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

Special nonconsolidated financial statements as of August 31, 2022, and December 31, 2021
and for the eight-month periods ended August 31, 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 August 31 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 August 31, 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

Arturo Figueroa Carmona
Mexico City, Mexico
September 27, 2022

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

**Special nonconsolidated financial statements as of August 31, 2022, and December 31, 2021 and for the eight-month periods ended August 31, 2022, and 2021**

## TABLE OF CONTENTS


- Nonconsolidated statements of profit or loss and other comprehensive income for the eight-month periods ended August 31, 2022, and 2021

- Nonconsolidated statements of financial position as of August 31, 2022, and December 31, 2021

- Nonconsolidated statements of changes in equity for the eight-month periods ended August 31, 2022 and 2021

- Nonconsolidated statements of cash flows for the eight-month periods ended August 31, 2022 and 2021

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

## Nonconsolidated statements of profit or loss and other comprehensive income for the eight-month periods ended August 31, 2022, and 2021

(Amounts expressed in thousands of US Dollars)

| | Notes | Period from January 1 through August 31, 2022 | Period from January 1 through August 31, 2021 |
|---|---|---|---|
| General and administrative expenses | **4** | (17,534) | (14,503) |
| **Operating (loss)** | | **(17,534)** | **(14,503)** |
| Interest income | **5.1** | 2,543 | 1,618 |
| Interest expense | **5.2** | (1,574) | (1,795) |
| Other financial income (expense) | **5.3** | (22,965) | 5,797 |
| **Financial income (expense), net** | | **(21,996)** | **5,620** |
| **(Loss) before income tax** | | **(39,530)** | **(8,883)** |
| Income tax | | - | **-** |
| **Income tax** | | **-** | - |
| **(Loss) for the period, net** | | **(39,530)** | **(8,883)** |
| **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** | | **(39,530)** | **(8,883)** |

Notes 1 through 17 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 August 31, 2022, and December 31, 2021

(Amounts expressed in thousands of US Dollars)

| | Notes | As of August 31, 2022 | As of December 31, 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Noncurrent assets** | | | |
| Investments in subsidiaries | **7** | 494,299 | 492,972 |
| Investments in associates | | 5,012 | 2,977 |
| Trade and other receivables | **8** | 49,898 | 37,360 |
| Restricted cash | **10.1** | 9,016 | 3,964 |
| **Total noncurrent assets** | | **558,225** | **537,273** |
| | | | |
| **Current assets** | | | |
| Trade and other receivables | **8** | 1,404 | 3,424 |
| Cash, bank balances and other short-term investments | **10** | 58,286 | 112,367 |
| **Total current assets** | | **59,690** | **115,791** |
| **Total assets** | | **617,915** | **653,064** |
| | | | |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Capital stock | **11.1** | 562,903 | 586,706 |
| Legal reserve | **11.2** | 1,255 | - |
| Share repurchase reserve | **11.2** | 23,840 | - |
| Other accumulated comprehensive income (losses) | | 9,042 | 3,749 |
| Accumulated profit (losses) | | (39,530) | 25,095 |
| **Total equity** | | **557,510** | **615,550** |
| | | | |
| **Liabilities** | | | |
| **Noncurrent liabilities** | | | |
| Borrowings | **9.1** | 28,036 | 26,462 |
| Warrants | **9.2** | 25,359 | 2,544 |
| **Total noncurrent liabilities** | | **53,395** | **29,006** |
| | | | |
| **Current liabilities** | | | |
| Salaries and payroll taxes | **13** | 6,679 | 7,484 |
| Other taxes and royalties | | 49 | 24 |
| Trade and other payables | **12** | 282 | 1,000 |
| **Total current liabilities** | | **7,010** | **8,508** |
| **Total liabilities** | | **60,405** | **37,514** |
| **Total equity and liabilities** | | **617,915** | **653,064** |

Notes 1 through 17 are an integral part of these special nonconsolidated financial statements.

