Resolution A3500) closed at $84.15/US$ as of December 31, 2020, with an accumulated increase of 40.5% as against 2019. As of April 30, 2021, the price of US $ reached $ 93.56 / US$, representing an average year-on-year variation of 40%.

The measures established by the BCRA between September 2019 and May 2020 for access to the exchange market remain in force, including maximum terms to enter and settle export operations and limitations on the acquisition of foreign currency , also restricting access to the exchange market to residents with liquid assets abroad.

Furthermore, during 2020, the Government managed to complete the process for the restructuring of its debt in foreign currency (both local and external), significantly reducing the maturity profile for the next few years. In turn, the authorities are making progress in their talks with the International Monetary Fund and the Paris Club on a new debt restructuring for the coming years.

**Impact of the Coronavirus on the operations of the Company and its subsidiaries**

In the face of the COVID-19 pandemic, through Emergency Decree No. 297/20, as amended, the Argentine Government established a phase of Social, Preventive and Mandatory Isolation (ASPO) and of Preventive and Mandatory Social Distancing (DISPO) at a national level, effective as from March 20 and December 21, 2020, respectively. This Decree established as essential activities a minimum number of shifts to ensure the operation and maintenance of oil and gas fields, oil and gas treatment and/or refining plants, transport and distribution of electric power, liquid fuels, oil and gas, fuel supply stations and electric power generators. All the businesses that are part of the Group were established as essential activities.

The main objectives of the Company are to preserve its employees' health and safety and keep its fields operating by selling its production in the domestic and international markets. To date, the Company has achieved these objectives. Additionally, the Company has been able to dispatch electric power generated in Agua del Cajón Thermal Power Plant using the gas produced in its field, in spite of the decline in the demand for electric power as a consequence of the COVID-19 pandemic and of the breakdown of one of the Thermal Power Plant transformers in January 2020, the repair of which was concluded in July 2020.

Company Management is controlling this situation and adopting measures to ensure employee integrity, maintain operations and preserve its financial position. These actions entailed the development of an action plan which included the implementation of the following measures: i) teleworking for all positions, where possible; ii) prevention protocols for operations that require the presence of staff to guarantee due and timely performance of maintenance work; iii) review of investments program; and iv) maintenance of an appropriate liquidity position, considering the situation and current market conditions, among others.

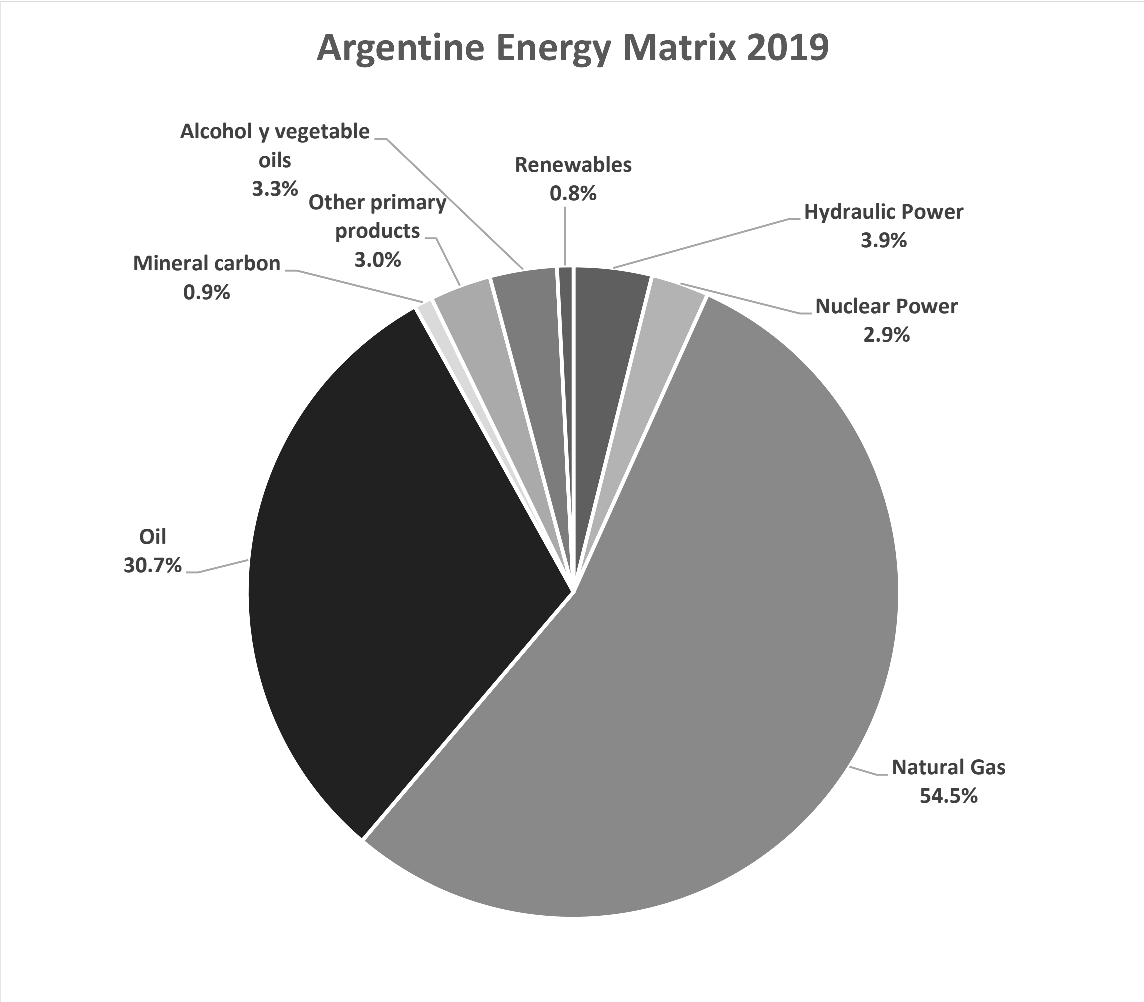
The extent of the COVID-19 outbreak and its final impact on the Argentine economy is unknown and may not be reasonably predicted to date. However, although there have been some significant short-term effects, they are not expected to affect business continuity. It is expected that the Company will be able to continue to meet its financial and commercial commitments within the next twelve months due to its current financial soundness.

**4. Argentine Energy Market**

**Argentine Energy Matrix**

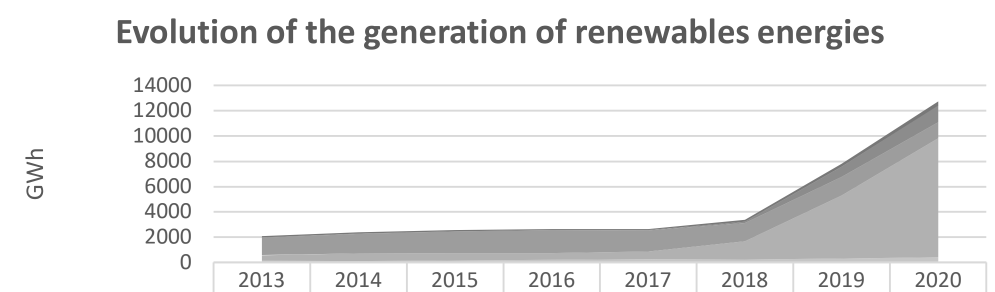
Natural gas and oil are the energy resources with greater share in the national energy matrix.

The following graphic shows the participations at December 31, 2019, since no official data are available as of December 31, 2020:



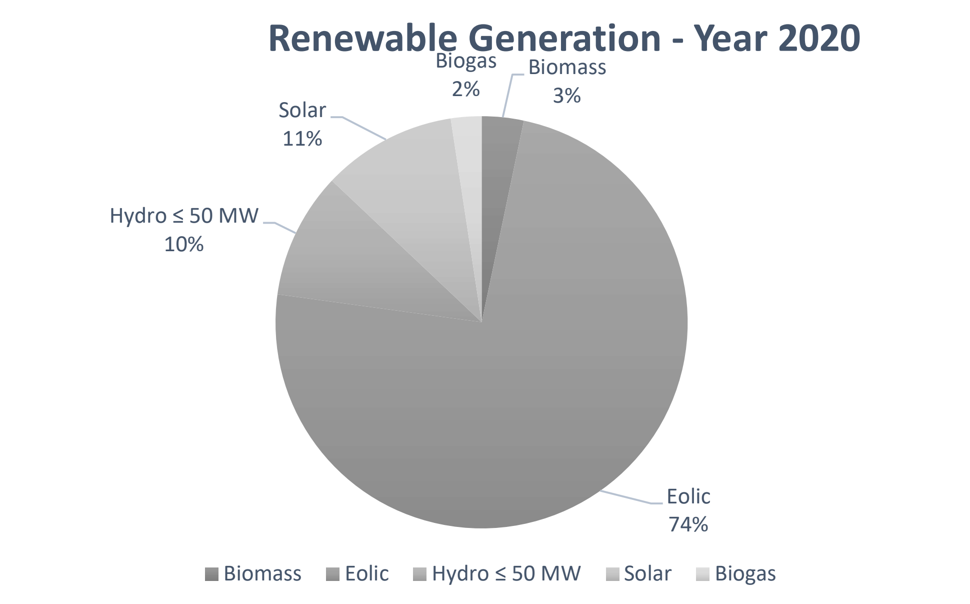

**Source: Secretariat of Government of Energy (SGE)**

In 2020, 9.5% of the total energy generated of the country corresponds to the generation of renewable energy (including the run-on-the-river power generation lower or equal to 50MW). The following tables show the changes over the last 8 years and its breakdown in the year 2020:




| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|
| Biogas | 108 | 103 | 84 | 58 | 64 | 147 | 256 | 305 |
| Solar | 15 | 16 | 15 | 14 | 16 | 109 | 800 | 1344 |
| Hydro ≤ 50 MW | 1376 | 1543 | 1713 | 1820 | 1696 | 1431 | 1462 | 1257 |
| Eolic | 447 | 613 | 593 | 547 | 616 | 1444 | 4996 | 9406 |
| Biomass | 134 | 114 | 155 | 193 | 243 | 241 | 299 | 419 |
| Biodiesel | 2 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |

**Source: SGE**




**Source: SGE**

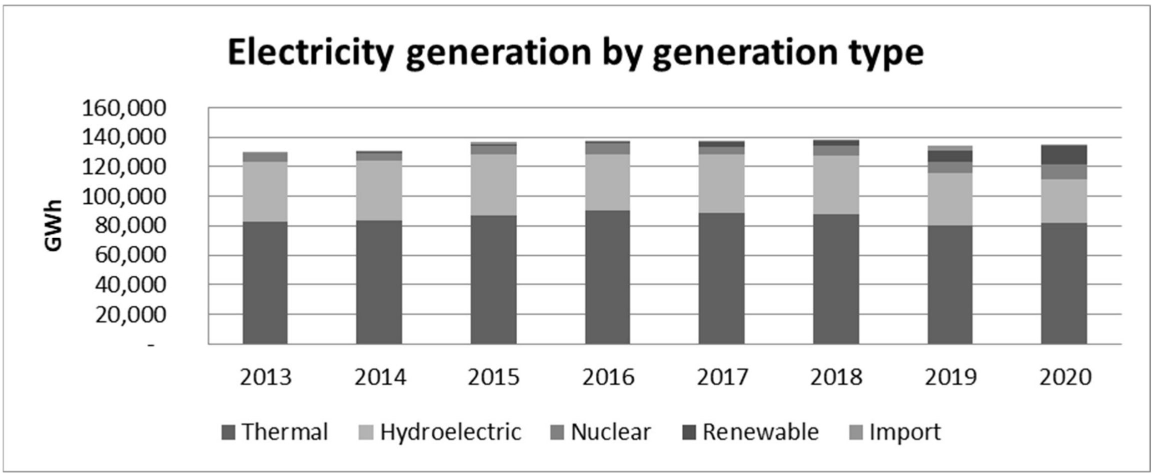
### 4.1 Electric Market

In the year 2020, the energy generated in Argentina increased by 2.2%, reaching a volume of electricity generated of 134,171 GWh with respect of 131,246 GWh generated in 2019 mainly due to the drop in economic activity, increase of exports, partially offset by the effects of the COVID-19 pandemic

The thermal generation continued to be the main resource for supplying demand, contributing to an energy volume of 82,333 GWh (61.4%), followed by the hydroelectric power generation which contributed 29,093 GWh (21.6%), photovoltaic and eolic generation with 12,734 GWh (9.5%) and nuclear power with 10,011 GWh (7.5%).

Thermal and hydroelectric generation in the year 2020 were 3% higher and 16% lower, respectively, lower than that recorded in the year 2019. The droughts registered in 2020 affected the hydroelectric generation of the Yacyretá and Salto Grande Hydraulic Power Plants. The nuclear energy recorded an increase of 26% given by the re-entry of the Embalse Nuclear Power Plant after its maintenance. Imports were also recorded for 1,204 GWh (56% lower compared with 2019).

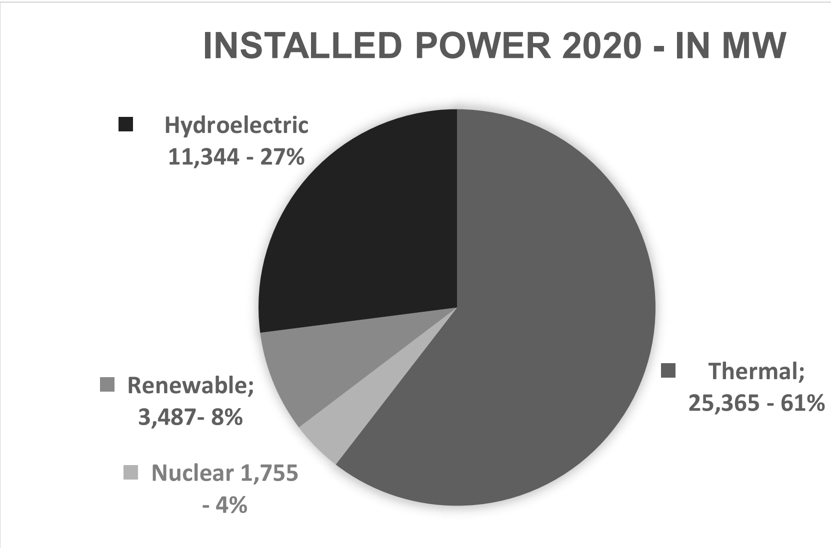
The following table shows the changes in electricity generation by type of generation:




Source: CAMMESA

It should be noted that during the year 2020, the pool of generating resources recorded an increase in its installed capacity as against the prior year, totaling 41,951 MW. The increase is mainly due to the commercial qualifications of renewable units for 1,408 MW and of thermal units for 817 MW.

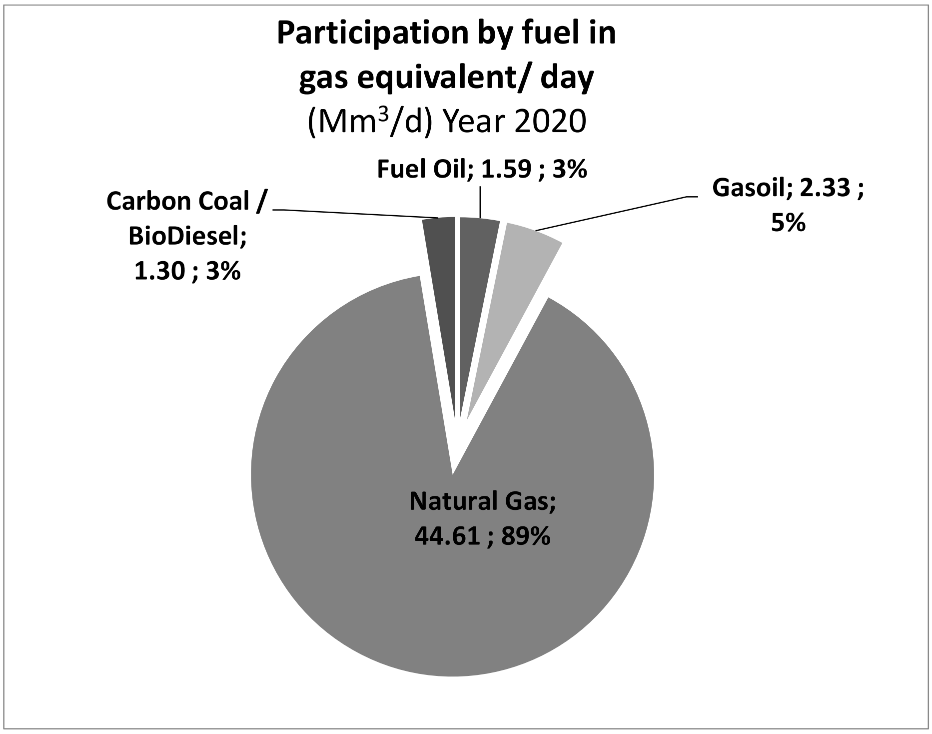
The following table shows the installed power in Argentina at December 2020:




Source: CAMMESA

Regarding the supply of fuels for the electricity sector, during 2020 and as from December 30, 2019 by Res MDP N ° 12/19, commercial management and fuel supply were again centralized in CAMMESA.

During 2020, the consumption of natural gas for electricity generation was 5.5% lower compared to the previous year, due to a lower domestic supply, accentuating the lack of fuel to meet the needs of electricity generation. The consumption of fuel oil and gas oil were higher than in 2019 by 165.1% and 112.1%, respectively. Additionally, the consumption of mineral coal increased by 225.3% compared to the previous year.




**Source: CAMMESA**

***Regulatory Framework - Main topics***

**Current remuneration schedule for the Electricity Generation Market**

**ES Resolutions 31/2020 (from February 1, 2020) and 440/2021 (retroactive to February 1, 2021) of the Ministry of Energy**

On February 26, 2020, the Secretariat of Energy of the Ministry of Productive Development published Resolution No. 31/2020, whereby values remunerated through Resolution Res 1/2019 issued by the former Secretariat of Renewable Resources and Electricity Market (SRRyME) were pesified as from February 1, 2020.

This resolution further established that values stated in pesos would be updated on a monthly basis according to the amount resulting from the sum of 60% of Consumer Price Index (CPI) variation and 40% of Wholesale Price Index (WPI) variation from the previous month. This would be applicable as from the transaction carried out on the second month following the resolution validity. Through Administrative Note NO-2020-24910606-APN-SE # MDP, dated April 8, 2020, the Ministry of Energy empowered CAMMESA to postpone the application of the update factor until a further decision.

On May 19, 2021, through Resolution No. 440/2021, the Secretariat of Energy discontinued the adjustment of rate values based on the CPI and the WPI and provided for an increase of approximately 29% in power and energy rates. In the case of energy rates, such increase is retroactive to February 2021. The amount for the period February 2021 through April 2021 is $232,670 and was recorded in the fiscal year beginning on May 1, 2021, in compliance with applicable accounting standards.

In addition, on May 21, 2021, through Note B – 156035-1, CAMMESA requested Generating Agents to expressly abandon in writing any pending administrative claim or legal proceeding against the National State, the Secretariat of Energy and/or CAMMESA in relation to Section 2 of Resolution No. 31/2020 and to waive the right to file any administrative and/or legal claim against the National State, the Secretariat of Energy and CAMMESA in connection with the issue at stake. Accordingly, on June 10, 2021, the Company filed the related waiver.

The values set through Resolution 31/2020 and those adjusted following Resolution No. 4040/2021 set for remunerations for technologies with characteristics similar to CT ADC (> 150MW) are the following:

i) Remuneration for monthly available power, which will be allocated depending on the use factor of the generation equipment.

a) Minimum price associated with the Real Availability of Power ("DRP", for its acronym in Spanish).

| Technology / Scale | Res 31/2020 | Res 440/2021 |
|---|---|---|
| | [$/MW-month] | [$/MW-month] |
| Large CC P > 150 MW | 100,650 | 129,839 |

This remuneration will be the base value for the availability of power to be applied for those generators that do not declare DIGO.

b) Base Price for the Guaranteed Availability Offered ("DIGO", for its acronym in Spanish)

| Period | Res 31/2020 | Res 440/2021 |
|---|---|---|
| | [$/MW – month] | [$/MW – month] |
| Dic – Ene – Feb – Jun – Jul - Ago | 360,000 | 464,400 |
| Mar – Abr – May – Sep – Oct - Nov | 270,000 | 348,300 |

Monthly power remuneration of a Thermal Authorized Generator ("GHT", for its acronym in Spanish) will be proportional to monthly availability, use factor of the generation unit and seasonal prices. The applicable physical value is the monthly average power, less the hours of scheduled and agreed-upon maintenance. Power unavailability considered when calculating available average power will be the generating agent's sole responsibility.

The DIGO unavailability of a generating unit arising from any own flaw or due to the failure to consume fuel allocated in the economic dispatch is GHT's responsibility and will be considered forced unavailability.

ii) Remuneration for energy generated and operated

a) Generated Energy: non-fuel variable prices, by type of fuel consumed by the generating unit, is as follows:

| Technology/Scale | Res 31/2020 | Res 440/2021 |
|---|---|---|
| | Natural Gas [US$/MWh] | Natural Gas [US$/MWh] |
| CC – Large P > 150 MW | 240 | 310 |

For the hours the generating unit is dispatched out of power as optimal dispatched power for operating reasons not attributable to forced generation due to transport, voltage or safety control requirements, it will be recognized as remuneration for generated energy considering it equal to 60% of net installed power, notwithstanding the energy actually dispatched by the generating unit.

b) Operated Energy: generators will receive a monthly remuneration for this concept represented by the integration of the hourly powers in the period, valued at 84 $/MWh (value updated to 108 $/MWh in Res 440/2021) for any type of fuel.

When the generating unit does not dispatch power as optimal dispatched power for operating reasons not attributable to forced generation due to transport, voltage or safety control requirements, it will be recognized as remuneration for operated energy when it is equal to 60% of net installed power, notwithstanding the energy actually dispatched by the generating unit, plus rotating power calculated as the difference between the available net installed power and generated energy.

iii) Power availability remuneration in hours of high demand

Resolution 31/2020 introduces the concept of Period for the assessment of the generating park operation in Maximum Thermal Requirement Hours ("HMRT", per its acronym in Spanish) in the 50 hours in which the highest dispatch of net thermal generation is recorded in each month of the calendar year.

These hours will be assessed, as shown in the following chart, analyzing the hours of each month ordered from the maximum to the minimum thermal requirement, as indicated below:

| HMRT | Period | | | |
|---|---|---|---|---|
| | Summer | Rest/Autumn | Winter | Rest/Spring |
| HMRT-1 | First 25 hours of highest heat requirement of each month in each period | | | |
| HMRT-2 | Second 25 hours of highest heat requirement of each month in each period | | | |

GHT will receive 37,500 $/MW (value updated to $ 48,375 / MWh in Res 440/2021) for the average generated power in the 50 hours of the maximum thermal requirement of the month, differentiating between the first 25 hours and the second 25 hours and the seasonal periods of the year (summer, winter, autumn and spring).

Resolution 31/2020:

- Summer / Winter:
  - First 25 hs of the month: 37,500 $/MW x 1.2
  - Second 25 hs of the month: 37,500 $/MW x 0.6
- Autumn / Spring:
  - First 25 hs of the month: 37,500 $/MW x 0.2
  - Second 25 hs of the month: 37,500 $/MW x 0.0

Resolution 440/2021:

- Summer / Winter:
  - First 25 hours of the month: 48,375 $/MW x 1.2
  - Second 25 hours of the month: 48,375 $/MW x 0.6
- Autumn / Spring:
  - First 25 hours of the month: 48,375 $/MW x 0.2
  - Second 25 hours of the month: 48,375 $/MW x 0.0

Lastly, the Undersecretariat of Energy of the Ministry of Productive Development is empowered to issue any such complementary or explanatory rules and regulations as are required for the implementation of this resolution.

**Flexibility of charges and interest for late payment of the economic transaction**

By means of SRRYME Resolution No. 29/2019 and SE N° 148/20, the application of default interest and charges was relaxed in the event of delays in the payment of economic transactions in the WEM.

i. Reduction of surcharges: The 50% reduction of surcharges for agents with overdue and unpaid debts is extended until December 31, 2020.

ii. Compensatory and default interest: Compensatory interest will only apply, at a rate equivalent to that set by Banco de la Nación Argentina for its 30-day discount operations, to agents that have failed to make the payment, but made the last three immediately preceding payments in due time, provided that such payment is made within 15 days of the invoice expiration date. A 1% default interest will additionally apply for each day of delay, calculated on the overdue and unpaid debt amount, with a cap equivalent to the surcharges provided for in CAMMESA's procedures when the payment is made after such term. It must be noted that the previous scheme established increasing default interest based on the time elapsed.

iii. Compensations: In the case of delays not exceeding 5 days in any given month, compensations without the application of compensatory interest are allowed by advancing the payment of the following invoice by 2 days per each day of delay.

**Res 1/2019 of the Secretariat of Renewable Resources and Electricity Market (SRRyME) - applicable from March 1, 2019 until January 31, 2020**

On March 1, 2019, the Secretariat of Renewable Resources and Electricity Market published Resolution 1/2019 repealing Resolution 19/2017 of the former Electric Power Secretariat since March 1, 2019. In line with the repealed regulation, the new one established:

- Establish that all Generating Agents, Cogenerators and Self-generators of the MEM shall be Authorized Generators (AG), with the exception of the Generation from the Binational Hydroelectric Power Plants and the Nuclear Generation, and the exception of Generators, Cogenerators and Self-generators of the MEM with generating units with power committed in the framework of Centralized Contracts for the Supply of the MEM demand (MEM Supply Contracts), the electric power of which will fulfill their obligations under the aforementioned contracts.
- Establish a guaranteed power availability system, in accordance with the methodology defined in Annex I "Guaranteed Availability of Power". Generation
- Establish a remuneration system for the Thermal Authorized (TAG) in accordance with the methodology and remuneration defined in Annex II "Remuneration for the Thermal Authorized Generation".
- Establish a remuneration system for the Hydraulic Authorized Generation (HAG) and generation through other sources of energy (RAG) in accordance with the methodology and remuneration defined in Annex III "Remuneration for the Hydroelectric Authorized Generation and Generation Through Other Sources of Energy".
- Establish a remuneration methodology for the Yacyretá and Salto Grande Hydraulic Power Plants, as stated in Annex IV “Remuneration of Binational Hydraulic Power Plant”.

The modifications included in Annexes I and II applicable to the CT ADC are detailed below:

<u>Guaranteed Availability of Power (“DIGO”, for its acronym in Spanish).</u>

It is the available power that a Thermal Authorized Generator (TAG) commits for each generation unit and for each DIGO Remuneration Period. The availability contemplates typical temperature conditions of the site and with its base fuel for dispatch. In no case shall the power and energy committed under any other type of contract executed in the MEM be committed in DIGO.

The DIGO requirement periods include:

a) Summer period: December, January, February
b) Winter period: June, July, August
c) Rest of the year:
* March, April, May
* September, October, November

CAMMESA will inform the declaration dates, which must be at least 30 days before the beginning of each quarter.

The values set by ES Res 19 E / 2017 for technologies with characteristics similar to CT ADC (> 150MW) are the following:

i) <u>Remuneration for monthly available power</u>, it will be allocated depending on the use factor of the generation equipment.
   a) <u>Minimum price associated with the Actual Availability of Power</u> (“DRP” for its acronym in Spanish)

| Technology/Scale | [U$S/MW-month] |
|---|---|
| Large CC P > 150 MW | 3,050 |

This remuneration will be the base value for the availability of power to be applied for those generators that do not declare DIGO.

b) Base Price for Offered Guaranteed Availability (DIGO)

| Period | [U$S/MW – month] |
|---|---|
| Dec – Jan – Feb – Jun – Jul - Aug | 7,000 |
| Mar – Apr – May – Sep – Oct – Nov | 5,500 |

Generating units that have declared that they manage fuel for generation purposes on their own, but do not have the fuel they were called for dispatch, will be considered they have 50% availability of the actual availability.

ii) Remuneration for generated and operated energy

a) Generated Energy: Non-fuel variable prices, per type of fuel consumed by the generating unit, are established in the following chart:

| Technology/Scale | Natural Gas [U$S/MWh] |
|---|---|
| CC – Large P > 150 MW | 4.0 |

Generating units that have declared that they manage fuel for generation purposes on their own, but do not have the fuel they were called for dispatch, will lose their order for dispatch until, if necessary, the Agency Responsible for Dispatch ("OED") allocates fuel for their operation. In the last case, only 50% of the related non-combustible variable costs would be remunerated for the Generated Energy.

b) Operated Energy: the generators would receive a monthly remuneration on this concept, represented by the integration of time powers in the period, valued at 1.4 U$S / MWh for any type of fuel.

Generating units that have declared that they manage fuel for generation purposes on their own, but do not have the fuel they were called for dispatch, would lose their order for dispatch until, if necessary, the OED allocate fuel for their operation. In the last case, only the Generated Energy by the generation unit will be recognized as Operated Energy and 50% of the price of the Operated Energy will be applied.

Remuneration of other Generation Technologies:

The resolution also covers remuneration for other generation technologies not applicable to the Company.

The remuneration for generator's energy is defined in its node.

The generators that choose to manage their own fuel had to make a declaration of the commitment assumed for the aforementioned management. Such declaration was made following the current procedure for fortnightly declarations of CVP (Variable Production Cost).

Likewise, it established that for the recovery of the amounts associated with the financing granted for the execution of non-recurrent, major and/or extraordinary maintenance, CAMMESA had to deduct from the settlement of the generator's credits an amount equivalent to the maximum between 1 US$/MWh generated and 700 US$/MW-month.

In relation to the concepts that the respective Annexes determined in US Dollars, the Resolution provided that the OED would convert the values denominated in US Dollars to Argentine Pesos, at the exchange rate published by the Central Bank of Argentina in "Reference Exchange Rate - Communication A 3500 (Wholesale)" of the day prior to the due date of the economic transactions.

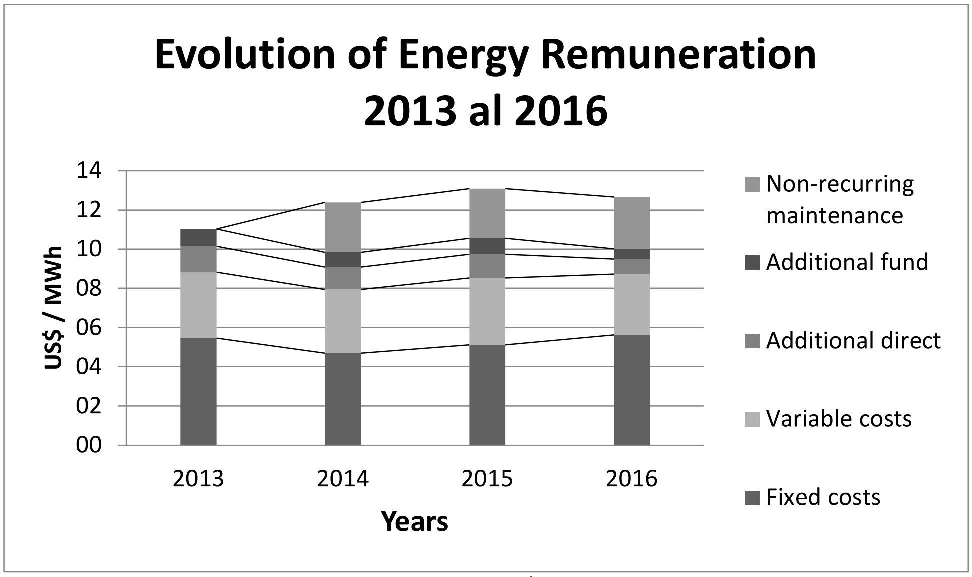
Lastly, the Undersecretary of Electricity Market was empowered to issue complementary or explanatory rules and regulations that are required for the implementation of this resolution.

The following tables show the evolution of the compensation scheme for thermal generation since the sanction of Res SEN 95/2013. It should be noted that the values correspond to thermal power plants with technology similar to CT ADC (> 150MW). Additionally, and for comparative purposes, the remunerations in pesos established in Res. SEN 95/13, 529/14, 482/15 and 22/16 have been calculated in US $ at the annual average exchange rate.

| Items | Res. SEN 95/13 (1) | Res. SEN 529/14 (2) | Res. SEN 482/15 (3) | Res. SEN 22/16 (4) |
|---|---|---|---|---|
| | U$S /MWh | | | |
| Fixed cost remuneration | 5.5 | 4.7 | 5.1 | 5.6 |
| Variable cost remuneration | 3.4 | 3.2 | 3.4 | 3.1 |
| Additional direct remuneration | 1.3 | 1.1 | 1.2 | 0.8 |
| Additional remuneration trust (*) | 0.9 | 0.8 | 0.8 | 0.5 |
| Non-recurring maintenance remuneration | - | 2.5 | 2.5 | 2.6 |
| **Total** | **11.1** | **12.3** | **13.0** | **12.6** |

(*) This item is accumulated in a Fund, which the generating companies have not yet collected.

(1) In effect as from February 2013 to January 2014, in pesos converted to US$ at the annual average exchange rate for comparison.
(2) In effect as from February 2014 to January 2015, in pesos converted to US$ at the annual average exchange rate for comparison.
(3) In effect as from February 2015 to January 2016, in pesos converted to US$ at the annual average exchange rate for comparison.
(4) In effect as from February 2016 to January 2017, in pesos converted to US$ at the annual average exchange rate for comparison.

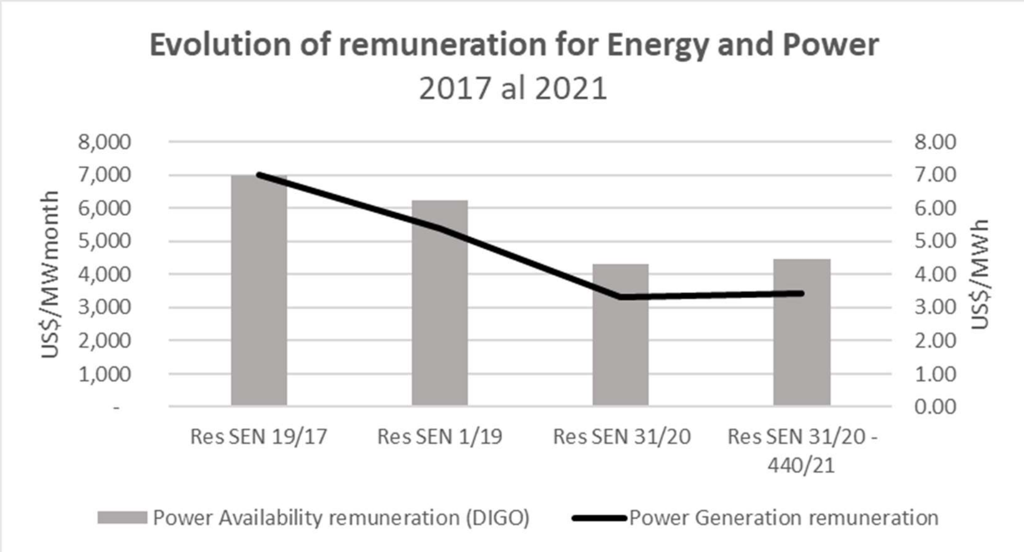



**Source: CAMMESA. In pesos converted to US$ at the annual average exchange rate for comparison purposes.**

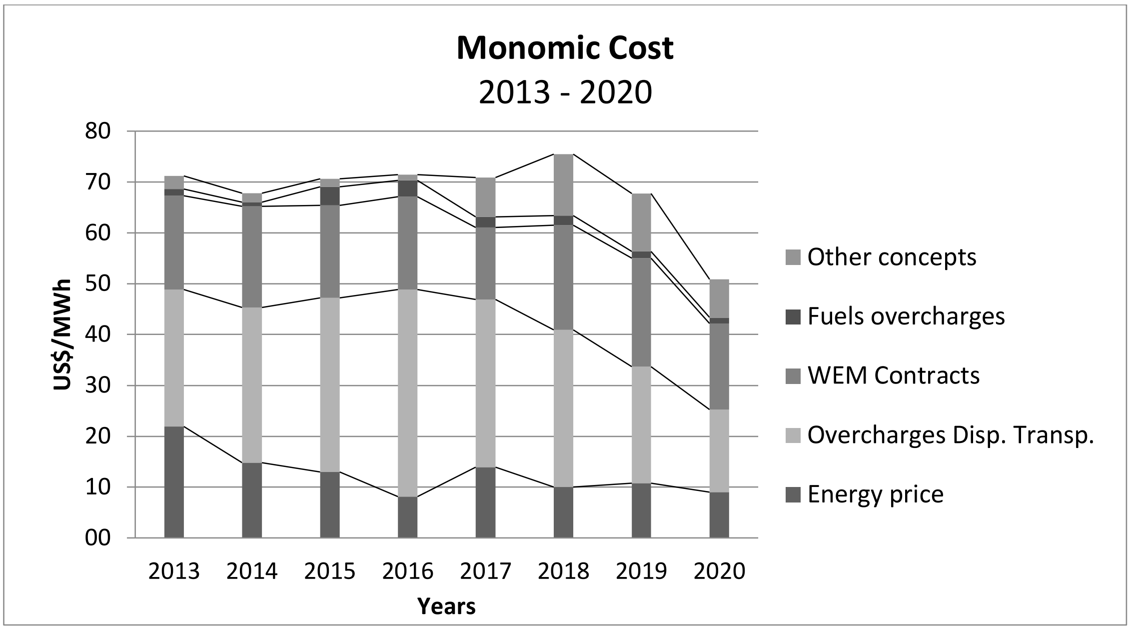
The following tables show the variation in the remuneration schedule for thermal generation since the passing of ES Resolution No. 19/2017, whereby Power Availability (DIGO) and Power Generation are paid for as separate items. The values correspond to thermal power plants with technology similar to that of CT ADC (> 150 MW).

| Item | | Res SEN 19/17 | Res SEN 1/19 | Res SEN 31/20 | Res SEN 31/20 - 440/21 |
|---|---|---|---|---|---|
| Power Availability remuneration (DIGO) | U$S/MWh | 7,000 | 6,250 | 4,330 | 4,475 |
| Power Generation remuneration | U$S/MWh | 7.00 | 5.40 | 3.30 | 3.41 |

(1) Valid from February 2017 to February 2019.
(2) Valid since March 2019 to January 2020.
(3) Valid from February 2020. Remuneration in pesos converted to U$S at the average exchange rate for the period from Feb/21 to Apr/21 for comparison.
(4) Effective as from May 2021, retroactive to February 2021. Remuneration in pesos converted into US dollars at the average exchange rate for the period Feb/21 to Apr/21 for comparison purposes.




Additionally, the following graph shows the average annual cost of generating 1 MWh in the electric system. This cost includes, in addition to the price of energy, the charge for power, the cost of generation with liquid fuels and other concepts.




**Source: CAMMESA. In pesos converted to US $ at the annual average exchange rate for comparison purposes.**

## Renewable energies

### Energy Secretariat Resolution 108/2011

Res SE No. 108/11 dated March 29, 2011 authorizes the execution of supply contracts between the WEM and the offers of power generation and associated energy as from renewable energy sources presented by generating, co-generating or self-generating agents that at the date of publication of this resolution are agents of the WEM or are not commercially authorized or interconnected.
Authorization to participate in those generation offers should be granted to all projects involving the National State, ENARSA or the projects that the Minister of Federal Planning, Public Investment and Services so determined.

The WEM supply contracts envisaged by this resolution will be characterized as follows:

- Duration: up to fifteen (15) years, renewable for periods of up to 18 months
- Selling party: WEM agent whose offer has been approved by the Energy Secretariat
- Buying party: the WEM as a whole, represented by CAMMESA.
- The remuneration receivable by the selling party and payable by the buying party shall be determined based on the costs accepted by the Energy Secretariat.
- All offerors wishing to enter into contracts with the WEM are to submit to the Energy Secretariat the respective investment projects, including the following information:
    - Units to be commissioned which will take on the commitment.
    - Guaranteed availability of the commissioned units that will take on the commitment.
    - Offered duration of the WEM supply contract.
    - Period of validity of the offer.
    - Power availability undertaken for the whole period.
    - The offer shall contain a breakdown of all fixed and variable costs, as well as the costs of the financing used for the installation of the new offered capacity.
    - The documentation supporting the breakdown of costs submitted.

It was established that the power to be assigned and the energy supplied in compliance with each of the WEM supply contracts will be remunerated on a monthly basis, calculated based on the annual installation costs to be considered and the fixed and variable costs of operation of the committed equipment. These costs may be reviewed by the Energy Secretariat when any of its components show significant variations, to ensure that the costs are covered by the remuneration assigned to the respective WEM supply contract.

It is also established that while Energy Secretariat Resolution 406/03 applies, the obligations arising under the contract shall rank pari passu with the ones established in Section 4, paragraph e) of that resolution. If this order of priority is modified, payment of the obligations derived from the contract may not be lower in priority with respect to the recognition of operating costs of the thermal power plants.

Although Resolution No. 108/11 was repealed by Resolution No. 202 - E/2016, the latter provided that the contracts entered into under Resolution No. 108 will remain valid as originally established.

### Law XVII No. 95 – Tax benefits for renewable energies

On October 19, 2015, the Head of the Agency for the Promotion of Renewable Energies in the Province of Chubut decided to grant to Hychico for its DEEF, within the framework of Law XVII No. 95, the benefits set forth in Article 7, Section B, Sub-section 3, fully excepting it from payment of turnover tax during the first five (5) years as from the granting date, and with a 50% turnover tax exemption as from the sixth year up to and including the tenth year. Within the framework of that Law, and in accordance with the provisions of Article 8, the "tax stability" benefit was granted in the provincial territory for a term of 15 years, with tax stability being understood as the impossibility of imposing on the activity a heavier tax burden as a consequence of tax increases.

### Law 27191 – Changes to the regime for the promotion of renewable energies

On September 25, 2016, the National Congress enacted Law 27191 which was published in the Official Gazette on October 21, 2015. The Law introduced amendments to the National Program for the Promotion of the Use of Renewable Energy Sources created by Law 26190. To that end, to reach an 8% renewable energy contribution to the national consumption matrix at December 31, 2017 and 20% at December 31, 2025, the law added the following: (i) it extended the definition of renewable energies; (ii) it eliminated the 10 year limitation for the tax benefit system; (iii) it set out non-excluding tax incentives such as: early refund of VAT, accelerated depreciation of income tax,

exclusion from the tax on assets base of assets used in promoted activities, exemption from import duties, offsetting of tax losses against income (going from 5 to 10 years), tax exemption for dividend distribution when the beneficiary is an individual (only in the case of reinvestment), and tax certificates for 20% of the value of the national components; (iv) it created the Trust Fund for the Development of Renewable Energies that, among other things, will grant loans and guarantees for investment projects, and (v) it ordered that all power users would have to contribute by complying with the renewable energy consumption objectives set forth by the law, for which a gradual schedule was established and special obligations for Large Users of over 300kW. Finally, the law ratified that wind power generation should receive the same treatment as run-of-the-river power generation; therefore, this will be dispatched according to the actual wind availability.
In addition, in May 2016 the Ministry of Energy and Mining issued Resolutions 71/2016 and 72/2016 through which it set in motion the first round of the Open Bid Process for contracting in the WEM electricity from renewable generation sources (“Programa RenovAr”) to comply with Laws 26190 and 27191.

**Decree No. 531/2016 – Regulatory of Laws No. 26190 and 27191**

On March 31, 2016 Decree No. 531/2016 was published in the Official Gazette; it approves the regulatory provisions to Law No. 26190, amended by Chapter I of Law No. 27191 and Chapter II of Law No. 27191 related to the Second Stage of the National Regime for Promotion of Renewable Sources of Energy Intended for the Production of Electric Power. It also approves the regulation to the Chapters of Law No. 27191 related to the Trust Fund for Renewable Energy (Chapter III), contribution by electrical energy users to comply with the objectives established by the Promotion Regime (Chapter IV), tax increases (Chapter V), regime on exports (Chapter VI), access to and use of renewable energy sources (Chapter VII), electric power from intermittent renewable resources (Chapter VIII) and supplementary clauses (Chapter IX) stating that the Enforcement Authority must widely publish offers for generation of electric power from renewable energy sources and invite the City of Buenos Aires and the Provinces to adhere to the law and issue their own local rules aimed at promoting the production of electrical energy from renewable sources.

**Resolution E-275/2017 of the Ministry of Energy and Mining**

On August 17, 2017, Resolution No. E-275/2017 from the Ministry of Energy and Mining was published in the Official Gazette which called for interested parties to offer in the National and International Open Bid Process for contracting in the WEM electricity from renewable sources - Program RENOVAR (2nd Round), with the aim of entering into contracts in the forward market (called supply contracts of renewable electricity) with CAMMESA in representation of Distributors and Large Users of the Wholesale Electric Market - until their reallocation to distribution agents and/or Large Users of WEM in accordance with the Program Bidding Terms and Conditions.

**Resolution No. E-281/2017 - Ministry of Energy and Mining**

On August 22, 2017 Resolution No. 281/2017 was published, which established the Forward Market System for Electricity from Renewable Sources within the framework of Law No. 27191 and its Regulatory Decree No. 531/2016. This system has the purpose of establishing conditions in accordance with Section 9 of the Law 27191 to be complied with by Large Users in the Wholesale Electricity Market and Large Demands from Customers of the Distribution Agents of the WEM or Utility Distribution Providers as long as their power demands are equal to or greater than three hundred kilowatts (300 KV) on average, through the individual contracting in the Forward Market of Electricity from Renewable Sources or by self-generation from renewable sources, in accordance with Section 9 of Law 27191 and Section 9 of Exhibit II of Decree No. 531. Specifically, the entities falling within the mentioned Section of the Law could comply with their obligation in any of the following ways: a) individual contracting of electricity from renewable energies, b) self-generation or co-generation from renewable sources, or c) participation in the procedure of joint purchases developed by CAMMESA. Section 9, subsection 2, paragraph (i) of Exhibit II of the regulatory Decree establishes that supply contracts for electricity from renewable sources entered into within the framework of Law 27191 by entities falling within Section 9 will be freely agreed upon by the parties, considering the characteristics of investment projects and compliance with obligations established by the law and regulatory decree, information duties and management requirements established by the CAMMESA Procedures and in the supplementary regulations issued by the Enforcement Authority.

**Resolution 488/2017 - Renewable Electric Power Supply Contracts**

On December 19, 2017, through Resolution 488/2017 of the Ministry of Energy and Mining, the Renewable Electric Power Supply Contracts were awarded in accordance with Resolutions No. 275 dated August 16, 2017 and No. 473 dated November 30, 2017, both from the above Ministry, indicating the Awarded Price per megawatt hour for each technology in each Renewable Electric Power Supply Contract to be signed and the allocation of the remaining quota.

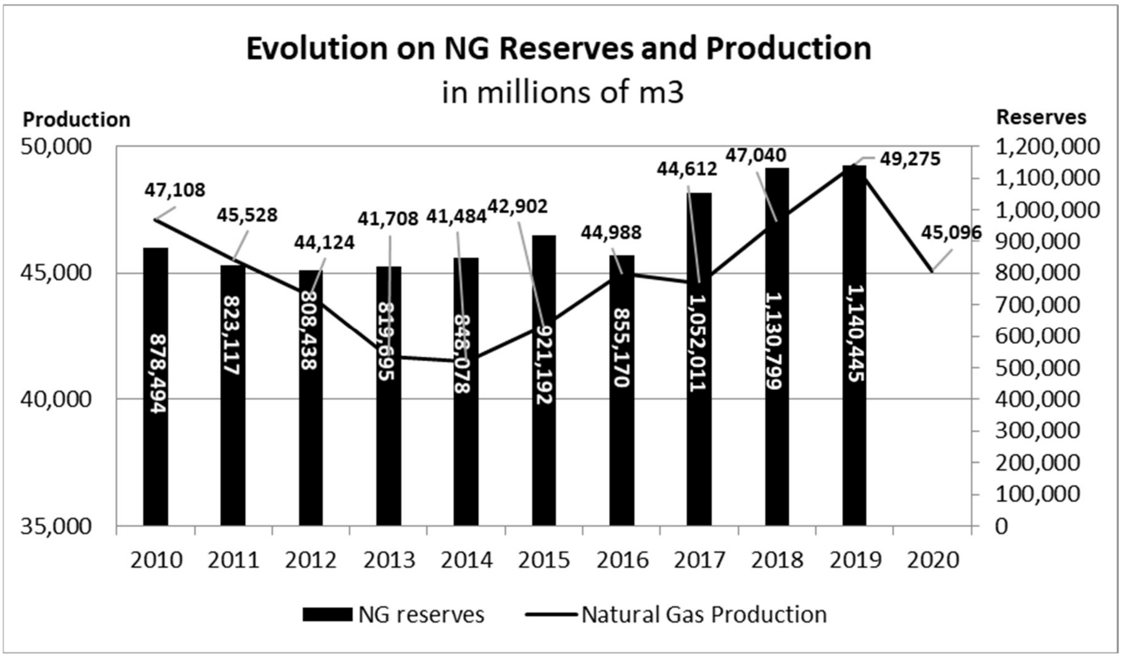
**Resolution 230/2019 - Ministry of Finance - Secretary of the Government of Energy**

On April 30, 2019, Resolution 230/19 of the Energy Secretariat was issued, modifying Annex I of Resolution 281/17 and establishing as relevant issues the new conditions for maintaining the dispatch priority granted, the ways to demonstrate the progress of the project and the term during which the bond insurance taken out for the power for which priority was given to the project should be maintained.

This resolution was amended by Resolution No. 551/2021 of the Secretariat of Energy, which established new conditions for maintaining the dispatch priority granted, the ways to demonstrate the degree of progress of the project and the values for dispatch priority purposes, which were set at US$ 500/MW of power on a quarterly basis, until commercial authorization to operate was obtained. Dispatch priority may be extended for a term of 180 days by demonstrating a degree of progress of 60% and paying the sum of US$ 500/MW of power on a quarterly basis. In the event the degree of progress was not demonstrated, an amount of US$ 500/MW would be paid every thirty days of extension requested, or US$ 1,500/MW every thirty days for 360-day extensions.

**4.2 Oil, Gas and LPG Market**

**Natural Gas**




**Source: SGE - There is no available information on reserves for the year 2020**

In 2020, the total country production of natural gas was 45,096 million m$^3$, representing a decrease of 8.5% compared to the volumes produced in 2019, mainly due to the decline in all the country basins, mainly the Neuquén basin and product of the lower activity due to the fall in market prices and the contraction in demand due to Covid-19.

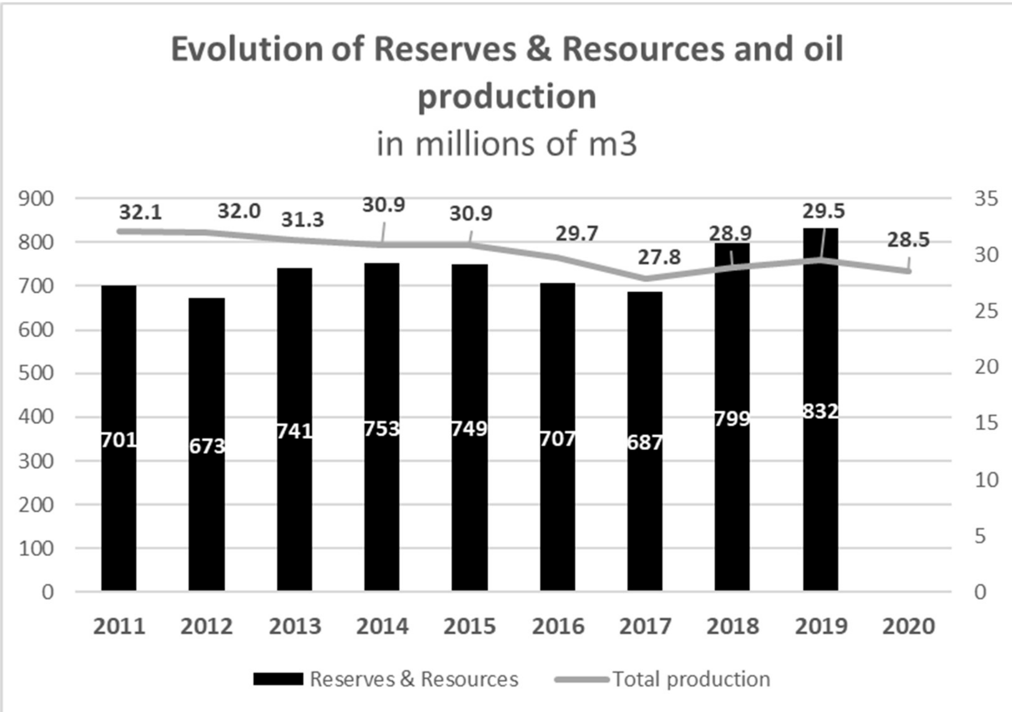
In April 2021, Argentina's total natural gas production was 114.2 million $m^3$/day, representing an 2.2% decrease, compared with the volumes produced in April 2020. Unconventional gas production at April 30, 2021 decreased by 3.5%, reaching 47.7 million $m^3$ / day, while 49.4 million $m^3$/day were recorded in April 2020.

Imports of natural gas have increased by 7.8%, 7.406 million $m^3$ imported during 2020, while in the previous year 6,872 million $m^3$ were imported, mainly due to a lower supply of local gas in spite of the decrease in domestic demand.

According to the latest annual information published by the SGE, as of December 31, 2019, the total reserves and resources of natural gas in the country amounted to 1,140,445 million $m^3$, of which 35% corresponded to proven reserves. Compared to the same data as of December 31, 2018, total reserves experienced an increase of 0.9%.

There is no information available on total country reserves and resources as of December 31, 2020.

**Oil**

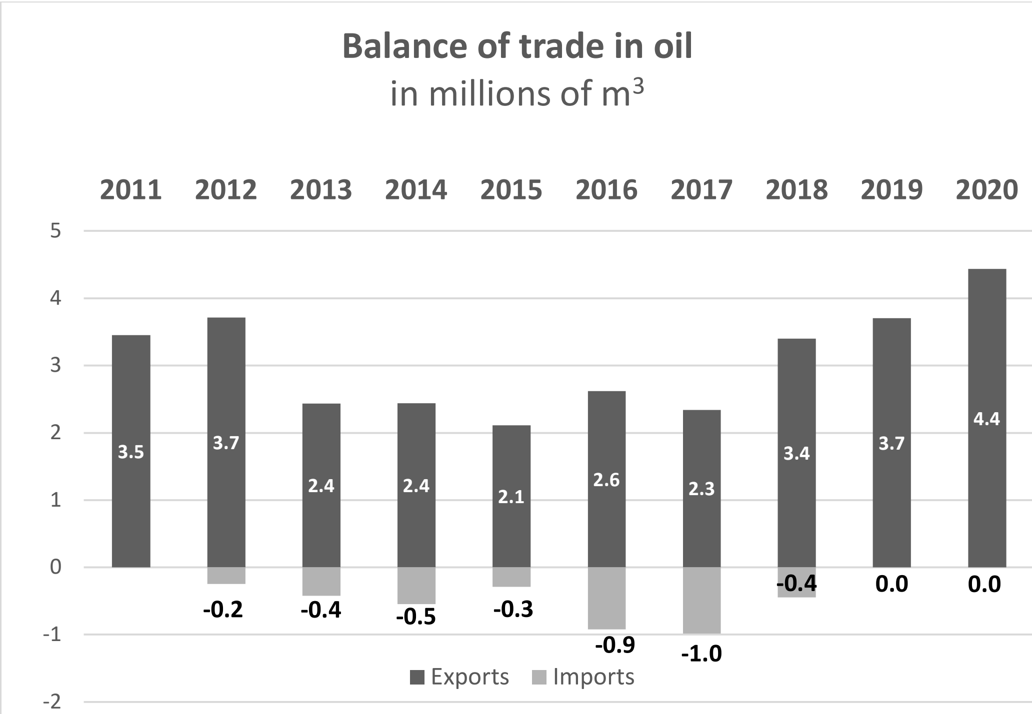



Source: SGE - **There is no available information on reserves and resources for the year 2020**

According to the data published by the SGE, the country's total oil production registered in 2020 was 28.5 million $m^3$, 3.3% lower than that registered in 2019, mainly due to the contraction in demand by the impact of Covid-19. In April and May 2020, the most affected months by the quarantine, crude oil consumption dropped by 35% compared to the same period in 2019, gradually recovering. The production corresponding to the San Jorge Gulf Basin amounts to 48.1% of the country's total production, while the Neuquén Basin represents 43.3%.

Total reserves and resources of the country at December 31, 2019 amounted to 832 million $m^3$, registering an increase of 4.1% compared to 2018.

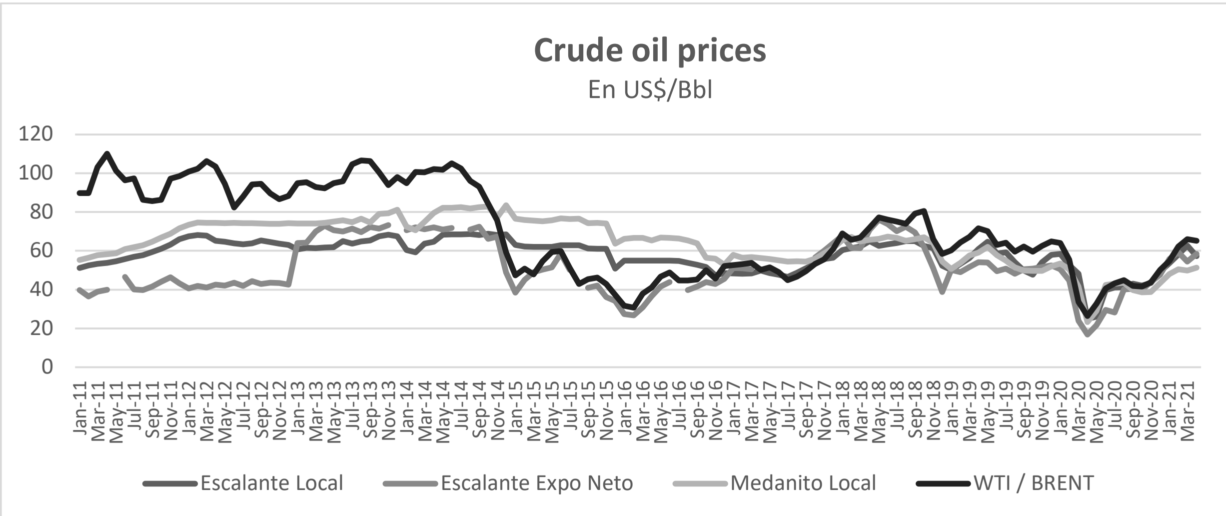
There is no information available on total country reserves and resources as of December 31, 2020




**Source: SGE**

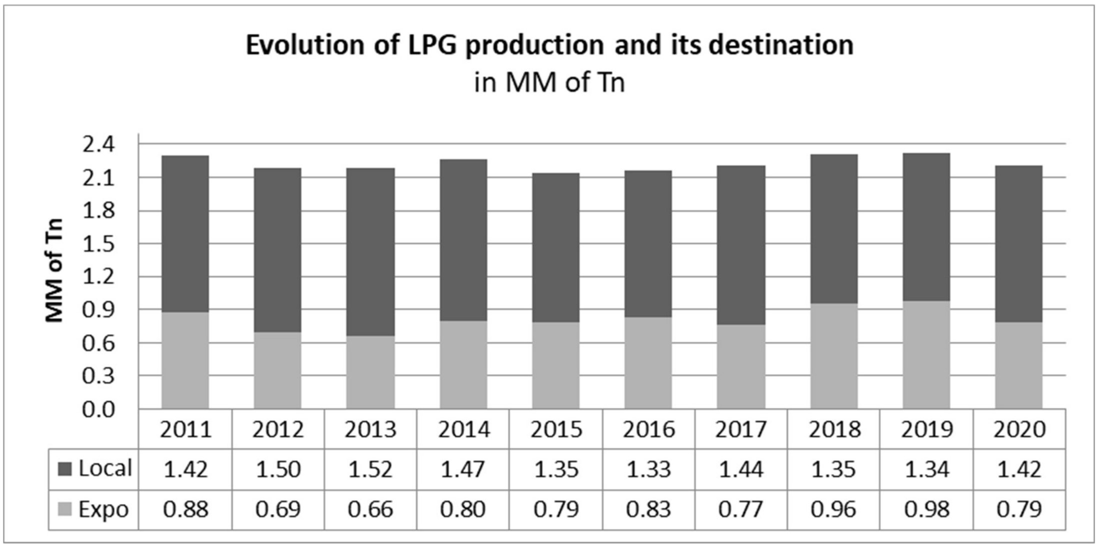
During the years 2019 and 2020, and according to the information published by the SGE, no oil imports were recorded, while in 2018 they were approximately 0.4 million m$^3$. Exports increased by 8.8% compared to 2019, with 4.4 million m$^3$ of oil being exported, which represents 15.5% of the country's total production in the year.

**Evolution of oil prices in Argentina**




**Source: SGE**

**LPG**




**Source: SGE**

With respect to the previous year, the total country production of propane and butane decreased by 4.7% during 2020, reaching 2.21 million tons. The 51% of this production corresponds to propane gas, while the remaining 49% is butane gas, as reported by the SGE.

Exports, which had increased by 1.9% between 2018 and 2019, registered a decrease of 19.2% between 2019 and 2020.

Sales in the local market represent 64% of total production in 2020, while the remaining 36% was mainly exported to Brazil, Chile, China and Senegal.

***Regulatory Framework - Main topics***

**Federal Hydrocarbons Law 17319 and 27007**

Ownership of fields

In its original wording, Law 17319 (Hydrocarbons Law) set forth that the liquid and gaseous hydrocarbons fields located in the Argentine territory and its continental shelf were the non-transferable, imprescriptible property of the National Government. However, this ownership was transferred to the Provinces in which the mentioned fields are located.

In Argentina, exploration and exploitation of oil and gas is performed through exploration permits, concessions for exploitation, and contracts for exploitation or partnership agreements.

On October 31, 2014, the National Congress enacted Law 27007, which amends Law 17319. Among the main amendments, we can mention that it gives legal status to the figure of concession for unconventional exploitation, created by Decree 929/13. It is established that the term of the Concession for the Unconventional Exploitation of Hydrocarbons will be effective for 35 years, with the possibility of time extensions for 10-year periods, applicable even for the current concessions.

With the enforcement of this law, the term of the concessions for conventional exploitation is maintained at 25 years; however, successive renewals of 10 years are authorized for both conventional and non-conventional exploitation concessions.

Law 27007 eliminates, with future effect, the possibility that the Federal Government and the Provinces may reserve areas for exploitation by state-owned companies or entities, or companies or entities with state ownership. The law allows the grantor to decide the system that will be used to exploit and develop the areas reserved for this purpose but in relation to which no agreement has been entered into.

As for royalties, the law maintains a rate of 12%, as set forth by Law 17319. It also maintains the possibility of reducing the rate in certain cases up to 5% and allows for increasing it up to 3 points (resulting 15%). A ceiling of 18% is set for successive extensions.

Furthermore, Law 27007 created an Investment Promotion System for the Exploitation of Hydrocarbons for investment projects exceeding US$ 250 million and established that in, certain exceptional cases, part of the production may be freely traded in the foreign market, without paying export duties. In addition, it set forth that foreign currency obtained from the export of hydrocarbons may be freely available to the exporter.

**Federal Law 26741**

Public Interest Statement

On May 4, 2012 the Argentine Congress passed Law 26741 of National Hydrocarbons Sovereignty, which declared the self-sufficiency in the supply of hydrocarbons as well as in the exploration, exploitation, industrialization, transportation and sale of hydrocarbons a national public interest.

Among other issues, this law ordered that the National Executive Branch should be the authority in charge of setting the policies on hydrocarbons and of deciding the measures leading to the achievement of the goals established in the law, jointly with the provincial governments and with the public and private interests, domestic or international.

**Domestic market prices**

In the domestic market, oil sales are made at prices negotiated between oil producers and refineries to which crude oil is sold. Those prices are set taking into consideration the current quotation of Brent crude oil, retail (pump) prices for fuels and byproducts, the future price scenarios, and the regulations and requirements established by the government.

