Financial Statements as of December 31, 2021 in thousand Pesos, on a comparative basis

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INDEX

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

FINANCIAL STATEMENTS as of December 31, 2021, 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**	
	12.31.21	**12.31.20**
	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.

See our report dated
March 9, 2022
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. Tº 1 Fº 17
Dr. Ezequiel Luis Mirazón
Chartered Accountant (UBA)
C.P.C.E.C.A.B.A. Tº 238 Fº 126

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 thirtieth fiscal year running from January 1, 2021 to December 31, 2021, 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	Claudio Gugliuzza
	Angel Carlos Rabuffetti	Juan José Mata
	Ricardo Ferreiro	Marcelo Brichetto
	Diego Antonio Blasco	Gustavo Kopyto
	Alberto Saggesse	María López Isnardi
	Hugo Vivot	Rufino Arce
	Enrique Waterhouse	Pablo Jorge Holassian
	Sergio Revilla Cornejo	José María Nelson
	Roberto Helbling	Pablo Mautone
	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 THIRTIETH FISCAL YEAR BEGINNING ON JANUARY 1, 2021 AND ENDING ON DECEMBER 31, 2021

1 – ECONOMIC CONTEXT

The Company operates within a complex economic 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 Corona virus (“COVID”) 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 financial markets. The first COVID case in Argentina occurred on March 3, 2020, and more than 8.9 million infections have been so far confirmed in the country. In order to avoid the virus propagation, the National Government has implemented preventive and mandatory social lockdown measures all over the country, the closure of non-essential activities, as well as the closure of borders. This situation strongly impacted on the economic activity which dropped by 9.9% in 2020. Since October 2020, and over the whole current fiscal year, restrictions started to be released for a vast part of activities as a result of a decline in the number of infections and a faster pace in vaccination.

The economic situation in 2021 was mainly characterized by the economic recovery as a result of above mentioned easing of sanitary restrictions, the higher supply of US dollar bills due to an improvement in foreign trade and legislative elections.

As for the economic recovery process, a better than initially projected economic performance was seen, with the last estimates recording an increase in the Gross Domestic Product (“GDP”) by 10%. The economic program consisted of combining a highly expansive fiscal policy with an exchange and rate policy aimed at deceleration inflation in the short term. As a result of such fiscal expansion policy, the primary deficit over the GDP is estimated at 3.2%. More than 70% of the government spending expansion was funded by issuing currency which contributed to 50.9% retail inflation increase in 2021 with respect to 2020, According to the most recent data published by the National Institute of Statistics and Census (“INDEC”), the unemployment rate reached 8.2% while the poverty rate reached 40.6%.

The increase in the US dollar bill supply was due to the strong growth in exports (+42% per annum) driven by an increase in the price of agricultural commodities and the recovery seen by Argentina’s major trade partners. The trade surplus from the increased demand for goods amounted to US$ 14.8 billion (3.1% of the GDP). Such a record in exports and foreign currency revenues from the agricultural sector allowed the Central Bank of Argentina (“BCRA”) to purchase US$ 5 billion over the year, after acquiring US$ 6.5 billion in the first half of the year. The Peso-US Dollar exchange rate rose by 22.1% in 2021, well below the inflation for the period.

As regards the general legislative elections, the ruling party received 33.6% of the votes at national level while the opposition was voted by 42% of the population. As a result, there now prevails in Congress a stronger system of checks and balances among the major political forces.

On the financial side, the government is currently embarked on negotiations with the International Monetary Fund (“IMF”) to restructure the country's debt. If Argentina eventually reaches a favourable agreement with the IMF, it might have a positive impact on the Argentine economy, both in the mid and long term. On the contrary, the lack of an agreement might pave the way to a default of its sovereign debt which in turn might restrict the ability of companies to access new lending sources and cause a greater volatility in macroeconomic variables.

On the foreign exchange side, restrictions were maintained, and in some cases intensified, 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 reached an average of 82% over the year.

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Finally, the most recent “Market Expectations Survey” published by the BCRA anticipates for 2022 an economic growth of 2.9%, a retail inflation rate of 54.8% and a Peso-US dollar exchange rate by 2022 year-end of $163.7.

2. GAS INDUSTRY IN ARGENTINA

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

<u>Primary Energy Supply by Source (2020)</u>

	Oil	Natural Gas	Coal	Nuclear	Hydro-electricity	Renewable	TOTAL
USA	37.1%	34.1%	10.5%	8.4%	2.9%	7.0%	100,0%
Canada	31.3%	29.8%	3.6%	6.4%	25.1%	3.9%	100.0%
Mexico	38.1%	48.0%	3.2%	1.6%	3.7%	5.5%	100.0%
Total average North America	35.5%	37.3%	5.8%	5.4%	10.6%	5.5%	100.0%
Argentina	32.9%	50.2%	1.0%	3.0%	8.6%	4.3%	100.0%
Brazil	38.4%	9.6%	4.8%	1.1%	29.3%	16.7%	100.0%
Chile	43.1%	13.7%	18.7%	0.0%	11.4%	13.0%	100.0%
Colombia	31.3%	28.4%	15.2%	0.0%	22.1%	3.1%	100.0%
Ecuador	61.6%	3.0%	0.0%	0.0%	34.1%	1.2%	100.0%
Peru	40.5%	25.5%	2.3%	0.0%	27.2%	4.5%	100.0%
Trinidad & Tobago	12.7%	87.3%	0.0%	0.0%	0.0%	0.0%	100,0%
Venezuela	33.6%	46.8%	0.0%	0.0%	19.5%	0.0%	100.0%
Other South and Central America	59.9%	7.4%	7.0%	0.0%	18.3%	7.4%	100.0%
Total average South and Central America	39.3%	30.2%	5.5%	0.5%	19.0%	5.6%	100.0%

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

By 2020 year end (most recently published data) proven natural gas reserves amounted to approximately 397 thousand MMm3 and, as of that date, the reserve horizon, considering 2021 estimated production, was 8.9 years. Additionally, in accordance with data published by the Argentine Oil and Gas Institute (IAPG), probable reserves, as of that date, represented 48% 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 trillion cubic feet (802 tcf), of which, almost three quarters come from Neuquina Basin. Said potential is equivalent to approximately 55 times proven reserves.

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NATURAL GAS – 2020 Reserves and 2021 production (million m3)

Basin	Proven Reserves	Probable Reserves	Proven + 50% Probable	Production (*)	Horizon: (Probable Reserves/Production) [Years]
Austral	96,130	60,210	126,235	10,992	8.7
San Jorge Gulf	36,393	15,481	44,134	3,955	9.2
Neuquina & Cuyana	252,607	114,616	309,915	27,954	9.0
Northwest	12,116	1,355	12,794	1,562	7.8
TOTAL ARGENTINA	**397,247**	**191,661**	**493,077**	**44,464**	**8.9**

Source*: IAPG.*

(*) 2021 Production: includes gross production from November 2020 to October 2021 at actual calories.

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. In 2020, against the economic crisis aggravated by COVID-19 pandemic, the sector was again affected and the growth path reverted: total gas production showed a decrease of 9% with respect to 2019, while non-conventional production – shale and tight gas –decreased by approximately 8%. In November 2020, in order to promote the local gas production recovery, the National Government established, through Necessity and Urgency Decree No. 892/2020, a natural gas production promotion plan called "*Plan Gas Ar*". Said plan promotes investments in production development, establishes gas prices partially subsidized by the National Government to remain in place for a four-year period, and elicits from producers the commitment to recover winter 2020 production volumes. The plan envisages the issuance of export permits for firm and interruptible modalities. As a result of said plan, a sustained increase in production levels was seen as from April 2021[1]. Non-conventional production grew by 4.4% on an annual basis. However, total gas production dropped by 2.3% with respect to the previous year.

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 2,369 MMm3 in 2021, i.e. 25% higher than 2020 volumes. Additionally, in May 2021 the operation of the regasification tanker in Bahía Blanca (Province of Buenos Aires) was resumed, with a total injection during the year of 1,162 MMm3. Just as the previous year, no gas volumes were imported from Chile ("Chile") in 2021. In line with the declining trend in recent years, imports from the Plurinational State of Bolivia ("Bolivia") totaled 4,695 MMm3, showing a decrease of 14% with respect to the previous year. Consequently, total imports during 2021 grew by 11.9% with respect to previous year. This can be explained by higher imports of LNG volumes due to the lower volumes available to be imported from Bolivia. Imports of natural gas from Bolivia amounted to 8.9% of total volumes consumed in 2021, i.e. 14% less than the previous year. On the other hand, regasification operations in the localities of Escobar and Bahía Blanca amounted to 6.7% of the total volume consumed, i.e. 80% more than in 2020.

With respect to the gas import agreement with Bolivia, in December 2020 Integración Energética Argentina S.A. ("IEASA") and Yacimientos Petrolíferos Fiscales Bolivianos ("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. Negotiations are

[1] *Actual data for November 2020-October 2021 rolling year.*

currently under way between IEASA and YPFB toward execution of a sixth addendum to the original agreement. This last addendum should be signed on March 31, 2022.
In October 2020 the Company submitted to the National Gas Regulatory Entity ("ENARGAS"), an "*Integral Strategic Plan for Current and Future Supply from the Northern Pipeline and Related Pipelines*", under which works are proposed to be undertaken along the Northern Pipeline in line with future supply perspectives, considering the eventual decline in imports from Bolivia already mentioned. Said plan involves the closure of certain sections of that pipeline that are neither necessary nor efficient to meet the demand and supply sources anticipated, and the construction of other sections to allow a greater supply from the Neuquina Basin. In December 2021 ENARGAS instructed the allocation to Compañía Administradora del Mercado Mayorista Eléctrico S.A. ("CAMMESA") of a transportation capacity of 2 MMm3/d along "Salta - Litoral" and "Salta - Gran Buenos Aires" sections constructed under the expansion trusts. As a result, the assets to be possibly decommissioned, in absence of ENARGAS objection, would consist of 212 km of 16" pipes.

On February 7, 2022, the Energy Secretariat, specifically the Hydocarbons Undersecretariat, issued Resolution 67/22 whereby it created the "*Gas Pipeline System Program - Transport.Ar Producción Nacional*" (the "Program"). Said program is intended to execute works aimed at streamlining the gas pipeline system and increase the natural gas production and supply, as well as exports. Said resolution approves a list of works to be executed by IEASA on its own behalf or through third parties, and establishes that the Energy Secretariat will lead the Program by prioritizing works and projects and their pertinent stages. The first stage comprises (i) the construction of "Néstor Kirchner" gas pipeline between the locality of Tratayén (Province of Neuquén) and the locality of Saliqueló (Province of Buenos Aires), (ii) the construction of a gas pipeline between the localities of Mercedes and Cardales (both in the Province of Buenos Aires), (iii) the expansion of NEUBA II pipeline, (iv) the expansion of the final pipeline sections in Buenos Aires Metropolitan Area, (v) the reversion of the Northern Pipeline in its first two stages, and (vi) the expansion of the Central West pipeline. On February 14, 2022 the National Executive Branch ("PEN") issued Necessity and Urgency Decree No. 76/2022, whereby IEASA was awarded the transportation concession along Néstor Kirchner gas pipeline for a term of 35 years, including eventual extensions. Said decree delegated on IEASA the power, in its capacity as contracting party, to call for tender, contract, plan and execute the construction of the infrastructure works comprised in the Program. Also, an administrative and financial trust designated as *Fondo de Desarrollo Gasífero Argentino ("FONDESGAS")* was created for administering the resources and financing, either in whole or in part, of the infrastructure works comprised in the Program. IEASA acts as trustor and beneficiary of FONDESGAS, while Banco de Inversión y Comercio S.A. ("BICE"), acts as trustee. Funding sources for FONDESGAS include, among others, eventual specific charges under Law No. 26,095 or other fixed charges to be applied on the whole gas pipeline system. The Company is now assisting authorities with the technical definition of the works.

As for gas exports, the volume exported in 2021 amounted to 967 MMm3, meaning a drop of 26% as compared to 2020. However, during the last quarter of 2021, 2019 export volumes resumed. Additionally, export permits for firm transportation to Chile for 6 to 7.4 MMm3/day for January to April 2022 period were authorized.

Gas supply by source in Argentina

Source		Annual Volume (MMm3)								
		2013	2014	2015	2016	2017	2018	2019	2020	2021
Production from Argentine Basins (1)	AUSTRAL	10,513	10,015	9,654	10,592	10,682	11,521	12,006	11,534	10,992
	SAN JORGE GULF	5,234	5,302	5,715	5,704	5,348	4,948	4,681	4,158	3,955
	NEUQUINA & CUYANA	22,700	23,273	24,675	26,021	26,165	28,392	30,383	27,703	27,954
	NORTHWEST	3,260	2,893	2,852	2,671	2,401	2,036	1,843	1,704	1,562
Imports from Bolivia (2)		5,719	6,013	5,977	5,767	6,618	6,014	5,134	5,463	4,695
LNG Injection (2)	BAHIA BLANCA	3,296	3,261	3,095	2,230	2,213	1,691	-	-	1,162
	ESCOBAR	2,706	2,653	2,473	2,592	2,258	1,876	1,739	1,890	2,369
Imports from Chile (2)		-	-	-	357	275	214	-	-	-

Sources:
***(1)** IAPG. Gross production. For 2021 volumes for November 2020 to October 2021 rolling year are considered.*
***(2)** Daily Reports – ENARGAS*

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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	2021 (*)
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	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	2.9	3.1
Industrial (2)	20.9	23	27.7	29.3	30	30.1	30.7	29.2	30.6	31.9	32.7	29.6	28.3
Electricity Generators	19.8	25.6	29.2	35.5	39.6	39.8	40.9	43.6	47.3	47.1	41.4	39.4	43.9
CNG	2.8	4.6	8.1	7.4	7.6	7.8	8.1	7.7	7.0	6.6	6.7	5.1	6.3
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	1.1
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	14.4
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**	**121.7**	**125.7**
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	18.7	18.8
Total demand	**80.2**	**99.8**	**125.9**	**139.8**	**146.8**	**147.6**	**150.0**	**153.1**	**152.9**	**154.4**	**148.1**	**140.3**	**144.5**

(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.*
(*) *2021, considering data for November 2020-October 2021 rolling year.*
Sources*: ENARGAS and Argentina's Energy Secretariat*

From the privatization of the natural gas utility service by late 1992 up to 2021[2] an accumulated growth of gas demand of approximately 100% was recorded in within the country, with an outstanding growth of 200% in compressed natural gas ("CNG") demand and 55% in industrial demand. Furthermore, the electricity generation segment recorded a 170% growth due to greater consumption and growth of thermal plants. Residential gas demand remained just the same as the previous year, while demand from commercial users increased by 7%. The industrial sector dropped at a year-on-year rate of 5%. As for CNG, demand increased by 23% as compared to 2020. Finally, gas demand for power generation has increased by 11% with respect to 2020.This is basically explained by the lower impact of the crisis related to the COVID pandemic, 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.

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 ENARGAS.

Effects of the Economic Emergency on the License – Comprehensive Rate Review ("CRR")

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

[2] *Actual data for November 2020-October 2021 rolling year.*

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 favour of CMS for US$ 133.2 million, dated May 12, 2005), and Total S.A. vs Argentina (case ARB/04/1, with award in favour 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.

