

**Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable.

**Item 3. Key Information**

**A. [Reserved]**

**B. Capitalization and Indebtedness**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds**

Not applicable.

**D. Risk Factors**

*You should carefully consider the following risks and uncertainties, and any other information appearing elsewhere in this Annual Report. The risks and uncertainties described below are intended to highlight risks and uncertainties that are specific to us. Additional risks and uncertainties, including those generally affecting Argentina and the industry in which we operate, risks and uncertainties that we currently consider immaterial or risks and uncertainties generally applicable to similar companies in Argentina may also impair our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.*

*The information in this Risk Factors section includes forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of numerous factors, including those described in "Cautionary Statement Regarding Forward-Looking Statements" above.*

*The following summarizes some, but not all, of the risks provided below. The following summary of material risk factors could materially and adversely affect our business, financial condition and results of operation, and our ability to meet our financial obligations. Consequently, such risk factors may cause historical results to differ materially from any results projected, forecasted, estimated or budgeted by us in our forward-looking statements. Please carefully consider all of the information discussed in this "Item 3. Key Information–D. Risk Factors" in this Annual Report for a more thorough description of these and other risks:*

- **Risks Relating to Our Business**

Failure or delay in the implementation of tariff increases could have a material adverse effect on our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations.

Under the Decree 1020 tariffs were frozen until the new RTI concludes. Since that moment we have received only one tariff increase since March 1, 2022 amounting to 60%. "Item 4. Our Information–B. Business Overview–Natural Gas Transportation–Regulatory Framework –Tariff situation."

Our operations are subject to extensive regulation.

Failure to maintain our relationships with labor unions may have an adverse effect on our business, financial condition, results of operations and prospects.

---

Our regulated business is dependent on our ability to maintain our License, which is subject to revocation under some circumstances.

Our creditors may not be able to enforce their claims against us in Argentina.

The Government's strategies, measures and programs with respect to the natural gas transportation industry could materially adversely affect our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.

A significant portion of our revenues is generated under natural gas transportation contracts that must be renegotiated and/or extended periodically.

Our business may require substantial capital expenditures for ongoing maintenance requirements and the expansion of our installed transportation capacity; we could be unable to make such expenditures due to the lack of financing.

Our Liquids production depends on the natural gas that arrives at the Cerri Complex through three main pipelines from the Neuquina, Austral and San Jorge natural gas basins. The flow and heating value of this natural gas are subject to risks that could materially adversely affect our Liquids and midstream business segment.

Measures taken by the Government may have an adverse effect on the supply of natural gas to the Cerri Complex and the margins we are able to obtain from our Liquids business, which may adversely affect the results in our Liquids Production and Commercialization Segment and, as a result, our overall business and results of operations.

Fluctuations in market prices and the enactment of new taxes or regulations limiting the sales price of LPG and natural gasoline may affect our Liquids business.

Our business, financial condition and results of operations have been, and may continue to be, adversely affected by the ongoing COVID pandemic and the emergence of a pandemic-level disease or threat to public health.

Our ethane sales depend on the capacity of PBB, as the sole purchaser of our ethane production.

The affirmative and restrictive covenants in our currently outstanding indebtedness could adversely restrict our financial and operating flexibility and subject us to other risks.

Our insurance policies may not fully cover damage or we may not be able to obtain insurance against certain risks.

Changes in the interpretation by the courts of labor laws that tend to favor employees could adversely affect our business, results operations and financial condition, the value of our securities, and our ability to meet our financial obligations.

We may be exposed to risks related to litigation and administrative proceedings that could materially and adversely affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations in the event of an unfavorable ruling.

Our operations are subject to environmental, occupational health and safety regulations.

Our operations could cause environmental risks and any change in environmental laws could increase our operating costs.

We may face competition.

Downgrades in our credit ratings could have negative effects on our funding costs and business operations.

Our business has become dependent on digital technologies to conduct day-to-day operations and we may be subject to cyberattacks or other risks related to new technologies.

Our natural gas transportation systems and processing facilities are subject to the risk of mechanical or electrical failures and any resulting unavailability may affect our ability to fulfill our contractual and other commitments and thus adversely affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations.

Our business is subject to risks arising from natural disasters, catastrophic accidents and terrorist attacks.

We are subject to anti-trust, anti-corruption, anti-bribery and anti-money laundering laws. Failure to comply with these laws could result in penalties, which could harm our reputation and have an adverse effect on our business.

Our ability to operate our business may suffer if we are unable to retain our employees or attract other skilled employees or contractors.

Climate change could impact our operating results, access to capital and strategy.

Our activities are subject to social and reputational risks, including the potential for protests by members of the local communities.

The failure of any bank in which we deposit our funds could have an adverse effect on our financial condition.

- Risks Relating to Argentina

Argentina's public debt may not be sustainable in the near future.

Argentina's fiscal situation could limit the country's access to the capital market and adversely affect the Argentine economy.

Certain risks inherent to any investment in a company operating in an emerging market such as Argentina.

Economic volatility in Argentina has adversely affected and may continue to adversely affect our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.

The ongoing political instability in Argentina may adversely affect the Argentine economy.

The Solidarity Law and the measures that the new administration has implemented could adversely affect our results of operations and financial condition.

Public health threats could have an adverse effect on the Argentine economy and on our business, financial condition or results of operations.

High levels of inflation could negatively affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations.

Restrictions on transfers of foreign currency and the repatriation of capital from Argentina may impair our ability to pay dividends or imports and investors may face restrictions on their ability collect capital and interest payments in connection with corporate bonds issued by Argentine companies.

Fluctuations in the value of the peso may also adversely affect the Argentine economy, our financial condition and results of operations.

The impossibility of addressing the actual and potential risks of institutional deterioration and corruption, the economy and the financial situation of Argentina has been affected negatively and could continue to be.

Government intervention in the Argentine economy could adversely affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations.

The Argentine economy may be adversely affected by economic developments in other markets and by more general effects, which could have a material adverse effect on Argentina's economic growth.

Argentina's past default and litigation with holdout bondholders may limit our ability to access international markets.

A sustained deterioration in the terms of trade given a decline in the global prices for Argentina's main commodity exports or an increase in the global prices for Argentina's main commodity imports, as well as adverse weather conditions affecting the production of Argentina's main commodity exports, could have an adverse effect on Argentina's economic growth.

Further downgrades in the credit rating or rating outlook of Argentina could impact the rating of our securities or adversely affect the market price of our securities.

The Argentine government may mandate salary increases for private sector employees, which would increase our operating costs.

Argentine corporations may be restricted from making payments in foreign currencies or from importing certain products.

Argentina's ability to obtain financing from international markets could be limited, which may impair its ability to implement reforms and foster economic growth and, consequently, affect our business, results of our operations and growth prospects.

The conflict between Russia and Ukraine could adversely affect the global economy, the Argentine economy and our operational results and financial condition.

We continue operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability since the ongoing military conflict between Russia and Ukraine, poor global economic performance, a potential recession looming in the U.S. and Europe and China showing weak growth.

- **Risks Relating to Our Shares and ADSs**

shareholders outside Argentina may face additional investment risk from currency exchange rate fluctuations in connection with their holding of our shares or ADSs represented by ADRs. Exchange controls imposed by the Government may limit our ability to make payments to the Depositary in U.S. dollars, and thereby limit ADR holders' ability to receive cash dividends in U.S. dollars.

Our principal shareholders exercise significant control over matters affecting us, and may have interests that differ from those of our other shareholders.

Sales of a substantial number of shares could decrease the market prices of our shares and the ADRs.

Under Argentine law, shareholder rights may be fewer or less well defined than in other jurisdictions.

As a foreign private issuer we are exempt from certain rules that apply to domestic U.S. issuers.

Changes in Argentine tax laws may adversely affect the tax treatment of our Class B Shares or ADSs.

Holders of ADRs may be unable to exercise voting rights with respect to our Class B Shares underlying the ADRs at our shareholders' meetings.

Holders of ADRs may be unable to exercise preemptive, accretion or other rights with respect to the Class B shares underlying the ADSs.

The NYSE and/or BYMA may suspend trading and/or delist our ADSs and common shares, respectively, upon occurrence of certain events relating to our financial situation.

The price of our Class B Shares and the ADSs may fluctuate substantially, and your investment may decline in value; and

The relative volatility and illiquidity of the Argentine securities markets may substantially limit the ability to sell the Class B Shares underlying the ADSs on the BYMA at the price and time desired by the shareholder.

**Risks Relating to Our Business**

**Failure or delay in the implementation of tariff increases could have a material adverse effect on our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations.**

All of our net revenues from the Natural Gas Transportation public service (which represented 25% of total revenues during 2022) are attributable to contracts, which are subject to Government regulation. Prior to the enactment of the Public Emergency Law and Foreign Exchange System Reform Law No. 25,561 (the **"Public Emergency Law"**), our tariffs were stated in U.S. dollars, adjusted on a semiannual basis by reference to the U.S. Producer Price Index (**"PPI"**), and further adjusted every five years, based on the efficiency of, and investments in, our gas transportation business. The Public Emergency Law, however, eliminated tariff indexation, and public service tariffs were converted into pesos and fixed at an exchange rate of Ps.1.00 per US\$1.00, even though the peso was devaluating significantly against the U.S. dollar.

Sustained inflation in Argentina since 2002, without any corresponding increase in our natural gas transportation tariffs until recently, has adversely affected, and continued inflation would continue to adversely affect, our Natural Gas Transportation revenues and financial condition. During the last few years, we have monitored our operating costs in order to minimize the impact of the insufficient adjustment of our tariffs on our activities. These measures have had no negative impact on the reliability and efficiency tasks carried out on the pipeline system.

On March 30, 2017, ENARGAS issued Resolution No. 4362/2017 (**"Resolution 4362"**), which approved a staged tariff increase which contemplates an aggregate transportation tariff increase of 214.2% and an aggregate access and use charge (**"CAU"**) increase of 37%. This staged increase is structured to provide the same economic benefits to us as if the increases had been fully effective on April 1, 2017. Pursuant to this resolution, we must also execute a capital expenditures program for a five-year period (from April 1, 2017, to March 31, 2022), which contemplates investments of Ps.6,786 million (in nominal value on December 31, 2016) to improve the operation and maintenance of the pipeline system (the **"Five-Year Plan"**). In addition, Resolution 4362 contemplates a non-automatic semiannual adjustment mechanism for the natural gas transportation tariff to reflect changes in WPI, which must be approved by ENARGAS evaluating the evolution of the economic circumstances.

On March 27, 2018, through Decree No. 250/2018 (**"Decree 250"**), the Executive Branch ratified the tariff structure under Resolution 4362, following the approval of several governmental authorities, including the Argentine Congress. Decree 250 concluded the renegotiation process of our License with the Government, which lasted more than 17 years. After the conclusion of the RTI mentioned above, we received the semiannual tariff increase corresponding for the period August 2018-February 2019 beginning on April 2019.

As a consequence of Argentina's economic condition, and together with other measures taken by the Government, on September 3, 2019, the Secretary of Hydrocarbon Resources (**"SHR"**) (formerly the Federal Energy Bureau) issued Resolution No. 521/2019 (**"Resolution 521"**), which defers the subsequent semiannual adjustment.

Under the Decree 1020 tariffs were frozen until the new RTI concludes. Since that moment we have received only one tariff increase since March 1, 2022 amounting to 60%. *"Item 4. Our Information-B. Business Overview-Natural Gas Transportation-Regulatory Framework-Tariff situation."*

On December 6, 2022, by means of Decree No. 815/2022 (“Decree 815”), the term for the completion of the RTI established in Decree 1020 was extended until December 18, 2023. Within this framework, on January 4, 2023, a public hearing was held to consider a new transitory tariff adjustment for the public natural gas transportation service.

On March 15, 2023 ENARGAS submitted a proposal to us for an addendum to the RTI.

On March 16, 2023, our Board of Directors approved the proposed addendum to the renegotiation transitory agreement (the “**2023 Transition Agreement**”) sent by ENARGAS. As of the date of this Annual Report the Executive Branch has not ratified the 2023 transition agreement.

The 2023 Transition Agreement has similar conditions to the 2022 Transition Agreement. The 2023 Transition Agreement includes:

- A transitional tariff increase of 95% on the natural gas transportation tariff and the Access and Use Charge.
- With prior authorization from the Ministry of Economy, we are allowed to distribute dividends and to directly or indirectly prepay financial and commercial debts contracted with shareholders, which were previously prohibited by the 2022 Transition Agreement.

In the past, we have suffered from our inability to receive tariff increases, which meant the deterioration of our financial and economic condition. Also, we have received insufficient tariff increases to compensate for the increases in our operating costs due to inflation. For additional information about the prior RTI processes and failure by ENARGAS to increase tariffs, and the status of the ongoing RTI see “Item 4. Our Information–B. Business Overview–Natural Gas Transportation–Regulatory Framework–Tariff situation.”

We cannot assure you that the current negotiations with the Government will provide us with a tariff schedule that permits us to compensate the increases in our operating costs. Failure by the Government to timely comply with agreements resulting from the new RTI process could negatively affect our results of operations and financial condition.

Moreover, as of the date of this Annual Report, we are unable to predict which permanent measures will be taken by the Government in connection with the tariff system, or if such system will be amended, adversely affecting our financial situation and our results of operations.

Further, we cannot assure you that the current negotiations with the Government under the framework of the Solidarity Law will provide us with a tariff schedule that permits us to compensate the increases in our operating costs. Failure by the Government to timely comply with agreements resulting from the RTI process could negatively affect our results of operations and financial condition.

In addition, we cannot predict whether additional operating restrictions or mandatory investments could be imposed on us in the future nor the outcome from the renegotiation process of the current RTI stated by the Solidarity Law. If such outcome is adverse to us, our results of operations and financial condition could be negatively affected.

***Our operations are subject to extensive regulation.***

The Argentine oil and gas industry is subject to extensive government regulation and control. As a result, our business is to a large extent dependent upon regulatory and political conditions prevailing in Argentina and our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations may be adversely affected by regulatory and political changes in Argentina. Therefore, we face risks and challenges relating to government regulation and control of the energy sector, including those set forth below and elsewhere in these risk factors:

- limitations on our ability to increase prices or to reflect the effects of higher domestic taxes, increases in operating costs or increases in international prices of natural gas and other hydrocarbon fuels and exchange rate fluctuations on our domestic prices;
- risks in connection with the former and current incentive programs established by the Government for the oil and gas industry, such as the natural gas additional injection stimulus program and cash collection of balances with the Government;
- legislation and regulatory initiatives relating to hydraulic stimulation and other drilling activities for non-conventional oil and gas hydrocarbons, which could increase our cost of doing business or cause delays and adversely affect our operations; and
- the implementation or imposition of stricter quality requirements for hydrocarbon products in Argentina.

In recent years, the Government has made certain changes in regulations and policies governing the energy sector to give absolute priority to domestic supply at stable prices in order to sustain economic recovery. As a result of the above-mentioned changes, for example, on days during which a gas shortage occurs, exports of natural gas (which are also affected by other government curtailment orders) and the provision of gas supplies to industries, electricity generation plants and service stations selling compressed natural gas are interrupted to prioritize residential consumers at lower prices. The Expropriation Law of Argentina has declared the achievement of self-sufficiency in the supply of hydrocarbons, as well as in the exploitation, industrialization, transportation and sale of hydrocarbons, is in the national public interest and a priority for Argentina. In addition, its stated goal is to guarantee socially equitable economic development, the creation of jobs, the increase of the competitiveness of various economic sectors and the equitable and sustainable growth of the Argentine provinces and regions. We cannot assure you that these and other changes in applicable laws and regulations, or adverse judicial or administrative interpretations of such laws and regulations, will not adversely affect our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.

***Failure to maintain our relationships with labor unions may have an adverse effect on our business, financial condition, results of operations and prospects.***

A significant portion of our workforce is represented by labor unions, and most of our non-unionized employees have the same employment benefits as unionized employees. While we believe we have enjoyed satisfactory relationships with all the labor organizations that represent our associates, and we believe our relationships with labor organizations will continue to be satisfactory, labor-related disputes may still arise. Labor lawsuits are common in the energy sector in Argentina, and industry-wide organized actions by unionized employees in the industry, such as blockages in the access to facilities and route cuts have occurred in the past. We have suffered interruptions as a result of our employees joining such organized activities. We cannot assure you that future business interruptions resulting from strikes and other organized activities by our employees would not have a significant adverse effect on our business, financial condition, results of operations and prospects.



The collective bargaining agreements with our unions are valid for one year. Currently, we have a collective bargaining agreement in effect for the period from April 2023 to April 2024.