Given the economic context the country is going through as mentioned in Note 1, on May 18, 2020, Decree No. 488/2020 was issued, published in the Official Gazette on May 19, 2020, by means of which the National Executive Branch provides that crude oil deliveries conducted in the domestic market between that date and December 31, 2020, have to be invoiced by producing companies and paid by refineries and retailers taking a reference value of US$ 45/bbl for Medanito crude oil. This regulation, which is inconsistent with the provisions of Law No. 17319 regarding the fact that the price basis for calculation for the payment of royalties has to be the price actually collected, will no longer be in force if the Brent quotation exceeds such value for ten consecutive days. The Energy Secretariat was authorized to modify the reference price on a quarterly basis and to periodically review the scope of the measure adopted based on production volume parameters and the levels of activity and investment. Additionally, the decree established, during its effective term, the following provisions for producing companies:

1. Maintain the levels of activity and/or production recorded during 2019, keeping the agreements with regional services companies and its employees at December 31, 2019, for which companies should consider the current contraction of domestic and international demand for hydrocarbons and byproducts as a consequence of the COVID-19 pandemic within the appropriate and economic operation parameters set forth by Sect. 31 of Law No. 17319;
2. Fulfill the annual investment plan;
3. Do not accede to the exchange market for the purchase of external assets or securities in pesos to be later sold in foreign currency or transfer of custody abroad; and
4. Apply the price established in every case for the calculation of hydrocarbon royalties.

**Export Duties**

Under Decree No. 793/2018 dated September 3, 2018, the National Executive Branch determines export duties until December 31, 2020, equivalent to 12% of the exports for consumption of all goods within the tariff positions from the Common MERCOSUR Nomenclature (NCM, for its acronym in Spanish), among which are the hydrocarbons sold by the Company. The duty established may not exceed $4/US$ of the tax value or the FOB official price.

By means of Decree No. 37/99 issued by the National Executive Branch and published in the Official Gazette on December 14, 2019, the cap of $ 4/US$ of the tax value or FOB price as export duties under Decree No. 793/18 was eliminated. Therefore, the rate for export duties applicable to hydrocarbons will be 12%, subject to no cap.

Besides, Law No. 27541 published in the Official Gazette on December 23, 2019, stated that rates for export duties applicable to hydrocarbons and mining cannot be higher than 8% of the tax value or FOB price. However, Customs settles export duties for hydrocarbons at a 12% rate until May 2020. The Company has filed the corresponding objections and has requested the reimbursement for the export duties paid in excess.

Finally, National Executive Branch Decree No. 488/2020, published on May 18, 2020, provides a schedule to determine the rate for export duties, revoking any regulation contrary to it, and outlines the following definitions:

a. Base value (VB): U$S 45/bbl
b. Reference value (VR): U$S 60/bbl
c. International Price: the last business day of each month, the Energy Secretariat will publish the quote of “ICE Brent First Line” barrel price, for which it will consider the average of the last five quotes published by the “Platts Crude Marketwire” under the heading “Futures Settlements.” If there were a difference of over 15%, a new quote will be determined, to be applied as from the following business day.

Based on these definitions, the Decree sets forth the following provisions regarding export duties:

- A 0% rate if the international price is equal or lower than the base value.
- An 8% rate if the international price is equal or higher than the reference value.
- If the international price is between the base value and the reference value, the rate is determined using the following formula:

$$\text{Aliquot} = \frac{PI - VB}{VR - VB} \times 8\%$$

The Company made foreign oil sales for $ 5,419 and $ 7,686 million as of April 30, 2021 and 2020, respectively.

**Natural gas**

**Gas Plus Program**

Under ES Resolution 24/08, the Energy Secretariat created the so-called “Gas Plus Program” consisting of incentives for new production of natural gas. The Company has submitted several projects, which have been approved. Gas sales made by the Company correspond to the Gas Plus Program.

**Resolution 41/16 of the Ministry of Energy and Mining**

On April 7, 2016, the Ministry of Energy and Mining adopted Resolution 41/16 setting effective April 1, 2016 the new prices for natural gas at the point of access to the transport system for each original basin, destined for the generation of electricity for sale in the WEM.

**Resolution 46-E / 2017 - Stimulus Program for Investments in Developments in Natural Gas Production from Unconventional Reservoirs**

On March 2, 2017, the Ministry of Energy and Mining issued Resolution 46-E/2017, by means of which the Incentive Program for Investments in Developments of Natural Gas Production derived from Unconventional Reservoirs (the "Program") was created with the aim of stimulating the investments in natural gas production derived from unconventional reservoirs in the Neuquén Basin.

The Program will be in force from its publication in the Official Gazette to December 31, 2021.

Companies that have the right to produce unconventional gas derived from concessions located in the Neuquina Basin could request adherence to this Program. They should be registered with the National Registry of Oil Companies. Further, to be included in this Program, these companies should have a specific investment plan approved by the competent provincial authority, in conformity with the Secretariat of Hydrocarbon Resources.

The compensation is calculated based on the production of unconventional gas to be sold, that is to say, the natural gas prepared for commercialization, excluding internal consumption in the fields and taking into account the difference between the effective price (average weighted price of each company's sales of natural gas to the internal market) and the minimum price.

The minimum price will be:
7.50 US$/MMbtu for calendar year 2018,
7.00 US$/MMbtu for calendar year 2019,
6.50 US$/MMbtu for calendar year 2020, and
6,00 US$/MMbtu for calendar year 2021.

The payment of the first compensation under the program will be made in the month after the request is submitted or in January 2018, whichever occurs later. Nevertheless, those companies taking part in the "Incentive Program for Natural Gas Injection for Companies with Reduced Injection", created by Resolution 60/2013 of the former Commission for the Strategic Planning and Coordination of the National Hydrocarbon Investment Plan, which adhere to the current program, may receive compensation, if applicable, as from the month following submission of request for adherence to the Program.

**Resolution 419-E/2017 - Incentive Program for the Investments in Developments of Natural Gas Production from Unconventional Reservoirs**

On November 1, 2017, Resolution 419-E/2017 (which amends Resolution 46-E/2017) was issued, setting a new Appendix I modifying the terms and conditions of the Program.

Definitions:

1. Unconventional Gas: gas from natural gas reservoirs, characterized by the presence of very compact sandstones or clays with low permeability and porosity (Tight Gas or Shale Gas).
2. Included Concessions: Concessions which produce Unconventional Gas, located in the Neuquina Basin.
3. Initial Production: Average monthly Unconventional Gas Production for the period July 2016/June 2017.
4. Included Production:
    a. All the monthly production of Unconventional Gas for those concessions whose Initial Production is lower than 500,000 $m^3$/d.
    b. All the monthly production of Unconventional Gas minus the Initial Production for those whose Initial Production is equal to or higher than 500,000 $m^3$/d.
5. Minimum Price:
    - 2018: 7.50 US$/MMbtu.
    - 2019: 7.00 US$/MMbtu.
    - 2020: 6.50 US$/MMbtu.
    - 2021: 6.00 US$/MMbtu.
6. Effective Price: Average weighted monthly price for the total volume of natural gas sales in Argentina (to be published by the ES).

7. Unit Compensation: The result of the Effective Price subtracted from the Minimum Price (when such difference is greater than zero).
8. Interim payments: payment of 85% of the compensation (estimated on the projections of companies) for the previous month.

Concessions which do not reach an average annual production (12 consecutive months) of 500,000 $m^3$/day in their investment plan before December 31, 2019 will not be considered. If they do not reach the 500,000 $m^3$/day, they must reimburse the compensation amounts received, adjusted with an interest rate (average lending rate of Banco Nación for trade discounts operations). The Secretariat of Hydrocarbon Resources can request a fidelity bond insurance policy to guarantee the reimbursement of the compensation.

- An independent measurement and production schedule must be submitted.
- The payment of the first compensation will correspond to the month after the request is submitted or in January 2018, whichever occurs later.
- Early start of Gas II Plan:
  - The companies participating in Gas II Plan (Resolution 60/13) will be able to receive compensations as from the month after the submission is completed.
  - For 2017, the minimum price to be used will be that of 2018.
- The effective price for 2017 will be the corresponding price of the excess injection.
- Payments:
  - 88% will be paid to the Company and 12% to the corresponding province.
  - Payment order in pesos, with the exchange rate of the last business day of the month to which the volumes correspond.
- Initial interim Payment:
  - The Secretariat of Hydrocarbon Resources will issue a payment order before the last business day of the month following that of the inclusion of the Company.
  - Within 20 days of the month after which the payment order is issued, a sworn statement of the Included Production, certified by independent auditors, must be submitted.
- Control of Production volumes:
  - Volumes corresponding to the entering points to the Transportation System of Natural Gas: The Secretariat of Hydrocarbon Resources will send the volumes of included production submitted by the companies to ENARGAS, which will verify the injection volumes.
  - Points located before the entering points to the Transportation System of Natural Gas: the Secretariat of Hydrocarbon Resources will verify the results of the measurement of volumes from each Gas Measure Point installed, pursuant to Resolution 318/2010.

On January 31, 2018, the Company submitted an application to the Exploration and Production Undersecretariat of the Ministry of Energy and Mining, requesting adherence to the mentioned Program for the Agua del Cajón concession. This presentation included the approval by the Provincial Enforcement Authority (Ministry of Energy and Natural Resources for the Province of Neuquén – Resolution No. 012 dated January 29, 2018) of an investment plan for US$ 101.5 million, until 2021, which would make the development of natural gas production from unconventional reservoirs possible. On June 6, 2018, the ES notified Capex that the Agua del Cajón concession was included in the Program. As of April 30, 2020, the investment plan has been completed with a total investment of US $ 127.5 million.

Likewise, on that date Capex requested before the Ministry of Energy and Mining adherence to the same Program for the Loma Negra concession, located in the province of Río Negro; the Company holds an interest of 37.5% in the concession and operates it. The presentation also included the approval by the Provincial Enforcement Authority (Energy Secretariat for the Province of Río Negro – Resolution No. 13 dated January 30, 2018) of an investment plan for US$ 74.5 million, corresponding to the "Loma Negra" concession area in its entirety. This request was not approved by the Ministry of Energy and Mining of the Nation.

The Company has submitted the affidavits for the production of natural gas coming from unconventional reservoirs from the Agua del Cajón Area corresponding to the periods January 2018 – March 2021 and the bond insurance policies to request the payment of the incentive program. The Ministry of Energy authorized total of the economic remuneration requested for the period January 2018 – March 2021 for approximately $ 2,954.9 million (stated at historical cost). The Company has recorded under Sales the total incentive complying with the conditions set forth in Resolution No. 419 E/2017, amounting to $ 1,396.2 million, for the monthly production from April 2020 to March 2021.

Additionally, the Energy Secretariat applied in December 2018, with retroactive effect to January 2018, a new criterion regarding the volume to be recognized for the payment of compensation derived from the Stimulus Plan, the same being the minimum between the nonconventional actual volume produced and the original curve timely presented.

**Resolution 46/2018 – Reference price for electricity generating**

On July 31, 2018, the Ministry of Energy issued Resolution 46/2018, by means of which it established the new maximum prices at the entering point to the transportation system for natural gas, for each basin of origin, that will be applied for the valuation of natural gas volumes for electricity generation that will be sold in the WEM or, in general, for the provision of the utility service of distribution of electricity. These maximum prices were valid from August 1, 2018. For the Neuquén Basin the established maximum price was to US$/MMBTU 4.42.

**NO-2018-40206154-APN-SSEE#MEN – Acquisition of natural gas to be used in the generation of electricity. Undersecretariat of Electric Power of the Ministry of Energy**

As part of the regularization process of the sector and where mechanisms will be gradually implemented for Generators to acquire by themselves the fuel volumes necessary for the production of electricity and their selling under competitive terms, on August 17, 2018, the Under Secretariat of Electric Power through Note NO-2018-40206154-APN-SSEE#MEN ordered CAMMESA to implement competitive mechanisms, on a temporary basis, until reaching this goal, taking into consideration the following guidelines to call for a bidding:

- CAMMESA must acquire natural gas under firm and interruptible quantities through the Gas Electronic Market (MEG, for its acronym in Spanish), based on the system needs and considering the Maximum Daily Quantities of the contracts in force for the period.
- Acquisitions must be open to producers and sellers of natural gas, for each of the productive basins and up to the required quantities.
- The maximum value to accept should be up to the price established in Resolution MEN No. 46/2018.
- Volumes to be acquired in each basin will be those required to cover supply needs.
- The bidding must be competitive and transparent, the outcome of which must be published.

The daily dispatch of natural gas volumes hired must be made in ascendant order of generation cost, considering the transportation capacity and the availability of electricity generation.

**Resolution No. 70/2018 ES - Acquisition of Gas**

Through ES Resolution No. 70/2018, on November 6 2018, the Generating, Co-generating and Self-generating WEM Agents are empowered to supply their own fuel for the generation of electricity. This power will not affect the commitments taken on by the Generators under the framework of WEM supply contracts with CAMMESA. The generation costs with own fuel will be valued in accordance with the mechanism to recognize Variable Production Costs accepted by CAMMESA.

The Agency in charge of Dispatch (OED) will continue to commercially manage and dispatch fuel for those Generating Agents that do not or may not use the power granted in this Resolution.

**Note from the Energy Secretariat NO-2018-66680075-APN-SGE # MHA - Maximum prices (PIST) to be considered for each basin in US$/MMBTu.**

On December 19, 2018, the Energy Secretariat issued the note NO-2018-66680075-APN-SGE # MHA, which instructs CAMMESA to apply, for the period January to December 2019, the new natural gas reference prices for the generation of electricity. For the Neuquén basin, the maximum price established is 3.70 US$/MMbtu for the months of Jan-Feb-Mar-Apr-May-Sep-Oct-Nov-Dec and of 4.95 US$/MMbtu for the months of Jun-Jul-Aug.

**Note from the Energy Secretariat NO-2019-07973690-APN-SGE # MHA -Valuation of Generation Costs with Own Fuel. RESOL-2018-70-APN-SGE#MHA.**

On February 8, 2019, the Energy Secretariat issued Note NO-2019-07973690-APN-SGE # MHA, which instructs CAMMESA to apply, for the definition of the Maximum Production Variable Costs to be recognized in each fortnight, the weighted average price of natural gas per basin that would have resulted if all the natural gas produced in Argentina needed for the estimated supply in the electricity sector had been acquired through the contracts arising from the last bidding made by CAMMESA in the MEG.

**Resolution 12/2019 SEN**

On December 27, 2019, the Ministry of Productive Development issued Resolution No. 12/19 repealing SGE Resolution No. 70/18 effective as from December 30, 2019, whereby CAMMESA's centralization scheme for the supply of fuel for generation purposes was restored.

**Note from the Energy Secretariat NO-2020-05333189-APN-SE#MDP - Mechanisms for the provision of natural gas to be used in the Wholesale Electric Market in auctions**

On January 24, 2020, the Secretariat of Energy through Note NO-2020-05333189-APN-SE#MDP ordered CAMMESA to include in the General and Specific Bidding Terms and Conditions clauses stating the obligation to provide the volumes awarded and nominated by CAMMESA.

It also established new maximum reference prices for the purchase of natural gas by CAMMESA as from February 1, 2020. For the Neuquén Basin, the maximum price established was US$/MMbtu 4.02 for June, July and August and US$/MMbtu 2.67 for the rest of the year.

**Note from the Energy Secretariat NO-2020-33627304-APN-SE#MDP – Maximum Reference Gas Prices.**

On May 21, 2020, the Secretariat of Energy issued Note NO-2020-33627304-APN-SE#MDP, whereby new maximum reference prices were established for the purchase of natural gas by CAMMESA as from June 1, 2020. For the Neuquén Basin, the maximum price established was US$/MMbtu 2.67 for the year.

**Decree No. 892/2020 - Argentine Promotion Plan for the Production of Natural Gas - 2020-2024 Supply and Demand System - Energy Secretariat Resolution No. 317/2020 - Call for Tenders. Energy Secretariat Resolution No. 391/2020 - Award of Gas Volumes.**

On November 13, 2020, Decree No. 892/2020 was published, approving the Promotion Plan for Argentine Natural Gas Production - 2020-2024 Supply and Demand Schedule (the “2020-2024 Gas Plan”), based on a competitive system at the point of entry into the gas transportation system, whereby the Energy Secretariat was instructed to implement that plan.

The 2020-2024 Gas Plan consists in the voluntary participation of gas producing companies, as well as CAMMESA and public utilities engaged in the distribution and sub-distribution of gas making direct purchases from the producing companies.

The main guidelines, criteria and conditions of this Plan are as follows:

a. Volume: total basic volume of 70 MM $m^3$/day for 365 days of each calendar year of duration of the schedule. Below is a detail of volumes per basin: Austral Basin 20 MM $m^3$/day, Neuquén Basin 47.2 MM $m^3$/day and Northwestern Basin 2.8 MM $m^3$/day.
b. Term: 4 years as from January 2021. The term for offshore projects will be up to 8 years.
c. Exports: The awardee producing companies shall benefit from preferential export conditions for a total volume of up to 11 MM $m^3$/day, to be undertaken exclusively during the non-winter period.
d. Supply and demand procedure: the special contracts are negotiated at auctions, bidding and/or similar processes guaranteeing compliance with the highest concurrence, equality, competition and transparency standards.

e. Producers shall commit themselves to achieving a production curve per basin that guarantees sustainability and/or increases in the current levels.
f. National value added and investment plans: the producing companies participating in the bidding process shall comply with the principle of full and successive use at a local, regional and national level both in terms of employment and supply of goods and services.
g. In the event of default by producers, according to the type of default, they will collect a lower price, shall be liable to fines and may be excluded from the 2020-2024 Gas Plan.
h. Bidding producers may waive –in whole or in part- the volumes undertaken under Resolutions Nos. 46/17, 419/17 and 447/17.

The Energy Secretariat implemented the 2020-2024 Gas Plan under Resolution No. 317/2020, published in the Argentine Official Gazette on November 24, 2020.

On December 15, 2020, the Energy Secretariat adopted Resolution No. 391/2020 awarding the volumes of natural gas according to the Public Bid and approving the offered prices for the awarded volumes of natural gas at the point of Entry into the Transport System.

The Company participated as bidder in the Public Bid and obtained the approval of a volume of 0.81 MM $m^3$/day for the base period, with a price for the total offered volumes of US$ 2.40/MMBTU. The Company executed the pertinent contract with CAMMESA, as laid down in Energy Secretariat Resolution No. 317/2020. The Company has not waived its right to the benefits it had been granted under Resolution No. 46/2017.

**LPG**

**Law 26020 and ES Resolution 168/05**

The regulatory framework for the industry and commercialization of LPG has been approved by the Argentine Congress through Law 26020. This regulatory framework is aimed at ensuring the regular, reliable and economical supply of LPG to low-income social sectors which do not have natural gas service through networks. Furthermore, a general policy has been defined, establishing specific goals for the regulation of the industry and commercialization of LPG, all of them aimed at improving market competitiveness and increasing the development of the LPG industry, promoting its efficiency and ensuring safety in all the stages of the activity, with an adequate protection of user rights, especially at the time of fixing prices.

Law 26020 rules the supply chain of LPG in full, that is to say the production, fractionation, transport, storage, distribution, port services and commercialization of LPG within the Argentine territory.

As regards the production own regulation, we have to mention that section 11 of Law 26020 has established freedom in the production activity, i.e. the LPG production under any form or technical alternative is free: the opening of new plants or the enlargement of existing ones can be made with no further requirement other than compliance with Law 26020, its regulations and pertinent technical standards.

Furthermore, Law 26020 authorizes the free import of LPG, the only requirement being that of compliance with the law, regulations and supplementary resolutions and no prior authorization is required. On the contrary, export of LPG can only be free once the internal demand volumes are satisfied and prior authorization by the Executive Branch in each case is obtained.

Resolution 168/05 of the ES establishes that the export operations have to be recorded with the LPG Direction, reporting to the Undersecretariat of Fuels, for approval, and those interested in the export of LPG must prove that the demand of the commercial chain has been duly satisfied through the mechanism set forth in the mentioned Resolution.

The Enforcement authority of Law 26020 is the Energy Secretariat, which shall enforce and promote compliance with the objectives of the industry and commercialization of the LPG established by such Law, issuing the necessary regulations to that end.

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**ES Resolutions Nos. 1070/08 and 1071/08**

By Resolutions Nos. 1070/08 and 1071/08, the Energy Secretariat ratified (i) an agreement supplementary to the Agreement with Gas Producers entered into with certain gas producers; and (ii) an Agreement for LPG Price Stability entered into with certain LPG producers, bottlers and other market players, none of which was entered into by the Company (see Note 27.2 a.1)). Subsequently, addenda to those agreements were signed, and ratified by resolutions of the Energy Secretariat.

**ENARGAS Resolution Nos 1882,1988 and 1991/11**

By the end of November 2011, the ENARGAS adopted Resolutions 1982, 1988 and 1991/11 whereby, among other issues: (i) the unit prices were adjusted for the charge created by National Executive Branch Decree 2067/08, they being increased by approximately 1,000%, and (ii) said charge was fully applied to certain non-residential users of natural gas, according to their main or secondary line of business; this includes the natural gas treatment plants located outside the regulated measurement area, such as the Agua del Cajon plant of Servicios Buproneu S.A. in which the Company processes its natural gas.

The Company considers that this charge is unconstitutional since it involves a tax and has not been created under a Law passed by the National Congress. In view of this, the Company has filed legal action and has been awarded a precautionary measure, as explained in Note 27.2 a.2).

**ES Resolution No 77/12**

Energy Secretariat Resolution 77/12 (the "Resolution") was published in March 2012. This resolution extends the LPG (butane) price stability agreement, establishes that the producing companies that are not a party to the agreement must meet the supply parameters determined by the Energy Secretariat and sell LPG (butane) to the Bottling Companies at prices and with remunerations equal to the ones set for the producing Companies that are a party to the Agreement, and that the companies not complying with those parameters and provisions shall (i) not be authorized to export; (ii) not be allowed to purchase and sell LPG in the domestic market to any of the persons operating in the industry; and (iii) shall be rendered liable to fines for failure to deliver the product under the terms established by the Competent Authority or for sales in excess of the prices set in the Agreement or in the Resolution. The Company has filed administrative and legal actions against the Resolution (see Note 27.2 a 3)) and, as a result, it has been awarded a precautionary measure with staying effects on this norm and on the restrictions imposed on the Company by the Energy Secretariat under the Resolution. Subsequently, the ES issued Resolutions 429/13 and 532/14, approving the successive extensions to the agreement for the stability of prices of LPG, and, in general, repeating the provisions of ES Resolution 77/12. The Company, not being a party to the LPG price agreement, will eventually file administrative and legal actions against those regulations, if necessary.

**Decree 470/2015 and ES Resolution 49/2015**

In March 2015, Decree 470/2015 and ES Resolution 49/2015 were published, which replaced the “Garrafas para Todos” (Gas Bottles for Everyone) Program in force since 2009 with the “Hogares con Garrafas” (Homes with Gas Bottles) (HOGAR) Program. This new Program modifies the scheme of volume contributions of propane and butane, the system of subsidies and maximum prices in force. The Company has challenged the application in those programs.

The maximum reference prices to be billed by producers under the "Homes with Gas Cylinders ("Hogares con Garrafas” or "HOGAR") are updated regularly. The new maximum reference prices established by Resolution 249/2021 of the SEN, in force as of 04/30/21 were set at $ / tn 12,626,60 for butane and $ / tn 12,626.60 for propane.

**Undiluted Propane Gas Supply Contracts**

Since 2002, “Undiluted Propane Gas Supply Agreements” for Networks have been entered into with propane gas producers; the purpose of these agreements is to ensure stability in the supply conditions of propane gas for the distribution networks currently operating in Argentina.

The agreements, until December 2015, included the direct collection of $ 300/tn (stated at historical cost) from the party receiving the volume of gas comprised in the agreement (stated at historical cost). The difference between this amount and the price known as “Export Parity Local” published by the ES is collected by means of a tax credit certificate and/or in cash from the enforcement authority.

Deliveries between May 1, 2015 and December 31, 2015 were not collected through a tax certificate, instead they were collected through the issuance of public debt instruments (BONAR 2020 US$). The Company had to join as a Beneficiary Company of that program, created by means of Decree 704/2016, published in the Official Gazette on May 20, 2016.

The prices collected by these companies were index-adjusted in October 2016 (Res 212/2016), March 2017 (Res 74-E/2017) and in November 2017 (474/ E/2017), determining for that date, prices for residential users of $/tn 1,941 (stated at historical cost).

As set forth in the Sixteenth Agreement to Extend the Propane Gas Supply Agreement for Undiluted Propane Gas Distribution Networks expiring on December 31, 2019, a new semi-annual price adjustment mechanism was established effective March 2018, with an Adjustment Percentage of 35% between April and September 2018; 49% between October 2018 and March 2019, and 70% between April and December 2019. Those percentages will be applied to the price of LPG - Export Parity for the month prior to the commencement of each period of price adjustment. Notwithstanding this, the Company delivered propane in accordance with the conditions of the sixteenth extension of the Propane Network Agreement, also indicating that this agency is working to extend the validity of the Agreement at least until June 30, 2020.

In August 2020, the Seventeenth Agreement to Extend the Propane Gas Supply Agreement for Undiluted Propane Gas Distribution Networks (expiring on December 31, 2020) was signed. Under this Agreement, gas Producing Companies undertake to supply Distributors and Subdistributors of Undiluted Propane Gas through Networks at a factory gate price (the “Agreed Price”) equal to: i) for the first half of 2020, the prices resulting from applying the system established under Article 2 of the Sixteenth Extension Agreement for the last period indicated therein; and ii) for the second half of 2020, within the area covered by the benefit granted under Section 75 of Law No. 25565 (provinces of TIERRA DEL FUEGO, ANTÁRTIDA E ISLAS DEL ATLÁNTICO SUR; SANTA CRUZ; CHUBUT; NEUQUÉN; RÍO NEGRO; LA PAMPA, Patagones, province of BUENOS AIRES, and Malargüe, province of MENDOZA), a factory gate price of $/TM 4,984 for R users, $/TM 9,968 for SGP users, and $/TM 8,937 for R and SGP users in the “Rest of the Country”.

Producing Companies will receive an economic remuneration for the lower income resulting from compliance with supply conditions. The difference between i) the net income from the sale of propane gas to Distributors and/or Subdistributors of Undiluted Propane Gas through Networks at the Agreed Prices; and ii) the net income that would have been earned had those sales been conducted at the “LPG-Export Parity” price will be taken into account to calculate such lower income.

At the date of these Financial Statements, the Eighteenth Agreement to Extend the Propane Gas Supply Agreement for Undiluted Propane Gas Distribution Networks is under negotiation.

**External market**

On September 3, 2018, the National Executive Branch issued Decree No. 793/18 which, between September 4, 2018 and December 31, 2020, sets an export duty of 12% on the amount exported of propane, butane and natural gasoline. This withholding is limited to $4 for each dollar of taxable base or the FOB official price. By means of Decree No. 37/99 issued by the National Executive Branch and published in the Official Gazette on December 14, 2019, the cap of $ 4/US$ of the tax value or FOB price as export duties under Decree No. 793/18 was eliminated. Therefore, the rate for export duties applicable to hydrocarbons will be 12%, subject to no cap. Besides, Law No. 27541 published in the Official Gazette on December 23, 2019, stated that rates for export duties applicable to hydrocarbons and mining cannot be higher than 8% of the tax value or FOB price. However, customs settles export duties for hydrocarbons at a 12% rate until May 2020. The Company has filed the corresponding objections and has requested the reimbursement for the export duties paid in excess.

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## 5. The Environment

The Company's strategy continues basing on sustainable development, environmental preservation and compliance with applicable legislation, for which purpose it annually proposes actions for which it allocates resources and ensures follow-up to achieve the proposed objectives. This is done through the annual development of a dynamic Environmental Management Plan which provides all necessary measures for the effective control of the environmental aspects associated with activities, products and services, including emergency situations.

The Company has always placed great importance on environmental protection and on its employees' health and safety, and, therefore, each of the areas of Capex has an Environmental and Occupational Health and Safety policy in place with basic principles applicable to its management system. As a result, the Company complies with the environmental and occupational safety regulations issued by the competent authorities for this industry. The different standards that are not mandatory but help improve safety and environmental management have been taken into account. For instance, IRAM and IAPG (Instituto Argentino del Petróleo y del Gas) standards, which apply directly to the oil and gas industry.

The Company has also implemented procedures to achieve the annual environmental and safety goals, and to fulfill legal requirements and deals with inquiries from third parties, being them environmental protection authorities, neighbors or the "superficiarios" (owners of land where the Company carries out its business activities), according to the context identified by the organization.

In addition, there are operating procedures in place for the performance of the Company's activities to minimize and prevent any previously identified impact or risk from occurring and to be able to respond rapidly and effectively if other unforeseen impacts or risks occur, which due to their nature, have not been contemplated in the risk analyses of each area.

These operating procedures include contingency plans that define the actions required to respond immediately in case of personal accidents or environmental damage.

Annually, independent consultants produce environmental reports on the surveys conducted, in which they assess the conditions of the facilities, the environmental impact of the tasks performed, the environmental impact associated with new construction works and compliance with applicable laws and regulations. Safety audits are conducted by public and private entities.

Routine analyses of environmental parameters are determined, in compliance with current regulations.

At present, Capex operates in three provinces: Neuquén, Río Negro and Chubut. In all these provinces, Capex has environmental managers responsible for monitoring and controlling environmental management plans.

In Capex operations in the province of Neuquén, the Environmental Management System ("EMS") developed under the ISO 14001 standard was implemented and certified in the oil and gas field of Agua del Cajón and in the LPG plant in 2000, while in the Agua del Cajón thermal power plant it was certified in 2001.

From the date of certification to date, Capex renewed the certification of its environmental management system according to ISO 14001 (in its 1996 and 2004 versions). As from 2015, with the issuance of the new ISO 14001 standard, work began on adapting to the requirements of this, achieving certification in December 2017 for the CT ADC, and in January 2018 for the Agua del Cajón field and the LPG plant.

In May 2019, the ISO 14001:2015 standard was certified again, within the scope of the Electric Power Generating Plant and in December 2020, the scope of the field was again certified in all its operations together with the LPG Plant.

Through the application of the SGA, Capex constantly strives to improve its environmental performance, for which:

(i) Keeps under control all significant environmental aspects of the activities, products or services of the operating areas, taking into account the interests of third parties and legal.
(ii) Sets environmental goals and targets, analyzing the context as well as the risks and opportunities that it presents.
(iii) Permanently monitors the key indicators of each operational area. Some of them are associated with the monthly monitoring of water, soil, air resources, and others are of process such as waste generated vs generated equivalent energy; waste generated vs. waste reused; volume of affected soils vs spills. These indicators give an account of the evolution and management of resources.

Further, the Company is inspected by public entities (ENRE), whether by themselves or by universities authorized and hired for such purpose. These interventions monitor the operation of the management system for each transaction, and for the definition and compliance with responsibilities and other commitments taken on in relation to the management systems for the different activities.

A major progress has been made in terms of the environment with the development of Stage IV of the Power Electricity Generation Project as a result of the reduced emissions of greenhouse gases and nitrogen oxide (NOx). With the accomplishment of this goal, Capex qualified under the *United States Initiative on Joint Implementation (USIJI)* as a reducer of greenhouse gas emissions. It has also obtained recognition from the Argentine Bureau for Joint Implementation.

During the current year the Company continued with the routine of periodical monitoring of exhaust gases, in compliance with current regulations and thus control their impact on the environment. The NOx emissions indicator is one of the indicators that are reviewed periodically, giving results below the limits established by current regulations. As regards liquid effluents, care has been taken regarding their final disposal to comply with current regulations and mitigate their environmental impact, in addition to carrying an indicator related with the volume generated annually. Studies were also carried out to evaluate the performance of what is installed to date in relation to effluent management.

Additionally, in the area of Agua del Cajón, in 2014 a reforestation plan was initiated that has been maintained to date and which has allowed the rehabilitation of sectors impacted by hydrocarbons activity in a total area of 7 hectares. This is possible through the implantation of native species adapted and cared for in such a way as to support the climate of the Patagonian steppe. Based on the achievements, it is expected to continue this same methodology, incorporating this year two additional hectares to those already recovered.

Furthermore, over the years improvements have been made in waste management, with on-site treatment systems that allow the reduction of the impacts associated with transport and better control of the application of the measures necessary for the treatment. Examples of this are the recent management of cutting residues and the management of oiled soil, which treats all soils originated by possible oil spills. Currently, the treatment of 1500 M³ of land will be started.

Lastly, in line with the commitment to reduce the consumption of natural resources and rationalize the energy consumption adopted in its environmental policy, Capex has made modifications to the Agua del Cajón Thermal Power Plant that allowed to optimize the consumption of industrial fresh water, so that any discards from the power plant process are used in the field operation processes (both in plants and in drilling equipment), minimizing the consumption of this vital resource; likewise, appropriate adjustments were made to reduce energy consumption by plant auxiliaries.

In the case of the areas in the province of Río Negro where Capex operates, since its incorporation, the review of each practice and the identification of improvement opportunities were considered of utmost importance.

Accordingly, each process is continuously reviewed for higher sustainability and efficiency. An example of this is the management of cutting and drilling muds, waste and environmental management of permits in the areas of Loma Negra, La Yesera and Puesto Zúñiga.

Finally, with the commitment to reducing the consumption of natural resources that are very scarce in these areas and rationalizing energy consumption, Capex's priority is to evaluate each development in detail to identify possible savings.

Regarding the Chubut areas, environmental management is similar to that described so far, with emphasis on groundwater monitoring through annual sampling of the water contained in the water meters strategically distributed in all fields, depending on the operating facilities, such as batteries and oil and gas processing plants.

To reduce the consumption of freshwater, in particular in the Pampa del Castillo field, Capex adapted sewage treatment plants so that the treated freshwater might be used for operational tasks, such as road irrigation and construction of new well locations.

In the recently incorporated Bella Vista Oeste area, work is being done on the implementation of all the guidelines and the management plan in force in the rest of the Chubut areas.

Throughout the operational period elapsed, one year and three months, the environmental management got to stay focused on the Company’s goals, being compliance with current legislation one of its main purposes. In this regard, it managed to have itself registered in the environmental records kept by Enforcement Authorities in a highly adverse context as a result of the pandemic. Moreover, it complied with the necessary steps to obtain approvals for environmental studies that enable to carry out the works needed to develop the field.

Also, it has maintained a highly committed relationship with the landowners of the area, who have supported the incipient development of this area.

Regarding the actions taken to minimize the risk of infection of COVID-19 and thus prevent its spread, preserving the health of all personnel, different protocols have been implemented from the onset of the pandemic, which control each of the activities and indicate the general and particular prevention measures to be applied.

These protocols were developed taking into account the recommendations of the WHO as well as national and provincial health agencies, with the support of occupational doctors who work for the Company. These are adjusted as we learn more about the disease dynamics and in line with the current legislation.

In addition, important publicity and training campaigns were carried out for all personnel, the appropriate personal protection elements (PPE) were distributed for this type of risk, and work methodologies were adapted in all areas, both from an operational and logistical standpoint. To complete the process, audits are conducted on a regular basis to guarantee compliance with prevention measures, identify potential deviations and implement corrective measures.

**6. Systems and communications**

The Company has information systems that allow for the adequate recording of every economic event, thus enabling an adequate level of internal control and providing timely and reliable information.

A solution was designed to automate the budget preparation and approval process and further provide a single database for Management Control for analyzing economic, financial and operating indicators. The solution is based on Oracle EPM (Enterprise Performance Management) and Microsoft Azure’s Business Analytics suite.

The Company concluded the implementation of the new system for the Recording of Drilling, Completion and Maintenance tasks on wells for operations of Pampa del Castillo and Bella Vista Oeste. During the next fiscal year, we will continue with the implementation of operations in the Comahue area, in Neuquén and Río Negro.

As planned, the implementation of the JDEdwards Safety and Environment Management Module was completed, which allows for comprehensive management of the different processes carried out by each area..

A system was implemented to automate the Generation and Control processes of Operational Proposals in Agua del Cajón field, and, based on the Microsoft Power Apps platform, a system for Operating Rounds was developed and implemented to collect field data through mobile devices, which may be offline and synchronized at the time of getting signal. Then, such data is automatically added to the different applications for its subsequent exploitation.

The Company continued with the training program on Cybersecurity for all employees, with special focus on issues relating to remote working.

During the next fiscal year, we will place emphasis on the implementation of a Suppliers Portal, aiming to make the exchange of information more efficient during the quotation, hiring, goods and services delivery, and payment processes.

In addition, in the next fiscal year, we will determine the technology we should implement to achieve a consistent management process across the different polymer plants, thus improving their operational efficiency.

Finally, within the framework of COVID-19, the necessary infrastructure was maintained and optimized that allowed us to continue with the company's operations in a remote work environment.

**7. Human Resources**

During the year, the Company maintained its focus on its strategic guidelines in Human Resources, reorienting actions and defining new plans associated with the Covid pandemic environment that has affected us throughout the year.

During the pandemic, the Company decided to implement a remote work system for all activities, where possible, and a hybrid work system with rotating operations, following strict protocols to ensure business continuity. The Company also defined a minimum number of employees per shifts to reduce staff and contractors' exposure to the virus.

Therefore, both management and business operations continued without affecting the overall business or putting people at risk, including employees and contractors.

Together with the Environmental and Safety area, the Company implemented specific trainings on safety and prevention protocols in place, which are available in the Success Factors platform (HR+) which must be done by all employees who have to perform their duties.

Communication on prevention measures was reinforced, following the instructions and provisions issued by the National Government and the protocols prepared by hydrocarbons and energy companies.

To leverage these systems, surveys were conducted to determine support needs at all levels.

<u>Strengthening leadership skills and competencies critical to the business:</u>

Within this uncertainty context, workshops on Emotional Management and Leadership Tools were organized for all employees. Individual Development Plans for key personnel continued, and a Leadership Program for Key Personnel and a Program for Middle Management were devised to be developed during the next fiscal year.

<u>Promoting change and organizational alignment:</u>

We continued with the lines of work defined in the continuous improvement processes. The "Procurement to Pay" Program, implemented through Lean Sigma methodology, the objective of which is to check and optimize the process from Supply to Payment, proposing improvements and automation for all the stages involved to make it efficient in every dimension, moved forward with final implementation scheduled for next year.

Business Intelligence tools were implemented, thus introducing e-learning and a virtual training methodology. The same methodology was adopted together with the Environmental and Safety area, deploying virtual training modules. These tools are implemented through the Success Factors platform in our HR+ portal.

The Company taught remote training courses using video conference technology, webinars and remote working teams to keep training employees.

<u>Having a sustainable organization:</u>

We continue working on the strategy of succession of critical positions defining actions for the medium / long term, identifying key positions and maps of succession that will be implemented with a defined schedule.

The development of Occupational Health programs continued focused in the prevention of the spread of Covid-19.

Line of actions were defined through the Internal Communication tools to preserve the Company's sense of belonging and core values.

<u>Attraction and retention of talent:</u>

We adapted in-person selection processes so that they could be managed remotely, spotlighting time efficiency and selection process quality. Therefore, we could keep performing these processes, thus guaranteeing transparency and equal opportunities as well as allowing internal search management within the organization.

We continued implementing a process for identifying talented people within the company and set in motion Individual Development Plans for their growth, with a focus on critical competencies identification.

<u>Strengthening labor relations within a positive productive environment:</u>

We maintain open and transparent relations and negotiations with the different actors - Unions, Provincial and National Authorities, Municipalities - that operate in the Neuquén and Río Negro Basins, as well as in the Golfo Basin, in order to ensure the maintenance of social peace in a changing and challenging environment. Our goal is not to affect production or negatively impact the scope of work of our employees and contractors, guaranteeing the realization of the committed investment plans, placing emphasis in this particular moment on caring for people and respect for health protocols.

We participated in collective wage negotiation processes in the oil and gas segment in the two basins operated, and in the electricity sector.

We maintain our commitment to strengthen the relationship with the main social and union actors, promoting actions that ensure social peace.

The lines of action defined for the medium term accompany the changes and new businesses incorporated. To this end, we will focus on strengthening the top management levels in terms of their strategic development and adaptive leadership, so that they ensure the alignment of the entire organization with their definitions of long-term growth and sustainability, as well as in updating the organizational structures, in order to have a better response to the challenges that the business will present in the medium and long term.

Improvement of the organization, a sustained internal climate of excellence and productive efficiency continue to be central actions to be taken in the coming years.

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## 8. Financial Situation

The Group bases its financial strategy on maintaining its financial liabilities in medium and long-term structures in order to maintain a maturity profile according to the cash generation of its businesses.

Within this strategy, the Group has structured 97.5% of its financial liabilities on the basis of the issue in May 2017 of 7-year Class 2 Corporate Bonds with a maturity (US$300 millions) date of May 2024.

Additionally, during August 2020 and until the date of issuance of these consolidated Financial Statements, the Company repurchased its Class II Corporate Bonds for a total amount of US$ 44,974,000 (nominal value) at an average price, without considering coupon payments for US$ 88.72 per each US$ 100 (nominal value).

In addition, the Group has structured its investment portfolio according to the maturities of its liabilities and the financial needs to meet the investments required by the incorporation of the new hydrocarbon areas (Loma Negra, La Yesera, Pampa del Castillo, Bella Vista Oeste Block I, Parva Negra Oeste and Puesto Zúñiga), the development of the DEEF II and the working capital needs, investing in turn the cash surpluses in accounts that generate results, choosing low risk instruments and adequate credit quality.

The financial debt of the Company and its controlled companies as of April 30, 2021 is structured as follows:

**Amounts in $ thousands**

| Bank and financial debt | Current | Non-current | Total |
|---|---|---|---|
| Corporate Bonds - Senior Notes (NO) | (758,823) | (23,860,233) | (24,619,056) |
| Corporación Interamericana de Inversiones (CII) | (75,006) | - | (75,006) |
| Bank loans | (551,713) | - | (551,713) |
| Commissions, accrued expenses and guarantees | 35,595 | 72,751 | 108,346 |
| **Total** | **(1,349,947)** | **(23,787,482)** | **(25,137,429)** |

The liquidity position of the Company and its subsidiaries is invested in the following financial instruments:

**Amounts in $ thousands**

| Cash and banks / Investments | Current | Non-current | Total |
|---|---|---|---|
| Cash and banks | 321,852 | - | 321,852 |
| Mutual funds | 2,096,799 | - | 2,096,799 |
| Time deposits | 3,656,442 | 6,259,687 | 9,916,129 |
| **Total** | **6,075,093** | **6,259,687** | **12,334,780** |

**Amounts in $ thousands**

| Net position | Current | Non-current | Total |
|---|---|---|---|
| **Total** | **4,725,146** | **(17,527,795)** | **(12,802,649)** |

Qualification of Class 2 Negotiable Obligations

At the date of issue of these financial statements, the Class 2 corporate bonds issued by the Company were internationally rated as "CCC+/RR4" and "CCC+" respectively, by Fitch and Standard & Poor's and locally rated as "A+" and "raBBB-", respectively, by Fitch and Standard & Poor's.

## 9. Results for the year

The following table summarizes the consolidated ratios obtained in the fiscal year ended April 30, 2021, compared to the previous year:

| Ratios | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Solvency**<br>(Shareholders' Equity/Liabilities) | **0.70** | **0.59** |
| **Debt-to-equity ratio**<br>(Liabilities / Shareholders' Equity) | **1.42** | **1.70** |
| **Current ratio**<br>(Current Assets / Current Liabilities) | **1.59** | **1.45** |
| **Quick (Acid Test) Ratio**<br>(Current Assets – Inventory and Spares and Materials / Current Liabilities) | **1.45** | **1.40** |
| **Net worth to assets ratio**<br>(Shareholders' Equity/ Total Assets) | **0.41** | **0.37** |
| **Asset Immobilization Ratio**<br>(Non-current Assets / Total Assets) | **0.80** | **0.84** |
| **Return on Assets**<br>(Gross Profit / Total Assets) | **0.12** | **0.16** |
| **Return on Equity**<br>(Net Profit / Average Shareholders' Equity) | **(0.06)** | **(0.09)** |
| **Ordinary Return on Investment**<br>(EBT / Shareholders' Equity (excluding net comprehensive result for the year)) | **(0.002)** | **(0.003)** |
| **Leverage**<br>(Return on Equity / Return on Assets) | **(0.50)** | **(0.56)** |
| **Assets turnover**<br>(Sales / Total Assets) | **0.29** | **0.35** |

### Consolidated comprehensive income statement

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Income | 17,952,273 | 25,717,227 | (7,764,954) | -30.2% |
| Cost of Income | (10,329,246) | (13,745,146) | 3,415,900 | -24.9% |
| **Gross Profit** | **7,623,027** | **11,972,081** | **(4,349,054)** | **-36.3%** |
| Preoperating expenses | - | (6,185) | 6,185 | -100.0% |
| Selling Expenses | (2,864,700) | (3,782,563) | 917,863 | -24.3% |
| Administrative Expenses | (1,076,004) | (1,319,345) | 243,341 | -18.4% |
| Other operating (expenses), net | (2,886,745) | (3,290,971) | 404,226 | -12.3% |
| **Operating result** | **795,578** | **3,573,017** | **(2,777,439)** | **-77.7%** |
| Financial income | 5,953,060 | 8,737,393 | (2,784,333) | -31.9% |
| Financial costs | (12,519,013) | (16,503,107) | 3,984,094 | -24.1% |
| Other financial income | 31,829 | 31,845 | (16) | -0.1% |
| Other financial results RECPAM | 5,685,567 | 4,086,583 | 1,598,984 | 39.1% |
| **Net financial result** | **(848,557)** | **(3,647,286)** | **2,798,729** | **-76.7%** |
| **Result Before Income Tax** | **(52,979)** | **(74,269)** | **21,290** | **-28.7%** |
| Income Tax | (562,635) | 1,447,723 | (2,010,358) | -138.9% |
| **Net Result for the year** | **(615,614)** | **1,373,454** | **(1,989,068)** | **-144.8%** |
| **With future allocation to results** | | | | |
| Other Comprehensive Results | (123,493) | 123,493 | (246,986) | -200.0% |
| **Without future allocation to results** | | | | |
| Other Comprehensive Results | (907,992) | (4,114,152) | 3,206,160 | -77.9% |
| **Comprehensive Result for the Year** | **(1,647,099)** | **(2,617,205)** | **970,106** | **-37.1%** |

To analyze the changes, it should be taken into account that the balances as of April 30, 2020 disclosed below arise from the restatement of the balances at that date in terms of unit of measurement at April 30, 2021, following the guidelines detailed in Note 3 of the consolidated financial statements as of April 30, 2021.

The comparative evolution of the results as of April 30, 2021 with respect to April 30, 2020 was as follows:

- The Gross Profit for the year ended April 30, 2021 was $ 7,623,027 (profit), or 42.5% of income, while in the same period of the previous year it amounted to $ 11,972,081 (profit) or 46.6% of income at April 30, 2020. The gross profit decreased by 36.3%.
- Operating result was of $ 795,578 (profit), compared to $ 3,573,017 (profit) for the same period of the previous year. The oil and gas segment has been affected by: (i) the decrease in gas prices, as a consequence of the application of established maximum prices, the auctions carried out by CAMMESA for the acquisition of natural gas for electricity generation and the declarations of gas costs made by Capex and to the price awarded to Capex in relation to the “Plan Gas 2020-2024” (ii) the decrease in the oil prices in the domestic and international markets due to the impact of COVID-19, which drastically reduced the demand for oil (iii) the impairment of assets of the oil and gas segment for $ 2,466,786 and $ 2,652,498 to April 30, 2021 and 2021, respectively, attributable to the Agua del Cajón oilfield, mainly as a result of the fall in the gas price and (iv) the costs incurred as a result of COVID-19, which have not formed part of the production activity. The electricity segment showed a decrease in generation, due to i) failure of a transformer of Steam Turbine 7, which made the Company operate in open cycle mode as from January to July 31, 2020 and led to a decrease in energy generation; and ii) a decrease in the remuneration of generated energy and power as a result of the adoption of Resolution 31/20 from February 2020, whereby energy rates were pesified. It is worth noting that in May 2021, through Resolution No. 440/2021, the Secretariat of Energy discontinued the adjustment of rate values based on the CPI and the WPI, and provided for an increase of approximately 29% in power and energy rates. In the case of energy, such increase was retroactive to February 2021 and had no impact on the Company’s results at April 30, 2021.
- The net result of the period amounted to $ 615,614 (loss) as compared with the net income of $1,373,454 recorded of the previous year. Furthermore, the net result was affected by the higher financial costs derived from the increase of the US Dollar exchange rate, currency in which the Group holds 90.0% of its financial liabilities, and by income tax due to the effect of the tax inflation adjustment, which was offset by a tax loss. During the year, the Company repurchased its Class II Corporate Bonds for a nominal value of US$ 44,974,000, generating a net gain of $ 478,176 and E G WIND paid in advance the debt it held with Enercon GmbH, generating a gain of $ 342,565.
- Other Comprehensive Income with future recognition through profit or loss, with an impact on the Reserve for investments at fair value, amounted to $123,493 (loss) at April 30, 2021 as a consequence of the sale of government securities (US Treasury Bonds) stated at fair value. In addition, there were recognized in Other Comprehensive Income without future recognition through profit or loss, which affects the reserve for the revaluation of assets and stated at real values, $ 907,992 (loss) compared to $ 4,114,152 (loss) for the previous year, due to the effect of the revaluation and of the application of the inflation adjustment, net of the tax effect of those items of property, plant and equipment measured at fair value.
- The comprehensive result for the year was of $ 1,647,099 (loss) compared to $ 2,617,205 (loss) for the previous year.

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**Income**

| Product | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| **Energy** | | | | |
| Energy CT ADC [1] | 6,343,567 | 11,068,830 | (4,725,263) | -42.7% |
| Energy Eolic | 758,338 | 558,493 | 199,845 | 35.8% |
| **Façon Service of electric energy** | 30,386 | 36,137 | (5,751) | -15.9% |
| **Gas** | 10,382 | 424,738 | (414,356) | -97.6% |
| **Stimulus gas program** | 1,396,245 | 2,028,436 | (632,191) | -31.2% |
| **Oil** | 8,627,589 | 10,650,836 | (2,023,247) | -19.0% |
| **Propane** | 470,747 | 631,730 | (160,983) | -25.5% |
| **Butane** | 168,534 | 167,402 | 1,132 | 0.7% |
| **Oxygen** | 10,906 | 10,231 | 675 | 6.6% |
| **Services** | 135,579 | 140,394 | (4,815) | -3.4% |
| **Total** | **17,952,273** | **25,717,227** | **(7,764,954)** | **-30.2%** |

(1) As of April 30, 2021 and 2020, it includes the income generated by the gas produced by the ADC, Loma Negra and La Yesera areas, consumed in the CT ADC, and paid by CAMMESA under the concept of Fuel Recognition and from January 2021, the awarded volume.under the "Plan Gas 2020-2024". Likewise, in the period ended April 30, 2020, the third-party gas and consumed in the CT ADC until December 2019 is included in this line.

Income on April 30, 2021 decreased by 30.2% compared with the previous year. The evolution of each product was as follows:

a) Energy:

The income generated by CT ADC operations measured in pesos decreased by $ $ 4,725,263, representing an decrease of 42.7%, from $ 11,068,830 as of April 30, 2020 to $ 6,343,567 as of April 30, 2021 This revenue is associated with the remuneration for the generation of energy and the remuneration recognized by CAMMESA for the gas consumed in the CTADC.

The revenue associated with the remuneration for energy generation decreased by 27.7%. This variation stems mainly from: a) a 9.6% decrease in energy generation, mainly due to the following reasons: the impossibility to operate in a combined cycle, due to a failure of the transformer of the TV7 at the end of January and until July 31, 2020; and b) a 20.0% decline in the average sale price of GW sold, from an average $/Gwh 1,456.4 during the fiscal year ended April 30, 2020 to an average $/Gwh 1,164.8 in the fiscal year ended April 30, 2021, as a result of the increment in the price of the remunerated power, based on 2020 data. It is worth noting that on May 19, 2021, through Resolution No. 440/2021, the Secretariat of Energy discontinued the adjustment of rate values based on the CPI and the WPI as per Resolution No. 31/20, and provided for a rate increase of approximately 29% for the energy and power delivered as from February 2021. This increase had no impact at April 30, 2021.

In January 2020, the transformer of Steam Turbine 7 at the ADC Power Plant had a failure in the output terminal of a high voltage phase. The repair began after obtaining authorizations for the entry of personnel and cargo movement equipment to the site due to the mandatory isolation in force at that time. Since January 2020, the ADC Power Plant has been operating in open cycle mode, with the related decrease in power generation. By the end of July 2020, repair works were completed, and the Agua del Cajón Power Plant (CT ADC) resumed its operations in a combined cycle as from July 31, 2020, As previously mentioned, from January to July 2020, the ADC Power Plant operated in open cycle mode, with the related decrease in power generation.

Income associated to the remuneration recognized by CAMMESA to Capex for the gas consumed at the CT ADC and produced by the ADC, Loma Negra and La Yesera areas decreased by 55.3%. due to i) the drop in price of gas per million btu, which decreased from an average of US$ 2.15 for the year ended April 30, 2020, to an average of US$ 1,90 for the year ended April 30, 2021, as a result of the application of established maximum prices, the auctions carried out by CAMMESA for the purchase of natural gas for electricity generation, the declarations of gas costs made by Capex. and to the price awarded to Capex in relation to the "Plan Gas 2020-2024", effective from January 1, 2021; ii) the lower remunerated volume of gas (45.8%) resulting from less generation (as explained above) and that in the year ended April 30, 2020, the gas supplied by third parties for generation purposes was also remunerated until December 2019.

Income from the remuneration of gas is included within the Oil and Gas segment (Note 6 to the Consolidated Financial Statements). The own production gas consumed by the CT ADC slightly decreased by 13.6%

Income of eolic energy measured in pesos increased by $ 199,845, representing an increment of 35.8%, from $ 558,493 for the year ended April 30, 2020 to $ 758,338 for the period ended April 30, 2021. This increase was due to the opening of the Diadema Eolic Energy Farm II (DEEF II) wind farm, owned by E G WIND, which was commercially enabled in September 2019. Sales of the DEEF I and DEEF II measured in GWh were 126.6 and 80.3 as of April 30, 2021 and 2020 respectively. The average price of sales was $ 5,990.3 and $ 6,955.1 by MWh as of April 30, 2021 and 2020, respectively; The variation of average sale prices is due to the fact that the prices per MWh agreed for the DEEF and DEEF II are of US$ 115,896 and US$ 40.27, respectively.

As a consequence of the fire that occurred in March 2020 at the Diadema Transformer Station that connects DEEF I and DEEF II with SADI, both farms were disconnected. After the repair work carried out, on May 22, 2020, both farms resumed their connection to SADI and started to dispatch electricity to the grid normally.

b) Façon Service of electric energy:

Façon services for the generation of electricity with natural gas and hydrogen measured in pesos decreased by $ 5,751, representing a drop of 15.9%, from $ 36,137 as of April 30, 2020 to $ 30,386 as of April 30, 2021. This decrease is produced by a lower volume sold by 15.7%, during the fiscal year ended on April 30, 2021, as a consecuence of maintenance of the plant performed during the first week of June 2020.

c) Gas:

Gas production of the Neuquén basin areas decreased by 18.0 %, going from 569,284 thousands m$^3$ as of April 30, 2020 to 466,692 thousand m$^3$ as of April 30, 2021. While Capex has been keeping the level of gas production by means of the investments made, mainly encouraged by the stimulus programs, lower gas demand from the CT ADC regulated gas production from the ADC field, decreasing by 21.1%. In addition, the production of gas from its participation in the Consortia with concessions in Loma Negra and La Yesera areas, in the province of Río Negro, decreased by 2.8% going from an average of of 261 thousand m$^3$ / day as of April 30, 2020 to an average of 254 thousand m$^3$ per day at April 30, 2021.

At April 30, 2021, Capex has used 100% of the production of gas originating from the Agua del Cajón area, for the generation of electricity in CT ADC and the operation of the LPG plant. Likewise, it also incorporates a large part of the gas produced in the Loma Negra and La Yesera fields in the generation of electricity. Under the framework of the Incentive Program for the Investments in Developments of Natural Gas Production from Unconventional Reservoirs, the Company has submitted the affidavits of the Agua del Cajón Area corresponding to the periods January 2018 – March 2021 and the bond insurance policies in order to request the payment of the program. The Ministry of Energy authorized all final economic compensations requested for the period January 2018 – March 2021 for approximately $ 2,954.9 million. At the date of issuance of these consolidated financial statements, $ 2.535,4 million have been collected in cash. The Company has recorded under Income the total incentive which complies with the conditions set forth in Resolution No. 419 E/2017, by $ 1,396.2 million and $ 2,028.4 million as of April 30, 2021 and 2020, respectively.

In the fiscal year ended April 30, 2021, Capex sold $ 10,382 corresponding to the delivery of 2,238 thousand m$^3$ originating from the Loma Negra and La Yesera areas at an average of US$ / m$^3$ 0.0472 (or US$ 1.3 million BTU). In the fiscal year ended April 30, 2020, sales amounted to $ 424,738 as a result of a sale of 49,251 thousand m$^3$ at a price of US$/ m$^3$ 0.0891 (or US$ 2.4 million btu).

d) Oil:

| | 04/30/21 | 04/30/20 | Variation | |
|---|---|---|---|---|
| Local market | 3,208,409 | 2,964,405 | 244,004 | 8.2% |
| External market | 5,419,180 | 7,686,431 | (2,267,251) | -29.5% |
| **Total** | **8,627,589** | **10,650,836** | **(2,023,247)** | **-19.0%** |

Income from the oil business at April 30, 2021 fell by $2,023,247 compared with the prior fiscal year, accounting for a decrease of 19,0%. This decrease results from a reduction of 29.5% in sales volume stated in pesos in the foreign market, offset by an increase of 8.2% in the local market. The total volume sold surged by 20.2%. This increase in the volume sold was due to the sale of accumulated stock at April 30, 2020 during the fiscal year

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ended on April 30, 2021. Such stock have been accumulated as a result of the lower demand caused by the pandemic at that time and the addition of crude oil from the Bella Vista Oeste area. In the fiscal year ended on April 30, 2021, the average oil price was affected by the pandemic, which resulted in a decrease of 32.6%. In the second half of the year, it started to recover.

The decrease in revenues in the foreign market of $ 2,267,251 comes from lower crude oil exports of the areas Pampa del Castillo - La Guitarra and Bella Vista Oeste (incorporated as from February 2020), both located in the Province of Chubut, in spite of an increase of 17.0% in the exported volume, going from 210,287 $m^3$ (1,322,665 bbl) as of April 30, 2020 to 246,098 $m^3$ (1,547,912 bbl) as of April 30, 2021. With respect to international prices, they dropped by approximately 40.7% on average, measured in pesos, between both periods. This decrease was a result of the COVID-19 impact on the world economy, which led to a demand contraction, surplus production and its subsequent price decrease. However, in recent months international prices have recovered their historical average values.

Local sales increased from $ 2,964,405 on April 30, 2020 to $ 3,208,409 on April 30, 2021, mainly due to a 27,1% rise in sales volume, from 95,527 $m^3$ as of April 30, 2020 to 121,415 $m^3$ as of April 30, 2021. In addition, the average price in pesos decreased by 14.8% as a consequence of the reduction in the average price in dollars agreed between the parties due to the effects of the COVID-19. Over the last months of the fiscal year, the price agreed between the parties started showing an increase, thus recovering historical average values.

Oil production increased by 2.8%, from 332,937 $m^3$ as of April 30, 2020 to 342,289 $m^3$ as of April 30, 2021, due to the incorporation of the Bella Vista Oeste area which contributed 3.5% of the production for the year.

e) Propane, butane and gasoline:

- Sales of propane decreased by $ 160,983 or 25.5%, from $ 631,730 as of April 30, 2021 to 470,747 as of April 30, 2020.

  The drop in sales is due to the decrease in the volumes sold and the lower sales price. The volume sold fell by 3,176.3 tn, i.e. 16.4% as a consequence of the lower amounts of processed gas. In real terms, the sales price recorded a decrease of 10.8%, from average $/tn 32,647.5 at April 30, 2020 to average $/tn 29,105.7 at April 30, 2021.

  Sales in the domestic market fell by 51.0% as a consequence of a decrease of 34.8% in the volume sold and a drop of 24.8% in the price. The latter is due to the delivery of 22.5% of the volume sold to comply with the Propane Gas Supply Agreement for Undiluted Propane Gas Distribution Networks.

  Sales in the foreign market raised by 46.1% due to the increase in the volume sold and in the sales price. Propane sale prices in the foreign market increased by 21.8%, from $25,543.1 at April 30, 2020 to average $/tn 31,114.5 due to higher international prices and the rise in the US dollar exchange rate compared to inflation. Export volumes increased by 20.0% compared with the previous fiscal year.

- The sales of butane increased by $ 1,132 or 0.7%, from $ 167,402 at April 30, 2020 to $ 168,534 at April 30, 2021. Such increase was due to a rise in the sales price by 22.5%, from average $/tn 13,060.9 at April 30, 2020 to average $/tn15,003.6 at April 30, 2021, offset by a decrease in the volume sold by 2,286.0 tn, i.e. 17.8%, as a consequence of the lower amount of processed gas.

- No sales of gasoline were recorded at April 30, 2021 and 2020 since production of 20,240 $m^3$ and 24,849 $m^3$. respectively, were sold with oil for market reasons.

f) Oxygen:

Hychico sold 126,030 $m^3$ and 107,211 $m^3$ of oxygen for a total of $ 10,906 and $ 10,231 in the years ended April 30, 2021 and 2020, respectively. This increase in sales is mainly due to higher oxygen dispatch as a result of a higher oxygen demand.

g) Services:

It corresponds to the participation of 37.5% over the income in the services provided for the treatment of crude oil and gas readiness by the Loma Negra consortia.

**Cost of Income**

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Fees and other compensations | 71,468 | 94,431 | (22,963) | -24.3% |
| Salaries and social security contributions | 1,765,256 | 1,882,111 | (116,855) | -6.2% |
| Materials, spare parts and others | 764,902 | 894,955 | (130,053) | -14.5% |
| Operation, maintenance and repairs | 1,785,738 | 2,331,101 | (545,363) | -23.4% |
| Fuel, lubricants and fluids | 862,747 | 1,000,047 | (137,300) | -13.7% |
| Transportation, freight and studies | 160,916 | 207,086 | (46,170) | -22.3% |
| Depreciation of Property, Plant and Equipment | 4,858,154 | 5,524,712 | (666,558) | -12.1% |
| Depreciation rights of use | 33,868 | 21,486 | 12,382 | 57.6% |
| Office, travel and representation expenses | 80,067 | 66,868 | 13,199 | 19.7% |
| Taxes, rates, contributions, rents and insurance | 317,426 | 336,310 | (18,884) | -5.6% |
| Gas transportation expenses | 83,480 | 109,463 | (25,983) | -23.7% |
| Acquisition of third-party gas | - | 2,217,127 | (2,217,127) | -100.0% |
| Oil acquisition | 248,924 | 338,082 | (89,158) | -26.4% |
| Acquisition of energy from CAMMESA | 496 | 830 | (334) | -40.2% |
| Stock production cost | (704,196) | (1,279,463) | 575,267 | -45.0% |
| **Cost of Income** | **10,329,246** | **13,745,146** | **(3,415,900)** | **-24.9%** |

The cost of income as of April 30, 2021 amounted to $ 10,329,246 (57.5% of income), while as of April 30, 2020 it amounted to $ 13,745,146 (53.4% of income).

The 24.9% dicrease in the cost of income was mainly explained by:

- a decrease of $2,217,127 in the acquisition of gas for the ADC Power Plant, as a consequence of a change in the methodology applied by CAMMESA; as from January 2020, generators discontinued gas purchases from third parties for the use at power plants. Moreover, in view of the lower volumes generated by the ADC Power Plant that was operating at open cycle (due to the breakage of a transformer of the Steam Turbine), market demand for gas decreased, with the consequent fall in gas transportation costs of $25,983;
- a decrease in depreciation of property, plant and equipment for $ 666,558 due to the lower oil and gas production in the Agua del Cajón oilfield and the incorporation of reserves from the areas Bella Vista Oeste, Pampa del Castillo, Loma Negra and La Yesera; and
- the lower expenditures in operation, maintenance and repairs and in the rest of the costs,in general, is due to essential maintenance tasks to keep the field operational during the first months of the fiscal year. Costs relating to COVID-19, which were not part of the production activity, were charged to Other operating expenses, net.

