PETROQUÍMICA COMODORO RIVADAVIA S.A.

Consolidated Financial Statements
as of and for the years ended
December 31, 2020 and 2019
Independent Auditors' Report
Statutory Audit Committee's Report

PETROQUÍMICA COMODORO RIVADAVIA S.A.

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PETROQUÍMICA COMODORO RIVADAVIA S.A.

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019
(amounts expressed in thousands of Argentine pesos – Note 2.2)

	Notes and Exhibits	**2020**	**2019**
ASSETS			
CURRENT ASSETS			
Cash and banks		2,026,773	3,698,267
Investments	5.a	5,335,126	3,292,898
Accounts receivable	5.b	4,938,680	4,826,524
Other receivables	5.c	2,550,854	3,131,477
Inventories	5.d	2,436,884	2,967,793
Total Current Assets		17,288,317	17,916,959
NON-CURRENT ASSETS			
Other receivables	5.c	603,785	673,332
Deferred income tax	9	509,206	689,946
Inventories	5.d	17,445	19,582
Property, plant and equipment	Exhibit A	54,739,122	49,937,052
Right of use assets	5.e	1,284,236	1,170,135
Intangible assets	5.f	456,444	469,168
Other financial assets		2,741	--
Total Non-current assets		57,612,979	52,959,215
TOTAL ASSETS		74,901,296	70,876,174

The accompanying notes and exhibits hereto are an integral part of these consolidated financial statements.

Eng. Martín F. Brandi
President

PETROQUÍMICA COMODORO RIVADAVIA S.A.

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019
(amounts expressed in thousands of Argentine pesos – Note 2.2)

	Notes and Exhibits	2020	2019
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	5.g	3,443,161	2,915,517
Lease liability	5.h	191,036	183,599
Loans	5.i	18,239,685	12,060,898
Salaries and social security taxes payable		738,181	937,309
Taxes payable	5.j	886,461	880,214
Other liabilities	5.k	814,254	1,590,487
Provisions	Exhibit E	60,699	39,044
Total Current liabilities		24,373,477	18,607,068
NON- CURRENT LIABILITIES			
Accounts payable		17,399	16,862
Lease liability	5.h	1,175,496	1,053,069
Loans	5.i	18,359,487	22,001,667
Salaries and social security taxes payable		380,002	362,244
Deferred income tax	9	5,404,994	4,175,301
Other liabilities	5.k	32,393	66,781
Taxes payable		59,720	--
Provisions	Exhibit E	4,078,279	3,468,685
Total Non-current liabilities		29,507,770	31,144,609
TOTAL LIABILITIES		53,881,247	49,751,677
EQUITY			
Shareholders’ contributions		2,741,544	2,741,544
Retained earnings		18,267,122	18,371,275
Equity attributable to owners of the Company		21,008,666	21,112,819
Non-controlling interest		11,383	11,678
Total equity		21,020,049	21,124,497
TOTAL LIABILITIES AND EQUITY		74,901,296	70,876,174

The accompanying notes and exhibits hereto are an integral part of these consolidated financial statements.

Eng. Martín F. Brandi
President

PETROQUÍMICA COMODORO RIVADAVIA S.A.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(amounts expressed in thousands of Argentine pesos – Note 2.2)

	Notes and Exhibits	2020	2019
Revenue	10	25,017,268	31,469,011
Cost of goods and services sold	Exhibit F	(15,550,136)	(20,170,437)
Gross profit		9,467,132	11,298,574
Marketing expenses	Exhibit H	(1,117,673)	(1,273,339)
Exploration expenses	Exhibit H	(228,149)	(818,103)
Administrative expenses	Exhibit H	(1,038,093)	(1,023,323)
Other expenses – Impairment of Property, plant and equipment(1)		(27,816)	(291,744)
Other income and expenses, net	6.a	(428,225)	145,480
Operating income	10	6,627,176	8,037,545
Financial and holding losses, net	6.b	(5,066,573)	(3,861,158)
Income before income tax		1,560,603	4,176,387
Income tax	9	(1,657,203)	(2,314,052)
Net (loss) income		(96,600)	1,862,335
Other comprehensive income			
Translation differences(2)	2.18.d	411,265	763,246
Other comprehensive income		411,265	763,246
Total comprehensive income		314,665	2,625,581
(Loss) income attributable to:			
Owners of the Company		(102,231)	1,859,036
Non-controlling interest		5,631	3,299
		(96,600)	1,862,335
Total comprehensive income attributable to:			
Owners of the Company		309,034	2,622,282
Non-controlling interest		5,631	3,299
		314,665	2,625,581

(1) Oil & gas Colombia (2020) and oil and gas Argentina (2019). Note 2.12.
(2) Do not have tax effect.

The accompanying notes and exhibits hereto are an integral part of these consolidated financial statements.

Eng. Martín F. Brandi
President

PETROQUÍMICA COMODORO RIVADAVIA S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(amounts expressed in thousands of Argentine pesos – Note 2.2)

2020

	Shareholders' contributions				Retained earnings								
	Capital stock	Capital adjustment	Share premium	Total	Legal reserve	General purpose reserve	Effect of IFRS transition	Other comprehensive income	Unappropriated retained earnings	Total	Attributable to owners of the Company	Non-controlling interest	Total equity
Balances at the beginning of the year	72,074	2,002,216	667,254	2,741,544	68,554	12,156,645	13,747	4,273,293	1,859,036	18,371,275	21,112,819	11,678	21,124,497
Ordinary and Extraordinary Shareholders´ meeting dated April 16 and December 17, 2020 (Note 8):													
- Cash dividends	--	--	--	--	--	(144,147)	--	--	(269,040)	(413,187)	(413,187)	--	(413,187)
- Legal reserve	--	--	--	--	92,952	--	--	--	(92,952)	--	--	--	--
- General purpose reserve	--	--	--	--	--	1,497,044	--	--	(1,497,044)	--	--	--	--
Net income for the year	--	--	--	--	--	--	--	--	(102,231)	(102,231)	(102,231)	5,631	(96,600)
Other comprehensive income for the year	--	--	--	--	--	--	--	411,265	--	411,265	411,265	--	411,265
Other equity movements that affect non-controlling interest	--	--	--	--	--	--	--	--	--	--	--	(5,926)	(5,926)
Balances at the year-end	72,074	2,002,216	667,254	2,741,544	161,506	13,509,542	13,747	4,684,558	(102,231)	18,267,122	21,008,666	11,383	21,020,049

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PETROQUÍMICA COMODORO RIVADAVIA S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(amounts expressed in thousands of Argentine pesos – Note 2.2)

2019

	Shareholders' contributions				Retained earnings								
	Capital stock	**Capital adjustment**	**Share premium**	**Total**	**Legal reserve**	**General purpose reserve**	**Effect of IFRS transition**	**Other comprehensive income**	**Unappropriated retained earnings**	**Total**	**Attributable to owners of the Company**	**Non-controlling interest**	**Total equity**
Balances at the beginning of the year	72,074	2,002,216	667,254	2,741,544	68,554	7,717,152	13,747	3,510,047	5,024,426	16,333,926	19,075,470	12,706	19,088,176
Ordinary and Extraordinary Shareholders´ meeting dated April 16 and September 16, 2019 (Note 8):													
- Cash dividends	--	--	--	--	--	(219,419)	--	--	(365,514)	(584,933)	(584,933)	--	(584,933)
- General purpose reserve	--	--	--	--	--	4,658,912	--	--	(4,658,912)	--	--	--	--
Net income for the year	--	--	--	--	--	--	--	--	1,859,036	1,859,036	1,859,036	3,299	1,862,335
Other comprehensive income for the year	--	--	--	--	--	--	--	763,246	--	763,246	763,246	--	763,246
Other equity movements that affect non-controlling interest	--	--	--	--	--	--	--	--	--	--	--	(4,327)	(4,327)
Balances at the year-end	72,074	2,002,216	667,254	2,741,544	68,554	12,156,645	13,747	4,273,293	1,859,036	18,371,275	21,112,819	11,678	21,124,497

The accompanying notes and exhibits hereto are an integral part of these consolidated financial statements.

Eng. Martín F. Brandi
President

PETROQUÍMICA COMODORO RIVADAVIA S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(amounts expressed in thousands of Argentine pesos – Note 2.2)

	Not	2020	2019
Cash flows from operating activities			
Net (loss) income for the year		(96,600)	1,862,335
Adjustments to reconcile net (loss) income to net cash flows generated by operating activities			
Income tax		1,657,203	2,314,052
Interest income/expenses, net		2,532,791	1,648,967
Depreciation of Property, plant and equipment		4,539,844	4,524,259
Amortization of intangible assets		15,512	27,661
Amortization of Right of use assets		131,515	149,745
Decreases of property, plant and equipment		469,763	879,489
Decreases of intangible assets		6,820	211,966
Effect of exchange rate differences and restatements, net		145,557	2,214,480
Allowance for obsolescence and idle items		27,584	765
Allowance for impairment of Property, plant and equipment		27,816	291,744
Accretion of discount of lease liability		87,401	28,551
Other accretion of discount		184,692	192,190
Results of current investments		(185,658)	(1,613,521)
Changes in assets and liabilities			
Accounts receivable		38,054	(856,176)
Other receivables		1,912,200	(580,778)
Inventory		519,572	77,931
Accounts payable		(132,549)	(396,248)
Salaries and social security taxes payable		(159,770)	(172,170)
Taxes payables		(379,737)	(261,315)
Other liabilities		(626,532)	621,649
Provisions		(187,856)	(983,955)
Income tax payment		(250,673)	(965,739)
Net cash inflows from operating activities		10,276,949	9,215,882
Cash flows from investing activities			
Acquisitions and advances of property, plant and equipment		(7,670,524)	(17,220,453)
Acquisitions of intangible assets		(2,731)	(34,755)
Interest received		48,711	94,848
Acquisitions of government securities		(166,259)	(6,818,061)
Proceeds from government securities		351,917	8,431,581
Net cash outflow from investing activities		(7,438,886)	(15,546,840)
Cash flows from financing activities			
Payment of loans		(11,352,425)	(8,060,736)
Payment of interest from loans		(3,148,880)	(2,304,051)
Payment of leases		(177,304)	(190,529)
Derivatives financial instruments (interest rate) acquisition		(2,741)	--
Loans received		13,533,826	8,374,231
Net variation of account overdraft		(384,121)	395,626
Payment of dividends		(434,385)	(733,830)
Net cash outflow from financing activities		(1,966,030)	(2,519,289)
Net increase (decrease) in cash and cash equivalents		872,033	(8,850,247)
Cash and cash equivalents at the beginning of the year	2.19	6,991,165	14,592,249
Effect of exchange rate variation on cash in foreign currencies		(501,299)	1,249,163
Cash and cash equivalents at year-end	2.19	7,361,899	6,991,165

Significant non-cash investing and financing activities are included in Note 2.19.

The accompanying notes and exhibits hereto are an integral part of these consolidated financial statements.

Eng. Martín F. Brandi
President

1. GENERAL INFORMATION

Petroquímica Comodoro Rivadavia S.A. (the "Company" or "PCR" and together with its subsidiaries referred to as "The Group") is a company incorporated under the laws of Argentina. The Company's principal executive offices are located in Argentina at Alicia Moreau de Justo 2030/50, 3° floor, office 304, City of Buenos Aires.

The main business of PCR consists of exploitation of hydrocarbon resources, production of cement and generation of electrical power.

2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Compliance with the International Financial Reporting Standards ("IFRS") and basis of preparation of these financial statements

These consolidated financial statements as of December 31, 2020 have been prepared in accordance with the "IFRS", adopted by the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE" for its acronyms in Spanish) as professional financial standards, as they were approved by the International Accounting Standards Board ("IASB"), adopted by the Professional Councils of Economic Sciences of the Autonomous City of Buenos Aires ("CPCECABA" for its acronyms in Spanish) and incorporated by the Argentine Securities Exchange Commission ("CNV" for its acronyms in Spanish).

These financial statements recognize the effect of the fluctuations of the financial performance of the currency in the purchasing power of the currency method according to the International Accounting Standards 29 ("IAS 29").

For comparative purposes, these financial statements include figures and other information corresponding to the fiscal year ended December 31, 2019, which are an integral part of the aforementioned financial statements and are presented with the purpose of being interpreted exclusively in relation to the figures and other information of the current fiscal year. These figures have been restated in year-end currency, as indicated in the following section, in order to allow their comparability and without such restatement modifying the decisions taken based on the accounting information corresponding to the previous fiscal year.

The consolidated financial statements have been translated into English for the convenience of English-speaking readers. The accompanying consolidated financial statements are the English translation of those originally issued by Petroquímica Comodoro Rivadavia S.A. in Spanish and prepared in accordance with International Financial Reporting Standards as filed with the CNV.

2.2 Financial information presented in functional currency

In recent years, the level of inflation in Argentine has been high, and in the last three years, the inflation rate has exceeded 100% at December 31, 2018, with no expectation of a significant reduction in the short-term. Likewise, the presence of qualitative indicators of high inflation, provided in IAS 29, showed coincident evidence. Thus, on September 29, 2018, the FACPCE issued the Resolution CD No. 107/18, modified by Resolution JG No. 553/19, which established, between other issues, that Argentina must be considered a hyperinflationary country in professional accounting standards´ terms since July 1, 2018, in concordance with international professional bodies´ vision.

The IAS 29 indicates that, in hyperinflation context, the financial statements must be presented in the current unit of measurement as of the current closing date of the reporting period or year. However, the

Group has not been able to present financial statements adjusted for inflation due to the existence of Decree No. 664/03 which forbade official entities (CNV included) to accept filings of financial statements adjusted by inflation.

On December 4, 2018, Law No. 27,468 was published. This Law derogated Decree No. 1.269/02 and all its amendments (including Decree No. 644/03 previously mentioned). The new Law has been in force since December 28, 2018, when CNV published Resolution No. 777/18, which established that annual, special and interim financial statements must be presented in constant currency since December 31, 2018.

In accordance with IAS 29, the amounts of the financial statements that are not expressed in the currency of the period in which they are reported must be re-expressed for inflation applying a general price index. For this purpose, and as established by Resolution JG No. 539 of the FACPCE modified by Resolution JG 553/19, coefficients calculated from indexes published by the Federation have been applied, resulting from combining domestic consumer price indexes (CPI) published by the INDEC from January 1, 2017 and, backwards, internal wholesale price indexes (IPIM) prepared by the mentioned Institute or, in its absence, consumer price indexes published by the General Directorate of Statistics and Census of the City of Buenos Aires. The variation in the index used for the restatement of these financial statements was 36.14% in the fiscal year ended on December 31, 2020, and 53.83% in the previous year.

2.3 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, which has been re-expressed in current currency in case of non-monetary items, except for the valuation of certain financial instruments, which are calculated at their fair value at the end of the fiscal year, according to the following sections in this note 2. In general, the historical cost basis is based on the fair value for the exchange of such assets.

The fair value is the price that would have been received or paid for an asset if sold or purchased in a transaction between unrelated market participants on the balance sheet date, regardless of whether the price can be directly verifiable or estimated using any other valuation technique. In estimating the fair value of an asset or liability, the Group takes into consideration the characteristics of any such asset or liability as if the market participants would have taken them into account for valuation purposes on the balance sheet date. The fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis.

The consolidated financial statements are expressed in thousands of Argentine pesos.

The preparation of financial statements, which is the responsibility of the Board of Directors and the Management of the Group, requires that they make the estimations and evaluations using their judgment to apply certain accounting standards. The most complex areas that often require the use of judgment, or those in which the assumptions or estimations are significant, are described in Note 4, about critical accounting estimates and judgments.

These consolidated financial statements have been prepared on a going concern basis.

These financial statements have been approved by the Board of Directors in their meeting dated March 19, 2021.

The main accounting policies adopted by the Board and Management of the Group to prepare the financial statements are described below.

2.4 Basis of consolidation

The Company has consolidated its financial statements with those of its subsidiaries. Control is exercised when the Company: (a) exercises power over the subsidiary; (b) is exposed or has the right to variable returns given its involvement in the subsidiary; and (c) has the ability to use that power to influence its returns.

The Company reevaluates whether or not it has control in a subsidiary if the facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries are consolidated from the date control is transferred to the Company, and they cease to be consolidated from the date control is lost.

Profit and each component of other comprehensive income are attributed to controlling and non-controlling interests. The comprehensive income of subsidiaries is attributed to controlling and non-controlling interests even if it results in a deficit in the latter.

Necessary adjustments were performed, if applicable, so as to conform the valuation and presentation criteria of the companies included in the consolidation with those of the Company.

All intercompany balances and transactions among the companies of the Group were eliminated for consolidation purposes.

The consolidated information presented in the consolidated financial statements includes the following subsidiaries, whose fiscal year ends on December 31:

			Interest (1)	
Entity	**Country**	**Main activity**	**2020**	**2019**
Petroriva S.A.	Ecuador	Oil Exploitation	99.990%	99.990%
Petromix S.A.	Argentina	Sales of building materials, transport of materials and oil services	98.000%	98.000%
Surpat S.A.	Argentina	Wholesale of cement	98.000%	98.000%
Trading Patagonia S.A.	Chile	Trading of cement	99.990%	99.990%
PCR Logística S.A.	Argentina	Freight transport	95.000%	95.000%
Cemenriva S.A.	Ecuador	Wholesale of cement	99.875%	99.875%
Dutmy S.A.	Uruguay	Holding Company	100.000%	100.000%
Timex S.R.L	Argentina	Quarry Exploitation	99.950%	99.950%
Parque Eólico del Bicentenario S.A.	Argentina	Generation of electrical power	99.946%	99.962%
Energía del Norte S.A.	Argentina	Generation of electrical power	99.949%	99.964%
Renergy Argentina S.A.	Argentina	Generation of electrical power	99.949%	99.964%
Energías Argentinas Renovables S.A.	Argentina	Generation of electrical power	99.949%	99.964%
Renergy Austral S.A.	Argentina	Generation of electrical power	99.949%	99.964%
Renergy Patagonia S.A.	Argentina	Generation of electrical power	99.949%	99.964%
Cleanergy Argentina S.A.	Argentina	Generation of electrical power	99.946%	99.962%
Potenciar Argentina S.A.	Argentina	Generation of electrical power	99.949%	99.939%
Green Energy S.A.	Argentina	Generation of electrical power	99.949%	99.964%
Energias Limpias S.A.	Argentina	Generation of electrical power	99.949%	99.964%
Windenergy Argentina S.A.	Argentina	Generation of electrical power	99.949%	99.964%
Luz de Tres Picos S.A.	Argentina	Generation of electrical power	99.949%	99.965%

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President

Entity	Country	Main activity	Interest (1) 2020	Interest (1) 2019
Luz de Sierra S.A.	Argentina	Generation of electrical power	99.949%	99.998%
Luz de San Jorge S.A.	Argentina	Generation of electrical power	99.949%	99.998%
GEAR I S.A.	Argentina	Generation of electrical power	99.949%	99.964%
GEAR II S.A.	Argentina	Energy	99.949%	99.964%
GEAR III S.A.	Argentina	Energy	99.949%	99.964%
GEAR IV S.A.	Argentina	Energy	99.949%	99.964%
GEAR V S.A.	Argentina	Energy	99.949%	99.964%

(1) Refers to the direct and/or indirect interest over capital and votes of the subsidiary.

2.5 Interests in joint operations

A joint operation is an agreement in which the parties have joint control of the agreement so they have the right to the assets and obligations for the liabilities, related to the agreement. Joint control is the contractual agreement to share control of a business, which only exists when decisions about relevant activities require the approval of all parties that share control.

The interests of the Group in joint operations have been consolidated line-by-line, on the basis of the proportional share in the assets, liabilities, income, costs and expenses thereof (proportional consolidation method) in accordance with IFRS 11 “Joint Arrangements” requirements. All the balances and transactions among the Group and joint operations have been eliminated in accordance with its respective participation in each of them, so as to apply the proportional consolidation.

Expenditures at sole risk made in relation to those operations are fully recorded by the Company, in accordance with the agreement of the parties.

As of December 31, 2020 and 2019 the Group participates in the following joint operations, whose fiscal year ends at December 31:

Business	Area	Type	Interest	Operator
UTE Pampetrol – PCR (Contrato No. 02/12)	Gobernador Ayala V, Province of La Pampa, Argentina	Exploration, gas exploitation, storage and transport of oil and gas	50%	PCR
UTE Medanito – PCR	El Medanito, Province of La Pampa, Argentina	Exploration, development and oil and gas explotation	80%	PCR
UTE Pampetrol – PCR – UTE 25 de Mayo – Medanito SE	25 de Mayo, Medanito, SE Province of La Pampa Argentina	Exploration, development and oil exploitation	80%	PCR

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President

Business	Area	Type	Interest	Operator
UTE Pampetrol – PCR - Jagüel de los Machos	Jagüel de los Machos, Province of La Pampa, Argentina	Exploration, development and oil exploitation	80%	PCR
Petrominera Sociedad del Estado, Petroquímica Comodoro Rivadavia S.A. Área Colhue Huapi– U.T.E.[1]	Colhue Huapi, Province of Chubut, Argentina	Exploration, development and oil and gas exploitation	80%	PCR
Joint Operation Agreement on the Contract of Hydrocarbons Explotaition – “El Dificil” area	El Difícil – Colombia	Exploration and oil and gas exploitation	35%	Petróleos Sudamericanos S.A.

[1] Dissolved in May 1st, 2020 (Note 12.e).

The assets and liabilities as of December 31, 2020 and 2019 and the operating costs for the years then ended, related to the interest in joint operations included in the consolidated financial statements, are as follows:

	2020	2019
Current Assets	1,259,077	1,292,018
Non-current Assets	5,430,727	6,834,192
Total Assets	6,689,804	8,126,210
Liabilities	1,354,797	3,153,836
Non-current liabilities	711,133	732,773
Total Liabilities	2,065,930	3,886,609
Operating costs	6,438,846	10,702,510

Additionally, the Company participates directly or indirectly through its subsidiaries Petroriva S.A. and Dutmy S.A., in hydrocarbon exploration and production activities in Ecuador, in the marginal areas of Pindo and Palanda – Yuca Sur, holding a 100% interest through contracts for the provision of services of oil exploitation and exploration (Note 12.e).