Between April 2014 and December 2017 TGN obtained successive interim rate increases to be computed toward the Comprehensive Rate Review ("CRR") undertaken by the ENARGAS 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 Social Solidarity and Production Reactivation Law, enacted in December 2019 under the Public Emergency Law No. 27,541 (the "Solidarity Law") empowered the PEN to freeze natural gas rates that are under federal jurisdiction, and to start renegotiating the CRR 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 extended until December 31, 2022, 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.

Upon enactment of the Solidarity Law, the National Government announced its intention to suspend natural gas and electricity transportation and distribution utility rate adjustments for companies under federal jurisdiction for 180 days, to start the CRR renegotiation process in place since 2017, or start a rate review of an exceptional nature. On June 18, 2020, the PEN passed Decree No. 543/20 by means of which it extended the rate freezing initially established under the Solidarity Law for another 180 consecutive days. Thus, the rate freezing was extended up to December 23, 2021.

On November 20, 2020, ENARGAS Comptroller submitted a report to the National Energy Secretary and the National 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 Necessity and Urgency Decree No. 1020/20 ("Decree 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, the 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 proposed 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 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 No. 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.

Under Resolution No. 518/2021 dated December 27, 2021, ENARGAS called for a new public hearing that took place on January 19, 2022, during which gas transportation and distribution licensees submitted their interim rate adjustment proposals for the current year.

On February 18, 2022, TGN entered into an interim agreement with MECON and ENARGAS that established a 60% transportation rate increase effective as of March 2022 (the "2022 Interim Agreement"). Said agreement, which will remain in force until December 2022, unless extended by mutual consent of the parties, does not provide for mandatory investments but establishes: (i) that the Company will have to continue rendering the gas transportation service, (ii) 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, and (iii) that during the effective term, TGN and its controlling shareholder, Gasinvest S.A. ("Gasinvest") must agree not to file legal actions or claims against the National

Government based on the rate freezing established under the Solidarity Law. The 2022 Interim Agreement came into force on February 22, 2022, upon enactment of PEN Decree No. 91/22 and ENARGAS Resolution No. 59/22 dated February 23, 2022, approving the interim rates effective as of March 1, 2022.

4 – FINANCIAL POSITION

Loans and notes

As of year-end, TGN total financial debt amounted to $6,340.8 million, in US dollars and Pesos. A detailed description of the Company's financial debt as of December 31, 2021 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. During the year, TGN has met all interest payments due for a total of US$ 1.1 million. The current balance as of December 31, 2021 amounts to $ 5,648.0 million.

- *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. During 2021, TGN has paid two principal installments for a total of $ 500 million and interest for $ 243.4 million, with a current balance of $ 259.8 million as of December 31, 2021 which was paid on February 21, 2022.

- *Notes in Pesos* ("*ON Series I*"): 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.

During 2021, TGN has paid two principal installments for a total amount of $ 999.9 million and interest for $ 481 million. Additionally, existing notes issued were repurchased on the over-the-counter market for a residual value of $ 87.7 million (which represents a 17.5% of the total outstanding ON Series I), The current balance of $ 433.0 million as of December 31, 2021 was paid on February 8, 2022.

Thus, in spite of the substantial economic crisis, the Company has complied with all its financial commitments and has consequently reduced its indebtedness by $ 1,500 million. As of year-end, the total financial indebtedness amounted to $ 662.4 million pesos, and US$ 55 million (guaranteed by a cash collateral for US$ 56.5 million).

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. TGN also operates and maintains 11,000 km of both own and third party pipelines. Through its two main gas pipelines, Northern 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 *"Northeast Gas Pipeline"* ("GNEA"). The Company also operates and maintains midstream facilities upstream its system at Vaca Muerta Field (Neuquina Basin), as well as along "*Gas Pacífico Argentina*", "*Loma Campana*" (YPF Luz) and "*Fortín de Piedra*" (Tecpetrol). Additionally, TGN provides operation and maintenance services to *Gasoducto de Integración Juana Azurduy* ("GIJA") in

Argentine territory. 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.

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$ $1,497.7 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.

6 – OPERATIONAL HIGHLIGHTS

Gas Transportation

- The volume of gas received and transported by TGN during the fiscal year reached 19,025 MMm3, that is, an average of 52.12 MMm3/d, distributed as follows: 26.3 MMm3/d, Central West pipeline, 16.22 MMm3/d, Northern pipeline, and 9.6 MMm3/d were delivered in average in the Province of Buenos Aires.

- Maximum daily injection values at intake were 32.7 MMm3/d in Central West pipeline and 24 MMm3/d in Northern pipeline.

- As regards the Northern pipeline, average injection by local producers was 3.4 MMm3/d while the rest was injection of gas imported from Bolivia, which reached an average of 12.8 MMm3/d, with injection peaks of 19.5 MMm3/d during April and May.

- As to injection received in the Province of Buenos Aires, a total volume of 2,369 MMm3 of LNG was received in the district of Escobar, mostly during the months of May and September, with a maximum daily injection of 20.9 MMm3/d. In turn, in the locality of General Rodríguez, Transportadora de Gas del Sur S.A. injected a total of 1,145 MMm3.

Integrity of Facilities

- 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, and continued with the cathodic protection system (“CPS”) program and technologically updating rectifiers, adding 42 new equipment to the system. Thus, an implementation rate of 85% of the total number of equipment in TGN system was achieved, and the program is expected to be completed during 2022.

- Pipeline in-line inspection and repair programs were carried out, consisting of running different technologies for a more in-depth detection and interaction 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. As a result, a program was developed based on API RP 1176 international practice, 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. EMAT runs started along the Central West pipeline which turned 40 years old in 2021.Crack management was strengthened by approaching this threat through the use of tests and fracture mechanics studies.

- The internal corrosion program was reinforced with specific monitoring and mitigation actions such as laboratory analyses, studies to determine the corrosive potential of the transported fluid and analyses through thermo hydraulic simulations.

- In terms of pipeline safety, and with the support of API RP 1173, several safety webinars have been held concerning incident investigation efforts, and also ruptures along third party pipelines have been studied and lessons have been learnt applying the concept of “learned lessons” to the Company’s process.

- The new PART G of the Argentine Gas Standard 100 continued to be implemented. During 2021 fiscal year, 100% of the system has been completed, 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. Damage prevention surveys at critical points of the system were continued and intensified. Inspection efforts were carried out at river crossings in the North, especially in the Provinces of Salta and Jujuy, after the heavy, sudden and unexpected rainfall occurred during the fall.

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

During the year, TGN undertook a program involving projects and works to maintain its transportation system. The main activities conducted were as follows:

- Completion of 16.4 km recoating along sections 5, 49 and 63.

- Pipe replacement due to layout change in the locality of Pueblo Andino, in the Province of Santa Fe.

- Refurbishment of National Route No. 34 crossing, in the Province of Salta.

- Completion of pipe replacement at Provincial Route No. 116 crossing, in the Province of Santiago del Estero, as well as Route No 16 crossing, in the Province of Salta. Refurbishment of the crossing to access Bustinza locality, in the Province of Santa Fe was also accomplished.

- Replacement of a defective valve at the scraper trap inlet to allow intelligent tool run along section 11.

- Refurbishment along “Zárate-Solis” bypass section to allow hydraulic test along section 13, subsection 6.

- Replacement of *Solar Mars 100* control board at Puelén Compressor Plant and acquisition of *Solar Taurus 70* control board for Beazley Compressor Plant.

- Completion of automation works at Lavalle and Dean Funes Compressor Plants.

- Cathodic protection works for pipeline isolation and replacement of gaskets at La Mora and Puelén Compressor Plants.

- Scraper runs along 19 Northern pipeline sections as well as EMAT runs along other three sections. Scraper runs along third party pipelines were also undertaken, specifically, along three sections of the Entrerriano Pipeline and one section of Gas Pacífico pipeline.

- Conduct of hydraulic tests along section 16 and section 13. Along the latter, segments 2, 3 and 6 were tested, and this program will continue in 2022. Tests along both sections were conducted at a pressure of at least 125% of the maximum operating pressure at each section, which provides for a reasonable safety factor.

- Completion of 246 test holes along the entire TGN system.

- Refurbishments at “Grande”, “Blanco”, “Yuto” and “Salí Medio” river crossings.

Additionally, anticipated projects were completed in physical and financial terms. Finally, mention should be made that awareness actions in matters of safety were reinforced, mainly through the Safety Committees with contractor companies.

Operation and Maintenance

Despite the pandemic 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 maintenance plans for the system (compression, pipeline, metering and regulation, communications, networks, SCADA/HMI and ancillary systems) on an uninterrupted basis, without any impact on the transportation service.

- In accordance with the "Business Continuity Plan", the relevant health protocols to support the health of employees have been applied, thus avoiding close contacts with persons with COVID, which resulted in not a single infection at workplace and allowed to continue with the normal course 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 through Webinars aimed at sharing learned lessons, thus strengthening the safety culture. Also, "TGN Safety Week – 2021" 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.

- TGN improved the quality of third-party pipeline operation and maintenance services, each time giving the responses expected by each client. Thus, commitments made with IEASA for the operation and maintenance of GNEA and GIJA; with Gas Pacífico Argentina S.A. (for the operation of San José de Añelo) and Tecpetrol S.A. (for the operation of Fortín de Piedra) have been appropriately complied with.

- The following works were commissioned: (a) a meter station and a regulating station in the locality of San Justo (GNEA); (ii) a meter station in the locality of Sauce de Luna (Transportadora de Gas del Mercosur S.A.); (iii) a pressure limiting station at the bypass of the parallel pipeline at Córdoba Norte meter and regulating station; and (iv) a Slug Catcher separator at Central Térmica Loma Campana owned by Gas Pacífico S.A.

- Line valve maintenance and inspection services were provided along GNEA system in the Province of Formosa.

- A Ruston TB5000 SN683 turbine was successfully overhauled at San Jerónimo Compressor Plant workshop. Also at said workshop, a second overhaul of a Ruston TB5000 SN651 was carried out, for TGN to have it as spare equipment.

- The first year of the pilot services contract for the '*Insight Solar'* installed at La Mora Compressor Plant was completed. This allowed to remotely monitor the three turbo compressor packages at La Mora Compressor Plant.

- Installation of protection devices against combustion chamber oscillations, called Burner Acoustic Monitor, was completed in five SoLoNOx equipment of TGN.

- An overhaul of the TLAD8 MC05 motor compressor is being carried out at Tucumán Compressor Plant.

- Motor compressor TLA6 MC05 at Dean Funes Compressor Plant was removed from service, and all the pertinent technical reports were submitted to ENARGAS.

- An in-house overhaul of air compressor SULLAIR LS 10 at Ferreyra Compressor Plant was undertaken.

- Three in-house overhauls of CATERPILLAR motor generator sets were conducted: two at Lumbreras Compressor Plant, and one at Baldissera Compressor Plant. An overhaul of a motor generator set at Chaján Compressor Plant is in progress.

- A program for converting master cylinders into non-lubricated cylinders was implemented for five equipment at Lumbreras Compressor Plant and other three at Dean Funes Compressor Plant.

- A new standard was established for onsite compressed air systems under which an air compressor replacement plan was conducted based on their criticality, years of service and obsolescence.

- ISO standard 14224 for "Collection and exchange of Equipment Reliability and Maintenance data" was implemented as a pilot plan at Lavalle section. As a result of this work, the recording and analysis of maintenance data will be improved in order to be able to analyse the root causes of failures as well as their modes and effects, thereby increasing the reliability of the systems.

- External audits were conducted at water treatment plants within motor compressor plants so as to identify opportunities for improving the water cooling and treatment system.

- A quarterly analysis was added concerning the causes for station emergency shutdown (SESD) with venting capabilities. After said analysis, responsibilities were assigned to different areas in the organization and specific actions were defined to minimize the occurrence of those incidents.

- A work team was created for implementation of ISA 18.2 standard on HMI alarm management for main Ruston equipment and the new HMI standard was successfully defined for the twelve Ruston turbo compressors of TGN.

- Improvements were made to the general infrastructure of the warehouse building including, among others, (i) complete replacement of lights with energy efficient LED technology, (ii) replacement of vinyl floors in offices, and (iii) electricity system retrofit.

- Advisory services were provided about the software infrastructure as well as networks, information security and SCADA equipment of *Cruz del Sur Pipeline*.

- As part of the conference hosted by the "Regional Association of Oil, Gas and Biofuels Sector Companies in Latin America and the Caribbean" ("ARPEL"), TGN participated in a consultancy session to assess the level of maturity of its SCADA system in terms of industrial information security. The report was developed by an external consultant based on "*The Oil and Natural Gas Subsector Cybersecurity Capability Maturity Model (ONG-C2M2)* designed by the United States Departments of Energy and Inland Security.

- Final deployment of a satellite VHF system was completed; this system will allow the "Gas Control Dispatch" to communicate in areas where the Company has no conventional VHF communication infrastructure available. The system also reinforces communication during major operations, serving as backup to the main VHF system.

- The new microwave communication hub was commissioned between the base located in the locality of Pacheco, in the Province of Buenos Aires and San Jerónimo Compressor Plant. The new links support the corporate network, the operation network for pipeline control as well as the final miles connecting with meter and regulating stations, valves and VHF voice communication system.

- Involvement in Y-TEC *H2Ar* joint venture. TGN participates in this joint venture led by YPF Tecnología ("Y-TEC"), which supports a collaborative approach to evaluate, develop and propose promotion programs, as well as execution of pilot projects concerning the value chain of hydrogen.

Implementation and reinforced use of technologies applied in operation and maintenance

- Innovation management is a strategic objective for TGN. A true digital transformation is going through. During the year, the first webinar in matters of innovation was held, where information about study cases and ongoing projects that propose new manners of approaching some activities was shared. The following issues, among others, were discussed: (i) renewable energies applied to communications, (ii) Internet of the Things with the possibility of reading automated data (IIOT LoraWan Technology), (iii) digitalization of the SCADA control network, (iv) aerial monitoring via drones with artificial intelligence and machine learning, (v) remote support via "*Smart Glasses"*, (vi) recording simplification processes via tablets that contribute to improve the quality of the work, and (vii) water treatment through reverse osmosis. TGN was able to share its experiences at the *Rio Pipeline 2021* conference with a strong impact on the regional industry.

- Efforts were undertaken with regard to the TI system that allows viewing tele-monitored parameters and relevant control boards. An early alert system is also being developed to allow field personnel detect relevant situations such as disabled outages, blown fuses and deenergized equipment, among others.

- New data boards were developed at the corporate data base (GIS-SAP). The boards perform follow-up of compliance with risk assessments, risk reduction measures, quantitative risk assessments and analysis of resistance associated with cathodic protection systems, all of which allows to have an effective control over disperser replacement and the continued operation of mitigation systems. New performance indicators were adopted. Boards developed allowed to improve and automate analyses of susceptibility to cracks, determine EMAT rerun periods, validate inline inspection runs, keep track of established pressure restrictions, hydraulic tests and the operation condition of the CPS as well as monitor pipe polarization.

- As for tools associated with inline inspection and pipeline repair programs, the following actions were carried out:

    - Efforts were reinforced concerning information analysis and validation of MFL tool runs, which derived in a semi-automatic process.
    - Tools for ILI tool information analysis were developed, thereby improving times and quality of analyses.
    - A control board was developed to show ILI tool results and achieve a broad interaction with other information sources.

