TGN

Financial Statements as of December 31, 2020 in thousand Pesos, on a comparative basis

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

FINANCIAL STATEMENTS as of December 31, 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 1st, 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 1st, 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 15)

Classes of Shares	Subscribed and Paid-in	
	12.31.20	**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 (1)	172,235	172,235
Book-entry class C common shares, of $1 par value each and entitled to one vote per share (2)	87,875	87,875
Total	**439,374**	**439,374**

(1) Authorized for public offering in Argentina and admitted for listing on Bolsas y Mercados Argentinos S.A.
(2) Authorized for public offering in Argentina. Listed on Bolsas y Mercados Argentinos S.A.

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

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

As required under statutory and legal provisions, the Board of Directors of Transportadora de Gas del Norte S.A., hereinafter “TGN” or “the Company”, herein submits to the Shareholders, for their consideration, the Annual Report, the Report on Code of Corporate Governance, Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Shareholders’ Equity, Statement of Cash Flows, Notes and Overview for the twenty-ninth fiscal year running from January 1, 2020 to December 31, 2020, which information should be jointly read, reviewed and interpreted in order to have a full picture of relevant corporate matters during the year.

BOARD AND SUPERVISORY COMMITTEE

	Regular Directors	**Alternate Directors**
Chairman:	Emilio Daneri Conte-Grand	Carlos Daniel Bautista
Assistant Chairman:	Juan Pablo Freijo	Fernando Peláez
	Luis Alberto Santos	Emilio Nadra
	Jorge Casagrande	Marín Novillo
	Ricardo Markous	Fernando Moreno
	Ignacio Casares	Carlos Pappier
	Angel Carlos Rabuffetti	Juan José Mata
	Marcelo Brichetto	-
	Diego Antonio Blasco	Gustavo Kopyto
	Enrique Waterhouse	Pablo Jorge Holassian
	Hugo Vivot	Rufino Arce
	Sergio Revilla Cornejo	Pablo Mautone
	Alberto Saggese	Roberto Helbling
	Martín Molina	Pablo Mineo Tsutsumi Acuña

Regular Statutory Auditors	**Alternate Statutory Auditors**
Pablo Lozada	Marcelo Urdampilleta
Juan José Valdez Follino	Andrea Barbagelata
Oscar Piccinelli	Graciela Gazzola

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ANNUAL REPORT OF TRANSPORTADORA DE GAS DEL NORTE S.A. FOR THE TWENTY-NINTH FISCAL YEAR BEGINNING ON JANUARY 1, 2020 AND ENDING ON DECEMBER 31, 2020

1 – ECONOMIC CONTEXT

The Company operates within a complex context due to local macroeconomic conditions, where main variables have recently experienced a strong volatility as a consequence of the rate policy measures adopted by the National Government, local social and political conditions, and the international scenario.

In December 2019 the outbreak of the pandemic due to the Coronavirus (“COVID-19”) brought about significant consequences at global level. In response to this event, countries have adopted exceptional measures to prevent the virus from further spreading, including travel restrictions, border closures, bans on activities and the shutdown of businesses considered ´non-essential', mandatory social distancing and quarantines, among others. These exceptional governmental measures are adversely affecting the worldwide economy resulting in a significant volatility in global financial markets.

The first COVID-19 case in Argentina occurred on March 3, 2020, and more than 2.1 million infections have been so far confirmed in the country. As a result, the National Government has implemented preventive and mandatory social lockdown measures all over the country that started on March 19, 2020 and have been successively extended since then, with their consequent impact on the local economy.

The various measures adopted include the extension of the public health emergency, the complete closure of borders, suspension of international and domestic flights, suspension of long and mid distance ground transportation, suspension of arts and sports events, and closure of non-essential activities. These measures have affected a large portion of local companies which have seen a drop in their revenues and a deterioration in their chain of payments. Against this backdrop, the National Government implemented several actions aimed at mitigating companies’ financial crisis resulting from COVID-19. Nonetheless, a strong contraction of about 10.7% of the Gross Domestic Product (“GDP”) is expected in the Argentine economy.

On the financial side, following a number of negotiations between the National Government and private bond holders, on August 31, 2020 the government announced that bond holders of 93.55% of the total amount of principal outstanding on US dollar denominated sovereign bonds subject to foreign legislation had accepted the debt exchange scheme proposed. Such class action-triggered outcome enabled the National Government to reach the consents required to exchange and/or modify 99.01% of the total outstanding principal amount of all series of eligible bonds. Additionally, on September 18, the National Ministry of Economy (“MINEN”) announced the acceptance of the exchange by 99.41% of the total outstanding principal amount on all foreign currency denominated securities issued under Argentine legislation.

On the other hand, the government has embarked on a negotiation with the International Monetary Fund (“IMF”) to restructure the country's debt. If Argentina eventually reaches a favorable agreement with the IMF, it might have a positive impact on the Argentine economy, in the mid and long term. On the contrary, the lack of an agreement might pave way to a default of its sovereign debt which in turn might restrict the ability of companies to access new lending sources.

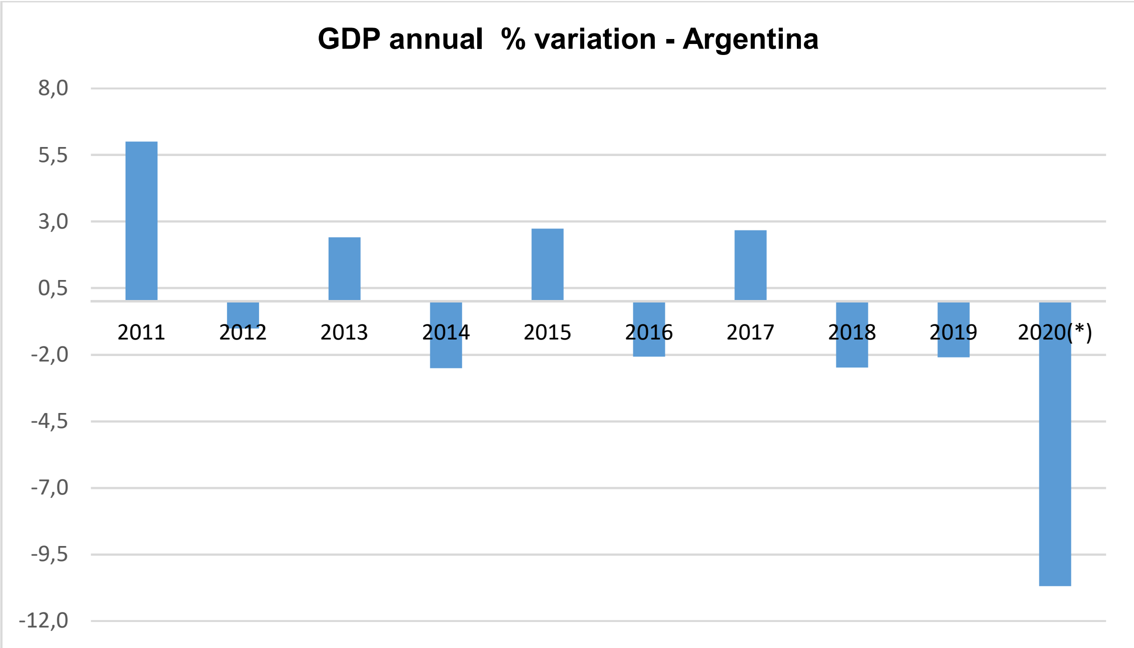
In terms of rates, note that, as part of the measures adopted to mitigate the financial crisis, the rate freeze that was initially expected to apply for 180 days as established by the Social Solidarity and Productive Reactivation under the Public Emergency Framework Law No. 27,541 (the “Solidarity Law”) was successively extended by the National Executive Branch (“PEN”) by means of Decrees No. 543 & 1,020 until March 17, 2021.

On the foreign exchange side, further restrictions were imposed during 2020 on the access to the single and free exchange market (“MULC”), as a result of which the gap between the official exchange rate and that in parallel markets rose from 30% as of the beginning of the fiscal year to 70% as of year-end. Even if the Company has made efforts during the fiscal year to comply with its commercial and financial obligations, those restrictions, or any future ones, could adversely affect TGN ability to have access to the MULC to acquire any necessary foreign currency required to meet its obligations.

At international level, the GDP drop in 2020 is expected to reach 5%, as a result of the COVID-19 related pandemic.

At local level, the exchange rate (Peso against the US Dollar) experienced during the fiscal year a 42.9% increase, while the annual inflation rate reached 36.1%, seeing an acceleration in the last quarter of the fiscal year. The most recent market expectation survey published by the Central Bank of Argentina anticipates for 2021 an economic recovery of 5.5%, a retail inflation rate of 49.8% and a Peso-US dollar exchange rate by 2021 year-end of $125.8.

Here is how Argentina's GDP has evolved in the last ten years, showing a cumulative drop of 7.8%.



(*): GDP annual variation estimate - Econviews.

2. GAS INDUSTRY IN ARGENTINA

Unlike other countries in the region, the natural gas is the predominant energy source in Argentina, representing almost 50% of the energy mix.

Primary Energy Supply by Source (2019)

	Oil	Natural Gas	Coal	Nuclear	Hydroelectricity	Renewable	TOTAL
USA	39.1%	32.2%	12.0%	8.0%	2.6%	6.2%	100.0%
Canada	31.7%	30.5%	3.9%	6.3%	24.0%	3.7%	100.0%
Mexico	42.6%	42.3%	6.6%	1.3%	2.7%	4.5%	100.0%
Total average North America	37.8%	35.0%	7.5%	5.2%	9.8%	4.8%	100.0%
Argentina	34.2%	49.4%	0.7%	2.2%	9.5%	4.0%	100.0%
Brazil	38.1%	10.4%	5.3%	1.2%	28.7%	16.3%	100.0%
Chile	45.9%	14.1%	17.2%	0.0%	11.2%	11.6%	100.0%
Colombia	36.5%	25.2%	13.4%	0.0%	23.9%	1.1%	100.0%
Ecuador	66.4%	3.1%	0.0%	0.0%	29.5%	1.0%	100.0%
Peru	43.6%	25.7%	1.9%	0.0%	24.2%	4.6%	100.0%
Trinidad & Tobago	11.5%	88.5%	0.0%	0.0%	0.0%	0.0%	100.0%
Venezuela	31.7%	42.8%	0.1%	0.0%	25.3%	0.1%	100.0%
Other South & Central America	62.3%	7.7%	5.5%	0.0%	17.9%	6.7%	100.0%
Total average South and Central America	41.1%	29.6%	4.9%	0.4%	18.9%	5.0%	100.0%

***Source**: BP Statistical Review of World Energy.*

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By 2019 year end (most recently published data) proven natural gas reserves amounted to approximately 396 thousand MMm3 and, as of that date, the reserve horizon, considering 2020 estimated production, was 9.5 years. Such "reserves/production" ratio was higher than that of previous years, mainly due to last year's drop in production. Additionally, in accordance with data published by the Argentine Oil and Gas Institute (IAPG), probable reserves, as of that date, represented 50% of proven reserves.

Showing an increased share year after year, non-conventional reservoirs presently represent more than 40% of proven and probable reserves, being the most significant one that from Vaca Muerta geological formation in the Neuquina Basin. According to an estimate from the US Energy Information Administration, technically recoverable non-conventional gas resources in Argentina amount to 802 billion cubic feet (802 tcf), of which, almost three quarters come from Neuquina Basin. Said potential is equivalent to 40 times proven reserves.

Natural Gas in Argentina. Production, Imports and Demand

Following a 21% drop in gas production between 2004 and 2014, the industry then started to recover during the subsequent five years (2015-2019) showing a cumulative increase of 19% against 2014. However, against the economic crisis due to COVID-19 pandemic, total gas production showed a year-on-year decrease of 7% in 2020[1], while non-conventional production – shale and tight gas –decreased by approximately 6%. Said decrease in total gas production was led by Golfo San Jorge basin, which contributed 12.2% to the total production drop. Similarly, the Neuquina basin recorded a 8.8% drop in total production. However, even though Golfo San Jorge basin is significantly less important in terms of production volumes, it proved to be the most dynamic in terms of non-conventional gas production, with a year-on-year increase of 70% in production.

Gas imports still account for a large share of Argentina's supply. Liquefied natural gas ("LNG") imports through the regasification tanker located in the district of Escobar, in the Province of Buenos Aires, totaled 1,890 MMm3 in 2020, i.e. 9% higher than 2019 volumes. Just as the previous year, no gas volumes were imported from Chile ("Chile"). Contrary to the trend in recent years, imports from the Plurinational State of Bolivia ("Bolivia") totaled 5,366 MMm3, showing a year-on-year increase of 4.5%. Consequently, total imports during 2020 grew by 5.6% with respect to the previous year. In particular, even if imports from Bolivia saw a reduction until 2019, two significant changes took place in the opposite direction: the drop in local production and the discontinuation of the operation of the regasification tanker in the locality of Bahía Blanca (Province of Buenos Aires).

In February 2019, Integración Energética Argentina S.A. ("IEASA") had renegotiated contractual volumes under its agreement with the Bolivian state-owned oil company YPFB, by reducing for two years committed "take or pay" quantities to 11 MMm3/d for January to April and October to December periods, to 16 MMm3/d for May and September, and to 18 MMm3/d for June to August. Upon expiration of this addendum, in December 2020, IEASA and YPFB signed the fifth addendum to the agreement, establishing contractual quantities for 2021 with a marked reduction in gas deliveries during the winter season, with volumes to be imported amounting to 11 MMm3/d from January to April, 14 MMm3/d from May to August, 13 MMm3/d in September, and 10 MMm3/d from October to December. Such a lower gas availability from Bolivia will create a greater need for local LNG production and/or imports, this being the reason why, in response to said change in the gas supply, negotiations started for the return of the regasification tanker to the locality of Bahía Blanca.

Simultaneously, starting in October 2018 export levels significantly increased as local producers were again allowed to export gas against no re-import requirement in return. However, due to the gas production drop mentioned earlier, export volumes in 2020[2] reached 1,493 MMm3, i.e., a decrease of 20% with respect to 2019.

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[1] *Actual data for December 2019 –November 2020 rolling year.*

[2] *Actual data for December 2019 –November 2020 rolling year.*

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With the intention of recovering local gas production, in November 2020 the National Government established, through Decree 892/2020, a plan for the promotion of Argentine gas production designated as "GasAr Plan". Said plan is designed to promote investments in production through a scheme of subsidies. A base volume of 70 MMm3/day is established for an initial term of four years, at a price (of up to 3.70 US$/MMBtu) that will be partially subsidized by the National Government. The plan also generates among producers the commitment to go back to 2020 winter production levels by the next winter season, with several penalties established for breach of such commitment. It is expected that the GasAr Plan paves the way for some degree of certainty in terms of prices for producers, major investments and, consequently, an increase in production.

NATURAL GAS – 2019 Reserves and 2020 Production [MMm3]

Basin	Proven Reserves	Probable Reserves	Proven + 50% Probable	Production (*)	Horizon: (Proven Reserves/Production) [Years]
Austral	100,875	65,812	133,781	10,585	9.5
San Jorge Gulf	41,616	15,703	49,468	3,821	10.9
Neuquina & Cuyana	240,469	106,477	293,707	25,594	9.4
Northwest	13,511	1,648	14,335	1,567	8.6
TOTAL ARGENTINA	**396,471**	**189,641**	**491,291**	**41,567**	**9.5**

***Source**: Argentine Oil & Gas Institute.*
***(*)** 2020 Production: covers production from January 2020 to November 2020, at actual calories.*

From the privatization of the natural gas utility service in late 1992 to 2020[3] there was an accumulated growth in domestic demand of approximately 99%, with a relevant 150% growth in demand for compressed natural gas ("CNG") and 70% growth in industrial demand. Also, the electricity generation segment showed a 130% rise due to a greater demand and growth of the thermoelectricity sector.

Domestic Gas Demand – [MMm3/d]

	1993 to 1997 (4)	1998 to 2002 (4)	2003 to 2007 (4)	2008 to 2012 (4)	2013	2014	2015	2016	2017	2018	2019	2020 (*)
Residential (1)	16.5	18.8	22	27.2	31.6	30.4	30.9	32.6	29.3	29.1	27.9	28.6
Commercial	2.5	2.7	3.1	3.5	3.9	3.6	3.7	3.8	3.5	3.4	4.0	3.41
Industrial (2)	20.9	23	27.7	29.3	30	30.1	30.7	29.2	30.6	31.9	32.7	31.0
Electricity Generators	19.8	25.6	29.2	35.5	39.6	39.8	40.9	43.6	47.3	47.1	41.4	38.6
CNG	2.8	4.6	8.1	7.4	7.6	7.8	8.1	7.7	7.0	6.6	6.7	5.3
Official Entities	0.9	0.9	1.1	1.2	1.2	1.2	1.2	1.3	1.2	1.2	1.2	0.9
PTR + Patagonian Gas Pipelines (3)	8.5	10.7	18.9	18.1	15.7	17.2	16.4	15.4	14.6	15.6	14.4	15.1
Subtotal Commercial Use	**71.9**	**86.5**	**110.2**	**122.2**	**129.7**	**130.3**	**131.7**	**133.6**	**133.3**	**134.9**	**128.2**	**122.9**
Fuel gas and Withheld at gas pipeline.	8.4	13.3	15.7	17.7	17.1	17.3	18.3	19.5	19.5	19.5	19.9	18.3
Total demand	**80.2**	**99.8**	**125.9**	**139.8**	**146.8**	**147.6**	**150.0**	**153.1**	**152.9**	**154.4**	**148.1**	**141.2**

***(1)** Includes Sub-distributors.*
***(2)** Does not include Cerri Plant comprised in Plant Thermal Reduction ("PTR").*
***(3)** Includes volumes used in PTR (Mega, Refinor, Cerri, Tierra del Fuego, etc.) and Patagonian pipelines.*
***(4)** Five-year average.*
***(*)** 2020, considering data for November 2019-October 2020 rolling year.*
***Sources:** ENARGAS and Argentina's Energy Secretariat*

[3] *Actual data for November 2019-October 2020 rolling year.*

Residential gas demand increased 3% in 2020. Demand from commercial users dropped 14% with respect to previous year. The industrial sector dropped at a year-on-year rate of 5%. As for CNG, demand dropped 22% as compared to 2019. Finally, gas demand for power generation has reversed its path of growth since 2015, with a 7% decrease during this year. This is explained by the greater efficiency achieved by the thermoelectricity sector, the addition of new and more efficient units, higher amounts of renewable energies being dispatched, and nuclear generation stability.

Gas Supply by source in Argentina

Natural gas imports from Bolivia accounted for 10.2% of total demand in 2020, i.e. equivalent to 10.5% more than previous year. On the other hand, regasification operations in Escobar represented 3.6% of the total volume. As mentioned earlier, the re-installation in 2021 of the regasification tanker in the locality of Bahía Blanca could be required as a result of the drop in local production and gas imports from Bolivia.

Gas Supply by source

Source		Annual Volume (MMm3)							
		2013	2014	2015	2016	2017	2018	2019	2020 (*)
Production from Argentine Basins (1)	AUSTRAL	10,513	10,015	9,654	10,592	10,682	11,521	12,006	11,542
	SAN JORGE GULF	5,234	5,302	5,715	5,704	5,348	4,948	4,681	4,187
	NEUQUINA & CUYANA	22,700	23,273	24,675	26,021	26,165	28,392	30,383	28,052
	NORTHWEST	3,260	2,893	2,852	2,671	2,401	2,036	1,843	1,719
Imports from Bolivia (2)		5,719	6,013	5,977	5,767	6,618	6,014	5,134	5,366
LNG injection (2)	BAHIA BLANCA	3,296	3,261	3,095	2,230	2,213	1,691	-	-
	ESCOBAR	2,706	2,653	2,473	2,592	2,258	1,876	1,739	1,890
Imports from Chile (2)		-	-	-	357	275	214	-	-

Sources:
(1) IAPG. Gross production.
(2) Daily reports - ENARGAS
(*) 2020 covers volumes from December 2019 to November 2020.

3 – REGULATORY ASPECTS

TGN has been awarded a license (the “License”) to render the natural gas utility service, which includes an exclusive right to operate the two TGN-owned gas pipelines existing in the North and Mid-west regions of Argentina. As a provider of an essential utility service, TGN is subject to governmental regulation based on Act No. 24,076 (the “Natural Gas Act"), the enforcement authority of which is the National Gas Regulatory Entity (“ENARGAS”).

Effects of the Economic Emergency on the License

The License went through a process of renegotiation under the Public Emergency Law No. 25,561 enacted in January 2002 (“LEP”), which further established the pesification of rates for natural gas transportation destined to the local market, and repealed the Producer Price Index based semiannual rate adjustment mechanism. Against such legal framework, and after more than thirteen years of rate freezing, in March 2017 the Company executed with the PEN an agreement for renegotiating its License (the “Comprehensive Agreement”) which was ratified and came into force through Decree No. 251 dated March 27, 2018. This put an end to the renegotiation process under the LEP. The Comprehensive Agreement provisions cover the contractual period from January 6, 2002 to the end of the life of the License.

The Comprehensive Agreement requires the Company to indemnify and hold the National Government harmless from and against arbitration awards obtained prior to its date of execution by former shareholders CMS and Total. The amount of said indemnity, to be determined, will not include any proportional reduction percentage that could have been established under the respective settlement agreements, will exclude amounts on account of default interest accrued against the National Government, and will be calculated at present value. By way of reference, these are the amounts established in the arbitration awards: CMS Gas Transmission Company vs Argentina (case ARB/01/8, with award in favor of CMS for US$ 133.2 million, dated May 12, 2005), and Total S.A. vs Argentina (case ARB/04/1, with award in favor of Total for US$ 85.2 million, dated November 27, 2013). The indemnity, for such amounts to be defined as above mentioned, shall be borne by TGN exclusively through sustainable investments, additional to those established by ENARGAS as mandatory investments in gas pipelines and ancillary facilities in "Neuquina Basin". These investments will not be reflected in the Company's rate base. The Comprehensive Agreement further established the rules applicable to the five-year TGN rate review, which came into force in March 2018 for the 2017-2021 period.

Between April 2014 and December 2017 TGN obtained successive interim rate increases until March 2018 when ENARGAS put in force the rate tables comprised in the Comprehensive Rate Review ("CRR") undertaken by said entity effective March 2016. The CRR further establishes that between April 1, 2017 and March 31, 2022 the Company shall undertake a Mandatory Investment Plan ("MIP") for approximately $ 5.6 billion, at December 2016 currency, with said amount to be adjusted in the same proportion as TGN rates. The Company is required to make the committed investment and also to execute the works established in the MIP.

The regulatory framework applicable to the industry allows for non-automatic, semiannual rate adjustments by the cost of service, in order to maintain the economic-financial balance and the quality of service.

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).

The Solidarity under the Public Emergency Framework Law

The Solidarity Law, enacted in December 2019, empowered the PEN to freeze 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 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 for a term successively extended until December 31, 2021, entrusting the comptroller, to conduct a legal, technical and economic audit of all aspects regulated under the Solidarity Law in energy matters, and to prepare a report to be submitted to the PEN. The rate freeze established under the Solidarity Law was successively extended until March 17, 2021 by means of Necessity and Urgency Decrees No. 543/20 and 1,020/20.

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 as from March 1. This will have to be maintained until December 31, 2020. The measure covers universal child allowance beneficiaries, retirees, pensioners, self-employed ("*monotributistas*") and employees with a gross salary of not more than 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, as well as all such other users as may be instructed by the enforcement authority (MINEN) to be covered by this benefit. Distribution 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, the first starting with the first regular bill to be issued by gas distributors as from

September 30, 2020. This deferred payment scheme shall accrue interest at the rate to be established by the Coordination Unit created under Ministry of Productive Development Resolution No. 173/2020.

