PETROQUÍMICA COMODORO RIVADAVIA S.A.

Consolidated Financial Statements
as of and for the years ended
December 31, 2021 and 2020
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, 2021 AND 2020
(amounts expressed in thousands of Argentine pesos – Note 2.2)

	Notes	12-31-2021	12-31-2020
ASSETS			
CURRENT ASSETS			
Cash and banks[1]		6,686,376	3,059,243
Investments	5.a	13,700,793	8,052,926
Accounts receivable	5.b	4,602,778	7,454,524
Other receivables	5.c	2,424,129	3,850,301
Inventories	5.d	3,357,326	3,678,273
		30,771,402	26,095,267
Assets classified as held for sale	13.d	1,332,760	--
Total Current Assets		32,104,162	26,095,267
NON-CURRENT ASSETS			
Other receivables	5.c	469,356	911,363
Deferred income tax	10	334,489	768,604
Inventories	5.d	26,935	26,332
Property, plant and equipment	5.e	68,071,513	82,624,125
Right of use assets	5.f	1,667,015	1,938,447
Intangible assets	5.g	573,168	688,964
Other financial assets		24,035	4,137
Total Non-current assets		71,166,511	86,961,972
TOTAL ASSETS		103,270,673	113,057,239

(1) Includes 6,447,326 (12-31-2021) and 2,869,876 (12-31-2020) in foreign currency (Note 8 – See Note 2.8).

The accompanying notes 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, 2021 AND 2020
(amounts expressed in thousands of Argentine pesos – Note 2.2)

	Notes	12-31-2021	12-31-2020
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	5.h	3,196,629	5,197,163
Lease liability	5.i	251,562	288,353
Loans	5.j	10,764,963	27,531,278
Salaries and social security taxes payable		1,617,781	1,114,222
Taxes payable	5.k	483,288	1,046,605
Income tax payable		1,804,792	291,434
Other liabilities	5.l	970,511	1,229,048
Provisions	5.m	217,923	91,620
Total Current liabilities		19,307,449	36,789,723
NON- CURRENT LIABILITIES			
Accounts payable		21,248	26,262
Lease liability	5.i	1,476,117	1,774,313
Loans	5.j	35,091,587	27,712,110
Salaries and social security taxes payable		561,200	573,581
Taxes payable		58,230	--
Income tax payable		--	90,142
Deferred income tax	10	10,720,475	8,158,386
Other liabilities	5.l	--	48,895
Provisions	5.m	7,126,812	6,155,821
Total Non-current liabilities		55,055,669	44,539,510
TOTAL LIABILITIES		74,363,118	81,329,233
EQUITY			
Shareholders' contributions		4,138,131	4,138,131
Retained earnings		24,752,062	27,572,693
Equity attributable to owners of the Company		28,890,193	31,710,824
Non-controlling interest		17,362	17,182
Total equity		28,907,555	31,728,006
TOTAL LIABILITIES AND EQUITY		103,270,673	113,057,239

The accompanying notes 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, 2021 AND 2020
(amounts expressed in thousands of Argentine pesos – Note 2.2)

	Notes	2021	2020
Continuing operations:			
Revenue	11	43,933,843	36,931,677
Cost of sales	6.a	(25,808,398)	(22,813,445)
Gross profit		18,125,445	14,118,232
Marketing expenses	6.b	(1,309,008)	(1,662,332)
Exploration expenses	6.b	(54,501)	(149,540)
Administrative expenses	6.b	(1,607,519)	(1,424,763)
Other expenses – Impairment of Property, plant and equipment[(1)]		(191,720)	--
Other income and expenses, net	6.c	(974,573)	(648,723)
Operating income	11	13,988,124	10,232,874
Financial losses, net	6.d	(2,970,980)	(7,709,247)
Income before income tax		11,017,144	2,523,627
Income tax	10	(6,984,082)	(2,504,902)
Net income from continuing operations		4,033,062	18,725
Discontinued operations:			
Loss from discontinued operations	13.d	(1,657,595)	(164,534)
Net income (loss) for the year		2,375,467	(145,809)
Other comprehensive income			
Translation differences[(2)]	2.18.d	(4,513,961)	620,770
Other comprehensive (loss) income		(4,513,961)	620,770
Total comprehensive (loss) income		(2,138,494)	474,961
Income (loss) attributable to:			
Owners of the Company		2,367,809	(154,309)
Non-controlling interest		7,658	8,500
		2,375,467	(145,809)
Total comprehensive (loss) income attributable to:			
Owners of the Company		(2,146,152)	466,461
Non-controlling interest		7,658	8,500
		(2,138,494)	474,961

(1) Oil & gas Argentina. Note 2.12.
(2) Translation differences of controlled companies are reclassified to profit or loss in case of disposal of related assets. They do not have tax effects. Includes 644,591 (loss) (12-31-2021) and 1,169,717 (gain) (12-31-2020) related to Assets classified as held for sale (note 13.d).

The accompanying notes 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, 2021 AND 2020
(amounts expressed in thousands of Argentine pesos – Note 2.2)

	2021												
	Shareholders' contributions				**Retained earnings**								
	Capital stock	**Capital adjustment**	**Share premium**	**Total**	**Legal reserve**	**General purpose reserve**	**Effect of IFRS transition reserve**	**Other comprehensive Income (Note 2.18.d)**	**Unappropriated retained earnings**	**Total**	**Attributable to owners of the Company**	**Non-controlling interest**	**Total equity**
Balances at the beginning of the year	72,074	3,058,893	1,007,164	4,138,131	243,780	20,391,524	20,750	7,070,948	(154,309)	27,572,693	31,710,824	17,182	31,728,006
Ordinary and Extraordinary Shareholders´ meetings dated April 22 and October 5, 2021 (Note 9):													
- Absorption of unappropriated retained loss	--	--	--	--	--	(133,559)	(20,750)	--	154,309	--	--	--	--
- Cash dividends	--	--	--	--	--	(674,479)	--	--	--	(674,479)	(674,479)	--	(674,479)
Net income for the year	--	--	--	--	--	--	--	--	2,367,809	2,367,809	2,367,809	7,658	2,375,467
Other comprehensive (loss) for the year	--	--	--	--	--	--	--	(4,513,961)	--	(4,513,961)	(4,513,961)	--	(4,513,961)
Other equity movements that affect non-controlling interest	--	--	--	--	--	--	--	--	--	--	--	(7,478)	(7,478)
Balances at the year-end	72,074	3,058,893	1,007,164	4,138,131	243,780	19,583,486	--	2,556,987 (1)	2,367,809	24,752,062	28,890,193	17,362	28,907,555

(1) Includes 3,075,891 (retained gains) related to Assets classified as held for sale (Note 13.d).

The accompanying notes 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, 2021 AND 2020
(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 reserve	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	3,058,893	1,007,164	4,138,131	103,477	18,349,439	20,750	6,450,178	2,806,059	27,729,903	31,868,034	17,627	31,885,661
Ordinary and Extraordinary Shareholders´ meeting dated April 16 and December 17, 2020 (Note 9):													
- Legal reserve	--	--	--	--	140,303	--	--	--	(140,303)	--	--	--	--
- General purpose reserve	--	--	--	--	--	2,259,663	--	--	(2,259,663)	--	--	--	--
- Cash dividends	--	--	--	--	--	(217,578)	--	--	(406,093)	(623,671)	(623,671)	--	(623,671)
Net loss for the year	--	--	--	--	--	--	--	--	(154,309)	(154,309)	(154,309)	8,500	(145,809)
Other comprehensive income for the year	--	--	--	--	--	--	--	620,770	--	620,770	620,770	--	620,770
Other equity movements that affect non-controlling interest	--	--	--	--	--	--	--	--	--	--	--	(8,945)	(8,945)
Balances at the year-end	72,074	3,058,893	1,007,164	4,138,131	243,780	20,391,524	20,750	7,070,948	(154,309)	27,572,693	31,710,824	17,182	31,728,006

The accompanying notes 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, 2021 AND 2020
(amounts expressed in thousands of Argentine pesos – Note 2.2)

	Not	2021	2020
Cash flows from operating activities			
Net income (loss) for the year		2,375,467	(145,809)
Adjustments to reconcile net income (loss) to net cash flows generated by operating activities			
Income tax		6,984,082	2,504,902
Interest income/expense, net		2,904,673	3,822,938
Depreciation of property, plant and equipment		6,895,697	6,484,313
Amortization of intangible assets		29,662	23,414
Amortization of right of use assets		254,812	198,511
Write-off of property, plant and equipment		189,448	709,068
Write-off of intangible assets		47,699	10,294
Reestimation of lease liability		(4,350)	--
Effect of exchange rate differences and restatement for inflation, net		(666,143)	281,385
Allowance for obsolescence and idle items		183,518	41,636
Allowance for impairment of property, plant and equipment		191,720	41,986
Accretion of discount of lease liability		124,138	131,924
Other accretion of discount		96,760	278,777
Gain on current investments		--	(280,235)
Gain on repurchase of corporate bonds		(24,332)	--
Discontinued operations		1,563,299	303,127
Changes in assets and liabilities			
Accounts receivable		2,050,604	57,439
Other receivables		951,177	2,886,307
Inventory		32,680	784,250
Accounts payable		(1,731,517)	(200,072)
Salaries and social security taxes payable		679,761	(241,159)
Taxes payables		(378,662)	(573,181)
Other liabilities		(142,584)	(945,698)
Provisions		227,559	(283,553)
Income tax payment		(1,115,428)	(378,370)
Net cash inflows from operating activities		21,719,740	15,512,194
Cash flows from investing activities			
Acquisitions and advances to suppliers of property, plant and		(5,094,284)	(11,578,014)
Acquisitions of intangible assets		(20,451)	(4,122)
Interest received		56,437	73,525
Acquisitions of government securities		--	(250,954)
Proceeds from government securities		--	531,189
Net cash outflows from investing activities		(5,058,298)	(11,228,376)
Cash flows from financing activities			
Payment of loans		(21,076,015)	(16,971,219)
Payment of interest from loans		(4,845,176)	(4,752,971)
Payment of leases		(351,893)	(267,626)
Derivatives financial instruments (interest rate) acquisition		--	(4,137)
Loans received		22,557,282	20,428,178
Payments of floating costs		(309,236)	(164,317)
Payment of dividends		(680,383)	(655,668)
Net variation of account overdraft		--	(579,799)
Net cash outflows from financing activities		(4,705,421)	(2,967,559)
Net increase in cash and cash equivalents		11,956,021	1,316,259
Cash and cash equivalents at the beginning of the year	2.19	11,112,169	10,552,579
Effect of exchange rate variation on cash in foreign currencies		(2,681,021)	(756,669)
Cash and cash equivalents at year-end	2.19	20,387,169	11,112,169

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

The accompanying notes 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 exploration, exploitation and development 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, 2021 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 changes in the Company's functional currency (Argentine peso) 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, 2020, 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 Argentina 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 and 584/21, which established, between other issues, that Argentina must be considered a hyperinflationary country under the 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 had not been able to present financial statements adjusted for inflation prior to December 31,2018 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 50.94% in the fiscal year ended on December 31, 2021, and 36.14% 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 be received to sell an asset or paid to transfer a liability in an orderly transaction between 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 11, 2022.

