



VISTA ENERGY, S.A.B. DE C.V.

Special nonconsolidated financial statements as of September 30, 2022, and December 31, 2021
and for the nine-month periods ended September 30, 2022, and 2021



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of Vista Energy, S.A.B. de C.V.

Opinion

We have audited the accompanying unconsolidated financial statements of Vista Energy, S.A.B. de C.V. (“the Company”), which comprise the unconsolidated statement of financial position as at September 30, 2022, and the unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity and unconsolidated statement of cash flows for the period then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Vista Energy, S.A.B. de C.V. as at September 30, 2022 and their unconsolidated financial performance and their unconsolidated cash flows for the period then ended in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISA”). Our responsibilities under those standards are described in the *Auditor’s Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants* (“IESBA Code”) and the ethical requirements that are relevant to our audit of the unconsolidated financial statements in Mexico in accordance with the *Código de Ética Profesional del Instituto Mexicano de Contadores Públicos* (“IMCP Code”), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the unconsolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying unconsolidated financial statements.

Description of the key audit matter

We have determined there are no key audit matters to be communicated in this audit report.

Responsibilities of Management and the Audit Committee for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the accompanying unconsolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the unconsolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The partner in charge of the audit resulting in this independent auditor's report is the undersigned.

Mancera, S.C.
A Member Practice of Ernst & Young Global Limited

A handwritten signature in black ink, appearing to read 'Arturo Figueroa Carmona', written in a cursive style.

Arturo Figueroa Carmona
Mexico City, Mexico
October 26, 2022

VISTA ENERGY, S.A.B. DE C.V.

Special nonconsolidated financial statements as of September 30, 2022, and December 31, 2021 and for the nine-month periods ended September 30, 2022, and 2021

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VISTA ENERGY, S.A.B. DE C.V.

Nonconsolidated statements of profit or loss and other comprehensive income for the nine-month periods ended September 30, 2022, and 2021

(Amounts expressed in thousands of US Dollars)

	Notes	Period from January 1 through September 30, 2022	Period from January 1 through September 30, 2021
General and administrative expenses	4	(20,095)	(16,077)
Other operating income	5	30,289	-
Operating profit (loss)		10,194	(16,077)
Interest income	6.1	2,977	1,863
Interest expense	6.2	(1,769)	(1,989)
Other financial income (expense)	6.3	(23,957)	(1,611)
Financial income (expense), net		(22,749)	(1,737)
(Loss) before income tax		(12,555)	(17,814)
Income tax		-	-
Income tax		-	-
(Loss) for the period, net		(12,555)	(17,814)
Other comprehensive income			
Other comprehensive income		-	-
Other comprehensive income that shall not be reclassified to profit or (loss) in subsequent periods, net of taxes		-	-
Total comprehensive (loss) for the period		(12,555)	(17,814)
Earnings per share			
Basic (in US dollars per share)	7	2.207	0.171
Diluted (in US dollars per share)	7	1.879	0.163

Notes 1 through 19 are an integral part of these special nonconsolidated financial statements.

VISTA ENERGY, S.A.B. DE C.V.

Nonconsolidated statements of financial position as of September 30, 2022, and December 31, 2021

(Amounts expressed in thousands of US Dollars)

	Notes	As of September 30, 2022	As of December 31, 2021
Assets			
Noncurrent assets			
Investments in subsidiaries	9	494,559	492,972
Investments in associates		5,699	2,977
Trade and other receivables	10	49,471	37,360
Restricted cash	12.1	8,965	3,964
Total noncurrent assets		558,694	537,273
Current assets			
Trade and other receivables	10	19,850	3,424
Cash, bank balances and other short-term investments	12	68,834	112,367
Total current assets		88,684	115,791
Total assets		647,378	653,064
Equity and liabilities			
Equity			
Capital stock	13.1	523,373	586,706
Legal reserve	13.2	1,255	-
Share repurchase reserve	13.2	23,840	-
Other accumulated comprehensive income (losses)		10,567	3,749
Accumulated profit (losses)		26,975	25,095
Total equity		586,010	615,550
Liabilities			
Noncurrent liabilities			
Borrowings	11.1	28,231	26,462
Warrants	11.2	25,132	2,544
Total noncurrent liabilities		53,363	29,006
Current liabilities			
Salaries and payroll taxes	15	7,597	7,484
Other taxes and royalties		34	24
Trade and other payables	14	374	1,000
Total current liabilities		8,005	8,508
Total liabilities		61,368	37,514
Total equity and liabilities		647,378	653,064

Notes 1 through 19 are an integral part of these special nonconsolidated financial statements.

VISTA ENERGY, S.A.B. DE C.V.

Nonconsolidated statement of change in equity for the nine-month period ended September 30, 2022

(Amounts expressed in thousands of US Dollars)

	Capital stock	Legal reserve	Share repurchase reserve	Other accumulated comprehensive income (losses)	Accumulated profit (losses)	Total equity
Amounts as of December 31, 2021	586,706	-	-	3,749	25,095	615,550
Loss for the period	-	-	-	-	(12,555)	(12,555)
Total comprehensive income	-	-	-	-	(12,555)	(12,555)
<i>Ordinary and Extraordinary General Shareholders' meeting on April 26, 2022</i> ⁽¹⁾ :						
Creation of legal reserve	-	1,255	-	-	(1,255)	-
Creation of share repurchase reserve	-	-	23,840	-	(23,840)	-
<i>Board of Directors' meeting on September 27, 2022</i> ⁽²⁾ :						
Reduction of capital stock	(39,530)	-	-	-	39,530	-
Share repurchase ⁽¹⁾	(23,804)	-	-	-	-	(23,804)
Share-based payments ⁽³⁾	1	-	-	6,818	-	6,819
Amounts as of September 30, 2022	523,373	1,255	23,840	10,567	26,975	586,010

⁽¹⁾ See Note 13.2.

⁽²⁾ See Note 13.1.

⁽³⁾ Including 9,396 share-based payments expenses, net of tax changes (See Note 4).

Notes 1 through 19 are an integral part of these special nonconsolidated financial statements.

VISTA ENERGY, S.A.B. DE C.V.

Nonconsolidated statement of change in equity for the nine-month period ended September 30, 2021

(Amounts expressed in thousands of US Dollars)

	Capital stock	Other accumulated comprehensive income (losses)	Accumulated profit (losses)	Total equity
Amounts as of December 31, 2020	659,400	(4,808)	(54,881)	599,711
Loss for the period	-	-	(17,814)	(17,814)
Total comprehensive income	-	-	(17,814)	(17,814)
Share-based payments ⁽¹⁾	1	6,533	-	6,534
Amounts as of September 30, 2021	659,401	1,725	(72,695)	588,431

⁽¹⁾ Including 6,435 share-based payments expenses, net of tax charges (See Note 4).

Notes 1 through 19 are an integral part of these special nonconsolidated financial statements.

VISTA ENERGY, S.A.B. DE C.V.

Nonconsolidated statements of cash flows for the nine-month periods ended September 30, 2022 and 2021

(Amounts expressed in thousands of US Dollars)

	Notes	Period from January 1 through September 30, 2022	Period from January 1 through September 30, 2021
Cash flows from operating activities			
(Loss) for the period, net		(12,555)	(17,814)
Adjustments to reconcile net cash flows			
Items related to operating activities:			
Net changes in foreign exchange rate	6.3	(51)	521
Share-based payments	4	9,396	6,435
Items related to investing activities:			
Interest income	6.1	(2,977)	(1,863)
Changes in the fair value of financial assets	6.3	1,389	(8,188)
Related party dividends	5	(30,270)	-
Items related to financing activities:			
Interest expense	6.2	1,769	1,989
Changes in the fair value of warrants	6.3	22,588	9,278
Changes in working capital:			
Trade and other receivables		(78)	1,085
Trade and other payables		(622)	(15)
Salaries and payroll taxes		(4,052)	(287)
Other taxes and royalties		10	15
Net cash flows (used in) operating activities		(15,453)	(8,844)
Cash flows from investing activities:			
Proceeds from related party dividends	5	11,784	-
Payments for acquisitions of investments in associates		(2,722)	(2,077)
Borrowings granted to related parties	16	(9,400)	(8,000)
Interest received	6.1	282	33
Proceeds from borrowings granted - principal	16	-	2,119
Prepaid expenses		-	(3,830)
Net cash flows (used in) investing activities		(56)	(11,755)
Cash flows from financing activities:			
Share repurchase	13.2	(23,804)	-
Payment of borrowings interests	11.1	-	(3,129)
Payment of borrowings principal	11.1	-	(13,258)
Net cash flows (used in) financing activities		(23,804)	(16,387)
Net (decrease) in cash and cash equivalents		(39,313)	(36,986)
Cash and cash equivalents at beginning of period	12	112,367	130,687
Effect of exposure to changes in the foreign currency rate of cash and cash equivalents		(1,177)	(16)
Restricted cash	12.1	(5,001)	(3,955)
Net (decrease) in cash and cash equivalents		(39,313)	(36,986)
Cash and cash equivalents at end of period	12	66,876	89,730

Notes 1 through 19 are an integral part of these special nonconsolidated financial statements.