## Nonconsolidated statement of change in equity for the eight-month period ended August 31, 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 | - | - | - | - | (39,530) | (39,530) |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **(39,530)** | **(39,530)** |
| *Ordinary and Extraordinary General Shareholders ´meeting on April 26, 2022* (1): | | | | | | |
| Creation of legal reserve | - | 1,255 | - | - | (1,255) | **-** |
| Creation of share repurchase reserve | - | - | 23,840 | - | (23,840) | - |
| Share repurchase (1) | (23,804) | - | - | - | - | **(23,804)** |
| Share-based payments (2) | 1 | - | - | 5,293 | - | **5,294** |
| **Amounts as of August 31, 2022** | **562,903** | **1,255** | **23,840** | **9,042** | **(39,530)** | **557,510** |

(1) See Note 11.2.

(2) Including 8,155 share-based payments expenses, net of tax changes (See Note 4).

Notes 1 through 17 are an integral part of these special nonconsolidated financial statements

## Nonconsolidated statement of change in equity for the eight-month period ended August 31, 2021

(Amounts expressed in thousands of US Dollars)

| | Capital stock | Other accumulated comprehensive income (losses) | Accumulated profit (losses) [(1)] | Total equity |
|---|---|---|---|---|
| **Amounts as of December 31, 2020** | **659,400** | **(4,808)** | **(54,881)** | **599,711** |
| Loss for the period | - | - | (8,883) | (8,883) |
| **Total comprehensive income** | **-** | **-** | **(8,883)** | **(8,883)** |
| Share-based payments [(2)] | - | 5,739 | - | 5,739 |
| **Amounts as of August 31, 2021** | **659,400** | **931** | **(63,764)** | **596,567** |

[(1)] See Note 11.1 for the details on amounts as of December 31, 2021.

[(2)] Including 5,751 share-based payments expenses, net of tax charges (See Note 4).

Notes 1 through 17 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 eight-month periods ended August 31, 2022 and 2021

(Amounts expressed in thousands of US Dollars)

| | Notes | Period from January 1 through August 31, 2022 | Period from January 1 through August 31, 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| (Loss) for the period, net | | (39,530) | (8,883) |
| **Adjustments to reconcile net cash flows** | | | |
| Items related to operating activities: | | | |
| Net changes in foreign exchange rate | **5.3** | (840) | 387 |
| Share-based payments | **4** | 8,155 | 5,751 |
| Items related to investing activities: | | | |
| Interest income | **5.1** | (2,543) | (1,618) |
| Items related to financing activities: | | | |
| Interest expense | **5.2** | 1,574 | 1,795 |
| Changes in the fair value of warrants | **5.3** | 22,815 | 2,004 |
| Changes in the fair value of financial assets | **5.3** | 960 | (8,188) |
| **Changes in working capital:** | | | |
| Trade and other receivables | | 1,142 | 325 |
| Trade and other payables | | (718) | (330) |
| Salaries and payroll taxes | | (3,666) | (105) |
| Other taxes and royalties | | 25 | 279 |
| **Net cash flows (used in) operating activities** | | **(12,626)** | **(8,583)** |
| **Cash flows from investing activities:** | | | |
| Payments for acquisitions of investments in associates | | (2,035) | (2,292) |
| Borrowings granted to related parties | **14** | (9,400) | (8,000) |
| Proceeds from borrowings granted - principal | **14** | - | 2,119 |
| Interest received | **5.1** | 181 | 28 |
| Prepaid expenses | | - | (3,830) |
| **Net cash flows (used in) investing activities** | | **(11,254)** | **(11,975)** |
| **Cash flows from financing activities:** | | | |
| Share repurchase | **11.2** | (23,804) | - |
| Payment of borrowings interests | **9.1** | - | (3,129) |
| Payment of borrowings principal | **9.1** | - | (13,258) |
| **Net cash flows (used in) financing activities** | | **(23,804)** | **(16,387)** |
| **Net (decrease) in cash and cash equivalents** | | **(47,684)** | **(36,945)** |
| Cash and cash equivalents at beginning of period | | 112,367 | 130,687 |
| Effect of exposure to changes in the foreign currency rate of cash and cash equivalents | | (1,345) | (14) |
| Restricted cash | **10.1** | (5,052) | **-** |
| Net (decrease) in cash and cash equivalents | | (47,684) | (36,945) |
| **Cash and cash equivalents at end of period** | **10** | **58,286** | **93,728** |