Comprenhensive Rate Review

On November 20, 2020, ENARGAS Comptroller submitted a report to the National Energy Secretary and MINEN with the results of the audit and CRR, concluding that the latter would have been affected by serious flaws that could render it null and void and that, in his opinion, would have had a negative impact on the rates paid by users, as a result of which he proposed to opt for the CRR renegotiation alternative foreseen in section 5 of the Solidarity Law. TGN, which received notice of said report on January 7, 2021, disagrees with said conclusions as it considers that the CRR was a valid procedure under the applicable legislation that gave rise to fair and reasonable transportation rates, as required under the Natural Gas Act.

Following ENARGAS Comptroller's recommendation, on December 17, 2020, the PEN passed Decree No. 1020/20 instructing to suspend the Comprehensive Agreement to the extent to be established by ENARGAS, to start the CRR renegotiation as established in section 5 of the Solidarity Law and to complete the renegotiation process no later than December 17, 2022. Said process must end with the execution of a final agreement with natural gas transportation and distribution licensees regarding the CRR, with ENARGAS being authorized to apply interim rate adjustments to assure the normal and continued provision of the utility service. Said decree further provides that if no final agreement is reached, the ENARGAS shall enact, *ad referendum* of the PEN, a new rate scheme for natural gas transportation and distribution utility services. Hence, on February 22, 2021, the ENARGAS passed Resolution No. 47 convening a public hearing to be conducted on March 16, 2021, to discuss the transition rate regime foreseen in Decree 1020/20.

4 – FINANCIAL POSITION

Loans and notes

As of year-end, TGN total financial debt amounted to $6,936.7 million, in US dollars and Pesos. A detailed description of the Company's financial debt as of December 31, 2020 follows:

- Loan in US dollars: this is a loan taken in October 2020 with Itaú Unibanco S.A. (Nassau Branch), for an amount of US$55 million with a bullet maturity two years after the date when it was granted, and a cash collateral of US$ 56.5 million, also with a bullet maturity two years after the date when it was granted.

  Note that during 2020, TGN has paid in due time and manner the full outstanding balance of the syndicated loan taken with a group of international banks in October 2017. Thus, the Company paid, during 2020, the amount of US$110 million on account of principal and US$5.6 million on account of interest.

- Loan in Pesos: this loan relates to a disbursement made by Banco Macro in August 2020 for $750 million at a BADLAR rate plus margin, repayable in three equal consecutive installments due within 12, 15 and 18 months thereafter.

- Notes in Pesos: Under the Global Program for US$600 million or its equivalent in other currencies, authorized under the National Securities Commission ("CNV") Resolution No. 19,474/18 dated April 19, 2018 and updated on June 5, 2020, the Company issued non-convertible notes on August 10, 2020 as follows:

  - Amount: $1,500 million.
  - Amortization: three installments: 33.33% within 12 months, 33.33% within 15 months, and 33.34% within 18 months from the date of issue.
  - Interest period: quarterly
  - Interest rate: private BADLAR plus margin.

Thus, in spite of the substantial economic crisis, TGN has complied with all its financial commitments and has reduced its indebtedness, additionally reducing its exposure to foreign currency denominated debt.

5 – TGN' S ACTIVITY

With a 6,788 km gas pipeline network, TGN provides the natural gas transportation service via high-pressure gas pipelines in the Central and Northern regions of Argentina. The Company also operates and maintains -both own and third-party gas pipelines- running along 11,000 km. Through its two main gas pipelines, *North*ern and *Central West*, TGN supplies gas to eight of the nine gas distributors as well as to several power plants and industries across fifteen Argentine provinces. TGN system is connected to "*Gas Andes*" and "*NorAndino"* gas pipelines, built in due course to transport gas to the Central and Northern regions of Chile, respectively; to the "*Entrerriano*" Gas Pipeline, which transports gas to the Province of Entre Ríos and the Uruguayan coastline, to *Transportadora de Gas del Mercosur S.A.* pipeline and to the *"Northeastern pipeline"* ("GNEA").

Since the beginning of its operations in 1992, TGN has, on its own and in association with third parties, expanded its transportation capacity from 22.6 MMm3/d to 59.7 MMm3/d, representing a 164% increase. These expansions, as well as the great number of maintenance and integrity works, required investments by TGN for US$ $1,469 million. In physical terms, those expansions required the installation of 2,619 km of new gas pipelines, the construction of eight new compressor plants and the installation of twenty-one turbo-compressors, which added 216,250 HP of installed capacity.

During the year, TGN became the successful bidder in the tender conducted by IEASA for the provision of operation and maintenance services on "*Juana Azurduy"* integration pipeline on Argentine territory, for a term of five years. This pipeline extends along 30 km from the Argentine-Bolivian border to the Refinor S.A. plant in the Province of Salta, and connects to the Northern pipeline system and GNEA intake.

6 – OPERATIONAL HIGHLIGHTS

Gas Transportation

- The volume of gas received and transported by TGN during 2020 fiscal year reached 18,776 MMm3, that is, an average of 51.3 MMm3/d, distributed as follows: 24.3 MMm3/d, Central West pipeline, 19.0 MMm3/d, Northern pipeline, and 8.0 MMm3/d were delivered in the Province of Buenos Aires.
- Maximum daily injection values at intake were 24.0 MMm3 in Central West pipeline and 32.7 MMm3 in Northern pipeline.
- As regards the Northern pipeline, average injection by local producers was 3.9 MMm3/d while the rest was injection of gas imported from Bolivia, which reached an average of 15.0 MMm3/d, with injection peaks of 20.0 MMm3/d during winter months.
- As to injection received in the Province of Buenos Aires, a total volume of 1,887 MMm3 of LNG was received in the district of Escobar, mostly during the months of May and September. In turn, TGS injected a total of 1,051 MMm3 in the district of General Rodríguez. It is worth mentioning that, just as in 2019, no LNG was injected in Bahía Blanca during this fiscal year, and therefore part of the gas injected in the district of Escobar was delivered to TGS to meet residential demand in the area covered by said transporter.
- Volumes exported through *Gas Andes* gas pipeline reached 898 MMm3, mostly during the first half of the year. No volumes were exported through the *Norandino* gas pipeline.

Integrity of Facilities

- In spite of the pandemic scenario, the Company was able to conduct a comprehensive cathodic protection inspection on its facilities by remotely monitoring current injection equipment and the use of other technologies. In this regard, mobile applications were developed for data acquisition, which allowed to automate data detection and loading, thereby streamlining inspection times, as well as their subsequent analysis through the development of automatic dashboards with the Power BI software. These tools were developed not only for monitoring the cathodic protection system, but were also used to analyze and view in-line inspection ("ILI") runs, corrosion rate analysis and definition of the remaining life of volumetric defects, and definition and follow-up of works at compressor plants.

- Pipeline in-line inspection and repair programs were carried out, consisting of running different technologies for a more in-depth detection of threats and system georeferencing.

- Pipeline crack detection and treatment came in recent years to be managed through the Electro Magnetic Acoustic Transducer ("EMAT") technology with good results, so a program was developed based on API RP 1176 international practice, the advancement on the study of materials, development of a fracture mechanics data base, use of fitness-for-service calculations as per API RP 579 and development of special studies for generation of critical crack curves. Consistent safety factors were thus established for reported cracks, which allowed an adequate decision making in matters of pressure management.

- As for crack management, the first re-run of EMAT tool was performed to control a possible advance of the *Stress Corrosion Cracking* threat, with TGN thus becoming the first company in Latin America in implementing such a system.

- In terms of pipeline safety, and with the support of API RP 1173, the Company has participated in incident investigation efforts and has also studied and learned about ruptures in third party pipelines, based on the concept of "learned lessons".

- Personnel training efforts continued through actions such as (i) Level 2 certification in cathodic protection; (ii) giving a course at Instituto de Gas y Petróleo de la Universidad de Buenos Aires ("IGPUBA") on gas-liquid operations; (iii) giving a course on "Gas Specialization" also at IGPUBA; (iv) active participation in national and international webinars; and (v) international certification of integrity engineers through the firm ROSEN.

- The new PART G of the Argentine Gas Standard 100 is in process of implementation. In accordance with said standard, the scope applicable to the fifth period (year 2020) reaches 84.5% of TGN system. During 2021 fiscal year, 100% of the system will be covered, as required by said standard.

- The implementation of the "Damage Prevention Program" in compliance with API 1,162 standard continued through awareness sessions, while satellite and aerial images taken by drones, as well as terrestrial surveys were used for the close inspection of particular pipeline sections.

Projects and Works on Gas Pipelines, Meter and Regulating Stations and Compressor Plants

Amid the pandemic, TGN made of the operation and maintenance of the utility service a priority, by carrying out all projects with a focus on the integrity, reliability and safety of the transportation service, completing a high portion of the system. Various programs under development were advanced, such as, "Pipe Relining", "Pipe Replacement by Layout Class", "Installation of Saddles", "Construction and Assembly of Scraper Traps", "ILI runs" and "Inspection Manholes".

Operation and Maintenance

Despite the context, TGN handled each particular situation successfully, thus assuring a continued gas transportation service, without events that would reduce operating reliability levels and response times to unexpected events. Activities include:

- Execution of comprehensive system maintenance plans (compression, pipeline, metering and regulation, communications, networks, SCADA/HMI and ancillary systems) on an uninterrupted basis, without any impacts on the transportation service.

- Implementation of relevant protocols to support the health of employees, by avoiding close contacts and therefore COVID-19 infections at workplace.

- Implementation of the "Business Continuity Plan" both for TGN and its clients, by assuring remote access by employees, implementing the communications systems, and extending licenses and bandwidth as required to allow the continuity of operations.

- During the winter season, 24 hour/day shift schemes were maintained at motor-compressor plants under strict protocols, thus assuring the operation of the Northern pipeline system.

- Safety sessions were conducted aimed at sharing learned lessons, thus strengthening the safety culture. Also, "TGN Safety Week – 2020" was conducted, to continue efforts aimed at focusing on the concept of prevention so that it takes root as part of the Company's culture.

- To further strengthen the 'know how', young professionals are attending the gas specialization course at IGPUBA for the second year in a row. This time there are 20 professionals in the course, involving 500 hours of classes.

- TGN offered and even improved the quality of third-party pipeline operation and maintenance services, each time giving the responses expected by each client. Thus, the first year of contractual relationship with IEASA (for the operation and maintenance of GNEA); with Gas Pacífico Argentina S.A. (for the operation of San José de Añelo) and with Tecpetrol S.A. (for the operation of Fortín de Piedra) has come to an end.

- New meter and regulating stations have been commissioned in several localities in the Province of Santa Fe, in addition to various injection points in the Province of Neuquén.

- Damage prevention surveys at critical points of the system were continued and intensified. Surveys were also conducted along rivers in the North, particularly in the Provinces of Salta and Jujuy, after the unexpected heavy rains occurred in April.

- Programs from sectional and regional committees on "Quality, Safety, Environment & Health" were also implemented in order to further improve on said matters, and a program for standardizing and updating the incident reporting system documentation was started as well.

- Efforts were made locally in order to overcome COVID-19 circulation restrictions along provincial borders.

- TGN maintained its presence as a leader in the industry by participating in several conferences. At "*Centro Argentino de Ingenieros*", TGN participated in the panel *"Social Isolation: time for opportunities?".* TGN also participated in the conference hosted by the "Regional Association of Oil, Gas and Biofuels Sector Companies in Latin America and the Caribbean" about "*Experiences in the use of remote support, augmented reality and virtual reality technologies",* as well as in different IAPG committee meetings.

7 – SETTLEMENT AGREEMENTS WITH CUSTOMERS – PENDING CONTROVERSIES WITH FOREIGN CUSTOMERS

In 2004, as a result of an increased domestic demand for gas and a simultaneous drop in production and reserves, the National Government adopted measures, still in force, to ensure that natural gas supply is primarily allocated to meet domestic demand. This involved restrictions on gas exports, which significantly affected sales of gas transportation services to foreign destinations and caused a steady decline in the use of firm gas transportation services. Although TGN was able to enter into settlement agreements with some foreign customers for the early termination of contracts in exchange for a monetary compensation (which early termination nevertheless has caused a negative net effect on TGN's expected cash flows), two legal disputes with YPF S.A. and the Chilean distributor Metrogas S.A., which are described in Notes 22.1.4 and 22.1.5, respectively, to the Company's Financial Statements as of December 31, 2020, remain unsettled.

8 – QUALITY, SAFETY, HEALTH AND ENVIRONMENT

Relevant during the year was the Integrated Management System certification audit conducted, as per ISO 9001 and 14001 standards, and OHSAS 18001 standard, with satisfactory results. The safety, environment and health prevention culture continued to be developed as well. Some activities to be highlighted include the "Safety Week" with more than 500 participants.

As for training, an intensive campaign was launched in matters of risky activities and waste management. Additionally, a program was launched aimed at improving greenhouse gas emission management, including presentations and outreach on the matter for operating personnel.

In terms of occupational health, in a year marked by the COVID-19 pandemic, plans, procedures, control systems and follow-ups were designed and implemented to preserve the health of all employees and assure business continuity.

9 – HUMAN RESOURCES

The Company has promoted several activities aimed at developing, retaining and motivating human resources to achieve business success, now and in the future. The most outstanding activities during the fiscal year include:

Development

The employee performance management process for 2019 fiscal year was conducted, and as a result, annual objectives were established. The "People Review" process was also completed in order to define specific development actions targeted at key people and a succession plan for main positions.

Additionally, the "*COVID-19 Survey*", addressed to all employees, was launched in order to understand the impact of the pandemic on their work experience. This survey was completed by 84% of employees, 87% of whom claimed to feel emotionally supported both by their leaders and the Company as a whole.

Finally, the fourth edition of the "Work Climate Survey" was launched with a new supplier, Great Place to Work Argentina. The participation rate was 98%, and a positive response rate of 79% was achieved. The certification as a "*Great Place to Work 2020*" was also obtained.

Internal Communication

Given the isolation dictated by the pandemic, internal communication efforts played an active role in keeping employees informed and updated. With the firm determination of conveying confidence and assurance, more than 150 posters were made with messages about awareness, prevention, news and several measures adopted by the Company under the prevailing circumstances.

Compensations

With respect to unionized employees, after negotiations for April 2019 to March 2020 were completed during the first quarter of the fiscal year, several salary agreements were entered into for the period between April 2020 and March 2021. Said negotiations will be concluded in March 2021.

Non-unionized employees obtained a salary increase in line with industry reference pay levels. Likewise, in line with the Compensation Policy, that contains principles of internal equality, external competitiveness and performance, among others, the process of salary increases by merit was conducted during the year, and the performance bonus for 2019 fiscal year was paid in April 2020.

Finally, the Profit-Sharing Bond, based on 2019 fiscal year profits, was paid to all personnel, for a total amount $10.4 million.

Training

The training of employees continued to be a priority as it is the foundation for an excellent performance. This was made possible because TGN has engaged in a digital transformation process that has become stronger in recent years, and has allowed the various "teaching-learning" players and educational platforms available in the organization to rapidly adapt themselves to the new context. Thus, technical leaders designed and adjusted educational solutions based on models of virtual reality, augmented reality, e-learning and virtual classrooms.

10 – CORPORATE SOCIAL RESPONSIBILITY

Social Responsibility is, for TGN, a part of the sustainable development concept, and consists of embedding social and environmental variables into its operational practices. In this connection, TGN intends to maximize the sustainability of the gas transportation service in order to contribute to the national energy development.

In answer to the public health emergency and extensive socio-economic effects, TGN adopted actions oriented towards mitigating both problems. Said initiatives were adopted based from an integral perspective, as an effort of cooperation among companies, business chambers, grassroots organizations, states and individuals. Donations were made to "*Argentina Nos Necesita*" (Argentina Needs Us) program managed by the Argentine Red Cross in coordination with the National Ministry of Health, aimed at expanding the health system installed capacity and, "*SeamosUno*" (Let us be One) program, that managed by Cáritas and with the participation of many institutions and volunteers, succeeded in distributing 60 million dishes of food and sanitary products, to almost 4 million people in the most vulnerable sectors, both in the City of Buenos Aires and suburbs. Other donations were also made to several institutions located in the vicinity of TGN's facilities.

As in recent years, TGN supported its corporate volunteer program. Volunteers contribute to the common good, add value to TGN's services, motivate other people and through their work, practice citizenship in their own communities.

Project Risk Management

Practices and actions aimed at preventing the occurrence of damage to people in areas of high social conflict were put in place through partnerships with public sector institutions, grassroots organizations and other private players. Due diligence processes were conducted for each project in order to assess risks, design manners of intervention and implement conflict prevention and mitigation actions.

"Value Chain Program" – Development of Local Suppliers

This program seeks to favor the development of people capable of providing services through the creation of small companies. During this fiscal year a program in which ten providers from different provinces participated was conducted.

11 – COMPENSATION POLICY

The Board of Directors' compensation is determined by the Shareholders' Meeting for each fiscal year.

The compensation policy for Company's managers and chief officers establishes a monthly fixed basic compensation and a variable additional amount payable on an annual basis. The fixed component is based on the level of responsibility inherent to the position and market values, in accordance with TGN's Compensation Policy that contains salary guidelines for all non-unionized staff. The variable component consists of an additional amount based on performance and achievement of the objectives set for the year. Said compensation is fixed according to the Performance Bonus Policy and applies to all non-unionized staff. The Company's policy does not foresee stock option or other plans for its personnel.

12 – DECISION-MAKING POLICY

The corporate bylaws establishes that the Board of Directors of the Company shall consist of fourteen regular directors and an equal number of alternate directors, and shall be responsible for TGN's management and administration. The directors' term of office is one year from their appointment by the Shareholders' Meeting. Of the fourteen directors: (i) nine regular directors and their respective alternates are elected by Class A shares at a Special Class A Shareholders' Meeting; (ii) four regular directors and their respective alternates are elected by Class B shares at a Special Class B Shareholders' Meeting, and (iii) one regular director and his or her respective alternate are elected by Class C shares at a Special Class C Shareholders' Meeting. Of these, at least one Class A director and one Class B director shall be independent as per the Capital Market Act No. 26,831 (as amended by Act No. 27,440, the "Capital Market Act") and applicable CNV regulations. The director appointed by Class C shareholders shall not have such status.

TGN's controlling company, Gasinvest S.A., has the right to appoint the majority of regular and alternate directors (the nine appointed by Class A). Compañía General de Combustibles S.A. and Tecpetrol Internacional SL, who jointly hold 100% of Gasinvest S.A. common shares, have entered into a Shareholders' Agreement ("the Agreement") in order to regulate certain aspects related to their indirect participation in TGN, such as the number of directors that each shareholder may appoint, and the decisions and actions that must be agreed upon unanimously.

The Agreement establishes that the following actions and decisions must be unanimously agreed upon by Compañía General de Combustibles S.A. and Tecpetrol Internacional SL:

- *i.* amendments to TGN's bylaws or equivalent documents,
- *ii.* any consolidation or merger of TGN with another company,
- *iii.* adoption of annual activity plans, investment plans and financial plans,
- *iv.* budgets and any amendment thereto,
- *v.* increase or decrease in number of members on TGN's Board of Directors and/or any other Company committee,
- *vi.* issuance or redemption of TGN shares,
- *vii.* TGN's dissolution, liquidation or bankruptcy proceedings,
- *viii.* declaration or payment of dividends or other distribution by TGN that is not consistent with the dividend policy established in the activity plan,
- *ix.* any investment by TGN in another company,
- *x.* execution by TGN of any agreement which involves total payments or the purchase or sale by TGN of assets that, valued at their book value, exceed US$ 3 million in one or more transactions within a six-month period,
- *xi.* any material changes in TGN's management, and
- *xii.* selection of TGN's independent auditor.

Additionally, a supplementary shareholders' agreement establishes that all contracts for the supply of goods and/or services must comply with mechanisms that assure a plurality of technically and financially qualified bidders to ensure that contracts are carried out on an arm's-length basis, in observance of TGN's organization and management policies and standards.

Also, contracts for the acquisition of goods and/or services with a company and/or its controlling and/or controlled companies that together exceed the amount of US$ 4 million must be approved by the Board of Directors.

The internal supervision of the Company's affairs is performed by a Supervisory Committee consisting of three regular and three alternate statutory auditors: (i) two regular members and their alternates are appointed at a Special Class A and Class B Shareholders' Meeting, acting jointly, of which at least one regular member must be independent; and (ii) a regular member and his or her alternate are appointed at a Special Class C Shareholders' Meeting. Supervisory Committee meetings are held with the presence of an absolute majority of members, and decisions are adopted by a majority of present votes, without prejudice to the rights of the dissenting statutory auditor. The members of the Supervisory Committee have the duty and right to attend Board and Shareholders' Meetings, call such meetings, request that items be included on the agenda and, in general, supervise all matters related to the Company and its compliance with the law and corporate bylaws.

13 – AUDIT COMMITTEE

Pursuant to the provisions of the Public Offering Transparency Regime set forth in the Capital Market Act and regulations thereunder, companies that offer their shares to the public must set up an Audit Committee consisting of at least three Board members, and a majority of which must be independent as required by CNV regulations. During the fiscal year, TGN's Audit Committee performed the functions entrusted to it by the law and its internal regulations, in line with an annual plan submitted to the Board of Directors and the Supervisory Committee. The audit report forms part of the Company's annual financial statements.

14 – COMPANY’S INTERNAL CONTROL

The Internal Audit Department, which gives advice to the Board of Directors, is responsible for regularly reviewing internal control systems in order to enhance the quality of processes, their documentation and reporting. The internal control is a process carried out by Management and the rest of the personnel, designed to provide a reasonable degree of assurance that the objectives of the Company will be met, considering the effectiveness and efficiency of operations, reliability of financial information and compliance with applicable laws and standards. In this regard, the Internal Audit Department carries out procedures to comply with an annual plan, which is intended to monitor critical and significant operating, equity, legal, regulatory and IT-related risks, among others. The Audit Committee is informed by the Internal Audit Department about identified internal control weaknesses, as well as corrective actions taken.

Additionally, the Company has a Compliance Department, which is an autonomous area with sufficient resources, and reports directly to the Audit Committee or Supervisory Committee, as the case may be. This department is led by a Compliance Officer appointed by the Board. The Compliance Officer functionally reports to the Board through the Audit Committee, and hierarchically to the Chief Executive Officer.

15 – DISCLOSURE OF THE COMPANY’S BALANCES AND TRANSACTIONS WITH ITS CONTROLLING COMPANY, FOREIGN RELATED COMPANIES, OTHER RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

Balances and transactions between the Company and its controlling company, foreign related companies, other related parties and key management personnel are presented in Note 28 to TGN’s financial statements for fiscal year ended December 31, 2020. Individuals comprised in Section 72 of the Capital Market Act have been included as related parties.

16 – OUTLOOK

As mentioned earlier (See *Note 3 – Regulatory Aspects* in this Report), transportation rates are frozen as at April 2019 values and the PEN instructed ENARGAS to start the CRR renegotiation process that should be completed by December 2022.

In the meanwhile, the ENARGAS could be authorized to apply transitory rate increases to assure the normal and continued provision of the utility service.

Although the Company expects rates to be maintained at constant values in the course of time to be able to meet pipeline operation and maintenance expenses and investments, the outcome of the CRR renegotiation may differ from current estimates, as the Solidarity Law seeks a rate reduction in real terms; however, the results from said process cannot be anticipated.

Finally, worth mentioning is the fact that the Company operates within an economic context where main variables have experienced and continue to experience a strong volatility. Against such backdrop, in 2020 the national government tightened currency exchange restrictions, increased the tax burden, established price agreements and/or controls and stopped adjusting retirement and pension benefits. During 2020, the peso continued to depreciate and the price of Argentine government bonds and stock of local listed companies continued to drop.