- A new tool was developed to combine and validate calculations about fitness for service and repairs. The tool is used to calculate; (i) cracks; (ii) corrosion and (iii) geometric defects.

- In terms of crack management, the following actions were implemented:

    - Computational studies of residual welding stress for all possible configurations in TGN systems (finite elements).
    - Creation of a materials board, achieving a greater accessibility to and integration of information.
    - Creation of a data base with critical crack curves (base metal and welding) for the Northern pipeline system (N1T) to facilitate calculation times and decision making to define sounder integrity strategies.
    - A dynamic susceptibility matrix was developed for the purposes of achieving an interactive matrix that integrates information sources and supports the crack management plan, determining the reinspection interval for each individual section.

- As regards project management, follow-up and control tools were developed through control boards that dynamically combine all involved variables (permits, materials, inspection, changes in scope, financial availability, etc.)

- In terms of maintenance, progress was made toward the development of a technological tool that allows access to the full Ruston turbine overhaul process via a tablet type device. This application facilitates: (i) conduct of major maintenance works with a step by step guide, (ii) recording of maintenance work, (iii) on the job training, and (iv) supervision of the quality process through approval of critical tasks on the part of specialists.

- In warehouse management terms, the use of data collectors for recording movement of materials was extended to six warehouses at several TGN locations, after a successful implementation at the central warehouse.

- In matters of communications, the installation of photovoltaic generation systems was completed; these systems replaced electricity generation through ORMAT turbines at repeater stations along the communications trunk in Central West and South areas. Main stations were also reinforced with wind generators that work as backup for solar energy.

- Specifications were developed for the telesupervision of block valves and meter and regulating stations project through IOT Lorawan technology for the purposes of conducting an initial concept test of this technology. A team for this project was established made up by specialists from the University of Buenos Aires Gas and Oil Institute ("IGPUBA"), the University of Buenos Aires School of Engineering, and the National Institute of Industrial Technology ("INTI"), among others.

- As for transportation and customer service management, the development and startup of the new business system called *ABI II* was completed. This system allows to manage daily operations with customers (nominations, authorizations and confirmation of gas volumes) as well as to conduct daily and monthly balance reports for each of them based on billing. This required a technical and functional update by making use of new available technology and adopting the changes occurred in the business in recent years.

Know-how deepening as a strategic objective.

- TGN has academic relationships with several public and private universities in the country with the aim of onboarding talented professionals. For the second year in a row, young professionals are attending the "Gas Specialization" course at the IGPUBA. In this second year, 20 professionals are participating, which implies 500 teaching hours.

- Certification of competencies for own executors is in progress in areas such as; (i) cathodic protection – Level 2; (ii) milling cuts; (iii) plant operation; (iv) hot taps, and (v) work inspection.

- Personnel from the "integrity" area received international certification as Pipeline Integrity Engineer, Foundation Level.

- The technical career for the training and development of specialists continues to be consolidated.

- Training of key personnel through leadership forums for new leaders and young professionals with high potential continued.

- The Company participates in organizations such as ARPEL or IAPG, where experiences are shared with other operators.

- As leader in the industry, TGN participated in several discussions at the *Rio Pipeline 2021* conference hosted by the Brazilian Oil and Gas Institute. This international conference offers a qualified discussion about improvement of the efficiency, quality and safety of pipeline systems, with the objective also of building a communication channel and a relationship of trust between the industry and society, describing the benefits and importance of this activity for the development of the countries. The event was attended by specialists from all over the world. TGN made two presentations: "*Adoption of technologies toward the operational excellence*" and "*Technologies for pipeline integrity assessment.*"

- Eight plant operators completed the new "Program for Trainees".

7 – PENDING CONTROVERSIES RELATED TO EXPORT TRANSPORTATION AGREEMENTS

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 transportation 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 and the Chilean distributor Metrogas S.A., which are described in Notes 22.1.3 and 22.1.4, respectively, to the Company's Financial Statements as of December 31, 2021, remain unsettled.

8 – QUALITY, SAFETY AND ENVIRONMENT

During 2021 a new Quality, Safety, Environmental and Health Policy was updated and published, with the previous version having remained in place for ten years.

The safety, environmental and health prevention culture program continued to be developed, with the "Safety, Environment & Health and Accident Prevention Awareness" campaign being a central element.

In Quality matters, a relevant activity during the year was the audit conducted for the certification of the Integrated Management System ("SIG"), as per ISO 9001 standard - Quality management systems and ISO 14001 standard – Environmental management systems, achieving migration to ISO 45001 standard - Occupational Health and Safety, with satisfactory results.

As for process safety management, activities were conducted during the year, such as participation on the ARPEL process safety committee and training on the implementation of the "Process Safety Management" at TGN, including process risk analyses.

TGN achieved compliance Level 4 in Health & Safety, which is the highest level established under Decree No. 170/96; this means achievement of a prevention management and work environment conditions in excess of legal requirements in health and safety matters.

In terms of Health, and in respect of management of the COVID pandemic, the development and update of the Contingency and Continuity Plan continued, facilities were adapted for the return of employees to the office, and focus remained to be placed on prevention and care. Occupational health protocols were updated, as well as COVID case follow-up and vaccination progress management. An infection disease specialist held several webinars in order to reinforce prevention in light of the pandemic.

The second "Greenhouse Gas Inventory" was also developed during the year. This measurement allows to manage, control and eventually reduce said emissions, while it also facilitates determination of the scope of associated environmental impacts.

In environmental improvement matters, the following programs were implemented: (i) monitoring of safe venting at plants; (ii) assistance with water treatment process for cooling through reverse osmosis at Tucumán Compressor Plant, and, (iii) reforestation along the sides of the pipeline trail at La Paz Compressor Plant.
The triennial environmental audit was conducted (as required under NAG 153), with satisfactory results for the environmental management system.

All TGN employees and their direct family members received the influenza vaccine.

Finally, as for the prevention of psychoactive substance use, an awareness and communication program was developed with the participation of an external specialist, targeted at all employees.

9 – HUMAN RESOURCES

Below are the actions adopted aimed at attracting, motivating, developing and retaining human resources whose talent is required for the successful management of the business.

Development

The employee performance management process 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.

Following the ‘Climate Survey’ conducted in 2020, the action plans defined were followed up, and progress was made in the development and implementation of the following actions:

- Guide of Healthy Habits with tips and co-living guidelines to promote a work/life balance among employees.
- Guide with tips and regular practices aimed at recognizing employees showing outstanding behaviours.
- Implementation of a training offering for all employees, in line with management skills required.

The assessment process (*Feedback 360°)* started to be implemented*;* this tool helps to provide feedback and improve behaviours in a more objective manner. The focus consisted of strengthening self-awareness and promoting self-development and learning.

Finally, a “*Diversity and Inclusion*” related project was launched, where TGN ‘inclusion rate’ was measured through interviews and surveys. Based on such diagnosis, a five-year action plan that focuses on an inclusive leadership and diverse talent was developed.

Internal Communication

An active role continued to be played in order to keep employees informed and updated. More than five hundred pieces were prepared and published in internal communication channels, and meetings with specialists were held in order to raise awareness and inform about COVID related epidemiologic situation. Over forty-five videos were published about other issues. Two meetings with the Company’s CEO were held during the year with the attendance of more than four hundred employees.

Training

The pandemic context has made it more of a challenge to adopt new training practices in order to facilitate scenarios that allow employees to keep on receiving training in changing environments. Virtual education solutions continued to be developed such as synchronous learning under the modality of “virtual classroom”, “e-learnings” and the development of augmented and virtual reality models. The ”*Center for Knowledge Transfer*”, through its technical leaders, designed and developed a technical training and management offering assuring high-quality for each of the training programs. These are some examples for illustration purposes:

- Program for new entrants to hold technical-operating positions.

- Development of internal certification projects continued for employees who fulfil high risk tasks, through the design of a training journey and a specific assessment strategy. The certification was carried out through the use of the “*Remote eye”* methodology that allowed to remotely assess employees.

- Training of leaders included a program on “Work/Life *Balance*”. Several forums on “Leadership” were conducted for various leadership levels.

- The “Annual Health, Safety and Environment Training Plan” was conducted.

- The course “Ethical Actions and Decisions” was designed in order to strengthen the transparency and anticorruption culture.

- In association with IGPUBA, the second edition of the career “Gas Specialization” under the ‘in company’ format was completed for young professionals.

Employment

The pandemic highlighted the need to continue the employment process through virtual channels, assisting new hires for their successful onboarding. Aimed at promoting joint actions with the academic sector, internship and mutual cooperation agreements were executed with Salta and San Luis national universities, as well as “Universidad Católica Argentina”.

Compensations

With respect to unionized employees, after negotiations for April 2020 to March 2021 period were completed during the first quarter of the fiscal year, several salary agreements were entered into for the period between April 2021 and March 2022. Said negotiations will be concluded in March 2022.

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 2020 fiscal year was paid in April 2021.

Finally, the Profit-Sharing Bond, based on 2020 fiscal year profits, was paid to all personnel, for a total amount $7.7 million.

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. After almost two years of pandemic, strategies had to be adapted to the diversity of demands arising in the various operational territories. Consequently, taking advantage of available technologies, and having an active organizational attitude toward adoption of innovating methods were key for achieving the objectives.

Most significant achievements during the year

- The web page of the “Education in motion” program (**www.educacionenmovimientotgn.com**) was completely refreshed. The web page serves the dual purpose of providing support to teachers and keeping the prevention plans TGN implements with neighbour communities active.

- A new virtual program, “The Planet Club”, was launched to provide audio-visual educational content related to the use of energy and care for environment.

- The “Value Chain” program for the development of local suppliers was conducted on a fully virtual basis, with the attendance of ten suppliers from the provinces of Salta, Tucumán, Catamarca, Mendoza, San Luis, Chaco and Santa Fe.

- Through the network of volunteers, support was given to health and sanitation control institutions through donations to 32 entities from 24 localities distributed in nine provincial jurisdictions in the mid and northern regions of the country.

- Through “RONDA” corporate volunteer program, many volunteers joined to identify and assist with specific situations related to the emergency. Coordinated work with other multisectoral and business organizations was done to address short and long term issues. Practices related to the emergency and other initiatives such as the sectoral road map aimed at contributing with the “United Nations Organization *17 Sustainable Development Goals*” were shared.

Community related Programs

“Education in motion” platform

This platform focuses on creating communication opportunities with the whole educational community. The web page serves a double communicational purpose: to provide teaching resources for those teachers who were confronted with the virtual challenge during COVID lockdown periods, and to establish a connection with students and their families.

Value chain program. Development of local suppliers

This program, which started to be implemented in 2008, is designed to develop local entrepreneurs and/or suppliers, especially those from distant jurisdictions close to TGN facilities. During the year, this program was implemented in the provinces of Salta, Jujuy, Catamarca, Tucumán, Mendoza, San Luis and La Pampa.

Juntos/Together program

The *Juntos/Together* program is designed to raise awareness about pipeline damage prevention. Playful learning strategies, such as signage, were used to simulate specific situations requiring the adoption of preventive measures.

Road safety training and awareness

Road safety training was given to secondary school students in the locality of San Pedro, Province of Jujuy. The program is designed to raise awareness about safe driving among young people in said locality.

Corporate Volunteer program – RONDA

Volunteerism is performed through multiple alliances that arise from community needs, interests and concerns from employees, and TGN priorities. Operating with due diligence and involving the community in actions that result in a stronger social license, are the basis of volunteerism.

20-20 program – Fundación Leer

During 2021, TGN volunteers produced audio books for the “*Web Leer 20-20*” pertaining to Fundación Leer. Reading promotion programs were also developed for the educational community and faculty in the provinces of Salta y Jujuy.

Future graduates

TGN supports this program developed by “Fundación Cimientos”; this program is designed to assist young people at risk of dropping out of secondary school. Through this organization, scholarships are awarded to students attending secondary school in the city of Tartagal, Province of Salta.

Project Risk Management

TGN conducts due diligence processes for projects developed under highly conflicting social conditions. Due diligence means the implementation of actions aimed at identifying, preventing and mitigating impacts on human rights based on the “*United Nations Guiding Principles on Business and Human Rights*”.

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. Additionally, all TGN employees are recipients of the Profit Sharing Bonus, established at 0.25% of the profit for each fiscal year. 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, who 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, 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 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, 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, financial, legal, regulatory and IT-related risks, among others. The Audit Committee is assisted by the Internal Audit Department to become acquainted with 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 Chief Compliance Officer appointed by the Board. The Chief 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 the twelve-month period ended December 31, 2021. Individuals comprised in Section 72 of the Capital Market Act have been included as related parties.

16 – OUTLOOK

As for the rate issue, and as mentioned in paragraph 3) of this Report, note that TGN entered into an interim agreement with MECON and ENARGAS that established a 60% transportation rate increase effective as of March 2022. Moreover, ENARGAS is moving forward with the renegotiation of the Comprehensive Rate Review process which, as provided in Decree 1020/20, must be completed by December 2022.

Finally, as described in paragraph 1) in this Report, 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.
The Management Department permanently monitors how previously mentioned events evolve in order to determine possible actions to be adopted and identify eventual impacts on TGN's equity and financial position.

17 – PROFIT ALLOCATION PROPOSAL

Fiscal year 2021 resulted in a loss of $ 9,274,146 thousand, while retained earnings as of December 31, 2021 as shown in the Statement of Changes in Shareholders' Equity amounted to a loss of $ 2,848,059 thousand, net of Directors' and Statutory Auditors' remuneration.

Consequently, the Board of Directors proposes the Shareholders that said loss be absorbed as follows:

a) $ 478,669 thousand against the "*Voluntary reserve for future dividends"*, which will thereupon become depleted considering the balance existing as of the previous year end.

b) $ 2,369,390 thousand against the "*Optional reserve for working capital and liquidity coverage*", which will thereupon stand at $ 23,567,862 thousand considering the balance existing as of the previous year end.

It is furthermore proposed that: (i) Board members be paid a remuneration of $ 40,581 thousand, and (ii) Supervisory Committee members be paid a remuneration of $ 11,533 thousand.

The Board thanks customers, suppliers and third parties in general, as well as the Company's employees, for their support and cooperation during this fiscal year.

City of Buenos Aires, March 9, 2022.