Notes 1 through 17 are an integral part of these special nonconsolidated financial statements

# Notes to the special nonconsolidated financial statements as of August 31, 2022, and December 31, 2021 and for the eight-month periods ended August 31, 2022 and 2021

(Amounts expressed in thousands of US Dollars)

## 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:

**<u>In Argentina</u>**

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);
(vi) 100% in Bandurria Norte unconventional operating concession (operated).

In the Northwest basin:
(i) 1.5% in Acambuco operating concession (not operated).

**<u>In Mexico</u>**

(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.

## Note 2. Basis of preparation and significant accounting policies

### 2.1 Basis of preparation and presentation

The special nonconsolidated financial statements as of August 31, 2022, and December 31, 2021, and for the eight-month periods ended August 31, 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 August 31, 2022, and 2021, so as to be approved by the Board of Director in order to review its financial position, including accumulated profit (losses) and capital stock.

These special nonconsolidated financial statements were approved for issuance by the Board of Director on September 27, 2022, and the subsequent events through that date are considered.

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.

### 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.

(Amounts expressed in thousands of US Dollars)

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 |
|---|---|---|---|---|
| | August 31, 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 Oil & Gas Holding V, B.V. | 100% | 100% | Netherland | Holding company |
| 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.

**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 August 31, 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.

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.

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.

Overdrafts in checking accounts, if any, are disclosed within current borrowings in the nonconsolidated statement of financial position. Moreover, 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 August 31, 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.

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.

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.

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.

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.

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 August 31, 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.

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.

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 August 31, 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 August 31, 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 August 31, 2022 and December 31, 2022, the Company valued these investments at acquisition cost 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 August 31, 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.

### 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.

(Amounts expressed in thousands of US Dollars)

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 15.

### 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 August 31, 2022 and December 31, 2021, the Company did not identify indications of impairment.

## Note 4. General and administrative expenses

| | Period from January 1 through August 31, 2022 | Period from January 1 through August 31, 2021 |
|---|---:|---:|
| Share-based payments (Note 15) | 8,155 | 5,751 |
| Employee benefits | 5,413 | 2,672 |
| Salaries and payroll taxes | 2,427 | 4,848 |
| Fees and compensation for services | 1,104 | 1,102 |
| Taxes, rates and contributions | 2 | 2 |
| Other | 433 | 128 |
| **Total general and administrative expenses** | **17,534** | **14,503** |

## Note 5. Financial income (expense), net

### 5.1 Interest income

| | Period from January 1 through August 31, 2022 | Period from January 1 through August 31, 2021 |
|---|---:|---:|
| Financial interest with related parties (Note 14) | 2,362 | 1,590 |
| Financial interest | 181 | 28 |
| **Total interest income** | **2,543** | **1,618** |

### 5.2 Interest expense

| | Period from January 1 through August 31, 2022 | Period from January 1 through August 31, 2021 |
|---|---:|---:|
| Financial interest with related parties (Note 9.1) | (1,574) | (1,795) |
| **Total interest expense** | **(1,574)** | **(1,795)** |

## Notes to the special nonconsolidated financial statements as of August 31, 2022, and December 31, 2021 and for the eight-month periods ended August 31, 2022 and 2021
(Amounts expressed in thousands of US Dollars)

**5.3 Other financial income (expense)**

| | Period from January 1 through August 31, 2022 | Period from January 1 through August 31, 2021 |
|---|---|---|
| Changes in the fair value of warrants | (22,815) | (2,004) |
| Changes in the fair value of financial assets | (960) | 8,188 |
| Net changes in foreign exchange rate | 840 | (387) |
| Other | (30) | - |
| **Total other financial income (expense)** | **(22,965)** | **5,797** |

**Note 6. Deferred income tax assets and liabilities, and income tax expense**

As of August 31, 2022 and 2021 the Company has carried accumulated tax losses for which no deferred tax asset has been recognized.

