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Risk Factors

The risks and uncertainties described below are those known by us as of the date of this report. However, such risks and uncertainties may not be the only ones that we could face. Additional risks and uncertainties that are unknown to us or that we currently think are immaterial also may impair our business operations.

Summary Risk Factors

The following summarizes the principal factors that make an investment in our company speculative or risky, all of which are more fully described in the Risk Factors below. This summary should be read in conjunction with the Risk Factors below and should not be relied upon as an exhaustive analysis or discussion of the material risks facing our business.

Summary Risks Relating to Argentina

- *The Argentine Republic owns 51% of the shares of the Company.*
- *Our business is largely dependent upon economic conditions in Argentina.*
- *The evolution of the Argentine economy is largely dependent on the sustainability of its public debt, including that* owed to *the IMF and* the *Paris Club.*
- *Certain risks are inherent in any investment in a company operating in an emerging market such as Argentina.*
- *Failure to adequately address actual and perceived risks of institutional deterioration and corruption may adversely affect Argentina's economy and financial condition.*
- *The Argentine economy has been and could be adversely affected by economic developments in other markets.*
- *The implementation of new export duties, other taxes and import regulations could adversely affect our results.*
- *We may be exposed to fluctuations in foreign exchange rates.*
- *Variations in interest rates and exchange rate on our current and/or future financing arrangements may result in significant increases in our borrowing costs.*
- *We are subject to exchange and capital controls.*
- *Changes in Argentine tax laws may adversely affect the results of our operations, financial condition and cash flows.*

Summary Risks Relating to our Business

- *We are exposed to the effects of fluctuations in the prices of oil, gas and refined products.*
- *An outbreak of disease or similar public health threat, such as the ongoing COVID-19 pandemic, which has had and may continue to have material adverse consequences for general economic, financial, and business conditions, could materially and adversely affect our business, financial condition and results of operations.*
- *Our domestic operations are subject to extensive regulation.*
- *Limitations on local pricing* of our products *in Argentina may adversely affect our results of operations.*
- *Uncertainty and illiquidity in credit and capital markets may impair our ability to obtain credit and financing or obtain them on acceptable terms.*
- *A significant percentage of our cash flow from operations is derived from counterparties that are governmental entities.*
- *We are and could be subject to direct and indirect import and export restrictions, which have affected our results of operations and caused us to declare force majeure under certain of our export contracts.*
- *Our reserves and production may decline.*
- *Our oil and natural gas reserves are estimates.*
- *Oil and gas activities are subject to significant economic, social, environmental and operational risks and to seasonal fluctuation of demand.*

- *Our business depends on complex, long-term and capital intensive projects, including those related to the development of our unconventional oil and gas reserves.*
- *We may not have sufficient insurance to cover all the operating hazards to which we are subject.*
- *Argentine oil and gas production concessions and exploration permits are subject to certain conditions and may be cancelled or not renewed.*
- *We may incur significant costs and liabilities related to environmental, health and safety matters.*
- *Climate change and energy transition could affect our results and access* to *capital.*
- *We face risks relating to certain legal proceedings.*
- *We may be responsible for significant costs and liabilities depending on the outcome of the adversary proceeding against the Company and certain of its subsidiaries* and other entities *filed by the Maxus Energy Corporation Liquidating Trust (the "Liquidating Trust") in the Delaware Bankruptcy Court*
- *Our business depends to a significant extent on our production and refining facilities and logistics network.*
- *We* may *be subject to organized labor action.*
- *Our performance is largely dependent on recruiting and retaining key personnel.*
- *We* may suffer *information technology system failures, network disruptions, and breaches in data security* that *could negatively affect our business, financial position, results of operations, and cash flows.*
- *Our derivative risk management activities could result in financial losses.*
- *Our actual production could differ materially from our forecasts.*
- *We have limited control over the day to day activities carried out on properties* that *we do not operate.*
- *We could be affected by violations* of *anticorruption, anti-bribery, anti-money laundering and other national and international regulations.*
- *If we fail to comply with the covenants set forth in our credit agreements and indentures or upon the occurrence of a change of control, we may be required to* prepay *our debt.*

Summary Risks Relating to Our Class D Shares and ADSs

- *The market price for our shares and ADSs may be subject to significant volatility.*
- *Certain strategic transactions require the approval of the holder of our Class A shares or may entail a cash tender offer for all of our outstanding capital stock.*
- Capital controls imposed by *Argentina may impair your ability to receive dividends and distributions on, and the proceeds of any sale of, the Class D shares underlying the ADSs.*
- *We may not be able to pay, maintain or increase dividends.*
- *We are traded on more than one market and this may result in price* volatility; *in addition, investors may not be able to easily* transfer securities to take advantage of pricing opportunities *for trading between such markets.*
- *Under Argentine law, shareholder rights may be different from other jurisdictions.*
- *Actual or anticipated sales of a substantial number of Class D shares could decrease the market prices of our Class D shares and* of *the ADSs.*
- *You may be unable to exercise preemptive, accretion or other rights with respect to the Class D shares underlying your ADSs.*
- *You may be unable to exercise voting rights with respect to the Class D shares underlying your ADSs at our shareholders' meetings.*
- *Shareholders outside of Argentina may face additional investment risk from currency exchange rate fluctuations in connection with their holding of our Class D shares or the ADSs.*

Risks Relating to Argentina

The Argentine Republic owns 51% of the shares of the Company.

The Argentine Republic owns 51% of the shares of the Company (see "Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—The Expropriation Law"), and consequently, the federal government is able to determine all matters requiring approval by a majority of shareholders, including the election of a majority of directors. We cannot assure you that decisions taken by our controlling shareholder would not differ from your interests as a shareholder (including the pricing policy of all our main products), and thus affect our operational decisions (see "Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—The Expropriation Law", "—Risks Relating to Our Business—Our domestic operations are subject to extensive regulation" and "—Risks Relating to Our Business—Limitations on local pricing of our products in Argentina may adversely affect our results of operations"). 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. The next presidential election is scheduled for October 2023 and the next legislative elections are scheduled to be held on October 24, 2021. 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 give you any assurance as to whether such changes will occur or as to their timing, nor can we estimate the impact they may have on our business.

Our business is largely dependent upon economic conditions in Argentina.

Most of our operations, properties and customers are located in Argentina, and, as a result, our business is to a large extent dependent upon economic conditions prevailing in Argentina. The changes in economic, political and regulatory conditions in Argentina and measures taken by the Argentine government have had and are expected to continue to have a significant impact on us. You should make your own assessment about Argentina and prevailing conditions in the country before taking an investment decision in us.

The Argentine economy has experienced significant volatility in past decades, including numerous periods of low or negative growth and high and variable levels of inflation and currency devaluation. No assurances can be given that the Argentine economy will grow or as to when the country will emerge from recession on a sustainable basis, especially in light of the crisis resulting from the ongoing COVID-19 pandemic and the measures adopted by the Argentine government to deal with the effects of the COVID-19 pandemic, which impaired the Argentine economy during 2020 and has heightened the uncertainty about the evolution of the Argentine economy in 2021 and subsequent years, to an extent that cannot be estimated as of the date of this annual report (see "—Risks Relating to Our Business —An outbreak of disease or similar public health threat, such as the ongoing COVID-19 pandemic, which has had and may continue to have material adverse consequences for general economic, financial, and business conditions, could materially and adversely affect our business, financial condition and results of operations"). If economic conditions in Argentina were to deteriorate, or the economy were to continue to contract, if inflation were to accelerate further, or if the Argentine government's measures to attract or retain foreign investment and international financing in the future to incentivize domestic economy activity are unsuccessful, such developments could adversely affect Argentina's economic growth and in turn affect our financial health and results of operations.

For a discussion of the evolution of the main variables that affect Argentina see "Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Operations—Macroeconomic Conditions—Overview".

Argentine economic conditions are dependent on a variety of factors, including, but not limited to, the following:

- international demand and prices for Argentina's principal commodity exports;
- stability and competitiveness of the Argentine peso against foreign currencies;
- competitiveness and efficiency of domestic industries and services;
- foreign and domestic investment and financing;
- level of foreign exchange reserves in the Central Bank of the Argentine Republic ("BCRA" or "Central Bank");
- adverse external economic shocks;
- evolution of the COVID-19 pandemic and results of the measures adopted by the Argentine government in response;
- changes in economic or fiscal policies implemented by the Argentine government;
- labor disputes and work stoppages, which may affect various sectors of the Argentine economy;
- the level of expenditure by the Argentine government and ability to sustain fiscal balance;
- the level of unemployment;

- political instability and social tensions, such as land-takings and claims in areas where we operate; and
- interest and inflation rates.

The Argentine economy is also sensitive to local political developments. During 2020, the Argentine government communicated a series of measures intended to introduce institutional reforms, improve social and economic conditions, increase the country's foreign currency reserves and stabilize the exchange market and reduce inflation. See "Item 10. Additional Information—Exchange Regulations" and "Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Operations—Macroeconomic Conditions—Overview."

We cannot predict the ultimate impact of any measures that the Argentine government has adopted or may adopt in the future (including any measures related to the energy sector), or whether those measures will have the effects pursued. Uncertainty with respect to government policies may lead to additional volatility of Argentine stock market prices including, in particular, companies that operate in the energy sector, given the degree of state regulation and intervention in this industry. Additionally, we cannot guarantee that the current policies and programs that apply to the oil and gas sector will not be modified in the future. See "—Risks Relating to Our Business—Limitations on local pricing of our products in Argentina may adversely affect our results of operations", and "—Risks Relating to Our Business—We are exposed to the effects of fluctuations in the prices of oil, gas and refined products."

Argentina has experienced repeatedly, including in recent years, periods of high inflation. The National CPI variation was of 36.1% in 2020 and 53.8% in 2019. There can be no assurance that inflation rates will not be higher in the future. Although Congress has passed the 2021 National Budget including a National CPI forecast of 29.0% for 2021, private estimates stand well above this level.

If the measures adopted by the Argentine government fail to correct Argentina's structural inflationary imbalances, inflation may continue or increase and have an adverse effect on Argentina's economy and on our business, financial condition and results of operations. Inflation can also lead to an increase in Argentina's local currency-denominated debt and have an adverse effect on Argentina's ability to service its debt, mainly in the medium and long term when most inflation-indexed debt matures.

In addition, weaker fiscal results could have a material adverse effect on the Government's ability to access long term financing, which, in turn, could adversely affect Argentina's economy, the level of foreign exchange reserves and financial condition and, indirectly, our business, financial condition and results of operations. Regulatory and policy developments in Argentina that occurred in recent years, including the litigation of the Argentine government with holdout bondholders, and the restructuring of the Argentine public debt held by private creditors during 2020 have led to considerable volatility in the market price of our shares and ADSs. See "—Our business is largely dependent upon economic conditions in Argentina," "—The evolution of the Argentine economy is largely dependent on the sustainability of its public debt, including that owed to the IMF and the Paris Club" and "Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Operations—Macroeconomic Conditions."