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Notes to the special nonconsolidated financial statements as of September 30, 2022, and December 31, 2021 and for the nine-month periods ended September 30, 2022 and 2021

(Amounts expressed in thousands of US Dollars, except otherwise indicated)

Note 1. Company general information

1.1 Company general information, structure and activities

Vista Energy, S.A.B. de C.V. (“VISTA”, the “Company” or the “Group”) formerly known as Vista Oil & Gas, S.A.B. de C.V., was organized as a variable-capital stock company on March 22, 2017, under the laws of the United Mexican States (“Mexico”). The Company adopted the public corporation or “*Sociedad Anónima Bursátil de Capital Variable*” (“S.A.B. de C.V.”), on July 28, 2017.

The Company made an initial public offering in the New York Stock Exchange (“NYSE”) on July 25, 2019 and started operating under ticker symbol “VIST” as from the following day. It issued additional Series A shares in the Mexican Stock Exchange (“BMV by Spanish acronym) on the same date under ticker symbol “VISTA”.

On April 26, 2022, Vista Oil & Gas, S.A.B. de C.V. changed the Company's corporate name to "Vista Energy, S.A.B. de CV".

The Company's corporate purpose is:

- (i) Acquiring, by any legal means, all kinds of assets, shares, interests in companies, equity interests or interests in all types of companies, either profit-making or nonprofit entities, associations, business corporations, trusts or other entities operating in the energy sector, in Mexico or in another country, or in any other industry;
- (ii) Participating as a partner, shareholder, or investor in all types of businesses or profit-making or nonprofit entities, associations, trusts, in Mexico or in another country, or of any other nature;
- (iii) Issuing and placing shares representing its capital stock, either through public or private offerings, in domestic or foreign securities markets;
- (iv) Issuing and placing warrants, either through public or private offerings, in relation to shares representing their capital stock or other types of securities, in domestic or foreign securities markets, and
- (v) Issuing or placing negotiable instruments, debt instruments or other guarantees, either through public or private offerings, in domestic or foreign securities markets.

From its foundation through April 4, 2018, all Company activities were related to its incorporation, the initial public offering (“IPO”) in BMV, and the efforts to detect and conduct the initial business combination. As from that date, the Company mainly engages in oil and gas exploration and production (upstream segment) through its subsidiaries.

The Company's upstream operations through its subsidiaries are as follows:

In Argentina

In the Neuquén basin:

- (i) 100% in 25 de Mayo - Medanito SE; Jagüel de los Machos; Entre Lomas Neuquén; Entre Lomas Río Negro; and Jarilla Quemada and Charco del Palenque (in Agua Amarga area) conventional operating concessions (operated);
- (ii) 100% in Bajada del Palo Oeste and Bajada del Palo Este unconventional operating concessions (operated);
- (iii) 84.62% in Coirón Amargo Norte operating concession (operated);
- (iv) 90% in Águila Mora unconventional operating concession (operated);
- (v) 100% in Aguada Federal unconventional operating concession (operated)⁽¹⁾;
- (vi) 100% in Bandurria Norte unconventional operating concession (operated)⁽¹⁾.

In the Northwest basin:

- (i) 1.5% in Acambuco operating concession (not operated).

In Mexico

- (i) 100% in CS-01 area (operated).

Its main office is located in the City of Mexico, Mexico, at Pedregal 24, floor 4, Colonia Molino del Rey, Alcaldía Miguel Hidalgo, zip code 11040.

⁽¹⁾ On January 17, 2022, the Company, through its subsidiary Vista Energy Argentina S.A.U, formerly known as Vista Oil & Gas Argentina S.A.U (“Vista Argentina”), acquired a 50% operated working interest in the Aguada Federal and Bandurria Norte concessions (“the Assets”), from Wintershall DEA Argentina S.A.

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Notes to the special nonconsolidated financial statements as of September 30, 2022 and December 31, 2021 and for the nine-month periods ended September 30, 2022 and 2021

(Amounts expressed in thousands of US Dollars, except otherwise indicated)

Note 2. Basis of preparation and significant accounting policies

2.1 Basis of preparation and presentation

The special nonconsolidated financial statements as of September 30, 2022, and December 31, 2021, and for the nine-month periods ended September 30, 2022, and 2021, have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The special nonconsolidated financial statements were prepared on a historical cost basis, except for certain financial assets and liabilities that were measured at fair value. The figures contained herein are stated in US dollars ("USD") and are rounded to the nearest thousand, unless otherwise stated.

The Company's regular course of business is based on a calendar year that begins on January 1 and ends on December 31; however, pursuant to IAS 1 *Presentation of Financial Statements*, the Company has opted to prepare these special purpose nonconsolidated financial statements as of September 30, 2022, so as to be approved by the Ordinary Shareholders' meeting in order to review its financial position, including accumulated profit (losses) and capital stock.

These special nonconsolidated financial statements were prepared by the Company's Management to meet certain legal and tax requirements. The financial information contained herein does not include the consolidation of its subsidiaries' financial statements, which were booked at cost. To assess the financial position and profit or (losses) of the Company and its subsidiaries, please see the consolidated financial statements of Vista Energy, S.A.B. de C.V. as of December 31, 2021.

These special nonconsolidated financial statements were approved for issuance by the Board of Directors on October 26, 2022, and the subsequent events through that date are considered. These special nonconsolidated financial statements will be submitted in the Ordinary Shareholders' meeting. Shareholders can approve and amend the Company's financial statements.

2.2 New accounting standards, amendments and interpretations issued by the IASB adopted by the Company

The Company did not opt for the early adoption of any standard, interpretation or amendment that has been issued but is not yet effective.

2.3 Subsidiaries

Subsidiaries are all entities over which the Company has control, which occurs if and only if the Company has all the following:

- Power over the entity;
- Exposure or rights to variable returns from its involvement with the entity; and
- The ability use its power over the entity to affect the amount of the investor's returns.

The Company reassesses whether it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Company has less than a majority of the voting rights of an investee, it has power over the latter when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company assesses all facts and circumstances to determine whether voting rights are sufficient to give it power over an entity, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

Relevant activities are those that most significantly affect the subsidiary's performance, such as the ability to approve a subsidiary's operating and capital budget and the power to appoint Management personnel. These decisions show that the Company has rights to direct a subsidiary's relevant activities.

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Notes to the special nonconsolidated financial statements as of September 30, 2022 and December 31, 2021 and for the nine-month periods ended September 30, 2022 and 2021

(Amounts expressed in thousands of US Dollars, except otherwise indicated)

In the consolidated financial statements of the Company, subsidiaries are consolidated from the date the Company obtains control over them and ceases when such control ends. Specifically, profit and expenses of a subsidiary acquired or disposed of during the period/year are included in the statements of profit or loss and other comprehensive income as from the date in which the Company obtains control until it assigns or loses such control.

Intercompany transactions, balances and unrealized income are deleted. Unrealized losses are also deleted unless the transaction provides evidence of an impairment of transferred assets, and the subsidiaries' financial statements are adjusted when needed to align their accounting policies to the Company's accounting policies.

In these special nonconsolidated financial statements, the accounting method applied to the investment in subsidiaries is the acquisition method at the cost of the investment in them. Dividend income is recognized when such dividends are transferred from the subsidiaries to the Company.