However, we cannot assure you that we will not suffer business interruptions or strikes in the future as a result of collective actions by our employees. We have insurance that covers terrorism and organized actions against our assets, among other items, for a total insured amount of US\$50,000,000 with a deductible per event of US\$500,000, but we cannot assure you that our insurance coverage will be sufficient to cover damages and losses caused by the organized actions of our employees.

In addition, in the past, the Government has enacted laws and regulations forcing private companies to maintain certain wage levels and to provide additional benefits to their employees. We cannot assure you that in the future the Government will not increase wages or require additional benefits for workers or employees or that unions will not pressure the Government to demand such measures. All wage increases, as well as any additional benefits, could result in increased costs and adversely affect our results of operations.

***Our regulated business is dependent on our ability to maintain our License, which is subject to revocation under some circumstances.***

We conduct our Natural Gas Transportation business pursuant to the License, which authorizes us to provide natural gas transportation services through the exclusive use of the southern natural gas transportation system in Argentina. Our License may be revoked in certain circumstances based on the recommendation of ENARGAS. Revocation of our license would require an administrative proceeding, which would be subject to judicial review. Reasons for which our License may be revoked include:

- repeated failure to comply with the obligations of our License and failure to remedy a significant breach of an obligation in accordance with specified procedures;
- total or partial interruption of service for reasons attributable to us that affects transportation capacity during the periods stipulated in our License;
- sale, assignment or transfer of our essential assets or the placing of encumbrances thereon without ENARGAS’s prior authorization, unless such encumbrances serve to finance extensions and improvements to the gas pipeline system;
- our bankruptcy, dissolution or liquidation;
- cessation and abandonment of the provision of the licensed service, an attempt to assign or unilaterally transfer our License in full or in part without the prior authorization of ENARGAS, or relinquishing our License, other than in the cases permitted therein; and
- delegation of the functions granted in such License without the prior authorization of ENARGAS, or the termination of such License without regulatory approval of a license.

If our License were revoked, we would be required to cease providing natural gas transportation services. The impact of a loss of our License on our business, financial condition and results of operations would be material and adverse. Additionally, certain changes to the License could result in a default under our outstanding debt instruments.

***Our creditors may not be able to enforce their claims against us in Argentina.***

We are a stock corporation with limited liability (*sociedad anónima*), incorporated and organized under the laws of Argentina. Substantially all of our assets are located in Argentina.

Under Argentine law, foreign judgments may be enforced by Argentine courts, provided that the requirements of Articles 517 through 519 of the Federal Code of Civil and Commercial Procedure are met. Foreign judgments cannot violate principles of public policy (*orden público*) of Argentine law, as determined by Argentine courts. It is possible that an Argentine court would deem the enforcement of foreign judgments ordering us to make a payment in a foreign currency outside of Argentina to be contrary to Argentine public policy if at that time there are legal restrictions prohibiting Argentine debtors from transferring foreign currency outside of Argentina. Although currently there are no legal restrictions prohibiting Argentine debtors from transferring foreign currency outside of Argentina to satisfy principal or interest payments on outstanding debt that has been previously reported to the BCRA, we cannot assure you that the Government or an Argentine court will not impose such restrictions in the future.

In addition, under Argentine law, attachment prior to execution and attachment in aid of execution will not be ordered by an Argentine court with respect to property located in Argentina and determined by such courts to be utilized for the provision of essential public services. A significant portion of our assets may be considered by Argentine courts to be dedicated to the provision of an essential public service. If an Argentine court were to make such a determination with respect to any of our assets, unless the Government ordered the release of such assets, such assets would not be subject to attachment, execution or other legal process if such determination stands, and the ability of any of our creditors to realize a judgment against such assets may be adversely affected.

***The Government’s strategies, measures and programs with respect to the natural gas transportation industry could materially adversely affect our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.***

Since 1992 and after the privatization of several state companies, until the economic crisis in 2002, the Government reduced its control over the natural gas transportation industry. After the economic crisis in 2002 the Government increased its role in the energy sector implementing strict regulations and increasing its intervention. Intervention primarily included the expansion of our pipeline through the creation of trust funds and the interruption and redirection of natural gas firm transportation services (including the diversification of natural gas supply from our liquids processing plant located at General Cerri Complex, in the Province of Buenos Aires (“**Cerri Complex**”).

In the past, natural gas distribution companies, including us, were prohibited from passing through price increases to consumers. Producers of natural gas, therefore, had difficulty implementing wellhead natural gas price adjustments that would increase the costs of distribution companies, which caused such producers to suffer a sharp decline in their rate of return-on-investment activities. As a result, natural gas production was not sufficient to meet the increasing demand. Likewise, the lack or insufficient tariff adjustments for natural gas transportation companies caused a decrease in the profitability of such companies.

Considering these events, the Government implemented a number of strategies, measures and programs aimed at mitigating the energy crisis and supporting the recovery of the Argentine economy generally. These strategies, measures and programs included, among others, the expansion of our pipeline through the creation of financial trust funds used as vehicles to facilitate financing of those investments (“**Gas Trusts**”). Although the expansion projects described above have not adversely affected our results of operations or financial condition, we cannot assure you that future, or even present, expansion projects will not have such adverse effects.

On December 20, 2019, the Argentine congress enacted Law No. 27541 (the “**Solidarity Law**”). The Solidarity Law establishes the restructuring of the energy tariff scheme and froze the natural gas and electricity tariffs. In addition, the Solidarity Law entitles the Argentine Executive Branch to intervene the ENARGAS. On March 17, 2020, Decree No. 278/2020 was published in the Official Gazette, which provides for the State intervention in ENARGAS until December 31, 2020. Afterwards, the intervention was extended until December 31, 2023, by means of Decree No. 815/2022.

Within the framework of the measures adopted as a result of the restrictions imposed to face the sanitary emergency arising from the COVID pandemic, the Government took a series of measures to mitigate its impact on certain socioeconomic sectors. Within this framework, during 2020, service cuts to non-paying residential users were suspended, the “Gas.Ar Plan” was created with the purpose of promoting natural gas production and certain limitations to tariff increases were imposed to keep pace with the evolution of inflation and cost increases.

We cannot predict what other measures or strategies will be adopted by the Government to mitigate in the natural gas industry, nor the effect that such measures may have on our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations.

*A significant portion of our revenues is generated under natural gas transportation contracts that must be renegotiated and/or extended periodically.*

In 2022, 83% of our average daily natural gas deliveries were made under long-term firm transportation contracts. As of December 31, 2022, our long-term firm natural gas transportation contracts had a remaining weighted average life of approximately 11 years; our long-term firm natural gas transportation contracts with our top five costumers had a remaining weighted average life of approximately eight years. We cannot assure you that we will be able to extend or replace these contracts when they expire or that the terms of any renegotiated contracts will be as favorable as the existing contracts. In particular, our ability to extend and/or replace contracts could be adversely affected by factors we cannot control, including:

- Argentine natural gas transportation regulations;
- international oil and gas prices;
- timing, volume and location of new market demand;
- competition from alternative energy sources;
- supply and price of natural gas in Argentina;
- demand for natural gas in the markets we serve; and
- availability and competitiveness of alternative gas transportation infrastructure in the markets we serve.

Additionally, most of our transportation contracts include a clause allowing for the termination of the relevant contract before the expiration of its term by any of the parties, in case of (i) breach of the other party, or (ii) an extended event of force majeure.

***Our business may require substantial capital expenditures for ongoing maintenance requirements and the expansion of our installed transportation capacity; we could be unable to make such expenditures due to the lack of financing.***

Resolution 4362 stated that we should have executed the Five-Year Plan. Because of the beginning of the new RTI process the Five-Year Plan was suspended. Additionally, as part of the measures adopted to reduce the impact of COVID and in order to adapt our business plan to the economic expectations of Argentina, we have implemented a reduction in the current investment plans, without compromising safety, which allows us to guarantee continuity in the development of our activities.

The natural gas transportation service is an activity involving significant amounts of capital expenditures in order to improve the operation and maintenance of the pipeline system. Incremental capital expenditures may be required to fund maintenance of our pipeline system. Furthermore, capital expenditures will be required to finance current and future expansions of our transportation capacity. If we are unable to finance any such capital expenditures in terms satisfactory to us or at all, our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations may be adversely affected. In addition, our financing ability may be limited by market restrictions on financing availability for Argentine companies. See “Risks Relating to Argentina–Argentina’s past default and litigation with holdout bondholders may limit our ability to access international markets.”

In the past, expansion projects by the Government have not had adverse effects over our results of operations and financial condition. However, we cannot assure you that future expansion projects will not adversely affect our business.

***Our Liquids production depends on the natural gas that arrives at the Cerri Complex through three main pipelines from the Neuquina, Austral and San Jorge natural gas basins. The flow and heating value of this natural gas are subject to risks that could materially adversely affect our Liquids and midstream business segment.***

More than 50% of the energy matrix in Argentina relies on natural gas. However, its natural gas reserves are declining. Despite the decline in 2015 and 2016, the volume of natural gas that has been produced from the Neuquina basin has increased. More recently, natural gas production in Argentina has increased thanks to the development of Vaca Muerta, despite the decline of the basins where conventional gas predominates. Although production volume increased in recent years, it had previously decreased between 2009 and 2013 and it is possible that natural gas production will again decrease in the future, which would adversely affect our Liquids business segment by reducing the amount of natural gas flowing to the Cerri Complex and, therefore, the amount of Liquids we produce. In addition, the reduction in the production of natural gas could affect the flow of natural gas provided for our midstream services.

Since 2009, the quality and volume of natural gas injected from the Neuquina basin has been lower (because of the reduction of natural gas production in this basin) and not appropriate for processing in the Cerri Complex, negatively impacting our level of output from this facility. Because of this lower output of natural gas from the Neuquina basin, we have had to buy natural gas at higher prices, causing an increase in the cost of Liquids production and commercialization activities for our own account reducing our profit from these activities. In addition, competition might affect the volume and quality (i.e., gas with lower liquids content) of natural gas arriving at the Cerri Complex.

In 2009, nonconventional natural gas was discovered in the Vaca Muerta field of the Neuquina basin by YPF. Exploration and exploitation of this natural gas reserve involved high extraction costs. Argentina's national natural gas production has steadily increased in the past three years, largely due to the increased production of shale from the Vaca Muerta formation. Because of the measures taken by the Government production levels throughout the Neuquina basin has increased in recent years, except during 2020 which was affected by COVID pandemic and the effects of the preventive and mandatory lockdown measures, combined with a higher autumn temperature.

The Neuquén basin, with 68% of the national production, where most of the unconventional of non-conventional developments, explains the year-on-year increase. The rest of the basins decrease their production in the twelve-month accumulated measurements (except for the Cuyana basin, which has a low representation in the national the Cuyana basin of low representativeness).

However, after the freezing of fuel prices and the current economic situation that Argentina is experiencing, there is uncertainty regarding the investments that natural gas producers can make in that area. The Gas.Ar Plan establishes the need to guarantee the supply of natural gas demand while establishing incentives to make immediate investments for the maintenance and/or growth of production in the productive basins, where the natural gas producers must commit themselves to achieve a production curve that guarantees the maintenance and/or increase of the current levels.

We cannot assure you, however, that this new natural gas resource at the Neuquina basin, or the Gas.Ar Plan, or any other measures taken by the Government to increase natural gas production and supply (including pipeline expansion projects and the construction of new pipelines such as the Tratayén-Salliqueló-San Jerónimo pipeline), will be successful in increasing Argentine natural gas reserves or production and, if unsuccessful, our midstream or Liquids Production and Commercialization businesses could be adversely affected.

***Measures taken by the Government may have an adverse effect on the supply of natural gas to the Cerri Complex and the margins we are able to obtain from our Liquids business, which may adversely affect the results in our Liquids Production and Commercialization segment and, as a result, our overall business and results of operations.***

Due to regulatory, economic and government policy factors, domestic gasoline, diesel, natural gas, propane and butane, and other fuel prices and related services have differed substantially from prevailing international and regional market prices for such products and services. Our ability to increase prices in connection with international price or domestic cost increases, including those resulting from the peso devaluation, has been limited from time to time. The prices that we are able to obtain for our products and services affect the viability of investments in expansion capacity and processing facilities and, as a result, the timing and amount of our capital expenditures for such purposes.

Although our Liquids production and commercialization activities are not subject to regulation by ENARGAS, with the aim to give priority to domestic supply, the Government has taken certain regulatory actions in recent years that have affected our Liquids business. For example, in April 2005, the Government enacted Law No. 26,020, which set the framework by which the SHR may establish regulations to cause LPG suppliers to guarantee sufficient supply of LPG in the domestic market at low prices. Law No. 26,020 creates a price regime pursuant to which the SHR periodically publishes reference prices for LPG sold in the local market. It also sets forth LPG volumes to be sold in the local market.

We participate in two programs created by the Government under this framework, which provide for the payment of compensation based on the difference between the price set by the Government and the export parity price. Over recent years, this compensation has been paid to us with significant delays. For further information, see *“Item 4—Our Information—B. Business Overview—Liquids Production and Commercialization.”*

On March 25, 2020, after COVID pandemic, the Executive Branch issued Decree No. 311/2020, which determines that the maximum reference price for LPG sold in the domestic market will remain at their values in force at such date for a 180-day period.

Beginning 2021, prices of the products sold under these programs slightly increased. In August 2021, within the framework of Plan Hogar, the Secretary of Energy through Res. No. 809/2021 provided financial assistance to butane producers. The assistance was effective from August 2021 to December 2022 inclusive.

Also, we cannot assure you that we will be able to maintain or increase the domestic prices of our products, and limitations on our ability to do so would adversely affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations. Similarly, we cannot assure you that LPG prices in Argentina will track increases or decreases in the international or regional markets.

Our Liquids business is highly dependent on the supply of natural gas to the Cerri Complex at reasonable prices that allow for reasonable profit margins.

Since 2017, the Government has taken a series of necessary measures to initiate a convergence between the local price of natural gas and the international price. However, during 2018, due to a combination of internal and external factors, the increase in natural gas and fuel prices was significant which meant that the intended liberalization was unsuccessful.

During 2018, the Government introduced several changes to the process by which the natural gas is acquired for the electric energy generators. Among them, modifications were introduced to the regulations through which *Compañía Administradora del Mercado Mayorista Eléctrico S.A. (“CAMMESA”)*, a government-controlled company, had to provide this supply to the power plants. Finally, on November 6, 2018, the Secretary of Energy issued Resolution No. 70/2018, which returned to power generators the ability to purchase their own natural gas supply. Most of the power generators recovered the ability to do so, therefore, the price of natural gas purchased under the bidding processes decreased further because of the competition for demand in the low consumption season and in an environment with oversupply and economic recession.

However, Secretary of Energy Resolution No. 12/2019 abrogated SGE Resolution No. 70/2018 and returned to CAMMESA centralized fuel supply scheme as established in Secretary of Energy Resolution No. 95/2013, as amended.

The prices at which power plants or CAMMESA acquire natural gas can be considered a reference to determine the price of natural gas acquired by us as shrinkage gas (“RTP”), which is why any additional increase in the costs of our Liquids Production and Commercialization segment may adversely affect our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.

As described above, actions taken by the Government during winter periods of recent years resulted in natural gas being redirected away from certain users, including the Cerri Complex, toward priority users, including residential customers. See above *“The Government’s strategies, measures and programs with respect to the natural gas transportation industry could materially adversely affect our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.”* To a lesser extent, during the winter of 2016 and 2017, processing at the Cerri Complex was interrupted because of continued governmental actions to ensure natural gas supply to the domestic market, but thanks to the development of the Vaca Muerta formation, during the five-year period ended December 31, 2022, we did not register any interruption in the supply of natural gas in the Cerri Complex.

Additionally, in view of the scarcity of natural gas supply, the national government has resorted to importing liquefied natural gas (“LGN”) (which is regasified in the ports located in the cities of Escobar and Bahía Blanca, in the province of Buenos Aires) and natural gas from Bolivia. The recent war between Ukraine and Russia resulted in a significant increase in natural gas prices. In view of the country’s fiscal situation, it is not possible to guarantee that Argentina will be able to acquire all the natural gas and LGNs necessary to meet demand. Likewise, this situation caused difficulties in the negotiations between Argentina and Bolivia to extend the agreement to import natural gas from Bolivia. More recently, Argentina and Bolivia agreed the extension of the agreement but reducing the quantity of natural gas offered by Bolivia.

In the event that Argentina is unable to meet the demand, it is highly likely that there will be scheduled natural gas outages during the winter to certain non-priority users (among them the Cerri Complex).