Emilio Daneri Conte-Grand
Presidente

Juan José Valdez Follino
Síndico Titular

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 financial statements, as well as those for the fiscal year. 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, 2022

Emilio Daneri Conte-Grand
President

Juan José Valdez Follino
Regular Syndic

Free translation from the original in Spanish for publication in Argentina

BALANCE SHEETS AS OF DECEMBER 31, 2021 AND DECEMBER 31, 2020 ON A COMPARATIVE BASIS
(in thousand pesos – Note 2.3)

	Note	12.31.2021	12.31.2020
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	63,814,392	79,889,296
Investments in affiliated companies	**7**	153,897	170,634
Materials and spare parts	**11**	2,070,160	2,208,267
Other accounts receivable	**12**	14,444	10,243
Trade accounts receivable	**13**	8,754,713	10,820,894
Investments at amortized cost	**9**	1,192	7,629
Investments at amortized cost of restricted availability	**9**	-	7,170,016
Total non-current assets		74,808,798	100,276,979
Current assets			
Materials and spare parts		179,842	225,940
Other accounts receivable	**12**	1,300,702	769,970
Trade accounts receivable	**13**	2,258,821	3,543,918
Investments at amortized cost	**9**	3,920	9,216
Investments at amortized cost of restricted availability	**9**	5,800,948	-
Investments at fair value	**9**	4,377,230	1,897,889
Cash and cash equivalents	**14**	2,889,732	4,652,100
Total current assets		16,811,195	11,099,033
Total assets		91,619,993	111,376,012

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BALANCE SHEETS AS OF DECEMBER 31, 2021 AND DECEMBER 31, 2020 ON A COMPARATIVE BASIS
(in thousand pesos – Note 2.3)

	Note	12.31.2021	12.31.2020
SHAREHOLDERS' EQUITY			
Common stock	**15**	439,374	439,374
Common stock integral adjustment		28,464,706	28,464,706
Property, plant and equipment revaluation allowance		10,952,369	21,890,377
Statutory reserve		5,780,819	5,780,819
Optional reserve for working capital and liquidity coverage		25,937,252	17,361,776
Voluntary reserve for future dividends		478,669	478,669
Other reserves		(36,583)	12,942
Retained earnings		(2,848,059)	8,575,476
Total shareholders' equity		69,168,547	83,004,139
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	**8**	13,160,474	13,237,473
Loans	**16**	-	7,302,334
Notes	**17**	-	737,107
Lease debts	**20**	2,104	17,265
Other debts	**19**	85,953	89,335
Trade accounts payable	**21**	190,883	345,747
Total non-current liabilities		13,439,414	21,729,261
Current liabilities			
Contingencies	**22**	105,213	240,912
Loans	**16**	5,907,818	823,465
Notes	**17**	432,955	1,607,444
Lease debts	**20**	3,171	19,174
Salaries and social security contributions		654,246	753,264
Income tax, payable		-	1,181,278
Taxes payable	**18**	250,850	301,619
Other debts	**19**	114,773	132,066
Trade accounts payable	**21**	1,543,006	1,583,390
Total current liabilities		9,012,032	6,642,612
Total liabilities		22,451,446	28,371,873
Total liabilities and shareholders' equity		91,619,993	111,376,012

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

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STATEMENTS OF COMPREHENSIVE INCOME FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020 (in thousand pesos – Note 2.3)

	Note	12.31.2021	12.31.2020
Revenues	**23**	20,040,806	28,537,673
Cost of service	**24**	(20,583,674)	(18,026,224)
Gross (loss) gain		**(542,868)**	**10,511,449**
Selling expenses	**24**	(827,888)	(1,083,064)
Administrative expenses	**24**	(2,890,148)	(2,902,614)
(Loss) gain before other income and expenses		**(4,260,904)**	**6,525,771**
Other net income and expenses	**25**	22,071	263,481
Recovery / (Charge) due to impairment of financial assets		87,222	(453,016)
(Loss) gain before financial income		**(4,151,611)**	**6,336,236**
Net financial income			
Other net financial income	**26**	4,009,511	3,649,477
Financial income	**26**	903,401	365,113
Financial expenses	**26**	(1,006,086)	(1,879,352)
Loss on monetary position	**26**	(6,409,671)	(2,971,283)
Net financial loss		**(2,502,845)**	**(836,045)**
Income from investments in affiliated companies	**7**	32,788	22,617
(Loss) income before income tax		**(6,621,668)**	**5,522,808**
Income tax			
Current	**8**	(299,981)	(2,859,165)
Deferred	**8**	(2,352,497)	2,006,971
Subtotal income tax		**(2,652,478)**	**(852,194)**
(Loss) gain for the fiscal year		**(9,274,146)**	**4,670,614**
Items that will be reclassified through profit or loss			
Affiliated companies' financial statements currency translation adjustment	**7**	(49,525)	23,922
Items that will not be reclassified through profit or loss			
Property, plant and equipment revaluation allowance	**2.6**	(4,511,921)	(9,916,998)
Other comprehensive income for fiscal year [(1)]		**(4,561,446)**	**(9,893,076)**
Comprehensive (loss) for the year		**(13,835,592)**	**(5,222,462)**
Net income (loss) per share, basic and diluted	**27**	(21.1076)	10.6302

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

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

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STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020 (in thousand pesos - Note 2.3)

ITEM	Common stock (Note 15)	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, 2019	**439,374**	**28,464,706**	**35,712,239**	**5,780,819**	**2,685,879**	**478,669**	**(10,980)**	**14,675,895**	**88,226,601**
Resolution at Ordinary Shareholders' Meeting dated May 22, 2020:									
Creation of Optional Reserve for working capital and liquidity coverage	-	-	-	-	14,675,897	-	-	(14,675,897)	-
Profit for the fiscal year	-	-	-	-	-	-	-	4,670,614	4,670,614
Other comprehensive income	-	-	(13,821,862)	-	-	-	23,922	3,904,864	(9,893,076)
Balances as of December 31, 2020	**439,374**	**28,464,706**	**21,890,377**	**5,780,819**	**17,361,776**	**478,669**	**12,942**	**8,575,476**	**83,004,139**
Resolution at Ordinary Shareholders' Meeting dated April 14, 2021:									
Creation of Optional Reserve for working capital and liquidity coverage	-	-	-	-	8,575,476	-	-	(8,575,476)	-
Loss for the fiscal year	-	-	-	-	-	-	-	(9,274,146)	(9,274,146)
Other comprehensive income	-	-	(10,938,008)	-	-	-	(49,525)	6,426,087	(4,561,446)
Balances as of December 31, 2021	**439,374**	**28,464,706**	**10,952,369**	**5,780,819**	**25,937,252**	**478,669**	**(36,583)**	**(2,848,059)**	**69,168,547**

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

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STATEMENTS OF CASH FLOWS FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020 (in thousand pesos – Note 2.3)

	Note	12.31.2021	12.31.2020
(Loss) gain for fiscal year		(9,274,146)	4,670,614
Adjustments to cash generated by (used in) operating activities:			
Property, plant and equipment depreciation	**6**	12,336,129	11,390,805
Residual value of property, plant and equipment written-off	**6**	10,009	17,654
Income tax	**8**	2,652,478	852,194
Accrued interest generated by liabilities	**26**	991,658	1,934,725
Accrued interest generated by assets	**26**	(903,401)	(365,113)
Increase in allowances and provisions (net of recoveries)		(47,722)	526,392
Income from derivative financial instruments	**26**	-	116,649
Exchange rate differences and other net financial income		3,080,673	(7,569,807)
Loss from investments in affiliated companies	**7**	(32,788)	(22,617)
Net changes in operating assets and liabilities:			
Decrease in trade accounts receivable		5,547,053	5,736,134
(Increase) decrease in other accounts receivable		(253,536)	201,916
Decrease (increase) in materials and spare parts		183,795	(235,880)
Decrease in trade accounts payable		(183,467)	(702,487)
Decrease in salaries and social security contributions		(99,018)	(37,797)
Increase (decrease) in taxes payable		383,233	(435,187)
Increase in derivative financial instruments		-	47,548
Decrease in other debts		(31,101)	(89,105)
Decrease in contingencies		(135,699)	(77,899)
Income tax payment		(1,944,499)	(4,070,777)
Net cash flow generated by operating activities		**12,279,651**	**11,887,962**
Acquisition of property, plant and equipment		(3,246,346)	(3,897,435)
Subscriptions net of redemption of investments at amortized cost and investments at fair value (non-cash equivalents)		2,688,366	(1,913,375)
Principal received from investments at amortized cost and investments at fair value		5,955	11,588
Interest received from investments at amortized cost and investments at fair value		4,125	9,404
Net cash flow used in investing activities		**(547,900)**	**(5,789,818)**
Taking of loan with Itaú Unibanco S.A. Nassau Branch	**16.1**	-	6,934,210
Taking of local loans in pesos	**16.1**	54,223	11,506,368
Issue of Notes	**17.1**	-	2,592,055
Payment of principal on Notes	**17.1**	(1,089,687)	-
Payment of interest on Notes	**17.1**	(588,440)	(183,916)
Repurchase of Notes	**17.1**	(90,468)	-
Payment of interest on Itaú Unibanco S.A. Nassau Branch Loan	**16.1**	(109,876)	-
Payment of principal on Syndicated Loan	**16.1**	-	(13,712,510)
Payment of interest on Syndicated Loan	**16.1**	-	(588,673)
Payment of principal on local loans in pesos	**16.1**	(596,995)	(10,829,070)
Payment of interest on local loans in pesos	**16.1**	(297,019)	(1,025,282)
Lease payment		(15,865)	(20,149)
Net cash flow used in financing activities		**(2,734,127)**	**(5,326,967)**
Net Increase in cash and cash equivalents		**8,997,624**	**771,177**
Cash and cash equivalents at the beginning of fiscal year		4,652,100	4,364,185
Financial income generated by cash		(10,759,992)	(483,262)
Cash and cash equivalents at the end of fiscal year	**14**	**2,889,732**	**4,652,100**
Transactions not affecting cash:			
Right-of-use on property, plant and equipment through leases	**6**	**(5,395)**	**(10,892)**
Recovery of materials – property, plant and equipment		**39,090**	**187,448**

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

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President

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW

1.1 - Incorporation of the Company

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

1.2 –Effects of the economic emergency on the License

The License has been subject to a renegotiation process under the Public Emergency Law 25,561 ("LEP"), enacted in January 2002, which further established the pesification of the rates for natural gas transportation services within the domestic market and repealed the semi-annual adjustment mechanism based on the Producer Price Index. Under said legal framework and after more than thirteen years of rate freezing, in March 2017, the Company entered into an Agreement with the PEN toward amendment of its License (the "Comprehensive Agreement"), which was ratified and came into force with 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 favour of CMS for US$ 133.2 million, dated May 12, 2005) and Total S.A. v. Argentine Republic (Case No. ARB/04/1 in favour 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 Natural 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 extended until December 31, 2022, 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 extended until December 23, 2021 by means of Necessity and Urgency Decree No. 543/20 (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 costs of service, taxes and depreciation charges, enable to obtain a reasonable profit margin similar to that derived from other comparable or equivalent risky activities and must be in line with the degree of efficiency in the provision of the services. Rates are subject to:

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

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW (Cont.)

1.3 - Regulatory framework (Cont.)

1.3.3 – Renegotiation of 2017 comprehensive rate review

From April 2014 to December 2017 TGN received successive interim rate increases toward 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 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 $ 20 million and higher amounts, published by the Central Bank of Argentina ("BCRA"). 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 $ 153 million, which was collected on April 22, 2021.

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 Necessity and Urgency Decree No. 543/20 extending once again the rate freeze established under the Solidarity Law for another 180 running days.

1 – OVERVIEW (Cont.)

1.3 - Regulatory framework (Cont.)

1.3.3 – Renegotiation of 2017 comprehensive rate review (Cont.)

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 Necessity and Urgency Decree No. 1020/20 ("Decree 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. 47/21 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 proposed 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.

1 – OVERVIEW (Cont.)

1.3 - Regulatory framework (Cont.)

1.3.3 – Renegotiation of 2017 comprehensive rate review (Cont.)

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 rendering 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 No. 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.

By means of Resolution No. 518/21 dated December 27, 2021, the ENARGAS convened a new public hearing that took place on January 19, 2022, at which gas transportation and distribution licensees put forward their interim rate adjustment proposals for the current year.

On February 18, 2022, TGN entered into an interim agreement with MECON and ENARGAS that established a 60% transportation rate increase effective as of March 2022 (the "2022 Interim Agreement"). Said agreement, which will remain in force until December 2022, unless extended by mutual consent of the parties, does not provide for mandatory investments but establishes: (i) that the Company will have to continue rendering the gas transportation service, (ii) 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, and (iii) that during the effective term, TGN and its controlling shareholder, Gasinvest S.A. ("Gasinvest") must agree not to file legal actions or claims against the National Government based on the rate freezing established under the Solidarity Law. The 2022 Interim Agreement came into force on February 22, 2022, upon enactment of PEN Decree No. 91/22 and ENARGAS Resolution No. 59/22 dated February 23, 2022, approving the interim rates effective as of March 1, 2022.

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW (Cont.)

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 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.

Argentina’s main macroeconomic indicators are:

- The estimated Gross Domestic Product (“GDP”) growth in 2021 was 10%.
- Estimated primary fiscal deficit for 2021 was 3.2% of the GDP, while the financial deficit reached 4.5% of the GDP.
- Cumulative inflation between January 1, 2021 and December 31, 2021 reached 50.94% as shown by the Consumer Price Index (“CPI”) published by the National Institute of Statistics and Census (“INDEC”).
- From January 1 to December 31, 2021, the peso depreciated 22.07% against the US dollar, as shown by the exchange rate published by Banco de la Nación Argentina.
- The BCRA imposed greater exchange restrictions, which also affect the value of the foreign currency on existing alternative markets for certain exchange transactions that are restricted on the official market.

These measures, aimed at restricting access to the exchange market and therefore the demand for US dollars, 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 obligations. As of December 31, 2021, 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 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 financial statements should be read in the light of said circumstances.

1 – OVERVIEW (Cont.)

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 22.1.3 and 22.1.4 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 (amended by law 27,440, the "Capital Markets Law"), 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.

Balances as of December 31, 2020 shown for comparison purposes, are derived from the financial statements for the fiscal year ended as of that date, except for the presentation, as per International Accounting Standard 1 "Presentation of financial statements" ("IAS 1"), within the comprehensive statement of income, of losses associated with impairment of financial assets for $ 453,016 (including reversal of losses or gains for impairment, where applicable), calculated in accordance with the policy described in Note 2.9 to these financial statements. Said situation does not affect results for the fiscal year, and does not have an impact on the net income per share, basic and diluted.

Additionally, certain reclassifications, not material, have been made in respect of figures for financial statements presented on a comparative basis, to make them consistent with those for this fiscal year.

2 - PREPARATION AND PRESENTATION OF 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, 2020.

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.

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, 2021 have been restated.

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

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

2.3 –Measuring Unit (Cont.)

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, 2021 was 50.94%.

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:

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

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).

2.6 – 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, certain 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.

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

2.6 – Property, plant and equipment (Cont.)

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 16 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, 2021:

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, 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 12/31/2021 (cost model)	Higher value net of impairment	Fair value as of 12/31/2021 (revaluation model)
Gas pipelines and branch lines	31,530,563	13,481,475	45,012,038
Compressor plants	4,667,500	1,483,585	6,151,085
Meter and regulating stations	719,685	286,626	1,006,311
SCADA System	986,404	239,640	1,226,044
Lands	21,104	51,172	72,276
Buildings and civil construction works	1,058,920	332,103	1,391,023
Gas inventory	496,911	787,925	1,284,836
Other technical installations	1,065,559	73,451	1,139,010
Subtotal essential assets	**40,546,646**	**16,735,977**	**57,282,623**
Lands	4,103	32,866	36,969
Buildings and civil construction works	345,129	80,887	426,016
Subtotal other assets subject to revaluation	**349,232**	**113,753**	**462,985**
Total Revalued Assets	**40,895,878**	**16,849,730**	**57,745,608**

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	1 and 16
Compressor plants	16
Meter and regulating stations	16
SCADA System	6
Gas inventory	n/a
Lands	n/a
Buildings and civil construction works	25
Other technical installations	2

During the period ended December 31, 2021, the Company recognized an impairment charge for its property, plant and equipment for an amount of $ 6,941,417.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

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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, 2019	35,712,239
Reversal during 2020 fiscal year	(3,904,864)
Impairment during 2020 fiscal year	(9,916,998)
Balance as of December 31, 2020	21,890,377
Reversal during 2021 fiscal year	(6,426,087)
Impairment during 2021 fiscal year	(4,511,921)
Balance as of December 31, 2021	10,952,369

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, labour 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	19
Machinery, equipment and tools	3
Other technical installations	2
Communication equipment and devices	2
Vehicles	2
Furniture and fixtures	4
Rights-of-use	1-3
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, 2021. These instruments are included in Level 1 and comprise investments in mutual funds, notes and government bonds. Note 10 to these financial statements contains a description of the Company's Level 1 assets, measured at fair value as of December 31, 2021 and 2020.