Below are the Company's main subsidiaries:

Subsidiary name	Equity interest		Place of business	Main activity
	September 30, 2022	December 31, 2021		
Vista Energy Holding I, S.A. de C.V. ("Vista Holding I") ⁽¹⁾	100%	100%	Mexico	Holding company
Vista Energy Holding II, S.A. de C.V. ("Vista Holding II") ⁽¹⁾	100%	100%	Mexico	Exploration and production ⁽²⁾
Vista Energy Holding III, S.A. de C.V. ("Vista Holding III") ⁽¹⁾	100%	100%	Mexico	Services
Vista Energy Holding IV, S.A. de C.V. ("Vista Holding IV") ⁽¹⁾	100%	100%	Mexico	Services
Vista Complemento S.A. de C.V. ("Vista Complemento") ⁽³⁾	-%	100%	Mexico	Services
VX Ventures Asociación en Participación	100%	100%	Mexico	Holding company

⁽¹⁾ On April 27, 2022, the Companies changed their names to Vista Energy Holding I, S.A. de C.V., Vista Energy Holding II, S.A. de C.V., Vista Energy Holding III, S.A. de C.V., and Vista Energy Holding IV, S.A. de C.V., formerly known as Vista Oil & Gas Holding I, S.A. de C.V., Vista Oil & Gas Holding II, S.A. de C.V., Vista Oil & Gas Holding III, S.A. de C.V., and Vista Oil & Gas Holding IV, S.A. de C.V., respectively.

⁽²⁾ Its refers to the exploration and production of gas and oil.

⁽³⁾ Subsidiary merged with Vista Holding II on January 1, 2022.

The Company's shares in the subsidiaries' voting rights are the same as its interest in capital.

2.3.1. Changes in interests

Changes in the Company's working interests in the subsidiaries that do not result in a change in control of the subsidiary are accounted for as equity transactions. The carrying amount of the Company's interests and noncontrolling interest is adjusted to reflect the changes in interests in the subsidiaries. Any difference between the amount by which the noncontrolling interest is adjusted and the fair value of the consideration paid or received is recognized in equity and attributed to the Company's equity holders.

2.4 Summary of significant accounting policies

2.4.1 Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment whenever events or changes in circumstances have indicated that their carrying value may not be recoverable. When the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized for the value of the asset. An asset's recoverable amount is the higher of (i) the fair value of an asset less costs of disposal and (ii) its value in use.

Assets are tested for impairment at the lowest level in which there are separately identifiable cash flows largely independent of the cash flows of other groups of assets.

For more details about impairment of investments in subsidiaries, please refer to Note 3.2.3.

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(Amounts expressed in thousands of US Dollars, except otherwise indicated)

2.4.2 Foreign currency translation

2.4.2.1 Functional and presentation currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic context in which each entity operates. The functional and presentation currency of all entities is the USD. To determine the functional currency, the Company makes judgments to identify the primary economic context and reconsiders the functional currency in the event of a change in conditions that may determine the primary economic context.

2.4.2.2 Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are accounted for at the exchange rate as of each transaction date. Foreign exchange gains and losses from the settlement of transactions and the translation at the closing exchange rate of monetary assets and liabilities denominated in foreign currency are recognized in the nonconsolidated statements of profit or loss and other comprehensive income unless they are capitalized.

Monetary balances in foreign currency are converted at each country’s official exchange rate as of every period/year-end.

2.4.3 Financial instruments

2.4.3.1 Other financial assets

2.4.3.1.1 Classification

2.4.3.1.1.1 Financial assets at amortized cost

Financial assets are classified and measured at amortized cost provided that they meet the following criteria:

- (i) the purpose of the Company’s business model is to maintain the asset to collect the contractual cash flows;
- (ii) contractual conditions, on specific dates, give rise to cash flows only consisting in payments of principal and interest on the outstanding principal

2.4.3.1.1.2 Financial assets at fair value

If any of the aforementioned criteria is not met, the financial asset is classified and measured at fair value through the nonconsolidated statements of profit or loss and other comprehensive income.

All investments in equity instruments are measured at fair value. The Company has no capital investments as of September 30, 2022 and December 31, 2021.

2.4.3.1.2 Recognition and measurement

Upon initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset that is not measured at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset.

Profit or loss in a debt investment that is subsequently measured at fair value and is not part of a hedge relationship is recognized in the nonconsolidated statements of profit or loss and other comprehensive income. Profit or loss in a debt investment that is subsequently measured at amortized cost and does not comprise a hedge relationship is recognized in the statements of profit or loss and other comprehensive income when the financial asset is derecognized or impaired and through the amortization process using the effective interest rate method.

The Company reclassifies financial assets when and only when it changes its business model for managing these assets.

Accounts receivable and other accounts receivable are measured at amortized cost using the effective interest method less the allowance for expected credit losses, if applicable.

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2.4.3.1.3 Impairment of financial assets

The Company recognizes an allowance for Expected Credit Losses (“ECL”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between contractual cash flows owed and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade and other receivables, the Company applies a simplified approach in calculation of ECL. Therefore, the Company does not monitor changes in credit risk but rather calculates an allowance for ECL at each reporting date.

2.4.3.1.4 Offsetting of financial instruments

Financial assets and liabilities are disclosed separately in the nonconsolidated statement of financial position unless the following criteria are met: (i) the Company has a legally enforceable right to set off the recognized amounts, and (ii) the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. A right to set off is that available to the Company to settle a payable to a creditor by applying against it a receivable from the same counterparty.

Jurisdiction and laws applicable to relations between parties are considered upon assessing whether there is such a legally enforceable right.

2.4.4 Financial liabilities and equity instruments

2.4.4.1 Classification as liabilities or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of the agreement and the definition of financial liabilities and equity instruments.

To issue a variable number of shares, a contractual agreement is classified as a financial liability and is measured at fair value. The changes in fair value are recognized in the nonconsolidated statements of profit or loss and other comprehensive income.

2.4.4.2 Equity instruments

An equity instrument is any agreement that evidences an interest in the Company’s net assets and is recognized in proceeds, net of direct issuance costs.

2.4.4.3 Compound financial instruments

The component parts of a compound instrument (negotiable obligations) issued by the Company are classified separately as financial liabilities and equity instruments according to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is a conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of Company own equity instruments.

The fair value of the liability component, if any, is estimated using the prevailing market interest rate for similar nonconvertible instruments. This amount is recorded as a liability at amortized cost using the effective interest method until extinguished upon conversion or at the instrument redemption date.

A conversion option classified as equity is determined by deducting the liability component amount from the fair value of the compound instrument as a whole. It is recognized and included in equity, net of income tax effects, and it not subsequently remeasured. Moreover, the conversion option classified as an equity instrument remains in equity until the conversion option is exercised, in which case, the balance recognized in equity is transferred to another equity account. When the conversion option is not exercised at the redemption date of negotiable obligations, the balance recognized in equity is transferred to retained earnings. No profit or loss is recognized in the statement of profit or loss after the conversion or redemption of the conversion option.

Transaction costs related to the issuance of negotiable obligations are allocated to liability and equity components in proportion to the allocation of gross proceeds. Transaction costs related to the equity component are recognized directly in equity. Transaction costs related to the liability component are included in the carrying amount of liability component and are amortized throughout the life of negotiable obligations using the effective interest method.

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2.4.4.4 Financial liabilities

All financial liabilities are initially recognized at fair value and after that, at their amortized cost using the effective interest method or at Fair Value Through Profit or Loss (“FVTPL”). Borrowings are recognized initially at fair value, net of transaction costs incurred.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination; (ii) held-for trading; or (iii) designated as at FVTPL, are subsequently measured at amortized cost using the effective interest method.

The effective interest method is used in the calculation of the amortized cost of a financial liability and in the allocation of interest expense during the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) throughout the expected life of the financial liability, or (when appropriate) a shorter period, at the amortized cost of a financial liability.

Borrowings are classified as current or noncurrent according to the period for settling obligations according to contractual agreements. Borrowings are current when they are settled within 12 months after the reporting period.

2.4.4.5 Derecognition of financial liabilities

The Company derecognizes financial liabilities when obligations are discharged, cancelled or expired. The difference between the carrying amount of such financial liability and the consideration paid is recognized in the statements of profit or loss and other comprehensive income.

When an existing financial liability is replaced by another one in terms that are substantially different from the original term or the terms of an existing liability change substantially, it results in the derecognition of the original liability and recognition of a new liability. The difference in the related accounting values is recognized in the statements of profit or loss and other comprehensive income.

2.4.5 Cash and cash equivalents

For the presentation of the nonconsolidated statement of cash flows, cash and cash equivalents include cash on hand, demand deposits in financial institutions and other short-term highly liquid investments originally maturing in three or less months, readily convertible into known cash amounts and subject to insignificant risk of changes in value.