Argentina's economy is also vulnerable to adverse developments affecting its principal trading partners. See "The Argentine economy has been and could be adversely affected by economic developments in other markets."

On the other hand, a substantial increase in the value of the Peso against the U.S. dollar would adversely affect Argentina's economic competitiveness. A significant real appreciation of the Peso would adversely affect exports and increase the trade deficit, which could have a negative effect on GDP growth and employment, as well as reduce the Argentine public sector's revenues by reducing tax collection in real terms.

Additionally, as a consequence of the emergency measures which the Argentine government adopted during or after the 2001-2002 Argentine economic crisis, foreign shareholders of companies with operations in Argentina began arbitration proceedings against the Argentine government before the International Centre for Settlement of Investment Disputes ("ICSID") pursuant to the arbitration regulations of the United Nations Commission on International Trade Law ("UNCITRAL"). Outstanding claims against the Argentine government before ICSID under UNCITRAL regulations may entail new awards against the Argentine government, which in turn could have a substantially adverse effect on the Argentine government's ability to implement reforms and to foster economic growth. We cannot assure you that in the future the Argentine government will not breach its obligations.

The evolution of the Argentine economy is largely dependent on the sustainability of its public debt, including that held owed to the IMF and the Paris Club.

During the second half of 2019, the international market began to show signs of doubts as to whether Argentina's debt would continue to be sustainable. For this reason, country risk indicators reached high levels, which in turn caused a significant decrease in the price of Argentine sovereign bonds.

On February 5, 2020, Congress enacted the Debt Sustainability Bill (as defined herein) authorizing the Executive Branch, acting through the Ministry of Economy, to engage in transactions and negotiations with Argentina's creditors to restore the sustainability of its public external debt. In September 2020, Argentina settled an exchange offer targeting its foreign currency bonds governed by foreign law and subsequently settled, also in September 2020, an exchange offer targeting its foreign currency bonds governed by domestic law. See "Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Operations—Macroeconomic Conditions—Sovereign debt restructuring."

On March 13, 2020, the Minister of Economy addressed a letter to the Paris Club members expressing Argentina's decision to postpone until May 5, 2021 the U.S.$ 2.1 billion payment originally due on May 5, 2020, in accordance with the terms of the settlement agreement the Republic had reached with the Paris Club members on May 29, 2014 (the "Paris Club 2014 Settlement Agreement"). In addition, on April 7, 2020, the Minister of Economy sent the Paris Club members a proposal to modify the existing terms of the Paris Club 2014 Settlement Agreement, seeking mainly an extension of the maturity dates and a significant reduction in the interest rate.

As of the date of this annual report, the Argentine government has initiated negotiations with the IMF in order to renegotiate the principal maturities of the U.S.$ 44.1 billion disbursed between 2018 and 2019 under a Stand By Agreement, originally planned for the years 2021, 2022 and 2023. We cannot assure that the Argentine government will be successful in its negotiations with the IMF, which could affect its ability to implement reforms and public policies and boost economic growth. We also cannot predict the impact of the outcome of that negotiation on Argentina's (and indirectly our) ability to access the international capital markets. Moreover, the long-term impact of these measures and any future measures taken by the current administration on the Argentine economy remains uncertain.

In spite of the restructuring of the Argentine public debt carried out in 2020, the international markets continued showing signs of doubts as to whether Argentina's debt is sustainable and, therefore, country risk indicators remain high. There can be no assurances that Argentina's credit ratings will be maintained or that they will not be downgraded, suspended or cancelled. Any credit rating downgrade, suspension or cancellation for Argentina's sovereign debt may have an adverse effect on the Argentine economy and our business operations (see "—Risks Relating to Our Business—Uncertainty and illiquidity in credit and capital markets may impair our ability to obtain credit and financing or obtain them on acceptable terms."). As such, any adverse effect on our business due in part to changes in Argentina's credit rating may adversely affect the market price and trading of our securities.

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

According to a Morgan Stanley Capital International ("MSCI") release, Argentina is considered an "emerging market." Investing in emerging markets generally carries risks. These risks include political, social and economic instability that may affect Argentina's economic results which can stem from many factors, including the following:

- high interest rates;
- abrupt changes in currency values;
- high levels of inflation;
- exchange and capital controls regulations;
- wage and price controls;
- regulations to import equipment and other necessities relevant for operations;
- changes in governmental economic or tax policies; and
- political and social tensions.

Economic and market conditions in Argentina and in other emerging market countries, especially those in Latin America, influence the market for securities issued by Argentine companies. Volatility in securities markets in Latin America and in other emerging market, as well as potential increases in interest rates in the United States and other developed countries, may have a negative impact on the trading value of our securities and on our ability and the terms on which we are able to access international capital markets.

We cannot assure that none of the factors listed above and the perception of risk in Argentina and other emerging markets may not have a material adverse effect on our ability to raise capital, including our ability to refinance our debt at maturity, which would negatively affect our investment plans and consequently our financial condition and results of operations, and also have a negative impact on the trading values of our debt or equity securities. We can give no assurance as to potential adverse impact of the factors discussed above on our financial condition and/or results of operations. See "Item 4. Information on the Company—History and Development of YPF."

Failure to adequately address actual and perceived risks of institutional deterioration and corruption may adversely affect Argentina's economy and financial condition.

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

Additionally, the Argentine economy is sensitive to local political events. Such political events could generate uncertainty and be adverse for the development of a stable market for business in the country, which could affect the Argentine economy and, indirectly, the business, results of operations and financial situation of the Company. As of the date of this annual report, there are various ongoing investigations into allegations of money laundering and corruption being conducted by the Office of the Argentine Federal Prosecutor.

The Argentine economy has been and could be adversely affected by economic developments in other markets.

Financial and securities markets in Argentina, and also the Argentine economy, are influenced by the effects of global or regional financial crisis and the market conditions in other markets worldwide. Global economy instability such as uncertainty about global trade policies, the deterioration of economic conditions in Brazil (Argentina's main trading partner), most recently mainly due to the outbreak of COVID-19, the withdrawal of the United Kingdom from the European Union ("Brexit"), the deterioration of the economies of Argentina's other major trading partners, such as China or the United States, geopolitical tensions between the United States and a number of foreign countries, negotiations between Russia and Arab countries (in the framework of the group known as OPEC+) with respect to oil production that affect oil prices, idiosyncratic, political and social discords, terrorist attacks, sovereign debt downgrades, a pandemic disease, including the result of the ongoing COVID-19 pandemic, could impact the Argentine economy and jeopardize Argentina's ability to stabilize its economy, among others. See "—Risks Relating to Our Business—An outbreak of disease or similar public health threat, such as the ongoing COVID-19 pandemic, which has had and may continue to have material adverse consequences for general economic, financial, and business conditions, could materially and adversely affect our business, financial condition and results of operations." Although economic conditions vary from country to country, investors' reactions to events occurring in one country sometimes demonstrate a "contagion" effect in which an entire region or class of investment is disfavored by international investors.

Consequently, there can be no assurance that the Argentine economy and securities markets will not be adversely impacted by events affecting developed economies, other emerging markets or any of Argentina's major trading partners, which could in turn, adversely affect our business, financial condition and results of operations, and the market value of our ADSs. Furthermore, a significant devaluation of the currencies of our trading partners or trade competitors may adversely affect the competitiveness of Argentina and consequently adversely affect Argentina's economy and our financial health and results of operations.

The implementation of new export duties, other taxes and import regulations could adversely affect our results.

In 2002, the Argentine government established export taxes on certain hydrocarbon products by Law No. 25,561 of Public Emergency, for a period of five years. That period was extended through January 7, 2017, when export duties on hydrocarbon products ceased to apply. On September 4, 2018, Decree No. 793/2018 established a 12% duty through December 31, 2020 on the export of all merchandise included in tariff positions of the Common Mercosur Nomenclature. The export duty, which initially could not exceed 4 pesos per U.S. dollar of the taxable value or the official FOB price, as applicable, has since been extended and suffered various modifications. As of the date of this annual report, the general rate stands at 8%, and it is scheduled to remain unchanged until December 31, 2021. In addition, Decree No. 488/2020, published on May 19, 2020, sets a sliding scale for export duties for hydrocarbon products ranging from 0% when the price of Brent remains at or under U.S.$ 45/bbl to 8% when the price of Brent reaches or exceeds U.S.$ 60/bbl. As of April 12, 2021, Brent crude oil price was near U.S.$ 63/bbl. See "Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—Decree No. 488/2020."

We cannot assure you that taxes and import/export regulations of this nature will not be modified in the future or that other new taxes or import/export regulations will not be imposed.

We may be exposed to fluctuations in foreign exchange rates.

The continued devaluation of the Argentine peso during the past years has also had and continues to have a negative impact on the economy, and has also led to an increase in inflation, which in turn has a direct impact on real wages. In addition, our results of operations are exposed to currency fluctuations, and any devaluation of the peso against the U.S. dollar and other hard currencies may adversely affect our business and results of operations, see "—Risks relating to Our Business — Limitations on local pricing of our products in Argentina may adversely affect our results of operations."

In 2020, the Argentine peso continued to depreciate against the U.S. dollar and other major foreign currencies. According to Communication "A" 3500 of the BCRA, the peso/dollar exchange rate stood at Ps. 84.15 per U.S.$ 1.00 as of December 31, 2020, evidencing a devaluation of the peso of approximately 40.5% from its value of Ps. 59.90 per U.S.$ at December 31, 2019 (compared to 58.9%, 102.2% and 17.4% in the years ended December 31, 2019, 2018 and 2017, respectively). As a result of the Argentine peso's increased volatility, the Argentine government and the BCRA implemented several measures to stabilize its value, including, among others, stronger exchange regulations (see "—We are subject to exchange and capital controls"), an increase in short term interest rates and the sale of foreign currency reserves made by the BCRA. The main effects of the devaluation of the Argentine peso on our net profit, expressed in pesos, are related to (i) deferred income tax related mainly to fixed assets, which we expect would have a negative effect; (ii) increased depreciation and amortization resulting from the reassessment in pesos of our fixed and intangible assets; (iii) exchange rate differences as a result of our exposure to the peso, which we expect would have a positive effect given our net liability position in pesos (due to the fact that our functional currency is the U.S. dollar); (iv) higher revenues generated by the sale of products that priced by reference to international prices quoted in U.S. dollars (see "—Risks Relating to Our Business—We are exposed to the effects of fluctuations in the prices of oil, gas and refined products" and "Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Operations—Macroeconomic Conditions"), and (v) higher costs generated by expense items priced in U.S. dollars. In addition, the majority of our debt is denominated in currencies other than the peso; consequently, a devaluation of the peso against such currencies will increase the amount of pesos we need to cover our debt service obligations. Furthermore, given the restrictions imposed by the BCRA to access the exchange market, specifically since the publication of Communication No. 7,030 of BCRA, the majority of our cash and cash equivalents are denominated in pesos and, therefore we may be affected upon exchange rate variations. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Cash and cash and equivalents." We cannot predict whether, and to what extent, the value of the Argentine peso may depreciate or appreciate against the U.S. dollar or other foreign currencies, nor the way in which we will be able to pass those variations to the prices of our products and how any such fluctuations could affect demand for the products we offer, thus affecting our business.