This decrease was partially offset by the variation in the stock production costs, where it was lower as of April 30, 2021 compared to that of April 30, 2020, due to the different volumes in stock and production costs between both periods.

**Selling expenses**

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Royalties | 2,032,588 | 2,252,900 | (220,312) | -9.8% |
| Oil and energy storage, transportation and dispatch expenses | 297,377 | 268,717 | 28,660 | 10.7% |
| Export duties | 150,995 | 616,960 | (465,965) | -75.5% |
| Turnover tax | 377,183 | 635,210 | (258,027) | -40.6% |
| Commissions and other | 6,557 | 8,776 | (2,219) | -25.3% |
| **Selling expenses** | **2,864,700** | **3,782,563** | **(917,863)** | **-24.3%** |

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Selling expenses amounted to $ 2,864,700 as of April 30, 2021, while as of April 30, 2020 they amounted to $ 3,782,563, representing 16.0% and 14.7% of income, respectively.

The 24.3% variation was mainly due to:

a) the decrease in gas related royalties due to: i) the decrease in production and ii) the drop in prices, and a lower evolution of the US dollar quotation compared to the inflation. In turn, Oil-related royalties showed an opposite behavior pattern and raised as a result of the increase in production due to the incorporation of the Bella Vista Oeste area;
b) the lower export duties paid as a result of the lower export transactions and the different applicable regulations during the financial year; and
c) the decrease in the turnover tax as a consequence of lower sales.

**Administrative expenses:**

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Fees and other compensations | 102,452 | 120,179 | (17,727) | -14.8% |
| Salaries and social security contributions | 496,881 | 533,105 | (36,224) | -6.8% |
| Operation, maintenance and repairs | 98,923 | 104,870 | (5,947) | -5.7% |
| Transportations, freight and studies | 3,712 | 7,333 | (3,621) | -49.4% |
| Depreciation of property, plant and equipment | 24,932 | 31,298 | (6,366) | -20.3% |
| Depreciation of right of use asset | 90,054 | 67,540 | 22,514 | 33.3% |
| Office, mobility and representation expenses | 8,378 | 39,022 | (30,644) | -78.5% |
| Taxes, fees, contributions, rents and insurance | 26,973 | 72,371 | (45,398) | -62.7% |
| Bank charges | 223,699 | 343,627 | (119,928) | -34.9% |
| **Administrative expenses** | **1,076,004** | **1,319,345** | **(243,341)** | **-18.4%** |

Administrative expenses were $ 1,076,004 as of April 30, 2021, or 6.0% of income, while as of April 30, 2020 they were $ 1,319,345, or 5.1%. The decrease was $ 243,341, or 18.4%. This decrease is mainly due to: i) lower bank charges as a result of lesser tax on bank debits and credits due to the reduction in disbursements made under the heading property, plant and equipment, and ii) the drop in salaries and social security contributions and overheads due to the slower evolution of expenses as against inflation.

This decrease was partially offset by the increase in the depreciation of right-of-use asset related to leases in accordance with IFRS 16.

**Other operating expenses, net**

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Impairment of property, plant and equipment | (2,466,786) | (2,652,498) | 185,712 | -7.0% |
| Impairment of Inventories | - | (708,498) | 708,498 | -100.0% |
| Result on liabilities at risk | 110,426 | - | 110,426 | 100.0% |
| Collection from legal claims | 48,819 | - | 48,819 | 100.0% |
| Direct costs associated with COVID-19 | (660,867) | - | (660,867) | 100.0% |
| Revenue from indirect administrative charges Consortia and UTE | 47,239 | 55,531 | (8,292) | -14.9% |
| Sundry | 34,424 | 14,494 | 19,930 | 137.5% |
| **Other operating (expenses), net** | **(2,886,745)** | **(3,290,971)** | **404,226** | **-12.3%** |

Other operating expense, net as of April 30, 2021 were $ 2,886,745, while at April 30, 2020 they amounted to $ 3,290,971.

Included in this account: (i) at April 30, 2021 the impairment of Property, plant and equipment for 2,466,786 related to the recognition of a lower value of exploitation assets in the oil and gas segment of the Agua del Cajón area, additional to that recorded as of April 30, 2020 for $ 2,652,498. See Note 3.6 to the consolidated financial statements. (ii) at April 30, 2020, impairment of oil inventories amounting to $708,498 due to the drop in prices following the decrease in demand caused by the pandemic; and (ii) at April 30, 2021, costs relating to COVID-

19 which have not formed part of the production activity, keeping, for example, the services agreed upon between the Company and those providers that have not been able to perform their works.

**Financial results**

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Financial Income | 5,953,060 | 8,737,393 | (2,784,333) | -31.9% |
| Financial Costs | (12,519,013) | (16,503,107) | 3,984,094 | -24.1% |
| Other financial results | 31,829 | 31,845 | (16) | -0.1% |
| Other financial results - RECPAM | 5,685,567 | 4,086,583 | 1,598,984 | 39.1% |
| **Financial Results** | **(848,557)** | **(3,647,286)** | **2,798,729** | **-76.7%** |

a) Financial income

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Exchange difference | 5,212,442 | 7,653,091 | (2,440,649) | -31.9% |
| Interest | 498,162 | 671,664 | (173,502) | -25.8% |
| Other financial results | 298,014 | 430,936 | (132,922) | -30.8% |
| Interest accrued on receivables | (55,558) | (18,298) | (37,260) | 203.6% |
| **Financial income** | **5,953,060** | **8,737,393** | **(2,784,333)** | **-31.9%** |

The financial income as of April 30, 2021 reflected a balance of $ 5,953,060, while as of April 30, 2020 it was of $ 8,737,393, representing a decrease of 31.9%. The main causes of this reduction of $ 2,784.333 were lesser earnings for exchange difference due to the variation, at nominal values, of the price of the US dollar with respect to the peso, which between May and April 2021 increased by 40.1% while, between May 2019 and April 2020 it had an increase of 51.6%. The Group holds 70.8% of its financial assets denominated in US dollars.

Also, there was a decrease in the stock of financial investments as a result of the repurchase of negotiable obligations, which generated a decrease in interest income and other finacial results compared with the same period of the previous year. As of April 30, 2021, investments are made up of mutual funds and time deposits. Likewise, interest due to late payments by CAMMESA is included.

b) Financial costs

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Exchange difference | (10,445,045) | (14,045,580) | 3,600,535 | -25.6% |
| Interest and others | (2,697,050) | (2,388,093) | (308,957) | 12.9% |
| Other financial results | (58,301) | (41,927) | (16,374) | 39.1% |
| Result of repurchase of negotiable obligations | 478,176 | - | 478,176 | 100.0% |
| Interest accrued from accounts receivables and payable | 203,207 | (27,507) | 230,714 | -838.7% |
| **Financial Results** | **(12,519,013)** | **(16,503,107)** | **3,984,094** | **-24.1%** |

Financial costs at April 30, 2021 showed a balance of $ 12,519,013, while at April 30, 2020 they were by $ 16,503,107, representing a decrease of 24.1 %. The main cause of the variation of $ 3,984,094 is:

- The lower foreign exchange losses as a consequence of the variation, at nominal values, of the price of the US dollar with respect to the peso, which between May 2020 and April 2021 increased by 40.1% while, between May 2019 and April 2020 it had an increase of 51.6%. The Group holds 90.0% of its financial liabilities in US dollars, so the variation in the exchange rate of that currency has had a significant impact on the economic results and on equity.

- The financial debts referred to above are as follows:
    - Class II Corporate Bonds for US $ 300 million maturing in May 2024 at a fixed rate of 6.875%, payable semiannually. Principal due at April 30, 2021 amount to US$ 255 milion as a result of the repurchase of Corporate Bonds by the company.
    - Secured loan for US$ 14 million with IIC, destined for Hychico Diadema Eolic Energy Farm, accruing interest at a variable rate equivalent to LIBO plus a nominal annual rate of 4.5% (as from April 2018) payable semi-annually. As of April 30, 2021, the capital owed amounts to US $ 0.8 million.

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- The interest corresponds, mainly, to the accrual of interest for the Corporate Bonds, for the loan with the IIC, and the loan in pesos with Banco Macro. The increase is due to the accrual of the loan with Banco Macro taken in April 2020.

All this was offset by:

- A net gain of $ 478.176 from the repurchase of Class II Corporate Bonds. During August 2020 and until the date of issuance of these consolidated Financial Statements, the Company repurchased its Corporate Bonds for a nominal value of US$ 44,974,000. The average price paid, without considering coupon payments, was US$ 88.72 per each US$ 100 (nominal value); and
- A gain from interest accrued on receivables and payables, mainly generated by the advance payment by E G WIND of the balance due to Enercon GmbH for US$ 10.3 million, for which it obtained a gain of $ 342,565. This account also includes the result of the restatement of provisions for well capping and lease liabilities.

**Other financial results RECPAM**

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| **Other financial results RECPAM** | 5,685,567 | 4,086,583 | 1,598,984 | 39.1% |

This item shows the result by exposure to changes in the purchasing power of the currency.

**Income Tax**

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| **Income Tax** | (562,635) | 1,447,723 | (2,010,358) | -138.9% |

The income tax result at April 30, 2021 decreased by $ 2,010,358, going from a positive balance of $ 1,447,723 to a negative balance of $ 562,635, as a result of a tax loss offset by the tax generated by the tax inflation adjustment (Art.95) and the variation in the deferred tax charge.

**Other comprehensive income**

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| **Other comprehensive results with future allocation to results** | (123,493) | 123,493 | (246,986) | -200.0% |
| **Other comprehensive results no future allocation to results** | (907,992) | (4,114,152) | 3,206,160 | -77.9% |

Other comprehensive income with future allocation to results arises from the fact that Capex's business model on investments in government securities at April 30, 2020 was aimed at obtaining contractual cash flows as well as selling such financial assets; this is why when said financial assets were sold as of April 30, 2021, there was a recovery of the reserve for the difference between the amortized cost and the fair value of such investments, net of income tax, allocating said reserve to profit or loss for the year.

Other comprehensive income with no future allocation to results arises as a result of Capex applying the revaluation model for certain property, plant and equipment. At April 30, 2021, a negative result of $ 907,992 was generated due to the evolution of the reserve for assets revaluation determined at actual values.

**10. Board Proposal**

In compliance with prevailing legal standards and the Company by-laws, the Board of Directors of the Company submits for the consideration of the Shareholders this Annual Report, the Inventory, the Independent Auditors' Report, the Report from the Syndics' Committee and the separate and consolidated Financial Statements for the thirty-third fiscal year commenced May 1, 2020 and ended April 30, 2021.

The comprehensive result for the year showed a loss of $ 1,667,148,345, consisting of i) the net loss of $ 634,115,792 and ii) other comprehensive loss net for $ 1,033,032,553 from the revaluation of property, plant and equipment and the recognition of the result of investments valued at fair value. In accordance with the

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applicable standards, Other comprehensive income is part of the Reserve due to Revaluation of Assets and the Reserve for investments at fair value.

At the end of the year, the unallocated results amounted to a loss of $ 422,936,511 composed of: i) Net loss for $ 634,115,792, ii) the reversal of the Reserve for the Revaluation of Assets for $ 211,179,281.

The Board of Directors proposes that the unallocated loss results amounting to $ 422,936,511 are charged to the Optional Reserve for distribution of dividends and / or investments and / or cancellation of debt and / or loss absorption.

The achievements are the result of a great effort. That is why, to all involved: customers, banks, suppliers, shareholders and our staff, a special thanks.

Autonomous City of Buenos Aires, July 12, 2021.

**THE BOARD OF DIRECTORS**

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**ANNEX IV to Chapter I of Title IV - Periodic information system for standards (N.T.2013 and mod.)**

**CODE OF CORPORATE GOVERNANCE**

## A. THE ROLE OF THE BOARD OF DIRECTORS

| **Principles** | |
|---|---|
| I. | The Company must be led by a professional and trained Board of Directors who will be in charge of laying the necessary foundations to ensure the sustainable success of the Company. The Board of Directors is the guardian of the Company and of the rights of all its Shareholders. |
| II. | The Board of Directors must be in charge of determining and promoting corporate culture and values. In its performance, the Board of Directors must guarantee the observance of the highest standards of ethics and integrity based on the best interest of the Company. |
| III. | The Board of Directors should be in charge of ensuring a strategy inspired by the vision and mission of the Company, which is aligned with its values and culture. The Board of Directors must engage constructively with management to ensure the correct development, execution, monitoring and modification of the Company's strategy. |
| IV. | The Board of Directors will exercise permanent control and supervision of the management of the Company, ensuring that management takes actions aimed at the implementation of the strategy and the business plan approved by the Board. |
| V. | The Board of Directors must have the necessary mechanisms and policies to exercise its function and that of each of its members efficiently and effectively. |

1. **The Board of Directors generates an ethical work culture and establishes the vision, mission and values of the Company.**

The Company has carried out its activities in an ethical and transparent manner throughout its history, which has been reflected in the actions of the Board of Directors, management and employees of the Company.

The Board of Directors has approved and implemented from fiscal year 2019-2020 and continued during 2020-2021 the Company's Code of Conduct in the performance of all the Company's activities, which mainly include the exploration and production of hydrocarbons, the generation of electricity in its thermal power plant, the production of LPG and the generation of renewable energy through its subsidiaries HYCHICO SA and EG WIND SA.

In this context, the Board of Directors has also implemented from the same year and continued during 2020-2021 the new guidelines of the Corporate Governance Code required by General Resolution 797, as well as an Integrity Program as provided for in Law 27,401.

During the 2020-2021 fiscal year, training has been carried out for the Company's staff on the Integrity Program.

2. **The Board of Directors sets the general strategy of the Company and approves the strategic plan developed by management. In doing so, the Board takes into consideration environmental, social and corporate governance factors. The Board of Directors monitors its implementation through the use of key performance indicators and by considering the best interests of the Company and all its shareholders.**

The Board of Directors, when approving the Annual Report, includes the action plan for the following year. Management previously prepares the project to agree with the Board of Directors. When defining the action plan, the Board of Directors and the Management take into account environmental, social and corporate governance factors.

Likewise, the Company has the Management Control sector that controls and monitors economic and financial budgets, holding quarterly meetings with the General Management and the Company's Managers, in which the degree of compliance and budgeting deviations are evaluated. The information analyzed has as sources the accounting and market data.

3. **The Board of Directors supervises management and ensures that it develops, implements and maintains an adequate internal control system with clear reporting lines.**

The Board of Directors meets periodically with the Executive Director and the managers, who keep the Board updated on the evolution of the Company's activities. The Board of Directors approved an organization chart of the Company, in which it establishes the different levels of reporting to the Executive Director, outlining the reporting lines of the different managements. In turn, the Executive Director maintains constant dialogue with the Board.

Likewise, the Company has a description of the main procedures that must be performed to carry out the operations, which ensure the internal control of the Company. Internal Audit performs periodic controls to monitor compliance and reports to the Audit Committee.

4. **The Board of Directors designs corporate governance structures and practices, appoints the person responsible for their implementation, monitors their effectiveness, and suggests changes if necessary.**

The Board of Directors is in charge of reviewing and approving the regulations and documents that lead to an adequate structure and practice of Corporate Governance. Likewise, the Board of Directors has appointed the Legal Department as the Corporate Secretariat, who implements and controls, together with other departments, the corporate governance practices.

5. **The members of the Board of Directors have sufficient time to perform their duties in a professional and efficient manner. The Board of Directors and its committees have clear and formalized rules for their operation and organization, which are disclosed through the Company's website.**

The members of the Board of Directors are businessmen who possess the knowledge, experience and adequate integrity to belong to the Company's Board of Directors. Directors are committed to maintaining near perfect attendance at meetings and on participating committees.

The Board of Directors has clear and formalized rules for its operation and organization, which are provided for in the Company's Bylaws and in the Board's Regulations. In turn, the Board Committees have their own regulations that clearly establish the rules for their operation.

The Regulations are published on the Company's website.

**B) THE CHAIRMANSHIP OF THE BOARD OF DIRECTORS AND THE CORPORATE SECRETARIAT**

**Principles**

VI. The Chairman of the Board of Directors is in charge of ensuring the effective fulfillment of the Board's functions and of leading its members. He should generate a positive work dynamic and promote the constructive participation of its members, as well as ensure that members have the elements and information necessary for decision-making. This also applies to the Presidents of each committee of the Board of Directors in terms of their work.

VII. The Chairman of the Board of Directors must lead processes and establish structures seeking the commitment, objectivity and competence of the members of the Board, as well as the best functioning of the body as a whole and its evolution according to the needs of the Company.

VIII. The Chairman of the Board of Directors must ensure that the Board as a whole is involved and is responsible for the succession of the general manager.

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6. **<u>The Chairman of the Board of Directors is responsible for the proper organization of the Board meetings, prepares the agenda ensuring the collaboration of the other members and ensures that they receive the necessary materials with enough time to participate in an efficient and informed manner in the meetings. Committee Chairmen have the same responsibilities for their meetings.</u>**

The Chairman of the Board of Directors coordinates the periodic schedule of its meetings with the rest of its members as established in the Regulations of the Board of Directors and sends them the necessary materials for the meetings with the support of the Corporate Secretariat.

7. **<u>The Chairman of the Board of Directors ensures the proper internal functioning of the Board by implementing formal annual evaluation processes.</u>**

The Chairman of the Board oversees the periodic evaluation of the Board. The Board of Directors annually in its Report sets out the results of its management and describes its actions in order to allow the performance evaluation by the Shareholders' Meeting in accordance with the provisions of the General Companies Law.

8. **<u>The Chairman creates a positive and constructive work space for all members of the Board of Directors and ensures that they receive continuous training to keep up-to-date and be able to correctly fulfill their functions.</u>**

The Chairman is the one who leads the Board of Directors and ensures for it to be an orderly environment, destined for dialogue and constructive criticism, where all members are sufficiently informed to express their opinions and be able to seek exchange among them. In order to ensure that the directors are trained, the Board of Directors has prepared an annual training program, which includes monthly reports from consultants and external advisers on different matters related to the Company, such as energy, hydrocarbons, finance and economics.

9. **<u>The Corporate Secretariat supports the Chairman of the Board in the effective administration of the Board and collaborates in communication between shareholders, Board of Directors and management.</u>**

The Corporate Secretariat is carried out by the Company Legal Management. The Corporate Secretariat is in charge of providing support to the Board of Directors and carrying out different activities, including, among other matters: (i) conducting the calls; (ii) prepare the information package for the shareholders, (iii) prepare the minutes of the meetings, (iv) organize the shareholders' meetings; (v) ensure the registration of shareholders, and (vi) propose and coordinate a meeting schedule for the Board of Directors and its Committees.

10. **<u>The Chairman of the Board ensures the participation of all its members in the development and approval of a succession plan for the general manager of the Company.</u>**

The Board of Directors approved a succession policy of the general manager and the executive management. The Board of Directors jointly with the Human Resources Management participate in the implementation of this policy

**C) COMPOSITION, NOMINATION AND SUCCESSION OF THE BOARD**

**Principles**

IX. The Board of Directors must have adequate levels of independence and diversity that allow it to make decisions in the best interest of the Company, avoiding group thinking and decision-making by individuals or dominant groups within the Board.

X. The Board of Directors must ensure that the Company has formal procedures for the proposal and nomination of candidates to occupy positions in the Board within the framework of a succession plan.

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11. **The Board of Directors has at least two members who are independent in accordance with the current criteria established by the National Securities Commission.**

The Board of Directors will be made up of the number of members established by the meeting between a minimum of three (3) and a maximum of six (6) members with a mandate for one (1) year. A percentage of its members must be independent, in accordance with the Capital Market Law and CNV Regulations. Currently the Company's Board of Directors is made up of 5 regular members. The independent regular directors for the year ended April 30, 2021 are Pablo Menéndez and Marilina Manteiga.

12. **The Company has a Nominating Committee that is composed of at least three (3) members and is chaired by an independent director. If he chairs the Nominating Committee, the Chairman of the Board will abstain from participating in the treatment of the appointment of his own successor.**

The Company has a Nominations and Remuneration Committee, which is made up of three members, two of them being independent, and chaired by an independent Director. The regulations of this Committee are published on the Capex website.

13. **The Board, through the Nominating Committee, develops a succession plan for its members that guides the process of pre-screening candidates for vacancies and takes into consideration the non-binding recommendations made by its members, the Chief Executive Officer and the Shareholders.**

The Company has a policy for the nomination of Board members. The Board of Directors, through the Nominations and Remuneration Committee, implements and supervises the execution of this policy.

14. **The Board of Directors implements an orientation program for its newly elected members.**

The Board of Directors, implements an orientation program for its new members, introducing them and providing them with all the necessary or required information.

**D) REMUNERATION**

**Principles**

XI. The Board of Directors should generate incentives through remuneration to align the management - led by the general manager - and the Board itself with the long-term interests of the Company in such a way that all directors comply with their obligations regarding all their shareholders on an equitable basis.

15. **The Company has a Remuneration Committee that is made up of at least three (3) members. The members are wholly independent or non-executive.**

The Company has a Nominating and Remuneration Committee, which is made up of three (3) members, two of them being independent, and all non-executive. The regulations of this Committee are published on the Capex website.

16. **The Board of Directors, through the Remuneration Committee, establishes a compensation policy for the general manager and members of the Board.**

The Company adopted Remuneration Policies for Board Members, the Executive Director and Senior Managers. The Board of Directors supervises and implements such policies through the Nomination and Remuneration Committee and together with the support of the Human Resources area and the Corporate Secretariat, when appropriate.

The Committee is in charge of assisting the Board of Directors and / or the Shareholders’ Meeting regarding: (i) Board remuneration; and (ii) preparation and monitoring of policies and / or compensation and / or benefit plans for the Board of Directors and the Executive Director of Capex.

**E) CONTROL ENVIRONMENT**

**Principles**

XII. The Board of Directors must ensure the existence of a control environment, composed of internal controls developed by management, internal audit, risk management, regulatory compliance and external audit, which establishes the lines of defense necessary to ensure integrity in the Company's operations and its financial reports.

XIII. The Board of Directors must ensure the existence of a comprehensive risk management system that allows management and the Board of Directors to efficiently direct the Company towards its strategic objectives.

XIV. The Board of Directors must ensure the existence of a person or department (depending on the size and complexity of the business, the nature of its operations and the risks it faces) in charge of the internal audit of the Company. This audit, to evaluate and audit the internal controls, corporate governance processes and risk management of the Company, must be independent and objective and have clearly established reporting lines.

XV. The Audit Committee of the Board of Directors shall be composed of qualified and experienced members, and shall carry out its functions in a transparent and independent manner.

XVI. The Board of Directors must establish adequate procedures to ensure the independent and effective performance of the External Auditors.

**17. The Board of Directors determines the risk appetite of the Company and also supervises and guarantees the existence of a comprehensive risk management system that identifies, evaluates, decides the course of action and monitors the risks faced by the Company, including -among others- environmental and social risks and those inherent to the business in the short and long term.**

Through the follow-up of business and the management functions of the Executive Direction, it assesses the risks that arise and together with the managers involved takes the necessary measures to mitigate them. The Executive Direction keeps the Board of Directors permanently informed, who defines the risk to be taken by the Company. Likewise, and given the group's activity, there is a risk matrix for environmental and safety management and risk management procedures.

In order to be a useful working instrument to identify the main risks that affect the Company, a comprehensive risk management methodology was implemented. For this purpose, a comprehensive risk assessment matrix has been developed; among the main risk factors inherent to the business that are taken into account by Capex for its analysis are:

• Strategic, economic and political risks;
• Risks related to competitors and joint ventures;
• Risks linked to natural disasters;
• Risks linked to social problems;
• Corporate governance risks;
• Compliance risks;
• Process risks, among which are those related to human resources, fraud, information technology, operations, among others; and
• Financial and reporting risks.

This risk matrix has been prepared through the evaluation of all the Company's Managements and the Executive Direction, using methodologies to determine business risks, with the assistance of the Audit Manager, who is responsible to coordinate and supervise its application and manage the periodic update of said evaluation.

In addition, the Audit Committee, in compliance with its functions, in accordance with the provisions of current regulations and the Audit Committee Regulations and following its annual action plan, supervises the application of the information policies on financial risk management. of the Company, reporting it in its Annual Report. Likewise, with respect to financial risks, the annual financial statements include a description of them and their effects on results.

Taking into account the importance of environmental risk in the framework of the activities carried out by the Company, Capex maintains the certification of the Agua del Cajón field, the generation plant and the LPG plant under the ISO 14001 standard and also has a policy of safety and environmental management aligned with said standard that is applied to the rest of its fields.

**18. The Board of Directors monitors and reviews the effectiveness of the independent internal audit and guarantees the resources for the implementation of an annual risk-based audit plan and a direct reporting line to the Audit Committee.**

The Internal Audit Management reports directly to the Board of Directors and has adequate human and budgetary resources in relation to the size of the Company and the complexity of its businesses. The Audit Committee approves the Annual Audit Plan that includes these activities. At the end of the year, the Audit Committee reviews and approves the Internal and External Audit management and includes it in its annual report. Likewise, the Internal Audit Management periodically sends management reports to the Audit Committee.

**19. The internal auditor or members of the internal audit department are independent and highly trained.**

The Company's Internal Audit Management is made up of members who have adequate knowledge in financial, business and accounting matters, with the necessary authority to carry out their tasks effectively, comprehensively and independently.

**20. The Board of Directors has an Audit Committee that acts based on regulations. The committee is made up mostly and chaired by independent directors and does not include the CEO. Most of its members have professional experience in financial and accounting areas.**

The Audit Committee has regulations. The regulations of the Company's Audit Committee were approved by the Board of Directors in 2003 and duly submitted to the CNV. At present, the Committee is made up of three members of the Board of Directors, two of them being independent and with a training in accordance with the requirements of the applicable regulations. The General Manager is not part of the Committee.

**21. The Board of Directors, with the opinion of the Audit Committee, approves a policy for the selection and monitoring of external auditors in which the indicators that should be considered when making the recommendation to the Shareholders' meeting on the retention or replacement of the external auditor are determined.**

The Company applies the CNV Rules on the rotation of External Auditors.

In its annual report, the Audit Committee describes the tasks carried out during the year, among which are the holding of periodic meetings with the external auditor in which the Committee receives the corresponding quarterly reports.

Likewise, the Audit Committee evaluates the suitability, independence and performance of the External Auditors that were appointed by the Shareholders' Meeting. Each year it issues a report in response to the following procedures and tasks performed: analysis of the proposals for services and fees of the External Auditors; maintenance of the conditions of independence, consulting with Company officials about the existence of events that may affect the independence of the auditor; analysis of work plans, their development and results; planning and focus of work, etc. An opinion is issued based on the terms of the applicable regulations and the Committee's Regulations.

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**F) ETHICS, INTEGRITY AND COMPLIANCE**

**Principles**

XVII. The Board of Directors must design and establish appropriate structures and practices to promote a culture of ethics, integrity, and compliance with standards that prevents, detects, and addresses serious corporate or personal misconduct.

XVIII. The Board of Directors will ensure the establishment of formal mechanisms to prevent and, failing that, deal with conflicts of interest that may arise in the administration and direction of the Company. It must have formal procedures that seek to ensure that transactions between related parties are carried out in the best interest of the Company and the equitable treatment of all its shareholders.

**22. The Board of Directors approves a Code of Ethics and Conduct that reflects the values and ethical and integrity principles, as well as the culture of the Company. The Code of Ethics and Conduct is communicated and applicable to all directors, managers and employees of the Company.**

The Company has a Code of Conduct, which is known by Capex's, directors, managers and employees, who apply it to all their work activities related to the Company.

The Code of Conduct establishes the principles and values that should inspire and define the conduct guidelines for all employees, managers and directors of the Company. It is Capex culture that all its members apply principles of integrity and transparent conduct and good practices on a daily basis in the development of the Company's activities and businesses.

**23. The Board of Directors establishes and periodically reviews, based on risks, size and financial capacity, an Ethics and Integrity Program. The plan is visibly and unequivocally supported by management who designates an internal person in charge to develop, coordinate, supervise and periodically evaluate the program in terms of its effectiveness. The program provides: (i) periodic training for directors, administrators, and employees on ethics, integrity, and compliance issues; (ii) internal channels for reporting irregularities, open to third parties and adequately disseminated; (iii) a policy to protect whistleblowers against retaliation; and an internal investigation system that respects the rights of those investigated and imposes effective sanctions for violations of the Code of Ethics and Conduct; (iv) integrity policies in bidding procedures; (v) mechanisms for periodic risk analysis, monitoring, and evaluation of the program; and (vi) procedures that verify the integrity and trajectory of third parties or business partners (including due diligence for the verification of irregularities, illicit acts or the existence of vulnerabilities during the corporate transformation and acquisitions processes), including suppliers, distributors, service providers, agents and intermediaries.**

The Company implemented an Integrity Program in accordance with the guidelines established by Law No. 27,401 and by the CNV, having designated the Internal Audit Management as responsible for its development, coordination and supervision. During the 2020-2021 financial year, training has been carried out for the Company's staff on the Integrity Program.

The Board of Directors is involved in the development of the Integrity Program.

**24. The Board of Directors ensures the existence of formal mechanisms to prevent and deal with conflicts of interest. In the case of transactions between related parties, the Board of Directors approves a policy that establishes the role of each corporate body and defines how those transactions detrimental to the Company or only to certain investors are identified, managed and disclosed.**

The Company has a Code of Conduct that establishes that its directors, managers and employees must avoid any potential or present conflict of interest (their own with those of the Company). To the extent that any director, manager or employee of the Company is faced with a situation that may generate a conflict of interest, this must be automatically reported to his superior who will notify his Manager and Internal Audit.

Likewise, the Company has a policy that defines and regulates operations with related parties pursuant to articles 72 and 73 of Law No. 26,831. It establishes that all operations of a relevant amount (as defined in the articles already cited) with one or more related parties must undergo a specific procedure.

**G) PARTICIPATION OF SHAREHOLDERS AND INTERESTED PARTIES**

**Principles**

XIX. The Company must treat all Shareholders fairly. It must guarantee equal access to non-confidential and relevant information for the decision-making of the Company.

XX. The Company must promote the active participation and with adequate information of all the Shareholders, especially in the formation of the Board of Directors.

XXI. The Company must have a transparent Dividend Distribution Policy that is aligned with the strategy.

XXII. The Company must take into account the interests of its shareholders.

**25. The Company's website discloses financial and non-financial information, providing timely and equal access to all Investors. The website has a specialized area for the attention of inquiries by Investors.**

The Company's website has a section called “Investors” and “Corporate Governance”, where financial and non-financial information is available for public consultation. Likewise, the website contains a contact section, distinguishing according to the type of query, in which "Investors" can be selected.

**26. The Board of Directors must ensure that there is a procedure for identifying and classifying interested parties and a communication channel for them.**

The Company has communication channels that allow it to receive, analyze and respond to inquiries from interested parties, investors, suppliers and third parties in general. The website allows inquiries from the general public to be collected and they are answered through the person in charge of relations with the market and / or the person trained for this purpose according to the type of consultation. Likewise, relevant information about the Company is available on the Company's website.

**27. The Board of Directors sends to Shareholders, prior to the Annual General Meeting, a “provisional information package” that allows Shareholders -through a formal communication channel- to make non-binding comments and share opinions that differ from the recommendations. carried out by the Board of Directors, the latter having that, when sending the final information package, expressly issue the comments received that it deems necessary.**

The Company's Board of Directors complies with the periodic reporting regimes defined by the General Companies Law and the CNV Regulations.

The Company complies with the publications required by current regulations, by virtue of which the calls to General Meetings are published by the legal means provided.

The information is always available at the corporate headquarters or at the commercial offices.

Shareholders have formal communication channels, either through the Company's website and / or email.

**28. The bylaws of the Company consider that Shareholders can receive the information packages for the Shareholders' Meeting through virtual means and participate in the same through the use of electronic means of communication that allow the simultaneous transmission of sound, images and words, ensuring the principle of equal treatment of participants.**

The Company does not yet have statutory provisions to carry out remote Shareholders’ Meetings, which have not yet been regulated by the CNV for normal circumstances but only temporarily as a consequence of the circulation restrictions derived from the sanitary measures based on the COVID 19 pandemic.

For their part, Shareholders have the communication tools detailed in this Report (Practices 25 and 27) to establish contact and raise concerns, without prejudice to the formal channels provided by applicable regulations.

**29. The Dividend Distribution Policy is aligned with the strategy and clearly establishes the criteria, frequency and conditions under which the dividend distribution will be made.**

The Company's Dividend Distribution Policy was approved by its Board of Directors. It establishes the guidelines and criteria to be taken into account for the distribution of dividends, in compliance with the General Law of Companies and all other applicable regulations.

## NOMENCLATURE

### Currency

| Terms | Description |
|---|---|
| $ | Argentine peso |
| € | Euro |
| GBP | Pound sterling |
| US$ | United States dollar |

### Glossary of Terms

| Terms | Description |
|---|---|
| Bbl | Barrel |
| BTU | British thermal unit |
| CC | Combined cycle |
| CNV | National Securities Commission |
| CSJN | Supreme Court of Justice |
| CT ADC | Agua del Cajón Power Plant |
| FACPCE | Argentine Federation of Professional Councils in Economic Sciences |
| GWh | Gigawatts per hour |
| IASB | International Accounting Standards Board |
| Km | Kilometer |
| $km^2$ | Square kilometer |
| KW | Kilowatt |
| LVFVD | Sales settlement with maturity to be defined |
| $m^3$ | Cubic meter |
| MMBTU | Million British thermal unit |
| WEM | Wholesale Electricity Market |
| $Mm^3$ | Thousand cubic meters |
| $MMm^3$ | Million cubic meters |
| $MMMm^3$ | Billion cubic meters |
| MW | Megawatt |
| IAS | International Accounting Standards |
| IFRS | International Financial Reporting Standards |
| $Nm^3$ | Standard cubic meter |
| DEEF | Diadema Eolic Energy Farm |
| RECPAM | Result from exposure to the change in the purchasing power of the currency |
| Tn | Ton |
| V/N | Nominal value |
| WTI | West Texas Intermediate |

Capex S.A.

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**BOARD OF DIRECTORS AND SYNDICS’ COMMITTEE**

**Chairman**

Mr. Alejandro Götz

**Vice-chairman**

Mr. Pablo Alfredo Götz

**Directors**

Mr. Rafael Andrés Götz

Mrs. Marilina Manteiga

Mr. Pablo Menéndez

**Alternate directors**

Mr. Ernesto Grandolini

Mr. Miguel Fernando Götz

Mr. Sebastián Götz

**Statutory Syndics**

Mr. Norberto Luis Feoli

Mr. Edgardo Giudicessi

Mr. Mario Árraga Penido

**Alternate Syndics**

Mrs. Claudia Marina Valongo

Mrs. Andrea Mariana Casas

Mrs. Claudia Angélica Briones

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**CAPEX S.A.**

**CONSOLIDATED FINANCIAL STATEMENTS**
For the year ended April 30, 2021 compared with the year 2020

Fiscal year No. 33 commenced on May 1, 2020

Company legal domicile: Córdoba Av. 948/950, 5th floor, department C, City of Buenos Aires

Company main activity: Generation of electricity

Registration number with the Superintendence of Commercial Companies: 1,507,527

Date of by-laws: December 26, 1988

Date of the latest registration with the Public Registry of Commerce:

- Latest amendment: September 30, 2005

Duration of Company: December 26, 2087

Name of parent company: Compañías Asociadas Petroleras Sociedad Anónima (C.A.P.S.A.)

Legal domicile: Córdoba Av. 948/950, 5th floor, department C, City of Buenos Aires

Main activity: Exploitation of hydrocarbons

Participation of parent company in capital stock and votes: 74.8%

**CAPITAL STOCK (Note 18)**

| **Type of shares** | **Subscribed, paid-in and registered with the Public Registry of Commerce** |
|---|---|
| | **In thousands of $** |
| 179,802,282 ordinary, book-entry Class "A" shares of $ 1 par value and one vote each, authorized to be placed for public offering | 179,802 |

Capex S.A.

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**Consolidated Statements of Financial Position**
At April 30, 2021 and 2020
Stated in thousands of pesos

| | Note | 04.30.2021 | 04.30.2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | **7** | 40,666,557 | 45,444,334 |
| Net deferred tax assets | **8** | 105,401 | 189,920 |
| Right of use assets | **11** | 243,744 | 367,666 |
| Spare parts and materials | **12** | 1,622,176 | 1,579,151 |
| Other accounts receivable | **14** | 338,100 | 110,851 |
| Financial instruments at fair value with changes in other comprehensive results | **16** | - | 13,316,548 |
| Financial investments at amortized cost | **16** | 6,259,687 | - |
| **Total Non-Current Assets** | | **49,235,665** | **61,008,470** |
| **CURRENT ASSETS** | | | |
| Spare parts and materials | **12** | 496,743 | 454,943 |
| Inventories | **13** | 1,038,251 | 476,913 |
| Other accounts receivable | **14** | 1,835,242 | 3,333,807 |
| Trade accounts receivable | **15** | 2,866,421 | 2,321,884 |
| Financial investments at amortized cost | **16** | 3,392,842 | - |
| Cash and cash equivalents | **17** | 2,682,251 | 5,294,304 |
| **Total Current Assets** | | **12,311,750** | **11,881,851** |
| **Total Assets** | | **61,547,415** | **72,890,321** |

The accompanying Notes 1 to 42 form an integral part of these consolidated financial statements.

Alejandro Götz
Chairman

Capex S.A.

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**Consolidated Statements of Financial Position**
At April 30, 2021 and 2020
Stated in thousands of pesos

| | Note | 04.30.2021 | 04.30.2020 |
|---|---|---|---|
| **SHAREHOLDERS’ EQUITY AND LIABILITIES** | | | |
| **SHAREHOLDERS’ EQUITY** | | | |
| Capital stock | 18 | 179,802 | 179,802 |
| Capital adjustment | 18 | 5,948,665 | 5,948,665 |
| Additional paid-in capital | 18 | 79,686 | 79,686 |
| Adjustment additional paid-in capital | 18 | 2,636,377 | 2,636,377 |
| Legal reserve | 19 | 601,428 | 511,597 |
| Free reserve | 19 | 13,095,931 | 11,389,133 |
| Reserve for instruments at fair value | 19 | - | 123,493 |
| Reserve for assets revaluation | 19 | 3,055,033 | 4,175,751 |
| Unappropriated retained earnings | 20 | (422,937) | 1,796,629 |
| **Total shareholders’ equity attributable to shareholders** | | **25,173,985** | **26,841,133** |
| Non-controlling interest | | 212,710 | 192,661 |
| **Total shareholders’ equity** | | **25,386,695** | **27,033,794** |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Trade accounts payable | 21 | 1,609,314 | 3,618,300 |
| Financial liabilities | 22 | 23,787,482 | 30,078,160 |
| Deferred income tax | 8 | 1,269,638 | 1,936,433 |
| Taxes payables | 24 | 1,725,560 | 2,050,022 |
| Provisions and other charges | 26 | 15,586 | 3,628 |
| **Total non-current liabilities** | | **28,407,580** | **37,686,543** |
| **CURRENT LIABILITIES** | | | |
| Trade accounts payable | 21 | 5,059,387 | 4,996,933 |
| Financial liabilities | 22 | 1,349,947 | 2,278,245 |
| Salaries and social security contributions | 23 | 511,999 | 514,668 |
| Taxes payables | 24 | 613,486 | 380,138 |
| Other liabilities | 25 | 218,321 | - |
| **Total current liabilities** | | **7,753,140** | **8,169,984** |
| **Total liabilities** | | **36,160,720** | **45,856,527** |
| **Total shareholders’ equity and liabilities** | | **61,547,415** | **72,890,321** |

The accompanying Notes 1 to 42 form an integral part of these consolidated financial statements.

Alejandro Götz
Chairman

Capex S.A.

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**Consolidated Statements of Comprehensive Income**
Corresponding to the years beginning on May 1, 2020 and 2021 and ended on April 30, 2021 and 2020
Stated in thousands of pesos

| | Note | 04.30.2021 | 04.30.2020 |
|---|---|---|---|
| Income | 27 | 17,952,273 | 25,717,227 |
| Cost of income | 28 | (10,329,246) | (13,745,146) |
| **Gross profit** | | **7,623,027** | **11,972,081** |
| | | | |
| Preoperative expenses | | - | (6,185) |
| Selling expenses | 29 | (2,864,700) | (3,782,563) |
| Administrative expenses | 30 | (1,076,004) | (1,319,345) |
| Other operating expenses, net | 31 | (2,886,745) | (3,290,971) |
| **Operating income** | | **795,578** | **3,573,017** |
| | | | |
| Financial income | 32 | 5,953,060 | 8,737,393 |
| Financial costs | 32 | (12,519,013) | (16,503,107) |
| Other financial income | | 31,829 | 31,845 |
| Other financial results – RECPAM | | 5,685,567 | 4,086,583 |
| Net financial result | | (848,557) | (3,647,286) |
| **Result before income tax** | | **(52,979)** | **(74,269)** |
| | | | |
| Income tax | 8 | (562,635) | 1,447,723 |
| **Net result for the year** | | **(615,614)** | **1,373,454** |
| **Other comprehensive income** | | | |
| **Concepts that will subsequently be reclassified to results** | | | |
| Other comprehensive results from investments at fair value | | (123,493) | 123,493 |
| **Concepts that will not be reclassified later to results** | | | |
| Other comprehensive results for revaluation of assets | 19 | (907,992) | (4,114,152) |
| **Comprehensive result for the year** | | **(1,647,099)** | **(2,617,205)** |
| | | | |
| **Net result for the year attributable to:** | | | |
| **Company shareholders** | | **(634,116)** | **1,366,235** |
| **Non-controlling interest** | | **18,502** | **7,219** |
| **Net result for the year** | | **(615,614)** | **1,373,454** |
| | | | |
| **Net comprehensive result for the year attributable to:** | | | |
| **Company shareholders** | | **(1,667,148)** | **(2,626,345)** |
| **Non-controlling interest** | | **20,049** | **9,140** |
| **Comprehensive result for the year** | | **(1,647,099)** | **(2,617,205)** |
| | | | |
| Basic and diluted net result per share attributable to: | | | |
| - Company shareholders | 33 | (3.5267) | 7.5986 |
| | | | |
| Basic and diluted comprehensive result per share attributable to: | | | |
| - Company shareholders | 33 | (9.2721) | (14.6069) |

The accompanying Notes 1 to 42 form an integral part of these consolidated financial statements.

Alejandro Götz
Chairman

Capex S.A.

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## Consolidated Statement of Changes in Shareholders’ Equity

Corresponding to the years beginning on May 1, 2020 and 2021 and ended on April 30, 2021 and 2020

Stated in thousands of pesos

| | Attributable to the Company shareholders | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital Stock | | | | Retained earnings | | Retained Earnings – Other accumulated comprehensive income | | | | | |
| | Outstanding shares | Capital adjustment | Additional paid-in capital | Adjustment additional paid-in capital [3] | Legal reserve | Free reserve [1] | Reserve for assets revaluation | Reserve for instruments at fair value | Unappropriated retained earnings | Subtotal | Non-controlling interest | Total Shareholders’ equity |
| **Balances at April 30, 2019** | **179,802** | **5,948,665** | **79,686** | **2,636,377** | **141,387** | **4,355,142** | **2,827,590** | **-** | **13,298,829** | **29,467,478** | **183,521** | **29,650,999** |
| Ordinary Shareholders' Meeting of August 21, 2019 [3] | - | - | - | - | 370,210 | 7,033,991 | 5,894,628 | - | (13,298,829) | - | - | - |
| Comprehensive result for the year | - | - | - | - | - | - | (4,116,073) | 123,493 | 1,366,235 | (2,626,345) | 9,140 | (2,617,205) |
| Reversal of reserve for assets revaluation [2] | - | - | - | - | - | - | (430,394) | - | 430,394 | - | - | - |
| **Balances at April 30, 2020** | **179,802** | **5,948,665** | **79,686** | **2,636,377** | **511,597** | **11,389,133** | **4,175,751** | **123,493** | **1,796,629** | **26,841,133** | **192,661** | **27,033,794** |
| Ordinary Shareholders' Meeting of August 28, 2020 [3] | - | - | - | - | 89,831 | 1,706,798 | - | - | (1,796,629) | - | - | - |
| Comprehensive result for the year | - | - | - | - | - | - | (909,539) | (123,493) | (634,116) | (1,667,148) | 20,049 | (1,647,099) |
| Reversal of reserve for assets revaluation [2] | - | - | - | - | - | - | (211,179) | - | 211,179 | - | - | - |
| **Balances at April 30, 2021** | **179,802** | **5,948,665** | **79,686** | **2,636,377** | **601,428** | **13,095,931** | **3,055,033** | **-** | **(422,937)** | **25,173,985** | **212,710** | **25,386,695** |

(1) For the distribution of dividends, investments and / or cancellation of debt and / or absorption of losses.
(2) Generated by the revaluation of assets (see Note 19).
(3) See Note 20.

The accompanying Notes 1 to 42 form an integral part of these Consolidated Financial Statements.

Alejandro Götz
Chairman

Capex S.A.

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## Consolidated Statements of Cash Flows

Corresponding to the years beginning on May 1, 2020 and 2019 and ended on April 30, 2021 and 2020
Stated in in thousands of pesos

| | Note | 04.30.2021 | 04.30.2020 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Net result for the year | | (615,614) | 1,373,454 |
| **Adjustments to arrive at net cash flows provided by operating activities:** | | | |
| Financial results generated by cash and cash equivalents | | (2,206,096) | (5,784,769) |
| Income tax | 8 | 562,635 | (1,447,723) |
| Interest accrued on financial liabilities and others | 22 | 3,401,620 | 2,416,074 |
| Result of repurchase of negotiable obligation | 22 | (478,176) | - |
| Exchange difference generated by financial liabilities and others | 22 | 9,310,312 | 12,504,146 |
| Financial results generated by financial investments at depreciated cost not considered as cash or cash equivalents | | (2,726,750) | (1,763,119) |
| Exchange difference from assignment of rights | | (6,553) | (42,506) |
| RECPAM | | (6,405,831) | (5,822,859) |
| Accrual of interest on credits and debts | 32 | (147,649) | 45,805 |
| Depreciation of property, plant and equipment | 7 | 4,883,086 | 5,556,010 |
| Depreciation of right of use assets | 11 | 123,922 | 89,026 |
| Impairment of property, plant and equipment | 7 | 2,434,957 | 2,621,378 |
| Provision for lawsuits and fines | 26 | 13,105 | - |
| Impairment of inventories | | - | 708,498 |
| **Changes in net operating assets and liabilities:** | | | |
| (Increase) / Decrease in trade accounts receivable | | (544,537) | 1,485,705 |
| Decrease / (Increase) in other accounts receivable | | 1,222,309 | (1,469,560) |
| Increase in inventories | | (561,338) | (1,164,083) |
| Increase in spare parts and materials | | (84,824) | (122,436) |
| Decrease in trade accounts payable | | (2,198,579) | (2,693,042) |
| (Decrease) / Increase in salaries and social security contributions | | (2,669) | 70,669 |
| Decrease in taxes | | (920,828) | (572,242) |
| Increase / (Decrease) in other liabilities | | 218,321 | (368,190) |
| Income tax paid | | (12,534) | (538,271) |
| **Net cash flows provided by operating activities** | | **5,258,289** | **5,081,965** |
| **Cash flows from investment activities** | | | |
| Payments made for the acquisition of property, plant and equipment | 7 | (3,142,889) | (5,628,742) |
| Changes in financial investments not considered as cash or cash equivalents | | 3,001,540 | (11,429,935) |
| Payments for acquisition of new areas | | - | (979,868) |
| **Net cash flows used in investment activities** | | **(141,349)** | **(18,038,545)** |
| **Cash flows from financing activities** | | | |
| Interest paid | 22 | (2,485,239) | (2,074,912) |
| Repurchase of negotiable obligation | | (4,478,083) | - |
| IFRS 16 payment | | (152,777) | (116,067) |
| Financial liabilities settled | 22 | (1,143,971) | (1,971,084) |
| Financial liabilities obtained | 22 | - | 3,847,177 |
| **Net cash flows used in financing activities** | | **(8,260,070)** | **(314,886)** |
| **Net decrease in cash, cash equivalents and overdrafts** | | **(3,143,130)** | **(13,271,466)** |
| RECPAM generated by cash and cash equivalents | | (1,675,019) | (5,823,408) |
| Financial results generated by cash and cash equivalents | | 2,206,096 | 5,784,769 |
| Cash, cash equivalents and overdrafts at the beginning of the year | 17 | 5,294,304 | 18,604,409 |
| **Cash, cash equivalents and overdrafts at the end of the year** | 17 | **2,682,251** | **5,294,304** |

Alejandro Götz
Chairman

## Operations not generating changes in cash

| Complementary information | Note | 04.30.2021 | 04.30.2020 |
|---|---|---|---|
| Accrual for well capping | | 14,880 | (603,258) |
| Acquisitions in property, plant and equipment not paid | | (622,912) | (1,104,859) |
| Contingent consideration Bella Vista Oeste | | - | (226,730) |
| Capitalized financial results | | - | 38,614 |

The accompanying Notes 1 to 42 form an integral part of these consolidated financial statements.

Alejandro Götz
Chairman

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**Notes to the Consolidated Financial Statements**
For the years ended April 30, 2021 and 2020
Stated in in thousands of pesos

## NOTE 1 – GENERAL INFORMATION

### 1.1 – General information of the Company

Capex S.A. ("the Company") was created in 1988 and together with its subsidiaries Servicios Buproneu S.A. (SEB) and Hychico S.A. (Hychico) and EG WIND S.A. (E G WIND) (jointly, “the Group”) have as main activity the generation of electric power from conventional and renewable sources, the exploitation and production of hydrocarbons and the provision of services related to the processing.

The Company started operations in the hydrocarbon exploration and production segment in the Province of Neuquén operating the Agua del Cajón field and then expanded its operations to include electric power generation. The construction and development of a 672-MW combined cycle thermal power plant and an LPG Plant, located at the Agua del Cajón field, allowed the Company to vertically integrate operations. As part of this vertical integration, the gas produced by the hydrocarbons segment in the Agua del Cajón field is processed in the LPG Plant to separate liquid fluids from dry gas and use the latter as fuel in the Thermal Power Plant for electric power production. Subsequently, through its subsidiaries Hychico and EG Wind, the Company started developing renewable energy projects, including wind power generation and hydrogen and oxygen production. In 2017, The company started a growth process, which included the expansion of its business by means of acquisitions in different hydrocarbon areas, including Loma Negra, La Yesera and Puesto Zúñiga, located in the Province of Río Negro; Parva Negra Oeste, located in the Province of Neuquén; and Pampa del Castillo and Bella Vista Oeste, located in the Province of Chubut.

The summary of the businesses in which the Company participates is as follows:

| Area / Business | Province | % Direct and indirect participation | Operator | Concession expiration year | Type of concession / activity | Regulatory framework |
|---|---|---|---|---|---|---|
| Agua del Cajón | Neuquén | 100% | Capex | 2052 | O&G exploration and exploitation | Decree 556/17 (last extension of the area) |
| Pampa del Castillo | Chubut | 95% | Capex | 2026 (1) | O&G exploitation | Decree 31/18 and 512/18 |
| Loma Negra | Rio Negro | 37,50% | Capex | 2034 (2) | O&G exploitation | Decree 346/21 and Decree 1484/17 |
| La Yesera | Rio Negro | 18,75% | Capex | 2037 (2) | O&G exploitation | Decree 345/21 and Decree 1485/17 |
| Bella Vista Oeste | Chubut | 100% | Capex | 2045 | O&G exploitation | Decreto 14/20 |
| Parva Negra Oeste | Neuquén | 90% | Capex | 2027 | O&G exploitation | Decree 2499/19 (approval of exploration contract) |
| Puesto Zúñiga | Río Negro | 90% | Capex | 2030 (2) | O&G exploitation | National and International Public Contest N° 01/19 |
| CT ADC | Neuquén | 100% | Capex | - | Energy generation | - |
| GLP | Neuquén | 95% | SEB | - | Processing and Separation of liquid gases derived from gas | - |

**NOTE 1 – GENERAL INFORMATION (CONT'D.)**

| Área / Business | Province | % Direct and indirect participation | Operator | Concession expiration year | Type of concession / activity | Regulatory framework |
|---|---|---|---|---|---|---|
| PED 1 | Chubut | 85,2046% | Hychico | - | Wind power | - |
| PED 2 | Chubut | 99,25% | EG WIND | - | Eolic power | - |
| H&O | Chubut | 85,2046% | Hychico | - | Renewable Energy | - |

(1) With the option to extend it for 20 years if additional investments are made.
(2) See Note 41.

**Hydrocarbon segment**

**Province of Neuquén**

**Agua del Cajón:** the Company operates the Agua del Cajón area through a concession granted by the Province of Neuquén in 1991 and which was extended several times. The latest extension, currently in force, was granted in 2017 through Decree No. 556/17. The Executive Power of the Province of Neuquén granted the concession for the non-conventional exploitation over the entire area for a term of 35 years, which will terminate in 2052. As condition for its granting, the Company undertook to carry out an investment program for US$ 126 million, to be carried out during a period of five years as from January 1, 2017. The Company has exceeded the investment commitment earlier than stipulated.

**Parva Negra Oeste:** in November 2019, the Company and Gas y Petróleo del Neuquén S.A. ("GyP") entered into a contract for the exploration, development and production of the Parva Negra Oeste area for a four-year term (renewable for four years), ending in 2027, with an approximate investment of US$ 19.0 million to be made within the first exploration period. Parva Negra Oeste is in a good location for the possible development of Vaca Muerta formation. Upon compliance with certain conditions and if commercially exploitable hydrocarbons are found, GyP will apply for a Concession for Exploitation of Non-Conventional Hydrocarbons for 35 years, in the framework of the above-mentioned contract.

**Province of Río Negro**

**Loma Negra and La Yesera**: In October 2017 the Company acquired from Chevron Argentina S.R.L. i) 37.5% of the "Loma Negra" hydrocarbons exploitation concession, and (ii) 18.75% of the "La Yesera" hydrocarbons concession, two oil and gas exploitation areas in the province of Río Negro. The duration of the concession agreement of Loma Negra matures on February 24, 2034, and on August 4, 2037 (see Note 41) in the case of La Yesera. The operations of both concessions are carried out through consortia with other companies, the Company being the operator of the same from the moment of acquisition of the participation from Chevron Argentina S.R.L.

On February 8, 2021, the Company and San Jorge Energy S.A. agreed to the terms and conditions for the acquisition of the 18.75% interest that the latter held in the Concession for the Exploitation of La Yesera, located in the province of Río Negro. The actual acquisition of the percentage of interest in the Concession and of all the rights and obligations arising therefrom was subject to compliance with certain conditions. One of these conditions is that the province of Río Negro approved the assignment of the percentage of interest within a term of 90 days counted as from the date of execution of the assignment contract (or any other longer term agreed by the parties). The parties agreed to extend the term to meet the condition precedent for an additional period of 90 days as from May 10, 2021. On June 14, 2021, the province of Río Negro approved the assignment. The approving decree provided for a term of 30 days to complete the transaction. Having all conditions precedent been met, on June 30, 2021, Capex and San Jorge Energy S.A. signed the deed of assignment. The amount paid was US$ 1.5 million, plus taxes. At the date of issuance of these Financial Statements, Capex holds an interest of 37.5% in the Concession for the Exploitation of La Yesera.

**NOTE 1 – GENERAL INFORMATION (CONT'D.)**

**Puesto Zúñiga**: In November 2019, the Secretariat of Energy of the Government of Rio Negro called for the National and International Public Tender No. 1/19 for the award of exclusive rights for hydrocarbon exploration and potential exploitation concession, transportation and commercialization over the Puesto Zúñiga area, in the Province of Rio Negro. On October 16, 2020, the Company was awarded an exploration permit over the area (see Note 41).

**Province of Chubut**

**Pampa del Castillo – La Guitarra**: In August 2018, the Company acquired 95% of the concession of hydrocarbon exploitation Pampa del Castillo - La Guitarra from Enap Sipetrol and Petrominera del Chubut S.E. ("PMC"), an oil exploitation area located near the city of Comodoro Rivadavia. The term of validity of the concessions expires in October 2026. The operations are carried out through a temporary union between the Company and PMC, in which the Company is the operator.

Capex and PMC committed to making investments in the area until 2021 for US$ 108.4 million, in proportion to their interest, and Capex, at its own risk, must make investments in exploration for an amount of US$ 10.6 million during the same period. Additionally, Capex and Petrominera must make additional investments for US$ 70 million until 2026 to make use of the option to continue the area exploitation until the subsequent period (2046).

**Bella Vista Oeste:** In October 2019, the Company was awarded the exclusive rights for the operation, transport and commercialization of hydrocarbons within the area of the Bella Vista Oeste Block I, located near the city of Comodoro Rivadavia. This award is for a period of 25 years from February 1, 2020, and the Company may request extensions for periods of 10 years. According to the concession contract, Capex may request 10-year term extensions, provided it meets its obligations as a concessionaire, produces hydrocarbons in the area and submits an investment plan.

**Energy Segments**

**Thermal energy generation:** The electricity generation business of thermal source has a total nominal generation capacity of 672 MW (ISO), and includes an open cycle with a total nominal installed capacity of 371 MW and a combined cycle with supplementary firing with a total nominal installed capacity of 301 MW.

To connect the Power Station Agua del Cajón ("CT ADC") with the National Interconnected System (SIN), a total of 111km of three high-voltaage lines of 132kW were built, with Arroyito and Chocón Oeste being the interconnection points. Due to the operating needs of the combined cycle, an additional high-voltage line of 500 KW was built, the connection point of which is in Chocón Oeste.

**Energy generation from renewable sources:** Through its subsidiaries Hychico and EG WIND, the Company developed and built two wind farms: i) Wind Farm Diadema I, with an installed capacity of 6.3 MW, operated by Hychico since 2009, and ii) Wind Farm Diadema II, with an installed capacity of 27.6 MW, operated by EG WIND since 2019 and awarded within the framework of the renewable energies program Renovar 2. Both wind farms are located near the city of Comodoro Rivadavia, in the Province of Chubut. The energy generated in the wind farms is sold to CAMMESA under long-term contracts.

**Energy generation from hydrogen**: Through its subsidiary Hychico, the Company developed and built a Hydrogen Plant near the city of Comodoro Rivadavia, in the Province of Chubut. As part of the energy production process, the water is injected in the plant to separate hydrogen from oxygen. The hydrogen and oxygen plant has two electrolyzers of 325 KW each, with a hydrogen production capacity of 60 $Nm^3/h$ (normal cubic meter per hour) and an oxygen production capacity of 30 $Nm^3/h$; an oxygen compressor; an electric power motor generator of 1.4 MW; hydrogen and oxygen storage systems and ancillary systems. Hydrogen is used for generating electric power by an air gas combination and oxygen is used for the industrial gas market in the region.

**NOTE 1 – GENERAL INFORMATION (CONT'D.)**

**Processing and Separation of liquid gases derived from gas segment**

Through its subsidiary Servicios Buproneu S.A., the Company operates an LPG plant located in the Agua del Cajón field. The gas produced in the aforementioned field, rich in liquefiable components, is processed in the LPG plant to obtain propane, butane and stabilized gasoline. The Company sells propane and butane separately, and stripped gasoline is traded jointly with its crude oil, while the remaining dry gas is used as fuel for energy generation through the CT ADC.

The Company continues evaluating: i) possible acquisitions of hydrocarbon assets that allow to increase production levels and reserves; ii) the incorporation of energy generation businesses working as from renewable sources.

The Company trades its shares in the Buenos Aires Stock Exchange.

**Note 1.2. Impact of the Coronavirus on the operations of the Company and its subsidiaries**

Faced with the COVID-19 pandemic, the National Government established through DNU No. 297/20 and amendments, the social, preventive and mandatory isolation and social, preventive and mandatory distancing at the national level, effective from March 20 and December 21, 2020, respectively. The decree established as essential activities, workers on duty to ensure the operation and maintenance of: oil and gas fields, oil and gas treatment and/or refining plants, transport and distribution of electric power, liquid fuels, oil and gas, fuel supply stations and electric power generators. All the businesses that are part of the Group were established as essential activities.

The main objectives of the Group are to preserve its employees' health and safety and keep its fields operating by selling its production in the domestic and international markets. To date, the Company has achieved these objectives. Additionally, the Group has been able to dispatch electric power generated in Agua del Cajón Thermal Power Plant using the gas produced in its field, in spite of the decline in the demand for electric power as a consequence of the COVID-19 pandemic and of the breakdown of one of the Thermal Power Plant transformers in January 2020, whose repair was concluded in July 2020.

Management is controlling this situation and adopting measures to ensure employee integrity, maintain operations and preserve its financial position. These actions entailed the development of an action plan which included the implementation of the following measures: i) teleworking for all positions, where possible; ii) prevention protocols for operations that require the presence of staff to guarantee due and timely performance of maintenance work; iii) review of investments program; and iv) maintenance of an appropriate liquidity position, considering the situation and current market conditions, among others.

The extent of the COVID-19 outbreak and its final impact on the Argentine economy is unknown and may not be reasonably predicted to date. However, and although there have been some significant short-term effects, they are not expected to affect business continuity. It is expected that the Company will be able to continue to meet its financial and commercial commitments within the next twelve months due to its current financial soundness.

Although the operating results of the oil and gas segment were affected in the first quarter of the year, mainly as a result of a decrease in the oil prices due to the drop in the local and international market demand and the gas prices auctioned by CAMMESA, due to certain measures aimed at reducing the supply, which were implemented by the OPEC, and the gradual lifting of isolation measures in different countries, the prices of crude oil and byproducts are on a recovery path. Regarding gas price, on November 13, 2020, the National Government issued Decree No. 892/2020 calling for tenders for the implementation of a new gas plan with supporting prices for the industry. The Company has participated as bidder and was awarded the volume offered (see Note 2). With new evidence of the gas price in the domestic market and considering that this is one of the main premises used in the estimation of the recoverable value of assets, the Company updated at April 30, 2021, the valuation of the recoverable value of property, plant and equipment of the oil and gas segment and recognized an impairment loss of $ 2,466,786 on the Agua del Cajón oilfield (see Notes 3.6, 7 and 31).

In the fiscal year ended April 30, 2021, the costs incurred as a result of COVID-19, which have not formed part of the production activity, were included in Other operating (expenses) / income, net, keeping, for example, the services agreed upon between the Company and the providers that were not able to perform the works (see Note 31).

**NOTE 1 – GENERAL INFORMATION (CONT'D.)**

**Argentine Central Bank measures**

During 2020, the Argentine Central Bank issued a series of exchange measures aimed at regulating the Single Free Foreign Exchange Market (MULC) to protect international reserves.

Some of the main measures are outlined below:

- To access the MULC, it is mandatory to submit an affidavit evidencing that all foreign currency held in the country is deposited in accounts opened with local financial institutions, and that holdings of external liquid assets available do not exceed US$ 100,000. External liquid assets include demand deposits held in foreign financial institutions and other investments which allow for readily available funds (such as foreign government and corporate securities and investment funds, among others).
- As regards imports, financial institutions may allow access to the MULC for the payment of liabilities with entry registration through Customs listed in SEPAIMPO (a system for the follow up of import payments), provided certain formal requirements are met, such as existence of an invoice, Customs registration, etc. In the case of advance payment of imports, Customs registration must be evidenced in a term fixed based on the type of good imported.
- As regards the settlement of financial debts, the Argentine Central Bank introduced new regulations on financial indebtedness incurred abroad. As established by this BCRA Communication, those that have scheduled payments for principal falling due between October 15, 2020 and March 31, 2021 for the following transactions:

a) Financial indebtedness held abroad by the non-financial private sector with a creditor other than a related counterparty of the debtor, or
b) Financial indebtedness held abroad for entities' own transactions, or
c) Issuance of foreign currency-denominated debt securities listed on the Argentine stock exchange, of private sector clients or entities' own securities denominated in foreign currency,

are to submit to the Central Bank a refinancing plan according to the following criteria:

i) the net amount to accede the Foreign Exchange Market within the original period shall not exceed 40% of the principal amount that would fall due in that period; and
ii) the remainder of principal shall have been refinanced with at least one new financial indebtedness with an average life of 2 years. In addition to this granted refinancing, new indebtedness or issuance of new debt that entities could receive will be computed.