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**	**2021**	**2020**
Petroriva S.A.	Ecuador	Oil exploration and exploitation	100.000%	99.990%
Compañía Sudamericana Fósforos del Ecuador Fosforocomp S.A. ("Fosforocomp")	Ecuador	Oil exploration and exploitation	100.000%	100.000%
Petróleos Sud americanos del Ecuador Petrolamerec S.A. ("Petrolamerec")	Ecuador	Oil exploration and exploitation	100.000%	100.000%
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%
PCR Trading S.A. (former 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%
PCR Investments S.A. (former 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. ("PEBSA")	Argentina	Generation of electrical power	99.946%	99.946%
Energía del Norte S.A.	Argentina	Generation of electrical power	99.949%	99.949%
Renergy Argentina S.A.	Argentina	Generation of electrical power	99.949%	99.949%
Energías Argentinas Renovables S.A.	Argentina	Generation of electrical power	99.949%	99.949%
Renergy Austral S.A.	Argentina	Generation of electrical power	99.949%	99.949%
Renergy Patagonia S.A.	Argentina	Generation of electrical power	99.949%	99.949%
Cleanergy Argentina S.A.	Argentina	Generation of electrical power	99.946%	99.946%
Potenciar Argentina S.A.	Argentina	Generation of electrical power	99.949%	99.949%
Greenergy S.A.	Argentina	Generation of electrical power	99.949%	99.949%

Eng. Martín F. Brandi
President

Entity	Country	Main activity	Interest [1] 2021	Interest [1] 2020
Energias Limpias S.A.	Argentina	Generation of electrical power	99.949%	99.949%
Windenergy Argentina S.A.	Argentina	Generation of electrical power	99.949%	99.949%
Luz de Tres Picos S.A. (“LTP”)	Argentina	Generation of electrical power	99.949%	99.949%
Luz de Sierra S.A.	Argentina	Generation of electrical power	99.949%	99.949%
Luz de San Jorge S.A.	Argentina	Generation of electrical power	99.949%	99.949%
Generación Eléctrica Argentina Renovable (“GEAR”) I S.A.	Argentina	Generation of electrical power	99.949%	99.949%
GEAR II S.A.	Argentina	Energy	99.949%	99.949%
GEAR III S.A.	Argentina	Energy	99.949%	99.949%
GEAR IV S.A.	Argentina	Energy	99.949%	99.949%
GEAR V S.A.	Argentina	Energy	99.949%	99.949%
PCR Investments Corp. [2]	United States of America (“USA”)	Servicios	100.000%	--
PCR Investments Nr. 1 Corp. [2]	USA	Generation of electrical power	100.000%	--
PCR Investments Nr. 2 Corp. [2]	USA	Generation of electrical power	100.000%	--
PCR Investments Nr. 3 Corp. [2]	USA	Generation of electrical power	100.000%	--
PCR Investments Nr. 4 Corp. [2]	USA	Generation of electrical power	100.000%	--
PCR Investments Nr. 5 Corp. [2]	USA	Generation of electrical power	100.000%	--
PCR Investments Nr. 6 Corp. [2]	USA	Generation of electrical power	100.000%	--
PCR Investments SP1 LLC[2]	USA	Generation of electrical power	100.000%	--
PCR Investments SP2 LLC[2]	USA	Generation of electrical power	100.000%	--
PCR Investments SP3 LLC[2]	USA	Generation of electrical power	100.000%	--
PCR Investments SP4 LLC[2]	USA	Generation of electrical power	100.000%	--
PCR Investments SP5 LLC[2]	USA	Generation of electrical power	100.000%	--
PCR Investments SP6 LLC[2]	USA	Generation of electrical power	100.000%	--

(1) Refers to the direct and/or indirect interest over capital and votes of the subsidiary.
(2) Incorporated in 2021 for the development of electrical power generation from renewable sources in the USA. With no operations as of today.

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.

Eng. Martín F. Brandi
President

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, 2021 and 2020 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
UTE Pampetrol – PCR - Jagüel de los Machos	Jagüel de los Machos, Province of La Pampa, Argentina	Exploration, development and oil exploitation	80%	PCR
Joint Operation Agreement on the Hydrocarbons Exploitation – "El Dificil" area Contract(1)	El Difícil – Colombia	Exploration and oil and gas exploitation	35%	Petróleos Sudamericanos S.A.

(1) Discontinued operation (Note 13.d).

The assets and liabilities as of December 31, 2021 and 2020 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:

	2021	2020(1)
Current Assets	1,163,160	1,900,471
Non-current Assets	6,107,399	8,197,228
Total Assets	7,270,559	10,097,699
Liabilities	2,251,555	2,044,953
Non-current liabilities	1,317,038	1,073,396
Total Liabilities	3,568,593	3,118,349
Operating costs	10,063,43	8,659,395

(1) Includes interest in assets and liabilities of the Joint Operation Agreement on the Hydrocarbons Exploitation – "El Dificil" area Contract, Colombia, classified as assets held for sale as of December 31, 2021 (Note 13. d).

Additionally, the Company participates directly or indirectly through its subsidiaries Petroriva S.A. and PCR Investments 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 13.d).

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.

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:

- 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.

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 amortization 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 discount rates for oil and gas Argentina lease liabilities used during fiscal years ended December 31, 2021 and 2020 were 4,5% and 3%, 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, 2021 and 2020.

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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 PEBSA and LTP 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 Nota 8, 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. During the year ended December 31, 2021, no borrowing costs were capitalized as there were no qualifying assets. During the year ended December 31, 2020, borrowing costs associated with the construction of the San Jorge and El Mataco Wind Farms were capitalized (Note 13.e).

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

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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.

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.

Finally, Law No. 27,630 was published in the Official Gazette on June 16, 2021 introducing amendments to the income tax Law. The reform establishes a new income tax rate scheme, maintaining the 25% rate for accumulated taxable profit of up to AR$ 5 million; 30% for taxable profit of up to AR$ 50 million; and a 35% rate for taxable profit over AR$ 50 million. The aforementioned Law establishes that said amounts will be adjusted annually as of January 1, 2022, considering the annual variation of the CPI. The provisions of this Law are effective for fiscal years beginning as of January 1, 2021.Likewise, the reform maintains the 7% rate on the distribution of dividends.

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 from fiscal year ended December 31, 2019, considering that the accumulated CPI at the end of every year considered 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. There is no deferral for the tax inflation adjustment calculated for fiscal years beginning on or after January 1, 2021 and the adjustment is fully taxed in the fiscal year when accrued.

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 13.d, the Group has recorded a provision amounting 191,720 for impairment of the property, plant and equipment corresponding to Ayala area, Province of La Pampa, Argentina. The mentioned amount was charged to Other expenses – Impairment of Property, plant and equipment of the profit or loss and other comprehensive income statement as of December 31, 2021. The discount rate used to determine the discounted future expected cash flows at December 31, 2021 amounted to 13.2%. Likewise, due to the decision to sell the 35% stake that the Group holds in the Hydrocarbons Exploitation Agreement – "El Difícil" direct operation area (Colombia) (Note 13.d), the Group recorded an impairment of property, plant and equipment classified as held for sale for 564,686, which was allocated to the result of discontinued operations in the statement of income and other comprehensive income as of December 31, 2021.

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 13 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, Time deposits, 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

The Group does not use derivative financial instruments for speculative purposes.

The Group accounts for its derivative financial instruments at fair value. The resulting gain or loss is recognized immediately unless the derivative qualifies, is designated and is effective as a hedging instrument under IFRS 9, and if so, the nature of the concept it is hedging.

The Group manages exposures to different risks using different financial instruments. During the years ended December 31, 2021 and 2020, the Group used derivative financial instruments as a hedge against fluctuations in exchange rates and interest rates. However, as mentioned above, while there are hedging transactions that may be economically effective, they may not always qualify for hedge accounting under IFRS 9.

During the years ended December 31, 2021 and 2020, PCR entered into foreign currency forward purchase contracts with Banco BBVA Argentina S.A. and Banco Patagonia S.A. for a nominal value of US$38.4 million (2021) and US$49 million (2020). Of the total committed in 2021, US$ 15 million were acquired on December 29, 2021 and mature in January 2022. The variation in the exchange rate between the date of acquisition and the end of the year was not significant. The expiration of the other contracts occurred within the same years in which they were signed.

Likewise, in October 2020, the Company contracted with Citibank N.A., London Branch, interest rate ceiling options (Cap) for a nominal value of US$ 150 thousand with an initial notional value of US$ 50 million. The ceiling rate is 0.5% and the reference variable rate option is US$-LIBOR-BBA. The expiration of the contract occurs in July 2024.

These derivative instruments have been measured at fair value through profit or loss.

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".

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, 2019	6,450,178
Income for the year	620,770
Balances as of December 31, 2020	7,070,948
Loss for the year	(4,513,961)
Balances as of December 31, 2021	2,556,987

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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 reserve". According to domestic regulations, the amount recorded in such reserve could only be released for its capitalization or to absorb eventual negative balances of the account "Unappropriated retained earnings".

Finally, according to Note 9, the Ordinary and Extraordinary shareholders' meeting celebrated on April 22, 2021, released the "Effect for IFRS transition reserve" amount for the absorption of the negative unappropriated retained earnings accumulated as of December 31, 2020.

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.

	2021	2020	2019
Cash and banks	6,686,376	3,059,243	5,582,225
Current investments (Note 5.a)	13,700,793	8,052,926	4,970,354
Total cash and cash equivalents	20,387,169	11,112,169	10,552,579

During fiscal years ended December 31, 2021 and 2020 the non-cash investing and financing activities correspond mainly to:

	2021	2020
Increases in the provision for asset retirement obligations capitalized as property, plant and equipment	1,796,442	777,078
Financial costs capitalized as property plant and equipment (Note 2.9)	--	345,600
Property, plant and equipment additions financed with accounts payable	95,082	8,948,460
Amortization of right of use capitalized as property, plant and equipment	--	7,860

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:

	2021	2020
	Level 1	
Mutual funds	9,917,165	4,896,094
	Level 2	
Other financial assets (financial instruments)	24,035	4,137

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).

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:

	2021		2020	
	Amortized cost	Fair value	Amortized cost	Fair value
Loans	45,856,550	43,557,067	55,243,388	56,443,851

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, 2021 and 2020 amounts to approximately 34.1% and 32.2%, 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 13.d.)

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 and amendments	*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

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

Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 and amendments

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.

Additionally, the amendment issued on December 9, 2021 permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. This amendment could be applied when the entity first applies IFRS 17.

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.

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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;

- 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.

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 IAS 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.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 related to initial recognition of deferred tax assets and liabilities arising from a single transaction.

