



**Interim Condensed Financial Statements as of September 30, 2020 in thousand Pesos, on a comparative basis**



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Overview

Additional information to the Notes to the Interim Condensed Financial Statements required under Title IV, Chapter III, Section 12 of the National Securities Commission regulations.

Review Report on the Interim Condensed Financial Statements

Report from the Supervisory Committee



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Registered address: Don Bosco 3672 – 3rd floor – City of Buenos Aires.

**INTERIM CONDENSED FINANCIAL STATEMENTS** for the nine-month period ended September 30, 2020, on a comparative basis.

Main activity of the Company: provision of natural gas transportation utility service.

Date of registration with the Public Registry: December 1<sup>st</sup>, 1992.

Registration number with the Superintendency of Corporations: 11,667 – Book 112 - Volume A - Corporations.

Amendments to by-laws registered with the Public Registry: March 7, 1994; June 9, 1994; July 5, 1994; February 14, 1995; August 9, 1995; June 27, 1996; December 23, 1996; September 20, 2000; July 7, 2004; August 24, 2005; August 18, 2006 and September 15, 2017.

Date of expiry of Company's existence: December 1<sup>st</sup>, 2091.

Controlling shareholder: Gasinvest S.A.

Registered address: Avda. Roque Sáenz Peña 938 – 3rd floor – City of Buenos Aires.

Main activity: investments in securities, real estate and financial activities.

Percentage of shares held by controlling shareholder: 56.354%.

Percentage of votes held by controlling shareholder: 56.354%.

#### Nominal Capital Structure (Note 9)

Classes of Shares	Subscribed and Paid-in	
	09.30.20	12.31.19
	Thousand \$	
Book-entry class A common shares, of \$1 par value each and entitled to one vote per share	179,264	179,264
Book-entry class B common shares, of \$1 par value each and entitled to one vote per share <sup>(1)</sup>	172,235	172,235
Book-entry class C common shares, of \$1 par value each and entitled to one vote per share <sup>(2)</sup>	87,875	87,875
<b>Total</b>	<b>439,374</b>	<b>439,374</b>

<sup>(1)</sup> Authorized for public offering in Argentina and admitted for listing on Bolsas y Mercados Argentinos S.A.

<sup>(2)</sup> Authorized for public offering in Argentina. Listed on Bolsas y Mercados Argentinos S.A.



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INTERIM CONDENSED BALANCE SHEETS AS OF SEPTEMBER 30, 2020 AND DECEMBER 31, 2019 (in thousand pesos)

	<b>Note</b>	<u>09.30.2020</u>	<u>12.31.2019</u>
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment, net	<b>5</b>	54,911,373	59,985,819
Investments in affiliated companies, net	<b>6</b>	95,714	73,850
Materials and spare parts, net		1,293,021	1,032,255
Other accounts receivable		7,445	9,422
Trade accounts receivable, net	<b>8</b>	6,488,325	6,233,355
Investments at amortized cost	<b>7</b>	6,251	13,464
Total non-current assets		<u>62,802,129</u>	<u>67,348,165</u>
Current assets			
Materials and spare parts		142,301	208,086
Derivative financial instruments	<b>7</b>	-	97,714
Other accounts receivable, net		257,092	528,394
Trade accounts receivable, net	<b>8</b>	2,332,621	3,614,596
Investments at amortized cost	<b>7</b>	2,078,226	1,924,938
Investments at fair value	<b>7</b>	357,743	280,856
Cash and cash equivalents	<b>7</b>	5,794,867	2,597,128
Total current assets		<u>10,962,850</u>	<u>9,251,712</u>
Total assets		<u>73,764,979</u>	<u>76,599,877</u>

Juan José Valdez Follino  
Regular Statutory Auditor

Emilio Daneri Conte-Grand  
President



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**INTERIM CONDENSED BALANCE SHEETS AS OF SEPTEMBER 30, 2020 AND DECEMBER 31, 2019 (in thousand pesos)**

	<b>Note</b>	<u>09.30.2020</u>	<u>12.31.2019</u>
<b>SHAREHOLDERS' EQUITY</b>			
Common stock	<b>9</b>	439,374	439,374
Common stock integral adjustment		16,761,457	16,761,457
Property, plant and equipment revaluation allowance		18,323,601	21,252,368
Statutory reserve		3,440,168	3,440,168
Optional reserve for working capital and liquidity coverage		10,332,000	1,598,368
Voluntary reserve for future dividends		284,855	284,855
Other reserves		(2,313)	(6,534)
Retained earnings		4,486,092	8,733,631
Total shareholders' equity		<u>54,065,234</u>	<u>52,503,687</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liability		9,903,030	10,925,346
Loans	<b>10</b>	574,621	-
Notes	<b>11</b>	986,802	-
Lease debts		12,302	12,541
Other debts		53,445	57,520
Trade accounts payable		241,785	326,800
Total non-current liabilities		<u>11,771,985</u>	<u>11,322,207</u>
<b>Current liabilities</b>			
Contingencies	<b>12</b>	156,985	189,725
Loans	<b>10</b>	5,225,321	8,853,446
Notes	<b>11</b>	564,176	-
Lease debts		8,735	7,368
Salaries and social security contributions		355,100	470,761
Income tax		818,002	1,661,029
Taxes payable		226,539	235,426
Other debts		72,273	118,791
Trade accounts payable		500,629	1,237,437
Total current liabilities		<u>7,927,760</u>	<u>12,773,983</u>
Total liabilities		<u>19,699,745</u>	<u>24,096,190</u>
Total liabilities and shareholders' equity		<u>73,764,979</u>	<u>76,599,877</u>

The accompanying notes 1 to 19 are an integral part of these interim condensed financial statements.

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**INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIODS  
ENDED SEPTEMBER 30, 2020 AND 2019 (in thousand pesos)**

	Note	Nine-month period ended		Three-month period ended	
		09.30.2020	09.30.2019	09.30.2020	09.30.2019
Revenues	13	13,363,360	16,736,940	3,940,204	5,709,154
Cost of service	14	(7,695,572)	(9,124,526)	(2,610,852)	(2,580,848)
<b>Gross profit</b>		<b>5,667,788</b>	<b>7,612,414</b>	<b>1,329,352</b>	<b>3,128,306</b>
Selling expenses	14	(709,286)	(673,839)	(190,740)	(280,233)
Administrative expenses	14	(1,280,048)	(1,206,922)	(514,091)	(429,344)
<b>Income before other net income and expenses</b>		<b>3,678,454</b>	<b>5,731,653</b>	<b>624,521</b>	<b>2,418,729</b>
Other net income and expenses	15	167,153	(118,486)	36,967	(22,785)
<b>Income before financial income</b>		<b>3,845,607</b>	<b>5,613,167</b>	<b>661,488</b>	<b>2,395,944</b>
Net financial income					
Other net financial income	16	1,559,786	880,041	654,255	858,564
Financial income	16	74,430	199,405	31,950	58,307
Financial expenses	16	(876,908)	(339,492)	(381,367)	155,162
(Loss) Gain on monetary position	16	(908,754)	(417,815)	(465,682)	(591,213)
<b>Net financial income (loss)</b>		<b>(151,446)</b>	<b>322,139</b>	<b>(160,844)</b>	<b>480,820</b>
Income from investments in affiliated companies	6	17,643	21,206	2,231	10,320
<b>Income before income tax</b>		<b>3,711,804</b>	<b>5,956,512</b>	<b>502,875</b>	<b>2,887,084</b>
Income tax					
Current		(1,455,462)	(2,238,394)	(253,361)	(519,717)
Special		-	7,649	-	(956)
Deferred		589,378	14,310	293,084	(507,025)
<b>Subtotal income tax</b>		<b>(866,084)</b>	<b>(2,216,435)</b>	<b>39,723</b>	<b>(1,027,698)</b>
<b>Income for the period</b>		<b>2,845,720</b>	<b>3,740,077</b>	<b>542,598</b>	<b>1,859,386</b>
<b>Items that will be reclassified through profit or loss</b>					
Affiliated companies' financial statements currency translation adjustment	6	4,221	3,653	1,555	2,578
<b>Items that will not be reclassified through profit or loss</b>					
Property, plant and equipment revaluation allowance		(1,288,394)	(1,241,915)	-	(1,241,915)
<b>Other comprehensive income for the period <sup>(1)</sup></b>		<b>(1,284,173)</b>	<b>(1,238,262)</b>	<b>1,555</b>	<b>(1,239,337)</b>
<b>Comprehensive income for the period</b>		<b>1,561,547</b>	<b>2,501,815</b>	<b>544,153</b>	<b>620,049</b>
Net income per share, basic and diluted	17	6.4768	8.5123	1.2349	4.2319

<sup>(1)</sup> Comprehensive income is shown net of income tax effect.

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INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020  
AND 2019 (in thousand pesos)

ITEM	Common stock	Common stock integral adjustment	Property, plant and equipment revaluation allowance	Statutory reserve	Voluntary reserve for future dividends	Optional reserve for working capital and liquidity coverage	Other reserves	Retained earnings	Total shareholders' equity
<b>Balances as of December 31, 2018</b>	<b>439,374</b>	<b>16,761,457</b>	<b>27,127,096</b>	<b>244,072</b>	<b>-</b>	<b>-</b>	<b>(2,602)</b>	<b>10,130,703</b>	<b>54,700,100</b>
Resolution at Ordinary Shareholders' Meeting dated April 10, 2019:									
Reinstatement of Statutory Reserve	-	-	-	3,196,096	-	-	-	(3,196,096)	-
Creation of Voluntary Reserve for future dividends	-	-	-	-	1,142,922	-	-	(1,142,922)	-
Creation of Optional Reserve for working capital and liquidity coverage	-	-	-	-	-	1,598,368	-	(1,598,368)	-
Distribution of Dividends in cash	-	-	-	-	-	-	-	(3,870,065)	(3,870,065)
Absorption of Other reserves	-	-	-	-	-	-	2,602	(2,602)	-
Profit for the nine-month period ended September 30, 2019	-	-	-	-	-	-	-	3,740,077	3,740,077
Other comprehensive income	-	-	(3,861,236)	-	-	-	3,653	2,619,321	(1,238,262)
<b>Balances as of September 30, 2019</b>	<b>439,374</b>	<b>16,761,457</b>	<b>23,265,860</b>	<b>3,440,168</b>	<b>1,142,922</b>	<b>1,598,368</b>	<b>3,653</b>	<b>6,680,048</b>	<b>53,331,850</b>
Distribution of Voluntary Reserve for future dividends	-	-	-	-	(858,067)	-	-	-	(858,067)
Profit for the complementary three-month period until December 31, 2019	-	-	-	-	-	-	-	1,463,384	1,463,384
Other comprehensive income	-	-	(2,013,492)	-	-	-	(10,187)	590,199	(1,433,480)
<b>Balances as of December 31, 2019</b>	<b>439,374</b>	<b>16,761,457</b>	<b>21,252,368</b>	<b>3,440,168</b>	<b>284,855</b>	<b>1,598,368</b>	<b>(6,534)</b>	<b>8,733,631</b>	<b>52,503,687</b>
Resolution at Ordinary Shareholders' Meeting dated May 22, 2020:									
Reinstatement of Optional Reserve for working capital and liquidity coverage	-	-	-	-	-	8,733,632	-	(8,733,632)	-
Profit for the nine-month period ended September 30, 2020	-	-	-	-	-	-	-	2,845,720	2,845,720
Other comprehensive income	-	-	(2,928,767)	-	-	-	4,221	1,640,373	(1,284,173)
<b>Balances as of September 30, 2020</b>	<b>439,374</b>	<b>16,761,457</b>	<b>18,323,601</b>	<b>3,440,168</b>	<b>284,855</b>	<b>10,332,000</b>	<b>(2,313)</b>	<b>4,486,092</b>	<b>54,065,234</b>

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**INTERIM CONDENSED STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIODS ENDED  
SEPTEMBER 30, 2020 AND 2019 (in thousand pesos)**

	<b>Note</b>	<b>09.30.2020</b>	<b>09.30.2019</b>
Profit for the period		2,845,720	3,740,077
<b>Adjustments to cash generated by operating activities:</b>			
Property, plant and equipment depreciation	<b>5</b>	4,953,011	5,761,683
Residual value of property, plant and equipment written-off	<b>5</b>	16,008	26,783
Income tax		866,084	2,216,435
Accrued interest generated by liabilities	<b>16</b>	896,218	816,012
Accrued interest generated by assets	<b>16</b>	(74,430)	(199,405)
Increase net of allowances and provisions		455,710	445,653
Income from derivative financial instruments	<b>16</b>	69,418	(1,023,221)
Exchange rate differences and other net financial income		(1,019,032)	(983,264)
Loss from investments in affiliated companies	<b>6</b>	(17,643)	(21,206)
<b>Net changes in operating assets and liabilities:</b>			
Decrease in trade accounts receivable		2,194,274	664,250
Decrease (increase) in other accounts receivable		301,475	(30,805)
Increase in materials and spare parts		(232,242)	(110,615)
Decrease in trade accounts payable		(871,617)	(117,068)
Decrease in salaries and social security contributions		(115,661)	(86,287)
Decrease in taxes payable		(262,200)	(1,501,157)
Increase in derivative financial instruments		28,296	274,941
(Decrease) increase in other debts		(93,059)	31,309
Decrease in contingencies		(32,740)	(101,651)
Income tax payment		(2,089,358)	(248,937)
<b>Net cash flow generated by operating activities</b>		<b>7,818,232</b>	<b>9,553,527</b>
Acquisition of property, plant and equipment	<b>5</b>	(1,611,067)	(2,861,377)
Subscriptions net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)		1,668,319	562,249
Principal received from investments at amortized cost and investments at fair value		5,583	8,581
Interest received from investments at amortized cost and investments at fair value		4,827	11,883
<b>Net cash flow (used in) generated by investing activities</b>		<b>67,662</b>	<b>(2,278,664)</b>
Taking of local loans in pesos	<b>10.1</b>	6,847,445	-
Issue of Notes	<b>11.1</b>	1,542,533	-
Payment of principal and interest on Syndicated Loan	<b>10.1</b>	(4,275,431)	(4,437,968)
Payment of principal and interest on local loans in pesos	<b>10.1</b>	(6,209,504)	-
Payment of dividends in cash		-	(3,870,065)
Lease payment		(9,763)	(7,323)
<b>Net cash flow (used in) financing activities</b>		<b>(2,104,720)</b>	<b>(8,315,356)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>5,781,174</b>	<b>(1,040,493)</b>
Cash and cash equivalents at the beginning of fiscal year		2,597,128	4,405,856
Financial income generated by cash		(2,583,435)	(169,490)
<b>Cash and cash equivalents at the end of the period</b>		<b>5,794,867</b>	<b>3,195,873</b>
<b>Transactions not affecting cash:</b>			
Right-of-use on property, plant and equipment through leases	<b>5</b>	<b>(4,845)</b>	<b>(31,676)</b>

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Regular Statutory Auditor

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW

1.1 - Incorporation of the Company

Transportadora de Gas del Norte S.A. (“the Company” or “TGN”) was incorporated on November 24, 1992 as a result of the enactment of Laws Nos. 23,696 on State Reform and 24,076 (“Natural Gas Act”) and the issuance of National Executive Branch Decree No. 1,189/92 which regulates such law, whereby the privatization of the natural gas transportation and distribution services and the setting up of the companies that would receive the licenses to operate those services were established. The Company was granted a license (the “License”) pursuant to which TGN is authorized to provide the public service of natural gas transportation through the exclusive utilization of its two pipelines in the northern and central-western regions of Argentina.

