



**TRANSPORTADORA DE GAS DEL SUR S.A.
FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021**

INDEX

01. ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021

02. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Statements of comprehensive income

Statements of financial position

Statements of changes in equity

Statements of cash flows

Notes to the condensed interim consolidated financial statements

03. INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

TRANSPORTADORA DE GAS DEL SUR S.A.

ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021 ⁽¹⁾

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the Company's consolidated financial statements as of September 30, 2021 and December 31, 2020, and for the nine-month periods ended September 30, 2021 and 2020. These condensed interim consolidated financial statements have been prepared in accordance with and complied with IAS 34 issued by the International Accounting Standards Board ("IASB") adopted by the Comisión Nacional de Valores ("CNV") through the provisions of Title IV, Chapter I, Section I, Article 1 – B.1 of the Rules of the CNV ("New Text 2013" or "NT 2013").

The condensed interim consolidated financial statements of the Company for the nine-month periods ended September 30, 2021, 2020, 2019 and 2018 have been subject to a limited review performed jointly by Price Waterhouse & Co. S.R.L. and Pistrelli, Henry Martin and Asociados S.R.L.

Effects of inflation

On December 3, 2018, Law No. 27,468 was enacted, sanctioned on November 15, 2018 by the National Argentine Congress. Among other measures, this law abolishes Presidential Decree No. 1,269/02 —amended by Presidential Decree No. 664/2003 — through which the controlling entities (among them the CNV) had been instructed not to accept inflation adjusted financial statements. On December 26, 2018, the CNV issued Resolution No. 777/2018, by virtue of which it instructs companies that offer their shares to the public to apply the financial statements restatement method to a stable currency in line with the provisions of IAS 29 "Financial Reporting in Hyperinflationary Economies".

In accordance with such standards, the restatement of financial statements was restarted as from July 1, 2018. In line with the restatement method, non-currency assets and liabilities are restated by an overall price index issued by the Argentine Federation of Professional Councils in Economic Sciences ("Argentine Federation") since their acquisition date or last inflation adjustment (March 1, 2003).

Likewise, comparative information included in the financial statements has also been restated, but this fact has not modified the decisions based on the financial information corresponding to those fiscal years.

For further information, see "Note 4. Significant Accounting Policies – d) Restatement to constant currency – Comparative Information" to the consolidated financial statements as of December 31, 2020.

Rounding

Certain figures included in this press release have been rounded for ease of presentation. Percentage figures included in this press release have not, in all cases, been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this report may vary from those obtained by performing the same calculations using the figures in our Financial Statements. Certain numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them due to rounding.

⁽¹⁾ Not covered by Auditor's Limited Review of Interim Financial Information, except for items 3, 4, 5, 6 and 8.

1. Results of operations

The following table presents a summary of the consolidated results of operations for the nine-month periods ended September 30, 2021 ("9M2021") and September 30, 2020 ("9M2020"):

	9M2021	9M2020	Variation	
	(in millions of pesos)			
				%
Revenues	57,724	58,254	(530)	(1%)
Natural Gas Transportation	17,163	25,107	(7,944)	(32%)
Natural Gas Liquids ("Liquids") production and commercialization	34,688	28,351	6,337	22%
Other services ⁽¹⁾	5,873	4,796	1,077	22%
Cost of sales	(30,790)	(28,733)	(2,057)	7%
Operating costs	(24,749)	(22,854)	(1,895)	8%
Depreciation	(6,041)	(5,879)	(162)	3%
Gross profit	26,934	29,521	(2,587)	(9%)
Administrative and selling expenses	(4,713)	(5,153)	440	(9%)
Other operating results	134	103	31	30%
Operating profit	22,356	24,472	(2,116)	(9%)
Net financial results	(757)	(10,236)	9,479	(93%)
Share of profit loss from associates	11	25	(14)	(56%)
Income tax expense	(8,747)	(4,903)	(3,844)	78%
Total comprehensive income	12,863	9,358	3,505	37%

⁽¹⁾ Includes net revenues from Telecommunications and Midstream services.

Activities of the Company in 9M2021 and 9M2020

Revenues

Revenues for 9M2021 decreased by Ps. 530 million compared to 9M2020, mainly as a consequence of the decrease in revenues from Natural Gas Transportation, an effect partially offset by the increase in revenues from the Production and Commercialization of Liquids and Other services segments.

Natural Gas Transportation

During 9M2021 revenues from the Natural Gas Transportation business segment accounted for 30% of **tgs** total revenues (43% for 9M2020). 82% of the total revenues corresponded to firm contracted capacity services (81% for 9M2020).

Revenues from the Natural Gas Transportation segment during 9M2021 reached Ps. 17,163 million (Ps. 25,107 million in 9M2020). The decrease of Ps. 7,944 million is mainly due to the lack of tariff adjustment, where the latest was granted by ENARGAS in April 2019, which failed to offset the impact of inflation.

After the public hearing held on March 16, 2021 for the purpose of considering the transitional tariff regime in accordance with the provisions of Decree No. 1,020/2020, and after having received in April 2021 from ENARGAS a definitive consolidated draft of a Transitory Renegotiation Agreement -which was timely rejected by **tgs**-, on June 2, 2021, Resolution No. 149/2021 was issued by ENARGAS ("Resolution 149") approving the Transitional Tariff Regime (the "Transitional Regime").

The Transitional Regime, effective as of the date of issuance of Resolution 149: (i) does not grant a transitory tariff increase for the Company, but rather states that current tariff charts in place since April 1, 2019 remain unchanged; (ii) states that from its effective date - and until the Final Renegotiation Agreement is in force - ENARGAS may adjust **tgs'** tariffs starting April 1, 2022; (iii) it does not establish a mandatory investment plan for **tgs** and, (iv) it prohibits the distribution of dividends, any early cancellation of financial and commercial debts contracted with shareholders, as well as the acquisition of other companies or granting of loans.

Subsequently, and in order to protect the interests of its shareholders, in July 2021 **tgs** files an administrative claim to the Executive Branch, the National Ministry of Economy and ENARGAS, challenging and requesting the nullity of the different regulations established in the Transitional Regime, the lack of tariff increase in a context of increasing operating costs and

the restrictions imposed on the management and administration of the Company, among other issues, requesting the nullity of the Transitional Regime be declared and the Comprehensive Tariff Review reestablished.

Liquids Production and Commercialization

During 9M2021, the Liquids Production and Commercialization business segment represented 60% of tgs' total revenues (49% for 9M2020).

Revenues derived from the Liquid Production and Commercialization segment amounted to Ps. 34,688 million in 9M2021 (Ps 7,944 million higher than those recorded in 9M2020). This increase is mainly due to: higher international reference prices and volumes of propane sold in the local market. These effects were partially offset by the decrease in the volumes exported and the ethane, the negative variation in the exchange rate measured in constant Argentine pesos, and the premiums obtained for exports.

Total volumes dispatched, in total terms, decreased by 64,117 short tons (7%) compared to 9M2020.

	2021	2020	Variation	
	(in short tons)			%
Local market				
Ethane	275,443	284,576	(9,133)	(3%)
Propane	211,976	190,938	21,037	11%
Butane	158,335	159,114	(778)	(0%)
Subtotal local market	645,754	634,628	11,126	2%
Foreign market				
Propane	89,380	142,299	(52,919)	(37%)
Butane	55,946	66,741	(10,795)	(16%)
Natural Gasoline	95,065	106,594	(11,529)	(11%)
Subtotal foreign market	240,391	315,634	(75,243)	(24%)
Total	886,144	950,262	(64,117)	(7%)

Other Services

Revenues derived from the Other Services segment increased Ps. 1,077 million in 9M2021 compared to the same period of 2020. This increase is due to higher revenues corresponding to: (i) transportation and conditioning services for natural gas in Vaca Muerta; (ii) compression and treatment of natural gas and (iii) other midstream services. These effects were partially offset by lower telecommunications and operation and maintenance services provided.

Cost of sales and administrative and selling expenses

Cost of sales, administrative and selling expenses corresponding to 9M2021 increased by Ps. 1,617 million compared to 9M2020. This variation is mainly due to the increase in the cost of natural gas processed at the Cerri Complex (increase in the price, measured in constant Argentine pesos), in the expenses of repair and maintenance of property, plant and equipment and in their depreciation. These effects were partially offset by a decrease in provisions for doubtful accounts (recover in 2021 vs. charge in 2020) and the fees and services received from third parties.

The following table shows the main components of operating costs, administrative and commercialization expenses and comparisons for 9M2021 and 9M2020:

Concept	2021		2020		Variation	
	MM of Arg. Ps.	% / Total	MM of Arg. Ps.	% / Total	MM of Arg. Ps.	% / Total
Natural Gas Purchase	15,192	43%	13,636	40%	1,556	11%
Labor costs	4,595	13%	4,577	14%	18	0%
Taxes, fees and contributions	3,342	9%	3,310	10%	32	1%
Repair and maintenance	2,372	7%	1,816	5%	556	31%
Other fees and third party services	2,705	8%	3,025	9%	(320)	(11%)
Depreciations	6,479	18%	6,224	18%	255	4%
Doubtful accounts	(60)	0%	281	1%	(341)	100%
Other charges	878	2%	1,017	3%	(139)	(14%)
Total	35,503		33,886		1,617	

Other operating results

The other operating results recorded a positive variation of Ps. 31 million mainly as a result of the recognition of the collections received for insurance recovery, this effect was partially offset by higher provision for contingencies charge.

Net financial results

In 9M2021, the financial results showed a positive variation of Ps. 9,479 million with respect to 9M2020. The breakdown of net financial results is as follows:

	2021	2020
	(in millions of pesos)	
Financial income		
Interest income	561	533
Foreign exchange gain	4,366	4,326
Subtotal	4,927	4,859
Financial expenses		
Interest expense	(3,091)	(3,418)
Foreign exchange loss	(9,255)	(15,083)
Subtotal	(12,346)	(18,501)
Other financial expenses		
Acquisition of notes results	(267)	547
Derivative financial instruments result	-	431
Fair value gain / (loss) on financial instruments through profit or loss	30	(3,682)
Other financial charges	(322)	(392)
Subtotal	(558)	(3,096)
Gain on net monetary position	7,221	6,503
Total	(757)	(10,236)

This positive variation is mainly due to the lower net foreign exchange losses, generated as a consequence of the reduction in the net liability position during 9M2021 and the lower loss generated by the operations carried out with financial assets measured at fair value. These effects were partially offset by the result from the repurchase of notes (loss in 2021 vs gain in 2020) and the gain recorded in 9M2020 from operations with derivative financial instruments.

Income tax

The income tax charge increased by Ps. 3,844 million mainly as a consequence of the increase in the applicable tax rate after the enactment of "Law No. 27,630: Modifies the income tax law" which, among other issues, introduces a modification in the income tax rate applying for fiscal years beginning as of January 1, 2021, inclusive. The modification establishes a tiered system of rates in three segments according to the level of accumulated taxable net profit: a first step of 25% for accumulated net profits of up to Ps. 5 million; the second step of 30% for accumulated net earnings of between Ps. 5 and Ps. 50 million; and a last segment of 35% for accumulated net earnings over Ps. 50 million.

This effect was partially offset by the recognition, in accordance with IFRS, of the tax loss carryforward generated by the Company.

2. Liquidity

The Company's primary sources and application of funds during 9M2021 and 9M2020 are shown in the table below:

	2021	2020	Variation
	(in million of pesos)		
Cash flows provided by operating activities	19,158	31,594	(12,436)
Cash flows used in investing activities	(21,743)	(31,036)	9,293
Cash flows used in financial activities	(633)	(6,635)	6,002
Net decrease in cash and cash equivalents	(3,218)	(6,077)	2,859
Cash and cash equivalents at the beginning of the year	6,373	18,208	(11,835)
Foreign exchange gains on Cash and cash equivalents	293	207	86
Monetary result effect on Cash and cash equivalents	(1,442)	(2,484)	1,042
Cash and cash equivalents at the end of the period	2,007	9,854	(7,848)

During 9M2021, the net decrease in cash and cash equivalents was Ps. 3,218 million.

Regarding the cash flow used in financing activities, it decreased by Ps. 6,002 million as a result of: (i) payments made in 2020 for the acquisition of treasury shares, (ii) the lower cancellation of financial debts and (iii) the lower repurchase of notes made in 9M2021.

On the other hand, the cash flow provided by operations had a decrease of Ps. 12,436 million, derived from higher income tax payments, the drop in operating profit before depreciation and lower collections of derivative financial instruments.

Cash flow used in investing activities decreased by Ps. 9,293 million mainly driven by the decrease in funds allocated to the acquisition of financial assets not considered cash equivalents and lower capital expenditures.

3. Third quarter 2021 ("3Q2021") vs Third quarter 2020 ("3Q2020")

The following table presents a summary of the consolidated results of operations for 3Q2021 and 3Q2020:

	2021	2020	Variation	
	(in millions of pesos)			%
Revenues	17,963	19,588	(1,625)	(8%)
Natural Gas transportation	5,140	7,579	(2,439)	(32%)
Liquids production and commercialization	10,585	10,354	231	2%
Other services ⁽¹⁾	2,238	1,655	583	35%
Cost of sales	(11,220)	(9,925)	(1,295)	13%
Operating costs	(9,195)	(7,897)	(1,298)	16%
Depreciation	(2,025)	(2,028)	3	(0%)
Gross profit	6,743	9,663	(2,920)	(30%)
Administrative and selling expenses	(1,526)	(1,353)	(173)	13%
Other expense, net	(71)	(35)	(36)	103%
Operating profit	5,147	8,275	(3,128)	(38%)
Share of profit from associates	9	3	6	200%
Net financial results	578	(6,423)	7,001	(109%)
Income tax expense	(1,319)	(1,262)	(57)	5%
Total comprehensive income	4,415	593	3,822	645%

⁽¹⁾ Includes net revenues of Telecommunication and Midstream segments.

During 3Q2021, the Company obtained comprehensive income of Ps. 4,415 million, compared to comprehensive income of Ps. 593 million obtained in the same period of 2020.

Total revenues for 3Q2021 decreased by Ps. 1,625 million compared to the same period of the previous year.