The Management Department permanently monitors how previously mentioned events evolve in order to determine possible actions to be adopted and identify eventual impacts on the Company’s equity and financial position.

17 – PROFIT ALLOCATION PROPOSAL

Fiscal year 2020 resulted in a profit of $ 3,094,318 thousand, while retained earnings as of December 31, 2020 as shown in the Statement of Changes in Shareholders' Equity, amounted to a profit of $ 5,681,319 thousand. Consequently, the Board of Directors proposes the Shareholders that above mentioned retained earnings for an amount of $ 5,681,319 thousand (net of the Profit-Sharing Bond for Employees and compensation to Directors and Statutory Auditors), be allocated to the Optional Reserve for Working Capital and Liquidity Coverage, in order to meet expenses and investments necessary for the provision of the service and fulfillment of the corporate purpose.

Additionally, the Board proposes payment of: (i) a Profit-Sharing Bond for Employees equivalent to 0.25% of the after-tax profit for the fiscal year for an amount of $ 7,736 thousand, (ii) a compensation of $ 27,954 thousand to Board members, and (iii) a compensation of $ 7,839 thousand to Supervisory Committee members.

The Board of Directors thanks customers, suppliers and third parties in general, and the personnel of the Company for their support and cooperation during this fiscal year.

City of Buenos Aires, March 9, 2021

Emilio Daneri Conte-Grand
President

Juan José Valdez Follino
Regular Statutory Auditor

Free translation from the original in Spanish for publication in Argentina

ANNEX
REPORT ON THE CODE OF CORPORTE GOVERNANCE

A) THE ROLE OF THE BOARD

Principles

I. The company should be led by a professional and qualified Board which will be responsible for laying the necessary bases to assure the sustainable success of the company. The Board is responsible for running the company's affairs and protecting the interests of all its shareholders.

II. The Board shall be responsible for determining and promoting the corporate culture and values. The Board shall assure compliance with the highest ethical and integrity standards according to the best interest of the company.

III. The Board shall assure the implementation of a strategy that is inspired by the company's vision and mission, and is aligned with the corporate culture and values. The Board shall constructively interact with management in order to assure a proper development, execution, supervision and alignment of the company's strategy.

IV. The Board shall continuously control and supervise the company's affairs, making sure that management takes actions addressed toward implementation of the strategy and business plan approved by the Board.

V. The Board shall have such mechanisms and policies in place as may be required for the performance of its duties and those of each of its members in an efficient and effective manner.

1. The Board promotes an ethical organizational culture and establishes the company's vision, mission and values.

Transportadora de Gas del Norte S.A. ("the Company" or "TGN") has a Board which, as a body responsible for the Company's administration, approves the Company's policies relating to corporate governance and performs its duties in accordance with the law and generally accepted ethical principles, within a transparent framework, by avoiding or managing any conflict of interest, creating and promoting an ethical organizational culture, establishing and sharing the Company's vision, mission and culture with all stakeholders. Such vision, mission and culture are available on TGN's website. In turn, TGN has a Board-approved Code of Ethics, which covers: (i) Social Responsibility; (ii) Corporate Principles; (iii) Ethical Values; and (iv) Behavioral Guidelines. Such Code establishes the values that must be observed by the Company and its employees when making decisions and taking actions. It also serves as a basis for assessing conducts within TGN. The Code of Ethics applies to TGN Board, Supervisory Committee and all TGN staff and that of its controlled companies. It also applies to relationships with contractors, subcontractors, suppliers, customers, public officers, shareholders and investors, and third parties in general. The Code is available to all TGN associates and the public in general through the Company's website.

2. The Board establishes the company's general strategy and approves the strategic plan prepared by the management department. In so doing, the Board takes into consideration environmental, social and corporate governance factors. The Board supervises its implementation through the use of key performance indicators and having in mind the best interest of both the company and all its shareholders.

As the body responsible for the Company's administration, the Board approves and supervises compliance with TGN policies and strategies, subject to control by the shareholders. Thus, as part of the annual budget, the Board approves TGN business plan and management objectives for each fiscal year, having regard for environmental, social and corporate governance factors, with the relevant policies being approved by the Board. Additionally, TGN issues the "Annual Sustainability Report" that follows international standards in GRI G3 Guidelines (*Global Reporting Initiative)*. This report is published on an annual basis in the United Nations website and is supervised by an external consultant who makes improvement recommendations. The Sustainability Report is also available on TGN website and includes, among other topics, measures adopted toward a greater transparency in social responsibility actions, and summarizes actions related to environmental protection adopted during the year.

3. The Board supervises the management department and makes sure the latter develops, implements and maintains an adequate internal control system with clear reporting lines.

The Board monitors the performance of the management department as part of the Company's overall performance control. The Board holds regular meetings to assess how the management department develops and implements the Company's strategy. Directors, managers and statutory auditors are informed on an ongoing basis about all relevant business issues, the knowledge of which is necessary for the performance of their duties. The Company's Board monitors compliance with the annual budget and business plan, based on monthly management control reports and other reports issued by the management department when discussing the interim and annual financial statements. The internal control system, supervised by the Board, is a process aimed at providing a reasonable degree of assurance as to whether the company's objectives are met, considering the efficiency and effectiveness of operations, the reliability of financial information and compliance with standards and applicable laws.

4. The Board designs structures and practices concerning corporate governance, designates who will be responsible for their implementation, monitors their effectiveness and recommends changes where necessary.

As the body responsible for the Company's administration, the Board approves corporate governance policies and monitors compliance therewith. TGN Board shares the principles reflected in the Code of Corporate Governance issued by the National Securities Commission ("CNV") and, as required by said entity, issues a Report on the Code of Corporate Governance every year for its disclosure to the public.

5. The Board members have time enough to perform their duties in a professional and efficient manner. The Board and its committees have clearly established organizational and procedural rules that are published in the Company's website.

TGN Board members have sound professional and academic backgrounds and proven track records in executive positions at local and international companies, particularly within the energy sector. Based on the above, though the Board does not consider it necessary to formalize policies or mechanisms concerning the fulfillment of their duties, each Board member serves in accordance with TGN Corporate Bylaws and legal provisions applicable thereto.

B) CHAIRMAN OF THE BOARD AND CORPORATE SECRETARY

Principles

VI. The Chairman of the Board is responsible for assuring fulfillment of the Board's duties and for leading its members. The Chairman shall create a positive work dynamics and promote a constructive participation among its members, and shall also assure that Board members are provided with the necessary elements and information for decision making. The same applies to the Chairmen of each Board committee regarding their specific duties.

VII. The Chairman of the Board shall lead processes and establish structures designed so that Board members fulfill their duties in a committed, objective and competent manner, and the Board as a whole performs to the best of its ability and in line with the Company's needs.

VIII. The Chairman of the Board shall see that the Board in its entirety gets involved in and is responsible for the appointment of a successor to the general manager.

6. The Chairman of the Board is responsible for properly arranging the Board meetings, preparing the agenda with the cooperation of all other members, and assuring that members receive relevant materials in sufficient advance in order to participate in meetings in an efficient and informed manner. The same applies to committee chairmen concerning their own meetings.

The Chief Legal Officer, upon prior consultation with the Chairman of the Board and Chief Executive Officer, shall prepare the agenda for each board meeting and shall, within the statutory term, distribute to Board members supporting documentation about issues to be dealt with so that they are duly informed in advance to the meeting. TGN has an Audit Committee and the Chief Legal Officer, who carries out certain tasks attributed to a corporate secretary, is the one who performs identical duties for said Committee meetings.

7. The Chairman of the Board supervises the proper internal operation of the Board through the implementation of formal annual assessment processes.

Even if TGN Board does not have a formal assessment procedure in place, the Board performance is reviewed and assessed annually at the shareholders meeting held following the end of each fiscal year. The Chairman of the Board makes sure that the managing body performs in accordance with the provisions contained in Law 19,550.

8. The Chairman of the Board creates a working space that is both positive and constructive for all Board members and makes sure that they receive continuous training in order to keep themselves updated and be able to properly perform their duties.

As mentioned in item 5, TGN Board members have sound professional and academic backgrounds and proven track records in executive positions at local and international companies. Accordingly, the Board does not deem it necessary to implement a training plan for its members for the time being. This notwithstanding, the Board members cooperate with each other in the fulfillment of their responsibilities, with such cooperation enhancing their individual contributions.

9. The Corporate Secretary supports the Chairman in effectively administering the Board and assists with communications among shareholders, Board and the Management Department.

The duties typically attributed to a corporate secretary are performed by the Chief Legal Officer who, additionally, is the Market Relations Officer. Communication among shareholders, the Board and the Management Department is fluid and permanent. Directors and managers are constantly updated about relevant business aspects, with managerial officers often participating in board meetings when issues to be discussed therein are relevant to them. On their part, shareholders have all relevant information about the Company that is available through CNV Financial Information Highway.

10. The Chairman of the Board assures that all its members participate in the development and approval of a succession plan for the Company's Chief Executive Officer.

The appointment of a successor to the Company's Chief Executive Officer is the responsibility of the Board.

C) COMPOSITION, NOMINATION AND SUCCESSION OF THE BOARD

Principles

IX. The Board shall have adequate levels of independence and diversity so that its members are able to make decisions in the best interest of the Company, avoiding groupthink and decision making by individuals or prevailing groups within the Board.

X. The Board shall assure that the Company has formal procedures in place for proposing and nominating candidates to hold positions on the Board as part of a succession plan.

11. The Board has at least two members with independent status in accordance with the criteria currently established by the National Securities Commission.

In accordance with the criteria established by the CNV, TGN Board currently has the required number of independent directors to serve on its Audit Committee.

12. The Company has a Nomination Committee consisting of at least three (3) members and chaired by an independent director. When chairing the Nomination Committee, the Chairman of the Board shall refrain from participating in discussions concerning the designation of a successor to his/her own position.

The Company does not deem it necessary to have a nomination committee. Board members are designated at a shareholders meeting in accordance with the provisions of Law 19,550.

13. The Board, through the Nomination Committee, develops a succession plan for its members that dictates the process for preselecting candidates to fill in vacancies and takes into consideration the non-binding recommendations made by its members, the Chief Executive Officer and shareholders.

Not applicable; please refer to item 12 above.

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

Even though the Company does not have a formal orientation program for new Board members, the new directors designated at the shareholders' meeting take part in induction meetings with the Chief Executive Officer and senior managers to receive the information they need for the fulfillment of their duties.

D) REMUNERATION

Principles

XI. The Board shall establish remuneration incentives in order to align the management department – led by the Chief Executive Officer – and the Board itself with the company's long-term interests so that all directors fulfill their duties toward all shareholders on an equitable basis.

15. The Company has a Remuneration Committee consisting of at least three (3) members. All these members are either independent or non-executive.

Although TGN does not have a remuneration committee, directors' fees are established at the shareholders' meeting in accordance with the Company's interests and market practices.

16. The Board, through the Remuneration Committee, establishes a remuneration policy for the general manager and Board members.

Not applicable; please refer to item 15 above.

E) CONTROL ENVIRONMENT

Principles

XII. The Board shall assure the existence of a control environment, consisting of internal controls developed by the management, internal audit, risk management, regulatory compliance and external audit departments, establishing those lines of defense necessary to assure integrity in both the company's operations and financial reports.

XIII. The Board shall assure the existence of a comprehensive risk management system to help the management department and Board to efficiently direct the Company towards achievement of its strategic objectives.

XIV. The Board shall assure the existence of an individual or department (depending on the size and complexity of the business, the nature of its operations, and risks faced) responsible for the company's internal audit. Audit members responsible for reviewing and auditing the Company's internal controls, corporate governance processes and risk management system, shall be independent and objective and shall have clearly established reporting lines.

XV. The Board's Audit Committee shall consist of qualified and experienced members, and shall perform its duties in a transparent and independent manner.

XVI. The Board shall establish appropriate procedures to supervise the independent and effective performance on the part of External Auditors.

17. The Board determines the Company's risk appetite and further supervises and assures the existence of a comprehensive risk management system to identify, review, determine the course of action and monitor the risks faced by the Company, including - among others – environmental, social and business risks in the short and long term.

When making any decision, the Board first identifies the associated risks, and then determines their probability of occurrence and potential impact, thus determining the risk to be assumed by the Company with each decision. There also exists a Risk Management Committee within the Steering Committee. Said committee monthly monitors how the integral risk matrix approved by the Board has evolved. The main risk factors are associated with failures, ruptures or incidents occurring in gas transportation facilities. In such cases, mitigation measures consist of a work program aimed at assuring the safe provision of the service in accordance with the industry's best practices.

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

TGN has an Internal Audit department, the members of which are independent from all other operating areas and shareholders or related entities, and are hierarchically and functionally accountable to the Chief Executive Officer and the Board, respectively, directly reporting to the Chairman of the Board and the Audit Committee, which reviews their performance. This department supervises compliance with procedures related to internal control in accordance with three-year plans. The head of this department is independent. The Audit Committee further establishes its annual plan considering the nature of the business and the environment where the business is conducted (including risks inherent to the Company's business and risks incurred in its operations).

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

As mentioned in item 18 above, the members of the Internal Audit department are independent from all other operating areas and shareholders or related entities, and are hierarchically and functionally accountable to the Chief Executive Officer and the Board, respectively, directly reporting to the Chairman of the Board and the Audit Committee. Its members are highly qualified professionals with university education in their field.

20. The Board has an Audit Committee that has regulations in place. The committee is mostly made up and chaired by independent directors and does not include the Chief Executive Officer. Most of its members have professional experience in financial and accounting areas.

The Audit Committee, designated by the Board, is made up by three regular directors, the majority of them being independent, in accordance with the criteria established in the CNV regulations, and knowledgeable in business, financial or accounting areas. The Chief Executive Officer does not form part of the Committee. The Audit Committee has regulations in place, which are available at CNV's Financial Information Highway.

21. The Board, in consultation with the Audit Committee, approves a policy for selecting and monitoring external auditors, that establishes the indicators to be taken into account when making the recommendation to the shareholders about retaining or replacing the external auditor.

External auditors are designated at the Shareholders' Meeting, usually upon motion of the controlling shareholder, though the Company's external accounting audit firm applies procedures to assure the qualification, independence and performance of its members, all of which is supervised by TGN Audit Committee.

F) ETHICS, INTEGRITY AND COMPLIANCE

Principles

XVII. The Board shall design and establish appropriate structures and practices to promote a culture of ethics, integrity and compliance that allows to prevent, detect and address serious corporate or personal misconducts.

XVIII. The Board shall assure the adoption of formal mechanisms to prevent or otherwise address any conflicts of interest as may occur in the course of administering and running the Company. Formal procedures shall be established to assure that transactions between related parties are made in the best interest of the Company and that all shareholders receive an equal treatment.

22. The Board approves a Code of Ethics and Conduct that reflects ethics and integrity values and principles, as well as the Company's culture. The Code of Ethics and Conduct is communicated and applies to all directors, managers and employees of the Company.

TGN has a Code of Ethics approved by the Board and published in its website. The Code covers social responsibility, corporate principles, ethical values and behavioral guidelines. This Code establishes the values that must be observed by the Company and its employees when making decisions and taking actions. It also serves as a basis for assessing conducts within TGN. The Code of Ethics applies to TGN Board, Supervisory Committee and all TGN staff and that of its controlled companies. It also applies to relationships with contractors, subcontractors, suppliers, customers, public officers, shareholders and investors, and third parties in general.

23. The Board establishes and regularly reviews, based on the Company's risks, size and financial resources, an Ethics & Integrity Program. The program is visibly and unequivocally supported by the Management department which designates an internal party responsible for developing, coordinating, supervising and reviewing the efficiency of the program on a regular basis. The program provides for: (i) periodic training for directors, managers and employees about ethics, integrity and compliance issues; (ii) internal channels for reporting irregularities, open to third parties and adequately advertised; (iii) a policy for protecting reporters against retaliation; and an internal investigation system that respects the rights of suspected subjects and imposes effective penalties for breach of the Code of Ethics and Conduct; (iv) integrity policies for bidding procedures; (v) mechanisms for regular review of risks, monitoring and evaluation of the Program; and (vi) procedures for vetting the integrity and track records of third parties or business partners (including due diligence for determining the existence of irregularities, unlawful actions or vulnerabilities during corporate transformation and acquisition processes), including suppliers, distributors, service providers, agents and intermediaries.

TGN has an Integrity Program approved by the Board, which has been developed based on three levels of action: “prevent”, “detect” and “respond”. These levels of action cover in turn five blocks: “leadership”, “risk assessment”, “standards and controls”, “communication and training” and “monitoring and response”. TGN regularly conducts compliance risk assessments. The Company has clearly defined policies for its associates and executives in matters of anti-corruption, hiring processes for intermediary third parties and business partners, participation in public tenders, conflicts of interest, gifts, representation, accommodation and travel expenses, donations, memberships and sponsorships, among others.

The Integrity Program is strongly supported by the Board. Its implementation is the responsibility of the Compliance Officer designated by the Board, who reports to the Board through the Audit Committee, and is hierarchically accountable to the Chief Executive Officer.

TGN offers confidential communication lines for those who may feel under pressure or receive unethical instructions from their seniors, or those who would like to report some violation of the law or non-compliance with procedures within the Company. The Transparent Line offers the possibility of reporting these situations in an anonymous and gratuitous basis, 24 hours a day, with the assurance of no retaliation for such reporting.

24. The Board assures the existence of formal mechanisms to prevent and address conflicts of interest. In the case of transactions between related parties, the Board approves a policy that establishes the role to be played by each corporate body and defines how those transactions that are prejudicial to the company or only to certain investors are identified, handled and disclosed.

The Integrity Program contains specific provisions to prevent and address conflicts of interest, and to handle transactions with related parties that are subject to the supervision of the Audit Committee as required by the CNV Regulations.

G) PARTICIPATION BY SHAREHOLDERS AND STAKEHOLDERS

Principles

XIX. The Company shall treat all Shareholders on an equal basis. It shall assure equal access to relevant non-confidential information to enable decision-making by the Company’s shareholders.

XX. The Company shall promote active and informed participation by all Shareholders, particularly regarding the Board’s composition.

XXI. The Company shall have a transparent Dividend Distribution Policy that is in line with the strategy.

XXII. The Company shall have the interests of its stakeholders in mind.

25. The Company’s website discloses financial and non-financial information, providing Investors with a timely and equal access. The website has a specialized area for addressing queries from Investors.

TGN website at www.tgn.com.ar has a specific section designed to provide investors with financial and non-financial information, assuring them a timely and equal access. It also offers a query channel especially dedicated to the investor public. Notwithstanding the above, TGN complies with its market reporting duties through the CNV Financial Information Highway and Bolsas y Mercados Argentinos ("ByMA") digital platform. Said website has a link to the CNV website, and another link to the National Regulatory Gas Entity's website. The Company answers specific queries from investors through the Market Relations Officer.

26. The Board shall assure the existence of a procedure for identifying and classifying stakeholders and a communication channel for them.

TGN, through its Integrated Management System, adopts reasonable practices to identify its stakeholders and maintain communication channels with them.

27. The Board sends to Shareholders, prior to their Meeting, an "interim information package" that allows Shareholders – through a formal communication channel – to submit non-binding feedback and share views different from recommendations made by the Board, which, when submitting the final information package, shall expressly refer to any such feedback received as it may deem necessary.

The Board believes that CNV Financial Information Highway and ByMA digital platform are the suitable means for all shareholders to receive the same information in terms of quality, quantity and timelines. All relevant information about the Company, which should be disclosed to the market according to regulations, is made available to the public when required to be disclosed.

28. The Company's Bylaws establishes that Shareholders may receive information packages for their Meetings through virtual means and may attend Meetings through the use of electronic communication means that allow for the simultaneous transmission of audio and video, thus assuring all participants an equal treatment.

Save as provided under CNV's General Resolution No. 830/2020, shareholders meetings are held as provided under Law 19,550. The Company's Bylaws does not provide for attendance at shareholders meetings through the use of virtual means. Access to information by shareholders is made as described in items 25 and 27 above.

29. The Dividend Distribution Policy is in line with the strategy, and clearly establishes the criteria, frequency and conditions under which dividends shall be distributed.

As TGN does not have an established dividend policy, the distribution of dividends shall be subject, among other things, to the results of its operations, investment requirements, availability of funding from investment projects and their associated cost, existing legal and contractual restraints, perspectives, and any other factor as may be deemed relevant by the Board and approved by shareholders at an ordinary shareholders meeting.

City of Buenos Aires, March 9, 2021

Emilio Daneri Conte-Grand
President

Juan José Valdez Follino
Regular Syndic

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BALANCE SHEETS AS OF DECEMBER 31, 2020 AND DECEMBER 31, 2019 ON A COMPARATIVE BASIS
(in thousand pesos – Note 2.3)

	Note	12.31.2020	12.31.2019
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	52,927,276	66,780,442
Investments in affiliated companies	**7**	113,047	82,215
Materials and spare parts	**11**	1,462,994	1,149,179
Other accounts receivable	**12**	6,786	10,490
Trade accounts receivable	**13**	7,168,926	6,939,410
Investments at amortized cost	**9**	5,054	14,989
Investments at amortized cost of restricted availability	**9**	4,750,191	-
Total non-current assets		66,434,274	74,976,725
Current assets			
Materials and spare parts		149,687	231,655
Derivative financial instruments	**10**	-	108,782
Other accounts receivable	**12**	510,111	588,246
Trade accounts receivable	**13**	2,347,873	4,024,023
Investments at amortized cost	**9**	6,106	2,142,977
Investments at fair value	**9**	1,257,366	312,669
Cash and cash equivalents	**14**	3,082,052	2,891,306
Total current assets		7,353,195	10,299,658
Total assets		73,787,469	85,276,383

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BALANCE SHEETS AS OF DECEMBER 31, 2020 AND DECEMBER 31, 2019 ON A COMPARATIVE BASIS
(in thousand pesos – Note 2.3)

	Note	12.31.2020	12.31.2019
SHAREHOLDERS' EQUITY			
Common stock	**15**	439,374	439,374
Common stock integral adjustment		18,709,803	18,709,803
Property, plant and equipment revaluation reserve		14,502,544	23,659,633
Statutory reserve		3,829,839	3,829,839
Optional reserve for working capital and liquidity coverage		11,502,311	1,779,417
Voluntary reserve for future dividends		317,124	317,124
Other reserves		8,574	(7,274)
Retained earnings		5,681,319	9,722,894
Total shareholders' equity		54,990,888	58,450,810
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	**8**	8,769,928	12,162,865
Loans	**16**	4,837,853	-
Notes	**17**	488,339	-
Lease debts	**20**	11,438	13,961
Other debts	**19**	59,185	64,035
Trade accounts payable	**21**	229,060	363,817
Total non-current liabilities		14,395,803	12,604,678
Current liabilities			
Contingencies	**22**	159,606	211,215
Loans	**16**	545,552	9,856,280
Notes	**17**	1,064,944	-
Lease debts	**20**	12,703	8,202
Salaries and social security contributions		499,043	524,084
Income tax, payable	**8**	782,606	1,849,174
Taxes payable	**18**	199,825	262,092
Other debts	**19**	87,495	132,247
Trade accounts payable	**21**	1,049,004	1,377,601
Total current liabilities		4,400,778	14,220,895
Total liabilities		18,796,581	26,825,573
Total liabilities and shareholders' equity		73,787,469	85,276,383

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

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The accompanying notes 1 to 31 are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME FOR FISCAL YEARS ENDED DECEMBER 31, 2020 AND 2019 (in thousand pesos – Note 2.3)

	Note	12.31.2020	12.31.2019
Revenues	23	18,906,429	24,221,504
Cost of service	24	(11,942,513)	(13,532,954)
Gross profit		**6,963,916**	**10,688,550**
Selling expenses	24	(1,017,665)	(997,913)
Administrative expenses	24	(1,933,980)	(1,872,640)
Income before other income and expenses		**4,012,271**	**7,817,997**
Other income and expenses	25	185,534	281,908
Income before financial income		**4,197,805**	**8,099,905**
Net financial income			
Other net financial income	26	2,417,807	1,337,600
Financial income	26	241,890	233,551
Financial expenses	26	(1,245,085)	(1,138,048)
Loss on monetary position	26	(1,968,498)	(1,013,774)
Net financial (loss) income		**(553,886)**	**(580,671)**
Income from investments in affiliated companies	7	14,984	30,837
Income before income tax		**3,658,903**	**7,550,071**
Income tax			
Current	8	(1,894,219)	(2,034,685)
Deferred	8	1,329,634	277,476
Subtotal income tax		**(564,585)**	**(1,757,209)**
Income for the fiscal year		**3,094,318**	**5,792,862**
Items that will be reclassified through profit or loss			
Affiliated companies' financial statements currency translation adjustment	7	15,848	(7,274)
Items that will not be reclassified through profit or loss			
Property, plant and equipment revaluation allowance	2.6	(6,570,088)	(2,967,097)
Other comprehensive income/(loss) for fiscal year [(1)]		**(6,554,240)**	**(2,974,371)**
Comprehensive (loss) income for the year		**(3,459,922)**	**2,818,491**
Net income (loss) per share, basic and diluted	27	7.0426	13.1844

[(1)] Comprehensive income/(loss) is shown net of income tax effect.