1.2 –Effects of the economic emergency on the License

The License has been subject to a renegotiation process under the Public Emergency Law 25,561 (“LEP”), enacted in January 2002, which further established the pesification of the rates for natural gas transportation services within the domestic market and repealed the semi-annual adjustment mechanism based on the Producer Price Index. Under said legal framework and after more than thirteen years of rate freezing, in March 2017, the Company entered into an Agreement with the PEN toward amendment of its License (the “Comprehensive Agreement”), which was ratified and came into force with the enactment of Decree No. 251 on March 27, 2018. This put an end to the renegotiation process conducted under the LEP. The Comprehensive Agreement covers the contractual period from January 6, 2002 to the end of the License.

The Comprehensive Agreement requires the Company to hold the National Government harmless from and against any arbitration awards obtained by former shareholders CMS and Total prior to the execution of the Comprehensive Agreement. The amount of that indemnity, to be determined, will not include the proportional reduction percentage established under the respective payment agreements, will exclude default interest accrued against the National Government, and will be calculated at its present value. By way of illustration, the amounts awarded are as follows: CMS Gas Transmission Company v. Argentine Republic (Case No. ARB/01/8 in favor of CMS for US\$ 133.2 million, dated May 12, 2005) and Total S.A. v. Argentine Republic (Case No. ARB/04/1 in favor of Total for US\$ 85.2 million, dated November 27, 2013).

TGN shall indemnify the National Government –for such amount to be determined based on the above –only through sustainable investments, additional to those established by the National Gas Regulatory Entity (“ENARGAS”) as mandatory investments in gas pipelines and complementary facilities in “Neuquina Basin”. These investments shall not form part of the Company’s rate base.

Furthermore, the Comprehensive Agreement, which came into force in March 2018 for the 2017 – 2021 period, established rules for the conduct of TGN rate review. See Note 1.3.3 to these interim condensed financial statements as of September 30, 2020.



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW (Cont.)

1.2 – Effects of the economic emergency on the License (Cont.)

The Social Solidarity and Productive Reactivation under the Public Emergency Framework Law No. 27,541 (the “Solidarity Law”), enacted in December 2019, empowered the PEN to maintain natural gas rates that are under federal jurisdiction, and to start renegotiating the comprehensive rate review in force, or else a rate review of an exceptional nature, in the terms of the Gas Act, for a maximum term of up to 180 days, aimed at reducing the actual rate burden on household, commercial and industrial users in year 2020. The PEN was further empowered to administratively intervene ENARGAS for a one-year term. Indeed, on March 16, 2020 the PEN instructed the intervention of the ENARGAS until December 31, 2020, entrusting the comptroller, to conduct a legal, technical and economic audit of all aspects regulated under the Solidarity Law in energetic matters, and to prepare a report to be submitted to the PEN. On June 18, 2020, the PEN enacted Decree 543/20 extending once again the rate freeze established under the Solidarity Law for another 180 running days.

1.3 - Regulatory framework

1.3.1 - General

The Natural Gas Act and its regulations, together with the License, the Transfer Agreement, the Bidding Terms and Conditions for the privatization of Gas del Estado S.E. and the resolutions adopted by ENARGAS establish the legal framework pursuant to which the Company carries out its business. The License was granted for an initial term of 35 years, which expires in December 2027. However, the Natural Gas Act and the License provide that the Company may request from ENARGAS an extension of the License for an additional ten-year term. At that time ENARGAS is required to evaluate the Company’s performance and make a recommendation to the National Executive Branch. The request for extension may be filed no less than 18 months nor more than 54 months prior to the expiration date of the initial term.

1.3.2 - Rates

Gas transportation rates were established under the License and are regulated by ENARGAS. Section 38 of the Natural Gas Act establishes that rates must allow covering reasonable operating costs, taxes and depreciation charges, enable to obtain a reasonable profit margin similar to that derived from other comparable or equivalent risky activities and must be in line with the degree of efficiency in the provision of the services. Rates are subject to:

- i. adjustments under the five-year rate review by ENARGAS, concerning the "X" efficiency factor and "K" investment factor, where "X" reduces rates as a result of increased efficiency while "K" increases rates to promote unprofitable investments;
- ii. non-recurring adjustments to reflect changes in costs resulting from changes in tax regulations (except for changes in income tax); and
- iii. non-scheduled adjustments for other objective and justifiable reasons at the discretion of ENARGAS.



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW (Cont.)

1.3 - Regulatory framework (Cont.)

1.3.3 – 2017 Comprehensive rate review

From April 2014 to December 2017 TGN received successive interim rate increases until March 2018 when ENARGAS approved the rates resulting from the Comprehensive Rate Review (“CRR”) conducted by ENARGAS starting in March 2016. Additionally, the CRR provides that between April 1, 2017 and March 31, 2022, the Company must implement a Mandatory Investment Plan (“MIP”) for approximately \$ 5.6 billion, which amount shall be adjusted in line with TGN rates. The Company is bound to both invest the amount committed and to carry out those works described under the MIP.

The regulatory framework provides for non-automatic semiannual transportation rate procedures for rate reviews, due to changes experienced in the cost of the service, in order to maintain the economic-financial balance and quality of the service.

In June 2019, the Government Energy Secretariat (“the Energy Secretariat”) established, through Resolution 336/2019, on an exceptional basis, for the benefit of residential users of natural gas and undiluted propane through networks, a 22% payment deferral for invoices issued from July 1, 2019 to October 31, 2019. Said deferral has been invoiced in five monthly, equal consecutive periods starting on December 1, 2019. The financial cost of the deferral shall be borne by the National Government by way of subsidy through payment of interest to distributors, sub-distributors, transporters and producers, based on the interest rate for 30- or 35-day term deposits for \$ 20 million and higher amounts, published by the Central Bank of Argentina (“BCRA”). On August 23, 2019, the Energy Secretariat through Resolution 488/2019, established the procedure for distributors to defer payment to transporters, as well as the methodology for calculating and paying applicable interest. According to said resolution, distributors must disclose to transporters and ENARGAS, in the form of a sworn statement, the amounts to be deferred, and ENARGAS in turn must forward the so compiled information to the Energy Secretariat, which will be the one responsible for calculating and issuing interest payment orders to licensees within 30 business days from the relevant deferral month end. As of today, the Company has already collected the full deferred amount. In connection with the reporting and interest calculation process, it is worth mentioning that it is still delayed, with no interest payment orders having been issued as of today.

In September 2019, the Energy Secretariat passed Resolution 521/2019 (amended by Resolution 751/2019) deferring the semiannual rate adjustment that should have been applied effective October 1, 2019, until February 1, 2020, and further established that licensees would be compensated with the MIP review to the extent of the lower revenues derived from said measure. Consequently, between October and December 2019 the Company submitted proposals to ENARGAS for adjusting the MIP for an amount of \$ 459.2 million (at December 2016 currency). However, upon enactment of the Solidarity Law, the new administration that took power in December 2019 announced its intention to suspend rate adjustments for natural gas and electricity transportation and distribution utility services under federal jurisdiction for 180 days, to start renegotiating the CRR in place since 2017, or embark on a rate review of an exceptional nature. On June 18, 2020, the PEN enacted Decree 543/20 extending once again the rate freeze established under the Solidarity Law for another 180 running days.



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW (Cont.)

1.3 - Regulatory framework (Cont.)

1.3.3 – 2017 Comprehensive rate review (Cont.)

On March 24, 2020, the PEN passed Decree No. 311, (amended through Decree No. 756/20), establishing that natural gas transportation and distribution utility service licensees, among others, shall not be allowed to suspend or interrupt the service in the event of late or lack of payment of up to seven consecutive or alternate bills due from March 1 to December 31, 2020. This measure covers universal child allowance beneficiaries, retirees, pensioners and employees with a gross salary of at least two index-linked minimum wages, unemployment insurance beneficiaries, micro, small and medium-sized companies, cooperatives or recovered companies and public and private healthcare entities, among others, as established in the regulation. Licensees shall, in all cases, offer all users covered by said regulation, payment plans consisting of thirty equal and consecutive installments to pay outstanding balances.

1.4 – Current economic context

In addition to the rate issue mentioned earlier, worth noting is the fact that the Company operates within a complex economic context where main variables have recently experienced a strong volatility. See Note 1.4 to the Company's financial statements as of December 31, 2019, where the economic measures timely adopted by the new national administration which took power in December 2019, are described.

The outbreak of the pandemic associated with the Coronavirus (or "Covid-19") in March 2020 has brought about significant consequences at global level. Most countries around the world have imposed a number of restrictions of a kind never seen before. Several of the sanitary measures adopted have had, to a greater or lesser extent, an almost immediate impact on the economies which saw a rapid drop in their production and activity indicators. In response to this situation, most governments have implemented aid packages designed to support part of the population income and reduce the risk of disruption in payment flows, by avoiding financial and economic crises, as well as corporate bankruptcies. Argentina was no exception. The government took action shortly after the pandemic was declared. The Argentine economy was already in a state of recession, and the outbreak of the pandemic in March 2020 only made matters worse. The level of activity in the country is expected to drop by 2020 year end.

Argentina's main macroeconomic indicators are:

- The year-on-year drop in the Gross Domestic Product for 2020 is estimated at 12%.
- Cumulative inflation between January 1, 2020 and September 30, 2020 reached 21% as shown by the Consumer Price Index published by the National Institute of Statistics and Census.
- From January 1 to September 30, 2020, the peso depreciated 21% versus the US dollar, as shown by the exchange rate published by Banco de la Nación Argentina.
- The monetary authority imposed greater exchange restrictions which also affect the value of the US dollar on existing alternative markets for certain exchange transactions that are restricted on the official market.



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW (Cont.)

1.4 – Current economic context (Cont.)

These measures, aimed at restricting access to the exchange market and therefore the demand for US dollars, require the previous authorization of the BCRA for certain transactions. Said exchange restrictions, or any other as may be imposed in the future, may affect the Company's capacity to access the Free Foreign Exchange Market ("MULC") to acquire the foreign currency necessary to face its commercial and financial obligations. As of September 30, 2020, foreign currency denominated assets and liabilities have been valued at the exchange rates quoted by MULC.

As of the date of issue of these interim condensed financial statements the context continues to be uncertain and volatile.

Additionally, worth mentioning is that in April 2020 the National Government announced the launch of a public debt exchange offer subject to foreign legislation for an amount of US\$ 66.238 billion. After several offers, on August 31, the National Government announced the final outcome of the exchange, which obtained the consent of 99.01% of all outstanding eligible bonds and finally, on September 4, the new bonds were issued.

With respect to the public debt subject to local legislation for an amount of US\$ 49.752 billion, the National Government launched an offer with similar characteristics to that of the public debt subject to foreign legislation, which contained an option to exchange the eligible bonds for a peso denominated bond basket. During the month of September, the National Government announced that the offer obtained the consent of 99.41% of all eligible debt.

The Company's Management permanently monitors how relevant events evolve in order to determine possible actions to be adopted and identify eventual impacts on the Company's equity and financial position. The Company's interim condensed financial statements should be read in the light of said circumstances.

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

These interim condensed financial statements for the nine-month period ended September 30, 2020 have not been audited. The Company's Management believes that all adjustments necessary have been made to reasonably present the results for the period. The results for the nine-month period ended September 30, 2020 do not necessarily reflect the Company's full year results.



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2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

In addition, these interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 ("Interim Financial Reporting").

The National Securities Commission ("CNV") under Title IV "Periodic Reporting Regime", Chapter III "Regulations relative to the manner of presentation and valuation criteria for financial statements" – article 1 of its regulations, has established the application of Technical Resolution No. 26 of the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE"), as amended, which adopt International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), to certain entities encompassed by the public offering regime of Law No. 26,831, either because of their capital or negotiable obligations, or because those entities have requested authorization to be encompassed by said regime. Furthermore, the provisions of ENARGAS Resolution No. 1660/00 (as amended by Resolution No. 1903/00, also enacted by ENARGAS) regulating certain valuation and disclosure criteria for the regulated natural gas transportation and distribution activity have been applied. These criteria are similar to those established by IFRS. If applicable, certain amounts from prior interim condensed financial statements have been reclassified in order to compare them to the interim condensed financial statements for this period.

These interim condensed financial statements, which were approved for their release by the Company's Board on November 5, 2020, should be read together with the audited financial statements as of December 31, 2019, which have been prepared in accordance with IFRS. These interim condensed financial statements have been prepared following the same accounting policies applied in preparing the audited financial statements as of December 31, 2019.

These interim condensed financial statements have been prepared based on the historic cost, in the measuring unit applicable as of the closing date of the reporting period, except for the revaluation of financial assets and liabilities (including derivative instruments), for which the fair value approach has been used, with the variation shown in the interim condensed statement of comprehensive income.

2.1 – Changes in Interpretation and Accounting Standards

**a) New accounting standards, amendments and interpretations issued by IASB applicable as from September 30, 2020, adopted by the Company**

There are no new accounting standards, interpretations and/or amendments in effect as of this fiscal year that might have a significant impact on the Company's financial statements.