**Note 7. Investments in subsidiaries**

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

| | | Investments in subsidiaries | | | |
|---|---|---|---|---|---|
| **Subsidiary name** | **Equity interest** | **As of August 31, 2022** | **As of December 31, 2021** | **Main activity** | **Place of business** |
| Vista Holding I [(1)] | 100% | 477,412 | 476,135 | Holding company | Mexico |
| Vista Holding II [(1)] | 99% | 16,887 | 16,837 | Exploration and production | Mexico |
| **Total investments in subsidiaries** | | **494,299** | **492,972** | | |

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

**Note 8. Trade and other receivables**

| | As of August 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Noncurrent | | |
| **Other receivables:** | | |
| Prepaid expenses | - | 443 |
| | **-** | **443** |
| **Financial assets:** | | |
| Related parties (Note 14) | 49,898 | 36,917 |
| | **49,898** | **36,917** |
| **Total noncurrent trade and other receivables** | **49,898** | **37,360** |
| | | |
| Current | | |
| **Other receivables**: | | |
| **Prepayments, tax credits and other:** | | |
| Value Added Tax ("VAT") | 252 | 79 |
| Prepaid expenses | 24 | 363 |
| Income tax | 1 | 1 |
| | **277** | **443** |
| **Financial assets:** | | |
| Related parties (Note 14) | 1,126 | 2,975 |
| Other | 1 | 6 |
| | **1,127** | **2,981** |
| **Total current trade and other receivables** | **1,404** | **3,424** |

# Notes to the special nonconsolidated financial statements as of August 31, 2022, and December 31, 2021 and for the eight-month periods ended August 31, 2022 and 2021

(Amounts expressed in thousands of US Dollars)

**Note 9. Financial assets and liabilities**

**9.1 Changes in liabilities from financing activities**

Changes in the borrowings were as follows:

| | As of August 31, 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 5.2) | 1,574 | 2,585 |
| Payment of borrowings interest | - | (3,129) |
| Payment of borrowings principal [(2)] | - | (21,446) |
| **Amounts at end of period/year** | **28,036** | **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.

**9.2 Warrants**

Along with the issuance of Series A ordinary shares in the IPO, the Company placed 65,000,000 warrants to purchase a third of Series A ordinary shares at an exercise price of 11.50 USD/share (the "Series A warrants.") They expire on April 4, 2023, or earlier if after the exercise option the closing price of a Series A share is equal to or higher than the amount in Argentine pesos equal to USD 18.00 during 20 trading days within a 30-day trading, and the Company opts for the early termination of the exercise term. Should the Company opt for the early termination, it will be entitled to declare that Series A warrants will be exercised "with no payment in cash." Should the Company opt for the exercise with no payment in cash, the holders of Series A warrants that choose to exercise the option should deliver and receive a variable number of Series A shares resulting from the formula established in the deed of issue of warrants that captures the average of the equivalent in US dollars of the closing price of Series A shares during a 10-day period.

Almost at the same time, the Company's promoters purchased 29,680,000 warrants to purchase a third of Series A ordinary shares at an exercise price of 11.50 USD/share (the "warrants") for 14,840 in a private placement made at the same time as the IPO closing in Mexico. Warrants are identical and fungible with Series A warrants; however, the former could have differences regarding the early termination and may be exercised for cash or no cash for a variable number of Series A shares at the discretion of the Company's promoters or authorized assignees. If warrants are held by other persons, then they will be exercised on the same basis as the other securities.

The warrants exercise period began on August 15, 2018.

