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

Consolidated financial statements as of December 31, 2022 and 2021,
and for the years ended December 31, 2022 and 2021

Av. Ejército Nacional 843-B
Antara Polanco
11520 Mexico, D.F.

Tel: +55 5283 1300
Fax: +55 5283 1392
ey.com/mx

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements

Opinion

We have audited the accompanying consolidated financial statements of Vista Energy, S.A.B. de C.V. and its subsidiaries (collectively the "Company" or the "Group"), which comprise the consolidated statement of financial position as of December 31, 2022 and 2021; and the consolidated of profit or loss and other comprehensive income; consolidated statement of changes in equity; and consolidated statement of cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Vista Energy, S.A.B. de C.V. as of December 31, 2022, its consolidated financial performance and its consolidated cash flows for the period ended December 31, 2022, in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) *("IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico according to the *"Codigo de Etica Profesional del Instituto Mexicano de Contadores Publicos"* ("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 the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole and in forming the auditor's 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 Consolidated 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 consolidated 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 consolidated financial statements.

Impairment assessment in long-lived assets

Description of the key audit matter

As of December 31, 2022, the net value of property, plant and equipment, other intangible assets and goodwill ("long-lived assets") amounts to US$ 1,641,419 thousand. Notes 2.4.2, 3.2.1, 3.2.2, 13 and 14 to the consolidated financial statements include disclosures regarding property, plant and equipment, goodwill and other intangible assets.

The impairment analysis of long-lived assets was important to our audit as the value of such assets with respect to the consolidated financial statements is material, and the determination of their recovery value involves significant judgments and estimates by management, which are affected by future market conditions. In addition, the calculation of the recovery value carries the risk that the future cash flows used in its determination will differ from expectations or that the results will differ from the values originally estimated.

The impairment test required significant use of estimates. These assumptions are described in Note 3.2.2 to the consolidated financial statements, and are based, among others, on (i) discount rates, (ii) future prices of crude oil, natural gas and LP gas, and (iii) production and reserve volumes.

The Company identifies no indicators of impairment as of December 31, 2022 and 2021.

How our audit addressed the key audit matter

We assessed the assumptions used by management related to the discount rate, the evolution of oil and gas prices, along with other key assumptions used in the preparation of impairment tests, when evaluating and analyzing the business plans that the Company used as the basis for making its estimates of future cash flows in the impairment analysis.

We assess the reasonableness of these plans based on available external information such as oil and gas reserve reports certified by external reserves auditors, as part of our procedures we evaluate the competence and objectivity of such external auditors.

We involved our internal specialists, who assisted us in the evaluation, among other issues, of the value-in-use model methodology used by the Company's management in its impairment analysis and the key assumptions used in determining discount rates including risk premiums used, the reasonableness of the expected price curves of future crude oil and gas through the use of publicly available information, from various market participants.

We also evaluate the sensitivity analyses performed by the Company, focusing primarily on the material assumptions used, disclosed in Note 3.2.2 of the consolidated financial statements.

Finally, we evaluate the reasonableness of the disclosures included in the Company's consolidated financial statements as at December 31, 2022.

Other information included in the Compnay's 2022 Annual Report

Other information consists of the information included in the Company's 2022 Annual Report to be presented to the stockholders and the Annual Report to be presented to the Comision Nacional Bancaria y de Valores ("CNBV"), other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated 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 who signs it.

Mancera, S.C.
A member practice of
Ernst & Young Global Limited

Arturo Figueroa Carmona
Mexico City, Mexico
March 13, 2023

Consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

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Consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2022 and 2021