2.6 Revenue recognition criteria

Revenue is recognized at the moment the control of the goods or services is transferred, measured at the fair value of the consideration that the Group expects to receive in accordance with the contract with the client, reduced for the estimated amount of any discount on the commercial rebate that the Group may grant. The Group recognizes revenues excluding the amounts that are received form sales on behalf of third parties.

a. Sale of goods

Revenues from the sale of crude oil, natural gas, cement and other products are recognized when the control of the goods is transferred to the client.

b. Provision of services

Revenues derived from oil development service contracts in Ecuador are recognized when title to and the associated oil production risks are transferred to the Ecuadorian government-state company. Such revenues are determined by multiplying the fixed rate established under the contract signed with the Secretariat of Oil and Gas of Ecuador for the corresponding month production capped by the available revenue. As defined under the contract, the Ecuadorian State is expected to pay the full rate agreed upon insofar as there is available income, which determination is based on the East crude oil type price for the corresponding month, less certain deductions. Should the available income be insufficient to pay the full rate, the monthly outstanding balance is accumulated during the effective term of the contracts until it can be offset. Under the contract, the rights related to balances that have not been offset are extinguished upon termination of such contracts. Any balance which has not been offset is recognized as revenue when collection thereof is virtually certain.

c. Generation of electrical energy

Income from the generation of electrical energy from renewable sources is recognized based on the dispatch of energy for each wind farm. Said activity is recognized as a performance obligation satisfied over time, measured by hours, and then income is measured considering the fees included in the wind power purchase agreements (the "PPAs") and recognized on a monthly basis. The Group has no other performance obligations once the energy has been dispatched. The Group's Directors and Management have evaluated that performance obligations are satisfied over time since the client simultaneously receives and consumes the benefits provided by the Group's performance as it is performed. The consideration is contractually determined based on the contractual sale prices. This activity is billed and paid monthly according to established contractual due dates.

d. Interest income

Interest revenue is recognized when it is probable that the economic benefits related to the transaction will flow to the Group and the amount can be reliably measured. Interest revenue is accrued on a time basis by reference to the principal outstanding and the applicable effective interest rate.

e. Production gas incentives

The revenues related to the incentive program mentioned in Note 12.b, were recognized when the economic inflows could be reliably measured and the realization of the grant was virtually certain.

2.7 Leases

The Group as lessee

The Group evaluates whether an arrangement contains a lease at its source. The Group recognizes a right-of-use asset and a lease liability with respect to all leases in which it is a lessee, except for short-term leases (term of 12 months or less) and low-value assets. For these leases, the Group recognizes lease payments as an operating expense under the straight-line method throughout the term of the arrangement, unless another method is more representative of the pattern of time in which the economic benefits from consumption of leased assets occurs. The Group did not identify low-value leases other than those whose underlying assets correspond to printers, cellular equipment, computers, photocopiers, among others, which are not significant.

The lease liability is initially measured at the present value of the installments pending payment on the start date, discounted by the rate implicit in the contract. If this rate cannot be easily determined, the Group uses incremental rates.

The lease liability is subsequently measured by increasing the book value to reflect the interest accrued by the lease liability (using the effective interest method) and reducing the book value to reflect the rent payments made.

The Group revalues the lease liability (and makes the corresponding adjustment to the asset for related right of use) provided that:

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- The lease term is modified or there is a significant event or change in the circumstances of the lease resulting in a change in the evaluation of the purchase option exercise, in which case the lease liability is measured by discounting the updated rental payments using an updated discount rate.

- The rent payments are modified as a consequence of changes in indexes or rate or a change in the expected payment under a guaranteed residual value, in which cases the lease liability is revalued discounting the updated rent payments using the same discount rate (unless the change in rent payments is due to a change in a variable interest rate, in which case an updated discount rate is used.)

- A lease is amended and the modification of the lease is not accounted for as a separate lease, in which case the lease liability is revalued based on the lease term of the modified lease, discounting updated rental payments using a discount rate updated to the effective date of the modification.

The Group did not make any of the adjustments mentioned in the exercises presented.

Assets for rights of use consist of the initial measurement of the corresponding lease liability, the rent payments made on or before the commencement date, less any lease incentives received and any direct initial cost. Subsequent valuation is cost less accumulated depreciation and impairment losses.

If the Group incurs an obligation arising from costs to dismantle and remove a leased asset, restore the place where it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision measured in accordance with IAS 37. To the extent that costs relate to a right-of-use asset, costs are included in the asset for related use rights, unless such costs are incurred to generate inventories.

Right-of-use assets are depreciated over the shorter period between the lease period and the useful life of the underlying asset. Depreciation begins on the commencement of the lease term.

The Group applies IAS 36 to determine if a right of use asset is impaired and accounts for any impairment loss identified as described in the Impairment of property, plant and equipment, intangible and right of use assets policy.

Assets for rights of use and liabilities for leases are presented as a separate item in the balance sheet.

The lease agreements in which the Group is a lessee correspond mainly to the rental of:

- Exploitation facilities and equipment: include equipment for production facilities and equipment in fields such as extraction pumps. These contracts have an average duration of three to five years, for which there are guaranteed minimum payments based on the availability of these assets and, in turn, variable payments calculated from a rate per unit of use (pesos per hour / day of use). ;
- Land: mainly includes land for the installation of wind farms, whose contracts have a duration of 30 - 35 years and for which there are guaranteed minimum quotas.

The rate used to discount lease liabilities during fiscal years ended December 31, 2020 and 2019 is 3% (oil and gas Argentina); and 7.11% (renewables projects in Argentina) and 6.98% (Ecuador), respectively. No impairment adjustments were detected from provisions of onerous contracts related to these right-of-use assets.

The Group as lessor

No contracts were identified where the Group acted as lessor during the years ended December 31, 2020 and 2019.

2.8 Foreign currency and functional currency

Pursuant to what was established by IAS 21 "The effects of changes in foreign exchange rates", each company of the Group has defined its functional currency, that is the one that corresponds to the main economic environment in which each company operates, generally being the currency in which cash is generated and used.

The Management of the Group defined the peso, legal currency of Argentina as the functional currency for PCR and the subsidiary companies operating in such country, except for Parque Eólico del Bicentenario ("PEBSA") and Luz de Tres Picos S.A. which are subsidiary companies with contracts for the provision of wind power source signed with Compañia Administradora del Mercado Mayorista Eléctrica S.A. ("CAMMESA") in relation to the projects awarded under the RenovAr program. Taking into consideration the currency in which the prices of the aforementioned PPAs were set and from the signing date, these subsidiaries have defined the United States dollar as a functional currency, as well as companies controlled by PCR with operations abroad..

For consolidation purposes, the Group considers as foreign currency those currencies that are different to the functional currency defined for each company. In such sense, in each company of the Group, transactions denominated in currencies different to the defined functional currency ("foreign currency") are recorded at the current exchange rate between the foreign currency and the functional currency at the moment of the transaction. The difference generated by the exchange rate variation from that moment until the settling of the related monetary assets or liabilities or until the closing date of the fiscal year, if it had not been settled, is charged to the profit or loss of the year under the caption "Foreign exchange differences".

Additionally, as it is mentioned in Note 2.3, the consolidated financial statements of the Group are presented in Argentine pesos, consequently, the financial statements prepared in a functional currency different to the Argentine peso, for consolidation purposes, have been converted as follows:

a) assets and liabilities at the beginning of the fiscal year, were converted at the initial exchange rate of each year, re-expressed at the end of each year, according to what it is mentioned Note 2.2.

b) Profit and loss accounts were converted applying the exchange rate in force at the moment of each transaction or, if appropriate, at the average exchange rate of the month of accrual, re-expressed at the end of each year according to what it is mentioned Note 2.2.

c) The sum of the values obtained in a) and b) were compared to the amounts resulting from converting the assets and liabilities at the end of each year to the exchange rate at the end of each year.

The translation differences that arose from said procedure have been charged to Other comprehensive income, which have no effect in the income tax.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Finally, for the purpose of presenting the information included in Exhibit G, all the currencies that are different to the Argentine peso are considered foreign currency.

2.9 Borrowing costs

Interests that correspond to third party financing, directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, have been capitalized as cost of those assets, until the moment they are substantially ready for their intended use or sale. When the third parties financing is in pesos, the interest is capitalized in real terms, that is, net of the effect of inflation.

All the other borrowing costs are recognized in profit and loss in the year in which they are incurred following the effective rate method.

2.10 Taxes

Income tax expense represents the sum of the current income tax and the deferred tax.

a. Current tax

The current income tax is calculated on the basis of the estimated taxable income for the year of each company of the Group. Taxable income differs from the income reported in statement of profit or loss and other comprehensive income, due to items of income or expenses taxable or deductible in other years and items that will never be taxed or deducted. The current tax of the Group is calculated using the tax rate that is enacted or substantially enacted at year-end in each country.

On December 29, 2017, the Tax Reform Law No. 27,430 was published. This Law reduced the currently statutory rate for income taxes from 35% for 2017 to 30% for fiscal years 2018 and 2019, and to 25% as from 2020. This Law also established a dividend withholding tax of 7% on profits accrued for fiscal years beginning January 1, 2018 and 13% as from 2020.

Finally, on December 23, 2019, was published in the Official Gazette, the law No. 27,541 on Social Solidarity and Productive Reactivation in the Framework of the Public Emergency was published in the Official Gazette, which was suspended until fiscal years beginning on January 1, 2021 inclusive, the reduction of the aforementioned income tax rate that will remain at 30% during the suspension period. Likewise, the retention on dividends for accrued earnings will be 7% during the same period.

Tax inflation adjustment

Law No. 27,468 published in the Official Gazette on December 4, 2018 established that for the purposes of applying the tax inflation adjustment procedure, it would be effective for the years beginning on or after January 1, 2018. Regarding of the first, second and third year from its validity, this procedure would be applicable in the event that the variation of the CPI, calculated from the beginning and until the end of each of those years exceeded 55%, 30% and in 15%, for the first, second and third year of application, respectively.

The Group applied the tax inflation adjustment procedure as of December 31, 2020 and 2019, considering that the accumulated CPI at the end of the mentioned years exceeded the aforementioned percentages. Likewise, by application of Law N ° 27,541 mentioned above, the positive or negative effect that arises from the calculation of the adjustment for tax inflation should be attributed one sixth in the fiscal period of the initial calculation and the remaining five sixth, in equal parts, in the five following immediate fiscal periods.

b. Deferred tax

The deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities included in the financial statements and their tax bases. Deferred tax liabilities are generally recognized for all the taxable temporary differences. Deferred tax assets are recognized for all the deductible temporary differences, to the extent that it is probable that future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured by using tax rates, which are expected to be applicable in the year in which the asset is realized or the liability settled based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Balances of deferred tax assets are reviewed at the end of each year and are reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized. Additionally, the Group recognizes tax loss carryforwards as deferred tax assets in case it is probable they could be offset with future taxable profits.

The Group compensates deferred tax assets with deferred tax liabilities, only if it is legally entitled to compensate such amounts before the tax authority; and the deferred tax assets and liabilities come from the income tax corresponding to the same tax jurisdiction, having the Group the intention of net settling the assets and liabilities .

c. Effect on income

Current and deferred taxes are recognized in profit or loss for the year, considering the effect of the re-expression to constant currency mentioned in the Note 2.2, except when they relate to items that are recognized in Other comprehensive income, in which case, the current and deferred tax are also recognized as part of Other comprehensive income.

2.11 Property, plant and equipment

Items of property, plant and equipment have been valued at their cost re-expressed into constant currency at the end of the year, according to Note 2.2, less accumulated depreciation and of any accumulated impairment loss at the end of each year, if any. For qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale, financial cost have been capitalized until the moment they are substantially ready for their intended use or sale re-expressed into constant currency at the end of the year, according to the Note 2.9.

The Group uses the successful efforts method to record transactions related to the oil and gas exploration and production activities. Consequently, the exploration costs, excluding the costs of exploratory wells, have been expensed as incurred. Drilling costs of exploratory wells, including the stratigraphic test wells, are capitalized until it is determined whether there exists proven reserves that might justify their commercial development. If such reserves are not found, said drilling costs are expensed. Occasionally, when finishing the drilling of an exploratory well it can be determined the existence of reserves that yet cannot be classified as proven reserves. In such situations, the cost of the exploratory well remains capitalized if a volume of reserves had been discovered that may justify its completion as a producing well and if the Group is making substantial progress in the evaluation of the reserves and in the economic and operating feasibility of the project. If any of the mentioned conditions are not met, cost of drilling exploratory wells is charged to expense.

Drilling costs applicable to productive wells, to dry development wells and to the costs of the equipment related to oil and gas reserves development have been capitalized.

Capitalized costs related to productive activities have been depreciated by field on the unit-of-production basis, by applying the ratio of produced oil and gas to the estimated proved and developed oil and gas reserves, except for certain facilities that because of their characteristics are depreciated considering the estimated total proved oil and gas reserves.

Capitalized costs related to the acquisition of properties with proved reserves are depreciated by field on the unit-of-production basis, by applying the ratio between produced oil and gas and the total proven oil and gas reserves expected to be recovered.

Revisions and change in estimates of oil and gas reserves are considered prospectively in the calculation of depreciation.

The Group periodically reviews the reserves estimates, based on reports of external and/or internal engineers.

Other properties, plant and equipment affected to cement production and the rest of fixed assets are depreciated following the straight line method, using the established annual rates to extinguish their values by the end of the estimated useful lives.

Asset retirement obligations for the abandonment of oil and gas wells and the restoration of quarries are capitalized at discounted values, together with the related assets and are depreciated using the unit-of-production method. As counterpart, a liability is recognized for this concept at the same estimated value of the discounted amounts to be paid.

The profit or loss that arises from the retirement or disposal of an asset of properties, plant and equipment is calculated as the difference between sales revenue and the carrying amount of the asset and it is recorded in profit or loss.

The idle capacity estimated based on normal operating conditions of the cement production plant is excluded from the cost of produced goods and it is directly allocated to profit or loss.

2.12 Impairment of property, plant and equipment, intangible and right of use assets

As soon as there is evidence that an asset could be impaired, the Group reviews the carrying value of the property, plant and equipment in order to determine whether there is any indication that those assets have suffered an impairment loss. The Group estimates the recoverable value of the asset to determine the amount of impairment loss of such asset. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable value of the cash-generating unit ("CGU") for which the asset belong.

The recoverable amount is the higher of the fair value less cost of disposal and the value in use of the asset or cash-generating unit. When the value in use is estimated, the estimated future cash flows are discounted to present value at a rate that reflects the weighted average cost of the invested capital. When evaluating the value in use, cash flows projections are used, which are based on the best available estimations of income and expenses of the CGU using sector forecasts, past results, expectations of business evolution and market development. Key assumptions and aspects considered in the projections include discount rate, production volumes, sale prices, applicable tariffs, current regulation, the estimation of costs increases, labor costs and investments.

The valuation of oil and gas exploration and production assets uses cash flows projections that involve the economic productive life of oil and gas fields, being limited by the end of concessions, permissions, contracts or agreements of service or exploitation.

The considered reference prices are based on a combination of available quotations of the markets in which the Group operates, and considering the particular circumstances that could affect the different products based on the estimates and judgments of the Group Management.

If the recoverable amount of the asset or estimated CGU is lower than the carrying amount, the carrying amount is reduced to its recoverable amount recording an impairment loss in the profit or loss for the year.

Impairment losses are allocated among the assets of the CGU proportionally to their net carrying amount. Consequently, once an impairment loss corresponding to a depreciable asset is booked, the basis of future depreciation will take into account the reduction for the impairment loss.

When new events or changes in the circumstances indicate that an impairment loss booked in a previous year has disappeared or been reduced, a total or partial reversal of said impairment is recorded on the basis of a new estimation of the recoverable value. The carrying amount of the assets or CGU that arises from such impairment reversal previously booked, cannot exceed the carrying value that would have been determined had no impairment loss been recognized in previous years. The effect of such reversal is recognized in profit or loss in the period in which the new events or changes in the circumstances take place.

In accordance with Note 12.e, the Group has recorded a provision for impairment of Property, plant and equipment, with charge on Other expenses – Impairment of Property, plant and equipment of the profit or loss and other comprehensive income statement as of December 31, 2020 and 2019, respectively, corresponding to (i) El Difícil area, Colombia, amounting 27,816; and (ii) the Ayala V area for 143,672. The discount rate used to determine the discounted future expected cash flows at December 31, 2020 and 2019 amounted 7.57% (El Difícil, Colombia), and 18.85% (Ayala V, Argentina) after of taxes, respectively.

2.13 Intangible assets

Intangible assets with a definite useful life acquired separately are valued at cost re-expressed into constant currency at the end of the year, according to the Note 2.2, net of corresponding accumulated amortization and accumulated devaluation losses. Amortization is calculated using the straight-line method over the estimated useful life of intangible assets. The useful lives applied and the amortization method are reviewed at the closing date of each year, giving effect to any change in the estimates prospectively.

2.14 Inventories

Inventories are valued at the lower of the production cost restated in closing currency as mentioned in note 2.2 and its net realization value. The cost includes direct materials, labor costs, and general expenses incurred to bring inventories to their current location and condition. Cost is calculated using the weighted average cost method. The net realizable value represents the estimated sale price less all the estimated costs of completion and the costs incurred in marketing, sales and distribution.

2.15 Provisions

Provisions are recognized when: (i) the Group has a present obligation (either legal or constructive) as result of a past event (ii) it is probable that the Group will be required to settle the obligation, and (iii) a reliable estimation can be made of the amount of the obligation. Provisions include reserved contingencies that could generate obligations for the Group, recorded on the basis of the Group Management expectations and in consultation with their legal advisors.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation, at the end of each year, taking into account the risks and uncertainties surrounding the obligation.

When the amounts required to settle a provision are expected to be recovered from third parties, an asset is recognized if it is virtually certain that a reimbursement will be received and the amount of the receivable can be reliably measured.

Additionally, provisions have been provided to reduce the valuation of accounts receivable, other receivables, inventories and property, plant and equipment based on the analysis of credit risk and the recoverable value of the affected assets.

Contingent liabilities are those possible obligations that arise from past events that are not recognized in the financial statements, but are disclosed in notes to the financial statements provided that they are significant.

In Note 12 there is a description of the main claims, contingencies, regulatory matters and commitments that affect the Group.

2.16 Financial instruments

Financial assets and liabilities are recognized when the Group becomes a part of the contractual provisions of the instruments.

a) Financial assets

The Group makes the classification of the financial assets (Cash and banks, Investments, Accounts receivable, and Other receivables) upon initial recognition and is reviewed at the end of each year, according with what is established by IFRS 9 “Financial instruments”.

The initial recognition of a financial asset is made at its fair value, except for accounts receivable which are booked at their transaction price. Transaction costs that are directly attributable to the acquisition of a financial asset are included as part of its value in the initial recognition for all the financial assets that are not measured at fair value with changes in profit or loss.

After initial recognition financial assets have been measured at: a) amortized cost in case the following conditions are met (i) the financial asset is held within a business model whose objective is to hold financial in order to collect contractual cash flows (i.e. they are not held for immediate trading purposes) and, (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or b) at fair value through Other comprehensive income in case the following conditions are met: (i) the financial asset is held within a business model whose objective is achieved by both collecting cash flows and selling financial assets and, (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding. If any of these two criteria is not fulfilled, the financial instrument will be classified at fair value through profit or loss.

Cash and banks, Accounts receivable and Other receivables have been valued at amortized cost at the end of each year. Investments in mutual funds have been valued at their fair value through profit or loss at the end of each year.

On each balance sheet date, the Group assesses whether there is factual evidence of impairment of a financial assets or group of financial assets, in accordance with IFRS 9. The impairment model in IFRS 9 reflects the expected credit losses. In order to determine the expected loss, the Group applies the following criteria:

a) For Accounts receivable, it used the simplified method provided in IFRS 9 for the recognition of expected credit losses throughout the credit life. According to this method, an expected uncollectible rate calculated based on historical unpaid rates adjusted to future economic conditions.
b) For the other financial assets, it concluded that the credit risk of each asset has not increased since its initial registration and, consequently, it has estimated the impairment based on the expected loss over the next twelve months.

The Group derecognizes financial assets when contractual rights to the cash flows and from the financial asset expire or the financial asset and its property related risks and benefits are substantially transferred and the transfer qualifies for derecognition in accordance with IFRS 9.

b) Financial liabilities

Financial liabilities are initially recognized at their fair value less the costs incurred in the transaction. Since the Company does not have any specific financial liabilities with characteristics that required the accounting of a fair value, in accordance with current IFRS, after initial recognition, the financial liabilities are measured at amortized cost using the effective interest rate method. Any difference, between the amount received as financing (net of transaction costs) and the redemption value, is recognized in profit or loss over the life of the debt instrument using the effective interest rate method.

The accounts payable and other liabilities are recorded at their nominal value since its discounted value does not differ significantly from said nominal value.

The Group derecognizes financial liabilities when it is extinguished upon settlement or expiration of obligations.

2.17 Derivative financial instruments

During the fiscal year ended December 31, 2020, the Group has entered into foreign currency future agreements with Banco Patagonia S.A and Banco BBVA Argentina S.A. for a nominal value of US$ 49 million, maturing within the quarter ended September 30, 2020. Additionally, in October 2020 the Company entered into an agreement with Citibank N.A., London Branch, for a rate cap transaction amounting US$ 150 thousand nominal value over a US$ 50 million notional amount. The cap interest rate is 0.5% and the floating rate option is US$-LIBOR-BBA. The agreement matures in July 2024.

These derivative instruments have been measured at fair value through profit or loss and were classified as Level 2.

2.18 Equity

a) Capital stock and Capital adjustment

The capital stock has been re-expressed into closing currency applying the adjustment procedure described in the Note 2.2, depending on the respective subscription dates. The "Capital stock" account is recognized at nominal value, in accordance with legal provisions, and the difference with its re-expression is presented in the supplementary account "Capital adjustment".

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b) Share premium

The share premium has been re-expressed into closing currency applying the adjustment procedure described in the Note 2.2, depending on the respective subscription dates.

c) Reserves

The reserves have been kept at their nominal value as of January 1, 2017, the date on which the application of IAS 29 began, and, as of that moment, they have been restated in the closing currency by applying the adjustment procedure described in the Note. 2.2, considering the activity of each fiscal year.

d) Unappropriated retained earnings

The unappropriated retained earnings as of January 1, 2017, the initial date of application of IAS 29, have been determined by equity difference and, as of that moment, they have been re-expressed in closing currency applying the adjustment procedure described in the Note. 2.2, considering the movements recorded during each fiscal year.

According to the provisions of the General Corporations Law Nº 19,550, the Company has to appropriate to Legal reserve not less than 5% of the profit resulting from the algebraic sum of the fiscal year's net income and the transfers of other comprehensive income to retained earnings, until such reserve reaches the 20% of the sum of the Capital Stock and the Capital Adjustment accounting balances.

