



City of Buenos Aires, May 10, 2022

Transportadora de Gas del Norte S.A. (hereinafter the “Company” or “TGN”) is pleased to announce results for the three-month period ended March 31, 2022

**Stock information:**

Market capitalization as of March 31, 2022: **AR\$ 46,573.6 million.**



**BYMA**  
Bolsas y Mercados  
Argentinos

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

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

Main indicators for the three-month period ended March 31, 2022:

- Loss for the first quarter 2022 amounted to AR\$ 1,511.5 million (AR\$ -3.4402 per share) compared to AR\$ 1,089.9 million (AR\$ -2.4806 per share) during the same period in the previous year, principally explained by higher loss on monetary position and lower financial results due to exchange variation, which were partially offset by a lower operating loss and a lower deferred income tax charge.
- Revenues for the three-month period reached AR\$ 5,969.0 million, equivalent to a decrease of 4.4% in comparison with the same period in previous year where revenues amounted to AR\$ 6,052.9 million. This decrease is explained as a result of the net effect between inflation acceleration which was partially offset by the 60% rate increase in force since last March and by higher export volumes under interruptible transportation services.
- EBITDA<sup>1</sup> for the period reached AR\$ 3,005.0 million, representing a decrease of 7.5% compared to the same period in 2021 where EBITDA amounted to AR\$ 3,250.0 million. This variation is mainly explained by a decrease in sales, which was partially offset by lower operating expenses.

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



#### 1- Current economic context:

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

Argentina's main macroeconomic indicators are:

- The Gross Domestic Product ("GDP") growth in 2021 has been 10.3%.
- Primary fiscal deficit for 2021 was 3% of the GDP, while the financial deficit reached 4.5% of the GDP.
- Cumulative inflation between January 1, 2022 and March 31, 2022 reached 16.07% as shown by the Consumer Price Index published by the National Institute of Statistics and Census ("INDEC").
- From January 1 to March 31, 2022, the peso depreciated 8.07% against the US dollar, as shown by the exchange rate published by Banco de la Nación Argentina.

The Central Bank of Argentina ("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, 2022, 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 interim condensed financial statements the context continues to be uncertain and volatile. The Company's Management permanently monitors how the variables that affect the business evolve in order to determine possible actions to be adopted and identify potential impacts on its equity and financial position. These interim condensed financial statements should be read in the light of said circumstances.

#### 2- Revenues for the three-month period ended March 31, 2022:

The decrease in inflation adjusted revenues amounting to AR\$ 84 million between the three-month periods ended March 31, 2022 and 2021 is due to:

- AR\$ 1,126.3 million increase in revenues mainly due to higher export volumes under interruptible and exchange and displacement transportation services;



- AR\$ 1,231.4 million decrease in revenues, as a result of the net effect between inflation acceleration and the 60% rate increase in force since last March. (See Note 1.3.3. to the Company's Interim Condensed Financial Statements for the three-month period ended March 31, 2022); and
- AR\$ 21.1 million increase in revenues from "Gas pipeline operation and maintenance and other services".

As of March 31, 2022, 94.3% of the Company's revenues came from the gas transportation services (regulated business), with the remaining 5.7% being represented by gas pipeline operation and maintenance and other services (non-regulated business). As of March 31, 2021, revenues from the regulated business accounted for 94.7% while those from the non-regulated business accounted for the remaining 5.3%.

### 3- 2017 Comprehensive Rate Review and 2022 Interim Agreement:

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



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

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

On June 1, 2021, 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 that 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 Natural 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 January 27, 2022, TGN filed before MECON the previous administrative claim foreseen under the Administrative Proceedings Law No. 19,549, requesting to be compensated for the loss experienced as a result of the decision adopted by the national government to freeze the transportation rates and to prevent it from invoicing services based on the rate charts approved in 2017 under the CRR framework.

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) a 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.

#### 4- Costs and expenses for the three-month period ended March 31, 2022:

During the first three-month period of 2022, the cost of service amounted to AR\$ 5,395.9 million, which meant a decrease of 3.9% in comparison with the same period in previous year. This variation is due to the higher depreciation, as a result of higher capitalizations made during 2021 fiscal year.