The accompanying notes 1 to 31 are an integral part of these financial statements.

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

TGN

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STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR FISCAL YEARS ENDED DECEMBER 31, 2020 AND 2019 (in thousand pesos - Note 2.3)

ITEM	Common stock	Common stock integral adjustment	Property, plant and equipment revaluation allowance (Note 2.6)	Statutory reserve	Optional reserve for working capital and liquidity coverage	Voluntary reserve for future dividends	Other reserves	Retained earnings	Total shareholders' equity
Balances as of December 31, 2018	**439,374**	**18,709,803**	**30,199,794**	**271,719**	**-**	**-**	**(2,896)**	**11,278,213**	**60,896,007**
Resolution at Ordinary Shareholders' Meeting dated April 10, 2019:									
Reinstatement of Statutory Reserve	-	-	-	3,558,120	-	-	-	(3,558,120)	-
Creation of Voluntary Reserve for future dividends	-	-	-	-	-	1,272,383	-	(1,272,383)	-
Creation of Optional Reserve for working capital and liquidity coverage		-	-	-	1,779,417	-	-	(1,779,417)	-
Distribution of Dividends in cash	-	-	-	-	-	-	-	(4,308,429)	(4,308,429)
Absorption of Other reserves	-	-	-	-	-	-	2,896	(2,896)	-
Distribution of Voluntary Reserve for future dividends	-	-	-	-	-	(955,259)	-	-	(955,259)
Profit for the fiscal year	-	-	-	-	-	-	-	5,792,862	5,792,862
Other comprehensive income	-	-	(6,540,161)	-	-	-	(7,274)	3,573,064	(2,974,371)
Balances as of December 31, 2019	**439,374**	**18,709,803**	**23,659,633**	**3,829,839**	**1,779,417**	**317,124**	**(7,274)**	**9,722,894**	**58,450,810**
Resolution at Ordinary Shareholders' Meeting dated May 22, 2020:									
Creation of Optional Reserve for working capital and liquidity coverage	-	-	-	-	9,722,894	-	-	(9,722,894)	-
Profit for the fiscal year	-	-	-	-	-	-	-	3,094,318	3,094,318
Other comprehensive income/(loss)	-	-	(9,157,089)	-	-	-	15,848	2,587,001	(6,554,240)
Balances as of December 31, 2020	**439,374**	**18,709,803**	**14,502,544**	**3,829,839**	**11,502,311**	**317,124**	**8,574**	**5,681,319**	**54,990,888**

The accompanying notes 1 to 31 are an integral part of these financial statements.

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

Free translation from the original in Spanish for publication in Argentina

STATEMENTS OF CASH FLOWS FOR FISCAL YEARS ENDED DECEMBER 31, 2020 AND 2019 (in thousand pesos – Note 2.3)

	Note	12.31.2020	12.31.2019
Profit for fiscal year		3,094,318	5,792,862
Adjustments to cash generated by (used in) operating activities:			
Property, plant and equipment depreciation	**6**	7,546,496	7,674,892
Residual value of property, plant and equipment written-off	**6**	11,696	31,823
Income tax	**8**	564,585	1,757,209
Accrued interest generated by liabilities	**26**	1,281,770	1,521,690
Accrued interest generated by assets	**26**	(241,890)	(233,551)
Increase in allowances and provisions (net of recoveries)		348,739	(159,204)
Gain from derivative financial instruments	**26**	77,281	(572,492)
Exchange rate differences and other net financial income		(5,015,055)	(7,395,999)
Income from investments in affiliated companies	**7**	(14,984)	(30,837)
Net changes in operating assets and liabilities:			
Decrease in trade accounts receivable		3,800,233	2,476,795
Decrease in other accounts receivable		133,771	141,487
Increase in materials and spare parts		(156,272)	(116,406)
Decrease in trade accounts payable		(465,403)	(346,731)
(Decrease) increase in salaries and social security contributions		(25,041)	45,048
Decrease in taxes payable		(288,315)	(1,700,694)
Increase in derivative financial instruments		31,501	463,710
Decrease in other debts		(59,033)	(37,666)
Decrease in contingencies		(51,609)	(136,429)
Income tax payment		(2,696,921)	(423,772)
Net cash flow generated by operating activities		**7,875,867**	**8,751,735**
Acquisition of property, plant and equipment	**6**	(2,582,081)	(3,774,609)
Subscriptions net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)		(1,267,625)	8,159,764
Principal received from investments at amortized cost and investments at fair value		7,677	11,402
Interest received from investments at amortized cost and investments at fair value		6,230	16,153
Net cash flow (used in) generated by investing activities		**(3,835,799)**	**4,412,710**
Taking of loan with Itaú Unibanco S.A. Nassau Branch	**16.1**	4,593,968	-
Taking of local loans in pesos	**16.1**	7,623,058	883,478
Issue of Notes	**17.1**	1,717,256	-
Payment of interest on Notes	**17.1**	(121,846)	-
Payment of principal on Syndicated Loan	**16.1**	(9,084,644)	(9,127,957)
Payment of interest on Syndicated Loan	**16.1**	(390,000)	(1,020,548)
Payment of principal on local loans in pesos	**16.1**	(7,174,342)	-
Payment of interest on local loans in pesos	**16.1**	(679,258)	(122,746)
Payment of dividends in cash		-	(5,263,688)
Lease payment		(13,349)	(12,036)
Net cash flow used in financing activities		**(3,529,157)**	**(14,663,497)**
Net Increase (decrease) in cash and cash equivalents		**510,911**	**(1,499,052)**
Cash and cash equivalents at the beginning of fiscal year		2,891,306	4,904,908
Financial income generated by cash		(320,165)	(514,550)
Cash and cash equivalents at the end of fiscal year	**14**	**3,082,052**	**2,891,306**
Transactions not affecting cash:			
Right-of-use on property, plant and equipment through leases	**6**	**7,216**	**39,896**
Recovery of materials – property, plant and equipment		**124,187**	**-**

The accompanying notes 1 to 31 are an integral part of these financial statements.

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

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 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).

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 freeze 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 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 for a term successively extended until December 31, 2021, entrusting the comptroller, to conduct a legal, technical and economic audit of all aspects regulated under the Solidarity Law in energy matters, and to prepare a report to be submitted to the PEN. The rate freeze established under the Solidarity Law was successively extended until March 17, 2021 by means of Necessity and Urgency Decrees No. 543/20 and 1,020/20. (See Note 1.3.3).

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 not 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.

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 (expressed in December 2016 currency), 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 No. 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 No. 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.

1 – OVERVIEW (Cont.)

1.3 - Regulatory framework (Cont.)

1.3.3 – 2017 Comprehensive rate review (Cont.)

In September 2019, the Energy Secretariat passed Resolution No. 521/2019 (amended by Resolution No. 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 national government 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 No. 543/20 extending once again the rate freeze established under the Solidarity Law for another 180 running days.

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 as from March 1. This interruption of service prohibition will have to be maintained until December 31, 2020. The measure covers universal child allowance beneficiaries, retirees, pensioners, self-employed (“*monotributistas*”) and employees with a gross salary of not more than 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, as well as all such other users as may be instructed by the enforcement authority (Ministry of Economy) to be covered by this benefit. Gas distributors had, in all cases, to offer all users covered by said regulation, payment plans consisting of thirty equal and consecutive installments to pay outstanding balances, the first starting with the regular bills to be issued by gas distributors as from September 30, 2020. This deferred payment scheme would accrue interest at the rate established by the Coordination Unit created under Ministry of Productive Development Resolution No. 173/2020.

On November 20, 2020, ENARGAS comptroller submitted a report to the National Energy Secretary and Minister of Economy with the results of the audit and CRR, concluding that the latter would have been affected by serious flaws that could render it null and void and that, in his opinion, would have had a negative impact on the rates paid by users, as a result of which he proposed to opt for the CRR renegotiation alternative foreseen in section 5 of the Solidarity Law. The Company, which received notice of said report on January 7, 2021, disagrees with said conclusions as it considers that the CRR was a valid procedure under the applicable legislation that gave rise to fair and reasonable transportation rates, as required under the Natural Gas Act.

1 – OVERVIEW (Cont.)

1.3.3 – 2017 Comprehensive rate review (Cont.)

Following ENARGAS comptroller's recommendation, on December 17, 2020, the PEN passed Decree No. 1020/20 instructing to suspend the Comprehensive Agreement to the extent to be established by ENARGAS, to start the CRR renegotiation as established in section 5 of the Solidarity Law and to complete the renegotiation process no later than December 17, 2022. Said process must end with the execution of a final agreement with natural gas transportation and distribution licensees regarding the CRR, with ENARGAS being authorized to apply interim rate adjustments to assure the normal and continued provision of the utility service. Said decree further provides that if no final agreement is reached, the ENARGAS shall enact, *ad referendum* of the PEN, a new rate scheme for natural gas transportation and distribution utility services. Hence, on February 22, 2021, the ENARGAS passed Resolution No. 47 convening a public hearing to be conducted on March 16, 2021, to discuss the transition rate regime foreseen in Decree 1020/20.

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**.** 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 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 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.

Argentina's main macroeconomic indicators are:

- The year-on-year drop in the Gross Domestic Product for 2020 has been at 10.7%.
- Cumulative inflation between January 1, 2020 and December 31, 2020 reached 36.14% as shown by the Consumer Price Index ("IPC") published by the National Institute of Statistics and Census ("INDEC").
- From January 1 to December 31, 2020, the peso depreciated 40.51% against 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.

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, imply the need to obtain 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 December 31, 2020, foreign currency denominated assets and liabilities have been valued based on the exchange rates quoted by MULC.

As of the date of issue of these financial statements for the period ended December 31, 2020, 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 had obtained the consent of 99.41% of all eligible debt.

The Company's Management permanently monitors how the variables that affect the business evolve in order to determine possible actions to be adopted and identify potential impacts on its equity and financial position. These financial statements should be read in the light of said circumstances.

1.5 - Decrease in revenues from gas transportation for export

In 2004, as a result of an increased domestic demand for gas and a simultaneous drop in production and reserves, the National Government adopted measures, still in force, to ensure that natural gas supply be primarily allocated to meet domestic demand. This involved restrictions on gas exports, which significantly affected sales of gas transportation services to foreign destinations and caused a steady decline in the use of firm gas transportation services. Although TGN was able to enter into settlement agreements with some foreign customers for the early termination of transportation contracts in exchange for economic compensation (which nevertheless have caused a negative net effect on TGN's expected cash flows), two legal disputes with YPF S.A. ("YPF") and the Chilean distributor Metrogas S.A. ("Metrogas"), which are described in Notes 22.1.4 and 22.1.5 respectively, to these financial statements, remain unsettled.

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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 adopts 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 years' financial statements have been reclassified in order to compare them to these financial statements.

2.1 – Use of estimates and accounting policies

The preparation of financial statements requires the Company to make estimates that affect the reported valuation of assets and liabilities at the date of issue of these financial statements as well as income and expenses recorded for the fiscal year. However, actual results and amounts may significantly differ from estimates used in the preparation of financial statements. The accounting policies applied in preparing these financial statements are consistent with those applied in preparing the financial statements for the period ended December 31, 2019.

2.2 – Going Concern

As of the date of these financial statements, there are no uncertainties as regards events or conditions that might cast doubt on the Company's ability to continue doing business normally as a going concern.

2.3 –Measuring Unit

International Accounting Standard N° 29 on "Financial Reporting in Hyperinflationary Economies" ("IAS 29") requires that financial statements of an entity which functional currency is that of a hyperinflationary economy, whether based on the historical or current cost approach, be stated in terms of the measuring unit current as of the closing date of the reporting period. Consequently, in general terms, non-monetary items should include actual inflation since their acquisition or revaluation date, as appropriate. Said requirements also apply to comparative information included in financial statements.

The standard describes a number of factors indicative of a hyperinflationary economy under IAS 29, such as when the cumulative inflation rate over three years approaches, or exceeds 100%. This is why Argentina's economy should have been regarded as hyperinflationary as from July 1, 2018.

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

2.3 –Measuring Unit (Cont.)

In turn, Law No. 27,468 (published in Official Gazette on December 4, 2018), amended article 10 of Law 23,928 as amended, by repealing all statutory or regulatory pieces of legislation that established or authorized price adjustment based on price increases, currency restatement, cost variation or other forms of boosting debts, taxes, prices or rates for goods, works or services. This does not apply to financial statements in respect of which the provisions of article 62 in fine of the General Company Law No 19,550 (as restated in 1984) as amended ("LGS") will continue to apply. Said legislation also repealed Decree No. 1269/2002 dated July 16, 2002 as amended, and delegated to PEN, through its supervisory entities, the power to establish the date as from which said provisions will apply to financial statements filed with it. Therefore, CNV instructed, through General Resolution 777/2018 (published in Official Gazette on December 28, 2018), that issuing entities subject to its supervision restate their annual, interim or special financial statements closed after December 31, 2018 in constant currency as per IAS 29. Therefore, these financial statements as of December 31, 2020 have been restated.

Pursuant to IAS 29 any entity reporting its financial statements in the currency of a hyperinflationary economy shall report them in the measuring unit current as of the date of those financial statements. All such amounts in the balance sheet as are not reported in terms of the measuring unit as of the date of the financial statements shall be adjusted by applying a general price index. All items in the statement of income shall be reported in terms of the measuring unit adjusted as of the date of the financial statements, by applying the general Price index variation experienced since the date when income and expenses were originally recognized in the financial statements.

The inflation adjustment to initial balances was determined considering the indexes established by FACPCE on the basis of price indexes published by INDEC. The average price index variation for fiscal year ended December 31, 2020 was 36.14%.

The main procedures for the inflation adjustment above mentioned are as follows:

- Monetary assets and liabilities reported at the financial statements closing currency are not restated as they are already stated in terms of the measuring unit current at the date of said financial statements.
- Non-monetary assets and liabilities reported at cost as of the date of the financial statements, and equity items, are restated by applying relevant adjustment rates.
- All statement of comprehensive income items are adjusted by applying relevant conversion factors.
- The effect of inflation on the Company's net monetary position is shown in the statement of comprehensive income, under "Net financial income", more specifically under "Gain/loss on monetary position".
- Comparative figures have been adjusted for inflation following the same procedure described in the preceding items.

In initially applying the inflation adjustment, equity items have been restated as follows:

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

2.3 –Measuring Unit (Cont.)

- Common stock has been restated as from the later of subscription date or date of last inflation-adjustment. The resulting amount has been reflected under "Common stock integral adjustment".
- Other comprehensive income has been restated as from each accounting entry date.
- Other reserves under the statement of income have not been restated initially.

2.4 - Investments in affiliated companies

Affiliated companies are all entities over which the Company exerts a significant influence. Investments in affiliated companies are valued using the equity method of accounting. Investments in affiliated companies Comgas Andina S.A. ("COMGAS") and Companhia Operadora do Rio Grande do Sul ("COPERG") have been valued at equity value, on the basis of their financial statements (see Note 7).

2.5 - Functional currency

(a) Functional and reporting currency

The Company's functional and reporting currency is the Argentine peso. The Argentine peso is the currency that best reflects the economic substance of the Company's relevant circumstances and underlying events taken as a whole. However, there are affiliated companies with a functional currency other than the peso, which are valued on an equity interest basis (see Note 7).

(b) Transactions and balances

Foreign currency transactions are converted into the functional currency based on the exchange rate prevailing at the date of the transactions or at the date of the financial statements in the case of accounts receivable or payable. Gains or losses resulting from exchange rates in force as at the date of the transaction and those in force at year end for foreign currency denominated assets and liabilities are recorded in the statement of comprehensive income. Exchange differences (gains or losses) are reported in the statement of comprehensive income under "Financial income" and "Financial expenses", respectively.

(c) Affiliated companies

The results of operations and financial position of affiliated companies, which have a functional currency different from TGN's reporting currency, and none of which operates in hyperinflationary economy, are converted into the reporting currency as follows:

i. Assets and liabilities are converted at the exchange rates prevailing at the closing date of financial statements;

ii. Income and expenses are converted at the monthly average exchange rate, except where such exchange rate does not reasonably reflect the cumulative effect of exchange rates prevailing at the date of each transaction, in which event they are converted at the exchange rate in force at the date of each transaction; and

iii. All resulting conversion differences are reported under other comprehensive income with a balancing entry under "other reserves" (see Note 2.11.3).

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

2.6 – 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 plots of land, 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. Cumulative 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. Said valuation method has been categorized as per IFRS 13 within Level 3 of the fair value hierarchy. 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 the inflation rate, devaluation rate, etc. The Company believes that any sensitivity analysis involving relevant modifications to above mentioned factors, could result in significant changes.

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 or decrease 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 the 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.

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 December 31, 2020:

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

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

2.6 – Property, plant and equipment (Cont.)

Revalued Assets	Residual book value as of 12/31/2020 (cost model)	Higher value net of impairment	Fair value as of 12/31/2020 (revaluation model)
Gas pipelines and branch lines	22,475,082	15,637,470	38,112,552
Compressor plants	3,732,301	1,770,544	5,502,845
Meter and regulating stations	462,575	299,077	761,652
SCADA System	497,201	330,654	827,855
Lands	13,956	39,658	53,614
Buildings and civil construction works	690,346	348,844	1,039,190
Gas inventory	329,207	624,328	953,535
Other technical installations	633,297	165,469	798,766
Subtotal essential assets	**28,833,965**	**19,216,044**	**48,050,009**
Lands	2,719	24,718	27,437
Buildings and civil construction works	216,099	95,888	311,987
Subtotal other assets subject to revaluation	**218,818**	**120,606**	**339,424**
Total Revalued Assets	**29,052,783**	**19,336,650**	**48,389,433**

Cumulative depreciation as of the revaluation date is offset against the gross book value of the asset. Depreciation, based on a component criterion, is calculated using the straight-line method based on the 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

During the period ended December 31, 2020, the Company recognized an impairment charge for its property, plant and equipment for an amount of $ 8,760,084.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

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

2.6 – Property, plant and equipment (Cont.)

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" are described below:

Balance as of December 31, 2018	30,199,794
Reversal during 2019 fiscal year	(3,573,064)
Impairment during 2019 fiscal	(2,967,097)
Balance as of December 31, 2019	23,659,633
Reversal during 2020 fiscal year	(2,587,001)
Impairment during 2020 fiscal year	(6,570,088)
Balance as of December 31, 2020	14,502,544

Non-essential assets not subject to revaluation have been valued using the "cost model" foreseen in IAS 16 ("Property, plant and equipment"), upon acquisition, considering the purchase or construction cost, including material, labor and indirect costs and are then adjusted for inflation as provided in IAS 29. Depreciation is calculated using the straight-line method, applying annual depreciation rates sufficient to extinguish their original values at the end of their useful lives. In determining the useful lives ENARGAS regulations have been considered, among other parameters.

	Years of estimated remaining useful life
Building installations	20
Machinery, equipment and tools	4
Other technical installations	3
Communication equipment and devices	3
Vehicles	3
Furniture and fixtures	5
Rights-of-use	2-4
Works in progress	n/a

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

2.6 – Property, plant and equipment (Cont.)

The depreciation charge for each fiscal year is recognized under Income. The residual value and useful life of an asset are reviewed, at least, as of each fiscal year end, and if expectations differ from previous estimates, changes are reported as a change in an accounting estimate as provided under IAS 8 ("Accounting Policies, Changes in Accounting Estimates and Errors"). Assets are impaired to reflect their recoverable amount if the carrying residual value exceeds the estimated recoverable amount.

Gains and losses derived from the sale of assets are determined by comparing income received with their carrying residual value and reported in the statement of comprehensive income under "Other net income and expenses" (See Note 25 to these financial statements).

The Company has considered as part of the acquisition price of "Property, plant and equipment" items, net cost of third-party funding in the case of long-term construction works, until their start-up. The above-mentioned amounts are reported net of cumulative depreciations. Subsequent costs are recognized only when they are likely to generate future economic benefits for the Company and can be reasonably measured.

2.7 – Financial Instruments

2.7.1 – Recognition and Valuation

All financial instruments have been recognized or derecognized on the trade date, i.e., the date on which the Company purchases or sells said instruments. Financial assets are initially measured at fair value, net of transaction costs, except for those financial assets classified at fair value into profit or loss, where transaction costs are recorded as a financial expense in the statement of comprehensive income.

Investments are derecognized when the right to receive their cash flows expire or is transferred and the Company substantially ceases to have all the risks and rewards derived from ownership. Trade accounts receivable and other accounts receivable are valued at amortized cost applying the effective interest rate method.

Profits and losses from changes in the fair value of financial assets at fair value through profit or loss are included in the statement of comprehensive income under "Net Financial Income", in the fiscal year in which the aforementioned changes take place.

Different valuation levels for financial instruments carried at fair value have been defined as follows:

* Level 1: Quoted prices in active markets for identical assets.
* Level 2: Information, other than the quoted price included in Level 1 that can be confirmed for the asset, either directly (i.e., prices) or indirectly (i.e., derived from prices).
* Level 3: Information on the asset that cannot be confirmed in the market (i.e., non-observable data).

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

2.7 – Financial Instruments (Cont.)

2.7.1 – Recognition and Valuation (Cont.)

As of this date, the Company has no financial instruments valued as established in Level 3.

The value of financial instruments traded on active markets is based on the quoted market prices at the date of the financial statements. The quoted market price used for financial assets held by the Company is the ask price as of December 31, 2020. These instruments are included in Level 1 and comprise investments in mutual funds and government bonds. Note 10 to these financial statements contains a description of the Company's Level 1 and 2 assets, measured at fair value as of December 31, 2020 and 2019.

2.7.2 - Classification

The Company classifies its financial instruments into the following categories: financial assets at fair value through profit or loss, financial assets at amortized cost and financial liabilities at amortized cost. This classification depends on the Company’s business model to manage financial assets and the characteristics of the contractual cash flows thereof.

The Company has a policy approved by the Board, which describes the criteria to value its investments in financial assets and establishes monitoring mechanisms to be followed by the General Management Department, as to the proper application of said criteria.

2.7.2.1 – Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value included within this category are mutual funds and certain government bonds.

2.7.2.2 – Financial Assets at Amortized Cost

The following items have been included in this category: cash and cash equivalents, term deposits, investments of restricted availability, dollar denominated government bonds, bonds, surety bonds in pesos, T-bills in pesos, trade accounts receivable and other accounts receivable.