Pursuant to the prevailing provisions, the accumulated surplus balance in Other comprehensive income is restricted, thus it cannot be distributed, capitalized or used to absorb negative balances of "Retained earnings". The evolution of the item is detailed below:

	Translation differences
Balances as of December 31, 2018	3,510,047
Income for the year	763,246
Balances as of December 31, 2019	4,273,293
Income for the year	411,265
Balances as of December 31, 2020	4,684,558

Net effect of the initial application of IFRS

The net effect of the initial application of IFRS was recorded as a reserve in the equity account "Effect for IFRS transition". According to domestic regulations the amount recorded in such reserve cannot be released to make distributions in cash or kind and it can only be released for its capitalization or to absorb eventual negative balances of the account "Unappropriated retained earnings".

2.19 Consolidated cash flows statement

For the purposes of the consolidated cash flows statements, it was considered cash and cash equivalents the balance of Cash and banks and highly liquid temporary investments, with original maturities of less than three months at the time of their incorporation.

	2020	**2019**	**2018**
Cash and banks	2,026,773	3,698,267	6,539,192
Current investments	5,335,126	3,292,898	8,053,057
Total cash and cash equivalents	7,361,899	6,991,165	14,592,249

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During fiscal years ended December 31, 2020 and 2019 the non-cash investing and financing activities correspond mainly to:

	2020	2019
Increases in the provision for asset retirement obligations capitalized as property, plant and equipment	514,820	468,687
Financial costs capitalized as property plant and equipment	228,963	782,207
Property, plant and equipment additions financed with accounts payable	5,928,424	--
Transfers to Property, plant and equipment by intangible assets	--	116,294
Amortization of right of use capitalized as property, plant and equipment	5,207	28,632

2.20 Fair value of financial instruments

All financial instruments recognized at fair value are categorized within the fair value hierarchy levels established by IFRS. The fair value hierarchy is categorized into three levels which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical instruments that the entity can access at the measurement date. The financial instruments classified in this level correspond to investment in quoted mutual funds and governments bonds;

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the instrument, either directly or indirectly. The Group has classified the Other financial instruments (derivatives) measured at fair value within this category and;

Level 3 inputs are unobservable inputs for the instrument. The Group uses the best available information, including internal-developed data.

The following methods and assumptions have been used to estimate the fair value of each type of financial instrument:

a) The recorded value based on amortized cost of Cash and banks, current Investments – time deposits, Accounts receivable, Other receivables and Accounts payable approximates to its fair value due to the short maturity of these instruments.

b) The current value of current Investments –Mutual funds measured at fair value through profit or loss, and the other financial assets (derivatives) measured at fair value through profit or loss, was calculated on the basis of market prices quoted at year-end for identical assets in active markets and available quotations to de Company for financial instruments with similar maturities, consequently, were classified as Level 1 and 2 in the fair value hierarchy, respectively.

   Financial assets valued at fair value are as follows:

	2020	2019
	Level 1	
Mutual funds	3,243,700	904,910
	Level 2	
Other financial assets (derivatives)	2,741	--

c) The fair value of Loans, that are recorded at amortized cost, was estimated based on current interest rates available to the Group for debts with similar maturities (Level 2).

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Additionally, in the table below are described the fair values of the financial instruments of the Group valued at amortized cost, except the financial instruments whose amounts approximate to fair values:

	2020		2019	
	Amortized cost	Fair value	Amortized cost	Fair value
At amortized cost				
Loans	36,599,172	37,394,488	34,062,565	33,617,875

2.21 Employment benefits

Short term employment benefits

The Group recognizes a liability by employment benefit with respect to wages and salaries, annual vacations, supplementary annual salary and sick leave in the sale of service period for the undiscounted amount for the benefits expected to be paid for that service.

Post employment benefits

The Group provides lump-sum payments upon retirement based on provisions established in the respective Collective Labor Agreements (“Convenios Colectivos de Trabajo”) and other applicable laws. Moreover, the Group pays its employees in Ecuador a series of post-employment benefits required by labor regulations (severance pay based on seniority, bonus for relocation and retirement). Such compensations are accounted for as defined benefit obligation. The cost of the benefits is determined using the projected unit-credit method. Under this method, the determination is based on actuarial calculations which include assumptions about demographics, salary increases and interest and inflation rates.

Service costs and interest costs are charged to profit or loss of the period. Actuarial gains and losses are recognized in Other comprehensive income of the period and immediately reclassified to Unappropriated retained earnings.

2.22 Hydrocarbon royalties

In Argentina the Group pays royalties on provincial participation percentage, calculated by applying a percentage on the estimated value at the wellhead of the crude oil production and the commercialized volumes of natural gas. The royalty percentages are fixed and range between 12% and 20% for all areas, except for the El Medanito area, where the percentage applicable to crude production is variable and as of December 31, 2020 and 2019 amounts to approximately 32.2% and 33.7% respectively. The estimated value at the wellhead is calculated based on the average sale price of crude and gas sold in the month in which it is settled, less transportation and storage costs.

Additionally, in relation to the extension of the concession term for the area El Sosneado, an extraordinary royalty was agreed upon at the rate of 4% (Note 12.e.)

In the area El Difícil, Colombia, royalties are paid at a rate of 20% on a base production agreed upon with the Colombian State and 6.4% and 8% on the excess of such base production for natural gas and crude oil, respectively.

Royalties, the participation percentage and the extraordinary royalty, if applicable, are recorded as production costs.

2.23 Classification of current and non-current items

The Group presents the assets and liabilities in the financial statements classified as current and non-current. An asset is classified as current when the Group:

- expects to realize the asset or intend to sell or consume it in its normal cycle of operation;
- maintains the asset mainly for trading purposes;
- expects to realize the asset into the following twelve months after the year in which it is reported; or

- the asset is cash or cash equivalent unless it is restricted and cannot be exchanged or used to settle a liability for a minimum period of twelve months after the end of the reporting year.

All other assets are classified as non-current.

A liability is classified as current when the Group:

- expects to settle the liability in its normal cycle of operation;
- maintains the liability mainly for trading purposes;
- the liability must be settled within twelve months following the closing date of the year in which it is reported; or
- You do not have an unconditional right to postpone the cancellation of the liability for at least the twelve months following the closing date of the year in question.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, in all cases.

3 NEW STANDARDS AND INTERPRETATIONS ADOPTED

a) New and revised IFRS standards that are not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IASs and/or IFRSs that have been issued but are not yet in force:

IFRS 17	*Insurance contracts*
IFRS 10 and IAS 28 (amendments)	*Sale or contribution of assets between an investor and its associate or joint venture*
Amendments to IAS 1	*Clarifications of liability classifications*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment — Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018–2020	
Amendments to IFRS 16	*Lease*
Reference interest rate reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	
Amendments to IFRS 8	*Definition of Accounting Estimates*

The Group's Management and Directors do not expect that the adoption of the aforementioned standards will have a significant impact on the Group's financial statements in future periods. The changes introduced by the aforementioned standards are briefly described below:

IFRS 17 Insurance contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance contracts.

IFRS 17 describes a general model, which is modified for insurance contracts with direct participation features, which is described as the variable rate approach. The general model is simplified if certain criteria are met when measuring the liability for remaining coverage using the premium allocation method.

The Standard is applied retrospectively unless it is not feasible, in which case the modified retrospective approach or the fair value approach is applied. According to transition requirements, the date of initial application is the beginning of the annual reporting period in which an entity first applies IFRS 17; and the transition date is the beginning of the annual reporting period immediately preceding the date of initial application.

Amendments to IFRS 17 address the implementation concerns and difficulties that were identified after the publication of IFRS 17. One of the main changes is the postponement of the initial application date of IFRS 17 for one year, to the reporting periods beginning on or after January 1, 2023. Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination. Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held. Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments establish that gains or losses resulting from loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in profit or loss from the parent only to the extent of unrelated investor share in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments held in any former subsidiary (which has become an associate or a joint venture that is accounted for using the equity method) at fair value are recognized in profit, or loss of the previous parent, only to the extent of the participation of unrelated investors in the new associate or joint venture.

The effective date of the modifications has not yet been set by the IASB; however, early application is permitted. The Group's management anticipates that the application of these modifications will not have a significant impact on the Group's financial statements in future periods in the event that such transactions arise.

Amendments to IAS 1 to clarify the classification of liabilities

The amendments in the classification of liabilities as current or non-current (amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position, not the amount or the moment of recognition of any asset, income or liability expense, or the information that entities disclose about those concepts. Modifications:

- clarify that the classification of liabilities as current or non-current must be based on the existing rights at the end of the reporting period and align the wording in all the affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only the rights in force "at the end of the reporting period" should affect the classification of a liability;

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- clarify that the classification is not affected by expectations about whether an entity will exercise its right to defer the settlement of a liability; and

- make it clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and will be applied retroactively. Early application is permitted.

IFRS 3 Amendments Reference to the conceptual framework

The improvements update references to the Conceptual Framework of IFRS 3 without significant changes in the requirements of the standard.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Early application is permitted.

Amendments to IAS 16 Property, plant and equipment - Proceeds before Intended Use

The amendment prohibits deducting from the cost of the item of property, plant and equipment any income from the sale of goods produced while the asset is in the process of meeting the necessary conditions for it to operate in the manner intended by management. On the contrary, the entity recognizes the income from the sale of those items, and the cost of producing them, in profit or loss for the period or year.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Early application is permitted.

Amendments IAS 37 onerous contracts - cost of fulfilling a contract

The amendments specify that the “performance cost” of a contract includes “costs directly related to the contract”. The costs directly related to a contract can be increased costs (e.g. direct labor, materials) or an allocation of other costs that are directly related to the performance of the contract (e.g. allocation of the charge for the depreciation of a property item , plant and equipment used for the fulfillment of the contract).

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Early application is permitted.

Annual improvement cycle to IFRS 2018-2020

Includes improvements to the following standards:

IFRS 1 - The amendment allows the application of paragraph D16 (a) of IFRS 1 to the measurement of the accumulated effect of translation differences using the amounts reported by the controlling company, based on the date of transition to IFRS of the controlling company.

IFRS 9 - The amendment clarifies what fees / expenses an entity considers when applying the 10% test in paragraph B3.3.6 of IFRS 9 when evaluating whether to derecognize a financial liability. An entity includes only expenses / commissions paid and received between the entity (borrower) and the lender, including commissions paid or received by the borrower or the lender on behalf of the other party.

IFRS 16 - The amendment to illustrative example 13 that accompanies IFRS 16 removes from the example the reimbursement of improvements by the lessor in order to avoid confusion related to the treatment of the incentives of a lease that could arise as a consequence of how the incentives are illustrated in the example.

IAS 41 - The amendment eliminates the requirement in paragraph 22 of IAS 41 to exclude tax flows when measuring the fair value of biological assets using a present value technique.

Rental concessions related to COVID-19 (Amendment to IFRS 16)

In addition, the IASB published on May 28, 2020 an amendment to IFRS 16 that provides tenants an exemption from assessing whether a COVID-19-related rental concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

This amendment is effective for annual financial statement reporting periods beginning on or after June 1, 2020. Early application is permitted.

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the Group is managing this transition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2021. The Group is analyzing the possible impact of the abovementioned amendments over its loans accruing interests considering LIBOR rates, which maturity occurs beyond the period those rates will be discontinued; and it is initiating corresponding negotiations with financial institutions.

There are no other interpretations of IFRS or IFRIC that have not yet entered into force and that are expected to have a significant impact on the Group.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendment is applicable for annual reporting periods beginning on or after January 1, 2023.

Amendments to IFRS 8 - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendment is applicable for annual reporting periods beginning on or after January 1, 2023.

b) Application of new IFRS that are effective this year

The new and / or modified standards and interpretations as issued by the IASB, which have been applied by the Group as of the year beginning on January 1, 2020, are shown below:

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IFRS Conceptual Framework

In March 2018, the IASB published a revised Conceptual Framework and also issued amendments to references to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. Not all amendments, however, update those pronouncements regarding framework references and citations to refer to the revised Conceptual Framework.

Some pronouncements are only updated to indicate which version of the framework they refer to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that the definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

Its adoption has had no material impact on the disclosures or the amounts reported in these financial statements.

Amendments to IAS 1 and IAS 8, Definition of materiality

The amendments are intended to simplify the definition of materiality contained in IAS 1, making it easier to understand and are not intended to alter the underlying concept of materiality in IFRS. The concept of obscuring material information with immaterial information has been included in the new definition.

The limit for influencing materiality for users has been changed from "could influence" to "could reasonably be expected to influence".

The definition of materiality in IAS 8 has been replaced by a reference to the definition of materiality in IAS 1. In addition, the IASB amended other standards and the Conceptual Framework that contained a definition of materiality or reference to the term materiality to ensure consistency.

Its adoption has had no material impact on the disclosures or the amounts reported in these financial statements.

Amendments to IFRS 3, Definition of a business

The amendments clarify that, while businesses usually have outputs, outputs are not required for a series of integrated activities and assets to qualify as a business. To be considered a business, a series of acquired activities and assets must include, at a minimum, an input and a substantial process that together contribute significantly to the ability to generate outputs.

Additional guidance is provided to help determine if a substantial process has been acquired.

The amendments introduce an optional test to identify the concentration of fair value, which allows a simplified assessment of whether a series of activities and assets acquired is not a business if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar assets.

Its adoption has had no material impact on the disclosures or the amounts reported in these financial statements.

IASB amendments to IFRS 7 and IFRS 9 related to the IBOR reform

The IASB published amendments on September 26, 2019 that "are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phase-out of interest rate benchmarks such as Interbank Offered Rate (IBOR) ". Specifically, the amendments:

- modify the specific hedge accounting requirements for entities to apply those requirements as if the interest rate benchmark on which the hedged cash flows and the hedging instrument cash flows are not altered due to the reform of the interest rate benchmark;

- they apply to all hedging relationships directly affected by the reform of the interest rate benchmark; and

- require specific disclosures about the extent to which the amendments affect entities' hedging relationships.

Its adoption has had no material impact on the disclosures or the amounts reported in these financial statements.

There are no other IFRS or IFRIC interpretations that are effective for the first time for the financial year or interim periods beginning on or after January 1, 2020 that have a significant effect on these financial statements, nor other IFRS or IFRIC interpretations that are not effective and is expected to have a significant effect on the Company and the Group.

4. ESTIMATES AND CRITICAL ACCOUNTING JUDGEMENTS

In the application of the accounting policies of the Group that are described in Note 2, the Management of the Group are required to make judgments, estimates and assumptions relative to the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are deemed relevant. Actual results may differ from estimates and evaluations made at the date of the preparation of these financial statements.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or the period of revision and future periods if the revision affects both the current and future periods.

Below there is a description of the estimates and critical accounting judgments that the Management of the Group have made in the process of applying accounting principles:

- Impairment of property, plant and equipment and right of use assets: as it is mentioned in Note 2.12, the Group periodically evaluates the carrying value of its property, plant and equipment so as to determine if there is an indication of impairment loss. For the purpose of estimating the recoverable values, the Management of the Group makes assumptions and judgments concerning future prices, levels of production, production costs, future demand, regulatory conditions, discount rate and other factors.

- Oil and gas reserves: Oil and gas reserves are used as a basis to calculate the depreciation of oil and gas production assets, for the calculation of the recoverable amount of those assets. Oil and gas reserves are estimated quantities of crude oil and gas determined according to geological and engineering studies. The estimations of oil and gas reserves are not accurate and are subject to future revisions that consequently affect the related accounting estimates.

- Asset retirement obligations and environmental restoration: at the end of each year, the Management Group estimates the costs arising from assets retirement and environmental restoration. Costs are estimated taking into consideration contractual obligations and effective laws and regulations, as they had historically been construed and enforced, and considering the current cost of retirement. Future changes in technology, costs, the law or the manner in which future regulations are enforced could significantly affect the liabilities estimation for assets retirement and environmental restoration.

- Provisions for litigations and other contingencies; The final cost of settling claims and litigation can vary due to estimations based on the different interpretations of the laws, opinions and the final assessments of the amount of damages. Therefore, any change in circumstances related to these contingencies may have a significant impact on the amount of the provision recorded for contingencies.

- Recognition of incentives to increase gas production: As mentioned in Note 2.6.e, revenues from the incentives described in Note 12.b are recognized when the realization of the right is virtually certain and it is probable that the entity will receive the inflows associated to the incentive, which in

Management's opinion takes place when the Ministry of Energy and Mining of Argentina issues the resolution approving the benefit.

- Determination of functional currency: In accordance with what it is mentioned in Note 2.8, the Group has determined the functional currency for PCR and its subsidiaries. The Group's Board of Directors applies professional judgment in determining its functional currency and that of its subsidiaries. Judgment takes mainly into account the currency that influences and drives sales prices, and also considering the currency that the Company used to use in the payment, labor, material, investment and other costs, as well as the financing and collection derived from its operating activities and the regulatory and legal environment and industry background, applicable to the country concessions.

- Income tax: according to Note 2.10, the Group records income tax expense under the deferred tax method of accounting. Deferred tax assets and liabilities are measured by using tax rates, which are expected to be applicable in the year in which the asset is realized or the liability settled. Deferred tax assets are recognized in case it is probable they could be offset with future taxable profits. Balances of deferred tax assets are reviewed at the end of each year and are reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized. Additionally, the Group recognizes tax loss carryforwards as deferred tax assets in case it is probable they could be offset with future taxable profits.

5. BREAKDOWN OF THE MAIN CAPTIONS OF THE CONSOLIDATED BALANCE SHEETS

	2020	2019
Assets		
a) Investments		
Current		
Mutual funds	3,243,700	904,910
Time deposit[1]	2,091,426	2,387,988
	5,335,126[2]	3,292,898[2]

[1] Includes 1,661,510 (12-31-2020) and 1,609,871 (12-31-2019) equivalent to US $ 19,745 thousand corresponding to the guarantee fund dedicated to the cancellation of the next debt services (capital and interest), associated with the contracts signed by PEBSA on October 12, 2018 for the financing of the construction, operation and maintenance of the Bicentennial Wind Farm with the Inter-American Investment Corporation itself, and on behalf and agent of the Inter-American Development Bank, KFW, KFW Ipex-Bank GMBH and EKF Denmark's Export Credit Agency.

[2] Includes 2,558,732 (12-31-2020) and 2,387,988 (12-31-2019) in foreign currency (Exhibit G - See Note 2.8)

	2020	2019
b) Accounts receivable		
Current		
Common debtors	4,938,629	4,871,136
Debtors under legal proceedings	49,640	4,739
	4,988,269	4,875,875
Allowance for doubtful accounts receivable (Exhibit E)	(49,589)	(49,351)
	4,938,680[1]	4,826,524[1]

[1] Include 4,736,570 (12-31-2020) and 4,198,648 (12-31-2019) in foreign currency (Exhibit G – Note 2.8).

	2020	2019
Non-current		
Common debtors in foreign currency	202,272	181,391
Allowance for doubtful accounts receivable (Exhibit E)	(202,272)	(181,391)
	--	--

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	2020	2019
c) Other receivables		
Current		
Advances to suppliers	421,333	357,840
Tax credits	1,451,232	1,768,255
Prepaid expenses	165,873	109,923
Collateral deposit	8,863	13,515
Joint Operation ("JO") partners	33,869	253,733
Receivables from sales on behalf of JO	242,663	363,182
Incentives to increase gas production receivable	85,038	162,470
Oil contract guarantees (Note 12.e)	57,093	50,164
Related parties (Note 7)	26,575	--
Miscellaneous	58,315	52,395
	2,550,854 (1)	3,131,477 (1)

(1) Include 936,031 (12-31-2020) and 1,169,463 (12-31-2019) in foreign currency (Exhibit G – Note 2.8).

	2020	2019
Non-current		
Advances to suppliers	15,955	203,175
Incentives to increase gas production receivable	--	80,961
Loans to employees	50,368	97,349
Tax credits	400,170	290,727
JO partners	126,697	160,541
Oil contract guarantees (Note 12.e)	34,781	66,781
Miscellaneous	33,667	37,939
	661,638	937,473
Allowance for doubtful other receivables (Exhibit E)	(57,853)	(264,141)
	603,785 (1)	673,332 (1)

(1) Include 85,149 (12-31-2020) and 244,496 (12-31-2019) in foreign currency (Exhibit G – Note 2.8).

	2020	2019
d) Inventories		
Current		
Finished goods	171,115	279,475
Goods in process	298,095	443,038
Raw materials	646,928	742,701
Materials	1,320,746	1,502,579
	2,436,884	2,967,793
Non-current		
Finished goods	29,247	36,550
Materials	311,727	387,537
	340,974	424,087
Allowance for obsolescence and idle items (Exhibit E)	(323,529)	(404,505)
	17,445	19,582

e) Right of use assets

	2020			2019
	Land[1]	**Facilities and operating equipment[2]**	**Total**	**Total**
Net book value at the beginning	953,471	216,664	1,170,135	--
Cost				
Balance at the beginning	987,207	365,232	1,352,439	1,329,067
Increases	33,108	203,171	236,279	95,386
Decreases and reclassifications	--	(21,735)	(21,735)	(115,734)
Translation differences	31,681	12,469	44,150	43,720
Total at year-end	1,051,996	559,137	1,611,133	1,352,439
Accumulated amortization				
Balance at the beginning	(33,736)	(148,568)	(182,304)	--
Increases[3]	(34,047)	(102,676)	(136,723)	(178,377)
Translation differences	(2,623)	(5,247)	(7,870)	(3,927)
Total at year-end	(70,406)	(256,491)	(326,897)	(182,304)
Net book value at year-end	981,590	302,646	1,284,236	1,170,135

(1) Defined useful life 25 years.
(2) Defined useful life 2.5 - 5 years.
(3) Include 5,207 (12-31-2020) and 28,632 (12-31-2019) transferred to works in progress – property, plant and equipment.

f) Intangible assets[1]

	2020			2019
	Wind studies and easements	**Other**	**Total**	**Total**
Net book value at the beginning	445,121	24,047	469,168	802,531
Cost				
Balance at the beginning	448,666	105,135	553,801	859,503
Increases	2,731	--	2,731	34,755
Decreases[2]	(6,549)	(271)	(6,820)	(328,260)[2]
Translation differences	7,802	--	7,802	(12,197)
Total at year-end	452,650	104,864	557,514	553,801
Accumulated amortization				
Balance at the beginning	(3,545)	(81,088)	(84,633)	(56,972)
Increases	(11,409)	(4,103)	(15,512)	(27,661)
Translation differences	(925)	--	(925)	--
Total at year-end	(15,879)	(85,191)	(101,070)	(84,633)
Net book value at year-end	436,771	19,673	456,444	469,168

(1) Corresponds to intangible assets with finite useful life ranging from 3 to 20 years. Amortization of intangible assets is calculated based on the straight-line method and the increases are expensed as Production costs of the year.
(2) Include 116,294 transferred to property, plant and equipment.