On February 25, 2021, BCRA Communication "A" 7230 established the same system as explained earlier for principal amounts maturing between April 1 2021 and December 31, 2021, with the exception of indebtedness incurred as from January 1, 2020 (new and refinanced indebtedness, as per Communication "A" 7106)

This will not apply in the case of:

i) Indebtedness incurred with international agencies or their associated agencies or secured by them.
ii) Indebtedness granted to debtor by official credit agencies or secured by them.
iii) The amount to accede the foreign exchange market for the repayment of principal on said indebtedness shall not exceed the equivalent to US$ 2,000,000 per calendar month.

In addition, among other changes, Communication "A" 7196 allowed for the possibility that funds from the export of goods and services be held in foreign and/or local accounts aimed at guaranteeing the repayment upon maturity of debts contracted as from January 2021.

This rule has no effects on the Company since it does not hold outstanding principal on financial indebtedness abroad falling due during that period. Also, this Communication does not apply to the subsidiary Hychico, since it holds foreign indebtedness with Inter-American Investment Corporation ("IIC"), a multilateral credit agency to which point i) of the Communication applies.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR**

**a) Oil sector**

**Federal Hydrocarbons Law 17319 and 27007**

*Ownership of fields*

In its original wording, Law 17319 (Hydrocarbons Law) set forth that the liquid and gaseous hydrocarbons fields located in the Argentine territory and its continental shelf were the non-transferable, imprescriptible property of the National Government. However, this ownership was transferred to the Provinces in which the mentioned fields are located.

In Argentina, exploration and exploitation of oil and gas is performed through exploration permits, concessions for exploitation, and contracts for exploitation or partnership agreements.

On October 31, 2014, the National Congress enacted Law 27007, which amends Law 17319. Among the main amendments, we can mention that it gives legal status to the figure of concession for unconventional exploitation, created by Decree 929/13. It is established that the term of the Concession for the Unconventional Exploitation of Hydrocarbons will be effective for 35 years, with the possibility of time extensions for 10-year periods, applicable even for the current concessions.

With the enforcement of this law, the term of the concessions for conventional exploitation is maintained at 25 years; however, successive renewals of 10 years are authorized for both conventional and non-conventional exploitation concessions.

Law 27007 eliminates, with future effect, the possibility that the Federal Government and the Provinces may reserve areas for exploitation by state-owned companies or entities, or companies or entities with state ownership. The law allows the grantor to decide the system that will be used to exploit and develop the areas reserved for this purpose but in relation to which no agreement has been entered into.

As for royalties, the law maintains a rate of 12%, as set forth by Law 17319. It also maintains the possibility of reducing the rate in certain cases up to 5% and allows for increasing it up to 3 points (resulting 15%). A ceiling of 18% is set for successive extensions.

Furthermore, Law 27007 created an Investment Promotion System for the Exploitation of Hydrocarbons for investment projects exceeding US$ 250 million and established that in, certain exceptional cases, part of the production may be freely traded in the foreign market, without paying export duties. In addition, it set forth that foreign currency obtained from the export of hydrocarbons may be freely available to the exporter.

**Federal Law 26741**

*Public Interest Statement*

On May 4, 2012 the Argentine Congress passed Law 26741 of National Hydrocarbons Sovereignty, which declared the self-sufficiency in the supply of hydrocarbons as well as in the exploration, exploitation, industrialization, transportation and sale of hydrocarbons a national public interest.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT'D.)**

Among other issues, this law ordered that the National Executive Branch should be the authority in charge of setting the policies on hydrocarbons and of deciding the measures leading to the achievement of the goals established in the law, jointly with the provincial governments and with the public and private interests, domestic or international.

**Domestic market prices**

In the domestic market, oil sales are made at prices negotiated between oil producers and refineries to which crude oil is sold. Those prices are set taking into consideration the current quotation of Brent crude oil, retail (pump) prices for fuels and byproducts, the future price scenarios, and the regulations and requirements established by the government.

Given the economic context the country is going through as mentioned in Note 1.2, on May 18, 2020, Decree No. 488/2020 was issued, published in the Official Gazette on May 19, 2020, by means of which the National Executive Branch provides that crude oil deliveries conducted in the domestic market between that date and December 31, 2020, have to be invoiced by producing companies and paid by refineries and retailers taking a reference value of US$ 45/bbl for Medanito crude oil. Article 1 of this regulation (which contradicts what is expressly determined by Law 17319 regarding that the base price of calculation for the payment of royalties must be the one actually received) was rendered ineffective when the price of Brent exceeded said value for ten consecutive days, a fact that occurred at the end of August 2020. The Energy Secretariat was authorized to modify the reference price on a quarterly basis and to periodically review the scope of the measure adopted based on production volume parameters and the levels of activity and investment. Additionally, the decree established, during its effective term, the following provisions for producing companies:

1) Maintain the levels of activity and/or production recorded during 2019, keeping the agreements with regional services companies and its employees at December 31, 2019, for which companies should consider the current contraction of domestic and international demand for hydrocarbons and byproducts as a consequence of the COVID-19 pandemic within the appropriate and economic operation parameters set forth by Sect. 31 of Law No. 17319;
2) Fulfill the annual investment plan;
3) Do not accede to the exchange market for the purchase of external assets or securities in pesos to be later sold in foreign currency or transfer of custody abroad; and
4) Apply the price established in every case for the calculation of hydrocarbon royalties.

**Export Duties**

Under Decree No. 793/2018 dated September 3, 2018, the National Executive Branch established export duties until December 31, 2020, equivalent to 12% of the exports for consumption of all goods within the tariff positions from the Common MERCOSUR Nomenclature (NCM, for its acronym in Spanish), among which are the hydrocarbons sold by the Company. The duty established may not exceed $4/US$ of the tax value or the FOB official price.

By means of Decree No. 37/99 issued by the National Executive Branch and published in the Official Gazette on December 14, 2019, the cap of $ 4/US$ of the tax value or FOB price as export duties under Decree No. 793/18 was eliminated. Therefore, the rate for export duties applicable to hydrocarbons became 12%, subject to no cap.

Besides, Law No. 27541 published in the Official Gazette on December 23, 2019, stated that rates for export duties applicable to hydrocarbons and mining cannot be higher than 8% of the tax value or FOB price. However, customs settles export duties for hydrocarbons at a 12% rate. The Company has filed the corresponding objections and has requested the reimbursement for the export duties paid in excess.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT'D.)**

Finally, National Executive Branch Decree No. 488/2020, published on May 18, 2020, provides a schedule to determine the rate for export duties, revoking any regulation contrary to it, to which effects are defined by the following variables:

a. Base value (VB): U$S 45/bbl
b. Reference value (VR): U$S 60/bbl
c. International Price: the last business day of each month, the Energy Secretariat will publish the quote of "ICE Brent First Line" barrel price, for which it will consider the average of the last five quotes published by the "Platts Crude Marketwire" under the heading "Futures Settlements."

Based on these definitions, the Decree sets forth the following provisions regarding export duties:

- A 0% rate if the international price is equal or lower than the base value.
- An 8% rate if the international price is equal or higher than the reference value.
- If the international price is between the base value and the reference value, the rate is determined using the following formula:

$$\text{Aliquot} = \frac{PI - VB}{VR - VB} \times 8\%$$

The Company made foreign oil sales for $ 5,419 and $ 7,686 million as of April 30, 2021 and 2020, respectively.

**b) <u>Electricity sector</u>**

**b.1) Remuneration schedule as from February 2020**

**b.1.1) ES Resolutions 31/ 2020 and 440/2021 of the Ministry of Energy**

On February 26, 2020, the Secretariat of Energy of the Ministry of Productive Development published Resolution No. 31/2020, whereby values remunerated through Resolution Res 1/2019 issued by the former Secretariat of Renewable Resources and Electricity Market (SRRyME) were pesified as from February 1, 2020.

This resolution further establishes that values stated in pesos will be updated on a monthly basis according to the amount resulting from the sum of 60% of Consumer Price Index (CPI) variation and 40% of Wholesale Price Index (WPI) variation from the previous month. This would be applicable as from the transaction carried out on the second month following the resolution validity. Through Administrative Note NO-2020-24910606-APN-SE # MDP, dated April 8, 2020, the Ministry of Energy empowered CAMMESA to postpone the application of the update factor until a further decision.

On May 19, 2021, through Resolution No. 440/2021, the Secretariat of Energy discontinued the adjustment of rate values based on the CPI and the WPI and provided for an increase of approximately 29% in power and energy rates. In the case of energy rates, such increase is retroactive to February 2021. The amount for the period February 2021 through April 2021 is $232,670 and was recorded in the fiscal year beginning on May 1, 2021, in compliance with applicable accounting standards.

In addition, on May 21, 2021, through Note B – 156035-1, CAMMESA requested Generating Agents to expressly abandon in writing any pending administrative claim or legal proceeding against the National State, the Secretariat of Energy and/or CAMMESA in relation to Section 2 of Resolution No. 31/2020 and to waive the right to file any administrative and/or legal claim against the National State, the Secretariat of Energy and CAMMESA in connection with the issue at stake. Accordingly, on June 10, 2021, the Company filed the related waiver.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT'D.)**

The values set through Resolution 31/2020 and those adjusted following Resolution No. 4040/2021 set for remunerations for technologies with characteristics similar to CT ADC (> 150MW) are the following:

i) Remuneration for monthly available power, which will be allocated depending on the use factor of the generation equipment.

a) Minimum price associated with the Real Availability of Power ("DRP", for its acronym in Spanish).

| Technology/Scale | Res 31/2020 | Res 440/2021 |
|---|---|---|
| | [$/MW-month] | [$/MW- month] |
| CC big P > 150 MW | 100,650 | 129,839 |

This remuneration will be the base value for the availability of power to be applied for those generators that do not declare DIGO.

b) Base Price for Guaranteed Availability Offered (DIGO)

| Period | Res 31/2020 | Res 440/2021 |
|---|---|---|
| | [$/MW-month] | [$/MW- month] |
| Dec – Jan – Feb – Jun – Jul - Aug | 360,000 | 464,400 |
| Mar – Apr – May – Sep – Oct - Nov | 270,000 | 348,300 |

Monthly power remuneration of a Thermal Authorized Generator ("GHT", for its acronym in Spanish) will be proportional to monthly availability, use factor of the generation unit and seasonal prices. The applicable physical value is the monthly average power, less the hours of scheduled and agreed-upon maintenance. Power unavailability considered when calculating available average power will be the generating agent's sole responsibility.

The DIGO unavailability of a generating unit arising from any own flaw or due to the failure to consume fuel allocated in the economic dispatch is GHT's responsibility and will be considered forced unavailability.

ii) Remuneration for energy generated and operated

a) Generated Energy: non-fuel variable prices, by type of fuel consumed by the generating unit, is as follows:

| Technology/Scale | Res 31/2020 | Res 440/2021 |
|---|---|---|
| | Natural Gas [U$S/MWh] | Natural Gas [U$S/MWh] |
| CC – Large P > 150 MW | 240 | 310 |

For the hours the generating unit id dispatched out of power for operating reasons not attributable to forced generation due to transport, voltage or safety control requirements, it will be recognized as remuneration for generated energy considering it equal to 60% of net installed power, notwithstanding the energy actually dispatched by the generating unit.

b) Operated Energy: generators will receive a monthly remuneration for this concept represented by the integration of the hourly powers in the period, valued at 84 $/MWh (value updated to $ 108 / MWh in Res 440/2021) for any type of fuel.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT'D.)**

When the generating unit does not dispatch power as optimal dispatched power for operating reasons not attributable to forced generation due to transport, voltage or safety control requirements, it will be recognized as remuneration for operated energy when it is equal to 60% of net installed power, notwithstanding the energy actually dispatched by the generating unit, plus rotating power calculated as the difference between the available net installed power and generated energy.

iii) Power availability remuneration in hours of high demand

Resolution Res 31/2020 introduces the concept of Period for the assessment of the generating park operation in Maximum Thermal Requirement Hours ("HMRT", per its acronym in Spanish) in the 50 hours in which the highest dispatch of net thermal generation is recorded in each month of the calendar year.

These hours will be assessed, as shown in the following chart, analyzing the hours of each month ordered from the maximum to the minimum thermal requirement, as indicated below:

| HMRT | Períod | | | |
|---|---|---|---|---|
| | Summer | Autumn | Winter | Spring |
| HMRT-1 | First 25 hours of highest heat requirement of each month in each period | | | |
| HMRT-2 | Second 25 hours of highest heat requirement of each month in each period | | | |

GHT will receive 37,500 $/MW (value updated to 48,375 $/ MWh in Res 440/2021) for the average generated power in the 50 hours of the maximum thermal requirement of the month, by differentiating between the first 25 hours from the second 25 hours and the seasonal periods of the year (summer, winter, autumn and spring).

Resolution 31/2020

- Summer / Winter:
  - First 25 hours of the month: 37,500 $/MW x 1.2
  - Second 25 hours of the month: 37,500 $/MW x 0.6
- Autumn / Spring:
  - First 25 hours of the month: 37,500 $/MW x 0.2
  - • Second 25 hours of the month: 37,500 $/MW x 0.0

Resolution 440/2021:

- Summer / Winter:
  - First 25 hours of the month: 48,375 $/MW x 1.2
  - Second 25 hours of the month: 48,375 $/MW x 0.6
- Autumn / Spring:
  - First 25 hours of the month: 48,375 $/MW x 0.2
  - Second 25 hours of the month: 48,375 $/MW x 0.0

Lastly, the Undersecretariat of Energy of the Ministry of Productive Development is empowered to issue any such complementary or explanatory rules and regulations as are required for the implementation of this resolution.

**b.1.2) Flexibility of charges and interest for late payment of the economic transaction**

By means of SRRYME Resolution No. 29/2019 and SE Nº 148/20, the application of default interest and charges was relaxed in the event of delays in the payment of economic transactions in the WEM.

i. Reduction of surcharges: The 50% reduction of surcharges for agents with overdue and unpaid debts is extended until December 31, 2020.

ii. Compensatory and default interest: Compensatory interest will only apply, at a rate equivalent to that set by Banco de la Nación Argentina for its 30-day discount operations, to agents that have failed to make the last payment, but made the last three immediately preceding payments in due time, provided that such payment is made within 15 days of the invoice expiration date. A 1% default interest will additionally apply for each day of delay, calculated on the overdue and unpaid debt amount, with a cap equivalent to the surcharges provided for in CAMMESA's procedures when the payment is made after such term. It must be noted that the previous scheme established increasing default interest based on the time elapsed.

iii. Compensations: In the case of delays not exceeding 5 days in any given month, compensations without the application of compensatory interest are allowed by advancing the payment of the following invoice by 2 days per each day of delay.

**b.2) Remuneration schedule to January 2020**

**b.2.1) Res 1/2019 of the Ministry of Renewable Resources and Electricity Market (SRRyME)**

On March 1, 2019, the Secretariat of Renewable Resources and Electricity Market published Resolution 1/2019 repealing Resolution 19/2017 of the former Electric Power Secretariat since March 1, 2019. In line with the repealed regulation, the new one established:

- Establish that all Generating Agents, Cogenerators and Self-generators of the MEM shall be Authorized Generators (AG), with the exception of the Generation from the Binational Hydroelectric Power Plants and the Nuclear Generation, and the exception of Generators, Cogenerators and Self-generators of the MEM with generating units with power committed in the framework of Centralized Contracts for the Supply of the MEM demand (MEM Supply Contracts), the electric power of which will fulfill their obligations under the aforementioned contracts.
- Establish a guaranteed power availability system, in accordance with the methodology defined in Annex I "Guaranteed Availability of Power".
- Establish a remuneration system for the Thermal Authorized Generation (TAG) in accordance with the methodology and remuneration defined in Annex II "Remuneration for the Thermal Authorized Generation".
- Establish a remuneration system for the Hydraulic Authorized Generation (HAG) and generation through other sources of energy (RAG) in accordance with the methodology and remuneration defined in Annex III "Remuneration for the Hydroelectric Authorized Generation and Generation Through Other Sources of Energy".
- Establish a remuneration methodology for the Yacyretá and Salto Grande Hydraulic Power Plants, as stated in Annex IV "Remuneration of Binational Hydraulic Power Plant".

The modifications included in Annexes I and II applicable to the CT ADC are detailed below:

<u>Guaranteed Availability of Power ("DIGO", for its acronym in Spanish).</u>

It is the available power that a Thermal Authorized Generator (TAG) commits for each generation unit and for each DIGO Remuneration Period. The availability contemplates typical temperature conditions of the site and with its base fuel for dispatch. In no case shall the power and energy committed under any other type of contract executed in the MEM be committed in DIGO.

The DIGO requirement periods include:
a) Summer period: December, January, February
b) Winter period: June, July, August
c) Rest of the year:
  * March, April, May
  * September, October, November

CAMMESA will inform the declaration dates, which must be at least 30 days before the beginning of each quarter.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT'D.)**

The values set for technologies with characteristics similar to CT ADC (> 150MW) are the following:

i) Remuneration for monthly available power: it will be allocated depending on the use factor of the generation equipment

a) Minimum price associated with the Actual Availability of Power ("DRP" for its acronym in Spanish)

| Technology / Scale | [US$/MW-month] |
|---|---|
| CC big P > 150 MW | 3,050 |

This remuneration was the base value for the availability of power to be applied for those generators that do not declare DIGO.

b) Base Price for Guaranteed Availability Offered (DIGO)

| Period | [U$S/MW – month] |
|---|---|
| Dec – Jan – Feb – Jun – Jul - Aug | 7,000 |
| Mar – Apr – May – Sep – Oct – Nov | 5,500 |

Generating units that have declared that they manage fuel for generation purposes on their own, but do not have the fuel they were called for dispatch, will be considered they have 50% availability of the actual availability.

ii) Remuneration for generated and operated energy

a) Generated Energy: variable non-combustible prices, by type of fuel consumed by the generating unit, is as follows:

| Technology / Scale | Natural gas [US$/MWh] |
|---|---|
| CC – Big P > 150 MW | 4.0 |

Generating units that have declared that they manage fuel for generation purposes on their own, but do not have the fuel they were called for dispatch, will lose their order for dispatch until, if necessary, the Agency Responsible for Dispatch ("OED") allocates fuel for their operation. In the last case, only 50% of the related non-combustible variable costs would be remunerated for the Generated Energy.

b) Operated Energy: generators would receive a monthly remuneration for this concept represented by the integration of the hourly powers in the period, valued at 1.4 US$/MWh for any type of fuel.

Generating units that have declared that they manage fuel for generation purposes on their own, but do not have the fuel they were called for dispatch, would lose their order for dispatch until, if necessary, the OED allocates fuel for their operation. In the last case, only the Generated Energy by the generation unit will be recognized as Operated Energy and 50% of the price of the Operated Energy will be applied.

iii) Remuneration of other Generation Technologies:

The resolution also covered remunerations for other generation technologies which are not applicable to the Group

The remuneration for generator's energy is defined in its node.

The generators that choose to manage their own fuel had to make a declaration of the commitment assumed for the aforementioned management. Such declaration was made following the current procedure for fortnightly declarations of VPC (Variable Production Cost).

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT'D.)**

Likewise, it established that for the recovery of the amounts associated with the financing granted for the execution of non-recurrent, major and/or extraordinary maintenance, CAMMESA had to deduct from the settlement of the generator's credits an amount equivalent to the maximum between 1 US$/MWh generated and 700 US$/MW-month.

In relation to the concepts that the respective Annexes determined in US Dollars, the Resolution provided that the OED would convert the values denominated in US Dollars to Argentine Pesos, at the exchange rate published by the Central Bank of Argentina in "Reference Exchange Rate - Communication A 3500 (Wholesale)" of the day prior to the due date of the economic transactions.

Lastly, the Undersecretary of Electricity Market was empowered to issue complementary or explanatory rules and regulations that are required for the implementation of this resolution.

**b.2.2) Law 27,541**

Through Law 27541, published on December 23, 2019, the National Executive Power defined that the electricity and gas rates under federal jurisdiction be maintained for a period of 180 days without modifications, also proposing a comprehensive rate renegotiation or initiating an extraordinary review in the terms of Laws 24065, 24076 and other concordant regulations.

Decree No. 1020/20 issued by the National Executive marked the beginning of the renegotiation of the comprehensive rates payable to utility companies providing electricity and natural gas transport and distribution services within the federal jurisdiction, in the framework of Law No. 27541.

The suspension of the rate adjustment under Law No. 27541 was extended for a new term of 90 calendar days, or until the new temporary rate schedule resulting from the Transition Rate System (established under a Temporary Renegotiation Agreement) for the natural gas and electricity transportation and distribution services within the federal jurisdiction, whichever occurs first, within the scope applicable in each case.

**b.3) Renewable energies**

**b.3.1) Energy Secretariat Resolution 108/2011**

Energy Secretariat Resolution 108/11 dated March 29, 2011 authorizes the execution of supply contracts between the WEM and the offers of power generation and associated energy as from renewable energy sources presented by generating, co-generating or self-generating agents that at the date of publication of this resolution are agents of the WEM or are not commercially authorized or interconnected.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT'D.)**

Authorization to participate in those generation offers should be granted to all projects involving the National State, ENARSA or the projects that the Minister of Federal Planning, Public Investment and Services so determined.

The WEM supply contracts envisaged by this resolution will be characterized as follows:

- Duration: up to fifteen (15) years, renewable for periods of up to 18 months
- Selling party: WEM agent whose offer has been approved by the Energy Secretariat
- Buying party: the WEM as a whole, represented by CAMMESA.
- The remuneration receivable by the selling party and payable by the buying party shall be determined based on the costs accepted by the Energy Secretariat.
- All offerors wishing to enter into contracts with the WEM are to submit to the Energy Secretariat the respective investment projects, including the following information:
    - Units to be commissioned which will take on the commitment.
    - Guaranteed availability of the commissioned units that will take on the commitment.
    - Offered duration of the WEM supply contract.
    - Period of validity of the offer.
    - Power availability undertaken for the whole period.
    - The offer shall contain a breakdown of all fixed and variable costs, as well as the costs of the financing used for the installation of the new offered capacity.
    - The documentation supporting the breakdown of costs submitted.

It was established that the power to be assigned and the energy supplied in compliance with each of the WEM supply contracts will be remunerated on a monthly basis, calculated based on the annual installation costs to be considered and the fixed and variable costs of operation of the committed equipment. These costs may be reviewed by the Energy Secretariat when any of its components show significant variations, to ensure that the costs are covered by the remuneration assigned to the respective WEM supply contract.

It is also established that while Energy Secretariat Resolution 406/03 applies, the obligations arising under the contract shall rank pari passu with the ones established in Section 4, paragraph e) of that resolution. If this order of priority is modified, payment of the obligations derived from the contract may not be lower in priority with respect to the recognition of operating costs of the thermal power plants.

Hychico has made a supply contract with the WEM taking this resolution into account.

Although Resolution No. 108/11 was repealed by Resolution No. 202 - E/2016, the latter provided that the contracts entered into under Resolution No. 108 will remain valid as originally established.

**b.3.2) Law XVII No. 95 – Tax benefits for renewable energies**

On October 19, 2015, the Head of the Agency for the Promotion of Renewable Energies in the Province of Chubut decided to grant to Hychico for its DEEF, within the framework of Law XVII No. 95, the benefits set forth in Article 7, Section B, Sub-section 3, fully excepting it from payment of turnover tax during the first five (5) years as from the granting date, and with a 50% turnover tax exemption as from the sixth year up to and including the tenth year. Within the framework of that Law, and in accordance with the provisions of Article 8, the "tax stability" benefit was granted in the provincial territory for a term of 15 years, with tax stability being understood as the impossibility of imposing on the activity a heavier tax burden as a consequence of tax increases.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT'D.)**

**b.3.3) Law 27191 – Changes to the regime for the promotion of renewable energies**

On September 25, 2016, the National Congress enacted Law 27191 which was published in the Official Gazette on October 21, 2015. The Law introduced amendments to the National Program for the Promotion of the Use of Renewable Energy Sources created by Law 26190. To that end, to reach an 8% renewable energy contribution to the national consumption matrix at December 31, 2017 and 20% at December 31, 2025, the law added the following: (i) it extended the definition of renewable energies; (ii) it eliminated the 10 year limitation for the tax benefit system; (iii) it set out non-excluding tax incentives such as: early refund of VAT, accelerated depreciation of income tax, exclusion from the tax on assets base of assets used in promoted activities, exemption from import duties, offsetting of tax losses against income (going from 5 to 10 years), tax exemption for dividend distribution when the beneficiary is an individual (only in the case of reinvestment), and tax certificates for 20% of the value of the national components; (iv) it created the Trust Fund for the Development of Renewable Energies that, among other things, will grant loans and guarantees for investment projects, and (v) it ordered that all power users would have to contribute by complying with the renewable energy consumption objectives set forth by the law, for which a gradual schedule was established and special obligations for Large Users of over 300kW. Finally, the law ratified that wind power generation should receive the same treatment as run-of-the-river power generation; therefore, this will be dispatched according to the actual wind availability.

In addition, in May 2016 the Ministry of Energy and Mining issued Resolutions 71/2016 and 72/2016 through which it set in motion the first round of the Open Bid Process for contracting in the WEM electricity from renewable generation sources ("Programa RenovAr") to comply with Laws 26190 and 27191. On September 5, 2016, Hychico together with Plenium Energy S.A. (a related company) submitted a bid under that program but it was not awarded.

**b.3.4) Decree No. 531/2016 – Regulatory of Laws No. 26190 and 27191**

On March 31, 2016 Decree No. 531/2016 was published in the Official Gazette; it approves the regulatory provisions to Law No. 26190, amended by Chapter I of Law No. 27191 and Chapter II of Law No. 27191 related to the Second Stage of the National Regime for Promotion of Renewable Sources of Energy Intended for the Production of Electric Power. It also approves the regulation to the Chapters of Law No. 27191 related to the Trust Fund for Renewable Energy (Chapter III), contribution by electrical energy users to comply with the objectives established by the Promotion Regime (Chapter IV), tax increases (Chapter V), regime on exports (Chapter VI), access to and use of renewable energy sources (Chapter VII), electric power from intermittent renewable resources (Chapter VIII) and supplementary clauses (Chapter IX) stating that the Enforcement Authority must widely publish offers for generation of electric power from renewable energy sources and invite the City of Buenos Aires and the Provinces to adhere to the law and issue their own local rules aimed at promoting the production of electrical energy from renewable sources.

**b.3.5) Resolution E-275/2017 of the Ministry of Energy and Mining**

On August 17, 2017, Resolution No. E-275/2017 from the Ministry of Energy and Mining was published in the Official Gazette which called for interested parties to offer in the National and International Open Bid Process for contracting in the WEM electricity from renewable sources - Program RENOVAR (2nd Round), with the aim of entering into contracts in the forward market (called supply contracts of renewable electricity) with CAMMESA in representation of Distributors and Large Users of the Wholesale Electric Market - until their reallocation to distribution agents and/or Large Users of WEM in accordance with the Program Bidding Terms and Conditions. Hychico participated in the call with the Diadema Eolic Energy Farm II project (see Note 40).

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT’D.)**

**b.3.6) Resolution No. E-281/2017 - Ministry of Energy and Mining**

On August 22, 2017 Resolution No. 281/2017 was published, which established the Forward Market System for Electricity from Renewable Sources within the framework of Law No. 27191 and its Regulatory Decree No. 531/2016. This system has the purpose of establishing conditions in accordance with Section 9 of the Law 27191 to be complied with by Large Users in the Wholesale Electricity Market and Large Demands from Customers of the Distribution Agents of the WEM or Utility Distribution Providers as long as their power demands are equal to or greater than three hundred kilowatts (300 KV) on average, through the individual contracting in the Forward Market of Electricity from Renewable Sources or by self-generation from renewable sources, in accordance with Section 9 of Law 27191 and Section 9 of Exhibit II of Decree No. 531. Specifically, the entities falling within the mentioned Section of the Law could comply with their obligation in any of the following ways: a) individual contracting of electricity from renewable energies, b) self-generation or co-generation from renewable sources, or c) participation in the procedure of joint purchases developed by CAMMESA. Section 9, subsection 2, paragraph (i) of Exhibit II of the regulatory Decree establishes that supply contracts for electricity from renewable sources entered into within the framework of Law 27191 by entities falling within Section 9 will be freely agreed upon by the parties, considering the characteristics of investment projects and compliance with obligations established by the law and regulatory decree, information duties and management requirements established by the CAMMESA Procedures and in the supplementary regulations issued by the Enforcement Authority.

**b.3.7) Resolution 488/2017 - Renewable Electric Power Supply Contracts**

On December 19, 2017, through Resolution 488/2017 of the Ministry of Energy and Mining, the Renewable Electric Power Supply Contracts were awarded in accordance with Resolutions No. 275 dated August 16, 2017 and No. 473 dated November 30, 2017, both from the above Ministry, indicating the Awarded Price per megawatt hour for each technology in each Renewable Electric Power Supply Contract to be signed and the allocation of the remaining quota.

**b.3.8) Resolution 230/2019 - Ministry of Finance - Secretary of the Government of Energy**

On April 30, 2019, Resolution 230/19 of the Energy Secretariat was issued, modifying Annex I of Resolution 281/17 and establishing as relevant issues the new conditions for maintaining the dispatch priority granted, the ways to demonstrate the progress of the project and the term during which the bond insurance taken out for the power for which priority was given to the project should be maintained.

This resolution was amended by Resolution No. 551/2021 of the Secretariat of Energy, which established new conditions for maintaining the dispatch priority granted, the ways to demonstrate the degree of progress of the project and the values for dispatch priority purposes, which were set at US$ 500/MW of power on a quarterly basis, until commercial authorization to operate was obtained. Dispatch priority may be extended for a term of 180 days by demonstrating a degree of progress of 60% and paying the sum of US$ 500/MW of power on a quarterly basis. In the event the degree of progress was not demonstrated, an amount of US$ 500/MW would be paid every thirty days of extension requested, or US$ 1,500/MW every thirty days for 360-day extensions.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT’D.)**

**c) <u>Gas natural sector</u>**

- **Federal Hydrocarbons Law 17319 - Law 26741 of “National Hydrocarbons Sovereignty” and Decree 1277/12**

See section a) Oil sector

- **Gas Plus Program**

Under ES Resolution 24/08 the ES created the “Gas Plus Program”. The plan creates a set of incentives for those who incorporate new production of natural gas. The Company has submitted several projects, all of which have been approved. The sales of gas made by the Company correspond to the Gas Plus Program.

- **Resolution 41/16 of the Ministry of Energy and Mining**

On April 7, 2016, the Ministry of Energy and Mining issued Resolution 41/16, setting the new prices of natural gas at the entering point to the transportation system for each basin of origin, to be used in the generation of electric power that will be sold in the WEM, applicable as from April 1, 2016.

- **Resolution 46-E / 2017 - Incentive Program for Investments in Developments of Natural Gas Production derived from Unconventional Reservoirs**

On March 2, 2017, the Ministry of Energy and Mining issued Resolution 46-E/2017, by means of which the Incentive Program for Investments in Developments of Natural Gas Production derived from Unconventional Reservoirs (the “Program”) was created with the aim of stimulating the investments in natural gas production derived from unconventional reservoirs in the Neuquén Basin.

The Program will be in force from its publication in the Official Gazette to December 31, 2021.

Companies that could have the right to produce unconventional gas derived from concessions located in the Neuquina Basin may request adherence to this Program. They should be registered with the National Registry of Oil Companies. Further, to be included in this Program, these companies should have a specific investment plan approved by the competent provincial authority, in conformity with the Secretariat of Hydrocarbon Resources.

The compensation is calculated based on the production of unconventional gas to be sold, that is to say, the natural gas prepared for commercialization, excluding internal consumption in the fields and taking into account the difference between the effective price (average weighted price of each company’s sales of natural gas to the internal market) and the minimum price.

The minimum price will be:
7.50 US$/MMbtu for calendar year 2018,
7.00 US$/MMbtu for calendar year 2019,
6.50 US$/MMbtu for calendar year 2020, and
6,00 US$/MMbtu for calendar year 2021.

The payment of the first compensation under the program will be made in the month after the request is submitted or in January 2018, whichever occurs later. Nevertheless, those companies taking part in the “Incentive Program for Natural Gas Injection for Companies with Reduced Injection”, created by Resolution 60/2013 of the former Commission for the Strategic Planning and Coordination of the National Hydrocarbon Investment Plan, which adhere to the current program, may receive compensation, if applicable, as from the month following submission of request for adherence to the Program.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT'D.)**

- **Resolution 419-E/2017 - Incentive Program for the Investments in Developments of Natural Gas Production from Unconventional Reservoirs**

On November 1, 2017, Resolution 419-E/2017 (which amends Resolution 46-E/2017) was issued, setting a new Appendix I modifying the terms and conditions of the Program.

Definitions:

1. Unconventional Gas: gas from natural gas reservoirs, characterized by the presence of very compact sandstones or clays with low permeability and porosity (Tight Gas or Shale Gas).
2. Included Concessions: Concessions which produce Unconventional Gas, located in the Neuquina Basin.
3. Initial Production: Average monthly Unconventional Gas Production for the period July 2016/June 2017.
4. Included Production:
    a. All the monthly production of Unconventional Gas for those concessions whose Initial Production is lower than 500,000 $m^3$/d.
    b. All the monthly production of Unconventional Gas minus the Initial Production for those concessions whose Initial Production is equal to or higher than 500,000 $m^3$/d.
5. Minimum Price:
    - 2018: 7.50 US$/MMbtu.
    - 2019: 7.00 US$/MMbtu.
    - 2020: 6.50 US$/MMbtu.
    - 2021: 6.00 US$/MMbtu.
6. Effective Price: Average weighted monthly price for the total volume of natural gas sales in Argentina (to be published by the ES).
7. Unit Compensation: The result of the Effective Price subtracted from the Minimum Price (when such difference is greater than zero).
8. Interim payments: payment of 85% of the compensation (estimated on the projections of companies) for the previous month.

Concessions which do not reach an average annual production (12 consecutive months) of 500,000 $m^3$/day in their investment plan before December 31, 2019 will not be considered. If they do not reach the 500,000 $m^3$/day, they must reimburse the compensation amounts received, adjusted with an interest rate (average lending rate of Banco Nación for trade discounts operations). The Secretariat of Hydrocarbon Resources can request a fidelity bond insurance policy to guarantee the reimbursement of the compensation.

- An independent measurement and production schedule must be submitted.
- The payment of the first compensation will correspond to the month after the request is submitted or in January 2018, whichever occurs later.
- Early start of Gas II Plan:
    - The companies participating in Gas II Plan (Resolution 60/13) will be able to receive compensations as from the month after the submission is completed.
    - For 2017, the minimum price to be used will be that of 2018.
- The effective price for 2017 will be the corresponding price of the excess injection.
- Payments:
    - 88% will be paid to the Company and 12% to the corresponding province.
    - Payment order in pesos, with the exchange rate of the last business day of the month to which the volumes correspond.
- Initial interim Payment:
    - The Secretariat of Hydrocarbon Resources will issue a payment order before the last business day of the month following that of the inclusion of the Company.
    - Within 20 days of the month after which the payment order is issued, a sworn statement of the Included Production, certified by independent auditors, must be submitted.
- Control of Production volumes:
    - Volumes corresponding to the entering points to the Transportation System of Natural Gas: the Secretariat of Hydrocarbon Resources will send the volumes of included production submitted by the companies to ENARGAS, which will verify the injection volumes.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT'D.)**

- Points located before the entering points to the Transportation System of Natural Gas: the Secretariat of Hydrocarbon Resources will verify the results of the measurement of volumes from each Gas Measure Point installed, pursuant to Resolution 318/2010.

On January 31, 2018, the Company submitted an application to the Exploration and Production Undersecretariat of the Ministry of Energy and Mining, requesting adherence to the mentioned Program for the Agua del Cajón concession. This presentation included the approval by the Provincial Enforcement Authority (Ministry of Energy and Natural Resources for the Province of Neuquén – Resolution No. 012 dated January 29, 2018) of an investment plan for US$ 101.5 million, until 2021, which would make the development of natural gas production from unconventional reservoirs possible. On June 6, 2018, the ES notified Capex that the Agua del Cajón concession was included in the Program. The investment plan has been completed with a total investment of US$ 127.5 million.

The Company has submitted the affidavits for the production of natural gas coming from unconventional reservoirs from the Agua del Cajón Area corresponding to the periods January 2018 – March 2021 and the bond insurance policies to request the payment of the incentive program. The Ministry of Energy authorized the total payment of the economic remuneration requested for the period January 2018 – March 2021 for approximately $ 2,954,9 million (stated at historical cost). The Company has recorded under Income the total incentive complying with the conditions set forth in Resolution No. 419 E/2017, amounting to $ 1,396,2 million, for the monthly production from April 2020 to March 2021 (See Notes 3.17 and 28).

Additionally, the Energy Secretariat applied in December 2018, with retroactive effect to January 2018, a new criterion regarding the volume to be recognized for the payment of compensation derived from the Stimulus Plan, the same being the minimum between the nonconventional actual volume produced and the original curve timely presented (see Note 27.c).

**Resolution 46/2018 – Reference price for electricity generating**

On July 31, 2018, the Ministry of Energy issued Resolution 46/2018, by means of which it established the new maximum prices at the entering point to the transportation system for natural gas, for each basin of origin, that will be applied for the valuation of natural gas volumes for electricity generation that will be sold in the WEM or, in general, for the provision of the utility service of distribution of electricity. These maximum prices are valid from August 1, 2018. For the Neuquén Basin the established maximum price amounts to US$/MMBTU 4.42.

**NO-2018-40206154-APN-SSEE#MEN – Acquisition of natural gas to be used in the generation of electricity. Undersecretariat of Electric Power of the Ministry of Energy**

As part of the regularization process of the sector and where mechanisms will be gradually implemented for Generators to acquire by themselves the fuel volumes necessary for the production of electricity and their selling under competitive terms, on August 17, 2018, the Under Secretariat of Electric Power through Note NO-2018-40206154-APN-SSEE#MEN ordered CAMMESA to implement competitive mechanisms, on a temporary basis, until reaching this goal, taking into consideration the following guidelines to call for a bidding:

- CAMMESA must acquire natural gas under firm and interruptible quantities through the Gas Electronic Market (MEG, for its acronym in Spanish), based on the system needs and considering the Maximum Daily Quantities of the contracts in force for the period.
- Acquisitions must be open to producers and sellers of natural gas, for each of the productive basins and up to the required quantities.
- The term of the agreements to be signed is that corresponding to deliveries between 09/01/2018 and 12/31/2018.
- The maximum value to accept should be up to the price established in Resolution MEN No. 46/2018.
- Volumes to be acquired in each basin will be those required to cover supply needs.
- The bidding must be competitive and transparent, the outcome of which must be published.

The daily dispatch of natural gas volumes hired must be made in ascendant order of generation cost, considering the transportation capacity and the availability of electricity generation.

**Resolution No. 70/2018 ES - Acquisition of Gas**

Through ES Resolution No. 70/2018, on November 6 2018, the Generating, Co-generating and Self-generating WEM Agents are empowered to supply their own fuel for the generation of electricity. This power will not affect the commitments taken on by the Generators under the framework of WEM supply contracts with CAMMESA. The generation costs with own fuel will be valued in accordance with the mechanism to recognize Variable Production Costs accepted by CAMMESA.

The Agency in charge of Dispatch (OED) will continue to commercially manage and dispatch fuel for those Generating Agents that do not or may not use the power granted in this Resolution.

**Note from the Energy Secretariat NO-2018-66680075-APN-SGE # MHA - Maximum prices (PIST) to be considered for each basin in US$/MMBTu.**

On December 19, 2018, the Energy Secretariat issued the note NO-2018-66680075-APN-SGE # MHA, which instructs CAMMESA to apply, for the period January to December 2019, the new natural gas reference prices for the generation of electricity. For the Neuquén basin, the maximum price established is 3.70 US$/MMbtu for the months of January, February, March, April, May, September, October, November and December and of 4.95 US$/MMbtu for the months of June, July and August.

**Note from the Energy Secretariat NO-2019-07973690-APN-SGE # MHA -Valuation of Generation Costs with Own Fuel. RESOL-2018-70-APN-SGE#MHA.**

On February 8, 2019, the Energy Secretariat issued Note NO-2019-07973690-APN-SGE # MHA, which instructs CAMMESA to apply, for the definition of the Maximum Production Variable Costs to be recognized in each fortnight, the weighted average price of natural gas per basin that would have resulted if all the natural gas produced in Argentina needed for the estimated supply in the electricity sector had been acquired through the contracts arising from the last bidding made by CAMMESA in the MEG.

**Resolution 12/2019 SEN**

On December 27, 2019, the Ministry of Productive Development issued Resolution No. 12/19 repealing SGE Resolution No. 70/18 effective as from December 30, 2019, whereby CAMMESA's centralization scheme for the supply of fuel for generation purposes was restored.

**The Secretariat of Energy issued Note NO-2020-05333189-APN-SE#MDP which sets forth Mechanisms for the provision of natural gas to be used in the Wholesale Electric Market in auctions.**

On January 24, 2020, the Secretariat of Energy through Note NO-2020-05333189-APN-SE#MDP ordered CAMMESA to include in the General and Specific Bidding Terms and Conditions clauses stating the obligation to provide the volumes awarded and nominated by CAMMESA.

It also established new maximum reference prices for the purchase of natural gas by CAMMESA as from February 1, 2020. For the Neuquén Basin, the maximum price established was US$/MMbtu 4.02 for June, July and August and US$/MMbtu 2.67 for the rest of the year.

**Note from the Ministry of Energy NO-2020-33627304-APN-SE # MDP - Maximum Reference Gas Prices**

On May 21, 2020, the Secretariat of Energy issued Note NO-2020-33627304-APN-SE#MDP, whereby new maximum reference prices were established for the purchase of natural gas by CAMMESA as from June 1, 2020. For the Neuquén Basin, the maximum price established was US$/MMbtu 2.67 for the year.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT'D.)**

**Decree No. 892/2020 - Argentine Promotion Plan for the Production of Natural Gas - 2020-2024 Supply and Demand System - Energy Secretariat Resolution No. 317/2020 - Call for Tenders. Energy Secretariat Resolution No. 391/2020 - Award of Gas Volumes.**

On November 13, 2020, Decree No. 892/2020 was published, approving the Promotion Plan for Argentine Natural Gas Production - 2020-2024 Supply and Demand Schedule (the "2020-2024 Gas Plan"), based on a competitive system at the point of entry into the gas transportation system, whereby the Energy Secretariat was instructed to implement that plan.

The 2020-2024 Gas Plan consists in the voluntary participation of gas producing companies, as well as CAMMESA and public utilities engaged in the distribution and sub-distribution of gas making direct purchases from the producing companies.

The main guidelines, criteria and conditions of this Plan are as follows:

a. Volume: total basic volume of 70 MM $m^3$/day for 365 days of each calendar year of duration of the schedule. Below is a detail of volumes per basin: Austral Basin 20 MM $m^3$/day, Neuquén Basin 47.2 MM $m^3$/day and Northwestern Basin 2.8 MM $m^3$/day.
b. Term: 4 years as from January 2021. The term for offshore projects will be up to 8 years.
c. Exports: The awardee producing companies shall benefit from preferential export conditions for a total volume of up to 11 MM $m^3$/day, to be undertaken exclusively during the non-winter period.
d. Supply and demand procedure: the special contracts are negotiated at auctions, bidding and/or similar processes guaranteeing compliance with the highest concurrence, equality, competition and transparency standards.
e. Producers shall commit themselves to achieving a production curve per basin that guarantees sustainability and/or increases in the current levels.
f. National value added and investment plans: the producing companies participating in the bidding process shall comply with the principle of full and successive use at a local, regional and national level both in terms of employment and supply of goods and services.
g. In the event of default by producers, according to the type of default, they will collect a lower price, shall be liable to fines and may be excluded from the 2020-2024 Gas Plan.
h. Bidding producers may waive –in whole or in part- the volumes undertaken under Resolutions Nos. 46/17, 419/17 and 447/17.

The Energy Secretariat implemented the 2020-2024 Gas Plan under Resolution No. 317/2020, published in the Argentine Official Gazette on November 24, 2020.

On December 15, 2020, the Energy Secretariat adopted Resolution No. 391/2020 awarding the volumes of natural gas according to the Public Bid and approving the offered prices for the awarded volumes of natural gas at the point of Entry into the Transport System.

The Company participated as bidder in the Public Bid and obtained the approval of a volume of 0.81 MM $m^3$/day for the base period, with a price for the total offered volumes of US$ 2.40/MMBTU. The Company executed the pertinent contract with CAMMESA, as laid down in Energy Secretariat Resolution No. 317/2020. The Company has not waived its right to the benefits it had been granted under Resolution No. 46/2017.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT'D.)**

**d) LPG sector**

- **Law 26020 and ES Resolution 168/05**

The regulatory framework for the industry and commercialization of LPG has been approved by the Argentine Congress through Law 26020. This regulatory framework is aimed at ensuring the regular, reliable and economical supply of LPG to low-income social sectors which do not have natural gas service through networks. Furthermore, a general policy has been defined, establishing specific goals for the regulation of the industry and commercialization of LPG, all of them aimed at improving market competitiveness and increasing the development of the LPG industry, promoting its efficiency and ensuring safety in all the stages of the activity, with an adequate protection of user rights, especially at the time of fixing prices.

Law 26020 rules the supply chain of LPG in full, that is to say the production, fractionation, transport, storage, distribution, port services and commercialization of LPG within the Argentine territory.

As regards the production own regulation, we have to mention that section 11 of Law 26020 has established freedom in the production activity, i.e. the LPG production under any form or technical alternative is free: the opening of new plants or the enlargement of existing ones can be made with no further requirement other than compliance with Law 26020, its regulations and pertinent technical standards.

Furthermore, Law 26020 authorizes the free import of LPG, the only requirement being that of compliance with the law, regulations and supplementary resolutions and no prior authorization is required. On the contrary, export of LPG can only be free once the internal demand volumes are satisfied and prior authorization by the Executive Branch in each case is obtained.

Resolution 168/05 of the ES establishes that the export operations have to be recorded with the LPG Direction, reporting to the Undersecretariat of Fuels, for approval, and those interested in the export of LPG must prove that the demand of the commercial chain has been duly satisfied through the mechanism set forth in the mentioned Resolution.

The Enforcement authority of Law 26020 is the Energy Secretariat, which shall enforce and promote compliance with the objectives of the industry and commercialization of the LPG established by such Law, issuing the necessary regulations to that end.

- **ES Resolution 1070/08 and 1071/08**

By Resolutions 1070/08 and 1071/08, the Energy Secretariat ratified (i) an agreement supplementary to the Agreement with Gas Producers entered into with certain gas producers; and (ii) an Agreement for LPG Price Stability entered into with certain LPG producers, bottlers and other market players, none of which was entered into by the Company (see Note 27.2 a.1). Subsequently, addenda to those agreements were signed, and ratified by resolutions of the Energy Secretariat.

- **ENARGAS Resolutions 1982, 1988 and 1991/11**

By the end of November 2011, the ENARGAS adopted Resolutions 1982, 1988 and 1991/11 whereby, among other issues: (i) the unit prices were adjusted for the charge created by National Executive Branch Decree 2067/08, they being increased by approximately 1,000%, and (ii) said charge was fully applied to certain non-residential users of natural gas, according to their main or secondary line of business; this includes the natural gas treatment plants located outside the regulated measurement area, such as the Agua del Cajon plant of Servicios Buproneu S.A. in which the Company processes its natural gas.

The Company considers that this charge is unconstitutional since it involves a tax and has not been created under a Law passed by the National Congress. In view of this, the Company has filed legal action and has been awarded a precautionary measure, as explained in Note 27.2 a.2).

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT’D.)**

- **ES Resolution 77/12**

Energy Secretariat Resolution 77/12 (the "Resolution") was published in March 2012. This resolution extends the LPG (butane) price stability agreement, establishes that the producing companies that are not a party to the agreement must meet the supply parameters determined by the Energy Secretariat and sell LPG (butane) to the Bottling Companies at prices and with remunerations equal to the ones set for the producing Companies that are a party to the Agreement, and that the companies not complying with those parameters and provisions shall (i) not be authorized to export; (ii) not be allowed to purchase and sell LPG in the domestic market to any of the persons operating in the industry; and (iii) shall be rendered liable to fines for failure to deliver the product under the terms established by the Competent Authority or for sales in excess of the prices set in the Agreement or in the Resolution. The Company has filed administrative and legal actions against the Resolution (see Note 27.2 a.3)) and, as a result, it has been awarded a precautionary measure with staying effects on this standard and on the restrictions imposed on the Company by the Energy Secretariat under the Resolution. Subsequently, the ES issued Resolutions 429/13 and 532/14, approving the successive extensions to the agreement for the stability of prices of LPG, and, in general, repeating the provisions of ES Resolution 77/12. The Company, not being a party to the LPG price agreement, will eventually file administrative and legal actions against those regulations, if necessary.

- **Decree 470/2015 and ES Resolution 49/2015**

In March 2015, Decree 470/2015 and ES Resolution 49/2015 were published, which replaced the “Garrafas para Todos” (Gas Bottles for Everyone) Program in force since 2009 with the “Hogares con Garrafas” (Homes with Gas Bottles) (HOGAR) Program. This Program modifies the scheme of volume contributions of propane and butane, the system of subsidies and maximum prices in force. The Company has challenged the application in those programs.

The maximum reference prices to be billed by producers under the "Homes with Gas Cylinders ("Hogares con Garrafas” or "HOGAR") are updated regularly. The new maximum reference prices established by Resolution 249/2021 of the SEN, in force as of 04/30/21 were set at $ / tn 12,626,60 for butane and $ / tn 12,626.60 for propane.

- **Undiluted Propane Gas Supply Agreement**

Since 2002, “Undiluted Propane Gas Supply Agreements” for Networks have been entered into with propane gas producers; the purpose of these agreements is to ensure stability in the supply conditions of propane gas for the distribution networks currently operating in Argentina.

The agreements, until December 2015, included the direct collection of $ 300/tn from the party receiving the volume of gas comprised in the agreement (stated at historical cost). The difference between this amount and the price known as “Export Parity Local” published by the ES is collected by means of a tax credit certificate and/or in cash from the enforcement authority.

Deliveries between May 1, 2015 and December 31, 2015 were not collected through a tax certificate, instead they were collected through the issuance of public debt instruments (BONAR 2020 US$). The Company had to join as a Beneficiary Company of that program, created by means of Decree 704/2016, published in the Official Gazette on May 20, 2016.

The prices collected by these companies were index-adjusted in October 2016 (Res 212/2016), March 2017 (Res 74-E/2017) and in November 2017 (474/ E/2017); determining for that date prices for residential users of $/tn 1,941 (stated at historical cost).

As set forth in the Sixteenth Agreement to Extend the Propane Gas Supply Agreement for Undiluted Propane Gas Distribution Networks expiring on December 31, 2019, a new semi-annual price adjustment mechanism was established effective March 2018, with an Adjustment Percentage of 35% between April and September 2018; 49% between October 2018 and March 2019, and 70% between April and December 2019. Those percentages will be applied to the price of LPG - Export Parity for the month prior to the commencement of each period of price adjustment. Notwithstanding this, the Company made propane deliveries in accordance with the conditions of the sixteenth extension of the Propane for Networks Agreement, also indicating that this agency is engaged in tasks aimed at extending the term of the Agreement at least until June 30, 2020.

**NOTE 2 - REGULATORY FRAMEWORK OF THE OIL, ELECTRIC, GAS AND LPG SECTOR (CONT'D.)**

In August 2020, the Seventeenth Agreement to Extend the Propane Gas Supply Agreement for Undiluted Propane Gas Distribution Networks (expiring on December 31, 2020) was signed. Under this Agreement, gas Producing Companies undertake to supply Distributors and Subdistributors of Undiluted Propane Gas through Networks at a factory gate price (the "Agreed Price") equal to: i) for the first half of 2020, the prices resulting from applying the system established under Article 2 of the Sixteenth Extension Agreement for the last period indicated therein; and ii) for the second half of 2020, within the area covered by the benefit granted under Section 75 of Law No. 25565 (provinces of TIERRA DEL FUEGO, ANTÁRTIDA E ISLAS DEL ATLÁNTICO SUR; SANTA CRUZ; CHUBUT; NEUQUÉN; RÍO NEGRO; LA PAMPA, Patagones, province of BUENOS AIRES, and Malargüe, province of MENDOZA), a factory gate price of $/TM 4,984 for R users, $/TM 9,968 for SGP users, and $/TM 8,937 for R and SGP users in the "Rest of the Country".

Producing Companies will receive an economic remuneration for the lower income resulting from compliance with supply conditions. The difference between i) the net income from the sale of propane gas to Distributors and/or Subdistributors of Undiluted Propane Gas through Networks at the Agreed Prices; and ii) the net income that would have been earned had those sales been conducted at the "LPG-Export Parity" price will be taken into account to calculate such lower income.

At the date of these Financial Statements, the Eighteenth Agreement to Extend the Propane Gas Supply Agreement for Undiluted Propane Gas Distribution Networks is under negotiation.

- **External market**

On September 3, 2018, the National Executive Branch issued Decree No. 793/18 which, between September 4, 2018 and December 31, 2020, sets an export duty of 12% on the amount exported of propane, butane and natural gasoline. This withholding is limited to $ 4 for each dollar of taxable base or the FOB official price. By means of Decree No. 37/99 issued by the National Executive Branch and published in the Official Gazette on December 14, 2019, the cap of $ 4/US$ of the tax value or FOB price as export duties under Decree No. 793/18 was eliminated. Therefore, the rate for export duties applicable to hydrocarbons will be 12%, subject to no cap. Besides, Law No. 27541 published in the Official Gazette on December 23, 2019, stated that rates for export duties applicable to hydrocarbons and mining cannot be higher than 8% of the tax value or FOB price. However, customs settle export duties for hydrocarbons at a 12% rate until May 2020. The Company has filed the corresponding objections and has requested the reimbursement for the export duties paid in excess.

## NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION

### 3.1 - Basis for presentation

These consolidated statements have been prepared in conformity to International Financial Reporting Standards (IFRS) adopted as Argentine professional accounting standards by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) and incorporated by the National Securities Commission (CNV) to its regulations, as approved by the International Accounting Standards Board (IASB). All IFRS effective as of the date of preparation of these financial statements have been applied.

The present consolidated financial statements contain all the significant disclosures required by IFRS. They also include some additional matters required by the CNV.

The presentation in the statement of financial position segregates current and non-current assets and liabilities. Current assets and liabilities are those which are expected to be recovered or settled within the twelve months after the closing of the reporting year. In addition, the Group reports on the cash flows from operating activities using the indirect method. The fiscal year commences on May 1 and ends April 30 of each year. Economic and financial results are presented on the basis of the fiscal year.

These financial statements are stated in thousands of Argentine pesos without cents, except otherwise expressly stated. They have been prepared in homogeneous currency at the end of the year, modified by the measurement of certain financial and no financial assets and liabilities at fair value.

The information included in the financial statements is stated in the functional and presentation currency of the Company, i.e. the currency of the primary economic environment in which the entity operates. The functional currency is the Argentine peso, which coincides with the presentation currency of the financial statements.

The preparation of these financial statements in accordance with IFRS requires the Company to make estimates and assessments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of issue of these financial statements as well as income and expenses recorded during the year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

These financial statements were approved for issuance by the Company's Board of Directors on July 12, 2021. The Board of Directors held a remote meeting during the sanitary emergency according to the General Resolution No. 830/2020 issued by the CNV.

Based on the coronavirus impact on the Company’s operations, at this date, these financial statements are still pending transcription to the Inventory and Balances Book.

**Restatement of financial statements**

The financial statements have been restated in terms of the measuring unit current at April 30, 2021 as established in IAS 29 Financial reporting in hyper inflationary economies.

**Comparative information**

Balances at April 30, 2020 shown in these consolidated financial statements for comparative purposes arise from the financial statements at that date expressed in terms of the current unit of measurement as of April 30, 2021, established in IAS 29 “Financial reporting in hyper inflationary economies”. Certain immaterial amounts corresponding to the financial statements presented for comparative purposes have been reclassified to keep consistency in disclosure with the amounts for the current year.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)**

**Guard of accounting and corporate documentation**

On August 14, 2014, the CNV issued General Resolution No. 629, which changes its rules on preservation of corporate books, accounting records and business documents.

In this sense, it is reported that The Company and its subsidiaries keep their working papers and non-sensitive information for non-statute barred periods, as well as their corporate books (as reported to the CNV by note on September 3, 2019), at the administrative office located at Carlos F. Melo 630, Vicente López, province of Buenos Aires.

Likewise, the breakdown of the documentation and corporate books kept by the Company is available at the legal address.

**3.2 - Accounting standards**

**3.2.1 - New and amended standards adopted by the Company**

Below follows a brief description of the new and/or amended standards and interpretations adopted by the Company and their impact on these financial statements.

- **IFRS 3 - Business Combinations**

It was amended in October 2018. IFRS 3 clarifies the definition of a business and sets forth guidance to determine whether a transaction should be accounted for as a business combination or as an acquisition of assets. The amendments are effective for acquisitions on or after January 1, 2020. The application of the same did not impact on the results of operations or the financial position of the Group.

- **IAS 1 - Presentation of financial statements and IAS 8 - Accounting policies, changes in accounting estimates and errors**

It was amended in October 2018. IFRS 3 clarifies the definition of a business and sets forth guidance to determine whether a transaction should be accounted for as a business combination or as an acquisition of assets. The amendments are effective for fiscal years initiated as from January 1, 2020. Earlier application is permitted. The application of the same did not impact on the results of operations or the financial position of the Group.

**- Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Information to be Disclosed":**

It incorporates temporary exemptions in case of hedging relationships affected by the reform of the reference interest rate, in accordance with the recommendations published by the Financial Stability Board (FSB) in July 2014. The modifications are applicable to the annual fiscal years beginning as of the January 1, 2020, allowing early adoption. The application of the same did not impact on the results of operations or the financial position of the Group.

**3.2.2 - New published standards, amendments and interpretations which have not yet come into force for fiscal years beginning on May 1, 2020 and have not been adopted early**

At the date of issue of these Financial Statements, the following standards that have been issued have not been adopted since their application is not required at the end of the fiscal year initiated by May 1, 2020:

**- IFRS 17 - Insurance contracts**

Issued in May 2017. It replaces IFRS 4, introduced as a provisional standard in 2004 to account for insurance contracts using the national accounting standards that resulted in multiple approaches in application. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and is effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted if both IFRS 15 and IFRS 9 have also been applied. The Company is analyzing the impact of the application of IFRS 17; however, it considers that its application will not have a significant impact on the results of operations or the financial position of the Company.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)**

**- IAS 1 - Presentation of financial statements**

Amended in January and July 2020. It adds amendments relating to the classification of liabilities as current or non-current. Amendments are applicable to annual fiscal years beginning on or after January 1, 2023, and early adoption is permitted. However, the Company considers that the application of this amendment will not have a significant impact on the results of its operations or its financial situation.

**- IFRS 3 – Business combinations**

Amended in May 2020. It adds references to the definitions of assets and liabilities introduced by the new Conceptual Framework and clarifications relating to contingent assets and liabilities incurred separately from those acquired in a business combination. Amendments apply to business combinations on or after January 1, 2022, and early adoption is permitted. Its application will not have a significant impact on the results of operations or the financial situation of the Group.

**- IAS 16 – Property, plant and equipment**

Amended in May 2020. It adds amendments relating to the recognition of inventories, sales and costs of finished goods while bringing an item of property, plant and equipment to the location and necessary conditions to operate as expected. Amendments apply to annual reporting periods beginning on or after January 1, 2022, and early adoption is permitted. The Company is analyzing the impact of the application of this amendment; however, it considers that its application will not have a significant impact on the results of its operations or its financial situation.

**- IAS 37 - Provisions, contingent liabilities and contingent assets**

Amended in May 2020. It clarifies the concept of cost of fulfilling an onerous contract. Amendments apply to annual reporting periods beginning on or after January 1, 2022, and early adoption is permitted. The Company estimates that application of these amendments will not have a significant impact on the results of its operations or its financial situation.

**3.3. – Recognition of the effects of inflation**

The International Accounting Standards N° 29 "Financial reporting in hyper inflationary economies" ("IAS 29") requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy shall be stated in terms of the measuring unit current at the end of the reporting year or period, regardless of whether they are based on the historical cost method or the current cost method. For this, in general terms, inflation produced from the date of acquisition or from the revaluation date, as applicable, must be computed in the non-monetary items. These requirements also include the comparative information of the financial statements.

To conclude on the existence of a hyperinflationary economy, the standard establishes a series of factors to be considered; among them, a cumulative inflation rate over three years that approaches, or exceeds, 100%. For this reason, in accordance with IAS 29, the Argentine economy should be considered as hyperinflationary as from July 1, 2018.

In turn, Law No. 27468 (Official Gazette December 4, 2018) modified Section 10 of Law No. 23928 and amendments, and provided that the repeal of all the regulations that establish or authorize index-adjustment, monetary restatement, cost variation or any other way of restatement of debts, taxes, prices or tariffs of goods, works or services/utilities, does not apply to the financial statements, to which the provisions of Section 62 in fine of General Companies Law No. 19550 (restated text 1984), as amended, will continue to apply. That law also repealed Decree No. 1269/2002 dated July 16, 2002, as amended, and delegated to the National Executive Branch, through its control authorities, the power to set the effective date of the rules governing financial statements to be filed. Therefore, under General Resolution 777/2018 (Official Gazette December 28, 2018), the National Securities Commission (CNV) established that the issuing entities under its control shall apply to financial statements for annual, interim and special periods ending on or after December 31, 2018 the method of restatement to constant currency, pursuant to IAS 29.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)**

According to IAS 29, the financial statements of entities reporting in the currency of a hyperinflationary economy shall be stated in terms of the measuring unit current at the date of the financial statements. Statement of financial position amounts not already expressed in terms of the measuring unit current at the date of the financial statements shall be restated by applying a general price index. All items in the statement of income shall be expressed in terms of the measuring unit current at the date of the financial statements by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

The adjustment for inflation applied to opening balances was calculated based on the indexes established by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) and the price indexes published by the National Institute of Statistics and Census (INDEC).

Below are the main procedures to be applied for the adjustment for inflation mentioned above:

a. Monetary assets and liabilities recorded at the monetary unit current at year end are not restated as they are already expressed in terms of the monetary unit current at the date of the financial statements.
b. Non-monetary assets and liabilities that are recorded at the balance sheet date and equity items are restated by applying the corresponding index adjustments.
c. Income and expenses (including interest and exchange differences) from the Statement of Income are restated as from the date of their accounting recognition, except for the items that show or include the consumption of assets measured under purchasing power currency prior to the registration of the consumption, restated based on the date of origin of the asset to which that item is related (for example, depreciation and other, consumption of assets stated at historical cost.)
d. The effect of inflation on the Society net monetary position is included in the Statement of Income within Other financial results - RECPAM
e. Comparative amounts have been inflation-adjusted following the same procedure explained above.

In the first period of application of this standard, the equity accounts were restated as follows:

a. The capital and additional paid in capital was restated from the date of subscription or the date of the last accounting adjustment for inflation, whatever happened later. The resulting amount was incorporated to the "Capital adjustment" and "Adjustment additional paid-in capital" account respectively.
b. Other comprehensive income items were restated as from each date of accounting allocation.
c. The revaluation reserves are expressed in real terms.
d. Other reserves were not restated in the initial application of the standard.

The adjustment for inflation was calculated based on the indexes established by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) and the price indexes published by the National Institute of Statistics and Census (INDEC). As of April 30, 2021, the price index amounted to 453,6503, with an annual inflation of 46.3%.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT’D.)**

**3.4 - Principles of consolidation and accounting of participation in companies and joint agreements**

**3.4 - Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are all entities over which the Company has control as well as rights to decide on the operating and financial policies to obtain variable returns from their activities and has the power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date on which that control ceases.