Revenues from the Natural Gas Transportation segment in 3Q2021 decreased by Ps. 2,439 million, compared to 3Q2020. The negative variation was due to the lack of tariff increase of

the applicable tariffs (the last increase was on April 1, 2019) and the negative effect that the variation in the Consumer Price Index had on inflation-adjusted revenues.

Revenues from the Liquids Production and Commercialization segment increased by Ps. 231 million in 3Q2021, mainly as a consequence of the positive variation in international prices. These effects were partially offset by lower export volumes and ethane sold in the local market.

Total volumes dispatched from the Cerri Complex decreased by 25% or 88,339 short tons, highlighting the drop in exports given the greater availability of natural gas and the decrease in local demand recorded in 3Q2020 due to the COVID effect and in the volumes of ethane dispatched by the less product took by PBB Polisor SRL given the impossibility of the client to take product in its production plant.

The breakdown of volumes dispatched by market and product and revenues by market is included below:

	2021	2020	Variation	
		(in short tons)		%
Local market				
Ethane	87,865	111,356	(23,491)	(21%)
Propane	81,463	81,859	(396)	(0%)
Butane	60,965	61,149	(184)	(0%)
Subtotal local market	230,294	254,364	(24,071)	(9%)
Foreign market				
Propane	6,494	41,456	(34,962)	(84%)
Butane	2,723	31,138	(28,416)	(91%)
Natural Gasoline	28,870	29,761	(890)	(3%)
Subtotal foreign market	38,087	102,355	(64,268)	(63%)
Total	268,380	356,719	(88,339)	(25%)

The Other Services segment reported an increase of Ps. 583 million, mainly explained by higher services of: (i) natural gas transportation and conditioning services in Vaca Muerta, (ii) natural gas treatment and compression services and (iii) construction services provided through the TGS – SACDE joint venture. These effects were partially offset by the negative impact of the evolution of the exchange rate adjusted for inflation.

Cost of sales and administrative and commercialization expenses for 3Q2021 amounted to Ps. 12,745 million (compared to Ps. 11,278 million in 3Q2020), representing an increase of Ps. 1,467 million. This variation is mainly due to the increase in: (i) natural gas costs processed at the Cerri Complex, (ii) repair and maintenance expenses of Property, plant and equipment, (iii) labor costs and (iv) higher taxes, fees and contributions (mainly due to higher tax on exports due to an increase in the applicable rate).

The following table shows the main components of operating costs, administrative and commercialization expenses and their main variations for 3Q2021 and 3Q2020:

Concept	2021		2020		Variation	
	MM of \$	% / Total	MM of \$	% / Total	MM of \$	% / Total
Natural Gas Purchase	6,008	47%	5,222	47%	786	15%
Labor costs	1,652	13%	1,490	13%	162	11%
Taxes, fees and contributions	1,048	8%	938	8%	110	12%
Repair and maintenance	821	6%	273	2%	548	201%
Other fees and third party services	712	6%	961	9%	(249)	(26%)
Doubtful accounts	0	0%	(34)	0%	34	n/a
Depreciation	2,180	17%	2,148	19%	32	1%
Other charges	324	3%	280	2%	44	16%
Total	12,745		11,278		1,467	

Other negative operating results in 3Q2021 recorded a negative variation of Ps. 36 million, mainly as a consequence of higher provisions for contingencies.

In 3Q2021, financial results suffered a positive variation of Ps. 7,001 million, compared to those registered in the 2020 period. This variation is mainly due to the lower negative result obtained by the change in the fair value of financial assets and the lower net foreign exchange losses. These effects were offset by the effect of the gain on net monetary position due to the lower net liability position.

4. Consolidated Financial Position Summary

Summary of the consolidated financial position information as of September 30, 2021 and December 31, 2020, 2019, 2018 and 2017:

	09/30/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
	(in thousands of pesos)				
Non-current assets	156,397,399	154,481,772	139,210,144	111,231,343	98,280,797
Current assets	27,737,220	21,638,399	39,043,615	66,439,038	30,371,706
Total assets	184,134,619	176,120,171	178,253,759	177,670,381	128,652,503
Shareholders' equity	103,291,554	90,428,678	89,654,137	88,759,988	72,509,083
Minority interest	48	42	52	30	34
Total shareholders equity	103,291,602	90,428,720	89,654,189	88,760,018	72,509,117
Non-current liabilities	64,631,909	74,584,613	73,772,272	68,412,550	36,358,826
Current liabilities	16,211,108	11,106,838	14,827,298	20,497,813	19,784,560
Total liabilities	80,843,017	85,691,451	88,599,570	88,910,363	56,143,386
Total	184,134,619	176,120,171	178,253,759	177,670,381	128,652,503

5. Consolidated Comprehensive Income Summary

Summary of the consolidated comprehensive income information for the nine-month periods ended September 30, 2021, 2020, 2019 and 2018:

	2021	2020	2019	2018
	(in thousands of Argentine pesos)			
Operating profit	22,356,187	24,471,997	20,310,400	23,435,625
Net financial results	(756,745)	(10,235,981)	(4,656,348)	(11,183,402)
Share of gain / (loss) from associates	10,512	25,067	(23,392)	(19,999)
Net income before income tax	21,609,954	14,261,083	15,630,660	12,232,224
Income tax expense	(8,747,072)	(4,902,650)	(4,161,080)	(4,719,424)
Total comprehensive income for the period	12,862,882	9,358,433	11,469,580	7,512,800
Total comprehensive income attributable to:				
Owners of the Company	12,862,876	9,358,419	11,469,565	7,512,794
Non-controlling interests	6	14	15	6
Total comprehensive income for the period	12,862,882	9,358,433	11,469,580	7,512,800

6. Consolidated Cash Flow Summary

Summary of the consolidated cash flow information for the nine-month periods ended September 30, 2021, 2020, 2019 and 2018:

	2021	2020	2019	2018
	(in thousands of Argentine Pesos)			
Cash flows provided by operating activities	19,158,031	31,593,637	16,401,521	16,640,049
Cash flows used in investing activities	(21,742,837)	(31,035,847)	(38,224,587)	(6,612,248)
Cash flows used in financing activities	(632,922)	(6,634,821)	(21,224,640)	6,814,440
Net decrease in cash and cash equivalents	(3,217,728)	(6,077,031)	(43,047,706)	16,842,241
Cash and cash equivalents at the beginning of the year	6,373,208	18,207,738	47,742,142	11,234,357
Foreign exchange gains on Cash and cash equivalents	293,389	207,027	7,534,049	19,694,231
Monetary result effect on Cash and cash equivalents	(1,441,508)	(2,483,882)	(8,486,613)	(7,399,547)
Cash and cash equivalents at the end of the period	2,007,361	9,853,852	3,741,872	40,371,282

7. Statistical Data (Physical units)

	Nine-month period ended September 30,					Third quarter ended September 30,				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Gas Transportation										
Average firm contracted capacity (in billions of cubic feet per day ("Bcf/d"))	2.92	2.92	2.92	2.88	2.78	2.92	2.92	2.92	2.90	2.79
Average daily deliveries (in Bcf/d)	2.46	2.29	2.40	2.57	2.45	2.85	2.59	2.64	2.87	2.66
NGL production and commercialization										
• Production										
Ethane (in short tons)	275,443	284,576	208,771	310,221	225,418	87,865	111,356	6,996	66,905	60,210
Propane (in short tons)	311,436	330,858	296,964	251,097	257,570	104,146	109,052	98,282	75,866	73,633
Butane (in short tons)	209,962	229,833	202,992	182,843	130,429	67,775	73,777	64,844	53,345	19,489
Natural Gasoline (in short tons)	88,042	103,802	97,755	99,240	87,422	27,464	31,388	29,694	25,781	24,915
• Local market sales										
Ethane (in short tons)	275,443	284,576	208,771	310,221	225,418	87,865	111,356	6,996	66,905	60,210
Propane (in short tons)	211,976	190,938	192,506	142,858	159,352	81,463	81,859	84,679	56,374	51,841
Butane (in short tons)	158,335	159,114	123,656	135,189	120,039	60,965	61,149	47,130	52,002	57,929
• Exports										
Propane (in short tons)	89,380	142,299	106,974	106,545	88,848	6,494	41,456	18,834	39,673	5,841
Butane (in short tons)	55,946	66,741	75,387	56,547	55,534	2,723	31,138	20,592	12,812	7,170
Natural Gasoline (in short tons)	95,065	106,595	93,280	95,354	85,585	28,870	29,761	28,092	26,441	22,678

8. Comparative Ratios

	2021	2020	2019	2018
Liquidity (Current assets to current liabilities)	1.71	1.95	2.63	3.24
Shareholders' equity to total liabilities	1.28	1.06	1.01	1.00
Non-current assets to total assets	0.85	0.88	0.78	0.63

9. TGS share market value in Buenos Aires Stock Exchange at closing of last business day (in Argentine Pesos per share)

	2021	2020	2019	2018	2017
January	151.65	104.30	125.85	90.05	32.40
February	138.85	93.15	114.50	83.50	36.80
March	139.10	72.15	114.10	81.75	43.90
April	139.35	101.80	90.40	78.05	46.30
May	152.20	121.50	116.35	84.30	53.30
June	156.65	114.10	124.50	69.15	56.40
July	159.05	141.35	137.20	90.95	54.00
August	192.00	123.85	94.45	98.40	61.30
September	192.00	116.60	107.10	120.05	72.00
October		152.95	121.00	103.95	76.00
November		162.50	91.70	117.00	73.85
December		154.70	108.65	111.00	83.00

10. Outlook

The future of natural gas as an essential fuel for the country's energy matrix is consolidated year after year, which will make Argentina a sustainable country with high growth. We have consolidated ourselves as an integrated service provider in the hydrocarbon industry.

Due to COVID-19, the future offers us an unprecedented scenario, and in this context, we are redoubling our efforts to guarantee the safety of all and continue to provide a reliable and excellent public service, contributing to the entire value chain of the energy sector.

Our strategy aims to position ourselves in a leading role, carrying out vital undertakings for the future of the country, thus consolidating the growth strategy with a leap of magnitude. With this objective, we are adopting an innovative vision, seeking new business opportunities for our clients with a focus on Vaca Muerta.

The current economic situation and the tariff review process faced by the authorities implies that we must continue to generate valid and constructive channels of dialogue that allow us to manage a profitable and efficient natural gas transportation business in accordance with the country's energy development, considering the needs of the internal and external demands and of our stakeholders.

In this framework, we will be attentive to the talks with the national authorities in order to advance in the concretion of the new RTI process.

In the Liquids Production and Commercialization Segment, the strategy will be aimed at optimizing the production mix that allows prioritizing those products and distribution channels that provide higher margins, and to maximizing access to the RTP at reasonable costs. For this, it will be very important to be efficient in the management of our assets, ensuring a coordinated, safe and efficient operation.

In financial terms, and given the aforementioned facts, we have made the necessary budgetary adjustments in order to preserve our financial position, make a prudent allocation of our resources, and mitigate the negative impact that the main macroeconomic variables have on our businesses and the delays in granting the tariff increases that affect our financial situation.

The impact of COVID-19 on financial markets has negatively affected the cost of loans, hedging activities and access to capital markets in general, which could limit our ability to obtain coverage or financing in a timely manner and in acceptable terms. Furthermore, the fragile economic environment in Argentina was intensified by the slowdown in economic activity caused by COVID-19 and other internal factors that may lead to an increase in the bad debt rates of our clients and their counterparts. Given our current lack of access to financial markets, we believe that we will have to rely solely on the cash flows generated by our operations to meet our working capital, debt service, and capital expenditures requirements for the foreseeable future.

As regards their daily operations, **tgs** will remain committed to continuous improvement of each of its processes to optimize the use of the resources and to reduce operating costs. To this end, the Company will carry out actions aimed at the reduction of cost without affecting the reliability and availability of the pipeline system. We will continue with the implementation of various actions, such as the standardization and systematization of risk management in pipelines, compressor stations and processing facilities. Finally, we will deepen training initiatives for the staff for technical and management training resources.