In addition, regarding natural gas producers, the Government has recently introduced measures to moderate the impact of fuel prices in the economy. The prices that natural gas producers are able to obtain for oil and natural gas affect the viability of investments in new exploration, development and refining and, as a result, the timing and amount of our projected capital expenditures for such purposes. Any diversion of the supply of natural gas from the Cerri Complex may require us to purchase natural gas from third parties to supply our Liquids business, which may result in increased costs. If we are unable to purchase natural gas from other sources, the volume of our Liquids productions may decrease.

After the first award of volumes and prices carried out on December 3, 2020, under the framework of Gas.Ar Plan, an increase in the natural gas price at the Point of Entry to the Transportation System (the **“PIST”** after its acronym in Spanish) for thermal generation and for natural gas distributors was verified, which is highly likely to affect industrial users, which will ultimately impact the costs of natural gas consumed in the Cerri Complex, thus affecting our operating margins. However, such plan would allow the drop in production levels that has been recorded in recent periods to be reversed in order to sustain our gas processing business at the Cerri Complex.

It is uncertain whether in the future measures taken by the Government or other measures that could adversely affect our business, results of operations and ability to meet our financial obligations will be implemented. It is also uncertain the impact of the Solidarity Law, regulations to be issued under its framework or whether our regulatory obligations may be increased, which could result in higher taxes, amendments to the tariff structure, or any other obligations that could increase our costs and adversely affect our financial situation.

***Fluctuations in market prices and the enactment of new taxes or regulations limiting the sales price of LPG and natural gasoline may affect our Liquids business.***

We extract LPG and natural gasoline from natural gas delivered to the Cerri Complex and sell LPG and natural gasoline. As a result of the deterioration of our Natural Gas Transportation segment, operations relating to our Liquids production and commercialization have represented more than 50% of our total revenues between 2004 and 2017 and during fiscal years 2021 and 2022.

Over the last few years, the price of Liquids has experienced high levels of volatility. Factors affecting prices include weak demand levels from emerging markets, significant variations in production and storage levels, and climate and geopolitical issues such as the Russia-Ukraine and Middle East conflicts, the ability of the OPEC and other crude oil producing nations to set and maintain crude oil production levels and prices; macroeconomic conditions, including inflation and increase in interest rates. It is expected that volatility and fluctuations maintained in the future.

We cannot predict how these factors will influence LPG and natural gasoline prices and we have no control over them. Price volatility curtails the ability of industry participants to adopt long-term investment decisions given that returns on investments become unpredictable. A substantial or extended downturn in the international prices of Liquids could have a material adverse effect on our business, operating results, and financial condition, as well as the market value of our shares or ADSS.

In the past, the Argentine government has imposed duties on exports, including exports of natural gasoline and LPG products that we export. Currently, in accordance with the Solidarity Law and Decree 488/2020 export duties on the Liquids products that we exported are 8%. For further information, see “*Item 4. Our Information–B. Business Overview–Liquids Production and Commercialization.*”

In addition, after the issuance of Resolutions Nos. 1,982/11 and 1,991/11 (the “**Gas Charge Resolutions**”), the natural gas processing charge created by Decree No. 2,067/08 (the “**Natural Gas Processing Charge**”) increased from Ps.0.049 to Ps.0.405 per cubic meter of natural gas effective from December 1, 2011, representing a significant increase in our variable costs of natural gas processing.

In order to avoid an adverse effect on our Liquids business, we initiated legal proceedings against Decree No. 2,067/08 and the Gas Charge Resolutions, including the Government, ENARGAS and the former *Ministerio de Producción y de Planificación Federal, Inversión Pública y Servicios* (the “**MPFIPyS**”) as defendants.

On March 28, 2016, the former Ministry of Energy issued Resolution No. 28 (“**Resolution 28**”), which instructs ENARGAS to take all the necessary measures to reduce to zero the Natural Gas Processing Charge starting April 1, 2016. Since that date, we have not been required to pay for the Natural Gas Processing Charge. However, Resolution 28 did not invalidate the Natural Gas Processing Charge or Gas Charge Resolutions for the period in which they were in force, for which reason the judicial action is still ongoing. On March 26, 2019, we were served notice of the first instance judgment rendered in the proceedings, which upholds the legal action filed by us and declares the unconstitutionality of Executive Decree No. 2,067/08, MPFIPyS Resolution No. 1451/08 and the Gas Charge Resolutions, and Section 53 and 54 of Act No. 26,784 (General budget of the National Public Administration for the fiscal year 2013), as well as of any other act aimed at enforcing Executive Decree No. 2,067/08, and therefore declares invalid said regulations. On March 29, 2019, the Secretary of Energy appealed the judgment, which appeal was granted on April 3, 2019. On December 1, 2020, the judge resolved to extend the injunction (*medida cautelar*) for six months, or until the award becomes final. On May 14, 2021, we were notified that such judgment (i) was revoked, and (ii) costs were imposed for both instances in the order caused. For additional information, see “*Item 8. Financial Information–A. Consolidated Statements and Other Financial Information–Legal and Regulatory Proceedings–Tax Claims.*”

Any new regulations regarding the cost and availability of the natural gas used in the production of Liquids and the effect of the continuing decline or volatility in international prices of LPG or natural gasoline could cause our operating margins to drop significantly and materially adversely affect our business, results of operations, financial condition, the value of our securities, and our ability to meet our financial obligations. In addition, the Government could modify the current taxes and export/import regulations in a manner that could adversely affect our financial condition and results of operations.



***Our business, financial condition and results of operations have been, and may continue to be, adversely affected by the ongoing COVID pandemic and the emergence of a pandemic-level disease or threat to public health.***

Outbreaks of contagious diseases and other adverse public health developments affecting us and/or the third parties on which we rely, could have a material and adverse effect on our business, financial condition and results of operations.

The COVID pandemic has introduced uncertainty in a number of areas of our business, including our operational, commercial and financial activities. The COVID pandemic has impacted, and is continuing to impact, many aspects of society, including the operation of healthcare systems, global travel, supply and labor markets and other business and economic activity worldwide. Argentina and countries around the world have, at times during the pandemic, issued and implemented quarantines, vaccine and masking mandates, executive orders and other similar government orders, restrictions and recommendations for their residents to help control the spread of COVID. Such orders, mandates, restrictions and/or recommendations have, at times during the pandemic, resulted in widespread interruptions and closures of businesses, including healthcare systems that serve people living with addiction and serious mental illness, work stoppages, slowdowns and/or delays, remote work policies and travel restrictions, among other effects.

COVID has also impacted negatively, and may continue to impact negatively, global economic activity, demand for energy including NGL and funds flows and sentiment in the global financial markets.

The outbreak of the coronavirus has caused significant social and market disruption. Any prolonged restrictive measures put in place in order to control an outbreak of a contagious disease or other adverse public health development such as the ongoing COVID outbreak, may have a material and adverse effect on our business operations, financial condition or operational results. Our activity has been declared essential during the COVID pandemic; therefore, we adopted all necessary measures to ensure the continuity of our operations such as reverting isolated cells for essential operation workers during the peaks of the COVID and carried out frequent antigen tests for rapid detection of positive cases, among other measures.

The long-term effects to the global economy and the Company of the COVID pandemic are difficult to assess or predict and may include a further decline in the market prices of our Shares and ADSs, risks to employee health and safety, risks for the deployment and logistic of our services and reduced sales mainly in the Liquids business segment. Our share price has recently declined significantly, due in part to the impact of the COVID.

The COVID pandemic has caused, and may continue to cause, varying degrees of disruption to our employees, our communities and our business operations. While we have continued to operate our facilities and to performed essential works in our facilities without interruption throughout the pandemic, any prolonged labor or supply chain shortages at our facilities could impact our ability to receive revenue in a timely matter.

The COVID pandemic has also impacted, and may continue to impact, the regulatory agencies with which we interact. For example, travel restrictions, social distancing, quarantine protocols and other protective measures may impact the timelines and way the ENARGAS, the Secretary of Energy and other regulatory agencies conduct regulatory activities, which may, in turn, negatively impact expected timelines for regulatory measures and approvals, which could have an adverse effect on our business and the market price for our ordinary shares.

We cannot assure the duration and consequences of COVID or any other disruptions that may arise in government intervention or other measures, or the possibility of other economic effects on the stock market, foreign exchange rates and otherwise. Any such negative impact could result in a material adverse effect on our business, liquidity, financial conditions, results of operations and trading price of our common shares and ADSs.

***Our ethane sales depend on the capacity of PBB, as the sole purchaser of our ethane production.***

Between 2005 and 2015, we sold all our ethane to PBB under a long-term agreement that expired on December 31, 2015, which was subsequently renewed on an annual basis until May 1, 2018, and then on a monthly basis until September 6, 2018, the date on which we entered into a new agreement with PBB. The agreement is retroactive as of May 1, 2018 and will expire on December 27, 2027.

Pursuant to this agreement, the ethane price is calculated in U.S. dollars and is subject to adjustments, the natural gas price, the quality of the ethane shipped by us and transportation tariffs and charges, among others. This agreement also includes take or pay (“**TOP**”) and deliver or pay (“**DOP**”) commitments for minimum annual quantities. Under these terms, if one party does not comply with the applicable TOP or DOP condition, that party will be required to compensate the other party.

In the past, PBB suffered several adverse operational conditions that affected its capacity to purchase our ethane production. We cannot assure you that these adverse conditions affecting PBB will not recur in the future or that PBB will be able to satisfy its obligations under the new purchase agreement. Likewise, if we are not able to renegotiate such agreement at maturity on terms similar to those in effect, our financial condition and results of operations could be adversely affected.

***The affirmative and restrictive covenants in outstanding indebtedness could adversely restrict our financial and operating flexibility and subject us to other risks.***

The terms of our outstanding indebtedness provide for numerous affirmative and restrictive covenants that limit our ability to, among other things:

- incur or permit to exist certain liens;
- incur additional indebtedness;
- pay dividends or make other restricted payments;
- make capital investments and other investments;
- enter into sale and lease-back transactions;
- enter into transactions with affiliates;
- sell, transfer or otherwise dispose of assets; and
- consolidate, amalgamate, merge or sell all or substantially all of our assets.

These restrictions may limit our ability to operate our businesses and may prohibit or limit our ability to enhance our operations or take advantage of potential business opportunities as they arise. The breach of any of these covenants by us or the failure by us to meet any of these conditions could result in a default under any or all of such indebtedness. Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions and the renegotiation of the public works and licenses process. In addition, if we are unable to generate sufficient cash flow from operations, we may be required to refinance outstanding debt or to obtain additional financing. We cannot assure you that a refinancing would be possible or that any additional financing would be available or obtained on acceptable terms.

***Our insurance policies may not fully cover damage or we may not be able to obtain insurance against certain risks.***

We maintain insurance policies intended to mitigate our losses due to customary risks. These policies cover our assets against loss for physical damage and loss of revenue, and also third-party liability. However, we cannot assure you that the scope of damages suffered in the event of a natural disaster or catastrophic event would not exceed the policy limits of our insurance coverage. We maintain all-risk physical damage coverage for losses resulting from, but not limited to, earthquakes, fire, explosions, floods, windstorms, strikes, riots, mechanical breakdowns and business interruption. Our level of insurance may not be sufficient to fully cover all losses that may arise in the course of our business or insurance covering our various risks may not continue to be available in the future. In addition, we may not be able to obtain insurance on comparable terms in the future. We may be materially and adversely affected if we incur losses that are not fully covered by our insurance policies or if we are required to disburse significant amounts from our own funds to cover such losses.

***Changes in the interpretation by the courts of labor laws that tend to favor employees could adversely affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations.***

In addition to our employees, we rely on several third-party service providers to outsource certain services. We follow very strict policies to control the compliance by such third-party service providers with their labor and social security obligations. However, due to changes in the interpretation by the courts of labor laws that tend to favor employees in Argentina, companies' labor and social security obligations toward their own employees and employees of third-party service providers have significantly increased. As a result of the foregoing, potential severance payment liabilities have significantly increased, and in the event any third-party service provider fails to duly comply with its labor and social security obligations towards its employees, we may be faced with litigation by employees of such third-party service provider to hold us liable for the payment of any labor and social security obligations defaulted on by any such third-party service provider. Therefore, our labor costs may increase as our indemnification responsibilities and costs expand, adversely affecting the results of our operations.

***We may be exposed to risks related to litigation and administrative proceedings that could materially and adversely affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations in the event of an unfavorable ruling.***

We are part of administrative proceedings and judicial claims, some of which have been pending resolution for several years. Our business may expose us to litigation relating to labor, environmental, health and safety matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes and criminal prosecution, among other matters. In the context of these proceedings, we may be required to pay fines or money damages and we also may be subject to complementary sanctions or injunctions affecting our ability to continue our operations. While we may contest these matters vigorously and make insurance claims when appropriate, litigation and other proceedings are inherently costly and unpredictable, making it difficult to estimate accurately the outcome of actual or potential litigation or proceedings. Although we may establish provisions, as we deem necessary, the amounts that we reserve could vary significantly from any amounts we pay due to the inherent uncertainties in the estimation process.

For additional information on the material proceedings in which we are involved, see “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal and Regulatory Proceedings.”

***Our operations are subject to environmental, occupational health and safety regulations.***

We operate an extensive network of natural gas pipelines, including numerous compressor plants, the Cerri Complex and the logistic and storage facilities of Puerto Galván. All these facilities are located throughout the territory of Argentina and are subject to federal and provincial laws, as well as to the supervision of governmental agencies and regulatory authorities in charge of enforcing environmental laws and policies. We operate in compliance with applicable laws and in accordance with directives issued by ENARGAS. For this reason, it is possible that we could be subject to controls, which could result in penalties imposed on us.

We utilize a certified safety, occupational health, environment and quality management system in accordance with international standards ISO 14001, ISO 9001 and OHSAS 18001. It includes operational controls that are documented and monitored regularly. However, we cannot assure you that these controls will be effective or that our time of response to incidents will be adequate.

In addition, future regulation may require us to comply with additional safety, occupational health, environmental and quality controls or standards. We cannot assure you that, in the future, additional regulation could be issued requiring us to make new investments in order to comply with such safety, health and environmental laws and regulations.

***Our operations could cause environmental risks and any change in environmental laws could increase our operating costs.***

Some of our operations are subject to environmental risks that could arise unexpectedly and cause material adverse effects on our operational results and financial condition. In addition, the occurrence of any of these risks could lead to personal injury, loss of life, environmental damage, repair and expenses, equipment damage and liability in civil, criminal and administrative proceedings. We cannot assure you that we will not incur additional costs related to environmental issues in the future, which could adversely affect our operational results and financial condition. In addition, we cannot ensure that our insurance coverage is sufficient to cover the losses that could potentially arise from these environmental risks.

Moreover, we are subject to a broad range of environmental legislation, both in Argentina and in other countries where companies we have interests in are located.

Local, provincial and national authorities in Argentina and other countries where companies we have interests in are located may implement new environmental laws and regulations and may require us to incur higher costs to comply with new standards. The imposition of more stringent regulatory and permit requirements in relation to our operations in Argentina could significantly increase the costs of our activity. We cannot predict the effects of the implementation of any new environmental laws and regulations on our financial condition and operational results.

**We may face competition.**

Historically, the construction and operation of natural gas processing plants located in the Province of Neuquén has increased competition in our Liquids sector as our customers could satisfy their product demand with alternative suppliers. In the past, we have been able to mitigate this competition by entering into agreements with natural gas producers that limited their ability to make investments in natural gas processing plants.

Although the construction of gas processing plants upstream of the Cerri Complex requires significant investments, additional gas processing facilities may be constructed could result in lower volumes or inferior natural gas quality of the natural gas arriving at the Cerri Complex in the future. Therefore, there is a risk that additional gas processing at the MEGA plant could result in lower volumes or lesser quality gas arriving at the Cerri Complex in the future, or that other projects that may be developed upstream of the Cerri Complex could adversely affect our revenues from Liquids production and commercialization services. In order to guarantee access to natural gas to be processed in the Cerri Complex we have obtained the commitment of natural gas producers to not build natural gas processing plants upstream of the Cerri Complex during the term of such long-term agreements.

Regarding our Other Services business segment, we operate in a market with strong participants, many of which may have extensive and diversified know-how or operating experience and financial resources like or significantly greater than ours. While it is still unclear the future measures to be taken by the Government regarding its energetic policy, the development of the natural gas industry in Argentina is essential for the country's economic growth. All future business that our competitors or we can develop will depend on the production of natural gas. The Government (or any other entity on its behalf) might not issue the necessary regulations to encourage natural gas producers to develop new projects involving natural gas output.

Our competitors may be able to invest more for productive natural gas properties than our financial or personnel resources permit. Our competitors may also be able to offer better compensation packages to attract and retain qualified personnel than we are able to offer.