**b) New accounting standards, interpretations and/or amendments published but not yet effective for this fiscal year**

There are no new accounting standards, interpretations and/or amendments in effect as of this fiscal year that might have a significant impact on the Company's financial statements.





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2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.2 – Property, plant and equipment

The Company uses, between the two models foreseen in IAS 16 (“Property, plant and equipment”), the “revaluation model” for valuating: (i) its essential assets which include gas pipelines and branch lines, compressor plants, meter and regulating stations, other technical installations, certain lands, buildings and civil construction works, gas inventory and the SCADA system; and (ii) other revalued assets, including: all other Lands and Buildings and civil construction works (collectively, “Revalued Assets”).

Revaluation shall be conducted as often as necessary so that the book value will not significantly differ from the fair value of assets as of the date of each measurement. Accumulated depreciation as of each revaluation date shall be proportional to the change in the gross book value of the asset, so that the book value after revaluation is equal to its revalued amount.

To measure the fair value of Revalued Assets the “income approach” established by IFRS 13 (“Fair Value Measurement”) is used as valuation method. The Company uses a discounted cash flow model based on estimates about future performance of certain inputs that are sensitive to the fair value determination process: (i) firm transportation capacity contracted and transportation volumes sold under interruptible and exchange and displacement modalities; (ii) gas transportation rates; (iii) operation and maintenance expenses; (iv) mandatory investments agreed with ENARGAS; (v) weighted discount rate; and (vi) macro-economic variables, such as inflation rate, devaluation rate, etc.

Discounted cash flows used cover a period of 17 years, i.e. the years remaining to elapse until the due date of the initial 35-year License period (to take place in 2027) plus the ten-year extension period the Company may apply for (National Executive Branch Decree 2255/92). Additionally, TGN has reflected under discounted cash flows an additional amount foreseen in the License upon expiration thereof, when the Company will be entitled to receive the lesser of the residual value of essential assets or the amount resulting from a new tender, net of expenses and taxes paid by the successful bidder. This latter amount has been recognized by the Company as a perpetual income as of that date.

The increase in the book value of an asset as a consequence of a revaluation is reported under “Other comprehensive income”, net of the associated deferred tax. When the book value of an asset is impaired as a result of a revaluation, said impairment will be reported under income for the year to the extent it exceeds the balance standing in the “Property, plant and equipment revaluation allowance”.

As required under CNV regulations for valuation of items of Property, plant and equipment at fair value, the Company entrusts said valuation to independent external experts who act as advisors to the Board, with the latter being ultimately responsible for said valuation.



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**2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)**

**2.2 – Property, plant and equipment (Cont.)**

Based on the measurement made in accordance with the revaluation model, the following differences have been identified with respect to book values measured by the ‘cost model’, for Revalued Assets as of September 30, 2020:

Revalued Assets	Residual book value as of 09/30/2020 (cost model)	Higher value, net of impairment	Fair value as of 09/30/2020 (revaluation model)
Gas pipelines and branch lines	20,473,510	19,614,483	40,087,993
Compressor plants	3,550,770	2,469,599	6,020,369
Meter and regulating stations	423,722	385,635	809,357
SCADA System	395,904	418,227	814,131
Lands	12,536	42,612	55,148
Buildings and civil construction works	626,098	449,818	1,075,916
Gas inventory	295,712	685,855	981,567
Other technical installations	596,830	261,302	858,132
<b>Subtotal essential assets</b>	<b>26,375,082</b>	<b>24,327,531</b>	<b>50,702,613</b>
Lands	2,714	25,720	28,434
Buildings and civil construction works	199,470	123,541	323,011
<b>Subtotal other revalued assets</b>	<b>202,184</b>	<b>149,261</b>	<b>351,445</b>
<b>Total Revalued Assets</b>	<b>26,577,266</b>	<b>24,476,792</b>	<b>51,054,058</b>

Any accumulated depreciation as of the revaluation date is derecognized from the gross book value of the asset. Depreciation, based on a component criterion is calculated using the straight-line method based on the estimated remaining useful life as of the revaluation date:

**Years of estimated remaining useful life**

Gas pipelines and branch lines	2 and 17
Compressor plants	17
Meter and regulating stations	17
SCADA System	7
Gas inventory	n/a
Lands	n/a
Buildings and civil construction works	26
Other technical installations	3





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2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.2 – Property, plant and equipment (Cont.)

During the period ended September 30, 2020, the Company recognized an impairment charge for its property, plant and equipment for an amount of \$ 1,721,339.

The depreciation charge in each fiscal year is recognized under Income for the fiscal year, except where reported under other assets' book value. "Property, plant and equipment revaluation allowance" reported under Shareholders' Equity decreases due to the use, retirement and disposal of Revalued Assets with a counter-entry in "Retained earnings" under Shareholders' Equity, with no negative impact on the income for the fiscal year. As for depreciation charges, the amount to be transferred from the account "Property, plant and equipment revaluation allowance" will be equal to the difference between depreciation calculated on the revalued asset and depreciation that would have been estimated on the basis of its initial cost, net of the deferred tax effect. If an impairment loss occurs, it shall be immediately recorded under income for the fiscal year unless the asset is accounted for under the revaluation method, in which event the impairment loss shall be treated as a decrease in the account "Property, plant and equipment revaluation allowance", and the excess will be attributed to income for the fiscal year.

Changes in "Property, plant and equipment revaluation allowance" during 2020 year are described below:

Balance as of December 31, 2019	21,252,368
Reversal during the nine-month period as of September 30, 2020	(1,640,373)
Impairment during the nine-month period as of September 30, 2020	(1,288,394)
Balance as of September 30, 2020	<u>18,323,601</u>

With respect to non-essential assets not subject to revaluation, there have been no changes as to the valuation policies applied as of December 31, 2019. See Note 2.6 to the Company's financial statements as of December 31, 2019.

3 – FINANCIAL RISK MANAGEMENT

Except as mentioned in Note 3.1. below, as of September 30, 2020 no significant variations in financial risks have been identified with respect to Note 3 to the Company's Financial Statements as of December 31, 2019.

3.1 – Currency Risks

The potential impact on the statement of comprehensive income and the statement of changes in shareholders' equity as of September 30, 2020, resulting from each percentage point of depreciation or appreciation of the peso against the US dollar would account for an approximate loss or profit, as applicable, of \$ 64.5 million, provided that the other economic and financial variables affecting the Company remain stable. This sensitivity analysis is based on reasonable assumptions and information. Yet, actual results might significantly differ from such analysis.



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**3 – FINANCIAL RISK MANAGEMENT (Cont.)**

**Foreign Currency denominated Assets and Liabilities**

	09.30.20			12.31.19	
	Amount and type of foreign currency <sup>(1)</sup>	Current trading price in \$	Amount in local currency <sup>(1)</sup>	Amount and type of foreign currency <sup>(1)</sup>	Amount in local currency <sup>(1)</sup>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Trade accounts receivable</b>					
Trade accounts receivable with third parties	US\$ 189,378	75.98	14,388,929	US\$ 189,378	13,823,490
<b>Total non-current assets</b>			<b>14,388,929</b>		<b>13,823,490</b>
<b>CURRENT ASSETS</b>					
<b>Other accounts receivable</b>					
Other sundry accounts receivable	US\$ 646	75.98	49,083	US\$ 736	53,724
Guarantee deposits – rentals			-	US\$ 250	18,257
Other receivables with controlling company	US\$ 4	75.98	319	US\$ 4	309
Other receivables with affiliated companies	US\$ 1	75.98	62	US\$ 11	780
	R\$ 106	12.70	1,341	R\$ 106	1,820
			50,805		74,890
<b>Trade accounts receivable</b>					
Trade accounts receivable with third parties	US\$ 3,292	75.98	250,126	US\$ 188	13,735
Trade accounts receivable with related parties	US\$ 68	75.98	5,132	US\$ 118	8,596
Trade accounts receivable with affiliated companies	US\$ 52	75.98	3,940	US\$ 21	1,518
			259,198		23,849
<b>Derivative financial instruments</b>					
Derivative financial instruments			-	US\$ 1,339	97,714
			-		97,714
<b>Investments at amortized cost</b>					
Government bonds in US\$ - T-BILLS	US\$ 27,260	75.98	2,071,228	US\$ 24,461	1,785,509
Government bonds in US\$ - Letes			-	US\$ 1,764	128,774
			2,071,228		1,914,283
<b>Investments at fair value</b>					
Mutual funds in US\$				US\$ 985	71,873
Government bonds in US\$	US\$ 1,652	75.98	125,555	US\$ 2,863	208,983
			125,555		280,856
<b>Cash and cash equivalents</b>					
Term deposits in US\$	US\$ 3,040	75.98	230,995	US\$ 5,522	403,080
Mutual funds in US\$	US\$ 26,133	75.98	1,985,597	US\$ 27,601	2,014,718
Bank balances	US\$ 106	75.98	8,025	US\$ 501	36,557
			2,224,617		2,454,355
<b>Total current assets</b>			<b>4,731,403</b>		<b>4,845,947</b>
<b>Total assets</b>			<b>19,120,332</b>		<b>18,669,437</b>



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**3 – FINANCIAL RISK MANAGEMENT (Cont.)**

**Foreign Currency denominated Assets and Liabilities (Cont.)**

	09.30.20			12.31.19	
	Amount and type of foreign currency <sup>(1)</sup>	Current trading price in \$	Amount in local currency <sup>(1)</sup>	Amount and type of foreign currency <sup>(1)</sup>	Amount in local currency <sup>(1)</sup>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
<b>Trade accounts payable</b>					
Suppliers - goods and services	US\$ 494	76.18	37,620	US\$ 1,201	87,991
	£ 70	98.49	6,853	£ 188	18,100
Unbilled Goods and Services	US\$ 1,541	76.18	117,377	US\$ 6,769	495,751
	£ 53	98.49	5,252	£ 39	3,744
	€ 190	89.39	17,022	€ 24	1,979
			184,124		607,565
<b>Loans</b>					
Syndicated loan	US\$ 56,194	76.18	4,280,872	US\$ 110,866	8,119,713
			4,280,872		8,119,713
<b>Total Current Liabilities</b>			<b>4,464,996</b>		<b>8,727,278</b>
<b>Total Liabilities</b>			<b>4,464,996</b>		<b>8,727,278</b>

US\$: US Dollars

£: Pound sterling

€: Euros

R\$: Brazilian Reais

<sup>(1)</sup> Does not include allowances, provisions for contingencies or discounts at present value.

**3.2 - Risks associated with interest rates**

The company has financial liabilities denominated in national currency for a total of \$ 3 billion, at BADLAR variable interest rate plus a fixed margin. The potential impact on the statement of comprehensive income and statement of changes in shareholders' equity as of September 30, 2020 from a one percent increase or decrease in BADLAR rate would represent a pre-tax loss or gain, as applicable, of approximately \$ 30 million, assuming other economic-financial variables affecting the Company remain stable. This sensitivity analysis is based on actual information and reasonable assumptions. However, actual results might substantially differ from said analysis.

TGN manages the risk of changes in BADLAR rate by investing a portion of its liquidity in instruments at said rate so as to diminish the impact a volatility in such rate could have on the statement of comprehensive income and statement of changes in shareholders' equity.

Additionally, as mentioned in Note 19 to these interim condensed financial statements, TGN has paid its foreign currency denominated, LIBOR-adjusted debt by taking a new fixed rate loan in US dollars, thus eliminating the risk of changes in said interest rate. Therefore, the Company is no longer exposed to changes in LIBOR.



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4 – BUSINESS SEGMENT INFORMATION

Segment reporting is presented in a manner consistent with the internal reporting submitted to the Chief Operating Decision Maker (“CODM”). The Company’s General Director has been identified as CODM. The management information used by the CODM for decision making is prepared on a quarterly basis, in million Pesos, and does not include any breakdown by business segment, which means that the information is presented as a single segment, and reflects the Company as a whole. It has been determined that the representative measure used for decision making by the CODM is the “management EBITDA”, together with acquisition of “Property, plant and equipment”. Here is the information provided to the CODM (in million Pesos);

	<u>09.30.2020</u>	<u>09.30.2019</u>
Revenues	13,363	16,737
Operating costs	(4,732)	(5,244)
Management EBITDA	<u>8,631</u>	<u>11,493</u>
Acquisition of “Property, plant and equipment”	<u>1,616</u>	<u>2,893</u>

The reconciliation of management EBITDA to net income, before income tax is shown below:

	<u>09.30.2020</u>	<u>09.30.2019</u>
Management EBITDA in million pesos	8,631	11,493
“Property, plant and equipment” depreciation	(4,953)	(5,762)
Other net income and expenses	167	(118)
Net financial income	(151)	322
Income (loss) from investments in affiliated companies	18	21
Income before income tax	<u>3,712</u>	<u>5,956</u>