Autonomous City of Buenos Aires, November 8, 2021

Luis Alberto Fallo
Chairman of the Board of Directors

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
 (Stated in thousands of pesos as described in Note 3 except for basic and diluted earnings per share)

	Notes	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
		2021	2020	2021	2020
Revenues	9.h.	17,963,102	19,588,262	57,724,478	58,254,155
Cost of sales	9.i.	(11,220,127)	(9,925,189)	(30,789,670)	(28,732,780)
Gross profit		<u>6,742,975</u>	<u>9,663,073</u>	<u>26,934,808</u>	<u>29,521,375</u>
Administrative expenses	9.j.	(558,186)	(544,930)	(1,714,888)	(1,701,573)
Selling expenses	9.j.	(967,499)	(806,985)	(2,997,619)	(3,450,335)
Other operating results	9.l.	(70,269)	(35,738)	133,886	102,530
Operating profit		<u>5,147,021</u>	<u>8,275,420</u>	<u>22,356,187</u>	<u>24,471,997</u>
Net financial results					
Financial income	9.k.	850,432	1,696,290	4,926,848	4,859,293
Financial expenses	9.k.	(2,574,596)	(6,177,742)	(12,345,837)	(18,500,730)
Other financial results	9.k.	590,224	(4,353,031)	(558,427)	(3,096,337)
Gain on net monetary position	9.k.	1,711,880	2,411,146	7,220,671	6,501,793
Total net financial results		<u>577,940</u>	<u>(6,423,337)</u>	<u>(756,745)</u>	<u>(10,235,981)</u>
Share of gain from associates	12	<u>9,160</u>	<u>3,042</u>	<u>10,512</u>	<u>25,067</u>
Net income before income tax		<u>5,734,121</u>	<u>1,855,125</u>	<u>21,609,954</u>	<u>14,261,083</u>
Income tax	15	<u>(1,319,449)</u>	<u>(1,261,644)</u>	<u>(8,747,072)</u>	<u>(4,902,650)</u>
Net income for the period		<u>4,414,672</u>	<u>593,481</u>	<u>12,862,882</u>	<u>9,358,433</u>
Other comprehensive results		-	-	-	-
Total comprehensive income for the period		<u>4,414,672</u>	<u>593,481</u>	<u>12,862,882</u>	<u>9,358,433</u>
Net income and total comprehensive income attributable to:					
Owners of the Company		4,414,670	593,479	12,862,876	9,358,419
Non-controlling interests		<u>2</u>	<u>2</u>	<u>6</u>	<u>14</u>
		<u>4,414,672</u>	<u>593,481</u>	<u>12,862,882</u>	<u>9,358,433</u>
Total comprehensive income per share attributable to owners of the Company:					
Weighted average of outstanding ordinary shares *		752,761,058	759,616,486	752,761,058	765,727,993
Basic and diluted earnings per share		5.86	0.78	17.09	12.22

*The weighted average of the number of shares considers the effect of the weighted average of the changes originated in the transactions with treasury shares made during the year.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Luis Alberto Fallo
 Chairman of the Board of Directors

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS OF SEPTEMBER 30, 2021 AND DECEMBER 31, 2020
 (Stated in thousands of pesos as described in Note 3)

	Notes	<u>09/30/2021</u>	<u>12/31/2020</u>
ASSETS			
Non-current assets			
Property, plant and equipment	13	134,924,583	135,414,989
Investments in associates	10	186,358	175,847
Other financial assets at amortized cost	9.m.	21,254,359	18,844,057
Deferred tax assets	15	23,031	33,790
Other receivables	9.a.	9,068	13,089
Total non-current assets		<u>156,397,399</u>	<u>154,481,772</u>
Current assets			
Other receivables	9.a.	5,415,548	2,969,038
Inventories		1,352,231	782,717
Trade receivables	9.b.	8,411,448	8,419,424
Contract assets		141,884	164,336
Other financial assets at amortized cost	9.m.	2,377	25,089
Other financial assets at fair value through profit or loss	9.n.	10,406,371	2,904,587
Cash and cash equivalents	9.c.	2,007,361	6,373,208
Total current assets		<u>27,737,220</u>	<u>21,638,399</u>
Total assets		<u>184,134,619</u>	<u>176,120,171</u>
EQUITY			
Common stock		50,729,885	50,729,885
Treasury shares		2,812,525	2,812,525
Cost of acquisition of treasury shares		(5,088,703)	(5,088,703)
Additional paid-up capital		(1,476,189)	(1,476,189)
Legal reserve		5,003,328	4,778,292
Reserve for capital expenditures, acquisition of treasury shares and/or dividends		38,447,832	34,172,170
Accumulated retained earnings		12,862,876	4,500,698
Non-controlling interests		48	42
Total equity		<u>103,291,602</u>	<u>90,428,720</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	15	9,747,536	10,235,227
Contract liabilities	9.d.	5,219,946	5,549,709
Loans	14	49,664,427	58,799,677
Total non-current liabilities		<u>64,631,909</u>	<u>74,584,613</u>
Current liabilities			
Provisions	16	1,144,700	1,178,800
Contract liabilities	9.d.	449,024	435,506
Other payables	9.e.	313,282	413,577
Taxes payables	9.f.	543,095	477,263
Income tax payable		6,298,887	1,906,712
Payroll and social security taxes payable	9.o.	1,177,567	1,572,258
Loans	14	1,922,102	1,282,975
Trade payables	9.g.	4,362,451	3,839,747
Total current liabilities		<u>16,211,108</u>	<u>11,106,838</u>
Total liabilities		<u>80,843,017</u>	<u>85,691,451</u>
Total equity and liabilities		<u>184,134,619</u>	<u>176,120,171</u>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Luis Alberto Fallo
 Chairman of the Board of Directors

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
 (Stated in thousands of pesos as described in Note 3)

	Shareholders' Contributions						Retained Earnings					Total	Non-Controlling interests	Total
	Outstanding shares		Treasury shares		Acquisition cost of treasury shares ⁽¹⁾	Trading premium of treasury shares	Subtotal	Legal reserve	Reserve for capital expenditures, acquisition of treasury shares and/or dividends	Accumulated retained earnings	Subtotal			
	Common stock	Inflation adjustment to common stock	Common stock ⁽¹⁾	Inflation adjustment to common stock ⁽¹⁾										
Balances at December 31, 2019	784,608	52,075,217	9,887	672,698	(1,362,548)	(1,476,189)	50,703,673	3,584,501	9,977,456	25,388,506	38,950,463	89,654,136	56	89,654,192
Treasury shares purchase	(28,998)	(1,812,603)	28,998	1,812,603	(3,410,925)	-	(3,410,925)	-	-	-	-	(3,410,925)	-	(3,410,925)
Resolutions of the Ordinary Shareholders' Meeting held on April 21, 2020														
Legal Reserve	-	-	-	-	-	-	-	1,193,791	-	(1,193,791)	-	-	-	-
Derecognition of reserves	-	-	-	-	-	-	-	-	(9,977,456)	9,977,456	-	-	-	-
Reserve for capital expenditures, acquisition of treasury shares and/or dividends	-	-	-	-	-	-	-	-	34,172,170	(34,172,170)	-	-	-	-
Non-Controlling interests dividends payment	-	-	-	-	-	-	-	-	-	-	-	-	(24)	(24)
Comprehensive income for the nine-month period	-	-	-	-	-	-	-	-	-	9,358,419	9,358,419	9,358,419	14	9,358,433
Balances at September 30, 2020	755,610	50,262,614	38,885	2,485,301	(4,773,473)	(1,476,189)	47,292,748	4,778,292	34,172,170	9,358,420	48,308,882	95,601,630	46	95,601,676
Treasury shares purchase	(2,849)	(285,490)	2,849	285,490	(315,230)	-	(315,230)	-	-	-	-	(315,230)	-	(315,230)
Comprehensive income for the three-month period	-	-	-	-	-	-	-	-	-	(4,857,722)	(4,857,722)	(4,857,722)	(4)	(4,857,726)
Balances at December 31, 2020	752,761	49,977,124	41,734	2,770,791	(5,088,703)	(1,476,189)	46,977,518	4,778,292	34,172,170	4,500,698	43,451,160	90,428,678	42	90,428,720
Resolutions of the Ordinary and Extraordinary Shareholders' Meeting held on April 20, 2021														
Legal Reserve	-	-	-	-	-	-	-	225,036	-	(225,036)	-	-	-	-
Derecognition of reserves	-	-	-	-	-	-	-	-	(34,172,170)	34,172,170	-	-	-	-
Reserve for capital expenditures, acquisition of treasury shares and/or dividends	-	-	-	-	-	-	-	-	38,447,832	(38,447,832)	-	-	-	-
Comprehensive income for the nine-month period	-	-	-	-	-	-	-	-	-	12,862,876	12,862,876	12,862,876	6	12,862,882
Balances at September 30, 2021	752,761	49,977,124	41,734	2,770,791	(5,088,703)	(1,476,189)	46,977,518	5,003,328	38,447,832	12,862,876	56,314,036	103,291,554	48	103,291,602

⁽¹⁾ Corresponds to 41,734,225 shares of par value Ps. 1 each, equivalent to 5.25% of the share capital. The acquisition cost of these shares amounted to Ps. 5,088,703. See Note 20.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Luis Alberto Fallo
 Chairman of the Board of Directors

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
 (Stated in thousands of pesos as described in Note 3)

	2021	2020
<u>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</u>		
Total comprehensive income for the period	12,862,882	9,358,433
Reconciliation of total comprehensive income to cash flows provided by operating activities:		
Depreciation of property, plant and equipment	6,478,442	6,223,613
Derivative financial instrument results	-	(431,111)
Disposal of property, plant and equipment	45,707	30,368
Share of gain from associates	(10,512)	(25,067)
Increase in provisions	325,424	314,535
Interest expense accrual	3,004,645	3,296,881
Interest loss on other financial assets other than cash and cash equivalents	1,160,004	4,630,528
Income tax	8,747,072	4,902,650
Allowance for doubtful accounts	(60,422)	280,444
Acquisition of notes result	266,953	(546,950)
Foreign exchange loss	5,551,815	11,909,491
Gain on the net monetary position	(8,243,035)	(6,640,956)
Changes in assets and liabilities:		
Trade receivables	(3,050,031)	348,166
Other receivables	(3,515,690)	(463,877)
Inventories	(780,729)	(47,258)
Trade payables	1,519,752	(114,273)
Contract assets	(21,894)	157,614
Payroll and social security taxes	29,579	66,349
Tax payables	207,549	(66,898)
Other payables	11,308	45,287
Provisions	(4,360)	(677)
Interest paid	(1,804,624)	(1,881,946)
Income tax paid	(3,246,007)	(968,951)
Contract liabilities	(315,797)	311,082
Derivative financial instruments payment	-	906,160
Cash flows provided by operating activities	<u>19,158,031</u>	<u>31,593,637</u>
<u>CASH FLOWS USED IN INVESTING ACTIVITIES</u>		
Additions to property, plant and equipment	(5,725,049)	(8,928,162)
Financial assets not considered cash equivalents	(16,017,788)	(22,107,685)
Cash flows used in investing activities	<u>(21,742,837)</u>	<u>(31,035,847)</u>
<u>CASH FLOWS USED IN FINANCING ACTIVITIES</u>		
Payment of loans	-	(1,854,555)
Cost of acquisition of treasury shares	-	(3,410,925)
Dividends payments	-	(24)
Cost of acquisition of Notes	(632,922)	(1,369,317)
Cash flows used in financing activities	<u>(632,922)</u>	<u>(6,634,821)</u>
<u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u>	(3,217,728)	(6,077,031)
Cash and cash equivalents at the beginning of the year	6,373,208	18,207,738
Foreign exchange gain on Cash and cash equivalents	293,389	207,027
Loss on the monetary position on Cash and cash equivalents	(1,441,508)	(2,483,882)
Cash and cash equivalents at the end of the period	<u>2,007,361</u>	<u>9,853,852</u>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.
 For further information, see Note 7.

Luis Alberto Fallo
 Chairman of the Board of Directors

1. GENERAL INFORMATION

Business Overview

Transportadora de Gas del Sur S.A. ("**tgs**" or the "Company") is one of the companies created as a result of the privatization of Gas del Estado S.E. ("GdE"). **tgs** commenced operations on December 28, 1992 and it is mainly engaged in the Transportation of Natural Gas, and Production and Commercialization of natural gas Liquids ("Liquids"). TGS's pipeline system connects major natural gas fields in southern and western Argentina with natural gas distributors and industries in those areas and in the greater Buenos Aires area. The natural gas transportation license to operate this system was exclusively granted to TGS for a period of thirty-five years ("the License"). TGS is entitled to a one-time extension of ten years provided that it has essentially met the obligations imposed by the License and by *Ente Nacional Regulador del Gas* (National Gas Regulatory Body or "ENARGAS"). The General Cerri Gas Processing Complex (the "Cerri Complex"), where TGS processes natural gas to obtain liquids, was transferred from GdE along with the gas transmission assets. TGS also provides midstream services, which mainly consist of gas treatment, removal of impurities from the natural gas stream, gas compression, wellhead gas gathering and pipeline construction, operation and maintenance services. In addition, telecommunications services are provided through the subsidiary Telcosur S.A. ("Telcosur"). These services consist of data transmission services through a network of terrestrial and digital radio relay.

Subsequently, the corporate purpose of the Company was modified in order to incorporate the development of complementary activities, incidental, linked and / or derived from natural gas transportation, such as the generation and commercialization of electric power and the provision of other services for the hydrocarbon sector in general.

Major Shareholders

tgs' controlling shareholder is Compañía de Inversiones de Energía S.A. ("CIESA"), which holds 51% of the common stock. Local and foreign investors hold the remaining ownership of TGS's common stock. CIESA is under joint control and in equal parts of: (i) Pampa Energía S.A. ("Pampa Energía") with 50%; (ii) Grupo Inversor Petroquímica S.L. (member of the GIP Group, led by the Sielecki family) and PCT L.L.C. with the remaining 50%.

The following table shows the organizational structure, shareholders and related parties of **tgs** as of September 30, 2021:

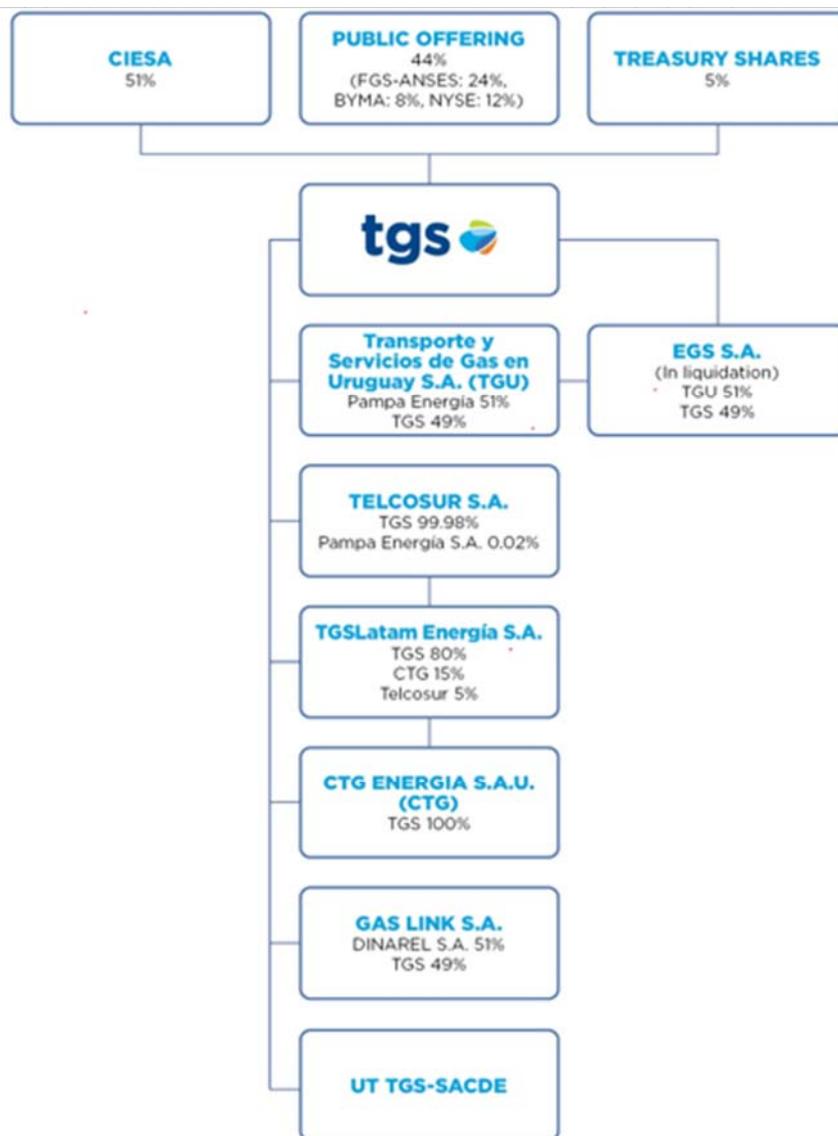
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TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)



Detailed data reflecting subsidiary control as of September 30, 2021 is as follows:

Company	Incorporation country	Closing date	Main activity
Telcosur	Argentina	December 31	Telecommunication Services
CTG	Argentina	December 31	Electrical power related services
TGSLatam	Bolivia	December 31	Hydrocarbons and electrical power services

Impact of COVID-19 (“COVID”) on tgs operations

The Company operates in an economic context whose main variables have recently had a strong volatility as a consequence of political and economic events both domestically and internationally.