As a result of the above, an increased number of competitors could reduce the quality of the natural gas available for its processing, our ability to attract and retain quality personnel or raising additional capital. In addition, an increase in competition could affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations. This would adversely affect our business, results of operations and financial condition.

Additionally, our principal competitor in the gas transportation business is Transportadora de Gas del Norte S.A. (“TGN”). We compete with TGN on a day-to-day basis for natural gas interruptible transportation services and from time to time for new natural gas firm transportation services made available as a result of expansion projects to the natural gas distribution companies to which both we and TGN are either directly or indirectly connected (Camuzzi Gas Pampeana S.A., Metrogas S.A. and Naturgy Argentina S.A.). We compete directly with TGN for the transportation of natural gas from the Neuquina basin to the greater Buenos Aires area. In addition, in the future other participants may successfully penetrate our market and connect with our main customers which could affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations.

Currently the development of Vaca Muerta depends on the availability of transport infrastructure. In particular, most of natural gas production from the Neuquina basin is transported through Neuba I and Central Oeste pipelines these pipelines are currently working close to full capacity. If Vaca Muerta production grows at a greater pace than its capacity expands, a potential lack of transportation capacity may limit our the development of new businesses and increase competition affecting our financial condition and results of operations.

On February 7, 2022, the Secretary of Energy issued Resolution No. 67/2022 whereby the Natural Gas Pipeline System Program was created and the construction of the President Néstor Kirchner Natural Gas Pipeline (the “**NK Pipeline**”) was declared of public interest. Also, by means of Decree No. 76/2022 of February 11, 2022, the concession of such natural gas pipeline was granted to IEASA for a term of 35 years.

In a first stage, the construction of the NK Pipeline will connect the town of Tratayén in the Province of Neuquén with the town of Salliqueló in the Province of Buenos Aires, where it will be connected to the natural gas pipeline system operated by us. The second stage will consist of the construction of the gas pipeline section to San Jerónimo in the south of the Province of Santa Fé. The first stage of this pipeline will length 356 miles, while the total length it is plan in 648 miles.

The construction of a new pipeline by a third party could affect our results of operations as the interruptible natural gas transport volumes and the availability of natural gas that arrives at the Cerri Complex for processing could be diminished.

***Downgrades in our credit ratings could have negative effects on our funding costs and business operations.***

Credit ratings are assigned to the Company and its subsidiaries. The credit ratings are based on information furnished by us or obtained by the credit rating agencies from independent sources and are also influenced by the credit ratings of Argentine Government bonds and general views regarding the Argentine financial system as a whole. The credit ratings are subject to revision, suspension or withdrawal by the credit rating agencies at any time. A downgrade, suspension or withdrawal in our credit ratings could result in, among others, the following: (i) increased funding costs and other difficulties in raising funds; (ii) the need to provide additional collateral in connection with financial market transactions; and (iii) the termination or cancellation of existing agreements. As a result, our business, financial condition and operational results could be materially and adversely affected.

***Our business has become dependent on digital technologies to conduct day-to-day operations and we may be subject to cyberattacks or other risks related to new technologies.***

We depend on a variety of internet-based data processing, communication, and information exchange platforms and networks. Although we have extended our security policy to cover industrial systems, reinforcing our defenses in case of denial of service and increasing the monitoring of suspicious activities, our technologies, systems and networks and those of our business associates may be exposed to cyberattacks and other cybersecurity incidents in the normal course of business, which could lead to disruptions in critical systems (such as our electronic flow measurement system and distributed control systems), the unauthorized release of confidential or protected information, corruption of data or other disruptions of our business operations.

Information security risks have generally increased in recent years as a result of the proliferation of new technologies and the increased sophistication and activities of cyber-attacks. More recently we extended remote work environments which may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts.

Our information technology infrastructure is critical to the efficient operation of our business and is essential to our ability to perform day-to-day operations. Breaches in our information technology infrastructure or physical facilities, or unauthorized access or other loss of information or other disruptions, could result in damage to our assets, safety incidents, legal claims, potential liability or the loss of contracts, damage our reputation, and could have a material adverse effect on our operations, financial position and results of operations.

***Our natural gas transportation systems and processing facilities are subject to the risk of mechanical or electrical failures and any resulting unavailability may affect our ability to fulfill our contractual and other commitments and thus adversely affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations.***

Our natural gas transportation systems and processing facilities are at risk of mechanical or electrical failures and may experience periods of unavailability affecting our ability to comply with our contracts with customers. Any unplanned unavailability of our natural gas transportation systems and processing facilities may adversely affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations, as we may be subject to fines or penalties under our contracts with customers.

***Our business is subject to risks arising from natural disasters, catastrophic accidents and terrorist attacks.***

Our facilities or the third-party infrastructure that we rely on may be damaged by flooding, fires and other catastrophic disasters arising from natural or accidental or intentional human causes. We could experience severe business disruptions, significant decreases in revenues based on lower demand as a result of catastrophic events, or significant additional costs to us not otherwise covered by business interruption insurance clauses. There may be a significant time lag between a major accident, catastrophic event or terrorist attack and our definitive recovery from our insurance policies, which typically carry nonrecoverable deductible amounts, and in any event are subject to caps per event. In addition, any of these events could adversely affect the demand of natural gas by some of our customers and of consumers generally in the affected market. Some of these considerations, among others, could materially and adversely affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations.

***We are subject to anti-trust, sanctions, anti-bribery and anti-money laundering laws. Failure to comply with these laws could result in penalties, which could harm our reputation and have an adverse effect on our business.***

We are subject to anti-trust, sanctions, anti-bribery and anti-money laundering laws. Although we maintain policies and processes intended to comply with these laws, including a review of our internal control over financial reporting, we cannot ensure that these compliance policies and processes will prevent intentional, reckless or negligent acts committed by our officers or employees. If our officers or employees fail to comply with any applicable anti-trust, anti-corruption, anti-bribery or anti-money laundering laws, they may be subject to criminal, administrative or civil penalties and other remedial measures, which could have material adverse effects on our business, financial condition, results of operations and prospects.

On March 1st, 2018, Law No. 27401 entered into force (the “Law 27401”). This Law modifies the Argentine Criminal Code (“ACC”) and imposes criminal liability to private legal persons, whose corporate capital is either national or foreign, with or without state ownership. The Law 27401 imposes criminal liability to legal persons for the following crimes: (i) Local or international bribery and influence peddling (section 258 and 258bis of the ACC); (ii) Negotiations incompatible with public office (section 265 of the ACC); (iii) Extortion by public officers (section 268 of the ACC); (iv) Unjust enrichment by public officers and employees (section 268 (1) and (2) of the ACC); (v) Falsification of balance sheets and reports (section 300 bis of the ACC). Legal persons are liable for the abovementioned crimes when, either direct or indirectly, the entity intervened in the commission of the crime or when someone acted in his name, interest or benefit for said purpose; even when this individual had no powers to do so, provided that the legal person ratified the act. The legal person will not be criminally liable when the entity reported a crime set forth by the Law 27401 as a consequence of the entity’s internal detection and investigation; the corporate implementation of a proper system of control and supervision in accordance with the Law 27401 and prior to the facts under investigation; and after returning the benefit obtained. In relation to this, the Law 27401 highlights the importance of “Integrity Programs” or “Internal Rules of Compliance” adopted by the legal person before the commission of the crime, and hence it is important to implement this type of rules into the legal person.

In the framework of Law 27401 on Criminal Responsibility of Legal Entities, we have implemented an Integrity Program. It should be noted that prior to the enactment of Law 27401, we already had a Code of Conduct and a Whistleblowing Hotline. It is also important to note that, as we are a publicly traded company, we are subject to the provisions issued by the CNV, as well as the provisions of the General Companies Law and other regulations issued by the competent authorities in the matter. (see “Item 16B. Code of Ethics”).

In addition, we are subject to economic sanctions regulations that restrict our dealings with certain sanctioned countries, individuals and entities. In the ordinary course of business, we deal with different suppliers, contractors, vendors and counterparties that may become subject to sanctions. It is possible that existing sanctions regimes may be widened or that new sanctions may be imposed on our counterparties, by the United States, the European Union, the United Kingdom or other jurisdictions. Although we take steps to comply with applicable laws and regulations, should these suppliers, contractors or vendors become sanctioned or the sanctions regime with respect to these entities be widened and we no longer can rely on such suppliers, contractors or vendors, or should we fail to successfully comply with applicable sanctions, we may face negative legal and business consequences.

There can be no assurance that our internal policies and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by our affiliates, employees, directors, officers, partners, agents and service providers or that any such persons will not take actions in violation of our policies and procedures. Any violations by us of anti-bribery and anti-corruption laws or sanctions regulations could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

***Our ability to operate our business may suffer if we are unable to retain our employees or attract other skilled employees or contractors.***

Our current and future performance and the operation of our business are dependent upon the contributions of our senior management and our skilled team of engineers and other employees. We depend on our ability to attract, train, motivate and retain key management and specialized personnel with the necessary skills and experience.

Further, COVID poses a threat to the well-being and morale of our employees. In response to the COVID pandemic, we formally established a COVID team focused on developing and implementing several safety measures to help our employees manage their work and personal responsibilities, with a strong focus on employee well-being, health and safety. The COVID team established an information campaign to provide employees an understanding of the virus and safety measures, as well as timely updates from governmental regulations.



There is no guarantee that we will be successful in retaining and attracting key personnel and the replacement of any key personnel could be difficult and time-consuming. The loss of the experience and services of key personnel or the inability to recruit suitable replacements and additional staff could have a material adverse effect on our business, financial condition and results of operations.

***Climate change could impact our operating results, access to capital and strategy.***

There is an increased attention on greenhouse gas (“GHG”) emissions and climate change from different sectors of society. Argentina agreed the consensus reached in 2015 United Nations Climate Change Conference adopted by consensus the Paris Agreement. The Paris agreement sets a goal to GHG emission reduction and defined targets to limit global temperature increases. International treaties together with increased public awareness related to climate change may result in increased regulation to reduce or mitigate GHG emissions. In addition, if we are unable to follow the pace in which society is moving toward energy transition would adversely impact demand for our services, affecting our results of operations and financial condition.

In addition, environmental laws that may be implemented in the future could increase litigation risks and have a material adverse effect on us. For example, in 2019, the Argentine Congress enacted Law No. 27,520 on Minimal Standards on Global Climate Change Adaptation and Mitigation, which focused on implementing policies, strategies, actions, programs and projects that can prevent, mitigate or minimize the damages or impacts associated with climate change.

Compliance with national and local legal and regulatory changes relating to climate change may in the future increase our costs to operate and maintain our facilities, capital expenditures to install new emission and manage any GHG emissions program may increase our operational expenses. In addition, the effects upon natural gas industry relating to climate change and the resulting regulations and regimes promoting alternative energy resources may also lead to declining demand for natural gas, or Liquids in the long-term.

The physical effects of climate change such as, but not limited to, increases in temperature and sea levels and fluctuations in water levels could also adversely affect our operations and supply chains.

Stakeholder groups are also putting pressure on commercial and investment banks to stop financing fossil fuel companies. According to press reports, some financial institutions have started to limit their exposure to fossil fuel projects. Accordingly, our ability to use financing for these types of future projects may be adversely affected. These factors could have a negative impact on the demand for our products and services and may jeopardize or even impair the implementation and operation of our business, adversely impacting our operating and financial results and limiting our growth opportunities.

***Our activities are subject to social and reputational risks, including the potential for protests by members of the local communities.***

Although we are committed to maintain good relationships with local communities and to operate our business in a socially responsible manner, we may face opposition from local communities. For example, several of our operations are carried out in the province of Neuquén, Argentina. Local communities, including indigenous communities, often demonstrate in various forms of protest. Such as blocking roads or blocking access, which could indirectly lead to negative impact on commercial activities. Although we consider our relationship with local communities, including indigenous communities to be good, we cannot assure you that any blockade or demands will not impact our operations. These actions could have an adverse effect on our reputation, financial condition and results of operations. Additionally, if any operational incident occurs that affects those communities we will need to incur in additional costs and expenses in order to restore affected areas and compensate for any damages we may cause. These additional costs may have a negative impact on the profitability of the projects we may decide to undertake.

**The failure of any bank in which we deposit our funds could have an adverse effect on our financial condition.**

We currently have cash and cash equivalents deposited and fixed term deposits in several financial institutions significantly in excess of insured levels, including, at times, a significant proportion of our cash balance. For example, with regards to our accounts in the United States, while the U.S. Federal Deposit Insurance Corporation provides deposit insurance of US\$250,000 per depositor, per insured bank, the amounts that we have in deposits in U.S. banks far exceed that insurance amount. Therefore, if the U.S. government does not impose measures to protect depositors in the event a bank in which our funds are held fails, we may lose all or a substantial portion of our deposits. We also maintain cash deposits in banks in Argentina and in other countries, some of which are not insured or partially insured by other similar agencies. If any of the financial institutions in which we have deposited funds ultimately fails, we may lose our uninsured deposits at such financial institutions, and/or we may be required to move our accounts to another financial institution, which could cause operational difficulties, such as delays in making payments to our partners and employees, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

**Risks Relating to Argentina**

We are a stock corporation with limited liability (*sociedad anónima*) incorporated and organized under the laws of Argentina. Our financial condition and results of operations depend to a significant extent on economic, regulatory and political conditions prevailing in Argentina, the exchange rate between the peso and the U.S. dollar and the reference international prices of Liquids because a significant portion of our revenues (65% of our total consolidated revenues from sales for the year ended December 31, 2022), most of our capital expenditures, almost all of our debt obligations and the cost of natural gas used in our Liquids business are denominated in U.S. dollars, but substantially all of our assets are located in Argentina, and our functional currency is the peso.

**Argentina’s public debt may not be sustainable in the near future.**

After the primary elections results of August 2019, the international markets casted doubt on Argentina’s debt sustainability. In view of this, the country risk indicator raised to 2,200 basis points, topping-off a depreciation of bond prices. Also, on August 29, 2019 by Decree No. 596/2019 the Government announced a debt profiling consisting of (i) an extension on the payment term for short-term local bonds, only for institutional investors that will receive the full payment over terms of three and six months (15% on the original maturity date, 25% and 60% at 3rd and 6th month of the original maturity date, respectively), but not for natural persons who acquired the bonds before July 31, 2019, who will receive full payment on the maturity date; (ii) a proposal to the Argentine Congress of a bill to extend maturity dates of other local bonds, without reduction on the capital or interest; (iii) a proposal to extend the maturity dates of foreign bonds; and (iv) after achieving fiscal goals, the start of talks with the International Monetary Fund (the “IMF”) in order to reprofile the deadlines to reduce the default risk in 2020 and 2023.

As a result of the foregoing, Argentina's credit rating was downgraded in August 2019 and further downgraded in December 2019 to near-default status by both Fitch and S&P after the Government publicly stated that it would delay payments on its short-term dollar-denominated local debt.

Fitch cut Argentina's long-term issuer rating two notches to "restricted default" from CC, after the Government announced by decree that it would extend payments on US\$9.1 billion in dollar-denominated Treasury bills until August 31, 2020. According to Fitch's criteria, Argentina has defaulted on its sovereign obligations, and this development constitutes a "distressed debt exchange". S&P also downgraded Argentina's credit rating to "selective default" from CCC-, while Moody's foreign issuer rating for Argentina is Caa2.

On June 20, 2018, the IMF's Executive Board approved the largest stand-by arrangement in the Fund's history, in support of Argentina's 2018-21 economic program. After an augmentation in October 2018, access under the arrangement amounted to US\$57 billion (1,227% of Argentina's IMF quota). The program considered only four of the planned twelve reviews, and did not fulfill the objectives of restoring confidence in fiscal and external viability while fostering economic growth. The arrangement was canceled on July 24, 2020.

The economic plan presented by the former administration to access such IMF program sought to strengthen the country's economy by restoring market confidence through a coherent macroeconomic program that would reduce financing needs, place Argentina's public debt on a firm downward trajectory and strengthen the plan of inflation reduction through more realistic inflation targets and the strengthening of the BCRA's independence. The main parts of the economic plan were: (i) the restoration of market confidence, (ii) protection of the most vulnerable segments of society by adjusting the national budget for social protection, (iii) strengthening the credibility of the BCRA inflation targeting framework, and (iv) a progressive reduction of the impossibility of payment.

The government's decision to extend payments on its short-term notes constitutes the second such delay of payments in five months. In February 2020, the IMF has also publicly stated its concerns about the sustainability of Argentina's public debt and suggested that a definitive debt operation-yielding a meaningful contribution from private creditors-is required to help restore debt sustainability with high probability. As of the date of this Annual Report, Argentina's public debt load stands at US\$323 billion, including loans from the IMF. Outstanding debt with private bondholders is approximately US\$121 billion.