Variations in interest rates and exchange rate on our current and/or future financing arrangements may result in significant increases in our borrowing costs.

Under our financing arrangements, we are permitted to borrow funds to finance the purchase of assets, incur capital expenditures, repay or refinance other obligations and finance working capital. As of December 31, 2020, approximately 10% of our total debt is sensitive to changes in interest rates. As of December 31, 2020, approximately 7% of our total debt accrue interest based on LIBOR rates plus a spread. See "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Interest rate exposure." Consequently, variations in interest rates could result in changes in the amount required to cover our debt service obligations and in our interest expense, thus affecting our results and financial condition. Furthermore, the Company usually refinances its debt at maturity, as such, an increase in market interest rates as of such dates could result in an increase in our interest expense for the future. In addition, interest and principal amounts payable pursuant to debt obligations denominated in or indexed to U.S. dollars are subject to variations in the Argentine peso/U.S. dollar exchange rate that could result in a significant increase in peso terms in the amount of the interest and principal payments in respect of such debt obligations.

In addition, on July 27, 2017, the Financial Conduct Authority (the "FCA") announced its intention to phase out LIBOR rates by the end of 2021. As of December 31, 2020, approximately 7% of our total debt accrued interest based on LIBOR rates plus a spread. If a published U.S. dollar LIBOR is unavailable after 2021, the interest rates on our debt which is indexed to LIBOR will be determined using various alternative methods, any of which may result in interest obligations which are more than or do not otherwise correlate over time with the payments that would have been made on such debt if U.S. dollar LIBOR was available in its current form. At this time, no consensus exists as to what rate or rates may become accepted alternatives to LIBOR. Any alternative to LIBOR could have an adverse effect, which may be material, on our financing costs, and as a result, our financial condition, operating results and cash flows.

Additionally, we are exposed to the fluctuations of the interest rates applicable to our indebtedness indexed to variable interest rates. We may also incur additional variable-rate debt in the future. Increases in interest rates on variable-rate debt would increase the Company's interest expense, which would negatively affect our financial costs.

We are subject to exchange and capital controls.

In the past, Argentina imposed, exchange controls and transfer restrictions substantially limiting the ability of companies to retain foreign currency or make payments abroad. Beginning in 2011, foreign exchange controls were imposed restricting or limiting purchases of foreign currency and transfers of foreign currency abroad. Since 2011, oil and gas companies (including YPF), among other entities, were required to repatriate 100% of their foreign currency export receivables.

In December 2015, certain exchange controls were eliminated and in May 2017, the BCRA derogated the regulations relating to restrictions on exchange rate transactions, settlement of foreign exchange transactions, and the provisions of Decree No. 616/05, except for those regulations relating to information regimes, surveys or similar informational matters relating to foreign exchange transactions.

In September 2019, the Argentine government reinstated foreign exchange controls, which among other things, significantly curtailed access to the official foreign exchange market by individuals and entities.

In accordance with BCRA Communication "A" 6844 (as amended and supplemented), exporters are obligated to repatriate, and settle in pesos in the local exchange market, all the proceeds of their exports of goods and services since September 2, 2019 and the BCRA reinstated the export proceeds monitoring system, setting forth rules governing such monitoring process and exceptions thereof.

Moreover, pursuant to the current foreign exchange regulations, the ability for Argentine residents to access the foreign exchange market to exchange foreign currency and to transfer it abroad to make payments of profits and dividends to non-resident shareholders was only allowed to the extent certain conditions were met or to the extent prior BCRA approval was obtained. See "Item 10. Additional Information—Exchange Regulations."

Further restrictions to access the official foreign exchange markets were imposed during 2020, with a view to reducing the loss of international reserves generated by a greater demand of US dollars by residents.

On April 2020, the Argentine Central Bank issued Communication "A" 7001 (as amended by Communication "A" 7030, amended and supplemented from time to time, "Communication 7001") setting forth certain limitations on the transfer of securities into and from Argentina.

Pursuant to Communication 7001 access to the Argentine foreign exchange market for the purchase or transfer of foreign currency abroad (for any purpose) shall be subject to Argentine Central Bank's prior approval, if the individual or entity seeking access to the Argentine foreign exchange market has sold securities which settled in foreign currency or transferred any such securities to foreign depositaries during the immediately preceding 90 calendar days. Further, Communication 7001 sets forth that the individual or entity must undertake not to perform any such sale or transfer during the succeeding 90 days after such access."

In August 2020, the BCRA enacted Communication "A" 7106 (as amended by Communication "A" 7230 and as further amended and supplemented from time to time, "Communication "A" 7106", establishing certain requirements to access the local exchange market by the non-financial private sector and financial entities for purposes of repayment of cross-border financial debts, in particular, for the payment of principal outstanding amounts in loans and securities having amortization payments scheduled between October 15, 2020 and March 31, 2021 for principal amounts exceeding U.S.$ 1,000,000 and between April 1, 2021 and December 31, 2021 for principal amounts exceeding U.S.$ 2,000,000, with certain exceptions specified in the regulation. Particularly, the payment of principal amounts pertaining to loans and securities subject to the regulation should be part of a refinancing plan that must be previously filed with the BCRA, which must provide that (i) only 40% of the principal amount owed and payable shall be paid through the local foreign exchange market on or prior to December 31, 2021; and (ii) the remaining 60% must be refinanced so the average life of the debt is increased for a minimum of two years.

On January 7, 2021, to address the need to comply with Communication "A" 7106 as it related to our Class XLVII Notes due March 2021, and also to ease our financial commitments for the next two years, we offered holders of all our outstanding foreign-law governed securities maturing between 2021 and 2047, for a total face value of approximately U.S.$ 6.2 billion, an offer to exchange their notes for certain new notes. On February 8, 2021, the Company announced that holders representing more than 30% of such securities had participated in the exchange and that the BCRA considered such exchange to meet the requirements of Communication "A" 7106. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Loans."

It is not possible to guarantee that the period covered by Communication "A" 7106 will not be extended or reinstated in the future by the BCRA or that other regulations with similar effects will be issued that would limit the ability of the Company to access the official foreign exchange market to pay its foreign currency financial obligations when due, which in turn could have a negative impact on the Company and its business and operations. See "Item 10. Additional Information—Exchange Regulations."

Furthermore, as a consequence of the aforementioned deepening of exchange controls, and the level of foreign exchange reserves in the Central Bank, the difference between the official exchange rate, which is currently utilized for certain 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 pursued to access foreign currency (dollar “MEP” or “cash with liquidation”), has increased during 2020, creating a spread of approximately 67% with the official exchange rate as of December 31, 2020 and 79% as of April 12, 2021. See “Item 10. Additional Information—Exchange Regulations.”

The impact that current and any new exchange regulations may have on the Argentine economy or on our operations is uncertain. We cannot assure you that exchange regulations will be relaxed or replaced or even if additional restrictions will be imposed and whether the Argentine government will maintain the current foreign exchange regime 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 or to pay our imports. Any restrictions on transferring funds abroad imposed by the Argentine government could (i) negatively impact foreign investment and international financing in our country and have an adverse effect on the Argentine economy and, in turn, adversely affect the business, results of operation and financial condition of the Company; (ii) undermine our ability to pay dividends on our ADSs or make payments (of principal or interest) under our foreign-currency-denominated outstanding indebtedness, as well as to comply with any other obligation denominated in foreign currency, and may have a material adverse effect on our ability to raise capital, including our ability to refinance our debt at maturity or our ability to obtain financing and execute our capital expenditure plans. For more information on exchange restrictions see “Item 10. Additional Information—Exchange Regulations.”

Changes in Argentine tax laws may adversely affect the results of our operations, financial condition and cash flows.

On December 29, 2017, the Argentine Congress enacted Law No. 27,430, which reduced the corporate income tax rate from 35% to 30% for fiscal years beginning on or after January 1, 2018 and 25% for fiscal years beginning on or after January 1, 2020. Additionally, the distribution of dividends is subject to a 7% tax rate related to financial results from fiscal years beginning on or after January 1, 2018 and 13% tax rate for the distribution of dividends related to financial results from fiscal years beginning on or after January 1, 2020.

On December 23, 2019, the Argentine Congress enacted Law No. 27,541 which declared a public emergency in economic, financial, fiscal, administrative, social security, tariff, energy, health and social matters, and also delegated legislative powers to the National Executive Branch, until December 31, 2020. According to the Law No. 27,541, the corporate income and dividend tax rates for 2021 are 30% and 7%, respectively. See “Item 10. Additional Information—Taxation.”

We cannot assure that the Argentine government or any of its political divisions, or the Argentine Congress will not adopt additional changes and reforms in tax matters, nor that these reforms and those that may be adopted in the future will not adversely affect our business, results of operations or financial condition.

Risks Relating to our Business

We are exposed to the effects of fluctuations in the prices of oil, gas and refined products.

Most of our revenue in Argentina is derived from sales of refined products (mainly gasoline and diesel) and, to a lesser extent, natural gas. International prices for oil and oil products are volatile and, are strongly influenced by conditions and expectations of world supply, demand and geopolitical tensions, among other factors. Our pricing policy for fuels during 2018, 2019 and 2020 took into account several factors such as international crude oil prices, refining spreads, processing and distribution costs, biofuel prices, exchange rate volatility, local demand and supply, competition, inventories, local taxation, and domestic margins for our products, among others. Despite our expectation of substantially aligning our local prices with those of international markets over time, without considering short-term fluctuations, we cannot assure you that some critical factors that are considered in our pricing policy (including, but not limited to, abrupt changes in the exchange rate, or in international prices or potential legal or regulatory or other limitations that affect the ability of the market to face abrupt changes in the prices of our products), will not have an adverse impact on our ability to maintain such relation, as volatility and uncertainty in international prices for crude oil and oil products and fluctuations in the value of the Argentine Peso will most likely continue in the foreseeable future.

The international price of crude oil has fluctuated significantly in the past and may continue to do so in the future. After a long decrease in crude oil prices that began in 2014, at the end of 2016 a group known as OPEC+ was formed, which brought the member countries of that organization together with other producers, including Russia, in order to coordinate production cuts that would allow prices to be recovered. The coordination was effective and was extended until March 5, 2020, due to lack of agreement between the main oil producing countries as well as the crisis generated by the COVID-19 pandemic, causing the fall in international oil prices to a minimum of U.S.$ 19/bbl for Brent on April 21, 2020. See "—An outbreak of disease or similar public health threat, such as the ongoing COVID-19 pandemic, which has had and may continue to have material adverse consequences for general economic, financial, and business conditions, could materially and adversely affect our business, financial condition and results of operations." As a result, between May and December 2020, the Argentine government decreed the establishment of reference prices for local crude, setting a floor price and other related measures to stabilize the market prices. Prices have gradually recovered in the following months, reaching U.S.$ 50/bbl as of December 31, 2020. See "Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Operations—Macroeconomic Conditions—Hydrocarbon Market."