As of the date of issuance of these Condensed Interim Consolidated Financial Statements, Presidential Decree No. 678/2021 is in force, by which the Executive Branch established the sanitary measures in force between October 1, 2021 and December 31, 2021. Presidential Decree No. 678/2021 continues with the gradual flexibilities introduced in previous months due to the advance of vaccination and the epidemiological situation.

Oil and gas workers were always considered essential and are exempt from the movement restrictions that have been imposed by virtue of COVID. These measures implied a readjustment of our operations to continue providing our services and executing the essential works for the operation of the facilities.

As of the date of issuance of these Condensed Interim Consolidated Financial Statements, it is not possible to foresee the impact or the duration of said situation of volatility and uncertainty, nor the effect that the measures adopted and those that may be adopted in the future may have, but they could negatively affect the results, financial situation and cash flows.

The Company's Management permanently monitors the evolution of the situations that affect its business, to determine the possible actions to be taken and to identify the possible impacts on its financial situation and the results of its operations. The Company's financial statements must be read considering all these circumstances.

2. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

tgs presents its Condensed Interim Consolidated Financial Statements for the nine-month periods ended September 30, 2021 and 2020 in accordance with Title IV, Chapter I, Section I, article 1.b.1 of CNV's regulations requiring the use of International Accounting Standard 34 (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) adopted by the CNV through NT 2013 (the “Rules”).

In these Condensed Interim Consolidated Financial Statements, **tgs** and its consolidated subsidiaries (CTG, TGS Latam and Telcosur), are jointly referred to as “**tgs**” or “the Company”.

These Condensed Interim Consolidated Financial Statements, which were approved and authorized for issuance by the Board of Directors on November 8, 2021, do not include all the information and disclosures required for annual Financial Statements, and should be read in conjunction with **tgs'** annual Financial Statements as of December 31, 2020, issued on March 9, 2021.

3. BASIS OF PRESENTATION

The CNV, in Title IV, Chapter III, Article 1 of the Rules has provided that listed companies must submit their condensed consolidated financial statements by applying Technical Resolution No. 26 (modified by Technical Resolution No. 29) of the Argentine Federation of Professional Councils of Economic Sciences (“FACPCE”), which adopts the International Financial Reporting Standards (“IFRS”) issued by the IASB, its amendments and circulars for

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TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

the adoption of IFRS that the FACPCE dictates in accordance with the provisions of that Technical Resolution.

The Company has prepared these Condensed Interim Consolidated Financial Statements in accordance with the accounting framework established by the CNV, which is based on the application of IFRS, particularly IAS 34.

The subsidiaries that reflect TGS's corporate group as of September 30, 2021 are Telcosur, CTG and TGSLatam.

For consolidation purposes for the nine-month periods ended September 30, 2021 and 2020, Telcosur's financial statements have been used at those dates. The controlled companies CTG and TGSLatam do not record operations or significant assets and liabilities as of September 30, 2021 and 2020.

The condensed interim consolidated financial statements for the nine-month periods ended September 30, 2021 and 2020 have not been audited. The Management of the Company estimates that they include all the necessary adjustments to reasonably present the results of each period in accordance with the accounting framework applied. The results of the nine-month periods ended September 30, 2021 and 2020, do not necessarily reflect the proportion of the results of the Company for the full fiscal year.

Functional and presentation currency

The condensed interim consolidated financial statements are stated in thousands of Argentine pesos ("Ps." or "pesos"), the functional currency of the Company and its subsidiaries, except TGSLatam, whose functional currency is Bolivian.

Restatement to current currency

The Condensed Interim Consolidated Financial Statements as of September 30, 2021, including comparative figures, have been restated to take into account changes in the general purchasing power of the Company's functional currency in accordance with IAS 29 "Financial information in hyperinflationary economies" ("IAS 29") and in General Resolution No. 777/2018 of the CNV, using the BCRA's Market Expectations Survey for the last month of the period, since, at the date of closing the Company's accounting books, the INDEC index was not yet available. As a result, the financial statements are expressed in the unit of measurement current at the end of the reporting period.

The variation in the consumer price index ("CPI") for the restatement of these Condensed Interim Consolidated Financial Statements was estimated at 36.96% and 22.84% for the nine-month periods ended September 30, 2021 and 2020, respectively.

Information comparability

The balances as of December 31, 2020 and September 30, 2020 that are disclosed for comparative purposes were restated in accordance with IAS 29, as mentioned above.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to these Condensed Interim Consolidated Financial Statements are consistent with those used in the financial statements for the last financial year prepared under IFRS, which ended on December 31, 2020, except for what it is mentioned below.

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TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

The new accounting standards, amendments and interpretations issued by the IASB that became effective as of January 1, 2021, have not had an impact on the Company's condensed interim consolidated financial statements.

Classification of debt as current and non-current (amendment to IAS 1)

On January 23, 2020, the IASB issued the classification of debt as current and non-current, which amends IAS 1 Presentation of Financial Statements. These amendments affect the requirements of IAS 1 for the presentation of debt.

Specifically, it clarifies the criteria for classifying debt as non-current. The date of application of the amendment was set for fiscal years beginning on or after January 1, 2023, with retroactive application. The Company is evaluating the impact of these amendments for the presentation of debt.

IAS 16 - Property, plant and equipment ("PPE")

In May 2020, the IASB issued an amendment to IAS 16 that prohibits entities from deducting from the cost of an item of PPE the revenue from the sale of items produced while bringing that asset into use. Instead, an entity shall recognize the revenue from the sale of such items, as well as the costs of production of those items, in profit or loss.

The amendment is effective for annual periods beginning on or after January 1, 2022 and should be applied retrospectively to items of PPE that are available for use from the beginning of the earliest period presented when the company first applies the amendment.

This amendment is not expected to have a significant impact on the Company.

IAS 37: Onerous Contracts: Cost of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity should include when assessing whether a contract is onerous.

These amendments clarify the meaning of "costs to fulfill a contract". Costs that relate directly to a contract for the supply of goods or services include both incremental costs and an allocation of costs directly related to contract activities.

These amendments are effective for annual reporting periods beginning on or after January 1, 2022 and are not expected to have a significant impact on the Company.

This amendment is not expected to have a significant impact on the Company.

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TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

IAS 12: "Income tax"

IAS 12 - Income Tax specifies how an entity accounts for income tax, including deferred tax, which represents tax to be paid or recovered in future periods.

The amendments clarify that the exemption defined in the standard to recognize deferred taxes when assets or liabilities are recognized for the first time is not applicable in the case of leases and provisions for decommissioning.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and early application is permitted.

This amendment is not expected to have a significant impact on the Company.

5. FINANCIAL RISK MANAGEMENT

The Company's activities and the market in which it operates expose it to a series of financial risks: market risk (including foreign exchange risk, interest rate risk, and commodity price risk), credit risk and liquidity risk.

In this sense, the Company operates in an economic context whose main variables have recently had a strong volatility as a consequence of public and economic events in the national and international scope mentioned in Note 1.

Additionally, on July 10, 2021, the *Banco Central de la República Argentina* ("BCRA") published Communication "A" 7327, by which it increases the restrictions to access to the blue chip swap transactions. In this sense, the CNV issued General Resolution No. 895/2021 by which modified the timeframe for brokers to hold certain assets and reduce the balance of foreign currency bonds settled abroad to 50,000 nominal bonds.

Subsequently, different governmental agencies continued to issue regulations that seek to regulate and establish an exchange and stock exchange system in accordance with the current macroeconomic context. As of the date of issuance of these Condensed Interim Consolidated Financial Statements, it is not possible to predict the impact that said or future regulations may have on the economic and financial situation of the Company.

The impact of COVID on financial markets has also negatively affected the cost of loans, hedging activities, liquidity and access to capital in general, which could limit our ability to obtain financing to finance our operations in a timely manner in acceptable terms. In the local market, particularly, the shares of the main listed companies, sovereign bonds and the Argentine peso experienced a sharp drop in their market value.

Due to the main impacts of the described situation detailed in Note 1 to these condensed interim consolidated financial statements, the Company has implemented a series of measures that will mitigate its impact. In this sense, the Company's Management constantly monitors the evolution of the situations that affect its business, to determine the possible actions to be taken and to identify the possible impacts on its equity and financial position. The Company considers that its current financial situation will allow it to comply, in the short term, with its commitments in foreign currency. The Company's financial statements should be read under the light of these circumstances.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Condensed Interim Consolidated Financial Statements in accordance with generally accepted accounting principles requires management to make accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. These estimates require management to make difficult, subjective or complex judgments and estimates about matters that are inherently uncertain. Management bases its estimates on various factors, including past trends, expectation of future events regarding the outcome of events and results and other assumptions that it believes are reasonable.

As mentioned in Note 19, as a consequence of the regulatory framework imposed by the Argentine Government, the tariffs determined in the Natural Gas Transportation segment will not vary during 2021. As a result, **tgs** has assessed the impairment indicators under IAS 36, as of March 31, 2021, and has performed recoverable amount tests on the Cash Generating Units ("CGU") related to the Natural Gas Transportation segment.

In the Natural Gas Transportation segment, the Company considered scenarios taking into account the transitional tariff regime mentioned above and the new estimates of macroeconomic variables.

Likewise, the Company updated its assessment of impairment indicators in accordance with IAS 36 as of September 30, 2021. The conclusion of said assessment was that no new factors were identified that negatively affect the premises underlying the recoverable value of the assets included within PPE, with respect to the last evaluation carried out, as of March 31, 2021.

According to the analysis mentioned above, the Company did not identify the need to record any impairment of Property, plant and equipment ("PPE") amounts as of September 30, 2021 in addition to what was recorded as of December 31, 2020.

7. SUPPLEMENTAL CASH FLOW INFORMATION

For purposes of the condensed interim consolidated statement of cash flows, the Company considers all highly liquid temporary investments with an original maturity of three months or less at the time of purchase to be cash equivalents. The cash flow statement has been prepared using the indirect method, which requires a series of adjustments to reconcile net income for the period to net cash flows from operating activities.

Non-cash investing and financing activities for the nine-month periods ended September 30, 2021 and 2020 are presented below:

	2021	2020
Unpaid acquisition of PPE	405,462	374,296
Principal payment of financial lease ⁽¹⁾	420,449	210,422

⁽¹⁾ Cancelled through compensation with trade receivables with the creditor. See Note 14.

Note 14 includes a reconciliation between the opening and closing balance of the financial liabilities arising from financing activities.

English translation of the original prepared in Spanish for publication in Argentina

TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

8. CONSOLIDATED BUSINESS SEGMENT INFORMATION

IFRS 8 "Operating Segments" requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. The Company's CODM is the Board of Directors.

The Company analyzes its businesses into four segments: (i) Natural Gas Transportation Services, subject to ENARGAS regulations, (ii) Liquids Production and Commercialization, (iii) Other Services including midstream, among others, and (iv) Telecommunications. These last three business segments are not regulated by ENARGAS. Liquids Production and Commercialization segment is regulated by the SE.