On April 21, 2020, the Argentine government launched an exchange offer with the aim to refinance its external debt in a way that does not compromise development and Argentina's growth potential in the coming years. On August 17, 2020, the Argentine government presented its amended bond restructuring offer to the SEC. In August 31, 2020, the Argentine government announced the results of its restructuring bond offer, announcing that the holders owned 93.5% of the principal of the outstanding bonds and that such participation percentage was subsequently increased to 99% by virtue of the application of the collective action clauses of the restructured bonds. After the consummation of its restructuring bond offer, in September 2020, Moody's and S&P raised Argentina's credit rating to CCC, Ca and CCC+, respectively.

On August 8, 2020, Law No. 27,556 on restructuring debt instrumented in public securities denominated in Dollars and issued under Argentine law through a swap operation (*Ley N° 27.556 sobre la reestructuración de la deuda pública instrumentada en títulos públicos denominados en Dólares Estadounidenses y emitidos bajo ley argentina mediante una operación de canje*). On August 18, 2020 and through Resolution N° 381/2020, the Ministry of Economy began the period of acceptance for the offer of the restructuring, which procedure was detailed in Law No. 27,556 (such Law was in force until September 15, 2020). The "net present value" paid for the securities exchanged was about Ps.53.5 per Ps.100 of face value, discounted at a 10% exit rate, for securities issued during 2015-2019 and about Ps.59.5 for those previously issued in 2005 and 2010. Subsequently, after the end of the early accession period, on September 4, 2020 the Argentine government communicated that the invitation to exchange securities denominated in foreign currency issued under Argentine law had an acceptance equivalent to 98.80% of the total amount of outstanding capital of all eligible securities.

In addition, the Government has also carried out a debt restructuring which resulted in an exchange premium of 130% and a loss of international reserves of US\$1.3 billion to smooth the depreciation of the official exchange rate. Initially, currency controls were partially relaxed and the market responded positively, the premium of the exchange rate was reduced to 85% and the loss of international reserves was drastically reduced.

In addition, on June 22, 2021, the Minister of Economy requested the members of the Paris Club to postpone for one year the payment of US\$2,400 million maturing on May 30, 2021. Pursuant to the terms of such agreement, the Argentine Government will make a partial payment of US\$430 million in order to avoid the declaration of default, instead of canceling the entirety of the debt. On March 22, 2022 Argentine and the Paris Club agree an extension of this agreement, afterwards, the Argentine Government shall negotiate a complete debt restructuring.

The IMF has held several rounds of meetings with the Government to discuss the recent macroeconomic developments and learn more about the economic plans and policies of the Fernandez Administration. The Argentine authorities are moving to address the difficult economic and social situation facing the country and have implemented a set of policies to address the poverty, while also taking steps to stabilize the economy and secure a sustainable and orderly resolution of Argentina's debt situation.

In March 2022, the IMF's executive board approved a 30-month extended fund facility to extend maturities for approximately US\$44.1 billion disbursed in 2018 and 2019. The loan aims to provide Argentina with balance of payments and budget support backed by measures designed to strengthen debt sustainability, tackle inflation, boost reserves, address the country's social and infrastructure gaps and promote inclusive growth, the fund added. Risks to the program are exceptionally high and spillovers from the war in Ukraine may materialize in the short term. This transaction provides funds that will strengthen reserves and allow Argentina to push out payments owed from the 2018 IMF program that failed to stabilize the economy. As part of transaction, the Government has committed to reducing its primary fiscal deficit, weaning off money printing from the central bank and rebuilding reserves, among several objectives.

Finally, on October 12, 2022, the IMF concluded the second review of the agreement, allowing for an immediate disbursement of approximately US\$ 3.8 billion.

As of the date of this Annual Report, it is not possible to predict the impact that the measures relating to Argentina's debt restructuring nor any future economic plan that the Government may implement will have on the Argentine economy. Furthermore, the long-term impact of these measures and any measures future of the current administration in the Argentine economy remains uncertain.

Likewise, the impact of COVID on the main macroeconomic variables and social indicators led the Government to implement a series of measures in order to stabilize the country. As of the date of issuance of this Annual Report, it is not possible to predict the impact that such measures will have and if they will succeed to stabilize the economy and balance the fiscal balance and the trade, inflation, poverty, unemployment and country risk. Any other measure could be detrimental to the economy and adversely affect our business, results of operations and financial situation.

Moreover, difficulties by Argentina and Argentine issuers in accessing international capital markets continue. Without access to the international financial markets the Government may not have the financial resources to implement reforms and boost growth, which could have a significant adverse effect on the country's economy and, consequently, on our activities. Failure of Argentina to restructure its debt could cause Argentina to default in the payment of its public debt, which could materially and adversely affect our business, financial condition and results of operation, and our ability to meet our financial obligations, as it could have a direct impact on our customers' ability to pay for our products and services, the demand for energy and our ability to access local and international markets to finance our operations and our growth. In addition, we cannot predict the outcome of any future restructuring of Argentine sovereign debt.

***Argentina's fiscal situation could limit the country's access to the capital market and adversely affect the Argentine economy.***

In recent years, Argentina has substantially increased public expenditure. In 2016, government spending increased by 42.8% as compared to 2015, resulting in a primary fiscal deficit of 4.2% of GDP for 2015. In 2017, government spending increased by 25.9% as compared to 2016, resulting in a primary fiscal deficit of 3.8% of GDP for 2017. In 2018, government spending increased by 13.1% as compared to 2017 resulting in a primary fiscal deficit of 2.4% of GDP for 2018, but while the primary fiscal deficit decreased compared to 2017, the financial deficit (interest rates of the international debt with IMF) increased to 2.8%, resulting in a total deficit of 5.2% for the year 2018. In 2019, government spending increased by 36.2% as compared to 2018, resulting in a primary fiscal deficit. In 2020, government spending increased by 52.7% as compared to 2019 resulting in a primary fiscal deficit. In 2021, government spending increased by 77% as compared to 2020.

In addition, because of the economic impact of COVID and the national quarantine, in order to stimulate the economy and meet the needs of the neediest sectors of the population, the Argentine government has considerably increased public spending. In this sense, the Argentine government adopted various measures to finance such public spending, including, among other things, others, the use of the resources of the BCRA and ANSES, and has used the issuance of money as fundraising tool. The primary fiscal deficit for 2021 turned out to be 3% in GDP terms.

Argentina's primary fiscal deficit reached 2.4% of GDP in 2022. Thus, the government reached the target set forth in the agreement with the IMF and reduced the imbalance in the public accounts in 2021.

The increase in public spending occurs due, for example, to the benefits of the security social, financial aid to provinces with financial problems and increased spending on public works and subsidies, including subsidies to the energy and transport sectors.

Further deterioration of fiscal accounts could negatively affect government capacity to access long-term financial markets.

In relation to the agreement signed with the IMF in 2018, the Macri government committed to address fiscal solvency and therefore took steps to curb the fiscal deficit through the reduction of gas and transportation subsidies and other expenses. Similar measures to reduce Argentina's fiscal deficit were agreed in the most recent IMF agreement. In the past, these policies have caused a rise in prices and thus have had a negative impact on the power purchasing power of consumers. After taking office in 2019, the current government, within the framework of the Solidarity Law, serving the most vulnerable sectors, have taken a series of measures that have slowed the reduction of public spending.

The application of new measures in the future could also have negative effects. In addition, the federal government’s primary fiscal balance could be adversely affected if public spending increases faster than income in the future. On the other hand, weaker fiscal results than expected in Argentina could have a material adverse effect on the economy of this country.

The Government’s ability to access the long-term financial markets to finance such deficit is limited given the high levels of public sector indebtedness. The inability to access the capital markets to fund its deficit or the use of other sources of financing may have a negative impact on the economy and could limit the access to such capital markets for Argentine companies, which could adversely affect our business, financial condition and results of operations.

**Certain risks are inherent in any investment in a company operating in an emerging market such as Argentina.**

Argentina is an emerging market economy and investing in emerging markets generally carries risks. According to a statement from MSCI Inc., Argentina was considered an emerging market until June 2021, when it was reclassified as stand-alone market. According to MSCI index countries classified as stand-alone markets are those that are currently partially or fully closed to foreign investors, where stock lending and short selling are activities that are either not developed or completely prohibited, with small capital markets and political tensions.

Risks include political, social and economic instability that may affect Argentina’s economic results, which can stem from many factors. In general, Argentine economic conditions are dependent on a variety of factors, including, but not limited to, the following: (i) domestic production, international demand and prices for Argentina’s principal export commodities, (ii) the competitiveness and efficiency of domestic industries and services, (iii) the stability and competitiveness of the peso against foreign currencies and exchange controls, (iv) high interest and inflation rates, (v) Argentina’s fiscal and trade deficits, (vi) Argentina’s public debt level, (vii) foreign and domestic investment and financing, (viii) governmental policies and the legal and regulatory environment, including import and export contracts and tax provisions, (ix) consumption levels, (x) wage and price controls and (xi) political uncertainty and social unrest.

Government policies and regulation– which at times have been implemented through informal measures and have been subject to radical shifts– that have had a significant impact on the Argentine economy in the past have included, among others: (i) monetary policy, including exchange controls, capital controls, high interest rates and a variety of measures to curb inflation; (ii) restrictions on exports and imports; (iii) price controls; (iv) mandatory wage increases and prohibition of dismissals; (v) taxation; and (vi) government intervention in the private sector.

Any of these factors, as well as volatility in the capital markets, may adversely affect our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.

**Economic volatility in Argentina has adversely affected and may continue to adversely affect our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.**

Our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations depend to a significant degree on macroeconomic, political, regulatory, and social conditions in Argentina. The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high and variable levels of inflation and interest rates and currency devaluation. As a consequence, our business and operations have been, and could in the future be, affected from time to time, to varying degrees, by the high volatility in Argentina, which primarily results from economic and political developments and other material events affecting the Argentine economy, such as: inflation, price controls, fluctuations in foreign currency exchange rates and interest rates; currency devaluation; governmental policies regarding tariffs, spending and investment, and other regulatory initiatives increasing government involvement with economic activity; and international conflicts, social unrest and insecurity concerns.

In 2020, 2019 and 2018, the peso experienced a rapid devaluation against major foreign currencies, particularly against the U.S. dollar. In 2019, immediately after the preliminary presidential elections (*elecciones primarias, abiertas, simultáneas y obligatorias*), the peso suffered a significant devaluation. According to the exchange rate information published by the Banco Nación, the peso depreciated by 22.1% against the U.S. dollar during the year ended December 31, 2021 (compared to 40.5%, 58.9% and 102.2% in the years ended December 31, 2020, 2019, and 2018). During 2022, the peso depreciated 72.5% against the U.S. dollar.

As a result of the peso's increased volatility, in 2019 the Government announced several measures to control and restrict the ability of companies and individuals to exchange pesos for foreign currencies. Those measures include the requirement to obtain prior approval from the BCRA, which could eventually restrict the ability to exchange pesos for other currencies. Moreover, restrictions also apply to the acquisition of any foreign currency for holding as cash within Argentina and to transfer dividends abroad, among others. Additionally, the Government implemented a new tax at a rate of 30% on certain transactions involving the acquisition of foreign currency. For additional information see *"Item 10. Additional Information-D. Exchange Controls."*

The ability of the Government to stabilize the foreign exchange market and restore economic growth is subject to uncertainty. The continued depreciation of the peso could have a material adverse effect on Argentina's economy and, consequently, our business, results of operations and financial condition.

In addition, this rapid devaluation has confronted inflationary pressures, evidenced by significantly higher fuel and food prices, among other indicators. Inflation in Argentina has contributed to a material increase in our operating costs, in particular labor costs, and negatively affected our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations. There can be no assurance that inflation rates will not escalate in the future, and the effects of measures adopted or that may be adopted in the future by the Government to control inflation are uncertain. See *"Government intervention in the Argentine economy could adversely affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations"* and *"High levels of inflation could negatively affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations."*

The Argentine economy remains vulnerable, as reflected by the following economic conditions:

- inflation, which remains high, and may continue to be high in the future;
- volatility in real GDP, which according to the restated information released by INDEC grew by 2.7% in 2015, decreased by 2.1% in 2016, grew by 2.7% in 2017, decreased by 2.5% in 2018, decreased by 2.2%, 9,9% in 2019 and 2020, respectively. In 2021 the GDP increase 10.3% and in 2022 5.2%.
- Argentina's public debt as a percentage of GDP, which remains high, and as of September 30, 2022, represented approximately 79.8% of the GDP;
- the discretionary increase in public expenditures that has resulted (and continues to result) in a fiscal deficit;
- high unemployment and informal employment rates;
- high exchange rate volatility;
- high fiscal and trade deficits;
- an inability to pay public debt and the reperfilation of debt maturities;
- limited access to funding in the local and international capital markets;
- agricultural exports, which fueled the economic recovery, have been affected by drought and lower prices than in prior years;
- fluctuations in international oil prices;
- unavailability of long-term credit to the private sector;
- the effects of a restrictive U.S. monetary policy, which could generate an increase in financial costs for Argentina;
- reduction in the BCRA's foreign currency reserves;
- uncertainty with respect to the imposition of exchange and capital controls;
- the abrupt fall in the value of sovereign bonds and a decline in consumer confidence or foreign direct investment;
- the public health concerns derived from COVID, and its scale and duration discussed below, which remain uncertain, but could impact our earnings, cash flow, liquidity, and financial condition; and
- other political, social and economic events outside of Argentina that adversely affect the current growth of the Argentine economy.

The current administration had to take a series of economic and health measures, given the economic context generated by COVID, not being able to reverse the fall in the GDP registered in the last years. It is not yet clear if these are policies can be sustained and the effects these measures will have on the fiscal position of the country and the economy in general.

A decline in international demand for Argentine products, a lack of stability and competitiveness of the peso against other currencies, a decline in confidence among consumers and foreign and domestic investors, a high rate of inflation and future political uncertainties, among other factors, may affect the development of the Argentine economy which could lead to reduced aggregate demand and adversely affect our business, financial condition and results of operations.

As of the date of this Annual Report, the impact of the policies and measures adopted by the Government on the Argentine economy as a whole cannot be predicted. Also, we cannot predict the full future impact that changes in the application of the tax indexation procedure and related adjustments will have on our financial statements, or the effects on our effective tax rate or on our business, results of operations and financial condition. The factors described above, among other factors, may materially and adversely affect the development of the Argentine economy, which could adversely affect our business, financial condition and results of operations.



***The ongoing political instability in Argentina may adversely affect the Argentine economy.***

Argentina's political and social environment has historically influenced, and continues to influence, the performance of the country's economy. Political and social crises have affected and continue to affect the confidence of investors and the public, which has historically resulted in economic deceleration and heightened volatility in securities with underlying Argentine risk. The recent political instability in Argentina has contributed to a decline in market expectations and forecasts for the Argentine economy. The Market Expectations Survey ("REM") issued by the BCRA still shows high levels of inflation and exchange rate evolution and activity indicators that have not yet managed to achieve economic recovery. This suggests that the weak macroeconomic conditions in Argentina may continue in the upcoming years.

The Argentine economy is also particularly sensitive to local political developments. Presidential elections take place in Argentina every four years and legislative elections every two years, resulting in the partial renewal of both chambers of Congress.

According to the corresponding authorities, the primary elections (*elecciones primarias, abiertas, simultáneas y obligatorias*) for president and legislative elections are scheduled for August 13, 2023 and the general elections is scheduled for October 22, 2023.

The result of presidential, as well as legislative, mid-term and full term elections may lead to changes in government policies that impact upon the Company.

We cannot provide any assurance that future economic, social and political developments in Argentina, over which we have no control, will not impair our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.

***The Solidarity Law and the measures that the new administration has implemented could adversely affect our results of operations and financial condition.***

The Solidarity Law granted the Executive Branch broad legislative powers to ensure the sustainability of the public debt, regulated the tariff restructuring of the energy system through a renegotiation of the RTI and reordered the regulators of the energy system, among others. Likewise, the rates of public utilities for natural gas remain unchanged for a maximum period of 180 days (since December 23, 2019), which period has been extended until the RTI process concludes or the transitional tariff increase is put into effect. See "*Risks Relating to Our Business-Failure or delay in the implementation of tariff increases could have a material adverse effect on our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations. In addition, our inability to obtain tariff adjustments reflecting the increase in operating cost could harm the development of our Natural Gas Transportation business segment*" for additional information of the current RTI.

This law also modified certain tax aspects previously modified by the administration of Mauricio Macri. As a result, the tax rate on personal property has been increased, a new 30% currency purchase tax has been created, and the previous changes in the income tax rates have been reversed, suspending the 25% reduction for the year beginning on January 1, 2020 and providing that the result of the tax inflation adjustment must be paid in six installments, instead of three installments, as previously established.