The main change in deferred tax related to assets and liabilities arising from a single transaction is an exemption from the initial recognition exemption. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

There are no other interpretations of IFRS or IFRIC that have not yet been effective and that are expected to have a significant impact on the Group financial statements.

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, 2021, are detailed below:

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

The IASB published on May 28, 2020 an amendment to IFRS 16 providing tenants an exemption from assessing whether a COVID-19-related rental concession is a lease modification. The term provided in the original amendment was later extended for one year on March 31, 2021. 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:

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- 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 2022 (extended term); and
- there is no substantive change to other terms and conditions of the lease.

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

Its adoption has not had any material impact on the disclosures or amounts reported in these financial statements.

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) introduced a practical expedient for modifications required by the reform, clarifying that hedge accounting is not discontinued solely because of the IBOR reform, and introducing 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 were 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 advancing corresponding negotiations with financial institutions.

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, 2021 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.

- 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

	12-31-2021	12-31-2020
Assets		
a) Investments		
Current		
Mutual funds	9,917,165	4,896,094
Time deposits[1]	3,783,628	3,156,832
	13,700,793[2]	8,052,926[2]

[1]Includes 1,514,568 (US$ 14,745) (12-31-2021) and 2.507,910 (US$ 19,745) (12-31-2020) 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 4,256,683 (12-31-2021) and 3,862,192 (12-31-2020) in foreign currency (Note 8 - See Note 2.8)

	12-31-2021	12-31-2020
b) Accounts receivable		
Current		
Common debtors	4,602,778	7,454,447
Debtors under legal proceedings	59,799	74,927
	4,662,577	7,529,374
Allowance for doubtful accounts receivable (Note 5.m)	(59,799)	(74,850)
	4,602,778[1]	7,454,524[1]

[1] Include 4,475,524 (12-31-2021) and 7,149,456 (12-31-2020) in foreign currency (Note 8 – See Note 2.8).

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	12-31-2021	12-31-2020
Non-current		
Common debtors in foreign currency	260,035	305,313
Allowance for doubtful accounts receivable (Note 5.m)	(260,035)	(305,313)
	--	--

c) Other receivables

	12-31-2021	12-31-2020
Current		
Advances to suppliers	461,069	635,967
Tax credits	1,061,595	2,190,513
Prepaid expenses	159,738	250,371
Collateral deposit	42,645	13,378
Joint Operation (“JO”) partners	14,649	51,122
Receivables from sales on behalf of JO	546,749	366,279
Incentives to increase gas production receivable	--	128,358
Oil contract guarantees (Note 13.d)	45,777	86,177
Related parties (Note 7)	27,515	40,113
Miscellaneous	64,392	88,023
	2,424,129(1)	3,850,301(1)

(1) Include 1,281,101 (12-31-2021) and 1,412,860 (12-31-2020) in foreign currency (Nota 8 – See Note 2.8).

	12-31-2021	12-31-2020
Non-current		
Advances to suppliers	254,032	24,083
Loans to employees	70,049	76,026
Tax credits	306,018	604,023
JO partners	43,955	191,239
Oil contract guarantees (Note 13.e)	11,047	52,499
Miscellaneous	41,097	50,817
	726,198	998,687
Allowance for doubtful other receivables (Note 5.m)	(256,842)	(87,324)
	469,356(1)	911,363(1)

(1) Include 81,096 (12-31-2021) and 128,525 (12-31-2020) in foreign currency (Nota 8 – See Note 2.8).

d) Inventories

	12-31-2021	12-31-2020
Current		
Finished goods	359,324	258,284
Goods in process	705,015	449,949
Raw materials	431,638	976,484
Materials	1,861,349	1,993,556
	3,357,326	3,678,273
Non-current		
Finished goods	39,033	44,146
Materials	213,395	470,526
	252,428	514,672
Allowance for obsolescence and idle items (Note 5.m)	(225,493)	(488,340)
	26,935	26,332

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e) Property, plant and equipment

Item	Cost (2021): Value at the beginning of the year	Cost: Translation differences	Cost: Increases [1] [3]	Cost: Transfers	Cost: Decreases [4]	Cost: Value at the end of the year	Depreciations: Accumulated at the beginning of the year	Depreciations: Rate	Depreciations: Translation differences	Depreciations: Decreases	Depreciations: For the year [5]	Depreciations: Accumulated at the end of the year	Net book value 12-31-2021
Land	128,933	--	--	--	--	128,933	--	--	--	--	--	--	128,933
Buildings	3,674,553	--	26,749	--	--	3,701,302	2,258,472	2.00%	--	--	50,361	2,308,833	1,392,469
Cement facilities and operating equipment	22,070,004	(14,634)	468,299	--	--	22,523,669	11,657,500	3.33%	(10,589)	--	539,099	12,186,010	10,337,659
Oil and gas wells and equipment	62,054,987	(4,330,684)	763,610	3,164,794	(2,154,768)	59,497,939	46,894,269	[2]	(3,042,064)	(844,733)	3,940,823	46,948,295	12,549,644
Tools	52,006	(22)	2,261	--	(138)	54,107	50,973	20.00%	(14)	(93)	1,238	52,104	2,003
Furniture and fixtures	752,532	(45,744)	63,944	--	(1,484)	769,248	610,998	10.00%	(32,776)	(654)	56,867	634,435	134,813
Vehicles	1,419,722	(62,833)	90,238	--	(7,963)	1,439,164	1,188,924	20.00%	(55,634)	(6,946)	69,705	1,196,049	243,115
Quarries	2,074,925	--	918,244	--	--	2,993,169	282,379	2.50% 5.00%	--	--	89,548	371,927	2,621,242
Wind farm facilities	45,162,472	(10,235,189)	65,862	--	--	34,993,145	2,521,291	4.00%	(619,913)	--	1,892,004	3,793,382	31,199,763
Work in progress	9,598,621	(124,045)	4,253,681	(3,164,794)	(738,897)	9,824,566	--	--	267	--	--	267	9,824,299
Mineral property	8,014,857	(765,112)	--	--	(1,062,812)	6,186,933	4,779,606	[2]	(595,006)	(384,395)	465,157	4,265,362	1,921,571
Subtotal	155,003,612	(15,578,263)	6,652,888	--	(3,966,062)	142,112,175	70,244,412		(4,355,729)	(1,236,821)	7,104,802	71,756,664	70,355,511
Impairment of cement facilities and equipment	(1,875,417)	--	--	--	--	(1,875,417)	--		--	--	--	--	(1,875,417)
Impairment of oil and gas wells and equipment	(259,658)	31,695	(756,406)[5]	--	575,788	(408,581)	--		--	--	--	--	(408,581)
Total 12-31-2021	152,868,537	(15,546,568)	5,896,482	--	(3,390,274)	139,828,177	70,244,412		(4,355,729)	(1,236,821)	7,104,802	71,756,664	68,071,513

(1) Includes 1,332,760 for net decreases transferred to assets classified as held for sale (Note 13.d). Includes 3,560 for decreases of asset retirement obligations.
(2) Includes 1,796,442 for increases of asset retirement obligations.
(3) Depreciation has been calculated following the unit-of-production method (Note 2.11).
(4) Includes 209,105 charged to the result of discontinued operations (Note 13.d).
(5) Includes 564,686 charged to the result of discontinued operations (Note 13.d).

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e) Property, plant and equipment (cont.)

	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 (5)	Accumulated at the end of the year	Net book value 12-31-2020
Land	128,933	--	--	--	--	128,933	--	--	--	--	--	--	128,933
Buildings	3,673,963	--	590	--	--	3,674,553	2,205,769	2.00%	--	--	52,703	2,258,472	1,416,081
Cement facilities and operating equipment	22,187,969	2,270	4,589	--	(124,824)	22,070,004	11,199,007	3.33%	2,521	(124,815)	580,787	11,657,500	10,412,504
Oil and gas wells and equipment	58,091,805	637,353	2,179,090	1,618,795	(472,056)	62,054,987	43,102,054	(2)	468,028	(440,226)	3,764,413	46,894,269	15,160,718
Tools	49,722	5	2,279	--	--	52,006	46,667	20.00%	3	--	4,303	50,973	1,033
Furniture and fixtures	694,460	7,251	50,576	245	--	752,532	563,702	10.00%	4,874	--	42,422	610,998	141,534
Vehicles	1,400,237	10,340	17,894	--	(8,749)	1,419,722	1,072,114	20.00%	12,004	(2,438)	107,244	1,188,924	230,798
Quarries	1,556,451	--	514,482	3,992	--	2,074,925	221,193	2.50% 5.00%	--	--	61,186	282,379	1,792,546
Wind farm facilities	21,700,205	283,511	23,419	23,155,337	--	45,162,472	687,412	4.00%	95,570	--	1,738,309	2,521,291	42,641,181
Work in progress	23,398,901	627,315	11,062,497	(24,810,032)	(680,060)	9,598,621	--	--	--	--	--	--	9,598,621
Mineral property	7,848,508	134,686	--	31,663	--	8,014,857	4,165,156	(2)	113,303	--	501,147	4,779,606	3,235,251
Subtotal	140,731,154	1,702,731	13,855,416	--	(1,285,689)	155,003,612	63,263,074		696,303	(567,479)	6,852,514	70,244,412	84,759,200
Impairment of cement facilities and equipment	(1,875,417)	--	--	--	--	(1,875,417)	--		--	--	--	--	(1,875,417)
Impairment of oil and gas wells and equipment	(216,861)	(811)	(41,986)	--	--	(259,658)	--		--	--	--	--	(259,658)
Total 12-31-2020	138,638,876	1,701,920	13,813,430	--	(1,285,689)	152,868,537	63,263,074		696,303	(567,479)	6,852,514	70,244,412	82,624,125

(1) Includes 777,078 for increases of asset retirement obligations.
(2) Depreciation has been calculated following the unit-of-production method (Note 2.11).
(3) Includes increases for 345,600 related to borrowing costs attributed to long term construction of property, plant and equipment, and 7,860 related to amortization of right of use assets.
(4) Includes 9,143 of decreases of asset retirement obligations.
(5) Includes 368,201 charged to the result of discontinued operations (Note 13.d).