On February 13, 2019, the Company completed the sale of 5,000,000 warrants for the purchase of a third of Series A ordinary shares in agreement with the forward purchase agreement and certain subscription commitment at an exercise price of 11.50 USD/share (the "warrants").

As of August 31, 2022, and December 31, 2021, no warrant holder has exercised their right.

The liability for warrants will eventually be part of the Company's equity (Series A ordinary shares) when the securities are exercised or will be extinguished once pending securities expire and will not give rise to a cash disbursement by the Company.

| | As of August 31, 2022 | As of December 31, 2021 |
|---|---|---|
| <u>Noncurrent</u> | | |
| Warrants | 25,359 | 2,544 |
| **Total noncurrent** | **25,359** | **2,544** |

**Notes to the special nonconsolidated financial statements as of August 31, 2022, and December 31, 2021 and for the eight-month periods ended August 31, 2022 and 2021**
(Amounts expressed in thousands of US Dollars)

### 9.3 Financial instruments by category

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

| As of August 31, 2022 | Financial assets/liabilities at amortized cost | Financial assets/liabilities FVTPL | Total financial assets/liabilities |
|---|---|---|---|
| **Assets** | | | |
| Trade and other receivables (Note 8) | 49,898 | - | 49,898 |
| **Total noncurrent financial assets** | **49,898** | **-** | **49,898** |
| | | | |
| Cash, bank balances and short-term investments (Note 10) | 58,286 | - | 58,286 |
| Trade and other receivables (Note 8) | 1,127 | - | 1,127 |
| **Total current financial assets** | **59,413** | **-** | **59,413** |
| | | | |
| **Liabilities** | | | |
| Borrowings (Note 9.1) | 28,036 | - | 28,036 |
| Warrants (Note 9.2) | - | 25,359 | 25,359 |
| **Total noncurrent financial liabilities** | **28,036** | **25,359** | **53,395** |
| | | | |
| Trade and other payables (Note 12) | 282 | - | 282 |
| **Total current financial liabilities** | **282** | **-** | **282** |

| As of December 31, 2021 | Financial assets/liabilities at amortized cost | Financial assets/liabilities FVTPL | Total financial assets/liabilities |
|---|---|---|---|
| **Assets** | | | |
| Trade and other receivables (Note 8) | 36,917 | - | 36,917 |
| **Total noncurrent financial assets** | **36,917** | **-** | **36,917** |
| | | | |
| Cash, bank balances and short-term investments (Note 10) | 112,367 | - | 112,367 |
| Trade and other receivables (Note 8) | 2,981 | - | 2,981 |
| **Total current financial assets** | **115,348** | **-** | **115,348** |
| | | | |
| **Liabilities** | | | |
| Borrowings (Note 9.1) | 26,462 | - | 26,462 |
| Warrants (Note 9.2) | - | 2,544 | 2,544 |
| **Total noncurrent financial liabilities** | **26,462** | **2,544** | **29,006** |
| | | | |
| Trade and other payables (Note 12) | 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 eight-month period ended August 31, 2022:

| | Financial assets/liabilities at amortized cost | Financial assets/liabilities at FVTPL | Total |
|---|---|---|---|
| Interest income (Note 5.1) | 2,543 | - | 2,543 |
| Interest expenses (Note 5.2) | (1,574) | - | (1,574) |
| Changes in the fair value of warrants (Note 5.3) | - | (22,815) | (22,815) |
| Changes in the fair value of financial assets (Note 5.3) | - | (960) | (960) |
| Net changes in foreign exchange rate (Note 5.3) | 840 | - | 840 |
| Other (Note 5.3) | (30) | - | (30) |
| **Total** | **1,779** | **(23,775)** | **(21,996)** |

(Amounts expressed in thousands of US Dollars)