Detailed information on each business segment for the nine-month periods ended September 30, 2021 and 2020 is disclosed below:

Nine-month period ended September 30, 2021						
	Natural Gas Transportation	Production and Commercialization of Liquids	Other Services	Telecommunications	Eliminations	Total
Revenues	17,162,977	34,688,216	5,568,771	304,514	-	57,724,478
Intercompany revenues from sales	667,676	-	-	-	(667,676)	-
Cost of sales	(10,000,972)	(18,776,574)	(2,507,702)	(172,098)	667,676	(30,789,670)
Administrative expenses	(1,301,448)	(237,282)	(160,996)	(15,162)	-	(1,714,888)
Selling expenses	(1,205,468)	(1,384,532)	(346,900)	(60,719)	-	(2,997,619)
Other operating results	(181,950)	307,125	8,711	-	-	133,886
Operating profit	5,140,815	14,596,953	2,561,884	56,535	-	22,356,187
Depreciation of property, plant and equipment	(4,779,588)	(414,894)	(1,283,960)	-	-	(6,478,442)

Nine-month period ended September 30, 2020						
	Natural Gas Transportation	Production and Commercialization of Liquids	Other Services	Telecommunications	Eliminations	Total
Revenues	25,107,026	28,351,089	4,355,000	441,040	-	58,254,155
Intercompany revenues from sales	833,478	-	-	-	(833,478)	-
Cost of sales	(10,323,372)	(16,655,856)	(2,313,140)	(273,890)	833,478	(28,732,780)
Administrative expenses	(1,261,659)	(257,967)	(171,201)	(10,746)	-	(1,701,573)
Selling expenses	(1,546,905)	(1,543,461)	(307,237)	(52,732)	-	(3,450,335)
Other operating results	14,075	85,820	597	2,038	-	102,530
Operating profit	12,822,643	9,979,625	1,564,019	105,710	-	24,471,997
Depreciation of property, plant and equipment	(4,587,502)	(388,640)	(1,247,471)	-	-	(6,223,613)

The breakdown of revenues by market and opportunity for the nine-month periods ended September 30, 2021 and 2020 is as follows:

Nine-month period ended September 30, 2021					
	Natural Gas Transportation	Production and Commercialization of Liquids	Other Services	Telecommunications	Total
Per destination market					
External Market	-	12,354,695	-	-	12,354,695
Local Market	17,162,977	22,333,521	5,568,771	304,514	45,369,783
Total	17,162,977	34,688,216	5,568,771	304,514	57,724,478
Timing of revenue recognition:					
Over the time	17,162,977	958,565	5,568,771	304,514	23,994,827
At a point in time	-	33,729,651	-	-	33,729,651
Total	17,162,977	34,688,216	5,568,771	304,514	57,724,478

English translation of the original prepared in Spanish for publication in Argentina

TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

Nine-month period ended September 30, 2020					
	Natural Gas Transportation	Production and Commercialization of Liquids	Other Services	Telecommunications	Total
Per destination market					
External market	-	9,404,483	-	-	9,404,483
Local market	25,107,026	18,946,606	4,355,000	441,040	48,849,672
Total	25,107,026	28,351,089	4,355,000	441,040	58,254,155
Timing of revenue recognition:					
Over the time	25,107,026	1,664,167	4,355,000	441,040	31,567,233
At a point in time	-	26,686,922	-	-	26,686,922
Total	25,107,026	28,351,089	4,355,000	441,040	58,254,155

9. SUMMARY OF SIGNIFICANT STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME ITEMS

a) Other receivables

	09/30/2021		12/31/2020	
	Current	Non Current	Current	Non Current
Turnover tax credit balance	61,947	-	34,920	-
VAT credit balance	398,481	-	8,224	-
Income tax credit balance	14,561	-	-	-
Other tax receivables	37,445	1,038	19,340	2,676
Prepaid expenses	513,690	-	195,191	-
Advances to suppliers	2,620,823	-	1,730,277	-
Subsidies receivables	1,325,376	-	414,677	-
Allowance for doubtful accounts	-	-	(74,055)	-
Balances with related parties (Note 22)	-	-	115,368	-
Other Receivables UT	42,943	-	59,164	-
Others	400,282	8,030	465,932	10,413
Total	5,415,548	9,068	2,969,038	13,089

The movement of the allowance for doubtful accounts is as follows:

Balances as of 12/31/2019	-
Inflation adjustment restatement	(37,049)
Additions ⁽¹⁾	284,797
Applications	-
Decreases	-
Balances as of 09/30/2020	247,748
Inflation adjustment restatement	(23,458)
Additions ⁽¹⁾	34,840
Applications	-
Decreases ⁽¹⁾	(185,075)
Balances as of 12/31/2020	74,055
Inflation adjustment restatement	(13,633)
Additions	-
Applications	-
Decreases ⁽¹⁾	(60,422)
Balances as of 09/30/2021	-

⁽¹⁾ Included in "Selling expenses".

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION
 (Stated in thousands of pesos as described in Note 3, unless otherwise stated)

b) Trade receivables

	09/30/2021		12/31/2020	
	Current	Non Current	Current	Non Current
Commons	7,914,515	-	8,147,950	-
UT	12,787	-	-	-
Natural Gas Transportation	3,642,746	-	5,079,390	-
Production and Commercialization of Liquids	2,962,079	-	2,117,534	-
Other services	1,296,903	-	951,026	-
Related parties (Note 22)	629,454	-	452,972	-
Natural Gas Transportation	81,894	-	104,603	-
Production and Commercialization of Liquids	271,550	-	159,881	-
Other services	276,010	-	188,488	-
Allowance for doubtful accounts	(132,521)	-	(181,498)	-
Total	8,411,448	-	8,419,424	-

The movement of the allowance for doubtful accounts is as follows:

For doubtful accounts	
Balances as of 12/31/2019	251,633
Inflation adjustment restatement	(46,132)
Additions	-
Applications	-
Decreases	-
Balances as of 09/30/2020	205,501
Inflation adjustment restatement	(24,003)
Additions	-
Applications	-
Decreases	-
Balances as of 12/31/2020	181,498
Inflation adjustment restatement	(48,977)
Additions	-
Applications	-
Decreases	-
Balances as of 09/30/2021	132,521

c) Cash and cash equivalents

	09/30/2021	12/31/2020
Cash and banks	66,661	1,725,930
UT Cash and banks	132	230
Mutual funds in local currency	1,775,753	1,127,436
Mutual funds in foreign currency	-	3,219,333
Interest-bearing accounts	111,968	296,832
UT Mutual funds	52,847	3,447
Total	2,007,361	6,373,208

d) Contract Liabilities

	09/30/2021		12/31/2020	
	Current	Non Current	Current	Non Current
Natural Gas Transportation	168,103	2,959,341	168,104	3,085,429
Production and Commercialization of Liquids	114,774	454,450	93,745	543,366
Other services	150,600	1,806,155	152,364	1,920,914
UT	15,547	-	21,293	-
Total	449,024	5,219,946	435,506	5,549,709

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION
 (Stated in thousands of pesos as described in Note 3, unless otherwise stated)

e) Other payables

	09/30/2021		12/31/2020	
	Current	Non Current	Current	Non Current
UT Other liabilities	297,843	-	395,073	-
Provision for compensation for the Board of Directors and Supervisory Committee	13,558	-	15,819	-
Others	1,881	-	2,685	-
Total	313,282	-	413,577	-

f) Taxes payables

	09/30/2021		12/31/2020	
	Current	Non Current	Current	Non Current
Health and safety tax	24,510	-	17,954	-
Withholdings for income tax made to third parties	315,403	-	122,151	-
Turnover Tax	137,594	-	222,655	-
Tax on exports	53,227	-	-	-
VAT	-	-	94,835	-
Others	12,361	-	19,668	-
Total	543,095	-	477,263	-

g) Trade payables

	09/30/2021		12/31/2020	
	Current	Non Current	Current	Non Current
Suppliers	3,979,057	-	3,650,490	-
UT Suppliers	61,646	-	105,267	-
Customers (credit balances)	18,765	-	24,157	-
Related companies (Note 22)	302,983	-	59,833	-
Total	4,362,451	-	3,839,747	-

h) Revenues

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Sales of goods and services	17,095,689	19,323,713	56,286,536	57,918,724
Subsidies	867,413	264,549	1,437,942	335,431
Total	17,963,102	19,588,262	57,724,478	58,254,155

i) Cost of sales

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Inventories at the beginning of the year	801,391	937,172	782,717	573,612
Purchases	6,558,902	4,800,300	15,761,393	13,577,471
Operating costs (Note 9.j.)	5,212,065	4,701,929	15,597,791	15,095,909
Inventories at the end of the period	(1,352,231)	(514,212)	(1,352,231)	(514,212)
Total	11,220,127	9,925,189	30,789,670	28,732,780

English translation of the original prepared in Spanish for publication in Argentina

TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

j) Expenses by nature – Information required under art. 64 paragraph I, clause B) Commercial Companies Law for the nine-month periods ended September 30, 2021 and 2020

Accounts	2021					2020	
	Total	Operating expenses		Administrative expenses	Selling expenses	Financial expenses	Total
		Regulated activities	Non-regulated activities				
Salaries, wages and other compensations	3,793,151	1,641,588	1,278,628	663,971	208,964	-	3,694,739
Social security taxes	801,162	354,197	273,968	123,446	49,551	-	879,312
Compensation to Directors and Supervisory Committee	41,398	-	-	41,398	-	-	39,334
Professional services fees	318,472	17,263	16,035	272,367	12,807	-	331,404
Technical operator assistance fees	1,380,346	292,469	1,087,877	-	-	-	1,696,910
Materials	471,210	130,281	340,929	-	-	-	413,796
Third parties services	534,894	222,074	215,623	65,646	31,551	-	580,908
Telecommunications and post expenses	35,333	6,727	6,278	18,427	3,901	-	42,072
Rents	21,742	10,124	5,312	5,978	328	-	28,546
Transports and freight	166,064	95,197	68,332	2,362	173	-	161,658
Easements	108,886	100,951	7,935	-	-	-	93,715
Offices supplies	13,320	3,667	2,819	6,111	723	-	9,124
Travels expenses	32,051	17,867	5,782	6,537	1,865	-	75,727
Insurance	290,539	167,917	101,457	21,165	-	-	255,228
Property, plant and equipment maintenance	2,371,968	1,970,119	375,911	25,938	-	-	1,817,135
Depreciation of property, plant and equipment	6,478,442	4,341,872	1,698,854	437,716	-	-	6,223,613
Taxes and contributions	3,341,480	597,164	29,131	11,560	2,703,625 ⁽¹⁾	-	3,310,428 #
Advertising	37,885	-	-	-	37,885	-	106,528
Doubtful accounts	(60,422)	-	-	-	(60,422)	-	280,444
Banks expenses	7,857	-	-	7,857	-	-	23,427
Interests expense	3,090,538	-	-	-	-	3,090,538	3,418,088
Foreign exchange loss	9,255,299	-	-	-	-	9,255,299	15,082,641
Costs of services rendered to third parties	29,394	-	29,394	-	-	-	119,706
Other expenses	95,126	31,494	52,555	4,409	6,668	-	64,064
Total 2021	32,656,135	10,000,971	5,596,820	1,714,888	2,997,619	12,345,837	
Total 2020		10,323,372	4,772,537	1,701,573	3,450,335	18,500,730	38,748,547

⁽¹⁾ Includes tax on exports for Ps. 765,308 and Ps. 555,774 for the nine-month period ended September 30, 2021 and 2020.



English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION
 (Stated in thousands of pesos as described in Note 3, unless otherwise stated)

k) Net financial results

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Financial income				
Interest income	145,517	241,823	560,619	533,196
Foreign exchange gain	704,915	1,454,467	4,366,229	4,326,097
Subtotal	850,432	1,696,290	4,926,848	4,859,293
Financial expenses				
Interest expense ⁽¹⁾	(975,201)	(1,157,226)	(3,090,538)	(3,418,088)
Foreign exchange loss	(1,599,395)	(5,020,516)	(9,255,299)	(15,082,642)
Subtotal	(2,574,596)	(6,177,742)	(12,345,837)	(18,500,730)
Other financial results				
Notes repurchase results	(126,958)	-	(266,953)	546,950
Derivative financial instruments results	-	-	-	431,111
Fair value gains / (loss) on financial instruments through profit or loss	815,861	(4,234,253)	30,439	(3,682,418)
Others	(98,679)	(118,778)	(321,913)	(391,980)
Subtotal	590,224	(4,353,031)	(558,427)	(3,096,337)
Gain on net monetary position	1,711,880	2,411,146	7,220,671	6,501,793
Total	577,940	(6,423,337)	(756,745)	(10,235,981)

⁽¹⁾ It includes Ps. 206,499 and Ps. 251,859 of accrued interest corresponding to leasing liabilities, for the nine-month periods ended September 30, 2021 and 2020, respectively.

l) Other operating results, net

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Net increase in provisions ⁽¹⁾	(81,744)	(48,905)	(208,612)	(143,128)
Recovery of insurance	12,322	25,404	337,591	215,452
Others	(847)	(12,237)	4,907	30,206
Total	(70,269)	(35,738)	133,886	102,530

⁽¹⁾ Including interest and legal expenses.

m) Other financial assets at amortized cost

	09/30/2021		12/31/2020	
	Current	Non Current	Current	Non Current
Fixed term deposits in foreign currency	-	21,252,921	-	18,839,818
VRD bonds	2,377	1,438	4,169	4,239
Private debt bonds	-	-	20,920	-
Total	2,377	21,254,359	25,089	18,844,057

n) Other financial assets at fair value through profit or loss

	09/30/2021		12/31/2020	
	Current	Non Current	Current	Non Current
Public debt bonds	7,144,422	-	2,904,587	-
Private debt bonds with related parties	655,992	-	-	-
Private debt bonds	2,605,957	-	-	-
Total	10,406,371	-	2,904,587	-

English translation of the original prepared in Spanish for publication in Argentina

TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

o) Payroll and social security taxes payable

	09/30/2021		12/31/2020	
	Current	Non Current	Current	Non Current
Vacation benefit payable	566,332	-	922,454	-
Supplementary annual salary payable	105,709	-	-	-
Annual bonus payable	319,995	-	408,133	-
Social security taxes payable	183,213	-	239,518	-
UT	2,318	-	2,153	-
Total	1,177,567	-	1,572,258	-

10. INVESTMENTS IN ASSOCIATES

Name and issuer	09/30/2021			12/31/2020	
	Description of securities				
	Face value	Amount	Cost	Book value	Book value
Transporte y Servicios de Gas en Uruguay S.A.	Ps. Uru. 1	196,000	162	9,677	11,696
Emprendimientos de Gas del Sur S.A. (in liquidation)	\$1	116,130	1,803	554	671
Gas Link S.A.	\$1	502,962	7,652	176,127	163,480
Total				186,358	175,847

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION
 (Stated in thousands of pesos as described in Note 3, unless otherwise stated)

11. JOINT ARRANGEMENTS

The breakdown of the amounts included in the statements of financial position related to the Company's participation in the UT as of September 30, 2021 and December 31, 2020, and its results for the nine-month periods as of September 30, 2021 and 2020 is the following:

	09/30/2021	12/31/2020
Consolidated Statements of financial position		
Non current assets	-	-
Current assets	250,593	227,176
Total assets	250,593	227,176
Non current liabilities	-	-
Current liabilities	373,727	520,870
Total liabilities	373,727	520,870
	Nine-month periods ended September 30,	
	2021	2020
Consolidated Statements of comprehensive income / (loss)		
Gross income / (loss)	69,148	(78,025)
Operating income / (loss)	65,028	(81,091)
Net Financial results	103,073	55,830
Comprehensive income / (loss)	168,101	(25,261)