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 the notes, 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, 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.

2.8 - 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 22.1.3 and 22.1.4 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, sureties 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

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

2.11 – Shareholders' Equity (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 when 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.

By means of Decree No. 387/2021 dated June 16, 2021, the PEN passed Law No. 27,630 which, among other things, modifies the income tax rates that had been established by Law No. 27,430. Thus, said decree establishes a new tiered structure of income tax rates, with three segments according to the cumulative taxable net income level for fiscal years starting as of January 1, 2021. The new tax rates are as follows:

- 25% for cumulative taxable net income of up to $ 5 million;
- $ 1.25 million plus 30% over the excess of $ 5 million for net cumulative taxable income above that amount and up to $ 50 million.;
- $ 14.75 million plus 35% over the excess of $ 50 million for net cumulative taxable income above that amount.

Consequently, these financial statements reflect such change. Current tax shows a higher charge of $ 81,680, while deferred net assets and liabilities record a higher charge of $ 3,760,135, based on the actual rate expected to be applicable as of the probable rate of reversal of those deferred assets and liabilities.

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

2.14 – Income Tax (Cont.)

(b) Tax on dividends

Law 27,430, has introduced a tax on dividends or distribution of earnings, applicable among others, to Argentine companies or permanent establishments, individuals, undivided estates or foreign beneficiaries. However, as a result of the changes introduced by the Solidarity Law and the above mentioned Law 27,630, it was established that dividends derived from earnings accrued during fiscal years beginning January 1, 2018 are subject to a 7% withholding tax.

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 labour, 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 Section 72 of the Capital Markets Law, 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).

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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, 2021, 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 cash flows), 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, 2021, 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, 2021 and December 31, 2020:

	12.31.2021	12.31.2020
Current Loans	5,907,818	823,465
Current Notes	432,955	1,607,444
Non-Current Loans	-	7,302,334
Non-Current Notes	-	737,107
Total Loans and Notes	6,340,773	10,470,350
Common Stock	439,374	439,374
Common Stock integral adjustment	28,464,706	28,464,706
Statutory reserve	5,780,819	5,780,819
Optional reserve for working capital and liquidity coverage	25,937,252	17,361,776
Voluntary reserve for future dividends	478,669	478,669
Property, Plant and Equipment Revaluation Allowance	10,952,369	21,890,377
Other Reserves	(36,583)	12,942
Retained Earnings	(2,848,059)	8,575,476
Total Shareholders' Equity	69,168,547	83,004,139
Total Capitalization	75,509,320	93,474,489

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 $ 79 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, 2021, 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

	12.31.21				12.31.20		
	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	102.52	19,415,017	US$	189,378	23,997,110
				19,415,017			**23,997,110**
Investments at amortized cost of restricted availability (Note 9)							
Investments at amortized cost of restricted availability				-	**US$**	56,584	7,170,016
				-			**7,170,016**
Total non-current assets				**19,415,017**			**31,167,126**
CURRENT ASSETS							
Other accounts receivable (Note 12)							
Other sundry accounts receivable	US$	249	102.52	25,527	US$	435	55,057
Other receivables with controlling company	US$	16	102.52	1,596	US$	19	2,463
Other receivables with affiliated companies	US$	8	102.52	803	US$	16	2,107
	R$	106	17.7	1,868	R$	106	2,454
				29,794			**62,081**
Trade accounts receivable (Note 13)							
Trade accounts receivable with third parties	US$	4,727	102.52	484,657	US$	3,292	417,147
Trade accounts receivable with related parties	US$	79	102.52	8,065	US$	61	7,715
Trade accounts receivable with affiliated companies	US$	13	102.52	1,331	US$	31	3,998
				494,053			**428,860**
Investments at fair value (Note 9)							
Government bonds in US$				-	US$	1,636	207,297
				-			**207,297**
Investments at amortized cost of restricted availability (Note 9)							
Investments at amortized cost of restricted availability	US$	56,584	102.52	5,800,948			-
				5,800,948			-
Cash and cash equivalents (Note 14)							
Bank balances	US$	7	102.52	691	US$	48	6,063
				691			**6,063**
Total current assets				**6,325,486**			**704,301**
Total assets				**25,740,503**			**31,871,427**

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, 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.)

	12.31.21				12.31.20		
	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	6,928,955
Total Non-current assets				-			**6,928,955**
CURRENT LIABILITIES							
Trade accounts payable (Note 21)							
Suppliers - goods and services	US$	3,620	102.72	371,847	US$	694	88,121
Unbilled Goods and Services	US$	4,425	102.72	454,496	US$	1,976	251,048
	£	49	138.83	6,784	£	36	6,157
	€	29	116.37	3,326	€	20	3,138
				836,453			**348,464**
Loans (Note 16)							
Itaú Unibanco S.A. Nassau Branch Loan	US$	54,985	102.72	5,648,019	US$	187	23,772
				5,648,019			**23,772**
Total Current Liabilities				**6,484,472**			**372,236**
Total Liabilities				**6,484,472**			**7,301,191**

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 $ 57 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 662.4 million, 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, 2021, resulting from each percentage point increase or decrease in BADLAR rate, would approximately represent a pre-tax gain or loss, as applicable, of $ 7 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, 2021, 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 gas transportation for 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, 2021	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	713,689	5,649,600	-	-	-	6,363,289
Other liabilities (except Contingencies, Deferred income tax liabilities, Salaries and social security contributions, Income tax and Taxes payable)	579,784	28,632	76,353	114,530	1,140,591	1,939,890

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	166,784	2,264,125	8,118,018	-	-	10,548,927
Other liabilities (except Contingencies, Deferred income tax liabilities, Salaries and social security contributions, Income tax and Taxes payable)	787,416	43,218	115,248	230,497	1,010,598	2,186,977

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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, 22.1.3 and 22.1.4), 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 –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);

	12.31.2021	12.31.2020
Revenues	20,041	28,538
Costs of service	(11,966)	(10,621)
Management EBITDA	8,075	17,917
Acquisition of "Property, plant and equipment"	3,252	3,908

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

	12.31.2021	12.31.2020
Management EBITDA in million pesos	8,075	17,917
"Property, plant and equipment" depreciation	(12,336)	(11,391)
Other net income and expenses	22	263
Recovery / (Charge) due to impairment of financial assets	87	(453)
Net financial income	(2,503)	(836)
Income (loss) from investments in affiliated companies	33	23
Income before income tax	(6,622)	5,523

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

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6 – PROPERTY, PLANT AND EQUIPMENT

	12.31.2021										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	12.31.2021	12.31.2020
Essential assets:												
Gas pipelines and branch lines	57,527,709	-	-	2,534,452	(5,410,755)	54,651,406	-	9,639,368	-	9,639,368	45,012,038	57,527,709
Compressor plants	8,306,084	-	(12,103)	319,661	(739,402)	7,874,240	-	1,725,867	(2,712)	1,723,155	6,151,085	8,306,084
Meter and regulating stations	1,149,650	-	-	88,005	(120,965)	1,116,690	-	110,379	-	110,379	1,006,311	1,149,650
SCADA system	1,249,578	-	-	386,141	(147,379)	1,488,340	-	262,296	-	262,296	1,226,044	1,249,578
Gas inventory	1,439,282	-	-	-	(154,446)	1,284,836	-	-	-	-	1,284,836	1,439,282
Lands	80,925	-	-	39	(8,688)	72,276	-	-	-	-	72,276	80,925
Buildings and civil construction works	1,568,570	-	-	59,131	(167,211)	1,460,490	-	69,467	-	69,467	1,391,023	1,568,570
Other technical installations	1,205,670	-	-	281,937	(136,917)	1,350,690	-	211,680	-	211,680	1,139,010	1,205,670
Sub-total essential assets	**72,527,468**	**-**	**(12,103)**	**3,669,366**	**(6,885,763)**	**69,298,968**	**-**	**12,019,057**	**(2,712)**	**12,016,345**	**57,282,623**	**72,527,468**
Other revalued assets:												
Lands	41,413	-	-	-	(4,444)	36,969	-	-	-	-	36,969	41,413
Buildings and civil construction works	470,919	-	-	48,075	(51,210)	467,784	-	41,768	-	41,768	426,016	470,919
Sub-total other revalued assets	**512,332**	**-**	**-**	**48,075**	**(55,654)**	**504,753**	**-**	**41,768**	**-**	**41,768**	**462,985**	**512,332**
Total revalued assets	**73,039,800**	**-**	**(12,103)**	**3,717,441**	**(6,941,417)**	**69,803,721**	**-**	**12,060,825**	**(2,712)**	**12,058,113**	**57,745,608**	**73,039,800**
Non-essential assets:												
Building installations	261,077	46	-	-	-	261,123	75,330	14,093	-	89,423	171,700	185,747
Machinery, equipment and tools	808,970	9,318	(4,067)	-	-	814,221	649,284	40,694	(3,728)	686,250	127,971	159,686
Other technical installations	1,140,477	21,121	-	-	-	1,161,598	837,045	87,344	-	924,389	237,209	303,432
Communication equipment and devices	126,604	259	-	-	-	126,863	98,410	8,222	-	106,632	20,231	28,194
Vehicles	763,114	99,978	(4,285)	-	-	858,807	523,316	96,784	(4,006)	616,094	242,713	239,798
Furniture and fixtures	409,812	16,678	(555)	-	-	425,935	347,297	7,474	(555)	354,216	71,719	62,515
Right-of-use (Note 20)	71,112	5,395	-	-	-	76,507	48,158	20,693	-	68,851	7,656	22,954
Works in progress	5,847,170	3,098,946	(39,090)	(3,717,441)	-	5,189,585	-	-	-	-	5,189,585	5,847,170
Sub-total non-essential assets	**9,428,336**	**3,251,741**	**(47,997)**	**(3,717,441)**	**-**	**8,914,639**	**2,578,840**	**275,304**	**(8,289)**	**2,845,855**	**6,068,784**	**6,849,496**
Balance as of December 31, 2021	**82,468,136**	**3,251,741**	**(60,100)**	**-**	**(6,941,417)**	**78,718,360**	**2,578,840**	**12,336,129**	**(11,001)**	**14,903,968**	**63,814,392**	**-**
Balance as of December 31, 2020	**103,182,160**	**3,908,327**	**(237,867)**	**-**	**(13,222,614)**	**93,630,006**	**2,382,670**	**11,390,805**	**(32,765)**	**13,740,710**	**-**	**79,889,296**

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

6 – PROPERTY, PLANT AND EQUIPMENT (Cont.)

	12.31.2020										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	12.31.2020
Essential assets:											
Gas pipelines and branch lines	73,643,184	-	-	2,575,090	(10,426,370)	65,791,904	-	8,264,195	-	8,264,195	57,527,709
Compressor plants	10,256,230	-	(22,573)	1,658,790	(1,507,184)	10,385,263	-	2,095,236	(16,057)	2,079,179	8,306,084
Meter and regulating stations	1,366,505	-	-	210,571	(205,385)	1,371,691	-	222,041	-	222,041	1,149,650
SCADA system	1,241,968	-	-	477,130	(217,641)	1,501,457	-	251,879	-	251,879	1,249,578
Gas inventory	1,704,383	-	-	-	(265,101)	1,439,282	-	-	-	-	1,439,282
Lands	87,037	-	-	8,560	(14,672)	80,925	-	-	-	-	80,925
Buildings and civil construction works	1,907,812	-	-	16,342	(281,826)	1,642,328	-	73,758	-	73,758	1,568,570
Other technical installations	1,010,359	-	-	652,122	(212,305)	1,450,176	-	244,506	-	244,506	1,205,670
Sub-total essential assets	**91,217,478**	**-**	**(22,573)**	**5,598,605**	**(13,130,484)**	**83,663,026**	**-**	**11,151,615**	**(16,057)**	**11,135,558**	**72,527,468**
Other revalued assets:											
Lands	49,367	-	-	-	(7,954)	41,413	-	-	-	-	41,413
Buildings and civil construction works	572,132	-	-	9,275	(84,176)	497,231	-	26,312	-	26,312	470,919
Sub-total other revalued assets	**621,499**	**-**	**-**	**9,275**	**(92,130)**	**538,644**	**-**	**26,312**	**-**	**26,312**	**512,332**
Total revalued assets	**91,838,977**	**-**	**(22,573)**	**5,607,880**	**(13,222,614)**	**84,201,670**	**-**	**11,177,927**	**(16,057)**	**11,161,870**	**73,039,800**
Non-essential assets:											
Building installations	145,099	115,978	-	-	-	261,077	66,918	8,412	-	75,330	185,747
Machinery, equipment and tools	731,210	83,395	(5,635)	-	-	808,970	620,293	33,248	(4,257)	649,284	159,686
Other technical installations	833,447	313,578	(6,548)	-	-	1,140,477	806,149	37,276	(6,380)	837,045	303,432
Communication equipment and devices	93,827	32,936	(159)	-	-	126,604	88,951	9,617	(158)	98,410	28,194
Vehicles	732,840	44,248	(13,974)	-	-	763,114	435,237	92,500	(4,421)	523,316	239,798
Furniture and fixtures	377,137	34,203	(1,528)	-	-	409,812	341,088	7,701	(1,492)	347,297	62,515
Right-of-use (Note 20)	60,220	10,892	-	-	-	71,112	24,034	24,124	-	48,158	22,954
Works in progress	8,369,403	3,273,097	(187,450)	(5,607,880)	-	5,847,170	-	-	-	-	5,847,170
Sub-total non-essential assets	**11,343,183**	**3,908,327**	**(215,294)**	**(5,607,880)**	**-**	**9,428,336**	**2,382,670**	**212,878**	**(16,708)**	**2,578,840**	**6,849,496**
Balance as of December 31, 2020	**103,182,160**	**3,908,327**	**(237,867)**	**-**	**(13,222,614)**	**93,630,006**	**2,382,670**	**11,390,805**	**(32,765)**	**13,740,710**	**79,889,296**

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, 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, 2021, the Company has firm contractual commitments with suppliers for the acquisition of Property, plant and equipment for 674,156.