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	2020	2019
Liabilities		
g) Accounts payable [1]		
Current		
Suppliers	2,968,929	2,672,795
Related parties (Note 7)	12,553	37,098
Deferred income	461,679	205,624
	3,443,161	2,915,517

[1] Include 1,877,724 (12-31-2020) and 1,011,054 (12-31-2019) in foreign currency (Exhibit G – Note 2.8).

	2020	2019
h) Lease liability		
Current		
Lease liability in US$ (Exhibit G- Note 2.8)	191,036	183,599
	191,036	183,599
Non-current		
Lease liability in US$ (Exhibit G- Note 2.8)	1,175,496	1,053,069
	1,175,496	1,053,069
The lease liability evolution is set out below:		
Balance at the beginning	1,236,668	1,323,783
Increases of leases	209,370	95,386
Decreases of leases	(21,735)	(114,866)
Payment of leases	(177,304)	(190,529)
Accretion of discount[1]	100,175	85,356
Translation differences	19,358	37,538
Balance at year-end	1,366,532	1,236,668

[1] Include 12,774 (12-31-2020) and 56,805 (12-31-2019) transferred to property plant and equipment.

	2020	2019
i) Loans		
Current		
Bank loans in US$ [1] (Exhibit G- Note 2.8)	7,912,016	11,497,929
Bank loans in local currency	1,634,906	167,343
Corporate bonds in US$ (Exhibit G- Note 2.8)	8,168,123	--
Corporate bonds in local currency	524,640	--
Account overdraft	--	395,626
	18,239,685[1]	12,060,898[1]

[1] Net of floating cost for 154,128 (12-31-2020) and 64,887 (12-31-2019).

	2020	2019
Non-current		
Bank loans in US$ [1] (Exhibit G- Note 2.8)	18,265,218	21,894,796
Corporate bonds in US$ (Exhibit G- Note 2.8)	21,769	--
Bank loans in local currency	72,500	106,871
	18,359,487[1]	22,001,667[1]

[1] Net of floating cost for 203,208 (12-31-2020) and 322,192 (12-31-2019).

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Note 11 includes additional information about the Group loans which evolutions is set out below:

	2020	2019
Balances at the beginning	34,062,565	31,509,738
Interest loss	2,855,399	1,884,459
Financial costs capitalized	216,189	725,402
Foreign exchange differences	816,619	1,537,896
Interest paid	(3,148,880)	(2,304,051)
Proceeds	13,533,826	8,374,231
Net variation of account overdraft	(384,121)	395,626
Payments of loans	(11,352,425	(8,060,736)
Balances at the year-end	36,599,172	34,062,565

j) Taxes payable

Current		
Income tax payable	193,077	735,941
Tax withholdings	105,032	117,082
Value added tax	518,531	10,424
Turnover tax	69,821	16,767
	886,461 (1)	880,214 (1)

(1) Include 229,999 (12-31-2020) and 467,337 (12-31-2019) in foreign currency (Exhibit G – Note 2.8).

k) Other liabilities

Current		
Royalties payable	176,422	307,527
Sales on behalf of JO partners to be settled	276,961	204,768
JO Partners	162,223	845,684
Provision for fees to Directors (Note 7)	29,285	33,759
Dividends payable (Note 7)	7	17,094
Debt for business combinations and assets acquisitions (Note 13)	83,962	81,838
Oil contract guarantees liabilities in US$ (Exhibit G- Note 2.8)	36,597	35,446
Miscellaneous	48,797	64,371
	814,254 (1)	1,590,487 (1)

(1) Include 734,922 (12-31-2020) y 1,265,899 (12-31-2019) in foreign currency (Exhibit G – Note 2.8).

Non current		
Oil contract guarantees liabilities in US$ (Exhibit G- Note 2.8)	32,393	66,781
	32,393	66,781

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6. BREAKDOWN OF CAPTIONS FROM THE CONSOLIDATED STATEMENT OF PROFITS OR LOSS

	2020	2019
	Profit (Loss)	
a) Other income and expenses, net		
Gain on property, plant and equipment sales	10,109	5,868
Tax on debits and credits on bank accounts	(383,040)	(402,211)
Charges related to non-productive assets	(18,912)	(29,329)
Provision for claims and contingencies	(37,292)	(46,669)
Allowance for doubtful accounts receivable and other receivables	63,865	(173,024)
Allowance for obsolescence and idle items	(27,584)	(765)
Reestimation of costs due to asset retirement obligations	270,418	1,025,204
Idle capacity	(149,678)	--
Miscellaneous	(156,111)	(233,594)
Total other income and expenses, net	(428,225)	145,480

	2020	2019
b) Financial and holding gains (losses), net		
Financial Incomes		
Gain from current investment	185,658	1,613,521
Total financial incomes	185,658	1,613,521
Financial cost		
Interest, net	(2,532,791)	(1,648,967)
Foreign exchange differences, net	(199,142)	(1,574,793)
Accretion of discount of lease liability	(87,401)	(28,551)
Others Accretion of discount	(184,692)	(192,190)
Loss from exposure to changes in the purchasing power of the currency, net	(1,171,813)	(1,471,371)
Other financial results, net(1)	(1,076,392)	(558,807)
Total financial cost	(5,252,231)	(5,474,679)
Total financial and holding gains (losses), net	(5,066,573)	(3,861,158)

(1) Include 802,614 (2020) and 193,510 (2019) related to financial discount of other receivables.

7. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The balances as of December 31, 2020 and 2019 as regards to transactions with related parties to the Group, are as follows:

2020	Other receivables	Accounts payable	Other liabilities
Related companies			
Rental Patagonia S.A.(1)	--	(9,701)	--
APMB Servicios y Transportes S.A. (1)	--	(2,425)	--
Bahía Solano S.A.(1)	--	(427)	--
Management and Shareholders	26,575	--	(29,292)
Total	26,575	(12,553)	(29,292)

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2019	Accounts payable	Other liabilities
Related companies		
Rental Patagonia S.A.[1]	(29,402)	--
APMB Servicios y Transportes S.A. [1]	(7,350)	--
Bahía Solano S.A.[1]	(346)	--
Management and Shareholders	--	(50,853)
Total	(37,098)	(50,853)

The transactions with related parties during the years ended December 31, 2020 and 2019 are the following:

	Purchases, fees and services	
	2020	**2019**
Related companies		
Rental Patagonia S.A.[1]	(145,647)	(286,630)
APMB Servicios y Transportes S.A. [1]	(36,469)	(71,471)
Bahía Solano S.A.[1]	(4,217)	(4,468)
Management and Shareholders	(87,465)	(72,647)
Total	(273,798)	(435,216)

[1] Provision of uncovering service of the limestone quarry located in the town of Pico Truncado.

Compensation made to key Management of the Company (including its Directors) amounted to 106,713 and 140,667 for the years ended December 31, 2020 and 2019, respectively. They totally correspond to short-term compensations.

8. STOCKHOLDERS´ EQUITY

Capital stock is composed of 72,073,538 shares, of Argentine pesos 1 par value, and five votes per share.

As of December 31, 2020 and 2019, 34 members of the families Brandi and Cavallo, control the Company through direct and indirect participation of 99.96% of the Capital.

On April 16, 2019, the Ordinary and Extraordinary Shareholders Meeting approved the distribution of cash dividends in the amount of 365,514 and appropriated the other retained earnings to the General purpose reserve previously created pursuant to the provisions of section 70 of the Corporation's Law for the future payment of dividends and/or to meet the needs for working capital, investments and new business of PCR and its subsidiaries.

On September 16, 2019, the Extraordinary Shareholders´ Meeting approved the distribution of cash dividends in the amount of 219,419 out of the General purpose reserve.

On April 16, 2020, the Ordinary and Extraordinary Shareholders Meeting approved the appropriation of 92,952 to the Legal reserve, the distribution of cash dividends in the amount of 269,040 and appropriated the remaining other retained earnings as of December 31, 2019 to the General purpose reserve previously created pursuant to the provisions of section 70 of the Corporation's Law for the future payment of dividends and/or to meet the needs for working capital, investments and new business of PCR and its subsidiaries.

Furthermore, on December 17, 2020, the Extraordinary Shareholders´ Meeting approved the distribution of cash dividends in the amount of 144,147 out of the General purpose reserve.

Pursuant to Law Nº 25,063 the dividends distributed, in cash or kind, in excess of accumulated taxable income, will be subject to a 35% income tax withholding as a sole and final payment. However, under tax reform Law No. 27,430 this withholding is eliminated for profits incurred as from 2018.

Finally, the Tax Reform Law No. 27,430 also provided, among others, a withholding tax on dividends at a rate of 7% out of accrued profits for fiscal years beginning January 1, 2018 and 13% as from 2020. Afterwards, the Law on Social Solidarity and Productive Reactivation suspended the tax rate reduction until fiscal periods beginning on or after January 1, 2021, establishing that during such period of suspension the applicable tax rate would be 7% over dividends distributions.

9. TAX INCOME

The evolution and breakdown of the deferral tax assets and liabilities are as follows:

	Balance at the beginning	Translation, restatement effects and transfers	Charges of the year	Balance at year-end
Deferred tax assets, net				
Tax loss carryfoward[1]	149,950	(39,807)	90,504	200,647
Non-deductible provisions and others	637,501	30,119	(158,414)	509,206
Financial costs capitalized	(19,597)	--	19,597	--
Deferred tax inflation adjustment	(77,908)	20,681	(143,420)	(200,647)
12-31-2020	689,946	10,993	(191,733)	509,206
12-31-2019	159,926	36,295	493,725	689,946
Deferred tax liability, net				
Property, plant and equipment	(4,838,114)	(95,715)	(18,749)	(4,952,578)
Tax loss carryfoward[1]	2,213,343	67,154	(93,085)	2,187,412
Financial costs capitalized	(84,298)	--	44,233	(40,065)
Tax benefits	(13,015)	3,455	(85)	(9,645)
Exploration expenses	191,582	(50,860)	(140,722)	--
Non-deductible provisions and others	542,670	(205,593)	372,895	709,972
Earnings of foreing companies	--	(315,714)	(276,501)	(592,215)
Deferred tax inflation adjustment	(2,187,469)	283,605	(804,011)	(2,707,875)
12-31-2020	(4,175,301)	(313,668)	(916,025)	(5,404,994)
12-31-2019	(1,817,846)	(561,087)	(1,796,368)	(4,175,301)

[1] The carryforward losses have maturity 107,728 (2024), 92,919 (2025), 28 (2026), 10,927 (2027), 461,223 (2028) y 1,051,379 (2029) y 663,855 (2030). For companies governed according to Law 27,191 of Electric Power the statute of limitations is 10 years.

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The following is a reconciliation between the charge that results from applying the current tax rate on net income before income tax and the income tax included in the statement of profit or loss of the year:

	2020	2019
Net income before income tax	1,560,603	4,176,387
Applicable tax rate	30%	30%
Tax rate applied to net income before income tax	(468,181)	(1,252,916)
Permanent differences at the tax rate		
- Non-deductible expenses	64,771	(72,056)
- Effect of the tax reform	(75,363)	202,163
- Differences of rates	71,987	637,175
- Non-recoverable tax loss carryforwards	(13,786)	--
- Result from exposure to changes in the purchasing power of the currency and remeasurement to functional currency	247,315	838,889
- Tax inflation adjustment	(1,483,946)	(2,667,307)
Income tax total charge	(1,657,203)	(2,314,052)
- Current tax charge	(549,445)	(1,011,409)
- Deferred tax charge	(1,107,758)	(1,302,643)
Total Income tax charge	(1,657,203)	(2,314,052)

10. BUSINESS SEGMENT REPORTING

Business segments are grouped considering the way in which the most responsible decision maker of the Group allocates resources and evaluates profitability.

Information considered by the chief operation decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods and services delivered or provided, and for oil and gas transactions, location where they take place.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

The Company has five business segments as follows:

- Oil and gas Argentina: It includes the exploration, development, production and sale of crude oil and gas from the fields in Argentina.
- Oil Ecuador: It includes the exploration, development, production and sale of crude associated with service contract oil in the fields in Ecuador.
- Oil and gas Colombia: It includes the oil and gas exploration, production and sale transactions in Colombia.
- Cement: It includes the operations of sale of cement, which includes the sourcing of raw materials from the quarries, the production of clinker and its subsequent grinding with certain additives to obtain cement.
- Concrete blocks and dry mortars: It corresponds to the production of cement blocks and construction materials whose main raw material is the cement produced by the Company to which determined additives are incorporated.
- Renewable resources: It includes operations of electric power generation out of renewable sources.
- Central administration and other investments: include the common charges of the central administration and other minor operations.

Balance as of December 31, 2020

	Oil and Gas Argentina	**Oil Ecuador**	**Oil and gas Colombia**	**Cement**	**Concrete blocks and dry mortars**	**Renewable resources**	**Central administration**	**Consolidation adjustments**	**Total**
Revenue	9,782,749	4,425,208	549,746	4,608,206	355,452	5,338,384	--	(42,477)	25,017,268
Other expenses – impartment of property, plant and equipment	--	--	(27,816)	--	--	--	--	--	(27,816)
Operating income	1,464,691	1,155,404	(152,182)	1,331,978	12,071	3,425,984	(610,770)	--	6,627,176
Total Assets	9,328,464	8,024,960	2,768,786	9,046,686	1,163,276	42,594,499	1,976,382	(1,757)	74,901,296
Total Liabilities	3,552,400	3,521,453	212,409	2,149,543	146,269	33,623,278	10,677,652	(1,757)	53,881,247
Acquisition of property, plant and equipment	434,325	1,451,507	424,483	28,705	1,550	5,282,844	47,110	--	7,670,524
Depreciation of property, plant and equipment	(1,742,406)	(876,673)	(243,936)	(439,197)	(41,449)	(1,158,807)	(37,376)	--	(4,539,844)

Balance as of December 31, 2019

	Oil and Gas Argentina	**Oil Ecuador**	**Oil and gas Colombia**	**Cement**	**Concrete blocks and dry mortars**	**Renewable resources**	**Central administration**	**Consolidation adjustments**	**Total**
Revenue	15,606,063	6,574,396	766,458	6,088,022	314,848	2,164,324	--	(45,100)	31,469,011
Other expenses – impartment of property, plant and equipment	291,744	--	--	--	--	--	--	--	291,744
Operating income	3,460,396	2,884,430	(637,959)	1,369,389	(16,394)	1,561,474	(557,523)	(26,268)	8,037,545
Total Assets	11,675,169	9,350,289	2,640,320	10,696,143	1,244,064	34,976,996	1,673,874	(1,380,681)	70,876,174
Total Liabilities	4,935,182	3,193,436	938,183	1,656,492	11,049	29,006,736	11,385,876	(1,375,277)	49,751,677
Acquisition of property, plant and equipment	3,254,310	2,232,199	--	503,173	38,128	11,032,214	160,429	--	17,220,453
Depreciation of property, plant and equipment	(2,316,242)	(834,870)	(361,852)	(488,408)	(36,540)	(452,082)	(34,265)	--	(4,524,259)

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The breakdown of revenue from sales of goods and services rendered by geography, by product and by destination market, for the years ended December 31, 2020 and 2019, respectively is as follows. Likewise, the breakdown of non-current assets by geography as of every year-end is detailed below:

Balance as of December 31, 2020:

	Argentina	Ecuador	Chile	Colombia	Uruguay	Consolidation adjustments	Total
Revenue from sales of goods	14,497,706	--	698,433	549,746	--	(508,644)	15,237,241
Revenue from provision of services	58,911	4,415,827	--	--	9,381	--	4,484,119
Revenue from generation of electrical energy	5,295,908	--	--	--	--	--	5,295,908
Non-current assets	50,468,333	4,751,292	19,584	2,381,043	--	(7,273)	57,612,979

Balance as of December 31, 2019:

	Argentina	Ecuador	Chile	Colombia	Consolidation adjustments	Total
Revenue from sales of goods	21,443,393	--	1,152,565	766,458	(697,575)	22,664,841
Revenue from provision of services	65,450	6,574,396	--	--	--	6,639,846
Revenue from generation of electrical energy	2,164,324	--	--	--	--	2,164,324
Non-current assets	46,160,066	4,490,916	29,186	2,279,047	--	52,959,215

Balance as of December 31, 2020:

	Local market	Export	Total
Gas	1,600,088	--	1,600,088
Oil[(1)]	13,157,614	--	13,157,614
Cement	3,817,864	692,848	4,510,712
Concrete blocks and dry mortars	349,866	5,585	355,451
Energy	5,295,908	--	5,295,908
Other goods and services	97,495	--	97,495
Total	24,318,835	698,433	25,017,268

Balance as of December 31, 2019:

	Local market	Export	Total
Gas	2,356,137	--	2,356,137
Oil[(1)]	20,574,174	--	20,574,174
Cement	5,261,050	692,894	5,953,944
Concrete blocks and dry mortars	310,168	4,681	314,849
Energy	2,137,326	--	2,137,326
Other goods and services	132,581	--	132,581
Total	30,771,436	697,575	31,469,011

(1) Include 4,415,827 and 6,574,396 of Revenue from services rendered by the Oil Ecuador segment for the years ended December 31, 2020 and 2019, respectively.

In fiscal years ended December 31, 2020 and 2019, approximately $ 8,562 million and 9,979 million of revenue from sales of goods were recorded related to Trafigura Argentina S.A., which are included in the oil and gas Argentina segment, representing approximately 34% and 32% respectively, of the Group’s total revenue.

Likewise, during the same fiscal years, revenue was recorded for approximately 4,416 million and 6,574 million, respectively, related to companies controlled by the Ecuadorian government, which are included in the Oil Ecuador segment, representing approximately 17.65% and 20.89%, respectively, of the Group’s total revenue.

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11. LOANS

a. Bank debt

Outstanding bank borrowings as of December 31, 2020 are detailed below:

Subscription date	Financial entity	Currency	Amount[1]	Installments	Maturity 1° installment	Final maturity	Rate
06-22-2016	Industrial and Commercial Bank of China (Argentina) S.A.	US$	30,000,000	15 quarterly, equal and consecutive installments	12-27-2017	June-2021	Nominal annual fixed interest rate 6.75%
06-29-2017	BBVA Francés S.A. Bank	US$	20,000,000	15 quarterly, equal and consecutive installments	12-28-2018	June -2022	Nominal annual fixed interest rate 4.85%
10-6-2017	BBVA Francés S.A. Bank	US$	5,000,000	15 quarterly, equal and consecutive installments	04-6-2019	October-2022	Nominal annual fixed interest rate 5.5%
10-9-2017	BBVA Francés S.A. Bank	US$	15,000,000	15 quarterly, equal and consecutive installments	04-9-2019	October-2022	Nominal annual fixed interest rate 5.5%
08-28-2018	Itaú Unibanco S.A., Sucursal Nassau, y Banco de Galicia y Buenos Aires S.A.	US$	80,000,000[1] (divided into two portions of 40,000,000 each)	22 monthly, equal and consecutive installments	November-2019	August-2021	One tranche accrues a nominal fixed annual rate of 8.5% and the second tranche a variable annual rate based on 30-day Libor + 5.75%
01-02-2019	BBVA Francés S.A. Bank	US$	20,000,000	9 quarterly, equal and consecutive installments	01-02-2020	January-2022	Nominal annual fixed interest rate 8,75%
01-03-2019	Industrial and Commercial Bank of China (Argentina) S.A.	US$	30,000,000	9 quarterly, equal and consecutive installments	01-09-2020	January-2022	Annual nominal variable based on Libor adjusted for tax effects + 6.25%
05-30-2019	HSBC Bank Argentina S.A.[2]	US$	10,000,000	9 quarterly, equal and consecutive installments	05-30-2020	June-2022	Nominal annual fixed interest rate 9%
07-02-2019	Santander Río S.A. Bank[2]	US$	20,000,000	7 quarterly and consecutive installments	09-30-2020	March-2022	Nominal annual fixed interest rate 9%
07-05-2019	Itaú Unibanco S.A. sucursal Nassau Bank[2]	US$	64,000,000	14,000,000 in 6 monthly, equal and consecutive installments 50,000,000 in 32 monthly, equal and consecutive installments	July-2019 December-2021	July-2024	Annual based on Libor + 4.5% payable monthly
07-5-2019	Itaú Unibanco S.A. sucursal Nassau(Bank[3]	US$	10,000,000[3]	1 installment	07-5-2022	July-2022	Annual based on Libor + 4.5% payable monthly
12-20-2019	Banco BBVA Argentina S.A.[2]	AR$	272,281,176	8 quarterly, equal and consecutive installments	03-20-2020	December-2021	Badlar + 10%

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Subscription date	Financial entity	Currency	Amount[(1)]	Installments	Maturity 1° installment	Final maturity	Rate
01-02-2020	Banco de Galicia y Buenos Aires S.A.U.	AR$	1,065,128,477 [(2)]	1 installment	01-02-2021	January-2021	Badlar + 9% adjusted for tax effects
03-27-2020	Patagonia S.A. Bank	AR$	631,452,636	1 installment	03-19-2021	March-2021	TM20[(4)] + 8% adjusted for tax effects
04-14-2020	BBVA Argentina S.A. Bank	AR$	360,842,262	8 quarterly, equal and consecutive installments	07-14-2020	April-2022	Nominal annual fixed interest rate 34%. TM20 + 10% since the second period of interests until maturity

(1) Numbers expressed in whole numbers.
(2) Loans secured by promissory notes.
(3) On July 5, 2019, PCR agreed with Itaú Unibanco S.A. Nassau branch Bank, the readjustment of the US $ 100 million loan dated January 4, 2018 with final maturity in January 2023. From the signed addendum, PCR canceled US $ 36 million of the capital debt in force at the time of signing and refinanced the payment of the remaining debt for US $ 64 million according to the following detail: US $ 14 million payable in six equal and consecutive monthly installments from July 2019 and US $ 50 million payable in thirty-two installments equal and consecutive monthly as of December 2021. The new loan accrues interest at an annual rate based on Libor plus a margin of 4.5% and are payable monthly.
(4) Interest rate corresponding to time deposits for 30 to 35 day-exceeding AR$20 million.