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)**

**5 – PROPERTY, PLANT AND EQUIPMENT**

	09.30.2020						Depreciation				Net book value		
	Original Value												
	At the beginning of fiscal year	Additions	Disposals	Transfers	Impairment/ Revaluation	At the end of period	At the beginning of fiscal year	Fiscal year	Disposals	At the end of period	09.30.2020	12.31.2019	09.30.2019
Essential assets:													
Gas pipelines and branch lines	43,825,089	-	-	1,268,435	(1,362,879)	43,730,645	-	3,642,652	-	3,642,652	40,087,993	43,825,089	44,903,835
Compressor plants	6,103,487	-	(13,434)	987,120	(197,837)	6,879,336	-	868,523	(9,556)	858,967	6,020,369	6,103,487	6,058,496
Meter and regulating stations	813,208	-	-	119,882	(25,464)	907,626	-	98,269	-	98,269	809,357	813,208	661,780
SCADA system	739,097	-	-	211,062	(24,347)	925,812	-	111,681	-	111,681	814,131	739,097	795,052
Gas inventory	1,014,280	-	-	-	(32,713)	981,567	-	-	-	-	981,567	1,014,280	1,044,146
Lands	51,795	-	-	5,095	(1,742)	55,148	-	-	-	-	55,148	51,795	53,952
Buildings and civil construction works	1,135,338	-	-	9,725	(35,873)	1,109,190	-	33,274	-	33,274	1,075,916	1,135,338	1,173,485
Other technical installations	601,265	-	-	388,078	(28,778)	960,565	-	102,433	-	102,433	858,132	601,265	470,104
<b>Sub-total essential assets</b>	<b>54,283,559</b>	<b>-</b>	<b>(13,434)</b>	<b>2,989,397</b>	<b>(1,709,633)</b>	<b>55,549,889</b>	<b>-</b>	<b>4,856,832</b>	<b>(9,556)</b>	<b>4,847,276</b>	<b>50,702,613</b>	<b>54,283,559</b>	<b>55,160,850</b>
Other revalued assets													
Lands	29,379	-	-	-	(945)	28,434	-	-	-	-	28,434	29,379	27,801
Buildings and civil construction works	340,475	-	-	5,520	(10,761)	335,234	-	12,223	-	12,223	323,011	340,475	354,094
<b>Sub-total other revalued assets</b>	<b>369,854</b>	<b>-</b>	<b>-</b>	<b>5,520</b>	<b>(11,706)</b>	<b>363,668</b>	<b>-</b>	<b>12,223</b>	<b>-</b>	<b>12,223</b>	<b>351,445</b>	<b>369,854</b>	<b>381,895</b>
<b>Total revalued assets</b>	<b>54,653,413</b>	<b>-</b>	<b>(13,434)</b>	<b>2,994,917</b>	<b>(1,721,339)</b>	<b>55,913,557</b>	<b>-</b>	<b>4,869,055</b>	<b>(9,556)</b>	<b>4,859,499</b>	<b>51,054,058</b>	<b>54,653,413</b>	<b>55,542,745</b>
Non-essential assets:													
Building installations	86,348	65,156	-	-	-	151,504	39,823	3,239	-	43,062	108,442	46,525	47,810
Machinery, equipment and tools	435,143	33,716	(3,035)	-	-	465,824	369,138	13,917	(2,466)	380,589	85,235	66,005	42,516
Other technical installations	495,985	169,386	(3,897)	-	-	661,474	479,739	17,594	(3,797)	493,536	167,938	16,246	14,072
Communication equipment and devices	55,836	19,600	(94)	-	-	75,342	52,934	1,973	(94)	54,813	20,529	2,902	1,409
Vehicles	436,113	19,099	(8,316)	-	-	446,896	259,010	33,702	(2,632)	290,080	156,816	177,103	148,243
Furniture and fixtures	224,434	20,291	(909)	-	-	243,816	202,981	3,207	(887)	205,301	38,515	21,453	29,893
Right of use	35,837	4,845	-	-	-	40,682	14,302	10,324	-	24,626	16,056	21,535	21,526
Works in progress	4,980,637	1,283,819	(5,755)	(2,994,917)	-	3,263,784	-	-	-	-	3,263,784	4,980,637	6,347,706
<b>Sub-total non-essential assets</b>	<b>6,750,333</b>	<b>1,615,912</b>	<b>(22,006)</b>	<b>(2,994,917)</b>	<b>-</b>	<b>5,349,322</b>	<b>1,417,927</b>	<b>83,956</b>	<b>(9,876)</b>	<b>1,492,007</b>	<b>3,857,315</b>	<b>5,332,406</b>	<b>6,653,175</b>
<b>Balances as of September 30, 2020</b>	<b>61,403,746</b>	<b>1,615,912</b>	<b>(35,440)</b>	<b>-</b>	<b>(1,721,339)</b>	<b>61,262,879</b>	<b>1,417,927</b>	<b>4,953,011</b>	<b>(19,432)</b>	<b>6,351,506</b>	<b>54,911,373</b>	<b>-</b>	<b>-</b>
<b>Balances as of December 31, 2019</b>	<b>68,263,602</b>	<b>3,426,396</b>	<b>(82,833)</b>	<b>-</b>	<b>(3,411,249)</b>	<b>68,195,916</b>	<b>1,370,340</b>	<b>6,894,006</b>	<b>(54,249)</b>	<b>8,210,097</b>	<b>-</b>	<b>59,985,819</b>	<b>-</b>
<b>Balances as of September 30, 2019</b>	<b>68,263,602</b>	<b>2,893,053</b>	<b>(62,877)</b>	<b>-</b>	<b>(1,801,929)</b>	<b>69,291,849</b>	<b>1,370,340</b>	<b>5,761,683</b>	<b>(36,094)</b>	<b>7,095,929</b>	<b>-</b>	<b>-</b>	<b>62,195,920</b>



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

5 – PROPERTY, PLANT AND EQUIPMENT (Cont.)

5.1 – Commitments

As of September 30, 2020, the Company has firm contractual commitments with suppliers for the acquisition of Property, plant and equipment for \$ 492,344.

6 – INVESTMENTS IN AFFILIATED COMPANIES

	<u>09.30.2020</u>	<u>12.31.2019</u>
Balance at the beginning of fiscal year	73,850	52,684
Income from investments in affiliated companies <sup>(1)</sup>	<u>21,864</u>	<u>21,166</u>
Balance at the end of period	<u>95,714</u>	<u>73,850</u>

<sup>(1)</sup> Includes \$ 4,221 and \$ 3,653 that have been charged to “Other comprehensive income” in the Statement of Comprehensive Income, as of September 30, 2020 and December 31, 2019, respectively.



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**6 – INVESTMENTS IN AFFILIATED COMPANIES (Cont.)**

The interest held by the Company in its unlisted affiliated companies was as follows:

Issuer	Description		Amount	Cost	Book value as of		Information on issuer							
	Shares	Face Value			09.30.20	12.31.19	Main Activity	Most Recent Financial Statements						
								Date	Capital Stock and Capital Adjustment	Other Reserves	Retained Earnings	Shareholders' Equity	Percentage of Direct Interest	
Comgas Andina S.A.	Common	(1) 1 per share	490	246	93,451	70,808	Gas pipeline operation and maintenance service	09.30.20	115	-	190,601	190,716	49.0	
Companhia Operadora do Rio Grande do Sul	Common	(2) 1 per share	49	0.1	2,263	3,042	Gas pipeline operation and maintenance service	09.30.20	1	5,075	(457)	4,619	49.0	
Total					95,714	73,850								

- (1) Chilean pesos  
(2) Brazilian Reais



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)**

**7 – FINANCIAL INSTRUMENTS BY CATEGORY**

	<u>09.30.2020</u>	<u>12.31.2019</u>
<b>Financial assets at fair value <sup>(1)</sup>:</b>		
<b>Current:</b>		
Classified as “Investments at fair value”:		
Mutual funds in US\$	-	71,873
Government bonds in \$	232,188	-
Government bonds in US\$	125,555	208,983
Subtotal	357,743	280,856
Classified as “Cash and cash equivalents”:		
Mutual funds in \$	1,850,196	121,922
Mutual funds in US\$	1,985,597	2,014,718
Subtotal	3,835,793	2,136,640
Derivative financial instruments <sup>(3)</sup>	-	97,714
Subtotal	-	97,714
<b>Total financial assets at fair value - Current</b>	<b>4,193,536</b>	<b>2,515,210</b>
<b>Financial assets at amortized cost:</b>		
<b>Current:</b>		
Classified as “Investments at amortized cost”:		
Government bonds in US\$ - T-BILLS	2,071,228	1,785,509
Government bonds in US\$ - Letes	-	128,774
VRD bonds in \$	6,998	10,655
Subtotal	2,078,226	1,924,938
Classified as “Cash and cash equivalents”:		
Cash and banks	448,979	57,408
Term deposits in \$ <sup>(2)</sup>	610,603	-
Term deposits in US\$ <sup>(2)</sup>	230,995	403,080
Surety bonds in \$	668,497	-
Subtotal	1,959,074	460,488
Classified as “Trade accounts receivable” and “Other accounts receivable”	2,391,261	3,751,304
<b>Total financial assets at amortized cost - Current</b>	<b>6,428,561</b>	<b>6,136,730</b>
<b>Non-Current:</b>		
Classified as “Investments at amortized cost”:		
VRD bonds in \$	6,251	13,464
Subtotal	6,251	13,464
Classified as “Trade accounts receivable” and “Other accounts receivable”	6,495,770	6,242,777
<b>Total financial assets at amortized cost – Non-Current</b>	<b>6,502,021</b>	<b>6,256,241</b>





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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)**

**7 – FINANCIAL INSTRUMENTS BY CATEGORY (Cont.)**

**Financial liabilities at amortized cost:**

	<u>09.30.2020</u>	<u>12.31.2019</u>
<b>Current:</b>		
Loans	5,225,321	8,853,446
Notes	564,176	-
Trade accounts payable, other debts and lease debt	581,637	1,363,596
<b>Total financial liabilities at amortized cost – Current</b>	<b>6,371,134</b>	<b>10,217,042</b>
<b>Non-Current:</b>		
Loans	574,621	-
Notes	986,802	-
Trade accounts payable, other debts and lease debt	307,532	396,861
<b>Total financial liabilities at amortized cost – Non-Current</b>	<b>1,868,955</b>	<b>396,861</b>

<sup>(1)</sup> Financial assets at fair value, except for derivative financial instruments, have been measured using Level 1 fair values. The value of financial instruments traded on active markets is based on quoted market prices as of the date of the interim condensed financial statements. The quoted market price used for financial assets held by the Company is the ask price as of September 30, 2020 and December 31, 2019.

<sup>(2)</sup> Investments originally falling due within three months or less are classified as “Cash and cash equivalents” in the interim condensed balance sheet.

<sup>(3)</sup> All derivative financial instruments have been measured using Level 2 fair values. The fair value has been determined based on available market information.

**Derivative Financial Instruments:**

As of December 31, 2019, the Company had exchange rate forward positions due in January 2020 for US\$ 9.6 million (\$ 59.41 per dollar) and in February 2020 for US\$ 17 million (\$ 61.28 per dollar). Those positions have been valued at the exchange rate in force on the futures market at 2019 year end.

**8 – TRADE ACCOUNTS RECEIVABLE**

	<u>09.30.2020</u>	<u>12.31.2019</u>
<b>Non-current</b>		
Trade accounts receivable - third parties	14,388,929	13,823,490
Allowance for doubtful accounts and disputed amounts	(7,900,604)	(7,590,135)
<b>Total trade accounts receivable – Non-current</b>	<b>6,488,325</b>	<b>6,233,355</b>
<b>Current</b>		
Trade accounts receivable - third parties	2,432,571	3,465,538
Trade accounts receivable – other related parties (Note 18)	385,654	556,842
Trade accounts receivable – affiliated companies (Note 18)	3,940	1,518
Less: Allowance for doubtful accounts and disputed amounts	(489,544)	(409,302)
<b>Total trade accounts receivable - Current</b>	<b>2,332,621</b>	<b>3,614,596</b>



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

9 – COMMON STOCK

The nominal common stock, of \$ 439,373,939, is represented by 179,264,584 book-entry Class A common shares, of \$ 1 par value each and entitled to 1 vote per share, 172,234,601 book-entry Class B common shares, of \$1 par value each and entitled to 1 vote per share, and 87,874,754 book-entry Class C common shares, of \$ 1 par value each and entitled to 1 vote per share. All issued shares are subscribed and paid-in. Class B shares are admitted for listing on Bolsas y Mercados Argentinos S.A. ("BYMA"). Class C shares are listed on BYMA.

10 - LOANS

Note 16 to the Company's Financial Statements as of December 31, 2019 includes information about the terms and conditions concerning TGN's financial indebtedness.

During this period, the Company took short-term loans in pesos mainly through bank accounts overdrafts, for a total amount of \$ 3,970 million and an average term of 70 days. The average rate was 30%.

Additionally, the Company took the following loans:

- With Banco Santander, on May 15 , for \$ 1 billion, for a term of eighteen months, at BADLAR plus margin. On August 24, the Company partially prepaid this loan with funds obtained from the placement of the Notes referred to in Note 11, for an amount of \$ 500 million, and therefore the outstanding balance of the loan to date amounts to \$ 500 million.
- With Banco Itaú, on June 26, for \$ 500 million, for a term of twelve months, at BADLAR plus margin. On August 26, the Company partially prepaid this loan with funds obtained from the placement of the Notes referred to in Note 11, for an amount of \$ 250 million, and therefore the outstanding balance of the loan to date amounts to \$ 250 million.
- With Banco Macro, on August 20, for \$ 750 million, for a term of 18 months, at BADLAR plus margin.



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

10 – LOANS (Cont.)

10.1 Changes in Loans

	<u>09.30.2020</u>	<u>09.30.2019</u>
Balance at the beginning of fiscal year	8,853,446	15,764,364
Accrual of interest on Syndicated Loan	266,049	666,952
Exchange rate difference on Syndicated Loan	1,356,015	5,726,084
Payment of principal and interest on Syndicated Loan	(4,275,431)	(4,437,968)
Taking of local loans in pesos	6,847,445	-
Accrual of interest on local loans in pesos	485,872	-
Payment of principal and interest on local loans in pesos	(6,209,504)	-
Loss on monetary position	(1,523,950)	(4,392,105)
Balance at the end of period	<u>5,799,942</u>	<u>13,327,327</u>

11 – NOTES

On July 29, the Company's Board approved the issue of peso denominated, variable rate notes, due 18 months following the date of issue and settlement, for a nominal value of up to \$ 800 million, which may be increased up to \$ 1.5 billion, under the global program for the issuance of notes for an amount of up to US\$ 600 million currently in force. Likewise, the Board subdelegated the powers vested on it at the Shareholders' Meeting, as a result of which the terms and conditions of said notes shall be established under a subdelegate deed.

On August 10, 2020, the Company issued non-convertible notes for a par value of \$ 1.5 billion, to be amortized as follows: 33.33% within 12 months, 33.33% within 15 months and 33.34% within 18 months from the date of issue, and interest shall accrue on a quarterly basis at private Badlar plus 1%.

TGN shall fully apply the net proceeds from the placement of said Notes toward any of the following:

- Investments in fixed assets and capital goods located in the country, including investment in the Company's gas pipeline infrastructure.
- Refinancing of liabilities (outstanding local bank loans).
- Contribution of working capital in the country.



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

11 – NOTES (Cont.)