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f) Right of use assets

	2021			2020
	Land[1]	**Facilities and operating equipment**[2]	**Total**	**Total**
Net book value at the beginning	1,481,628	456,819	1,938,447	1,766,220
Cost				
Balances at the beginning	1,587,886	843,985	2,431,871	2,041,393
Increases	17,223	430,481	447,704	356,644
Decreases and reclassifications	--	(67,041)	(67,041)	(32,807)
Translation differences	(374,003)	(152,992)	(526,995)	66,641
Balances at year-end	1,231,106	1,054,433	2,285,539	2,431,871
Accumulated amortization				
Balances at the beginning	(106,258)	(387,166)	(493,424)	(275,173)
Increases[3]	(49,157)	(205,655)	(254,812)	(206,372)
Translation differences	31,316	98,396	129,712	(11,879)
Balances at year-end	(124,099)	(494,425)	(618,524)	(493,424)
Net book value at year-end	1,107,007	560,008	1,667,015	1,938,447

(1) Defined useful life 25 years.
(2) Defined useful life 2.5 - 5 years.
(3) Include 7,860 (12-31-2020) transferred to works in progress – property, plant and equipment.

g) Intangible assets[1]

	2021			2020
	Wind studies and easements	**Other**	**Total**	**Total**
Net book value at the beginning	659,270	29,694	688,964	708,169
Cost				
Balances at the beginning	683,237	158,283	841,520	835,916
Increases	12,987	7,464	20,451	4,122
Decreases[2]	(25,199)	(22,500)	(47,699)	(10,294)
Translation differences	(63,193)	--	(63,193)	11,776
Balances at year-end	607,832	143,247	751,079	841,520
Accumulated amortization				
Balances at the beginning	(23,967)	(128,589)	(152,556)	(127,747)
Increases	(21,479)	(8,183)	(29,662)	(23,414)
Translation differences	4,307	--	4,307	(1,395)
Balances at year-end	(41,139)	(136,772)	(177,911)	(152,556)
Net book value at year-end	566,693	6,475	573,168	688,964

(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.

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	12-31-2021	12-31-2020
Liabilities		
h) Accounts payable [1]		
Current		
Suppliers	2,761,563	4,481,349
Related parties (Note 7)	--	18,948
Deferred income	435,066	696,866
	3,196,629	5,197,163[1]

[1] Include 1,890,971 (12-31-2021) and 2,834,267 (12-31-2020) in foreign currency (Note 8 – see Note 2.8).

	12-31-2021	12-31-2020
i) Lease liability		
Current		
Lease liability in US$ (Note 8 – See Note 2.8)	251,562	288,353
	251,562	288,353
Non-current		
Lease liability in US$ (Note 8 – See Note 2.8)	1,476,117	1,774,313
	1,476,117	1,774,313
The lease liability evolution is set out below:		
Balances at the beginning of the year	2,062,666	1,866,647
Increases of leases	436,309	316,026
Decreases of leases	(145,514)	(32,807)
Payment of leases	(351,893)	(267,626)
Accretion of discount[1]	124,138	151,206
Translation differences	(398,027)	29,220
Balances at year-end	1,727,679	2,062,666

[1] Include 19,281 (12-31-2021) transferred to property plant and equipment.

	12-31-2021	12-31-2020
j) Loans (Note 12)		
Current		
Bank loans in US$[1] (Note 8 – See Note 2.8)	6,651,643	11,942,526
Bank loans in local currency	2,421,814	2,467,754
Corporate bonds in US$ (Note 8 – See Note 2.8)	17,194	12,329,098
Corporate bonds in local currency	1,674,312	791,900
	10,764,963[1]	27,531,278[1]

[1] Net of floating cost for 160,834 (12-31-2021) and 232,643 (12-31-2020).

	12-31-2021	12-31-2020
Non-current		
Bank loans in US$ [1] (Note 8 – See Note 2.8)	12,701,217	22,982,431
Corporate bonds in US$ (Note 8 – See Note 2.8)	18,271,594	4,620,246
Bank loans in local currency	4,118,776	109,433
	35,091,587[1]	27,712,110[1]

[1] Net of floating cost for 343,314 (12-31-2021) and 306,725 (12-31-2020).

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Note 12 includes additional information about the Group loans which evolutions is set out below:

	12-31-2021	12-31-2020
Balances at the beginning of the year	55,243,388	51,414,592
Interest loss	3,041,879	4,309,986
Financial costs capitalized (Note 2.9)	--	326,319
Foreign exchange differences and re-expression, net	(8,731,222)	1,232,619
Interest paid	(4,845,176)	(4,752,971)
Proceeds	22,557,282	20,428,178
Payment of floating costs	(309,236)	(164,317)
Net variation of account overdraft	--	(579,799)
Gain on repurchase of corporate bonds	(24,350)	--
Payments of loans	(21,076,015	(16,971,219)
Balances at the year-end	45,856,550	55,243,388

k) Taxes payable

Current		
Tax withholdings	180,960	158,537
Value added tax	198,363	782,679
Turnover tax	28,525	105,389
Miscellaneous	75,440	--
	483,288[1]	1,046,605[1]

[1] Include 158,473 (12-31-2021) and 102,100 (12-31-2020) in foreign currency (Note 8 – Note 2.8).

l) Other liabilities

Current		
Royalties payable	408,921	266,294
Sales on behalf of JO partners to be settled	374,433	418,049
JO Partners	61,261	244,862
Provision for fees to Directors (Note 7)	60,353	44,203
Dividends payable (Note 7)	672	11
Debt for business combinations and assets acquisitions	6,766	126,734
Oil contract guarantees liabilities in US$	39,558	55,240
Miscellaneous	18,547	73,655
	970,511[1]	1,229,048[1]

[1] Include 656,130 (12-31-2021) y 1,109,303 (12-31-2020) in foreign currency (Note 8 – See Note 2.8).

Non current		
Oil contract guarantees liabilities in US$ (Note 8 – See Note 2.8)	--	48,895
	--	48,895

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m) Provisions and allowances

	2021					2020
	Balances at the beginning of the year	**Restatement of beginning balances and translation adjustment**	**Increases**	**Decreases and reclassifications**	**Balances at year- end**	**Balances at year- end**
Deducted from current assets:						
Allowance for doubtful accounts receivable	(74,850)	27,223	(12,172)	--	(59,799)	(74,850)
	(74,850)	27,223	(12,172)	--	(59,799)	(74,850)
Deducted from non-current assets:						
Allowance for doubtful accounts receivable	(305,313)	55,835	(10,557)	--	(260,035)	(305,313)
Allowance for doubtful other receivables	(87,324)	50,471	(268,642)	48,653	(256,842)	(87,324)
Allowance for obsolescence idle items	(488,340)	29,796	(183,518)	416,569	(225,493)	(488,340)
Impairment of Property, plant and equipment	(2,135,075)	31,695	(756,406)	575,788	(2,283,998)	(2,135,075)
	(3,016,052)	167,797	(1,219,123)	1,041,010	(3,026,368)	(3,016,052)
Total 12-31-2021	(3,090,902)	195,020	(1,231,295)	1,041,010	(3,086,167)	
Total 12-31-2020	(3,449,828)	92,743	(254,920)	521,103		(3,090,902)
Included in current liabilities:						
Provision for claims and legal contingencies	(91,620)	26,888	(183,273)	30,082	(217,923)	(91,620)
	(91,620)	26,888	(183,273)	30,082	(217,923)	(91,620)
Included in non-current liabilities						
Provision for assets retirement obligation	(6,155,821)	363,275	(2,048,766)	714,500	(7,126,812)	(6,155,821)
	(6,155,821)	363,275	(2,048,766)	714,500	(7,126,812)	(6,155,821)
Total 12-31-2021	(6,247,441)	390,163	(2,232,039)	744,582	(7,344,735)	
Total 12-31-2020	(5,294,624)	(30,028)	(1,379,659)	456,870		(6,247,441)

(1) Include 5,561,886 (12-31-2021) and 5,035,461 (12-31-2020) in foreign currency (Note 8 – See Note 2.8).

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6. BREAKDOWN OF MAIN CAPTIONS OF THE CONSOLIDATED STATEMENT OF PROFITS OR LOSS AND OTHER COMPREHENSIVE INCOME

	2021	2020
a) Cost of sales		
Inventories at the beginning of the year	1,728,863	2,266,787
Production cost (Note 6.b)	25,905,877	22,469,227
Purchases, internal consumption, and others	(291,332)	(193,706)
Inventories at the end of the period	(1,535,010)	(1,728,863)
	25,808,398	22,813,445

(1) Finished goods, goods in process and raw materials.

b) Costs and expenses

	2021				
	Production cost	Marketing expenses	Exploration expenses	Administrative expenses	Total
Directors, statutory and audit committees fees	--	--	--	122,121	122,121
Fees and compensation for services	146,337	28,968	--	240,702	416,007
Salaries and wages	2,285,380	99,539	--	636,017	3,020,936
Employees participation in utilities	767,270	--	--	55,114	822,384
Social Security	534,980	19,603	--	144,346	698,929
Staff-related expenses	320,712	3,531	--	31,426	355,669
Marketing and advertising	1,140	1,700	--	13,690	16,530
Taxes, rates and contributions	222,565	869,194	--	43,482	1,135,241
Depreciation of property, plant and equipment	6,795,430	32,865	--	67,402	6,895,697
Amortization of right of use assets	254,812				254,812
Mobility	66,797	1,268	--	8,302	76,367
Insurance	203,024	4,841	--	6,083	213,948
Fuel and lubricants	762,335	2,032	--	2,751	767,118
Communications	42,330	1,390	--	33,032	76,752
Maintenance of machinery and other assets	1,859,658	4,565	--	98,539	1,962,762
Energy	1,020,021	96	--	1,767	1,021,884
Rentals	288,903	2,139	--	3,570	294,612
Institutional contributions	2,177	3,189	--	2,539	7,905
Third parties services	4,420,032	9,834	--	63,773	4,493,639
Freight of materials and finished goods	729,409	21	--	--	729,430
Amortization of intangible assets	29,662	--	--	--	29,662
Mining easement	233,005	--	--	--	233,005
Pipe transportation expenses	--	186,906	--	--	186,906
Environmental conservation	203,200	--	--	237	203,437
Packages	246,040	--	--	--	246,040
Dyes and additives	433,980	--	--	--	433,980
Royalties	3,861,744	--	--	--	3,861,744
Soil study expenses	--	--	1,544	--	1,544
Unproductive exploratory wells	450	--	52,957	--	53,407
Miscellaneous	174,484	37,327	--	32,626	244,437
	25,905,877	1,309,008	54,501	1,607,519	28,876,905

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	2020				
	Production cost	Marketing expenses	Exploration expenses	Administrative expenses	Total
Directors, statutory and audit committees fees	--	--	--	132,021	132,021
Fees and compensation for services	153,991	27,526	--	163,760	345,277
Salaries and wages	2,083,969	92,903	--	480,699	2,657,571
Employees participation in utilities	341,048	--	--	48,834	389,882
Social Security	461,990	16,107	--	112,213	590,310
Staff-related expenses	318,243	5,955	--	41,849	366,047
Marketing and advertising	996	1,822	--	8,469	11,287
Taxes, rates and contributions	201,856	1,089,939	53	73,978	1,365,826
Depreciation of property, plant and equipment	6,373,198	43,145	--	67,970	6,484,313
Amortization of right of use assets	198,511	--	--	--	198,511
Mobility	69,721	1,244	15	5,158	76,138
Insurance	157,941	4,294	--	7,066	169,301
Fuel and lubricants	553,866	1,195	--	2,035	557,096
Communications	53,813	3,419	--	37,047	94,279
Maintenance of machinery and other assets	1,568,017	3,681	136	164,647	1,736,481
Energy	1,006,279	94	--	1,592	1,007,965
Rentals	392,157	1,737	--	3,973	397,867
Institutional contributions	2,415	2,012	--	3,017	7,444
Third parties services	3,382,246	8,173	15	37,898	3,428,332
Freight of materials and finished goods	587,554	1,105	1,395	--	590,054
Amortization of intangible assets	23,414	--	--	--	23,414
Mining easement	283,142	--	213	--	283,355
Pipe transportation expenses	--	298,834	--	--	298,834
Environmental conservation	210,975	--	--	109	211,084
Packages	307,138	--	--	--	307,138
Dyes and additives	390,001	--	--	--	390,001
Royalties	3,204,306	--	--	--	3,204,306
Soil study expenses	--	--	143,625	--	143,625
Unproductive exploratory wells	4,509	--	4,088	--	8,597
Miscellaneous	137,931	59,147	--	32,428	229,506
	22,469,227	1,662,332	149,540	1,424,763	25,705,862