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

2.7 – Financial Instruments (Cont.)

2.7.2 – Classification (Cont.)

2.7.2.3 – Financial Liabilities at Amortized Cost

The Company has determined that all financial liabilities are valued at amortized cost using the effective interest rate method.

2.7.3 - Impairment

As of the date of issue of each of its Financial Statements, the Company makes an estimate of the impairment of its financial assets, based on the expected loss model, where impairment is recognized during the life of the financial asset, considering historical loss data and reasonable estimates of future economic conditions.

2.7.4 - Derivative financial instruments – Initial recognition and subsequent measurement

Derivative financial instruments used by the Company are initially recognized at their fair values as of the date of the derivative contract, and are subsequently again measured at their fair value. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. Any gain or loss as a result of changes in derivatives' fair value is directly recognized through profit or loss.

2.8 - Materials and Spare Parts

Materials and spare parts are recorded at their historical cost adjusted for inflation, as provided in IAS 29. This cost is calculated according to the "Weighted Average Price" method. The breakdown of materials and spare parts into current and non-current has been performed based on the estimated utilization schedule. An allowance for slow-moving and obsolete materials and spare parts is determined for those slow-moving or obsolete assets. Considering the economic and financial projections prepared by the Company based on its best estimate, the book value of materials and spare parts does not exceed their recoverable value.

2.9 – Trade Accounts Receivable and Other Accounts Receivable

Trade accounts receivable represent amounts due from customers for services rendered by the Company in the normal course of its business. If said amounts are expected to be received within one year or less, they are classified as current assets. Otherwise, they are disclosed as non-current assets. Non-current trade accounts receivable are principally related to customers in dispute described in Notes 22.1.4 and 22.1.5 to these financial statements, and have been valued according to the best estimate of receivables.

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

2.9 – Trade Accounts Receivable and Other Accounts Receivable (Cont.)

Other accounts receivable has been valued at amortized cost applying the effective interest rate method, net of an allowance for doubtful accounts. To estimate expected credit losses, the Company applies IFRS 9. Said standard requires that a loss allowance be established during the full lifetime of trade accounts receivable. The expected credit loss to be recognized is calculated based on a percentage of bad debts across due dates of each trade account receivable. To measure the expected credit loss, trade accounts receivable have been grouped based on their credit risk and time elapsed since due. Book value of trade accounts receivable and other accounts receivable does not present material differences when compared to their fair value.

2.10 – Cash and Cash Equivalents

This item includes available cash, bank deposits and other short-term liquid investments originally falling due within three months or less. Available cash, bank deposits and term deposits are valued at their amortized cost. Mutual funds are valued at their fair value. Note 14 to these financial statements provides a breakdown of cash and cash equivalents.

2.11 – Shareholders' Equity

Shareholders' equity includes common stock, reserves, other comprehensive income, and retained earnings, recorded as provided at the Shareholders' Meeting and applicable laws and regulations. These accounts are restated as provided in Note 2.3 to these financial statements, except for Common Stock, which is maintained at nominal value.

2.11.1 – Common Stock and common stock integral adjustment

Common shares are recorded at their nominal value. The difference between common stock stated in constant currency and its historical nominal value is shown under "Common stock integral adjustment" in the statement of changes in shareholders' equity.

2.11.2 – Statutory Reserve

As provided in the LGS and CNV regulations, 5% of the year's net profit must be set aside and allocated to Statutory Reserve, provided there are no cumulative losses, in which event, said 5% must be calculated on the excess of net profit for the year over cumulative losses. In compliance with said provisions, TGN's Statutory Reserve reached 20% of its common stock plus the balance in the "common stock integral adjustment" account.

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

2.11 – Shareholders' Equity/Net worth (Cont.)

2.11.3 – Reserves

The "Optional reserve for working capital and liquidity coverage" and the "Voluntary reserve for future dividends" have been accounted for based on the decision adopted at the Shareholders' Meeting.

The "Property, plant and equipment revaluation allowance" is reported as described in Note 2.6 to these financial statements.

"Other reserves" include the reserve for affiliated companies' currency conversion, which is reported as described in Note 2.5 (c) to these financial statements.

2.11.4 – Retained earnings

Retained earnings include cumulative profits or losses not specifically allocated, which if positive may be distributed if so decided at a Shareholders' Meeting, in absence of any applicable legal restriction.

2.12 Trade Accounts Payable and Other Debts

Trade accounts payable represent payment obligations for goods or services purchased from suppliers in the normal course of the Company's business. Trade accounts payable and other debts are classified as current or non-current liabilities depending on when the Company's liabilities become due. Trade accounts payable and other debts have been valued at their amortized cost, using the effective interest rate method. Book value of trade accounts payable and other debts do not present material differences when compared to their fair value.

2.13 – Loans and Notes

Loans and Notes have been valued at their amortized cost. Any difference between loans received (net of transaction costs) and amounts repaid is recognized in the statement of comprehensive income, using the effective interest rate method. Loans and Notes are classified as current or non-current liabilities, depending on when principal and interest payments become due.

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

2.14 – Income Tax

(a) Income Tax

The income tax charge for the year comprises both current and deferred tax. The income tax is recognized under the statement of comprehensive income, except to the extent related to items recognized under Other comprehensive income, in which case it is recognized under Other comprehensive income.

Current income tax is calculated in accordance with legislation approved as of the date of these financial statements. Positions taken as reflected in tax returns are periodically reviewed where applicable tax regulations are subject to interpretation, and if necessary, provisions are established for estimated amounts likely to be paid.

Deferred income tax is recognized in accordance with the balance sheet method, based on temporary differences resulting between tax bases for assets and liabilities and carrying amounts. It is calculated using tax rates approved, expected to be applicable when the deferred income tax asset is realized or the deferred income tax liability is paid, based on the laws enacted as of the close of fiscal year.

Deferred income tax assets are recognized only to the extent future tax benefits are likely to be available so that temporary differences may be used.

Deferred income tax assets and liabilities are offset because it is allowed under the law, they derive from the same entity's income tax, are subject to the same tax authority, and are reported to the latter on a net basis.

On December 29, 2017 the National Executive Branch enacted Law 27,430 – Income Tax. This law has introduced several changes regarding income tax treatment, including gradual tax rate reductions for Argentine companies from 35% to 30% for fiscal years beginning on January 1, 2018 until December 31, 2019, and a further reduction to 25% for fiscal years beginning on January 1, 2020, included. However, the Solidarity Law has postponed the application of the 25% rate for fiscal years beginning on January 1, 2021.

(b) Tax on dividends

Law 27,430, above mentioned, has additionally introduced a tax on dividends or retained earnings, applicable among others, to Argentine companies or permanent establishments either of individuals, undivided estates or foreign beneficiaries, on the following premises:

(i) dividends derived from earnings accrued during fiscal years beginning January 1, 2018 up to December 31, 2019, shall be subject to a 7% withholding tax; and

(ii) dividends derived from earnings in fiscal years beginning on January 1, 2020 onwards shall be subject to a 13% withholding tax.

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

2.14 – Income Tax (Cont.)

However, the Solidarity Law has postponed the application of the 13% rate, establishing its effective date for fiscal periods beginning January 1, 2021.

Dividends derived from earnings accrued up to fiscal year prior to that beginning on January 1, 2018 will continue to be subject, as to all their recipients, to a 35% withholding tax over the excess of retained earnings that are tax-free distributable (transition period for matching tax).

2.15 - Contingencies

Provisions for labor, civil and administrative lawsuits are recognized when the Company has a legal or constructive liability as a result of past events, and it is likely that an outflow of cash will be required to settle said liability in an amount that can be accurately estimated. Provisions for contingencies are measured at the estimated present value of cash disbursements expected to be required to settle said liability.

2.16 - Leases

Leases are recognized as a right-of-use asset, and a liability is recorded on the date when the leased asset is available for use by the Company. Right-of-use assets are measured at cost, which includes the following:

- initial lease liability,
- lease payments made on or before commencement date, and
- any initial direct cost.

Right- of-use assets are depreciated on a straight-line basis throughout the lesser of the useful life of the asset or lease term. Lease liabilities are measured at the present value of discounted future payments under the lease agreement, at a discount rate implicit in said agreements, if it can be determined, or at the weighted average of the incremental borrowing rate.

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

2.17 – Revenue Recognition

As from January 1, 2018, the Company has applied IFRS 15 "Revenue from Contracts with Customers".

Consequently, revenues from firm and interruptible transportation services and operation and maintenance contracts are recognized at the present value of the amounts received or to be received, net of value added tax, withholdings and discounts. Firm transportation revenues are recognized based on the contracted capacity reserved, regardless of actual usage. Interruptible transportation revenues are recognized based on the volumes of natural gas delivered. Operation and maintenance revenues are recognized when services are provided.

IFRS 15 sets up a five-step model to recognize and measure revenues: i) identify the contract with the customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when or as the entity satisfies a performance obligation.

According to the basic rules of the License, the Company transfers the turnover tax and tax on bank transactions, related to regulated services, to customers via increases in monthly billings.

2.18 - Interest

Interest income is recognized based on the proportion of time elapsed, using the effective interest rate method and the original contractual rate associated with the underlying instrument or loan.

2.19 –Related Party Transactions

Related party transactions with controlling company, affiliated companies and other related parties are entered into according to current market conditions. Individuals and companies comprised in Law N° 26,831, Section 72, have been included as related parties.

2.20 - Commitments

As of the date of these Financial Statements, the Company has committed disbursements (see Notes 1.2, 1.3.3. and 6.1 to these Financial Statements).

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

2.21 – Changes in Interpretation and Accounting Standards

a) New accounting standards, amendments and interpretations issued by IASB applicable as from December 31, 2020, adopted by the Company

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

b) New accounting standards, amendments and interpretations issued and not yet effective for the current fiscal year

There are no new accounting standards, interpretations and/or amendments issued and not yet effective for the current fiscal year which may have a significant impact on the Company's financial statements.

3 – FINANCIAL RISK MANAGEMENT

3.1 – Financial Risk Factors

The Company's activities expose it to various financial risks: capital risk, market risk (including currency risks, price risks, interest rate risks on fair value and cashflows), credit risk and liquidity risk. The Company has an investment policy that provides a conceptual framework within which investments and fund placements are made, minimizing exposure to capital risk, maximizing return based on specific market characteristics, and maintaining liquidity levels necessary for its normal operation.

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

3 – FINANCIAL RISK MANAGEMENT (Cont.)

3.2 – Capital Risk Management

The following table shows the Company's capitalization as of December 31, 2020 and December 31, 2019:

	12.31.2020	12.31.2019
Current Loans	545,552	9,856,280
Current Notes	1,064,944	-
Non-Current Loans	4,837,853	-
Non-Current Notes	488,339	-
Total Loans and Notes	6,936,688	9,856,280
Common Stock	439,374	439,374
Common Stock integral adjustment	18,709,803	18,709,803
Statutory reserve	3,829,839	3,829,839
Optional reserve for working capital and liquidity coverage	11,502,311	1,779,417
Voluntary reserve for future dividends	317,124	317,124
Property, Plant and Equipment Revaluation reserve	14,502,544	23,659,633
Other Reserves	8,574	(7,274)
Retained Earnings	5,681,319	9,722,894
Total Shareholders' Equity	54,990,888	58,450,810
Total Capitalization	61,927,576	68,307,090

3.3 – Market Risks

3.3.1 – Currency Risks

The potential impact on the statement of comprehensive income and the statement of changes in shareholders' equity 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 $ 72.1 million, provided 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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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

3 – FINANCIAL RISK MANAGEMENT (Cont.)

3.3 – Market Risks (Cont.)

Foreign Currency denominated Assets and Liabilities

	12.31.20				12.31.19		
	Amount and type of foreign currency [1]		Current trading price in $	Amount in local currency [1]	Amount and type of foreign currency [1]		Amount in local currency [1]
ASSETS							
NON-CURRENT ASSETS							
Trade accounts receivable (Note 13)							
Trade accounts receivable with third parties	US$	189,378	83.95	15,898,271	US$	189,378	15,389,283
				15,898,271			**15,389,283**
Investments at amortized cost of restricted availability (Note 9)							
Investments at amortized cost of restricted availability	US$	56,584	83.95	4,750,191			-
				4,750,191			**-**
Total non-current assets				**20,648,462**			**15,389,283**
CURRENT ASSETS							
Other accounts receivable (Note 12)							
Other sundry accounts receivable	US$	435	83.95	36,476	US$	736	59,809
Guarantee deposits - rentals				-	US$	250	20,324
Other receivables with controlling company	US$	19	83.95	1,632	US$	4	344
Other receivables with affiliated companies	US$	16	83.95	1,396	US$	11	869
	R$	106	15.40	1,626	R$	106	2,026
				41,130			**83,372**
Trade accounts receivable (Note 13)							
Trade accounts receivable with third parties	US$	3,292	83.95	276,363	US$	188	15,291
Trade accounts receivable with related parties	US$	61	83.95	5,111	US$	118	9,569
Trade accounts receivable with affiliated companies	US$	31	83.95	2,649	US$	21	1,690
				284,123			**26,550**
Derivative financial instruments (Note 10)							
Derivative financial instruments				-	US$	1,339	108,782
				-			**108,782**
Investments at amortized cost (Note 9)							
Government bonds in US$ - T-BILLS				-	US$	24,461	1,987,755
Government bonds in US$ - Letes				-	US$	1,764	143,360
				-			**2,131,115**
Investments at fair value (Note 9)							
Mutual funds in US$				-	US$	985	80,014
Government bonds in US$	US$	1,636	83.95	137,336	US$	2,863	232,655
				137,336			**312,669**
Cash and cash equivalents (Note 14)							
Term deposits in US$				-	US$	5,522	448,737
Mutual funds in US$				-	US$	27,601	2,242,926
Bank balances	US$	48	83.95	4,017	US$	501	40,698
				4,017			**2,732,361**
Total current assets				**466,606**			**5,394,849**
Total assets				**21,115,068**			**20,784,132**

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

3 – FINANCIAL RISK MANAGEMENT (Cont.)

3.3 – Market Risks (Cont.)

Foreign Currency denominated Assets and Liabilities (Cont.)

	12.31.20				12.31.19		
	Amount and type of foreign currency (1)		Current trading price in $	Amount in local currency (1)	Amount and type of foreign currency (1)		Amount in local currency (1)
LIABILITIES							
NON-CURRENT LIABILITIES							
Loans (Note 16)							
Loan with Itaú Unibanco S.A. Nassau Branch	US$	54,551	84.15	4,590,486			-
Total Non-current liabilities				**4,590,486**			**-**
CURRENT LIABILITIES							
Trade accounts payable (Note 21)							
Suppliers - goods and services	US$	694	84.15	58,381	US$	1,201	97,957
				-	£	188	20,150
Unbilled Goods and Services	US$	1,976	84.15	166,321	US$	6,769	551,904
	£	36	114.75	4,079	£	39	4,169
	€	20	103.53	2,079	€	24	2,203
				230,860			**676,383**
Loans (Note 16)							
Syndicated loan				-	US$	110,866	9,039,437
Itaú Unibanco S.A. Nassau Branch Loan	US$	187	84.15	15,749			-
				15,749			**9,039,437**
Total Current Liabilities				**246,609**			**9,715,820**
Total Liabilities				**4,837,095**			**9,715,820**

US$: US Dollars
£: Pound sterling
€: Euros
R$: Brazilian Reais

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

3 – FINANCIAL RISK MANAGEMENT (Cont.)

3.3 – Market Risks (Cont.)

3.3.2 – Price risks

The Company is exposed to the risk of price fluctuations in investments held and classified in its balance sheet as at fair value through profit or loss. To manage the exposure to price risks, the Company has a diversified portfolio. Portfolio diversification is subject to the restrictions established in TGN´s investment policy.

The potential impact on the statement of comprehensive income and the statement of changes in shareholders' equity resulting from each percentage point increase or decrease in the average fair value of the investment portfolio, would approximately represent a gain or loss, as applicable, of $ 26 million, provided the other economic-financial variables affecting the Company remained stable. This sensitivity analysis is based on reasonable assumptions and information. Yet, actual results might significantly differ from said analysis.

3.3.3 – Interest rate risks on fair value and cash flows

The Company's financial liabilities denominated in local currency amount to $ 2.25 billion, which accrue a BADLAR variable interest rate plus a fixed margin. The potential impact on the statement of comprehensive income and the statement of changes in shareholders' equity as of December 31, 2020, resulting from each percentage point increase or decrease in BADLAR rate, would approximately represent a pre-tax gain or loss, as applicable, of $ 22.5 million, provided the other economic-financial variables affecting the Company remain stable. This sensitivity analysis is based on reasonable assumptions and information. Yet, actual results might significantly differ from said analysis.

TGN manages the risk of changes in BADLAR rate by investing part 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.

3.4 – Credit risks

The credit risk related to investments arises from the credit rating of the financial instrument and the counterparty where such instrument is deposited. The Company's investment policy establishes minimum levels of credit rating for financial instruments and counterparties, according to the type of instrument, currency and marketplace. The Company must transact business with financial institutions with high credit ratings and/or a strong market presence. Diversification restrictions are set, both by instrument and institution.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

3 – FINANCIAL RISK MANAGEMENT (Cont.)

3.4 – Credit risks (Cont.)

As to customers, independent risk ratings are used, where available, or otherwise, a customer's credit rating considering its financial position, experience and other factors is assessed. If it is determined that the customer represents a risk in terms of payment or compliance with obligations, actions to eventually mitigate such risks are considered. The credit risk associated with export customers is described in Note 1.5 to these financial statements.

Short- and medium-term cash flow forecasting is performed on a regular basis to ensure that sufficient cash is available to meet the Company's operation and maintenance requirements.

3.5 – Liquidity risks

The Company invests cash surplus in interest-bearing accounts, term deposits, mutual funds, government bonds and securities, choosing instruments with adequate maturity dates or sufficient liquidity. The table below breaks down liabilities by the term remaining to elapse to maturity, counted as from the date of the Financial Statements.

As of December 31, 2020	Less than 3 months	Between 3 months and a year	Between 1 and 2 years	More than 2 years	Past due/- Without term	Total
Loans and notes	110,496	1,500,000	5,378,250	-	-	6,988,746
Other liabilities (except Contingencies, Deferred income tax liabilities, Salaries and social security contributions, Income tax and Taxes payable)	521,669	28,632	76,353	152,706	669,525	1,448,885

As of December 31, 2019	Less than 3 months	Between 3 months and a year	Between 1 and 2 years	More than 2 years	Past due/- Without term	Total
Loans	816,844	9,066,033	-	-	-	9,882,877
Other liabilities (except Contingencies, Deferred income tax liabilities, Salaries and social security contributions, Income tax and Taxes payable)	442,027	90,954	103,949	207,898	1,115,035	1,959,863

4 – CRITICAL ACCOUNTING ESTIMATES

In preparing these Financial Statements the Company's Board is required to make estimates that affect the valuation of contingent assets and liabilities disclosed as of their date of issue, the allowance for doubtful accounts and disputed amounts (see Notes 2.9, 22.1.4 and 22.1.5), depreciation, fair value of essential assets and recoverable value of non-essential assets (see Note 2.6), allowance for slow-moving or obsolete materials (see Note 2.8), income tax charge (see Note 2.14), as well as income and expenses recorded in the pertinent fiscal year. However, actual results may significantly differ from the estimates used in the preparation of these Financial Statements.

5 – 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);

	12.31.2020	12.31.2019
Revenues	18,906	24,222
Operating costs	(7,348)	(8,729)
Management EBITDA	11,558	15,493
Acquisition of "Property, plant and equipment"	2,589	3,815

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

	12.31.2020	12.31.2019
Management EBITDA in million pesos	11,558	15,493
"Property, plant and equipment" depreciation	(7,547)	(7,675)
Other net income and expenses	186	282
Net financial loss	(554)	(581)
Income (loss) from investments in affiliated companies	15	31
Income before income tax	3,658	7,550

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

6 – PROPERTY, PLANT AND EQUIPMENT

	12.31.2020										Net book value	
	Cost of acquisition						Depreciation					
	At the beginning of fiscal year	Additions	Disposals	Transfers	Impairment Revaluation	At the end of fiscal year	At the beginning of fiscal year	Fiscal year	Disposals	At the end of fiscal year	12.31.2020	12.31.2019
Essential assets:												
Gas pipelines and branch lines	48,789,179	-	-	1,706,017	(6,907,551)	43,587,645	-	5,475,093	-	5,475,093	38,112,552	48,789,179
Compressor plants	6,794,832	-	(14,956)	1,098,961	(998,520)	6,880,317	-	1,388,110	(10,638)	1,377,472	5,502,845	6,794,832
Meter and regulating stations	905,320	-	-	139,505	(136,069)	908,756	-	147,104	-	147,104	761,652	905,320
SCADA system	822,814	-	-	316,102	(144,189)	994,727	-	166,872	-	166,872	827,855	822,814
Gas inventory	1,129,167	-	-	-	(175,632)	953,535	-	-	-	-	953,535	1,129,167
Lands	57,663	-	-	5,671	(9,720)	53,614	-	-	-	-	53,614	57,663
Buildings and civil construction works	1,263,940	-	-	10,827	(186,712)	1,088,055	-	48,865	-	48,865	1,039,190	1,263,940
Other technical installations	669,371	-	-	432,036	(140,654)	960,753	-	161,987	-	161,987	798,766	669,371
Sub-total essential assets	**60,432,286**	**-**	**(14,956)**	**3,709,119**	**(8,699,047)**	**55,427,402**	**-**	**7,388,031**	**(10,638)**	**7,377,393**	**48,050,009**	**60,432,286**
Other revalued assets:												
Lands	32,706	-	-	-	(5,269)	27,437	-	-	-	-	27,437	32,706
Buildings and civil construction works	379,042	-	-	6,145	(55,768)	329,419	-	17,432	-	17,432	311,987	379,042
Sub-total other revalued assets	**411,748**	**-**	**-**	**6,145**	**(61,037)**	**356,856**	**-**	**17,432**	**-**	**17,432**	**339,424**	**411,748**
Total revalued assets	**60,844,034**	**-**	**(14,956)**	**3,715,264**	**(8,760,084)**	**55,784,258**	**-**	**7,405,463**	**(10,638)**	**7,394,825**	**48,389,433**	**60,844,034**
Non-essential assets:												
Building installations	96,129	76,837	-	-	-	172,966	44,334	5,573	-	49,907	123,059	51,795
Machinery, equipment and tools	484,432	55,250	(3,733)	-	-	535,949	410,949	22,027	(2,820)	430,156	105,793	73,483
Other technical installations	552,165	207,748	(4,338)	-	-	755,575	534,080	24,696	(4,227)	554,549	201,026	18,085
Communication equipment and devices	62,161	21,820	(105)	-	-	83,876	58,931	6,371	(105)	65,197	18,679	3,230
Vehicles	485,512	29,315	(9,258)	-	-	505,569	288,348	61,282	(2,929)	346,701	158,868	197,164
Furniture and fixtures	249,856	22,660	(1,012)	-	-	271,504	225,972	5,102	(987)	230,087	41,417	23,884
Right-of-use (Note 20)	39,896	7,216	-	-	-	47,112	15,923	15,982	-	31,905	15,207	23,973
Works in progress	5,544,794	2,168,451	(124,187)	(3,715,264)	-	3,873,794	-	-	-	-	3,873,794	5,544,794
Sub-total non-essential assets	**7,514,945**	**2,589,297**	**(142,633)**	**(3,715,264)**	**-**	**6,246,345**	**1,578,537**	**141,033**	**(11,068)**	**1,708,502**	**4,537,843**	**5,936,408**
Balance as of December 31, 2020	**68,358,979**	**2,589,297**	**(157,589)**	**-**	**(8,760,084)**	**62,030,603**	**1,578,537**	**7,546,496**	**(21,706)**	**9,103,327**	**52,927,276**	
Balance as of December 31, 2019	**75,995,854**	**3,814,505**	**(92,215)**	**-**	**(3,797,643)**	**75,920,501**	**1,525,559**	**7,674,892**	**(60,392)**	**9,140,059**		**66,780,442**

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

6 – PROPERTY, PLANT AND EQUIPMENT (Cont.)

