



City of Buenos Aires, August 9, 2022

Transportadora de Gas del Norte S.A. (hereinafter the “Company” or “TGN”) is pleased to announce results for the six-month period ended June 30, 2022.

Stock information:

Market capitalization as of June 30, 2022: **AR\$ 36,248.4 million.**



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

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(*) Bolsas y Mercados Argentinos S.A.

Main indicators for the six-month period ended June 30, 2022:

- Loss for the period amounted to AR\$ 3,014.3 million (AR\$ -6.8603 per share) compared to AR\$ 8,671.5 million (AR\$ - 19.7360 per share) during the same period in the previous year, principally explained by a lower deferred income tax which was partially offset by higher loss on monetary position and lower financial results due to exchange variation.

- Revenues for the six-month period reached AR\$ 14,727.7 million, equivalent to an increase of 2.9% in comparison with the same period in previous year where revenues amounted to AR\$ 14,309.9 million. This increase is explained as a result of the 60% rate increase in force since last March and the increase in export transportation services, which were partially offset by the effect of the acceleration of inflation.

- EBITDA¹ for the period reached AR\$ 7,033.0 million, representing a decrease of 1.0% compared to the same period in 2021 where EBITDA amounted to AR\$ 7,103.0 million. This variation is mainly explained by an increase in cost of service, which was partially offset by higher revenues.

¹ 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 June 30, 2022 reached 36.15% as shown by the Consumer Price Index published by the National Institute of Statistics and Census ("INDEC").
- From January 1 to June 30, 2022, the peso depreciated 21.91% 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 June 30, 2022, foreign currency denominated assets and liabilities have been valued based on the exchange rates quoted by MULC.

On August 3, MECON announced future measures aimed at reducing the fiscal deficit, freezing the hiring of government employees, segmenting the beneficiaries of energy subsidies in an efficient manner, strengthening BCRA reserves and achieving trade surplus, among others.

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 six-month period ended June 30, 2022:

The increase in inflation adjusted revenues amounting to AR\$ 417.8 million between the six-month periods ended June 30, 2022 and 2021 is due to:

- AR\$ 1,888.8 million increase in revenues mainly due to higher export volumes under interruptible and exchange and displacement transportation services;



- AR\$ 1,395.6 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 six-month period ended June 30, 2022); and
- AR\$ 75.4 million decrease in revenues from "Gas pipeline operation and maintenance and other services".

As of June 30, 2022, 93.8% of the Company's revenues came from the gas transportation services (regulated business), with the remaining 6.2% being represented by gas pipeline operation and maintenance and other services (non-regulated business). As of June 30, 2021, revenues from the regulated business accounted for 93.1% while those from the non-regulated business accounted for the remaining 6.9%.

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: (i) that TGN rates will remain frozen, (ii) that 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, and (iv) that 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 six-month period ended June 30, 2022:

During the first six-month period of 2022, the cost of service amounted to AR\$ 13,418.0 million, which meant an increase of 3.4% in comparison with the same period in previous year. This variation is due to an increase in Maintenance and repair of property, plant and equipment and third-party services and supplies.

Administrative and selling expenses for the period amounted to AR\$ 2,563.6 million, showing a 0.3% increase with respect to the previous year, explained by a higher in taxes, rates and contributions.

5- Financial situation:

As of June 30, 2022, TGN has a loan in US dollars 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 of June 30, 2022, the Company has a net cash position of AR\$ 11,096.5 million.



6- Operating data:

Volumes dispatched during the first six-month period of 2022 increased by 5.1% compared to the same period in 2021. This was mainly as a result of an increase in export transportation services, which was partially offset by a decrease in local transportation volumes.

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

<i>Per source in million m³</i>	<i>As of 06.30</i>	
	<i>2022</i>	<i>2021</i>
<i>Northern Pipeline</i>	3,492	4,326
<i>Central West Pipeline</i>	7,100	4,855
<i>Final Sections</i>	1,790	2,603
<i>Total</i>	12,382	11,784

<i>Per contract type in million m³</i>	<i>As of 06.30</i>	
	<i>2022</i>	<i>2021</i>
<i>Firm</i>	6,337	6,257
<i>Interruptible & exchange and displacement</i>	6,045	5,527
<i>Total</i>	12,382	11,784

<i>Per destination in million m³</i>	<i>As of 06.30</i>	
	<i>2022</i>	<i>2021</i>
<i>Domestic market</i>	11,566	11,670
<i>Export market</i>	816	114
<i>Total</i>	12,382	11,784



ANNEXES:

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

	Six-month period ended	
	06.30.2022	06.30.2021
Revenues	14,727.7	14,309.9
Cost of service	(13,418.0)	(12,974.3)
Gross profit	1,309.7	1,335.6
Selling expenses	(585.1)	(557.6)
Administrative expenses	(1,978.5)	(1,998.6)
Other income and expenses	(32.2)	(51.0)
Recovery / (Charge) due to impairment of financial assets	40.1	(272.7)
Loss before financial income	(1,246.1)	(1,544.3)
Other net financial income	2,647.5	3,460.1
Financial income	259.5	714.2
Financial expenses	(142.7)	(865.5)
Loss on monetary position	(6,733.4)	(4,554.5)
Income from investments in affiliated companies	37.1	11.7
Loss before income tax	(5,178.2)	(2,778.3)
Income tax	2,163.9	(5,893.2)
Loss for the period	(3,014.3)	(8,671.5)
Other comprehensive income for the period	(24.4)	(30.4)
Comprehensive loss for the period	(3,038.6)	(8,701.9)