Administrative and selling expenses for the period amounted to AR\$ 991.9 million, showing a 4.7% decrease with respect to the previous year, explained by the impairment of "Property, plant and equipment" recorded as of December 31, 2021;

#### 5- Financial situation:

##### Indebtedness in foreign currency:

As of March 31, 2021, TGN has a US\$ loan taken in October 2020 with Itaú Unibanco S.A. Nassau Branch, which original amount is US\$ 55 million.

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

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



As a subsequent event, in April 20, 2022, the Company has paid interest for US\$ 486.6 thousand under this loan.

#### Indebtedness in pesos:

During the first three-month period of 2022, the company has paid principal installments for an amount of AR\$ 707.0 million and interests for AR\$ 64.1 million. With these payments, TGN has cancelled on a timely manner all of its debts in local currency.

As of March 31, 2022, the Company's total debt is AR\$ 6,138.0 million, which is fully exposed in current liabilities and a net cash position of AR\$ 7,852.9 million.

#### 6- Operating data:

Volumes dispatched during the first three-month period of 2022 increased by 14.1% compared to the same period in 2021. This was mainly explained by an increase in domestic and export transportation volumes, which was partially offset by a decrease in firm transportation services

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

Per source in million m <sup>3</sup>	As of 03.31	
	2022	2021
Northern Pipeline	1,616	2,188
Central West Pipeline	3,492	2,174
Final Sections	683	712
<b>Total</b>	<b>5,791</b>	<b>5,074</b>

Per contract type in million m <sup>3</sup>	As of 03.31	
	2022	2021
Firm	2,910	3,059
Interruptible & exchange and displacement	2,881	2,015
<b>Total</b>	<b>5,791</b>	<b>5,074</b>



<i>Per destination in million m<sup>3</sup></i>	<i>As of 03.31</i>	
	<i>2022</i>	<i>2021</i>
<i>Domestic market</i>	5,284	4,978
<i>Export market</i>	507	96
<b><i>Total</i></b>	<b>5,791</b>	<b>5,074</b>



## ANNEXES:

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

	Three-month period ended	
	03.31.2022	03.31.2021
Revenues	5,969.0	6,052.9
Cost of service	(5,395.9)	(5,614.1)
<b>Gross profit</b>	<b>573.0</b>	<b>438.8</b>
Selling expenses	(238.3)	(232.4)
Administrative expenses	(753.6)	(808.2)
Other income and expenses	(77.8)	15.9
Recovery / (Charge) due to impairment of financial assets	3.2	(160.2)
<b>Loss before financial income</b>	<b>(493.5)</b>	<b>(746.0)</b>
Other net financial income	606.0	1,673.4
Financial income	161.7	359.4
Financial expenses	(76.3)	(387.4)
Loss on monetary position	(2,752.8)	(2,033.5)
Income from investments in affiliated companies	3.2	7.1
<b>Loss before income tax</b>	<b>(2,551.7)</b>	<b>(1,127.1)</b>
Income tax	1,040.1	37.2
<b>Loss for the period</b>	<b>(1,511.5)</b>	<b>(1,089.9)</b>
Other comprehensive income for the period	(13.5)	(15.6)
<b>Comprehensive loss for the period</b>	<b>(1,525.0)</b>	<b>(1,105.5)</b>