	12.31.2019										Net book value
	Cost of acquisition						Depreciation				
	At the beginning of fiscal year	Additions	Disposals	Transfers	Impairment	At the end of fiscal year	At the beginning of fiscal year	Fiscal year	Disposals	At the end of fiscal year	12.31.2019
Essential assets:											
Gas pipelines and branch lines	55,707,541	-	-	1,623,558	(3,058,432)	54,272,667	-	5,483,488	-	5,483,488	48,789,179
Compressor plants	8,272,692	-	(23,520)	564,327	(418,895)	8,394,604	-	1,607,781	(8,009)	1,599,772	6,794,832
Meter and regulating stations	839,412	-	-	188,861	(50,560)	977,713	-	72,393	-	72,393	905,320
SCADA system	1,084,563	-	(1,665)	(28,026)	(52,944)	1,001,928	-	179,401	(287)	179,114	822,814
Gas inventory	1,200,128	-	-	-	(70,961)	1,129,167	-	-	-	-	1,129,167
Lands	61,307	-	-	-	(3,644)	57,663	-	-	-	-	57,663
Buildings and civil construction works	1,397,071	-	-	14,039	(79,601)	1,331,509	-	67,569	-	67,569	1,263,940
Other technical installations	646,631	-	-	204,873	(36,690)	814,814	-	145,443	-	145,443	669,371
Sub-total essential assets	**69,209,345**	**-**	**(25,185)**	**2,567,632**	**(3,771,727)**	**67,980,065**	**-**	**7,556,075**	**(8,296)**	**7,547,779**	**60,432,286**
Other revalued assets:											
Lands	34,672	-	-	-	(1,966)	32,706	-	-	-	-	32,706
Buildings and civil construction works	416,735	-	-	-	(23,950)	392,785	-	13,743	-	13,743	379,042
Sub-total other revalued assets	**451,407**	**-**	**-**	**-**	**(25,916)**	**425,491**	**-**	**13,743**	**-**	**13,743**	**411,748**
Total revalued assets	**69,660,752**	**-**	**(25,185)**	**2,567,632**	**(3,797,643)**	**68,405,556**	**-**	**7,569,818**	**(8,296)**	**7,561,522**	**60,844,034**
Non-essential assets:											
Building installations	96,129	-	-	-	-	96,129	39,828	4,506	-	44,334	51,795
Machinery, equipment and tools	428,436	60,366	(4,370)	-	-	484,432	402,957	12,236	(4,244)	410,949	73,483
Other technical installations	564,903	7,354	(20,092)	-	-	552,165	540,013	14,119	(20,052)	534,080	18,085
Communication equipment and devices	59,454	2,727	(20)	-	-	62,161	56,760	2,191	(20)	58,931	3,230
Vehicles	422,428	92,592	(29,508)	-	-	485,512	273,460	41,479	(26,591)	288,348	197,164
Furniture and fixtures	248,288	2,897	(1,329)	-	-	249,856	212,541	14,620	(1,189)	225,972	23,884
Right-of-use (Note 20)	-	39,896	-	-	-	39,896	-	15,923	-	15,923	23,973
Works in progress	4,515,464	3,608,673	(11,711)	(2,567,632)	-	5,544,794	-	-	-	-	5,544,794
Sub-total non-essential assets	**6,335,102**	**3,814,505**	**(67,030)**	**(2,567,632)**	**-**	**7,514,945**	**1,525,559**	**105,074**	**(52,096)**	**1,578,537**	**5,936,408**
Balance as of December 31, 2019	**75,995,854**	**3,814,505**	**(92,215)**	**-**	**(3,797,643)**	**75,920,501**	**1,525,559**	**7,674,892**	**(60,392)**	**9,140,059**	**66,780,442**

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

6 – PROPERTY, PLANT AND EQUIPMENT (Cont.)

6.1 – Commitments

As of December 31, 2020, the Company has firm contractual commitments with suppliers for the acquisition of Property, plant and equipment for $ 432,763.

7 – INVESTMENTS IN AFFILIATED COMPANIES

	12.31.2020	12.31.2019
Balance at the beginning of fiscal year	82,215	58,652
Income from investments in affiliated companies	14,984	30,837
Conversion difference allocated to Other comprehensive income/(loss)	15,848	(7,274)
Balance at the end of fiscal year	113,047	82,215

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

7 – 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							
								Most Recent Financial Statements						
	Shares	Face Value			12.31.20	12.31.19	Main Activity	Date	Capital Stock and Capital Adjustment	Other Reserves	Retained Earnings	Sareholders' Equity	Percentage of Direct Interest
Comgas Andina S.A.	Common	(1) 1 per share	490	246	110,889	78,828	Gas pipeline operation and maintenance service	12.31.20	115	-	226,189	226,304	49.0
Companhia Operadora do Rio Grande do Sul	Common	(2) 1 per share	49	0.1	2,158	3,387	Gas pipeline operation and maintenance service	12.31.20	1	5,075	(672)	4,404	49.0
Total					**113,047**	**82,215**							

(1) Chilean pesos
(2) Brazilian Reais

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

8 – INCOME TAX

Deferred income tax assets and liabilities are offset when it is legally possible, derive from income tax corresponding to the same entity, are subject to the same tax authority and are presented to the authority on a net basis. The deferred income tax net position is as follows:

	12.31.2020	12.31.2019
Deferred income tax assets:		
Deferred income tax assets to be recovered after 12 months	246,899	309,393
Deferred income tax assets to be recovered within 12 months	61,559	80,560
	308,458	389,953
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after 12 months	(9,211,300)	(11,052,035)
Deferred income tax liabilities to be recovered within 12 months	132,914	(1,500,783)
	(9,078,386)	(12,552,818)
Deferred income tax liabilities (net)	(8,769,928)	(12,162,865)

Deferred tax assets and liabilities, excluding the settlement of balances, is as follows:

Deferred income tax assets	Trade accounts payable and financial liabilities	Materials and spare parts	Contingencies	Other debts	Other accounts receivable	Total
Balance as of December 31, 2018	242,126	282,281	90,810	19,328	4,137	638,682
Charged to statement of comprehensive income	(139,596)	(63,842)	(36,211)	(7,789)	(1,291)	(248,729)
Balance as of December 31, 2019	102,530	218,439	54,599	11,539	2,846	389,953
Charged to statement of comprehensive income	(34,440)	(28,805)	(20,063)	(4,478)	6,291	(81,495)
Balance as of December 31, 2020	68,090	189,634	34,536	7,061	9,137	308,458

Deferred income tax liabilities	Property, plant and equipment	Trade accounts receivable	Revaluation of Property, plant and equipment [(1)]	Investments at fair value	Tax inflation adjustment	Total
Balance as of December 31, 2018	(2,096,358)	(1,582,557)	(10,361,151)	(14,804)	-	(14,054,870)
Charged to statement of comprehensive income	255,717	(17,957)	2,179,064	(26,772)	(888,000)	1,502,052
Balance as of December 31, 2019	(1,840,641)	(1,600,514)	(8,182,087)	(41,576)	(888,000)	(12,552,818)
Charged to statement of comprehensive income	33,946	(51,273)	3,347,891	34,013	109,855	3,474,432
Balance as of December 31, 2020	(1,806,695)	(1,651,787)	(4,834,196)	(7,563)	(778,145)	(9,078,386)

[(1)] As of December 31, 2020, included net of revaluation balance of “Property, plant and equipment” under Shareholders’ Equity.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

8 – INCOME TAX (Cont.)

Reconciliation between income tax charged to the statement of comprehensive income and the amounts obtained by applying the income tax rate to pre-tax income is presented below:

	12.31.2020	12.31.2019
Income before income tax	3,658,903	7,550,071
Statutory income tax rate	30%	30%
Income tax charge determined by applying statutory tax rate to the income for the fiscal year	(1,097,671)	(2,265,021)
Exceptions to statutory income tax rate:		
- Equity items inflation adjustment	(2,759,882)	(2,872,230)
- Deferred tax liabilities inflation adjustment at beginning	739,730	748,359
- Income from investments in affiliated companies	3,321	7,681
- Change in income tax rate [1]	189,572	91,679
- Tax inflation adjustment – Title VI and updates art 89 – Income Tax Law	(316,997)	(1,092,924)
- Tax revaluation – Law 27,430 – Chapter X – art. 1	2,263,800	2,909,153
- Other adjustments including non-deductible and not taxable items	413,542	716,094
Total income tax charge	(564,585)	(1,757,209)

[1] Derived from applying changes in income tax rate to the deferred income tax assets and liabilities, as provided under Law 27,430, based on the year in which their realization is expected to occur.

Law 27,430 establishes that the tax inflation adjustment provided for in Title VI of the LIG be applied to the first, second and third fiscal years as from its effective date (in 2018), provided the CPI cumulative variation from the beginning to the end of each fiscal year exceeds fifty-five percent (55%), thirty percent (30%) and fifteen percent (15%) in 2018, 2019 and 2020, respectively. The CPI cumulative variation recorded in the first fiscal year did not exceed 55%. However, as of the date of issue of these financial statements and according to the information published by INDEC the CPI exceeded 30%. The tax inflation adjustment has consequently been calculated and reflected in the current and deferred income tax provision, considering that the Solidarity Law established, as a temporary measure, that any resulting adjustment, either gain or loss, for the first and second fiscal years as from January 1, 2019, shall be allocated as follows: one-sixth during said fiscal period and the remaining five-sixths during the immediately following five fiscal periods in equal shares.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

9 – INVESTMENTS

	12.31.2020	12.31.2019
Non-Current:		
Investments at amortized cost:		
VRD bonds in $	5,054	14,989
Total investments at amortized cost	**5,054**	**14,989**
Non-Current:		
Investments at amortized cost of restricted availability		
Term deposit in US$ of restricted availability (Note 3.3)	4,750,191	-
Total investments at amortized cost of restricted availability	**4,750,191**	**-**
Current:		
Investments at amortized cost:		
Government bonds in US$ - T-BILLS (Note 3.3)	-	1,987,755
Government bonds in US$ - Letes (Note 3.3)	-	143,360
VRD bonds in $	6,106	11,862
Total investments at amortized cost	**6,106**	**2,142,977**
Current:		
Investments at fair value:		
Mutual funds in US$ (Note 3.3)	-	80,014
Mutual funds in $	415,387	-
Government bonds in $	704,643	-
Government bonds in US$ (Note 3.3)	137,336	232,655
Total investments at fair value	**1,257,366**	**312,669**

Investments at amortized cost of restricted availability:

The Company has a term deposit as guarantee for the loan with Itaú Unibanco S.A. Nassau Branch for the amount of US$ 56.5 million (see Note 16 to these financial statements). These funds will remain restricted until the loan is repaid.

As of December 31, 2020, said term deposit amounts to US$ 56.6 million, of which US$ 80 thousand are interest accrued during the fiscal year.

Free translation from the original in Spanish for publication in Argentina

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

10 – FINANCIAL INSTRUMENTS BY CATEGORY

	12.31.2020	12.31.2019
Financial assets at fair value [1]:		
Current:		
Classified as “Investments at fair value”:		
Mutual funds in US$	-	80,014
Mutual funds in $	415,387	-
Government bonds in $	704,643	-
Government bonds in US$	137,336	232,655
Subtotal	1,257,366	312,669
Classified as “Cash and cash equivalents”:		
Mutual funds in $ (Note 14)	1,355,978	135,732
Mutual funds in US$ (Note 14)	-	2,242,926
Subtotal	1,355,978	2,378,658
Derivative financial instruments [3] (Note 3.3)	-	108,782
Subtotal	-	108,782
Total financial assets at fair value - Current	**2,613,344**	**2,800,109**
Financial assets at amortized cost:		
Current:		
Classified as “Investments at amortized cost”:		
Government bonds in US$ - T-BILLS	-	1,987,755
Government bonds in US$ - Letes	-	143,360
VRD bonds in $	6,106	11,862
Subtotal	6,106	2,142,977
Classified as “Cash and cash equivalents”:		
Cash and banks (Note 14)	8,073	63,911
Term deposits in $ [2] (Note 14)	368,962	-
Term deposits in US$ [2] (Note 14)	-	448,737
Surety bonds in $ (Note 14)	1,251,677	-
T-BILLS in $ (Note 14)	97,362	-
Subtotal	1,726,074	512,648
Classified as “Trade accounts receivable” and “Other accounts receivable”	2,604,738	4,176,216
Total financial assets at amortized cost - Current	**4,336,918**	**6,831,841**

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

10 – FINANCIAL INSTRUMENTS BY CATEGORY (Cont.)

Financial assets at amortized cost (Cont.):	12.31.2020	12.31.2019
Non-Current:		
Classified as "Investments at amortized cost":		
VRD bonds in $	5,054	14,989
Subtotal	5,054	14,989
Classified as "Investments at amortized cost of restricted availability":		
Term deposit in US$ of restricted availability	4,750,191	-
Subtotal	4,750,191	-
Classified as "Trade accounts receivable" and "Other accounts receivable"	7,175,712	6,949,900
Total financial assets at amortized cost – Non-Current	**11,930,957**	**6,964,889**

Financial liabilities at amortized cost:		
Current:		
Loans	545,552	9,856,280
Notes	1,064,944	-
Trade accounts payable, other debts and lease debt	1,149,202	1,518,050
Total financial liabilities at amortized cost – Current	**2,759,698**	**11,374,330**
Non-Current:		
Loans	4,837,853	-
Notes	488,339	-
Trade accounts payable, other debts and lease debt	299,683	441,813
Total financial liabilities at amortized cost – Non-Current	**5,625,875**	**441,813**

(1) 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 financial statements. The quoted market price used for financial assets held by the Company is the ask price as of December 31, 2020 and 2019.

(2) Investments originally falling due within three months or less are classified as "Cash and cash equivalents" in the balance sheet. A breakdown of this account is presented in Note 14 to these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

10 – FINANCIAL INSTRUMENTS BY CATEGORY (Cont.)

Credit rating of the financial assets is as follows:

	12.31.2020	12.31.2019
AAA	582,752	4,320,746
AA	334,625	25,609
A	196,089	100,070
A-1	-	448,737
AA-	680,564	-
A-	346,296	-
BB	4,750,191	-
CC	-	376,015
CCC+	939,341	-
Other financial assets without credit rating	11,051,361	11,325,662
Total	18,881,219	16,596,839

Derivative Financial Instruments:

As of December 31, 2019, the Company had US dollar 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 at 2019 fiscal year-end at the futures market.

11 – MATERIALS & SPARE PARTS

Non-Current		
Spare parts and consumables	2,173,217	1,810,790
Allowance for slow-moving and obsolete materials	(710,223)	(661,611)
Total non-current materials and spare parts	1,462,994	1,149,179

Changes in allowance for slow-moving and obsolete materials:

Balance as of December 31, 2018	765,021
– Recoveries, net of gain on monetary position	(103,410)
Balance as of December 31, 2019	661,611
– Increases, net of loss on monetary position	48,612
Balance as of December 31, 2020	710,223

The Company recognizes an allowance for slow-moving and obsolete materials and spare parts, for those slow-moving or obsolete assets, considering the economic-financial projections prepared on a best estimate basis.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

12 – OTHER ACCOUNTS RECEIVABLE

	12.31.2020	12.31.2019
Non-current		
Other	6,786	10,490
Total other accounts receivable – Non-current	6,786	10,490
Current		
Key management personnel (Note 28)	35,813	41,467
Prepaid expenses and advances	460,973	444,202
Assistance fees and recovery of expenses – controlling shareholder (Note 28)	1,632	344
Other receivables – affiliated companies (Notes 28 and 3.3)	3,022	2,895
Other receivables – other related parties (Note 28)	6,515	-
Guarantee deposits – rentals (Note 3.3)	-	20,324
Allowance for doubtful accounts or disputed amounts	(36,551)	(9,489)
Other trade receivables	38,707	88,503
Total other accounts receivable - Current	510,111	588,246

. Changes in the allowance for doubtful accounts or disputed amounts under other accounts receivable are as follows:

Balance as of December 31, 2018	12,765
– Increases	920
– Loss on monetary position	(4,196)
Balance as of December 31, 2019	9,489
– Increases	33,498
– Loss on monetary position	(6,436)
Balance as of December 31, 2020	36,551

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

13 – TRADE ACCOUNTS RECEIVABLE

	12.31.2020	12.31.2019
Non-current		
Trade accounts receivable - third parties (Note 3.3)	15,898,271	15,389,283
Allowance for doubtful accounts and disputed amounts	(8,729,345)	(8,449,873)
Total trade accounts receivable – Non-current	7,168,926	6,939,410
Current		
Trade accounts receivable - third parties	2,621,694	3,858,080
Trade accounts receivable – other related parties (Note 28)	291,137	619,917
Trade accounts receivable – affiliated companies (Note 28)	2,649	1,690
Less: Allowance for doubtful accounts and disputed amounts	(567,607)	(455,664)
Total trade accounts receivable - Current	2,347,873	4,024,023

Changes in the allowance for doubtful accounts or disputed amounts under non-current trade accounts receivable are as follow:

Balance as of December 31, 2018	8,166,344
– Increases due to exposure to exchange rate differences	283,529
Balance as of December 31, 2019	8,449,873
– Increases due to exposure to exchange rate differences	279,472
Balance as of December 31, 2020	8,729,345

Changes in the allowance for doubtful accounts or disputed amounts under current trade accounts receivable are as follow:

Balance as of December 31, 2018	791,712
– Recoveries	(94,055)
– Loss on monetary position	(241,993)
Balance as of December 31, 2019	455,664
– Increases	266,629
– Loss on monetary position	(154,686)
Balance as of December 31, 2020	567,607

The Company uses the credit loss methodology foreseen in the expected loss impairment model established under IFRS 9. For trade accounts receivable, the Company adopted the simplified approach to estimate the expected credit loss as established under said standard, that requires the use of the loss provision criterion during the lifetime of trade receivables. The expected loss to be recognized is determined on the basis of a bad debt percentage across due date ranges for each trade receivable. To measure the expected credit loss, trade receivables have been grouped based on their credit risk and time elapsed since due.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

13 – TRADE ACCOUNTS RECEIVABLE (Cont.)

Aging of trade accounts receivable at nominal value is as follows:

	12.31.2020	12.31.2019
To become due	1,499,255	2,136,647
Past due from 0 to 6 months	845,624	1,811,604
Past due for more than 6 months	16,468,872	15,920,719
Total	18,813,751	19,868,970

The maximum credit risk exposure at the date of issue of these Financial Statements is the book value of each type of trade accounts receivable and other accounts receivable. The values recorded for the Company's accounts receivable at nominal value are stated in the following currencies:

	12.31.2020	12.31.2019
Argentine Pesos	2,631,357	4,453,137
US Dollars	16,182,394	15,415,833
Total	18,813,751	19,868,970

14 – CASH AND CASH EQUIVALENTS

Cash and banks [(1)]	8,073	63,911
Mutual funds in $	1,355,978	135,732
Mutual funds in US$	-	2,242,926
Term deposits in $	368,962	-
Term deposits in US$	-	448,737
Surety bonds in $	1,251,677	-
T-BILLS in $	97,362	-
Total	3,082,052	2,891,306

[(1)] As of December 31, 2020, and 2019, $ 4,017 and $ 40,698, respectively, denominated in foreign currency, are included. See Note 3 to these financial statements.

15 – 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.

15 – COMMON STOCK (Cont.)

15.1 - Restrictions on the transfer of the Company's shares

Gasinvest S.A. ("Gasinvest") - TGN's controlling company- and Gasinvest´s shareholders, are restricted by the Bidding Terms and the Transfer Agreement to dispose of their interests in the Company and in Gasinvest, respectively. Consequently, Gasinvest may not reduce its shareholding and votes in the Company to less than 51% ("controlling interest") without ENARGAS previous approval. ENARGAS will approve the transfer of the controlling interest provided that (i) shares are transferred in whole but not in part, or the new buyer purchases all of the outstanding Class A shares of common stock and (ii) the quality of the gas transportation service rendered by the Company is not affected. Any transfer or other disposition as a result of which the interest of Gasinvest's original shareholders in said company's capital stock is reduced to less than 51%, including said shareholders' failure to subscribe for any capital increase in Gasinvest, can only be made with the ENARGAS' prior consent. The foregoing restrictions do not apply to transfers between parties belonging to the same economic group, as established in the Bidding Terms and Conditions.

15.2 – Restriction on distribution of profits

At the Shareholders' Meeting held on October 3, 2017 the Board was delegated the power to establish restrictions on payment of dividends.

15.3 – Unpaid cumulative dividends on preferred shares

The Company has no preferred shares.

15.4 – Conditions, circumstances or terms for release of restrictions on the distribution or 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). Additionally, there are no losses to be absorbed by the Statutory reserve.

16 - LOANS

During the year, 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 and repaid the following loans:

- With Banco Santander, taken on May 15, for $ 1 billion, for a term of eighteen months, at BADLAR plus margin. As of the date hereof, said loan has been fully repaid. On August 24, $ 500 million were paid and on November 16, the remaining $ 500 million were paid.

- With Banco Itaú, taken on June 26, for $ 500 million, for a term of twelve months, at BADLAR plus margin. As of the date hereof, said loan has been fully repaid. On August 26, $ 250 million were paid, and on November 26 the remaining $ 250 million were paid.

Find below the Company's loans that are outstanding as of the date of issue of these financial statements:

- With Banco Macro, taken on August 20, for $ 750 million, for a term of 18 months, at BADLAR plus margin. Current and non-current balances as of December 31, 2020 amount to $ 529,803 and $ 247,367, respectively.

- With Itaú Unibanco S.A. Nassau Branch, taken on October 19. The terms and conditions of the agreement are described below:

    - Amount: US$ 55,000,000.
    - Term: twenty-four months.
    - Amortization: 100% at maturity.
    - Interest: semi-annually.
    - Rate: 1.75% p/a.
    - Prepayment: total or partial at any time without any cost or penalty.
    - Guarantee: first lien for the amount of US$ 56.5 million.

On October 21, the funds obtained were applied toward payment of the fourth and last principal installment outstanding under the Syndicated Loan contracted by TGN in October 2017.

Current and non-current balances as of December 31, 2020 amount to $ 15,749 and $ 4,590,486, respectively

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

16 – LOANS (Cont.)

16.1 – Changes in Loans

	12.31.2020	12.31.2019
Balance at the beginning of fiscal year	9,856,280	17,550,002
Accrual of interest on Syndicated Loan	322,719	1,107,113
Exchange rate difference on Syndicated Loan	1,755,178	6,837,901
Payment of principal on Syndicated Loan	(9,084,644)	(9,127,957)
Payment of interest on Syndicated Loan	(390,000)	(1,020,548)
Taking of loan with Itaú Unibanco S.A. Nassau Branch	4,593,968	-
Accrual of interest on Itaú Unibanco S.A. Nassau Branch loan	(27,138)	-
Exchange rate difference on Itaú Unibanco S.A. Nassau Branch loan	352,439	-
Taking of local loans in pesos	7,623,058	883,478
Accrual of interest on local loans in pesos	710,050	122,746
Payment of principal on local loans in pesos	(7,174,342)	-
Payment of interest on local loans in pesos	(679,258)	(122,746)
Loss on monetary position	(2,474,905)	(6,373,709)
Balance at the end of fiscal year	5,383,405	9,856,280

17 – 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%.