A new decrease of international crude oil prices for an extended period of time (or if prices for certain products do not match cost increases), if such scenario is translated to domestic prices for hydrocarbon products, which is beyond our control, could negatively affect the economic viability of our drilling projects and consequently our ability to comply with our concession and exploration permit investment commitments (see "—Argentine oil and gas production concessions and exploration permits are subject to certain conditions and may be cancelled or not renewed"). These price reductions could lead to changes to our development plans, reduce investments, lack of approval of investment projects by our joint venture partners, a loss of proved developed reserves and proved undeveloped reserves, affect adversely our ability to improve our hydrocarbon recovery rates, find new reserves, develop unconventional resources and carry out certain of our other capital expenditure plans. In turn, these changes in conditions could have an adverse effect on our financial condition and results of operations. In addition, a decision by the Argentine government to set the local price of crude oil at values above those that were considered to set the price for our products, or to freeze prices for our downstream products, could have a negative effect on our results of operations, financial conditions and cash flow. In terms of investments, we budget capital expenditures related to exploration, development, refining and distribution activities by considering, among other things, current and expected local and international market prices for hydrocarbon products. If a reduction in our capital expenditures and that of our domestic competitors materializes, it would likely have a negative impact on the number of active drilling rigs, workovers and pulling equipment in Argentina, alongside related services, thus affecting the number of active workers in the industry. We are unable to predict whether, and to what extent, the potential consequences of such measures could affect our business, have an impact on our production and consequently affect our financial condition and results of operations.

With respect to our pricing policy see "—Limitations on local pricing of our products in Argentina may adversely affect our results of operations."

Furthermore, we may be required to write down the carrying value of our properties if estimated oil and gas prices decline or if we have substantial downward adjustments to our estimated reserves, increases in our operating costs or increases in the discount rate, among other factors. See additionally "Item 5. Operating and Financial Review and Prospects—Critical Accounting Policies" for information regarding our sensitivity analysis related to impairment.

An outbreak of disease or similar public health threat, such as the ongoing COVID-19 pandemic, which has had and may continue to have material adverse consequences for general economic, financial, and business conditions, could materially and adversely affect our business, financial condition and results of operations.

Our operations are subject to risks related to infectious disease outbreaks. The COVID-19 pandemic has spread rapidly across various geographic areas causing tragic consequences for many people. Global efforts to stop the virus, including the elaboration and massive application of vaccines to neutralize the effect of the original virus and its new variants, has had and will continue to have significant economic consequences. In addition to the adverse impacts of COVID-19 on financial markets, our industry was especially affected globally by a significant drop in the international price of oil, especially during March and the second quarter of 2020, resulting from the combined effect of a sharp drop in demand as well as the failure of producers to orderly reduce supply. See "—Risks relating to Our Business—We are exposed to the effects of fluctuations in the prices of oil, gas and refined products." In order to mitigate the impact of the COVID-19 pandemic the Argentine government has implemented over time different degrees of mandatory social lockdowns and shutdown of non-essential businesses and has adopted several monetary and fiscal measures to counteract the economic impact of these measures. We cannot assure you whether these measures will be enough 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. Furthermore, the Argentine 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 several years recession.

Demand for our products and services has been, and will likely continue to be, negatively affected by the macroeconomic conditions resulting from the COVID-19 pandemic and the measures adopted by the Argentine government, including future measures, to protect the population and combat the disease. In 2020, our activities have been adversely affected by these measures, including (i) preventive and mandatory social isolation and (ii) measures to protect the labor force by imposing double severance payments and a limitation on layoffs. Our sales (in volume) of diesel, gasoline and jet fuel have decreased significantly compared to 2019. As a result of the reduction in demand and, therefore, in our revenues, we reduced activity and investment levels related to refining and in our oil and gas production fields, mainly during the second and third quarters of 2020. Restrictions have started to be relaxed since then, gradually recovering a certain normality in the social and economic functioning of Argentina. Consequently, there was a gradual recovery in the demand for fuels, and activities in our fields and refineries gradually resumed under strict operational protocols to protect our labor force (see "Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Operations—Macroeconomic Conditions—COVID-19 Outbreak" and Note 2.c of our Audited Consolidated Financial Statements). In March 2021, based on the gradual recovery of activity, decreases in the sales volume of fuels (diesel and gasoline) and jet fuel amount to 7% and 70%, respectively, compared to pre-pandemic levels. Although a significant recovery in sales is observed, current levels of activity continue to be somewhat below normal values, affecting our economic results and cash flows. Reduction in our investment activities could contribute to a reduction of production and the decrease of our reserves (see "—Risks Relating to our Business—Our reserves and production may decline"). In order to resume growth in our oil and gas production we need to increase our investing activities, for which we will need to secure adequate financial resources and to deploy such resources efficiently and on a timely basis, otherwise affecting our results of operations, including production, sales, margins and cash flow from operations, our access to debt markets, covenants compliance, asset impairments, among others. See "Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Operations—Macroeconomic Conditions—COVID-19 Outbreak."

As of the date of this annual report, the Argentine government has re-established certain restrictions due to a new COVID-19 outbreak. We cannot predict or estimate the future negative impact that the COVID-19 will have in our results of operations, financial condition, and investing activities since it remains highly uncertain and will depend on future developments outside of our control, including the intensity and duration of the pandemic and the Argentine government measures taken in order to contain the virus or mitigate the economic impact.

In addition, the COVID-19 pandemic has produced and continues to produce substantial changes in human behavior and in companies in the world and in Argentina, such as the acceleration of the remote work process in many companies, and the lower mobility of people, among others. All of this has consequences on the Company's business based mainly on refined products revenues. We cannot foresee whether the aforementioned changes, or other changes that could be generated or accelerated in the future, will have a material impact on our economic and financial condition, and the results of our operations.

Our domestic operations are subject to extensive regulation.

The Argentine oil and gas industry is subject to 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 results of operations may be adversely affected by regulatory and political changes in Argentina. (See "—Limitations on local pricing of our products in Argentina may adversely affect our results of operations" and "—We are exposed to the effects of fluctuations in the prices of oil, gas and refined products"). We may face risks and challenges relating to government regulation and control of the energy sector, including, among others, those set forth below and elsewhere in these risk factors:

- limitations on our ability to increase local prices of our products to reflect the effects of higher domestic taxes, increases in production costs, increases in biofuel prices or increases in international prices of crude oil and other hydrocarbon fuels as well as exchange rate fluctuations (see "—Limitations on local pricing of our products in Argentina may adversely affect our results of operations");
- actions that may affect the prices of crude oil, natural gas, oil products and chemicals, such as, for example, if a government were to ban diesel automobiles from entering a city or provide tax deductions for the purchase of renewable automobiles;
- new export duties, similar taxes or regulations on imports;
- limitations on hydrocarbon import or export volumes, driven mainly by the requirement to satisfy domestic demand;

- in connection with the Argentine government's policy to provide absolute priority to domestic demand, regulatory orders to supply natural gas and other hydrocarbon products to the domestic retail market in excess of previously contracted amounts, or at prices lower than those related to import parity or those we may obtain if regulated margins were not being imposed or suggested (see "Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—Market Regulation—Natural gas");
- in connection with the former and current incentive programs established by the Argentine government for the oil and gas industry, such as the Plan GasAr (see "A significant percentage of our cash flow from operations is derived from counterparties that are governmental entities"), which is subject to the certain regulations and commitments (in terms of investments and production). Change in regulations or any breach by our company in its obligations under the program could affect our projections or profitability. See "Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—Market Regulation—Natural gas—Natural Gas Stimulus Programs—Decree No. 892/2020";
- legislation and regulatory initiatives relating to hydraulic stimulation and other drilling activities for unconventional oil and gas hydrocarbons, which could increase our cost of doing business or cause delays and adversely affect our operations;
- restrictions on imports of products or equipment, including those related to the authorization of transfer of funds for foreign payments, which could affect our ability to meet our delivery commitments;
- the implementation or imposition of stricter quality requirements for petroleum products in Argentina; and
- restrictions for employees' dismissal or compensation greater than that established by the employment contract law, restrictions in terms of employment and direct provision of goods and services by small and medium-sized enterprises and regional companies, or any changes in labor legislation which could increase our cost of doing business.

The Argentine 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. The Expropriation Law declared achieving self-sufficiency in the supply of hydrocarbons as well as in the exploitation, industrialization, transportation and sale of hydrocarbons a 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. See "Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—The Expropriation Law," and "—Risks Relating to Argentina—The Argentine Republic owns 51% of the shares of the Company."

We cannot assure you that changes in applicable laws and regulations, or adverse judicial or administrative interpretations of such laws and regulations, will not adversely affect our results of operations. See "Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government."

Limitations on local pricing of our products in Argentina may adversely affect our results of operations.

Our domestic gasoline, diesel, natural gas and other fuel prices may differ substantially from prevailing international and regional market prices for such products, and our ability to increase prices in connection with international price increases, the peso devaluation, domestic cost or tax increases, may be limited from time to time, due to regulatory, economic, market and government policy factors.

In addition, Argentina has faced and continues to face high inflationary pressures, which the Argentine government continues to approach through different measures. Given the impact that the increase in the price of fuels has on domestic inflation, we cannot guarantee that we will be able to increase our fuel prices to compensate for the general increases in costs or import prices. See "—Risks Relating to Argentina—Our business is largely dependent upon economic conditions in Argentina."

Regarding natural gas markets, the revenues we obtain from selling natural gas in Argentina to certain segments, particularly residential clients and generation plants are subject to government regulations and thus could be negatively affected by changing policies. In addition, since 2018, our revenues have been affected by the oversupply in the natural gas market during the periods between September and April (the "Off-Peak Period"). This situation, in addition to the bidding process by the national electric market administration company (*Compañía Administradora del Mercado Mayorista Eléctrico*, or "CAMMESA"), which promoted a strong competition in the power generation plants demand, had a sensitive effect on the demand for the remaining segments, generating a lower quantity of firm commitments and/or reducing the tenor of term contracts. Most sales agreements on a firm basis during 2019 were renewed at lower prices due to competition. During 2020, local production decreased substantially driven by reduced investments and the natural decline of fields, in a context of falling demand. As a result, in November 2020, the Argentine government introduced a program designed to promote the production of natural gas, Plan GasAr to ensure base supply for residential and power generation along the year. See "Item 4. Information on the Company—Gas and Power—The Argentine natural gas market."

The prices and volumes that we are able to obtain for our hydrocarbon products 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. We budget capital expenditures by taking into account, among other things, market prices for our hydrocarbon products. For additional information on domestic pricing for our products, see "Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—Market Regulation."

Uncertainty and illiquidity in credit and capital markets may impair our ability to obtain credit and financing or obtain them on acceptable terms.