Additionally, and in order to meet the fiscal deficit, the pension adjustment system has been suspended by the Solidarity Law and finally modified by Law No. 27,609.

It is not possible to foresee the impact of this law or the measures that could be taken by the new administration at the national or provincial level, and the effect that such measures could have on the Argentine economy and on Argentina's ability to meet its financial obligations, which could negatively affect our business, financial condition and results of operations. In addition, we cannot assure you that economic, regulatory, social and political events in Argentina will not affect our business, financial condition or the results of our operations.

**Public health threats could have an adverse effect on the Argentine economy and on our business, financial condition or results of operations.**

On March 11, 2020, the World Health Organization declared COVID a pandemic. In response, countries have adopted extraordinary measures to contain the spread of the virus, including imposing travel restrictions and closing borders, requiring closures of non-essential businesses, instructing residents to practice social distancing, issuing stay-at-home orders, implementing quarantines and similar actions. The ongoing pandemic and these extraordinary government measures are disrupting global economic activity and resulting in significant volatility in global financial markets. According to the IMF, the global economy has recently entered into a recession.

The Government adopted multiple measures in response to the COVID pandemic, including nationwide mandatory lockdowns. The Government has also required from time to time the mandatory shutdown of businesses not considered essential (oil and gas activities are among those considered essential and exempt from lockdown measures). COVID cases have recently risen since the last quarter of 2021 in several regions of the world as a result of the new COVID variants, in particular the Omicron and Delta variants.

In order to mitigate the economic impact of the COVID pandemic and mandatory lockdown and shutdown of non-essential businesses, the Argentine government has adopted social aid, monetary and fiscal measures. We cannot assure you whether these measures will be sufficient to prevent a severe economic downturn in Argentina, particularly if current conditions are prolonged and if Argentina's main trading partners are concurrently facing an economic recession. However, the Government may have more limited resources at this time to support the country's economy; the pandemic has struck at a time when Argentina is simultaneously struggling to emerge from a two-year recession.

These temporary measures included the issuance of stay-at-home orders, closures of non-essential businesses, prohibition of layoffs without cause and suspension of workers, among others. Although these measures may help attenuate the economic impact on the Argentine economy overall, they may have a negative impact on our business and results of operations.

Although a rebound effect on economic activity was foreseeable, after the quasi-closed economy for several consecutive months as a result of the sanitary restrictions imposed due to the Covid pandemic, the improvement in the international prices of the products of Argentina's exportable basket, the approval and massive use of vaccines - especially in the second half of the year - which allowed a greater reduction in health restrictions and the extraordinary inflow of funds as a stimulus measure from the IMF to help countries solve the effects of Covid, generated that the recovery has been greater than expected. anticipated at the beginning of the year. The GDP grew by 10.3% in 2021 and 5.2% in 2022.

Additionally, we face various risks arising from the economic impact of the pandemic and government measures which are difficult to predict accurately at this time, such as:

- The situation generated by COVID could cause a decrease in our revenues (i.e. A reduction in the demand of our Liquids products) or an increase in our operating costs. As a result of financial turmoil in Argentina caused by disruptions in supply chains and public debt restructuring, we may experience difficulties in our ability to pay off our debts and other financial obligations as they become due. We could also face difficulties in accessing debt and capital markets and may be forced to refinance our indebtedness; and

- An extended period of remote work by our employees could deplete our technological resources and result in or exacerbate certain operational risks, including an increased risk of cybersecurity. Remote work environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts to exploit the COVID pandemic.

In addition, governmental authorities may recommend or impose additional measures that could cause further significant disruptions to business activity in general. We have also modified some of our business activities by changing our cleaning procedures, implementing remote work modalities and suspending certain business activities. The impact of the COVID on the financial markets has also negatively affected borrowing costs, hedging activities, liquidity and access to capital in general, which could limit our ability to obtain financing for our operations on a timely basis, on acceptable terms or at all.

In addition, the slowdown in economic activity caused by COVID and other internal factors and ongoing changes in customer habits may result in a decrease in energy demand even after the government measures have been lifted.

We are continuously monitoring the impact of the ongoing COVID pandemic on our Company. The ultimate impact of the pandemic on our business, results of operations and financial condition remains highly uncertain and will depend on future developments outside of our control, including the intensity and duration of the pandemic and the government measures taken in order to contain the virus or mitigate the economic impact. To the extent the COVID pandemic adversely affects our business, it may also have the effect of heightening many of the other risks described in this “D.Risk Factors” section. For additional information regarding the impact of COVID on our results and financial situation, see “Item 5. Operating and Financial Review and Prospects–A. Operating Results.”

**High levels of inflation could negatively affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations.**

Pursuant to Argentine law, the INDEC is the only institution in Argentina entitled to publish official nationwide statistics. In addition, inflation has undermined the Argentine economy and the Government’s ability to stimulate economic growth. In the past, there have been concerns regarding the accuracy of the INDEC statistics. In 2007, the INDEC changed the way it calculated inflation statistics such as CPI and WPI.

In the past, due to the lack of accuracy of the INDEC statistics, the IMF executive board issued a declaration of censure against Argentina in connection with Argentina’s breach of its obligations to provide information to the IMF under the Articles of Agreement and called on Argentina to adopt remedial measures to address the inaccuracy of inflation and GDP data without further delay. The uncertainty relating to the inaccuracy of the economic indexes and rates may lead to a lack of confidence in the Argentine economy and may, in turn, limit our ability to access credit and capital markets, which could adversely affect our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.

High inflation rates affect Argentina's foreign competitiveness and social and economic inequality, negatively impact employment, consumption and the level of economic activity, and undermine confidence in Argentina's banking system, which could further limit the availability of and access by local companies to domestic and international credit. Inflation rates could escalate in the future, and there is uncertainty regarding the effects that the Government's measures to control inflation may have. Increased inflation could adversely affect the Argentine economy, which in turn may have an adverse effect on our business, financial condition and results of operations.

Inflation has, in the past, materially undermined the Argentine economy and the government's ability to foster conditions that would permit stable growth. Currently, Argentina faces inflationary pressures, evidenced by significantly higher fuel, energy and food prices, among other factors. Increases in inflation rates could accelerate in the future, and there is uncertainty regarding the effects that the measures adopted, or that may be adopted in the future, by Argentina to control inflation may have.

The CPI variation for the year ended on December 31, 2022, was 94,8%.

As discussed elsewhere in this Annual Report, given that the Argentine economy has been considered as hyperinflationary, since July 1, 2018, we have applied IAS 29 in our Financial Statements, which requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy, regardless of whether they are based on the historical cost method or the current cost method, be expressed in terms of the current unit of measurement at the reporting date of the reporting period. See *"Presentation of Financial and Other Information-Financial Statements and Basis of Preparation."*

In recent years, the Government has taken certain measures to curb inflation, such as implementing price controls and limiting wage increases. We cannot assure you that inflation rates will not continue to increase in the future or that any measures taken or that may be taken by the Fernández administration to control inflation will be effective or successful. High inflation rates continue to be a challenge for Argentina. Significant increases in inflation rates could have a material adverse effect on Argentina's economy and, in turn, could increase our operating costs, in particular labor costs, and could adversely affect our business, financial condition and results of operations.

Because Natural Gas Transportation business segment sales represented 25% of our total revenues during the year ended December 31, 2022, and are denominated in pesos, any further increase in the rate of inflation not accompanied by a parallel increase in our tariffs would decrease our revenues in real terms and adversely affect our results of operations. Further, as a consequence of the application of IAS 29, maintaining monetary assets generates loss of purchasing power; *provided* that such items are not subject to an adjustment mechanism that compensates to some extent such loss. This loss is booked in the statement of comprehensive income.

***Restrictions on transfers of foreign currency and the repatriation of capital from Argentina may impair our ability to pay dividends or imports and investors may face restrictions on their ability collect capital and interest payments in connection with corporate bonds issued by Argentine companies.***

The Argentine government and the BCRA have implemented certain measures that control and restrict the ability of companies and individuals to access to the foreign exchange market. Those measures include, among others: (i) payment of imports and other purchases of goods abroad, (ii) purchase of foreign currency by residents with specific application, (iii) payment of profits and dividends, (iv) payment of capital and interest on financial indebtedness, among others, the entity shall have the prior consent of the BCRA unless it has an affidavit from the client stating that at the time of access to the exchange market: (i) all of its foreign currency holdings in the country are deposited in accounts in financial institutions and that it does not have liquid external assets available; and (ii) undertakes to liquidate on the exchange market, within five working days of its making available, those funds that it receives abroad arising from the collection of loans granted to third parties, the collection of a term deposit or the sale of any type of asset, where those funds have been acquired after May 28 2020.

As a result of the tightening of exchange controls, the difference between the official exchange rate, which is currently used for commercial and financial transactions, and other secondary exchange rates that implicitly arose as a result of certain transactions commonly carried out in the capital market (“MEP” or “contado con liquidación” dollar) widened considerably, creating a gap of approximately 94% with the official exchange rate as of December 31, 2022. The Government could maintain a single official exchange rate or create multiple exchange rates for different types of transactions, substantially changing the exchange rate at which we purchase foreign currency to repay its foreign currency denominated indebtedness. In addition, the imposition by the government of additional exchange controls and restrictions and/or other measures in response to capital outflows or devaluation of the Peso could weaken public finances. Such a weakening of public finances could have an adverse effect on our results of operations and financial condition.

For additional information see “Item 10. A. Exchange Controls.”

As of the date of this Annual Report, the restrictions outlined above remain in place. Such measures may negatively affect Argentina’s international competitiveness, discouraging foreign investments and lending by foreign investors or increasing foreign capital outflow which could have an adverse effect on economic activity in Argentina, and which in turn could adversely affect our business and results of operations. Any restrictions on transferring funds abroad imposed by the government could undermine our ability to pay dividends on our ADSs in U.S. dollars. Furthermore, these measures may cause delays or impose restrictions on the ability to collect payments of capital and interest on bonds issued by us. The challenge will be to achieve acceptance by creditors, in accordance with the BCRA regulations mentioned above, especially when it has highly diversified and retail creditors.

***Fluctuations in the value of the peso may also adversely affect the Argentine economy, our financial condition and results of operations.***

Since January 2002, the peso has fluctuated significantly in value and generally depreciated against the U.S. dollar, with adverse consequences to our business. A substantial increase in the value of the peso against the U.S. dollar could also present risks for the Argentine economy, since it may lead to a deterioration of the country’s current account balance and the balance of payments. Between 2011 and December 2015, the Government strengthened exchange controls in response to an increase of capital outflows as compared to inflows and to a drop in the commercial surplus. However, these controls were not able to prevent the decrease of the international reserves of the BCRA between 2012 and 2015. In the past, a decrease in the BCRA’s reserves resulted in Argentina being vulnerable to inflation and external shocks, affecting the country’s capacity to overcome the effects of an external crisis.

After several years of moderate fluctuations in the exchange rate, on December 17, 2015, Macri’s administration implemented certain measures, including the lifting of most of the foreign exchange controls. After these measures were taken, the value of the peso could freely fluctuate against the U.S. dollar.

Subsequently, in May 2018, the peso experienced a rapid devaluation against the main foreign currencies, particularly the U.S. dollar. As a result of the greater volatility of the peso, the Government announced several measures to restore market confidence and stabilize the value of the peso. In this regard, on December 31, 2018, the exchange rate of the U.S. dollar increased by 102.1%, from Ps.18.649 to Ps.37.7.

After the primary elections (*elecciones primarias, abiertas, simultáneas y obligatorias*) held in August 2019, the peso experienced again a rapid devaluation against the main foreign currencies, particularly the U.S. dollar. Since then, the Government has imposed several restrictions on the foreign exchange market. An unofficial U.S. dollar trading market has developed in which the peso/U.S. dollar exchange rate is significantly higher than the rate in the foreign exchange market.

As a consequence of the imposition of exchange controls, the spread between the official exchange rate and other secondary exchange rates implicitly resulting from certain common capital market transactions has widened significantly, reaching a value of more than 100% in October 2020.

As of December 31, 2022, the total amount of principal and accrued but unpaid interest under our consolidated U.S. dollar-denominated indebtedness was US\$534 million.

We cannot predict the future exchange rate between peso and the U.S. dollar, or how any fluctuation may affect our operational costs denominated in U.S. dollars.

Further depreciation of the peso against the U.S. dollar would likely result in a material adverse effect on our business because of our exposure to financial debt in U.S. dollars. In addition, future devaluations could result in higher inflation, reduce real wages and adversely affect the Government's ability to honor its foreign debt obligations. The depreciation of the Peso can also negatively impact businesses whose success is dependent on domestic market demand, and adversely affect the Government's ability to honor its foreign debt obligations.

A substantial increase in the exchange rate of the Peso against foreign currencies of the Peso against the U.S. dollar also represents risks for the Argentine economy since it may lead to a deterioration of the country's current account balance and the balance of payments which may have a negative effect on GDP growth and employment, and reduce the revenue of the Argentine public sector by reducing tax revenue in real terms, due to its current heavy dependence on export taxes.

***The impossibility of addressing the actual and potential risks of institutional deterioration and corruption, the economy and the financial situation of Argentina has been affected negatively and could continue to be.***

Argentina is ranked 78 out of 180 in Transparency International's 2020 Corruption Perceptions Index and 126 of 190 in the World Bank's Doing Business 2020 report. The lack of a solid and transparent institutional framework for contracts with the Argentine government and its agencies and accusations of corruption have affected and could affect negatively to Argentina.

Likewise, at the date hereof, other ongoing investigations into complaints of money laundering and corruption are underway.

Recognizing that the failure to address these issues could increase the risk of political instability, distort decision making processes and adversely affect Argentina's international reputation and ability to attract foreign investment, the Macri administration announced several measures aimed at strengthening Argentina's institutions, enhancing the integrity of public officials and reducing corruption. These measures included the reduction of criminal sentences in exchange for cooperation with the government in corruption investigations, increased access to public information, the seizing of assets from corrupt officials, increasing the powers of the Anticorruption Office (*Oficina Anticorrupción*) and the passing of a new public ethics law, among others. The Government's ability to implement these initiatives is uncertain.

There can be no assurance that the implementation of these measures by Argentina will be successful or even sufficient in strengthening Argentina’s institutions, enhancing the integrity of public officials, stopping institutional deterioration and preventing corruption. We cannot control or predict whether such investigations or allegations will lead to further political or economic instability or whether new allegations against government officials, members of the Argentine Congress, judges or owners or officers of other companies will arise, nor can we predict the outcome of any such allegations and their effect on the Argentine economy, which may be adverse.

**Government intervention in the Argentine economy could adversely affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations.**

The Argentine government has historically exercised significant influence over the economy, and public services companies in particular have operated in a highly regulated environment. Our business and operations have been, are and could in the future be affected by actions taken by the Government through the implementation of new or amended laws and regulations, such as nationalizations, expropriations, forced divestiture of assets, amendments to or renegotiation or revocation of a license, restrictions on production, imports and exports, exchange and/or transfer restrictions, including those relating to dividend payments, direct and indirect price controls, tax increases, changes in the interpretation or application of tax laws and other retroactive tax claims or challenges, cancellation of contractual rights and delays or denials of governmental approvals.

There have been examples of government intervention in the economy, including through the implementation of expropriation and nationalization measures, price controls and exchange controls.

In 2008, the Government absorbed and replaced the former private pension system with a public “pay as you go” pension system. As a result, all resources administered by the private pension funds, including significant equity interests in a wide range of listed companies, were transferred to a separate fund (*Fondo de Garantía de Sustentabilidad* or “**FGS**”) to be managed by the Administración Nacional de la Seguridad Social (“**ANSES**”). ANSES is entitled to designate government representatives to the boards of directors of these companies. The nationalization of Argentina’s pension and retirement system was a change significant in the Argentine government’s approach to the main public companies. FGS currently holds 24.0% of our outstanding capital stock and has two representatives on our Board of Directors. On November 19, 2020, Law 27,574 was published in the Official Gazette, which regulates the role of the representatives of the FGS in those companies in which it has a stake, providing that the FGS will dictate the rules that are necessary in order to regulate their appointment, function, responsibility, performance and remuneration, which has been regulated by Decree No. 1041/2020 and ANSES Resolution No. 57/2021.

For additional information regarding rules and regulations that govern our relationship with FGS, see “*Item 7. Major Shareholders and Related Party Transactions.*”

In 2012 and again in 2013, the Argentine Congress established new regulations providing for increased intervention in the capital markets by the Government. On May 9, 2018, the Macri administration approved an amendment to the Law of Productive Financing, including amendments to the Capital Markets Law of Argentina No. 26,831 (the “**Capital Markets Law**”), which, among other things, limited the scope of intervention by the CNV in public companies.

