



City of Buenos Aires, November 09, 2021

Transportadora de Gas del Norte S.A. (hereinafter the “Company” or “TGN”) is pleased to announce results for the nine-month period ended September 30, 2021.

**Stock information:**

Market capitalization as of September 30, 2021: **AR\$ 38,401.3 million.**



20% of its capital stock trades on BYMA (\*);  
Ticker: TGNO4

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(\* ) Bolsas y Mercados Argentinos S.A.

Main indicators for the nine-month period ended September 30, 2021:

- Loss for the period amounted to AR\$ 6,665.5 million (AR\$ -15.1704 per share) compared to AR\$ 4,338.9 million (AR\$ 9.8752 per share) during the same period in the previous year, principally explained by operating loss, higher loss on monetary position and deferred income tax.

- Revenues for the nine-month period reached AR\$ 13,880.5 million, equivalent to a decrease of 31.9% in comparison with the same period in previous year where revenues amounted to AR\$ 20,375.3 million. This decrease is explained as a result of the suspension of the rate adjustments in an accelerated inflationary context and by lower export transportation services.

- EBITDA<sup>1</sup> for the period reached AR\$ 6,310.0 million, representing a decrease of 52.1% compared to the same period in 2020 where EBITDA amounted to AR\$ 13,160.0 million. This variation is mainly explained by a decrease in sales, which were partially offset by lower selling expenses.

<sup>1</sup> EBITDA: Earnings before interest, tax, depreciation and amortization, have been calculated as “Income before other income and expenses” plus depreciation for the period for items of “Property, plant and equipment”.



## 1- Current economic context:

The Company operates within a complex economic context where main variables have experienced a strong volatility.

Argentina's main macroeconomic indicators are:

- The Gross Domestic Product ("GDP") drop in 2020 has been 9.9%.
- Primary fiscal deficit for 2020 was 6.5% of the GDP, while the financial deficit reached 8.5% of the GDP.
- Cumulative inflation between January 1, 2021 and September 30, 2021 reached 36.96% as shown by the Consumer Price Index published by the National Institute of Statistics and Census ("INDEC").
- From January 1 to September 30, 2021, the peso depreciated 17.34% against the US dollar, as shown by the exchange rate published by Banco de la Nación Argentina.

The outbreak of the pandemic associated with the Coronavirus 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, restructuring its debt both with private investors and international entities, and the outbreak of the pandemic in March 2020 only made matters worse.

As of the date of issue of these interim condensed financial statements the context continues to be uncertain and volatile. The Company's Management permanently monitors how 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 interim condensed financial statements should be read in the light of said circumstances.



## 2- Revenues for the nine-month period ended September 30, 2021:

The decrease in inflation adjusted revenues amounting to AR\$ 6,494.9 million between the nine-month periods ended September 30, 2021 and 2020 is mainly due to:

- AR\$ 691 million decrease in revenues due to a drop in export transportation services;
- AR\$ 680 million increase in revenues from interruptible transportation and exchange and displacement services;
- AR\$ 6,257 million decrease in revenues, as a result of the suspension of rate adjustments in an accelerated inflationary context. See Notes 1.2 and 1.3.2 to the Company's interim condensed financial statements for the nine-month period ended September 30, 2021; and
- AR\$ 182 million decrease in revenues from "Gas pipeline operation and maintenance and other services".

As of September 30, 2021, 94.2% of the Company's revenues came from the gas transportation services (regulated business), with the remaining 5.8% being represented by gas pipeline operation and maintenance and other services (non-regulated business). As of September 30, 2020, revenues from the regulated business accounted for 95.1% while those from the non-regulated business accounted for the remaining 4.9%.

## 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 AR\$ 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 semi-annual 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 is 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 AR\$ 20 million and higher amounts, published by the Central Bank of Argentina. As of the date hereof, the Company has already collected the full deferred amount. As for the subsidy related to the financial cost of the deferral, on March 20, 2021, by means of Resolution No. 220/2021, the Energy Secretariat established for TGN an amount of AR\$ 153 million, which was collected on April 22 this year.

In September 2019, the Energy Secretariat passed Resolution No. 521/2019 (amended by Resolution No. 751/2019) deferring the semi-annual 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 AR\$ 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 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.

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 regime for natural gas transportation and distribution utility services. Hence, on February 22, 2021, ENARGAS passed Resolution No. 47/21 convening a public hearing that took place on March 16, 2021, to discuss the interim rate regime foreseen in Decree 1020/20. Said resolution envisages that any interim rate increase must be endorsed by an agreement to



be entered into between licensees and ENARGAS, and further that during the effective term of the interim rate regime licensees will not be allowed to distribute dividends, directly or indirectly prepay financial and commercial liabilities with shareholders, acquire other companies or grant loans, without ENARGAS express authorization.