Our ability to obtain credit and funds depends in large part on capital markets and liquidity factors that we do not control, including those related to the cost of financing. Our ability to access credit and capital markets at acceptable terms may be restricted at a time when we would like, or need, to access those markets, which could have an impact on our operations, financial condition and investing activities.

As a result of many factors including international and local market conditions, Argentina's ability to renegotiate or repay its debts and its consequences on the rest of the economy and us, exchange and capital controls, credit ratings agencies' actions, among other factors, there can be no assurance we will be able to refinance our existing indebtedness in accordance with our plans or repay it at maturity. See "—Risks Relating to Argentina—The evolution of the Argentine economy is largely dependent on the sustainability of its public debt, including that owed to the IMF and the Paris Club," "—If we fail to comply with the covenants set forth in our credit agreements and indentures or upon the occurrence of a change of control, we may be required to prepay our debt," "—Risks Relating to Argentina—We are be subject to exchange and capital controls" and "—An outbreak of disease or similar public health threat, such as the ongoing COVID-19 pandemic, which has had and may continue to have material adverse consequences for general economic, financial, and business conditions, could materially and adversely affect our business, financial condition and results of operations."

In addition, we are regularly evaluated by the major rating agencies based on a number of factors, including our financial condition and factors affecting the oil and gas industry generally. Any downgrade in our credit rating or announcement that our credit rating is under review for possible downgrade could increase the cost associated with any additional indebtedness we incur.

A significant percentage of our cash flow from operations is derived from counterparties that are governmental entities.

In the normal course of business and considering that we are the largest integrated oil and gas company in Argentina, our portfolio of clients and suppliers includes both private sector and governmental entities. All material transactions and balances with related parties as of December 31, 2020 are set forth in Note 35 to the Audited Consolidated Financial Statements, including, among others, accounts receivables with SE (related to the Natural Gas Stimulus Programs), Ministry of Transport (related to compensation for providing gas oil to public transport at a differential price), CAMMESA (related to the provision of fuel oil, diesel and natural gas) Aerolineas Argentinas (related to the provision of jet fuel) and IEASA (related to the provision of natural gas, fuels and NGL). In addition, in 2021, we accumulated account receivables related to Plan GasAr, see "Item 4. Information on the company—Legal and Regulatory Framework and Relationship with the Argentine government—Market Regulation—Natural gas—Natural Gas Stimulus Programs—Decree No. 892/2020."

As of December 31, 2020, the accounts receivable balance corresponding to the Natural Gas Additional Injection Stimulus Program reflects six installments of accrued and not yet due payments, in accordance with Resolution No. 97/2018, representing Ps. 12.6 billion. As of the date of this annual report, we have received 3 more installments of Ps. 6.8 billion under such Resolution. See "Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—MINEM Resolution No. 97/2018."

As of December 31, 2020, the accounts receivable corresponding to the Stimulus Program for Investments in Developments of Natural Gas Production from Unconventional Reservoirs for accrued and unpaid periods amounted to Ps. 3.3 billion.

On December 14, 2020, Law No. 27,591 was published in the Official Gazette, approving the Nation's Budget for fiscal year 2021. Article 91 of Law No. 27,591 nullified Decree No. 1,053/2018, which provided that the Argentine government would assume, on an exceptional basis, the payment of the accumulated daily differences (ADD), between the value of the gas purchased by the providers of the natural gas distribution service by networks and the value of the natural gas included in the tariff charts in force between April 1, 2018 and March 31, 2019, generated exclusively by exchange rate fluctuations and corresponding to volumes of natural gas delivered in the same period. Consequently, YPF has recorded an impairment charge as of December 31, 2020 for Ps. 8,861 million. See "Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—Tariff renegotiation."

If certain governmental counterparties (i) do not pay or redeem such accrued amounts in cash or cash equivalents, including those related to Plan GasAr, (ii) change the established conditions or (iii) are only able to make such payments or redemptions through delivery of financial instruments that (a) may delay collection of working capital payments in excess of our estimates, (b) are subject to change in their listing value, or (c) are denominated in a currency other than the origin of the credit, our financial condition and results of operations could be adversely affected.

We are and could be subject to direct and indirect import and export restrictions, which have affected our results of operations and caused us to declare force majeure under certain of our export contracts.

The Argentine Hydrocarbons Law No. 17,319, allows for hydrocarbon exports as long as they are not required for the domestic market and are sold at reasonable prices. In the case of natural gas, Law No. 24,076 and related regulations require that the needs of the domestic market be taken into account when authorizing long-term natural gas exports. See "Our domestic operations are subject to extensive regulation."

In the past, the Argentine government has adopted a number of measures that have resulted in restrictions on exports of natural gas from Argentina. From time to time, we have been required to divert part of our natural gas production away from exports to the domestic market and have not been able to meet our contractual gas export commitments in whole or, in some cases, in part, leading to disputes with our export clients and forcing us to declare force majeure under our export sales agreements. We believe that the measures mentioned above constitute force majeure events, although no assurance can be given that this position will prevail. See "Item 4. Information on the Company— Gas and Power—Delivery commitments—Natural gas supply contracts," "Item 4. Information on the Company—Gas and Power—The Argentine natural gas market," and "Item 8. Financial Information—Legal Proceedings."

Crude oil exports, as well as most exports of hydrocarbon products, currently requires prior registration with the SE pursuant to the regime established under S.E. Resolution No. 241-E/17, as amended. In addition, since 2018, exports of natural gas are also subject to prior governmental authorization. For more information on export restrictions, see "Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—Natural gas export administration and domestic supply priorities," and "Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—Market Regulation".

As of the date of this annual report, imports of natural gas and NGL are not restricted. See "Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—Automatic and Non-Automatic Import Licenses."

We are unable to estimate the duration of existing restrictions, or whether any further measures will be adopted that adversely affect our ability to export or import gas, crude oil and diesel or other products and, accordingly, our results of operations.

Our reserves and production may decline.

The rate of production from upstream fields generally declines as reserves are depleted. If we do not successfully conduct exploration and development activities, identify secondary recovery reserves, or tertiary recovery reserves through engineering studies, among others, our estimated proved reserves will decline as reserves are produced, and our business could experience reduced cash flows and results of operations.

We face certain challenges in order to replace our proved reserves with other categories of hydrocarbons. In addition, we expect that unconventional development will require higher investment in future years, principally in connection with the Vaca Muerta formation. These investments are expected to yield economies of scale, de-risk undeveloped acreage and to significantly increase recovery rates from this resource play. Nevertheless, the financial viability of these investments and reserve recovery efforts will generally depend on the prevailing economic and regulatory conditions in Argentina, as well as the market prices of hydrocarbon products, and are also subject to material risks inherent to the oil and gas industry. See "—Our business depends on complex, long-term and capital intensive projects, including those related to the development of our unconventional oil and gas reserves."

In 2020, our production decreased by 9.0% compared to 2019 (see "Item 5. Operating and Financial Review and Prospects—Principal Income Statement Line Items—Upstream") and our reserves replacement ratio (incorporation of net reserves in the year, divided by the production of the year) was 12% (of which -43% corresponds to liquids and +71% corresponds to gas), compared to 96% in 2019 (of which 136% corresponds to liquids and 53% corresponds to gas).

We may not be able to replace our proved reserves with other categories of hydrocarbons, which could have a negative impact on us, and our ability to meet our obligations.

Our oil and natural gas reserves are estimates.

Our oil and gas proved reserves are estimated using geological and engineering data to determine with reasonable certainty whether the crude oil or natural gas in known reservoirs is recoverable under existing economic and operating conditions. The accuracy of proved reserve estimates depends on a number of factors, assumptions and variables, some of which are beyond our control. Factors susceptible to our control include drilling, testing and production after the date of the estimates, which may require substantial revisions to reserves estimates; the quality of available geological, technical and economic data used by us and our interpretation thereof; the production performance of our reservoirs and our recovery rates, both of which depend in significant part on available technologies as well as our ability to implement such technologies and the relevant know-how; the selection of third parties with which we enter into business; and the accuracy of our estimates of initial hydrocarbons in place, which may prove to be incorrect or require substantial revisions. Factors mainly beyond our control include changes in prevailing oil and natural gas prices, which could have an effect on the quantities of our proved reserves (since the estimates of reserves are calculated under existing economic conditions when such estimates are made); changes in the prevailing tax rules, other government regulations and contractual conditions after the date estimates are made (which could make reserves no longer economically viable to exploit); and certain actions of third parties, including the operators of fields in which we have an interest.

Information on net proved reserves as of December 31, 2020, 2019 and 2018 was calculated in accordance with SEC rules and FASB’s ASC 932, as amended. Accordingly, crude oil prices used to determine reserves were calculated each month, for crude oils of different quality produced by us.

To calculate our net proved reserves as of December 31, 2020, the Company considered (i) for 2021, the 12 months average of domestic realized prices for crude oil taking into account the effect of export taxes in place until December 31, 2021 (in accordance with Law No 27,541 and Decree No. 488/2020); (ii) for and following the year 2022, given that there are no formal export taxes in place, the unweighted average price of crude oil of the first-day-of-the-month for each month within the twelve-month period ended December 31, 2020, which refers to the Brent prices adjusted by each different quality produced by the Company. In connection with natural gas prices used for estimation of reserves, since there are no benchmark markets for natural gas prices available in Argentina, the Company considered the 12 months average of domestic realized prices, according to the SEC and FASB’s ASC 932 rules, but it also took into account the effect of certain areas from the Neuquina Basin where prices are set according to contracts awarded to YPF S.A under “Plan GasAr” until 2024. See “Item 4. Information on the company—Legal and Regulatory Framework and Relationship with the Argentine government—Market Regulation—Natural gas—Natural Gas Stimulus Programs—Decree No. 892/2020.”

The international price of crude oil has fluctuated significantly in the past. If these prices decrease significantly in the future or if domestic prices are set lower than in internationals markets, our future calculations of estimated proved reserves would be based on lower prices. This could result in a removal of non-economic reserves from our proved reserves in future periods. Assuming all other factors remain constant, if commodity reference prices for crude oil used in our year-end reserve estimates were decreased by 10%, our total proved reserves as of December 31, 2020 would decrease by approximately 4%. If natural gas prices used in our year-end reserve estimates decreased by 10%, our total proved reserves as of December 31, 2020 would decrease by approximately 1%. Furthermore, assuming all other factors remain constant, if costs used in our year-end reserve estimates increased by 10% for crude oil and natural gas, our total proved reserves as of December 31, 2020 would decrease by approximately 4%. However, if we combine the three mentioned effects, our total proved reserves as of December 31, 2020 would decrease by approximately 9%. See “—We are exposed to the effects of fluctuations in the prices of oil, gas and refined products” and “—An outbreak of disease or similar public health threat, such as the ongoing COVID-19 pandemic, which has had and may continue to have material adverse consequences for general economic, financial, and business conditions, could materially and adversely affect our business, financial condition and results of operations.” In addition, as a result of the prices used to calculate the present value of future net revenues from our proved reserves, in accordance with SEC rules, which are similar to the calculation of proved reserves described above, the present value of future net revenues from our proved reserves will not necessarily be the same as the current market value of our estimated crude oil and natural gas reserves.