Restricted cash is disclosed in a separate line of the statement of financial position based on its nature. It is not disclosed in the special nonconsolidated statement of cash flows as it does not comprise the Company’s cash and cash equivalents.

2.4.6 Equity

Changes in equity were accounted for according to Company decisions and legal or regulatory standards.

a. Capital stock

Capital stock represents capital made up of shareholder contributions. It is represented by outstanding shares at nominal value. Ordinary shares are classified as equity.

b. Legal reserve

Under Mexican Business Associations Law, the Company is required to allocate 5% of net profit for the year to increase the legal reserve until it is equal to 20% of capital stock. Such reserve amounts to 1,255 as of September 30, 2022.

c. Accumulated profit (losses)

Accumulated profit (losses) comprises retained earnings (accumulated losses) with no specific allocation. They may be distributed as dividends by Company decision, provided that they are not subject to legal restrictions.

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Retained earnings comprise prior-year profit that was not distributed, or losses. Additionally, the amounts transferred from other comprehensive income and prior-year adjustments.

Similarly, for capital reduction purposes, these distributions will be subject to income tax assessment according to the applicable rate, except for remeasured contributed capital stock or distributions from the net taxable profit account (“CUFIN, by Spanish acronym).

d. Other accumulated comprehensive income (losses)

Other accumulated comprehensive income (losses) includes translation losses related to the acquisition of subsidiaries abroad and share-based payments.

e. Dividends distribution

Dividend distribution to Company shareholders is recognized as a liability in the financial statements upon approval of the distribution by the Shareholders’ Meeting.

2.4.7 Employee benefits

2.4.7.1 Short-term obligations

Salaries and payroll tax expected to be settled within 12 months after period-end are recognized for the amounts expected to be paid upon settlement and are disclosed in “Salaries and payroll taxes” current in the nonconsolidated statement of financial position.

Costs related to compensated absences, such as vacation, are recognized as they are accrued.

In Mexico, the employees’ share in profit (“PTU”, by Spanish acronym) is paid to qualifying employees; PTU is calculated using the income tax base, except for the following:

- (i) The employees’ share in Company profit paid during the year or prior-year tax losses pending application.
- (ii) Payments that are also exempt for employees.

2.4.7.2 Share-based payments

Company employees (including senior executives) receive shared-based compensation; employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at vesting date using a proper valuation method (see Note 17).

This cost is recognized as an employee benefit expense along with the related capital increase (“share-based payments”) during the period in which the service is rendered and, as the case may be, performance conditions are met (the vesting period). Cumulative expenses recognized for equity-settled transactions at each reporting date until vesting date show the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments to be vested. Expense or credit in the nonconsolidated statements of profit or loss and other comprehensive income represents the movement in cumulative expenses recognized at the beginning and end of such period.

Service and performance conditions other than market conditions are disregarded upon determining grant-date fair value, but the likelihood that conditions are met is assessed as part of the Company’s best estimate of the number of equity instruments to be vested. Market-based performance conditions are reflected in the grant-date fair value. Any other condition related to an award but without a related service requirement will be considered a nonvesting condition. Nonvesting conditions are reflected in the fair value of an award and lead to an immediate expense unless there are also service or performance conditions.

No expenses are recognized for awards that are ultimately not vested because nonmarket service or performance conditions have not been met. When awards include a market or nonvesting condition, transactions are treated as vested irrespective of whether the market or nonvesting condition is met, provided that the remaining service or performance conditions are fulfilled.

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When the terms of an equity-settled award are modified, the minimum expense recognized is the grant-date fair value of the unmodified award provided that the original vesting terms are met. An additional expense measured at modification date is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee. When an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is accounted for immediately through profit or loss.

The dilutive effect of outstanding options is reflected as a dilution of additional shares in the computation of diluted earnings / losses per share (further details are given in Note 7).

On March 22, 2018, the Company approved a Long-Term Incentive Plan ("LTIP") consisting of a plan so that the Company and its subsidiaries may attract and retain talented persons such as officers, directors, employees and consultants. The LTIP includes the following mechanisms for rewarding and retaining key personal: (i) stock option plan; (ii) restricted stock units and; (iii) performance restricted stock, thus accounted under IFRS 2 "Share-Based Payments" as detailed above.

a) Stock option plan ("SOP") (equity-settled)

The stock option plan gives the participant the right to buy a number of shares over certain term. The cost of the equity-settled stock option plan is measured at grant date considering the terms and conditions for granting stock options. The equity-settled compensation cost is recognized in the nonconsolidated statements of profit or loss and other comprehensive income under "Share-based payments" during the required service period.

b) Restricted stock ("RS") (equity-settled)

Certain Company key employees receive additional benefits for free or at a minimum value once the conditions are met through a stock option plan denominated in restricted stock, which has been classified as an equity-settled share-based payment. The cost of the equity-settled stock option plan is measured at grant date considering the terms and conditions for granting stock options. The equity-settled compensation cost is recognized in the nonconsolidated statements of profit or loss and other comprehensive income under "Share-based payments" during the required service period.

c) Performance restricted stock (equity-settled)

The Company grants performance restricted stock ("PRS") to key employees, which entitle them to receive PRSs after having reached certain performance targets over a service period. PRSs are classified as equity-settled share-based payments. The cost of the equity-settled stock option plan is measured at grant date considering the terms and conditions for granting stock options. The equity-settled compensation cost is recognized in the nonconsolidated statements of profit or loss and other comprehensive income under "Share-based payments" during the required service period.

2.4.8 Borrowing costs

General or specific borrowings costs directly attributable to the acquisition, construction or production of assets that necessarily require a substantial period of time to be ready for their intended use or sale are added to the cost of these assets until they are ready for their intended use or sale.

Income earned on the temporary investment of specific borrowings is deducted from borrowings costs eligible for capitalization. Other borrowings costs are accounted for in the period in which they are incurred.

As of September 30, 2022 and December 31, 2021, the Company has not capitalized borrowings costs.

2.4.9 Provisions and contingent liabilities

The Company recognizes provisions when the following conditions are met: (i) it has a present or future obligation as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) a reliable estimate can be made. No provisions for operating future losses are recognized.

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In the case of provisions in which the time value of money is significant, as is the case of well plugging and abandonment and environmental remediation, these provisions are determined as the present value of the expected cash outflow for settling the obligation. Provisions are discounted at a pre-tax discount rate that reflects current market conditions as of the date of the statement of financial position and, as the case may be, the risks specific to the liability. When the discount is applied, the increase in the provision due to the passage of time is recognized as a financial cost.

Provisions are measured at the present value of the disbursements expected to be made to settle the present obligation, considering the best information available upon preparing the financial statements, based on the premises and methods considered appropriate, and based on the opinion of the Company's legal counsel. Estimates are regularly reviewed and adjusted as additional information is made available to the Company. The discount rate used to determine the present value reflects the current market assessments of the time value of money and the specific risk related to each liability.

When the Company expects that the provision will be reimbursed in part or in full and is certain of its occurrence, like under an insurance agreement, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Contingent liabilities are: (i) potential obligations from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the entity's control; or (ii) present obligations from past events that will not likely require an outflow of resources for its settlement, or which amount cannot be estimated reliably.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party in part or in full, the receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and if the receivable can be measured reliably.

2.4.10 Current and deferred income tax

Tax expenses for the period include current and deferred income tax. Income tax is recognized in the nonconsolidated statements of profit or loss and other comprehensive income, except if it is related to items recognized in other comprehensive income or directly in equity.

Current income tax is calculated based on tax laws enacted at period end. The Company regularly assesses the positions adopted in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It also recognizes provisions based on the amounts it expects to pay to tax authorities. When tax treatments are uncertain and it is probable that a tax authority will accept the tax treatment afforded by the Company, income tax is recognized according to the tax statements. If it is not considered likely, the uncertainty is shown using the most likely amount method or the expected value method depending on the method that best predicts the resolution to the uncertainty.

Deferred income tax is recognized using the liability method over temporary differences between the tax bases of assets and liabilities and the carrying amounts in the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences unless they arise from recognition of goodwill.

Deferred income tax assets are recognized only insofar as it is probable that future taxable profit will be available and may be used against temporary differences. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

These deferred tax assets and liabilities are not recognized if the temporary difference arises on initial recognition (other than that of a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit.