(Amounts expressed in thousands of US Dollars)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Revenue from contracts with customers	**5**	1,143,820	652,187
Cost of sales:			
Operating costs	**6.1**	(133,385)	(107,123)
Crude oil stock fluctuation	**6.2**	(500)	(905)
Depreciation, depletion and amortization	**13/14/15**	(234,862)	(191,313)
Royalties		(144,837)	(86,241)
Gross profit		**630,236**	**266,605**
Selling expenses	**7**	(59,904)	(42,748)
General and administrative expenses	**8**	(63,826)	(45,858)
Exploration expenses	**9**	(736)	(561)
Other operating income	**10.1**	26,698	23,285
Other operating expenses	**10.2**	(3,321)	(4,214)
Reversal of impairment of long- lived assets	**3.2.2**	-	14,044
Operating profit		**529,147**	**210,553**
Interest income	**11.1**	809	65
Interest expense	**11.2**	(28,886)	(50,660)
Other financial income (expense)	**11.3**	(67,556)	(7,194)
Financial income (expense), net		**(95,633)**	**(57,789)**
Profit before income tax		**433,514**	**152,764**
Current income tax (expense)	**16**	(92,089)	(62,419)
Deferred income tax (expense)	**16**	(71,890)	(39,695)
Income tax (expense)		**(163,979)**	**(102,114)**
Profit for the year, net		**269,535**	**50,650**
Other comprehensive income			
Other comprehensive income that shall not be reclassified to profit or (loss) in subsequent periods			
- (Loss) from actuarial remediation related to employee benefits	**23**	(4,181)	(4,513)
- Deferred income tax benefit	**16**	1,463	2,048
Other comprehensive income that shall not be reclassified to profit or loss in subsequent years, net of taxes		**(2,718)**	**(2,465)**
Total comprehensive profit for the year		**266,817**	**48,185**
Earnings per share			
Basic (in US dollars per share)	**12**	**3.068**	**0.574**
Diluted (in US dollars per share)	**12**	**2.755**	**0.543**

Notes 1 through 34 are an integral part of these consolidated financial statements

Consolidated statements of financial position as of December 31, 2022 and 2021

(Amounts expressed in thousands of US Dollars)

	Notes	As of December 31, 2022	As of December 31, 2021
Assets			
Noncurrent assets			
Property, plant and equipment	**13**	1,606,339	1,223,982
Goodwill	**14**	28,288	28,416
Other intangible assets	**14**	6,792	3,878
Right-of-use assets	**15**	26,228	26,454
Investments in associates	**2.4.16**	6,443	2,977
Trade and other receivables	**17**	15,864	20,210
Deferred income tax assets	**16**	335	2,771
Total noncurrent assets		**1,690,289**	**1,308,688**
Current assets			
Inventories	**19**	12,899	13,961
Trade and other receivables	**17**	90,406	46,096
Cash, bank balances and other short-term investments	**20**	244,385	315,013
Total current assets		**347,690**	**375,070**
Total assets		**2,037,979**	**1,683,758**
Equity and liabilities			
Equity			
Capital stock	**21.1**	517,873	586,706
Other equity instruments	**21.1**	32,144	-
Legal reserve	**21.2**	2,603	-
Share-based payments		40,744	31,601
Share repurchase reserve	**21.2**	49,465	-
Other accumulated comprehensive income (losses)		(8,694)	(5,976)
Accumulated profit (losses)		209,925	(47,072)
Total equity		**844,060**	**565,259**
Liabilities			
Noncurrent liabilities			
Deferred income tax liabilities	**16**	243,411	175,420
Lease liabilities	**15**	20,644	19,408
Provisions	**22**	31,668	29,657
Borrowings	**18.1**	477,601	447,751
Warrants	**18.3**	-	2,544
Employee benefits	**23**	12,251	7,822
Trade and other payables	**26**	-	50,159
Total noncurrent liabilities		**785,575**	**732,761**
Current liabilities			
Provisions	**22**	2,848	2,880
Lease liabilities	**15**	8,550	7,666
Borrowings	**18.1**	71,731	163,222
Salaries and payroll taxes	**24**	25,120	17,491
Income tax liability	**16**	58,770	44,625
Other taxes and royalties	**25**	20,312	11,372
Trade and other payables	**26**	221,013	138,482
Total current liabilities		**408,344**	**385,738**
Total liabilities		**1,193,919**	**1,118,499**
Total equity and liabilities		**2,037,979**	**1,683,758**

Notes 1 through 34 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity for the year ended December 31, 2022

(Amounts expressed in thousands of US Dollars)