On October 12, 2018, PEBSA, a company indirectly controlled by the Company, entered into a loan agreement to finance the construction, operation and maintenance of the Parque Eólico del Bicentenario with a generating capacity of 125.2 MW, which includes the acquisition and installation of 35 V117 wind turbines of 3.6 MW and associated transmission facilities to be located in the province of Santa Cruz, Argentina (the "Project"). Such financing has been granted by: (i) Inter-American Investment Corporation ("IDB Invest") by itself, and in representation and as "Agent" of the Inter-American Development Bank ("IDB"), (ii) KFW, (iii) KFW IPEX-BANK GMBH (the "EKF Agent"), and (iv) EKF DENMARK'S EXPORT CREDIT AGENCY ("EKF") (the "Creditors") for a total amount of up to US$ 108,000,000 to be repaid in a maximum term of fifteen years, under a scheme of periodic capital installments. This financing combines a loan provided by IDB and IDB Invest for a total amount of up to US$ 50,000,000 and another loan granted by KFW, the EKF Agent and EKF under which KFW will make available to PEBSA a loan for the amount of up to US $ 58,000,000 guaranteed by EKF DENMARK'S EXPORT CREDIT AGENCY (export credit agency of Denmark), through a credit insurance that provides 95% coverage. The mentioned financing includes separate guarantees for this type of operations (such as pledge of shares, pledge of equipment, assignments of Project rights in favor of trusts, promissory notes, etc.) and also includes (i) a guaranty -under New York law- by the shareholders of PEBSA (PCR and Cleanergy Argentina) in order to guarantee the faithful and timely compliance with each and every one of PEBSA's obligations under the financing documents. The guaranty survived until the date denominated in English as the Project Completion Date (“PCD”), occurred in August, 2020; and (ii) an endorsement by PCR of the promissory notes issued by PEBSA.

The main consequence of reaching the PCD for PCR is that the guarantees granted by PCR in favor of the Creditors are canceled, leaving only their recourse against PEBSA.

In relation to the mentioned loan agreements, the companies agreed certain commitments to do and not to do, common in this type of transactions, including certain limitations to the payment of dividends, the level of indebtedness, the sale of assets and the granting of encumbrances. In addition, such loan agreements contain clauses of compliance with certain financial ratios which non-compliance could lead to the expiration of the term and the consequent immediate maturity of said loans.

b. Corporate Bonds

On November 10, 2017, the Shareholders meeting approved the creation and the terms and general conditions of a Corporate Bonds Program (the “Program”), to a maximum amount of US$400,000,000 or equivalent in other currencies. The terms and conditions of the Program and the Corporate Bonds that are issued under it were approved by the Boards of Directors on February 7, 2018.

The creation of the Program was authorized by Resolution of the CNV on March 28, 2018.

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On January 8, 2020, the Company's Directors, in exercise of the powers originally delegated by the Extraordinary General Meeting of Shareholders on November 10, 2017, approved the issuance of the Corporate Bonds and the particular terms and conditions of the themselves. Finally, on February 6, 2020, the Company published a subscription notice inviting investors to subscribe offers for three different classes of Corporate Bonds for a total nominal value of the equivalent of up to US$ 10,000,000, expandable by up to the equivalent of US$ 60,000,000 to be issued under the Program, namely: (i) Simple Corporate Bonds (not convertible into shares) Class 2, denominated and payable in United States dollars at a fixed interest rate maturing at 12 months from the date of issuance and settlement (the “Class 2 Corporate Bonds” or “Class 2”, interchangeably); (ii) Simple Corporate Bonds (not convertible into shares) Class 3, denominated in US dollars (to be subscribed in argentine pesos at the initial exchange rate and payable in argentine pesos at the exchange rate applicable at a fixed interest rate maturing at 12 months from the date of issue and settlement (the “Class 3 Corporate Bonds” or “Class 3”, interchangeably), and (iii) Simple Corporate Bonds (not convertible into shares) Class 4, denominated and payable in argentine pesos at interest rate variable maturing 12 months from its issuance and settlement date (the “Class 4 Corporate bonds” or “Class 4”, interchangeably, and together with Class 2 and Class 3, the “Corporate Bonds”).

The Company has received offers for more than US$ 60,000,000. On February 17, 2020, the Company issued the Class 2 Corporate Bonds for a total of US$ 36,962,246 at a fixed annual interest rate of 9%; Class 3 Corporate Bonds for a total of US$ 11,235,154 at a fixed annual interest rate of 8.10% and Class 4 Corporate Bonds for a total of 653,645 at a variable annual interest rate equivalent to private BADLAR (Buenos Aires Deposits of Large Amount Rate) plus a margin 650 basis points.

Likewise, within the framework of the same Program, on June 18, 2020 PCR issued Class 5 Corporate Bonds for US$ 48,555,039 subscribed in argentine pesos at the initial exchange rate and payable in argentine pesos at the applicable exchange rate. The Class 5 Corporate Bonds accrue interest at a fixed nominal annual rate of 3.25% payable quarterly for the period due as of September 23, 2020. The principal is payable on December 23, 2021.

On August 19, 2020, PCR's Board of Directors resolved to allocate the remaining available non-issued under the Program for an amount of US$ 295,000,000 (or its equivalent in other currencies) exclusively to issues of corporate bonds under the Frequent Issuer Regime. At its meeting on September 4, 2020, the Board of Directors defined the terms and conditions of the Corporate Bonds under the new regime.

Additionally, on October 27, 2020 PCR issued Class A Corporate Bonds for US$ 36,316,314 subscribed in argentine pesos at the initial exchange rate and payable in argentine pesos at the applicable exchange rate. The Class A Corporate Bonds accrues interest at a fixed nominal annual rate of 4% payable quarterly since January 27, 2021. The principal is payable on October 27, 2023.

Finally, within the foreign exchange regulations scheme established by BCRA through the Communication “A” 7106 mentioned in Note 12, and according to Note 14, on January 22, 2021, the Company completed the plan for refinancing Corporate Bonds Class 2.

12. CLAIMS, CONTINGENCIES, REGULATORY MATTERS, COMMITMENTS AND ECONOMIC SITUATION

a. Pending lawsuits

During the normal course of business, the Company has been sued through several legal proceedings in the labor, civil and commercial jurisdictions. The Management of the Company, with the advice of their legal advisors, made a provision, considering their best estimate using as a basis the available information as of the date of issuance of these consolidated financial statements, including fees and legal costs.

b. Regulatory matters

Incentives to increase gas production

On February 14, 2013, Resolution 1/2013 (the “Resolution”) of the former Commission for Planning and Strategic Coordination of the National Hydrocarbon Investment Plan (the "Commission") was published in the Official Gazette. The Resolution established the "Program to Incentive an Additional Injection of Natural Gas” (the “Program”) and invited gas natural producing companies to submit projects that increase the injection of natural gas to the distribution network, having to comply with a series of established requirements. It also established a compensation resulting from: “… (i) The difference that exists between the price of the Surplus Injection and the effective price collected for the sale of the Surplus Injection, plus (ii) the difference between the Base price and the effective price collected for the sale of the adjusted Surplus Injection…”; these in accordance with the terms and conditions of the Resolutions.

At the same time, the Resolution established a term of five (5) years, extendable at the request of the beneficiary, and subject to the decision of the enforcement authority, to comply with the projects duly presented. If the beneficiary company did not achieve, for one month or more, the production of natural gas committed to its project, it was obliged to compensate for its inability to reach the minimum injection values committed in its project, by importing liquid natural gas and / or other mechanisms. The Program was valid until the end of 2017.

Regarding PCR, it submitted its natural gas injection project to the Commission, obtaining its approval on August 2, 2013.

As a result of this action, and for the period corresponding to 2016, PCR received, on July 5, 2017, BONAR 2020 USD for US $ 1.4 million.

With regard to the year 2017, the Ministry of Energy and Mining ("MEyM" for its acronyms in Spanish) authorized the cash payment of the incentives accrued through February 2017.

Finally, on April 3, 2018, Resolution 97/2018 of the MEyM was published, approving the procedure for the cancellation of compensations pending settlement and / or payment within the framework of the Program (including the outstanding balance at 31 December 2017 mentioned in the previous paragraph). According to the aforementioned Resolution, the pending compensations would begin to be cancelled as of January 1, 2019 in 30 equal monthly and consecutive installments, according to the conditions established in the same Resolution. On April 16, 2018, the Company confirmed adherence to the aforementioned procedure in accordance with the requirements of the Resolution. The compensation provided by the MEyM for the Company in the aforementioned Resolution amounts to US$ 5.15 million. However, art. 55 of the Budget Law No. 27,467 for the year 2019 (supplemented by Resolution No. 54/2019) provided for the authorization to cancel the obligations arising from the provisions of Res. No. 97/2018 through the issuance of instruments of public debt. This way, on February 21, 2019, PCR submitted to the Sub-secretariat of Hydrocarbons and Fuels the Letter to access the bonds provided in the Annex to Resolution No. 54/2019, indicating the account for the deposit of bonds and other requirements.

c. Contractual commitments

In addition to the contracts and commitments mentioned in notes 12.e and 13, PCR in the usual course of its business has entered into contracts for the supply of cement, other construction materials, hydrocarbons and electric power, which include the obligation to deliver certain minimum quantities and penalty clauses for non-compliance.

PCR estimates the mentioned commitments will not have a significant effect in the results of operations.

d. Contingent assets

As of December 31, 2020 the Company, through its subsidiaries Petroriva S.A. and Dutmy S.A., has the following contingent assets that will be booked as long as the favorable resolution of the contingency is virtually certain.

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Fuel price

In March 2002, the companies Petroleos Sud Americanos del Ecuador Petrolamerec S.A., Petroriva S.A. and Compañía Sudamericana de Fósforos del Ecuador Fosforocomp S.A. filed a claim against Petroecuador, requesting compliance with the contractual obligation of the latter to provide diesel for the operations of the contracts at the national market price; and consequently, it was also demanded the return amounts paid in excess, in the diesel purchases that were made to Petroproducción for the operations of the Pindo and Palanda Yuca Sur fields, which were provided at the international market price.

In January 2003, the Court of Arbitration of the Chamber of Commerce of Quito issued an award in which it accepted the claims and ordered Petroecuador:

a.- Return the existing difference between the national sale price of the fuel acquired for its operations; and the international market price paid by them for the purchase of fuel for their operations, from May 2000 until the date of enforceability of the Award.

b.- Pay interests calculated from the date on which the price differences were paid, until the date on which Petroecuador returns the amounts unduly collected.

c.- Stop charging the international market price and collect only the national market price for the fuel purchased for their operations.

On July 30, 2004, the companies filed a demand for enforcement of the arbitration award against Petroecuador and, on September 23, 2004, the judge issued the payment mandate and ordered Petroecuador to pay the companies that insisted the Petrosud-Pretroriva Consortium have the sum of US$ 962 thousand.

Due to the time elapsed without Petroecuador payment the order, on July 16, 2017, the judge issued a new payment order compelling Petroecuador to pay US$ 1.7 million. Up to the date of issuance of the financial statements, the execution procedure continues.

According to the companies, the obligation of EP Petroecuador derived from paragraph c) of the Arbitration Award amounts US$ 15.7 million. The loss of profits must be calculated on this value, derived from Petroecuador's non-observance of what is ordered in paragraph c), including accrued interests.

On November 7, 2019, PCR communicated to the State Attorney General's Office (PGE), the existence of a dispute regarding investment, related to the execution of the Arbitration Award of January 2, 2003. On January 20, 2021, PCR held a meeting with the lawyers of EP Petroecuador and of the PGE in charge of international litigation, at that meeting EP Petroecuador promised to review the documents, as well as the settlement of the debt, with a cutoff date of January 31, 2021 presented to the PGE and EP Petroecuador on February 8, 2021; however, up to the date of issuance of these financial statements, there has been no progress in the referred process.

Payment to the contractors

On August 2, 2016, an oil shipment was carried out for 140,500 barrels of oil for the Petrosud - Petroriva Consortium and 76,000 barrels of oil for the Palanda-Yuca Sur Oil Consortium (the “contractors”).

In accordance with the provision of services contract and with the current Accounting Regulations in Ecuador, the price of hydrocarbons for payment in kind is set according to the last monthly average price of external sales of hydrocarbons of equivalent quality, made by EP Petroecuador in the month immediately prior to the date of shipment. Consequently, for the assessment of the payment in August 2016, the Ministry of Hydrocarbons had to apply the monthly average of external sales of hydrocarbons of equivalent quality for the month of July 2016. However, the Ministry of Hydrocarbons applied the monthly average of sales of equivalent quality hydrocarbons for the month of June 2016, as if the payment had been made in July 2016.

Due to the abovementioned, Contractors experienced a loss, since the Hydrocarbons Secretariat estimates a greater payment than that actually received in US$ 555 thousand for the Petrosud - Petroriva Consortium and US$ 300 thousand for the Palanda - Yuca Sur Petroleum Consortium.

As a consequence of a claim process without a satisfactory response, the Contractors began an arbitration procedure in April 2018 to claim for the damages caused, which include consequential damages and loss of profits. On June 17, 2020, the Court of Arbitration of the Chamber of Commerce of Quito notified the parties of its acknowledgment that the Ecuadorian State breached its contractual obligations and ordered to pay, through the MERNNR, US$ 854.6 thousand for consequential damage; US $ 43.6 thousand for demurrage of the transporter ship and US $ 987.2 thousand for the losses caused by the price differential.

The MERNNR filed an appeal for annulment of the arbitration award. The Court asked to clarify and complete the claim, which was fulfilled on February 26, 2021. There are no news as of the date of issuance of these financial statements.

e. Participation in joint operations

"El Medanito" area (Argentina)

On February 6, 2015 PCR signed with the Province of La Pampa a renegotiation agreement that extends for 10 years (counted since June 19, 2016, expiration date of the original contract), until June 18, 2026, the contract for oil and gas exploration and development in the area “El Medanito”, keeping the main business conditions prevailing at that date.

As a consequence of the aforementioned agreement, the deed of transfer and complementary provincial laws, PCR assumed the commitment to transfer 20% of the rights and obligations under the contract and the area, through the establishment of a consortium. On June 19, 2016, PCR transferred the assets affected to the exploitation of the area at no cost or consideration for Pampetrol SAPEM (“Pampetrol”)

Likewise, PCR assumed the commitment to carry out a development and investment plan in the area amounting US$ 216.2 million and to make expenditures for the exploitation of the area for US$ 274 million during the extended term.

At the date of the transfer, PCR recorded as Mining property account in the Property, plant and equipment item of the Balance Sheet corresponding to the value of assets, net of the liability for assets retirement obligations, transferred to the Province of La Pampa under the agreement referred to above.

Finally, PCR committed to carry out an environmental audit with the intervention of the Sub-Secretary of Ecology of La Pampa, with the objective of identifying environmental issues that may determine the existence of liabilities prior to June 19, 2016. PCR records remediation liabilities as detailed work plans are submitted to the Sub-Secretary of Ecology and, as a result, the costs related to such works may be reasonably estimated.

“Jagüel de los Machos” area (Argentina)

On December 6, 2016, PCR entered into an agreement with Pampetrol to extend the service contract to operate "Jagüel de los Machos" area, province of La Pampa. According to this contract, PCR assumed the operation of the area to produce hydrocarbons, their treatment, and subsequent commercialization and injection in the respective transport systems until October 28, 2017, subject to investments to be performed in the area provided in the same agreement

Subsequently, on October 2, 2017, the Shareholders’ Meeting of Pampetrol accepted the tender offer made by PCR for the area “Jagüel de Los Machos”, under Public Bid No. 1/17 – Pampetrol S.A.P.E.M.

The concession contract assignment agreements and the joint operation contract were signed on October 10, 2017. Under such agreements and contract, and upon payment of US$ 11.2 million, PCR become joint holder of the exploitation concession granted by the Province of la Pampa to Pampetrol pursuant to Provincial Act No. 3003 and the Exploitation Concession contract entered into between the Province of La Pampa and Pampetrol on July 19, 2017. The interest of PCR and Pampetrol in the joint operation agreement is 80% and 20%, respectively, where PCR acts as operator of the area. The concession term is 25 years as from July 19, 2017, and may be extended for another 10 year term. In October 2017, PCR recorded 289,266 as mining property under Property, plant and equipment. Moreover, PCR committed to carrying out a development, exploitation and workover plan in the area for an amount of US$ 38.5 million over the first 2 years. In addition, it expects to make investments up to US$ 21.6 million between the third and fifth year.

The new joint operation agreement become effective on October 29, 2017, after the expiration of the service contract mentioned above.

25 de Mayo" area – "Medanito SE" (Argentina)

Through Provincial Law No. 3,002 dated July 7, 2017, issued by the Province of La Pampa, Pampetrol was granted the concession for the exploitation of the 25 de Mayo-Medanito SE area. In July 2017, the concession contract was signed between the Province of La Pampa and Pampetrol. The concession was granted for a term of 25 years as of July 19, 2017, renewable for an additional ten years period.

Pampetrol called for bids in order to establish a joint operation that operates the area. Subsequently, Pampetrol had to declare the tender void and offered to set up a joint operation for the exploitation of the area. On October 26, 2017, PCR entered into a concession contract assignment agreement and a joint operation agreement with Pampetrol, whereby as from October 29, 2017 and upon payment of US$ 20 million, PCR become joint holder of the exploitation concession for the area "25 de Mayo – Medanito SE" granted by the Province of La Pampa to Pampetrol pursuant to Provincial Act No. 3,002 and the Exploitation Concession contract entered into between the province and Pampetrol on July 19, 2017. The interest of PCR and Pampetrol in the joint operation agreement is 80% and 20%, respectively, where PCR acts as operator of the area. The concession term is 25 years as from July 19, 2017, and may be extended for another 10 year term. In October 2017, PCR recorded 516,464 as mining property under Property, plant and equipment.

Moreover, PCR committed to carrying out a development, exploitation and workover plan in the area for an amount of US$ 29.6 million over the first 2 years. In addition, it expects to make investments up to US$ 19.3 million between the third and fifth year.

"El Sosneado" area (Argentina)

In November 2011, the Province of Mendoza passed Executive Order No. 3165 which approved the agreement between PCR and such province in order to extend the original concession term for El Sosneado area by 10 years as from the expiration of the original term in September 2015.

PCR executed an agreement whereby it assumed the following commitments: i) make an Initial Payment for a total amount of US$ 1,445,000 payable in 18 installments; ii) pay to the Province of Mendoza an "Extraordinary Production Royalty" equal to 4% of the production area included in the Letter of Understanding. Moreover, the parties agreed to make additional adjustments in the event of extraordinary profits by way of reduced export taxes or increased monthly average prices of crude oil and/or natural gas based on certain provisions established in the agreement; iii) carry out a work plan including operating expenses and investments for a total amount of US$ 56,420,000 until the expiration of the extended term of the concession, as established in the agreement; iv) make within the Province of Mendoza a donation of US$ 173,400 payable in 18 monthly and equal installments, as "Corporate Social Responsibility"; v) to annually pay an amount equal to 0.3% of the amount paid as "Extraordinary Production Royalty" as donation to an Institutional Strengthening Fund to be used for the purchase of equipment, training, coaching and incentive of employees, logistics and operating expenses of several bodies in the Province of Mendoza specified in the agreement.

The amount agreed upon as initial payment was accounted for as mining property under Property, plant and equipment in the fiscal year 2011.

“Colhue Huapi” area (Argentina)

On June 8, 2011 PCR signed with the Chubut’s provincial-company Petrominera Chubut S.E. (“Petrominera”) a contract for the joint exploration and eventual exploitation of Colhue Huapi Area. PCR holds 80% of interest in the joint operation and it acts as the operator for the area.

In art. 7 of the joint exploration contract, the parties agreed on three exploration periods: a first period of 36 months, a second period of 24 months and a third period of 12 months, with a maximum extension of 24 months.

On August 15, 2015, the declaration of commerciality was requested, the granting of an exploitation area for an area of approx. 300 km2 and the designation of the Area as Colhue Huapi - Exploitation Lot - Block A.

As requested, on August 18, 2015, PCR and Petrominera signed an addendum to the aforementioned joint exploration contract, whereby they agreed: i) to declare a block of 401,2 Km2 as an exploitation area ("Colhue Huapi - Lot de Exploitation - Block A "); ii) the realization by PCR of the following investments: (a) 5 exploration wells before July 2016 and 5 additional wells before the expiration date of the second exploration period; (b) development of a three-year program according to the following scheme: the first year will be the drilling of 5 development wells for a value of US$ 5.9 million during the second year will drill 5 development wells for US$ 6.2 million and in the third year, 3 development wells will be drilled for a total of US$ 3.7 million, highlighting that the investments to be made during the first year is an assumed commitment, while the investments committed for the second and third years depend on the results obtained.

The addendum to the joint operation contract was approved by the Province in the Decree 1268/16 on October 9, 2016 published on the Official Gazette dated September 12, 2016, which also approved the granting.

Investments in exploration and development of the Colhue Huapi area executed as of December 31, 2017 amounted to US $ 20.9 million. Based on the results obtained, the Company does not make the additional investments for US $ 9.9 million in the short term (given that investments in the second and third year depend on the results).

Finally, on September 5, 2019, PCR made presentations to Petrominera Chubut SE, the Ministry of Hydrocarbons and the Ministry of the Environment and Sustainable Development Control, informing that it would not choose to request an extension in the term of the exploration area and that it would proceed to reverse said part of the area upon maturity, which operated on September 9, 2019.

In relation to the exploitation area, on March 17, 2020, the Operating Committee of the JV, resolved the dissolution of the JV contract as of May 1, 2020 and the beginning of the corresponding reversion procedures, having made the corresponding presentations before the Ministry of Hydrocarbons and the Ministry of Environment and Control of Sustainable Development. To date, we have not received a formal response from any of the provincial authorities on this matter. Currently, the parties are advancing with the process of registering the dissolution in the General Inspection of Justice of the Province of Chubut.

Likewise, the current operator of the area, Petrominera S.E., agreed with PCR to contract the temporary operation service and care of facilities due to production stoppage for the aforementioned block. The contract was valid for six months from May 1, 2020, under which PCR acted as temporary operator and Petrominera S.E., as principal.

Finally, on October 31, 2020, the term established in the aforementioned operation contract ended, with the formal delivery of the exploitation block to Petrominera S.E. dated November 2, 2020.

“Gobernador Ayala V” area (Argentina)

On June 8, 2012 “Pampetrol SAPEM-Petroquímica Comodoro Rivadavia S.A. (Concurso No. 02/12)-Joint Operation” (UTE Pampetrol-PCR (Concurso No. 02/12)) was created for the exploration, exploitation, storage and transport of oil and gas in the area Gobernador Ayala V, province of La Pampa. PCR assumed the obligation of drilling and exploration well and performing workovers in two existing exploration wells. As of December 31, 2017, the committed works mentioned above were completed, resulting in 3 gas wells.

During the fiscal year 2018, the gas dehydrator plant and a 34 km gas pipeline that connects it with the gas treatment plant located at El Medanito area were completed. Finally, the area began to produce during the month of March 2019.