The main consolidation adjustments are as follows:

1. Elimination of balances of reciprocal assets and liabilities accounts between the parent company and subsidiaries, so that the financial statements disclose only the balances held with third parties;
2. Elimination of transactions between the parent company and subsidiaries, so that the financial statements disclose only those operations carried out with third parties;
3. Elimination of interests in equity and in the comprehensive results for each year of the subsidiaries in the aggregate.

Accounting policies of the subsidiaries have been amended, where applicable, to ensure consistency with the policies adopted by the Company.

The Company's subsidiaries at April 30, 2021 and 2020 are those detailed below. Their Capital stock consist of ordinary shares.

| Name of the entity | Country | % direct and indirect of share holding and voting rights | % of non-controlling interest | Main activity |
|---|---|---|---|---|
| Servicios Buproneu S.A. (SEB) | Argentina | 95% | 5% | Provision of services related to the processing and separation of gases. |
| Hychico S.A. (Hychico) | Argentina | 85.2046% | 14.7954 % | Production of electrical energy from renewable sources |
| E G WIND | Argentina | 99.25% | 0.75% | Generation of electrical energy from renewable sources |

**a) SEB**

Is a direct subsidiary in which the Company holds a 95% participation in capital stock and votes at April 30, 2021 and 2020. SEB’s main asset is a gas separation plant, located at Plottier, province of Neuquén. From that plant SEB provides gas processing services to the Company, under a contract signed by those companies in November 1999, which was amended on several times.

**b) Hychico**

Is a direct subsidiary in which the Company holds an interest percentage of 48.6770 in the capital at April 30, 2021 and 2020, and an indirect participation of 38.4501 at April 30, 2021 and 2020. Hychico is engaged in the development of energy projects on the basis of renewable energy and it is currently carrying out in Comodoro Rivadavia, province of Chubut, (i) the Diadema Eolic Energy Farm with a Total Installed Power of approximately 6,300 KW, and (ii) a hydrogen and oxygen production plant through the electrolysis process, using hydrogen as a fuel for power generation.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT’D.)**

**c) E G Wind**

Is a direct subsidiary in which the Company holds 95% of capital and votes at April 30, 2021 and 2020, and indirectly holds 4.25% at that date. E G WIND engages in the generation of electric power from renewable sources and has been operating since September 2019 Diadema II Wind Farm (see Note 39).

**3.4.2 Business combinations**

Business acquisitions are accounted for by means of the application of the acquisition method. The acquisition consideration is measured at its fair value, estimating at the acquisition date the sum of the fair value of transferred assets, the liabilities incurred or assumed and the equity instruments issued by the Company and delivered in exchange for the control of the acquired business. The costs related to the acquisition are charged to income/loss as incurred. The identifiable assets acquired and the liabilities assumed in the business combination are recognized at their fair value at the acquisition date (see Note 41).

If, as a result of the assessment, the amount of the acquisition consideration exceeds the net amount of the identifiable assets acquired and the liabilities assumed at the acquisition date, plus the amount of the non- controlling interest in the acquired business and plus the fair value of the equity interest of the acquired company the Company had in its possession (if any), a goodwill will be recorded.

If, on the contrary, as a result of the assessment, the net amount of the identifiable assets acquired and the liabilities assumed exceeds the amount of the acquisition consideration, plus the amount of the non-controlling interest in the acquired business and plus the fair value of the equity interest of the acquired company the Company had in its possession (if any), such excess will be immediately recorded under income/loss as a profit from the business acquisition. The non-controlling interest in the acquired company is valued at its fair value at the acquisition date or valued in accordance with the equity method on the net assets acquired.

The Group has up to 12 months from the acquisition date to complete the accounting of the business combinations. In case the accounting of the business combinations is not complete at year end, the Group will disclose this event and report the interim amounts.

**3.4.3 Participation in joint arrangements**

A joint arrangement is that whereby two or more parties have joint control: this involves the contractually agreed sharing of control, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under IFRS 11, investments in joint arrangements are either joint operations or joint ventures, depending on the contractual rights and obligations of the parties. The Group has analyzed the nature of joint arrangements and determined that they fall within the scope of joint operations. In this way, the Group financial statements recognize the assets, liabilities, revenue from ordinary activities and expenses relating to its participation in joint operations of various consortia for hydrocarbon exploration and production.

Investments in joint operations are initially accounted for at cost, and subsequently valued in accordance with the equity method. The Group share of assets, liabilities and income/loss relating to its participation in the consortia in which it takes part are consolidated applying the proportional consolidation method, since the Group has joint control on the activities of these joint operations.

Note 42 shows the summarized financial position of the Consortia.

**Recoverability of interests in joint operations**

In the valuation of interests in joint operations each of which is considered as a cash generating unit (CGU) is analyzed if at each date there is objective evidence that it will not be recovered. If this were the case, the Group determines the amount of impairment as the difference between the book value of the investment and the estimated present value of projected cash flows. At April 30, 2021 and 2020, the book value of the interest in joint arrangements does not exceed the present value of the projected cash flows.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)**

**3.5 – Foreign currency translation**

Foreign currency transactions are converted into the functional currency using the exchange rate applicable at the date of transaction (or valuation, if it relates to transactions that have to be re-measured).

Gains and losses from exchange differences resulting from the cancellation of those transactions or the measurement at closing of monetary assets and liabilities stated in foreign currency are recognized in the statement of comprehensive income, except for cash flow or net investment hedges which qualify to be disclosed as other comprehensive results.

Exchange differences generated are disclosed under the line "Financial income" (if generated by asset captions) and "Financial costs"(if generated by liability captions) of the statement of comprehensive income.

Exchange rates used are: buying rate for monetary assets, selling rate for monetary liabilities, each of them in effect at the end of the year according to Banco Nación, and the specific exchange rate for transactions in foreign currency.

**3.6 Property, plant and equipment**

I. *Oil and gas exploration activities:*

The Group applies IFRS 6 "Exploration for and Evaluation of mineral resources" to account for its oil and gas exploration and evaluation activities ("E&E").

Based on this and in accordance with IFRS 6, the Group capitalizes the expenses of E&E such as topographic, geological, geophysical and seismic studies, costs of drilling exploratory wells and evaluation of oil and gas reserves, as exploration and evaluation assets within a special category under the caption Property, Plant and Equipment, until their technical and commercial feasibility is shown for the extraction of mineral resources.

This implies that the exploration costs stated in constant currency, are temporarily capitalized until the evaluation is made and the existence of sufficient proven reserves is determined which justify their commercial development, and therefore, their addition as productive wells, assuming that the disbursements required are made and the Group is making progress in the evaluation of reserves and the economic and operating feasibility of the project.

Occasionally, at the time of concluding the drilling of an exploratory well, it is possible to determine the existence of reserves that cannot yet be classified as proven reserves. In these situations, the cost of the exploratory well is capitalized if the well enabled the discovery of a volume of reserves justifying its development as a productive well and the Group is making a substantial progress in the evaluation of reserves and of the economic and operating viability of the project. If any of these conditions is not fulfilled, the cost of the well is charged to income.

In addition to this, the exploration activity, in many cases, implies drilling multiple wells along several years, with the purpose of performing a thorough evaluation of those projects. This has as a consequence, among others, the possibility that exploratory wells are kept under evaluation for long periods, awaiting the completion of the wells and additional exploration activities that are necessary to assess and quantify the reserves corresponding to each project.

If the exploration and evaluation activities do not determine proven reserves that justify their commercial development, the related capitalized amounts are charged to income/loss. Accordingly, the costs of exploratory wells and related costs of the studies mentioned above in this Note are charged to income/loss.

Exploration and evaluation assets for which proven reserves were identified are tested for impairment and reclassified to "Oil and gas exploitation activities".

When there are events or circumstances that indicate a potential impairment, an impairment test is made at the level of identifiable cash generating units. The events and circumstances include: evaluation of seismic data, requirements to abandon the areas without renewal of exploration rights, non- successful results from drillings, failure to make planned investments and unfavorable political and economic market conditions. Impairment is recognized for the amount exceeding the carrying value compared with its recoverable value, which is the higher between the value in use and fair value less costs to sell.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)**

II. *Oil and gas exploitation activities:*

Exploitation costs, stated at historical cost, are those incurred to access the proven reserves and to provide facilities to extract, collect and store oil and gas. Under this item, the payment of concession rights is included.

Exploitation costs incurred to drill development wells (successful and dry) and to build or install equipment and facilities for production are capitalized and classified as "Works in progress" until they are completed. Once they are productive, they are reclassified to "Oil and gas wells" and "Assets associated to the production of oil and gas" and start to be depreciated. The costs related to the production of oil and gas are charged to income/loss.

Cost of repairs that increase the total of recoverable reserves are capitalized in the net book value of the related wells and are depreciated using the units of production method.

Maintenance costs that only restore production to its original level are charged to income/loss in the year in which they are incurred.

Assets classified as "Exploitation assets" are tested for impairment purposes when there are events or circumstances that indicate that their carrying value may not be recoverable. Impairment is recorded for the amount in excess of the carrying value compared to its recoverable value (value in use). For the purposes of the impairment test, assets are grouped at the minimum levels for which there are identifiable cash generating units (CGUs).

Costs for future abandonments and dismantlement of fields (environmental, safety, etc.) are capitalized at their current value when the asset is initially recorded in the financial statements and are recorded under the line "Oil and Gas wells". This capitalization is made with a counterpart in the pertinent accrual.

III. *Other tangible assets:*

The vehicles, furniture and fixtures and administrative assets are valued at historical cost reexpressed, net of accumulated depreciation and impairment losses, if any. The historical cost reexpressed, includes the amounts directly attributable to the acquisition of these assets.

Other tangible assets are tested for impairment when there are events or circumstances that indicate that their carrying value may not be recovered. Impairment losses are recognized for the amount exceeding the carrying value compared with its recoverable value, which is the higher between the value in use and fair value less sale costs. For the purposes of the impairment test, assets are grouped at the minimum levels for which there are identifiable CGUs. Other tangible assets impaired in prior years are reviewed to determine their possible reversal at the end of each year.

Revaluation of the CT ADC, Buildings and Land, LPG Plant and Diadema Eolic Energy Farm I and II

As of July 31, 2014, the Company has changed its accounting policy to value the Property, plant and equipment caption for the assets CT ADC, Buildings and land, LPG Plant (owned by SEB) and Diadema Eolic Energy Farm I (owned by Hychico) Diadema Eolic Energy Farm II (owned by EG WIND) which has been applied to all elements that belong to the same category of assets as it considers that this model most feasibly reflects the value of these assets. Furthermore, it has determined that each of these groups of assets represent a category of asset under IFRS 13, considering the nature, features and inherent risks.

The revaluation model measures the asset at its fair value less accumulated depreciation and accumulated impairment, if any.

In accordance with IAS 8, this change in the accounting policy is exempt from the retroactive application.

For the application of such model, the Company has used the services of independent experts. Their participation has been approved by the Board of Directors based on skills such as the knowledge of the market, reputation and independence. Furthermore, the Board of Directors decides, after discussing with experts, the valuation methods and, where applicable, the entry data to be used in each case.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)**

To determine the fair value of Buildings and land, as they are assets for which there is an active market in similar conditions, the market value in that market has been used, through appraisals of real estate agents renown in the area. This valuation method is classified under IFRS 13, as hierarchy of fair value level 2 (Note 4.5).

To determine the fair value of CT ADC, LPG Plant and PED I and PED II, the expert independent appraiser has used the depreciated replacement cost method, determining the components that form the plants and obtaining the new values from suppliers recognized in the industry and from specialized publications, adding costs of freight, insurance, assembly and other general expenses, and computing the state factor and functional obsolescence.

At April 30, 2021, the Company with independent experts have restated at fair value the Buildings and Land, CT ADC, LPG Plant and PED I and PED II. The differences that have arisen compared with the revaluation at April 30, 2020 were recorded in these financial statements.

In the case of the CT ADC, to the values determined based on the depreciated replacement cost method, it was necessary to apply a coefficient of depreciation due to economic obsolescence of 0.3671 and 0.3385 as of April 30, 2021 and 2020, respectively, based on the existence of external factors, such as the increase in direct and indirect costs and a decrease in sale prices, which caused a loss in value of the assets.

In the case of the PED II, to the values determined based on the depreciated replacement cost method, it was necessary to apply a coefficient of depreciation due to economic obsolescence of 0.0937 as of April 30, 2021, based on the existence of external factors which caused a loss in value of the assets.

This valuation method is classified under IFRS 13, as hierarchy of fair value level 3 (Note 4.5).

The main factors that could affect the values of the revalued assets in future periods are as follows: i) the estimated useful life, ii) the impairment due to functional obsolescence and iii) a fluctuation in the costs of the components. Capex estimates that any sensitivity analysis that considers relevant modifications to those factors could lead to significant changes.

The Board of Directors determines the policies and procedures to be followed for the recurring measurements of the fair value of revalued assets. Further, at each reporting year closing date, the significant variations in the fair values of assets measured are analyzed based on the revaluation model, or if there are any changes, therefore, the need to record a new revaluation. The application of the revaluation model to the assets mentioned implies that revaluation be made with the adequate frequency, at least once a year, to ensure that the fair value of the revalued asset does not significantly differ from its book value

The Board of Directors approved the revaluations made to the different types of assets. The last revaluation, approved by the Directors, was effected on April 30, 2021.

As of April 30, 2021, the Company has made a comparison between the fair values of revalued assets with their carrying values, measured based on the revaluation model, and concluded that the latter do not exceed their fair value (see Note 5).

The increases due to revaluations are recognized in the Statement of Comprehensive Income under the caption Other comprehensive results and they are accumulated in the Reserve for revaluation of assets of the Statement of Changes in Shareholders' Equity, unless such increase implies a reduction of the revaluation of that asset previously recognized in the statement of income, in which case the increase is recognized in the statement of income. A reduction due to revaluation is recognized in the statement of income, unless such reduction is offset by an increase in the revaluation of the same asset previously recognized in the Reserve for revaluation of assets. At the time of sale of a revalued asset, any Reserve for the revaluation of assets related to that asset is transferred to accumulated retained earnings (see Note 19.b). See in Note 20.c) the concepts established by CNV for the reserve for revaluation of assets.

Depreciation of revalued assets is recognized in the statement of income for the year. At the closing of the year, a reversal of the reserve for revaluation of assets with counterpart in unappropriated retained earnings is recorded for the difference between depreciation based on the revalued book value of the asset and depreciation based on the original cost of the asset.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)**

As of April 30, 2021, technicians from the Company and independent experts performed a review of the useful life assigned to the revalued assets without finding significant variations to those determined as of April 30, 2020.

Based on future cash flow estimates made by Hychico, in accordance with judgmental elements available, the assets related to the Hydrogen and Oxygen plant have been fully impaired for $ 279,904 and $ 311,733 at April 30, 2021 and 2020, respectively.

IV. *Other accounting policies applicable to Property, plant and equipment:*

Gains and losses from the sale of assets are calculated comparing the income obtained with the net-book value and are recognized in the statements of comprehensive income under "Other operating expenses, net".

Indebtedness cost either generic or attributable to the acquisition, construction or production of assets that necessarily require substantial time to be available for use or sale are added to the cost of those assets until they are ready to be used or sold. As of April 30, 2021, and 2020, the net book value of the capitalized financial results related to PED II amounts to $ 32,040 and $ 33,824, respectively.

Materials start to be depreciated when they are added to tangible assets in accordance with their useful lives.

V. *Depreciation*

The depreciation methods during the estimated useful life of the assets are:

(i) The acquired areas and other operating studies are depreciated based on accumulated production and total reserves, expressed in equivalent units of cubic meters of oil, with the limit of the expiration of the concession from the date of granting (see Note 1). Changes in reserve estimates are taken into account in the calculation of depreciation on a retroactive basis to the beginning of the year.
(ii) The wells and goods destined for the extraction of oil and gas are depreciated based on the accumulated production and proven developed reserves related to them, expressed in equivalent units of cubic meters of oil, with the limit of the expiration of the concession from the date of granting it (see Note 1). Changes in reserve estimates are taken into account in the calculation of depreciation on a retroactive basis to the beginning of the year.
(iii) The gas pipeline is depreciated by applying linear aliquots according to its estimated useful life in 20 years.
(iv) The ADC CT is depreciated based on the GW generated and the remaining GW to be produced based on the estimated useful life of each generation unit.
(v) For goods whose service capacity is not directly related to production, estimated linear aliquots are applied according to the characteristics of each asset.

Depreciation methods described for each type of asset are used to allocate the difference between the cost and the net book value during their estimated useful lives.

Below are the estimated useful lives for the main assets:

- <u>Central Administration and Plant administration</u>
  Buildings: 50 years
  Administration assets: 5 years

- <u>Assets for the production of oil and gas</u>
  Areas acquired and other studies: total reserves
  Oil and gas wells: proven developed reserves
  Assets associated to production: proven developed reserves
  Vehicles: 5 years
  Supply gas pipeline: 20 years

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)**

- CT ADC
  CT ADC Open cycle: GWh remaining production as from May 1, 2020.
  CT ADC Combined cycle: GWh remaining production as from May 1, 2020.
  Gas pipeline: 20 years
  General: GWh remaining production as from May 1, 2020.

- LPG Plant: 8.3 years as from May 1, 2020.

- Hydrogen and Oxygen Plant: 20 years

- Diadema Eolic Energy Farm I: 11.9 years as from May 1, 2020.

- Diadema Wind Farm II: 19 years from May 1, 2020.

On an annual basis, depreciation rates are reviewed and a comparison is made whether the current remaining useful life differs from that previously estimated. The effect of these changes is recorded as results for the year in which they are determined.

At April 30, 2021 and 2020, the net book value of Property, Plant and equipment does not exceed the present value of the projected future cash flows.

*VI) Impairment of property, plant and equipment*

As of April 30, 2021, and 2020, the residual book value of Property, plant and equipment does not exceed the present value of the projected future cash flow. It should be noted that as of April 30, 2021 and as of April 30, 2020, the Company has recorded impairment losses of $ 2,466,786 and 2,652,498 respectively, in the Agua del Cajón CGU, with an accumulated value as of April 30, 2021 of $ 5,119,284 (See Notes 7 and 31). In Note 5 v) the methodology for determining the recoverable value is described. Additionally, based on the estimates of future cash flows made by Hychico, based on the available evidence, the assets related to the hydrogen and oxygen plant have been devalued by $ 279,904 and $ 311,733, as of April 30, 2021 and 2020, respectively. Recoveries have been made from the aforementioned impairment as a consequence of the beginning of the amortization, as of May 2010, of the assets related to the hydrogen and oxygen plant.

**3.7 - Financial Instruments**

Regular purchases and sales of financial assets are recognized on the transaction date, i.e., when the Company commits to purchase or sell the asset. Financial assets are deleted from the financial statements whenever the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has substantially transferred all risks and rewards derived from the ownership.

The Group classifies financial instruments in the following categories:
- Financial assets at depreciated cost,
- Financial assets at fair value with changes in results,
- Financial assets at fair value with changes in other comprehensive income,
- Financial liabilities at fair value with changes in results,
- Financial liabilities at depreciated cost.

This classification of financial assets depends on the business model of the Group to manage its financial assets and the contractual characteristics of the instruments' cash flows.

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to set-off.

Group financial assets are measured at depreciated cost if both of the following conditions are met:

i) they are kept within the business model for the purpose of obtaining contractual cash flows, and
ii) contractual conditions of the financial asset give rise on specified dates to cash flows that are only collection of principal and interest on the outstanding principal amount.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT’D.)**

Gains or losses from financial assets measured at amortized cost and that are not part of a hedging relationship are recognized in income when the financial asset is written off or is impaired through the amortization process, using the method of the effective interest rate.

If any of these conditions is not met, financial assets are measured at fair value with changes in results or in other comprehensive income.

Financial assets valued at fair value with changes in profit or loss are initially recognized at fair value, and transaction costs are charged to income. Gains or losses from changes in the fair value of assets valued at fair value, and that are not part of a hedging relationship, are recognized in profit or loss, under Financial Results, in the year in which they originate.

Financial assets are measured at fair value with changes in other comprehensive income when:

i) The business model aims both to obtain the contractual cash flows, as well as the sale of said financial assets, and
ii) According to the conditions of the contract, cash flows will be received on specific dates that exclusively constitute principal payments plus interest.

Financial assets valued at fair value with changes in other comprehensive income are initially recognized at fair value plus transaction costs directly attributable to the purchase. After initial recognition, financial assets classified in this category are valued at fair value, recognizing the gain or loss in other comprehensive income, with the exception of gains and losses due to interest, exchange rate and expected credit losses that are recognized. in results. The amounts recognized in other comprehensive income are recognized in income when the financial assets are written down.

Regarding financial liabilities, the Company has determined that all financial liabilities be measured at depreciated cost using the effective interest method; the changes in the valuation are recognized in the statement of comprehensive income.

**3.7.1 - Impairment of financial assets**

The Group assesses the expected credit loss associated with its financial instruments recorded at amortized cost and financial instruments at fair value with changes in Other Comprehensive Income, if applicable. This analysis is based on evaluating the existence of evidence that a financial asset or group of financial assets is impaired. The loss for impairment of financial assets is recognized when there is objective evidence of the impairment of value as a result of one or more events that have occurred after the initial recognition of the financial asset, and such an event has an impact on the cash flows for the financial asset or group of financial assets that can be reliably estimated.

The Group applies the simplified approach allowed under IFRS 9 to measure expected credit losses for trade receivables and other receivables with similar risk characteristics. To determine these losses, the Group uses prospective information and historical data. On a periodical basis, the Group assesses changes in credit risk considering debtors’ financial distress, the probability of debtors’ bankruptcy or reorganization proceedings and nonpayment or late payment, as well as significant changes in foreign market indicators and in the economic and regulatory environment. To calculate expected credit losses, the Group groups trade receivables based on common credit risk indicators and assigns them an expected default rate based on a historical default rate adjusted to forward-looking economic conditions.

The resulting loss, determined as the difference between the carrying value of the assets and the current value of estimated cash flows, is recognized in the comprehensive statement of income. If in a subsequent period, the amount impaired decreases and this may be related to an event occurred after the measurement, the impairment is reversed.

**Financial instrument compensation**

Financial assets and financial liabilities are offset and the net value is reported in the statement of financial position when there is a legally enforceable right to offset the recognized values and there is an intention to pay net, or to realize the asset and cancel the liability simultaneously .

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)**

**3.8 - Spare parts and materials and inventories**

**- Spare parts and materials**

Spare parts and materials held for use in the field and in the electricity generating plant are valued at acquisition cost measured in historical cost less the provision for obsolescence. Cost is determined applying the weighted average price method.

The breakdown of spare parts and materials is divided in three: current, non-current which are those that have a turnover greater than a year (current and non-current which are not depreciated) and critical, which are depreciated and are recorded with the CT ADC under the caption Property, plant and equipment (Note 3.6.III).

It includes the advances to suppliers valued at the spot price paid at the time of the transaction.

**- Inventories (Stock)**

Stock of oil, propane, butane and fuel are measured at the lower between manufacturing cost or net realizable cost. Cost is determined applying the weighted average price method. Net realizable value is the sale price estimated in the normal course of business, less variable sale costs applicable.

The Group assesses the net realizable value of the spare parts and materials and inventories at the end of the year, charging to income/loss the timely correction of value when they are valued in excess. Whenever the circumstances that previously caused the correction of the value are no longer in existence, or there is clear evidence of an increase in the net realizable value due to a change in the economic circumstances, their amount is reversed. The fall in oil price has led the Company to record, at April 30, 2020, an impairment of crude oil inventories amounting to $ 708,498. This impairment is a consequence of the fact that the net realizable value at April 30, 2020 was lower than the production cost at that date (see Note 31).

**3.9 - Trade and other accounts receivable**

Trade account receivables and other accounts receivables are initially recognized at fair value and subsequently at depreciated cost in accordance with the effective interest rate method, less the impairment allowance.

The implicit interest is disaggregated and recognized as financial income as long as interest is accrued.

The amount of the provision is the difference between the book value of the asset and the current value of future estimated cash flows, discounted at the effective interest rate. The asset's carrying value is written down through an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

They are disclosed within current assets if their collection is due in a period shorter than or equal to one year.

**3.10 - Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits payable on demand in financial institutions, other highly liquid short-term and low risk investments with an original maturity of three months or less, and bank overdraft. In the balance sheet, overdrafts are classified as financial liabilities under current liabilities.

**3.11 - Equity accounts**

The recognition of the activity of this caption is made in accordance with the decisions of the Shareholders' meeting, legal standards or regulations.

## NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)

**Capital stock**

**- Outstanding shares**

Corporate capital represents the capital issued, which consists of contributions made by the shareholders. It is represented by ordinary, registered, non-endorsable shares of $ 1 face value each.

**- Additional paid-in capital**

It comprises the overprice paid for the shares issued with respect to their nominal value.

**- Capital adjustment and additional paid-in capital**

The difference between the share capital and additional paid-in capital stated in constant currency and their historical nominal value has been disclosed in the Capital adjustment and additional paid-in capital adjustment account, respectively in the Shareholders' Equity.

**Retained earnings**

**- Legal Reserve**

In accordance with Law 19550 on commercial companies, 5% of the profits for the year arising from the statement of comprehensive income plus (less) prior years' adjustments, transfers of other comprehensive income to unappropriated retained earnings and accumulated losses of prior years, must be appropriated to the Legal Reserve until such Reserve reaches 20% of capital.

**- Free reserve**

The free reserve comprises retained earnings appropriated to the distribution of future dividends and/or investments and/or debt settlement and/or absorption of losses.

**Retained earnings**

**- Reserve for investments at fair value**

The Reserve for investments at fair value arises from the application of IFRS 9 (see Note 19).

**- Reserve for assets revaluation**

The reserve for assets revaluation comes from the difference between the reexpressed amortized cost value of certain assets of Property, plant and equipment and the fair value of these assets (see Note 19).

**- Unappropriated retained earnings/losses**

Unappropriated retained earnings/losses comprise accumulated gains or losses with no specific allocation, which in the case of earnings may be distributed through a decision of the shareholders' meeting, provided that they are not subject to legal restrictions. They comprise prior year results which were not distributed, the amounts transferred from other comprehensive results and the prior year adjustments due to the application of accounting standards.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)**

In case there are unappropriated retained losses to be absorbed at the end of the year and to be considered by the Shareholders' Meeting, the following order of allocation of balances should be followed:

1. Retained earnings
    a. Free reserve
    b. Legal reserve
2. Adjustment additional paid-in capital
3. Additional paid-in capital
4. Capital adjustment
5. Capital stock

**- Distribution of dividends**

The distribution of dividends to Company's shareholders is recognized as a liability in the financial statements in the period in which these dividends have been approved by the Shareholders' Meeting (see Note 20).

**- Non-controlling interest**

Non-controlling interest represents the interest of third parties on equity other than that of the owners of the Company.

**3.12 Trade accounts payable, salaries and social security contributions and other payables**

Accounts payable comprise payment obligations for assets and services acquired from suppliers in the normal course of business. Salaries and social security contributions represent the obligations related to the Company's personnel. The other liabilities represent obligations for royalties and irrevocable contributions to pay.

They are initially recognized at fair value and are subsequently measured at depreciated cost using the effective interest rate method.

They are disclosed within current liabilities if their payment is due in a period shorter than or equal to one year.

**3.13 - Financial liabilities**

Financial liabilities are initially recognized at fair value, net of the costs directly attributable to obtain them. Afterwards, they are valued at depreciated cost using the effective interest rate method.

They are disclosed within current liabilities if their payment is due in a period shorter than or equal to one year.

**3.14 - Income tax and deferred tax**

The income tax charge for the year comprises current and deferred taxes. Taxes are recognized in the statement of income, except that they refer to items recognized in other comprehensive income or directly in equity. In this case, income tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated based on the laws approved or to be approved at the date of the financial statements. Management regularly assesses the positions of the tax returns as regards situations in which the tax regulation applicable is subject to interpretation, and, where necessary, it sets up accruals based on the amounts expected to be paid to tax authorities (see Note 5.iii).

Deferred tax is recognized, in accordance with the liability method, for the temporary differences arising between the tax basis of assets and liabilities and their book values in the financial statements. However, deferred tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction, different to a business combination, which, at the time of the transaction, does not affect either the accounting or the tax gain or loss.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT’D.)**

Deferred tax assets are recognized only to the extent that it is probable that the company holds tax benefits which are likely to be obtained in the future to be able to offset the temporary differences.

Deferred tax assets and liabilities are offset only if there is a legal right to offset the amounts recognized and when the deferred tax assets and liabilities derive from the income tax corresponding to the same tax authority, are applied to the same tax entity or different tax entities, which expect to settle current tax assets and liabilities by their net amount.

**3.15 - Provisions and other charges**

Provisions are recognized when:

- The Group has a present obligation, either legal or implicit, as a result of a past event,
- It is probable that an outflow of resources will be necessary to cancel that obligation, and
- A reliable estimate of the amount of the obligation can be made.

Provisions are measured at the current value of disbursements that are expected to be necessary to settle the obligation considering the best information available at the date of preparation of the financial statements and are re-estimated at each closing. The discount rate used to determine the current value reflects the current market evaluations, at the date of the financial statements, of the time value of money as well as the specific risk related to the liability.

The provision for lawsuits was set up based on the analysis of possible indemnities that the Group estimates to pay according to the opinion of its internal and external legal counsel.

To calculate the provision for well abandonment, the Group considered the well abandonment plan until the end of the concession or the expected total consumption of reserves, whichever occurs first and valued them at the estimated cost of capping, discounted at a rate that reflects the specific risks of liabilities and time value of money.

**3.16 - Leases**

In leases in which the Company is a lessee (Note 11), a right-of-use asset and a lease liability are recognized on the date the leased asset is available for use by the Company.

The inception lease liability corresponds to the present value of the remaining payments under the lease contracts classified as operating leases under the previous standard (IAS 17) and that have not been made on that date, including, if applicable:

- Fixed payments, less any lease incentives receivable.
- Variable lease payments based on an index or rate.
- Amounts that the Company expects to pay as residual value guarantees.
- Exercise price of a purchase option (if the Company is reasonably sure to exercise that option).
- Payments for penalties deriving from the termination of the lease.

Lease payments are discounted using the Company's incremental borrowing rate. The dollar rate used was 6.9% annually.

The lease liability is included in the line “Lease liabilities” under “Trade payables”. Each lease payment is apportioned between principal and finance cost. The financial cost is charged to income/loss during the lease term to generate a constant periodic interest rate on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising:
- Amount of the initial measurement of the lease liability.
- Any lease payment made before or after the start date, less any lease incentives received.
- Any initial direct cost, and
- An estimate of the costs to be incurred to dismantle or restore the underlying asset, in accordance with the terms and conditions of the lease.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)**

Right-of-use assets are depreciated by the straight-line method over the useful life of the asset or, if shorter, over the lease term.

The Company recognizes as expenses lease payments associated with short-term leases (for up to 12 months) and leases for which the underlying asset is of low value (computer equipment and office supplies), following the straight-line method, throughout the lease term.

Practical solutions applied

Upon first-time adoption of IFRS 16, the Company has applied the following practical solutions allowed by this standard.

- Application of a single discount rate for a portfolio of leases with similar characteristics.
- Accounting for operating leases with a remaining term shorter than 12 months at May 1, 2019 as short-term leases.
- Exclusion of initial direct costs from the measurement of the right of use assets at initial application date.
- Use of all the information available at the date of assessment to determine the lease term when the contract has extension or termination options.

No change was made to the registration of assets recorded by operating leases as a consequence of the adoption of IFRS 16 in connection with the leases where the Company acts as lessor.

**3.17 - Revenue recognition**

Income from sales is measured at the fair value of the consideration received or to be received, and represents amounts receivable for the sale of assets and/or services.

Income from sales of assets and/or services is recorded at the time in which the risks and rewards of ownership have been transferred – or that the provision has been made. Non-invoiced sales at the end of the year are recognized based on estimates made by management, taking into account historical results, considering the type of customer, type of transaction and the specific circumstances of each agreement.

Income from the electricity generation activity is recognized as from the energy and power effectively delivered to the spot market.

Income from sales of crude oil, natural gas, butane, propane and oxygen is recognized with the transfer of ownership, in accordance with the terms of the related agreements, i.e., when the customer acquires the ownership of the product, assuming risks and rewards.

Revenue from the provision of services is recognized once the service has been performed

The above mentioned income is recognized when all and each of the following conditions are met:

- The entity transferred to the buyer significant risks and rewards;
- The amount of income was reliably measured;
- It is probable that the entity receives the economic benefits associated to the transaction;
- Costs incurred or to be incurred, in relation to the transaction, were reliably measured.

Income from transactions between group companies and business segments generate income, costs and results which are eliminated in the consolidation process.

Revenue from interest earned is recognized using the effective interest method. Interest is registered on a temporary basis, with reference to the principal outstanding and the applicable interest rate. Revenue is recognized whenever it is likely that the entity will receive the economic benefits associated with the transaction and the amount of the transaction can be measured through reliable means.

**NOTE 3 – BASIS FOR PREPARATION AND PRESENTATION (CONT’D.)**

**- IAS 20 – Accounting of the Government subsidies and information to be disclosed on Government aids**

The incentives for the natural gas production from unconventional reservoirs, stated by the Ministry of Energy and Mining through Resolution No. 419E/2017 the Argentine Promotion Plan for the Production of Natural Gas 2020 – 2024 under the Decree 892/2020 (see Notes 1.2 c and 25), fall within the scope of IAS 20 - Accounting of the Government subsidies and information to be disclosed on Government aid, as they consist of economic remunerations related to income for companies that are committed to make investments in natural gas production from unconventional reservoirs. This incentive has been included under Sales in the Statement of Comprehensive Income (Note 27).

This incentive is recognized in the income for the period on a systematic basis throughout the period during which the necessary conditions for its recognition are materialized. The recognition of this income is made at its fair value when there is a reasonable assurance that the incentive will be received and the conditions will be met.

**3.18 - Segment reporting**

The Board has determined operating segments based on the reports reviewed and used for strategic decision making (see Note 6).

Segment reporting is presented in a manner consistent with the internal reporting. The Board of Capex and the Managers are responsible for assigning resources and assessing the profitability of operating segments.

**3.19 - Receivable and payable balances with related parties**

Receivables and debts with parent company and with other related parties generated by sundry transactions have been valued in accordance with the conditions agreed by the parties involved (see Note 35).

Companies and individuals comprised in Decree 677/01 and regulations of the CNV have been included as related parties.

**NOTE 4 - ADMINISTRATION OF FINANCIAL RISKS**

**4.1 Market risk**

Market risk is the potential loss in case of adverse changes in the market variables. The Group is exposed to different types of market risks: foreign exchange risk, interest rate risk and price risk.

For each of the market risks described below, a sensitivity analysis of the main inherent risks of financial instruments is included, showing how the results and equity might be affected in accordance with IFRS 7 - Financial Instruments: Disclosures.

The sensitivity analysis uses variations of risk factors that represent its historical behavior. Estimates made are representative both of favorable and unfavorable variations. The impact on results and/or equity is estimated based on the financial instruments owned by the Group at the closing of each year.

**4.1.a. Foreign exchange risk**

Foreign exchange risk arises whenever future business transactions or recognized assets or liabilities are stated in a currency different to the functional currency of the entity.

The Group’s results and equity are exposed to the variations in the foreign exchange rates in the currencies with which it operates.

The Group owns approximately 90.0% of its financial liabilities and 70.8% of its financial assets denominated in US dollars; which means that the currency generating the greatest exposure is the US dollar.

**NOTE 4 - ADMINISTRATION OF FINANCIAL RISKS (CONT’D.)**

The expiration of 86.6% of the principal of the debt in US dollars will be in May 2024; therefore, even when the economic results are exposed to the foreign exchange variation, including the principal of the debt, from the financial point of view the foreign exchange variation risk in the short term is limited to the amount of interest payable, which is partially mitigated by financial assets exposed in the same currency.

As of April 30, 2021, and 2020, the Group does not hedge the risk of changes in the exchange rate through derivative financial instruments. However, it is important to consider that the price of the hydrocarbons (oil and gas) produced by the Group is denominated in US dollars, representing approximately 74% and 77% of the Company’s income during the fiscal years ended on April 30, 2021 and 2020, respectively. In the case of the electrical energy generated by the CT AD with the sanction of Res. 19 E / 2017 (modified by Res 19/1), effective from February 1, 2017 to January 31,2020, the remuneration was fixed in dollars. As of February 2020, and with the sanction of Res 31/2020 and Res 440/2021, energy prices are set in pesos, Electric power revenue represented approximately 25% and 22% of the Company’s income during the fiscal years ended April 30, 2021 and 2020, respectively. In the case of the prices of propane and butane, their values are stated in pesos but they are related to an export parity price in US dollars, and the income from these products represented approximately 1%, respectively, of the Company's total sales at 30 April 2021 and 2020 respectively. In turn, the prices of the electric power generated by wind farms operated by the Company’s subsidiaries are also stated in US dollars.

The table below presents the exposure of the Group to foreign exchange risk for those financial assets and liabilities stated in a currency other than the functional currency of the Group:

| | At 04/30/2021<br>$ | At 04/30/2020<br>$ |
|---|---|---|
| **Net Asset /(liability) position in US$** | **(169,122)** | **(189,575)** |
| US Dollar - exchange rate | 93.36 (buyer) and<br>93.56 (seller) | 66.64 (buyer) and<br>66.84 (seller) |
| **Net Asset /(liability) position in Pesos** | **(15,847,951)** | **(18,588,470)** |

The sensitivity of the comprehensive income and equity at April 30, 2021 and 2020, as a result of a 10% appreciation of the exchange rate on financial assets and liabilities stated in US dollars, would have been a decrease or increase in the comprehensive income and equity of $ 1,109,357 and $ 1,301,193 respectively.

**4.1.b. Interest rate risk**

The variations in the interest rates may affect the income or expenses for interest of financial assets and liabilities with reference to a variable interest rate. Indebtedness at variable rates exposes the Group to interest rate risk on its cash flows due to their volatility. Indebtedness at fixed rates exposes the Group to interest rate risk on the fair value of its liabilities, since depending on the volatility of interest rates at a given moment, there may be an increase in the rate of depreciation that would cause the fixed rates to be higher than the variable rates at that moment. This risk is mitigated, since the Company owns 77.9% of its financial liabilities at a fixed nominal annual rate of 6.875% maturing in May 2024.

**4.1.c. Price risk**

International crude oil and gas prices have historically depended on a variety of factors, including international supply and demand, political and economic developments in oil and gas producing regions, competition from other energy sources, government regulations, war conflicts.

On the other hand, throughout the years in Argentina the different regulatory, economic and governmental policies determined that local prices should achieve the expansion of the exploitation activity and expansion of the hydrocarbon reserves. In this framework, the price of local oil is set in negotiations between refineries and producers in accordance with the mechanics of the domestic and export markets, its framework being the transfer of these values to the final price of liquid fuels. Likewise, sale prices in the local market are affected by significant variations in the international prices of hydrocarbons and the price paid by the consumer in the domestic market.

**NOTE 4 - ADMINISTRATION OF FINANCIAL RISKS (CONT'D.)**

As regards the price of gas, it also follows a government policy, setting different maximum values for each of the market segments prioritizing the development of the industry and the payment possibilities of each segment, also generating various plans to stimulate production (see Note 2).

Besides, the price of LPG is based on a monthly publication issued by the ES, that sets the prices in pesos according to the export parity. However, although they try to be eliminated gradually, there are programs of subsidies to consumption that could affect some producers.

Regarding the generation of electric power, the remuneration received by the generating companies is not in relation to its demand. The remuneration is set by the Enforcement Authority, which is dependent on the National Government, which has been set in pesos since February 2020, and with periodic updates in order to recover the loss of value due to inflation. For more information on prices, see Note 2.

At April 30, 2021 and 2020, the Group does not own derivative products or hedges on hydrocarbon prices.

At April 30, 2021 and 2020, a 10% increase or decrease in the prices of electricity and hydrocarbons would have implied an increase or decrease in the comprehensive income and in equity of $ 1,059,136 and $ 1,368,324 respectively.

**4.2 Credit risk**

Credit risk is defined as the potential that a third party fails to meet its contractual obligations, generating losses for the Group. The Group's credit risk is measured and controlled per customer or individual third party.

The provisions for insolvency are determined based on the following criteria:

- Aging of credits
- Existence of bankruptcy proceedings
- Analysis of the customers' capacity to repay the loan granted

The Group's exposure to the credit risk is mainly attributable to trade receivables due to sale transactions of electricity, oil and LPG; nonetheless, the Group has not had to set up provisions for uncollectibility in the past years.

In particular, and regarding credits related to the sale of energy, and the gas used for generation; although CAMMESA's expected term of payment of settlements is 45 days, there are certain delays extending such term up to approximately 80 days. The generators that sell electricity in the spot market have little management capacity to ensure collection of their receivables.

Although there were some delays in the collection of credits arising from the Incentive Program for Investments in Production Development of Natural Gas extracted from Unconventional Reservoirs, Resolution No. 419/E/2017, the National Government in the last year has sought to speed them up.

The current economic situation has been taken into consideration in the review and update of provisions for expected losses.

**4.3 Liquidity risk**

The Administration and Finance Management monitors current and future business projections aimed at:

(i) Structuring financial liabilities so that their maturity in the short and medium term does not affect the current flow of business, considering the conditions prevailing at each time, in the credit markets to which it has access, and

(ii) Maintaining active positions in instruments with proper liquidity and limited risk.

Within the framework of this strategy, in the past, the Company has 78.1% structured financial liabilities on the basis of Negotiable Obligations Class I in May 2017, for a term of 7 years with maturity of its capital in a quota in May 2024. The covenants governing this debt continue to be of incurrence rather than of maintenance. This means that creditors cannot request advance payment if the Company does not meet any of the financial covenants; instead, the Company must comply with certain pre-established financial restrictions (see Note 22).

**NOTE 4 - ADMINISTRATION OF FINANCIAL RISKS (CONT'D.)**

On the other hand, the Company has structured its investment portfolio based on the maturities of these liabilities and the financial needs to meet the investments required by the incorporation and/or extension of the new hydrocarbon areas (Loma Negra, La Yesera, Pampa del Castillo, Bella Vista Oeste Block I, Parva Negra Oeste and Puesto Zúñiga), the development of PED II and the needs of working capital, investing in turn the surplus cash in accounts that generate results, choosing instruments with low risk and adequate credit quality.

In the current context, the Company has reviewed its financial flows adapting them to the current situation and market conditions, maintaining an adequate liquidity position.

The table below analyzes financial liabilities grouped based on contractual terms pending and not discounted, as from the date of the financial statements and until maturity and considering the prevailing exchange rates at April 30, 2021 and 2020.

| **At April 30, 2021** | No term | Less than 3 months | Between 3 months and one year | Between 1 and 2 years | More than 2 and 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| Financial liabilities | - | 1,144,537 | 1,186,008 | 1,640,391 | 26,320,819 | - |
| Trade accounts payable | 418,373 | 4,594,860 | 136,680 | 134,726 | 142,835 | 211,134 |

| **At April 30, 2020** | No term | Less than 3 months | Between 3 months and one year | Between 1 and 2 years | More than 2 and 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| Financial liabilities | - | 1,894,502 | 1,648,595 | 2,910,549 | 34,373,551 | - |
| Trade accounts payable | 458,426 | 4,487,441 | 12,447 | 1,890,358 | 66,385 | 23,829 |

**4.4. Capital risk**

The Group's goals when administering capital are to safeguard its ability to continue with the management of operation.

The Group monitors its capital structure based on the net financial debt to EBITDA ratio generated by the Group and measured in US dollars. This ratio is calculated by dividing the net financial debt by EBITDA. The net financial debt is calculated as total financial liabilities less financial investments and cash and cash equivalents.

Ratios are as follows:
a) At April 30, 2021: 1.294 and
b) At April 30, 2020: 0.881.

**4.5 Fair value estimation**

The Group classifies the measurement at fair value of financial instruments, using a hierarchy of fair value, which reflects the significance of the inputs used to perform these measurements. The fair value hierarchy has the following levels:

- Level 1: quotation prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: information different from quotation prices included in level 1 that may be observable for assets and liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: information on assets or liabilities not based on data that may be observable in the market (non-observable information).

**NOTE 4 - ADMINISTRATION OF FINANCIAL RISKS (CONT'D.)**

The tables below shows the financial assets and liabilities of the Group measured at fair value at April 30, 2021 and 2020.

| | 04.30.2021 | | | | 04.30.2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets** | | | | | | | | |
| ***Financial Assets at fair value through profit and loss*** | | | | | | | | |
| Mutual funds | 2,096,799 | - | - | 2,096,799 | 1,986,761 | - | - | 1,986,761 |
| Financial assets at fair value with changes in other comprehensive income | | | | | | | | |
| Private titles | - | - | - | - | 13,316,548 | - | - | 13,316,548 |
| Property, plant and equipment | - | 1,696,223 | 14,416,048 | 16,112,271 | - | 1,412,256 | 17,000,871 | 18,413,127 |

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from a stock exchange, broker, sector-specific institution, or regulatory agency, and those prices represent current and regular occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current offer price. These instruments are included in Level 1 (Note 17).

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on Group specific estimates. If all significant inputs required to determine the fair value of a financial instrument are observable, the instrument is included in Level 2 (Note 7).

If one or more of the significant inputs required to determine the fair value of a financial instrument is not based on observable market data, the instrument is included in Level 3 (Note 7).

There were no transfers between levels 1, 2 and 3 in the years ended on April 30, 2021 and 2020.

**NOTE 5 - ACCOUNTING ESTIMATES AND JUDGMENTS**

Accounting estimates and judgments are continually assessed and are based on the historical experience and other factors, including the expectations for future events that are considered reasonable under the circumstances.

**Significant accounting estimates and judgments**

The Group makes estimates and hypotheses as regards the future. Resulting accounting estimates, by definition, will rarely equal actual results. Estimates and judgments that have a significant risk to give rise to a material adjustment in the book value of assets and liabilities within the following fiscal year are explained below. The main accounting principles and areas that require a greater amount of judgment and estimates in the preparation of financial statements are:

- (i) Oil and gas reserves;
- (ii) Provision for well abandonment,
- (iii) Provisions for lawsuits and other contingencies,
- (iv) Income tax and deferred tax,
- (v) Impairment test of assets
- (vi) Fair value of revalued assets.
- (vii) The fair value of business acquisitions.

**NOTE 5 - ACCOUNTING ESTIMATES AND JUDGMENTS (CONT’D.)**

*(i) Oil and gas reserves*

Reserves are understood as the volumes of oil and gas (determined in equivalent $m^3$ of oil), which generate or are related to an economic benefit in the areas where the Group operates and over which it has rights for their exploration and exploitation.

The estimate of oil and gas reserves is an integral part of the Group's decision-making process. The volume of oil and gas reserves is considered in the calculation of depreciation charges, applying production unit ratios, as well as in the assessment of the recoverability of the investment in Exploration and Exploitation assets (see Note 3.6).

The estimates of reserves were prepared by Group technical personnel and are based on technological and economic conditions in force at December 31, 2020, considering the economic assessment and having as their horizon the expiry of the concessions, in order to determine the term for recoverability.

These reserve estimates are adjusted whenever changes to the issues considered for their assessment justify so, or at least, once a year. These estimated reserves have been audited by an independent auditor.

There are several factors which create uncertainty about the estimate of proven reserves, estimates of future production profiles, development costs and prices, including other factors beyond the control of the producer. The procedure for calculating the reserves is subjective to allow for the estimate of crude oil and natural gas to be recovered from the subsoil, which has certain degree of uncertainty. The reserves estimate is prepared based on the quality of the information on geology and engineering available at that date, as well as on its interpretation.

See details on reserves in Note 38.

*(ii)Provision for well abandonment*

Obligations relating to well abandonment in the hydrocarbons areas once operations are completed imply that Management make estimates of the quantity of wells, the long-term abandonment costs and the remaining time until abandonment.

Technology, costs and political, environmental and safety considerations are constantly changing, which may give rise to differences between real future costs and estimates.

The estimates of the obligations related to the abandonment of wells are adjusted at least once a year or to the extent that changes in the aspects considered for their evaluation justify it.

*(iii) Provisions for lawsuits and other contingencies*

Provisions are recognized for certain civil, commercial, labor and tax contingencies which occasionally take place in the ordinary course of business. With the aim of determining the sufficiency of the provisions for these contingencies, based on the advice of our internal and external legal counsel, the Management of the Company determines the probability of adverse judgements or resolutions regarding these matters, as well as the range of probable losses that could result from potentially adverse resolutions. Where applicable, the amount of the provisions required for these contingencies is determined after a careful analysis of each case in particular (See Note 26).

*(iv) Income tax and deferred tax*

Each group company has recognized income tax by the deferred tax liability method. Accordingly, deferred tax assets and liabilities are recognized to reflect the future tax consequences attributable to differences between the amounts recorded in the financial statements of existent assets and liabilities and their pertinent tax bases. Deferred tax assets and liabilities are valued at the end of the period by applying the tax rate in effect to the taxable income during the years in which these temporary differences are expected to be recorded or settled. The effect that any modification in the tax rates may have on the deferred tax assets and liabilities is recognized in the comprehensive statement of income for the period that includes the date in which such modification of the tax rate has been made (see note 8).

**NOTE 5 - ACCOUNTING ESTIMATES AND JUDGMENTS (CONT’D.)**

The deferred tax assets are recognized only insofar that it is probable that the Company will have future taxable profits against which the temporary differences can be offset. Assets generated by tax losses are capitalized to the extent that they are recoverable before expiration date.

*(v) Impairment test of property, plant and equipment*

The Group regularly assesses the recoverability of Property, plant and equipment, including assets being explored and exploitation, as mentioned in Note 3.6. The carrying amount of property, plant and equipment is considered impaired by the Group when the value-in-use, calculated based on the estimated cash flows expected from those assets, discounted and separately identifiable, or their net realizable values are lower than their carrying amounts. This analysis is made at the minimum level in which there are identifiable cash generating units (CGUs).

The Group has identified the following CGUs:
-Exploration and exploitation hydrocarbon’s assets:
- Agua el Cajón
- Loma Negra and La Yesera
- Pampa del Castillo
- Bella Vista Oeste
- Parva Negra Oeste (exploration assets)
- Puesto Zúniga (exploration assets)

- Other intangible assets:
  - CT ADC
  - Planta LPG
  - PED I
  - PED II
  - Hydrogen and Oxygen Plant

When evaluating if there is a sign that a cash generating unit (CGU) might be affected, internal and external sources are analyzed, considering specific facts and circumstances, which, in general, include the discount rate used in the projections of cash flows for each of the cash generating units and the condition of the business in terms of economic and market factors, such as the price of the hydrocarbons, energy rates, inflation, exchange rate, costs, seismic information, disposal area requirements without renewal of exploration rights, other expenses and the regulatory framework of the industry in which the Company operates and the listing of the Company shares in the Buenos Aires Stock Exchange (which, currently, due to the low liquidity of these securities does not constitute a representative parameter for this evaluation).

A previously recognized impairment loss is reversed when there is a subsequent change in the estimates used to compute the recoverable value of the asset. In this case, the new value cannot exceed the value it would have had at the new date of measurement had the impairment not been recognized. Both the impairment charge and its reversal are recognized as income/loss.

The value-in-use calculation requires the use of estimates and is based on cash flow projections prepared based on financial and economic budgets approved by the Board. Cash flows beyond the budgeted periods are extrapolated using estimated growth rates, which do not exceed the long-term average growth rate of each of the business segments involved.

At the time of estimating future cash flows, critical judgment is required from Management. Actual cash flows and values may significantly vary from the foreseen future cash flows and related values obtained through discount techniques. To consider the estimation risk included in those calculations, the Company regards several scenarios of weighted probability of occurrence.

The estimate of net realizable values, where necessary, is calculated based on valuations prepared by independent appraisers.

Methodology for the estimation of the recoverable value:

General criterion of the Group: the methodology used for the estimation of the recoverable value of Property, plant and equipment consists, mainly, in the calculation of the value in use, from the expected future flows of funds deriving from the exploitation of these assets, discounted with a rate that reflects the weighted average cost of the used capital, in accordance to accounting standards.

**NOTE 5 - ACCOUNTING ESTIMATES AND JUDGMENTS (CONT’D.)**

In assessing the value in use, projection of cash flows based on the best estimations available for revenue, profits and expenses to make use of the reserves of the Cash Generating Units (CGUs) are used. This is done by employing sector provisions, past results and future expectations about the evolution of the business and the development of the market. Among the most sensitive aspects included in the projections used in all the CGUs, the prices of energy, fuels, the regulations in force, production, estimation of costs, and oil and gas reserves stand out.

In assessing Exploitation assets, projections are made about cash flows that comprise the economically productive life of the oil and gas fields, limited by the expiration of the license agreements, permits, and exploitation agreements or contracts. The estimated cash flows are based, among other factors, on production levels, prices of commodities, costs of production, market supply and demand, contractual conditions and other factors; the estimations on future necessary investments related to the non-developed oil and gas reserves are also taken into consideration. The Company estimates that any sensitivity analysis that considers relevant modifications to the factors mentioned above could lead to significant changes.

The cash flows of the different businesses are estimated, among other factors, from the expected evolution of sales, unitary contribution margins and fixed costs, in line with the expectations considered in the specific strategic plans of each business, limited by the concessions. However, those cash inflows and outflows corresponding to future restructurings or improvements in the performance or increase in assets are not taken into consideration.

To estimate future income from the oil and gas business at April 30, 2021, the Company was based on a flow of income considering two alternative scenarios weighted based on probabilities of occurrence of different expectations.

In the first scenario, the gas volume and price offered by Capex and awarded under the 2020-2024 Gas Plan were taken as a basis for the first four years; for the volumes in addition to the ones offered by the Company the average reference price under the Plan was considered, taking into account the total prices awarded. In the long term, after the fourth year, international projections for the gas prices were used, observing the historical domestic price-international price ratio, allowing to obtain sufficient domestic supply.

In the second scenario, the same premises were used as in the first scenario regarding the amount and the price of gas offered by Capex and awarded under the 2020- 2024 Gas Plan, with a sensitivity analysis of gas prices by 12% for the additional amounts to those offered under the Plan. In the long term, gas price sensitivity as from the fourth year indicates 15%, on average, for the first 14 years.

The analysis for oil prices in both scenarios was based on current prices, market consensus and futures curves. In the first scenario, the maximum price of US$ 70/bbl for Brent is achieved in the third year, while, in the second scenario, that value is achieved in the fifth year.

In both scenarios, a nominal annual rate in US dollars was used that varies for each year of the projection. The rates used range from 14.57% to 13.36% during the evaluation period.

Based on the weighting average of 70% for the first scenario and 30% for the second scenario at April 30, 2021, the Company recognized an impairment in addition to that recorded at April 30, 2020 of $ 2,466,786 relating to exploitation assets for Agua del Cajón CGU. The impairment loss has been included in Other operating expenses net in the Statement of Comprehensive Income (Note 31).

Based on the estimate of future cash flows made by Hychico and available judgment elements, at April 30, 2021 and 2020 assets related to the Hydrogen and Oxygen Plant have been written down for $ 279,904 and $ 311,733, respectively. Recoveries have been made from the aforementioned write-down as the assets relating to the hydrogen and oxygen plant have begun to be depreciated from May 2010.

**NOTE 5 - ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D.)**

*(vi) Fair value of revalued assets*

For the group of assets of the caption Property, plant and equipment whose valuation policy is the revaluation model (CT ADC, LPG Facility - owned by SEB, DEEF - owned by Hychico - and PED II - owned by EG WIND-), the Company makes estimates of the fair value of those assets.

To estimate future income from the electric energy segment at April 30, 2020, the Company was based on a flow of income considering two alternative scenarios weighted based on probabilities of occurrence of different expectations.

For the first scenario, the remuneration scheme for electric power established by regulations is considered in force complying with short-term patterns, while in the second scenario patterns have an impact, in general a 10% decline, on the generation of electric power. Therefore, the remuneration is affected over time with respect to the first scenario due to a lower consideration in the tariff adjustment.

Considering a weighted average of 70% for the first scenario and 30% for the second scenario at April 30, 2021, a coefficient of depreciation due to economic obsolescence was applied to the CT ADC at values measured under the depreciated replacement cost method for their adjustment to future discounted cash flows at a nominal annual rate in US dollars that varies for each year of the projection. The rates used range from 13.3% to 11.15% during the evaluation period. See Note 3.6.III.

With respect to the estimation of the future income of the renewable energy segment from PED I and PED II at April 30, 2021, the Company relied on the sale prices arising from the supply contracts signed with CAMMESA, an average of the wind factor of recent years in the reference area, and an estimate of maintenance costs for the calculation of cash flows. Said future cash flows were discounted at a nominal annual rate in US dollars that varies for each year of the projection. The rates used range from 12.76% to 9.86% during the evaluation period. In the case of DEEF I, the Future cash flows do not exceed the fair value calculated following the depreciated replacement cost method. A coefficient of depreciation due to economic obsolescence was applied to the DEEF II at values measured under the depreciated replacement cost method for their adjustment to future discounted cash flows. See Note 3.6.III.

With respect to the estimation of the future income of the business of liquid gas processing and separation from the LPG Plant at April 30, 2021, the Company relied on the gas price scenarios for the calculation of cash flows, as described in the oil and gas segment, to model the margin used vis-à-vis the plant's byproducts, considering a weighted average of 70% and 30% for each one. Said future cash flows were discounted at a nominal annual rate in US dollars that varies for each year of the projection. The rates used range from 11.92% to 9.91% during the evaluation period. Future cash flows do not exceed the fair value calculated following the depreciated replacement cost method.

*(vii) Fair value of business acquisitions*

The application of the acquisition method involves the measurement of the fair value of the identifiable assets acquired and the liabilities assumed in the business combinations at the acquisition date.

For the determination of fair values, the guidelines mentioned in (i) Oil and gas reserves and (v) Property, plant and equipment impairment test are used.

**NOTE 6 – SEGMENT REPORTING**

The Board has determined operating segments based on the reports it reviews and which are used for strategic decision making.

Segment reporting is presented in a manner consistent with the internal reporting. The Board and the Senior Managers are responsible for assigning resources and assessing the profitability of operating segments.

Management information used in the decision-making process is prepared on a monthly basis and contains a breakdown of the Group's segments:

1) The exploration, production and sale of oil and gas ("Oil and Gas"),
2) Generation of thermal power ("Electricity ADC"),
3) The process and separation gases of gas-derived liquid fuel ("LPG").
4) Generation of wind electric power ("Energy DEEF"),
5) Generation of electric power with hydrogen ("HYDROGEN Energy") and
6) Oxygen production and sale ("Oxygen").

As of April 30, 2021, income received from CAMMESA, broken down by segment which arises to $ 6,343.5 million, is allocated to:

1) Gas revenues for $ 2.726,8 million: correspond to payments received from CAMMESA for the Recognition of Own Fuels, the remuneration of which is fixed in US dollars and associated with the price of gas for generation plants and, effective January 2021, to the price fixed under the 2020-2024 Gas Plan for the awarded volume and
2) Thermal power revenues for $ 3,616.7: correspond to specific remuneration for the generation of power.

It should be noted that as of April 30, 2021, the operating result of the Oil and Gas segment is affected by and impairment of the assets of the Agua del Cajón CGU for $ 2,466,786 (see Note 5 (iv). Furthermore, the operating result of the ADC Energy segment was affected by the generation of lower volumes (see Note 1) and by the decrease in the remuneration for energy and power.

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**NOTE 6 – SEGMENT REPORTING (CONT'D.)**

Segments reporting information at April 30, 2021 and 2021 is disclosed below:

| | 04.30.2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Oil and Gas** | **Electricity ADC** | **LPG** | **Energy DEEF** | **Hydrogen Energy** | **Oxygen** | **Total** |
| Income | 10,169,795 | 6,343,567 | 639,281 | 758,338 | 30,386 | 10,906 | 17,952,273 |
| Reclassification between segments | 2,605,527 | (2,726,809) | 121,282 | - | - | - | - |
| Income per segment | 12,775,322 | 3,616,758 | 760,563 | 758,338 | 30,386 | 10,906 | 17,952,273 |
| Participation per segment on Income | 71.16% | 20.15% | 4.24% | 4.22% | 0.17% | 0,.06% | 100.00% |
| Cost of income | (8,066,926) | (1,661,145) | (221,353) | (290,979) | (66,318) | (22,525) | (10,329,246) |
| **Gross Profit** | **4,708,396** | **1,955,613** | **539,210** | **467,359** | **(35,932)** | **(11,619)** | **7,623,027** |
| Participation per segment on Gross Income | 61.77% | 25.65% | 7.07% | 6.13% | (0.47%) | (0.15%) | 100.00% |
| Preoperative expenses | - | - | - | - | - | - | - |
| Selling Expenses | (2,461,992) | (265,582) | (127,243) | (6,614) | (2,441) | (828) | (2,864,700) |
| Administrative Expenses | (673,988) | (314,879) | (65,947) | (14,179) | (5,234) | (1,777) | (1,076,004) |
| Other operating (expenses) / income, net | (2,918,604) | 1,600 | (10) | 24,337 | 4,429 | 1,503 | (2,886,745) |
| **Operating result** | **(1,346,188)** | **1,376,752** | **346,010** | **470,903** | **(39,178)** | **(12,721)** | **795,578** |
| Financial Income | | | | | | | 5,953,060 |
| Financial Costs | | | | | | | (12,519,013) |
| Other Financial Income | | | | | | | 31,829 |
| Other financial results RECPAM | | | | | | | 5,685,567 |
| **Result Before Income Tax** | | | | | | | **(52,979)** |
| Income Tax | | | | | | | (562,635) |
| **Result for the year** | | | | | | | **(615,614)** |
| **Items that will be subsequently reclassified in income** | | | | | | | |
| Other comprehensive income from investments at fair value | | | | | | | (123,493) |
| **Items that will not be subsequently reclassified in income** | | | | | | | |
| Other comprehensive income for revaluation of assets | | | | | | | (907,992) |
| **Net comprehensive result for the period** | | | | | | | **(1,647,099)** |
| | | | | | | | |
| **Depreciation** | | | | | | | |
| In Cost of Income | (3,622,368) | (922,578) | (87,572) | (228,649) | (23,032) | (7,823) | (4,892,022) |
| In Administrative Expenses | (68,175) | (42,524) | (4,287) | - | - | - | (114,986) |
| **Total** | **(3,690,543)** | **(965,102)** | **(91,859)** | **(228,649)** | **(23,032)** | **(7,823)** | **(5,007,008)** |
| | | | | | | | |
| **Impairments** | | | | | | | |
| In Property, plant and equipment | (2,466,786) | - | - | - | 31,829 | - | (2,434,957) |
| In inventories | - | - | - | - | - | - | - |
| **Total** | **(2,466,786)** | **-** | **-** | **-** | **31,829** | **-** | **(2,434,957)** |

**NOTE 6 – SEGMENT REPORTING (CONT'D.)**

| | 04.30.2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Oil and Gas** | **Electricity ADC** | **LPG** | **Energy DEEF** | **Hydrogen Energy** | **Oxygen** | **Total** |
| Income | 13,244,404 | 11,068,830 | 799,132 | 558,493 | 36,137 | 10,231 | 25,717,227 |
| Reclassification between segments | 5,893,105 | (6,004,973) | 111,868 | - | - | - | - |
| Income per segment | 19,137,509 | 5,063,857 | 911,000 | 558,493 | 36,137 | 10,231 | 25,717,227 |
| Participation per segment on Income | 74.42% | 19.69% | 3.54% | 2.17% | 0.14% | 0.04% | 100.00% |
| Cost of income | (11,038,258) | (2,117,709) | (277,682) | (235,824) | (59,966) | (15,707) | (13,745,146) |
| **Gross Profit** | **8,099,251** | **2,946,148** | **633,318** | **322,669** | **(23,829)** | **(5,476)** | **11,972,081** |
| Participation per segment on Gross Income | 67.65% | 24.61% | 5.29% | 2.70% | (0.20%) | (0.05%) | 100.00% |
| Preoperative expenses | - | - | - | (6,185) | - | - | (6,185) |
| Selling Expenses | (3,191,643) | (556,900) | (22,984) | (6,982) | (3,212) | (842) | (3,782,563) |
| Administrative Expenses | (865,360) | (385,881) | (40,822) | (18,346) | (7,081) | (1,855) | (1,319,345) |
| Other operating (expenses) / income, net | (3,297,502) | 6,189 | 284 | 114 | (44) | (12) | (3,290,971) |
| **Operating result** | **744,746** | **2,009,556** | **569,796** | **291,270** | **(34,166)** | **(8,185)** | **3,573,017** |
| Financial Income | | | | | | | 8,737,393 |
| Financial Costs | | | | | | | (16,503,107) |
| Other Financial Income | | | | | | | 31,845 |
| Other financial results RECPAM | | | | | | | 4,086,583 |
| **Result Before Income Tax** | | | | | | | **(74,269)** |
| Income Tax | | | | | | | 1,447,723 |
| **Result for the year** | | | | | | | **1,373,454** |
| **Items that will be subsequently reclassified in income** | | | | | | | |
| Other comprehensive income from investments at fair value | | | | | | | 123,493 |
| **Items that will not be subsequently reclassified in income** | | | | | | | |
| Other comprehensive income for revaluation of assets | | | | | | | (4,114,152) |
| **Net comprehensive result for the period** | | | | | | | **(2,617,205)** |
| | | | | | | | |
| **Depreciation** | | | | | | | |
| In Cost of Income | (4,003,674) | (1,258,030) | (92,407) | (162,826) | (23,187) | (6,074) | (5,546,198) |
| In Administrative Expenses | (52,039) | (43,650) | (3,149) | - | - | - | (98,838) |
| **Total** | **(4,055,713)** | **(1,301,680)** | **(95,556)** | **(162,826)** | **(23,187)** | **(6,074)** | **(5,645,036)** |
| | | | | | | | |
| **Impairments** | | | | | | | |
| In Property, plant and equipment | (2,652,498) | - | - | - | 31,120 | - | (2,621,378) |
| In inventories | (708,498) | - | - | - | - | - | (708,498) |
| **Total** | **(3,360,996)** | **-** | **-** | **-** | **31,120** | **-** | **(3,329,876)** |

The Company made sales to foreign customers in the years ended April 30, 2021 and 2020 (Note 27). The Group does not own assets that are not financial instruments outside the country as of April 30, 2021 and 2020.

## NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

| Items | Original value | | | | | |
|---|---|---|---|---|---|---|
| | At the beginning of the year | Additions | At the beginning of the year | Provisions/ Transfers | At the beginning of the year | At year - end |
| **O&G exploration assets** [1] | 554,409 | 391,627 | - | - | - | 946,036 |
| **O&G exploitation assets** | | | | | | |
| Agua del Cajón | 40,390,400 | (19,180) | 671,465 | - | - | 41,042,685 |
| ADC impairment | - | - | - | - | - | - |
| Bella Vista Oeste | 930,396 | 828 | 595,801 | (15,622) | - | 1,511,403 |
| Loma Negra and La Yesera | 2,802,371 | 357,072 | 324,366 | - | - | 3,483,809 |
| Pampa del Castillo | 7,589,597 | (116,081) | 1,484,251 | - | - | 8,957,767 |
| **Works in progress O&G** | | | | | | |
| Agua del Cajón | 512,615 | 486,627 | (671,465) | - | - | 327,777 |
| Bella Vista Oeste | 155,665 | 458,612 | (595,801) | - | - | 18,476 |
| Loma Negra and La Yesera | 175,915 | 329,874 | (324,366) | - | - | 181,423 |
| Pampa del Castillo | 735,126 | 1,674,689 | (1,484,251) | - | - | 925,564 |
| **CT ADC** | 35,739,027 | 130,835 | - | - | (1,544,874) | 34,324,988 |
| **Eolic energy** | 17,307 | 3,215 | - | - | - | 20,522 |
| **Land, buildings and others** | 1,779,047 | 32,279 | - | 15,622 | 287,702 | 2,114,650 |
| **GLP Plant – Agua del Cajón** | 3,891,338 | 5,842 | - | - | 49,200 | 3,946,380 |
| **Diadema Eolic Energy Farm (DEEF)** | 1,393,381 | 15,020 | - | - | (2,684) | 1,405,717 |
| **Diadema Eolic Energy Farm (DEEF II)** | 3,192,724 | 635 | - | - | - | 3,193,359 |
| **Provision of hydrogen and oxygen plant** | 571,449 | (972) | - | - | - | 570,477 |
| **Impairment of hydrogen and oxygen plant** | - | - | - | - | - | - |
| **Total atApril 30, 2021** | **100,430,767** | **3,750,922** | **-** | **-** | **(1,210,656)** | **102,971,033** |
| **Total at April 30, 2020** | **96,691,683** | **9,189,584** | **-** | **31,119** | **(5,481,619)** | **100,430,767** |

| Items | Depreciation | | | | Net book value at 04.30.2021 | Net book value at 04.30.2020 |
|---|---|---|---|---|---|---|
| | At the beginning of the year | For the year | Impairment | Accumulated at pe year-end | | |
| **O&G exploration assets** [1] | - | - | - | - | 946,036 | 554,409 |
| **O&G exploitation assets** | | | | | | |
| Agua del Cajón | 21,785,554 | 1,970,633 | - | 23,756,187 | 17,286,498 | 18,604,846 |
| ADC impairment | 2,652,498 | - | 2,466,786 | 5,119,284 | (5,119,284) | (2,652,498) |
| Bella Vista Oeste | 35,659 | 113,267 | - | 148,926 | 1,362,477 | 894,737 |
| Loma Negra and La Yesera | 904,382 | 300,751 | - | 1,205,133 | 2,278,676 | 1,897,989 |
| Pampa del Castillo | 1,518,967 | 1,203,850 | - | 2,722,817 | 6,234,950 | 6,070,630 |
| **Works in progress O&G** | | | | | | |
| Agua del Cajón | - | - | - | - | 327,777 | 512,615 |
| Bella Vista Oeste | - | - | - | - | 18,476 | 155,665 |
| Loma Negra and La Yesera | - | - | - | - | 181,423 | 175,915 |
| Pampa del Castillo | - | - | - | - | 925,564 | 735,126 |
| **CT ADC** | 23,338,203 | 922,577 | - | 24,260,780 | 10,064,208 | 12,400,824 |
| **Eolic energy** | - | - | | - | 20,522 | 17,307 |
| **Land, buildings and others** | 302,325 | 24,931 | - | 327,256 | 1,787,394 | 1,476,722 |
| **GLP Plant – Agua del Cajón** | 3,169,277 | 87,573 | - | 3,256,850 | 689,530 | 722,061 |
| **Diadema Eolic Energy Farm (DEEF)** | 608,416 | 68,968 | - | 677,384 | 728,333 | 784,965 |
| **Diadema Eolic Energy Farm (DEEF II)** | 99,703 | 159,679 | - | 259,382 | 2,933,977 | 3,093,021 |
| **Provision of hydrogen and oxygen plant** | 259,716 | 30,857 | - | 290,573 | 279,904 | 311,733 |
| **Impairment of hydrogen and oxygen plant** | 311,733 | - | (31,829) | 279,904 | (279,904) | (311,733) |
| **Total at April 30, 2021** | **54,986,433** | **4,883,086** | **2,434,957** | **62,304,476** | **40,666,557** | |
| **Total at April 30, 2020** | **46,809,045** | **5,556,010** | **2,621,378** | **54,986,433** | | **45,444,334** |

(1) It relates to investments in the exploration of Parva Negra Oeste and Puesto Zúñiga areas. It includes $ 286,448 for the award of the exploration permit in the Puesto Zúñiga area, in which there are no reserves, nor are cash flows generated, yet; for this reason, the transaction was regarded as an acquisition of assets.

**NOTE 7 – PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

From the depreciation charge at April 30, 2021 and 2020, $ 4,858,154 and $ 5,524,712 respectively were allocated to Costs of sales, and $ 24,932 and $ 31,298 respectively to Administrative expenses.

The increase of $ 2,466,786 in the impairment loss on the ADC Power Plant was allocated to Other operating expenses, net (see Note 31), and the recovery of the Hydrogen and Oxygen Plant impairment loss of $ 31,829 was allocated to Other financial results.

Below is a revaluation by group of assets:

| | Net book value at 04.30.2020 | Additions / Lower for the year - net | Impairment | Depreciation for the year at cost value | Residual value at cost value at 04.30.2021 |
|---|---|---|---|---|---|
| CT ADC [1] | 7,607,090 | 130,835 | - | (672,884) | 7,065,041 |
| Building and land in Neuquén [1] | 568,756 | - | - | (3,257) | 565,499 |
| LPG Plant [1] | 466,185 | 5,842 | - | (55,589) | 416,438 |
| DEEF I [1] | 499,775 | 15,020 | - | (44,169) | 470,626 |
| DEEF II [1] | 3,093,021 | 635 | - | (159,679) | 2,933,977 |
| Remaining assets | 27,031,207 | 3,598,590 | (2,434,957) | (3,640,554) | 24,554,286 |
| **Total** | **39,266,034** | **3,750,922** | **(2,434,957)** | **(4,576,132)** | **36,005,867** |

| | Residual value of revaluation at 04.30.2020 | Increase for the year-Revaluation | Depreciation of the year Revaluation | Residual value of the revaluation at 04.30.2021 | Net book value at 04.30.2021 |
|---|---|---|---|---|---|
| CT ADC [1] | 4,793,735 | (1,544,874) | (249,694) | 2,999,167 | 10,064,208 |
| Building and land in Neuquén [1] | 843,499 | 287,702 | (477) | 1,130,724 | 1,696,223 |
| LPG Plant [1] | 255,876 | 49,200 | (31,984) | 273,092 | 689,530 |
| DEEF I [1] | 285,190 | (2,684) | (24,799) | 257,707 | 728,333 |
| DEEF II [1] | - | - | - | - | 2,933,977 |
| Remaining assets | - | - | - | - | 24,554,286 |
| **Total** | **6,178,300** | **(1,210,656)** | **(306,954)** | **4,660,690** | **40,666,557** |

[1] See Note 4.5.

At April 30, 2021, the Group has compared the recoverable values of its fixed assets with their carrying values, concluding that they do not exceed their recoverable values. (see Note 3.6).

**NOTE 8 – DEFERRED TAX ASSETS AND LIABILITIES**

The deferred tax net position is as follows:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Deferred tax assets** | | |
| Deferred tax assets to be recovered after 12 months | 1,364,142 | 1,144,315 |
| Deferred tax assets to be recovered within 12 months | 20,205 | 252,680 |
| **Deferred tax liabilities:** | | |
| Deferred tax liabilities to be recovered after 12 months | (2,443,507) | (1,732,224) |
| Deferred tax liabilities to be recovered within 12 months | (105,077) | (1,411,284) |
| **Net deferred tax liabilities [1]** | **(1,164,237)** | **(1,746,513)** |

[1] This amount is shown in the consolidated financial statements as follows: $ 105,401 and $ 189,920 under net deferred tax assets at April 30, 2021 and 2020, respectively, and $ 1,269,638 and $ 1,936,433 under net deferred tax liabilities at April 30, 2021 and 2020, respectively.

**NOTE 8 – DEFERRED TAX ASSETS AND LIABILITIES (CONT'D.)**

The changes in deferred tax assets and liabilities, without considering the offsetting of balances, are as follows:
- Deferred assets:

| | Tax losses | Trade accounts payable | Provisions and others | Total |
|---|---|---|---|---|
| Balance at April 30, 2020 | 1,308,066 | 86,593 | 2,336 | 1,396,995 |
| Charge to results | 192,145 | 10,006 | 10,199 | 212,350 |
| Charge to results due to change of applicable income tax rate | (224,998) | - | - | (224,998) |
| **Balance at April 30, 2021** | **1,275,213** | **96,599** | **12,535** | **1,384,347** |

- Deferred liabilities:

| | Financial investments | Property, plant and equipment | Other accounts receivables | Inventory, spare parts and materials | Financial liabilities | Total |
|---|---|---|---|---|---|---|
| Balance at April 30, 2020 | (9,277) | (2,657,568) | (441,375) | 331 | (35,619) | (3,143,508) |
| Charge to results | 3,786 | 273,504 | 326,128 | (315,459) | 4,301 | 292,260 |
| Charge to Other Comprehensive Results | - | 302,664 | - | - | - | 302,664 |
| **Balance at April 30, 2021** | **(5,491)** | **(2,081,400)** | **(115,247)** | **(315,128)** | **(31,318)** | **(2,548,584)** |

Tax losses effective as of April 30, 2021 are the following:

| Generation year | Business | Amount | Rate(*) | Amount computable | Year of Prescription |
|---|---|---|---|---|---|
| Tax loss generated as of April 30, 2019 | E G Wind | 124,742 | 25% | 31,185 | 2029 |
| Tax loss generated as of April 30, 2020 | E G Wind | 476,154 | 25% | 119,039 | 2030 |
| Tax loss generated as of April 30, 2020 | Capex | 2,468,769 | 25% | 617,192 | 2025 |
| Tax loss generated as of April 30, 2021 | Capex | 2,031,185 | 25% | 507,797 | 2026 |
| **Total tax loss as of April 30, 2021** | | **5,100,850** | | **1,275,213** | |

(*) See point "New applicable rates".

For the purposes of determining the net taxable result at the end of this period, the adjustment for inflation determined in accordance with articles N ° 95 to N ° 98 of the income tax law, was incorporated into the tax result. The variation is more than 15% in the CPI in the fiscal year ending on April 30, 2021; for this reason, it has included the effect for the year ended on April 30, 2021. Likewise, the income tax law establishes the deferral of the generating charge for the tax adjustment for inflation in three fiscal years related to the April 30, 2019 and six fiscal years related with the period at January 31, 2021 and to the April 30, 2020 fiscal year. Said adjustment generated a loss in the result of the period for $ 1,135.9 million, exposing the liability in the line Taxes payable (See Note 24).

Capex's tax loss at April 30, 2021 may be applied to the payment of the liabilities generated by the tax inflation adjustment (Art. 95) and it was disclosed under Non-current tax payables (see Note 24).

E G WIND's tax losses at April 30, 2021 for $ 150,224 may be allocated to future taxable income arising within ten years as from the date they are generated; they will prescribe from the fiscal year ending on April 30, 2029.

**NOTE 8 – DEFERRED TAX ASSETS AND LIABILITIES (CONT'D.)**

The opening of the income tax charged to income is as follows:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Tax adjustment for inflation Art 95 and adjustment affidavit of the previous fiscal year | (842,247) | (1,178,882) |
| Deferred tax charge [1] | 279,612 | 2,626,605 |
| **Total tax charged to income** | (562,635) | 1,447,723 |

[1] (1) Net of the Reserve for financial investments amounting to $ 45.675 (loss) at April 30, 2020, and of the Reserve for technical revaluation amounting to $ 302.664 and $ 1.367.467 at April 30, 2021 and 2020, respectively.

Below is a reconciliation between income tax charged to earnings and tax resulting from applying the income tax rate applicable in each jurisdiction on the accounting profit before taxes:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| | **$** | **$** |
| **Accounting result before income tax for the year** | **(52,979)** | **(74,269)** |
| Current tax rate | 30% | 30% |
| **Result for the year at tax rate** | **15,894** | **22,281** |
| - Interest accrued from liabilities and credits | 44,295 | (13,742) |
| - RECPAM | 1,705,670 | 1,177,681 |
| - Exchange difference foreign securities | 519,759 | 1,362,234 |
| - Tax inflation adjustment | (2,836,981) | (1,089,024) |
| - Sundry | (11,272) | (11,707) |
| **Total income tax charge** | **(562,635)** | **1,447,723** |

By means of laws 27430 and 27541, several changes were introduced in the treatment of income tax, among which are:

Income tax rate: The income tax rate for Argentine companies will be reduced gradually from 35% to 30% for fiscal years beginning on or after January 1, 2018 until December 31, 2019 and to 25% for fiscal years beginning on or after January 1, 2020.

However, through Law No. 27541, promulgated on December 23, 2019, the reduction of the expected rate is suspended until the fiscal years that start from January 1, 2021 inclusive, establishing that for the period after the suspension, the tax rate will remain at 30%.

Tax inflation adjustment: To determine the net taxable income, an adjustment for inflation computed according to Sections 95 to 98 of Income Tax Law must be deducted from or added to the tax result of the fiscal period being calculated. This will be applicable in the fiscal year in which the variation percentage of the General Consumer Price Index (CPI) accumulated over the 36 months prior to the year end is higher than 100%. These provisions are applicable for fiscal years commencing on or after January 1, 2018. For the first, second and third fiscal years following its effective date, it will be applicable when the index variation, calculated from the beginning to the end of each year, exceeds 55%, 30% and 15% in the first, second and third year of application, respectively. The inflation adjustment for the fiscal year under calculation will have effect either as a negative or positive adjustment; one third of it will be allocated in the relevant fiscal period and the remaining two thirds, in two equal parts, in the two immediately following fiscal years (applicable as of April 30, 2019).

Law No. 27541 provides that the adjustment for positive or negative inflation that is determined as a consequence of the application of the adjustment provided in Title VI of the Income Tax Law, corresponding to the first and second fiscal years beginning as of 1 January 2019, one sixth (1/6) must be imputed in that fiscal period and the remaining five sixths (5/6), in equal parts, in the five immediately following fiscal periods. What is established in said provision does not prevent the computation of the remaining thirds corresponding to previous periods, calculated in accordance with the previous version of article 194 of the Income Tax Law.

**NOTE 8 – DEFERRED TAX ASSETS AND LIABILITIES (CONT’D.)**

The variation in the CPI for the years ended on April 30, 2020 and 2019 was 45.6% and 55.8%, respectively, for which the Company, to determine the taxable income corresponding to those years, included such adjustments.

Tax on dividends: Tax is levied on dividends or profits distributed, among others, by Argentine companies or permanent establishments to: individuals, undivided estates or foreign beneficiaries, according to the following rates: (i) dividends deriving from profits generated during fiscal years beginning on or after January 1, 2018 until December 31, 2019 are subject to tax at a rate of 7%, and; (ii) dividends deriving from profits obtained during fiscal years beginning on or after January 1, 2020 will be subject to tax at a rate of 13%.

By virtue of the suspension of the Income Tax rate provided for in Law No. 27541, the withholding of 7% is maintained until the fiscal years that begin until January 1, 2021 inclusive.

Dividends on profits obtained until the fiscal year prior to the fiscal year beginning on or after January 1, 2018 will be subject to withholdings, for all beneficiaries, at a rate of 35% of the amount exceeding retained earnings to be distributed free of tax (transition period of equalization tax).

Optional tax revaluation: The law prescribes in Title X, Chapter 1 that companies may choose to have their Argentine-based assets that generate taxable income revalued for tax purposes at December 31, 2017, applying a revaluation factor on the acquisition or construction costs, according to the effective date of each investment, to continue with the depreciation of the revalued assets based on the percentage variations of CPI calculated by the National Institute of Statistics and Census following the tables prepared by the AFIP for that purpose. If opting for the tax revaluation, a special tax must be paid, resulting from applying the rates corresponding to each type of asset to the revalued amount (8% for real property other than inventories, 15% for real property-inventories, and 10% for movable property and other items of property). Tax revaluation must be applied to all the assets in the same category. The gain generated by the revaluation is exempt from income tax and will not be computed for the purpose of the withholding described in the unnumbered section added after Section 69 of the Income Tax Law (equalization tax), and the special tax on the revalued amount will not be deductible from income tax. Furthermore, the net amount of the revaluation of accumulated depreciation will not be included in the taxable base of assets for calculation of tax on assets.

On May 31, 2019 the Company exercised the option of performing a tax revaluation of its assets, with the special tax calculated amounting to $ 276,847 and $ 12,123 (stated in historical currency), which is disclosed under the Income tax line in the Statement of Income as of April 30, 2019. The Company opted for paying the special tax through a payment on account of 20% and the remainder by means of a payment plan, in four monthly installments with a monthly interest rate of 1.5%.

Adjustment of acquisitions and investments made in fiscal years commencing on or after January 1, 2018: The acquisitions and investments made in fiscal years commencing on or after January 1, 2018 will be subject to the following adjustments, based on the percentage variation of CPI published by the National Institute of Statistics and Census following the tables prepared by the AFIP for that purpose:

1) In the case of disposal of depreciable personal property, real property other than inventories, intangible assets, shares, units or equity interests (including units held in mutual funds), the cost to be computed in the determination of gross income will be adjusted according to the aforementioned index, from the date of acquisition or investment until the date of disposal; if applicable, it will be reduced by the allowable depreciation, calculated on the adjusted value.

2) Deductible depreciation of buildings and other constructions on real property connected to business activities and investments, inventories, and those corresponding to other assets connected to the production of taxed income, will be calculated applying the adjustment index to the ordinary depreciation installments, referred to the acquisition or construction date indicated in the table prepared by the AFIP.

**NOTE 8 – DEFERRED TAX ASSETS AND LIABILITIES (CONT'D.)**

Decree No. 1170/18, published in the Official Gazzette on December 27, 2018, includes adaptations to the regulation approved by Decree No. 1344/98, regulation of the Income Tax Law, and amendments, as well as amending its text to the changes introduced by the Argentine Civil and Commercial Code and other legal standards, such as Laws No. 27260, 27346 and 27430.

**New applicable rates**

On June 16, 2021, Law No. 27630 amending the Income Tax rate was published in the Official Gazette. This Law is applicable to fiscal years beginning on or after January 1, 2021; however, it is applicable to the Company as from May 2021. For tax calculation, tax rates will be gradually applied according to the scheme below:

| Accumulated taxable net income | | Will pay | Plus | Over the exceeding of |
|---|---|---|---|---|
| From | To | | | |
| $ 0 | $ 5,000,000 | $ 0 | 25% | $ 0 |
| $ 5,000,000 | $ 50,000,000 | $ 1,250,000 | 30% | $ 5,000,000 |
| $ 50,000,000 | Onwards | $ 14,750,000 | 35% | $ 50,000,000 |

These amounts will be adjusted on an annual basis as from January 1, 2022, considering the CPI annual variation for October of the year prior to the adjustment as against the same month of the previous year. The amounts determined will be applicable to fiscal years beginning after each adjustment.

Likewise, the 13% withholding on the distribution of dividends is rendered ineffective; only the 7% tax rate remains effective for all cases.

**NOTE 9 – FINANCIAL ASSETS AND LIABILITIES PER CATEGORY**

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **ASSETS** | | |
| Financial assets at depreciated cost | | |
| Trade accounts receivable and other accounts receivable | 3,502,823 | 3,925,469 |
| Financial investments at depreciated cost | 9,916,129 | 8,647 |
| Cash and cash equivalents | 321,852 | 3,298,896 |
| Total | **13,740,804** | **7,233,012** |
| Financial assets at fair value with changes in comprehensive income | | |
| Financial instruments at fair value with changes in comprehensive income | 2,096,799 | 1,986,761 |
| Total | **2,096,799** | **1,986,761** |
| Financial assets at fair value with changes in other comprehensive income | | |
| Financial instruments at fair value with changes in other comprehensive income | - | 13,316,548 |
| Total | - | **13,316,548** |
| **LIABILITIES** | | |
| Financial liabilities at depreciated cost | 30,564,635 | 39,734,106 |
| Total | **30,564,635** | **39,734,106** |

**NOTE 10 - FINANCIAL ASSETS CREDIT RATING (CONT'D.)**

The credit rating of financial assets which have not yet fallen due or have not been written down can be assessed, based on the rating provided by risk rating agencies for cash and cash equivalents and financial investment. In the case of trade accounts receivable, the classification is based on historical ratios.

The credit rating for Cash and Cash equivalents and financial investments is as follows:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| *Credit quality "Minimum Aa-bf.ar (Moody's or its equivalents)* | 2,059,521 | 4,814,850 |
| Cash and cash equivalents | | |
| *Credit quality "Mínimum Investment Grade"* | 622,730 | - |
| Cash and cash equivalents | 9,652,529 | 479,454 |
| Investment at fair value with changes in other comprehensive income | - | 13,316,548 |
| **Total** | **12,334,780** | **18,610,852** |

The credit rating of trade Accounts receivable is as follows:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Past due | | |
| From 0 to 3 months | 953,123 | 977,742 |
| From 6 to 9 months | 1,892 | - |
| To be due | | |
| From 0 to 3 months | 1,911,406 | 1,344,142 |
| Total | **2,866,421** | **2,321,884** |

See Note 4.2 as regards receivables from CAMMESA.

The credit rating of other accounts receivable is as follows:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Without due date | 719,557 | 1,651,598 |
| Past due | | |
| From 0 to 3 months | - | 837 |
| To be due | | |
| From 0 to 3 months | 848,671 | 1,506,798 |
| From 3 to 6 months | 102,993 | 63,332 |
| From 6 to 9 months | 86,843 | 63,136 |
| From 9 to 12 months | 77,178 | 48,104 |
| More than 1 year | 338,100 | 110,851 |
| **Total** | **2,173,342** | **3,444,656** |

**NOTE 11 - RIGHT OF USE ASSETS AND DEBTS FOR LEASE**

The Company adopted IFRS 16 for the valuation of leases. For this reason, Assets for the right of use and Debts for lease were generated, the evolution of which is detailed below:

(i) Measurement of lease assets

The evolution of the Company's right-of-use assets for the year ended April 30, 2021 is as follows:

| | Buildings | Machinery and Equipment | Total |
|---|---|---|---|
| Original value | 321,193 | 46,473 | 367,666 |
| Accumulated depreciation | (90,054) | (33,868) | (123,922) |
| **Balance as of April 30, 2020** | **231,139** | **12,605** | **243,744** |

The depreciation for the years ended at April 30, 2021 and 2020 of Buildings for $ 90,054 and 67,540 respectively, is included in Administration Expenses and that of Machinery and equipment for $ 33,868 and $ 21,487 within Production Cost, as of April 30, 2021 and 2020, respectively.

**NOTE 11 - RIGHT OF USE ASSETS AND DEBTS FOR LEASE (CONT’D.)**

(i) Measurement of lease liabilities

As of April 30, 2021, lease liabilities amount to $ 290,491 and are disclosed in “Trade payables” (Note 21), exposed in current and non-current liabilities for $ 133,062 and $ 157,429, respectively. These liabilities are discounted and their evolution is as follows:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Balance at the beginning by application of IFRS 16 | 348,750 | 456,694 |
| Payments made | (152,777) | (116,067) |
| Financial update | 102,056 | (54,427) |
| Exchange differences, net | (7,538) | 62,550 |
| **Balance at closing** | **290,491** | **348,750** |

According to the estimated payment term and the contractual undiscounted cash flow, the Company's lease liabilities are grouped as follows:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| 6 months or less | 66,531 | 73,522 |
| 6-12 months | 66,531 | 73,522 |
| More than 1 year | 157,429 | 201,706 |
| **Total** | **290,491** | **348,750** |

**NOTE 12 – SPARE PARTS AND MATERIALS**

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Non-Current** | | |
| Spare parts and consumption materials | 1,606,849 | 1,520,503 |
| Sundry advances | 15,327 | 58,648 |
| **Total** | **1,622,176** | **1,579,151** |
| | | |
| **Current** | | |
| Spare parts and consumption materials | 492,911 | 440,281 |
| Sundry advances | 3,832 | 14,662 |
| **Total** | **496,743** | **454,943** |

**NOTE 13 - INVENTORIES**

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Oil [(1)] | 1,028,819 | 472,567 |
| Propane and butane | 9,432 | 4,346 |
| Total | **1,038,251** | **476,913** |

[(1)] As of April 30, 2020, it includes an impairment of $ 708,498 (see Note 31).

**NOTE 14 - OTHER ACCOUNTS RECEIVABLE**

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Non-Current** | | |
| In local currency | | |
| Turnover tax | - | 2,315 |
| Tax on assets | 24,922 | 18,188 |
| Value Added Tax | - | 40,298 |
| In foreign currency (Note 37) | | |
| Assignment of CAMMESA rights | 313,178 | 50,050 |
| **Total** | **338,100** | **110,851** |

## NOTE 14 - OTHER ACCOUNTS RECEIVABLE (CONT'D.)

| **Current** | **04.30.2021** | **04.30.2020** |
|---|---|---|
| In local currency | | |
| Sundry advances | 29,969 | 29,699 |
| Turnover tax | 37,539 | 47,554 |
| Value added tax | 229,894 | 472,255 |
| Income tax and tax on assets | 477,407 | 488,781 |
| Other tax credits | 74,914 | 165,876 |
| Prepaid insurance | 137,812 | 125,181 |
| Prepaid expenses | 28,153 | 5,605 |
| Assignment of CAMMESA rights | - | 2,223 |
| Intercompany receivables (Note 35.b) | 9,902 | 7,687 |
| Agreement for gas propane supply for networks to collect | 30,661 | 54,181 |
| Gas trust fund to be recovered | 29,857 | 30,679 |
| Non-conventional gas stimulus program | 605,742 | 1,549,404 |
| Sundry | 43,001 | 5,615 |
| In foreign currency (Note 37) | | |
| Sundry advances | 68,081 | 66,717 |
| Intercompany receivables (Note 35.b) | 3,833 | - |
| Assignment of CAMMESA rights | 7,081 | 7,393 |
| Recoveries | 2,451 | 257,997 |
| Sundry | 18,945 | 16,960 |
| Total | **1,835,242** | **3,333,807** |

The fair value of other accounts receivable does not significantly differ from the carrying value.

According to the term for collection, they are grouped as follows:

| | **04.30.2021** | **04.30.2020** |
|---|---|---|
| Without due date (shown as current assets) | 719,557 | 1,651,598 |
| Past due | | |
| From 0 to 3 months | - | 837 |
| To be due | | |
| From 0 to 3 months | 848,671 | 1,506,800 |
| From 3 to 6 months | 102,993 | 63,332 |
| From 6 to 9 months | 86,843 | 63,136 |
| From 9 to 12 months | 77,178 | 48,104 |
| More than 1 year | 338,100 | 110,851 |
| | **2,173,342** | **3,444,658** |

## NOTE 15 - TRADE ACCOUNTS RECEIVABLE

| | **04.30.2021** | **04.30.2020** |
|---|---|---|
| **Non-Current** | | |
| In local currency | | |
| Doubtful accounts | 2,627 | 3,843 |
| Less: Provision for expected losses | (2,627) | (3,843) |
| **Total** | - | - |
| **Current** | | |
| In local currency | | |
| For sale of oil and others | 151,962 | 185,007 |
| From sale of energy and others | 1,820,288 | 1,651,373 |
| Intercompany receivables (Note 35.b) | 49,761 | 55,170 |
| In foreign currency (Note 37) | | |
| From sale of oil and others | 754,139 | 416,590 |
| From sale of energy | 75,889 | 127 |
| Intercompany receivables (Note 35.b) | 14,382 | 13,617 |
| **Total** | **2,866,421** | **2,321,884** |

At April 30, 2021 and 2020, trade accounts receivable for $ 2,866,421 and $ 2,321,884, respectively, fully complied with their contractual terms, and their fair value did not significantly differ from the carrying value.

**NOTE 15 - TRADE ACCOUNTS RECEIVABLE (CONT’D.)**

The aging analysis of the Accounts receivable is as follows:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Past due | | |
| From 0 to 3 months | 953,123 | 977,742 |
| From 6 to 9 months | 1,892 | - |
| To be due | | |
| From 0 to 3 months | 1,911,406 | 1,344,142 |
| **Total** | **2,866,421** | **2,321,884** |

At April 30, 2021 and 2020, the provision for the trade accounts receivable amounts to $ 2,627 and $ 3,843, respectively.

The evolution of the provision for expected losses is as follows:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Balance at beginning of year | (3,843) | (5,594) |
| Effect RECPAM | 1,216 | 1,751 |
| **Balance at year end** | **(2,627)** | **(3,843)** |

The accounts receivable provided for correspond to certain customers facing a specific economic situation. The amounts charged to the provision are generally deleted when there is no expectation of receiving additional cash.

**NOTE 16 - FINANCIAL INSTRUMENTS**

**a) Financial investments at amortized cost**

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Non-Current** | | |
| In foreign currency (Note 37) | | |
| Time deposits | 6,259,687 | - |
| **Total** | **6,259,687** | **-** |
| **Current** | | |
| In foreign currency (Note 37) | | |
| Time deposits | 3,392,842 | - |
| **Total** | **3,392,842** | **-** |

**b) Financial investments at fair value with changes in Other Comprehensive Income**

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **No Current** | | |
| In foreign currency (Note 37) | | |
| Public titles | - | 13,316,548 |
| **Total** | **-** | **13,316,548** |

According to the term for collection, they are grouped as follows:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| To be due | | |
| From 0 to 3 months | 2,428,646 | - |
| From 6 to 9 months | 964,196 | - |
| More of 1 year | 6,259,687 | 13,316,548 |
| **Total** | **9,652,529** | **13,316,548** |

**NOTE 17 - CASH AND CASH EQUIVALENTS**

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Current** | | |
| In local currency | | |
| Cash | 105 | 159 |
| Banks | 220,756 | 446,191 |
| Mutual funds | 1,474,068 | 1,317,221 |
| Time deposits | 263,600 | - |
| In foreign currency (Note 37) | | |
| Cash | 831 | 831 |
| Banks | 100,160 | 2,851,715 |
| Interest-bearing account | - | 8,647 |
| Mutual funds | 622,731 | 669,540 |
| Total | **2,682,251** | **5,294,304** |

For purposes of the statement of cash flows, cash and cash equivalents and bank overdrafts include:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Cash and banks | 321,852 | 3,298,896 |
| Financial instruments at fair value (Note 4.5) | 2,096,799 | 1,986,761 |
| Financial investments at depreciated cost | 263,600 | 8,647 |
| Total | **2,682,251** | **5,294,304** |

**NOTE 18 - CAPITAL STOCK AND ADDITIONAL PAID-IN CAPITAL**

| | Number of shares | Face value per share | Capital subscribed | Capital adjustment | Additional paid-in capital | Adjustment additional paid-in capital |
|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ |
| Balances at April 30, 2020 | 179,802,282 | 1 | 179,802 | 5,948,665 | 79,686 | 2,636,377 |
| Balances at April 30, 2021 | 179,802,282 | 1 | 179,802 | 5,948,665 | 79,686 | 2,636,377 |

The capital stock of $ 179,802 (stated at historical cost) is represented by 179,802,282 ordinary, book-entry Class "A" shares of $ 1 nominal value and one vote each, authorized to be placed for public offering.

Capital adjustment and additional paid-in capital adjustment are not distributable in cash or in kind; however, it can be capitalized through the issuance of paid-up shares. In addition, this item may be applied to cover accumulated losses, according to the order of absorption established in Note 3.11.

All the shares issued have been subscribed and paid in.

**NOTE 19 – RESERVES**

**a) Change in Reserves**

| | Legal reserve | Free reserve [1] | Reserve for assets revaluation (see point b) | Reserve for instruments a fair value |
|---|---|---|---|---|
| Balances at April 30, 2019 | **141,387** | **4,355,142** | **2,827,590** | **-** |
| Ordinary Shareholders' Meeting dated August 21, 2019 | 370,210 | 7,033,991 | 5,894,628 | - |
| Comprehensive result of the year | - | - | (4,116,073) | 123,493 |
| Reversal of reserve for assets revaluation | - | - | (430,394) | - |
| Balances at April 30, 2020 | **511,597** | **11,389,133** | **4,175,751** | **123,493** |
| Ordinary Shareholders' Meeting dated August 28,2020 | 89,831 | 1,706,798 | - | - |
| Comprehensive result of the year | - | - | (909,539) | (123,493) |
| Reversal of reserve for assets revaluation | - | - | (211,179) | - |
| Balances at April 30, 2021 | **601,428** | **13,095,931** | **3,055,033** | **-** |

**(1)** For the distribution of dividends, investments and / or cancellation of debt and / or absorption of losses.

## NOTE 19 – RESERVES (CONT'D.)

### b) Changes and breakdown of the Reserve for the revaluation of assets / other comprehensive results

Below is a detail of the changes and breakdown of the Reserve for revaluation of assets / other comprehensive results

| | CT ADC | LPG Plant | DEEF | Building and land - Neuquén | Total | Attributable to the Company | Attributable to Minority Interest |
|---|---|---|---|---|---|---|---|
| **Balance at April 30, 2019** | **2,059,862** | **246,494** | **205,862** | **358,613** | **2,870,831** | **2,827,590** | **43,241** |
| Distribution of the Ordinary Shareholders' Meeting of August 21, 2019 | **5,329,442** | **2,019** | **-** | **563,268** | **5,894,729** | **5,894,628** | **101** |
| (Decrease) / Increase due to revaluation | (5,311,435) | (38,659) | 32,660 | (164,185) | (5,481,619) | (5,484,519) | 2,900 |
| Deferred tax | 1,327,860 | 7,825 | (9,267) | 41,049 | 1,367,467 | 1,368,446 | (979) |
| **Total other comprehensive results** | **(3,983,575)** | **(30,834)** | **23,393** | **(123,136)** | **(4,114,152)** | **(4,116,073)** | **1,921** |
| Reversal due to depreciation for the year (1) | (561,165) | (36,818) | (21,959) | - | (619,942) | (614,849) | (5,093) |
| Reversal of deferred tax(1) | 168,349 | 11,046 | 6,591 | - | 185,986 | 184,455 | 1,531 |
| **Subtotal for reversal of reserve for revaluation of assets (1)** | **(392,816)** | **(25,772)** | **(15,368)** | **-** | **(433,956)** | **(430,394)** | **(3,562)** |
| **Balance at April 30, 2020** | **3,012,913** | **191,907** | **213,887** | **798,745** | **4,217,452** | **4,175,751** | **41,701** |
| (Decrease) / increase due to revaluation | (1,544,874) | 49,200 | (2,684) | 287,702 | (1,210,656) | (1,212,720) | 2,064 |
| Deferred tax | 386,218 | (12,300) | 671 | (71,925) | 302,664 | 303,181 | (517) |
| **Total other comprehensive results** | **(1,158,656)** | **36,900** | **(2,013)** | **215,777** | **(907,992)** | **(909,539)** | **1,547** |
| Reversal due to depreciation for the year (1) | (249,694) | (31,984) | (24,799) | (477) | (306,954) | (301,684) | (5,270) |
| Reversal of deferred tax(1) | 74,907 | 9,596 | 7,440 | 144 | 92,087 | 90,505 | 1,582 |
| **Subtotal for reversal of reserve for revaluation of assets (1)** | **(174,787)** | **(22,388)** | **(17,359)** | **(333)** | **(214,867)** | **(211,179)** | **(3,688)** |
| **Balance at April 30, 2021** | **1,679,470** | **206,419** | **194,515** | **1,014,189** | **3,094,593** | **3,055,033** | **39,560** |

(1) Charged to "Unappropriated Retained Earnings"

## NOTE 20 – UNAPPROPRIATED RETAINED EARNINGS

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Balances at April 30, 2019 | | **13,298,829** |
| Ordinary Shareholders' Meeting dated August 21, 2019 | | (13,298,829) |
| Comprehensive result for the year | | 1,366,235 |
| Reversal of reserve for revaluation of assets (Note 19) | | 430,394 |
| Balances at April 30, 2020 | **1,796,629** | **1,796,629** |
| Ordinary Shareholders' Meeting dated August 28, 2020 | (1,796,629) | |
| Comprehensive result of year | (634,116) | |
| Reversal of reserve for revaluation of assets (Note 19) | 211,179 | |
| Balances at April 30, 2021 | **(422,937)** | |

## NOTE 20 – UNAPPROPRIATED RETAINED EARNINGS (CONT'D.)

### Restrictions on the distribution of profits

a) In accordance with the Commercial Companies Law, by-laws and CNV Resolution No. 368/01, 5% of net income, once accumulated losses have been absorbed, plus (less) prior years' adjustments and the reversal of assets revaluation reserve, must be appropriated to the Legal Reserve until it reaches 20% of capital and capital adjustment, previously reconstituting, as appropriate, the legal reserve of prior years.

b) In line with the Global Program for the Issue of Class II Corporate Bonds (Note 22 a)), the Company and its subsidiaries SEB and E G WIND may declare or pay:

- Stock dividends or distributions with voting rights;
- Dividends or distributions collected by the Company and/or its Restricted subsidiaries (SEB and E G WIND);
- Dividends paid pro rata to the Company and its restricted subsidiaries (SEB and E G WIND), on one hand, and to the minority bondholders of one Restricted Subsidiary, on the other hand.

The above will apply provided that at the time of payment and immediately after giving effect to it: (a) no default or event of default (such as nonpayment of principal or interest at maturity, failure by the Company to fulfill a commitment or agreement included in the program, or in case the Company is declared insolvent or bankrupt in an insolvency or bankruptcy proceeding) shall have occurred and still persists; and (b) the Company may incur additional financial debt for at least US$ 1 if, when incurred, the Consolidated Interest Coverage Ratio is not less than 2.0:1.0 and the Interest Coverage Ratio Net and Financial Debt to adjusted EBITDA Ratio is not higher than 3.5:1.0.

c) At the closing of the year, the positive balance of the Reserve for the revaluation of assets and "Reserve for Investments at Fair Value" may not be distributed, capitalized or allocated to absorb accumulated losses, but must be computed as part of Retained earnings for the purposes of comparison to determine the Company's situation under sections 31, 32 and 206 of the Commercial Companies Law No. 19550, based on the restated text of the CNV.

## NOTE 21 - TRADE ACCOUNTS PAYABLE

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Non-Current** | | |
| In local currency | | |
| Sundry accruals | 1,241,496 | 1,216,318 |
| In foreign currency (Note 37) | | |
| Suppliers | - | 573,661 |
| Lease debts (Note 11) | 157,429 | 201,706 |
| Sundry accruals | 210,389 | 1,626,615 |
| **Total** | **1,609,314** | **3,618,300** |

| **Current** | **04.30.2021** | **04.30.2020** |
|---|---|---|
| In local currency | | |
| Suppliers | 2,151,870 | 2,137,182 |
| Intercompany suppliers (Note 35.b) | 25 | 9 |
| Sundry accruals | 487,191 | 295,166 |
| In foreign currency (Note 37) | | |
| Suppliers | 2,000,216 | 2,320,044 |
| Intercompany suppliers (Note 35.b) | 207 | - |
| Lease debts (Note 11) | 133,062 | 147,044 |
| Sundry accruals | 286,816 | 97,488 |
| **Total** | **5,059,387** | **4,996,933** |

The carrying amount of trade accounts payable approximates their fair value.

## NOTE 21 - TRADE ACCOUNTS PAYABLE (CONT'D.)

According to the estimated term for payment, they are grouped as follows:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Past due | | |
| From 0 to 3 months | 647,240 | 62,125 |
| From 3 to 6 months | 82 | 65,828 |
| From 6 to 9 months | 233 | 873 |
| From 9 to 12 months | 91 | 2,556 |
| From 1 to 2 years | - | 176 |
| Without due date (shown as current liabilities) | 418,373 | 437,215 |
| To be due | | |
| From 0 to 3 months | 3,785,645 | 4,386,844 |
| From 3 to 6 months | 83,241 | 13,772 |
| From 6 to 9 months | 62,241 | 13,772 |
| From 9 to12 months | 62,241 | 13,772 |
| From 1 to 2 years | 146,398 | 55,088 |
| More than 2 years | 1,462,916 | 3,563,212 |
| | **6,668,701** | **8,615,233** |

## NOTE 22 - FINANCIAL LIABILITIES

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Non-Current** | | |
| In local currency | | |
| Commissions and expenses to be accrued | (72,751) | (111,091) |
| Bank loans | - | 780,203 |
| In foreign currency (Note 37) | | |
| Bank loans | - | 76,952 |
| Corporate bonds | 23,860,233 | 29,332,096 |
| **Total** | **23,787,482** | **30,078,160** |

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Current** | | |
| In local currency | | |
| Commissions and expenses to be accrued | (35,595) | (33,154) |
| Bank loans | 551,713 | 421,803 |
| In foreign currency (Note 37) | | |
| Bank loans | 75,006 | 959,728 |
| Corporate bonds | 758,823 | 929,868 |
| **Total** | **1,349,947** | **2,278,245** |

Changes in loans are as follows:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Balances at the beginning** | **32,356,405** | **29,279,615** |
| **RECPAM** | (11,345,439) | (11,644,611) |
| Loans obtained | - | 3,847,177 |
| Accruals: | | |
| Accrued interest | 2,874,056 | 2,387,276 |
| Accrued commissions and expenses | 49,388 | 28,798 |
| Exchange difference generated by foreign currency debts | 9,310,312 | 12,504,146 |
| Payments: | | |
| Interest | (2,485,239) | (2,074,912) |
| Capital | (1,143,971) | (1,971,084) |
| Repurchase of negotiable obligations | (4,478,083) | - |
| **Balances at the end** | **25,137,429** | **32,356,405** |

**NOTE 22 - FINANCIAL LIABILITIES (CONT'D.)**

According to the estimated term for payment, they are grouped as follows:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| 6 months or less | 1,330,242 | 2,255,792 |
| 6-12 months | 19,705 | 22,453 |
| 1-2 years | - | 76,762 |
| More than 2 years | 23,787,482 | 30,001,398 |
| **Total** | **25,137,429** | **32,356,405** |

The carrying values of the resources outside the Company are stated in the following currencies:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| US Dollar | 24,694,062 | 31,298,644 |
| Pesos | 443,367 | 1,057,761 |
| **Total** | **25,137,429** | **32,356,405** |

Debts in US dollars accrue annual interest averaging approximately 6.875% and 6.815% at April 30, 2021 and 2020, respectively. Debts in pesos accrue interest at annual average BADLAR rate (adjusted) plus a 9.25% nominal annual rate at April 30, 2021 and 2020, respectively.

During August 2020 and until the date of issuance of these separate Financial Statements, the Company repurchased its Class II Corporate Bonds for a total amount of US$ 44,974,000 (nominal value) at an average price, without considering coupon payments for US$ 88.72 per each US$ 100 (nominal value). This generated a gain of $ 478,176 (see Note 32).

The fair value of corporate bonds at April 30, 2021 and 2020 amounts to $ 21,561 million and $ 19,537 million, respectively, measured at fair value level 1 (see Note 4.5).

The carrying value of the other current and non-current financial liabilities is close to their fair value.

**a) Corporate bonds – Senior Notes Class II**

On March 15, 2017 the Ordinary General Meeting and on March 20, 2017 the Board of Directors of the Company approved the terms and conditions of the Global Negotiable Obligations Program, the request for authorization of public offer and quotation for up to a nominal value in circulation at any time that may not exceed US$ 600,000,000 or its equivalent.

On May 10, 2017 Capex issued Class II Corporate Bonds for an amount of US$ 300 million under that program.

Class II of the Negotiable Obligations, at the time of issuance, has been qualified internationally by the risk rating agencies Fitch in “B+/RR3” and Standard & Poor's in “B”, and locally by Fitch in “A” and Standard & Poor’s in “raA+”. At the date of issuance of these financial statements, they have an international qualification of "CCC+/RR4" and "CCC+", respectively, by Fitch and Standard & Poor's, and a local qualification of "A+" and "raBBB-", respectively, by Fitch and Standard & Poor's.

The international underwriters were Deutsche Bank Securities Inc, J.P. Morgan Securities LLC, BBVA Securities Inc. and Itaú BBA USA Securities, Inc, and the Argentine underwriters were BACS Banco de Crédito y Securitización S.A., Banco Hipotecario S.A. and Banco CMF S.A.

Main characteristics:

Issued Amount: US$ 300,000,000
Issue Date: May 15, 2017
Maturity date: May 15, 2024
Issue Price: 100%
Interest rate: 6.875% nominal annual rate
Applicable return: 6.875% nominal annual rate
Interest Payment Dates: compensatory interest accrued and payable for periods of six months, from the signing date to the full repayment date, The payment dates will be May 15 and November 15 of each year to maturity, commencing on November 15, 2017.

**NOTE 22 - FINANCIAL LIABILITIES (CONT’D.)**

Amortization: Principal will be amortized in only one installment on May 15, 2024,
Amount of principal awarded to the International Underwriters:

| | |
|---|---|
| Deutsche Bank Securities Inc… | US$ 138,889,000 |
| J,P, Morgan Securities LLC | US$ 138,889,000 |
| BBVA Securities Inc…………….. | US$ 11,111,000 |
| Itaú BBA USA Securities, Inc… | US$ 11,111,000 |

Optional Redemption with no Premium: at any time as from May 15, 2021, the Company may redeem the Corporate Bonds, according to the following schedule and as set forth in the Pricing Supplement:

| | Redemption price |
|---|---|
| 2021 | 103.438% |
| 2022 | 101.719% |
| 2023 | 100.000% |

Redemption price in case of repurchase of shares: 106.875% of principal on the Corporate Bonds, in conformity with and under the terms of the Pricing Supplement regarding the Optional Redemption with the Proceeds from the Shares Offered.
Application of the funds: The funds shall be applied to the settlement of short and long-term liabilities, to making investments in fixed assets in Argentina, payment of capital contributions in controlled or related companies and working capital.
Guarantees: No guarantees.
Main commitments of Capex and its restricted subsidiaries:
As of the date of issuance of the financial statements as of April 30, 2021 SEB and E G WIND qualify as restricted subsidiaries for the fulfillment of certain commitments. Hychico does not.

- Change of control: In the event of a change of control, the holders may request Capex to buy all or some of its corporate bonds.
- Limitation on incurring additional financial indebtedness: Capex and its restricted subsidiaries may incur additional financial indebtedness if, at the time of, and immediately after, giving pro-forma effect to incur the new Indebtedness, (i) they have not incurred any Default or Event of Default, and (ii) the Consolidated Interest Coverage Ratio is not less than 2.0:1.0 and the Consolidated Net Financial Indebtedness to Consolidated EBITDA Ratio is not higher than 3.5:1.0. Once the minimum and maximum values have been reached in the case of the Consolidated Interest Coverage Ratio and the Consolidated Net Financial Debt on Adjusted EBITDA, respectively, the Company and its restricted subsidiaries, taken together, may incur additional financial debt for an amount that is the greater between US$ 60 million and 10% of the value of the Consolidated Assets (*).
- Limitation on dividend payments: The Company and its restricted subsidiaries may pay dividends if no event of default shall have occurred and Capex may incur additional financial indebtedness for at least US$ 1, if when it incurs such indebtedness the Consolidated Interest Coverage Ratio is not less than 2.0:1.0 and the Consolidated Net Financial Indebtedness to adjusted Consolidated EBITDA Ratio is not higher than 3.5:1.0 (*).
- Limitation on sales of assets: The Company and its subsidiaries shall apply the proceeds from the sales of their assets (other than in the ordinary course of business) to: (1) the repayment of Financial Debt; (2) the purchase of assets in a similar line of business (in the case of the purchase of Shares in a company, this company must, as from that moment, become a restricted subsidiary); (3) making a capital contribution in any of the Restricted Subsidiaries, provided that such Restricted Subsidiary uses the funds from that contribution as stated in points (1) or (2). All amounts not applied to one or some of these items within 365 days must be applied to an offer for the purchase of the Corporate Bonds (*)
- Limitation on liens on any of its assets or property (with the usual exceptions)
- Limitation on sale & leaseback transactions (with the usual exceptions) (*)
- Limitation on mergers, absorptions and sales of assets (with the usual exceptions) (*)
- Limitation on transactions with related companies (with the usual exceptions) (*)
- No activity will be carried out other than the permitted business
- Keeping its corporate existence in full force and effect
- Maintenance of property and insurance
- Keeping its bond ratings: Capex will make all commercial efforts to keep the rating of the Corporate Bonds with at least two credit rating agencies.

**NOTE 22 - FINANCIAL LIABILITIES (CONT'D.)**

If on any date subsequent to the issuance, the Corporate Bonds have at least two Investment Grade Ratings granted by Rating Agencies, and no Event of Default has occurred or subsisted under the Trust Contract, Capex and its Restricted Subsidiaries shall not be subject to the commitments indicated with (*).

For further information, see the Offering Circular and Pricing Supplement for Capex's Global Class II Corporate Bond Issue Program for US$ 600,000,000.

The balance as of April 30, 2021 amounts to $ 24,619,056, of which $ 758,823 are current. Additionally, commissions and expenses paid in relation to the negotiable obligations have been deducted from the liability, which will be accrued in the term of the debt. The balance of these commissions as of April 30, 2021 amounts to $ 108,346, of which $ 35,595 are current.

At the date of issue of the financial statements at April 30, 2021, the Company and its Restricted Subsidiaries are in compliance with all commitments taken on.

**b) Loan agreement with Banco Macro S.A**

On April 3, 2020, the Company signed a loan agreement with Banco Macro to finance working capital subject to the following terms and conditions:

Issued Amount: $ 800,000,000.
Maturity date: October 4, 2021.
Amortization: three quarterly installments as from April 2, 2021.
Interest rate: Corrected BADLAR rate plus 9.25% nominal annual, payable quarterly, having the first one fallen due on July 3, 2020.

The balance as of April 30, 2021 amounts to $ 551,713, being current in a whole. On July 2, 2021, the owed balance was canceled.

**c) Loan agreement with BBVA Francés**

On April 8, 2020, the Company entered into a loan with BBVA Francés for the pre-financing of exports with the following characteristics:

Issued Amount: $ 9,000,000.
Maturity date: Juny 1, 2020.
Amortization: One installment at maturity.
Interest rate: 4,80% nominal anual.

Upon expiration the loan has been canceled.

**d) Corporación Interamericana de Inversiones - US$ 14,000,000**

In March, 2012, Hychico signed a loan agreement with Corporación Interamericana de Inversiones, which was applied to the long-term refinancing of the liabilities taken on for the construction and operation of the DEEF (loan with the Deutsche Bank AG London taken in October 2010). Its characteristics are as follows:

Underwriter: Corporación Interamericana de Inversiones (CII)
Manager: Corporación Interamericana de Inversiones
Amount: it is divided into Loan A for up to US$ 8,000,000 and Loan B for up to US$ 6,000,000.
Disbursement date: April 24, 2012
Maturity date: 10 years as from the date of the first disbursement.
Amortization: the loan is amortized in 20 consecutive and equal semi-annual installments, falling due as from the date of the first disbursement.
Interest: it accrues interest (calculated on a six-month basis) payable semi-annually as from the disbursement at an annual rate equivalent to the aggregate of LIBO plus a rate of 8.75%. Furthermore, default interest at an annual rate of 2% will be applied to the amounts that might be owed in case of default.

**NOTE 22 - FINANCIAL LIABILITIES (CONT'D.)**

Fees: it accrues i) Commitment Fee: 0.5% annual on the amounts not disbursed under the loan, which will be accrued as from the effective date and until the loan has been fully disbursed or the disbursements ceased; ii) Origination Fee: 1.25 % on the amount of principal payable at the date of the first disbursement; iii) Syndication Fee: 1.25% on the amount of the Loan B payable at the disbursement of each fund request; iv) Supervision Fee: US$ 8,000 payable at the time of the first interest payment of each year and until the total amortization of Loan A and v) Administration Fee: US$ 2,000 payable at the time of the first interest payment of each year and until the total amortization of Loan B.
Advance payment: the loan may voluntarily be repaid earlier, either in full or in part. Advance payments will be subject to a surcharge equal to: (i) 2% of the amount paid earlier if it occurs before the fifth anniversary of the Loan; or (ii) 1.5% if the early repayment occurs between the fifth anniversary of the loan and the expiration date. The amount of the advance payment may not be below US$ 2,000,000. All advance payments will be applied to the installments of the loan principal balance inversely to their expiration dates.
Allocation of funds: refinancing of the liabilities taken on for the construction and operation of DEEF.
Guarantees: the loan is secured as follows:

- Senior Pledge on the equipment and all assets of DEEF
- Surety bonds provided by the Company as surety and principal payer of all obligations assumed by Hychico under the loan agreement, the promissory notes and other main documents (1);
- Conditional assignment of the rights included in the Energy Purchase Agreement;
- Conditional assignment of the rights arising from the permits and main agreements, including easement, connection agreements, and any other document or agreement related to DEEF;
- Assignment of the guarantee over the rights arising under the loan for use signed with CAPSA on the land where DEEF is located; and
- Senior pledge on 100% of the shares of Hychico.

[1)] Capex undertakes, until full repayment of the loan, to maintain ownership and control, directly or indirectly through its subsidiary SEB, a majority of the capital stock with voting rights.

The loan sets forth covenants for Hychico and for the Company, as its Guarantor, the most important ones are mentioned below:

Positive covenants

- Comply with the Financial Debt Service Coverage ratio;

Negative covenants

- Incur and maintain any financial debt, except for this loan and the liabilities derived from the loans of the Guarantor, which are subject to the Loan with regard to payment terms and conditions, except for a maximum amount of US$ 500,000;

- Declare, approve and/or distribute dividends or any type of remuneration to the shareholders, temporary and definitive, directly or indirectly, except each of the following conditions are met:
    - That the net result for the year be positive and it be declared against the income of the year;
    - That the Financial Debt Service Coverage ratio be greater than 1.1, measured after payment of dividends; and
    - That Hychico complies with its obligations under this Agreement and the Main Documents.

- Invest in assets outside the normal course of business;
- Guarantee and become surety of third party debts;
- Constitute and/or allow that a lien is levied on any of the assets belonging to Hychico, except for those mentioned in the Loan Agreement;
- Sell or lease more than ten per cent (10%) of DEEF assets or carry out a merger, division, consolidation and transfer of more than ten per cent (10%) of DEEF assets, spin-off, transformation, change of the corporate name or any other significant change to its legal structure, unless the proceeds be applied to the acquisition of replacement assets;
- Reduce its capital stock[(1)];

**NOTE 22 – FINANCIAL LIABILITIES (CONT'D)**

- Allow or take any action that allows the Loan to be lower in priority (including the Guarantee) with respect to the other preferred debts incurred.

(1) In September, 2013, the CII removed permanently the restriction imposed on Hychico relating to the reduction of its capital stock provided that it is mandatory under the Law of Commercial Companies N°19950.

These covenants have been met, there being no events of default at April 30, 2021.

On April 16, 2018, Hychico prepaid all of the amounts due under Tranche B of the loan for US$ 2,400,000, and all the management fees for said tranche were eliminated. At the same time, an amendment to the loan agreement dated March 29, 2012 was agreed, which will accrue interest at LIBO plus 4.5% as from April 15, 2018.

At April 30, 2021 and 2020 the balance amounts to $ 75,006 (current) and $ 154,005 of which $ 154,055 and $ 77,103 are current, respectively. The commissions and guarantees paid have been deducted from the loan, which will accrue during the life of the debt. The balance of these commissions and guarantees at April 30, 2020 and 2019 amounts to $ 204 and $ 3,012, of which $ 77 and $ 1,009 are current, respectively.

**e) Summary at April 30, 2021**

| Loan | Current | Non-Current | Total |
|---|---|---|---|
| Corporate Bonds - Senior Notes (point a) | 758,823 | 23,860,233 | 24,619,056 |
| Unearned commissions and expenses corporate bonds (point a) | (35,595) | (72,751) | (108,346) |
| Macro S.A. Bank (point b) | 551,713 | - | 551,713 |
| Corporación Interamericana de Inversiones (point d) | 75,006 | - | 75,006 |
| **Total** | **1,349,947** | **23,787,482** | **25,137,429** |

**NOTE 23 – SALARIES AND SOCIAL SECURITY CONTRIBUTIONS**

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| In local currency | | |
| Salaries and social security contributions | 143,155 | 131,248 |
| Sundry accruals | 368,844 | 383,420 |
| **Total** | **511,999** | **514,668** |

**NOTE 24 – TAXES PAYABLES**

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Non – current** | | |
| In local currency | | |
| Income tax payable (net) adjustment for tax inflation | 1,725,560 | 2,050,022 |
| **Total** | **1,725,560** | **2,050,022** |
| **Current** | | |
| In local currency | | |
| Income tax payable adjustment for tax inflation | 541,565 | 96,415 |
| Tax withholdings and collections | 47,250 | 104,494 |
| Provision for Gross Income Tax | 24,314 | 12,704 |
| Gross Income Tax | 357 | 774 |
| Other | - | 165,751 |
| **Total** | **613,486** | **380,138** |

**NOTE 25 – OTHER LIABILITIES**

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Current** | | |
| In local currency | | |
| Oil and gas royalties | 218,321 | - |
| **Total** | **218,321** | **-** |

## NOTE 26 - PROVISIONS AND OTHER CHARGES

### 1. Provisions

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| In local currency | | |
| Provisions for lawsuits and fines | 15,586 | 3,628 |
| **Total** | **15,586** | **3,628** |

The provision for lawsuits was set up based on the analysis of possible indemnities that the Group estimates to pay according to the opinion of its legal counsel. The changes are as follows:

| | |
|---|---|
| **Balances as of April 30, 2019** | 5,281 |
| Effect RECPAM | (1,653) |
| **Balances as of April 30, 2020** | **3,628** |
| Effect RECPAM | (1,147) |
| Increase | 13,105 |
| **Balances as of April 30, 2021** | **15,586** |

### 2. Contingencies

a) Precautionary measures and administrative appeals

a.1) Energy Secretariat Resolution 821/10

On October 24, 2010, Resolution 821/10 (the "Resolution") issued by the Energy Secretariat imposed penalties on the Company for alleged non-compliance with the supply of liquefied petroleum gas (LPG) in accordance with the agreement on LPG price stability (the "Agreement") executed between the Secretariat and some LPG retailers and producers, among which the Company was not included.

The penalties imposed were:

- A fine of $ 3,117 (stated at historical cost),
- The forced delivery of LPG 2,351 tn to other producers and/ or retailers for a market value of approximately $ 3,853 (stated at historical currency) and
- Prohibition to export for the time the resolution was not complied with.

The Company requested the stay of the resolution and filed a motion for reconsideration with the administrative court that was resolved negatively and motivated the submission of a hierarchical appeal. Additionally, the Company filed an autonomous precautionary measure with a federal court to prevent the application of the resolution until the administrative appeal lodged filed was resolved. The precautionary measure was granted and notice was served on the Energy Secretariat on November 25, 2010, and is in force since the hierarchical appeal has not been resolved to date.

The Company's management, in line with the opinion of the internal and external legal advisors, understands that it has solid grounds to consider these claims to be wrongful; therefore, the financial statements at April 30, 2021 do not include any related charge. Legal advisors of the Company consider that Law 26854 on precautionary measures ("LPM") in lawsuits to which the Government is a party or intervenes as a third party claimant would not have a significant impact on the precautionary measure granted.

a.2) ENARGAS Resolutions for imported gas charge

The Company considers that the charge envisaged by Resolutions 1982, 1988 and 1991, as mentioned in Note 1.2.d) is unconstitutional for it is clearly a tax and has not been created by a Law passed by National Congress. The charge has a tax nature for the following reasons: (i) it is not aimed at expanding or improving the public utility service for gas distribution or transport; instead, it is destined for a trust fund created and administered by the national state to meet natural gas imports; (ii) the gas treatment plants without regulated measurement, as is the case of the Company, do not use public utility services for gas distribution or transport but receive the fluid directly from producers; (iii) the charge has been excluded from other tax bases (except for VAT); (iv) without prejudice to its name, the charge is a requirement imposed by the State

**NOTE 26 - PROVISIONS AND OTHER CHARGES (CONT'D.)**

in the exercise of its powers so that private parties may deliver to it sums of money to defray expenses to serve its purposes, the importation of gas for supply to the domestic market in this case.

For all these reasons, and considering that this charge has a significant economic impact on the LPG business unit, on December 29, 2011 the Company filed with the Neuquén Federal Court action for declaration of unconstitutionality against the resolutions referred to in the foregoing paragraph and paid the charge for December 2011 under protest, which amounted to $ 3,499 plus VAT (stated at historical cost).

Subsequently, on March 5, 2012, the Company requested that a precautionary measure be granted by the Federal Court at which the action for declaration of unconstitutionality is pending, to stay the effects of the norms referred to above. As a result, on March 14, 2012, the Federal Court hearing the case sustained the precautionary measure requested by the Company, staying the above-mentioned norms and the consequent obligation to pay the charge imposed by them, and requesting the Company to take out bond insurance for $ 25,400 (stated at historical cost) as security for costs. The Company notified the Energy Secretariat and the ENARGAS of the precautionary measure on March 30, 2012. Other LPG producing companies also requested and obtained similar precautionary measures.