To date, the Company used part of the net proceeds from the placement of said notes toward:

- Refinancing of liabilities (outstanding local bank loans): $ 750 million.
- Funding of productive investment plan: $ 296 million.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

17 – NOTES (Cont.)

TGN shall fully apply the outstanding balance, which as of the date hereof amounts to $ 443 million, toward any of the following:

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

17.1 – Changes in Notes

	12.31.2020	12.31.2019
Balance at the beginning of fiscal year	-	-
Issue of Notes	1,717,256	-
Interest accrued on Notes	181,116	-
Payment of interest on Notes	(121,846)	-
Loss on monetary position	(223,243)	-
Balance at the end of fiscal year	1,553,283	-

18 – TAXES PAYABLE

Value Added Tax	111,774	124,980
Turnover Tax	7,617	2,229
Tax withholdings and receipts from third parties	80,434	134,883
Total taxes payable	199,825	262,092

19 – OTHER DEBTS

Other Debts:		
Non-current		
Allowance for easements	59,185	64,035
Total other debts – Non-current	59,185	64,035
Current		
Allowance for easements	23,446	24,173
Key management personnel (Note 28)	35,793	41,523
Contractual liabilities	-	28,071
Various fees payable	22,224	30,267
Other debts and customer's guarantees	6,032	8,213
Total other debts - Current	87,495	132,247

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

19 – OTHER DEBTS (Cont.)

	12.31.2020	12.31.2019
Changes in contractual liabilities		
Balance of contractual liabilities at the beginning of fiscal year	28,071	709
Advances from customers	-	36,185
Consumptions	(24,764)	(5,160)
Loss on monetary position	(3,307)	(3,663)
Balance of contractual liabilities at the end of fiscal year	-	28,071

20 - LEASES

Information on leases under which the Company acts as lessee is described below:

(i) Amounts accounted for in the balance sheet

	12.31.2020	12.31.2019
Right-of-use		
Buildings - Offices	15,207	23,973
Lease debt		
Current	12,073	8,202
Non-current	11,438	13,961

(ii) Amounts accounted for in the statement of income

- Right-of-use depreciation	(15,982)	(15,923)
- Interest and exchange differences	(15,616)	(12,102)

21 – TRADE ACCOUNTS PAYABLE

	12.31.2020	12.31.2019
Non-current		
AES Argentina Generación S.A.	229,060	363,817
Total trade accounts payable – Non current	229,060	363,817
Current		
Suppliers – goods and services	324,226	137,330
AES Argentina Generación S.A.	41,358	56,305
Unbilled goods and services	683,420	1,183,966
Total trade accounts payable - Current	1,049,004	1,377,601

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

22 - CONTINGENCIES

Provision for labor, civil and administrative lawsuits	Current
Balance as of December 31, 2018	347,645
–Increases	735
– Decreases (payments / uses)	(57,747)
– Loss on monetary position	(79,418)
Balance as of December 31, 2019	211,215
– Increases	10,976
– Decreases (payment / uses)	(6,165)
– Loss on monetary position	(56,420)
Balance as of December 31, 2020	159,606

22 – CONTINGENCIES (Cont.)

22.1 – Legal matters

The Company is party to several legal proceedings and claims that have arisen in the ordinary course of its business. Although there can be no assurance as to the ultimate disposition of these matters due to their complexity and current status, it is the opinion of the Company's Board, based upon the estimates described in Note 4, that the expected outcome of these claims and legal actions, individually or in the aggregate, would not have a material effect on the Company’s financial position or results of operations in excess of the provisions recorded by the Company. However, the actual future outcome of these claims could differ from the estimates and assessments performed as of the date of issue of these Financial Statements. Following there is a summary of the most significant claims and legal actions, including those brought by and against TGN.

22.1.1 – Fines imposed by ENARGAS

As of the date of issue of these Financial Statements there are four fines imposed by ENARGAS for a total amount of $ 45 thousand, which have been appealed by the Company.

22.1.2 – Tax assessments related to payments to Note Holders

Since December 2004, TGN is engaged in litigation with Administración Federal de Ingresos Públicos (“AFIP”). The case is pending before the National Tax Court (“TFN”). This controversy arises from a Value Added Tax assessment made on the interest paid to the International Finance Corporation as a result of the notes issued by TGN in accordance with Law No. 23,576. According to TGN, the claim might amount to $ 21.5 million approximately. In June 2016, the Company requested the TFN to make the case file available for the parties to present their final arguments, which was allowed and carried out in June 2018.

22 – CONTINGENCIES (Cont.)

22.1 – Legal matters (Cont.)

22.1.3 – Tax assessments related to useful lives for tax purposes

In late December 2005 TGN was notified of two resolutions whereby AFIP assessed income tax differences for 1999 to 2002 fiscal periods. The total amount claimed is $ 21.2 million, including interest at that date and a fine of 70% of the tax assessed. The tax authorities' claim is supported on the fact that all of the Company´s essential assets must be fully depreciated at the end of the License, considering its 45-year term, according to AFIP. In February 2006 TGN challenged said tax assessments by filing the pertinent appeals with the National Tax Court, which are still pending resolution. In June 2016, the Company requested the National Tax Court to make the case file available for the parties to present their final arguments, which was allowed and carried out in June 2018.

22.1.4 – Pending judicial disputes with YPF

On April 20, 2009 TGN filed a legal action against YPF in order to (i) demand compliance with the transportation contract for export signed with YPF; and (ii) compel YPF to pay past-due invoices. The claim amounts to US$ 74.8 million (including subsequent extensions), based on the invoices issued by TGN for services rendered between January 2007 and December 2010, plus interest accrued as from each respective date, and interest to be accrued until amounts are actually paid by YPF.

YPF answered the complaint basically claiming that TGN had failed to comply with the transportation service in the terms agreed because it was "prevented from doing so" as a result of the emergency regulations enacted and, alternatively, that the peso rate be applied, in view of the impossibility to export.

In December 2010, TGN terminated the firm transportation contract for gas export with YPF, as a result of shipper's breach; in December 2012, TGN filed an action for damages claiming YPF's breach of contract, for an amount of US$ 142.15 million.

The actions for breach of contract and damages have been joined. All evidence requested by the court has been submitted and both parties have filed their pleas. In February 2019 the court announced that the case was closed in order to render judgement.

In October 2020, the Company received notice of the first instance judgement allowing the complaints, and acknowledging its right to collect (i) an amount to be determined by the appointed accounting expert on account of unpaid invoices, plus (ii) US$ 231 million (in said currency or in pesos at the ask price) on account of loss of profit, plus interest. This judgement has been appealed by both parties and is being reviewed by the court of appeals.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

22 – CONTINGENCIES (Cont.)

22.1 – Legal matters (Cont.)

22.1.5 – Pending judicial disputes with Chilean Distributor Metrogas

In April 2009, Metrogas filed a declaratory action against TGN to obtain a court statement on the inapplicability of the US$ denominated rate provided for in the gas transportation contract, if gas is not actually transported. In October 2019 the court announced that the case was closed in order to render judgement.

In September 2011 TGN filed a lawsuit (subsequently extended) for breach of contract, claiming an amount of US$ 114.5 million (plus interest and expenses) for transportation services billed and unpaid, from September 2009 up to and including April 2015. In November 2012, Metrogas filed the answer to the complaint requesting that the complaint be dismissed and that the producers that supplied it with gas be summoned as third parties; there was no counterclaim for damages. In April 2015 TGN terminated the firm gas transportation contract for export with Metrogas, due to repeated breaches on the part of shipper. In November 2015, TGN filed a claim against Metrogas for damages arising from the wrongful early termination of the transportation contract for US$ 113 million and requested that this claim be joined with the claim for unpaid invoices.

The complaints for breach of contract and damages have been joined. At present, having the production of evidence requested by the court been fully completed, the parties filed their pleas.

23 - REVENUES

	12.31.2020	12.31.2019
Gas transportation service	17,970,738	23,333,949
Gas pipeline operation and maintenance and other services	935,691	887,555
Total revenues	18,906,429	24,221,504

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

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24 – EXPENSES BY NATURE

Item	Cost of service	Selling expenses	Administrative expenses	Total as of 12.31.2020	Total as of 12.31.2019
Directors' fees	-	-	32,651	**32,651**	**38,618**
Supervisory Committee's fees	-	-	9,156	**9,156**	**10,374**
Fees for professional services	98,387	7,558	105,463	**211,408**	**295,685**
Salaries, wages and other personnel benefits	1,414,091	35,282	552,529	**2,001,902**	**2,196,755**
Social security contributions	280,782	7,218	126,655	**414,655**	**413,408**
Materials and spare parts	472,440	-	22,164	**494,604**	**718,957**
Third party services and supplies	163,288	454	5,494	**169,236**	**164,936**
Maintenance and repair of property, plant and equipment	1,762,565	5,948	30,459	**1,798,972**	**2,707,323**
Travel expenses	105,629	566	9,769	**115,964**	**247,226**
Freight and transportation	19,828	-	25	**19,853**	**35,374**
Post and telecommunication expenses	13,505	837	10,137	**24,479**	**21,666**
Insurance	188,317	19	11,303	**199,639**	**147,607**
Office supplies	13,073	793	22,084	**35,950**	**73,158**
Rentals	42,889	472	14,159	**57,520**	**58,010**
Easements	46,452	-	-	**46,452**	**49,487**
Taxes, rates and contributions	4,679	654,313	659,273	**1,318,265**	**1,516,546**
Property, plant and equipment depreciation	7,246,557	3,916	296,023	**7,546,496**	**7,674,892**
Doubtful accounts	-	300,127	-	**300,127**	**62,802**
Lawsuits	-	-	10,976	**10,976**	**735**
Slow-moving and obsolete materials and spare parts	48,612	-	-	**48,612**	**(103,410)**
Other	21,419	162	15,660	**37,241**	**73,358**
Balance as of December 31, 2020	**11,942,513**	**1,017,665**	**1,933,980**	**14,894,158**	**-**
Balance as of December 31, 2019	**13,532,954**	**997,913**	**1,872,640**	**-**	**16,403,507**

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

25 – OTHER INCOME AND EXPENSES

	12.31.2020	12.31.2019
Disposal of property, plant and equipment, net	(17,250)	12,480
Compensation for damages adjustment (1)	-	(124,849)
Other sales, loss recovery and other, net	202,784	394,277
Total other income and expenses	185,534	281,908

(1) During fiscal year ended December 31, 2019, the Company has recognized losses for $ 124.8 million in relation to the compromise and settlement agreement entered into with AES Argentina Generación S.A. in 2012 (and subsequently amended in 2014). These losses are the result of measuring the liability with AES Argentina Generación S.A. based on the Access and Use Charge (CAU) in force since 2019 fiscal year.

26 – NET FINANCIAL INCOME

	12.31.2020	12.31.2019
Other net financial income		
Foreign exchange gain, net	2,020,948	123,267
Income from changes in fair values	444,492	591,495
(Loss)/Gain from derivative financial instruments	(77,281)	572,492
Other	29,648	50,346
Total other net financial income	2,417,807	1,337,600
Financial income		
Interest	241,890	233,551
Total financial income	241,890	233,551
Financial expenses		
Interest	(1,281,770)	(1,521,690)
Interest compounded on property, plant and equipment (1)	90,082	414,057
Banking and financial fees, expenses and taxes	(53,397)	(30,415)
Total financial expenses	(1,245,085)	(1,138,048)
Loss on monetary position	(1,968,498)	(1,013,774)
Total net financial income (loss)	(553,886)	(580,671)

(1) The monthly effective compound interest rate used is 0.67%.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

27 – NET EARNINGS PER SHARE

Earnings per common share have been calculated by dividing the income for fiscal years ended December 31, 2020 and 2019, by the weighted average of outstanding common shares, which as at said dates totaled 439,373,939 shares. As of December 31, 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.

28 – RELATED PARTIES

Transactions with related parties are as follows:

	12.31.2020	12.31.2019
Controlling company		
Other net income and expenses		
Gasinvest S.A.	1,127	1,099
Total other net income and expenses	1,127	1,099
Affiliated companies		
Revenues		
Comgas Andina S.A.	11,130	10,833
Companhia Operadora do Rio Grande do Sul	1,703	1,786
Total revenues	12,833	12,619
Recovery of expenses		
Comgas Andina S.A.	2,515	809
Companhia Operadora do Rio Grande do Sul	26	210
Total recovery of expenses	2,541	1,019
Other related parties		
Revenues		
Litoral Gas S.A.	2,794,433	3,623,760
Ternium Argentina S.A.	424,415	513,265
Compañía General de Combustibles S.A.	17,867	24,187
Siderca S.A.	259,845	336,235
Transportadora de Gas del Mercosur S.A.	61,103	78,059
Tecpetrol S.A.	83,439	107,849
Gasoducto Gasandes Argentina S.A.	22,202	17,239
Total revenues	3,663,304	4,700,594

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

28 – RELATED PARTIES (Cont.)

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

Other related parties (Cont.)	12.31.2020	12.31.2019
Other net income and expenses		
Gasoducto Gasandes Argentina S.A.	-	502
Total other income and expenses	-	502
Recovery of expenses		
Gasinvest S.A.	2,523	1,646
Transportadora de Gas del Mercosur S.A.	6,324	6,280
Total recovery of expenses	8,847	7,926
Acquisition of materials and property, plant and equipment		
Siat S.A.	(83,519)	(180,544)
Total acquisition of materials and property, plant and equipment	(83,519)	(180,544)
Key management personnel		
Board of Directors' fees	(32,651)	(38,618)
Supervisory Committee's fees	(9,156)	(10,374)

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

28 – RELATED PARTIES (Cont.)

Balances with related parties are as follows:

Trade accounts receivable	12.31.2020	12.31.2019
Other related parties		
Transportadora de Gas del Mercosur S.A.	5,111	9,569
Litoral Gas S.A.	227,227	514,247
Ternium Argentina S.A.	33,868	36,060
Siderca S.A.	20,529	23,117
Tecpetrol S.A.	3,224	26,478
Compañía General de Combustibles S.A.	-	9,471
Gasoducto Gasandes Argentina S.A.	1,178	975
Total trade accounts receivable - other related parties	291,137	619,917
Accounts receivable – affiliated companies		
Comgas Andina S.A.	934	904
Companhia Operadora do Rio Grande do Sul	1,715	786
Total accounts receivable –affiliated companies	2,649	1,690
Other accounts receivable		
Assistance fee and recovery of expenses – controlling company		
Gasinvest S.A.	1,632	344
Total assistance fee and recovery of expenses – controlling company s	1,632	344
Other accounts receivable – affiliated companies		
Comgas Andina S.A.	794	869
Companhia Operadora do Rio Grande do Sul	2,228	2,026
Total other accounts receivable – affiliated companies	3,022	2,895
Other accounts receivable – related parties		
Gasoducto Gasandes Argentina S.A.	191	-
Transportadora de Gas del Mercosur S.A.	6,324	-
Total other accounts receivable – related parties	6,515	-
Other accounts receivable - Key Management Personnel		
Board of Directors and Supervisory Committee's fees paid in advance	35,813	41,467
Total other accounts receivable - Key Management Personnel	35,813	41,467

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

28 – RELATED PARTIES (Cont.)

Balances with related parties are as follows:

	12.31.2020	12.31.2019
Other debts		
Other debts - Key Management Personnel		
Provision for Directors and Supervisory Committee's fees	(35,793)	(41,523)
Total other debts Key Management Personnel	(35,793)	(41,523)

Senior management compensation

The Board of Directors compensation is determined by the Shareholders' Meeting for each fiscal year. The compensation policy for Company's managers establishes a monthly, fixed basic compensation, and an additional variable amount, payable on an annual basis. While the fixed component is established according to the level of responsibility inherent to the position and market values, the variable component consists of an additional amount based on performance and achievement of the year's objectives. The Company's policy does not establish option or other plans for its personnel.

29 FINANCIAL TRUSTS FOR EXPORT MARKET EXPANSION

On March 8, 2004, the Company (as trustor) and HSBC Bank Argentina S.A. (as trustee) entered into a Master Agreement for the creation of Financial Trusts for an amount of up to US$ 50 million and a term of 5 years (the "Program"), pursuant to ENARGAS Resolution 2,877 and Law N° 24,441. The Program envisages the possibility of creating Financial Trusts for the issuance of securities authorized or not for public offering, to finance the capacity expansion of the Company's gas pipeline system. The Program also establishes that, upon expiration of the trust, those expansion works will become the exclusive property of the Company, free from any charge or encumbrances. While the trust is in force, the Company shall be responsible for the operation and maintenance of those assets. Under this Program, the Company´s Board authorized the creation of "TGN Series 01" Financial Trust currently in force, under which securities were issued for a nominal value of US$ 7.5 million, that were subscribed and paid-in on March 26, 2004, and applied to expand the transportation capacity by 303,000 m3/d contracted by Metrogas. Series 01 establishes September 30, 2019 or the date on which Series 01 securities are repaid as the Final Payment Date. Under the Master Agreement, neither the Company nor the Trustee will be liable to secure with their own assets any shortage of funds to pay principal and/or interest on trust securities and/or trust taxes and expenses. Security holders will have no right to claim such shortage from TGN or the Trustee and the limitation on TGN's liability as technical operator has been established in the contract. The trust is not consolidated in the Company's financial statement. As of the date of issue of these financial statements, the trust has not been yet liquidated.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

30 – FINANCIAL TRUSTS FOR DOMESTIC MARKET EXPANSION CREATED BY FORMER NATIONAL ENERGY SECRETARIAT

Former Ministry of Federal Planning, Public Investment and Services (MPFIPyS) Resolution No. 185/04, adopted on the basis of Decree No. 180/04, created a Gas Trust Program organized by former National Energy Secretariat aimed at financing infrastructure works for transportation and distribution of natural gas. In April 2006 the National Congress enacted Law 26,095 vesting the National Executive Branch with the power to apply rate charges destined to finance those works.

Under said program and as instructed by the former National Energy Secretariat, in 2004 and 2006 expansion works were conducted which accounted for a capacity increase of 5.2 MMm3/d along the Northern gas pipeline and 2,337 MMm3/d on La Mora – Beazley section and 3,404 MMm3/d on Beazley – La Dormida section along Central West gas pipeline.

In September 2018 the former Ministry of Energy issued Resolution No. 15 providing, among other things, for the permanent discontinuation of expansion works under said program, the consolidation of trust assets created thereunder, the sale of residual assets and payment of outstanding amounts owed to TGN on account of technical management fees for those expansion works.

31 – SUBSEQUENT EVENTS

As of the date of issue of these financial statements, the US dollar exchange rate published by Banco de la Nación Argentina amounts to 90.57 pesos per US dollar. See Note 3.3.1 to these financial statements, where the impact on the Company's equity is described.

No events or circumstances have occurred subsequent to December 31, 2020 which 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 financial statements.

Juan José Valdez Follino Regular Statutory Auditor	Emilio Daneri Conte-Grand President

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 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 Financial Statements for fiscal year ended December 31, 2020, is shown below, as well as relevant facts timely informed to the CNV.

I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Comprehensive income for fiscal year:

(in million pesos)

	Fiscal years ended 12.31.		
	2020	***2019***	***Variation***
Revenues			
Gas transportation service	*17,970.7*	*23,333.9*	*(5,363.2)*
Gas pipeline operation & maintenance and other services	*935.7*	*887.6*	*48.1*
Total revenues	***18,906.4***	***24,221.5***	***(5,315.1)***
Cost of service			
Operation and maintenance costs	*(4,696.0)*	*(5,982.2)*	*1,286.2*
Property, plant and equipment depreciation	*(7,246.6)*	*(7,550.8)*	*304.2*
Subtotal	***(11,942.6)***	***(13,533.0)***	***1,590.4***
Gross profit	***6,963.8***	***10,688.5***	***(3,724.7)***
Administrative and selling expenses	*(2,951.6)*	*(2,870.5)*	*(81.1)*
Income before other net income and expenses	***4,012.2***	***7,818.0***	***(3,805.8)***
Other income and expenses	*185.6*	*281.9*	*(96.3)*
Income before financial income	***4,197.8***	***8,099.9***	***(3,902.1)***
Net financial income / (loss)	*(553.9)*	*(580.7)*	*26.8*
Income from investments in affiliated companies	*15.0*	*30.9*	*(15.9)*
Income before income tax	***3,658.9***	***7,550.1***	***(3,891.2)***
Income tax	*(564.6)*	*(1,757.2)*	*1,192.6*
Income for fiscal year	***3,094.3***	***5,792.9***	***(2,698.6)***
Currency conversion of affiliated companies' financial statements	*15.8*	*(7.3)*	*23.1*
Property, plant and equipment revaluation allowance	*(6,570.0)*	*(2,967.1)*	*(3,602.9)*
Other comprehensive loss for fiscal year	***(6,554.2)***	***(2,974.4)***	***(3,579.8)***
Comprehensive (loss) income for fiscal year	***(3,459.9)***	***2,818.5***	***(6,278.4)***
EBITDA [(1)]	***11,558.7***	***15,492.9***	***(3,934.2)***

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

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

(in million pesos)

	12.31.2020	12.31.2019
Total assets	***73,787***	***85,277***
Total liabilities	***18,796***	***26,826***
Shareholders' equity	***54,991***	***58,451***

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 $ 5,315.1 million between fiscal years ended December 31, 2020 and 2019 is due to:

i. $ 486 million increase in revenues, as a result of an increase in "interruptible" and other transportation services;

ii. $ 5,849.2 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 financial statements for the period ended December 31, 2020; and

iii. $ 48.1 million increase, net of inflation, in "*Gas pipeline operation and maintenance and other services*". During the year, TGN started to render operation and maintenance services at the new "San José de Añelo" Turbo Compressor Plant owned by Gasoducto del Pacífico and in certain sections of Northeast gas pipeline located in the provinces of Santa Fe and Chaco.

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Cost of service

(in million Pesos)

Account	Fiscal years ended 12.31. 2020	2019	Variation
Fees for professional services	98.4	128.5	(30.1)
Salaries, wages and other personnel benefits and social security contributions	1,694.9	1,851.8	(156.9)
Materials and spare parts	472.4	711.4	(239.0)
Maintenance and repair of property, plant and equipment and third-party services and supplies	1,925.9	2,815.8	(889.9)
Post, telecommunications, transportation, freight and travel expenses	139.0	258.4	(119.4)
Insurance	188.3	134.4	53.9
Rentals and office supplies	56.0	74.9	(18.9)
Easements	46.5	49.5	(3.0)
Taxes, rates and contributions	4.7	5.9	(1.2)
Property, plant and equipment depreciation	7,246.6	7,550.8	(304.2)
Slow-moving and obsolete materials and spare parts	48.6	(103.4)	152.0
Other	21.3	55.0	(33.7)
Total	***11,942.6***	***13,533.0***	***(1,590.4)***
% of Cost of service on revenues	***63.2%***	***55.9%***	

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

i. $ 326.9 million increase in *Salaries, wages and other personnel benefits and social security contributions* (which adjusted for inflation amounts to a $ 156.9 million decrease). Said variation is explained by salary increases due to inflation adjustment ($ 315.8 million), higher headcount ($ 19 million), partially offset against other concepts;

ii. $ 6.8 million increase in *Materials and spare parts* (which adjusted for inflation amounts to a $ 239 million decrease). Said variation is mainly due to higher costs in consumables ($ 15 million), spare parts ($ 9.5 million), compression integrity ($ 7.2 million), and other sundry expenses ($ 11.3 million), offset against integrity projects ($ 8.5 million) and higher costs in 2019 fiscal year in: cathodic protection ($ 9.2 million), pipe replacement due to changes in layout ($ 14 million), anti-corrosion protection ($ 2.8 million) and communication projects ($ 1.8 million);

iii. $ 79.2 million decrease in *Maintenance and repair of property, plant and equipment and third-party services and supplies* (which adjusted for inflation amounts to $ 889.9 million). Said variation is mainly due to higher costs associated with cleaning and clearing of facilities ($ 29.6 million), outsourced maintenance works ($ 29.7 million), expenses in application software ($ 8.8 million), pipe replacements ($ 25.8 million), anti-corrosion protection ($ 44.2 million), pipeline inspections ($ 30.1 million), integrity at metering and regulation stations ($ 20.3 million), security and surveillance ($ 43.2 million), and turbo-compressor maintenance ($ 63.5 million), offset against lower costs in cathodic protection ($ 42.6 million), special crossings ($ 154.7 million), pipe replacements due to changes in layout ($ 82.9 million), integrity of ancillary facilities ($ 14.9 million), compression integrity at compressor plants ($ 16.4 million), communication projects ($ 12.2 million), and other pipeline and compressor plant projects ($ 35.6 million);

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

iv. $ 36.9 million decrease in *Post, telecommunications, transportation, freight and travel expenses* (which adjusted for inflation amounts to $ 119.4 million). Said variation is due to lower costs incurred during the fiscal year, principally in "*Travel Expenses*", due to the outbreak of the Coronavirus ("COVID-19") pandemic in March 2020;

v. $ 488.7 million increase in *Property, plant and equipment depreciation* (which adjusted for inflation amounts to a $ 304.2 million decrease). Said variation is due to the higher depreciation, as a result of additions during the current fiscal year;

vi. $ 21.7 million increase in *Slow-moving and obsolete materials and spare parts* (which adjusted for inflation amounts to $ 152 million). Said variation is mainly due to the higher allowance in respect of said account during this period.