7 – INVESTMENTS IN AFFILIATED COMPANIES

	12.31.2021	12.31.2020
Balance at the beginning of fiscal year	170,634	124,095
Income from investments in affiliated companies	32,788	22,617
Conversion difference allocated to Other comprehensive income	(49,525)	23,922
Balance at the end of fiscal year	153,897	170,634

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, 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:

	Description				Book value as of		Information on issuer						
								Most Recent Financial Statements					
Issuer	**Shares**	**Face Value**	**Amount**	**Cost**	**12.31.21**	**12.31.20**	**Main Activity**	**Date**	**Capital Stock and Capital Adjustment**	**Other Reserves**	**Retained Earnings**	**Shareholders' Equity**	**Percentage of Direct Interest**
Comgas Andina S.A.	Common	(1) 1 per share	490	246	153,040	167,378	Gas pipeline operation and maintenance service	12.31.21	201	-	312,125	312,326	49.0
Companhia Operadora do Rio Grande do Sul	Common	(2) 1 per share	49	0.1	857	3,256	Gas pipeline operation and maintenance service	12.31.21	2	7,116	(5,370)	1,748	49.0
Total					**153,897**	**170,634**							

(1) Chilean pesos
(2) Brazilian Reais

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, 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:

	12.31.2021	12.31.2020
Deferred income tax assets:		
Deferred income tax assets to be recovered after 12 months	133,792	372,673
Deferred income tax assets to be recovered within 12 months	50,698	92,918
	184,490	465,591
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after 12 months	(13,423,719)	(13,903,687)
Deferred income tax liabilities to be recovered within 12 months	78,755	200,623
	(13,344,964)	(13,703,064)
Deferred income tax liabilities (net)	(13,160,474)	(13,237,473)

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, 2019	154,760	329,715	82,413	17,417	4,296	588,601
Charged to statement of comprehensive income	(51,984)	(43,478)	(30,284)	(6,759)	9,495	(123,010)
Balance as of December 31, 2020	102,776	286,237	52,129	10,658	13,791	465,591
Charged to statement of comprehensive income	(25,457)	(219,253)	(22,816)	(772)	(12,803)	(281,101)
Balance as of December 31, 2021	77,319	66,984	29,313	9,886	988	184,490

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, 2019	(2,778,294)	(2,415,842)	(12,350,176)	(62,755)	(1,340,362)	(18,947,429)
Charged to statement of comprehensive income	51,239	(77,392)	5,053,362	51,339	165,817	5,244,365
Balance as of December 31, 2020	(2,727,055)	(2,493,234)	(7,296,814)	(11,416)	(1,174,545)	(13,703,064)
Charged to statement of comprehensive income	(900,224)	(437,833)	1,399,360	(42,968)	339,765	358,100
Balance as of December 31, 2021	(3,627,279)	(2,931,067)	(5,897,454)	(54,384)	(834,780)	(13,344,964)

(1) As of December 31, 2021, included net of revaluation balance of “Property, plant and equipment” under Shareholders’ Equity.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, 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:

	12.31.2021	12.31.2020
Income before income tax	(6,621,668)	5,522,808
Statutory income tax rate	35%	30%
Income tax charge determined by applying statutory tax rate to the income for the fiscal year	2,317,584	(1,656,842)
Exceptions to statutory income tax rate:		
- Equity items inflation adjustment	(7,198,741)	(4,165,811)
- Deferred tax liabilities inflation adjustment at beginning	1,303,202	1,116,561
- Income from investments in affiliated companies	11,476	5,013
- Change in income tax rate [1]	(4,494,912)	286,141
- Tax inflation adjustment – Title VI and updates art 89 – Income Tax Law	873,494	(478,480)
- Tax revaluation – Law 27,430 – Chapter X – art. 1	4,532,568	3,417,017
- Other adjustments including non-deductible and not taxable items	2,851	624,207
Total income tax charge	(2,652,478)	(852,194)

[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 Income Tax Law 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, during the two following fiscal years, according to the information published by INDEC, the CPI exceeded the percentages established. As of fiscal year 2019, 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, 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. The inflation adjustment for fiscal year 2021 must be fully allocated in said fiscal year.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

9 – INVESTMENTS

	12.31.2021	12.31.2020
Non-Current:		
Investments at amortized cost:		
VRD bonds in $	1,192	7,629
Total investments at amortized cost	**1,192**	**7,629**
Non-Current:		
Investments at amortized cost of restricted availability		
Term deposit in US$ of restricted availability (Note 3.3)	-	7,170,016
Total investments at amortized cost of restricted availability	**-**	**7,170,016**
Current:		
Investments at amortized cost:		
VRD bonds in $	3,920	9,216
Total investments at amortized cost	**3,920**	**9,216**
Investments at amortized cost of restricted availability		
Term deposit in US$ of restricted availability (Note 3.3)	5,800,948	-
Total investments at amortized cost of restricted availability	**5,800,948**	**-**
Current:		
Investments at fair value:		
Notes	719,800	-
Mutual funds in $	401,171	626,992
Government bonds in $	3,256,259	1,063,600
Government bonds in US$ (Note 3.3)	-	207,297
Total investments at fair value	**4,377,230**	**1,897,889**

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, 2021, said term deposit amounts to US$ 56.58 million, of which US$ 83.57 thousand are interest accrued during the fiscal year.

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

10 – FINANCIAL INSTRUMENTS BY CATEGORY

	12.31.2021	12.31.2020
Financial assets at fair value [1]:		
Current:		
Classified as "Investments at fair value":		
Notes	719,800	-
Mutual funds in $	401,171	626,992
Government bonds in $	3,256,259	1,063,600
Government bonds in US$	-	207,297
Subtotal	4,377,230	1,897,889
Classified as "Cash and cash equivalents":		
Mutual funds in $ (Note 14)	1,360,572	2,046,735
Subtotal	1,360,572	2,046,735
Total financial assets at fair value - Current	**5,737,802**	**3,944,624**
Financial assets at amortized cost:		
Current:		
Classified as "Investments at amortized cost":		
VRD bonds in $	3,920	9,216
Subtotal	3,920	9,216
Classified as "Investments at amortized cost of restricted availability":		
Term deposit in US$ of restricted availability	5,800,948	-
Subtotal	5,800,948	-
Classified as "Cash and cash equivalents":		
Cash and banks (Note 14)	44,406	12,186
Term deposits in $ [2] (Note 14)	-	556,917
Surety bonds in $ [2] (Note 14)	1,484,754	1,889,302
T-BILLS in $ [2] (Note 14)	-	146,960
Subtotal	1,529,160	2,605,365
Classified as "Trade accounts receivable" and "Other accounts receivable"	3,303,478	3,931,634
Total financial assets at amortized cost - Current	**10,637,506**	**6,546,215**

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, 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.):

	12.31.2021	12.31.2020
Non-Current:		
Classified as "Investments at amortized cost":		
VRD bonds in $	1,192	7,629
Subtotal	1,192	7,629
Classified as "Investments at amortized cost of restricted availability":		
Term deposit in US$ of restricted availability	-	7,170,016
Subtotal	-	7,170,016
Classified as "Trade accounts receivable" and "Other accounts receivable"	8,769,157	10,831,137
Total financial assets at amortized cost – Non-Current	**8,770,349**	**18,008,782**

Financial liabilities at amortized cost:

	12.31.2021	12.31.2020
Current:		
Loans	5,907,818	823,465
Notes	432,955	1,607,444
Trade accounts payable, other debts and lease debt	1,660,950	1,734,630
Total financial liabilities at amortized cost – Current	**8,001,723**	**4,165,539**
Non-Current:		
Loans	-	7,302,334
Notes	-	737,107
Trade accounts payable, other debts and lease debt	278,940	452,347
Total financial liabilities at amortized cost – Non-Current	**278,940**	**8,491,788**

(1) Financial assets at fair value 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, 2021 and 2020.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, 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:

	12.31.2021	12.31.2020
AAA	1,107,470	879,615
AA	772,558	505,088
AA+	200,344	-
A	-	295,980
AA-	401,171	1,027,254
A-	-	522,705
BB	-	7,170,016
BB-	5,800,948	-
CCC+	3,256,259	1,417,857
Other financial assets without credit rating	13,606,907	16,681,106
Total	25,145,657	28,499,621

11 – MATERIALS & SPARE PARTS

Non-Current		
Spare parts and consumables	3,181,682	3,280,289
Allowance for slow-moving and obsolete materials	(1,111,522)	(1,072,022)
Total non-current materials and spare parts	2,070,160	2,208,267

Changes in allowance for slow-moving and obsolete materials:

Balance as of December 31, 2019	998,646
– Increases	73,376
Balance as of December 31, 2020	1,072,022
– Increases	39,500
Balance as of December 31, 2021	1,111,522

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, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

12 – OTHER ACCOUNTS RECEIVABLE

	12.31.2021	12.31.2020
Non-current		
Other	14,444	10,243
Total other accounts receivable – Non-current	14,444	10,243
Current		
Key management personnel (Note 28)	50,094	54,057
Prepaid expenses and advances	504,677	695,800
Tax credits	620,551	-
Assistance fees and recovery of expenses – controlling shareholder (Note 28)	1,596	2,463
Other receivables – affiliated companies (Notes 28 and 3.3)	2,671	4,561
Other receivables – other related parties (Note 28)	23,442	9,834
Allowance for doubtful accounts or disputed amounts	(2,825)	(55,171)
Other trade receivables	100,496	58,426
Total other accounts receivable - Current	1,300,702	769,970

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

Balance as of December 31, 2019	14,323
– Increases	50,562
– Loss on monetary position	(9,714)
Balance as of December 31, 2020	55,171
– Increases	7,343
– Applications	(43,622)
– Loss on monetary position	(16,067)
Balance as of December 31, 2021	2,825

The Company uses the credit impairment methodology as per the expected credit loss model established by IFRS 9. For other trade accounts receivable, the Company applied the simplified approach to estimate expected credit losses, as provided in said standard, that requires the use of an allowance for credit losses for the entire remaining life of the asset. The expected credit loss to be recognized is determined based on a default rate according to the maturities of each trade account receivable. To measure the expected credit loss, trade accounts receivable have been grouped based on their credit risk and time since due.

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

13 – TRADE ACCOUNTS RECEIVABLE

	12.31.2021	12.31.2020
Non-current		
Trade accounts receivable - third parties (Note 3.3)	19,415,017	23,997,110
Allowance for doubtful accounts and disputed amounts	(10,660,304)	(13,176,216)
Total trade accounts receivable – Non-current	8,754,713	10,820,894
Current		
Trade accounts receivable - third parties	2,328,341	3,957,228
Trade accounts receivable – other related parties (Note 28)	376,221	439,447
Trade accounts receivable – affiliated companies (Note 28)	1,331	3,998
Less: Allowance for doubtful accounts and disputed amounts	(447,072)	(856,755)
Total trade accounts receivable - Current	2,258,821	3,543,918

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

Balance as of December 31, 2019	12,754,376
– Increases due to exposure to exchange rate differences	421,840
Balance as of December 31, 2020	13,176,216
– Recoveries due to exposure to exchange rate differences	(2,515,912)
Balance as of December 31, 2021	10,660,304

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

Balance as of December 31, 2019	687,787
– Increases	402,454
– Loss on monetary position	(233,486)
Balance as of December 31, 2020	856,755
– Recoveries	(94,565)
–Applications	(7,234)
– Loss on monetary position	(307,884)
Balance as of December 31, 2021	447,072

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, 2021, 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:

	12.31.2021	12.31.2020
To become due	1,893,046	2,263,000
Past due from 0 to 6 months	364,852	1,276,399
Past due for more than 6 months	19,863,012	24,858,384
Total	22,120,910	28,397,783

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:

	12.31.2021	12.31.2020
Argentine Pesos	2,211,840	3,971,813
US Dollars (Note 3.3)	19,909,070	24,425,970
Total	22,120,910	28,397,783

14 – CASH AND CASH EQUIVALENTS

Cash and banks [(1)]	44,406	12,186
Mutual funds in $	1,360,572	2,046,735
Term deposits in $	-	556,917
Surety bonds in $	1,484,754	1,889,302
T-BILLS in $	-	146,960
Total	2,889,732	4,652,100

[(1)] As of December 31, 2021, and 2020, $ 691 and $ 6,063, 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 - 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

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, 2020 for $ 750 million, for a term of 18 months, at BADLAR plus margin. During fiscal year 2021, the Company has paid two principal installments for a total amount of $ 500 million and interest for $ 243.4 million, with the current balance as of December 31, 2021 amounting to $ 259.8 million, that was fully paid on February 21, 2022.

- With Itaú Unibanco S.A. Nassau Branch, taken on October 19, 2020. 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, 2020 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. During this fiscal year the Company has paid interest for US$ 1.1 million. The Current balance as of December 31, 2021 amounts to $ 5,648.0 million.

The book value of loans does not differ from their fair value.

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

16 – LOANS (Cont.)

16.1 – Changes in Loans

	12.31.2021	12.31.2020
Non-current:		
Balance at the beginning of fiscal year	7,302,334	-
Taking of loan with Itaú Unibanco S.A. Nassau Branch	-	6,934,210
Transfer from current	-	432,009
Transfer to current of local loans in pesos	(432,009)	-
Transfer to current of Itaú Unibanco S.A. Nassau Branch loan	(7,429,938)	-
Accrual of interest on local loans in pesos	-	(5,313)
Accrual of interest on Itaú Unibanco S.A. Nassau Branch loan	-	(64,393)
Exchange rate difference on Itaú Unibanco S.A. Nassau Branch loan	-	538,990
Loss on monetary position	559,613	(533,169)
Balance at the end of fiscal year	-	7,302,334

Current:		
Balance at the beginning of fiscal year	823,465	14,877,230
Accrual of interest on Syndicated Loan	-	487,118
Exchange difference on Syndicated Loan	-	3,181,272
Payment of principal on Syndicated Loan	-	(13,712,510)
Payment of interest on Syndicated Loan	-	(588,673)
Accrual of interest on Itaú Unibanco S.A. Nassau Branch loan	138,879	23,430
Exchange rate difference on Itaú Unibanco S.A. Nassau Branch loan	(2,568)	-
Payment of interest on Itaú Unibanco S.A. Nassau Branch loan	(109,876)	-
Taking of local loans in pesos	54,223	11,506,368
Transfer to non-current	-	(432,009)
Transfer from non-current of local loans in pesos	432,009	-
Transfer from non-current of Itaú Unibanco S.A. Nassau Branch loan	7,429,938	-
Accrual of interest on local loans in pesos	278,600	1,077,074
Payment of principal on local loans in pesos	(596,995)	(10,829,070)
Payment of interest on local loans in pesos	(297,019)	(1,025,282)
Loss on monetary position	(2,242,838)	(3,741,483)
Balance at the end of fiscal year	5,907,818	823,465

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

17 – NOTES

On July 29, 2020, 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%.

The Company used the net proceeds from the placement of said notes toward:

- Refinancing of liabilities (outstanding local bank loans): $ 750 million.
- Funding of productive investment plan: $ 739 million.

During November and December 2021, the Company repurchased notes issued at the over-the-counter market, for a residual value of $ 87.7 million (which represents a 17.5% of the total outstanding notes issued).

During fiscal year 2021, the Company has paid two principal installments for a total of $ 999.9 million and interest for $ 481.0 million. The current balance as of December 31, 2021 amounting to $ 433.0 million has been paid on February 8, 2022.

17.1 – Changes in Notes

	12.31.2021	12.31.2020
Non-current:		
Balance at the beginning of fiscal year	737,107	-
Transfer from current	-	864,018
Transfer to current	(843,868)	-
Accrual of interest on Notes	-	(20,391)
Loss on monetary position	106,761	(106,520)
Balance at the end of fiscal year	-	737,107

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

17 – NOTES (Cont.)