Due to the Argentine financial-economic context, and the deterioration of hydrocarbon prices, during fiscal year 2019 the Group has recorded a provision for impairment of property, plant and equipment corresponding to the area for 143,672, charged to Other expenses - impairment of property, plant and equipment of the consolidated statements of profit or loss and other comprehensive income as of December 31, 2019. The discount rate used to determine the expected future cash flows discounted as of December 31, 2019 amounted to 18.85% after tax.

“Palanda Yuca Sur” and “Pindo” areas (Ecuador)

On July 1, 2016, Petroriva S.A., Petróleos Sudamericanos del Ecuador Petrolamerec S.A. and Compañía Sudamericana de Fósforos del Ecuador Fosforocomp S.A., companies directly and indirectly (through Dutmy SA) controlled by PCR, respectively, signed with the Ecuadorian state through the Hydrocarbons Secretariat, the Modified Contracts No. 3 of the Contracts for the provision of services for the exploration and exploitation of hydrocarbons in the oilfields of Pindo and Palanda - Yuca Sur ("the modified contracts").

The main modifications of the original contracts include: (i) an extension of the original term, which will expire on December 31, 2025 and December 31, 2027 for the Palanda - Yuca Sur field and Pindo field, respectively; and (ii) a commitment to make additional investments for US$ 19 million and US$ 28 million for the Palanda - Yuca Sur field and Pindo field, respectively.

The effectiveness of the modified contracts was subject to the fact that, prior to July 31, 2019 (original expiration date), the theoretical price of the “Oriente” crude oil type published daily by the Petroecuador EP International Trade Management, equals or exceeds US$ 48.95 and US$ 45.69 per barrel of oil, for the Palanda - Yuca Sur field and Pindo field, respectively.

On December 13, 2016, the theoretical price of the “Oriente” crude oil type exceeded the price of US$ 45.69 per barrel of oil, complying with the clause agreed for the Pindo block. This situation was ratified by the Hydrocarbons Secretariat on January 4, 2017. Consequently, the term of the modified contract was extended until December 31, 2027. Likewise, the commitment to make investments for US$ 28 million became mandatory.

On June 11, 2018, the Secretariat of Hydrocarbons of Ecuador informed the Palanda / Yuca Sur Consortium that on October 9, 2017 the final theoretical price of Oriente crude oil reached the value of US$ 49.07, thus exceeding the price of US$ 48.95 defined in the addendum to the contract for the provision of services for the exploration and exploitation of hydrocarbons. Therefore, the extension of the original term of the aforementioned contract was formally declared until December 31, 2025. Likewise, the additional investment obligations of US$ 19 million assumed by the Consortium in said addendum to the contract are computed from 1 January 2018 and for a period of six years, according to an annual schedule.

Sahino and Arazá-Este areas (Ecuador)

On August 21, 2018, the Ecuador Hydrocarbon Tender Committee (COLH) convened the XII International Tender for the Exploration and Exploitation of Hydrocarbons in Ecuador, called “Intercampos Round”, in which Petróleos Sud Americanos del Ecuador Petrolamerec SA (“Petrolamerec”), a company indirectly controlled by PCR, decided to participate. Through Official

Communication No. 7 of February 15, 2019, the Hydrocarbon Tender Committee (COLH) published the list of qualified companies, which included Petrolamerec in the operator category.

Subsequently, through Resolutions MERNNR-MERNNR-2019-0001-RM and MERNNR-MERNNR-2019-0007-RM of April 18, 2019, the Minister of Energy and Non-Renewable Natural Resources awards the participation contracts for exploration and / or exploitation of hydrocarbons (crude oil) in the Sahino and Arazá-Este blocks of the Ecuadorian Amazon region ("the contracts") to the aforementioned company.

Finally, on April 23, 2019, Petrolamerec received the notifications for the award of these blocks and on May 22, 2019, signed the contracts with the aforementioned Ministry.

In accordance with the provisions of the contracts signed, Petrolamerec is committed to carrying out activities and investments in 3D seismic reprocessing, surface geochemistry and 3 exploratory wells in each contract, for which it will have a term of 4 years and may be extended up to 2 years, upon justification by Petrolamerec. The required operational activities should have begun within the first six months from the inscription of the contract in the Hydrocarbons Registry (May 30, 2019). As part of the tender and in order to normalize the offers, the Ministry of Energy and Non-renewable Natural Resources, a mechanism for evaluating the activities committed by Petrolamerec, which are called Equivalent Work Units (UTE) and set a value of US $ 3,500 for each UTE committed to exploratory activities. In the Arazá East Block, the Company determined 11,124.20 UTES and in the Sahino Block 11,150.80 UTES, which, when valued at the amount set by each UTE, obtains a reference value in dollars of US $ 38.9 million for Arazá Este and US $ 39 million for Sahino. The Ministry requested from the Company bank guarantees corresponding to 20% of these securities, which were contracted by Petrolamerec and delivered to the Ministry.

El Difícil (Colombia)

On July 4, 2017 Dutmy S.A., a company controlled by PCR, signed with Petróleos Sud Americanos S.A. (“PS”) a contract for the acquisition of a 35% interest in the Hydrocarbon Exploitation Agreement - direct operation area “El Difícil” located in the Republic of Colombia (the “Agreement”), subject to the authorization of the National Hydrocarbons Agency of Colombia (the “ANH”) and other precedent conditions established in the contract.

Likewise, the parties signed a Joint Operating Agreement -Joint Operating Agreement-, which would govern their rights and obligations with respect to the operations and activities of the El Difícil area, as well as other matters related to the Agreement. The parties agreed that PS would continue to be the operator of the area.

Once the preceding contractual conditions were met, on December 28, 2017 the purchase of the area was made. In consideration for the purchase, Dutmy S.A. paid US $ 18.8 million. Likewise, the Company undertook to make investments to comply with the mandatory Exploration Program for US $ 18 million and the remaining balance, if any, will be assumed by the parties in proportion to their interest in participating in the Agreement. Finally, Dutmy S.A. it was obliged to disburse an additional US $ 1 million in favor of PS, in the event that said mandatory exploratory program is successful in accordance with the conditions established in the contract. Based on the results obtained from the exploratory program completed to date, the Group has evaluated that the disbursement of the price supplement will not be required.

Due to the international financial-economic context and the deterioration of hydrocarbon prices, the Group has recorded a provision for impairment of property, plant and equipment in the area for 27,816 charged to Other expenses - impairment of property, plant and equipment of the consolidated statements of profit or loss and other comprehensive income as of December 31, 2020. The discount rate used to determine the expected future cash flows discounted as of December 31, 2020 amounted to 7.57% after taxes.

f. Contracts for the supply of electricity from wind power

Parque Eólico del Bicentenario S.A.

On May 3, 2017, within the RenovAr program (Round 1.5), Parque Eólico del Bicententario S.A. ("PEBSA"), a company controlled indirectly by PCR, entered into an agreement to supply electricity from renewable sources, with "CAMMESA" for the supply of electricity from renewable wind power.

The "Parque Eólico del Bicentenario" was built and operates in the district of Deseado, Province of Santa Cruz. The contract establishes a supply term of 20 years for a nominal power of 100 MW, computed as from the commercial approval. The price of energy supplied under this contract amounts to US$ 49.50/MWh.

PCR, who indirectly controls PEBSA, granted endorsements for an amount of US$ 25 million under the supply contract so that PEBSA can grant the surety insurance to secure its contractual obligations against CAMMESA.

Finally, on March 13, 2019, CAMMESA authorized the commercial operation in the Wholesale Electricity Market ("MEM" for its acronyms in Spanish) of the Bicentennial I Wind Farm for a net power to be injected into the Argentine Interconnection System ("SADI" for its acronyms in Spanish) of up to 100.8 MW. In this way, the period of supply of the electrical energy contracted by CAMMESA began for a period of 20 years, in full in accordance with the terms and conditions set forth in the renewable electricity supply contract dated May 3 from 2017 before mentioned

Likewise, PEBSA developed in the same location the project "Parque Eólico del Bicentenario II" whose commercial authorization in the MEM was granted as of April 19, 2019. This park was conceived as an extension of the "Parque Eólico del Bicentenario", for a nominal power of 25.2 MW. This project operates within the framework of the Electric Renewable Energy Source Market ("MATER" for its acronyms in Spanish), created by-Resolution No. 281-E / 2017, in order to supply electricity to medium and large consumers.

Previously, on October 12, 2018, PEBSA was entered into the contracts for financing the construction, operation and maintenance of both wind farms, which includes the acquisition and installation of 35 wind turbines V117 of 3.6 MW and associated transmission facilities. Such financing was granted by: (i) Inter-American Investment Corporation on its own, and in representation and as "Agent" of the Inter-American Development Bank, (ii) KFW, (iii) KFW IPEX-BANK GMBH, and (iv) EKF DENMARK'S EXPORT CREDIT AGENCY for a total of up to US $ 108 million to be amortized within a maximum term of fifteen years.

The financing includes guarantees for this type of operations (such as pledge of shares, pledge of equipment, assignments of rights of the Project in favor of trusts, promissory notes, among others) and it also includes (i) a guaranty - under the law of New York- by the shareholders of PEBSA (PCR and Cleanergy Argentina SA) in order to guarantee the faithful and timely compliance with each and every one of PEBSA's obligations under the financing documents. The guaranty survived until the date denominated in English as the Project Completion Date ("PCD"), occurred in August, 2020; and (ii) an endorsement by PCR of the promissory notes issued by PEBSA.

The main consequence of reaching the PCD for PCR is that the guarantees granted by PCR in favor of the Creditors were canceled, leaving only their recourse against PEBSA.

Luz de Tres Picos S.A.

Within the RenovAr Program (Round 2, Phase 2), on July 12, 2018, Luz de Tres Picos S.A., a company indirectly controlled by PCR, entered into an electricity purchase agreement with CAMMESA for the provision of energy from renewable source. The period of supply is 20 years from the date of commercial rating, for a nominal power of 200 MW. The price of the energy that will be delivered under this contract is US $ 40.27 MWh and is established in Resolution 488-E / 2017 of the MEyM, published in the Official Gazette on December 20, 2017.

The aforementioned contract is executed in relation to two projects called "Parque Eólico El Mataco" and "Parque Eólico San Jorge", each one for a total of 100 MW, adjudicated opportunely by means of Resolution 488-E / 2017 of the MEyM, in the framework of the National and International Opened Call for the "RenovAr Program (Round 2 - Phase 2)" convened by CAMMESA through Resolutions MEyM 275-E / 2017 and 473-E / 2017. Prior to the signing of the electricity supply contract with CAMMESA, these projects were unified in a single contract for the supply of from electric power, which was renamed "Parque Eólico San Jorge and El Mataco". The unified project "Parque Eólico San Jorge and El Mataco" is located in the town of Tornquist, Province of Buenos Aires, and must be fully executed within a maximum period of 730 consecutive days from January 29, 2019, the day on which the FODER Fiduciary notified convincingly the subscription of the Guarantee Agreement with the World Bank.

On December 14, 2018, Luz de Tres Picos S.A. transferred its contractual position in favor of PCR in relation to the signed offer letters, corresponding to the civil and electrical works to be carried out in the San Jorge - El Mataco Wind Farm, in charge of the companies Lineas de Transmission del Litoral S.A., Alumini Fujian AR S.A. - Sowic S.A., Unión Transitoria de Empresas, and Milicic S.A. In this framework, on December 17, 2018, the Company notified the contractors of the aforementioned assignment.

In the framework of the contracts signed by Luz de Tres Picos S.A. with suppliers for the construction of the "San Jorge and El Mataco Wind Farm", Luz de Tres Picos S.A. issued a deferred payment check in the amount of 666 million as guarantee of payment and compliance with the contract.

During the last quarter of 2019 Luz de Tres Picos S.A. It made spot energy sales under partial commercial ratings received in November and December 2019.

Finally, starting at zero hours on July 9, 2020, CAMMESA enabled the commercial operation in the MEM of the San Jorge and El Mataco Wind Farm for a net power to be injected into the SADI of up to 203.4 MW.

Accordingly, the supply period of the electric energy contracted by CAMMESA for a period of 20 years has begun, in accordance with the terms and conditions set forth in the Renewable Electricity Purchase Agreement dated July 12, 2018 and its respective addendum.

g. Price of hydrocarbons

On August 16, 2019, the Decree of Necessity and Urgency No. 566/2019 (the "DNU") was published in the Official Gazette, which established that deliveries of crude oil made in the local market during the 90 consecutive days after upon the entry into force of the DNU, they should be invoiced and paid at the price agreed between the producing and refining companies as of August 9, 2019, applying a reference exchange rate of $ 45.19 per US dollar and a BRENT reference price. US $ 59 per barrel (“reference barrel”). Likewise, said DNU provided that the cap price for gasoline and diesel in all its qualities, marketed by refining companies and / or wholesale and / or retail vendors, in all sales channels, during the aforementioned period, could not be higher than the price in force on August 9, 2019.

Subsequently, Decree No. 601/2019, published in the Official Gazette dated September 2, 2019, and Resolutions of the Ministry of Energy Government No. 557/2019 and No. 688/2019, published in the Official Gazette with dates September 19, 2019 and November 1, 2019 (respectively), staggered the exchange rate to $ 46.69, $ 49.30 and $ 51.77 per US dollar, respectively, from the date of their respective publications. These exchange rates must be applied to the reference barrel, whose value had been set by the aforementioned DNU.

By virtue of the aforementioned, the Company carried out its oil commercialization operations from August 16, 2019 until November 13, 2019, in accordance with the parameters established in the DNU and the aforementioned complementary regulations. Subsequently, prices were set based on negotiations between the Company and its customers.

h. Coronavirus SARS-CoV-2 (“COVID-19”) effects

The appearance of the COVID-19 in Wuhan, China, towards the end of December 2019, and its subsequent global expansion to a large number of countries, led to the World Health Organization (WHO) classifying this viral outbreak as a pandemic on March 11, 2020.

For their part, following actions in several countries in response to the COVID-19 outbreak, the authorities of the Argentine Republic extended by Decree 260/2020 the state of emergency in health matters provided for in title X of Law No. 27,541, for a period of one year from March 12, 2020. As a result of the declared emergency, different containment measures of COVID-19 have been adopted, causing a temporary and widespread disruption of economic activity. This disruption replicates at local level the situation experienced at the international level.

In the context of this state of emergency, the National Executive Power ("PEN" for its acronyms in Spanish) of the Argentine Republic decided to implement a preventive and compulsory social isolation ("quarantine") that: (i) eliminated some trips (such as medium and long distance) and restricts others (such as urban passenger transport) to essential minimums; (ii) established the cessation of face-to-face tasks in those entities that engage in "non-essential activities"; (iii) closed the country's borders.

As of the date of issuance of these financial statements, some of the abovementioned restrictions have been lifted. The measures approved by the Argentine government and their corresponding effects continue to evolve as of the date of issuance of these financial statements.

At the international level, the measures adopted by the different governments deepen the effects on the economy, affecting the supply chain and the demand for goods and services, with diverse impacts in the different countries and business sectors.

The sharp drop in demand for fuels caused the saturation of the country's crude storage system, causing the closure of the main local refineries due to the high stocks of refined products and the paralysis of oil fields in numerous productive basins. On April 2, 2020, YPF SA, the recipient of all sales of oil produced by PCR in the El Sosneado area, reported that within the framework of the drastic reduction in demand generated by the COVID-19 pandemic, it was suspending temporarily its crude purchases. This situation lasted until July 31, and as of August 1, YPF resumed purchases from PCR of crude from the El Sosneado area. Despite the reduction in production due to the aforementioned restrictions, the Group continued with the sale of crude oil and gas in its fields in Argentina, as well as in Ecuador and Colombia, implementing alternatives for the commercialization of crude oil to other companies.

Likewise, due to the effect of quarantine and low industrial activity, the consumption of industrial gas plummeted, impacting a general drop in the marketing price of natural gas.

From the point of view of the cement business, due to the aforementioned government measures, the plants had their activities interrupted during the month of March, which reduced the manufacture and marketing of the Company's products, in line with the decrease in demand due to the paralysis of the construction sector, which led to the consequent drop in sales (around 40% in the month of March). Production and marketing resumed during the month of April and in the following months a recovery in demand was noted, although without reaching the shipments of last year. At the national level, the accumulated shipments of cement, as of December, are 11% below 2019, while for our company they are 21% lower.

The renewable energy segment did not suffer significant consequences, although the construction of the El San Jorge and Mataco wind farm was halted for 18 days by the quarantine established by the national government. The activities resumed during the month of April. Nonetheless, and as mentioned in Note 12.f), the Group received the authorization for the commercial operation of the wind farm from July 9, 2020. On the other hand, the wind farms Bicentenario I and Bicentenario II that were already operating continued operating without interruptions in the collection and payment chain.

As mentioned above, the valuation of certain assets and liabilities is subject to a higher level of uncertainty, including those detailed below:

- Review of impairment indicators of property, plant and equipment

In general terms, the Group does not consider temporarily low (or high) prices as an indication of impairment (or reversal of an impairment charge). The assumptions of future prices used by the Group's Management and Management tend to be stable because they do not consider that short-term increases or decreases in prices are indicative of long-term levels, but are nevertheless subject to changes. In this sense, Management has estimated a reduction in the prices considered in the short term, reflecting the current conditions in the domestic and international market for 2020. The price assumptions considered in the long term have not been significantly modified compared to previous projections, except for a considerable drop in the short term of the crude oil reference price (ICE Brent). The Group maintains its long-term production projections and the amount of oil and gas reserves in each of its fields.

The sensitivities made to the value in use of the different business units have generated an impairment charge in El Difícil area for 27,816 that was charged to Other expenses - impairment of property, plant and equipment of the consolidated statements of profit or loss and other comprehensive income at December 31, 2020 (Notes 2.12 and 12.e).

- Impairment of financial assets measured at amortized cost

The current economic environment and the prospects for future credit risk have been considered when reviewing and updating the provisions estimates. Although they have not had a significant impact, the total economic impact of COVID-19 on expected credit losses is subject to significant uncertainty because the currently available prospective information is limited. The Group will continue to review in detail the assumptions used to make these estimates.

- Income tax

Based on the current economic environment and future prospects, the Group has adjusted the projections used to calculate income tax. Likewise, the Group has reviewed the recoverability of tax losses, estimating that 13,786 corresponding to Cleanergy Argentina S.A. are not recoverable.

Due to the aforementioned, this pandemic is generating a very significant negative impact on the local and global economy, the duration and quantification of which is subject to a high level of uncertainty. However, as mentioned in the other sections of this Note, the Group continues to maintain a solid relationship with banks and investors, maintaining and renewing historical credit lines and accessing new financing to ensure the progress of the activities of the entities that make up the Group within the foreseeable future.

The Board of Directors and Group Management are monitoring the evolution of the issues described, as well as possible additional modifications of regulations that the National Government may implement, and will evaluate the impacts that they may have on the Group’s financial position, results of its operations and cash flows as those modifications of regulations continue to evolve.

i. **Evolution of the financial and economic context affecting the Group and access to the Free and Single Foreign Exchange Market (“MULC” for its acronyms in Spanish)**

In the case of our oil segments, in addition to the aforementioned effects they were affected by the collapse of international prices that was initially a consequence of the failure of negotiations between the main members of the Organization of Petroleum Exporting Countries (OPEC+) to implement new agreements on Production quotas maturing at the end of March 2020, a situation that was further deepened by the sharp drop in projections of world energy demand due to the impact of Covid-19. As a result of this situation, the price of oil has decreased in both international and domestic markets by around 70% during the first months of 2020. During the second quarter, prices started a recovery reaching the level of 2019 year-end prices as of the date of issuance of these financial statements.

On April 7, 2020, the transportation of crude oil was interrupted by the Ecuadorian subsidiaries that operate the “Pindo” and “Palanda Yuca-Sur” Blocks, due to a land displacement that seriously affected the Trans-Ecuadorian Pipeline System (“SOTE” for its acronyms in Spanish), Poliducto SSF and the Oleoductos de Crudos Pesados of the Ecuadorian state. Considering that the storage capacity of the referred oil fields is approximately four days of production, after reaching the maximum possible storage, the PCR operation in Ecuador was forced to paralyze the production and delivery of crude oil, also ceasing to receive the corresponding rate. Finally, through Official Letter No. MERNNR-MERNNR-2020-0396-OF of May 4, 2020, the Minister of Energy and Non-Renewable Natural Resources informed the operating companies that the repair of the SOTE was completed, resuming activities in the oil wells of the block Pindo starting on May 15 and Palanda Yuca-Sur block on May 18.

On the other hand, and in view of the continuous outflow of foreign currency faced by the Government as a result of the pandemic and the national and international economic-financial situation, on September 15, 2020, the Central Bank of the Argentine Republic (“BCRA” for its acronyms in Spanish) issued Communication “A” 7106, which deepened the exchange controls in force in order to access the Single Free Exchange Market for the formation of foreign assets and / or to cancel debt for principal of financial indebtedness in foreign currency. Among the measures adopted, the need for capital restructuring for financial debts of the private sector in foreign currency was established: those entities that register principal maturities scheduled between October 15, 2020 and March 31, 2021 originated in: (i) financial indebtedness with foreign creditors of the non-financial private sector with a creditor that is not a related counterpart of the debtor; (ii) financial indebtedness with foreign creditors by own operations of the entities, or (iii) Issuance of debt securities with public registry in the country denominated in foreign currency of clients of the private sector or of the entities themselves; they must renegotiate the debt with their creditors and present a refinancing plan before the BCRA, considering that: (i) the net amount for which the exchange market will be accessed in the original terms will not exceed 40% of the principal amount that expired, and (ii) the rest of the principal must be refinanced with a new external debt with an average maturity of 2 years, as a minimum.

The abovementioned shall not apply when: (i) it is an indebtedness with international organizations or their associated agencies or guaranteed by them; (ii) in the case of indebtedness granted to the debtor by official credit agencies or guaranteed by them, or (iii) the amount for which the exchange market would be accessed for the cancellation of principal does not exceed the equivalent of US$ 1,000,000 per calendar month.

For maturities up to December 31, 2020, the refinancing plan had to be presented to the BCRA before September 30, 2020. For maturities between January 1, 2021 and March 31, 2021, it must be submitted at least 30 calendar days before the maturity of the principal to be refinanced.

The 10.9% of PCR's total consolidated debt (US$ 47.9 million) has been affected by the BCRA regulation, including in that amount the consolidated debt of the Company's Class 2 Corporate Bonds, which expired on February 17, 2021. As a consequence of the aforementioned regulations, during January 2021, the Group's Board of Directors and Management advanced with the debt exchange offer and the new financing described in Note 14.