On August 2, 2012, the Company was served notice of the resolution of the Federal Court of Neuquén whereby the court declared that it was competent to hear the case but considered that the judicial stage had not yet been authorized to file the claim. Consequently, the precautionaly measure ordered was lifted. The resolution was appealed on August 10, 2012; therefore the precautionary measure will remain effective until the resolution becomes final. The Company considers that there are strong grounds for reversal of the appealed resolution. Also, in August 2012, the Company filed an administrative appeal against Decree 2067/08 and the resolutions adopted in compliance therewith.

Law 26784 was published in the Official Gazette on November 5, 2012. This law, among other issues, modified Law 26095 on Energy Infrastructure Works by establishing that gas imports are a priority for the National Government, and that the charge and the trust fund created by Decree 2067/08 and the proceedings performed as a consequence will be governed by the provisions of that Law.

In August of 2013 the Federal Court of Appeals in General Roca allowed the appeal filed by Capex in August 2012 and reversed in part the judgment of the lower court; thus the court permitted that claim of Capex could be heard, ordered the parties to the case to bear their own costs and maintained the effectiveness of the provisional remedy issued.

The ruling of the court of appeals removed the uncertainty of the Company regarding the feasibility of its original claim.

The Company's legal counsel completed an analysis of Law 26784 and came to the conclusion that the law does not make Decree 2067/08 and related ENARGAS resolutions constitutional mainly because the Argentine Supreme Court of Justice (CSJN) in the case known as "Franco" established that the Argentine Constitution prevents the Executive Branch from exercising legislative powers without sufficient and prior legal grounds and that "only in the exceptional case of a decree of necessity and urgency it is allowed that a subsequent confirmation is virtually binding, the analogous application of which is not appropriate in this case..." In other words, according to the case law mentioned above, the Argentine Congress could not cure the defect of unconstitutionality of a regulation issued by the Executive Branch, clearly exceeding its regulatory powers. As a result, since it becomes apparent that Decree 2067/08 is not a decree of necessity and urgency, a law passed by the Congress confirming the decree is not sufficient to cure the unconstitutionality.

As regards Law 26784 and after the decision of the Court of Appeals allowing the Company to file its claim and maintain the provisional remedy, on October 29, 2013 the Company filed an amended complaint with the Federal Court of Neuquén requesting that section 54 of the law was also declared unconstitutional. The court hearing the case accepted the amended complaint and ordered that the summons and amended complaint be served upon the National Government and Enargas.

On May 22, 2014, the Company filed a voluntary petition, asking for the rejection of a request by ENARGAS based on Law 26854 of Precautionary Measures against the National Government and on Law 26784; the Company argued, among other reasons, that: (a) the precautionary measure obtained by the Company was granted prior to enactment of Law 26854, and this cannot be applied retroactively (b) the provisions included in the Law of Precautionary Measures against the National Government are unconstitutional, as has been ruled in numerous preceding cases and (c) the Annual Budget Law for 2013 does not ratify Decree 2067/08 or the regulations of ENARGAS derived from it, neither does it amend the unconstitutionality of these regulations due to the fact that it does not meet the requirements demanded by the principle of legality of taxation rooted in the Constitution.

**NOTE 26 - PROVISIONS AND OTHER CHARGES (CONT'D.)**

On November 5, 2014, the Company was notified of the decision rendered by the Federal Court of Neuquén removing the provisional remedy, as requested by ENARGAS, on the grounds that the likelihood of the claim originally considered when granting the precautionary measure should have disappeared upon the passing of Law 26784. On the same date, the Company filed an appeal against the decision of the court, which was granted with a stay of execution on November 6, 2014.

On September 16, 2015, the Federal Court of Appeals of General Roca admitted the appeal filed by the Company and rejected the petition for release of the precautionary measure filed by ENARGAS. The entity filed an extraordinary appeal against such decision, which was rejected on February 10, 2016.

In addition to the maintenance of the precautionary measure, on October 27, 2015, the National Supreme Court of Justice issued a ruling in "Compañía Mega S.A v. EN" establishing, in a case similar to that of the Company in which the gas consumed by plaintiff does not enter the transport system and cannot be confused with imported gas, that the charge created by Decree 2067/08 is unconstitutional. The legal advisors of the Company consider that this ruling sets an important precedent to support the Company's position.

Moreover, Resolution 28/16 of 3/28/16 of the Ministry canceled the acts of the former Ministry of Federal Planning, Public Investment and Services linked to the determination of the tariff charges under Decree 2067/08.

The Company Management, based on the opinion of its legal internal and external advisors, continue considering that it has solid arguments to obtain a declaration from the court that the charge created by Decree 2067/08, the related Resolutions issued by Enargas and section 54 of Law 26784 are unconstitutional and, thus deny their application, and maintain the provisional remedy. In consequence, it would not be necessary to set up a provision.

a.3) Energy Secretariat Resolution 77/12

The Company considers, among other issues that Energy Secretariat Resolution 77/12 mentioned in Note 1.2.d). is in breach of the provisions of LPG Law 26020, which establish that the only price limit for the sales of LPG to the domestic market is the export parity (Section 7, subsect. b) and that the LPG production activity will be free (Section 11). On March 29, 2012, the Company received Note 1584/12 from the Energy Secretariat whereby, under the provisions of the resolution, the Company was required to supply certain bottlers with 12,418 tons of butane at the prices set in that resolution; these prices were significantly lower than the prices at which CAPEX sells its production, and that they met the "export parity" limit set by the LPG Law.

Upon receipt of that Note, on April 4, 2012 the Company filed a motion for reconsideration and, in the alternative, an appeal before a higher administrative authority, against the Resolution and Note 1584/12 of the Energy Secretariat; subsequently, it applied for an autonomous precautionary measure with staying effects on both of them before the Neuquén Federal Court.

In April 2012, the Company received ES Note 2247/12 whereby the Energy Secretariat prohibits it from (i) exporting LPG, and (ii) entering into LPG purchase and sale transactions in the domestic market with all of the persons operating in the industry, on the grounds that the Company had not complied with the supply required by ES Note 1584/12 mentioned above. The Company filed a Motion for Reconsideration and, in the alternative, an appeal before a higher administrative authority, against ES Note 2247/12, and informed the Neuquén Federal Court of this Note, requesting it that the precautionary measure be extended to the prohibitions imposed by that Note.

On April 25, 2012, the Neuquén Federal Court awarded the Company the precautionary measure requested, staying the effects of the resolution and of the ES Notes 1584/12 and 2247/12 regarding the Company and the persons that operate with it. Consequently, the Company continues with its normal operations of production and sale of LPG.

**NOTE 26 - PROVISIONS AND OTHER CHARGES (CONT'D.)**

As explained above, the resolution is in breach of: (i) LPG Law 26020 which provides that the only price limit on the sales of LPG to the domestic market is the export parity (Section 7, subsect. b)) and that the LPG production activity will be free (Section 11); (ii) the guarantee of due administrative process and defense envisaged by Section 18 of the Argentine Constitution, for it imposes a sanction without granting the Company the right of self-defense; (iii) the principle of no crime or punishment without prior law, envisaged by Sections 18 and 19 of the Constitution, as the sanctions have not been created by Congress; and (iv) the Company's right to perform any lawful work, as guaranteed by Section 14 of the Argentine Constitution.

Internal and external Legal advisors of the Company consider that Law 26854 on precautionary measures in lawsuits to which the Government is a party or intervenes as a third-party claimant would not have a significant impact on the precautionary measure granted.

The Company's management, in line with the opinion of the internal and external legal advisors, understands that it has solid grounds to consider these claims to be wrongful; therefore, the financial statements at April 30, 2021 do not include any related charge.

b) Differences in the liquidation of the employer contributions

In August 2010, the AFIP served notice to the Company of a debt assessment for $ 6,334 for differences in the computation of employer contributions to the social security system. This amount is made up of principal for $ 2,863 (stated at historical cost) plus interest accrued for $ 3,470 (stated at historical cost) for the periods from August 2001 to March 2008.

The AFIP considers that the Company should have made employer contributions at a tax rate of 21%, applicable to employers whose main activity is the provision of services instead of the tax rate of 17% applicable to industries, among others. The Tax Authorities consider that applicable regulations state that the generation activity is a service rather than an industrial activity.

The Company challenged the debt assessment based on electricity laws (Laws 15336 and 24065) and other regulations and case law which define the generation activity as an industrial activity.

In June 2011, the Company received notice of AFIP Resolution N°69/11 rejecting the challenge filed and suspending the application of penalties for certain periods until a final and conclusive judgement is rendered by a criminal court.

The Company filed motion for reversal of the above resolution, which was rejected by the AFIP, as notified in August 2011.

The Company filed legal action with the federal social security court; to that end, the prior deposit of the assessed debt is required, but it was replaced, according to different legal precedents, with a fidelity bond insurance policy for $ 7,186 (stated at historical cost).

In July 2011 the AFIP notified the Company of: (i) a new debt assessment due to differences in employer contributions for the April 2008-April 2009 year for a total amount of $1,717 (stated at historical cost, principal of $ 1,002 plus interest of $ 715), and (ii) the application of fines totaling $ 491 (stated at historical cost), on grounds of an alleged false statement invoking an employer contribution abatement benefit for the periods from August 2001 to April 2005. The Company challenged both the debt assessment and the applied fines. The AFIP rejected the legal challenges to the applied fine, so the Company also filed an appeal with the federal social security court and provided a bond insurance policy for the amount of the fine.

**NOTE 26 - PROVISIONS AND OTHER CHARGES (CONT'D.)**

On March 17, 2015, Panel I of the Court of Appeals with jurisdiction over Social Security Matters in and for the City of Buenos Aires rendered AFIP's resolution ineffective. The resolution had ordered the Company to pay the differences in employers' contributions. The court considered the resolution arbitrary on the grounds that AFIP had dismissed the evidence presented by the Company thus breaching the right to defense and ordered that a new resolution be issued after Capex has produced the evidence it had offered. In February 2018 the AFIP stated that the files of the first debt assessment and of the fine should be called for trial. The National Energy Secretariat stated in written form in 2014 that the electricity generation activity must be considered an industrial activity, something recently ratified by the Administrative Coordination Undersecretariat of the Ministry of Energy and Mining in the text of a note addressed to the General Department of Social Security Resources of the AFIP, in response to the request for opinion by the AFIP in relation to the presentation filed before the Tax Authorities by the Asociación de Generadores de Energía Eléctrica de la República Argentina (AGEERA); the Secretariat also gave reasons why the generation of electricity is considered an industrial activity for the purpose of its classification within Section 2 of Decree No. 814/01. Further, in December 2017 Panel II of the Federal Court of Appeals with jurisdiction over Social Security Matters, in the case "Endesa Costanera S.A. c/ Administración Federal de Ingresos Públicos s/impugnación de deuda" (Endesa Costanera S.A. v. Tax Authorities on challenging of tax debt), defined that the electricity generation activity has the status of "industrial" activity, and therefore it is entitled to the [lesser] rate of 17% for Social Security contributions, as provided in Section 2, subsect. b) of Decree No. 814/2001.

On September 19, 2018, the Company was notified of Administrative Resolutions No. 323/18 DV TJGE (DI RSGE) and No. 324/18 DV TJGE (DI RSGE) whereby the challenges timely filed by the Company were rejected as regards the two periods claimed and the fines. These Resolutions were challenged at an administrative stage by the Company.

On March 12, 2019, the Company received a note from the AFIP to (i) amend the tax returns for employees' withholdings and employer's contributions from 05/2009 to 04/2018 for incorrect classification of social security contributions under section 2 subsection B of Decree 814/01, or (ii) present evidence for the periods involved, On March 29, 2019 the Company filed a response to the requirement, rejecting it on the same grounds already presented to the AFIP.

The Company's Management, in line with the opinion of its internal and external legal counsel, understands that it has solid grounds to reverse the position of AFIP; therefore, the financial statements at April 30, 2021 do not include any related charge.

c) Administrative Appeal - Change of criterion on the application of Resolution 46/17 of the former Ministry of Energy and Mining - "Incentive Program for Investments in Production Development of Natural Gas extracted from Unconventional Reservoirs"

On January 14, 2019, the Company filed a motion for reconsideration and, in the alternative, an Appeal before a Higher Administrative Authority, against the Resolutions Nos. 346, 349 and 351 issued by the Energy Secretariat (the "Notes"), all of them dated December 27, 2018, whereby the Secretariat modified its interpretation criterion on the volume of unconventional gas production subject to the compensation provided by the system established in Resolution No. 46/17, as amended by Resolution No. 419/2017, both from the former Ministry of Energy and Mining, which create the "Program for the Investments in Developments of Natural Gas Production from Unconventional Reservoirs" (hereinafter, the "Program"). CAPEX's incorporation to the Program for the Agua del Cajón area was approved by Rule No. 116 of June 4, 2018, issued by the Former Under-Secretary of Hydrocarbon Resources.

The change of criterion resulting from the Notes means that the compensation for the company's unconventional gas production under the Program would not reach the total amount produced of said gas under the Program, but only, at a maximum, the monthly projection of Production Included reported by the Company in its request for joining the Program, known as "Original Curve" by the Secretary of Energy.

If it prospered in favor of the Company, this resource would imply the recognition of additional income of $ 96 million (expressed in homogeneous currency as of April 30, 2021 $ 248.7 million). The Secretariat has not issued a decision on the challenge and the Company has extended it to Resolutions No. 179, 185, 186, 246, 249 and 260.

## NOTE 27 - INCOME

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Local Market** | | |
| Oil | 3,208,409 | 2,964,405 |
| Gas stimulation program (Note 2.c) | 1,396,245 | 2,028,436 |
| Gas | 10,382 | 424,738 |
| Electricity ADC[(1)] | 6,343,567 | 11,068,830 |
| LPG | 395,526 | 633,332 |
| DEEF Energy | 758,338 | 558,493 |
| Energy generated with hydrogen | 30,386 | 36,137 |
| Oxygen | 10,906 | 10,231 |
| Services | 135,579 | 140,394 |
| Others [(2)] | 1,490 | - |
| Total | **12,290,828** | **17,864,996** |
| **Foreign Market** | | |
| Oil | 5,419,180 | 7,686,431 |
| LPG | 242,265 | 165,800 |
| | 5,661,445 | 7,852,231 |
| **Total** | **17,952,273** | **25,717,227** |

**(1)** It includes income generated by the gas produced at field ADC and consumed in CT and paid by CAMMESA as acknowledgement of fuel for $ 2,726,809 million and $ 6,004,973 million at April 30, 2021 and 2020, respectively (see Note 6). Payments received from CAMMESA as from January 2021 for the Recognition of Own Fuels include the remunerations for the 2020-2024 Gas Plan.

**(2)** Revenues from the "Propano Sur Program" at April 30, 2021, (see Note 2.d).

## NOTE 28 - COST OF INCOME

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Fees and other compensation | 71,468 | 94,431 |
| Salaries and social security contributions | 1,765,256 | 1,882,111 |
| Materials, spare parts and others | 764,902 | 894,955 |
| Operation, maintenance and repairs | 1,785,738 | 2,331,101 |
| Fuel, lubricants and fluids | 862,747 | 1,000,047 |
| Transportation, freight and studies | 160,916 | 207,086 |
| Depreciation of Property, plant and equipment | 4,858,154 | 5,524,712 |
| Depreciation of right of use assets | 33,868 | 21,486 |
| Office, travel and representation expenses | 80,067 | 66,868 |
| Taxes, rates, contributions, insurance and rental | 317,426 | 336,310 |
| Transport of gas expenses | 83,480 | 109,463 |
| Third party gas acquisition | - | 2,217,127 |
| Acquisition of crude | 248,924 | 338,082 |
| Acquisition of electricity from CAMMESA | 496 | 830 |
| Stock product cost | (704,196) | (1,279,463) |
| **Total** | **10,329,246** | **13,745,146** |

## NOTE 29 – SELLING EXPENSES

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Royalties | 2,032,588 | 2,252,900 |
| Oil and energy storage, transportation and dispatch expenses | 297,377 | 268,717 |
| Export duties | 150,995 | 616,960 |
| Turnover tax | 377,183 | 635,210 |
| Commissions and other | 6,557 | 8,776 |
| **Total** | **2,864,700** | **3,782,563** |

## NOTE 30 – ADMINISTRATIVE EXPENSES

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Fees and other compensation | 102,452 | 120,179 |
| Salaries and social security contributions | 496,881 | 533,105 |
| Operation, maintenance and repairs | 98,923 | 104,870 |
| Transportation, freight and studies | 3,712 | 7,333 |
| Depreciation of Property, plant and equipment | 24,932 | 31,298 |
| Depreciation of right of use assets | 90,054 | 67,540 |
| Office, travel and representation expenses | 8,378 | 39,022 |
| Taxes, fees, contributions, rents and insurance | 26,973 | 72,371 |
| Bank charges | 223,699 | 343,627 |
| **Total** | **1,076,004** | **1,319,345** |

## NOTE 31 – OTHER OPERATING EXPENSES NET

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Impairment of Property, plant and equipment (see Note 5) | (2,466,786) | (2,652,498) |
| Impairment of inventories | - | (708,498) |
| Collection from legal claims | 48,819 | - |
| Result on liabilities at risk | 110,426 | - |
| Direct costs associated with COVID-19 (see Note 1) | (660,867) | - |
| Income from charges for indirect administrative services Consortia / UTE (net) | 47,239 | 55,531 |
| Sundry | 34,424 | 14,494 |
| **Total** | **(2,886,745)** | **(3,290,971)** |

## NOTE 32 - FINANCIAL RESULTS

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| **Financial income** | | |
| Interest | 498,162 | 671,664 |
| Other financial results | 298,014 | 430,936 |
| Exchange difference | 5,212,442 | 7,653,091 |
| Interest accrued from accounts receivable | (55,558) | (18,298) |
| | **5,953,060** | **8,737,393** |
| **Financial costs** | | |
| Interest | (2,697,050) | (2,388,093) |
| Other financial results | (58,301) | (41,927) |
| Result of repurchase of negotiable obligations (see Note 22) | 478,176 | - |
| Interest accrued from accounts receivable and payable | 203,207 | (27,507) |
| Exchange difference | (10,445,045) | (14,045,580) |
| | **(12,519,013)** | **(16,503,107)** |

**NOTE 33 - EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net income attributable to the Company shareholders by the weighted average number of ordinary shares outstanding during the year, excluding own shares acquired by the Company.

The Company does not have ordinary shares to be potentially diluted, so basic earnings per share are equal to diluted earnings per share**.**

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Net result attributable to the Company's shareholders | (634,116) | 1,366,235 |
| Weighted average number of ordinary outstanding shares | 179,802 | 179,802 |
| **Basic and diluted earnings/losses per share** | **(3.5267)** | **7.5986** |

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Comprehensive result attributable to the Company's shareholders | (1,667,148) | (2,626,345) |
| Weighted average number of ordinary outstanding shares | 179,802 | 179,802 |
| **Basic and diluted earnings/losses per share** | **(9.2721)** | **(14.6069)** |

**NOTE 34 – COMMITMENTS**

- Note 1 contains detailed information on the investment commitment by Capex with the Province of Neuquén in relation to the contract for the exploration, development and production of the area Parva Negra Oeste
- Note 1 contains detailed information on the investment commitment by Capex with the Province of Chubut on the hydrocarbon exploitation concession Pampa del Castillo - La Guitarra.
- In Note 2.b.2.1) the commitment to CAMMESA is mentioned as a result of Res SRRyME 1/19.
- Note 2.c includes the commitments taken on under the Incentive Program for Investments in Production Development of Natural Gas extracted from Unconventional Reservoirs and the Argentine Promotion Plan for the Production of Natural Gas.
- The Company has entered into an agreement with San Antonio International for the provision of fracturing services at risk, being the price for the provision of them subject to the condition that there is commercial production in fractured wells.
- In connection with the LPG supply, the Company has made commitments for the fiscal year 2021/2022. In relation to commercial butane for almost all of the production in the local market. Regarding commercial propane gas, its local commitments amount to approximately 19% of its production. As it has been doing, it is expected to produce propane to export during the entire period depending on the granting of the corresponding export permits.
- In Note 22 a) there is a description of the main commitments arising from the ON Senior Notes class II.
- Note 41 a) details the investment commitment assumed by Capex with the province of Río Negro in connection with the exploration permit for the Puesto Zúñiga area.
- Note 41 b) details the investment commitment assumed by Capex with the province of Río Negro in connection with the concession for hydrocarbons exploitation in Loma Negra and La Yesera areas.
- In relation to the sale of wind energy from Hychico, in accordance with the contract signed with CAMMESA, the latter undertakes to acquire up to a maximum of 361,755 MWh, during the term of the contract (15 years from the first day of month following signature - March / 12) (see Note 39).

**NOTE 34 – COMMITMENTS (CONT'D)**

- In relation to the contract entered into between EG WIND S.A. and CAMMESA, the latter undertook to acquire the energy generated to a maximum potency of 27.6 MW over the life of the contract of 20 years with effect from the date of commercial qualification and EG WIND agreed to the construction and operation of Diadema II Wind Farm (see Note 40).

- There are no capital disbursements committed but not incurred at the closing date of the financial statements at April 30, 2021.

**NOTE 35 - RELATED PARTIES AND KEY PERSONNEL FROM COMPANY MANAGEMENT**

The Company is controlled by Compañías Asociadas Petroleras Sociedad Anónima (C.A.P.S.A.) which holds 75.4% of the Company's shares. Furthermore, Wild S.A. is the last group parent company with a direct and indirect interest of 98.01% in the shares of CAPSA. The remaining shares are held by shareholders who have acquired them in the Stock Market.

Transactions between related parties were conducted as if between independent parties and are as follows:

*a) Transactions with related parties*

*a.i.) With the parent company*

Transactions with the parent company C.A.P.S.A. were:

| | **04.30.2021** | **04.30.2020** |
|---|---|---|
| Sale of electricity | 30,386 | 36,137 |
| Expenses corresponding to Hychico | - | - |
| Expenses corresponding to C.A.P.S.A. | 18,472 | 26,212 |
| Expenses corresponding to Capex S.A. | 4,106 | (1,109) |
| Expenses corresponding to E G WIND | - | - |

*a.ii.) With the companies directly or indirectly controlled by the parent company*

The following transactions were carried out with Interenergy Argentina S.A.:

| | **04.30.2021** | **04.30.2020** |
|---|---|---|
| Office and garage rental | 10,318 | (10,721) |
| Services provided | - | 4,867 |
| Irrevocable contributions | - | - |
| Expenses corresponding to Capex S.A. | (3,545) | (7) |
| Expenses corresponding to Interenergy | - | 777 |

*a.iii.) With the parent companies of the parent company*

The following transactions were carried out with Plenium Energy S.A.:

| | **04.30.2021** | **04.30.2020** |
|---|---|---|
| Expenses corresponding to Plenium Energy S.A. | - | 4 |

**NOTE 35 - RELATED PARTIES AND KEY PERSONNEL FROM COMPANY MANAGEMENT (CONT'D)**

The following transactions were carried out with Wild S.A.:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Expenses corresponding to Wild | - | 4 |

*a.iv) With the companies controlled by the controlling companies of the parent company:*

The following transactions with Interflow S.A. were:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Expenses corresponding to Interflow | 1,808 | 1,788 |

*a.v.) With related companies*

The following transactions were carried out with Alparamis S.A.:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Office and garage rental | (114,893) | (99,784) |

*a.vi) With consortia*

The transactions with Área Rio Negro Norte were:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Management and operation services | 233,352 | 238,508 |
| Prorateable expenses | 42,668 | 42,177 |
| Charges for indirect administrative services | 40,208 | 41,176 |
| Expenses refund | 53,070 | 31,455 |
| Cash Call | 626,728 | 1,291,320 |
| Distributions to partners | (139,254) | (202,257) |

The transactions with Lote IV La Yesera were:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Management and operation services | 60,505 | 70,801 |
| Prorateable expenses | 10,667 | 10,851 |
| Charges for services | 13,648 | 29,709 |
| Expenses refund | 73 | 355 |
| Cash Call | 99,979 | 216,338 |
| Distributions to partners | (28,934) | (56,586) |

*a.vii) With UTE*

The transactions with Pampa del Castillo were:

| | 04.30.2021 | 04.30.2020 |
|---|---|---|
| Management and operation services | 463,810 | 565,324 |
| Charges for indirect administrative services | 173,030 | 237,488 |
| Expenses refund | 5,803 | 8,224 |
| Cash Call | 5,977,376 | 9,072,683 |
| Distributions to partners | (1,110,343) | (1,645,284) |

**NOTE 35 - RELATED PARTIES AND KEY PERSONNEL FROM COMPANY MANAGEMENT (CONT’D)**

*b) Balances at year end with the related companies*

| | 04.30.2021 | | |
|---|---|---|---|
| | **Other current account receivables** | **Current trade receivables** | **Current accounts payable** |
| In local currency | | | |
| **With the parent company:** | | | |
| - Compañías Asociadas Petroleras S.A. | 8,558 | 4,724 | - |
| **With the companies directly or indirectly controlled by the parent company:** | | | |
| - Interenergy Argentina S.A. | 125 | - | 25 |
| **With consortia:** | | | |
| - Río Negro Norte area | 1,154 | 31,594 | - |
| - Lote IV La Yesera | - | 10,209 | - |
| - Pampa del Castillo | - | 3,234 | - |
| **With the companies controlled by the controlling companies of the parent company:** | | | |
| - Interflow S.A. | 65 | - | - |
| **Total in local currency** | **9,902** | **49,761** | **25** |
| In foreign currency (Exhibit G) | | | |
| **With the parent company:** | | | |
| - Compañías Asociadas Petroleras S.A. | - | 3,479 | 207 |
| **With consortia:** | | | |
| - Río Negro Norte area | 3,833 | 6,250 | - |
| - Lote IV La Yesera | - | 3,182 | - |
| - Pampa del Castillo | - | 1,471 | - |
| **Total in foreign currency** | **3,833** | **14,382** | **207** |

**NOTE 35 - RELATED PARTIES AND KEY PERSONNEL FROM COMPANY MANAGEMENT (CONT'D)**

| | 04.30.2020 | | |
|---|---|---|---|
| | Other current account receivables | Current trade receivables | Current accounts payable |
| In local currency | | | |
| **With the parent company:** | | | |
| - Compañías Asociadas Petroleras S.A. | 5,892 | 4,852 | 1 |
| **With the companies directly or indirectly controlled by the parent company:** | | | |
| - Interenergy Argentina S.A. | 7 | 649 | 8 |
| **With consortia / UT:** | | | |
| - Río Negro Norte area | - | 32,435 | - |
| - Lote IV La Yesera | - | 11,506 | - |
| - Pampa del Castillo | - | 5,728 | - |
| **With the companies controlled by the controlling companies of the parent company:** | | | |
| - Interflow S.A. | 1,788 | - | - |
| **Total in local currency** | **7,687** | **55,170** | **9** |
| In foreign currency (Exhibit G) | | | |
| **With the parent company:** | | | |
| - Compañías Asociadas Petroleras S.A. | - | 2,743 | - |
| **With consortia / UT:** | | | |
| - Río Negro Norte area | - | 6,464 | - |
| - Lote IV La Yesera | - | 1,338 | - |
| - Pampa del Castillo | - | 3,072 | - |
| **Total in foreign currency** | **-** | **13,617** | **-** |

*c) Remuneration of key management personnel*

The remuneration of the members of top management on account of services provided (salaries and other services rendered) accrued in the years ended April 30, 2021 and 2020, amounts to $ 264,363 and $ 282,155, respectively.

Additionally, as of April 30, 2021 and 2020, $ 21,000 and $ 21,210 was accrued as fees to the chief directors.

**NOTE 36 - GUARANTEES GRANTED AND RESTRICTED ASSETS**

- On March 29, 2012 Hychico signed a new loan agreement with Corporación Interamericana de Inversiones for up to US$ 14,000,000. With respect to this loan, the Company provided the surety bonds as surety and principal payer of all obligations assumed by Hychico under the loan agreement, promissory notes and other main documents. Further, the Company and SEB granted as surety a chattel mortgage on 100% of the shares in Hychico.

  As consideration for the guarantee granted, Hychico pays the Company an annual fee calculated on the loan outstanding balance.

- On June 29, 2018, the Company provided certain corporate guarantees for a total of US$ 18,620,694 in favor of Enercon GmbH and Enercon Argentina S.R.L., in relation to the payment obligations assumed by its subsidiary E G WIND S.A. with those companies, for the supply and installation of equipment, and for the commissioning of Diadema Eolic Energy Farm II (see Note 40).

  On November 18, 2020, EG WIND paid in advance the debt it held with Enercon GmbH amounting to US$ 13,771,741, with a discount of US$ 3,471,741, thus releasing the guarantee granted by Capex, and on June 29, 2021, it paid its debt with Enercon Argentina S.A. amounting to US$ 4,848,953, also releasing the guarantee granted by Capex.

**NOTE 37 – FOREIGN CURRENCY ASSETS AND LIABILITIES**

The following information is presented for the purposes of complying with the requirements established by the CNV.

The exchange rates used correspond to those effective as of April 30, 2021 according to Banco Nación.

| Items | 04.30.2021 | | | | 04.30.2020 |
|---|---|---|---|---|---|
| | **Class** | **Amount** | **Exchange rate** | **Amount in $** | **Amount in $** |
| **ASSETS** | | | | | |
| **NON-CURRENT ASSETS** | | | | | |
| **Other accounts receivable** | | | | | |
| Assignment of CAMMESA rights | US$ | 3,355 | 93.36 | 313,178 | 50,050 |
| **Financial investments at amortized cost** | | | | | |
| Time deposits | US$ | 67,049 | 93.36 | 6,259,687 | - |
| **Financial investments at fair value with changes in other comprehensive income** | | | | | |
| Public titles | US$ | - | - | - | 13,316,548 |
| **Total non-current assets** | | | | **6,572,865** | **13,366,598** |
| **CURRENT ASSETS** | | | | | |
| **Other accounts receivable** | | | | | |
| Sundry advances | US$ | 729 | 93.36 | 68,081 | 66,717 |
| Intercompany receivables | US$ | 41 | 93.36 | 3,833 | - |
| Assignment of CAMMESA rights | US$ | 76 | 93.36 | 7,081 | 7,393 |
| Credits to be recovered | US$ | 26 | 93.36 | 2,451 | 257,997 |
| Sundry | US$ | 203 | 93.36 | 18,945 | 16,960 |
| **Trade accounts receivable** | | | | | |
| Intercompany receivables | US$ | 154 | 93.36 | 14,382 | 13,617 |
| From sale of oil and others | US$ | 8,078 | 93.36 | 754,139 | 416,590 |
| For sale of energy | US$ | 813 | 93.36 | 75,889 | 127 |
| **Financial investments at fair value** | | | | | |
| Financial investments at fair value | US$ | 6,670 | 93.36 | 622,731 | 669,540 |
| **Cash and cash equivalents** | | | | | |
| Cash | US$ | 5 | 93.36 | 432 | 451 |
| Cash | € | 4 | 112.14 | 399 | 380 |
| Banks | US$ | 1,073 | 93.36 | 100,160 | 2,851,715 |
| Financial investments at fair value | US$ | - | - | - | 8,647 |
| Financial investments at amortized cost | US$ | 36,341 | 93.36 | 3,392,842 | - |
| **Total current assets** | | | | **5,061,365** | **4,310,134** |
| **Total assets** | | | | **11,634,230** | **17,676,732** |

**NOTE 37 – FOREIGN CURRENCY ASSETS AND LIABILITIES (CONT'D)**

| Items | 04.30.2021 | | | | 04.30.2020 |
|---|---|---|---|---|---|
| | Class | Amount | Exchange rate | Amount in $ | Amount in $ |
| **LIABILITIES** | | | | | |
| **NON-CURRENT LIABILITIES** | | | | | |
| **Trade accounts payable** | | | | | |
| Suppliers | US$ | - | - | - | 573,661 |
| Sundry accruals | US$ | 2,249 | 93.56 | 210,389 | 1,626,615 |
| Lease debts | US$ | 1,683 | 93.56 | 157,429 | 201,706 |
| **Financial debts** | | | | | |
| Bank loans | US$ | - | - | - | 76,952 |
| Negotiable obligations | US$ | 255,026 | 93.56 | 23,860,233 | 29,332,096 |
| **Total non-current liabilities** | | | | **24,228,051** | **31,811,030** |
| **CURRENT LIABILITIES** | | | | | |
| **Trade accounts payable** | | | | | |
| Suppliers | US$ | 21,379 | 93.56 | 2,000,216 | 2,320,044 |
| Intercompany suppliers | US$ | 2 | 93.56 | 207 | - |
| Sundry Accruals | US$ | 3,066 | 93.56 | 286,816 | 97,488 |
| Lease debts | US$ | 1,422 | 93.56 | 133,062 | 147,044 |
| **Financial debts** | | | | | |
| Bank loans | US$ | 802 | 93.56 | 75,006 | 959,728 |
| Negotiable obligations | US$ | 8,111 | 93.56 | 758,823 | 929,868 |
| **Total current liabilities** | | | | **3,254,130** | **4,454,172** |
| **Total liabilities** | | | | **27,482,181** | **36,265,202** |

**NOTE 38 - OIL AND GAS RESERVES (NOT COVERED BY THE INDEPENDENT AUDITOR'S REPORT)**

- Agua del Cajón

Below is the estimate of hydrocarbon reserves and resources in the Agua del Cajón area made by the Company at December 31, 2021, and audited by the independent auditor, Lic. José C. Estrada, in compliance with the requirements of ES Resolution 324/06 and Res. MINEM 69E/2016. The expiration horizon is January 2052, with the following values:

| Products | | Proven | | | Probable | Possible | Resources |
|---|---|---|---|---|---|---|---|
| | | Developed | Non-developed | Total | | | |
| Gas | $MMm^3$ (1) | 3,197 | 1,586 | 4,783 | 728 | 867 | 16,355 |
| Oil | Mbbl | 1,359 | 1,434 | 2,793 | 4,183 | 6,466 | 28,895 |
| | $Mm^3$ | 216 | 228 | 444 | 665 | 1,028 | 4,594 |

(1) Determined at 9,300 K/Cal per $m^3$

**NOTE 38 - OIL AND GAS RESERVES (NOT COVERED BY THE INDEPENDENT AUDITOR'S REPORT) (CONT'D)**

- Bella Vista Oeste

The estimate of hydrocarbon reserves and resources in the Bella Vista Oeste area, at December 31, 2020, was audited by the independent auditor, Lic. Héctor A. López, in compliance with the requirements of ES Resolution 324/06 and MINEM 69E/2016. The expiration horizon is February 2045, with the following values:

| Products | | Reserves | | | | | Resources |
|---|---|---|---|---|---|---|---|
| | | Proven | | | Probable | Possible | |
| | | Developed | Non-developed | Total | | | |
| Oil | Mbbl | 2,711 | 4,504 | 7,215 | 264 | - | - |
| | $Mm^3$ | 431 | 716 | 1,147 | 42 | - | - |

- Loma Negra

The estimate of hydrocarbon reserves and resources in the Loma Negra area, at December 31, 2019, was audited by the independent auditor, Lic. Héctor A. López, in compliance with the requirements of ES Resolution 324/06 and Res. 69E/2016 del MINEM. The expiration horizon in December 2024, with the following values:

| Products | | Proven | | | Probable | Possible | Resources |
|---|---|---|---|---|---|---|---|
| | | Developed | Non-developed | Total | | | |
| Gas | $MMm^3$ (1) | 1,329 | 836 | 2,165 | 6 | - | 3 |
| Oil | Mbbl | 2,352 | 1,214 | 3,566 | 170 | - | 359 |
| | $Mm^3$ | 374 | 193 | 567 | 27 | - | 57 |

(1) Determined at 9,300 K/Cal per $m^3$

The Company owns 37.5% of said reserves.

- La Yesera

The estimate of hydrocarbon reserves and resources in the La Yesera area, at December 31, 2020, was audited by the independent auditor, Lic. Héctor A. López, in compliance with the requirements of ES Resolution 324/06 and Res. 69E/2016 del MINEM. The expiration horizon in August 2037(see Note 41), with the following values:

| Products | | Proven | | | Probable | Possible | Resources |
|---|---|---|---|---|---|---|---|
| | | Developed | Non-developed | Total | | | |
| Gas | $MMm^3$ (1) | 167 | 46 | 213 | - | - | 364 |
| Oil | Mbbl | 1,522 | 579 | 2,101 | - | - | 4,692 |
| | $Mm^3$ | 242 | 92 | 334 | - | - | 746 |

(1) Determined at 9,300 K/Cal per $m^3$

The Company owns 18.75% of said reserves (see Note 1 and 41.c)

- Pampa Castillo

The estimate of hydrocarbon reserves and resources in the Pampa del Castillo area, at December 31, 2020, was audited by the independent auditor, Lic. Ana María Nardone, in compliance with the requirements of ES Resolution 324/06 and Res. 69E/2016 of MINEM and having as their horizon the expiry date of the concession in October 2026, with the following values:

| Products | | Proven | | | Probable | Possible | Resources |
|---|---|---|---|---|---|---|---|
| | | Developed | Non-developed | Total | | | |
| Gas | $MMm^3$ (1) | 31 | 14 | 45 | 5 | 1 | - |
| Oil | Mbbl | 7,485 | 3,742 | 11,227 | 1,302 | 245 | - |
| | $Mm^3$ | 1,190 | 595 | 1,785 | 207 | 39 | - |

(1) Determined at 9,300 K/Cal per $m^3$

The company owns 95 % of said reserves.

**NOTE 38 - OIL AND GAS RESERVES (NOT COVERED BY THE INDEPENDENT AUDITOR’S REPORT) (CONT’D)**

Proven developed reserves at April 30, 2021, calculated on the basis of the audited reserves at December 31, 2020 until the end of the concession, and adjusted according to production for the period from January to April 2021 and taking into account the participation of the Company in each of the areas, are as follows:

| | | Agua del Cajón | Bella Vista Oeste | Loma Negra (37,5%) | La Yesera (18,75%) | Pampa del Castillo (95%) | Total |
|---|---|---|---|---|---|---|---|
| Gas | $MMm^3$ (1) | 3,088 | | 471 | 30 | | 3,589 |
| Oil | Mbbl | 1,308 | 2,606 | 834 | 274 | 6,612 | 11,634 |
| | $Mm^3$ | 208 | 414 | 133 | 44 | 1,051 | 1,850 |

(1) Determined at 9,300 K/Cal per $m^3$

**NOTE 39 - HYCHICO BUSINESS – FINANCING – MAIN CONTRACTS**

**a) Business of Hychico**

Hychico S.A. was incorporated on September 28, 2006, and its main activity is the generation of electricity, and the production of hydrogen and oxygen

Hychico decided to start the development of two projects involving the construction of an eolic energy farm and a plant for the production of hydrogen and oxygen through the electrolysis process.

<u>Diadema Eolic Energy Farm</u>
This project was started in the Argentine Patagonia due to the abundance of the eolic resource in particular and other resources, such as a large area available with a low demographic density, qualified workforce and road infrastructure, which will enable in the medium term the commencement of large scale projects, involving the generation of energy free from greenhouse gas emissions.

Hychico started in December 2006 the wind measurement using three towers located approximately 20 km from the city of Comodoro Rivadavia, Province of Chubut, and one tower located in the municipality of Colonia Presidente Luis Sáenz Peña, Province of Santa Cruz. The measurement towers are 50 meters high, with masts manufactured in Argentina and approved by the National Committee of Communications. Their installation has been approved by international auditors, and they all have calibration certificates issued by internationally renowned laboratories.

The Diadema Eolic Energy Farm (DEEF) comprises 7 wind energy converters model ENERCON E-44 with a nominal power of 0.9 MW (megawatt) each, adding up to a total installed power of 6.3 MW, located in the area where the measurements mentioned above were conducted. Each wind energy converter is connected to the Diadema Transformer Station by means of underground cables and overhead lines, through a transmission line of 33 KV (kilovolt) and a length of 5.7 km. Total investments amounted approximately to US$ 17 million.

Work performed have been aimed at: 1- the performance of different studies on the feasibility of this activity in Argentina and its environmental impact; 2- analysis of the national electric market; 3- retaining an international advisor on the development of wind energy farms, purchase, installation and start-up of the equipment necessary for measuring the winds in the aforementioned places; 4- international bidding procedure for the acquisition, assembly and start-up of the wind energy farm, 5- execution of a contract for the purchase of wind energy converters and a contract for their Operation and Maintenance (note 16), 6- electrical studies to connect the wind farm to the Argentine Interconnection System, 7- assembly of the wind energy converters, 8- construction of medium voltage lines and electromechanical works and 9- testing and start-up of the wind generators and electromechanical installations.

In its economic and financial analysis, Hychico has considered the return on the eolic energy farm and the obtainment of greenhouse gas emissions reduction certificates (CERs) within the framework of the clean development mechanism (CDM). To that end, Hychico has prepared and submitted the PDD (Project Design Document) which has been approved by the United Nations Executive Board with retroactive effects to July 2012.

**NOTE 39 - HYCHICO BUSINESS – FINANCING – MAIN CONTRACTS (CONT'D.)**

Likewise, it must be taken into account that the CDM methodology is currently being replaced by "Verified Carbon Standards" (VCS) and that the markets for the purchase and sale of carbon credits are not active, so the sales expectations are low and at prices well below prices at the beginning. This is mainly due to the few agreements reached in the last Conferences of the Parties (COPs), and therefore to the little commitment to mitigation and swap of bonds for correction time, showing little interest from the industry.

Hychico was authorized as generating agent in the Wholesale Electricity Market (WEM) regarding its DEEF, through Resolution of the Energy Secretariat (ES) No. 424/10. Commercial operation of the DEEF commenced in December 2011. The electricity generated is being sold to the WEM, in compliance with regulations in force.

In March, 2012, in compliance with Note ES No. 1205/12, the Supply Contract to the WEM from renewable energy sources for a term of 15 years was signed, within the framework of ES Resolution No. 108/11.

Hydrogen and Oxygen Plant

In December 2008 the plant for the production of hydrogen and oxygen through the electrolysis process was inaugurated, with a production capacity of 850,000 normal cubic meters of hydrogen per year and 425,000 normal cubic meters of oxygen per year.

The plant boasts two electrolyzers with a total capacity of 120 $Nm^3/h$ of hydrogen and 60 $Nm^3/h$ of oxygen. The high purity hydrogen (99.998%) is mixed with natural gas to power a motor-generator of 1.4 MW, which has an internal combustion engine specially adapted to operate with gas- rich and / or poor mixed with hydrogen.

It is worth mentioning that the purity of hydrogen produced makes it especially suitable for use in fuel cells. It should be noted that the proportions reached of up to 42% hydrogen mixture are above the usual international ranges for these high horsepower engines, achieving good performances in terms of yields and reducing emissions of greenhouse gases.

The oxygen produced, also high purity (99.998%), is sold at high pressure in the market for industrial gases.
The Plant for the production of hydrogen and oxygen was built in 11,000 m2 and is divided into different areas: control, processes and auxiliary systems

In accordance with the façon service agreement signed with Compañías Asociadas Petroleras Sociedad Anónima (CAPSA) in May 2009, as from March 1, 2009 it has started its pre-operating stage, thus generating electricity on an irregular basis. As for oxygen, in November 2008 a contract was signed with Air Liquide Argentina S.A. for the supply of oxygen which is being dispatched as from June 2009.

The hydrogen and oxygen production plant started operations in May 2010 and, thus, the depreciation of property, plant and equipment related to the project started.

On November 17, 2017, Hychico signed a contract with the National Agency of Scientific and Technological Promotion, whereby it obtained a non-refundable subsidy as a "Direct payment to Supplier" for up to $ 2.3 million, to be applied to the execution of the project for technological upgrade and innovation in electrolyzers for hydrogen production from wind power. In March 2018, the World Bank approved the audit conducted. The work is scheduled for completion within six months following the first payment to the supplier. Subsequently, the guarantees referred to above were submitted to the supplier and to the beneficiary. Equipment has been acquired and paid by Hychico (because of the lack of budget items for the subsidy) and is at the Hydrogen plant. Hychico is working on the execution of the project and has received the aforementioned refund after having submitted all the documentation required by the Argentine Technological Fund (FONTAR).

This first stage places Hychico as a key participant in the hydrogen production, as energy and renewable energy vector, whose impact on the energy matrix of the nations will be growing. The hydrogen and oxygen plant allows Hychico to develop experience in these new technologies' operations and processes, to attract strategic partners with technological experience, thus ensuring even more ambitious projects, and to achieve a competitive advantage for Argentina and Hychico in a world market that will demand increasing energy volumes.

At April 30, 2021 and 2020, fixed assets and intangible assets related to the Hydrogen Project are totally provided for in accordance with current economic conditions.

**NOTE 39 - HYCHICO BUSINESS – FINANCING – MAIN CONTRACTS (CONT'D.)**

The hydrogen and oxygen produced and the electricity generated have been dispatched and invoiced, and they have been allocated to "Income" in the Statement of Income (see note 27).

**b) Wind energy converters**

Contract for the Operation, Maintenance and Technical Assistance

In June 2008 a contract was signed with Wobben Windpower Industria y Comercio Ltda. (Wobben), supplier of seven Wind Energy Converters installed in the Wind Energy Farm, for the Wind Energy Converters Operation, Maintenance and Technical Assistance, for a period of six years with two options for extension of two years each. It includes a clause whereby, in case the aerogenerators are not in service, Wobben must compensate Hychico for such loss. This contract became effective in December 2011. In November 2013, an amendment was signed to that contract, which was assigned to the Argentine affiliate Wobben Windpower Argentina S.R.L. with a corporate guarantee provided by the head office based in Germany.

**c) Oxygen supply Contract**

In November 2008, Hychico entered into an Oxygen Supply Contract with Air Liquide Argentina S.A. (ALASA), with a duration of 4 years from June 1, 2009 (date of start of the commercial operation of the plant) which establishes that ALASA was responsible for the design, assembly supervision and construction, start-up, operation and maintenance of a system to supply oxygen and Hychico was in charge of its construction according to the design, instructions and under the supervision of ALASA.

Since then, extensions of the commercial and operating agreement have been executed; the one currently effective is that corresponding to the period from June 2015 to May 2018.

In the agreement in effect, three differential prices are set for oxygen, according to the packing methodology used by ALASA: i) oxygen in cylinders for industrial use, ii) LASAL-type packed oxygen, and iii) oxygen packed in the highly pure mode; in addition, a volume of oxygen is defined to be supplied monthly, under a "Take or Pay" clause on ALASA.

On May 31, 2018, the extension of the commercial agreement with ALASA was carried out for a period of 3 years.

**d) Contract to supply the Wholesale Electric Market with renewable sources**

The energy generated by the Diadema Eolic Energy Farm (DEEF) from its startup in December 2011 to March 2012 has been sold to the WEM at spot prices in accordance with current regulations.

In March 2012, by means of Note No. 1205/2012 the Energy Secretariat instructed CAMMESA and Hychico to enter into a Contract to Supply the WEM with Renewable Sources, within the framework of Energy Secretariat Resolution No. 108/2011, for the commercialization of the energy generated by the DEEF.

The contracted power is 6.3 MW and CAMMESA agreed to acquire up to 361,755 MWh over the life of the contract. The power surpluses in each hour over the contracted power shall be sold in the spot market or through contracts with WEM agents and shall not be considered in the calculation of the contracted power.

The price of the supplied energy is set at US$/MWh 115,896, remaining constant over the life of the contract, and the energy actually delivered into the grid is remunerated up to an amount equal to the quantity of maximum energy established for the hour, at that price. Power is not remunerated. A fraction of the fixed costs of operation of the machinery committed in the WEM will be reimbursed, based on information published in the Economic Transaction Document (ETD) issued by CAMMESA in the respective month.

The duration of the contract is 15 years counted as from the first day of the month following that of the contract date and will be extended by the Energy Secretariat for a maximum period of 18 months, unless Hychico delivers the contracted power within a shorter term.

**NOTE 39 - HYCHICO BUSINESS – FINANCING – MAIN CONTRACTS (CONT'D.)**

**e) Long-Term Façon Service Agreement with CAPSA**

In May 2009, a long-term façon service agreement was entered into between Hychico and CAPSA, whereby CAPSA will deliver to Hychico, free of charge, a maximum of 7,000 $m^3$/d (cubic meters per day) of natural gas at 9,300 kcal/$Nm^3$ (kilo calorie per normal cubic meter) which, together with a minor percentage of hydrogen added by Hychico, will be used to supply the power plant at a rate of 1 MW/h (megawatt per hour) per each 270 $m^3$ of natural gas; the electricity thus produced will be delivered to CAPSA at the electricity connection point established in the agreement.

The term is eighteen (18) years from the date of commencement of supply. Operational activity began in May 2009 (see point a).

Until April 30, 2011 the price of the energy generation service was US$/MWh 30. As from May 1, 2011 it amounts to US$/MWh 34.

As from December 2014 a new price was agreed upon, US$/MWh 40, and a procedure was set for monthly adjustment; it can be renegotiated at the end of each calendar year.

**f) Capital status**

By Extraordinary Shareholders' Meeting Minutes dated July 16, 2018, Hychico resolved to make a capital contribution for $1,900 through the issuance of 1,900,000 registered non-endorsable shares of par value each and carrying one vote per share, and the acceptance of the contributions made by Interenergy Argentina S.A. for $249, by Servicios Buproneu S.A. for $729 and by Capex S.A. for $922. Leaving in this way the share capital at $ 108,951 (the amounts are stated at historical cost).

At an Extraordinary Shareholders' Meeting on October 8, 2018, Hychico resolved to make a capital contribution for $ 4,000 through the issuance of 4,000,000 registered non-endorsable shares of $1 par value each and carrying one vote per share, and the acceptance of the contributions made by Interenergy Argentina S.A. for $ 524, by Servicios Buproneu S.A. for $ 1,534 and by Capex S.A. for $ 1,942. Hychico's capital is now $ 112,951 (the amounts are stated at historical cost).

**g) PED I and PED II- Diadema Transformer Station Fire**

As a consequence of the fire that occurred in March 2020 at the Diadema Transformer Station that connects PED I and PED II with SADI, both farms were disconnected. After the repair work carried out, on May 22, 2020, both farms resumed their connection to SADI and started to dispatch electricity to the grid normally. At the date of these financial statements, Hychico and EG Wind have collected the corresponding compensations for the insured companies.

**NOTE 40 – DIADEMA EOLIC ENERGY FARM II**

On August 17, 2017, Resolution No. E-275/2017 from the Ministry of Energy and Mining was published in the Official Gazette which called for interested parties to offer in the National and International Open Bid Process for contracting in the WEM electricity from renewable sources - Program RENOVAR (2nd Round), with the aim of entering into contracts in the forward market (called supply contracts of renewable electricity) with CAMMESA in representation of Distributors and Large Users of the Wholesale Electric Market - until their reallocation to distribution agents and/or Large Users of WEM in accordance with the Program Bidding Terms and Conditions. The Company participated in the call with the Diadema Eolic Energy Farm II project.

On October 19, 2017 the Company submitted the Diadema Eolic Energy Farm II project in the Program RenovAr Ronda 2.0; it would be implemented by E G WIND S.A. as a specific-purpose company. Although the offer was technically approved through Resolution E-450/2017, on December 1, 2017, the Ministry of Energy reported, through Resolution E-473/2017, that the project had not been awarded and called the Company to offer again under certain predetermined conditions:

- The price per megawatt/hour for the contracts to be entered into by those who accept the invitation would be US$ 40.27MWh (the Project Diadema Eolic Energy Farm II had been offered with a price of US$ 42 MWh);

**NOTE 40 – DIADEMA EOLIC ENERGY FARM II (CONT'D.)**

- In the cases of projects with a restriction in the electric transportation system, the offeror must accept, at its sole expense, the execution of the necessary works to solve the restriction reported by CAMMESA. Diadema II Wind Farm does not need an additional expansion of capacity to the expansion that will be performed by the National Government;
- The DEEF II was first in the order of pre-award made by CAMMESA in accordance with current regulations.

The Company took part in the new bidding and the Project was awarded on December 19, 2017 through Resolution No. 488/2017 of the Ministry of Energy and Mining. On June 4, 2018 EG WIND entered into an agreement with CAMMESA for the construction, start-up and supply of renewable energy for a maximum power of 27.6 MW at a price of US$ 40.27 MWh, for a 20-year period as from the date of authorization of commercial commissioning, including EG WIND's obligation to build the Diadema II Wind Farm. As a result of this award, EG WIND obtained the following national tax benefits included in the RenovAr Program - Round 2, within the framework of Laws No. 26190 and 27191: a) the period for offsetting income tax losses is extended to 10 years, b) early refund of value added tax, which can be requested after a tax period has elapsed from the investments made in the relevant project to its conclusion, and c) accelerated depreciation for income tax purposes, which can be requested from the tax period of the commercial commissioning of the asset, and provincial tax benefits in the province of Chubut within the framework of the Regime for Promotion of Renewable Sources of Energy, Law XVII - No. 95 and Decree No. 1114/11, i.e: a) stamp tax: exemption from payment in the stages of investigation and development and construction; b) turnover tax: exemption of 100% generated by the development of the activities during the first five years from the start of commercial operation and of 50% from the sixth year through to the tenth year.

The Diadema Eolic Energy Farm II is located in the city of Comodoro Rivadavia, province of Chubut, and comprises 9 wind energy converters model ENERCON E-82 E4 with a nominal power of 3.07 MW (megawatt) each, adding up to a total installed power of 27.6 MW. The total investment was of approximately US$ 35.7 million (without taxes).

The Farm received the authorization to operate from CAMMESA on September 18, 2019, complying with the terms stipulated in the bid. Due to the limitations in the electrical transportation of the Patagonian corridor and the 132 kV Comodoro Rivadavia - Pico Truncado line in particular, the farm must operate with power restrictions, which are administered by CAMMESA. Until the enlargement works are not performed by the National Government, these restrictions will be more severe as new wind farms are constructed in the area. As a compensation mechanism for said restrictions, section 10.3 of the agreement establishes the "Take-or-Pay Obligation" that came into effect on June 19, 2020, i.e. 30 months following the award.

See Note 39.g).

**NOTE 41 – BUSINESS ACQUISITION AND CONCESSIONS**

**a) National and International Public Tender N ° 1/19 - pre-award of exclusive rights for the exploration of hydrocarbons and eventual concession of exploitation, transportation and commercialization of hydrocarbons over the Puesto Zúñiga area**

In November 2019, the Secretariat of Energy of the Government of Rio Negro called for the National and International Public Tender No. 1/19 for the award of exclusive rights for hydrocarbon exploration and potential exploitation concession, transportation and commercialization over the Puesto Zúñiga area, in the Province of Rio Negro. The Company participated in the Tender by submitting an offer on November 28, 2019, which consisted of an investment commitment of US$ 7.1 million to be developed within the first exploration period. On February 6, 2020, the Energy Secretariat of Río Negro approved Capex's rating and pre-awarded the area. On October 16, 2020 the Company was awarded an exploration permit for the Puesto Zúñiga area in the Province of Río Negro.

**b) Agreement to extend the term for the concession of Loma Negra and La Yesera areas.**

On March 30, 2021, the members of Loma Negra and La Yesera consortia and the province of Río Negro agreed to extend the concessions of the areas for 10 more years. On April 20, 2021 the Provincial Executive Branch issued Decrees Nos. 346/21 and 345/21 approving such extension.

**NOTE 41 – BUSINESS ACQUISITION AND CONCESSIONS (CONT'D.)**

The main terms of the extension agreements are as follows:

- The extension of both exploitation concessions for 10 years, i.e. until February 24, 2034 for Loma Negra and until August 4, 2037 for La Yesera.
- For Loma Negra area: a Development and Investment Plan of up to US$ 35.6 million (subject to specific conditions) and the payment of an Extension Bond amounting to US$ 4.38 million and a Contribution to Social Development and Institutional Strengthening of US$ 1.31 million.
- For La Yesera area: a Development and Investment Plan of up to US$ 25.4 million (subject to specific conditions) and the payment of an Extension Bond amounting to US$ 0.9 million and a Contribution to Social Development and Institutional Strengthening of US$ 0.3 million.
- For both areas, a 3% complementary contribution will be paid, on a monthly basis, on the incremental production of oil and gas. Incremental production is that arising from new wells drilled and finished after the extension agreement date and agreed-upon under the Investment Plan. The 3% contribution will apply to the total production after expiration of the original term for the exploitation concession.

The Extension Bond and the Contribution to Social Development and Institutional Strengthening for both areas were paid on May 6, 2021.

**c) Acquisition of the 18.75 % interest in La Yesera.**

At June 30, 2021, the Company acquired the 18.75% interest of San Jorge Energy S.A. in La Yesera Consortium (see Note 1.1).

**NOTE 42 - PARTICIPATION IN JOINT OPERATIONS - SUMMARY OF THE FINANCIAL SITUATION**

The assets and liabilities and the production cost, before the percentage of participation, as of April 30, 2021 and 2020 of the joint operations in which the Company participates are detailed below:

| Consortia<br>Participation | Loma Negra<br>37.50% | | La Yesera<br>18.75% | | Pampa del Castillo<br>95% | |
|---|---|---|---|---|---|---|
| | **04.30.2021** | **04.30.2020** | **04.30.2021** | **04.30.2020** | **04.30.2021** | **04.30.2020** |
| Non-current assets (1) | 18,885,679 | 17,758,632 | 1,572,412 | 1,351,603 | 7,890,792 | 6,336,568 |
| Current assets | 576,254 | 627,821 | 128,317 | 291,549 | 589,339 | 823,322 |
| **Total assets** | **19,461,933** | **18,386,453** | **1,700,729** | **1,643,152** | **8,480,131** | **7,159,890** |
| Current liabilities | 1,282,854 | 465,908 | 272,228 | 296,596 | 1,687,085 | 2,161,384 |
| **Total liabilities** | **1,282,854** | **465,908** | **272,228** | **296,596** | **1,687,085** | **2,161,384** |
| **Cost of production (1)** | **(1,018,925)** | **(921,121)** | **(265,618)** | **(338,337)** | **(3,600,058)** | **(4,198,649)** |

(1) They do not include charges for deterioration of property, plant and equipment since the same, if any, are estimated and recorded by the participating partners of the UT and the Consortia.

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## SUMMARY OF ACTIVITY

## REFERRED TO THE CONSOLIDATED FINANCIAL STATEMENTS OF

## CAPEX S.A. AS OF APRIL 30, 2021

(figures expressed in thousands of pesos)

**a) Comments on the comprehensive results and consolidated financial position at April 30, 2021 (Not covered by the independent auditor's report on the consolidated financial statements).**

**Consolidated Statement of Comprehensive Results**

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Income | 17,952,273 | 25,717,227 | (7,764,954) | -30.2% |
| Cost of Income | (10,329,246) | (13,745,146) | 3,415,900 | -24.9% |
| **Gross Profit** | **7,623,027** | **11,972,081** | **(4,349,054)** | **-36.3%** |
| Preoperative expenses | - | (6,185) | 6,185 | -100.0% |
| Selling Expenses | (2,864,700) | (3,782,563) | 917,863 | -24.3% |
| Administrative Expenses | (1,076,004) | (1,319,345) | 243,341 | -18.4% |
| Other operating (expenses), net | (2,886,745) | (3,290,971) | 404,226 | -12.3% |
| **Operating result** | **795,578** | **3,573,017** | **(2,777,439)** | **-77.7%** |
| Financial Income | 5,953,060 | 8,737,393 | (2,784,333) | -31.9% |
| Financial Costs | (12,519,013) | (16,503,107) | 3,984,094 | -24.1% |
| Other Financial Income | 31,829 | 31,845 | (16) | -0.1% |
| Other financial results - RECPAM | 5,685,567 | 4,086,583 | 1,598,984 | 39.1% |
| **Net financial result** | **(848,557)** | **(3,647,286)** | **2,798,729** | **-76.7%** |
| **Result before income tax** | **(52,979)** | **(74,269)** | **21,290** | **-28.7%** |
| Income tax | (562,635) | 1,447,723 | (2,010,358) | -138.9% |
| **Net result for the year** | **(615,614)** | **1,373,454** | **(1,989,068)** | **-144.8%** |
| **With future allocation to results** | | | | |
| Other comprehensive income | (123,493) | 123,493 | (246,986) | -200.0% |
| **No future allocation to results** | | | | |
| Other comprehensive income | (907,992) | (4,114,152) | 3,206,160 | -77.9% |
| **Comprehensive Result for the Year** | **(1,647,099)** | **(2,617,205)** | **970,106** | **-37.1%** |

To analyze the changes, it should be taken into account that the balances as of April 30, 2020 disclosed below arise from the restatement of the balances at that date in terms of unit of measurement at April 30, 2021, following the guidelines detailed in Note 3 of the consolidated financial statements as of April 30, 2021.

The comparative evolution of the results as of April 30, 2021 with respect to April 30, 2020 was as follows:

- The Gross Profit was $ 7,623,027 (profit), or 42.5% of income, while in the same period of the previous year it amounted to $ 11,972,081 (profit) or 46.6% of income at April 30, 2020. The gross profit decreased by 36.3%.
- Operating result was of $ 795,578 (profit), compared to $ 3,573,017 (profit) for the same period of the previous year. The oil and gas segment has been affected by: (i) the decrease in gas prices, as a consequence of the application of established maximum prices, the auctions carried out by CAMMESA for the acquisition of natural gas for electricity generation and the declarations of gas costs made by Capex and to the price awarded to Capex in relation to the "Plan Gas 2020-2024" (ii) the decrease in the oil prices in the domestic and international markets due to the impact of COVID-19, which drastically reduced the demand for oil (iii) the impairment of assets of the oil and gas segment for $ 2,466,786 and $ 2,652,498 to April 30, 2021 and 2021, respectively, attributable to the Agua del Cajón oilfield, mainly as a result of the fall in the gas price and (iv) the costs incurred as a result of COVID-19, which have not formed part of the production activity. The electricity segment showed a decrease in generation, due to failure of a transformer of Steam Turbine 7, which made the Company operate in open cycle mode as from January to July 31, 2020 and led to a decrease in energy generation; and ii) a decrease in the remuneration of generated energy and power as a result of the adoption of Resolution 31/20 from February 2020, whereby energy rates were pesified. It is worth noting that in May 2021, through Resolution No. 440/2021, the Secretariat of Energy discontinued the adjustment of rate values based on the CPI and the WPI, and provided for an increase of approximately 29% in power and energy rates. In the case of energy, such increase was retroactive to February 2021 and had no impact on the Company's results at April 30, 2021.

- The net result of the period amounted to $ 615,614 (loss) as compared with the net income of $1,373,454 recorded of the previous year. Furthermore, the net result was affected by the higher financial costs derived from the increase of the US Dollar exchange rate, currency in which the Group holds 90.0% of its financial liabilities, and by income tax due to the effect of the tax inflation adjustment, which was offset by a tax loss. During the year, the Company repurchased its Class II Corporate Bonds for a nominal value of US$ 44,974,000, generating a net gain of $ 478,176 and E G WIND paid in advance the debt it held with Enercon GmbH, generating a gain of $ 342,565.
- Other Comprehensive Income with future recognition through profit or loss, with an impact on the Reserve for investments at fair value, amounted to $123,493 (loss) at April 30, 2021 as a consequence of the sale of government securities (US Treasury Bonds) stated at fair value. In addition, there were recognized in Other Comprehensive Income without future recognition through profit or loss, which affects the reserve for the revaluation of assets and stated at real values, $ 907,992 (loss) compared to $ 4,114,152 (loss) for the previous year, due to the effect of the revaluation and of the application of the inflation adjustment, net of the tax effect of those items of property, plant and equipment measured at fair value.
- The comprehensive result for the year was of $ 1,647,099 (loss) in compared to $ 2,617,205 (profit) for the previous year.