In the recent past the Government has also adopted numerous measures to directly or indirectly control the access by private companies and individuals to foreign trade and foreign exchange markets, such as restricting free access to these markets and imposing the obligation to repatriate and sell within the local foreign exchange market all foreign currency revenues obtained from exports. These regulations have been recently reinstated, preventing or limiting us from offsetting the risk derived from our exposure to the U.S. dollar and the access to foreign exchange market.

Historically, actions of the Government concerning the economy, including decisions regarding interest rates, taxes, price controls, wage increases, increased benefits for workers, exchange controls and potential changes in the market of foreign currency, have had a substantial adverse effect on Argentina’s economic growth. A low-growth and high-inflation rates scenario continues and is likely going forward, as a result of the accumulation of macroeconomic imbalances over recent years, the actions of the Government in regulatory matters and challenging conditions in the international economy. We can offer no assurance that policies implemented by the Government will not adversely affect our business, results of operations and financial condition, the value of our securities, and our ability to meet our financial obligations.

Recently, on March 22, 2023, the *Ente Nacional Regulador de la Electricidad* (“ENRE”) announced the 180-days intervention of EDESUR, the second largest power distributor of the country with approximately 2.5 million customers, due to the repeated blackouts in the Buenos Aires area.

In such regards, the current administration also took several other measures to reduce the impact of public service tariffs on the economy. These measures included the freezing of tariffs, the pesification of electricity generation rates, and deferral of the payment of natural gas bills for certain consumers, among others. For additional information see “Item 4. Our Information–B. Business Overview.–Natural Gas Transportation.” In addition, the Executive Branch declared the intervention of the ENARGAS until December 31, 2023.

As of the date of this Annual Report, we cannot predict the results or impact of these measures on the hydrocarbons development in Argentina. We are also unable to predict whether the Government will take any additional measures that may negatively affect Argentina’s hydrocarbons market.

Argentina is an emerging market economy that is highly sensitive to local political developments that have had an adverse impact on the level of investment in Argentina and the access of Argentine companies to the international capital markets. Future developments may adversely affect Argentina’s economy and, in turn, our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.

We cannot provide any assurance that we will be able to access foreign exchange markets or that these measures will not cause fluctuations in the value of the peso. The setting of certain exchange controls and other future economic, social and political developments in Argentina, over which we have no control, may adversely affect our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations. For additional information on developments relating to exchange controls, see “Item 10. Additional Information–D. Exchange Controls.”



*The Argentine economy may be adversely affected by economic developments in other markets and by more general effects, which could have a material adverse effect on Argentina's economic growth.*

Argentina's economy is vulnerable to external shocks that could be caused by adverse developments affecting its principal trading partners and emerging markets. A significant decline in the economic growth of any of Argentina's major trading partners (including Brazil, the European Union, China and the United States) as a result of the COVID pandemic is having a material adverse impact on Argentina's trade balance and, therefore, adversely affect Argentina's economic growth. Economic slowdowns have led to declines in Argentine exports in the last few years. Specifically, fluctuations in the price of the commodities sold by Argentina and a significant revaluation of the peso against the U.S. dollar could harm Argentina's competitiveness and affect its exports.

The economy in Brazil, one of the main import and export markets for Argentina, has experienced rising negative pressure because of political uncertainty and the effects of the COVID, putting pressure on the products that Argentina exports to that country and its competitiveness. Argentine foreign trade is highly dependent on the Brazilian economy; thus, a poor performance of Brazil's economy could lead to the deterioration of Argentina's trade balance. Additional Brazilian political and economic crises could negatively affect the Argentine economy.

Financial and securities markets in Argentina are also influenced by economic and market conditions in other markets worldwide. U.S. monetary policy has significant effects on capital inflows and asset price movements in emerging market economies. Increases in U.S. interest rates result in the appreciation of the U.S. dollar and decreases in prices for raw materials, which can adversely affect commodity-dependent emerging economies.

Additionally, a slowing of China's GDP growth has led to a reduction in exports to this Asian country, which in turn has caused oversupply and price declines in certain commodities. Decreases in exports have a material adverse effect on Argentina's public finances due to the loss of taxes on exports, causing an imbalance in the country's exchange market.

On January 31, 2020, the United Kingdom left the European Union on the terms of the withdrawal agreement concluded between the United Kingdom and the EU Council. The withdrawal agreement allowed for a transition period during which the United Kingdom's trading relationship with the European Union remained largely unchanged. This transition period ended on December 31, 2020. The European Parliament approved the EU-UK Trade and Cooperation Agreement while the European Council has already approved the provisional application of the agreement. As of the date of this Annual Report, uncertainty remains over the United Kingdom's future relationship with the European Union. The continued uncertainty over the Brexit process has caused, and is anticipated to continue to cause, volatility in the financial markets, which may in turn have a material adverse effect on our business, financial condition and results of operations.

In 2022 the world faced a range of macro challenges including the war in Ukraine, post-COVID supply chain constraints, inflationary pressures and risk of global recession. During the year, U.S. Federal Reserve increased its target reference rate to relieve inflationary pressure which had a negative impact in the cost of credit for emerging markets.

Although economic conditions vary from country to country, investors' perceptions of events occurring in other countries have in the past substantially affected, and may continue to substantially affect, capital flows into and investments in securities from issuers in other countries, including Argentina. International investors' reactions to events occurring in one market sometimes demonstrate a "contagion" effect, in which an entire region or class of investment is disfavored by international investors. Argentina could be adversely affected by negative economic or financial developments in other countries, which in turn may have an adverse effect on our financial condition and results of operations.

Certain economic policies of the former government administration in Argentina, including foreign exchange restrictions, led in the past to a reduction in exports and foreign direct investments, to a decline in national tax revenues and to an inability to access international capital markets. There can be no assurance that the Argentine financial system and securities markets will not be adversely affected by policies that may be adopted by the government in the future or by events in the economies of developed countries or in other emerging markets. A slowdown in economic activity in Argentina would adversely affect our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.

**Argentina's past default and litigation with holdout bondholders may limit our ability to access international markets.**

Argentina's history of defaults on its external debt and the protracted litigation with holdout creditors, summarized below, may reoccur in the future and prevent Argentine companies such as us from accessing the international capital markets readily or may result in higher costs and more onerous terms for such financing, and may therefore negatively affect our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.

Following the default on its external debt in 2001, Argentina sought to restructure its outstanding debt by offering holders of the defaulted bonds two opportunities to exchange them for newly issued debt securities, in 2005 and again in 2010. Holders of approximately 93% of Argentina's defaulted debt participated in the exchanges. Nonetheless, a number of bondholders held out from the exchange offers and pursued legal actions against Argentina in the courts of the United States and several other countries.

After almost 15 years of litigation, and following the beginning of Mr. Macri's administration, in February 2016, Argentina negotiated and reached settlement agreements with almost all of its holdout creditors. As required by the settlement, on March 31, 2016, the Argentine Congress voted to repeal Law No. 26,017 (known as *Ley Cerrojo*) and Law No. 26,984 (known as *Ley de Pago Soberano*), which prohibited Argentina from offering to the holdouts better conditions than those offered in the debt swaps of 2005 and 2010. On April 13, 2016, Argentina announced that it would proceed with a new bond offering of up to US\$12.5 billion to repay the holdouts. After issuing US\$16.5 billion of new bonds to international investors, on April 22, 2016, Argentina notified the competent U.S. court that it had made full payment under the settlement agreements with the holdout creditors. Although the size of the claims involved has decreased significantly, litigation initiated by bondholders that have not accepted Argentina's settlement offer continues in several jurisdictions.

However, even though Argentina has successfully accessed the international capital markets since the settlement, there continues to be a risk that the country will not attract the foreign direct investment and financing needed to restart the investment cycle and achieve sustainable rates of economic growth. If that occurs, Argentina's fiscal condition could be adversely affected, which could lead to more inflation and undermine the government's ability to implement economic policies designed to promote growth. The difficulty of sustaining economic growth over time with reasonable price stability could result in a renewed episode of economic instability.

In addition, the foreign shareholders of several Argentine companies (including us), together with public utilities and certain bondholders that did not participate in the exchange offers described above, filed claims with the International Center for Settlement of Investment Disputes (“**ICSID**”), alleging that the emergency measures adopted by the Government in 2002 did not meet the just and equal treatment requirements of several bilateral investment treaties to which Argentina is a party. Several of these claims have been resolved against Argentina. Claimants have also filed claims before arbitral tribunals under the rules of the United Nations Commission on International Trade Law (UNCITRAL) and under the rules of the International Chamber of Commerce. Several awards have been issued against Argentina and several cases are still ongoing.

Moreover, difficulties in accessing Argentina’s international credit may have an impact on our company as the Argentine government postponed the maturity dates of its bonds and cut interest rates.

Also, ongoing situations, such as the claims before the ICSID, and the economic policy measures adopted by the Government, or any future default of Argentina regarding its financial obligations may harm Argentine companies’ ability to obtain financing. Financial conditions of such access could be disadvantageous to Argentine companies and, therefore, may adversely affect our business, results of operations, financial condition, the value of our securities and our ability to meet our financial obligations.

***A sustained deterioration in the terms of trade given a decline in the global prices for Argentina’s main commodity exports or an increase in the global prices for Argentina’s main commodity imports, as well as adverse weather conditions affecting the production of Argentina’s main commodity exports, could have an adverse effect on Argentina’s economic growth.***

High commodity prices have contributed significantly to an increase in Argentine exports, which has in turn led to an increase in government revenues received from export taxes. However, the reliance on the export of certain commodities, such as soybeans, has made the Argentine economy vulnerable to fluctuations in commodity prices, and, consequently, the Argentine economy could be adversely affected if trading conditions decline.

In addition, adverse weather conditions, such as floods or droughts, could affect the production of the main agricultural commodities produced by Argentina, which account for a significant portion of its export revenues. Moreover, higher oil prices could lead to an increase in government expenditures. The drought experienced during the summer months of 2018 dramatically reduced the yield from Argentina’s soybean crop. Most recently, after the outbreak of the COVID and the slowdown in the demand for supply of products around the globe, stock markets and the prices of the main commodities have declined dramatically.

Besides, in March 2020, after a failure to reach an agreement between the members of the Organization of the Petroleum Exporting Countries (“**OPEC**”) and Russia to stabilize the oil market, Saudi Arabia decided to increase its oil production. This decision, at a time when oil demand is falling due to the impact of COVID in the global trading and economy, has triggered the most important decline in the oil price since 1991, of around 30%. This fall in the international prices of oil and its derivatives added to the fragile macroeconomic situation in Argentina, generating uncertainty regarding the production and development of natural gas in the country, especially in the Vaca Muerta area. In December 2020, OPEC and its oil-producing allies agreed to increase production by 500,000 barrels per day beginning in January. The group exerts considerable influence over world energy markets. In recent months, OPEC+ has sought to navigate its way through a historically tumultuous period, including an unparalleled collapse in oil prices, a massive fuel demand shock amid the COVID crisis, a Saudi-Russia price war and Qatar’s departure from OPEC. The downward trend in oil prices significantly reversed as a result of the invasion of Ukraine by Russia. Uncertainty about oil prices and other commodities remain and there can be no assurances about any measures that the Government may take in response to key macroeconomic variables, particularly on the energy sector.

Decisions relating to international oil prices could have a negative impact on Argentina’s economy as, to achieve a fiscal surplus, the country should develop new production projects, such as Vaca Muerta formation, increase its revenues and maintain its ability to service its sovereign debt. Either of these results would adversely impact Argentina’s economic growth and, therefore, our financial condition and results of operations.

**Further downgrades in the credit rating or rating outlook of Argentina could impact the rating of our securities or adversely affect the market price of our securities.**

In August 2018, Moody’s revised its outlook of Argentina’s long-term and short-term sovereign credit rating to Caa2, primarily as a result of the sharply weaker economic activity and uncertain prospects for multiyear fiscal consolidation and market financing availability as IMF funds are used up, posing risks to sovereign debt sustainability. In addition, on August 29, 2019, S&P downgraded Argentina’s long-term and short-term sovereign credit ratings from “B” to “SD,” primarily as a result of an erosion of the Argentine debt profile, the economic growth trajectory and the dynamics of inflation, against the backdrop of the implementation of a challenging economic adjustment program. Fitch, Moody’s and S&P increased Argentina’s credit rating in September 2020 following the successful refinancing of Argentina’s external bonds. While the debt restructuring in 2020 improved Argentina’s credit rating, there are still concerns about debt sustainability and the country’s ability to meet its payment obligations in the future. In September 2021, Argentina’s credit rating according to Fitch Ratings was “RD” (restricted default) for foreign currency debt and “CC” for local currency debt. In March 2023, Fitch downgraded the credit rating to C, the lowest level above default.

However, there can be no assurance that Argentina’s credit rating or rating outlook will not be downgraded in the future, which could have an adverse effect on the rating of our securities or adversely affect the market price of our securities.

**The Argentine government may mandate salary increases for private sector employees, which would increase our operating costs.**

In the past, the Government has passed laws, regulations and decrees requiring companies in the private sector to maintain minimum wage levels and provide specified benefits to employees. Argentine employers, both in the public and private sectors, have experienced significant pressure from their employees and labor organizations to increase wages and to provide additional employee benefits. Due to high levels of inflation, employees and labor organizations regularly demand significant wage increases.

Through Decree No. 610/2019 a staggered increase of the minimum salary was approved as follows: (i) Ps.14,125 as of August 1, 2019; (ii) Ps.15,625 as of September 1, 2019; and (iii) Ps.16,875 as of October 1, 2019. In addition, the Argentine government has arranged various measures to mitigate the impact of inflation and exchange rate fluctuation in wages. In December 2019, Decree 34, doubled legally mandated severance pay for termination of employment. The Government went a step further amid the COVID pandemic, and issued Decree No. 329/2020, restricting the ability to terminate employment with or without cause for 60 business days, prorogued it for 60 additional business days by Decree No. 624/2020, finally it was extended until May 2021 by Decree N. 266/21. Also, in January 2020, the Argentine government issued Decree No. 14/2020 which established a general increase for all employees of Ps.3,000 in January 2020, and an additional amount of Ps.1,000 in February 2020 (total Ps.4,000 effective as of February 2020). The labor emergency was further extended by Decree No. 39/21 and Decree No. 886/21 through June 30, 2022. Decree 886/21 also provides that double severance payments will be progressively reduced until they were effectively finalized in June 2022.

It is possible that the Argentine government could adopt measures mandating further salary increases or the provision of additional employee benefits in the future. Any such measures could have a material and adverse effect on our business, results of operations and financial condition.

***Argentine corporations may be restricted from making payments in foreign currencies or from importing certain products***

There are certain restrictions in Argentina that affect corporations' ability to access the MLC to acquire foreign currency to transfer funds to other countries, service debt, make payments outside Argentina and other operations, requiring, in some cases, prior approval by the Central Bank. These restrictions may affect our operations and our expansions projects, as they require the import of services and goods for which payment may be restricted. The Argentine Government may impose or create further restrictions on the access to the MLC. In such case, the ability of Argentine corporations to make payments outside Argentina and to comply with their obligations and duties may be affected.

In addition, as a result of the deepening of exchange controls, the difference between the official exchange rate, which is currently utilized for both commercial and financial operations, and other informal exchange rates that arose implicitly as a result of certain operations commonly carried out in the capital market, which increased during 2022, was a gap of approximately 94% as of December 31, 2022. The Argentine Government could maintain a single official exchange rate or create multiple exchange rates for different types of transactions, substantially modifying the applicable exchange rate at which we acquire currency to service our outstanding foreign currency denominated liabilities. We cannot predict how such current restrictions may evolve after this annual report, mainly regarding limitations to transfer funds outside the country.

The Argentine Government may impose further exchange controls or restrictions to capital transfers and modify and adopt other policies that may limit or restrict our ability to access international capital markets, to make payments of principal and interest and other additional amounts outside the country (including payments relating to our notes), to import certain products or goods that we use as inputs, or affect in other ways our business and our operational results, or cause the market value of our ADSs and our common shares to decline. Exchange controls in an economic environment in which the access to local capital markets is restricted may cause an adverse effect in our activities, mainly in our ability to make payments of principal and/or interest of our notes in foreign currency.

***Argentina's ability to obtain financing from international markets could be limited, which may impair its ability to implement reforms and foster economic growth and, consequently, affect our business, results of our operations and growth prospects.***

Argentina's history of defaults on its external debt and the protracted litigation with holdout creditors may reoccur in the future and prevent Argentine companies such as us from accessing the international capital markets readily or may result in higher costs and more onerous terms for such financing, and may therefore negatively affect our business, operational results, financial condition, the value of our securities, and our ability to meet our financial obligations.