11.1 – Changes in Notes

	<u>09.30.2020</u>	<u>09.30.2019</u>
Balance at the beginning of fiscal year	-	-
Issue of Notes	1,542,533	-
Interest accrued on Notes	51,325	-
Loss on monetary position	(42,880)	-
Balance at the end of period	<u>1,550,978</u>	<u>-</u>

12 - CONTINGENCIES

Provision for labor, civil and administrative lawsuits

Current

Balance as of December 31, 2018	312,275
–Increases, net of recoveries	33,390
– Decreases (payments / uses)	(9,633)
–Loss on monetary position	<u>(125,410)</u>
Balance as of -September 30, 2019	<u>210,622</u>
–Net recoveries	(32,730)
– Decreases (payment / uses)	(38,110)
– Loss on monetary position	49,943
Balance as of December 31, 2019	<u>189,725</u>
–Increases, net of recoveries	7,490
– Decreases (payment / uses)	(5,523)
– Loss on monetary position	<u>(34,707)</u>
Balance as of September 30, 2020	<u>156,985</u>

12.1 – Pending judicial disputes with YPF S.A. (“YPF”)

As part of the legal actions filed against YPF demanding compliance with the transportation contract and damages, described in Note 20.1.4 to the Company’s financial statements as of December 31, 2019, TGN was served notice of the first instance judgment allowing the complaints, and acknowledging the right to collect (i) an amount to be fixed by the appointed accounting expert on account of unpaid invoices, (ii) plus the amount of US\$ 231 million (in that currency or in pesos at the selling exchange rate) on account of loss of profits, plus interest. This judgment has been appealed by both parties.



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

13 – REVENUES

	<u>For the nine-month period as of</u>		<u>For the three-month period as of</u>	
	<u>09.30.2020</u>	<u>09.30.2019</u>	<u>09.30.2020</u>	<u>09.30.2019</u>
Gas transportation service	12,714,474	16,182,324	3,759,013	5,493,972
Gas pipeline operation and maintenance and other services	648,886	554,616	181,191	215,182
Total revenues	<u>13,363,360</u>	<u>16,736,940</u>	<u>3,940,204</u>	<u>5,709,154</u>



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)**

**14 – EXPENSES BY NATURE**

Item	For the nine-month period as of 09.30						Total as of 09.30.2020	Total as of 09.30.2019
	Cost of service		Selling expenses		Administrative expenses			
	2020	2019	2020	2019	2020	2019		
Directors' fees	-	-	-	-	21,718	26,305	21,718	26,305
Supervisory Committee's fees	-	-	-	-	6,090	6,968	6,090	6,968
Fees for professional services	63,985	74,398	1,327	2,439	68,991	99,842	134,303	176,679
Salaries, wages and other personnel benefits	915,162	968,683	22,216	25,156	358,381	375,551	1,295,759	1,369,390
Social security contributions	183,583	183,427	4,482	5,100	82,803	74,908	270,868	263,435
Materials and spare parts	291,459	524,701	-	152	18,365	4,156	309,824	529,009
Third party services and supplies	108,430	105,900	348	262	4,209	5,137	112,987	111,299
Maintenance and repair of property, plant and equipment	1,025,257	1,294,054	4,962	2,738	19,124	30,439	1,049,343	1,327,231
Travel expenses	72,148	139,398	559	2,656	8,754	19,309	81,461	161,363
Freight and transportation	14,097	22,492	-	1	1	156	14,098	22,649
Post and telecommunication expenses	9,182	7,226	576	443	6,975	5,349	16,733	13,018
Insurance	135,600	92,084	14	10	7,487	9,062	143,101	101,156
Office supplies	8,716	16,687	533	2,496	16,432	27,197	25,681	46,380
Rentals	28,784	26,821	341	475	10,583	5,984	39,708	33,280
Easements	29,406	41,195	-	-	-	-	29,406	41,195
Taxes, rates and contributions	3,415	4,756	464,063	593,983	442,465	392,588	909,943	991,327
Property, plant and equipment depreciation	4,760,591	5,677,945	2,767	5,547	189,653	78,191	4,953,011	5,761,683
Doubtful accounts	-	-	207,033	32,249	-	-	207,033	32,249
Lawsuits	-	-	-	-	7,490	33,390	7,490	33,390
Slow-moving and obsolete materials and spare parts	33,421	(89,002)	-	-	-	-	33,421	(89,002)
Other	12,336	33,761	65	132	10,527	12,390	22,928	46,283
Balances as of September 30, 2020	7,695,572	-	709,286	-	1,280,048	-	9,684,906	-
Balances as of September 30, 2019	-	9,124,526	-	673,839	-	1,206,922	-	11,005,287



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**14 – EXPENSES BY NATURE (Cont.)**

Item	For the three-month period as of 09.30						Total three-month period as of 09.30.2020	Total three-month period as of 09.30.2019
	Cost of service		Selling expenses		Administrative expenses			
	2020	2019	2020	2019	2020	2019		
Directors’ fees	-	-	-	-	6,779	8,517	6,779	8,517
Supervisory Committee’s fees	-	-	-	-	1,901	2,245	1,901	2,245
Fees for professional services	18,717	35,720	1,243	1,638	23,599	33,924	43,559	71,282
Salaries, wages and other personnel benefits	307,199	357,749	8,147	8,699	116,941	132,725	432,287	499,173
Social security contributions	65,638	70,474	1,639	1,783	29,831	29,046	97,108	101,303
Materials and spare parts	82,104	175,360	-	12	-	1,981	82,104	177,353
Third party services and supplies	37,767	35,978	87	103	1,054	1,155	38,908	37,236
Maintenance and repair of property, plant and equipment	411,653	429,593	209	376	2,559	10,658	414,421	440,627
Travel expenses	17,117	47,431	101	808	1,370	7,323	18,588	55,562
Freight and transportation	5,899	6,339	-	1	-	139	5,899	6,479
Post and telecommunication expenses	3,650	2,032	221	124	2,670	1,504	6,541	3,660
Insurance	42,767	32,501	4	4	2,506	2,960	45,277	35,465
Office supplies	1,798	4,880	142	2,269	3,044	12,238	4,984	19,387
Rentals	8,696	12,196	89	210	3,635	2,098	12,420	14,504
Easements	9,911	14,853	-	-	-	-	9,911	14,853
Taxes, rates and contributions	937	1,450	134,065	211,781	216,361	129,364	351,363	342,595
Property, plant and equipment depreciation	1,587,186	1,344,965	850	38,146	96,801	9,196	1,684,837	1,392,307
Doubtful accounts	-	-	43,916	14,230	-	-	43,916	14,230
Lawsuits	-	-	-	-	2,383	41,783	2,383	41,783
Slow-moving and obsolete materials and spare parts	5,957	(5,967)	-	-	-	-	5,957	(5,967)
Other	3,856	15,294	27	49	2,657	2,488	6,540	17,831
Balances for the three-month period as of September 30, 2020	2,610,852	-	190,740	-	514,091	-	3,315,683	-
Balances for the three-month period as of September 30, 2019	-	2,580,848	-	280,233	-	429,344	-	3,290,425



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

15 – OTHER NET INCOME AND EXPENSES

	<u>Nine-month period as of</u>		<u>Three-month period as of</u>	
	<u>09.30.2020</u>	<u>09.30.2019</u>	<u>09.30.2020</u>	<u>09.30.2019</u>
Commercial compensation	30,519	411	30,519	4
Disposal of property, plant and equipment, net	(8,784)	(18,884)	(4,603)	1,182
Compensation for damages adjustment	-	(112,146)	-	-
Other sales, loss recovery, donations and other, net	145,418	12,133	11,051	(23,971)
Total other net income and expenses	<u>167,153</u>	<u>(118,486)</u>	<u>36,967</u>	<u>(22,785)</u>

16 – NET FINANCIAL INCOME

	<u>Nine-month period as of</u>		<u>Three-month period as of</u>	
	<u>09.30.2020</u>	<u>09.30.2019</u>	<u>09.30.2020</u>	<u>09.30.2019</u>
Other net financial income				
Foreign exchange gain (loss)	1,276,366	9,466	527,782	(8,197)
Income from changes in fair values	331,768	(159,576)	105,403	(219,427)
Loss (gain) from derivative financial instruments	(69,418)	1,023,221	-	1,079,162
Other	21,070	6,930	21,070	7,026
Total other net financial income	<u>1,559,786</u>	<u>880,041</u>	<u>654,255</u>	<u>858,564</u>
Financial income				
Interest	74,430	199,405	31,950	58,307
Total financial income	<u>74,430</u>	<u>199,405</u>	<u>31,950</u>	<u>58,307</u>
Financial expenses				
Interest	(896,218)	(816,012)	(400,981)	(254,151)
Interest compounded on property, plant and equipment <sup>(1)</sup>	77,408	491,386	25,935	411,014
Banking and financial fees, expenses and taxes	(58,098)	(14,866)	(6,321)	(1,701)
Total financial expenses	<u>(876,908)</u>	<u>(339,492)</u>	<u>(381,367)</u>	<u>155,162</u>
(Loss) on monetary position	<u>(908,754)</u>	<u>(417,815)</u>	<u>(465,682)</u>	<u>(591,213)</u>
Total net financial loss (income)	<u>(151,446)</u>	<u>322,139</u>	<u>(160,844)</u>	<u>480,820</u>

(1) The monthly effective compound interest rate used is 0.72%.





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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)**

**17 – NET EARNINGS PER SHARE**

Earnings per common share have been calculated by dividing earnings for the nine and three-month periods ended September 30, 2020 and 2019, respectively, by the weighted average of outstanding common shares, which as at said dates totaled 439,373,939 shares. As of September 30, 2020 and 2019 there are neither notes nor other debt securities convertible into shares, for which reason no diluted earnings per share have been disclosed. Basic earnings per share are calculated by dividing profits attributable to the Company's equity holders by the weighted average number of common shares outstanding during the fiscal year. The Company has no preferred shares or debt convertible into shares, so the basic earnings per share are equal to the diluted earnings per share.

**18 – RELATED PARTIES**

Transactions with related parties are as follows:

	<u>09.30.2020</u>	<u>09.30.2019</u>
<b>Controlling company</b>		
<u>Other net income and expenses</u>		
Gasinvest S.A.	<u>757</u>	<u>728</u>
<u>Total other net income and expenses</u>	<u>757</u>	<u>728</u>
<b>Affiliated companies</b>		
<u>Revenues</u>		
Comgas Andina S.A.	7,478	7,192
Companhia Operadora do Rio Grande do Sul	<u>1,148</u>	<u>1,409</u>
<u>Total revenues</u>	<u>8,626</u>	<u>8,601</u>
<u>Recovery of expenses</u>		
Comgas Andina S.A.	1,546	727
Companhia Operadora do Rio Grande do Sul	<u>-</u>	<u>189</u>
<u>Total recovery of expenses</u>	<u>1,546</u>	<u>916</u>
<b>Other related parties</b>		
<u>Revenues</u>		
Litoral Gas S.A.	1,981,482	2,533,011
Ternium Argentina S.A.	291,642	360,049
Compañía General de Combustibles S.A.	16,049	237,210
Siderca S.A.	177,639	3,284
Transportadora de Gas del Mercosur S.A.	41,098	53,469
Tecpetrol S.A.	58,834	12,275
Gasoducto Gasandes Argentina S.A.	<u>16,742</u>	<u>26,336</u>
<u>Total revenues</u>	<u>2,583,486</u>	<u>3,225,634</u>



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

18 – RELATED PARTIES (Cont.)

Transactions with related parties are as follows (Cont.):

**Other related parties (Cont.)**

	<u>09.30.2020</u>	<u>09.30.2019</u>
<u>Recovery of expenses</u>		
Gasinvest S.A.	1,116	1,466
Transportadora de Gas del Mercosur S.A.	<u>5,266</u>	<u>5,641</u>
<u>Total recovery of expenses</u>	6,382	7,107
 <u>Acquisition of materials and property, plant and equipment</u>		
Siat S.A.	<u>(52,055)</u>	<u>(147,116)</u>
<u>Total acquisition of materials and property, plant and equipment</u>	(52,055)	(147,116)
 <b>Key Management Personnel</b>		
Board of Directors' fees	(27,718)	(26,305)
Supervisory Committee's fees	(6,090)	(6,968)



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)**

**18 – RELATED PARTIES (Cont.)**

Balances with related parties are as follows:

	<u>09.30.2020</u>	<u>12.31.2019</u>
<b>Trade accounts receivable</b>		
<u>Other related parties</u>		
Transportadora de Gas del Mercosur S.A.	5,132	8,596
Litoral Gas S.A.	314,003	461,924
Ternium Argentina S.A.	36,489	32,391
Siderca S.A.	22,095	20,765
Tecpetrol S.A.	6,716	23,784
Compañía General de Combustibles S.A.	-	8,508
Gasoducto Gasandes Argentina S.A.	1,219	874
<u>Total trade accounts receivable - other related parties</u>	<u>385,654</u>	<u>556,842</u>
<u>Accounts receivable – affiliated companies</u>		
Comgas Andina S.A.	1,868	812
Companhia Operadora do Rio Grande do Sul	2,072	706
<u>Total accounts receivable –affiliated companies</u>	<u>3,940</u>	<u>1,518</u>
<b>Other accounts receivable</b>		
<u>Assistance fee – controlling company</u>		
Gasinvest S.A.	319	309
<u>Total assistance fee – controlling company</u>	<u>319</u>	<u>309</u>
<u>Other accounts receivable – affiliated companies</u>		
Comgas Andina S.A.	-	780
Companhia Operadora do Rio Grande do Sul	1,403	1,820
<u>Total other accounts receivable – affiliated companies</u>	<u>1,403</u>	<u>2,600</u>
<u>Other accounts receivable – related parties</u>		
Gasoducto Gasandes Argentina S.A.	43	-
Litoral Gas S.A.	118	-
Siat S.A.	12,958	-
<u>Total other accounts receivable – related parties</u>	<u>13,119</u>	<u>-</u>
<u>Other accounts receivable - Key Management Personnel</u>		
Board of Directors and Supervisory Committee's fees paid in advance	26,425	37,248
<u>Total other accounts receivable - Key Management Personnel</u>	<u>26,425</u>	<u>37,248</u>



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

18 – RELATED PARTIES (Cont.)