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

	03.31.2022	12.31.2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	71,273.2	74,069.2
Investments in affiliated companies	168.3	178.6
Materials and spare parts	2,172.3	2,402.8
Other accounts receivable	16.0	16.8
Trade accounts receivable	9,462.6	10,161.6
Investments at amortized cost	0.5	1.4
<b>Total non-current assets</b>	<b>83,093.0</b>	<b>86,830.3</b>
<b>Current assets</b>		
Materials and spare parts	398.9	208.7
Other accounts receivable	1,197.9	1,509.7
Trade accounts receivable	3,244.0	2,621.8
Investments at amortized cost	3.5	4.6
Investments at amortized cost of restricted availability	6,281.8	6,733.1
Investments at fair value	6,121.9	5,080.6
Cash and cash equivalents	1,583.7	3,354.1
<b>Total current assets</b>	<b>18,831.6</b>	<b>19,512.7</b>
<b>Total assets</b>	<b>101,924.6</b>	<b>106,343.0</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock	439.4	439.4
Common stock integral adjustment	33,109.5	33,109.5
Property, plant and equipment revaluation allowance	11,909.3	12,712.4
Statutory Reserve	6,709.8	6,709.8
Optional reserve for working capital and liquidity coverage	30,105.3	30,105.3
Voluntary reserve for future dividends	555.6	555.6
Other reserves	(55.9)	(42.5)
Retained earnings	(4,014.2)	(3,305.7)
<b>Total shareholders' equity</b>	<b>78,758.7</b>	<b>80,283.7</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred income tax liability	14,235.2	15,275.3
Lease debts	21.6	2.4
Other debts	92.9	99.8
Trade accounts payable	295.2	221.6
<b>Total non-current liabilities</b>	<b>14,644.9</b>	<b>15,599.1</b>
<b>Current liabilities</b>		
Contingencies	50.2	122.1
Loans	6,138.0	6,857.2
Notes	-	502.5
Lease debts	17.0	3.7
Salaries and social security contributions	595.2	759.4
Taxes payable	373.5	291.2
Other debts	129.0	133.2
Trade accounts payable	1,218.1	1,791.0
<b>Total current liabilities</b>	<b>8,521.0</b>	<b>10,460.2</b>
<b>Total liabilities</b>	<b>23,165.9</b>	<b>26,059.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>101,924.6</b>	<b>106,343.0</b>



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

	03.31.2022	03.31.2021
(Loss) for the period	(1,511.5)	(1,089.9)
<b>Adjustments to cash generated by (used in) operating activities:</b>		
Property, plant and equipment depreciation	3,424.1	3,851.8
Residual value of property, plant and equipment written-off	4.5	3.5
Income tax	(1,040.1)	(37.2)
Accrued interest generated by liabilities	71.5	382.3
Accrued interest generated by assets	(161.7)	(359.4)
Increase net of allowances and provisions (net of recoveries)	(5.8)	160.2
Exchange rate differences and other net financial income	(265.6)	(1,879.1)
Loss from investments in affiliated companies	(3.2)	(7.1)
<b>Net changes in operating assets and liabilities</b>		
Decrease in trade accounts receivable	837.4	1,659.8
Decrease (increase) in other accounts receivable	320.1	(20.8)
Decrease (increase) in materials and spare parts	47.5	(23.8)
Decrease in trade accounts payable	(499.3)	(579.8)
Decrease in salaries and social security contributions	(164.2)	(147.8)
Increase (decrease) in taxes payable	77.0	(154.2)
Decrease in other debts	(18.1)	(0.8)
Decrease in contingencies	(71.9)	(32.9)
Income tax payment	-	(579.1)
<b>Net cash flow generated by operating activities</b>	<b>1,040.6</b>	<b>1,145.7</b>
Acquisition of property, plant and equipment	(597.1)	(832.5)
Subscriptions net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)	(95.0)	1,005.2
Principal received from investments at amortized cost and investments at fair value	0.7	2.7
Interest received from investments at amortized cost and investments at fair value	0.6	2.1
<b>Net cash flow (used in) generated by investing activities</b>	<b>(690.8)</b>	<b>177.5</b>
Taking of local loans in pesos	-	62.9
Payment of principal on Notes	(440.2)	-
Payment of interest on Notes	(40.1)	(213.4)
Payment of principal on local loans in pesos	(266.8)	-
Payment of interest on local loans in pesos	(24.0)	(107.1)
Lease payment	(4.7)	(6.3)
<b>Net cash flow used in financing activities</b>	<b>(775.9)</b>	<b>(263.9)</b>
<b>Net (Decrease) increase in cash and cash equivalents</b>	<b>(426.1)</b>	<b>1,059.4</b>
Cash and cash equivalents at the beginning of fiscal year	3,354.1	5,399.7
Financial income generated by cash	(1,344.4)	(1,227.7)
<b>Cash and cash equivalents at the end of period</b>	<b>1,583.7</b>	<b>5,231.4</b>

This earnings release should be read in connection with the interim condensed financial statements for the three-month period ended March 31, 2022 that are available at:

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