Following the default on its external debt in 2001, Argentina sought to restructure its outstanding debt in exchange offers in 2005 and again in 2010. Holders of approximately 93% of Argentina’s defaulted debt participated in the exchanges, but a number of bondholders held out from the exchange offers and pursued legal actions against Argentina. The Argentine Government settled several agreements with the defaulted bondholders, ending more than 15 years of litigation. In addition, in August 2020, the Argentine Government successfully negotiated the debt restructuring of Argentine bonds representing approximately US\$65 billion owed to several bondholders.

On January 28, 2022, Argentina signed an agreement with the IMF to refinance more than US\$40 billion in debt, contracted in 2018 with this institution. The main measures agreed are related to the reduction of public spending and subsidy rates, focused on the energy sector. The agreement was approved by the Argentinean Congress and by the Board of the IMF. Among other points, an economic and monetary policy was established, where the IMF will be the co-director, carrying out quarterly audits on Argentina’s finances and economic development.

Our company cannot predict how this new agreement and the policies developed based on it will impact Argentina’s ability to access international capital markets (and indirectly in our ability to access those markets) to access international capital markets, in the Argentine economy or in our economic and financial situation or in our capacity to extend the maturity dates of our debt or other conditions that could affect our results and operations or businesses.

***The conflict between Russia and Ukraine could adversely affect the global economy, the Argentine economy and our operational results and financial condition.***

On February 24, 2022, the President of Russia, Vladimir Putin, announced a military operation in the eastern Donbas region of Ukraine and began a full-scale invasion of the country.

The invasion received widespread international condemnation, with worldwide protests against the Russian invasion of Ukraine. The United States, the United Kingdom and other countries of the European Union imposed economic sanctions on Russia such as the exclusion of certain Russian banks from the SWIFT financial system, airspace restrictions, export restrictions of Russian oil and gas, among others-which could eventually affect the supply of oil and gas from this country and trigger higher inflation and market shocks.

Actual and threatened responses to Russia’s invasion, as well as a rapid peaceful resolution to the conflict, may also impact the markets for certain commodities, such as electricity, oil and natural gas, and may have collateral impacts, including increased volatility, and cause disruptions to the availability of certain commodities, commodity and futures prices and the supply chain globally. Rising wheat prices raised tensions in countries like Egypt, which rely heavily on wheat exports from Russia and Ukraine, and sparked fears of social unrest. On the other hand, Russia is the second largest oil exporter in the world and the largest producer of natural gas, causing the world oil prices jumped over US\$110 per barrel, and the cost of natural gas reached a new record high in Europe. In this sense, in Argentina, the natural gas supply for this next winter may be affected, with negative effects on the energy generation, especially for industries. The shortage on natural gas may adversely affect our pipeline system and operations.

***We continue operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability since the ongoing military conflict between Russia and Ukraine, poor global economic performance, a potential recession looming in the U.S. and Europe and China showing weak growth.***

Russia has increased attacks on Ukraine’s energy infrastructure. A settlement looks unlikely for now. Instead, we see an extended conflict, alongside a long-term political, economic, and military standoff between the West and Russia. The conflict in Ukraine has led to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain disruptions.

Additionally, various of Russia’s actions have led to sanctions and other penalties being levied by the U.S., the European Union, and other countries, as well as other public and private actors and companies, against Russia and certain other geographic areas. See “*Risks Relating to Argentina – The conflict between Russia and Ukraine could adversely affect the global economy, the Argentine economy and our operational results and financial condition*” for additional information.

The open conflict in Europe is a trigger for many the geopolitical risks over the short- and medium-term. As Western sanctions on Russia bite and Russia weaponizes energy, the siege-like standoff between the West and Russia may escalate, and ripple effects from Ukraine war will continue to amplify challenges as emerging markets face a slow rebound from COVID, including high food and energy costs, higher U.S. interest rates, a strong U.S. dollar and slow Chinese growth.

Any of the above-mentioned factors could affect our business, prospects, financial condition, and operating results. The extent and duration of the military action, sanctions, and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions may also magnify the impact of other risks described in this Annual Report.

#### **Risks Relating to Our Shares and ADSs**

***Shareholders outside Argentina may face additional investment risk from currency exchange rate fluctuations in connection with their holding of our shares or ADSs represented by ADRs. Exchange controls imposed by the Government may limit our ability to make payments to the Depositary in U.S. dollars, and thereby limit ADR holders’ ability to receive cash dividends in U.S. dollars.***

We are an Argentine company and any future payments of dividends on our shares will be denominated in pesos. The peso has historically fluctuated significantly against many major world currencies, including the U.S. dollar. A depreciation of the peso would likely adversely affect the U.S. dollar or other currency equivalent amount of any dividends paid on our shares and could result in a decline in the value of our shares and ADRs as measured in U.S. dollars.

From 2011 to December 2015, Argentine companies were required to obtain prior approval from BCRA and Argentine tax authorities in order to engage in certain foreign exchange transactions. In September 2019 the Government reinstalled the above previous measures and since then has implemented additional exchange control restrictions. Thus, our shareholders’ ability to receive cash dividends in U.S. dollars was limited by the ability of the Depositary for our ADR program to convert cash dividends paid in pesos into U.S. dollars. Under the terms of our Deposit Agreement for the ADRs, to the extent that the Depositary can in its judgment, and in accordance with local exchange regulations, convert pesos (or any other foreign currency) into U.S. dollars on a reasonable basis and transfer the resulting U.S. dollars outside of Argentina, the Depositary will as promptly as practicable convert or cause to be converted all cash dividends received by it in pesos on the deposited securities into U.S. dollars. If in the judgment of the Depositary this conversion is not possible on a reasonable basis (or is not permitted by applicable Argentine laws, regulations and approval requirements), the Depositary may distribute the pesos received or in its discretion hold such currency uninvested without liability for interest thereon for the respective accounts of the owners entitled to receive the same. As a result, if the exchange rate fluctuates significantly during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the dividend distribution.

In the event that the BCRA does not grant the applicable authorization, we reserve the right to agree with the Depositary the reasonable legal measures for the effective payment of dividends to ADR holders who reside outside of Argentina. As a result, such ADR holder may not timely receive the full dividend distribution or receive at all any such distribution.

***Our principal shareholders exercise significant control over matters affecting us, and may have interests that differ from those of our other shareholders.***

As of the date of this Annual Report, our controlling shareholder is **CIESA**, which holds 51% of our common stock. FGS holds 24.6% of our common stock. Local and foreign investors hold the remaining ownership of our common stock. CIESA is under co-control of Pampa Energía S.A. ("**Pampa Energía**"), which holds 50% of CIESA's common stock, and Grupo Inversor Petroquímica S.L. (member of GIP Group, controlled by the Sielecki family; "**GIP**"), and PCT L.L.C. ("**PCT**"), which directly and indirectly through PEPCA S.A. ("**PEPCA**") holds a 50% of the common stock of CIESA.

We cannot assure you that the interests of our principal shareholders will not diverge from the interests of our other investors. See "*Item 7. Major Shareholders and Related Party Transactions.*"

***Sales of a substantial number of shares could decrease the market prices of our shares and the ADRs.***

CIESA holds 51% of our Class "A" shares. Pursuant to the *Pliego de Bases y Condiciones para la Privatización de Gas del Estado S.E.* (the "**Pliego**"), CIESA may not reduce its shareholding below 51% of our share capital without the competent authorities' approval. The market prices of our common shares and ADRs could decline as a result of sales by our existing shareholders, such as the ANSES, or of any other significant shareholder of common shares or ADRs in the market, or the perception that these sales could occur.

***Under Argentine law, shareholder rights may be fewer or less well defined than in other jurisdictions.***

Our corporate affairs are governed by our Bylaws, the General Companies Act and Law No. 26,831, which differ from the legal principles that would apply if we were incorporated in a jurisdiction in the United States or in other jurisdictions outside Argentina. In addition, rules governing the Argentine securities markets are different and may be subject to different enforcement in Argentina than in other jurisdictions.

***As a foreign private issuer we are exempt from certain rules that apply to domestic U.S. issuers.***

We are subject to the informational requirements of the Exchange Act applicable to foreign private issuers. Under U.S. securities laws, as a foreign private issuer we are exempt from certain rules that apply to domestic U.S. issuers with equity securities registered under the Exchange Act.

For example, as a foreign private issuer, in the United States, we are not subject to the same disclosure requirements as a domestic U.S. registrant under the Exchange Act, including the requirements to prepare and issue quarterly reports on Form 10-Q or to file current reports on Form 8-K upon the occurrence of specified significant events, the proxy rules applicable to domestic U.S. registrants under Section 14 of the Exchange Act or the insider reporting and short-swing profit rules applicable to domestic U.S. registrants under Section 16 of the Exchange Act. In addition, we have relied, and intend to keep relying, on exemptions from certain U.S. rules which permit us to follow Argentinian legal requirements rather than certain of the requirements that are applicable to U.S. domestic registrants. As a result of the above, even though we are required to file reports on Form 6-K disclosing the information which we have made or are required to make public pursuant to Argentinian law, or are required to distribute to shareholders generally, and that is material to us, you may not receive information of the same type or amount that is required to be disclosed to shareholders of a U.S. company



We are also exempt from many of the corporate governance requirements of the New York Stock Exchange.

**Changes in Argentine tax laws may adversely affect the tax treatment of our Class B Shares or ADSs.**

Pursuant to Law No. 26,893, the sale, exchange or other transfer of shares and other securities is subject to capital gains tax at a rate of 15% when the purchaser and the seller are not Argentine residents. When both the purchaser and the seller of our Class B Shares or ADRs are non-residents, the purchaser is required to pay the capital gains tax in addition to the purchase price of the Class B Shares or ADSs. In addition, if the purchaser is legally liable for capital gains taxes in Argentina, then the purchaser will likely not be entitled to receive any tax credit in the United States in respect of the payment of any such taxes.

On December 29, 2017, the Macri Administration enacted, through Decree No. 1112/2017, a tax reform (the “**Tax Reform**”). The Tax Reform provides that only the results from sales, transfers or dispositions of shares, securities representing shares and certificates of deposit of shares that are carried out through stock exchanges or stock markets authorized by the CNV under conditions that guarantee the principle of price/time priority of the offers obtained by individuals and undivided estates resident in Argentina shall be exempted.

The foregoing exemption shall also be applicable to foreign beneficiaries to the extent that said beneficiaries do not reside in and the funds do not come from non-cooperative jurisdictions. Decree No. 279/2018 provides that until the decree of the Income Tax Law of Argentina regulates the definition of non-cooperative jurisdiction, the white-list established in Decree No. 589/2013 (dated 05/27/2013) will be applicable to determine if a jurisdiction is non-cooperative jurisdiction.

The Tax Reform also establishes an exemption for such foreign beneficiaries on the sale of share certificates issued outside of Argentina that represent shares issued by Argentine companies which have been granted with a public offering authorization by the CNV (i.e., ADRs). The exemptions will only apply if the foreign beneficiaries do not reside in and the funds do not arise from “non-cooperating” jurisdictions.

Pursuant to Decree No. 279/2018, if the foreign beneficiary resides in a non-cooperative jurisdiction or the funds come from a non-cooperative jurisdiction, the capital gains tax rate is 35%.

Whereas, previously, if the sale was carried out between non-Argentine residents the non-Argentine resident purchaser was responsible for paying the tax when the seller was a non-resident, currently it is the seller, through their legal representative domiciled in Argentina, who is responsible for paying the tax, except when the purchaser is a resident individual or legal entity. If the seller does not have a legal representative, the tax should be paid by the seller according to Decree No. 279/2018.

Further rulemaking or interpretation of the amended income tax law by the Argentine tax authority may adversely affect the tax treatment of our Class B Shares or ADSs.

**Holders of ADRs may be unable to exercise voting rights with respect to our Class B Shares underlying the ADRs at our shareholders' meetings.**

We will treat the Depositary for all purposes as the shareholder with respect to the shares underlying the ADRs. As a holder of ADRs representing the ADRs being held by the Depositary in your name, you will not have direct shareholder rights and may exercise voting rights with respect to our Class B Shares represented by the ADRs only in accordance with the Deposit Agreement. There are no provisions under Argentine law or under our Bylaws that limit the exercise by ADR holders of their voting rights through the Depositary with respect to the underlying Class B Shares. However, there are practical limitations on the ability of ADR holders to exercise their voting rights due to the additional procedural steps involved in communicating with these holders. ADR holders may be unable to exercise voting rights with respect to our Class B Shares underlying the ADRs as a result of these practical limitations.

**Holders of ADRs may be unable to exercise preemptive, accretion or other rights with respect to the Class B shares underlying the ADSs.**

Holders of ADSs may not be able to exercise the preemptive or accretion rights relating to the shares underlying the ADSs unless a registration statement under the Securities Act is effective with respect to those rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement with respect to the shares relating to these preemptive rights, and we cannot assure you that we will file any such registration statement. Unless we file a registration statement or an exemption from registration is available, holders may receive only the net proceeds from the sale of their preemptive rights by the depositary or, if the preemptive rights cannot be sold, they will be allowed to lapse. As a result, U.S. holders of Class B Shares or ADSs may suffer dilution of their interest in our company upon future capital increases.

In addition, under the General Companies Act, foreign companies that own shares in an Argentine corporation are required to register with the Superintendency of Corporations (*Inspección General de Justicia* or the "IGJ") in order to exercise certain shareholder rights. Voting rights in a Shareholder meeting can be exercised through duly instituted agents, as is regulated by Law No. 26,831. If you own our Class B Shares directly (rather than in the form of ADSs) and you are a non-Argentine company and you fail to register with the IGJ, your ability to exercise your rights as a holder of our Class B Shares may be limited.

**The NYSE and/or BYMA may suspend trading and/or delist our ADSs and common shares, respectively, upon occurrence of certain events relating to our financial situation.**

The NYSE and/or the BYMA may suspend and/or cancel the listing of our ADSs and common shares, respectively, in certain circumstances, including upon the occurrence of certain events relating to our financial situation.

The NYSE may in its sole discretion determine on an individual basis the suitability for continued listing of an issue in the light of all pertinent facts. Some of the factors mentioned in the NYSE Listed Company Manual, which may subject a company to suspension and delisting procedures, include: "unsatisfactory financial conditions and/or operating results," "inability to meet current debt obligations or to adequately finance operations," and "any other event or condition which may exist or occur that makes further dealings or listing of the securities on the NYSE inadvisable or unwarranted in the opinion of NYSE."

We cannot assure you that the NYSE and/or BYMA will not commence any suspension or delisting procedures. A delisting or suspension of trading of our ADSs or common shares by the NYSE and/or BYMA, respectively, could adversely affect our results of operations and financial conditions and cause the market value of our ADSs and common shares to decline.

***The price of our Class B Shares and the ADSs may fluctuate substantially, and your investment may decline in value.***

The trading price of our Class B Shares is likely to be highly volatile and may be subject to wide fluctuations in response to factors, many of which are beyond our control. Such factors include:

- fluctuations in our periodic operating results;
- changes in financial estimates, recommendations or projections by securities analysts;
- changes in conditions or trends in our industry;
- events affecting equities markets in Argentina;
- legal or regulatory measures affecting our financial conditions;
- departures of management and key personnel; or
- potential litigation or the adverse resolution of pending litigation against us or our subsidiaries.

The stock markets in general have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the companies involved. We cannot assure you that trading prices and valuations will be sustained. These broad market and industry factors may materially adversely affect the market price of our Class B Shares and the ADSs, regardless of our operating performance. Market fluctuations, as well as general political and economic conditions in Argentina, such as recession or currency exchange rate fluctuations, may also adversely affect the market price of our Class B Shares and the ADSs. In particular, currency fluctuations could impact the value of an investment in Argentina. Although our ADSs listed on the NYSE are U.S. dollar-denominated securities, they do not eliminate the currency risk associated with an investment in an Argentine company.

For example, due to various factors (including, but not limited to, the abrupt variation in the exchange rate in Argentina) prices of equity securities in Argentina have decreased substantially since 2018, which prompted investors to dispose of their investments in Argentina resulting in further downward pressure on the price of equity securities. Future sales of substantial amounts of our Class B Shares and ADSs, or the perception that such future sales may occur, may result in additional pressure on the price of our Class B Shares and ADSs. Also, future sales of treasury shares, may also have a negative impact on the price of our Class B Shares and ADSs.

Following periods of volatility in the market price of a company's securities, that company may often be subject to securities class-action litigation. This kind of litigation may result in substantial costs and a diversion of management's attention and resources, which would have a material adverse effect on our business, results of operations and financial condition.