As a result of the foregoing, measures of reserves are not precise and are subject to revision. Any downward revision in our estimated quantities of proved reserves could adversely impact our financial results by leading to increased depreciation, depletion and amortization charges or impairment, which could reduce earnings and shareholders’ equity.

Oil and gas activities are subject to significant economic, social, environmental and operational risks and to seasonal fluctuation of demand.

Oil and gas exploration and production activities are subject to particular economic and industry-specific operational risks, some of which are beyond our control, such as equipment and transportation risks, as well as natural hazards and other uncertainties, including those relating to the physical characteristics of onshore and offshore oil or natural gas fields. Our operations may be curtailed, delayed or cancelled due to bad weather conditions, mechanical difficulties, shortages or delays in the delivery of equipment, compliance with governmental requirements (including those related to the COVID-19 or other similar diseases), fire, explosions, blow-outs, pipe failure, abnormally pressured formations, strikes by our own or third-party employees and environmental hazards, such as oil spills, gas leaks, ruptures or discharges of toxic gases. In addition, we operate in politically sensitive areas where the native population has interests that from time to time may conflict with our production or development objectives. If these risks materialize, our operations may suffer substantial operational losses and disruptions and our reputation may be harmed, which could materially and adversely affect our business, financial condition and results of operations. Additionally, if any operational incident occurs that affects local communities and ethnic communities in nearby areas, 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. Drilling may be unprofitable, not only with respect to dry wells, but also with respect to wells that are productive but do not produce sufficient revenues to return a profit after drilling, operating and other costs are taken into account.

Furthermore, historically our results have been subject to seasonal fluctuations of demand during the year, particularly in the case of natural gas, as a result of increased demand during the colder winter months. In addition, since 2018, our revenues have been affected, by the oversupply in the natural gas market during the Off-Peak Period. This situation, in addition to CAMMESA’s bidding processes, which promoted a strong competition in the power generation plants demand, had a sensitive effect on the demand for the remaining segments, generating a lower quantity of firm commitments and/or reducing the tenor of term contracts. Most sales agreements on a firm basis during 2019 were renewed at lower prices due to competition. During 2020, local production decreased substantially driven by the decrease in investments and the natural decline of fields, in a context of falling demand. As a result, in November 2020, the Argentine government introduced Plan GasAr designed to promote the production of natural gas. See “Item 4. Information on the Company—Gas and Power—The Argentine natural gas market.”

See also “Item 5. Operating and Financial Review and Prospects—Factors Affecting Our Operations—Seasonality”, “Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—Market Regulation—Natural Gas—Tariffs” and “Item 4. Information on the Company—Gas and Power— The Argentine natural gas market.”

As such, we could be subject to fluctuations in non-winter season in our sales volumes and consequently our level of natural gas production could be negatively affected, potentially resulting in market prices lower than expected, thus affecting our result of operations and financial conditions.

Our business depends on complex, long-term and capital intensive projects, including those related to the development of our unconventional oil and gas reserves

Our projects require a high degree of project management expertise to maximize efficiency. We use a range of oil products prices, gas prices, cost, taxes, among other assumptions, which we review on a periodic basis. These assumptions help us evaluate our projects through a robust capital allocation process. If our assumptions prove to be incorrect, our earnings, cash flows and financial condition could be materially affected.

Specific factors that can affect the performance of major projects (including those related to our unconventional reserves in Vaca Muerta) include our ability to: negotiate successfully with joint venturers, partners, governments, suppliers, unions, customers, or others; model and optimize reservoir performance; develop production facilities and distribution network, develop markets for project outputs; obtain project approvals and funding by joint-venture partners; obtain financing at reasonable costs and on reasonable terms; access to and availability of equipment and necessary technology, services and personnel and drilling results; manage changes in operating conditions and costs, including costs of third party equipment or services such as drilling; prevent, to the extent possible, and respond effectively to unforeseen technical difficulties that could delay project start-up or cause unscheduled project downtime. Moreover, increasing unconventional oil production requires the adjustment of our refineries to enlarge the proportion of light crudes to be processed to be able to remain vertically integrated.

In addition to the effective management of individual projects, YPF’s success depends on our ability to successfully manage our overall portfolio, including diversification among types and locations of our projects and strategies to divest assets. We may not be able to divest assets at a price or in the timeline contemplated in our plan. Additionally, we may retain certain liabilities following a divestment and could be held liable for past use or for unforeseen liabilities .

We may not have sufficient insurance to cover all the operating hazards to which we are subject.

Our exploration and production operations are subject to extensive economic, operational, regulatory, legal and cybersecurity risks. We maintain insurance covering us against certain risks inherent in the oil and gas industry in line with industry practice, including loss of or damage to property and equipment, control-of well incidents, loss of production or income incidents, removal of debris, sudden and accidental seepage pollution, contamination and clean up and third-party liability claims, including personal injury and loss of life, among other business risks. However, our insurance coverage is subject to deductibles and limits that in certain cases may be materially exceeded by our liabilities. In addition, certain of our insurance policies contain exclusions that could leave us with limited coverage in certain events. In addition, we may not be able to maintain adequate insurance at rates or on terms that we consider reasonable or acceptable or be able to obtain insurance against certain risks that materialize in the future. If we experience an incident against which we are not insured, or the costs of which materially exceed our coverage, it could have a material adverse effect on our business, financial condition and results of operations.

Argentine oil and gas production concessions and exploration permits are subject to certain conditions and may be cancelled or not renewed.

The Hydrocarbons Law, as amended, provides for conventional oil and gas concessions to remain in effect for 25 years, 35 years in the case of unconventional concessions and 30 years for offshore concessions, in each case, as from the date of their award and subject to extensions for periods of up to 10 years each. The authority to extend the terms of current and new permits, concessions and contracts has been vested in the governments of the provinces in which the relevant area is located (and the federal government in respect of offshore areas beyond 12 nautical miles). In order to be eligible for an extension of a concession, based on Law No. 27,007 (as amended), concessionaires must (i) have complied with their obligations, (ii) be producing hydrocarbons in the concession under consideration and (iii) submit an investment plan for the development of such areas as requested by the competent authorities up to a year prior to the termination of each term of the concession.

The extension of our concessions includes, among others, certain level of investment and activity commitment in certain periods. Non-compliance with the obligations and standards set out under the Hydrocarbons Law or agreements with the competent authorities, as applicable, may also result in the imposition of fines and in the case of material breaches, following the expiration of applicable cure periods, the revocation of the concession or permit. We cannot assure you that non-compliance with certain commitments with provinces, as a result of relevant different conditions prevailing in the domestic and/or international oil and gas market at different times, may derive in the imposition of fines or expiration of certain concessions or permits.

We cannot provide assurances that any of our concessions will be extended. The termination of, or failure to obtain the extension of, a concession or permit, or its revocation, could have a material adverse effect on our business and results of operations.

We may incur significant costs and liabilities related to environmental, health and safety matters.

Operations in the oil and gas industry in which we participate, including those related to our mining and use of sand for purposes of our oil and gas operations, are subject to a wide range of environmental, health and safety laws and regulations in the countries in which we operate. These laws and regulations have a substantial impact on our operations and those of our subsidiaries and could result in material adverse effects on our financial position and results of operation. See “Item 4. Information on the Company—Insurance.” In addition, due to the COVID-19 outbreak, we are operating under strict protocols to protect our labor force and our clients. A number of events related to environmental, health and safety matters, including changes in applicable laws and regulations, adverse judicial or administrative interpretations of such laws and regulations, changes in enforcement policy, the occurrence of new litigation or development of pending litigation, and the development of information concerning these matters, could result in new or increased liabilities, capital expenditures, reserves, losses and other impacts that could have a material adverse effect on our financial condition and results of operations. For instance, during 2019, we had a well control incident in one exploratory gas well under production in the Loma La Lata field. See “Item 4. Upstream overview—Exploration & Production Activity in Argentina—Oeste Region—Loma La Lata – Sierra Barrosa Block.” In addition, the Company’s sand mining operations and hydraulic stimulation may result in silica-related health issues and litigation that could have a material adverse effect on the Company in the future. See “Item 8. Financial Information—Legal Proceedings” and “Item 4. Information on the Company—Legal and Regulatory Framework and Relationship with the Argentine government—Argentine Environmental Regulations.”

Environmental, health and safety regulation and jurisprudence in Argentina is developing at a rapid pace and no assurance can be provided that such developments will not increase our cost of doing business and liabilities, including with respect to drilling and exploitation of our unconventional oil and gas reserves.

Furthermore, water is an essential component of both the drilling and hydraulic fracturing processes. The Company regularly disposes of the fluids produced from oil and gas production operations directly or through the use of third-party vendors. Increased regulation or limitations to the use of water for our operations, or increased scrutiny or limitations on the injection of produced water through injection wells (which could also result in increased litigation), could adversely affect our operation and our financial condition.

Climate change and energy transition could affect our results and access to capital

Due to concern over the risk of climate change, a number of countries have adopted, or are considering the adoption of, new regulatory requirements to reduce greenhouse gas emissions, such as carbon taxes, increased efficiency standards or the adoption of cap and trade regimes. Argentina has adopted new rules which began to phase-in more stringent standards to lower the amount of sulfur contained in diesel and gasoline fuels. To meet these standards, we expect to increase investments in future years, and this will impact the overall production costs of such fuels, which could in turn adversely impact on our results of operations unless we can transfer such increased costs to customers through the future prices of our products. Furthermore, if we cannot meet the new specifications for Sulphur content in fuels (see "Item 4. Information on the Company—Environmental Matters"), our revenues, financial condition and results of operations may be adversely affected due to lower utilization of the refining capacity, and that could also affect our market share.

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. If additional requirements were adopted in Argentina, these requirements could add to our production costs (including compliance related costs such as for monitoring or reducing emissions) and impact adversely on our competitiveness, and may also shift hydrocarbon demand toward relatively lower-carbon sources such as renewable energies.

The risks associated with climate change could impact our operations due to severe weather events; (i) more difficulties for us to access capital due to reputational issues with investors; (ii) change the consumer profile, reducing its consumption of fossil fuels; and (iii) energy transitions in the world economy towards a lower carbon matrix with the insertion of substitute products for fossil fuels and the increasing use of electricity for urban mobility. These factors may have a negative impact on the demand for our products and services and may jeopardize or even impair the implementation and operation of our businesses, adversely impacting our operating and financial results and limiting our growth opportunities.

In addition, the pace and extent of the energy transition could pose a risk to the company if our own transition towards decarbonisation does not moves in sync with society. If we are slower than society, our reputation may suffer and customers may prefer a different supplier which would adversely impact demand for our products, including the market value of our non-conventional acreage and associated resources we expect to develop in the future. If we move faster than society, we risk investing in technologies, markets or low-carbon products that are unsuccessful because there is limited demand for them. Our failure to time the transition of our production to address climate-change related concerns could have a material adverse effect on our earnings, cash flows and financial condition.