12. SHARE OF GAIN FROM ASSOCIATES

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
EGS (in liquidation)	(58)	(42)	(117)	(44)
TGU	(1,457)	(185)	(2,019)	(437)
Link	10,675	3,269	12,648	25,548
Total	9,160	3,042	10,512	25,067

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION
 (Stated in thousands of pesos as described in Note 3, unless otherwise stated)

13. PROPERTY, PLANT AND EQUIPMENT

Account	09/30/2021										12/31/2020	
	Cost					Depreciations and Impairment					Net book value	Net book value
	Beginning of the year	Additions	Retirements	Transfers	End of the period	Accumulated at the beginning of the year	Retirements	For the period	Rate %	Accumulated at the end of the period		
Pipelines	122,770,313	-	-	145,087	122,915,400	64,480,496	-	2,227,896	2.2	66,708,392	56,207,008	58,289,817
Compressor plants	52,401,726	-	-	1,537,772	53,939,498	35,290,022	-	1,686,064	3,3 a 25	36,976,086	16,963,412	17,111,704
Other plants	49,387	-	-	-	49,387	19,900	-	1,181	3.3	21,081	28,306	29,487
Stations of regulation and/or measurement of pressure	4,161,048	-	-	261,125	4,422,173	3,372,803	-	85,734	4.0	3,458,537	963,636	788,245
Other technical installations	792,564	-	-	121,630	914,194	698,310	-	14,070	6.7	712,380	201,814	94,254
Subtotal assets related to natural gas transportation service	180,175,038	-	-	2,065,614	182,240,652	103,861,531	-	4,014,945		107,876,476	74,364,176	76,313,507
Non-regulated segment Pipelines	20,208,194	-	-	45,370	20,253,564	904,665	-	503,307	2.2	1,407,972	18,845,592	19,303,529
Non-regulated segment Compressor plants	3,894,860	-	-	10,345	3,905,205	1,906,628	-	306,887	3,3 a 25	2,213,515	1,691,690	1,988,232
Non-regulated segment Other plants	35,303,429	-	-	776,146	36,079,575	20,037,665	-	683,297	3.3	20,720,962	15,358,613	15,265,764
Non-regulated segment Stations of regulation and/or measurement of pressure	1,218,757	-	-	91,482	1,310,239	128,208	-	37,906	4.0	166,114	1,144,125	1,090,549
Non-regulated segment Other technical installations	473,625	-	-	11,134	484,759	226,097	-	32,478	6.7	258,575	226,184	247,528
Subtotal assets related to Other Services and Production and Commercialization of Liquids ⁽¹⁾	61,098,865	-	-	934,477	62,033,342	23,203,263	-	1,563,875		24,767,138	37,266,204	37,895,602
Lands	660,311	-	-	-	660,311	-	-	-	-	-	660,311	660,311
Buildings and constructions	6,985,061	-	(335)	252,102	7,236,828	3,534,755	(335)	103,943	2.0	3,638,363	3,598,465	3,450,306
Fittings and features in building	491,861	-	-	(25)	491,836	231,023	-	10,622	4.0	241,645	250,191	260,838
Machinery, equipment and tools	2,183,549	62,043	-	118,048	2,363,640	1,396,985	-	156,717	6,7 a 10	1,553,702	809,938	786,564
UT Machinery, equipment and tools	1,696	-	-	-	1,696	1,696	-	-	6,7 a 10	1,696	-	-
Computers and Telecommunication systems	9,865,839	-	-	648,239	10,514,078	7,421,487	-	566,092	6,7 a 20	7,987,579	2,526,499	2,444,352
Vehicles	964,277	66,090	(24,908)	-	1,005,459	720,821	(24,908)	60,342	20	756,255	249,204	243,456
Furniture	427,746	17,258	-	38	445,042	417,237	-	1,906	10	419,143	25,899	10,509
Materials	6,493,719	1,820,844	(45,707)	(1,050,207)	7,218,649	-	-	-	-	-	7,218,649	6,493,719
Line pack	993,562	-	-	-	993,562	51,545	-	-	-	51,545	942,017	942,017
Works in progress	5,913,808	4,067,508	-	(2,968,286)	7,013,030	-	-	-	-	-	7,013,030	5,913,808
Total	276,255,332	6,033,743	(70,950)	-	282,218,125	140,840,343	(25,243)	6,478,442		147,293,542	134,924,583	135,414,989

⁽¹⁾ As of September 30, 2021 and December 31, 2020 includes Ps. 2,342,525 and Ps. 2,675,087 respectively corresponding to assets classified as rights of use.

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION
 (Stated in thousands of pesos as described in Note 3, unless otherwise stated)

The breakdown of the net book value of PPE as of September 30, 2021 and December 31, 2020 is the following:

	9/30/2021	31/12/2020
Cost	282,218,125	276,255,339
Accumulated depreciation	(143,208,055)	(136,575,404)
Impairment	(4,085,487)	(4,264,946)
Total	134,924,583	135,414,989

The following describes the evolution of the provision for impairment of PPE for the nine-month period ended September 30, 2021 and for the year ended December 31, 2020:

	Provision for impairment of PPE
Balances at December 31, 2019	-
(Depreciation) / impairment charge	-
Balances at September 30, 2020	-
(Depreciation) / impairment charge	4,264,946
Balances at December 31, 2020	4,264,946
(Depreciation) / impairment charge	(179,459)
Balances at September 30, 2021	4,085,487

14. LOANS

Short-term and long-term loans as of September 30, 2021 and December 31, 2020 comprise the following:

	09/30/2021	12/31/2020
Current Loans		
2018 Notes Interest	1,328,328	625,482
Leasing (Note 22)	593,774	657,493
Total Current Loans	1,922,102	1,282,975
Non Current Loans		
2018 ON	47,226,876	55,495,412
Leasing (Note 22)	2,437,551	3,304,265
Total Non Current Loans	49,664,427	58,799,677
Total ^{(1) (2)}	51,586,529	60,082,652

⁽¹⁾ Net of notes repurchase of Ps. 2,084,796 and Ps. 2,009,985, as of September 30, 2021 and December 31, 2020, respectively.

⁽²⁾ Net of issuance expenses of Ps. 58,328 and Ps. 103,077, as of September 30, 2021 and December 31, 2020, respectively.

Loans are totally denominated in US dollars.

During the nine-month periods ended September 30, 2021 and 2020, through various transactions, the Company acquired 2018 Notes for a nominal value of US\$ 3,530,000 and US\$ 17,584,000 for which it paid Ps. 632,922 and Ps. 1,369,317, respectively. The result generated by such transaction, which amounted to Ps. 266,953 (loss) and Ps. 546,950 (gain), respectively, was recorded in the item Financial Results of the Statement of Comprehensive Income (see Note 9.k.).

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION
 (Stated in thousands of pesos as described in Note 3, unless otherwise stated)

The activity of the loans as of September 30, 2021 and 2020 is the following:

	2021		2020	
	Leases liabilities	Other payables	Leases liabilities	Other payables
Beginning balance	3,961,758	56,120,894	4,432,860	58,184,066
Inflation adjustment restatement	(1,129,258)	(16,445,042)	(1,121,893)	(11,496,170)
Accrued interest	206,499	2,616,314	251,859	2,840,592
Effect of foreign exchange effect	628,791	8,433,631	1,045,405	13,352,247
VAT unpaid installments	12,045	-	16,350	-
Acquisition of notes result	-	266,953	-	(546,950)
Payment of loans ⁽¹⁾	(420,449)	-	(210,422)	(1,854,555)
Acquisition of notes	-	(632,922)	-	(1,369,317)
Interest paid ⁽²⁾	(228,061)	(1,804,624)	(303,292)	(1,881,946)
Ending balance	3,031,325	48,555,204	4,110,867	57,227,967

⁽¹⁾ For the nine-month period ended on September 30, 2021 and 2020, Ps. 420,449 and Ps. 210,422 respectively were cancelled offsetting debit balances held with the creditor (Pampa Energía).

⁽²⁾ For the nine-month periods ended on September 30, 2021 and 2020, Ps. 228,061 and Ps. 146,572, respectively, were cancelled offsetting debit balances held with the creditor (Pampa Energía).

The maturities of current and non-current financial debt, net of issuance costs, as of September 30, 2021 are as follows:

Due	To due					Total
	As of 09/30/2022	From 10/01/2022 to 09/30/2023	From 10/01/2023 to 09/30/2024	From 10/01/2024 to 09/30/2025	From 10/01/2025 onwards	
2018 Notes	-	1,328,328	-	47,226,876	-	48,555,204
Financial leasing	74,433	519,341	562,888	610,149	603,133	3,031,325
Total	74,433	1,847,669	562,888	610,149	603,133	51,586,529

15. INCOME TAX AND DEFERRED TAX

On June 16, 2021, "Law No. 27,630: Amending the Income Tax Law" was published in the Official Gazette which, among other issues, introduces a modification in the income tax rate effective for fiscal years or fiscal years beginning on or after January 1, 2021. The amendment establishes a tiered system of rates in three segments according to the level of accumulated net taxable income: a first step of 25% for accumulated net income up to \$ 5 million pesos; the second step of 30% for accumulated net income between \$ 5 and \$ 50 million pesos; and a last segment of 35% for accumulated net income over \$ 50 million pesos. The amount of accumulated net profits will be adjusted annually, starting January 1, 2022, considering the annual variation of the CPI provided by INDEC.

Likewise, dividends distributed to foreign individuals and beneficiaries will be taxed at a rate of 7%.

For the determination of the deferred and current income tax charge as of September 30, 2021, the Company has applied the progressive tax rate in force as mentioned above.

Previously, the current rate, as provided by Law No. 27,430, was 30% for fiscal years beginning on or after January 1, 2018 and 25% for fiscal years beginning on or after 2022.

The following table includes the income tax expense charged to the statement of comprehensive income in the nine-month periods ended September 30, 2021 and 2020:

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION
 (Stated in thousands of pesos as described in Note 3, unless otherwise stated)

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2021	2020	2021	2020
Current income tax	(1,943,777)	(542,250)	(9,224,004)	(3,680,765)
Deferred income tax	624,328	(719,394)	476,932	(1,221,885)
Total income tax	(1,319,449)	(1,261,644)	(8,747,072)	(4,902,650)

The composition of the net deferred tax liabilities as of September 30, 2021 and December 31, 2020, is as follows:

Deferred assets / (Liabilities)	09/30/2021	12/31/2020
Account receivables discounted value	1,078	881
Provisions for legal claims and other provisions	411,866	305,601
Financial leases	1,034,893	997,232
Contract liabilities	1,261,070	875,932
Other credits	(2,683)	18,513
Loans	(66,546)	(27,315)
Property, Plant and Equipment	(10,088,941)	(7,159,041)
Cash and cash equivalents	(13,625)	(1,419)
Inventories	(50,158)	(45,914)
Other financial assets at amortized cost	-	(276,030)
Tax inflation adjustment	(3,642,607)	(4,891,170)
Tax loss carryforward	1,431,148	1,293
Total deferred liabilities ⁽¹⁾	(9,724,505)	(10,201,437)

⁽¹⁾ Exposed in assets and liabilities for Ps. 9,068 and Ps. (9,747,536) and for Ps. 13,089 and Ps. (10,235,227) as of September 30, 2021 and December 31, 2020, respectively.

As of September 30, 2021, **tgs** generated a specific tax loss derived from negative exchange differences generated by financial instruments for Ps. 2,363,341. The realization of said tax loss carryforward depends on the future generation taxable profit against which the tax loss can be utilized. In order to determine its recoverability, **tgs** takes into consideration the reversal of the deferred items, its tax planning and the future specific taxable profit projections based on its best estimate. Based on these projections and because the generation of specific future taxable profits that allow the absorption of said tax loss carryforward can be estimated as probable, Ps. 1,431,148 as of September 30, 2021.

Income tax expense computed at the statutory tax rate on pre-tax income differs from the income tax expense for the nine-month periods ended September 30, 2021 and 2020 as follows:

	09/30/2021	09/30/2020
Net income before income tax	21,597,166	14,261,084
Current tax rate	35%	30%
Net loss before income tax for the period at the tax rate	(7,559,008)	(4,278,325)
Tax effects for:		
- Restatement by inflation	4,365,998	2,064,673
- Variation in tax loss carryforward	1,431,148	(1,090,771)
- Exempt income or non-deductible expenses	30,460	8,974
- Adjustment affidavit previous year	(60,664)	(12,427)
- Tax inflation adjustment	(2,772,876)	(2,450,877)
- Variation of tax rate	(3,705,367)	-
- Equity variation result	(796)	7,521
- Others	(475,967)	848,582
Tax income	(8,747,072)	(4,902,650)

16. PROVISIONS

For legal claims and others	
Balances as of 12/31/2019	1,098,442
Inflation adjustment restatement	(234,864)
Additions	314,535 ⁽¹⁾
Uses	(677)
Decreases	-
Balances as of 09/30/2020	1,177,436
Inflation adjustment restatement	(119,026)
Additions	130,770 ⁽²⁾
Uses	(10,380)
Decreases	-
Balances as of 12/31/2020	1,178,800
Inflation adjustment restatement	(355,164)
Additions	329,485 ⁽³⁾
Uses	(4,360)
Decreases	(4,061) ⁽⁴⁾
Balances as of 09/30/2021	1,144,700

⁽¹⁾ Ps. 148,369 are included in "Other operating results" and Ps. 166,166 in "Financial expenses".

⁽²⁾ Ps. 63,082 are included in "Other operating results" and Ps. 67,688 in "Financial expenses".

⁽³⁾ Ps. 183,173 are included in "Other operating results" and Ps. 146,312 in "Financial Expenses".

⁽⁴⁾ Included in "Other operating results".

17. FINANCIAL INSTRUMENTS BY CATEGORY AND HIERARCHY

17.1 Financial instrument categories

There have been no significant changes regarding the accounting policies for the categorization of financial instruments to the policies disclosed in the financial statements as of December 31, 2020.