At the same time, the Federal Administration of Public Revenues (“AFIP” for its acronyms in Spanish) issued RG 4815/20, establishing a mechanism for collecting on account of the payment of Income and Personal Assets taxes of 35% for external asset formation operations of human persons and purchases with cards (debit and credit) in foreign currency.

For its part, the National Securities Commission (CNV) issued RG 856/20 and its amendments, which established certain minimum periods of permanence of negotiable securities that must be complied with prior to their subsequent settlement, among them: (i) for realization for sale operations of negotiable securities with settlement in foreign currency, a minimum period of holding said negotiable securities in the portfolio of 3 business days must be observed, counted from their accreditation in the depositary agent. This minimum holding period will not apply when dealing with purchases of negotiable securities with settlement in foreign currency; (ii) established a minimum period of permanence of 3 business days to transfer negotiable securities, acquired with settlement in national currency, to foreign depository entities; and (iii) establishes a minimum period of permanence of 3 business days, both for human and legal persons, so that they can use the negotiable securities transferred from foreign depositories to national depositories in the settlement of operations in national currency. The term of permanence will be 3 business days for its settlement in foreign currency.

Likewise, on February 25, 2021, the BCRA issued Communication “A” 7230, extending the terms established in Communication 7106 for those who register scheduled principal maturities between April 1 and December 31, 2021. The refinancing plan should be submitted to the BCRA before March 15, 2021 for principal maturities scheduled between April 1 and April 15, 2021. In the remaining cases, it will be submitted at least 30 calendar days before the maturity of the principal to refinance.

Additionally, since April 1, 2021, the amount per calendar month for which the debtor would access the exchange market for the settlement of the principal of the indebtedness included in point 7 of Communication 7106 is increased from US$ 1 million to US $ 2 million.

Finally, the presentation of the refinance plan will not be necessary to settle:

- Indebtedness originated as of January 1, 2020 and whose funds have been entered and settled in the exchange market;

- Indebtedness originated as of January 1, 2020 and that constitute refinancing of principal maturities after that date, to the extent that the refinancing has made it possible to achieve the parameters of point 7 of Communication 7106.

- The remaining portion of maturities already refinanced to the extent that the refinancing has made it possible to reach the parameters established in said point 7 Communication 7106.

0.61% of PCR's total consolidated debt (US $ 2.61 million) is affected by the BCRA new regulation. However, its expiration date operates after April 15, 2021. The Group's Board of Directors and Management are analyzing alternatives to timely comply with current applicable regulations.

13. FINANCIAL RISK MANAGEMENT

In the normal course of business and financing activities, the Group is exposed to different risks of financial nature that may affect the economic value of its cash flows and assets, and consequently, its results.

To this end, the Group's Corporate Finance function offers services to businesses, coordinates access to national and international financial markets, supervises and manages the financial risks related to the Group's operations. These risks include market risk (including exchange rate risk, interest rate risk at fair value and price risk), credit risk, liquidity risk and cash flows interest rate risk.

Below there is a definition of the risks that the Group faces, a characterization and quantification of those risks and a description of the mitigation measures currently in use by the Group, if appropriate.

Financial instruments by category

The following tables show the financial assets and liabilities by category of financial instruments and a reconciliation with the line presented in the balance sheet, as applicable. Since the items “Accounts receivable”, “Other receivables”, “Accounts payable” and “Other liabilities” include not only financial instruments but also non-financial assets and liabilities (such as tax credits and receivables and liabilities in kind, among others), the reconciliation is shown under the columns “Non-financial Assets” and “Non-financial Liabilities”.

Assets

	2020				
	Financial assets at amortized cost	**Financial assets at fair value through profit or loss**	**Financial assets subtotal**	**Non-financial assets**	**Total**
Cash and banks	2,026,773	--	2,026,773	--	2,026,773
Investments	2,091,426	3,243,700	5,335,126	--	5,335,126
Accounts receivable[2]	4,938,680	--	4,938,680	--	4,938,680
Other receivables[1]	666,055	--	666,055	2,488,584	3,154,639
Other financial	--	2,741	2,741	--	2,741
Total	9,722,934	3,246,441	12,969,375	2,488,584	15,457,959

(1) Net of allowance for other receivables
(2) Net of allowance for doubtful accounts receivable

	2019				
	Financial assets at amortized cost	**Financial assets at fair value through profit or loss**	**Financial assets subtotal**	**Non-financial assets**	**Total**
Cash and banks	3,698,267	--	3,698,267	--	3,698,267
Investments	2,387,988	904,910	3,292,898	--	3,292,898
Accounts	4,826,524	--	4,826,524	--	4,826,524
Other receivables[1]	1,061,545	--	1,061,545	2,743,264	3,804,809
Total	11,974,324	904,910	12,879,234	2,743,264	15,622,498

(1) Net of allowance for other receivables
(2) Net of allowance for doubtful accounts receivable

Liabilities

	2020		
	Financial liabilities at amortized cost	**Non-financial liabilities**	**Total**
Accounts payable	2,998,881	461,679	3,460,560
Lease liability	1,366,532	--	1,366,532
Loans	36,599,172	--	36,599,172
Other liabilities	846,647	--	846,647
Total	41,811,232	461,679	42,272,911

	2019		
	Financial liabilities at amortized cost	**Non-financial liabilities**	**Total**
Accounts payable	2,726,755	205,624	2,932,379
Lease liability	1,236,668	--	1,236,668
Loans	34,062,565	--	34,062,565
Other liabilities	1,657,268	--	1,657,268
Total	39,683,256	205,624	39,888,880

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Gains and losses on financial and non-financial instruments are allocated to the following categories:

2020	**Financial Assets / Liabilities at amortized cost**	**Financial Assets / Liabilities at fair value through other comprehensive income**	**Non-financial Assets/ Liabilities**	**Total**
Income of current investment	--	185,658	--	185,658
Interest, net	(2,817,898)	435,975	(150,868)	(2,532,791)
Foreign exchange differences, net	219,871	--	(419,013)	(199,142)
Accretion of discount of lease liability	(87,401)	--	--	(87,401)
Others Accretion of discount	--	--	(184,692)	(184,692)
Loss from exposure to changes in the purchasing power of the currency, net	(1,751,564)	--	579,751	(1,171,813)
Other financial results, net	(379,577)	(6,987)	(689,828)	(1,076,392)
	(4,816,569)	614,646	(864,650)	(5,066,573)

2019	**Financial Assets / Liabilities at amortized cost**	**Financial Assets / Liabilities at fair value through other comprehensive income**	**Non-financial Assets/ Liabilities**	**Total**
Income of current investment	--	1,613,521	--	1,613,521
Interest, net	(1,904,243)	258,090	(2,814)	(1,648,967)
Foreign exchange differences, net	(369,146)	--	(1,205,647)	(1,574,793)
Accretion of discount of lease liability	(28,551)	--	--	(28,551)
Others Accretion of discount	(192,190)	--	--	(192,190)
Loss from exposure to changes in the purchasing power of the currency, net	(443,455)	--	(1,027,916)	(1,471,371)
Other financial results, net	(347,213)	--	(211,594)	(558,807)
	(3,284,798)	1,871,611	(2,447,971)	(3,861,158)

Market risk

The market risk to which the Group is exposed consists on the possibility that the valuation of financial assets or liabilities as well as certain expected cash flows could be adversely affected by changes in exchange rates, the interest rates or in other price variables.

The following is a description of the aforementioned risks as well as a description of the magnitude to which the Group is exposed to, and a sensitivity analysis to possible changes in each one of the relevant market variables.

Exchange rate risk

The value of those financial assets and liabilities denominated in a currency other than the functional currency of the entities of the Group, is subject to variations derived from the exchange rate fluctuations. Significant depreciations of the foreign currencies values, with respect to functional currency of each Group's company, can affect the Group's results. The Group used derivative financial instruments as hedge against exchange rate fluctuations (note 2.17). Furthermore, the Group purchases or sells foreign currency in the exchange market to the extent needed and in compliance with the applicable regulations.

The Group is also exposed to the fluctuation of the corresponding exchange rates when converting the financial statements of subsidiaries that have a functional currency other than the Argentine peso.

The following table describes the effect that would have a variation in the corresponding exchange rates in the Group's profit or loss, taking into account the financial assets and liabilities exposure in currencies other than the functional currency of each company at year-end:

	Functional currency devaluation (+)	**Profit (Loss) before taxes**
Effect on comprehensive income or loss and equity [(1)]	10%	(2,891,696)

[(1)] It does not include fluctuation of the exchange rate over the translation of financial statements of consolidated companies.

Interest rate risk

The Group is exposed to risks related to interest rates fluctuations to a different extent, depending on the different terms of maturity and currencies in which the loan was borrowed or cash invested in financial assets.

Financial liabilities as of December 31, 2020 include (a) "Project Finance" type loan maturing in 2033 (Note 11); (b) loans with local and international financial institutions to finance working capital and investment needs. Financial assets as of December 31, 2020 include mainly demand deposits, mutual funds, and time fixed deposit.

The Group's strategy to manage the risk of interest rates is based on the dispersion of financial counterparts and in the diversification of the types of loans and terms of maturity. Furthermore, the Group used derivative financial instruments to hedge variations in interest rates (Note 2.17).

Variations in the interest rates may affect the interest income or expense on assets and financial liabilities linked to a variable interest rate; furthermore, they can modify the fair value of financial assets and liabilities bearing a fixed interest rate.

Loans structure as of December 31, 2020 and 2019 depending on the type of interest rate that the corresponding loans bear is as follows:

	2020	**2019**
Fixed interest rate	24,844,933	21,502,688
Variable interest rate	11,754,239	12,559,877
Total	36,599,172	34,062,565

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The tranches included in the "Project Finance" loan are based on: a) 80% at a fixed rate plus a margin (5.5%); b) a variable LIBOR rate + the aforementioned margin.

For loans in dollars at a fixed rate, the weighted average interest as of December 31, 2020 and 2019 amounts to 5.50% and 7.42%, respectively.

For loans in dollars, the variable rate at December 31, 2020 and 2019 corresponds to LIBOR plus an average margin of 5.0% and 5.22%, respectively.

For loans in pesos, the variable interest rate as of December 31, 2020 and 2019 corresponds to the BADLAR rate plus an average margin of 7.43% and 10%, respectively.

The estimated impact on the consolidated profit or loss at year-end subject to an increase or decrease of 100 basic points (1%) in variable interest rates is displayed below.

		2020		**2019**	
	Appreciation (+) /depreciation (-) in the interest rate	**Effect on net income**	**Effect on equity Profit (loss)**	**Effect on net income**	**Effect on equity profit (loss)**
Loans in Argentine pesos	+100	(15,652)	(15,652)	(1,906)	(1,906)
	-100	15,652	15,652	1,906	1,906
Loans in US$	+100	(44,595)	(42,590)	(83,563)	(85,992)
	-100	44,595	42,590	83,563	85,992

Price risks

The prices of hydrocarbons and cement in the domestic market in Argentina are set by negotiations between producers and customers. The price for the wind power generation was contractually fixed with CAMMESA through a "Renewable Electric Power Supply Contract". It is based on a fixed base price per MWh with an incentive structure and annual update. In Ecuador, PCR through its subsidiaries receives a fixed remuneration equivalent to a fixed tariff per barrel produced that is updated annually based on the variation in operating costs and the US consumer price index.

The Group does not use derivative financial instruments to hedge risks associated to prices.

Liquidity risk

Liquidity risk is associated to the possibility of a mismatch between the need of funds and the sources thereof.

The Board is the ultimate responsible for managing liquidity, having established a working framework thereof in order that the Management may administer the financing requirements in the short, medium and long-term, as well as the liquidity management of the Group. The Group manages liquidity risk by keeping reserves, adequate financial and loans facilities, continuously monitoring the projected and actual cash flows and conciliating maturity profiles of financial assets and liabilities.

The maturities of the financial assets and liabilities as of December 31, 2020 are displayed below:

	Maturities				
	2021	2022	2023	Following years	Total
Financial assets					
Investments	5,335,126	--	--	--	5,335,126
Accounts receivable	4,938,680	--	--	--	4,938,680
Other receivables	455,323	101,887	20,467	88,378	666,055
Other financial assets	--	--	--	2,741	2,741
Financial Liabilities					
Accounts payable	2,998,881	--	--	--	2,998,881
Lease liability	191,036	153,158	135,894	886,444	1,366,532
Loans	18,239,685	5,105,964	5,125,556	8,127,967	36,599,172
Other liabilities	814,254	32,393	--	--	846,647

Additionally, see Note 14 regarding corporate bonds subscription and financial agreements entered into during January and March 2021, which funds were used to refinance and / or cancel liabilities maturing in the short term and to finance the working capital of the Group.

Credit risk

Credit risk is defined as the possibility that a third party will not fulfill his contractual obligations, thereby causing a loss for the Group. The Group has adopted a credit conservative policy making a permanent evaluation of the credit status of its customers, as a way to mitigate the risk of financial loss from defaults.

Credit risk in the Group is measured and controlled continuously taking into account the financial conditions of the customers or third parties individually.

The financial instruments of the Group, which are potentially subject to concentration of credit risk, consist mainly of cash and banks balances, investments, accounts receivable and other receivables. The Group invests its cash surplus in high liquidity instruments in Argentine or foreign financial institutions.

In the normal course of business and based on credit analysis continuously performed, the Group extends credit to its customers and to certain related companies. Doubtful account receivables are charge to Profit or loss.

Exhibit E includes the allowances for doubtful accounts as of December 31, 2020 and 2019. These allowances represent the best estimation of the Group of the expected losses in relation to the accounts receivable determined in accordance to the IFRS 9.

The maximum exposure to credit risk of the Group, distinguishing the type of financial instrument is as follows:

	Maximum exposure 2020
Cash and banks	2,026,773
Investments	5,335,126
Accounts receivable	5,137,660
Other receivables	666,055

As of December 31, 2020, 1,665,658 are included in Accounts receivable corresponding to entities controlled by the Ecuadorian Government, representing 32%, of the Group's Accounts receivable total amount.

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Capital management

The Group manages its capital to ensure that the Group entities will be able to continue as a going concern while maximizing the return to its shareholders through the optimization of debt and equity balances.

The structure of the Group consists of financial debt (Note 11) and equity (Note 8). The Group is not subject to any capital requirement imposed by third parties, except for what is mentioned in Note 11.

14. SUBSEQUENT EVENTS

Corporate Bonds Class D / Exchange of Corporate Bonds Class 2

Within the framework of the exchange regulation established by the BCRA through Communication “A” 7106 mentioned in Note 12, on January 22, 2021, the Company completed the refinancing plan for its Corporate Bonds Class 2.

The transaction was carried out through the exchange offer of the Corporate Bonds Class 2 for, and the public offer of, the Corporate Bonds Class D, which were finally issued on January 29, 2021 under the CNV's Frequent Issuer Regime for a total amount of US$ 30,119,338. The issuance includes the subscription of the Corporate Bonds Class D in kind, through the delivery of the Corporate Bonds Class 2 of those holders who have chosen the Par Option (for a nominal value of US$ 18,896,176), as well as the subscription through new money (for a face value of US $ 11,223,162).

As a consequence of the good acceptance of the exchange and the new funds obtained in cash, the Company decided to cancel 100% of the Corporate Bonds Class 2 presented under the Base Option (which provided for a cancellation of at least 40% of the principal of the Corporate Bonds Class 2), using for such cancellation the new funds obtained in cash (new money).

The Corporate Bonds Class D will accrue interest -payable quarterly- at a fixed rate of 9% and the principal will be paid in full upon maturity on January 29, 2023.

Corporate Bonds Class E and F

On March 15, 2021, PCR issued Corporate Bonds Class E for US $ 13,371,151 subscribed in pesos at the initial exchange rate and payable in pesos at the applicable exchange rate. The Corporate Bonds Class E accrue interest at a nominal annual fixed rate of 4.75% payable quarterly since June 15, 2021. The principal is payable on March 15, 2024.

On March 15, 2021, PCR issued Corporate Bond Class F, in pesos, for 1,060,996. The Corporate Bonds Class F accrue interest at a variable BADLAR rate plus a margin equivalent to 4% nominal per annum, payable quarterly beginning on June 15, 2021. The principal is payable on March 15, 2022.

Syndicated loan

On January 21, 2021, the Company entered into a loan agreement with Banco de Galicia and Buenos Aires S.A.U. (“Galicia”), Industrial and Commercial Bank of China (Argentina) S.A. (“ICBC”) and Banco Santander Río S.A. (“Santander” and, together with Galicia and ICBC, the “lenders”) for an amount of the equivalent in pesos of up to US $ 60,000,000, through partial disbursements in pesos for up to the mentioned amount. The funds will be used by PCR to refinance the Company's liabilities, working capital and investments in fixed assets.

The principal will be amortized in quarterly and consecutive installments, the first of which will mature in April 2022 and the last in January 2024. The loan accrues interest payable quarterly at an annual nominal rate equivalent to the Base Rate (BADLAR corrected) plus a margin equivalent to 8.00% annual nominal.

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The agreement contains precedent conditions, the payment of commissions, declarations and guarantees of the Company, commitments assumed by the latter and usual and standard non-compliance events for this type of operations. Finally, in order to document its indebtedness to the lenders, the Company issued promissory notes on demand in their favor.

Credit line with Banco Itaú Argentina S.A.

On January 15, 2021, the Company requested Banco Itaú Argentina S.A. the opening of credit line for the granting of loans for up to the total maximum amount of pesos one thousand five hundred million, to be disbursed with each request that the Company makes (up to a maximum of 2 requests to be submitted by PCR before 31 March 2021), in accordance with the conditions provided in the respective agreement. The funds will be used for the prepayment or cancellation of financial debt.

PCR must pay the principal within a period of 12 months, counted from the actual disbursement dates. The loan will accrue interest on balances at a variable rate "Base Rate" (BADLAR corrected) plus a nominal annual 7.875%.

The agreement contains precedent conditions, the payment of commissions, declarations and guarantees of the Company, commitments assumed by the latter and usual and standard non-compliance events for this type of operations.

In order to document its indebtedness to the lender by virtue of the contract, with each disbursement the Company must deliver promissory notes in accordance with the contract.

Incorporation of new companies

On January 19, 2021, the Group established a subsidiary in the state of Delaware, United States of America, Dutmy US Corp., over which Dutmy S.A. holds a 100% interest. Additionally, on January 20, 2021, Dutmy SP 1 Limited Liability Company ("LLC") was incorporated in the same state. Finally, on February 11, 2021, Dutmy SP 2 LLC and Dutmy SP 3 LLC were created. Dutmy US Corp. holds a 100% interest in the three LLCs mentioned above. The objective of the creation of these companies consists of the development of electric power generation projects through renewable sources in the United States. To date they have not had operations.

As of the date of issuance of these consolidated financial statements, there are no other significant subsequent events which effects on the Company's balance sheet and the results of operations as of December 31, 2020, if applicable, have not been considered in accordance with applicable IFRS.

Exhibit "A"

PETROQUÍMICA COMODORO RIVADAVIA S.A.
PROPERTY, PLANT AND EQUIPMENT AS OF DECEMBER 31, 2020 AND 2019
(amounts expressed in thousands of Argentine pesos – Note 2.2)

	2020												
	Cost						Depreciations						
Item	Value at the beginning of the year	Translation differences	Increases (1) (3)	Transfers	Decreases (4)	Value at the end of the year	Accumulated at the beginning of the year	Rate	Translation differences	Decreases	For the year	Accumulated at the end of the year	Net book value
Land	85,419	--	--	--	--	85,419	--	--	--	--	--	--	85,419
Buildings	2,434,029	--	391	--	--	2,434,420	1,461,339	2.00%	--	--	34,916	1,496,255	938,165
Cement facilities and operating equipment	14,699,701	1,504	3,040	--	(82,697)	14,621,548	7,419,429	3.33%	1,670	(82,691)	384,776	7,723,184	6,898,364
Oil and gas wells and equipment	38,486,270	422,251	1,443,664	1,072,464	(312,741)	41,111,908	28,555,444	(2)	310,072	(291,653)	2,493,953	31,067,816	10,044,092
Tools	32,941	3	1,510	--	--	34,454	30,917	20.00%	2	--	2,851	33,770	684
Furniture and fixtures	460,085	4,804	33,507	162	--	498,558	373,457	10.00%	3,229	--	28,105	404,791	93,767
Vehicles	927,668	6,850	11,855	--	(5,796)	940,577	710,284	20.00%	7,953	(1,615)	71,050	787,672	152,905
Quarries	1,031,161	--	340,848	2,645	--	1,374,654	146,542	2.50% 5.00%	--	--	40,536	187,078	1,187,576
Wind farm facilities	14,376,554	187,828	15,515	15,340,590	--	29,920,487	455,416	4.00%	63,316	--	1,151,643	1,670,375	28,250,112
Work in progress	15,501,953	415,601	7,328,990	(16,436,838)	(450,545)	6,359,161	-	--	--	--	--	--	6,359,161
Mining property	5,199,697	89,232	--	20,977	--	5,309,906	2,759,448	(2)	75,064	--	332,014	3,166,526	2,143,380
Subtotal	93,235,478	1,128,073	9,179,320	--	(851,779)	102,691,092	41,912,276		461,306	(375,959)	4,539,844	46,537,467	56,153,625
Impairment of cement facilities and equipment	(1,242,478)	--	--	--	--	(1,242,478)	--		--	--	--	--	(1,242,478)
Impairment of oil and gas wells and equipment	(143,672)	(537)	(27,816)	--	--	(172,025)	--		--	--	--	--	(172,025)
Total 12-31-2020	91,849,328	1,127,536	9,151,504	--	(851,779)	101,276,589	41,912,276		461,306	(375,959)	4,539,844	46,537,467	54,739,122

(1) Includes 514,820 for increases of asset retirement obligations.
(2) Depreciation has been calculated following the unit-of-production method (Note 2.10).
(3) Includes increases for 228,963 related to borrowing costs attributed to long term construction of property, plant and equipment, and 5,207 related to amortization of right of use assets.
(4) Includes 6,057 of decreases of asset retirement obligations.