**Income**

**Thousand $**

| **Product** | **04/30/2021** | **04/30/2020** | **Variation** | |
|---|---|---|---|---|
| **Energy** | | | | |
| Energy CT ADC (1) | 6,343,567 | 11,068,830 | (4,725,263) | -42.7% |
| Energy DEEF | 758,338 | 558,493 | 199,845 | 35.8% |
| **Façon Service of electric energy** | 30,386 | 36,137 | (5,751) | -15.9% |
| **Gas** | 10,382 | 424,738 | (414,356) | -97.6% |
| **Gas stimulus Program** | 1,396,245 | 2,028,436 | (632,191) | -31.2% |
| **Oil** | 8,627,589 | 10,650,836 | (2,023,247) | -19.0% |
| **Propane** | 470,747 | 631,730 | (160,983) | -25.5% |
| **Butane** | 168,534 | 167,402 | 1,132 | 0.7% |
| **Oxygen** | 10,906 | 10,231 | 675 | 6.6% |
| **Services** | 135,579 | 140,394 | (4,815) | -3.4% |
| **Total** | **17,952,273** | **25,717,227** | **(7,764,954)** | **-30.2%** |

(1) As of April 30, 2021 and 2020, it includes the income generated by the gas produced by the ADC, Loma Negra and La Yesera areas, consumed in the CT ADC, and paid by CAMMESA under the concept of Fuel Recognition and from January 2021, the awarded volume.under the "Plan Gas 2020-2024". Likewise, in the period ended April 30, 2020, the third party gas and consumed in the CT ADC until December 2019 is included in this line.

Income on April 30, 2021 decreased by 30.2% compared with the previous year. The evolution of each product was as follows:

a) Energy:

The income generated by CT ADC operations measured in pesos decreased by $ 4,725,263, representing a drop of 42.7%, from $ 11,068,830 as of April 30, 2020 to $ 6,343,567 as of April 30, 2021. This revenue is associated with remuneration from the generation of energy and the remuneration recognized by CAMMESA for gas consumed in the CTADC.

The revenue associated with the remuneration for energy generation decreased by 27.7%. This variation is mainly to: a) a 9.6% decrease in energy generation, mainly due the impossibility to operate in a combined cycle, due to a failure of the transformer of the TV7 at the end of January and until July 31, 2020; and b) a 20.0% decline in the average sale price of GW sold, from an average $/Gwh 1,456.4 during the fiscal year ended April 30, 2020 to an average $/Gwh 1,164.8 in the fiscal year ended April 30, 2021. It is worth noting that on May 19, 2021, through Resolution No. 440/2021, the Secretariat of Energy discontinued the adjustment of rate values based on the CPI and the WPI as per Resolution No. 31/20, and provided for a rate increase of approximately 29% for the energy and power delivered as from February 2021. This increase had no impact at April 30, 2021.

In January 2020, the transformer of Steam Turbine 7 at the ADC Power Plant had a failure in the output terminal of a high voltage phase. The repair began after obtaining authorizations for the entry of personnel and cargo movement equipment to the site due to the mandatory isolation in force at that time. By the end of July 2020, repair works were completed, and the Agua del Cajón Power Plant (CT ADC) resumed its operations in a combined cycle as from July 31, 2020, As previously mentioned, from January to July 2020, the ADC Power Plant operated in open cycle mode, with the related decrease in power generation.

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Income associated to the remuneration recognized by CAMMESA to Capex for the gas consumed at the CT ADC and produced by the ADC, Loma Negra and La Yesera areas decreased by 55.3%. due to i) the drop in price of gas per million btu, which decreased from an average of US$ 2.15 for the period ended April 30, 2020, to an average of US$ 1,90 for the period ended April 30, 2021, as a result of the application of established maximum prices, the auctions carried out by CAMMESA for the purchase of natural gas for electricity generation, the declarations of gas costs made by Capex. and to the price awarded to Capex in relation to the "Plan Gas 2020-2024", effective from January 1, 2021 ii) the lower remunerated volume of gas (45.8%) resulting from less generation (as explained above) and that in the period ended April 30, 2020, the gas supplied by third parties for generation purposes was also remunerated until December 2019.

Income from the remuneration of gas is included within the Oil and Gas segment (Note 6 to the Consolidated Financial Statements). The own production gas consumed by the CT ADC slightly decreased by 13.6%.

Income of eolic energy measured in pesos increased by $ 199,845, representing an increment of 35.8%, from $ 558,493 for the year ended April 30, 2020 to $ 758,338 for the period ended April 30, 2021. This increase was due to the opening of the Diadema Eolic Energy Farm II (DEEF II) wind farm, owned by E G WIND, which was commercially enabled in September 2019. Sales of the DEEF I and DEEF II measured in GWh were 126.6 and 80.3 as of April 30, 2021 and 2020 respectively. The average price of sales was $ 5,990.3 and $ 6,955.1 by MWh as of April 30, 2021 and 2020, respectively; The variation of average sale prices is due to the fact that the prices per MWh agreed for the DEEF and DEEF II are of US$ 115,896 and US$ 40.27, respectively.

As a consequence of the fire that occurred in March 2020 at the Diadema Transformer Station that connects DEEF I and DEEF II with SADI, both farms were disconnected. After the repair work carried out, on May 22, 2020, both farms resumed their connection to SADI and started to dispatch electricity to the grid normally.

b) Façon Service of electric energy

Façon services for the generation of electricity with natural gas and hydrogen measured in pesos decreased by $ 5,751, representing a drop of 15.9%, from $ 36,137 as of April 30, 2020 to $ 30,386 as of April 30, 2021. This decrease is produced by a lower volume sold by 15.7%, during the fiscal year ended on April 30, 2021, as a consecuence of maintenance of the plant performed during the first week of June 2020.

c) Gas

Gas production of the Neuquén basin areas decreased by 18.0 %, going from 569,284 thousands $m^3$ as of April 30, 2020 to 466,692 thousand $m^3$ as of April 30, 2021. While Capex has been keeping the level of gas production by means of the investments made, mainly encouraged by the stimulus programs, lower gas demand from the CT ADC regulated gas production from the ADC field, decreasing by 21.1%. In addition, the production of gas from its participation in the Consortia with concessions in Loma Negra and La Yesera areas, in the province of Río Negro, decreased by 2.8% going from an average of of 261 thousand $m^3$ / day as of April 30, 2020 to an average of 254 thousand $m^3$ per day at April 30, 2021.

At April 30, 2021, Capex has used 100% of the production of gas originating from the Agua del Cajón area, for the generation of electricity in CT ADC and the operation of the LPG plant. Likewise, it also incorporates a large part of the gas produced in the Loma Negra and La Yesera fields in the generation of electricity. Under the framework of the Incentive Program for the Investments in Developments of Natural Gas Production from Unconventional Reservoirs, the Company has submitted the affidavits of the Agua del Cajón Area corresponding to the periods January 2018 – March 2021 and the bond insurance policies in order to request the payment of the program. The Ministry of Energy authorized all final economic compensations requested for the period January 2018 – March 2021 for approximately $ 2,954.9 million. At the date of issuance of these consolidated financial statements, $ 2.535,4 million have been collected in cash. The Company has recorded under Income the total incentive which complies with the conditions set forth in Resolution No. 419 E/2017, by $ 1,396.2 million and $ 2,028.4 million as of April 30, 2021 and 2020, respectively.

In the fiscal year ended April 30, 2021, Capex sold $ 10,382 corresponding to the delivery of 2,238 thousand $m^3$ originating from the Loma Negra and La Yesera areas at an average of US$ / m3 0.0472 (or US$ 1.3 million BTU). In the fiscal year ended April 30, 2020, sales amounted to $ 424,738 as a result of a sale of 49,251 thousand $m^3$ at a price of US$/ $m^3$ 0.0891 (or US$ 2.4 million btu).

d) Oil:

| | 04/30/21 | 04/30/20 | Variation | |
|---|---|---|---|---|
| Local market | 3,208,409 | 2,964,405 | 244,004 | 8.2% |
| Foreign market | 5,419,180 | 7,686,431 | (2,267,251) | -29.5% |
| **Total** | **8,627,589** | **10,650,836** | **(2,023,247)** | **-19.0%** |

Capex S.A.

Income from the oil business at April 30, 2021 fell by $2,023,247 compared with the prior fiscal year, accounting for a decrease of 19,0%. This decrease results from a reduction of 29.5% in sales volume stated in pesos in the foreign market, offset by an increase of 8.2% in the local market. The total volume sold surged by 20.2%. This increase in the volume sold was due to the sale of accumulated stock at April 30, 2020 during the fiscal year ended on April 30, 2021. Such stock had been accumulated as a result of the lower demand caused by the pandemic at that time and the addition of crude oil from the Bella Vista Oeste area. In the fiscal year ended on April 30, 2021, the average oil price was affected by the pandemic, which resulted in a decrease of 32.6%. In the second half of the year, it started to recover.

The decrease in revenues in the foreign market of $ 2,267,251 comes from lower crude oil exports of the areas Pampa del Castillo - La Guitarra and Bella Vista Oeste (incorporated as from February 2020), both located in the Province of Chubut, in spite of an increase of 17.0% in the exported volume, going from 210,287 $m^3$ (1,322,665 bbl) as of April 30, 2020 to 246,098 $m^3$ (1,547,912 bbl) as of April 30, 2021. With respect to international prices, they dropped by approximately by 40.7% on average, measured in pesos, between both periods. This decrease was a result of the COVID-19 impact on the world economy, which led to a demand contraction, surplus production and its subsequent price decrease. However, in recent months international prices have recovered their historical average values.

Local sales increased from $ 2,964,405 on April 30, 2020 to $ 3,208,409 on April 30, 2021, mainly due to a 27,1% rise in sales volume, from 95,527 m3 as of April 30, 2020 to 121,415 $m^3$ as of April 30, 2021. In addition, the average price in pesos decreased by 14.8% as a consequence of the reduction in the average price in dollars agreed between the parties due to the effects of the COVID-19. Over the last months of the fiscal year, the price agreed between the parties started showing an increase, thus recovering historical average values.

Oil production increased by 2.8%, from 332,937 m3 as of April 30, 2020 to 342,289 $m^3$ as of April 30, 2021, due to the incorporation of the Bella Vista Oeste area which contributed 3.5% of the production for the year.

e) Propane. butane and gasoline:

- Sales of propane decreased by $ 160,983 or 25.5%, from $ 631,730 as of April 30, 2020 to $ 470,747 at April 30, 2021.

  The drop in sales is due to the decrease in the volumes sold and the lower sales price. The volume sold fell by 3,176.3 tn, i.e. 16.4% as a consequence of the lower amounts of processed gas. In real terms, the sales price recorded a decrease of 10.8%, from average $/tn 32,647.5 at April 30, 2020 to average $/tn 29,105.7 at April 30, 2021.

  Sales in the domestic market fell by 51.0% as a consequence of a decrease of 34.8% in the volume sold and a drop of 24.8% in the price. The latter is due to the delivery of 22.5% of the volume sold to comply with the Propane Gas Supply Agreement for Undiluted Propane Gas Distribution Networks.

  Sales in the foreign market raised by 46.1% due to the increase in the volume sold and in the sales price. Propane sale prices in the foreign market increased by 21.8%, from $25,543.1 at April 30, 2020 to average $/tn 31,114.5 due to higher international prices and the rise in the US dollar exchange rate compared to inflation. Export volumes increased by 20.0% compared with the previous fiscal year

- The sales of butane increased by $ 1,132 or 0.7%, from $ 167,402 at April 30, 2020 to $ 168,534 at April 30, 2021. Such increase was due to a rise in the sales price by 22.5%, from average $/tn 13,060.9 at April 30, 2020 to average $/tn 16,003.6 at April 30, 2021, offset by a decrease in the volume sold by 2,286.0 tn, i.e. 17.8%, as a consequence of the lower amount of processed gas.

- No sales of gasoline were recorded at April 30, 2021 and 2020 since production of 20,240 $m^3$ and 24,849 $m^3$. respectively, were sold with oil for market reasons.

f) Oxygen:

Hychico sold 126,030 $m^3$ and 107,211 $m^3$ of oxygen for a total of $ 10,906 and $ 10,231 in the years ended April 30, 2021 and 2020, respectively. This increase in sales is mainly due to higher oxygen dispatch as a result of a higher oxygen demand.

g) Services:

It corresponds to the participation of 37.5% over the income in the services provided for the treatment of crude oil and gas readiness by the Loma Negra consortia.

Capex S.A.

## Cost of income

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Fees and other compensations | 71,468 | 94,431 | (22,963) | -24.3% |
| Salaries and social security contributions | 1,765,256 | 1,882,111 | (116,855) | -6.2% |
| Materials, spare parts and others | 764,902 | 894,955 | (130,053) | -14.5% |
| Operation, maintenance and repairs | 1,785,738 | 2,331,101 | (545,363) | -23.4% |
| Fuel, lubricants and fluids | 862,747 | 1,000,047 | (137,300) | -13.7% |
| Transportation, freight and studies | 160,916 | 207,086 | (46,170) | -22.3% |
| Depreciation of property, plant and equipment | 4,858,154 | 5,524,712 | (666,558) | -12.1% |
| Depreciation of rights of use asset | 33,868 | 21,486 | 12,382 | 57.6% |
| Office, travel and representation expenses | 80,067 | 66,868 | 13,199 | 19.7% |
| Taxes, rates, contributions, insurance and rental | 317,426 | 336,310 | (18,884) | -5.6% |
| Gas transportation costs | 83,480 | 109,463 | (25,983) | -23.7% |
| Acquisition of third-party gas | - | 2,217,127 | (2,217,127) | -100.0% |
| Oil acquisition | 248,924 | 338,082 | (89,158) | -26.4% |
| Acquisition of electricity from CAMMESA | 496 | 830 | (334) | -40.2% |
| Cost of production of inventories | (704,196) | (1,279,463) | 575,267 | -45.0% |
| **Cost of Income** | **10,329,246** | **13,745,146** | **(3,415,900)** | **-24.9%** |

The cost of income as of April 30, 2021 amounted to $ 10,329,246 (57.5% of income), while as of April 30, 2020 it amounted to $ 13,745,146 (53.4% of income).

The 24.9% dicrease in the cost of income was mainly explained by:

- a decrease of $2,217,127 in the acquisition of gas for the ADC Power Plant , as a consequence of a change in the methodology applied by CAMMESA; as from January 2020, generators discontinued gas purchases from third parties for the use at power plants. Moreover, in view of the lower volumes generated by the ADC Power Plant that was operating at open cycle (due to the breakage of a transformer of the Steam Turbine), market demand for gas decreased, with the consequent fall in gas transportation costs of $25,983.
- A decrease in depreciation of property, plant and equipment for $ 666,558 due to the lower oil and gas production in the Agua del Cajón oilfield and the incorporation of reserves from the areas Bella Vista Oeste, Pampa del Castillo, Loma Negra and La Yesera; and.
- The lower expenditures in operation, maintenance and repairs and in the rest of the costs,in general, is due to essential maintenance tasks to keep the field operational during the first months of the fiscal year. Costs relating to COVID-19, which were not part of the production activity, were charged to Other operating expenses, net.

This decrease was partially offset by the variation in the stock production costs, where it was lower as of April 30, 2021 compared to that of April 30, 2020, due to the different volumes in stock and production costs between both periods.

## Selling expenses

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Royalties | 2,032,588 | 2,252,900 | (220,312) | -9.8% |
| Oil and energy storage, transportation and dispatch expenses | 297,377 | 268,717 | 28,660 | 10.7% |
| Export duties | 150,995 | 616,960 | (465,965) | -75.5% |
| Turnover tax | 377,183 | 635,210 | (258,027) | -40.6% |
| Commissions and other | 6,557 | 8,776 | (2,219) | -25.3% |
| **Selling expenses** | **2,864,700** | **3,782,563** | **(917,863)** | **-24.3%** |

Selling expenses amounted to $ 2,864,700 as of April 30, 2021, while as of April 30, 2020 they amounted to $ 3,782,563, representing 16.0% and 14.7% of income, respectively.

The 24.3% variation was mainly due to:

a) the decrease in gas related royalties due to: i) the decrease in production and ii) the drop in prices, and a lower evolution of the US dollar quotation compared to the inflation. In turn, Oil-related royalties showed an opposite behavior pattern and raised as a result of the increase in production due to the incorporation of the Bella Vista Oeste area;
b) the lower export duties paid as a result of the lower export transactions and the different applicable regulations during the financial year.
c) the decrease in the turnover tax as a consequence of lower sales.

Capex S.A.

## Administrative expenses

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Fees and other compensations | 102,452 | 120,179 | (17,727) | -14.8% |
| Salaries and social security contributions | 496,881 | 533,105 | (36,224) | -6.8% |
| Operation, maintenance and repairs | 98,923 | 104,870 | (5,947) | -5.7% |
| Transportation, freight and studies | 3,712 | 7,333 | (3,621) | -49.4% |
| Depreciation of property, plant and equipment | 24,932 | 31,298 | (6,366) | -20.3% |
| Depreciation of right of use asset | 90,054 | 67,540 | 22,514 | 33.3% |
| Office, travel and representation expenses | 8,378 | 39,022 | (30,644) | -78.5% |
| Taxes, rates, contributions, insurance and rental | 26,973 | 72,371 | (45,398) | -62.7% |
| Bank charges | 223,699 | 343,627 | (119,928) | -34.9% |
| **Administrative expenses** | **1,076,004** | **1,319,345** | **(243,341)** | **-18.4%** |

Administrative expenses were $ 1,076,004 as of April 30, 2021, or 6.0% of income, while as of April 30, 2020 they were $ 1,319,345, or 5.1%. The decrease was $ 243,341, or 18.4%. This decrease is mainly due to: i) lower bank charges as a result of lesser tax on bank debits and credits due to the reduction in disbursements made under the heading property, plant and equipment, and ii) the drop in salaries and social security contributions and overheads due to the slower evolution of expenses as against inflation.

This decrease was partially offset by the increase in the depreciation of right-of-use asset related to leases in accordance with IFRS 16.

## Other operating expense, net

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Impairment of property, plant and equipment | (2,466,786) | (2,652,498) | 185,712 | -7.0% |
| Impairment of Inventories | - | (708,498) | 708,498 | -100.0% |
| Result on liabilities at risk | 110,426 | - | 110,426 | 100.0% |
| Collection from legal claims | 48,819 | - | 48,819 | 100.0% |
| Direct costs associated with COVID-19 | (660,867) | - | (660,867) | 100.0% |
| Income from charges for indirect administrative services Consortia / UTE (net) | 47,239 | 55,531 | (8,292) | -14.9% |
| Sundry | 34,424 | 14,494 | 19,930 | 137.5% |
| **Other operating expense, net** | **(2,886,745)** | **(3,290,971)** | **404,226** | **-12.3%** |

Other operating expense, net as of April 30, 2021 were $ 2,886,745, while at April 30, 2020 they amounted to $ 3,290,971.

Included in this account: (i) at April 30, 2021 the impairment of Property, plant and equipment for $ 2,466,786 related to the recognition of a lower value of exploitation assets in the oil and gas segment of the Agua del Cajón area, additional to that recorded as of April 30, 2020 for $ 2,652,498. See Note 3.6 to the consolidated financial statements. (ii) at April 30, 2020, impairment of oil inventories amounting to $ 708,498 due to the drop in prices following the decrease in demand caused by the pandemic; and (ii) at April 30, 2021, costs relating to COVID-19 which have not formed part of the production activity, keeping, for example, the services agreed upon between the Company and those providers that have not been able to perform their works.

## Financial results

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Financial income | 5,953,060 | 8,737,393 | (2,784,333) | -31.9% |
| Financial costs | (12,519,013) | (16,503,107) | 3,984,094 | -24.1% |
| Other financial results | 31,829 | 31,845 | (16) | -0.1% |
| Other financial results - RECPAM | 5,685,567 | 4,086,583 | 1,598,984 | 39.1% |
| **Financial results** | **(848,557)** | **(3,647,286)** | **2,798,729** | **-76.7%** |

a) Financial income

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Exchange difference | 5,212,442 | 7,653,091 | (2,440,649) | -31.9% |
| Interest | 498,162 | 671,664 | (173,502) | -25.8% |
| Other financial results | 298,014 | 430,936 | (132,922) | -30.8% |
| Interest accrued on receivables | (55,558) | (18,298) | (37,260) | 203.6% |
| **Financial Income** | **5,953,060** | **8,737,393** | **(2,784,333)** | **-31.9%** |

The financial income as of April 30, 2021 reflected a balance of $ 5,953,060, while as of April 30, 2020 it was of $ 8,737,393, representing a decrease of 31.9%. The main causes of this reduction of $ 2,784,333 were lesser earnings for exchange difference due to the variation, at nominal values, of the price of the US dollar with respect to the peso, which between May and April 2021 increased by 40.1% while, between May 2019 and April 2020 it had an increase of 51.6%. The Group holds 70.8% of its financial assets denominated in US dollars.

Also, there was a decrease in the stock of financial investments as a result of the repurchase of negotiable obligations, which generated a decrease in interest income and other finacial results compared with the same period of the previous year. As of April 30, 2021 investments are made up of mutual funds and time deposits. Likewise, interest due to late payments by CAMMESA is included.

b) Financial costs

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Exchange difference | (10,445,045) | (14,045,580) | 3,600,535 | -25.6% |
| Interest | (2,697,050) | (2,388,093) | (308,957) | 12.9% |
| Other financial results | (58,301) | (41,927) | (16,374) | 39.1% |
| Result of repurchase of negotiable obligations | 478,176 | - | 478,176 | 100.0% |
| Interest accrued from payables | 203,207 | (27,507) | 230,714 | -838.7% |
| **Financial Costs** | **(12,519,013)** | **(16,503,107)** | **3,984,094** | **-24.1%** |

Financial costs at April 30, 2021 showed a negative balance of $ 12,519,013, while at April 30, 2020 they were by $ 16,503,107, representing a decrease of 24.1%. The main cause of the variation of $ 3,984,094 is:

- The lower foreign exchange losses as a consequence of the variation, at nominal values, of the price of the US dollar with respect to the peso, which between May 2020 and April 2021 increased by 40.1% while, between May 2019 and April 2020 it had an increase of 51.6%. The Group holds 90.0% of its financial liabilities in US dollars, so the variation in the exchange rate of that currency has had a significant impact on the economic results and on equity.

- The financial debts referred to above are as follows:
  - Class II Corporate Bonds for US$ 300 million maturing in May 2024 at a fixed rate of 6.875%, payable semiannually. Principal due at April 30, 2021 amount to US$ 255 milion as a result of the repurchase of Corporate Bonds by the company.
  - Secured loan for US$ 14 million with IIC, destined for Hychico Diadema Eolic Energy Farm, accruing interest at a variable rate equivalent to LIBO plus a nominal annual rate of 4.5% (as from April 2018) payable semi-annually. As of April 30, 2021, the capital owed amounts to US$ 0.8 million.

- The interest corresponds, mainly, to the accrual of interest for the Corporate Bonds, for the loan with the IIC, and the loan in pesos with Banco Macro. The increase is due to the accrual of the loan with Banco Macro taken in April 2020.

All this was offset by:

- A net gain of $ 478.176 from the repurchase of Class II Corporate Bonds. During August 2020 and until the date of issuance of these consolidated Financial Statements, the Company repurchased its Corporate Bonds for a nominal value of US$ 44,974,000. The average price paid, without considering coupon payments, was US$ 88.72 per each US$ 100 (nominal value); and
- A gain from interest accrued on receivables and payables, mainly generated by the advance payment by E G WIND of the balance due to Enercon GmbH for US$ 10.3 million, for which it obtained a gain of $ 342,565. This account also includes the result of the restatement of provisions for well capping and lease liabilities.

**Other financial results RECPAM**

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Other Financial results RECPAM | 5,685,567 | 4,086,583 | 1,598,984 | 39.1% |

This item includes the result of the exposure to inflation.

**Income tax**

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Income tax | (562,635) | 1,447,723 | (2,010,358) | -138.9% |

The income tax result at April 30, 2021 decreased by $ 2,010,358, going from a positive balance of $ 1,447,723 to a negative balance of $ 562,635, as a result of a tax loss offset by the tax generated by the tax inflation adjustment (Art.95) and the variation in the deferred tax charge.

**Other comprehensive income**

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Other comprehensive income with future allocation to results | (123,493) | 123,493 | (246,986) | -200.0% |
| Other comprehensive income with no future allocation to results | (907,992) | (4,114,152) | 3,206,160 | -77.9% |

Other comprehensive income with future allocation to results arises from the fact that Capex's business model on investments in government securities at April 30, 2020 was aimed at obtaining contractual cash flows as well as selling such financial assets; this is why when said financial assets were sold as of April 30, 2021, there was a recovery of the reserve for the difference between the amortized cost and the fair value of such investments, net of income tax, allocating said reserve to profit or loss for the year.

Other comprehensive income with no future allocation to results arises as a result of Capex applying the revaluation model for certain property, plant and equipment. At April 30, 2021, a negative result of $ 907,992 was generated due to the evolution of the reserve for assets revaluation determinated at actual values.

**Consolidated Financial Statements**

| | 04/30/2021 | 04/30/2020 | Variation | |
|---|---|---|---|---|
| Property. plant and equipment | 40,666,557 | 45,444,334 | (4,777,777) | -10.5% |
| Financial instruments at fair value witbush changes in other comprehensive income | - | 13,316,548 | (13,316,548) | -100.0% |
| Financial investments at amortized cost | 9,652,529 | - | 9,652,529 | 100.0% |
| Spare parts and materials | 2,118,919 | 2,034,094 | 84,825 | 4.2% |
| Net deferred tax assets | 105,401 | 189,920 | (84,519) | -44.5% |
| Right of use as | 243,744 | 367,666 | (123,922) | -33.7% |
| Other receivables | 2,173,342 | 3,444,658 | (1,271,316) | -36.9% |
| Trade receivables | 2,866,421 | 2,321,884 | 544,537 | 23.5% |
| Inventories | 1,038,251 | 476,913 | 561,338 | 117.7% |
| Cash and cash equivalents | 2,682,251 | 5,294,304 | (2,612,053) | -49.3% |
| **Total Assets** | **61,547,415** | **72,890,321** | **(11,342,906)** | **-15.6%** |
| Total shareholders' equity attributable to shareholders | 25,173,985 | 26,841,133 | (1,667,148) | -6.2% |
| Non-controlling interest | 212,710 | 192,661 | 20,049 | 10.4% |
| **Total shareholders' equity** | **25,386,695** | **27,033,794** | **(1,647,099)** | **-6.1%** |
| Trade accounts payable | 6,668,701 | 8,615,233 | (1,946,532) | -22.6% |
| Financial liabilities | 25,137,429 | 32,356,405 | (7,218,976) | -22.3% |
| Net deferred tax liabilities | 1,269,638 | 1,936,433 | (666,795) | -34.4% |
| Taxes payable | 2,339,046 | 2,430,160 | (91,114) | -3.7% |
| Provisions and other charges | 15,586 | 3,628 | 11,958 | 329.6% |
| Salaries and social security contributions | 511,999 | 514,668 | (2,669) | -0.5% |
| Other liabilities | 218,321 | - | 218,321 | 100.0% |
| **Total Liabilities** | **36,160,720** | **45,856,527** | **(9,695,807)** | **-21.1%** |
| **Total Shareholders' equity and liabilities** | **61,547,415** | **72,890,321** | **(11,342,906)** | **-15.6%** |

Total assets as of April 30.2021 decreased by $ 11,342,906 thousand. which represents a variation of 15.6% compared to April 30, 2020.

The main reasons for this variation are listed below:

(i) Property, plant and equipment: decrease of $ 4,777,777, mainly due to the recognition of an impairment of the operating assets of the Agua del Cajón area at April 30, 2021 and the depreciation for the year. Also, the fair value of the CT ADC evolved below inflation, which implied a decrease in the technical revaluation carried out. This decrease was partially offset by the investments made in the areas, the acquisition of Puesto Zúñiga area, the payments committed due to the extension of the term for the concession of Loma Negra and La Yesera areas and the increase of fair values of the LPG Plant, DEEF I and Neuquén Land and Buildings.

(ii) Right of use asset: decrease of $ 123,922 generated by the depreciation for the year.

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(iii) Other accounts receivable: A decrease of $ 1.271.316, mainly attributable to a reduction in the value added tax credit, in the amount receivable under the Stimulus Program for Unconventional Gas, and the higher amounts collected and collections recorded under the agreement for network propane gas supply. These decreases were partially offset by the higher receivable to be recovered for the operation of the Pampa del Castillo area. During the year ended on April 30, 2021 collections for approximately $ 1,755.9 million were made under the Stimulus Program for Unconventional Gas.

(iv) Trade accounts receivable: increase of $544,537 due to higher outstanding balances arising from the sales of crude oil and energy. The increase in the outstanding balance from energy sales was due to the higher GW sold due to the repair of the transformer of Steam Turbine 7 and an increase in the value of gas remunerated by CAMMESA for the month of April 2021 compared to that received in April 2020.

(v) Cash and cash equivalents and financial investments at amortized cost and at fair value with changes in other comprehensive income: the net decrease is due to the expenditure for the repurchase of Class II Corporate Bonds for a total amount of US$ 44,974,000 (nominal value) and to the advance payment of the debt for US$ 10,300,000 that EG WIND held with Enercon GmbH. The Group has structured its investment portfolio according to the maturities of its liabilities and the financial needs to meet the investments required.

Total liabilities as of April 30, 2021 decreased by $ 9,695,807, which represents a variation of 21.1% in comparison with April 30, 2020.

The main reasons for this variation are listed below:

(i) Financial debts: decreased by $ 7,218,976 due to the repurchase of Class II Corporate Bonds for a nominal value of US$ 44,974,000, to the payments of principal on the loan with CII by Hychico and the settlement of the financing with local banks.

(ii) Trade accounts payable: a decrease of $ 1,946,532, mainly due to a decline in investments in Property, Plant and Equipment made during the current year and to the advance payment of the debt for US$ 10,300,000 that EG WIND held with Enercon GmbH.

(iii) Net deferred tax liability: a decrease of $ 666,795, as a consequence of the tax loss from Capex, impairment of certain fixed assets and the evolution of the reserve for technical revaluation.

(iv) Other payables: increase of $218,321 resulting from oil and gas royalties accrued in April 2021. At April 30, 2020, the liabilities accrued in relation to royalties for April was offset against the credit balance arising from advance payments for the months of February and March 2020. The credit balance was due to the provisional settlements and payments made at preliminary prices higher than the actual prices, given the drop in the oil price by the end of the fiscal year.

**Oil and gas reserves and resources (information not covered by the independent auditor's report on the consolidated financial statements).**

- Agua del Cajón

Below is the estimate of hydrocarbon reserves and resources in the Agua del Cajón area made by the Company at December 31, 2020, and audited by the independent auditor, Engineer José C. Estrada, according to the requirements established in Res. SEN 324/06 and Res. MINEM 69E/2016 and having as concession expiration horizon January 2052:

| Products | | Reserves | | | | | Resources |
|---|---|---|---|---|---|---|---|
| | | Proven | | | Probable | Possible | |
| | | Developed | Non-developed | Total | | | |
| Gas | MMm3 (1) | 3,197 | 1,586 | 4,783 | 728 | 867 | 16,355 |
| Oil | Mbbl | 1,359 | 1,434 | 2,793 | 4,183 | 6,466 | 28,895 |
| | $Mm^3$ | 216 | 228 | 444 | 665 | 1,028 | 4,594 |

(1) Expressed in 9,300 kcal/$m^3$

- Bella Vista Oeste

Below is the estimate of hydrocarbon reserves and resources in the Agua del Cajón area made by the Company at December 31, 2020, and audited by the independent auditor, Lic. Héctor A. López, according to the requirements established in Res. SEN 324/06 and Res. MINEM 69E/2016. The concession term will expire in February 2045.

| Products | | Reserves | | | | | Resources |
|---|---|---|---|---|---|---|---|
| | | Proven | | | Probable | Possible | |
| | | Developed | Non-developed | Total | | | |
| Oil | Mbbl | 2,711 | 4,504 | 7,215 | 264 | - | - |
| | $Mm^3$ | 431 | 716 | 1,147 | 42 | - | - |

- Loma Negra

The estimate of hydrocarbon reserves and resources in the Loma Negra area, at December 31, 2020, was audited by the independent auditor, Lic. Héctor A. López, in compliance with the requirements of ES Resolution 324/06 and Res. MINEM 69E/2016 and having as expiration horizon the month of February 2034 (see Note 41.b to the consolidated financial statements), with the following values:

| Products | | Reserves | | | | | Resources |
|---|---|---|---|---|---|---|---|
| | | Proven | | | Probable | Possible | |
| | | Developed | Non-developed | Total | | | |
| Gas | MMm3 (1) | 1,329 | 836 | 2,165 | 6 | - | 3 |
| Oil | Mbbl | 2,352 | 1,214 | 3,566 | 170 | - | 359 |
| | $Mm^3$ | 374 | 193 | 567 | 27 | - | 57 |

(1) Expressed in 9,300 kcal/$m^3$

Capex owns 37.5% of said reserves.

- La Yesera

The estimate of hydrocarbon reserves and resources in the La Yesera area, at December 31, 2020, was audited by the independent auditor, Lic. Héctor A. López, in compliance with the requirements of ES Resolution 324/06 and Res. MINEM 69E/2016 and having as expiration horizon the month of August 2037 (see Note 41 to the consolidated financial statements), with the following values:

| Products | | Reserves | | | | | Resources |
|---|---|---|---|---|---|---|---|
| | | Proven | | | Probable | Possible | |
| | | Developed | Non-developed | Total | | | |
| Gas | $MMm^3$ (1) | 167 | 46 | 213 | - | - | 364 |
| Oil | Mbbl | 1,522 | 579 | 2,101 | - | - | 4,692 |
| | $Mm^3$ | 242 | 92 | 334 | - | - | 746 |

(1) Expressed in 9,300 Kcal por $m^3$

Capex owns 18.75% of said reserves. At June 30, 2021, the Company acquired the additional 18.75% interest of San Jorge Energy S.A.

- Pampa del Castillo – La Guitarra

The estimate of hydrocarbon reserves for the Pampa del Castillo-La Guitarra area at December 31, 2020, was audited by the independent auditor, Lic. Ana María Nardone, in compliance with the requirements of ES Resolution 324/06 and Res. MINEM 69E/2016 and having as expiration horizon the month of October 2026, with the following values:

| Products | | Reserves | | | | | Resources |
|---|---|---|---|---|---|---|---|
| | | Proven | | | Probable | Possible | |
| | | Developed | Non-developed | Total | | | |
| Gas | $MMm^3$ (1) | 31 | 14 | 45 | 5 | 1 | - |
| Oil | Mbbl | 7,485 | 3,742 | 11,227 | 1,302 | 245 | - |
| | $Mm^3$ | 1,190 | 595 | 1,785 | 207 | 39 | - |

(1) Expressed in 9.300 Kcal por $m^3$

Capex owns 95% of said reserves

**b) Asset structure**

| | 04/30/2021 | 04/30/2020 | 04/30/2019 (a) | 30/04/2018 |
|---|---|---|---|---|
| Current Assets | 12,311,750 | 11,881,851 | 24,787,037 | 18,821,131 |
| Non-Current Assets | 49,235,665 | 61,008,470 | 51,431,122 | 38,897,805 |
| **Total Assets** | **61,547,415** | **72,890,321** | **76,218,159** | **57,718,936** |
| Current Liabilities | 7,753,140 | 8,169,984 | 9,037,021 | 4,486,930 |
| Non-Current Liabilities | 28,407,580 | 37,686,543 | 37,530,139 | 28,261,862 |
| **Total Liabilities** | **36,160,720** | **45,856,527** | **46,567,160** | **32,748,792** |
| Shareholders' equity attributable to shareholders | 25,173,985 | 26,841,133 | 29,467,479 | 24,837,248 |
| Non-Controlling interest | 212,710 | 192,661 | 183,520 | 132,896 |
| **Total Shareholders' Equity** | **25,386,695** | **27,033,794** | **29,650,999** | **24,970,144** |
| **Total Shareholders' Equity and Liabilities** | **61,547,415** | **72,890,321** | **76,218,159** | **57,718,936** |

(a) Information consolidated with SEB, Hychico and EG WIND, according to financial information as of April 30, 2021, 2020, 2019 and 2018.

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c) **Results Structure**

| | 04/30/2021 | 04/30/2020 | 04/30/2019 (a) | 30/04/2018 |
|---|---|---|---|---|
| Operating result | 795,578 | 3,573,017 | 11,311,473 | 6,585,282 |
| Financial income | 5,953,060 | 8,737,393 | 12,285,728 | 4,660,630 |
| Financial costs | (12,519,013) | (16,503,107) | (24,159,926) | (8,176,585) |
| Other financial income | 31,829 | 31,845 | 794 | 20,479 |
| Other financial results - RECPAM | 5,685,567 | 4,086,583 | 4,224,850 | 1,379,172 |
| **Result before Income Tax** | **(52,979)** | **(74,269)** | **3,662,919** | **4,468,978** |
| Income tax | (562,635) | 1,447,723 | (694,658) | (187,835) |
| **Net result for the year** | **(615,614)** | **1,373,454** | **2,968,261** | **4,281,143** |
| With future allocation to results | | | | |
| Other comprehensive income | (123,493) | 123,493 | - | - |
| No future allocation to results | | | | |
| Other comprehensive income | (907,992) | (4,114,152) | 1,712,594 | 1,210,971 |
| **Comprehensive result for the year** | **(1,647,099)** | **(2,617,205)** | **4,680,855** | **5,492,114** |

(a) Information consolidated with SEB, Hychico and EG WIND, according to financial information as of April 30, 2021, 2020, 2019 and 2018

d) **Cash flow Structure**

| | 04/30/2021 | 04/30/2020 (a) | 04/30/2019 | 04/30/2018 |
|---|---|---|---|---|
| Net cash flows provided by operating activities | 5,258,289 | 5,081,965 | 10,162,740 | 7,235,919 |
| Net cash flows used in investment activities | (141,349) | (18,038,545) | (6,953,115) | (4,785,969) |
| Net cash flow used in financing activities | (8,260,070) | (314,886) | (2,227,364) | 5,277,405 |
| **(Decrease) / net increase in cash, cash equivalents and bank overdrafts** | **(3,143,130)** | **(13,271,466)** | **982,261** | **7,727,355** |

(a) Information consolidated with SEB, Hychico and EG WIND, according to financial information as of April 30, 2021, 2020, 2019 and 2018

**e) Statistical Data (information not covered by the independent auditor's report on the consolidated financial statements).**

| | OIL | | | | |
|---|---|---|---|---|---|
| | **04/30/2021** | **04/30/2020** | **04/30/2019** | **04/30/2018** | **04/30/2017** |
| | **Consolidated Information** | | | | |
| Production in bbl | 2,152,931 | 2,094,112 | 1,406,936 | 385,528 | 298,093 |
| Production in $m^3$ (4) | 342,289 | 332,937 | 223,685 | 61,294 | 47,393 |
| Sales in the domestic market bbl | 763,680 | 600,849 | 598,325 | 616,420 | 477,218 |
| Sales in the foreign market bbl | 1,547,912 | 1,322,665 | 979,516 | - | - |
| Sales in the domestic market $m^3$ (1) | 121,415 | 95,527 | 95,126 | 98,003 | 75,872 |
| Sales in the foreign market $m^3$ | 246,098 | 210,287 | 155,731 | - | - |

| GAS (thousands of m3)- | | | | | |
|---|---|---|---|---|---|
| | 04/30/2021 | 04/30/2020 | 04/30/2019 | 04/30/2018 | 04/30/2017 |
| | Consolidated information | | | | |
| Production | 466,692 | 569,284 | 581,587 | 557,353 | 566,840 |
| Acquisition and redirection by CAMMESA – ES Resolution 95/13 | 429,116 | 472,149 | 659,148 | 574,893 | 527,689 |
| Sales in the domestic market | 2,238 | 49,251 | - | 32,814 | 4,186 |

| ENERGY AGUA DEL CAJON (thousands of MWh) | | | | | |
|---|---|---|---|---|---|
| | 04/30/2021 | 04/30/2020 | 04/30/2019 | 04/30/2018 | 04/30/2017 |
| | Consolidated information | | | | |
| Production | 3,387 | 3,589 | 4,784 | 4,326 | 4,344 |
| Sales | 3,142 | 3,477 | 4,652 | 4,192 | 4,164 |

| RENEWABLE ENERGY (thousands of MWh) | | | | | |
|---|---|---|---|---|---|
| | 04/30/2021 | 04/30/2020 | 04/30/2019 | 04/30/2018 | 04/30/2017 |
| | Consolidated information | | | | |
| Production | 126.6 | 80.3 | 27.9 | 31.8 | 23 |
| Sales | 126.6 | 80.3 | 27.9 | 31.8 | 23 |

| ENERGY DIADEMA PLANT (thousands of MWh) | | | | | |
|---|---|---|---|---|---|
| | 04/30/2021 | 04/30/2020 | 04/30/2019 | 04/30/2018 | 04/30/2017 |
| | Consolidated information | | | | |
| Production | 10.6 | 11.4 | 8.5 | 9.6 | 9.9 |
| Sales | 8.8 | 10.4 | 7.5 | 8.4 | 7.3 |

| PROPANE (tn) | | | | | |
|---|---|---|---|---|---|
| | 04/30/2021 | 04/30/2020 | 04/30/2019 | 04/30/2018 | 04/30/2017 |
| | Consolidated information | | | | |
| Production | 16,248 | 19,352 | 20,536 | 21,460 | 21,174 |
| Sales domestic market | 8,387 | 12,859 | 20,615 | 21,396 | 21,092 |
| Sales in the foreign market | 7,786 | 6,491 | - | - | - |

| BUTANE (tn) | | | | | |
|---|---|---|---|---|---|
| | 04/30/2021 | 04/30/2020 | 04/30/2019 | 04/30/2018 | 04/30/2017 |
| | Consolidated information | | | | |
| Production | 10,619 | 12,766 | 13,616 | 14,190 | 14,042 |
| Sales domestic market | 10,531 | 12,817 | 13,642 | 14,135 | 14,061 |

| GASOLINE (m3) | | | | | |
|---|---|---|---|---|---|
| | | | | | |
| | 04/30/2021 | 04/30/2020 | 04/30/2019 | 04/30/2018 | 04/30/2017 |
| | Consolidated information | | | | |
| Production (2) | 20,240 | 24,849 | 27,333 | 28,102 | 27,830 |

| OXYGEN (Nm3) | | | | | |
|---|---|---|---|---|---|
| | 04/30/2021 | 04/30/2020 | 04/30/2019 | 04/30/2018 | 04/30/2017 |
| | Consolidated information | | | | |
| Production | 27,329 | 21,597 | 29,421 | 49,894 | 41,418 |
| Sales domestic market (3) | 126,030 | 107,211 | 126,175 | 127,113 | 112,379 |

(1) Includes 20,072 $m^3$, 24,882 $m^3$, 27,336 $m^3$, 28,092 $m^3$ and 27,855 $m^3$ of gasoline at April 30, 2021, 2020, 2019, 2018, and 2017, respectively, sold as oil.

(2) The gasoline at April 30, 2021, 2020, 2019, 2018, and 2017, was sold as oil.

(3) The sales of oxygen at April 30, 2021, 2020, 2019, 2018, and 2017 include take or pay clause.

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(4) As of April 30, 2021, 2020 and 2019 it includes 29,336 m$^3$, 37,516 m$^3$ and 43,686 m3, respectively from the Agua del Cajón area, 29,340 m$^3$, 30,938 m$^3$ and 22,605 m3 respectively from the Loma Negra and La Yesera areas, 237.809 m$^3$, 254,327 m$^3$ and 157,394 m3 respectively from the Pampa del Castillo - La Guitarra area, and 45,804 m$^3$ and 10,156 m$^3$ of the Bella Vista Oeste area acquired as from February 1, 2020. At April 30, 2018, it covers 53,627 m$^3$ from the Agua del Cajón area, and 7,667 m$^3$ from the Loma Negra and La Yesera areas. The production at April 30, 2017 corresponds to the Agua del Cajón area.

**f) Ratios**

| | 04/30/2021 | 04/30/2020 | 04/30/2019 (a) | 04/30/2018 |
|---|---|---|---|---|
| Liquidity (1) | 1.59 | 1.45 | 2.74 | 4.19 |
| Solvency (2) | 0.70 | 0.59 | 0.64 | 0.76 |
| Capital Immobilization (3) | 0.80 | 0.84 | 0.67 | 0.67 |
| Return on Equity (4) | -0.06 | -0.09 | 0.17 | 0.25 |

(a) Information consolidated with SEB, Hychico and E G WIND, according to financial information as of April 30, 2021, 2020, 2019 and 2018.

(1) $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

(2) $\frac{\text{Shareholders' Equity}}{\text{Total Liabilities}}$

(3) $\frac{\text{Non-Current Assets}}{\text{Total Assets}}$

(4) $\frac{\text{Net Profit}}{\text{Average Shareholders' Equity}}$

**g) Perspectives (information not covered by the independent auditor's report on the consolidated financial statements).**

Hydrocarbons

During the first half of the fiscal year ended on April 30, 2021, the Company discontinued field works, keeping its fields operational. In the second half of the year, well drilling and intervention activities started, and the works plan was continued, always aimed at preserving the health and safety of its staff and contractors. The guidelines of the investment plan for the future fiscal year are outlined below:

- in the **Agua del Cajón area,** continue with the development plan called "conventional" that includes development plan for conventional gas, "tight gas sand", a plan for repairs and optimizations of oil and gas wells.

The Company will continue focusing its resources on the development of new conventional and unconventional reserves. With regard to the development of shale resources (schist of slate rock), the Company will continue working on its technical-economic viability before embarking on any development project.

- In the **Loma Negra area,** continue with the development of the oil and gas prospects.

- In the **La Yesera area**, drill a development well. The Consortium will focus on the development of oil reserves in deep targets.

- in the **Pampa del Castillo area** - **La Guitarra area,** perform the drilling of advanced/exploration wells and primary/secondary development producing wells, continue with the repair program for oil producing wells and the adaptation of secondary recovery facilities in batteries and plants. Additionally, advance with the implementation of tertiary recovery projects through the injection of polymers in the most mature and marginal areas.

- In the **Bella Vista Oeste area** - **Block I**, carry out the drilling of advanced and primary/secondary development wells, as well as carrying out the repair of oil producing wells and adapting injection wells.

- In the **Parva Negra Oeste area,** drilling two unconventional wells as an objective in the Vaca Muerta formation and, based on expected productivity, analyze how to continue with the development.
.
-in the **Puesto Zuñiga area**, perform the completion test of the first well drilled. Then, an analysis of the next steps to follow in the exploration block will be conducted.

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As part of the growth strategy, the Company will continue evaluating potential acquisitions of hydrocarbon local assets that will allow the increase of production levels and reserves.

Electrical Energy

Resolution 31/2020 of the Secretariat of Energy provided for the pesification of electric power rate values as from February 1, 2020, and although, it established that values stated in pesos should be adjusted for inflation on a monthly basis (IPC and IPIM), such adjustment was eliminated by Resolution No. 440/2021, providing for an increase of approximately 29%, retroactive to February 2021, which was recorded in the fiscal year beginning on May 1, 2021, in compliance with applicable accounting standards.

The Company will evaluate the policies defined by the National Government as well as compliance with the regulations in force to develop its medium- and long-term growth and diversification strategy in the energy area.

Renewables

E G WIND will continue operating the Diadema Eolic Energy Farm II, while Hychico will operate Diadema Eolic Energy Farm I, jointly with the Hydrogen and Oxygen Plant.

Hychico's strategy aims at having a local platform of renewable energy generation projects to increase its installed capacity in that business segment. To that end, Hychico has identified different locations fit for the development of wind and solar energy generation projects in Argentina, and has executed the necessary contracts with the owners of such locations to develop these projects in the near future. In addition, to the extent favorable conditions prevail in Argentina, it will continue evaluating the technical-economic feasibility of producing hydrogen from water electrolysis in the Patagonia region with a view to exporting it to international markets, which already show their future needs today.

Financial

The Group bases its financial strategy on maintaining its financial liabilities in medium and long-term structures in order to maintain a maturity profile according with the cash generation of its businesses. As part of that strategy, the Group has structured the majority of its financial debts around the issuance of Class 2 Corporate Bonds in May 2017, for a term of 7 years and with one installment principal payment (US$ 300 million) maturing in May 2024.

Additionally, during August 2020 and until the date of issuance of these consolidated Financial Statements, the Company repurchased its Class II Corporate Bonds for a total amount of US$ 44,974,000 (nominal value) at an average price, without considering coupon payments for US$ 88.72 per each US$ 100 (nominal value).

During August 2020 and until the date of issuance of these consolidated Financial Statements, the Company repurchased its Class II Corporate Bonds for a total amount of US$ 44,974,000 (nominal value) at an average price, without considering coupon payments for US$ 88.72 per each US$ 100 (nominal value).

On the other hand, the Group has structured its investment portfolio in accordance with the maturity dates of its liabilities and the financial needs to meet the investment requirements resulting from the incorporation of the new hydrocarbon areas (Loma Negra, La Yesera, Pampa del Castillo, Bella Vista Oeste Block I, Parva Negra Oeste Puesto Zúñiga), the development of Diadema Eolic Energy Farm II and the needs of working capital, investing in turn the surplus cash in accounts that generate results, choosing instruments with low risk and adequate credit quality.

# *Consolidated report of independent accountants*

To the Shareholders, President and Directors of
Capex S.A.
Legal address: Córdoba Av. 948/950 5th C Floor
Autonomous City of Buenos Aires
Tax Code: 30-62982706-0

## Opinion

We have audited the consolidated financial statements of Capex S.A. and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at April 30, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at April 30, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). These standards were adopted as generally accepted auditing standards in Argentina through Technical Resolution No. 32 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE for its acronym in Spanish), as approved by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated 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 Group 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 consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 |
|---|---|
| **Recoverability of Property, Plant and Equipment carrying amount of the oil and gas segment.** | |
| The consolidated financial statements as of April 30, 2021, presents the following figures of oil and gas segment:<br>● Property, Plant and Equipment of the segment (Note 7): $ 24,442,593 thousand;<br>● Depreciation expenses of the segment (Note 7): $ 3,588,501 thousand;<br>● Impairment of Property, Plant and Equipment of the segment (Note 7): $ 2,466,786 thousand.<br><br>As described in Note 5.v) of the consolidated financial statements, the Group evaluates the Property, Plant and Equipment impairment test of the oil and gas segment, upon the identification of potential impairment triggers.<br><br>The recoverable amount of each Cash Generating Unit (CGU), considering each area in which the Group participates, is estimated as the higher of the fair value less cost and the value in use of assets. Management uses the value in use to determine the recoverable amount and it is calculated based on the discounted cash flows of each CGUs. When evaluating whether there is any trigger of an event or circumstance by which a CGU could be affected, the Group analyzes external and internal sources of information. The determination of the value in use considers facts and circumstances such as the discount rate used in the cash flow projections of the CGUs, the condition of the business in terms of market and economic factors, such as production levels, commodities prices, production levels, prices of commodities, costs of production, market supply and demand evolution, contractual conditions and other factors. | Audit procedures performed in relation to this key matter included, among others:<br><br>● Evaluate the process used by Management to calculate the recoverable value and the monitoring over that process,<br><br>● Evaluate the reasonableness of Management's evaluation of the existence of impairment triggers,<br><br>● Evaluate the reasonableness of the estimates of oil and gas reserves using the work of the Group's experts. As a basis for using this work, the expert's competence, ability and objectivity, as well as their methods and assumptions, were evaluated,<br><br>● Test the data used by the Group's experts and carry out an evaluation of their findings,<br><br>● Evaluate the methods and significant assumptions used by Management to develop estimates, including future production profiles, operating and development costs, and future hydrocarbon prices,<br><br>● Test the adequate definition of the identified CGUs, as well as the reasonable allocation of book values to each of them, |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| The Group estimates that any sensitivity analysis that considers relevant changes of the mentioned main factors might result in significant changes. One of the key hypotheses in determining the recoverable value is the one referred to the estimation and measurement of oil and gas reserves.<br><br>There are several factors which create uncertainty about the estimate of proven reserves, estimates of future production profiles, development costs and prices, including other factors beyond the control of the producer. The procedure for calculating the reserves is subjective to allow for the estimate of crude oil and natural gas to be recovered from the subsoil, which has a certain degree of uncertainty. The reserves estimate is prepared based on the quality of the information on geology and engineering available at that date, as well as on its interpretation.<br><br>Estimates of oil and gas reserves and related future cash flows may be reviewed and adjusted periodically as a result of changes in a number of factors, including area performance, new drilling, prices of oil and gas, costs, technological advances, new geological or geophysical data and other economic factors. The estimates of oil and gas reserves have been developed by the Group's technical personnel, specifically reservoir engineers, and certified by independent auditors hired by the Group.<br><br>As a consequence of the aforementioned analysis, the Group has concluded that the recoverable value of the assets of the analyzed CGUs is higher than the book value recorded in the separate financial statements, except in the case of the Agua del Cajón CGU on which it is has recorded in fiscal year 2021 an impairment of $ 2,466,786 thousand.<br><br>This is a key audit matter because the development of significant hypotheses and premises used to calculate the recoverable value of Property, plant and equipment involves a critical judgment with a high degree of uncertainty on the part of Management, including the use of specialists, which in turn, it led to a high degree of judgment from the auditor and effort in performing procedures to evaluate the important assumptions used in developing these estimates. | ● Prove that the estimates of oil and gas reserves were adequately included in the impairment test of Property, Plant and Equipment related to the oil and gas segment.<br><br>● Test the integrity, precision and relevance of the data and underlying assumptions used by Management in determining the value in use, calculated based on discounted cash flows. This assessment involved evaluating whether the assumptions used were reasonable considering:<br>✔ the current and past performance of the CGUs;<br>✔ consistency with external market and industry data, and<br>✔ whether these assumptions were consistent with evidence obtained in other areas of the audit.<br><br>● Evaluate the reasonableness of the scenarios estimated by Management and the weighting given to each one.<br><br>● Evaluate the appropriate use of the discounted cash flow model, as well as the mathematical precision of the calculations and compare the results with the accounting records.<br><br>● Evaluate the completeness of the disclosures in the consolidated financial statements regarding the impact of oil and gas reserves estimates and other factors on Property, Plant and Equipment of the oil and gas segment.<br><br>Additionally, the audit effort involved the use of professionals with specialized skills and knowledge to assist us in evaluating the discounted cash flow model and certain important assumptions, including the discount rate. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|

**Fair Value of certain revalued assets in Property, Plant and Equipment and Investment in Associates.**

As described in Notes 7 of the consolidated financial statements as of April 30, 2021, the residual value of the Property, Plant and Equipment related to the assets valued at fair value amounts to $ 16,112,271 thousand.

As mentioned in Note 3.6.III, the Group has chosen to value the Agua del Cajón Thermal Power Plant, Buildings and Land, the LPG Plant and the Diadema Eolic Energy Farm I and II at fair value less depreciation cost and the accumulated amount of impairment losses, if any.

To determine the fair value of Buildings and land, as they are assets for which there is an active market in similar conditions, the market value method has been used by the Group, through appraisals of real estate agents in the area.

To determine the fair value of CT ADC, LPG Plant, and Diadema Eolic Energy Farm I and II, the Group has used the depreciated replacement cost method, determining the components that form the plants and obtaining the new values from suppliers recognized in the industry and from specialized publications, adding costs of freight, insurance, assembly and other general expenses, and computing the state factor and functional obsolescence.

The Group used the services of independent experts in the valuation of the assets. The participation of external appraisers is decided by the Group's Board of Directors.

The main factors that might affect, in future periods, the value of the restated assets are: i) estimated useful life, ii) impairment due to functional obsolescence, and iii) fluctuation in component costs. The Group estimates that any sensitivity analysis that considers relevant changes of the mentioned main factors might result in significant changes.

Audit procedures performed in relation to this key matter included, among others:

- Verify the approval of the Group's Board of Directors on the use of independent expert appraisers.
- Obtain an understanding and evaluate the policies, processes, techniques, methods and premises used by Management to determine the fair value of revalued assets.
- Evaluate the preparation and supervision process carried out by Management for the fair value calculations and the identification of the assets subject to revaluation of the Property, Plant and Equipment item.
- Evaluate the competence, capacity and objectivity of the external appraisers hired by the Group, as well as their methods and assumptions.
- Examine the data and key assumptions used to determine the fair value of the revalued assets of the Property, Plant and Equipment item, in particular:
  - ✔ validate with external sources the assumptions on macroeconomic data trends (inflation and exchange rates);
  - ✔ for the operational and regulatory assumptions used to prepare future inflows, evaluate the consistency of the operating conditions of each asset subject to revaluation and its performance based on historical data, as well as the regulations applicable to date;
  - ✔ examine the method for determining the discount rate and consistency with the underlying market assumptions, checking that the value is within a reasonable range based on the comparable in the sector and the particular risk of the Group.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| In the case of the CT ADC, to the values determined based on the depreciated replacement cost method, it was necessary to apply a coefficient of depreciation due to economic obsolescence based on the existence of external factors, such as the increase in direct and indirect costs and a decrease in sale prices, which caused a loss in value of the assets (see Note 5.vi).<br><br>Regarding Diadema Eolic Energy Farm II, to the values determined based on the depreciated replacement cost method, it was necessary to apply a coefficient of depreciation due to economic obsolescence based on the existence of external factors, which caused a loss in value of the assets. (see Note 5.vi).<br><br>This is a key audit matter because the measurement of the fair value of the revalued assets is material in the consolidated financial statements of the Group and requires the application of critical judgments and significant estimates by Management on key variables used in the evaluation of the assets fair values, as well as the unpredictability of the future evolution of these estimates and the fact that future significant changes in the key premises may have a significant impact on the consolidated financial statements. | ● Test the mathematical precision of the calculations to determine the revaluation adjustments and verify the correct recording by comparing with the residual value of the revalued assets,<br><br>● Evaluate the reasonableness of the scenarios estimated by Management and the weighting given to each one,<br><br>● Evaluate the sufficiency of the information disclosed in the consolidated financial statements regarding the determination of the fair value of the revalued assets.<br><br>Additionally, the audit effort involved the use of professionals with specialized skills and knowledge to assist us in evaluating the discounted cash flow model and certain important assumptions, including the discount rate. |

## Other information

The other information comprises the Annual report and the Summary of activity. Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Board of Directors and Audit Committee for the consolidated financial statements

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

In preparing the consolidated financial statements, Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Audit Committee is responsible for overseeing the Group's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Directors.
- Conclude on the appropriateness of 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit 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 Audit 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 Audit Committee, we determine those matters that were of most significance in the audit of the consolidated 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.

**Report about compliance with current regulations**

In accordance with current regulations, we report that, in connection with the Company:

a) the consolidated financial statements of Capex S.A., as regards those matters that are within our competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;

b) the separate financial statements of the Company arise from accounting records carried in all formal respects in accordance with legal requirements, which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;

c) as of April 30, 2021, the debt accrued by Capex S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to $ 31,316,233, none of which was claimable at that date;

d) in accordance with article 21°, paragraph b), Chapter III, Section VI, Title II of the regulation of the National Securities Commission, we report that the total fees on account of audit and related services invoiced to the Company for the year ended April 30, 2021 represent:

   d.1) 68 % of the total fees for services invoiced to the Company for all items in that year;

   d.2) 46 % of the total fees for audit and related services invoiced to the Company, its parent companies, subsidiaries and related parties in that year;

   d.3) 35 % of the total fees for services invoiced to the Company, its parent companies, subsidiaries and related parties for all items in that year;

e) We have applied money laundering abatement and anti-terrorist financing procedures to the Company foreseen in the professional standards issued by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires.

Autonomous City of Buenos Aires, July 12, 2021.

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Dr. Nicolás A. Carusoni
Public Accountant

## REPORT OF THE SYNDICS' COMMITTEE ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Capex S.A.
Legal Address: Córdoba Av. 948/950, 5th Floor Ap. C
CUIT: 30-62982706-0

In our capacity as members of the Syndics' Committee of Capex S.A. we have examined the consolidated financial statements detailed as follows:

**Documents examined**

a) Consolidated Statement of Financial Position at April 30, 2021.

b) Consolidated Statement of Comprehensive Income for the year ended April 30, 2021.

c) Consolidated Statement of Changes in Shareholders' Equity for the year ended April 30, 2021.

d) Consolidated Statement of Cash Flow for the year ended April 30, 2021.

e) Notes 1 to 42.

f) Annual Report for the year ended April 30, 2021.

The balances and other information corresponding to the fiscal year ended April 30, 2020 are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with those financial statements.

**Board responsibility as to the financial statements**

The Board of Directors of the Company is responsible for: a) the preparation and presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and included by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and b) the internal control the Board may consider necessary to make possible the preparation of the consolidated financial statements free from material misstatements due to errors or irregularities. Our responsibility is to express an opinion on the consolidated financial statements, based on the audit that we have performed with the scope detailed in the paragraph below.

**Syndic's responsibility**

Our examination was conducted in accordance with standards applicable to syndics as set forth in Technical Pronouncement 15 of the Argentine Federation of Professional

Councils in Economic Sciences. Those standards require that the examination of the financial statements be performed in accordance with International Standards on Auditing (ISAs), which were adopted as review standards in Argentina through Technical Pronouncement No. 32 of the Argentine Federation of Professional Councils in Economic Sciences and its respective Circulars of Adoption, and include verifying the consistency of the documents examined with the information on corporate decisions disclosed in minutes and the conformity of those decisions to the law and by-laws insofar as concerns formal and documentary aspects.

For the purposes of our professional work on the documents mentioned in items a) to e), we have reviewed the work done by the external auditors of Capex S.A., Price Waterhouse & Co. S.R.L., who issued their unqualified audit report on this date. The review included the verification of the work planning, the nature, scope and timing of the procedures applied and the results of the examination performed by those professionals.

An audit involves performing procedures to obtain audit evidence about the amounts and other information disclosed in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the consolidated financial statements due to fraud or error. In making those risk assessments, the auditor must consider internal control relevant to the Company' preparation and reasonable presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by Company' s Management, as well as evaluating the overall presentation of the consolidated financial statements.

It is not the responsibility of the syndic to perform any control over the management, so the examination did not cover the business decisions and criteria adopted by the various areas of the Company, as such matters are the exclusive responsibility of the Board and Shareholders.

Furthermore, we have verified that the Annual Report from the Board of Directors for the year ended April 30, 2021 contains the information required by section 66 of the Commercial Companies Law and, as regards those matters that are within our competence, the amounts disclosed therein agree with the Company' s accounting records and other relevant documentation.

**Opinion**

Based on the work done, with the scope mentioned in the paragraphs above, we report that:

a) In our opinion, the consolidated financial statements examined present fairly, in all material respects, the consolidated financial position of Capex and its subsidiaries as of April 30, 2021, the consolidated comprehensive income and consolidated cash flow for the year ended on this date, in conformity with International Financing Reporting Standards.

b) As regards those matters that are within our competence, we have no observations to make in connection with the Annual Report from the Board of Directors, any statement about future events being the exclusive responsibility of the Board of Directors.

c) As established by article 4 of Chapter XXI of the National Securities Commission and the Resolution No. 368 of that Commission, we declare that:

i) The accounting and auditing policies of the Company relate to standards in the field, and they disclose a reasonable quality, and that the external auditor is compliant with his work with a satisfactory degree of objectivity and independence, as per the report issued in this regard by the Audit Committee.

ii) The financial statements, except that they are pending transcription to the Inventory and Balances Book, were prepared taking into account the professional accounting standards approved by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires and the provisions of the National Securities Commission.

**Report on other legal and regulatory requirements**

a) The consolidated financial statements of Capex S.A. arise from accounting records carried in all formal aspects in accordance with legal requirements, except that they are pending transcription to the Inventory and Balances Book.

b) We have read the summary of activities and have no observations to make, regarding those matters that are within our field of competence.

c) The provisions of section 294 of the General Companies Law and article 76 of Resolution 7/2015 of the Superintendence of Commercial Companies have been duly fulfilled.

d) We have verified that the external auditors indicate in clause e) of the section "Report about compliance with other legal and regulatory requirements" of their audit report that they have complied with the professional standard as regards money laundering abatement and anti-terrorist financing issued by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires.

City of Buenos Aires, July 12, 2021

For the Syndics' Committee

**Norberto Luis Feoli**
**Full Syndic**
Public Accountant (UBA)

C.P.C.E.C.A.B.A. T° 50 F° 212