	12.31.2021	12.31.2020
Current:		
Balance at the beginning of fiscal year	1,607,444	-
Issue of Notes	-	2,592,055
Transfer from non-current	843,868	-
Transfer to non-current	-	(864,018)
Accrual of interest on Notes	558,727	293,771
Payment of interest on Notes	(588,440)	(183,916)
Payment of principal on Notes	(1,089,687)	-
Repurchase of notes	(90,468)	-
Loss on monetary position	(808,489)	(230,448)
Balance at the end of fiscal year	432,955	1,607,444

18 – TAXES PAYABLE

Value Added Tax	11,044	168,714
Turnover Tax	-	11,497
Tax withholdings and receipts from third parties	239,806	121,408
Total taxes payable	250,850	301,619

19 – OTHER DEBTS

Non-current		
Allowance for easements	85,953	89,335
Total other debts – Non-current	85,953	89,335
Current		
Allowance for easements	32,216	35,390
Key management personnel (Note 28)	52,114	54,027
Other debts with related parties	2,016	-
Contractual liabilities	183	-
Various fees payable	22,224	33,545
Other debts and customer's guarantees	6,020	9,104
Total other debts - Current	114,773	132,066

Changes in contractual liabilities

Balance of contractual liabilities at the beginning of fiscal year	-	42,371
Advances from customers	3,178	-
Consumptions	(2,376)	(37,379)
Loss on monetary position	(619)	(4,992)
Balance of contractual liabilities at the end of fiscal year	183	-

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

20 - LEASES

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

(i) Amounts accounted for in the balance sheet

	12.31.2021	12.31.2020
Right-of-use		
Buildings - Offices	7,657	22,954
Lease debt		
Current	3,171	19,174
Non-current	2,104	17,265

(ii) Amounts accounted for in the statement of comprehensive income

	12.31.2021	12.31.2020
- Right-of-use depreciation	(20,693)	(24,124)
- Interest and exchange differences	7,433	(23,571)

21 – TRADE ACCOUNTS PAYABLE

	12.31.2021	12.31.2020
Non-current		
AES Argentina Generación S.A.	190,883	345,747
Total trade accounts payable – Non current	190,883	345,747
Current		
Suppliers – goods and services	71,612	489,399
AES Argentina Generación S.A.	41,358	62,426
Unbilled goods and services	1,430,036	1,031,565
Total trade accounts payable - Current	1,543,006	1,583,390

22 - CONTINGENCIES

Provision for labour, civil and administrative lawsuits	Current
Balance as of December 31, 2019	318,811
–Increases	16,567
– Decreases (payments / uses)	(9,306)
– Loss on monetary position	(85,160)
Balance as of December 31, 2020	240,912
– Recoveries	(49,908)
– Decreases (payment / uses)	(4,488)
– Loss on monetary position	(81,303)
Balance as of December 31, 2010	105,213

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 – 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.

22.1.2 – 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 – CONTINGENCIES (Cont.)

22.1 – Legal matters

22.1.3 – 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.

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 was appealed by both parties. In February 2022, the National Court of Appeals in Federal Civil and Commercial Matters confirmed, for the most part, the first instance judgement, including amounts referred to in items (i) and (ii) above. YPF filed an extraordinary appeal against said judgement.

22.1.4 – 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.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

22 – CONTINGENCIES (Cont.)

22.1 – Legal matters

22.1.4 – Pending judicial disputes with Chilean Distributor Metrogas (Cont.)

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

	12.31.2021	12.31.2020
Gas transportation service	18,795,931	27,125,325
Gas pipeline operation and maintenance and other services	1,244,875	1,412,348
Total revenues	20,040,806	28,537,673

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

24 – EXPENSES BY NATURE

Item	Cost of service	Selling expenses	Administrative expenses	Total as of 12.31.2021	Total as of 12.31.2020
Directors' fees	-	-	48,025	**48,025**	**49,284**
Supervisory Committee's fees	-	-	13,687	**13,687**	**13,820**
Fees for professional services	123,345	1,664	263,462	**388,471**	**319,103**
Salaries, wages and other personnel benefits	2,237,661	52,898	855,333	**3,145,892**	**3,021,703**
Social security contributions	471,420	12,507	195,146	**679,073**	**625,887**
Materials and spare parts	902,314	-	6,851	**909,165**	**746,564**
Third party services and supplies	244,993	512	6,968	**252,473**	**255,448**
Maintenance and repair of property, plant and equipment	3,768,835	2,456	70,470	**3,841,761**	**2,715,397**
Travel expenses	224,027	1,355	23,804	**249,186**	**175,037**
Freight and transportation	43,796	-	397	**44,193**	**29,967**
Post and telecommunication expenses	21,340	1,410	19,114	**41,864**	**36,949**
Insurance	301,727	30	14,967	**316,724**	**301,339**
Office supplies	23,840	126	34,120	**58,086**	**54,264**
Rentals	63,034	512	23,995	**87,541**	**86,821**
Easements	86,055	-	-	**86,055**	**70,115**
Taxes, rates and contributions	7,229	748,202	960,325	**1,715,756**	**1,989,811**
Property, plant and equipment depreciation	12,001,523	3,851	330,755	**12,336,129**	**11,390,805**
Slow-moving and obsolete materials and spare parts	39,500	-	-	**39,500**	**73,376**
Other	23,035	2,365	22,729	**48,129**	**56,212**
Balance as of December 31, 2021	**20,583,674**	**827,888**	**2,890,148**	**24,301,710**	**-**
Balance as of December 31, 2020	**18,026,224**	**1,083,064**	**2,902,614**	**-**	**22,011,902**

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

25 – OTHER INCOME AND EXPENSES

	12.31.2021	12.31.2020
Income from commercial indemnities	17,470	-
Disposal of property, plant and equipment, net	(42,776)	(26,037)
Other income and expenses	47,377	289,518
Total other income and expenses	22,071	263,481

26 – NET FINANCIAL INCOME

Other net financial income		
Foreign exchange gain, net	2,131,552	3,050,452
Income from changes in fair values	1,610,496	670,923
Gain from derivative financial instruments	-	(116,649)
Other	267,463	44,751
Total other net financial income	4,009,511	3,649,477
Financial income		
Interest	903,401	365,113
Total financial income	903,401	365,113
Financial expenses		
Interest	(991,658)	(1,934,725)
Interest compounded on property, plant and equipment	-	135,971
Banking and financial fees, expenses and taxes	(14,428)	(80,598)
Total financial expenses	(1,006,086)	(1,879,352)
Loss on monetary position	(6,409,671)	(2,971,283)
Total net financial loss (income)	(2,502,845)	(836,045)

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, 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, 2021 and 2020, by the weighted average of outstanding common shares, which as at said dates totaled 439,373,939 shares. As of December 31, 2021 and 2020 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:

	12.31.2021	12.31.2020
Controlling company		
Other net income and expenses		
Gasinvest S.A.	1,549	1,701
Total other net income and expenses	1,549	1,701
Affiliated companies		
Revenues		
Comgas Andina S.A.	15,311	16,800
Companhia Operadora do Rio Grande do Sul	2,374	2,571
Total revenues	17,685	19,371
Recovery of expenses		
Comgas Andina S.A.	772	3,796
Companhia Operadora do Rio Grande do Sul	70	39
Total recovery of expenses	842	3,835
Other related parties		
Revenues		
Litoral Gas S.A.	2,869,038	4,217,963
Ternium Argentina S.A.	411,043	640,619
Compañía General de Combustibles S.A.	-	26,969
Siderca S.A.	258,756	392,214
Transportadora de Gas del Mercosur S.A.	88,478	92,230
Tecpetrol S.A.	172,985	125,944
Gasoducto Gasandes Argentina S.A.	21,228	33,512
Total revenues	3,821,528	5,529,451

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, 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.)	12.31.2021	12.31.2020
Financial income		
Transportadora de Gas del Mercosur S.A.	65	-
Total financial income	65	-
Recovery of expenses		
Gasinvest S.A.	1,177	3,808
Transportadora de Gas del Mercosur S.A.	12,614	9,546
Total recovery of expenses	13,791	13,354
Acquisition of materials and property, plant and equipment		
Siat S.A.	-	(126,065)
Total acquisition of materials and property, plant and equipment	-	(126,065)
Cost of service		
Litoral Gas S.A.	(1,229)	-
Total cost of service	(1,229)	-
Key management personnel		
Board of Directors' fees	(48,025)	(49,284)
Supervisory Committee's fees	(13,687)	(13,820)

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2021, 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	12.31.2021	12.31.2020
Other related parties		
Transportadora de Gas del Mercosur S.A.	8,065	7,715
Litoral Gas S.A.	258,276	342,980
Ternium Argentina S.A.	34,275	51,121
Siderca S.A.	21,717	30,987
Tecpetrol S.A.	51,594	4,866
Gasoducto Gasandes Argentina S.A.	2,294	1,778
Total trade accounts receivable - other related parties	376,221	439,447
Accounts receivable – affiliated companies		
Comgas Andina S.A.	1,141	1,410
Companhia Operadora do Rio Grande do Sul	190	2,588
Total accounts receivable –affiliated companies	1,331	3,998
Other accounts receivable		
Assistance fee and recovery of expenses – controlling company		
Gasinvest S.A.	1,596	2,463
Total assistance fee and recovery of expenses – controlling company s	1,596	2,463
Other accounts receivable – affiliated companies		
Comgas Andina S.A.	772	1,198
Companhia Operadora do Rio Grande do Sul	1,899	3,363
Total other accounts receivable – affiliated companies	2,671	4,561
Other accounts receivable – related parties		
Gasoducto Gasandes Argentina S.A.	258	288
Litoral Gas S.A.	118	-
Siat S.A.	10,452	-
Transportadora de Gas del Mercosur S.A.	12,614	9,546
Total other accounts receivable – related parties	23,442	9,834
Other accounts receivable - Key Management Personnel		
Board of Directors and Supervisory Committee’s fees paid in advance	50,094	54,057
Total other accounts receivable - Key Management Personnel	50,094	54,057

28 – RELATED PARTIES (Cont.)

Balances with related parties are as follows:

	12.31.2021	12.31.2020
Other debts		
Other debts - Key Management Personnel		
Provision for Directors and Supervisory Committee's fees	(52,114)	(54,027)
Total other debts Key Management Personnel	(52,114)	(54,027)
Other debts with related parties		
Transportadora de Gas del Mercosur S.A.	(2,016)	-
Total other debts with related parties	(2,016)	-

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.

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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.

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 108.56 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, 2021 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.

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 20120

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, 2021, 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.		
	2021	***2020***	***Variation***
Revenues			
Gas transportation service	*18,795.9*	*27,125.3*	*(8,329.4)*
Gas pipeline operation & maintenance and other services	*1,244.9*	*1,412.3*	*(167.4)*
Total revenues	***20,040.8***	***28,537.6***	***(8,496.8)***
Cost of service			
Operation and maintenance costs	*(8,582.2)*	*(7,088.1)*	*(1,494.1)*
Property, plant and equipment depreciation	*(12,001.5)*	*(10,938.1)*	*(1,063.4)*
Subtotal	***(20,583.7)***	***(18,026.2)***	***(2,557.5)***
Gross (loss) gain	***(542.9)***	***10,511.4***	***(11,054.3)***
Administrative and selling expenses	*(3,718.0)*	*(3,985.7)*	*267.7*
(Loss) gain before other net income and expenses	***(4,260.9)***	***6,525.7***	***(10,786.6)***
Other income and expenses	*22.1*	*263.5*	*(241.4)*
Recovery / (Charge) due to impairment of financial assets	*87.2*	*(453.0)*	*540.2*
Loss (gain) before financial income	***(4,151.6)***	***6,336.2***	***(10,487.8)***
Net financial income	*(2,502.8)*	*(836.0)*	*(1,666.8)*
Income from investments in affiliated companies	*32.8*	*22.6*	*10.2*
Income before income tax	***(6,621.6)***	***5,522.8***	***(12,144.4)***
Income tax	*(2,652.5)*	*(852.2)*	*(1,800.3)*
Loss (gain) for fiscal year	***(9,274.1)***	***4,670.6***	***(13,944.7)***
Currency conversion of affiliated companies' financial statements	*(49.5)*	*23.9*	*(73.4)*
Property, plant and equipment revaluation allowance	*(4,511.9)*	*(9,917.0)*	*5,405.1*
Other comprehensive income for fiscal year	***(4,561.4)***	***(9,893.1)***	***5,331.7***
Comprehensive (loss) for fiscal year	***(13,835.5)***	***(5,222.5)***	***(8,613.0)***
EBITDA (1)	***8,075.2***	***17,916.5***	***(9,841.3)***

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

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 20120

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

(in million pesos)

	12.31.2021	***12.31.2020***
Total assets	***91,620***	***111,376***
Total liabilities	***22,451***	***28,372***
Shareholders' equity	***69,169***	***83,004***

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 $ 8,496.8 million between fiscal years ended December 31, 2021 and 2020 is due to:

i. $ 519 million increase in revenues, mainly as a result of an increase of interruptible and exchange and displacement transportation services;

ii. $ 8,848.4 million decrease in revenues, as a result of the suspension of rate adjustments in an inflationary context; and

iii. $ 167.4 million decrease in revenues from "*Gas pipeline operation and maintenance and other services*".

OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Cost of service

(in million Pesos)

Account	*Fiscal years ended 12.31.*		
	2021	***2020***	***Variation***
Fees for professional services	*123.3*	*148.5*	*(25.2)*
Salaries, wages and other personnel benefits and social security contributions	*2,709.1*	*2,558.3*	*150.8*
Materials and spare parts	*902.3*	*713.1*	*189.2*
Maintenance and repair of property, plant and equipment and third-party services and supplies	*4,013.8*	*2,906.9*	*1,106.9*
Post, telecommunications, transportation, freight and travel expenses	*289.2*	*209.8*	*79.4*
Insurance	*301.7*	*284.2*	*17.5*
Rentals and office supplies	*86.9*	*84.5*	*2.4*
Easements	*86.1*	*70.1*	*16.0*
Taxes, rates and contributions	*7.2*	*7.1*	*0.1*
Property, plant and equipment depreciation	*12,001.5*	*10,938.1*	*1,063.4*
Slow-moving and obsolete materials and spare parts	*39.5*	*73.4*	*(33.9)*
Other	*23.1*	*32.2*	*(9.1)*
Total	***20,583.7***	***18,026.2***	***2,557.5***
% of Cost of service on revenues	***102.7%***	***63.2%***	

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

i. $ 840.1 million increase in *Salaries, wages and other personnel benefits and social security contributions* (which adjusted for inflation amounts to $ 150.8 million). Said variation is explained by salary increases due to inflation adjustment ($ 760.0 million), severance pays ($ 16.0 million) and a higher headcount ($ 5.3 million), among others;

ii. $ 312.4 million increase in *Materials and spare parts* (which adjusted for inflation amounts to $ 189.2 million). Said variation is mainly due to higher costs in spare parts ($ 19.9 million), consumables ($ 36.6 million), projects related to compressor plants ancillary integrity ($ 13.3 million), safety of equipment ($ 12.1 million) and compression integrity ($ 152.9 million);

iii. $ 1,828.6 million increase in *Maintenance and repair of property, plant and equipment and third-party services and supplies* (which adjusted for inflation amounts to $ 1,106.9 million). Said variation is mainly due to higher costs associated with cleaning and clearing of facilities ($ 89.6 million), outsourced maintenance works ($ 122.1 million), expenses in application software ($ 7.2 million), layout works ($ 528.2 million), corrosion protection ($ 163.3 million), river crossings ($ 118.8 million), pipe inspections ($ 89.0 million), projects related to compression integrity at compressor plants ($ 66.9 million), ancillary integrity ($ 59.5 million), safety ($ 53.3 million), compression integrity ($ 39.5 million), projects related to integrity at metering and regulation stations ($ 66.7 million), security and surveillance ($ 57.7 million), and minor works ($ 43.8 million), among others; and

iv. $ 2,202.8 million increase in *Property, plant and equipment depreciation* (which adjusted for inflation amounts to $ 1,063.4 million). Said variation is due to the higher depreciation, as a result of capitalizations.