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Exhibit "A"

PETROQUÍMICA COMODORO RIVADAVIA S.A.
PROPERTY, PLANT AND EQUIPMENT AS OF DECEMBER 31, 2020 AND 2019
(amounts expressed in thousands of Argentine pesos – Note 2.2)

	2019												
	Cost						Depreciations						
Item	Value at the beginning of the year	Translation differences	Increases (1) (3)	Transfers	Decreases (4)	Value at the end of the year	Accumulated at the beginning of the year	Rate	Translation differences	Decreases	For the year	Accumulated at the end of the year	Net book value
Land	88,038	--	--	--	(2,619)	85,419	--	--	--	--	--	--	85,419
Buildings	1,812,937	--	85,788	535,304	--	2,434,029	1,398,307	2.00%	--	--	63,032	1,461,339	972,690
Cement facilities and operating equipment	14,002,503	1,525	108,260	588,602	(1,189)	14,699,701	6,999,991	3.33%	4,799	--	414,639	7,419,429	7,280,272
Oil and gas wells and equipment	34,338,222	396,893	1,572,742	3,290,174	(1,111,761)	38,486,270	25,659,269	(2)	291,715	(400,055)	3,004,515	28,555,444	9,930,826
Tools	32,881	4	124	--	(68)	32,941	29,670	20.00%	--	--	1,247	30,917	2,024
Furniture and fixtures	425,526	15,604	24,371	--	(5,416)	460,085	352,053	10.00%	3,413	(10,739)	28,730	373,457	86,628
Vehicles	816,782	7,360	131,312	--	(27,786)	927,668	639,417	20.00%	6,392	(15,822)	80,297	710,284	217,384
Quarries	704,891	--	326,678	--	(408)	1,031,161	122,377	2.50% 5.00%	--	--	24,165	146,542	884,619
Wind farm facilities	--	--	--	14,376,554	--	14,376,554	--	4.00%	12,334	--	443,082	455,416	13,921,138
Work in progress	12,121,807	745,965	22,462,655	(18,887,165)	(941,309)	15,501,953	--	--	--	--	--	--	15,501,953
Mining property	4,998,419	163,430	18,239	96,531	(76,922)	5,199,697	2,177,637	(2)	117,259	--	464,552	2,759,448	2,440,249
Subtotal	69,342,006	1,330,781	24,730,169	--	(2,167,478)	93,235,478	37,378,721		435,912	(426,616)	4,524,259	41,912,276	51,323,202
Impairment of cement facilities and equipment	(1,242,478)	--	--	--	--	(1,242,478)	--		--	--	--	--	(1,242,478)
Impairment of oil and gas wells and equipment	--	--	(291,744)	--	148,072	(143,672)	--		--	--	--	--	(143,672)
Total 12-31-2019	68,099,528	1,330,781	24,438,425	--	(2,019,406)	91,849,328	37,378,721		435,912	(426,616)	4,524,259	41,912,276	49,937,052

(1) Includes 468,687 for increases of asset retirement obligations.
(2) Depreciation has been calculated following the unit-of-production method (Note 2.10).
(3) Includes increases for 782,207 related to borrowing costs attributed to long term construction of property, plant and equipment, 116,294 related to transfers of intangible assets, and 28,632 related to amortization of right of use assets.
(4) Includes 716,302 for decreases of asset retirement obligations

Eng. Martín F. Brandi
President

Exhibit "E"

PETROQUÍMICA COMODORO RIVADAVIA S.A.
PROVISIONS AND ALLOWANCES AS OF DECEMBER 31, 2020 AND 2019
(expressed in thousands of Argentine pesos – Note 2.2)

Items	2020 Balances at the beginning of the year	Translation differences	Increases	Decreases and reclassifications	Balances at year- end	2019 Balances at year- end
Deducted from current assets:						
Allowance for doubtful accounts receivable	(49,351)	14,780	(15,018)	--	(49,589)	(49,351)
	(49,351)	14,780	(15,018)	--	(49,589)	(49,351)
Deducted from non-current assets:						
Allowance for doubtful accounts receivable	(181,391)	(6,393)	(14,488)	--	(202,272)	(181,391)
Allowance for doubtful other receivables	(264,141)	56,923	(81,644)	231,009	(57,853)	(264,141)
Allowance for obsolescence idle items	(404,505)	(3,329)	(29,921)	114,226	(323,529)	(404,505)
Allowance for obsolescence of Property, plant and equipment	(1,386,150)	(537)	(27,816)	--	(1,414,503)	(1,386,150)
	(2,236,187)	46,664	(153,869)	345,235	(1,998,157)	(2,236,187)
Total 12-31-2020	(2,285,538)	61,444	(168,887)	345,235	(2,047,746)	
Total 12-31-2019	(1,980,441)	80,517	(596,533)	210,919		(2,285,538)
Included in current liabilities:						
Provision for claims and legal contingencies	(39,044)	15,255	(40,802)	3,892	(60,699)	(39,044)
	(39,044)	15,255	(40,802)	3,892	(60,699)	(39,044)
Included in non-current liabilities						
Provision for assets retirement obligation	(3,468,685)	(35,149)	(873,233)	298,788	(4,078,279)	(3,468,685)
	(3,468,685)	(35,149)	(873,233)	298,788	(4,078,279)	(3,468,685)
Total 12-31-2020	(3,507,729)	(19,894)	(914,035)	302,680	(4,138,978)	
Total 12-31-2019	(4,429,689)	(21,750)	(809,431)	1,753,141		(3,507,729)

Eng. Martín F. Brandi
President

Exhibit "F"

PETROQUÍMICA COMODORO RIVADAVIA S.A.
COST OF GOODS AND SERVICES SOLD
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(expressed in thousands of Argentine pesos – Note 2.2)

	2020		2019	
Stock at the beginning of year:				
Finished goods	316,025		287,850	
Goods in process	443,038		535,632	
Raw materials	742,701	1,501,764	842,137	1,665,619
Plus (less)				
Production cost (Exhibit H)	15,322,089		19,161,178	
Purchases, internal consumption and others	(128,332)	15,193,757	845,404	20,006,582
Less				
Stock at year end:				
Finished goods	200,362		316,025	
Goods in process	298,095		443,038	
Raw materials	646,928	(1,145,385)	742,701	(1,501,764)
Total Cost of goods and services sold		15,550,136		20,170,437

Eng. Martín F. Brandi
President

Exhibit "G"

PETROQUÍMICA COMODORO RIVADAVIA S.A.
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019
ASSETS AND LIABILITIES IN FOREIGN CURRENCY

	2020				2019		
	Amount and type of foreign currency (in thousands)		Exchange rate (1)	Amounts in thousands of pesos	Amount and type of foreign currency (in thousands)		Amounts in thousands of pesos
ASSETS							
CURRENT ASSETS							
Cash and banks	US$	22,648	83.95	1,901,315	US$	38,874	3,158,969
Investments	US$	30,479	83.95	2,558,732	US$	29,386	2,387,988
Accounts receivable	US$	56,421	83.95	4,736,570	US$	51,668	4,198,648
Other receivables	US$	11,150	83.95	936,031	US$	14,391	1,169,463
TOTAL CURRENT ASSETS				10,132,648			10,915,068
NON-CURRENT ASSETS							
Deferred income tax	US$	6,064	83.95	509,053	US$	7,843	637,303
Other receivables	US$	1,014	83.95	85,149	US$	3,009	244,496
TOTAL NON-CURRENT ASSETS (2)				594,202			881,799
TOTAL ASSETS				10,726,850			11,796,867
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	US$	(22,314)	84.15	(1,877,724)	US$	(12,400)	(1,011,054)
Lease liability	US$	(2,270)	84.15	(191,036)		(2,252)	(183,599)
Loans	US$	(192,873)	84.15	(16,230,293)	US$	(141,815)	(11,562,816)
Salaries and social security taxes payable	US$	(3,378)	84.15	(284,223)	US$	(3,419)	(278,727)
Taxes payable	US$	(2,733)	84.15	(229,999)	US$	(5,732)	(467,337)
Other liabilities	US$	(8,733)	84.15	(734,922)	US$	(15,526)	(1,265,899)
TOTAL CURRENT LIABILIITIES				(19,548,197)			(14,769,432)
NON-CURRENT LIABILITIES							
Accounts payable	US$	(207)	84.15	(17,399)	US$	(207)	(16,861)
Lease liability	US$	(13,969)	84.15	(1,175,496)		(12,916)	(1,053,069)
Loans	US$	(219,470)	84.15	(18,468,426)	US$	(272,460)	(22,214,946)
Salaries and social security taxes payable	US$	(4,250)	84.15	(357,631)	US$	(7,291)	(594,501)
Other liabilities	US$	(385)	84.15	(32,393)	US$	(819)	(66,781)
Provisions	US$	(39,644)	84.15	(3,336,032)	US$	(36,197)	(2,951,326)
TOTAL NON-CURRENT LIABILITIES				(23,387,377)			(26,897,484)
TOTAL LIABILITIES				(42,935,574)			(41,666,916)
NET POSITION				(32,208,724)			(29,870,049)

(1) It corresponds to the buy and sell exchange rate for assets and liabilities at year-end, respectively
(2) Additionally, it includes accounts receivables for 202,272 (12-31-2020) and 181,391 (12-31-2019) fully provisioned.

Eng. Martín F. Brandi
President

Exhibit "H"

PETROQUÍMICA COMODORO RIVADAVIA S.A.

INFORMATION REQUIRED BY ART. 64 INC. B) OF LAW No. 19,550 CORRESPONDING TO THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in thousands of Argentine pesos – Note 2.2)

	2020				
Items	**Production cost**	**Marketing expenses**	**Exploration expenses**	**Administrative expenses**	**Total**
Directors, statutory and audit committees fees	--	--	--	87,465	87,465
Fees and compensation for services	102,020	18,236	--	118,576	238,832
Salaries and wages	1,386,187	61,549	--	318,467	1,766,203
Employees participation in utilities	225,947	--	--	32,353	258,300
Social Security	307,287	10,671	--	74,342	392,300
Staff-related expenses	215,120	3,945	--	27,725	246,790
Marketing and advertising	660	1,207	--	5,611	7,478
Taxes, rates and contributions	152,810	722,093	35	56,361	931,299
Depreciation of property, plant and equipment	4,466,229	28,584	--	45,031	4,539,844
Amortization of right of use assets	131,515	--	--	--	131,515
Mobility	48,888	824	10	3,417	53,139
Insurance	114,495	2,845	--	4,681	122,021
Fuel and lubricants	367,610	792	--	1,348	369,750
Communications	36,344	2,265	--	24,544	63,153
Maintenance of machinery and other assets	1,049,426	2,439	90	109,079	1,161,034
Energy	684,539	62	--	1,055	685,656
Rentals	274,452	1,151	--	2,632	278,235
Institutional contributions	1,600	1,333	--	1,999	4,932
Third parties services	2,274,059	5,415	10	101,646	2,381,130
Freight of materials and finished goods	391,163	732	924	--	392,819
Amortization of intangible assets	15,512	--	--	--	15,512
Mining easement	187,584	--	141	--	187,725
Pipe transportation expenses	910	197,980	--	--	198,890
Environmental conservation	145,143	16,365	--	72	161,580
Packages	203,481	--	--	--	203,481
Dyes and additives	258,379	--	--	--	258,379
Royalties	2,179,399	--	--	--	2,179,399
Soil study expenses	--	--	97,027	--	97,027
Unproductive exploratory wells	2,987	--	129,912	--	132,899
Miscellaneous	98,343	39,185	--	21,689	159,217
Total as of 12-31-2020	15,322,089	1,117,673	228,149	1,038,093	17,706,004

Eng. Martín F. Brandi
President

Exhibit "H"

PETROQUÍMICA COMODORO RIVADAVIA S.A.

INFORMATION REQUIRED BY ART. 64 INC. B) OF LAW No. 19,550 CORRESPONDING TO THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in thousands of Argentine pesos – Note 2.1)

	2019				
Items	**Production cost**	**Marketing expenses**	**Exploration expenses**	**Administrative expenses**	**Total**
Directors, statutory and audit committees fees	--	--	--	79,136	79,136
Fees and compensation for services	92,520	17,544	--	146,445	256,509
Salaries and wages	1,677,937	69,688	--	303,508	2,051,133
Employees participation in utilities	456,027	--	--	65,424	521,451
Social Security	352,678	11,863	--	78,384	442,925
Staff-related expenses	247,192	8,136	82	30,670	286,080
Marketing and advertising	1,280	2,423	10	6,134	9,847
Taxes, rates and contributions	109,035	807,975	358	30,716	948,084
Depreciation of property, plant and equipment	4,473,648	10,226	--	40,385	4,524,259
Amortization of right of use assets	149,745	--	--	--	149,745
Mobility	68,360	3,423	1,891	17,467	91,141
Insurance	86,554	1,197	9,704	2,901	100,356
Fuel and lubricants	489,706	2,024	1	3,036	494,767
Communications	42,224	2,299	--	19,102	63,625
Maintenance of machinery and other assets	1,503,256	8,013	1	27,458	1,538,728
Energy	1,038,446	94	--	2,201	1,040,741
Rentals	337,192	1,861	--	3,341	342,394
Institutional contributions	1,986	2,222	--	498	4,706
Third parties services	2,702,485	9,882	17,039	123,477	2,852,883
Freight of materials and finished goods	656,950	138	--	12	657,100
Amortization of intangible assets	27,661	--	--	--	27,661
Mining easement	324,540	--	4,125	1,046	329,711
Pipe transportation expenses	2,580	214,082	--	--	216,662
Environmental conservation	177,590	17,769	--	88	195,447
Packages	172,114	--	--	--	172,114
Dyes and additives	315,074	--	--	--	315,074
Royalties	3,503,903	--	--	--	3,503,903
Unproductive exploratory wells	--	--	38,984	--	38,984
Soil study expenses	679	--	734,876	--	735,555
Miscellaneous	149,816	82,480	11,032	41,894	285,222
Total as of 12-31-2019	19,161,178	1,273,339	818,103	1,023,323	22,275,943

Eng. Martín F. Brandi
President

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English translation of the report originally issued in Spanish, except for the omission of paragraphs 4. and 7. related to formal legal requirements for reporting in Argentina and for the inclusion of paragraph 6.

INDEPENDENT AUDITORS' REPORT

To the Shareholders, President and Directors of
Petroquímica Comodoro Rivadavia S.A.
Alicia Moreau de Justo 2030/2050, 3° floor, Office 304
Autonomous City of Buenos Aires

Report on the audit of the consolidated financial statements

1. Opinion

We have audited the consolidated financial statements of Petroquímica Comodoro Rivadavia S.A. (the Company) and its subsidiaries (together, the Group), which comprise the consolidated balance sheet as of December 31, 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information included in notes 1 to 14 and exhibits A, E, F, G and H.

In our opinion, the accompanying consolidated financial statements as of December 31, 2020, present fairly, in all material respects, the financial position of Petroquímica Comodoro Rivadavia S.A. and its subsidiaries as of December 31, 2020, and the results of their operations, changes in equity and their cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

2. Basis of opinion

We have conducted our audit in accordance with International Standards on Auditing (ISA) issued by the International Standards on Auditing and Assurance Board (IAASB). Our responsibilities under these standards are described below in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including the International Standards of Independence) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the requirements that are applicable to our audit of the consolidated financial statements in the Autonomous City of Buenos Aires, and we have fulfilled the other ethical responsibilities in accordance with those requirements and with the IESBA Code. We believe that the evidence we have obtained provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters have been addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

Property, Plant and Equipment - Evaluation of the recoverability of the amounts recorded in the Cash Generating Units (CGUs) - See notes 2.12 and 12.e to the consolidated financial statements

Description of the key audit matter

The assessment of the recoverability of property, plant and equipment carried out by the Company consisted of comparing the recoverable value of each CGU with its book value. The Company determined the recoverable value of the CGU based on its value in use. The calculation of the value in use was based on a discounted cash flow model whose calculation requires the application by the Company's management of estimates and significant assumptions related to the discount rate, production volumes, sales prices , applicable rates, current regulation, estimation of cost increases, personnel costs and investments. Changes in these assumptions could have a significant impact on the recoverable value of the CGU and on the impairment charge or reversal of previous impairment charges.

Given the significant judgments made by management in determining the recoverable values of the CGUs, the performance of audit procedures to evaluate the reasonableness of the estimates and assumptions used by management related to the discount rate, production volumes , sales prices, applicable rates, current regulation, cost increment estimates, personnel costs and investments, required a high degree of judgment from the auditor and an increased audit effort, including the need to involve our valuation specialists.

How the key audit matter was addressed in our audit

Our audit procedures have included, among others:

- We performed risk assessment procedures related to impairment for each CGU in order to design our additional audit procedures based on those risks.
- We made an understanding of the relevant controls established by the Company related to the process of evaluating the impairment of the balances of Property, Plant and Equipment.
- We reviewed the accuracy of the mathematical calculations and the completeness of the cash flows used to determine the value in use of each identified CGU.
- We evaluate Management's ability to make accurate projections of income and costs and investments, by comparing the historical projections made by Management against the actual amounts.
- We read the reports of the independent reserves auditors.
- We evaluate the reasonableness of the projection made by management of future income, operating costs and capital expenditures by verifying (1) the source financial information underlying the estimates, (2) the future production profiles with crude reserve estimates and natural gas as emerges from the reports of the independent reserves auditors, (3) the capacity and power generation sales contracts signed by the Group, (4) the reports with the data on the historical energy demand and trend expectations of the electricity market in Argentina issued by Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA) and (5) the income, costs and expenses with historical information and other evidence obtained during the audit.
- With the assistance of our internal valuation specialists, we evaluated the reasonableness of (1) the valuation methodology, (2) the projections of certain underlying assumptions in calculating the recoverable value, and (3) the discount rate through the test of (i) the source information used to calculate the discount rate and (ii) the mathematical accuracy of the calculation of the discount rate and the development of a range of independent estimates and their comparison with the rate estimated by the Management.
- We read and test the accuracy and completeness of the disclosures in the consolidated financial statements.

4. Responsibilities of the Board of Directors and the Audit Committee of the Company in relation to the consolidated financial statements

The Company's Board of Directors is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with International Financial Reporting Standards and for the internal control which it determines is necessary to enable the preparation of the consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Company's Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, the matters related to going concern and using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company and/or its subsidiaries or to cease operations, or there was no other realistic alternative.

The Company's Audit Committee is responsible for supervising the Group's financial reporting process.

5. Auditors' responsibility in relation to the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make based on the consolidated financial statements.

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

• Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures to respond to such risks and obtain sufficient and appropriate elements of judgment to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a significant misstatement due to error, as fraud may involve collusion, forgery, deliberate omissions, intentionally misstatements, or the override of internal control.

• Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Board of Directors.

• Conclude on the appropriateness of the use, by the Company's Board of Directors, of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and/or its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the Company's Audit Committee regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company's Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Among the matters that have been the subject of communication with the Company's Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe those matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

6. Other matter

As stated en Note 2.1., the consolidated financial statements referred to in section 1 have been translated into English for the convenience of English-speaking readers. The accompanying consolidated financial statements are the English translation of those originally issued by Petroquímica Comodoro Rivadavia S.A. in Spanish and prepared in accordance with International Financial Reporting Standards as filed with the CNV.

Autonomous City of Buenos Aires, Argentina
March 19, 2021

Deloitte & Co. S.A.

FERNANDO G. DEL POZO
Partner

English translation of the report originally issued in Spanish, except for the omission of paragraphs 1.f and 1.g related to formal legal requirements for reporting in Argentina and for the inclusion of the last paragraph.

STATUTORY AUDIT COMMITTEE'S REPORT

To the President and Directors of
Petroquímica Comodoro Rivadavia S.A.
C.U.I.T. N° 30-56359811-1
Alicia Moreau de Justo 2030/2050, 3° floor, Office 304
Autonomous City of Buenos Aires

In our capacity as members of the Audit Committee of Petroquímica Comodoro Rivadavia S.A. (hereinafter, the "Company"), we have examined, with the scope described in chapter 2, the documents detailed in chapter 1 below. The preparation and issuance of the aforementioned documents are the responsibility of the Company's Board of Directors in the exercise of its exclusive functions. Our responsibility is to report on these documents based on the work carried out with the scope mentioned in chapter 2.

1. Examined documents

a) Consolidated balance sheets as of December 31, 2020.

b) Consolidated income statement and other comprehensive income for the year ended December 31, 2020.

c) Consolidated statement of changes in net equity for the year ended December 31, 2020.

d) Consolidated statement of cash flows for the year ended December 31, 2020.

e) Notes 1 to 14 and annexes A, E, F, G and H, corresponding to the year ended December 31, 2020.

2. Scope of work

We conducted our exam in accordance with Argentine statutory audit standards established in the Technical Resolution ("RT") N° 45 issued by the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE"). Such rules require the application of Argentine auditing standards to the exam of financial information and include the assessment of the consistency of significant information contained in the reviewed documents with the corporate decisions set forth in minutes, and the conformity of those decisions with the law and the Company's bylaws, insofar as formal and documentary aspects are concerned.

In conducting our exam over the documents detailed in chapter 1, we have principally considered the Independent auditor's report issued by Deloitte & Co. S.A on March 19, 2021 in accordance with RT No. 32 and other resolutions issued by the FACPCE. Such standard require the auditor comply with ethic requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. We have not assessed the criteria and business decisions in matters of management, financing, sales and exploitation, because these issues are the responsibility of the Company's Board of Directors and Shareholders. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Likewise, in relation to the consolidated informative review corresponding to the fiscal year ended on December 31, 2019, we have verified that it contains the information required by the Argentine Securities Commission, in what is within our competence, that its numerical data agree with the Company accounting records and other pertinent documentation.

3. Opinion

In our opinion, based on the work mentioned in chapter 2 of this report:

a) The consolidated financial statements of Petroquímica Comodoro Rivadavia S.A. as of December 31, 2020 mentioned in chapter 1 inc. a) to e) of this report reasonably present, in all its significant aspects, the consolidated financial position of Petroquímica Comodoro Rivadavia S.A. as of December 31, 2020 and its consolidated results and other comprehensive income, the changes in its consolidated net equity and the consolidated cash flows for the fiscal year ended on that date, in accordance with International Financial Reporting Standards.

b) The consolidated financial statements as of December 31, 2020 of Petroquímica Comodoro Rivadavia S.A. are disclosed in accordance with the provisions of Law No. 19550 and in the applicable regulations of the Argentine Securities Commission.

c) With respect to the informative review required by the Argentine Securities Commission, prepared by the Board of Directors and mentioned in section g) of Chapter 1 of this report, we have no observations to make regarding what is within our competence.

Additionally, we also inform that during the year we have applied the procedures described in article No. 294 of Law No. 19,550 as we considered necessary in the circumstances, including attendance at meetings of the Company's Board of Directors.

The consolidated financial statements referred to in section 1 have been translated into English for the convenience of English-speaking readers. The accompanying consolidated financial statements are the English translation of those originally issued by Petroquímica Comodoro Rivadavia S.A. in Spanish and prepared in accordance with International Financial Reporting Standards as filed with the CNV.

Autonomous City of Buenos Aires, Argentina
March 19, 2021

Dr. Jorge Luis Diez
Statutory Audit Committe