On March 27, 2021, ENARGAS offered gas distribution and transportation licensees to enter into interim rate adjustment agreements in exchange for their commitment not to bring claims based on the rate freezing established under the Solidarity Law. As such proposal was equal to zero for TGN, the Company declined to enter into said agreement, though it agreed to embark on the CRR renegotiation process established under Decree 1020/20, making reservation of its rights and actions.

On June 1 the Company received notice of certain resolutions passed by the Ministry of Economy (“MECON”) as well as the ENARGAS, all of them validated by a presidential decree, whereby an Interim Rate Regime (“IRR”) was put in force.

The IRR involves that: (i) TGN rates will remain frozen, (ii) the Company will have to continue to render the gas transportation service, (iii) the ban on distributing dividends, prepaying loans with shareholders and acquiring companies or granting loans (except to users or contractors other than the Company’s shareholders), without ENARGAS previous approval, will remain in place, and (iv) no mandatory investment plan applies during the IRR. The IRR also provides for the possibility that ENARGAS adjusts TGN rates as from April 1, 2022.

On June 30, 2021, the Company filed an appeal at administrative level against Decree 1020/20, MECON and ENARGAS Joint Resolution 2/21 whereby the IRR was approved subject to further approval by the PEN, Decree 353/21 which ratified Joint Resolution 2 and ENARGAS Resolution 150/21 whereby the IRR rate charts were put into force. In line with the express provisions of the Gas Act (article 48) and the “Basic Rules of the Transportation License” (item 9.8), the Company believes that the cost of any subsidy to natural gas users must be borne by the National Treasury, and not TGN, or otherwise TGN must be compensated by the PEN. The Company also believes that neither the PEN, MECON nor ENARGAS have the authority to place the bans imposed by the IRR.

#### 4- Costs and expenses for the nine-month period ended September 30, 2021:

During the first nine-month period of 2021, the cost of service amounted to AR\$ 13,388.6 million, which meant an increase of 14.1% in comparison with the same period in previous year. A 50.0% of this variation is due to lower “Property, plant and equipment” depreciation during the current period, as a result of capitalizations, and higher “Maintenance and repair of property, plant and equipment and Third-party services and supplies” (29.4%).



Administrative and selling expenses for the period amounted to AR\$ 2,513.6 million, showing a 17.1% decrease with respect to the previous year, explained by lower allowance set up in connection with balances owed by delinquent debtors.

#### 5- Financial situation:

##### Indebtedness in foreign currency:

As of September 30, 2021, TGN has a loan in US dollars taken in October 2020 with Itaú Unibanco S.A. Nassau Branch, for an original amount of US\$ 55 million.

The current loan conditions at the end of the period are as follows:

- Amount: US\$ 55,000,000;
- Term: twenty-four months;;
- Amortization: 100% at maturity;
- Interest: semi annual;
- Rate: 1.75% annual;
- Prepayment: total or partial at any time without any cost or penalty.
- Guarantee: constitution of a pledge in the first degree of privilege over the sum of US\$ 56,500,000.

During April and October of this year, the Company has paid the amount of US\$ 0.976 million as interest.

##### Indebtedness in local currency:

As of 30.09.2021, TGN has the following pesos denominated debt:

- Non-convertible notes issued on August 10, 2020 for an amount of AR\$ 1.5 billion maturing 18 months after issuance, with installments at 12, 15 and 18 months and an interest rate of private BADLAR + 1%.
- With Banco Macro, taken on August 20, 2020 for AR\$ 750 million, for a term of 18 months, with installments at 12, 15 and 18 months, at BADLAR plus margin.

During the first nine-month period of 2021, the company has paid interest for an amount of AR\$ 591 million and the first principal instalment for an amount of AR\$ 750 million.

As of September 30, 2021, the Company has a total debt of AR\$ 7,016.1 million, exposing AR\$ 1,611.5 in current liabilities and AR\$ 5,404.6 in non-current liabilities. Company's net cash position amounted to AR\$ 5,872.6 million.



## 6- Operating data:

Volumes dispatched during the first nine-month period of 2021 increased by 7.1% compared to the same period in 2020. This was mainly as a result of an increase in interruptible local transportation services, which was partially offset by a decrease in export transportation volumes.