	Capital stock	Other equity instruments	Legal reserve	Share-based payments	Share repurchase reserve	Other accumulated comprehensive income (losses)	Accumulated profit (losses)	Total equity
Amounts as of December 31, 2021	**586,706**	**-**	**-**	**31,601**	**-**	**(5,976)**	**(47,072)**	**565,259**
Profit for the year	-	-	-	-	-	-	269,535	**269,535**
Other comprehensive income for the year	-	-	-	-	-	(2,718)	-	**(2,718)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(2,718)**	**269,535**	**266,817**
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)	-
Board of Directors' meeting on September 27, 2022 [1]*:*								
Reduction of capital stock	(39,530)	-	-	-	-	-	39,530	-
Warrant Holders' meeting on October 4, 2022 [1]*:*								
Cashless exercises of warrant	-	32,144[2]	-	-	-	-	-	**32,144**
Ordinary and General Shareholders' meeting on December 7, 2022 [1]*:*								
Creation of legal reserve	-	-	1,348	-	-	-	(1,348)	-
Creation of share repurchase reserve	-	-	-	-	25,625	-	(25,625)	-
Share repurchase [1]	(29,304)	-	-	-	-	-	-	**(29,304)**
Share-based payments	1	-	-	9,143[3]	-	-	-	**9,144**
Amounts as of December 31, 2022	**517,873**	**32,144**	**2,603**	**40,744**	**49,465**	**(8,694)**	**209,925**	**844,060**

(1) See Note 21.
(2) Including 32,894 of cashless exercise of warrant (Note 18.3 and 18.5.1), net of 750 related to expenses.
(3) Including 16,576 share-based payment expenses (Note 8), net of tax charges.

Notes 1 through 34 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity for the year ended December 31, 2021

(Amounts expressed in thousands of US Dollars)

	Capital stock	Share-based payments	Other accumulated comprehensive income (losses)	Accumulated profit (losses)	Total equity
Amounts as of December 31, 2020	**659,400**	**23,046**	**(3,511)**	**(170,417)**	**508,518**
Profit for the year	-	-	-	50,650	**50,650**
Other comprehensive income for the year	-	-	(2,465)	-	**(2,465)**
Total comprehensive income	**-**	**-**	**(2,465)**	**50,650**	**48,185**
Ordinary and General Shareholders' meeting on December 14, 2021 (1)*:*					
Reduction of capital stock	(72,695)	-	-	72,695	**-**
Share-based payments	1	8,555 (2)	-	-	**8,556**
Amounts as of December 31, 2021	**586,706**	**31,601**	**(5,976)**	**(47,072)**	**565,259**

(1) See Note 21.

(2) Including 10,592 share-based payment expenses (Note 8), net of tax charges.

Notes 1 through 34 are an integral part of these consolidated financial statements

Consolidated statements of cash flows for the years ended December 31, 2022 and 2021

(Amounts expressed in thousands of US Dollars)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Cash flows from operating activities:			
Profit for the year, net		269,535	50,650
Adjustments to reconcile net cash flows			
Items related to operating activities:			
(Reversal of) allowance for expected credit losses	**7**	(36)	406
Net changes in foreign exchange rate	**11.3**	(33,263)	(14,328)
Discount for well plugging and abandonment	**11.3**	2,444	2,546
Net increase in provisions	**10.2**	2,790	1,930
Interest expense on lease liabilities	**11.3**	1,925	1,079
Discount of assets and liabilities at present value	**11.3**	2,561	2,300
Share-based payments	**8**	16,576	10,592
Employee benefits	**23**	502	247
Income tax expense	**16**	163,979	102,114
Items related to investing activities:			
Depreciation and depletion	**13/15**	231,746	187,858
Amortization of intangible assets	**14**	3,116	3,455
(Reversal) of impairment of long-lived assets	**3.2.2**	-	(14,044)
Interest income	**11.1**	(809)	(65)
Gain from farmout agreement	**10.1**	(18,218)	(9,050)
Changes in the fair value of financial assets	**11.3**	17,599	(5,061)
Gain from assets disposal	**10.1**	-	(9,999)
Items related to financing activities:			
Interest expense	**11.2**	28,886	50,660
Changes in the fair value of warrants	**11.3**	30,350	2,182
Amortized cost	**11.3**	2,365	4,164
Remeasurement in borrowings	**11.3**	52,817	19,163
Other financial results	**11.3**	2,515	-
Changes in working capital:			
Trade and other receivables		(46,272)	7,475
Inventories	**6.2**	500	905
Trade and other payables		40,183	16,209
Payments of employee benefits	**23**	(254)	(399)
Salaries and payroll taxes		2,877	3,929
Other taxes and royalties		(8,024)	(7,311)
Provisions		(2,265)	(1,918)
Income tax payment		(74,354)	(4,296)
Net cash flows provided by operating activities		**689,771**	**401,393**
Cash flows from investing activities:			
Payments for acquisitions of property, plant and equipment		(479,361)	(321,286)
Payments for the acquisition of AFBN assets	**1.2.1**	(115,000)	-
Payments received from farmout agreement	**10.1**	20,000	10,000
Payments for acquisitions of other intangible assets	**14**	(6,030)	(1,611)
Proceeds from disposal of oil and gas properties (1)		-	14,150
Payments for acquisitions of investments in associates		(3,466)	(2,977)
Cash received by AFBN assets acquisition	**29.3.10**	-	6,203
Interest received	**11.1**	809	65
Proceeds from disposal of other financial assets		336	-
Net cash flows (used in) investing activities		**(582,712)**	**(295,456)**