	2021	2020
	Profit (Loss)	
c) Other income and expenses, net		
Gain on property, plant and equipment sales	153	15,259
Tax on debits and credits on bank accounts	(502,155)	(578,167)
Charges related to non-productive assets	(14,695)	(28,546)
Provision for claims and contingencies	(41,795)	(56,289)
Allowance for doubtful accounts receivable and other receivables	(75,045)	96,399
Allowance for obsolescence and idle items	(183,518)	(41,636)
Reestimation of costs due to asset retirement obligations	--	408,173
Idle capacity	(8,485)	(225,926)
Miscellaneous	(149,033)	(237,990)
	(974,573)	(648,723)

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d) Financial losses, net	**2021**	**2020**
	Gain (loss)	
Financial incomes		
Gain from current investment	--	280,235
Gain on repurchase of corporate bonds	24,332	--
Foreign exchange differences, net	563,636	--
Other financial results, net	282,671	--
Total financial income	870,639	280,235
Financial cost		
Interest, net	(2,904,673)	(3,822,938)
Foreign exchange differences, net	--	(362,486)
Accretion of discount of lease liability	(124,138)	(131,924)
Other accretion of discount	(96,760)	(278,777)
Loss from exposure to changes in the purchasing power of the currency, net	(716,048)	(1,768,754)
Other financial results, net(1)	--	(1,624,603)
Total financial cost	(3,841,619)	(7,989,482)
	(2,970,980)	(7,709,247)

(1) Include 1,211,479 (2020) related to financial discount of other receivables.

7. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The balances as of December 31, 2021 and 2020 as regards to transactions with related parties to the Group, are as follows:

12-31-2021	**Other receivables**	**Other liabilities**
Related companies		
Bahía Solano S.A.(1)	343	--
Management and Shareholders	27,172	(61,025)
Total	27,515	(61,025)

12-31-2020	**Other receivables**	**Accounts payable**	**Other liabilities**
Related companies			
Rental Patagonia S.A.(1)	--	(14,643)	--
APMB Servicios y Transportes S.A. (1)	--	(3,660)	--
Bahía Solano S.A.(1)	--	(645)	--
Management and Shareholders	40,113	--	(44,214)
Total	40,113	(18,948)	(44,214)

The transactions with related parties during the years ended December 31, 2021 and 2020 are the following:

	Purchases, fees and services	
	2021	**2020**
Related companies		
Rental Patagonia S.A.(1)	(347,974)	(219,842)
APMB Servicios y Transportes S.A. (1)	(92,843)	(55,047)
Bahía Solano S.A.(1)	(4,855)	(6,365)
Management and Shareholders	(122,121)	(132,021)
Total	(567,793)	(413,275)

(1) Provision of uncovering service of the limestone quarry located in the town of Pico Truncado.

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Compensation made to key Management of the Company (including its Directors) amounted to 208,306 and 161,074 for the years ended December 31, 2021 and 2020, respectively. Such amounts totally correspond to short-term compensations.

8. ASSETS AND LIABILITIES EN FOREIGN CURRENCY

	12-31-2021				12-31-2020		
	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$	62,888	102.52	6,447,326	US$	22,648	2,869,876
Investments	US$	41,521	102.52	4,256,683	US$	30,479	3,862,192
Accounts receivable	US$	43,655	102.52	4,475,524	US$	56,421	7,149,456
Other receivables	US$	12,496	102.52	1,281,101	US$	11,150	1,412,860
Total current assets				16,460,634			15,294,384
Non-current assets							
Deferred income tax	US$	3,261	102.52	334,324	US$	6,064	768,373
Other receivables	US$	791	102.52	81,096	US$	1,014	128,525
Total non-current assets[2]				415,420			896,898
Total assets				16,876,054			16,191,282
Liabilities							
Current liabilities							
Accounts payable	US$	(18,409)	102.72	(1,890,971)	US$	(22,314)	(2,834,267)
Lease liability	US$	(2,449)	102.72	(251,562)	US$	(2,270)	(288,353)
Loans	US$	(65,909)	102.72	(6,770,182)	US$	(192,873)	(24,498,269)
Salaries and social security taxes payable	US$	(4,205)	102.72	(431,957)	US$	(3,378)	(429,011)
Taxes payable	US$	(1,543)	102.72	(158,473)	US$	(804)	(102,100)
Income tax	US$	(5,112)	102.72	(525,142)	US$	(1,929)	(245,064)
Other liabilities	US$	(6,388)	102.72	(656,130)	US$	(8,733)	(1,109,303)
Total current liabilities				(10,684,417)			(29,506,367)
Non-current liabilities							
Accounts payable	US$	(207)	102.72	(21,248)	US$	(207)	(26,262)
Lease liability	US$	(14,370)	102.72	(1,476,117)	US$	(13,969)	(1,774,313)
Loans	US$	(305,552)	102.72	(31,386,255)	US$	(219,470)	(27,876,544)
Salaries and social security taxes payable	US$	(8,327)	102.72	(855,366)	US$	(4,250)	(539,814)
Taxes payable	US$	(450)	102.72	(46,243)	--	--	--
Income tax	US$	--	--	--	US$	(709)	(90,142)
Deferred tax	US$	(9,807)	102.72	(1,007,340)	US$	(7,038)	(893,899)
Other liabilities	US$	--	--	--	US$	(385)	(48,895)
Provisions	US$	(54,146)	102.72	(5,561,886)	US$	(39,644)	(5,035,461)
Total non-current liabilities				(40,354,455)			(36,285,330)
Total liabilities				(51,038,872)			(65,791,697)
Net position				(34,162,818)			(49,600,415)

(1) Corresponds to the buying and selling exchange rate at the closing date for assets and liabilities, respectively.
(2) It include accounts receivables amounting 260,035 (12-31-2021) and 305,313 (12-31-2020) totally impaired.

9. 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, 2021, 43 members of the families Brandi and Cavallo, control the Company through direct and indirect participation of 99.97% of the Capital.

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 406,093 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

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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 217,578 out of the General purpose reserve.

On April 22, 2021, the Ordinary and Extraordinary Shareholders' Meeting approved the absorption of the negative unappropriated retained earnings as of December 31, 2020 with the Effect of IFRS transition reserve for 20,750; and the existing General purpose reserve for 133,559. Additionally, the same Shareholders' meeting decided to distribute dividends in cash for 358,334 by partially releasing the General purpose reserve.

Finally, on October 5, 2021, the General Ordinary and Extraordinary Shareholders' meeting approved the distribution of cash dividends for 316,145 by partially releasing 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.

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. Finally, on June 16, 2021, Law No. 27,630, amending the Income Tax Law for the years beginning on January 1, 2021, was published in the Official Gazette, which maintains the 7% rate on the distribution of dividends.

10. INCOME TAX

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

	Balance at the beginning	**Translation, restatement effects and transfers**	**Charges of the year[1]**	**Balance at year-end**
Deferred tax assets, net				
Non-deductible provisions and others	768,604	(571,786)	137,671	334,489
12-31-2021	768,604	(571,786)	137,671	334,489
12-31-2020	1,041,415	16,594	(289,405)	768,604
Deferred tax liability, net				
Property, plant and equipment	(7,475,502)	862,534	(933,414)	(7,546,382)
Tax loss carryfoward[2]	3,604,575	(429,044)	(2,923,903)	251,628
Financial costs capitalized	(60,475)	--	(65,346)	(125,821)
Tax benefits	(14,558)	4,911	(5,904)	(15,551)
Non-deductible provisions and others	1,071,644	32,192	(210,295)	893,541
Earnings of foreing companies	(893,899)	249,821	(351,686)	(995,764)
Deferred tax inflation adjustment	(4,390,171)	1,061,521	146,524	(3,182,126)
12-31-2021	(8,158,386)	1,781,935	(4,344,024)	(10,720,475)
12-31-2020	(6,302,267)	(473,457)	(1,382,662)	(8,158,386)

[1] Includes 476,086 (loss) (12-31-2021) charged to the result of discontinued operations (Note 13.d)
[2] The carryforward losses have maturity 130,677 /2025), 737 (2028), 92 (2029) and 120,122 (2030). For companies ruled by 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:

	2021	2020
Net income before income tax	11,017,144	2,523,627
Applicable tax rate	35%[(1)]	30%
Tax rate applied to net income before income tax	(3,856,000)	(757,088)
Permanent differences at the tax rate		
- Non-deductible expenses	(19,084)	97,766
- Effect of the tax reform (Note 2.10)	(2,657,509)	(113,754)
- Differences of rates	1,810,562	117,060
- Non-recoverable tax loss carryforwards	--	(20,809)
- Result from exposure to changes in the purchasing power of the currency and remeasurement to functional currency	3,295,742	411,815
- Tax inflation adjustment	(5,557,793)	(2,239,892)
Total Income tax charge	(6,984,082)	(2,504,902)
- Current tax charge	(3,253,815)	(832,835)
- Deferred tax charge	(3,730,267)	(1,672,067)
Total Income tax charge	(6,984,082)	(2,504,902)

(1) Scale of 25% to 35% (Note 2.10).

11. 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.

- 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.

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Balance as of December 31, 2021

	Oil and Gas Argentina	Oil Ecuador	Cement	Concrete blocks and dry mortars	Renewable resources	Central administration (1)(2)	Consolidation adjustments	Total
Revenue	16,440,448	10,318,898	7,438,300	748,085	9,067,492	--	(79,380)	43,933,843
Other expenses – impairment of property, plant and equipment	(191,720)	--	--	--	--	--	--	(191,720)
Operating income	2,093,992	4,543,358	1,285,915	48,386	6,177,137	(160,664)	--	13,988,124
Total Assets	14,222,237	13,325,131	13,712,274	1,737,740	50,441,943	9,831,348(1)	--	103,270,673
Total Liabilities	6,501,553	5,687,727	2,961,009	183,989	38,852,204	20,176,636	--	74,363,118
Acquisition of property, plant and equipment	2,945,943	1,132,620	499,012	15,267	340,334	161,108(2)	--	5,094,284
Depreciation of property, plant and equipment	(2,779,501)	(1,465,349)	(631,595)	(61,889)	(1,899,776)	(57,587)	--	(6,895,697)

(1) Includes 1,332,760 of assets classified as held for sale (Note 13.d).
(2) Includes 38,290 of property, plant and equipment acquisitions related to assets classified as held for sale (Note 13.d).