Below are volumes dispatched broken down by source, type of contract and destination:

<i>Per source in million m<sup>3</sup></i>	<i>As of 09.30</i>	
	<i>2021</i>	<i>2020</i>
<i>Northern Pipeline</i>	5,731	6,686
<i>Central West Pipeline</i>	8,327	7,542
<i>Final Sections</i>	5,386	3,925
<b>Total</b>	<b>19,444</b>	<b>18,153</b>

<i>Dispatched volumes in million m<sup>3</sup></i>	<i>As of 09.30</i>	
	<i>2021</i>	<i>2020</i>
<i>Firm</i>	9,474	9,672
<i>Interruptible &amp; exchange and displacement</i>	9,970	8,481
<b>Total</b>	<b>19,444</b>	<b>18,153</b>

<i>Per destination in million m<sup>3</sup></i>	<i>As of 09.30</i>	
	<i>2021</i>	<i>2020</i>
<i>Domestic market</i>	19,282	17,367
<i>Export market</i>	162	786
<b>Total</b>	<b>19,444</b>	<b>18,153</b>



## ANNEXES:

### 1- Statement of Income (in millions AR\$)

	Nine-month period ended	
	09.30.2021	09.30.2020
Revenues	13,880.5	20,375.3
Cost of service	(13,388.6)	(11,733.5)
<b>Gross profit</b>	<b>491.9</b>	<b>8,641.7</b>
Selling expenses	(548.5)	(1,081.5)
Administrative expenses	(1,965.0)	(1,951.7)
Other income and expenses	31.9	254.9
<b>(Loss) Income before financial income</b>	<b>(1,989.8)</b>	<b>5,863.4</b>
Other net financial income	3,076.4	2,378.2
Financial income	670.2	113.5
Financial expenses	(785.0)	(1,337.0)
(Loss) Gain on monetary position	(4,360.0)	(1,385.6)
Income from investments in affiliated companies	19.4	26.9
<b>(Loss) Income before income tax</b>	<b>(3,368.8)</b>	<b>5,659.4</b>
Income tax	(3,296.7)	(1,320.5)
<b>(Loss) Income for the period</b>	<b>(6,665.5)</b>	<b>4,338.9</b>
Other comprehensive (loss) income for the period	(37.6)	(1,958.0)
<b>Comprehensive (loss) income for the period</b>	<b>(6,703.1)</b>	<b>2,380.9</b>

### 2- Statement of Income for 3Q (in millions AR\$)

	3Q 2021	3Q 2020
Revenues	4,343.9	6,007.7
Cost of service	(4,742.2)	(3,980.8)
<b>Gross profit</b>	<b>(398.3)</b>	<b>2,026.9</b>
Selling expenses	(183.7)	(290.8)
Administrative expenses	(633.1)	(783.8)
Other income and expenses	254.4	56.4
<b>(Loss) Income before financial income</b>	<b>(960.7)</b>	<b>1,008.6</b>
Other net financial income	770.5	997.6
Financial income	194.2	48.7
Financial expenses	(208.2)	(581.5)
(Loss) Gain on monetary position	(1,324.7)	(710.0)
Income from investments in affiliated companies	11.6	3.4
<b>(Loss) Income before income tax</b>	<b>(1,517.3)</b>	<b>766.7</b>
Income tax	630.7	60.6
<b>(Loss) Income for the period</b>	<b>(886.6)</b>	<b>827.3</b>
Other comprehensive (loss) income for the period	(17.4)	2.4
<b>Comprehensive (loss) income for the period</b>	<b>(903.9)</b>	<b>829.7</b>