Deferred income tax applies to temporary differences of interests in subsidiaries and associates, except for deferred income tax liabilities in which the Company controls the timing of the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future. The deferred tax assets that arise from these deductible temporary differences related to such investments and interests are only recognized when it is probable that sufficient taxable profit will be available against which the temporary differences will be used and are expected to reverse in the foreseeable future.

Deferred income tax assets and liabilities are only offset when there is a legally enforceable right, and they are related to income tax levied by the same tax authority in the same taxable entity or another one provided that there is the intention to settle the balances on a net basis.

Current and deferred tax assets and liabilities were not discounted and are stated at nominal values.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period in which the liability is settled or the asset realized based on tax rates (and tax laws) enacted as of period-end.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the way in which the Company expects to recover or settle the carrying amount of its assets and liabilities.

Income tax rates effective in Mexico stand at 30% as of September 30, 2022, and December 31, 2021.

2.4.11 Investments in associates

An associate is an entity over which the Company has significant influence, being the power to participate in the financial and operating policy decisions of the associate but not joint control over it. The considerations regarding control and significant influence are similar to those made by the Company in relation to its subsidiaries.

Associates are the investments in which an investor has significant influence but not control.

Investments are initially recognized at acquisition cost and then using the equity method whereby interests are recognized in profit or loss and in equity. The equity method is used as from the date when the significant influence over the associates is exercised.

The associates' financial statements used to apply the equity method were prepared using the same accounting period as of September 30, 2022 and December 31, 2021, and the same accounting policies employed in preparing these special nonconsolidated financial statements.

The Company's interests in the associates' net profits or losses, after acquisition, are recognized in the statements of profit or loss and other comprehensive income.

As of September 30, 2022, and December 31, 2022, the Company valued these investments at acquisition cost method without recognition of the equity method because they did not have significant movements.

2.4.12 Going concern

The Board oversees the Group's cash position regularly and liquidity risk throughout the year to ensure that there are sufficient funds to meet expected financing, operating and investing requirements. Sensitivity tests are conducted to disclose the latest expense expectations, oil and gas prices and other factors so that the Group may manage risk.

Considering the macroeconomic context, the result of operations and the Group's cash position, as of September 30, 2022 and December 31, 2021 the Directors asserted, upon approving the financial statements, that the Group may reasonably be expected to fulfill its obligations in the foreseeable future. Therefore, these special nonconsolidated financial statements were prepared on a going concern basis.

Note 3. Significant accounting judgements estimates and assumptions

Preparing the nonconsolidated financial statements requires that Management make future judgments and estimates, apply significant accounting judgments and make assumptions that affect the application of accounting policies and the figures for assets and liabilities, revenue and expenses.

The estimates and judgments used in preparing the nonconsolidated financial statements are constantly evaluated and are based on the historical experience and other factors considered to be fair in accordance with current circumstances. Future profit (loss) may differ from the estimates and evaluations made as of the date of preparation of these special nonconsolidated financial statements.

3.1 Significant judgments in the application of accounting policies

Below are the significant judgments other than those involving estimates (see Note 3.2) that Management made in applying the Company's accounting policies and that have a material impact on the figures recognized in the special nonconsolidated financial statements.

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3.1.1 Contingencies

The Company is subject to several claims, trials and other legal proceedings that arose during the ordinary course of business. The Company's liabilities with respect to such claims, trials and other legal proceedings cannot be estimated with an absolute certainty. Therefore, the Company periodically reviews each contingency status and assesses the potential financial liability, hence, Management makes estimates mainly with the legal counsel's assistance based on information available as of the date of the nonconsolidated financial statements and the litigation, resolution or settlement strategies.

Contingencies include pending lawsuits or claims for potential damage or third-party claims in the Company's ordinary course of business and third-party claims from disputes related to the interpretation of applicable legislation.

The Company assesses whether there are additional expenses directly related to the resolution of each contingency, in which case they are included in the related provision, provided that they can be reasonably estimated.

3.1.2 Functional currency

The functional currency of the Company is the currency of the primary economic context in which each entity operates. The functional currency is the USD. To determine the functional currency, the Company makes judgments to identify the primary economic context. It reconsiders the functional currency in case of a change in the events and conditions that may determine the primary economic context.

3.2 Key sources of uncertainty in estimates

Below are the main estimates that entail significant risk and may generate adjustments in the Company's assets and liabilities next period/year:

3.2.1 Current and deferred income tax

Management should regularly assess the tax positions reported in the annual tax returns pursuant to the tax regulations applicable and, if needed, recognize the related provisions for the amounts payable by the Company to tax authorities. When the taxable profit of these items differs from the amounts initially recognized, these differences will have an effect on income tax and in the provision for deferred income tax for the tax year in which the assessment is made.

There are many transactions and calculations for which the final tax assessment is uncertain. The Company recognizes liabilities for potential tax claims based on estimates of whether additional taxes will be owed in the future. Deferred tax assets are reviewed as of each reporting date and are amended according to the probability that the tax base allow the total or partial recovery of these assets.

Deferred tax assets and liabilities are not discounted. Upon assessing the realization of deferred tax assets, Management considers whether it is probable that some or all assets are not realized, which depends on the generation of future taxable profit in the periods in which these temporary differences become deductible. To this end, Management considers the expected reversal of deferred tax liabilities, future taxable profit projections and tax planning strategies.

The assumptions on the generation of future taxable profit depend on Management estimates of future cash flows. These estimates are based on expected future cash flows from transactions, which are affected by sales and production volumes; oil and gas prices; operating costs; well plugging and abandonment; capital expenses; dividends and other equity management transactions; and the judgment on the application of tax laws effective in each jurisdiction. Insofar as future cash flows and taxable profit substantially differ from the Company's estimates, the Company's capacity to realize net deferred tax assets booked at reporting date may be affected. Moreover, future changes in the tax laws in the jurisdictions in which the Company operates may hinder its capacity to obtain tax deductions in future periods.

3.2.2 Share-based payments

The fair value estimate of share-based payments requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the award. This estimate also requires the assessment of the most appropriate input for the valuation model, including the remaining life of stock options, volatility, dividend yield and the assumptions made regarding these inputs.

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To measure the fair value of share-based payments at grant date, the Company employs the Black & Scholes model. The carrying amount, hypotheses and models used in estimating the fair value of transactions involving share-based payments are disclosed in Note 17.

3.2.3 Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment at the lowest level in which there are separately identifiable cash flows. To such end, the Company evaluated the impairment of each subsidiary that showed indications of impairment.

The Company conducts its annual impairment test every December or when there is an indication that the carrying amount may be impaired. It bases the impairment test of investments in subsidiaries on the calculation of value in use and reviews the relationship between the recoverable value and the carrying amount of its investments.

As of September 30, 2022 and December 31, 2021, the Company did not identify indications of impairment.

Note 4. General and administrative expenses

	Period from January 1 through September 30, 2022	Period from January 1 through September 30, 2021
Share-based payments (Note 17)	9,396	6,435
Salaries and payroll taxes	8,973	8,314
Employee benefits	10	-
Fees and compensation for services	1,213	1,175
Taxes, rates and contributions	2	2
Other	501	151
Total general and administrative expenses	20,095	16,077

Note 5. Other operating income

	Period from January 1 through September 30, 2022	Period from January 1 through September 30, 2021
Related party dividends ⁽¹⁾	30,270	-
Other	19	-
Total other operating income	30,289	-

⁽¹⁾ On September 14, 2022, Vista Holding I, approved a dividend distribution for 30,270 to the Company.

As of September 30, 2022 the Company received an amount of 11,784.

Note 6. Financial (expense) income, net

6.1 Interest income

	Period from January 1 through September 30, 2022	Period from January 1 through September 30, 2021
Financial interest with related parties (Note 16)	2,695	1,830
Financial interest	282	33
Total interest income	2,977	1,863

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6.2 Interest expense

	Period from January 1 through September 30, 2022	Period from January 1 through September 30, 2021
Financial interest with related parties (Note 11.1)	(1,769)	(1,989)
Total interest expense	(1,769)	(1,989)

6.3 Other financial income (expense)

	Period from January 1 through September 30, 2022	Period from January 1 through September 30, 2021
Changes in the fair value of warrants (Note 11.4.1)	(22,588)	(9,278)
Changes in the fair value of financial assets	(1,389)	8,188
Net changes in foreign exchange rate	51	(521)
Other	(31)	-
Total other financial income (expense)	(23,957)	(1,611)

Note 7. Earnings per share

a) Basic

Basic earnings per share is calculated by dividing the Company's profit by the weighted average number of ordinary shares outstanding during the period.

b) Diluted

Diluted earnings per share is calculated by dividing the Company's profit by the weighted average number of ordinary shares outstanding during the period, plus the weighted average of dilutive potential ordinary shares.