Balance as of December 31, 2020

	Oil and Gas Argentina	Oil Ecuador	Cement	Concrete blocks and dry mortars	Renewable resources	Central administration (1)(2)	Consolidation adjustments	Total
Revenue	14,766,241	6,679,481	6,955,701	536,525	8,057,844	--	(64,115)	36,931,677
Operating income	2,210,829	1,743,986	1,116,762	18,220	5,171,236	(28.159)	--	10,232,874
Total Assets	14,080,536	12,113,006	13,655,216	1,755,868	64,292,833	7,162,432(1)	(2,652)	113,057,239
Total Liabilities	5,362,051	5,315,339	3,244,555	220,781	50,751,525	16,437,634(1)	(2,652)	81,329,233
Acquisition of property, plant and equipment	655,577	2,190,928	43,328	2,340	7,974,011	711,830(2)	--	11,578,014
Depreciation of property, plant and equipment	(2,630,016)	(1,323,265)	(662,931)	(62,564)	(1,749,122)	(56,415)	--	(6,484,313)

(1) Includes 4,179,251 and 320,614 of assets and liabilities, respectively, classified as held for sale (Note 13.d).
(2) Includes 640,722 of property, plant and equipment acquisitions related to assets classified as held for sale (Note 13.d).

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, 2021 and 2020, 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, 2021:

	Argentina	Ecuador	Chile	Uruguay	Consolidation adjustments	Total
Revenue from sales of goods	23,740,652	--	1,309,759	--	(569,947)	24,480,464
Revenue from provision of services	135,851	10,111,023	--	207,875	--	10,454,749
Revenue from generation of electrical energy	8,998,630	--	--	--	--	8,998,630
Non-current assets	65,573,870	5,401,597	27,676	163,368	--	71,166,511

Balance as of December 31, 2020:

	Argentina	Ecuador	Chile	Uruguay	Consolidation adjustments	Total
Revenue from sales of goods	21,883,074	--	1,054,226	--	(767,756)	22,169,544
Revenue from provision of services	88,921	6,665,321	--	14,160	--	6,768,402
Revenue from generation of electrical energy	7,993,730	--	--	--	--	7,993,730

	Argentina	Ecuador	Chile	Uruguay	Colombia	Consolidation adjustments	Total
Non-current assets	76,177,726	7,171,678	29,560	--	3,593,985	(10,977)	86,961,972

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Balance as of December 31, 2021:

	Local market	Export	Total
Gas	1,813,197	--	1,813,197
Oil[(1)]	24,934,436	--	24,934,436
Cement	5,894,137	1,299,285	7,193,422
Concrete blocks and dry mortars	822,645	10,474	833,119
Renewable energy	8,998,630	--	8,998,630
Other goods and services	161,039	--	161,039
Total	42,624,084	1,309,759	43,933,843

Balance as of December 31, 2020:

	Local market	Export	Total
Gas	1,694,223	--	1,694,223
Oil[(1)]	19,751,498	--	19,751,498
Cement	5,762,746	1,045,796	6,808,542
Concrete blocks and dry mortars	528,093	8,430	536,523
Renewable energy	7,993,730	--	7,993,730
Other goods and services	147,161	--	147,161
Total	35,877,451	1,054,226	36,931,677

[(1)] Include 10,111,023 and 6,666,321 of Revenue from services rendered by the Oil Ecuador segment for the years ended December 31, 2021 and 2020, respectively.

In fiscal years ended December 31, 2021 and 2020, approximately 9,838 million and 12,924 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 22% and 35% respectively, of the Group’s total revenue.

Additionally, during the same fiscal years, revenues from sales of goods were recorded for approximately 8,495 million and 7,419 million, respectively to CAMMESA, which are included in the renewable energy segment, representing approximately 19% and 20%, respectively, of the Group's total sales revenue.

Likewise, during the same fiscal years, revenue was recorded for approximately 10,111 million and 6,665 million, respectively, related to companies controlled by the Ecuadorian government, which are included in the Oil Ecuador segment, representing approximately 23% and 18%, respectively, of the Group’s total revenue.

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12. LOANS

a. Bank debt

Outstanding bank borrowings as of December 31, 2021 are detailed below:

Subscription date	Parties	Currency	Amount[1]	Installments	Final maturity	Interest rate	Principal and interest balances as of	
							12-31-2021	12-31-2020
06-22-2016	PCR - Industrial and Commercial Bank of China (Argentina) S.A.	US$	30,000,000	15 quarterly, equal and consecutive installments	June-2021	Nominal annual fixed interest rate 6.75%	--	509,008
06-29-2017	PCR - BBVA Francés S.A. Bank	US$	20,000,000	15 quarterly, equal and consecutive installments	June -2022	Nominal annual fixed interest rate 4.85%	564,947	1,582,848
10-6-2017	PCR - BBVA Francés S.A. Bank	US$	5,000,000	15 quarterly, equal and consecutive installments	October-2022	Nominal annual fixed interest rate 5.5%	244,924	477,908
10-9-2017	PCR - BBVA Francés S.A. Bank	US$	15,000,000	15 quarterly, equal and consecutive installments	October-2022	Nominal annual fixed interest rate 5.5%	734,440	1,433,725
08-28-2018	PCR - 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	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%	--	3,984,626
01-02-2019	PCR - BBVA Francés S.A. Bank	US$	20,000,000	9 quarterly, equal and consecutive installments	January-2022	Nominal annual fixed interest rate 8,75%	229,908	1,421,125
01-03-2019	PCR - Industrial and Commercial Bank of China (Argentina) S.A.	US$	30,000,000	9 quarterly, equal and consecutive installments	January-2022	Annual nominal variable based on Libor adjusted for tax effects + 6.25%	347,263	2,143,943
05-30-2019	PCR - HSBC Bank Argentina S.A. [2]	US$	10,000,000	9 quarterly, equal and consecutive installments	June-2022	Nominal annual fixed interest rate 9%	228,653	846,156
07-02-2019	PCR - Santander Río S.A. Bank[2]	US$	20,000,000	7 quarterly and consecutive installments	March-2022	Nominal annual fixed interest rate 9%	293,631	1,814,981
07-05-2019	PCR - Itaú Unibanco S.A. sucursal Nassau Bank[2]	US$	64,000,000	14,000,000 in 6 monthly, equal and consecutive installments	July-2024	Annual based on Libor + 4.5% payable monthly	1,090,066	1,388,127
				50,000,000 in 32 monthly, equal and consecutive installments			3,893,091	4,957,596
07-5-2019	PCR - Itaú Unibanco S.A. sucursal Nassau(Bank[3]	US$	10,000,000[3]	1 installment	July-2022	Annual based on Libor + 4.5% payable monthly	1,030,602	1,274,113
12-20-2019	PCR - Banco BBVA Argentina S.A. [2]	AR$	410,981,207	8 quarterly, equal and consecutive installments	December-2021	Badlar + 10%	--	120,141

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Subscription date	Parties	Currency	Amount[(1)]	Installments	Final maturity	Interest rate	Principal and interest balances as of 12-31-2021	Principal and interest balances as of 12-31-2020
01-02-2020	PCR - Banco de Galicia y Buenos Aires S.A.U.	AR$	1,607,704,923 [(2)]	1 installment	January-2021	Badlar + 9% adjusted for tax effects	--	1,339,486
03-27-2020 Addendum extending final maturity: 03-19-2021	PCR - PCR - Patagonia S.A. Bank	AR$	953,114,609	1 installment	March-2021	Original: TM20[(4)] + 8% adjusted for tax effects Addendum: Extended period First interest payment: 41.77113%; TM20 + 3.7% adjusted for tax effects for following periods	507,478	762,248
04-14-2020	PCR - BBVA Argentina S.A. Bank	AR$	544,655,310	8 quarterly, equal and consecutive installments	April-2022	Nominal annual fixed interest rate 34%. TM20 + 10% since the second period of interests until maturity	78,902	354,568
01-21-2021	PCR – Banco de Galicia y Buenos Aires S.A.U., Industrial and Commercial Bank of China (Argentina ("ICBC") y Banco Santander Río S.A.	US$	Up to AR$ amount equivalent to US$ 60 million	Quaterly installments since January-2022	January-2024	Badlar adjusted + 8% Disbursements from 07-21-2021 6.5%	5,954,708	--
12-23-2021	PCR – Banco Ciudad de Buenos Aires	US$	5.000.000	3 semiannual installmets from Decemeber-2022	December - 2023	3.7%	514,069	--
10-12-2018	PEBSA - : (i) IDB Invest por sí, y en representación y calidad de Agente del IDB, (ii) KFW, (iii) KFW IPEX-BANK GMBH, y (iv) EKF EKF [(5)]	US$	Up to US$ 108 million	[(5)]	[(5)]	[(5)]	10,180,768	13,091,545
Total							25,893,450	37,502,144

(1) Amounts 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$20 million.
(5) On October 12, 2018, PEBSA, a company indirectly controlled by the Company, entered into a loan agreement to finance the construction, operation and maintenance of the Parque Eólico del Bicentenario with a generating capacity of 125.2 MW, which includes the acquisition and installation of 35 V117 wind turbines of 3.6 MW and associated transmission facilities to be located in the province of Santa Cruz, Argentina (the "Project"). Such financing has been granted by: (i) Inter-American Investment Corporation ("IDB Invest") by itself, and in representation and as "Agent" of the Inter-American Development Bank ("IDB"), (ii) KFW, (iii) KFW IPEX-BANK GMBH (the "EKF Agent"), and (iv) EKF DENMARK'S EXPORT CREDIT AGENCY ("EKF") (the "Creditors") for a total amount of up to US$ 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

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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 was that the guarantees granted by PCR in favor of the Creditors were canceled, leaving only their recourse against PEBSA.

In relation to the mentioned above 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 would be 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. The current Corporate Bonds which have been issued under the Program are detailed in the schedule below.

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.

On the other hand, on October 28, 2021 Luz de Tres Picos S.A. issued, within the framework of its Corporate Bonds Program (not convertible into shares) for up to US$100 million (or its equivalent in other currencies), Corporate Bonds Class 1, as detailed in the table below. The aforementioned issuance consists of the first placement of a green bond of the Group, listed in the panel of Green and Sustainable Social Bonds (SVS) of Bolsas y Mercados Argentinos S.A. (BYMA).