The categories of financial assets and liabilities as of September 30, 2021 and December 31, 2020 are as follows:

English translation of the original prepared in Spanish for publication in Argentina

TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

September 30, 2021			
	Financial assets at fair value	Financial assets at amortized cost	Total
CURRENT ASSETS			
Trade receivables	-	8,411,448	8,411,448
Other receivables	-	1,725,658	1,725,658
Other financial assets at amortized cost	-	2,377	2,377
Other financial assets at fair value through profit or loss	10,406,371	-	10,406,371
Cash and cash equivalents	1,828,600	178,761	2,007,361
Total current assets	12,234,971	10,318,244	22,553,215
NON-CURRENT ASSETS			
Other receivables	-	8,030	8,030
Other financial assets at amortized cost	-	21,254,359	21,254,359
Total non-current assets	-	21,262,389	21,262,389
Total assets	12,234,971	31,580,633	43,815,604
LIABILITIES			
	Financial liabilities at fair value	Other financial liabilities	Total
CURRENT LIABILITIES			
Trade payables	-	4,362,451	4,362,451
Loans	-	1,922,102	1,922,102
Payroll and social security taxes payables	-	1,025,802	1,025,802
Other payables	-	313,282	313,282
Total current liabilities	-	7,623,637	7,623,637
NON-CURRENT LIABILITIES			
Loans	-	49,664,427	49,664,427
Total non-current liabilities	-	49,664,427	49,664,427
Total liabilities	-	57,288,064	57,288,064

English translation of the original prepared in Spanish for publication in Argentina

TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

December 31, 2020			
	Financial assets at fair value	Financial assets at amortized cost	Total
CURRENT ASSETS			
Trade receivables	-	8,419,424	8,419,424
Other receivables	-	921,921	921,921
Other financial assets at amortized cost	-	25,089	25,089
Other financial assets at fair value through profit or loss	2,904,587	-	2,904,587
Cash and cash equivalents	4,350,216	2,022,992	6,373,208
Total current assets	7,254,803	11,389,426	18,644,229
NON-CURRENT ASSETS			
Other receivables	-	10,413	10,413
Other financial assets at amortized cost	-	18,844,057	18,844,057
Total non-current assets	-	18,854,470	18,854,470
Total assets	7,254,803	30,243,896	37,498,699
	Financial liabilities at fair value	Other financial liabilities	Total
CURRENT LIABILITIES			
Trade payables	-	3,839,747	3,839,747
Loans	-	1,282,975	1,282,975
Payroll and social security taxes payables	-	1,358,169	1,358,169
Other payables	-	413,577	413,577
Total current liabilities	-	6,894,468	6,894,468
NON-CURRENT LIABILITIES			
Loans	-	58,799,677	58,799,677
Total non-current liabilities	-	58,799,677	58,799,677
Total liabilities	-	65,694,145	65,694,145

1.2 Fair value measurement hierarchy and estimates

According to IFRS 13, the fair value hierarchy introduces three levels of inputs based on the lowest level of input significant to the overall fair value. These levels are:

- Level 1: includes financial assets and liabilities whose fair values are estimated using quoted prices (unadjusted) in active markets for identical assets and liabilities. The instruments included in this level primarily include balances in mutual funds and public or private bonds listed on the *Bolsas y Mercados Argentinos S.A.* ("BYMA").
- Level 2: includes financial assets and liabilities whose fair value is estimated using different assumptions quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (for example, derived from prices). Within this level, the Company includes those derivative financial instruments for which it was not able to find an active market.
- Level 3: includes financial instruments for which the assumptions used in estimating fair value are not based on observable market information.

The table below shows different assets at their fair value classified by hierarchy as of September 30, 2021:

English translation of the original prepared in Spanish for publication in Argentina

TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

	Financial assets at fair value			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value				
Cash and cash equivalents	1,828,600	-	-	1,828,600
Other financial assets at fair value through profit or loss	10,406,371	-	-	10,406,371
Total	12,234,971	-	-	12,234,971

The fair value amount of the financial assets is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As of September 30, 2021, the carrying amount of certain financial instruments used by the Company including cash, cash equivalents, other investments, receivables, payables and short-term loans are representative of fair value.

The estimated fair value of Non-current loans is estimated based on quoted market prices. The following table reflects the carrying amount and estimated fair value of the 2018 Notes at September 30, 2021, based on their quoted market price:

	Carrying amount	Fair value
2018 Notes	48,555,204	45,693,316

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION
 (Stated in thousands of pesos as described in Note 3, unless otherwise stated)

18. ASSETS AND LIABILITIES IN FOREIGN CURRENCY

Balances in foreign currencies as of September 30, 2021 and December 31, 2020 are detailed below:

	09/30/2021			12/31/2020		
	Foreign currency and amount (in thousands)	Exchange rate	Amount in local currency	Foreign currency and amount (in thousands)	Exchange rate	Amount in local currency
CURRENT ASSETS						
Cash and cash equivalents	US\$ 1,357	98.540 ⁽¹⁾	133,719	US\$ 45,454		5,226,127
Other financial assets at amortized cost	US\$ -	98.540 ⁽¹⁾	-	US\$ 182		20,926
Other financial assets at fair value through profit or loss	US\$ 74,090	98.540 ⁽¹⁾	7,300,829	US\$ 25,263		2,904,587
Trade receivables	US\$ 25,330	98.540 ⁽¹⁾	2,496,018	US\$ 23,262		2,674,576
Other receivables	US\$ 8,866	98.540 ⁽¹⁾	873,656	US\$ 2,214		254,557
	Euros 873	113.880 ⁽¹⁾	99,417	Euros -		-
Total current assets	US\$ 109,643		10,804,222	US\$ 96,375		11,080,773
	Euros 873		99,417	Euros -		-
NON CURRENT ASSETS						
Other financial assets at fair value through profit or loss	US\$ 215,678	98.540 ⁽¹⁾	21,252,921	US\$ 163,858		18,839,818
Total non-current assets	US\$ 215,678		21,252,921	US\$ 163,858		18,839,818
TOTAL ASSETS	US\$ 325,321		32,057,143	US\$ 260,233		29,920,591
	Euros 873		99,417	Euros -		-
CURRENT LIABILITIES						
Trade payables	US\$ 31,672	98.740 ⁽²⁾	3,127,293	US\$ 21,730		2,504,385
Loans	US\$ 19,466	98.740 ⁽²⁾	1,922,102	US\$ 11,132		1,282,975
Total current liabilities	US\$ 51,138		5,049,395	US\$ 32,862		3,787,360
NON CURRENT LIABILITIES						
Loans	US\$ 502,982	98.740 ⁽²⁾	49,664,427	US\$ 510,192		58,799,677
Total non current liabilities	US\$ 502,982	98.740 ⁽²⁾	49,664,427	US\$ 510,192		58,799,677
TOTAL LIABILITIES	US\$ 554,120		54,713,822	US\$ 543,054		62,587,037

⁽¹⁾ Buy exchange rate at the end of fiscal period

⁽²⁾ Sell exchange rate at the end of fiscal period

US\$: United States of America dollars

19. REGULATORY FRAMEWORK

The main regulatory issues are described in Note 17 to the annual consolidated financial statements. Any update for the nine-month period ended September 30, 2021 is described below:

Regulatory framework for the Natural Gas Transportation segment

On March 16, 2021, the public hearing called by ENARGAS was held for the purpose of considering the Transitional Tariff Regime ("RTT") according to the provisions of Decree No. 1020/2020 (the "Decree 1020"). In this regard, **tgs**, without renouncing to the totality of the percentage that corresponds to it, presented alternatively in this hearing a proposal for a tariff increase calculated at 58.6%, as from April 1, 2021. This increase was calculated based on the financial needs to meet operating and financial costs, capital expenditures and taxes, which were calculated considering the evolution of the inflation rate for a 12-month period from its inception. The requested increase contemplated only the funds necessary to meet its obligations as licensee.

Additionally, in this public hearing, **tgs** denied and dismissed the arguments raised therein that considered that the current natural gas transportation tariff is not fair and reasonable given the alleged existence of serious defects in the administrative acts derived from the processing of the last Integral Tariff Regime ("RTI") carried out for TGS.

On April 28, 2021, ENARGAS submitted to **tgs** a Transitional Agreement proposal for 2021 within the framework of the provisions of Decree 1020 which contemplates:

- No transitory tariff increase, the tariff chart approved by ENARGAS in April 2019 remain unchanged.
- It establishes that from May 2021 and until the Final Renegotiation Agreement is in force, ENARGAS will proceed to recalculate the transportation rates in force at that time, effective as of April 1, 2022.
- Does not establish a mandatory investment plan.
- It provides for the prohibition of: (i) distributing dividends and b) paying in advance financial and commercial debts contracted with shareholders, acquiring other companies or granting credits.

On April 30, 2021, **tgs** informed ENARGAS that, given the context in which it develops its activities and the proposed terms and conditions, it is not feasible for the Company to subscribe the 2021 Transitional Agreement.

On June 2, 2021, the ENARGAS issued Resolution No. 149/2021 (the "Resolution 149") approving a Transitional Tariff Regime (the "Transitional Regime") effective for **tgs** as of that date. The Transitional Regime: (i) does not grant a transitory tariff increase for the Company, but rather states that current tariff charts in place since April 1, 2019 remain unchanged; (ii) states that from the effective date of the Transitional Regime - and until the Final Renegotiation Agreement is not in force - ENARGAS may adjust **tgs'** tariffs starting April 1, 2022; (iii) it does not establish a mandatory investment plan for **tgs** and, (iv) it prohibits the distribution of dividends, any early cancellation of financial and commercial debts contracted with shareholders, as well as the acquisition of other companies or granting of loans.

In July 2021, **tgs** filed administrative claims to the National Executive Branch, the National Ministry of Economy and ENARGAS to reconsider with an appeal or hierarchical subsidy according to the respective competencies of each of these organizations in the dictation of the entire regulatory plexus associated with Resolution 149, (Decree 1020/20, Decree 353/21, and Joint Resolution No. 1/2021), requesting that the Transitional Regime be declared invalid and the RTI be reestablished. We recall that the RTT began with Decree 1020/20, which set the guidelines to carry out the renegotiation of the RTI, followed by Joint Resolution 1/21 that established the RTT and Decree 353/21 that approved Joint Resolution 1/21, and culminated with Resolution 149 that approved the new tariff charts.

English translation of the original prepared in Spanish for publication in Argentina

TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

The challenges are based on: i) the illegality of Decree 1020 since it does not follow the lines of the delegation set forth in Law 27,541, and as a National Decree it does not comply with the requirements of the National Constitution; ii) the extension of the emergency beyond the provisions of the Congress; iii) the failure to renegotiate in accordance with Law 24. 076; iv) the disregard of the principle of fair and reasonable tariffs and the rights acquired by **tgs** in the License, the Contractual Adjustment Agreement and the RTI; and v) the suspension of the RTI for reasons of public interest, which merits the recognition of the compensations, provided by both the Administrative Procedures Law and the Basic Rules of the License.

The restrictions imposed on the management of the Company are also questioned, which have no legal justification, since the emergency declared by Law No. 27,541 only empowered the Executive Branch to renegotiate the RTI and not the License.

The challenges and the reinstatement of the RTI have been carried out without prejudice to the right of **tgs** to pay the compensations that correspond to it for not having complied with the RTI since April 2019.

As of the date of the issuance of these Interim Condensed Consolidated Financial Statements, **tgs** has not received a response to the appeals filed and is analyzing other measures to be adopted in order to continue protecting its rights and thus, achieving a fair and reasonable tariff for the Natural Gas Transportation segment.

20. COMMON STOCK AND DIVIDENDS

a) Common stock structure and shares' public offer

As of September 30, 2021, TGS' common stock was as follows:

Common Shares Class (Face value \$ 1, 1 vote)	Amount of common stock, subscribed, issued and authorized for public offer		
	Outstanding shares	Treasury Shares	Common Stock
Class "A"	405,192,594	-	405,192,594
Class "B"	347,568,464	41,734,225	389,302,689
Total	752,761,058	41,734,225	794,495,283

tgs's shares are traded on the *BYMA* and under the form of the ADSs (registered with the Securities and Exchange Commission ("SEC") and representing 5 shares each) on the New York Stock Exchange.

b) Acquisition of treasury shares

During the nine-month period ended September 30, 2021, the Company has not acquired treasury shares.

As of September 30, 2021, the Company holds 41,734,225 treasury shares, representing 5.25% of the total share capital. The acquisition cost of the treasury shares in the market amounted to Ps. 5,088,703 and the Additional paid-up capital amounted to Ps. 1,476,189, which, in accordance with the provisions of Title IV, Chapter III, Article 3.11.c of the Rules, restricts the amount of the realized and liquid gains mentioned above that the Company may distribute.

English translation of the original prepared in Spanish for publication in Argentina

TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

c) Restrictions on distribution of retained earnings

Pursuant to the General Companies Act and CNV Rules, we are required to allocate a legal reserve ("Legal Reserve") equal to at least 5% of each year's net income (as long as there are no losses for prior fiscal years pending to be absorbed) until the aggregate amount of such reserve equals 20% of the sum of (i) "common stock nominal value" plus (ii) "inflation adjustment to common stock," as shown in our consolidated statement of changes in equity.

Finally, and as mentioned in subsection b of this note, the amounts subject to distribution are restricted up to the acquisition cost of treasury shares and the paid-up capital.

Resolution 149 prohibits the distribution of dividends until the RTT is concluded. For further information, see Note 19 above.

In accordance with current exchange regulations and in order to have access to the exchange market, for the payment of dividends to non-resident shareholders of Argentina, the Company must require the prior approval of the BCRA.

21. LEGAL CLAIMS AND OTHER MATTERS

Between January 1, 2021 and the date of issuance of these Condensed Interim Consolidated Financial Statements, there were no news regarding legal claims and other matters, except as mentioned below. For more information regarding the claims and legal matters of the Company, see Note 20 "Legal claims and other matters" to the Consolidated Financial Statements as of December 31, 2020.

a) Action to challenge Decree No. 2067/08 (the "Decree 2067") and Resolutions No. 1982 and 1991 (the "Resolutions")

On May 14, 2021, **tgs** was notified of the ruling issued by the National Court of Appeals for Federal Administrative Disputes that: (i) has revoked the decision of the Court and, (ii) has imposed the costs in both instances in the order caused. **tgs** considers that it has reasonable arguments to defend its position on the substantive issue raised and, for that reason, it appealed the ruling of the Chamber.