We face risks relating to certain legal proceedings

As described under "Item 8. Financial Information—Legal Proceedings" and under "—We may be responsible for significant costs and liabilities depending on the outcome of the adversary proceeding against the Company and certain of its subsidiaries and other entities filed by the Maxus Energy Corporation Liquidating Trust (the "Liquidating Trust") in the Delaware Bankruptcy Court", we are party to a number of labor, commercial, civil, tax, criminal, environmental and administrative proceedings that, either alone or in combination with other proceedings, could, if resolved in whole or in part adversely to us, result in the imposition of material costs, fines, judgments or other losses. While we believe that we have provisioned such risks appropriately based on the opinions and advice of our external legal advisors and in accordance with applicable accounting rules, certain loss contingencies, particularly those relating to environmental matters, are subject to change as new information develops and it is possible that losses resulting from such risks, if proceedings are decided in whole or in part adversely to us, could significantly exceed any accruals we have provided.

In addition, we may be subject to liabilities related to labor, commercial, civil, tax, criminal or environmental contingencies undisclosed to us when we acquire new businesses, in which case our business, financial condition and results of operation may be materially and adversely affected.

We may be responsible for significant costs and liabilities depending on the outcome of the adversary proceeding against the Company and certain of its subsidiaries and other entities filed by the Maxus Energy Corporation Liquidating Trust (the "Liquidating Trust") in the Delaware Bankruptcy Court

On June 14, 2018, the Liquidating Trust filed a lawsuit against the Company, YPF Holdings, CLH Holdings, Inc., YPF International, and other companies not affiliated to YPF, claiming alleged damages in an amount up to U.S.$ 14 billion, principally in connection with alleged claims purportedly related to corporate restructuring transactions the Company engaged in several years ago. As of the date of this annual report, the lawsuit was in pre-trial stages and we cannot anticipate the date on which final judgment will be rendered or whether such judgment will be adverse to the Company. See Note 31 to the Audited Consolidated Financial Statements. Depending on the final outcome of these proceedings, our financial condition and results of operation could be materially and adversely affected.

Our business depends to a significant extent on our production and refining facilities and logistics network.

Our oil and natural gas field facilities, refineries and logistics network are our principal production facilities and distribution network on which a significant portion of our revenues depends. Although we insure our properties on terms we consider prudent and have adopted and maintain safety measures, any significant damage, accident or other production stoppage at our facilities or network could materially and adversely affect our production capabilities, financial condition and results of operations.

We may be subject to organized labor action.

Our operations have been affected by organized work disruptions and stoppages in the past and we cannot assure you that we will not experience them in the future, which could adversely affect our business and revenues, especially in the context of diminished investment activities. Labor demands are commonplace in Argentina's energy sector and unionized workers have blocked access to and damaged our plants in the past and thus we can provide no assurances for that not to happen again in the future.

Our performance is largely dependent on recruiting and retaining key personnel

Our current and future performance, the successful implementation of our strategy and the operation of our business are dependent upon the contributions of our senior management and our highly skilled team of engineers and other employees. Our ability to continue to rely on these key individuals is dependent on our success attracting, training, motivating and retaining key management and commercial and technical personnel with the necessary skills and experience. There is no assurance that we will be successful in attracting and retaining key personnel, and if so, to do it on a timely basis.

The loss of the experience and services of key personnel or the inability to recruit suitable replacements or additional staff could have a material adverse effect on our business, financial condition and our results of operations.

We may suffer information technology system failures, network disruptions, and breaches in data security that could negatively affect our business, financial position, results of operations, and cash flows.

As dependence on digital technologies is expanding, particularly on the back of increased remote working for a large portion of our processes after the outbreak of COVID-19, cyber incidents, including deliberate attacks or unintentional events have been increasing worldwide. We use digital technologies to estimate quantities of oil and gas reserves, analyze seismic and drilling information, process and store financial and operating data, as well as to support our internal communications and interactions with our third-party business partners, whether cloud-based or hosted on proprietary servers. Cyber-attacks could compromise our digital systems and result in additional costs as well as disruptions to our business operations or the loss of our data.

Although we are continuously expanding our security policy to the industrial systems and the cloud environment, reinforcing the defenses in case of denial of service and increasing the monitoring of suspicious activities, our technologies, systems, networks, and those of our business partners have been and may continue to be the target of cyber-attacks or information security breaches, which could lead to disruptions in critical systems (for example, SCADAs, DCS Systems), unauthorized release of confidential or protected information, corruption of data or other disruptions of our business operations. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period.

A cyber-attack involving our information systems and related infrastructure, or those of our business partners, could disrupt our business and negatively impact our operations in a variety of ways, including but not limited to:

- unauthorized access to seismic data, reserves information, strategic information, or other sensitive or proprietary information could have a negative impact on our ability to compete for oil and gas resources;
- data corruption or operational disruption of production-related infrastructure could result in a loss of production, or accidental discharge; and
- disruption of our operations, communications, or processing of transactions or the loss of, or damage to, sensitive information, facilities, infrastructure and systems which are essential to our business and operations which could have a material adverse effect on our business, financial position, results of operations, and cash flows.

In addition, a cyber-attack on (i) a service provider could result in supply chain disruptions, which could delay or halt our major development projects; and (ii) our accounting or accounts payable systems could expose us to liability to employees and third parties if their sensitive personal information is obtained.

As cybersecurity threats continue to evolve in the oil and gas industry, we may be required to expend additional resources to continue to modify or enhance our protective measures, as well as to investigate or remediate any cybersecurity or information technology infrastructure vulnerabilities as needed.

While certain of our insurance policies may allow for coverage of associated damages resulting from such events, if we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our financial position, results of operations and cash flows. See "—We may not have sufficient insurance to cover all the operating hazards to which we are subject."

The Company's reputation is an important corporate asset. An operating incident, significant cybersecurity disruption or other similar adverse event, may have a negative impact on our reputation, which in turn could make it more difficult for us to successfully compete for new opportunities or could reduce consumer demand for the Company's branded products.

During 2020, we were the target of many attempted attacks and were exposed to malware infections like other companies in the industry, which did not result in a significant loss or a negative impact in our operations. There can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully calculated nor mitigated because of, among other things, the evolving nature of these threats.

Since the outbreak of COVID-19, the Company's exposure to cyber-threats has increased, mainly due to the large-scale adoption of mobile technologies, working from home at large scale and during extended periods of time, heightened activity on customer-facing networks and greater usage of cloud based services.

Our derivative risk management activities could result in financial losses.

We may enter into derivative financial instruments such us foreign exchange hedge and commodity hedge (oil and grains) among others, to mitigate market risk. Although we would only execute non speculative trades, we might be exposed to residual adverse fluctuations in the price of the assets underlying the derivative contracts, the derivatives might fail to provide perfect hedging for the nature of the risks or our counterparties might fail in their obligations, which could result in financial losses and affect the results of our operations. For detailed information regarding our outstanding derivatives as of December 31, 2020, see Note 2.b.17 to the Audited Consolidated Financial Statements.

Our actual production could differ materially from our forecasts.

From time to time, we provide forecasts of expected quantities of future oil and gas production and other financial and operating results. These forecasts are based on a number of estimates and assumptions, including that none of the risks associated with our oil and gas operations summarized in this section "Item 3. Key Information—Risk Factors" occur. Production forecasts, specifically, are based on assumptions such as expectations of production from existing wells, the level and outcome of future drilling activity, the level of gas demand, and the absence of facility or equipment malfunctions, adverse weather effects, the occurrence of a pandemic disease or downturns in commodity prices or significant increases in costs, which could make certain drilling activities or production uneconomical. Should any of these estimates prove inaccurate, or should our development plans change, actual production or other forecasted financial or operating metrics could be materially and adversely affected.

We have limited control over the day to day activities carried out on properties that we do not operate.

Some of the properties in which we have an interest are operated by other companies and involve third-party working interest owners. As a result, we have limited ability to influence or control the day to day operations of these companies and third-parties, including their compliance with environmental, safety and other regulations, which, in turn, could have a material adverse effect on our business, financial position, results of operations, cash flows and/or our reputation.

We could be affected by violations of anticorruption, anti-bribery, anti-money laundering and other national and international regulations.

We are subject to anticorruption, anti-bribery, anti-money laundering and other national and international regulations. We are required to comply with the regulations of Argentina and various jurisdictions where we conduct operations. Among other regulations, a law on corporate criminal liability applies in Argentina (see "Item 9. The Offer and Listing—Law No. 27,401 on Corporate Criminal Liability)". Although we have developed a comprehensive compliance program and we have internal policies and procedures designed to ensure compliance with applicable anti-fraud, anti-bribery and anti-corruption laws and sanctions regulations, potential violations of anti-corruption laws could be identified on occasion as part of our compliance and internal control processes. In case such issues arise, we plan to attempt to act promptly to learn relevant facts, conduct appropriate due diligence, and take any appropriate remedial action to address the risk. Given the size of our operations and the complexity of the production chain, 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 employees, directors, officers, partners, agents and service providers or that such persons will not take actions in violation of our policies and procedures (or otherwise in violation of the relevant anti-corruption laws and sanctions regulations) for which we or they may be ultimately held responsible. Violations of anti-bribery and anti-corruption laws and sanctions regulations could have a material adverse effect on our business, reputation, results of operations and financial condition. In addition, we may be subject to one or more enforcement actions, investigations and proceedings by authorities for alleged infringements of these laws. These proceedings may result in penalties, fines, sanctions or other forms of liability and could have a material adverse effect on our reputation, business, financial condition and results of operations.

If we fail to comply with the covenants set forth in our credit agreements and indentures or upon the occurrence of a change of control, we may be required to prepay our debt.

Under the terms of our credit agreements and indentures, if we fail to comply with the covenants set forth thereunder or if we fail to cure any breach thereof during a specified period of time, we may be in default of our obligations, which in turn would limit our capacity of borrowing. In the case of our Secured Notes due 2026, holders may elect to accelerate payments and in that case we may lose access to the collateral underlying those obligations. To the extent we default on any of our obligations or upon the occurrence of other events of default, we would expect to actively pursue formal waivers from the corresponding counterparties to these agreements, in order to avoid the acceleration of any amounts owed thereunder. However, if the corresponding waivers are not timely obtained, in accordance with the terms of our credit and indentures certain creditors may declare the principal and accrued interest on amounts owed to them as due and immediately payable, resulting in acceleration of other outstanding debt due to cross default provisions, which in turn could have a material adverse effect on our business, financial condition and results of operations. See additionally Note 4 to our Audited Consolidated Financial Statements and “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Covenants in our indebtedness.”

In addition, upon the occurrence of a change of control, we may be required to make an offer to purchase certain outstanding notes at a price of 101% of their principal amount plus accrued and unpaid interest, and our other debt may be subject to mandatory prepayment. Our source of funds for any such mandatory prepayment will be available cash or other sources, including borrowings, sales of assets or sales of equity. The sources of cash may not be adequate to permit us to immediately prepay our indebtedness upon a change of control, which in turn may result in an event of default under certain agreements governing our indebtedness.