Potential ordinary shares will be considered dilutive when their conversion to ordinary shares may reduce earnings per share or increase losses per share. They will be considered antidilutive when their conversion to ordinary shares may result in an increase in earnings per share or a reduction in loss per share.

The calculation of diluted earnings per share does not involve a conversion; the exercise or other issue of shares that may have an antidilutive effect on loss per share, or when the exercise price is higher than the average price of ordinary shares during the period, no dilution effect is booked, as diluted earnings per share is equal to basic earnings per share.

As of September 2022 and 2021, calculation of earnings per share in the Company's unaudited consolidated financial statements is as follows:

	Period from January 1 through September 30, 2022	Period from January 1 through September 30, 2021
Consolidated profit for the period, net	194,031	15,095
Weighted average number of ordinary shares	87,929,404	88,164,915
Basic earnings per share (in USD per share)	2.207	0.171

	Period from January 1 through September 30, 2022	Period from January 1 through September 30, 2021
Consolidated profit for the period, net	194,031	15,095
Weighted average number of ordinary shares	103,270,233	92,499,359
Diluted earnings per share (in USD per share)	1.879	0.163

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As of September, 2022, the Company holds the following ordinary shares that, on the date of the unaudited consolidated financial statements, are currently out of the money. Consequently, they are not included in the weighted average number of ordinary shares to calculate diluted earnings per share:

- i. 30,011,183 Series A shares related to 90,033,549 Series A warrants (see Note 11.2);
- ii. 1,290,677 Series A shares to be used in the Long-Term Incentive Plan (“LTIP”).

For further information see Note 19 of these financial statements.

Note 8. Deferred income tax assets and liabilities, and income tax expense

As of September 30, 2022 and 2021 the Company has carried accumulated tax losses for which no deferred tax asset has been recognized.

Note 9. Investments in subsidiaries

Below is the composition of the investments in subsidiaries as of September 30, 2022 and December 31, 2021:

Subsidiary name	Equity interest	Investments in subsidiaries		Main activity	Place of business
		As of September 30, 2022	As of December 31, 2021		
Vista Holding I ⁽¹⁾	100%	477,667	476,135	Holding company	Mexico
Vista Holding II ⁽¹⁾	99%	16,892	16,837	Exploration and production	Mexico
Total investments in subsidiaries		494,559	492,972		

⁽¹⁾ Including the effects of share-based payments to its subsidiaries’ employees.

Note 10. Trade and other receivables

	As of September 30, 2022	As of December 31, 2021
<u>Noncurrent</u>		
Other receivables:		
Prepaid expenses	-	443
	-	443
Financial assets:		
Related parties (Note 16)	49,471	36,917
	49,471	36,917
Total noncurrent trade and other receivables	49,471	37,360
<u>Current</u>		
Other receivables:		
Prepayments, tax credits and other:		
Value Added Tax (“VAT”)	252	79
Prepaid expenses	23	363
Income tax	1	1
	276	443
Financial assets:		
Related parties (Note 16)	19,538	2,975
Other	36	6
	19,574	2,981
Total current trade and other receivables	19,850	3,424

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Note 11. Financial assets and liabilities

11.1 Changes in liabilities from financing activities

Changes in the borrowings were as follows:

	As of September 30, 2022	As of December 31, 2021
Amounts at beginning of period/year	26,462	48,452
Proceeds from borrowings with related parties	-	-
Borrowings interest with related parties ⁽¹⁾ (Note 6.2)	1,769	2,585
Payment of borrowings interest	-	(3,129)
Payment of borrowings principal ⁽²⁾	-	(21,446)
Amounts at end of period/year	28,231	26,462

⁽¹⁾ These transactions did not generate cash flows.

⁽²⁾ As of December 31, 2021, including 13,258 from principal payment and 8,188 from the settlement through the purchase and sale of bonds in Argentina, which generated no cash flows.

11.2 Warrants

As of September 30, 2022, the Company holds 99,680,000 warrants to purchase a third of Series A ordinary shares at an exercise price of 11.50 USD/share (the “Series A warrants”), under the original terms of the warrants indenture (for the amended warrants indenture terms, see Note 19).

The warrants exercise period began on August 15, 2018 and, under the original terms, expired on April 4, 2023, or earlier if after the exercise option the closing price of a Series A share was equal to or higher than the amount in Mexican pesos equal to USD 18.00 during 20 trading days within a 30-day trading, and the Company opted for the early termination of the exercise term.

	As of September 30, 2022	As of December 31, 2021
Noncurrent		
Warrants	25,132	2,544
Total noncurrent	25,132	2,544

11.3 Financial instruments by category

The following chart includes the financial instruments broken down by category:

As of September 30, 2022	Financial assets/liabilities at amortized cost	Financial assets/liabilities at FVTPL	Total financial assets/liabilities
Assets			
Trade and other receivables (Note 10)	49,471	-	49,471
Total noncurrent financial assets	49,471	-	49,471
Cash, bank balances and short-term investments (Note 12)	36,841	31,993	68,834
Trade and other receivables (Note 10)	19,574	-	19,574
Total current financial assets	56,415	31,993	88,408
Liabilities			
Borrowings (Note 11.1)	28,231	-	28,231
Warrants (Note 11.2)	-	25,132	25,132
Total noncurrent financial liabilities	28,231	25,132	53,363
Trade and other payables (Note 14)	374	-	374
Total current financial liabilities	374	-	374

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As of December 31, 2021	Financial assets/liabilities at amortized cost	Financial assets/liabilities at FVTPL	Total financial assets/liabilities
Assets			
Trade and other receivables (Note 10)	36,917	-	36,917
Total noncurrent financial assets	36,917	-	36,917
Cash, bank balances and short-term investments (Note 12)	112,367	-	112,367
Trade and other receivables (Note 10)	2,981	-	2,981
Total current financial assets	115,348	-	115,348
Liabilities			
Borrowings (Note 11.1)	26,462	-	26,462
Warrants (Note 11.2)	-	2,544	2,544
Total noncurrent financial liabilities	26,462	2,544	29,006
Trade and other payables (Note 14)	1,000	-	1,000
Total current financial liabilities	1,000	-	1,000

Below are income, expenses, profit or loss from each financial instrument:

For the nine-month period ended September 30, 2022:

	Financial assets/liabilities at amortized cost	Financial assets/liabilities at FVTPL	Total
Interest income (Note 6.1)	2,977	-	2,977
Interest expenses (Note 6.2)	(1,769)	-	(1,769)
Changes in the fair value of warrants (Note 6.3)	-	(22,588)	(22,588)
Changes in the fair value of financial assets (Note 6.3)	-	(1,389)	(1,389)
Net changes in foreign exchange rate (Note 6.3)	51	-	51
Other (Note 6.3)	(31)	-	(31)
Total	1,228	(23,977)	(22,749)

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For the nine-month period ended September 30, 2021:

	Financial assets/liabilities at amortized cost	Financial assets/liabilities at FVTPL	Total
Interest income (Note 6.1)	1,863	-	1,863
Interest expenses (Note 6.2)	(1,989)	-	(1,989)
Changes in the fair value of warrants (Note 6.3)	-	(9,278)	(9,278)
Changes in the fair value of financial assets (Note 6.3)	-	8,188	8,188
Net changes in foreign exchange rate (Note 6.3)	(521)	-	(521)
Total	(647)	(1,090)	(1,737)

11.4 Fair value

This note includes information on the Company's method for assessing the fair value of its financial assets and liabilities.

11.4.1 Fair value of the Company's financial assets and liabilities measured at fair value on a recurring basis

The Company classifies the measurements at fair value of financial instruments using a fair value hierarchy, which shows the relevance of the variables applied to carry out these measurements. The fair value hierarchy has the following levels:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: data other than the quoted prices included in Level 1 that are observable for assets or liabilities, either directly (that is prices) or indirectly (that is derived from prices).
- Level 3: data on the asset or liability that are based on information that cannot be observed in the market (that is, non-observable data).