For the eight-month period ended August 31, 2021:

| | **Financial assets/liabilities at amortized cost** | **Financial assets/liabilities at FVTPL** | **Total** |
|---|---|---|---|
| Interest income (Note 5.1) | 1,618 | - | 1,618 |
| Interest expenses (Note 5.2) | (1,795) | - | (1,795) |
| Changes in the fair value of warrants (Note 5.3) | - | (2,004) | (2,004) |
| Changes in the fair value of financial assets (Note 5.3) | - | 8,188 | 8,188 |
| Net changes in foreign exchange rate (Note 5.3) | (387) | - | (387) |
| **Total** | **(564)** | **6,184** | **5,620** |

### 9.4 Fair value

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

#### 9.4.1 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 August 31, 2022 and December 31, 2021:

| **As of August 31, 2022** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Liabilities** | | | | |
| *Financial liabilities at fair value through profit or loss* | | | | |
| Warrants | - | - | 25,359 | 25,359 |
| **Total liabilities** | **-** | **-** | **25,359** | **25,359** |

| **As of December 31, 2021** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Liabilities** | | | | |
| *Financial liabilities at fair value through profit or loss* | | | | |
| 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.

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.

(Amounts expressed in thousands of US Dollars)

There were no transfers between Level 1 and Level 2 from December 31, 2021 through August 31, 2022 or from December 31, 2020 through August 31, 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 August 31, 2022 and December 31, 2021:

| | **As of August, 31,2022** | **As of December 31, 2021** |
|---|---|---|
| Annualized volatility | 40.88% | 39.94% |
| Risk free domestic interest rate | 10.23% | 7.15% |
| Risk free foreign interest rate | 3.59% | 0.55% |
| Remainder useful life in years | 0.60 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 August 31, 2022: (i) should market price increase by 0.10 it would increase the obligation by about 1,244; (ii) should market price decrease by 0.10 it would drop the obligation by about 1,214; (iii) should volatility increase by 50 basis points, it would rise the obligation by about 349 and; (iv) should volatility slip by 50 basis points, it would reduce the obligation by about 354.

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.

<u>Reconciliation of level 3 measurements at fair value:</u>

| | **As of August 31, 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 5.3) | 22,815 | 2,182 |
| **Amounts at end of period / year** | **25,359** | **2,544** |

**Note 10. Cash, bank balances and short-term investments**

| | **As of August 31, 2022** | **As of December 31, 2021** |
|---|---|---|
| Money market funds | 57,065 | 82,055 |
| Cash in banks | 1,221 | 30,312 |
| **Total** | **58,286** | **112,367** |

**10.1 Restricted cash**

As of August 31, 2022, and December 31, 2021, the Company carries 9,016 and 3,964, as restricted cash, respectively, from collateral loans to its subsidiary Vista Energy Argentina S.A.U ("Vista Argentina").

(Amounts expressed in thousands of US Dollars)

## Note 11. Equity

### 11.1 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 August 31, 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 11.2) | (23,804) | - | (23,804) |
| Number of shares repurchased | (2,834,163) | - | (2,834,163) |
| **Amounts as of August 31, 2022** | **562,903** | **-** | **562,903** |
| **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 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.

During the eight-month periods ended August 31, 2022 and for the year ended December 31, 2021, 713,914 and 778,591 Series A shares were issued as part of the LTIP granted to Company employees.

As of August 31, 2022 and December 31, 2021 and the Company's variable capital stock amounts to 86,509,628 and 88,629,877 fully subscribed and paid Series A shares with no face value, respectively, each entitled to one vote. As of August 31, 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.

### 11.2 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 eight-month period ended August 31, 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.

(Amounts expressed in thousands of US Dollars)

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

### 11.3 Capital risk management and liquidity risk

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

### Note 12. Trade and other payables

| | As of August 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Current | | |
| **Accounts payables:** | | |
| Suppliers | 272 | 990 |
| **Total current accounts payables** | **272** | **990** |
| | | |
| **Other accounts payables:** | | |
| Other liabilities | 10 | 10 |
| **Total other current accounts payables** | **10** | **10** |
| **Total current** | **282** | **1,000** |