Issuance date	Company	Class	Currency and Principal amount		Installments	Final maturity	Interest rate	Principal and interest balances as of	
								12-31-2021	12-31-2020
02-17-2020	PCR	Clase 2[(1)]	US$	37.0 million	One	February-2021	9%	--	4,721,430
02-17-2020	PCR	Clase 3	US$	11.2 million	One	February-2021	8.10%	--	1,440,198
02-17-2020	PCR	Clase 4	AR$	985,9 million	One	February-2021	Badlar + 6.5%	--	791,900
06-18-2020	PCR	Clase 5[(2)]	US$	48.6 million	One	December-2021	3,25%	--	6,171,726
10-27-2020	PCR	Clase A	US$	36.3 million	One	October-2023	4%	3,744,886	4,615,990
01-22-2021	PCR	Clase D[(1)]	US$	30.0 million	One	January-2023	9%	3,097,424	--
03-15-2021 y 05-31-2021	PCR	Clase E	US$	32.7 million	One	March-2024	4.75%	3,337,946	--
03-15-2021	PCR	Clase F	AR$	1418 million	One	March-2022	Badlar + 4%	1,078,029	--
05-31-2021	PCR	Clase G	AR$	720 million	One	May-2022	Badlar + 4.5%	596,282	--
12-17-2021	PCR	Clase H	US$	50.0 million	One	December-2024	0.99%	5,084,917	--
10-28-2021	LTP	Clase 1	US$	30 million	One	October-2024	0%	3,023,616	--
								19,963,100	17,741,244

(1) Within the foreign exchange regulations scheme established by BCRA through the Communication "A" 7106 mentioned in Note 13, on January 22, 2021, the Company completed the plan for refinancing 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 million. The issuance included the subscription of the Corporate Bonds Class D in kind,

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through the delivery of the Corporate Bonds Class 2 of those holders who have chosen the Par Option (for a nominal value of US$ 18.9 million), as well as the subscription through new money (face value of US$ 11.2 million).

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 payment of at least 40% of the principal of the Corporate Bonds Class 2), using for such payment the new funds obtained in cash (new money).

(2) During the period between June 7 and December 31, 2021, PCR acquired US$ 28,514,476 of face value of its Class 5 Corporate Bonds which maturity operated on December 23, 2021. The difference between the book value recorded at the acquisition date and the purchase price amounting 24,332 was charged to Financial results, net of the consolidated statement of profit and loss and other comprehensive income. Repurchases have been performed with Group's own funds.

13. CLAIMS, CONTINGENCIES, COMMITMENTS, REGULATORY MATTERS, ECONOMIC SITUATION AND OTHERS

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. Contingent assets

As of December 31, 2021 the Company, through its subsidiaries Petroriva S.A. and PCR Investments S.A., has the following contingent assets that will be booked as long as the favorable resolution of the contingency is virtually certain.

Fuel price

In March 2002, the companies Petroriva y Fosforocomp 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.

After a new meeting held in March 2021, PCR decided to initiate an international arbitration claim, from which the issue ceases to be exclusive to the Ecuadorian subsidiaries and becomes a contingent matter for PCR.

In October 2021, the judicial attorney of EP Petroecuador requested a reassessment of the required obligation in order to proceed with the payment. On October 27, 2021, the Civil Judge appointed an expert, who presented the settlement report for US$ 1.97 million.

On October 30, 2021, Petróleos Sud Americanos del Ecuador Petrolamerec S.A., assigned all of its rights to arbitration award 012-02 in favor of Fosforocomp.

On November 16, 2021, the Judge approved the report presented by the expert and ordered payment within 24 hours. After the deadline, EP Petroecuador requested an additional term. The Judge requested to establish a reason for Petroecuador’s non-compliance. Petroecuador repeated the request for an additional term and requested bank account information to proceed with the deposit. Through an order dated January 10, 2022, the judge reconfirmed non-compliance with the deadline.

Despite the time elapsed since the judge's last ruling which has reiterated Petroecuador's obligation to comply with the payment ordered, as of the date of these financial statements Petroecuador has not proceeded with the payment.

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. On March 16, 2021, the company answered the lawsuit and the Court set a new meeting for June 22, 2021. The MERNNR requested a deferral and a new meeting was set for August 31, 2021. However, the MERNNR did respond, so the Court took for granted the abandonment of the appeal.

Until the date of issuance of this report, there has been no progress in the aforementioned process.

c. Contractual commitments

In addition to the contracts and commitments mentioned in notes 12 and 13.d, 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. 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 Mineral 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.

“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 mineral property under Property, plant and equipment.

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

Total investments performed in the area during 2018 and 2021 added up to US$ 15.2 million (PCR share). On September 24, 2021, the Undersecretary of Hydrocarbons and Mining accepted the new Investment Proposal presented by the JO, which has already begun to be executed. Said Proposal includes drilling of wells during the years 2021 to 2024, workovers in 2022, drilling of exploratory wells, carrying out technical studies for a possible secondary recovery project, studies of formations and evaluation of abandoned wells for the purpose of a possible reactivation or abandonment for a total amount of US$ 17.02 million to be executed between 2022 and 2025 (PCR share).

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 mineral property under Property, plant and equipment.

Likewise, PCR assumed the commitment to carry out a plan for development, exploitation and repairs in the area for the sum of US$ 23.7 million (at the percentage of participation of PCR). During the years 2018 to 2021, investments were made for US$ 10.3 million (at the percentage of participation of PCR) in the area. The plan approved to be executed during fiscal year 2022 amounts to US$ 5.9 million (PCR share).

"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 mineral property under Property, plant and equipment in the fiscal year 2011.

In May 2021, the Company submitted an application to the Mendoza Hydrocarbons Directorate to obtain a second extension of the exploitation concession for the El Sosneado area, beginning in 2025, for an additional 10-year extension (until the year 2035). Although the process is in an advanced stage, as of the date of issuance of these financial statements, the Provincial Decree approving the requested extension has not yet been issued.

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In December 2021, the Company presented a project within the framework of the “Mendoza Activa Hidrocarburos II” Contest in Province of Mendoza, which objective is to grant tax credits to operating companies and/or holders of exploration permits and concessions of exploitation of hydrocarbons that present projects for putting new wells into production, reactivation and/or optimization of existing wells, and may include the abandonment of wells within the investment. The project presented by the Company consists of drilling wells, abandonments, repairs, etc. at the El Sosneado area. As of the date hereof, the project presented already has favorable technical and economic-financial resolutions, and the Company is awaiting its approval.

“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 reserves due to unproductive investments, during fiscal year 2021 the Group has recorded a provision for impairment of property, plant and equipment corresponding to the area for 102,720, 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, 2021 amounted to 12.3% 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.

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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 "Intracampos 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.

During the years 2019 to 2021, investments amounting US$ 2.5 million and US$ 2.2 million have been performed in the Sahino and Arazá Blocks, respectively, which involved activities of geochemical acquisition, reprocessing of seismic information, cartographic survey, seismic interpretation and evaluation of potential areas to locate exploratory wells. As of the date of issuance of these financial statements, the reforms to the 2021 budget and the 2022 budget are pending approval.

El Difícil (Colombia)

On July 4, 2017 PCR Investments S.A. (former Dutmy S.A.), a company controlled by PCR, signed with Petróleos Sud Americanos S.A. ("PS") a contract for the acquisition, through its Colombia Branch, 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, PCR Investments 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, PCR Investments S.A. was obliged to disburse an additional US $ 1 million in favor of PS, in the event that said mandatory exploratory program was 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 recorded a provision for impairment of property, plant and equipment in the area for 41,986 charged to Loss from discontinued operations 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.

On April 30, 2021, the Board of Directors of PCR Investments S.A. decided to grant a special mandate in favor of PS, in order for it to carry out all the necessary activities to find potential investors interested in acquiring 100% of the participation in Agreement, as well as define and negotiate the terms and conditions of the potential sale of the Branch's participation in the Agreement. The mandate was signed on May 25, 2021.

As a result of the sale decision taken by both partners regarding their shares in the Agreement, during the second quarter of fiscal year 2021, and with the aim of completing the sale transaction of the shares in the short term, PS signed non-disclosure agreements and advanced in due diligence processes with several interested investors.

Finally, on December 29, 2021, PCRI entered into an assignment agreement with Frontera Petroleum International Holdings B.V. ("Frontera"), whereby PCRI will transfer to Frontera (or to whom it designates as beneficiary) its interest in the "El Difícil" Block (35%), for a total cash consideration of approximately US$ 13 million to be cancelled on the closing date, once corresponding conditions set forth in the agreement are fulfilled. On February 22, 2022 Frontera designated its subsidiary, Frontera Energy Colombia Corp., as the beneficiary of the transferred of interest above mentioned. It is expected that the aforementioned transfer will be effective during the second half of 2022 as it is subject to the usual closing conditions, and in particular to the approval of the transaction by the ANH.

As of December 31, 2021, the Group classified its interest in the Agreement as assets held for sale, since it expects to recover its value through a sale transaction instead of its continuous use. For this same reason, and based on the price finally agreed with Frontera, the Group recorded an impairment of its property, plant and equipment classified as held for sale for 564,686, which was charged to the result of discontinued operations in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2021.

Main assets classified as held for sale related to discontinued operations are as follows:

	12-31-2021
Assets	
Property, plant and equipment	1,332,760
Total assets classified as held for sale	1,332,760

Likewise, as of December 31, 2021, the result of discontinued operations was segregated in the statement of profit or loss and other comprehensive income with retroactive effect. The details are set out below:

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	12-31-2021	12-31-2020
Revenue	680,533	829,796
Cost of sales	(425,957)	(658,184)
Gross profit	254,576	171,612
Marketing expenses	(17,464)	(24,702)
Exploration expenses	(500,231)	(194,832)
Administrative expenses	(138,569)	(142,152)
Other expenses - Impairment of property, plant and equipment	(564,686)	(41,986)
Other expenses, net	(227,448)	2,353
Financial losses, net	12,313	61,679
Loss of discontinued operations before income tax	(1,181,509)	(168,028)
Income tax of discontinued operations	(476,086)	3,494
Net loss of discontinued operations attributable to the owners of the Company	(1,657,595)	(164,534)
Other comprehensive (loss) income	(644,591)	1,169,717
Total comprehensive income of discontinued operations	(2,302,186)	1,005,183

Net cash flows attributable to discontinued operations are as follows:

	12-31-2021	12-31-2020
Net cash inflow (outflow) from operating activities	255,252	(374,126)
Net cash outflow from investing activities	(156,791)	(640,722)
Net cash (outflow) inflow from financing activities	(11)	1,230,102
Net increase in cash and cash equivalents	98,450	215,254

e. 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), 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.

Luz de Tres Picos S.A.

Within the RenovAr Program (Round 2, Phase 2), on July 12, 2018, LTP, 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, LTP 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 LTP 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 46 million as guarantee of payment and compliance with the contract.

During the last quarter of 2019 LTP performed 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.

Priority dispatch of energy from renewable sources

In September 2021, the Group, through LTP, participated in a public tender organized by CAMMESA, to obtain dispatch priority in the Term Market for Renewable Energies (“MATER”). On November 5, 2021, and within the framework of the aforementioned tender, the company was awarded with a dispatch priority of 14 MWh of wind power for the expansion of the San Jorge and El Mataco wind farm for 35 MWh (“Mataco III”).