The following chart shows the Company's financial liabilities measured at fair value as of September 30, 2022 and December 31, 2021:

As of September 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
<i>Financial assets at fair value through profit or loss</i>				
Short term investments	31,993	-	-	31,993
Total assets	31,993	-	-	31,993
As of September 30, 2022				
Liabilities				
<i>Financial liabilities at fair value through profit or loss</i>				
Warrants	-	-	25,132	25,132
Total liabilities	-	-	25,132	25,132
As of December 31, 2021				
Liabilities				
<i>Financial liabilities at fair value through profit or loss</i>				
Warrants	-	-	2,544	2,544
Total liabilities	-	-	2,544	2,544

The value of financial instruments traded in active markets is based on quoted market prices as of the date of these accompanying special nonconsolidated financial statements. A market is considered active when quoted prices are available regularly through a stock exchange, a broker, a specific sector entity or regulatory agency, and these prices reflect regular and current market transactions between parties at arm's length. The quoted market price used for financial assets held by the Company is the current offer price. These instruments are included in Level 1.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

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These valuation techniques maximize the use of observable market data, when available, and minimize the use of Company's specific estimates. Should all significant variables used to establish the fair value of a financial instrument be observable, the instrument is included in Level 2.

Should one or more variables used in determining the fair value not be observable in the market, the financial instrument is included in Level 3.

There were no transfers between Level 1 and Level 2 from December 31, 2021 through September 30, 2022 or from December 31, 2020 through September 30, 2021.

The fair value of warrants is determined using the Black & Scholes model considering the expected volatility of the Company's ordinary shares upon estimating the future volatility of Company share price. The risk-free interest rate for the expected useful life of warrants is based on the available return of benchmark government bonds with an equivalent remainder term upon the grant. The expected life is based on the contractual terms.

The following assumptions were used in estimating the fair value of warrants as of September 30, 2022 and December 31, 2021:

	As of September 30, 2022	As of December 31, 2021
Annualized volatility	45.10%	39.94%
Risk free domestic interest rate	10.89%	7.15%
Risk free foreign interest rate	4.41%	0.55%
Remainder useful life in years	0.52 years	1.29 years

It is a recurring Level 3 fair value measurement. The key Level 3 inputs used by Management to assess fair value are market price and expected volatility. As of September 30, 2022: (i) should market price increase by 0,10 it would increase the obligation by about 1,216; (ii) should market price decrease by 0,10 it would drop the obligation by about 1,188; (iii) should volatility increase by 50 basis points, it would rise the obligation by about 318 and; (iv) should volatility slip by 50 basis points, it would reduce the obligation by about 322.

Also, as of December 31, 2021 (i) should market price increase by 0,10 it would increase the obligation by about 277; (ii) should market price decrease by 0,10 it would drop the obligation by about 258; (iii) should volatility increase by 50 basis points, it would rise the obligation by about 135 and; (iv) should volatility slip by 50 basis points, it would reduce the obligation by about 133.

Reconciliation of level 3 measurements at fair value:

	As of September 30, 2022	As of December 31, 2021
Warrants liability amount at beginning of period / year	2,544	362
Loss from changes in the fair value of warrants (Note 6.3)	22,588	2,182
Amounts at end of period / year	25,132	2,544

Note 12. Cash, bank balances and short-term investments

	As of September 30, 2022	As of December 31, 2021
Money market funds	31,952	82,055
Mutual funds	30,035	-
Cash in banks	4,889	30,312
Government bonds	1,958	-
Total	68,834	112,367

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Cash and cash equivalents include cash on hand and at bank and investments maturing within 3 (three) months. For the statement of cash flows purposes below is the reconciliation between cash, bank and short-term investments and cash and cash equivalents:

	As of September 30, 2022	As of December 31, 2021
Cash, bank balances and other short-term investments	68,834	112,367
Less		
Government bonds	(1,958)	-
Cash and cash equivalents	66,876	112,367

12.1 Restricted cash

As of September 30, 2022, and December 31, 2021, the Company carries 8,965 and 3,964, as restricted cash, respectively, from collateral loans to its subsidiary Vista Argentina.

Note 13. Equity

13.1 Capital stock and capital risk management

The following chart shows a reconciliation of the movements in the Company's capital stock for the year/period ended December 31, 2021 and September 30, 2022:

	Series A	Series C	Total
Amounts as of December 31, 2020	659,400	-	659,400
Number of shares	87,851,286	2	87,851,288
Shares Series A shares granted for the LTIP	1	-	1
Number of shares	778,591	-	778,591
Reduction of capital stock adopted at the Ordinary General Shareholders' meeting on December 14, 2021	(72,695)	-	(72,695)
Number of shares	-	-	-
Amounts as of December 31, 2021	586,706	-	586,706
Number of shares	88,629,877	2	88,629,879
Shares Series A shares granted for the LTIP	1	-	1
Number of shares	713,914	-	713,914
Share repurchase (Note 13.2)	(23,804)	-	(23,804)
Number of shares repurchased	(2,834,163)	-	(2,834,163)
Reduction of capital stock adopted at the Board of Directors' meeting on September 27, 2022	(39,530)	-	(39,530)
Number of shares	-	-	-
Amounts as of September 30, 2022	523,373	-	523,373
Number of shares	86,509,628	2	86,509,630

On December 14, 2021, the Shareholders' Meeting approved the reduction of the variable portion of the Company's capital stock of 72,695, for the absorption of accumulated losses as of September 30, 2021, shown on the Company's special nonconsolidated financial statements. This transaction did not require the cancellation of Series A shares as they have no nominal value, likewise, this operation did not generate any tax effect in Mexico.

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On September 27, 2022, the Board of Directors Meeting approved the reduction of the variable portion of the Company's capital stock of 39,530, for the absorption of accumulated losses as of August 31, 2022, shown on the Company's nonconsolidated financial statements (subject to later ratification at Shareholders' Meeting). This transaction did not require the cancellation of Series A shares as they have no nominal value, likewise, this operation did not generate any tax effect in Mexico.

As of September 30, 2022 and December 31, 2021, the Company's authorized capital includes 42,282,611 and 40,162,362 Series A ordinary shares held in Treasury that may be used with warrants, forward purchase agreements and LTIP.

13.2 Legal reserve and share repurchase reserve

Under Mexican Business Associations Law, the Company is required to allocate 5% of net profit for the year to increase the legal reserve until it is equal to 20% of capital based on the Company's nonconsolidated financial statements.

On April 26, 2022, through the ordinary and extraordinary General Shareholders' Meeting, the Company's shareholders approved the creation of a fund to acquire own shares for 23,840, and the creation of the legal reserve for 1,255, both based on the Company's nonconsolidated financial statements.

During the nine-month period ended September 30, 2022, the Company repurchased 2,834,163 Series A shares for 23,804, which, as of the date of issuance of these special nonconsolidated financial statements, are held in Treasury

Other than mentioned above, there have been no significant changes in capital stock for the nine-month period ended September 30, 2022. See Note 13.1 to the annual nonconsolidated financial statements as of December 31, 2021.

13.3 Capital risk management and liquidity risk

There have been no significant changes in capital risk management for the nine-month period ended September 30, 2022. See Note 13.2 and 13.3 to the annual nonconsolidated financial statements as of December 31, 2021.

Note 14. Trade and other payables

	As of September 30, 2022	As of December 31, 2021
<u>Current</u>		
Accounts payables:		
Suppliers	374	990
Total current accounts payables	374	990
Other accounts payables:		
Other liabilities	-	10
Total other current accounts payables	-	10
Total current	374	1,000

Note 15. Salaries and payroll taxes

	As of September 30, 2022	As of December 31, 2021
<u>Current</u>		
Provision for gratifications and bonus	6,780	6,807
Salaries and social security contributions	817	677
Total current	7,597	7,484

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Note 16. Related parties transactions and balances

The following table provides the total amount of balances that have been entered into with related parties for each period/year:

	<u>As of September 30, 2022</u>	<u>As of December 31, 2021</u>
<u>Noncurrent</u>		
Other receivables		
Vista Holding II	49,471	36,917
Total noncurrent other receivables	49,471	36,917
<u>Current</u>		
Vista Holding I ⁽¹⁾	18,580	108
Aluvional S.A.	448	1,039
Vista Argentina	415	1,727
Vista Holding II	59	59
Vista Holding IV	19	19
Vista Holding III	17	23
Total current other receivables	19,538	2,975

⁽¹⁾ As of September 30, 2022, including 18,486 related to the dividend distribution (See Note 5).