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

Administrative and selling expenses

(in million pesos)

Accounts	*Fiscal years ended 12.31.*		
	2020	***2019***	***Variation***
Salaries, wages and other personnel benefits and social security contributions	*721.7*	*758.4*	*(36.7)*
Property, plant and equipment depreciation	*299.9*	*124.1*	*175.8*
Fees for professional services	*113.0*	*167.2*	*(54.2)*
Taxes, rates and contributions	*1,313.6*	*1,510.6*	*(197.0)*
Post, telecommunications, transportation, freight and travel expenses	*21.3*	*45.8*	*(24.5)*
Maintenance and repair of property, plant and equipment and third-party services and supplies	*42.4*	*56.5*	*(14.1)*
Rentals and office supplies	*37.5*	*56.3*	*(18.8)*
Doubtful accounts	*300.1*	*62.8*	*237.3*
Lawsuits	*11.0*	*0.7*	*10.3*
Supervisory Committee's fees	*9.2*	*10.4*	*(1.2)*
Board of Directors' fees	*32.7*	*38.6*	*(5.9)*
Materials and spare parts	*22.2*	*7.6*	*14.6*
Insurance	*11.3*	*13.2*	*(1.9)*
Other	*15.7*	*18.3*	*(2.6)*
Total	***2,951.6***	***2,870.5***	***81.1***
% of Administrative and Selling expenses on revenues	***15.6%***	***11.9%***	

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

i. $ 118.6 million increase in *Property, plant and equipment depreciation* (which adjusted for inflation amounts to $ 175.8 million). Said variation is due to the higher depreciation, as a result of additions during the current fiscal year;

ii. $ 211.2 million increase in *Taxes, rates and contributions* (which adjusted for inflation amounts to a $ 197 million decrease). Said variation is mainly due to higher costs associated with tax on bank transactions ($ 78.6 million), verification and control fee ($ 124.5 million) and turnover tax ($ 38.5 million), partially offset against higher costs during 2019 fiscal year in court fees ($ 26.7 million); and

iii. $ 216.2 million increase in *Doubtful accounts* (which adjusted for inflation amounts to $ 237.3 million). Said variation is due to higher allowances set up during the current period to cover balances owed by delinquent debtors.

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

Other income and expenses

(in million pesos)

Accounts	***Fiscal years ended 12.31.***		
	2020	***2019***	***Variation***
Net income from disposal of property, plant and equipment	*(17.3)*	*12.5*	*(29.8)*
Compensation for damages adjustment and other adjustments	*-*	*(124.8)*	*124.8*
Net income from various sales, recovery of losses and other	*202.9*	*394.2*	*(191.3)*
Total	***185.6***	***281.9***	***(96.3)***

During fiscal years ended December 31, 2020 and 2019 the Company has recognized income for $ 185.6 million and $ 281.9 million, respectively. The lower income of $ 96.3 million is mainly due to:

i. $ 28 million on account of donations made under the COVID-19 framework during the current fiscal year; and

ii. $ 46 million higher charge due to the increase in the tax on personal property, under the substitute liable party category

Net financial income

(in million pesos)

Accounts	***Fiscal years ended 12.31.***		
	2020	***2019***	***Variation***
Other net financial income:			
Net exchange rate gain	*2,020.9*	*123.3*	*1,897.6*
Income due to changes in fair values	*444.5*	*591.5*	*(147.0)*
(Loss) / Income from derivative financial instruments	*(77.3)*	*572.5*	*(649.8)*
Other	*29.6*	*50.3*	*(20.7)*
Total other net financial income	***2,417.7***	***1,337.6***	***1,080.1***
Financial income:			
Interest	*241.9*	*233.6*	*8.3*
Total financial income	***241.9***	***233.6***	***8.3***
Financial expenses:			
Interest	*(1,281.8)*	*(1,521.7)*	*239.9*
Interest compounded on Property, plant and equipment	*90.1*	*414.1*	*(324.0)*
Banking, financial and other fees, expenses and taxes	*(53.4)*	*(30.4)*	*(23.0)*
Total financial expenses	***(1,245.1)***	***(1,138.0)***	***(107.1)***
Loss on monetary position	***(1,968.4)***	***(1,013.9)***	***(954.5)***
Total net financial (loss) income	***(553.9)***	***(580.7)***	***26.8***

Net financial income for fiscal year ended December 31, 2020 showed a higher gain of $ 1,102.7 million (which adjusted for inflation amounts to $ 26.8 million), as compared to fiscal year ended December 31, 2019. Accounts with the most relevant variations between both fiscal years were:

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

Net financial income (Cont.)

i. a higher gain of $ 1,832.7 million (which adjusted for inflation amounts to $ 1,897.6 million), on account of net exchange rate differences on US dollar denominated assets and liabilities;

ii. a higher gain of $ 185.5 million (which adjusted for inflation amounts to $ 248.2 million), associated with interest accrued during fiscal year;

iii. a lower gain of $ 49.4 million (which adjusted for inflation amounts to $ 147 million), due to changes in fair values accrued during fiscal year;

iv. a lower gain of $ 161.6 million (which adjusted for inflation amounts to $ 324 million), in compound interest in connection with works the duration of which exceeds one year. The effective monthly compound rate used was 0.67%;

v. a lower gain of $ 324.4 million (which adjusted for inflation amounts to $ 649.8 million) as a result of transactions with derivative instruments; and

vi. a lower gain of $ 954.5 million, due to the greater number of monetary assets exposed to inflation held in the current fiscal year as compared to 2019 fiscal year.

Income tax

Income tax for fiscal year ended December 31, 2020 reported a lower charge of $ 1,192.6 million as compared to the previous year. Said variation is the result of a lower current tax charge of $ 140.5 million, due to a lower taxable income reported in fiscal year ended December 31, 2020, as compared to 2019 fiscal year, and a lower charge on account of deferred income tax of $ 1,052.1 million.

Other comprehensive income for the fiscal year

"*Other comprehensive income for the fiscal year"* reported a higher loss of $ 3,579.8 million mainly due to the fact that during the current fiscal year an impairment on "*Property, plant and equipment*" items for an amount of $ 6,570 million was recorded, as compared to the impairment for an amount of $ 2,967.1 million recorded in previous fiscal year. See Note 2.6 to the Company's financial statements for fiscal year ended December 31, 2020.

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Summary of statement of cash flows

(in million pesos)

	Fiscal years ended 12.31.	
	2020	***2019***
Cash generated by operating activities	*6,029.5*	*5,472.8*
Income tax	*564.6*	*1,757.2*
Interest accrued on liabilities	*1,281.8*	*1,521.7*
Net cash flow generated by operating activities	***7,875.9***	***8,751.7***
Acquisition of property, plant and equipment	*(2,582.1)*	*(3,774.6)*
Subscriptions, net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)	*(1,267.6)*	*8,159.8*
Principal and interest received from investments at amortized cost and investments at fair value	*13.9*	*27.5*
Net cash flow (used in) generated by investing activities	***(3,835.8)***	***4,412.7***
Taking of loan with Itaú Unibanco S.A. Nassau Branch	*4,594.0*	*-*
Taking of local loans in pesos	*7,623.1*	*883.5*
Issue of Notes	*1,717.3*	*-*
Payment of interest on Notes	*(121.9)*	*-*
Payment of principal on Syndicated Loan	*(9,084.7)*	*(9,128.0)*
Payment of interest on Syndicated Loan	*(390.0)*	*(1,020.5)*
Payment of principal on local loans in pesos	*(7,174.3)*	*-*
Payment of interest on local loans in pesos	*(679.4)*	*(122.7)*
Payment of dividends in cash	*-*	*(5,263.7)*
Lease payment	*(13.3)*	*(12.1)*
Net cash flow used in financing activities	***(3,529.2)***	***(14,663.5)***
Net increase (decrease) in cash and cash equivalents	***510.9***	***(1,499.1)***
Cash and cash equivalents at the beginning of fiscal year	***2,891.3***	***4,905.0***
Financial income generated by cash	***(320.1)***	***(514.6)***
Cash and cash equivalents at the end of fiscal year	***3,082.1***	***2,891.3***

Breakdown of cash and cash equivalents

(in million pesos)

Accounts	***Fiscal years ended 12.31.***	
	2020	***2019***
Cash and banks [(1)]	*8.1*	*63.9*
Term deposits in $	*369.0*	*-*
Term deposits in US$	*-*	*448.7*
Mutual funds in $	*1,356.0*	*135.8*
Mutual funds in US$	*-*	*2,242.9*
Surety bonds in $	*1,251.7*	*-*
T bills in $	*97.3*	*-*
Cash and cash equivalents at the end of fiscal year	***3,082.1***	***2,891.3***

[(1)] As of December 31, 2020, and 2019 it includes $ 4 million and $ 40.7 million, respectively, denominated in foreign currency.

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2020 AND 2019

II) COMPARATIVE BALANCE SHEETS AS OF DECEMBER 31, 2020 and 2019

(in million pesos)

Items	*As of 12.31*	
	2020	***2019***
Non-current assets	*66,434*	*74,977*
Current assets	*7,353*	*10,299*
Total	***73,787***	***85,277***
Shareholders' equity	*54,991*	*58,451*
Non-current liabilities	*14,396*	*12,605*
Current liabilities	*4,400*	*14,221*
Subtotal liabilities	*18,796*	*26,826*
Total	***73,787***	***85,277***

III) COMPARATIVE COMPREHENSIVE INCOME FOR FISCAL YEARS ENDED DECEMBER 31, 2020 and 2019

(in million pesos)

Items	*As of 12.31*	
	2020	***2019***
Income before other net income and expenses	***4,012.2***	***7,818.0***
Other income and expenses	*185.6*	*281.9*
Income before financial income	***4,197.8***	***8,099.9***
Net financial income	*(553.9)*	*(580.7)*
Income from investments in affiliated companies	*15.0*	*30.9*
Income before income tax	***3,658.9***	***7,550.1***
Income tax	*(564.6)*	*(1,757.2)*
Income for the year	***3,094.3***	***5,792.9***
Other comprehensive income for the year	*(6,554.2)*	*(2,974.4)*
Comprehensive (loss) income for the year	***(3,459.9)***	***2,818.5***

IV) COMPARATIVE STATISTICAL DATA FOR FISCAL YEARS ENDED DECEMBER 31, 2020 and, 2019

Dispatched volumes in million m3:

By type of transportation

	As of 12.31	
	2020	***2019***
Firm	*12,661*	*14,092*
Interruptible & exchange and displacement	*10,839*	*10,976*
Total	***23,500***	***25,068***

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2020 AND 2019

IV) COMPARATIVE STATISTICAL DATA FOR FISCAL YEARS ENDED DECEMBER 31, 2020 and 2019 (Cont.)

By source

	As of 12.31	
	2020	***2019***
Northern Pipeline	*8,897*	*9,777*
Central West Pipeline	*9,765*	*11,415*
Final sections	*4,838*	*3,876*
Total	***23,500***	***25,068***

By destination

	As of 12.31	
	2020	***2019***
Domestic market	*22,648*	*23,909*
Export market	*852*	*1,159*
Total	***23,500***	***25,068***

V) COMPARATIVE RATIOS AS OF DECEMBER 31, 2020 and 2019

	As of 12.31	
	2020	***2019***
Liquidity (1)	*1.6711*	*0.7243*
Solvency (2)	*2.9257*	*2.1790*
Equity Immobility (3)	*0.9003*	*0.8792*

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

VI) BUSINESS PROSPECTS FOR CURRENT YEAR (*not covered by the Auditor's 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 Financial Statements as of December 31, 2020, in order to have a full picture of corporate matters.

VI) BUSINESS PROSPECTS FOR CURRENT FISCAL YEAR (*not covered by the Auditor's*) (Cont.)

From April 2014 to December 2017 TGN received successive interim rate increases until March 2018 when the National Gas Regulatory Entity ("ENARGAS") approved the rates resulting from the Comprehensive Rate Review ("CRR") conducted by said entity 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 (expressed in December 2016 currency), 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 December 2019 the Social Solidarity and Productive Reactivation under the Public Emergency Framework Law No. 27,541 (the "Solidarity Law") was enacted, empowering the National Executive Branch ("PEN") to freeze natural gas rates under federal jurisdiction and start a renegotiation process of the comprehensive rate review in place, or embark on a rate review of an exceptional nature in the terms of Act No. 24,076 (the "Natural Gas Act") for a maximum term of 180 days, tending to reduce the actual rate burden on households, and commercial and industrial sectors in 2020 year. 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 for a term successively extended until December 31, 2021, entrusting the comptroller, to conduct a legal, technical and economic audit of all aspects regulated under the Solidarity Law in energy matters, and to prepare a report to be submitted to the PEN.

The rate freeze established under the Solidarity Law was successively extended until March 17, 2021 by means of Necessity and Urgency Decrees No. 543/20 and 1,020/20.

On November 20, 2020, ENARGAS comptroller submitted a report to the National Energy Secretary and Minister of Economy with the results of the audit and CRR, concluding that the latter would have been affected by serious flaws that could render it null and void and that, in his opinion, would have had a negative impact on the rates paid by users, as a result of which he proposed to opt for the CRR renegotiation alternative foreseen in section 5 of the Solidarity Law. The Company, which received notice of said report on January 7, 2021, disagrees with said conclusions as it considers that the CRR was a valid procedure under the applicable legislation that gave rise to fair and reasonable transportation rates, as required under the Natural Gas Act.

VI) BUSINESS PROSPECTS FOR CURRENT FISCAL YEAR (*not covered by the Auditor's Report*) (Cont.)

Following ENARGAS comptroller's recommendation, on December 17, 2020, the PEN passed Decree No. 1020/20 instructing to suspend the "Comprehensive Agreement" toward amendment of TGN's License that came into force in March 2018, to the extent to be established by ENARGAS, to start the CRR renegotiation as established in section 5 of the Solidarity Law and to complete the renegotiation process no later than December 17, 2022. Said process must end with the subscription of a final agreement with natural gas transportation and distribution licensees regarding the CRR, with ENARGAS being authorized to apply transitory rate adjustments to assure the normal and continued provision of the utility service. Said decree further provides that if no final agreement is reached, the ENARGAS shall enact, *ad referendum* of the PEN, a new rate scheme for natural gas transportation and distribution utility services. Hence, on February 22, 2021, the ENARGAS passed Resolution No. 47 convening a public hearing to be conducted on March 16, 2021, to discuss the transition rate regime foreseen in Decree 1020/20.

As mentioned earlier, transportation rates are frozen as at April 2019 values and the PEN instructed ENARGAS to start the CRR renegotiation process that should be completed by December 2022. In the meanwhile, the ENARGAS could be authorized to apply transitory rate increases to assure the normal and continued provision of the utility service.

Although the Company expects rates to be maintained at constant values in the course of time to be able to meet pipeline operation and maintenance expenses and investments, the outcome of the CRR renegotiation may differ from current estimates, as the Solidarity Law seeks a rate reduction in real terms; however, the results from said process cannot be anticipated.

Finally, worth mentioning is the fact that the Company operates within an economic context where main variables have experienced and continue to experience a strong volatility. Against such backdrop, in 2020 the national government tightened currency exchange restrictions, increased the tax burden, established price agreements and/or controls and stopped adjusting retirement and pension benefits. During 2020, the peso continued to depreciate and the price of Argentine government bonds and stock of local listed companies continued to drop.

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

City of Buenos Aires, March 9, 2021

Emilio Daneri Conte-Grand
President

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Independent auditor's report

To the Shareholders, President and Directors of
Transportadora de Gas del Norte S.A.
Address: Don Bosco 3672 - Piso 3°
Ciudad Autónoma de Buenos Aires
CUIT N° 30-65786305-6

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Transportadora de Gas del Norte S.A. (the Company) which comprise the statement of financial position as at December 31,2020, and the statement of the comprehensive income, and the statement of changes in equity, and the statement of cash flows for the year then ended, and the notes to the financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31,2020, and its comprehensive income and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

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

Independence

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

Key audit matters

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

Key audit matter	*How our audit addressed the key audit matter*
Revaluation of Property, Plan and Equipment As mentioned in Note 2.6 of the financial statements, the Company have Property, plant and equipments amounted to $ 52.927 millon as of December 31, 2020 which represents 72% of the total assets, for its valuation the Company uses the revaluation model as stated in International Accounting Standard 16. The 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 and concludes with the potential registration of a surplus or deficit. As described in Note 2.6, for the revaluation of property, plant and equipment, the Company uses a discounted cash flow model based on estimates about future performance of certain inputs such as firm transportation capacity contracted and transportation volumes sold under interruptible and exchange and displacement modalities, gas transportation rates, operation and maintenance expenses; mandatory investments agreed with Ente Nacional Regulador del Gas (ENARGAS); weighted discount rate; and macro-economic variables (inflation rate, devaluation rate). The Company estimates that any sensitivity analysis involving relevant modifications to above mentioned factors, could result in significant changes. The Company entrusts said valuation to independent external experts. This matter is key given that involves critical judgement and significant estimates performed by the Directors, which are subject to uncertainty and future events. Furthermore, it required a high degree of judgment and effort by the auditor in performing procedures to evaluate the cash flow projections made by management and test the significant assumptions.	The audit procedures performed in relation so this key matter include, among others: • Obtain an understanding of the policies, process, method and assumptions used by the Company to determine the fair value of the property, plant and equipment. • Verify the fair value estimated by the Company by reviewing the discounted cash flow methodology as well as the discount rate. • Identify and validate the significant estimates used in the valuation. • Evaluate the competence and objectivity of the expert engaged by the Company, including its professional credentials and experience. • Check the mathematical accuracy of the calculation. • Evaluate the disclosures in the financial statements. • When evaluating the methodology and review of the discount rate used for the discounted cash flow estimated by the Directors we will use our internal experts.

Other information

The other information comprises Annual report and Overview. Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements

or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of Board of Directors and Audit Committee for the financial statements

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

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

Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Directors.

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

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

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

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

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

Autonomous City of Buenos Aires, March 9, 2021.

PRICE WATERHOUSE & CO.
S.R.L.

(Socio)

C.P.C.E.C.A.B.A. T° 1 F° 17

Dr. Ezequiel Luis Mirazón
Contador Público (UBA)
C.P.C.E.C.A.B.A. T° 238 F° 126

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 294, Subsection 5 of the Argentine General Company Law, we have reviewed the Financial Statements of Transportadora de Gas del Norte S.A. (hereinafter, the "Company" or "TGN"), which comprise the Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity and Statement of Cash Flows for the year ended as of December 31, 2020, and supplemental Notes and Annexes, the Inventory and the Annual Report.

Balances and other information for fiscal year 2019 and interim periods are an integral part of the aforementioned Financial Statements and therefore they should be considered in relation with those Financial Statements.

Management Responsibility

The preparation and presentation of said documents 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 control system so that such statements are free from significant distortions caused by errors or irregularities, 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 documents referred to in the first paragraph in accordance with Statutory Auditing Standards in force. Those standards require that the review is conducted in accordance with applicable auditing standards 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 insofar as formal and documentary aspects is concerned.

To carry out such work, we have also considered the review of the Financial Statements as of December 31, 2020 conducted by independent auditors and the Audit Report issued by independent auditors and signed by Ezequiel Luis Mirazón (CPA), Partner of Price Waterhouse & Co. S.R.L., dated March 9, 2021, issued in compliance with applicable auditing standards in Argentina. Our review included the verification of the work planning, scope, nature and timeliness of the procedures followed and the results of the audit conducted by said professional.

An audit involves performing procedures to obtain evidence about amounts and other disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, which include assessing the risk of material misstatements in the Financial Statements, whether due to fraud or error. In making that risk assessment, the auditor must consider the internal control system in place for a fair preparation and presentation of the Financial Statements by the Company, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of significant estimates made by the Company's management, as well as the overall presentation of the Financial Statements.

We have not conducted any management review and therefore we have not assessed business decisions and criteria 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 Audit Report issued by independent auditors provide us with a reasonable basis for our report, and in accordance with applicable regulations we inform that, in our opinion, the Financial Statements as of December 31, 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 Financial Statements of Transportadora de Gas del Norte S.A. are recorded in the "Inventory and Balance Sheet" book and are in compliance with the provisions of the Argentine General Company Law and pertinent resolutions of the National Securities Commission. Accounting books and records are kept, in all formal respects, in accordance with applicable legislation, and have been approved by the CNV as they provide for a reasonable basis of assurance and integrity, except that they are pending to be signed.

b) In connection with said Financial Statements, we have no other remarks to make except for above mentioned.

c) The Board´s Annual Report for the year ended December 31, 2020, contains the information required by Section 66 of the Argentine General Company Law, with the assertions related to the economic context in which the Company operated, the Company´s management and subsequent events included in that document, being the sole responsibility of the Company´s Board. Insofar as matters within our competence, accounting figures included in said document are derived from the Company´s accounting records and related documentation. In addition, we have reviewed the Annex, Report on the Code of Corporate Governance prepared by the Board of Directors, and we have no material remarks to make.

d) We have complied with the requirements of Section 294 of the Argentine General Company Law, having regularly participated in Board and Audit Committee´s meetings and having exercised, where relevant, the powers vested on us by said piece of legislation and the Company´s Bylaws.

e) 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 Financial Statements as of December 31, 2020 have been approved.

f) 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 some of the minutes where discussions held at those meetings are reflected have not been yet transcribed or signed in the pertinent books.

g) As required by the National Securities Commission regulations (restated in 2013), we have reviewed the Audit Report issued by the independent auditors, from which it is derived that:

  i) The accounting policies applied to prepare the Financial Statements as of December 31, 2020 are in accordance with applicable professional accounting standards; and

  ii) The independent auditors have conducted their audit applying auditing standards established by the Argentine Federation of Professional Councils in Economic Sciences, which call for objectivity and independence.

h) We have applied the anti-money laundering and counter-terrorist financing procedures set forth in the relevant professional standards issued by the Professional Council in Economic Sciences of the City of Buenos Aires.

City of Buenos Aires, March 9, 2021.

By the Supervisory Committee

Dr. Juan José Valdez Follino
Regular Statutory Auditor