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Administrative and selling expenses

(in million pesos)

Accounts	*Fiscal years ended 12.31.*		
	2021	**2020**	**Variation**
Salaries, wages and other personnel benefits and social security contributions	*1,115.9*	*1,089.3*	*26.6*
Property, plant and equipment depreciation	*334.6*	*452.7*	*(118.1)*
Fees for professional services	*265.1*	*170.6*	*94.5*
Taxes, rates and contributions	*1,708.5*	*1,982.7*	*(274.2)*
Post, telecommunications, transportation, freight and travel expenses	*46.1*	*32.2*	*13.9*
Maintenance and repair of property, plant and equipment and third-party services and supplies	*80.4*	*63.9*	*16.5*
Rentals and office supplies	*58.8*	*56.6*	*2.2*
Supervisory Committee's fees	*13.7*	*13.8*	*(0.1)*
Board of Directors' fees	*48.0*	*49.3*	*(1.3)*
Materials and spare parts	*6.9*	*33.5*	*(26.6)*
Insurance	*15.0*	*17.1*	*(2.1)*
Other	*25.0*	*24.0*	*1.0*
Total	***3,718.0***	***3,985.7***	***(267.7)***
% of Administrative and Selling expenses on revenues	***18.6%***	***14.0%***	

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

i. $ 1.6 million increase in *Property, plant and equipment depreciation* (which adjusted for inflation amounts to a $ 118.1 million decrease). Said variation is due to the higher depreciation, as a result of capitalizations;

ii. $ 123.3 million increase in *Fees for professional services* (which adjusted for inflation amounts to $ 94.5 million) due to higher consultancy expenses for building refurbishments; and

iii. $ 323.7 million increase in *Taxes, rates and contributions* (which adjusted for inflation amounts to a $ 274.2 million decrease). Said variation is mainly due to higher costs associated with the verification and control fee paid to the National Gas Regulatory Entity ("ENARGAS") ($ 268.4 million) and turnover tax ($ 77.3 million), partially offset against higher costs during 2020 fiscal year in in tax on bank transactions ($ 27.9 million).

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Other income and expenses

(in million pesos)

	Fiscal years ended 12.31.		
Accounts	***2021***	***2020***	***Variation***
Net income from disposal of property, plant and equipment	*(42.8)*	*(26.0)*	*(16.8)*
Income from commercial compensations	*17.5*	*-*	*17.5*
Various income and expenses	*47.4*	*289.5*	*(242.1)*
Total	***22.1***	***263.5***	***(241.4)***

During fiscal years ended December 31, 2021 and 2020 the Company has recognized gains for $ 22.1 million and $ 263.5 million, respectively. The lower gain for $ 241.4 million is mainly due to:

i. $ 284.9 million lower gain associated with insurance proceeds as compared to previous fiscal year; and

ii. $ 39.8 million lower loss during the current fiscal year as compared to the previous year, due to donations made during 2020 fiscal year within the context of COVID pandemic.

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Net financial income

(in million pesos)

Accounts	***Fiscal years ended 12.31.*** 2021	2020	Variation
Other net financial income:			
Net exchange rate gain	*2,131.6*	*3,050.5*	*(918.9)*
Income due to changes in fair values	*1,610.5*	*670.9*	*939.6*
Income from derivative financial instruments	-	*(116.6)*	*116.6*
Other	*267.4*	*44.8*	*222.6*
Total other net financial income	***4,009.5***	***3,649.6***	***359.9***
Financial income:			
Interest	*903.5*	*365.1*	*538.4*
Total financial income	***903.5***	***365.1***	***538.4***
Financial expenses:			
Interest	*(991.7)*	*(1,934.7)*	*943.0*
Interest compounded on Property, plant and equipment	-	*136.0*	*(136.0)*
Banking, financial and other fees, expenses and taxes	*(14.4)*	*(80.6)*	*66.2*
Total financial expenses	***(1,006.1)***	***(1,879.3)***	***873.2***
Loss on monetary position	***(6,409.7)***	***(2,971.4)***	***(3,438.3)***
Total net financial (loss) income	***(2,502.8)***	***(836.0)***	***(1,666.8)***

Net financial income for fiscal year ended December 31, 2021 showed a higher gain of $ 1,773.8 million (which adjusted for inflation amounts to a $ 1,666.8 million decrease), as compared to fiscal year ended December 31, 2020. Accounts with the most relevant variations between both fiscal years are:

i. a lower gain of $ 204.8 million (which adjusted for inflation amounts to $ 918.9 million), on account of net exchange rate differences on US dollar denominated assets and liabilities;

ii. a higher gain of $ 818.4 million (which adjusted for inflation amounts to $ 1,481.4 million), associated with interest accrued during fiscal year;

iii. a higher gain of $ 966.6 million (which adjusted for inflation amounts to $ 939.6 million), due to changes in fair values accrued during fiscal year;

iv. a lower gain of $ 71.8 million (which adjusted for inflation amounts to $ 136.0 million), in compound interest in connection with works the duration of which exceeds one year;

v. a lower loss of $ 58.1 million (which adjusted for inflation amounts to $ 116.6 million) as a result of transactions with derivative instruments;

vi. a higher gain of $ 181.1 million (which adjusted for inflation amounts to $ 222.6 million) mainly due to the collection of the subsidy associated with the financial cost of the deferral in the collection of invoices to distributors, sub-distributors, transporters and producers during 2021 fiscal year. See Note 1.3.3 to the Company's financial statements for fiscal year ended December 31, 2021; and

vii. a higher loss of $ 3,438.3 million on monetary position, due to the greater number of monetary assets exposed to inflation held in the current fiscal year as compared to 2020 fiscal year.

Income tax

Income tax for fiscal year ended December 31, 2021 reported a higher charge of $ 1,800.3 million as compared to the previous year. Said variation is the result of a lower current tax charge of $ 2,559.2 million, due to a lower taxable income in fiscal year ended December 31, 2021, as compared to 2020 fiscal year, and a higher charge on account of deferred income tax of $ 4,359.5 million, mainly due to the increase in the tax rate. See Note 2.14 to the Company's financial statements for fiscal year ended December 31, 2021.

Other comprehensive income for the fiscal year

"*Other comprehensive income for the fiscal year"* reported a lower loss of $ 5,331.7 million mainly due to the fact that during the current fiscal year an impairment on "*Property, plant and equipment*" items for an amount of $ 4,511.9 million was recorded, as compared to the impairment for an amount of $ 9,917.0 million recorded in previous fiscal year. See Note 2.6 to the Company's financial statements for fiscal year ended December 31, 2021.

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Summary of statement of cash flows

(in million pesos)

	Fiscal years ended 12.31.	
	2021	***2020***
Cash generated by operating activities	*8,635.4*	*9,101.1*
Income tax	*2,652.5*	*852.2*
Interest accrued on liabilities	*991.7*	*1,934.7*
Net cash flow generated by operating activities	***12,279.6***	***11,888.0***
Acquisition of property, plant and equipment	*(3,246.3)*	*(3,897.4)*
Subscriptions, net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)	*2,688.4*	*(1,913.4)*
Principal and interest received from investments at amortized cost and investments at fair value	*10.1*	*21.0*
Net cash flow used in investing activities	***(547.8)***	***(5,789.8)***
Taking of loan with Itaú Unibanco S.A. Nassau Branch	*-*	*6,934.2*
Taking of local loans in pesos	*54.2*	*11,506.4*
Issue of Notes	*-*	*2,592.1*
Payment of principal on Notes	*(1,089.7)*	*-*
Payment of interest on Notes	*(588.4)*	*(183.9)*
Repurchase of Notes	*(90.5)*	*-*
Payment of interest on Itaú Unibanco S.A. Nassau Branch Loan	*(109.9)*	*-*
Payment of principal on Syndicated Loan	*-*	*(13,712.5)*
Payment of interest on Syndicated Loan	*-*	*(588.7)*
Payment of principal on local loans in pesos	*(597.0)*	*(10,829.1)*
Payment of interest on local loans in pesos	*(297.0)*	*(1,025.3)*
Lease payment	*(15.8)*	*(20.2)*
Net cash flow used in financing activities	***(2,734.1)***	***(5,327.0)***
Net increase in cash and cash equivalents	***8,997.7***	***771.2***
Cash and cash equivalents at the beginning of fiscal year	***4,652.1***	***4,364.2***
Financial income generated by cash	***(10,760.0)***	***(483.3)***
Cash and cash equivalents at the end of fiscal year	***2,889.8***	***4,652.1***

Breakdown of cash and cash equivalents

(in million pesos)

Accounts	***Fiscal years ended 12.31.***	
	2021	***2020***
Cash and banks [1]	*44.4*	*12.2*
Term deposits in $	*-*	*556.9*
Mutual funds in $	*1,360.6*	*2,046.7*
Surety bonds in $	*1,484.8*	*1,889.3*
T bills in $	*-*	*147.0*
Cash and cash equivalents at the end of fiscal year	***2,889.8***	***4,652.1***

[1] As of December 31, 2021, and 2020 it includes $ 0.7 million and $ 6.1 million, respectively, denominated in foreign currency.

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

II) COMPARATIVE BALANCE SHEETS AS OF DECEMBER 31, 2021 and 2020

(in million pesos)

Items	***As of 12.31***	
	2021	***2020***
Non-current assets	*74,809*	*100,277*
Current assets	*16,811*	*11,099*
Total	***91,620***	***111,376***
Shareholders' equity	*69,169*	*83,004*
Non-current liabilities	*13,439*	*21,729*
Current liabilities	*9,012*	*6,643*
Subtotal liabilities	*22,451*	*28,372*
Total	***91,620***	***111,376***

III) COMPARATIVE COMPREHENSIVE INCOME FOR FISCAL YEARS ENDED DECEMBER 31, 2021 and 2020

(in million pesos)

Items	***As of 12.31***	
	2021	***2020***
(Loss) gain before other net income and expenses	***(4,260.9)***	***6,525.7***
Other income and expenses	*22.1*	*263.5*
Recovery / (Charge) due to impairment of financial assets	*87.2*	*(453.0)*
(Loss) gain before financial income	***(4,151.6)***	***6,336.2***
Net financial income	*(2,502.8)*	*(836.0)*
Income from investments in affiliated companies	*32.8*	*22.6*
Income before income tax	***(6,621.6)***	***5,522.8***
Income tax	*(2,652.5)*	*(852.2)*
(Loss) gain for the year	***(9,274.1)***	***4,670.6***
Other comprehensive income for the year	*(4,561.4)*	*(9,893.1)*
Comprehensive (loss) for the year	***(13,835.5)***	***(5,222.5)***

IV) COMPARATIVE STATISTICAL DATA FOR FISCAL YEARS ENDED DECEMBER 31, 2021 and, 2020

Dispatched volumes in million m3:

By type of transportation

	As of 12.31	
	2021	***2020***
Firm	*12,701*	*12,661*
Interruptible & exchange and displacement	*12,650*	*10,839*
Total	***25,351***	***23,500***

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

IV) COMPARATIVE STATISTICAL DATA FOR FISCAL YEARS ENDED DECEMBER 31, 2021 and 2020 (Cont.)

By source

	As of 12.31	
	2021	**2020**
Northern Pipeline	*7,527*	*8,897*
Central West Pipeline	*11,351*	*9,765*
Final sections	*6,473*	*4,838*
Total	***25,351***	***23,500***

By destination

	As of 12.31	
	2021	**2020**
Domestic market	*24,620*	*22,648*
Export market	*731*	*852*
Total	***25,351***	***23,500***

V) COMPARATIVE RATIOS AS OF DECEMBER 31, 2021 and 2020

	As of 12.31	
	2021	**2020**
Liquidity (1)	*1.8654*	*1.6708*
Solvency (2)	*3.0809*	*2.9256*
Equity Immobility (3)	*0.8165*	*0.9003*

(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, analysed and interpreted in conjunction with the notes to the Financial Statements as of December 31, 2021, in order to have a full picture of corporate matters.

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

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 CRR 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 extended until December 31, 2022, 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 December 23, 2021 by means of Necessity and Urgency Decree No. 543/20.

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 Necessity and Urgency Decree No. 1020/20 ("Decree 1020/20") instructing to suspend the "Comprehensive Agreement" toward amendment of TGN's License that have come into force in March 2018 and 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 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. 47/21 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.

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

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 No. 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.

By means of Resolution No. 518/21 dated December 27, 2021, the ENARGAS convened a new public hearing that took place on January 19, 2022, at which gas transportation and distribution licensees put forward their interim rate adjustment proposals for the current year.

On February 18, 2022, TGN entered into an interim agreement with MECON and ENARGAS that established a 60% transportation rate increase effective as of March 2022 (the "2022 Interim Agreement"). Said agreement, which will remain in force until December 2022, unless extended by mutual consent of the parties, does not provide for mandatory investments but establishes: (i) that the Company will have to continue rendering the gas transportation service, (ii) 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, and (iii) that during the effective term, TGN and its controlling shareholder, Gasinvest S.A. must agree not to file legal actions or claims against the National Government based on the rate freezing established under the Solidarity Law. The 2022 Interim Agreement came into force on February 22, 2022, upon enactment of PEN Decree No. 91/22 and ENARGAS Resolution No. 59/22 dated February 23, 2022, approving the interim rates effective as of March 1, 2022.

Moreover, ENARGAS is moving forward with the renegotiation of the Comprehensive Rate Review process which, as provided in Decree 1020/20, must be completed by December 2022.

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, the national government tightened currency exchange restrictions, increased the tax burden, established price agreements and/or controls (TGN rates included) in an attempt to contain inflation, and stopped adjusting retirement and pension benefits.

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, 2022

Emilio Daneri Conte-Grand
President

Independent auditor's report

To the Shareholders, President and Directors of
Transportadora de Gas del Norte S.A.

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) that comprised the statement of financial position as at December 31,2021, and the statements of the comprehensive income, of changes in equity, 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 31,2021, its financial performance 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.

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Key audit matter	*How our audit addressed the key audit matter*
Revaluation of Property, Plant and Equipment As mentioned in Note 2.6 of the financial statements, the Company have Property, plant and equipment amounted to $ 63.814 millon as of December 31, 2021 which represents 70% 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 Informative review. 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 of 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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, 2022.

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

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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 enclosed 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, 2021, and supplemental Notes and Annexes, the Inventory and the Annual Report.

Balances and other information for fiscal year 2020 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, 2021 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, 2022, 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, 2021, 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, 2021, 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) Note that certain Board, Supervisory Committee and Shareholders' meetings, have been "remotely" held in compliance with Necessity and Urgency 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.

f) 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, 2021 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.

g) 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, 2022.

By the Supervisory Committee

Dr. Juan José Valdez Follino
Regular Statutory Auditor