Risks Relating to Our Class D Shares and ADSs

The market price for our shares and ADSs may be subject to significant volatility

The market price of our ordinary shares and ADSs may fluctuate significantly due to a number of factors, including, among others, our actual or anticipated results of operations and financial condition; speculation over the impact of the Argentine government as our controlling shareholder on our business and operations, the behavior of international markets, variations in international crude oil prices, pandemic diseases, such as COVID-19, investor perceptions of investments relating to Argentina and political and regulatory developments affecting our industry or the Company. See also “—Risks Relating to Argentina—Our business is largely dependent upon economic conditions in Argentina.” Factors such as the above-mentioned have led to considerable volatility in the market price of our shares and ADSs. For example, the price of our ADSs has varied from U.S.$ 54.58 on January 5, 2011 to U.S.$ 9.57 on November 16, 2012. The price hit a high closing price of U.S.$ 36.99 on July 1, 2014, but subsequently fell to U.S.$ 12.83 on January 20, 2016. During 2017 the price of our ADSs reached a maximum of U.S.$ 26.16 but, mainly due to Argentine economic conditions, it decreased to a minimum value of U.S.$ 12.31 on December 24, 2018. During 2019 the price of our ADSs reached a maximum of U.S.$ 18.50 but, as of December 31, 2020, our ADSs had a price of U.S.$ 4.70 (reaching a minimum of U.S.$ 2.57 during March 2020), mainly influenced by international markets and the COVID-19 pandemic. See “—Risks Relating to our Business—We are exposed to the effects of fluctuations in the prices of oil, gas and refined products”, “—Risks Relating to our Business—An outbreak of disease or similar public health threat, such as the ongoing COVID-19 pandemic, which has had and may continue to have material adverse consequences for general economic, financial, and business conditions, could materially and adversely affect our business, financial condition and results of operations” and “Item 9. The Offer and Listing”. We cannot assure you that concerns about factors that could affect the market price of our ordinary shares as previously mentioned will not have a material adverse effect on the trading values of our securities.”

Additionally, if the bid price of our ordinary shares and ADSs were to close below the required minimum 30-day average of U.S.$ 1.00 per share, we may receive a deficiency notice from the NYSE regarding our failure to comply with this requirement. To the extent that we are unable to timely resolve such listing deficiency, there is a risk that our ordinary shares and ADSs may be delisted from the NYSE, which would adversely impact liquidity of our ordinary shares and ADSs and potentially result in even lower bid prices for them. In addition, if the NYSE approves the delisting of our ordinary shares and ADSs, BYMA may approve the delisting of our shares listed in such stock market.

Certain strategic transactions require the approval of the holder of our Class A shares or may entail a cash tender offer for all of our outstanding capital stock.

Pursuant to our by-laws, the approval of the Argentine government, the sole holder of our Class A shares, is required to undertake certain strategic transactions, including (i) a merger; (ii) acquisition of shares by a third party representing more than 50% of the company's capital; (iii) the transfer to third parties of all the exploitation rights granted to YPF pursuant to the Hydrocarbons Law, applicable regulations thereunder or the Privatization Law, if such transfer would result in the total suspension of the Company's exploration and production activities; (iv) the voluntary dissolution of the Company, and (v) the transfer of the legal or fiscal domicile of the Company to a country other than Argentina. This approval would also be necessary in connection with an acquisition that would result in the purchaser holding 15% or more of our capital stock, or 20% or more of the outstanding Class D shares.

According to our by-laws, the transactions described in (iii) and (iv) above also require the prior approval of the Argentine Congress.

In addition, our by-laws also provide that in order to carry out an acquisition that results in the purchaser holding 15% or more of our capital stock or 20% or more of the outstanding Class D shares, such purchaser would be required to make a public tender offer for all of our outstanding shares and convertible securities, which could discourage certain investors from acquiring significant stakes in our capital stock. Such public tender offer shall not be needed for the subsequent acquisitions by an Offeror (as such term is defined in "Item 10. Additional Information—Certain Provisions Relating to Acquisition of Shares"), who already owns, or controls shares that represent 15% or more of the outstanding capital stock or 20% or more of the outstanding Class D shares, as long as such Offeror does not own or control, previously or as a consequence of these acquisitions, shares that represent more than 50% of the capital stock. For any subsequent acquisition made by an Offeror already owning or controlling more than 50% of the capital stock of the Company prior to such acquisition it is neither required to obtain the approval of the Class A shares, nor to make a public tender offer. See "Item 10. Additional Information—Certain Provisions Relating to Acquisitions of Shares."

Capital controls imposed by Argentina may impair your ability to receive dividends and distributions on, and the proceeds of any sale of, the Class D shares underlying the ADSs.

The Argentine government is empowered, for reasons of public emergency, to establish the system that will determine the exchange rate between the peso and foreign currency and to impose exchange regulations. Under current regulations, the transfer of funds abroad to pay dividends to non-resident shareholders currently requires Argentine Central Bank approval unless certain conditions are met in accordance with regulations issued by the Argentine Central Bank. For more information on exchange restrictions see "Item 10. Additional Information—Exchange Regulations- Distribution of profits and dividends." Further restrictions on the movement of capital to and from Argentina may be imposed and impair or prevent the conversion of dividends, distributions, or the proceeds from any sale of Class D shares, as the case may be, from pesos into U.S. dollars and the remittance of the U.S. dollars abroad.

Under the terms of our deposit agreement with the depositary for the ADSs, the depositary will convert any cash dividend or other cash distribution we pay in pesos on the shares underlying the ADSs into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States, pursuant to the aforementioned regulations. If this conversion is not possible for any reason, including regulations of the type described herein (particularly, see "Item 10. Additional Information— Exchange Regulations") or future regulations and restrictions that may be enacted, the deposit agreement allows the depositary to distribute the foreign currency only to those ADRs holders to whom it is possible to do so. If the exchange rate fluctuates significantly during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the dividend distribution.

We may not be able to pay, maintain or increase dividends.

Our ability to pay, maintain or increase dividends is based on many factors, including our net income, capital expenditures required under our investment plans, future debt service payments, working capital needs, legal, tax and/or contractual restrictions, and general economic and financial conditions. A change in any of these factors could affect our ability to pay, maintain or increase dividends, and the exact amount of any dividend paid may vary from year to year. See "Item 10. Additional Information—Dividends"; "—Risks Relating to Our Business—An outbreak of disease or similar public health threat, such as the ongoing COVID-19 pandemic, which has had and may continue to have material adverse consequences for general economic, financial, and business conditions, could materially and adversely affect our business, financial condition and results of operations."

We are traded on more than one market and this may result in price volatility; in addition, investors may not be able to easily transfer securities to take advantage of pricing opportunities for trading between such markets.

Trading in the ADSs or Class D Shares underlying ADSs in the United States and Argentina, respectively, will use different currencies (U.S. dollars on the New York Stock Exchange ("NYSE") and pesos on the Mercado de Valores de Buenos Aires ("S&P MERVAL"), and take place at different times (resulting from different trading platforms, different time zones, different trading days and different public holidays in the United States and Argentina). The trading prices of the Class D Shares underlying ADSs on these two markets may differ due to these and other factors. Any decrease in the price of the Class D Shares underlying ADSs on the S&P MERVAL could cause a decrease in the trading price of the ADSs on the NYSE. Investors could seek to sell or buy the Class D Shares underlying ADSs to take advantage of any price differences between the markets through a practice referred to as "arbitrage." Any arbitrage activity could create unexpected volatility in both our share prices on one exchange, and the ADSs available for trading on the other exchange. In addition, holders of ADSs will not be immediately able to surrender their ADSs and withdraw the underlying Class D Shares for trading on the other market without effecting necessary procedures with the depositary. This could result in time delays and additional cost for holders of ADSs.

Under Argentine law, shareholder rights may be different from other jurisdictions.

Our corporate affairs are governed by our by-laws and by Argentine corporate law, 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.

Actual or anticipated sales of a substantial number of Class D shares could decrease the market prices of our Class D shares and of the ADSs.

Sales of a substantial number of Class D shares or ADSs by any present or future relevant shareholder could decrease the trading price of our Class D shares and the ADSs.

You may be unable to exercise preemptive, accretion or other rights with respect to the Class D shares underlying your ADSs.

Holders of ADSs may not be able to exercise the preemptive or accretion rights relating to the shares underlying the ADSs (see "Item 10. Additional Information—Preemptive and Accretion Rights") unless a registration statement under the U.S. Securities Act of 1933 (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 may lapse. As a result, U.S. holders of Class D shares or ADSs may suffer dilution of their interest in our company upon future capital increases.

In addition, under the Argentine General Corporations Law, foreign companies that own shares in an Argentine corporation are required to register with the National Corporations Registry (under the purview of the Ministry of Justice and Human Rights) in order to exercise certain shareholder rights, including voting rights. If you own our Class D shares directly (rather than in the form of ADSs) and you are a non-Argentine company and you fail to register with the respective National Corporations Registry, your ability to exercise your rights as a holder of our Class D shares may be limited. Pursuant to Capital Markets Law No. 26,831 and to General Resolution No. 789 of the CNV, both applicable to the Company, foreign companies that are shareholders of YPF may participate and vote in the shareholders' meetings through duly authorized attorneys in fact.

You may be unable to exercise voting rights with respect to the Class D shares underlying your ADSs at our shareholders' meetings.

The depositary will be treated by us for all purposes as a shareholder with respect to the shares underlying ADSs. A holder of ADRs representing the ADRs being held by the depositary will not have direct shareholder rights and may exercise voting rights with respect to the Class D shares represented by the ADRs only in accordance with the deposit agreement relating to the ADSs. There are no provisions under Argentine law or under our by-laws that limit the exercise by ADRs holders of their voting rights through the depositary with respect to the underlying Class D shares. However, there are practical limitations on the ability of ADRs holders to exercise their voting rights due to the additional procedural steps involved in communicating with these holders. For example, holders of our shares will receive notice of shareholders' meetings through publication of a notice in an official gazette in Argentina, in an Argentine newspaper of general circulation, and in the bulletin of the Buenos Aires Stock Exchange, and will be able to exercise their voting rights by either attending the meeting in person or voting by proxy. ADRs holders, by comparison, will not receive notice directly from us. Instead, in accordance with the deposit agreement, we will provide the notice to the depositary. The depositary may mail to holders of ADRs the notice of the meeting and a statement as to the manner in which instructions may be given by holders, if we request it to do so. To exercise their voting rights, ADRs holders must then instruct the depositary on how to vote with regards to the Class D shares represented by their ADRs. Due to these procedural steps involving the depositary, the process for exercising voting rights may take longer for ADRs holders than for holders of Class D shares. If no such instructions are received, the depositary shall vote the Class D shares represented by ADSs in accordance with the recommendations of the Board of Directors made to all holders of shares.