Balances with related parties are as follows:

	<u>09.30.2020</u>	<u>12.31.2019</u>
<b>Other debts</b>		
<u>Other debts - Key Management Personnel</u>		
Provision for Directors and Supervisory Committee's fees	(26,444)	(37,298)
<u>Total other debts Key Management Personnel</u>	<u>(26,444)</u>	<u>(37,298)</u>



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

19 – SUBSEQUENT EVENTS

As of the date of issuance of these interim condensed financial statements, the US dollar exchange rate published by Banco de la Nación Argentina amounts to 79.03 pesos per US dollar. See Note 3.1 to these interim condensed financial statements, where the impact on the Company's equity is described.

On October 19, the Company entered into a loan agreement with Itaú Unibanco S.A. Nassau Branch on the following terms and conditions: Amount: US\$ 55,000,000; Term: twenty-four months; Amortization: 100% when due; Interest: semiannually; Rate: 1.75% p/a; Prepayment: in whole or in part at any time with no cost or penalty; Guarantee: first lien on the amount of US\$ 56,500,000. The loan proceeds were applied to pay the fourth and last installment of the outstanding principal on the syndicated loan taken by TGN in October 2017, the terms and conditions of which are described in Note 16.1 to the Company's financial statements as of December 31, 2019.

No events or circumstances have occurred subsequent to September 30, 2020 which impact or may significantly impact on the Company's financial or economic position as of that date other than those made available to the public and disclosed in these interim condensed financial statements.

Juan José Valdez Follino  
Regular Statutory Auditor

Emilio Daneri Conte-Grand  
President



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## OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

As required by the National Securities Commission (“CNV”), an overview of Transportadora de Gas del Norte S.A. (“TGN” or the “Company”) revenues, financial position, certain economic-financial indicators and business prospects, that must be read in conjunction with the Company’s Interim Condensed Financial Statements for the nine-month period ended September 30, 2020, accompanying additional information to the Notes required under Title IV, Chapter III, Section 12 of CNV’s regulations and relevant facts timely informed to the CNV.

### D) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

*Comprehensive income for the period:*

(in million pesos)

	Nine-month period ended 09.30.		
	2020	2019	Variation
<b>Revenues</b>			
Gas transportation service	12,714.5	16,182.3	(3,467.8)
Gas pipeline operation & maintenance and other services	648.9	554.6	94.3
<b>Total revenues</b>	<b>13,363.4</b>	<b>16,736.9</b>	<b>(3,373.5)</b>
<b>Cost of service</b>			
Operation and maintenance costs	(2,935.0)	(3,446.6)	511.6
Property, plant and equipment depreciation	(4,760.6)	(5,677.9)	917.3
<b>Subtotal</b>	<b>(7,695.6)</b>	<b>(9,124.5)</b>	<b>1,428.9</b>
<b>Gross profit</b>	<b>5,667.8</b>	<b>7,612.4</b>	<b>(1,944.6)</b>
Administrative and selling expenses	(1,989.3)	(1,880.7)	(108.6)
<b>Income before other net income and expenses</b>	<b>3,678.5</b>	<b>5,731.7</b>	<b>(2,053.2)</b>
Other net income and expenses	167.1	(118.5)	285.6
<b>Income before financial income</b>	<b>3,845.6</b>	<b>5,613.2</b>	<b>(1,767.6)</b>
Net financial income	(151.4)	322.1	(473.5)
Income from investments in affiliated companies	17.6	21.2	(3.6)
<b>Income before income tax</b>	<b>3,711.8</b>	<b>5,956.5</b>	<b>(2,244.7)</b>
Income tax	(866.1)	(2,216.4)	1,350.3
<b>Income for the period</b>	<b>2,845.7</b>	<b>3,740.1</b>	<b>(894.4)</b>
Currency conversion of affiliated companies’ financial statements	4.2	3.7	0.5
Property, plant and equipment revaluation allowance	(1,288.4)	(1,241.9)	(46.5)
<b>Other comprehensive income for the period</b>	<b>(1,284.2)</b>	<b>(1,238.2)</b>	<b>(46.0)</b>
<b>Comprehensive income for the period</b>	<b>1,561.5</b>	<b>2,501.9</b>	<b>(940.4)</b>
<b>EBITDA <sup>(1)</sup></b>	<b>8,631.5</b>	<b>11,493.3</b>	<b>(2,861.8)</b>

(1) Earnings before income tax, financial income, property, plant and equipment depreciation and charges on consumable assets that do not involve cash outflows.



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## OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

### D) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)

	<i>(in million pesos)</i>	
	<i>09.30.2020</i>	<i>12.31.2019</i>
<i>Total assets</i>	<i>73,765</i>	<i>76,600</i>
<i>Total liabilities</i>	<i>19,700</i>	<i>24,096</i>
<i>Shareholders' equity</i>	<i>54,065</i>	<i>52,504</i>

The following paragraphs describe the reasons for main variations in TGN's comprehensive income and cash flows, and disclose some economic-financial indicators in connection with the Company's equity.

#### *Revenues*

The decrease in inflation adjusted revenues amounting to \$ 3,373.5 million between the nine-month periods ended September 30, 2020 and 2019 is due to:

- i.* \$ 601 million increase in revenues, as a result of an increase in export transportation and higher domestic "interruptible" transportation volumes;
- ii.* \$ 4,068.8 million decrease in revenues, as a result of the suspension of rate adjustments in an accelerated inflationary context. See Notes 1.2 and 1.3.3 to the Company's interim condensed financial statements for the nine-month period ended September 30, 2020; and
- iii.* \$ 94.3 million increase, net of inflation, in "*Gas pipeline operation and maintenance and other services*".

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## OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

### I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)

#### Cost of service

Account	(in million Pesos)		
	Nine-month period ended 09.30.		
	2020	2019	Variation
<i>Fees for professional services</i>	64.0	74.4	(10.4)
<i>Salaries, wages and other personnel benefits and social security contributions</i>	1,098.7	1,152.1	(53.4)
<i>Materials and spare parts</i>	291.5	524.7	(233.2)
<i>Maintenance and repair of property, plant and equipment and third-party services and supplies</i>	1,133.7	1,400.0	(266.3)
<i>Post, telecommunications, transportation, freight and travel expenses</i>	95.4	169.1	(73.7)
<i>Insurance</i>	135.6	92.1	43.5
<i>Rentals and office supplies</i>	37.5	43.5	(6.0)
<i>Easements</i>	29.4	41.2	(11.8)
<i>Taxes, rates and contributions</i>	3.4	4.8	(1.4)
<i>Property, plant and equipment depreciation</i>	4,760.6	5,677.9	(917.3)
<i>Slow-moving and obsolete materials and spare parts</i>	33.4	(89.0)	122.4
<i>Other</i>	12.4	33.7	(21.3)
<b>Total</b>	<b>7,695.6</b>	<b>9,124.5</b>	<b>(1,428.9)</b>
<b>% of Cost of service on revenues</b>	<b>57.6%</b>	<b>54.5%</b>	

Accounts recording the most significant variations between both periods are as follows:

- i. \$ 7.5 million decrease in *Materials and spare parts* (which adjusted for inflation amounts to \$ 233.2 million). Said variation is mainly due to higher costs in consumables (\$ 11.6 million), compression integrity related projects (\$ 3.1 million), main pipeline integrity related projects (\$ 10.8 million) offset with safety integrity projects (\$ 8.3 million) and higher costs during 2019 in cathodic protection (\$ 9.2 million), changes in pipeline layout (\$ 12.9 million) and communication projects (\$ 4.8 million);
- ii. \$ 152.2 million increase in *Maintenance and repair of property, plant and equipment and third-party services and supplies* (which adjusted for inflation amounts to a \$ 266.3 million decrease). Said variation is mainly due to higher costs associated with cleaning and dismantling of facilities (\$ 24.2 million), outsourced maintenance services (\$ 12.1 million), pipe replacements (\$ 61.7 million), anti-corrosion protection (\$ 63.4 million), pipeline inspection (\$ 99.3 million), integrity at meter and regulating stations (\$ 14 million), security and surveillance (\$ 30.3 million) and turbo-compressors (\$ 87.7 million), offset with lower costs in cathodic protection (\$ 31.1 million), pipe repairs (\$ 33.8 million), special crossing projects (\$ 65.9 million), backfill and safety strip projects (\$ 51.4 million), integrity of ancillary facilities (\$ 15.5 million), compression integrity at compressor plants (\$ 18.8 million), communication projects (\$ 7.5 million) and minor works (\$ 23.1 million);
- iii. \$102.6 million decrease in *Property, plant and equipment depreciation* (which adjusted for inflation amounts to \$ 917.3 million). Said variation is due to the lower “*Property, plant and equipment*” depreciation during the current period, as a result of the impairment recorded as of December 31, 2019; and
- iv. \$ 20.3 million increase in *Slow-moving and obsolete materials and spare parts* (which adjusted for inflation amounts to \$ 122.4 million). Said variation is mainly due to the higher allowance in respect of said account during this period.



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OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

D) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)

*Administrative and selling expenses*

<i>Accounts</i>	<i>(in million pesos)</i>		
	<i>Nine-month period ended 09.30.</i>		
	<i>2020</i>	<i>2019</i>	<i>Variation</i>
<i>Salaries, wages and other personnel benefits and social security contributions</i>	467.9	480.7	(12.8)
<i>Property, plant and equipment depreciation</i>	192.4	83.7	108.7
<i>Fees for professional services</i>	70.3	102.3	(32.0)
<i>Taxes, rates and contributions</i>	906.5	986.6	(80.1)
<i>Post, telecommunications, transportation, freight and travel expenses</i>	16.9	27.9	(11.0)
<i>Maintenance and repair of property, plant and equipment and third-party services and supplies</i>	28.6	38.6	(10.0)
<i>Rentals and office supplies</i>	27.9	36.2	(8.3)
<i>Doubtful accounts</i>	207.0	32.2	174.8
<i>Lawsuits</i>	7.5	33.4	(25.9)
<i>Supervisory Committee's fees</i>	6.1	7.0	(0.9)
<i>Board of Directors' fees</i>	21.7	26.3	(4.6)
<i>Materials and spare parts</i>	18.4	4.3	14.1
<i>Insurance</i>	7.5	9.1	(1.6)
<i>Other</i>	10.6	12.4	(1.8)
<b><i>Total</i></b>	<b>1,989.3</b>	<b>1,880.7</b>	<b>108.6</b>
<b><i>% of Administrative and Selling expenses on revenues</i></b>	<b>14.9%</b>	<b>11.2%</b>	

Accounts recording the most relevant variations between both periods are as follows:

- i. \$ 208.2 million increase in *Taxes, rates and contributions* (which adjusted for inflation amounts to a \$ 80.1 million decrease). Said variation is mainly due to higher costs associated with tax on bank transactions (\$ 64.5 million), verification and control fee (\$ 99.7 million) and turnover tax (\$ 48 million);
- ii. \$ 166.9 million increase in *Doubtful accounts* (which adjusted for inflation amounts to \$ 174.8 million). Said variation is due to higher allowances set up during the current period to cover balances owed by delinquent debtors.

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## OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

### D) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)

#### Net financial income

Accounts	(in million pesos)		
	Nine-month period ended 09.30.		
	2020	2019	Variation
<b>Other net financial income:</b>			
Exchange rate gain	1,276.4	9.5	1,266.9
Loss (income) due to changes in fair values	331.8	(159.6)	491.4
Loss from derivative financial instruments	(69.4)	1,023.2	(1,092.6)
Other	21.1	6.9	14.2
<b>Total other net financial (loss) income</b>	<b>1,559.9</b>	<b>880.0</b>	<b>679.9</b>
<b>Financial income:</b>			
Interest	74.4	199.4	(125.0)
<b>Total financial income</b>	<b>74.4</b>	<b>199.4</b>	<b>(125.0)</b>
<b>Financial costs:</b>			
Interest	(896.2)	(816.0)	(80.2)
Interest compounded on Property, plant and equipment	77.4	491.4	(414.0)
Banking, financial and other fees, expenses and taxes	(58.1)	(14.9)	(43.2)
<b>Total financial costs</b>	<b>(876.9)</b>	<b>(339.5)</b>	<b>(537.4)</b>
<b>Loss (gain) on monetary position</b>	<b>(908.8)</b>	<b>(417.8)</b>	<b>(491.0)</b>
<b>Total net financial (loss) income</b>	<b>(151.4)</b>	<b>322.1</b>	<b>(473.5)</b>

Net financial income for the nine-month period ended September 30, 2020 showed a higher gain of \$ 185.4 million (which adjusted for inflation amounts to a lower gain of \$ 473.5 million), as compared to the nine-month period ended September 30, 2019. Accounts with the most relevant variations between both periods were:

- i. a higher gain of \$ 1,184.8 million (which adjusted for inflation amounts to \$ 1,266.9 million), on account of net exchange rate differences on US dollar denominated assets and liabilities;
- ii. a lower gain of \$ 397.9 million (which adjusted for inflation amounts to \$ 205.2 million), associated with interest accrued during the period;
- iii. a higher gain of \$ 432.2 million (which adjusted for inflation amounts to \$ 491.4 million), due to changes in fair values accrued during the period;
- iv. a lower gain of \$ 271.7 million (which adjusted for inflation amounts to \$ 414 million), in compound interest in connection with works, the duration of which exceeds one year. The effective monthly compound rate used was 0.72%;
- v. a lower gain of \$ 736.1 million (which adjusted for inflation amounts to \$ 1,092.6 million), as a result of transactions with derivative instruments;
- vi. a higher loss of \$ 42.5 million (which adjusted for inflation amounts to \$ 43.2 million), mainly due to the increase in the tax on personal assets (\$ 31.6 million); and
- vii. a lower gain of \$ 491 million in monetary position due to the greater number of monetary assets exposed to inflation held in the current period as compared to the same period in 2019.



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OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)

*Income tax*

Income tax for the nine-month period ended September 30, 2020 reported a lower charge of \$ 1,350.3 million as compared to the same period in previous year. Said variation is the result of a lower current tax charge of \$ 775.2 million, due to a lower taxable income in the period ended September 30, 2020, partially offset with a lower deferred income tax gain of \$ 575.1 million.

*Other income and expenses*

During the nine-month periods ended September 30 2020 and 2019, the Company has recognized gains for \$ 167.1 million and losses for \$ 118.5 million, respectively. The higher income of \$ 285.6 million is mainly due to:

- i. \$ 112.1 million expense recorded in the previous period as a result of adjusting the liability with AES Argentina Generación S.A. based on the “access and use charge”, under the compromise and settlement agreement entered into in 2012;
- ii. \$ 163.5 million on account of insurance proceeds in this period; and
- iii. \$ 25.2 million on account of donations made under the Coronavirus pandemic (“Covid-19”) in this period.