### 3- Balance Sheet (in millions AR\$)

	09.30.2021	12.31.2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	66,236.4	72,488.1
Investments in affiliated companies	136.6	154.8
Materials and spare parts	1,793.9	2,003.7
Other accounts receivable	9.5	9.3
Trade accounts receivable	8,414.8	9,818.4
Investments at amortized cost	1.9	6.9
Investments at amortized cost of restricted availability	5,586.3	6,505.8
<b>Total non-current assets</b>	<b>82,179.3</b>	<b>90,987.0</b>
<b>Current assets</b>		
Materials and spare parts	332.6	205.0
Other accounts receivable	803.2	698.6
Trade accounts receivable	2,301.9	3,215.6
Investments at amortized cost	982.1	8.4
Investments at fair value	2,854.5	1,722.1
Cash and cash equivalents	3,465.7	4,221.1
<b>Total current assets</b>	<b>10,740.0</b>	<b>10,070.8</b>
<b>Total assets</b>	<b>92,919.3</b>	<b>101,057.8</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock	439.4	439.4
Common stock integral adjustment	25,786.9	25,786.9
Property, plant and equipment revaluation allowance	14,788.4	19,862.4
Statutory Reserve	5,245.3	5,245.3
Optional reserve for working capital and liquidity coverage	23,534.3	15,753.3
Voluntary reserve for future dividends	434.3	434.3
Other reserves	(25.9)	11.7
Retained earnings	(1,591.5)	7,781.0
<b>Total shareholders' equity</b>	<b>68,611.3</b>	<b>75,314.4</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred income tax liability	14,914.3	12,011.1
Loans	5,404.6	6,625.8
Notes	-	668.8
Lease debts	2.5	15.7
Other debts	76.2	81.1
Trade accounts payable	203.6	313.7
<b>Total non-current liabilities</b>	<b>20,601.1</b>	<b>19,716.2</b>
<b>Current liabilities</b>		
Contingencies	160.4	218.6
Loans	561.4	747.2
Notes	1,050.1	1,458.5
Lease debts	4.9	17.4
Salaries and social security contributions	604.0	683.5
Income tax, payable	-	1,071.8
Taxes payable	198.1	273.7
Other debts	90.6	119.8
Trade accounts payable	1,037.5	1,436.7
<b>Total current liabilities</b>	<b>3,706.9</b>	<b>6,027.2</b>
<b>Total liabilities</b>	<b>24,308.1</b>	<b>25,743.4</b>
<b>Total liabilities and shareholders' equity</b>	<b>92,919.3</b>	<b>101,057.8</b>



#### 4- Statement of Cash Flows (in millions AR\$)

	09.30.2021	09.30.2020
(Loss) Profit for the period	(6,665.5)	4,338.9
<b>Adjustments to cash generated by (used in) operating activities:</b>		
Property, plant and equipment depreciation	8,331.7	7,551.9
Residual value of property, plant and equipment written-off	16.0	24.4
Income tax	3,296.7	1,320.5
Accrued interest generated by liabilities	775.0	1,366.5
Accrued interest generated by assets	(670.2)	(113.5)
Increase net of allowances and provisions (net of recoveries)	(78.4)	694.8
Income from derivative financial instruments	-	105.8
Exchange rate differences and other net financial income	486.7	(1,553.7)
Loss from investments in affiliated companies	(19.4)	(26.9)
<b>Net changes in operating assets and liabilities</b>		
Decrease in trade accounts receivable	3,957.1	3,345.6
Decrease in other accounts receivable	178.1	459.7
Decrease (increase) in materials and spare parts	53.8	(354.1)
Decrease in trade accounts payable	(502.0)	(1,329.0)
Decrease in salaries and social security contributions	(79.5)	(176.4)
Increase (decrease) in taxes payable	201.7	(399.8)
Increase in derivative financial instruments	-	43.1
Decrease in other debts	(41.7)	(141.9)
Decrease in contingencies	(58.2)	(49.9)
Income tax payment	(1,764.4)	(3,185.7)
<b>Net cash flow generated by operating activities</b>	<b>7,417.6</b>	<b>11,920.6</b>
Acquisition of property, plant and equipment	(2,091.0)	(2,456.4)
Subscriptions net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)	1,695.5	2,543.7
Principal received from investments at amortized cost and investments at fair value	4.8	8.5
Interest received from investments at amortized cost and investments at fair value	3.5	7.4
<b>Net cash flow used in investing activities</b>	<b>(387.4)</b>	<b>103.2</b>
Taking of local loans in pesos	49.2	10,440.4
Issue of Notes	-	2,351.9
Payment of principal on Notes	(517.7)	-
Payment of interest on Notes	(449.0)	-
Payment of principal on local loans in pesos	(306.1)	(8,757.5)
Payment of interest on local loans in pesos	(227.3)	(710.2)
Payment of principal on Syndicated Loan	-	(6,150.3)
Payment of interest on Syndicated Loan	-	(368.5)
Payment of interest on Itaú Unibanco S.A. Nassau Branch loan	(52.7)	-
Lease payment	(13.5)	(14.9)
<b>Net cash flow used in financing activities</b>	<b>(1,517.2)</b>	<b>(3,209.1)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,513.0</b>	<b>8,814.6</b>
Cash and cash equivalents at the beginning of fiscal year	4,221.1	3,959.9
Financial income generated by cash	(6,268.4)	(3,939.0)
<b>Cash and cash equivalents at the end of period</b>	<b>3,465.7</b>	<b>8,835.5</b>

This earnings release should be read in connection with the interim condensed financial statements for the nine-month period ended September 30, 2021 that are available at:

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