Likewise, in the aforementioned bidding process, GEAR III, also a subsidiary of the PCR Group, was awarded priority dispatch for 31.2 MWh in the MATER for the development of the “Vivoratá” Wind Farm, located in the Province of Buenos Aires. On November 11, 2021, GEAR III assigned its rights and obligations under the above-mentioned project in favor of LTP, which is advancing in the execution of said new project for a total of 50 MWh. The above mentioned assignment and change of ownership in favor of LTP was notified to CAMMESA on December 1, 2021. Likewise, in order to obtain the change of ownership in the National Registry of Renewable Energy Projects (RENPER), the registration process within the National Energy Secretariat began on December 2, 2021. To date, said registration is in process.

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f. Financial and economic context in which the Group operates

The appearance of the coronavirus SARS-CoV-2 ("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.

Following the actions taken 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. This period was extended until December 31, 2021 through Decree No. 167/2021. 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) 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.

The measures approved by the Argentine government and their corresponding effects have become more flexible and have been mostly eliminated as of the date of issuance of these financial statements.

Although the oil and gas and renewable energy generation businesses have not suffered any significant negative impacts, in 2020 the cement business showed a decrease in demand as a result of the paralysis of the construction sector, which led to the consequent drop in sales. As of the second quarter 2020, the business recovered, increasing our accumulated shipments of cement, which during 2021 grew 6.2% compared to fiscal year 2020, although they remain 16.4% below 2019, prior to the pandemic.

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

Within the scenario described above, the Group mantains 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 equity, financial situation, results and cash flows, depending on the changes and modifications that may occur.

g. Access to the Free and Single Foreign Exchange Market ("MULC" for its acronyms in Spanish)

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) 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 capital services of financial indebtedness abroad. 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 capital maturities scheduled between October 15, 2020 and March 31, 2021 by: (i) financial indebtedness with the outside of the non-financial private sector with a creditor that is not a related counterpart of the debtor; (ii) financial indebtedness with the outside 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 capital must be, as a minimum, refinanced with a new external debt with an average life of 2 years.

The abovementioned shall not apply when: (i) it is a question of 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 capital 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 to be registered between January 1, 2021 and March 31, 2021, it must be submitted at least 30 calendar days before the maturity of the capital 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 consolidated debt 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 change offer and the new financing described in Note 12.

At the same time, the Federal Administration of Public Revenues (AFIP) issued RG No. 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 No. 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. 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 to transfer negotiable securities, acquired with settlement in national currency, to foreign depository entities; and (iii) established a minimum period of permanence, 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, subject to certain exceptions.

Likewise, on February 25, 2021, the BCRA issued Communication “A” 7230, extending the terms established in Communication 7106 for those who register scheduled capital maturities between April 1 and December 31, 2021. The refinancing plan had to be submitted to the BCRA before March 15, 2021 for capital 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 “A” 7106 was increased from US$ 1 million to US $ 2 million.

US$ 3.3 million of PCR's total consolidated debt which expiration date operated in September 2021, was affected by the BCRA new regulation. Nevertheless, the referred debt was refinanced on June 2021 into two equal and consecutive installments expiring on September and October 2021.

Finally, on December 9, 2021, the BCRA issued communication “A” 7416 extending until June 30, 2022 the exchange provisions regarding the payment of imports of goods and refinancing of debt securities in foreign currency and other liabilities referred to in Communication “A” 7030 and its updates. The extension had no impact over the Group’s transactions.

14. 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

	12-31-2021				
	Financial assets at amortized cost	**Financial assets at fair value through profit or loss**	**Financial assets subtotal**	**Non-financial assets**	**Total**
Cash and banks	6,686,376	--	6,686,376	--	6,686,376
Investments	3,783,628	9,917,165	13,700,793	--	13,700,793
Accounts receivable(2)	4,602,778	--	4,602,778	--	4,602,778
Other receivables(1)	851,051	--	851,051	2,042,434	2,893,485
Other financial assets	--	24,035	24,035	--	24,035
Total	15,923,833	9,941,200	25,865,033	2,042,434	27,907,467

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

	12-31-2020				
	Financial assets at amortized cost	**Financial assets at fair value through profit or loss**	**Financial assets subtotal**	**Non-financial assets**	**Total**
Cash and banks	3,059,243	--	3,059,243	--	3,059,243
Investments	3,156,832	4,896,094	8,052,926	--	8,052,926
Accounts receivable(2)	7,454,524	--	7,454,524	--	7,454,524
Other receivables(1)	1,005,354	--	1,005,354	3,756,310	4,761,664
Other financial assets	--	4,137	4,137	--	4,137
Total	14,675,953	4,900,231	19,576,184	3,756,310	23,332,494

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

Liabilities

	12-31-2021		
	Financial liabilities at amortized cost	**Non-financial liabilities**	**Total**
Accounts payable	2,782,811	435,066	3,217,877
Lease liability	1,727,679	--	1,727,679
Loans	45,856,550	--	45,856,550
Other liabilities	970,511	--	970,511
Total	51,337,551	435,066	51,772,617

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President

	12-31-2020		
	Financial liabilities at amortized cost	Non-financial liabilities	Total
Accounts payable	4,526,559	696,866	5,223,425
Lease liability	2,062,666	--	2,062,666
Loans	55,243,388	--	55,243,388
Other liabilities	1,277,943	--	1,277,943
Total	63,110,556	696,866	63,807,422

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

2021	Financial Assets / Liabilities at amortized cost	Financial Assets / Liabilities at fair value through other comprehensive income	Non-financial Assets/ Liabilities	Total
Interest, net	(3,791,053)	1,019,506	(133,126)	(2,904,673)
Foreign exchange differences, net	485,768	--	77,868	563,636
Accretion of discount of lease liability	(124,138)	--	--	(124,138)
Others Accretion of discount	--	--	(96,760)	(96,760)
Gain on repurchase of corporate bonds	24,332	--	--	24,332
Loss from exposure to changes in the purchasing power of the currency, net	(706,819)	--	(9,229)	(716,048)
Other financial results, net	(59,914)	22,052	320,533	282,671
	(4,171,824)	1,041,558	159,286	(2,970,980)

2020	Financial Assets / Liabilities at amortized cost	Financial Assets / Liabilities at fair value through other comprehensive income	Non-financial Assets/ Liabilities	Total
Gain on current investment	--	280,235	--	280,235
Interest, net	(4,253,283)	658,068	(227,723)	(3,822,938)
Foreign exchange differences, net	269,979	--	(632,465)	(362,486)
Accretion of discount of lease liability	(131,924)	--	--	(131,924)
Others Accretion of discount	--	--	(278,777)	(278,777)
Loss from exposure to changes in the purchasing power of the currency, net	(2,643,840)	--	875,086	(1,768,754)
Other financial results, net	(572,819)	(10,546)	(1,041,238)	(1,624,603)
	(7,331,887)	927,757	(1,305,117)	(7,709,247)

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President

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%	(2,161,668)

(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, 2021 include (a) “Project Finance” type loan maturing in 2033 (Note 12); (b) loans with local and international financial institutions to finance working capital and investment needs; (c) corporate bonds issued in local markets (Note 12). Financial assets as of December 31, 2021 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, 2021 and 2020 depending on the type of interest rate that the corresponding loans bear is as follows:

	12-31-2021	**12-31-2020**
Fixed interest rate	29,133,050	37,501,348
Variable interest rate	16,723,500	17,742,040
Total	45,856,550	55,243,388

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President

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, 2021 and 2020 amounts to 5.13% and 5.50%, respectively.

For loans in dollars, the variable rate at December 31, 2021 and 2020 corresponds to LIBOR plus an average margin of 4.83% and 5.0%, respectively.

For loans in pesos, the variable interest rate as of December 31, 2021 and 2020 corresponds to the BADLAR rate plus an average margin of 10.78% and 7.43%, 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.

		2021		2020	
	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	(58,323)	(58,323)	(23,625)	(23,625)
	-100	58,323	58,323	23,625	23,625
Loans in US$	+100	(56,872)	(57,857)	(67,312)	(64,286)
	-100	56,872	57,857	67,312	64,286

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, 2021 are displayed below:

	Maturities				
	2022	**2023**	**2024**	**Following years**	**Total**
Financial assets					
Investments	13,700,793	--	--	--	13,700,793
Accounts receivable	4,602,778	--	--	--	4,602,778
Other receivables	695,950	155,101	--	--	851,051
Other financial assets	--	--	24,035	--	24,035
Financial Liabilities					
Accounts payable	2,782,811	--	--	--	2,782,811
Lease liability	251,562	236,719	192,212	1,047,186	1,727,679
Loans	10,764,963	12,944,98	14,001,240	8,145,359	45,856,550
Other liabilities	970,511	--	--	--	970,511

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.

Note 5.m includes the allowances for doubtful accounts as of December 31, 2021 and 2020. 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 2021
Cash and banks	6,686,376
Investments	13,700,793
Accounts receivable	4,602,778
Other receivables	851,051

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 12) and equity (Note 9). The Group is not subject to any capital requirement imposed by third parties, except for what is mentioned in Note 12.

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President

15. SUBSEQUENT EVENTS

Shareholders' meeting

On January 5, 2022, the General Ordinary and Extraordinary Shareholders' meeting approved the distribution of cash dividends for 631,364 (AR$ 8.76 per share) by partially releasing the General purpose reserve.

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, 2021, if applicable, have not been considered in accordance with applicable IFRS.

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 statutory and regulatory 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

1. Opinion

We have audited the consolidated financial statements of Petroquímica Comodoro Rivadavia S.A. (the Company) and its subsidiaries (as detailed in note 2.4 to these consolidated financial statements) (together, the Group), which comprise the consolidated balance sheet as of December 31, 2021, 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 15.

In our opinion, the accompanying consolidated financial statements as of December 31, 2021, present fairly, in all material respects, the financial position of Petroquímica Comodoro Rivadavia S.A. and its subsidiaries as of December 31, 2021, 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 in relation to 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 Argentina, 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 13.d 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 evaluated 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 evaluated 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 tested the accuracy and completeness of the disclosures in the consolidated financial statements.

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

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 ISA 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 ISA, 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. <u>Other matter</u>

As stated in 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 in Spanish and prepared in accordance with International Financial Reporting Standards as filed with the Argentine Securities Commission ("CNV").

Autonomous City of Buenos Aires, Argentina
March 11, 2022

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 statutory and regulatory 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, 2021.

b) Consolidated income statement and other comprehensive income for the year ended December 31, 2021.

c) Consolidated statement of changes in net equity for the year ended December 31, 2021.

d) Consolidated statement of cash flows for the year ended December 31, 2021.

e) Notes 1 to 15, corresponding to the year ended December 31, 2021.

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 11, 2022 in accordance with RT No. 32 and other resolutions issued by the FACPCE. Such standard requires 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, 2020, 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, 2021 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, 2021 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, 2021 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 11, 2022

Dr. Jorge Luis Diez
Statutory Audit Committe