On June 4, 2021, **tgs** filed an extraordinary federal appeal against the ruling of the Chamber, which was answered by ENARGAS and the National Government, and was granted by the National Court of Appeals on July 14, 2021, on the grounds that "the interpretation and scope of rules of an undoubtedly federal nature -such as Decree 2067/08 and MINPLAN Resolution No. 1451/2008, ENARGAS Resolutions No. 1982/11 and 1991/11, as well as Articles 53 and 54 of Law 26,784- are at stake".

By virtue of the precautionary measure issued, and its 12 extensions obtained, as well as the favorable ruling obtained in the first instance, the existence of favorable precedents issued by the *Suprema Corte de Justicia de la Nación* ("Supreme Court") with respect to other processors of natural gas and the granting of the extraordinary appeal that will result in the Supreme Court ruling on the case, the Management of **tgs** and its legal advisors consider that they have solid arguments to defend their position and that it is probable the obtention of a favorable resolution to their interests on the substantive issue. Therefore, no provision has been made for the eventual liability for the increase in the charge to finance the importation of natural gas applicable to natural gas consumptions related to the processing activity at the Cerri Complex for the period between the date of obtaining the precautionary measure and April 1, 2016, the effective date of Resolution No. 28/2016.

This resolution has annulled the acts that determined the value of the charge established by Decree 2067, for which as from April 1, 2016, ENARGAS and the body in charge of the collection thereof have ceased to collect the increase established by the Resolutions.

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION
 (Stated in thousands of pesos as described in Note 3, unless otherwise stated)

Regarding the last extension of the precautionary measure, expired on July 1, 2021, **tgs** has not required a new extension, by virtue of the premature procedural stage in which the appeal against the Court judgment is found.

Given the complex procedural instance, the nature of charge 2067, the background presented in this and other legal cases initiated against charge 2067, as of the date of issuance of these Interim Condensed Consolidated Financial Statements, it is not possible to make a definitive quantification of the amount that should be paid by **tgs** in case of not obtaining a favorable ruling from the Supreme Court, while an eventual demand for payment in the current circumstances may be challenged and questioned by **tgs** in the framework of the corresponding administrative and judicial instances, where the amount of the charge that **tgs** may eventually be required to pay may be debated.

b) Recovery action of VAT and income tax

On August 5, 2021, the Supreme Court confirmed the ruling of the National Court of Appeals for Federal Administrative Disputes favorable to **tgs**, which is final.

As of the date of issuance of these Condensed Interim Consolidated Financial Statements, the final settlement has not been approved, so the Company has not recorded said balance because it is not possible to estimate with a sufficient degree of certainty the time and amount of the collection to be made.

22. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

Key management compensation

The accrued amounts corresponding to the compensation of the members of the Board of Directors, the Statutory Committee and the Executive Committee for the nine-month periods ended September 30, 2021 and 2020 were Ps. 144,881 and Ps. 142,509, respectively.

Balances and transactions with related parties

The detail of significant outstanding balances for transactions entered into by **tgs** and its related parties as of September 30, 2021 and December 31, 2020 is as follows:

Company	09/30/2021		12/31/2020	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Associate which exercises joint control on the controlling shareholder:				
Pampa Energía ⁽¹⁾	611,191	3,319,040	550,679	4,003,202
Associate which exercises significant influence on the controlling shareholder:				
Link	2,459	-	5,644	-
TGU	-	15,236	-	18,344
Other related companies:				
Pampa Comercializadora S.A.	12,429	-	9,520	-
CT Barragán S.A.	3,345	-	2,456	-
Transener S.A.	30	32	41	45
Total	629,454	3,334,308	568,340	4,021,591

⁽¹⁾ Accounts receivable includes Ps. 115,368 recorded as "Other receivables" as of December 31, 2020. Accounts payable includes Ps. 3,031,325 and Ps. 3,961,757 corresponding to the financial leasing recorded as "Loans" as of September 30, 2021 and December 31, 2020, respectively.

As of September 30, 2021, **tgs** holds Ps. 655,992 corresponding to dollar-linked notes issued by CT Barragán S.A. that accrue an annual rate of 4% above the exchange rate published in Communication "A" 3500 of the BCRA. The bullet principal is paid back on June 4, 2023. The book value of the notes is disclosed within the caption "Other financial assets at fair value through profit or loss".

English translation of the original prepared in Spanish for publication in Argentina
TRANSPORTADORA DE GAS DEL SUR S.A.
 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION
 (Stated in thousands of pesos as described in Note 3, unless otherwise stated)

The detail of significant transactions with related parties for the nine-month periods ended September 30, 2021 and 2020 is as follows:

Nine-month period ended September 30, 2021:

Company	Revenues			Costs		Financial results			
	Natural Gas Transportation	Production and commercialization of liquids	Other services	Gas purchase and others	Compensation for technical assistance	Revenues for administrative services	Interest expense	Interest gain / Gain / (loss) on fair value	Selling expenses ⁽¹⁾
Controlling shareholder:									
CIESA	-	-	-	-	-	65	-	-	-
Associate which exercises joint control on the controlling shareholder:									
Pampa Energía	609,329	1,887,014	836,257	1,722,318	1,380,346	-	206,499	-	-
Associates with significant influence:									
Link	-	-	19,223	-	-	-	-	-	-
Other related companies:									
Oleoductos del Valle S.A.	18,845	-	-	-	-	-	-	-	-
Transener S.A.	-	-	257	-	-	-	-	-	-
CT Barragán S.A.	-	-	8,000	-	-	-	-	42,270	-
Pampa Comercializadora S.A.	99,405	-	-	-	-	-	-	-	-
Fundación TGS	-	-	-	-	-	-	-	-	1,000
Total	727,579	1,887,014	863,737	1,722,318	1,380,346	65	206,499	42,270	1,000

⁽¹⁾ Corresponds to donation expenses.

Nine-month period ended September 30, 2020:

Company	Revenues			Costs		Financial results	
	Natural Gas Transportation	Production and commercialization of liquids	Other services	Gas purchase and others	Compensation for technical assistance	Revenues for administrative services	Interest expense
Controlling shareholder:							
CIESA	-	-	-	-	-	-	150
Associate which exercises joint control on the controlling shareholder:							
Pampa Energía	898,254	889,549	610,418	120,334	1,696,910	-	251,859
Associates with significant influence:							
Link	-	-	20,069	-	-	-	-
Other related companies:							
Oleoductos del Valle S.A.	27,482	-	-	-	-	-	-
Pampa Comercializadora S.A.	125,516	-	-	-	-	-	-
Central Térmica Piedrabuena S.A.	2,389	-	-	-	-	-	-
Total	1,053,641	889,549	630,487	120,334	1,696,910	150	251,859

23. ASSOCIATES AND JOINT AGREEMENT

Associates with significant influence

Link:

Link was created in February 2001, with the purpose of the operation of a natural gas transportation system, which links TGS's natural gas transportation system with the Cruz del Sur S.A. pipeline. The connection pipeline extends from Buchanan (Buenos Aires province), located in the high-pressure ring that surrounds the city of Buenos Aires, which is part of TGS's pipeline system, to Punta Lara. TGS's ownership interest in such company is 49% and Dinarel S.A. holds the remaining 51%.

TGU:

TGU is a company incorporated in Uruguay. This company rendered operation and maintenance services to Gasoducto Cruz del Sur S.A. and its contract terminated in 2010. TGS holds 49% of its common stock and Pampa Energía holds the remaining 51%.

EGS (in liquidation):

In September 2003, EGS, a company registered in Argentina, was incorporated. The ownership is distributed between TGS (49%) and TGU (51%).

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TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

(Stated in thousands of pesos as described in Note 3, unless otherwise stated)

EGS owned a natural gas pipeline, which connects TGS's main pipeline system in the Province of Santa Cruz with a delivery point on the border with Chile.

In October 2012, ENARGAS issued a resolution which authorizes EGS to transfer the connection pipeline and service offerings in operation to TGS. On November 13, 2013, the sale of all the fixed assets of EGS to TGS for an amount of US\$ 350,000 was made, the existing natural gas transportation contracts were transferred and the procedures to dissolve the Company were initiated.

The Board of Directors Meeting held on January 13, 2016, approved to initiate the necessary steps for the dissolution of EGS. The Special Shareholders Meeting held on March 10, 2016 appointed EGS' liquidator.

Joint Agreement

UT:

The Board of Directors of **tgs** approved the agreement to set up the UT together with SACDE. The objective of the UT is the assembly of pipes for the construction of the project of "Expansion of the System of Transportation and Distribution of Natural Gas" in the Province of Santa Fe, called by National Public Bid No. 452-0004-LPU17 by the MINEM (the "Work").

On October 27, 2017, tgs - SACDE UT signed the corresponding work contract with the MINEM.

The UT will remain in force until its purpose has been fulfilled, i.e., once the works involved in the Project have been completed and until the end of the guarantee period, set at 18 months from the provisional reception.

As a result of the situation of the economic context and the COVID mentioned in Note 1, the UT sent a letter to *Integración Energética Argentina S.A.* ("IEASA"), a company currently part of the Ministry of Productive Development, requesting, among other issues, the reestablishment of the economic-financial equation, readjustment of the work schedule, approval of cost redeterminations and price adjustments under the current legal regime.

On July 9, 2021, the UT and IEASA signed a restart order and a restart certificate for the works related to the Work, through which the work schedule was readjusted and IEASA also assumed the commitment to manage and join efforts to guarantee the cash flow in order to avoid new effects on the economic-financial structure of the contract for the Work, which would give rise to new requests -by the UT- for the recomposition of the economic-financial equation of the contract and the schedule of execution of the Work.

24. INFORMATION REQUIRED BY ARTICLE 26 OF SECTION VII CHAPTER IV TITLE II OF CNV RULES

In order to comply with General Resolution No. 629/2014 **tgs** informs that, as of November 8, 2021, supporting and management documentation related to open tax periods is safeguarded by Iron Mountain Argentina S.A. at its facilities are located at 2482 Amancio Alcorta Avenue in the Autonomous City of Buenos Aires.

As for commercial books and accounting records, they are situated in the headquarters of the Company in areas that ensure its preservation and inalterability.

The Company has available in its headquarters to CNV details of the documentation given in safeguard to third parties.

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TRANSPORTADORA DE GAS DEL SUR S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND COMPARATIVE INFORMATION

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25. SUBSEQUENT EVENTS

There were no existing significant subsequent events between the closing date of nine-month period ended September 30, 2021 and the date of the approval (issuance) of these condensed interim consolidated financial statements.

Luis Alberto Fallo
Chairman of the Board of Directors



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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, President and Directors of
Transportadora de Gas del Sur S.A.
Legal address: Don Bosco 3672, 5th Floor
Ciudad Autónoma de Buenos Aires
CUIT N° 30-65786206-8

I. Report on the Financial Statements

Introduction

1. We have reviewed the accompanying condensed interim consolidated financial statements of Transportadora de Gas del Sur S.A. (the "Company"), which comprises: (a) the consolidated statement of financial position at September 30, 2021, (b) the consolidated statements of comprehensive income, changes in equity and cash flows for the three and nine-month period then ended, and (c) a summary of significant accounting policies and other explanatory notes.

2. The balances and other information corresponding to the fiscal year 2020 and to its interim periods are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

Responsibility of the Board of Directors

3. The Company's Board of Directors is responsible for the preparation and presentation of these condensed interim consolidated financial statements under the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and adopted by the *Federación Argentina de Consejos Profesionales de Ciencias Económicas* ("FACPCE") as its professional accounting standards and added by the *Comisión Nacional de Valores* ("CNV") to its regulations; therefore, it is responsible for the preparation and presentation of the condensed interim consolidated financial statements mentioned above in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The Company's Board of Directors is also responsible for performing the internal control procedures that they may deem necessary to enable the preparation of the condensed interim consolidated financial statements that are free from material misstatements, either due to errors or irregularities.

Scope of review

4. Our responsibility is to express a conclusion on the accompanying consolidated financial statements based on our review, which was conducted in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity', as issued by the International Auditing and Assurance Standards Board ("IAASB"), and adopted by the FACPCE as its standard of review in Argentina by Technical Resolution N° 33. Such standard requires auditor to comply with the ethical requirements relevant to the audit of the Company's annual financial statements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards

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on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

5. Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements mentioned in paragraph 1. are not prepared, in all material respects, in accordance with IAS 34.

II. Report on other legal and regulatory requirements

In compliance with current regulations, we report that:

- a) The condensed interim consolidated financial statements of Transportadora de Gas del Sur S.A. comply, in what is within our competence, with the provisions of the Commercial Companies Law and pertinent resolutions of the CNV.
- b) The condensed interim separate financial statements of Transportadora de Gas del Sur S.A. arise from accounting records kept, in their formal aspects, in accordance with current legal regulations.
- c) The information included in points 3, 4, 5, 6 and 8 in the “Analysis of financial conditions and results of operations for the periods ended September 30, 2021, 2020, 2019 and 2018”, which is presented together with the condensed interim financial statements to comply with CNV regulations, arise from the accompanying condensed interim consolidated financial statements at September 30, 2021 and from the condensed interim consolidated financial statements at September 30, 2020 and 2019, which are not included in the accompanying condensed interim consolidated financial statements and on which we have issued an limited review report dated November 6, 2020 and November 7, 2019 respectively, to which we refer, which should be read together with this report, restated to the currency of purchasing power on the closing date of this period.
- d) At September 30, 2021 the liabilities accrued in employee and employer contributions to the Argentine Integrated Social Security System according to the Company's accounting records amounted to \$80,687,725, none of which was claimable at that date.

City of Buenos Aires, November 8, 2021.

PRICE WATERHOUSE & CO. S.R.L.

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L

(Partner)

Dr. Fernando A. Rodriguez

(Partner)

Pablo G. Decundo