### Note 13. Salaries and payroll taxes

| | As of August 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Current | | |
| Provision for gratifications and bonus | 5,877 | 6,807 |
| Salaries and social security contributions | 802 | 677 |
| **Total current** | **6,679** | **7,484** |

### Note 14. 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:

| | As of August 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Noncurrent | | |
| **Other receivables** | | |
| Vista Holding II | 49,898 | 36,917 |
| **Total noncurrent other receivables** | **49,898** | **36,917** |
| | | |
| Current | | |
| Vista Argentina | 535 | 1,727 |
| Aluvional S.A. | 382 | 1,039 |
| Vista Holding I | 108 | 108 |
| Vista Holding II | 59 | 59 |
| Vista Holding III | 23 | 23 |
| Vista Holding IV | 19 | 19 |
| **Total current other receivables** | **1,126** | **2,975** |

| | As of August 31, 2022 | As of December 31, 2021 |
|---|---|---|
| **Borrowings** | | |
| Noncurrent | | |
| Vista Argentina (Note 9.1) | 28,036 | 26,462 |
| **Total noncurrent** | **28,036** | **26,462** |

(Amounts expressed in thousands of US Dollars)

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

| Instrument | Company | Execution date | Currency | Credit Line [1] | Interest [2] | Annual rate | Maturity date | As of August 31, 2022 | As of December 31, 2021 |
|---|---|---|---|---|---|---|---|---|---|
| **Borrowings granted** | Vista Holding II | October 2018 | Mexican Pesos | 11,000 | Fixed | 9.02% | October, 2023 | 685 | 635 |
| | | | Mexican Pesos | 600,000 | Fixed | 10.03% | October, 2023 | 49,213 | 36,282 |
| | | | | | | | | **49,898** | **36,917** |

[1] During the eight-period ended August 31, 2022, and for the year ended December 31, 2021, the Company granted borrowings for 9,400 and 8,000, respectively. Therefore during the eight-period ended August 31, 2022 received 2,119.
[2] As of August 31, 2022 and 2021, accrued interest of 2,362 y 1,590, respectively (see Note 5.1)

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 August 31, 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 August 31, 2022 and December 31, 2021 is detailed below:

| Instrument | Company | Execution date | Currency | Credit Line | Interest | Annual rate | Maturity date | As of August 31, 2022 | As of December 31, 2021 |
|---|---|---|---|---|---|---|---|---|---|
| **Borrowings received** | Vista Argentina | June, 2020 | USD | 46,000 | Fixed | 9.50% | June, 2030 | 28,036 | 26,462 |

**Note 15. Share-based payments**

**15.1 Stock Options (Equity Settled)**

For the eight-month periods ended August 31, 2022 and 2021, compensation expense booked in the nonconsolidated statements of profit or loss and other comprehensive income stood at 2,316 y 2,695, respectively.

**15.2 Restricted and performance stock (Equity Settled)**

For the eight-month period ended August 31, 2022 and 2021, compensation expense booked in the consolidated statements of profit or loss and other comprehensive income stood at 5,839 y 3,056, respectively. Series A shares issued during the year are disclosed in Note 11.1.

Other than mentioned above, there have been no significant changes in Share-based payments for the eight-month period ended August 31, 2022. See Note 17 to the annual nonconsolidated financial statements as of December 31, 2021.

**Note 16. Tax regulations**

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

**Note 17. Subsequent events**

The Company assessed events subsequent to August 31, 2022, to determine the need of a potential recognition or disclosure in these special nonconsolidated financial statements. The Company assessed such events through September 27, 2022, date in which these special financial statements were made available for issue:

- On September 14, 2022, the shareholders of Vista I, a Company subsidiary, approved the payment of a dividend for 30,273. As of the date of issuance of these nonconsolidated financial statements, the Company received for such item a total of 11,784.

- On September 23, 2022, a meeting of holders of warrants (identified with ticker "VTW408A-EC001") was called to be held on October 4, 2022, so that Vista may submit for their consideration a proposal to approve certain amendments to the deed of issue and the global certificate covering these 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.