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**OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019**

**D) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)**

*Summary of statement of cash flows*

	<i>(in million pesos)</i>	
	<b>Nine-month period ended 09.30.</b>	
	<b>2020</b>	<b>2019</b>
<i>Cash generated by operating activities</i>	6,055.9	6,521.1
<i>Income tax</i>	866.1	2,216.4
<i>Interest accrued on liabilities</i>	896.2	816.0
<b>Net cash flow generated by operating activities</b>	<b>7,818.2</b>	<b>9,553.5</b>
<i>Acquisition of property, plant and equipment</i>	(1,611.1)	(2,861.4)
<i>Subscriptions, net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)</i>	1,668.3	562.2
<i>Principal and interest received from investments at amortized cost and investments at fair value</i>	10.5	20.5
<b>Net cash flow (used in) generated by investing activities</b>	<b>67.7</b>	<b>(2,278.7)</b>
<i>Taking of local loans in pesos</i>	6,847.4	-
<i>Issue of Notes</i>	1,542.5	-
<i>Payment of principal and interest on Syndicated Loan</i>	(4,275.4)	(4,438.0)
<i>Payment of principal and interest on local loans in pesos</i>	(6,209.5)	-
<i>Payment of dividends in cash</i>	-	(3,870.1)
<i>Lease payment</i>	(9.7)	(7.2)
<b>Net cash flow (used in) financing activities</b>	<b>(2,104.7)</b>	<b>(8,315.3)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,781.2</b>	<b>(1,040.5)</b>
<b>Cash and cash equivalents at the beginning of fiscal year</b>	<b>2,597.1</b>	<b>4,405.9</b>
<b>Financial income generated by cash</b>	<b>(2,583.4)</b>	<b>(169.5)</b>
<b>Cash and cash equivalents at the end of period</b>	<b>5,794.9</b>	<b>3,195.9</b>

*Breakdown of cash and cash equivalents*

<i>Accounts</i>	<i>(in million pesos)</i>	
	<b>Nine-month period ended 09.30.</b>	
	<b>2020</b>	<b>2019</b>
<i>Cash and banks<sup>1)</sup></i>	449.0	102.0
<i>Term deposits in \$</i>	610.6	-
<i>Term deposits in US\$</i>	231.0	430.5
<i>Mutual funds in \$</i>	1,850.2	262.4
<i>Mutual funds in US\$</i>	1,985.6	2,401.0
<i>Surety bonds in \$</i>	668.5	-
<b>Cash and cash equivalents at the end of period</b>	<b>5,794.9</b>	<b>3,195.9</b>



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OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

II) COMPARATIVE BALANCE SHEETS AS OF SEPTEMBER 30, 2020 and 2019

<i>Items</i>	<i>(in million pesos)</i>	
	<i>As of 09.30.</i>	
	<i>2020</i>	<i>2019</i>
<i>Non-current assets</i>	62,802	70,114
<i>Current assets</i>	10,963	13,190
<b><i>Total</i></b>	<b>73,765</b>	<b>83,304</b>
<i>Shareholders' equity</i>	54,065	53,332
<i>Non-current liabilities</i>	11,772	16,361
<i>Current liabilities</i>	7,928	13,611
<i>Subtotal liabilities</i>	19,700	29,972
<b><i>Total</i></b>	<b>73,765</b>	<b>83,304</b>

III) COMPARATIVE COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 and 2019

<i>Items</i>	<i>(in million pesos)</i>	
	<i>As of 09.30.</i>	
	<i>2020</i>	<i>2019</i>
<b><i>Income before other net income and expenses</i></b>	<b>3,678.5</b>	<b>5,731.7</b>
<i>Other net income and expenses</i>	167.1	(118.5)
<b><i>Income before financial income</i></b>	<b>3,845.6</b>	<b>5,613.2</b>
<i>Net financial income</i>	(151.4)	322.1
<i>Income from investments in affiliated companies</i>	17.6	21.2
<b><i>Income before income tax</i></b>	<b>3,711.8</b>	<b>5,956.5</b>
<i>Income tax</i>	(866.1)	(2,216.4)
<b><i>Income for the period</i></b>	<b>2,845.7</b>	<b>3,740.1</b>
<i>Other comprehensive income for the period</i>	(1,284.2)	(1,238.2)
<b><i>Comprehensive income for the period</i></b>	<b>1,561.5</b>	<b>2,501.9</b>

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OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

IV) COMPARATIVE STATISTICAL DATA FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 and, 2019

*Dispatched volumes in million m3:*

	<i>By type of transportation</i>	
	<i>As of 09.30.</i>	
	<i>2020</i>	<i>2019</i>
<i>Firm</i>	9,672	10,759
<i>Interruptible &amp; exchange and displacement</i>	8,481	8,475
<b><i>Total</i></b>	<b>18,153</b>	<b>19,234</b>

	<i>By source</i>	
	<i>As of 09.30.</i>	
	<i>2020</i>	<i>2019</i>
<i>Northern Pipeline</i>	6,686	6,719
<i>Central West Pipeline</i>	7,542	8,350
<i>Final sections</i>	3,925	4,165
<b><i>Total</i></b>	<b>18,153</b>	<b>19,234</b>

	<i>By destination</i>	
	<i>As of 09.30.</i>	
	<i>2020</i>	<i>2019</i>
<i>Domestic market</i>	17,367	18,383
<i>Export market</i>	786	851
<b><i>Total</i></b>	<b>18,153</b>	<b>19,234</b>

V) COMPARATIVE RATIOS AS OF SEPTEMBER 30, 2020 and 2019

	<i>As of 09.30.</i>	
	<i>2020</i>	<i>2019</i>
<i>Liquidity (1)</i>	1.3828	0.9691
<i>Solvency (2)</i>	2.7444	1.7794
<i>Equity Immobility (3)</i>	0.8514	0.8417

- (1) Current assets / current liabilities
- (2) Equity / total liabilities
- (3) Non-current assets / total assets



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## OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

### VI) BUSINESS PROSPECTS FOR CURRENT FISCAL YEAR *(not covered by the Independent Accountants' Report)*

This section about the Company's business, operating, financial and regulatory prospects should be read, analyzed and interpreted in conjunction with the notes to the interim condensed financial statements as of September 30, 2020, and the additional information required under Title IV, Chapter III, Section 12 of the National Securities Commission regulations as of September 30, 2020, in order to have a full picture of corporate matters.

Rate increases implemented since 2016 have allowed the Company to cover its operating and maintenance expenses, execute certain works, meet its financial liabilities when due, and distribute dividends in April 2018 and April 2019, as a result of profits derived during fiscal years ended December 31, 2017 and December 31, 2018. In order to maintain transportation rates updated over time and thus be able to meet gas pipeline operation and maintenance requirements, the Comprehensive Rate Review ("CRR") conducted by the National Gas Regulatory Entity ("ENARGAS") introduced non-automatic semiannual transportation rate adjustments, between five-year rate reviews, due to changes experienced in the cost of service, in order to maintain the economic-financial balance and quality of the service.

As part of the semiannual adjustment applicable as from October 1, 2018, ENARGAS resolved to apply the simple average of the Domestic Wholesale Price Index – General Level ("IPIM") published by the National Institute of Statistics and Census ("INDEC"), the Construction Cost Index (February 2018 - August 2018), and the Labor Cost Index (December 2017 - June 2018), which resulted in an increase (19.7%) lower than would have otherwise resulted by applying the IPIM (30.7%). As of the date hereof, the Company has been unable to confirm whether the ENARGAS has reasonably analyzed and concluded that the polynomial formula applied for said semiannual adjustment actually maintains the economic-financial sustainability and quality of the service rendered by TGN, as required under item 7.1 of the License Comprehensive Agreement. Assuming that the regulator intended to soften the rate impact on consumers through a price control, the Company requested ENARGAS to discuss the terms of an equivalent compensation (including a review of the scope of the mandatory investment plan ("MIP")), as established in item 9.8 of the Basic Rules of the License.

In March 2019 ENARGAS published the transportation rate tables applied by the Company during "April 2019 – September 2019" period. This time, ENARGAS resumed the IPIM adjustment, applying the variation recorded by this index between August 31, 2018 and February 28, 2019, which resulted in an average 26% increase. ENARGAS also established a new rate zone called "Greater Buenos Aires – Greater Buenos Aires", and further, that the "Neuquén – Neuquén" zone rate be applied to said newly created zone until the next five-year rate review.

In April 2019, the national government announced that after the coming into effect of the rate tables applicable as from April 1, 2019, the natural gas utility rates would remain unchanged until the end of said year.

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## OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

### VI) BUSINESS PROSPECTS FOR THE CURRENT FISCAL YEAR (not covered by the Independent Accountants' Report) (Cont.)

In September 2019, the Energy Secretariat passed Resolution 521/2019 (amended by Resolution 751/2019) deferring the semiannual rate adjustment that should have been applied effective October 1, 2019, until February 1, 2020, and further established that licensees would be compensated with the MIP review to the extent of the lower revenues derived from said measure. Consequently, between October and December 2019 the Company submitted proposals /to ENARGAS for adjusting the MIP for an amount of \$ 459.2 million (at December 2016 currency).

However, upon enactment of the Social Solidarity and Productive Reactivation under the Public Emergency Framework Law No. 27,541, the new administration that took power in December 2019 announced its intention to suspend rate adjustments for natural gas and electricity transportation and distribution utility services under federal jurisdiction for 180 days, to start renegotiating the CRR in place since 2017, or embark on a rate review of an exceptional nature. On June 18, 2020, the National Executive Branch enacted Decree 543/20 extending once again the rate freeze established under the Solidarity Law for another 180 running days.

Additionally, the outbreak of the pandemic associated with Covid-19 in March 2020, has brought about significant consequences at global level. Most countries around the world have imposed a number of requirements never seen before. Several of the sanitary restrictions adopted have had, to a greater or lesser extent, an almost immediate impact on the economies which saw a rapid drop in their production and activity indicators. In response to this situation, most governments have implemented aid packages designed to support part of the population income and reduce the risk of disruption in the payment chain, by avoiding financial and economic crises, as well as corporate bankruptcies. Argentina was no exception. The government took action shortly after the pandemic was declared. The Argentine economy was already under a scenario of recession, volatility and uncertainty and the outbreak of the pandemic in March 2020 only made matters worse. The level of activity in the country is expected to drop by 2020 year end.

Argentina's main macroeconomic indicators are:

- The year-on-year drop in the Gross Domestic Product for 2020 is estimated at 12%.
- Cumulative inflation between January 1, 2020 and September 30, 2020 reached 21% as shown by the Consumer Price Index published by the National Institute of Statistics and Census.
- From January 1 to September 30, 2020, the peso depreciated 21% versus the US dollar, as shown by the exchange rate published by Banco de la Nación Argentina.
- The monetary authority imposed greater exchange restrictions which have also affected the value of the US dollar on existing alternative markets for certain exchange transactions that are restricted on the official market.

These measures, aimed at restricting access to the exchange market and therefore the demand for US dollars, require the previous authorization of the Central Bank of Argentina for certain transactions. These exchange restrictions, or any other as may be imposed in the future, may affect the Company's capacity to access the Free Foreign Exchange Market to acquire the foreign currency necessary to face its commercial and financial obligations.





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OVERVIEW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

VI) BUSINESS PROSPECTS FOR THE CURRENT FISCAL YEAR *(not covered by the Independent Accountants' Report)* (Cont.)

As of the date of issue of these interim condensed financial statements the context continues to be uncertain and volatile.

The Company's Management permanently monitors how relevant events evolve in order to determine possible actions to be adopted and identify eventual impacts on its equity and financial position.

City of Buenos Aires, November 5, 2020

Emilio Daneri Conte-Grand  
President



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**ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020 (in thousand pesos, except as otherwise expressly stated).**

**i. General matters related to the Company's activities:**

**1. Legislation and regulations applicable to the Company and potential contingencies:**

Act No. 24,076 and its regulations, the Bidding Terms and Conditions for the privatization of Gas del Estado S.E. ("GdE"), the Transfer Agreement, the License and the resolutions adopted by the National Gas Regulatory Entity ("ENARGAS") establish the legal framework pursuant to which Transportadora de Gas del Norte S.A. ("TGN" or the "Company") carries out its business. The License, granted for an original term of 35 years, with an option for a ten-year extension, may be revoked by the National Executive Branch upon ENARGAS' recommendation in case the Company fails to comply with the duties thereunder expressly established. If the License is revoked, the Company may be forced to cease operating the assets received from GdE and transfer them to the National Government or any designee thereof. Note 1 to the Company's interim condensed financial statements as of September 30, 2020 describes the Company's legal and regulatory matters.

**2. Major changes in the Company's business activities or other similar circumstances that took place during the periods covered by the interim condensed financial statements which affect or could affect the ability to compare them with those submitted in previous or future periods:**

See Notes 1.2; 1.3.3; 1.4; 10 and 11 to the Company's interim condensed financial statements for the nine-month period ended September 30, 2020.

**3. Classification of receivables and payables based on aging and due dates:**

	09.30.2020		
	Receivables <sup>(1)</sup>	Loans and Notes <sup>(2)</sup>	Other Payables <sup>(3)</sup>
Past due			
From 10.01.2009 to 09.30.2010	6,269,633	-	-
From 10.01.2010 to 09.30.2011	2,245,313	-	-
From 10.01.2011 to 09.30.2012	1,621,762	-	-
From 10.01.2012 to 09.30.2013	1,627,955	-	-
From 10.01.2013 to 09.30.2014	1,634,485	-	-
From 10.01.2014 to 09.30.2015	998,377	-	-
From 10.01.2015 to 09.30.2016	46,804	-	-
From 10.01.2016 to 09.30.2017	15,110	-	-
From 10.01.2017 to 09.30.2018	237,068	-	-
From 10.01.2018 to 09.30.2019	92,372	-	-
From 10.01.2019 to 12.31.2019	91,159	-	-
From 01.01.2020 to 03.31.2020	74,626	-	7,644
From 04.01.2020 to 06.30.2020	27,196	-	7,495
From 07.01.2020 to 09.30.2020	793,633	-	96,000

(1) Includes trade accounts receivable and other accounts receivable, at face value, and excludes allowances.