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

	2Q 2022	2Q 2021
Revenues	7,726.0	7,209.8
Cost of service	(7,087.2)	(6,388.9)
Gross profit	638.8	820.9
Selling expenses	(306.0)	(286.6)
Administrative expenses	(1,095.4)	(1,050.0)
Other income and expenses	59.0	(68.6)
Recovery / (Charge) due to impairment of financial assets	36.3	(84.9)
Loss before financial income	(667.2)	(669.2)
Other net financial income	1,936.6	1,497.2
Financial income	69.8	292.7
Financial expenses	(53.2)	(411.0)
Loss on monetary position	(3,504.4)	(2,169.2)
Income from investments in affiliated companies	33.4	3.4
Loss before income tax	(2,185.0)	(1,456.2)
Income tax	943.8	(5,936.8)
Loss for the period	(1,241.2)	(7,393.0)
Other comprehensive income for the period	(8.5)	(12.1)
Comprehensive loss for the period	(1,249.7)	(7,405.1)



3- Balance Sheet (in millions AR\$)

	06.30.2022	12.31.2021
ASSETS		
Non-current assets		
Property, plant and equipment	80,488.5	86,884.6
Investments in affiliated companies	222.3	209.5
Materials and spare parts	2,577.3	2,818.6
Other accounts receivable	15.9	19.7
Trade accounts receivable	10,677.0	11,919.7
Investments at amortized cost	0.2	1.6
Total non-current assets	93,981.2	101,853.7
Current assets		
Materials and spare parts	368.1	244.9
Other accounts receivable	850.4	1,770.9
Trade accounts receivable	3,666.1	3,075.4
Investments at amortized cost	2.8	5.3
Investments at amortized cost of restricted availability	7,074.5	7,898.1
Investments at fair value	6,054.7	5,959.7
Cash and cash equivalents	4,866.2	3,934.4
Total current assets	22,882.8	22,888.8
Total assets	116,864.0	124,742.5
SHAREHOLDERS' EQUITY		
Common stock	439.4	439.4
Common stock integral adjustment	38,914.1	38,914.1
Property, plant and equipment revaluation allowance	13,033.2	14,911.9
Statutory Reserve	7,870.7	7,870.7
Optional reserve for working capital and liquidity coverage	32,088.1	35,314.1
Voluntary reserve for future dividends	-	651.7
Other reserves	(74.2)	(49.8)
Retained earnings	(1,135.6)	(3,877.7)
Total shareholders' equity	91,135.8	94,174.4
LIABILITIES		
Non-current liabilities		
Deferred income tax liability	15,717.1	17,918.3
Lease debts	20.0	2.9
Other debts	95.0	117.0
Trade accounts payable	280.0	259.9
Total non-current liabilities	16,112.1	18,298.0
Current liabilities		
Contingencies	39.8	143.3
Loans	6,901.7	8,043.6
Notes	-	589.5
Lease debts	17.5	4.3
Salaries and social security contributions	640.2	890.8
Taxes payable	399.9	341.5
Other debts	105.8	156.3
Trade accounts payable	1,511.2	2,100.8
Total current liabilities	9,616.2	12,270.1
Total liabilities	25,728.2	30,568.1
Total liabilities and shareholders' equity	116,864.0	124,742.5



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

	06.30.2022	06.30.2021
Loss for the period	(3,014.3)	(8,671.5)
Adjustments to cash generated by (used in) operating activities:		
Property, plant and equipment depreciation	8,287.3	8,323.1
Residual value of property, plant and equipment written-off	15.3	11.7
Income tax	(2,163.9)	5,893.2
Accrued interest generated by liabilities	132.6	854.1
Accrued interest generated by assets	(259.5)	(714.2)
Increase net of allowances and provisions (net of recoveries)	(28.7)	268.6
Exchange rate differences and other net financial income	(1,257.9)	(948.6)
Loss from investments in affiliated companies	(37.1)	(11.7)
Net changes in operating assets and liabilities		
Decrease in trade accounts receivable	2,859.6	3,185.3
Decrease in other accounts receivable	966.1	761.0
Decrease in materials and spare parts	115.8	130.6
Decrease in trade accounts payable	(580.8)	(739.2)
Decrease in salaries and social security contributions	(250.5)	(342.1)
Increase (decrease) in taxes payable	72.8	(504.8)
Decrease in other debts	(91.6)	(69.9)
Decrease in contingencies	(103.5)	(66.4)
Income tax payment	(65.6)	(1,843.5)
Net cash flow generated by operating activities	4,596.3	5,515.9
Acquisition of property, plant and equipment	(1,859.4)	(1,876.6)
Subscriptions net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)	2,843.5	1,546.9
Principal received from investments at amortized cost and investments at fair value	2.1	5.4
Interest received from investments at amortized cost and investments at fair value	1.3	4.3
Net cash flow (used in) generated by investing activities	987.6	(320.0)
Taking of local loans in pesos	-	73.8
Payment of principal on Notes	(516.4)	-
Payment of interest on Notes	(47.0)	(467.5)
Payment of principal on local loans in pesos	(313.0)	(70.9)
Payment of interest on local loans in pesos	(28.2)	(236.2)
Payment of interest on Itaú Unibanco S.A. Nassau Branch loan	(61.2)	(79.1)
Lease payment	(9.6)	(14.0)
Net cash flow used in financing activities	(975.4)	(793.9)
Net increase in cash and cash equivalents	4,608.5	4,402.1
Cash and cash equivalents at the beginning of fiscal year	3,934.4	6,333.9
Financial loss generated by cash	(3,676.7)	(5,540.0)
Cash and cash equivalents at the end of period	4,866.2	5,196.0

This earnings release should be read in connection with the interim condensed financial statements for the six-month period ended June 30, 2022 that are available at:

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