	<u>As of September 30, 2022</u>	<u>As of December 31, 2021</u>
Borrowings		
<u>Noncurrent</u>		
Vista Argentina (Note 11.1)	28,231	26,462
Total noncurrent	28,231	26,462

The following are the borrowings granted by the Company as of September 30, 2022 and December 31, 2021:

Instrument	Company	Execution date	Currency	Credit Line ⁽¹⁾	Interest ⁽²⁾	Annual rate	Maturity date	As of September 30, 2022	As of December 31, 2021
Borrowings granted	Vista Holding II	October 2018	Mexican Pesos	11,000	Fixed	9.02%	October, 2023	678	635
			Mexican Pesos	600,000	Fixed	10.03%	October, 2023	48,793	36,282
								49,471	36,917

⁽¹⁾ During the nine-month period ended September 30, 2022, and for the year ended December 31, 2021, the Company granted borrowings for 9,400 and 8,000, respectively. Therefore, during the nine-month period ended September 30, 2021 received 2,119.

⁽²⁾ As of September 30, 2022 and 2021, accrued interest of 2,695 and 1,830, respectively (see Note 6.1)

Outstanding amounts as of every year-end are not secured and are settled in cash. No guarantees were granted or received by any related party for accounts receivable or payable for the period/year ended September 30, 2022 and December 31, 2021, the Company did not book any impairment related to receivables from related parties. This assessment is conducted at every year-end by examining the financial position of the related party and the market in which it operates.

The book value of the borrowings received as of September 30, 2022 and December 31, 2021 is detailed below:

Instrument	Company	Execution date	Currency	Credit Line	Interest	Annual rate	Maturity date	As of September 30, 2022	As of December 31, 2021
Borrowings received	Vista Argentina	June, 2020	USD	46,000	Fixed	9.50%	June, 2030	28,231	26,462

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Note 17. Share-based payments

On March 22, 2018, the Company's shareholders authorized the implementation of the LTIP to retain key employees and empowered the Board of Directors to manage this plan. Shareholders also decided to set aside 8,750,000 Series A shares to be used in the plan.

According to the LTIP approved by the Board, this plan is effective as from April 4, 2018, and the Company manages the plan through an administrative trust.

The plan has the following benefits paid to certain executives and employees that are considered share-based payments:

17.1 Stock Options (Equity Settled)

The stock option plan grants the participant the right to acquire a number of shares during a certain term. Stock options will be vested as follows: (i) 33% during the first year; (ii) 33% during the second year, and (iii) 34% during the third year in relation to the date in which stock options are granted to participants. Once acquired, stock options may be exercised up to 5 or 10 years as from grant date. The plan establishes that the value of the shares to be granted will be determined using Black & Scholes model.

17.1.1 Movements during the period/year

The following table shows the number of stock options and the weighted average exercise price ("WAEP") for the period/ year and the movements during the period/year:

	For the nine-month periods ended September 30, 2022		For the year ended December 31, 2021	
	Number of rights to buy	WAEP	Number of rights to buy	WAEP
At beginning of period/year	9,124,109	4.9	5,668,825	6.0
Granted during the period/year	1,416,119	7.1	3,455,284	2.9
Cancelled during the period/year	-	-	-	-
At end of period/year	10,540,228	5.1	9,124,109	4.9

The following table shows the inputs used for the plan for the period/year:

	As of September 30, 2022	As of December 31, 2021
Dividend yield (%)	0.0%	0.0%
Expected volatility (%)	34%	34%
Risk-free interest rate (%)	1.9%	1.4%
Expected life of share options (years)	10	10
Weighted average exercise price (USD)	7.1	2.9
Model used	Black-Scholes	Black-Scholes

The remainder life of stock options is based on historical data and current expectations and is not necessarily an indication of the potential exercise patterns. Expected volatility shows the assumption that historical volatility in a period similar to the life of options is an indication of future trends, that may not be necessarily the actual result.

The weighted average fair value of options granted during the nine-month period ended September 30, 2022, and for the year ended December 31, 2021 stood as 3.3 and 1.2, respectively.

According to IFRS 2, stock option plans are classified as settled transactions at grant date. This assessment is the result of multiplying the total number of Series A shares to be deposited in the administrative trust and the price per share.

For the nine-month periods ended September 30, 2022 and 2021, compensation expense booked in the nonconsolidated statements of profit or loss and other comprehensive income stood at 2,596 and 3,016, respectively.

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17.2 Restricted stock (Equity Settled)

One or more shares that are given to the participants of the plan for free or a minimum value once the conditions are achieved. Restricted Stock is vested as follows: (i) 33% the first year; (ii) 33% the second year; and (iii) 34% the third year with respect to the date in which the Restricted Stock are granted to the participants.

17.2.1 Movements for the period/year

The following table shows the number of Series A shares and WAEP and the movements during the period/ year:

	For the nine-month periods ended September 30, 2022		For the year ended December 31, 2021	
	Number of Series A shares	WAEP	Number of Series A shares	WAEP
At beginning of period/year	5,762,338	4.5	3,769,299	5.4
Granted during the period/year	968,015	7.1	1,993,039	2.9
Cancelled during the period/year	-	-	-	-
At end of period/year	6,730,353	4.9	5,762,338	4.5

According to IFRS 2, stock option plans are classified as settled transactions at grant date. This assessment is the result of multiplying the total number of Series A shares to be deposited in the administrative trust and the price per share.

For the nine-month period ended September 30, 2022 and 2021, compensation expense booked in the consolidated statements of profit or loss and other comprehensive income stood at 3,409 and 3,419, respectively. Series A shares issued during the year are disclosed in Note 13.1.

All shares are considered outstanding shares for both basic and diluted earnings (loss) per share since they are entitled to dividends provided that they are reported by the Company.

17.3 Performance restricted stock (Equity Settled)

One or more shares that are given to the participants of the plan for free or a minimum value once the conditions are achieved.

17.3.1 Movements for the period/year

The following table shows the number of Series A shares and WAEP and the movements during the period/ year:

	For the nine-month periods ended September 30, 2022		For the year ended December 31, 2021	
	Number of Series A shares	WAEP	Number of Series A shares	WAEP
At beginning of period/year	-	-	-	-
Granted during the period/year	3,705,757	7.1	-	-
Cancelled during the period/year	-	-	-	-
At end of period/year	3,705,757	7.1	-	-

According to IFRS 2, stock option plans are classified as settled transactions at grant date. This assessment is the result of multiplying the total number of Series A shares to be deposited in the administrative trust and the price per share.

For the nine-month period ended September 30, 2022 and 2021, compensation expense booked in the consolidated statements of profit or loss and other comprehensive income stood at 3,391 and 0, respectively. Series A shares issued during the year are disclosed in Note 13.1.

All shares are considered outstanding shares for both basic and diluted earnings (loss) per share since they are entitled to dividends provided that they are reported by the Company.

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Note 18. Tax regulations

There have been no significant changes in tax regulations during the nine-month period ended September 30, 2022. See Note 18 to the annual nonconsolidated financial statements as of December 31, 2021.

Note 19. Subsequent events

The Company assessed events subsequent to September 30, 2022, to determine the need of a potential recognition or disclosure in these special nonconsolidated financial statements. The Company assessed such events through October 26, 2022, date in which these special nonconsolidated financial statements were made available for issue.

- On October 3, 2022, the Company received from Vista Holding I an amount of 6,060, related to the dividend distribution mentioned in Note 5.

- On October 4, 2022 the meeting of holders of the Warrants issued by the Company (identified with the ticker symbol "VTW408A-EC001" – the "Warrants"), approved the amendments to the Warrant indenture and the global certificate that covers such Warrants, by means of which a cashless exercise mechanism was implemented that entitles the holders, to obtain one Series A share representative of the capital stock of the Company for each 31 Warrants owned.

As a result, a maximum of 3,215,483 shares will become outstanding once all Warrants are converted.

The holders who so desire may exercise their exercise right on a cashless basis starting October 10, 2022. Additionally, pursuant to the proposed new terms of the warrant indenture, at any time during the term of the issuance, Vista will be allowed to declare at its sole discretion the early maturity of all, and not less than all Warrants.

There are no events or transactions between the closing date and the date of issuance of these special nonconsolidated financial statements that could significantly affect the Company's financial position or profit or loss.