(2) Recorded at present value.

(3) Includes all non-financial liabilities, excluding contingencies and deferred tax liabilities.



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**ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020 (in thousand pesos, except as otherwise expressly stated).**

	09.30.2020		
	Receivables <sup>(1)</sup>	Loans and Notes <sup>(2)</sup>	Other payables <sup>(3)</sup>
Without due date	240,853	-	1,394,029
To become due			
12.31.2020	1,499,387	4,380,405	513,222
03.31.2021	-	136,364	9,544
06.30.2021	-	386,364	9,544
09.30.2021	-	886,364	9,544
09.30.2022	-	1,561,423	38,177
09.30.2023	-	-	38,177
09.30.2024	-	-	38,177
09.30.2025	-	-	38,177
09.30.2026	-	-	38,177
09.30.2027	-	-	38,177
09.30.2028	-	-	12,726
<b>Total as of 09.30.2020</b>	<b>17,515,733</b>	<b>7,350,920</b>	<b>2,288,810</b>

**4. Classification of receivables and payables based on their financial effects:**

	09.30.2020		
	Receivables <sup>(1)</sup>	Loans and Notes <sup>(2)</sup>	Other payables <sup>(3)</sup>
In local currency	2,816,801	3,070,048	2,104,686
In foreign currency	14,698,932	4,280,872	184,124
In kind	-	-	-
<b>Total as of 09.30.2020</b>	<b>17,515,733</b>	<b>7,350,920</b>	<b>2,288,810</b>
Balances subject to adjustment clause	-	-	-
Balances not subject to adjustment clause	17,515,733	7,350,920	2,288,810
<b>Total as of 09.30.2020</b>	<b>17,515,733</b>	<b>7,350,920</b>	<b>2,288,810</b>
Interest bearing balances	1,442	7,189,901	86,106
Non-interest-bearing balances	17,514,291	161,019	2,202,704
<b>Total as of 09.30.2020</b>	<b>17,515,733</b>	<b>7,350,920</b>	<b>2,288,810</b>

(1) Includes trade accounts receivable, and other accounts receivable at face value, and excludes allowances.

(2) Recorded at present value.

(3) Includes all non-financial liabilities, excluding contingencies and deferred tax liabilities.

**5. Interest Percentage and votes in Affiliated Companies – Argentine General Company Law, Section 33:**

See Note 6 to the Company's interim condensed financial statements as of September 30, 2020.



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**ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020 (in thousand pesos, except as otherwise expressly stated).**

**5.1. Debit and/or Credit balances by company, based on their financial effects:**

	Comgas Andina S.A.		Companhia Operadora do Rio Grande do Sul	
	Receivables	Other payables	Receivables	Other payables
Without due date	-	-	1,341	-
Past due:				
From 07.01.2020 to 09.30.2020	-	-	1,936	-
To become due:				
From 10.01.2020 to 12.31.2020	1,868	-	198	-
<b>Total as of 09.30.2020</b>	<b>1,868</b>	<b>-</b>	<b>3,475</b>	<b>-</b>
In local currency	-	-	-	-
In foreign currency	1,868	-	3,475	-
In kind	-	-	-	-
<b>Total as of 09.30.2020</b>	<b>1,868</b>	<b>-</b>	<b>3,475</b>	<b>-</b>
Balances subject to adjustment clause	-	-	-	-
Balances not subject to adjustment clause	1,868	-	3,475	-
<b>Total as of 09.30.2020</b>	<b>1,868</b>	<b>-</b>	<b>3,475</b>	<b>-</b>
Interest bearing balances	-	-	-	-
Non-interest-bearing balances	1,868	-	3,475	-
<b>Total as of 09.30.2020</b>	<b>1,868</b>	<b>-</b>	<b>3,475</b>	<b>-</b>

**6. Trade receivables or loans with Directors, Statutory Auditors and their second-degree relatives:**

None.

**ii. Physical count of inventories:**

**7. Frequency and scope of physical count of inventories.**

The physical count of all (100%) materials and spare parts is performed on an annual basis. Slow-moving and obsolete materials and spare parts amount to \$ 627.7 million and are totally covered by an allowance.



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**ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020 (in thousand pesos, except as otherwise expressly stated).**

**iii. Current values:**

**8. Source of data used to calculate the current values used to measure inventories, fixed assets and other significant assets.**

The only assets the Company appraises using current values are disclosed under “Investments at fair value”. (See Note 7 to the Company’s interim condensed financial statements as of September 30, 2020.)

**9. Technically appraised Fixed Assets:**

See Note 2.6 to the Company’s Financial Statements as of December 31, 2019 and Note 2.2 to the Company’s Interim Condensed Financial Statements as of September 30, 2020.

**10. Value of Obsolete Fixed Assets:**

None.

**iv. Equity Investments in Other Companies:**

**11. Equity investments in other companies exceeding the provisions of Section 31 of the Argentine General Company Law:**

None.

**v. Recoverable Values:**

**12. The criteria followed to determine the recoverable value of the Company’s assets are:**

-Materials and spare parts & Property, plant and equipment: the recoverable value of said assets was determined based on their economic use – Notes 2.6 and 2.8 to the Company’s Financial Statements as of December 31, 2019 and Note 2.2 to the Company’s Interim Condensed Financial Statements as of September 30, 2020.



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**ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020 (in thousand pesos, except as otherwise expressly stated).**

**vi. Insurance:**

**13. Insurance covering the Company's tangible assets are as follows:**

Property Insured	Risks covered	Insured amount in thousands	Book value in thousand \$
<ul style="list-style-type: none"> <li>Personal and real property allocated to the provision of service</li> </ul>	Operational all risk and loss of profit.  Third party Liability  Terrorism.	US\$ 90,000  US\$ 220,000  US\$ 35,000	51,055,884
<ul style="list-style-type: none"> <li>Machinery.</li> </ul>	Machinery breakdown.	US\$ 12,000	2,205,473
<ul style="list-style-type: none"> <li>Vehicles:               <ul style="list-style-type: none"> <li>- Management fleet.</li> </ul> </li> <li>- Operational fleet (cars and y pickups).</li> <li>- Trucks and trailers.</li> </ul>	Limited liability.  Total loss for car accident.  Total or partial loss due to fire, robbery or theft.  Limited liability.  Limited liability	\$ 10,000  \$ 45,414  \$ 10,000  \$ 22,000	4,192  152,623
<ul style="list-style-type: none"> <li>Personal property at Head Office and IT equipment.</li> </ul>	Fire. Theft.	US\$ 9,500 US\$ 10	353,190
<ul style="list-style-type: none"> <li>Works in progress.</li> </ul>	All risk, construction and assembly	US\$ 61,703	3,263,785



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**ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020 (in thousand pesos, except as otherwise expressly stated).**

**vii. Positive and negative contingencies:**

**14. Balance of Allowances and Provisions, which jointly or individually exceed 2% of equity:**

The allowances and provisions deducted from assets and included under liabilities amount to \$ 9,214,950.

**15. Contingencies with an impact on equity likely to occur, which have not been reported in these Interim Condensed Financial Statements:**

None.

**viii. Irrevocable advances toward future subscription of shares:**

**16. Status of capitalization process:**

There are no irrevocable advances toward future subscription of shares pending to be capitalized.

**17. Unpaid cumulative dividends on preferred shares:**

None.

**18. Conditions, circumstances or terms for the cessation of restrictions on distribution of retained earnings:**

At the Shareholders Meeting held on October 3, 2017, the Board was delegated the power to establish restrictions on payment of dividends (see Note 15.2 to the Company's Financial Statements as of December 31, 2017).

Juan José Valdez Follino  
Regular Statutory Auditor

Emilio Daneri Conte-Grand  
President



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

To the Shareholders, President and Directors of  
Transportadora de Gas del Norte S.A.  
Legal address: Don Bosco 3672 - 3rd floor  
Autonomous City of Buenos Aires  
Tax Code No. 30-65786305-6

### **Introduction**

We have reviewed the accompanying condensed interim financial statements of Transportadora de Gas del Norte S.A. (hereinafter, "the Company" or "TGN"), comprised of the interim condensed balance sheets at Septiembre 30, 2020, the interim condensed statement of comprehensive income for the nine and three months period ended on September 30, 2020 and the interim condensed statement of changes in shareholders' equity and the interim condensed statement of cash flows for the nine months period then ended, and the selected explanatory notes.

The amounts and other information related to the fiscal year 2019 and their interim periods are an integral part of the financial statements mentioned above and, therefore, they should be considered in connection with these financial statements.

### **Management's responsibilities**

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) 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 is therefore responsible for the preparation and presentation of the interim condensed consolidated financial statements mentioned in the first paragraph, in accordance with International Accounting Standard 34 "Interim Financial Information" (IAS 34).

### **Scope of our review**

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

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T: +(54.11) 4850.0000, F: +(54.11) 4850.1800, [www.pwc.com/ar](http://www.pwc.com/ar)



## **Conclusion**

On the basis of our review, nothing has come to our attention that make us think that the interim condensed consolidated financial statements mentioned in the first paragraph of this report have not been prepared, in all material respects, in accordance with International Accounting Standard 34.

## **Report on compliance with regulations in force**

In compliance with current regulations, we report with respect to Transportadora de Gas del Norte S.A. that:

- a) except for not being signed, the interim condensed financial statements of Transportadora de Gas del Norte S.A. are transcribed into the “Inventory and Balance Sheet” and comply, in what is within our competence, with the dispositions of General Companies Law and the relevant resolutions of the National Securities Commission;
- b) the interim condensed financial statements of Transportadora de Gas del Norte S.A. arise from accounting records carried in all formal aspects in conformity with legal requirements, except for the fact that they are pending to be signed;
- c) we have read the Overview and the Additional Information to the notes to the interim condensed financial statements required by section 12, Chapter III, Title IV of the regulations of National Securities Commission, on which we have no observations to make insofar as concerns matters within our field of competence;
- d) at September 30, 2020, the liabilities accrued by Transportadora de Gas del Norte S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records and calculations amounted to \$33.220.302,78, none of which was claimable at that date.

Autonomous City of Buenos Aires, November 5, 2020

PRICE WATERHOUSE & CO.S.R.L.

(Partner)

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Dr. Ezequiel Luis Mirazón

## **REPORT FROM THE SUPERVISORY COMMITTEE**

To the Shareholders of  
Transportadora de Gas del Norte S.A.

### **Documents reviewed**

In accordance with the provisions of Section 63, Subsection b) of Buenos Aires Stock Exchange (Bolsa de Comercio de Buenos Aires) Regulations, we have reviewed the enclosed Interim Condensed Financial Statements of Transportadora de Gas del Norte S.A. (hereinafter “the Company” or “TGN”), which comprise the Interim Condensed Balance Sheet as of September 30, 2020, Interim Condensed Statement of Comprehensive Income for the nine-month period ended September 30, 2020, and Statement of Changes in Shareholders’ Equity and Statement of Cash Flows for the nine-month period ended as of that date, and selected notes.

Balances and other information for fiscal year 2019 and interim periods thereof, are an integral part of the financial statements above mentioned and therefore should be considered in relation to those financial statements.

### **Management Responsibility**

The preparation and presentation of said Financial Statements are the responsibility of the Company’s Board, in exercise of its exclusive duties, and in full observance of applicable regulations. This responsibility includes the design, implementation and maintenance of an adequate and efficient internal control system so that such Statements are free from material mistakes, whether due to error or fraud, and also includes the selection and application of appropriate accounting policies and the most reasonable estimates under the prevailing circumstances.

### **Supervisory Committee’s Responsibility**

We conducted our review of the above mentioned documents in accordance with Statutory Auditing Standards in force. Those standards require that the review is conducted in accordance with standards applicable to assignments for review of interim financial information and that the consistency of significant information contained in those statements is verified against the information on corporate decisions set forth in minutes, including the consistency of those decisions with the Law and the Company’s Bylaws concerning their formal and documentary aspects.

We have also examined the Review Report on the Interim Condensed Financial Statements prepared by independent auditor Ezequiel Luis Mirazón (CPA), Partner of Price Waterhouse & Co. S.R.L., dated November 5, 2020, issued in compliance with standards applicable in Argentina for the “Review of Interim Financial Information developed by the Company’s Independent Auditor”. Our review included the verification of the work planning, scope, nature and timeliness of the procedures followed and the results of the review conducted by said professional.

We have not conducted any management review and therefore we have not assessed business criteria and decisions concerning the provision of the gas transportation utility service, its administration and commercialization, since these issues are the exclusive responsibility of the Board and are beyond the scope of this Supervisory Committee.

## **Conclusion**

We believe that the scope of our work and the Independent Auditor's Report provide us with a reasonable basis for our opinion, and in accordance with applicable regulations we inform that the Interim Condensed Financial Statements as of September 30, 2020, discussed and approved by the Company's Board on the date hereof, include all material facts and circumstances that have come to our knowledge.

## **Report on compliance with applicable regulations**

- a) The Interim Condensed Financial Statements are derived from accounting systems, which records are entered on books kept, in all formal respects, in accordance with applicable legislation, and comply with the provisions of the Argentine General Company Law and National Securities Commission resolutions, except only for the fact that they are pending to be signed.
- b) As regards the above mentioned Interim Condensed Financial Statements, and the Additional Information to the Notes thereto required under Title IV, Chapter III, Section 12 of the National Securities Commission regulations, we have no other remarks than those above stated.
- c) We have complied with the requirements of Section 294 of the Argentine General Company Law, during the reported period.
- d) We have verified compliance with the legal requirements established in National Securities Commission General Resolution No. 830/2020 regarding the remote conduct of the Board meeting at which the Interim Condensed Financial Statements as of September 30, 2020 have been approved.
- e) Note that certain Board, Supervisory Committee and Shareholders' meetings, have been "remotely" held in compliance with Emergency Decree (D.N.U.) No. 297/2020 and amendments thereto, as well as with C.N.V. General Resolution No. 830/2020, and the minutes where discussions held at those meetings are reflected have not been yet transcribed or signed in the pertinent books.

City of Buenos Aires, November 5, 2020.

By the Supervisory Committee

Dr. Juan José Valdez Follino  
Regular Statutory Auditor