Consolidated statements of cash flows for the years ended December 31, 2022 and 2021

(Amounts expressed in thousands of US Dollars)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Cash flows from financing activities:			
Proceeds from borrowings	**18.2**	128,788	358,093
Payment of borrowings cost	**18.2**	(1,670)	(3,326)
Payment of borrowings principal	**18.2**	(195,091)	(284,695)
Payment of borrowings interest	**18.2**	(34,430)	(54,636)
Payment of lease	**15**	(11,494)	(8,911)
Share repurchase	**21.1**	(29,304)	-
Net cash flow (used in) provided by financing activities		**(143,201)**	**6,525**
Net (decrease) increase in cash and cash equivalents		**(36,142)**	**112,462**
Cash and cash equivalents at beginning of year	**20**	311,217	201,314
Effect of exposure to changes in the foreign currency rate of cash and cash equivalents		(33,119)	(2,559)
Net (decrease) increase in cash and cash equivalents		(36,142)	112,462
Cash and cash equivalents at end of year	**20**	**241,956**	**311,217**
Significant transactions that generated no cash flows			
Acquisition of property, plant and equipment through increase in trade and other payables		138,543	80,321
Changes in well plugging and abandonment with an impact in property, plant and equipment	**13/22.1**	(713)	2,112
AFBN assets acquisition	**29.3.10**	-	69,693
Acquisition of Mexico's exploration assets	**29.3.11**	-	6,174
Disposal of Mexico's exploration assets	**29.3.11**	-	(5,126)

(1) Including 15,000 received for the transfer of working interests in Coirón Amargo Sur Oeste ("CASO") concession (see Note 29.3.4) net of 850 from payments related to the transfer of Mexico's exploration assets (see Note 29.3.11).

Notes 1 through 34 are an integral part of these consolidated financial statements

Notes to the consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

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

Note 1. Group information

1.1 General information

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 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.

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 C.V.".

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” (see Note 21.1).

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.

As of December 2022, 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 conventional operating concession (operated);
(iv) 90% in Águila Mora unconventional operating concession (operated);
(v) 100% in Aguada Federal unconventional operating concession (operated) (see Note 1.2.1);
(vi) 100% in Bandurria Norte unconventional operating concession (operated) (see Note 1.2.1).

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

<u>In Mexico</u>

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

See Note 29.3 for further information on the Company’s working interests in oil and gas exploitation concessions.

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.

1.2 Significant transactions for the year

1.2.1 Acquisition of 50% of operated working interest in the unconventional concessions of Aguada Federal and Bandurria Norte in Vaca Muerta ("acquisition of AFBN assets")

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. ("Wintershall").

Vista agreed to pay a purchase price of 140,000, of which 90,000 was paid on the date of the transaction, and the remaining 50,000, will be payable in 8 (eight) equal quarterly instalments starting on April 2022. During the year ended December 31, 2022, Vista paid to Wintershall, 4 (four) equal instalments of 6,250, and the liabilities related to such transaction stand at 23,880, recognized at present value (see Note 26 and 34).

As result of this transaction, Vista recognized an addition of 68,743 in "Property, plant and equipment" (see Note 13), and the transaction effectively cancels the carry consideration of 77,000 the Company had assumed on September 16, 2021.

The effective date of the transaction was January 1, 2022. On September 14, 2022, the Province of Neuquén issued Presidential Decrees No. 1,851/22 and No. 1,852/22 approving the assignment by Wintershall to Vista Argentina of the assets located in the Bandurria Norte and Aguada Federal areas, respectively.

For further information on these concessions, see Note 29.3.10.

1.2.2 Joint investment agreement ("farmout agreement II") signed with Trafigura Argentina S.A. ("Trafigura") in Bajada del Palo Oeste area

On October 11, 2022, the Company, through its subsidiary Vista Argentina entered into a second farmout agreement with Trafigura, whereby it undertook to develop 3 (three) pads in Bajada del Palo Oeste area ("farmout agreement II").

By virtue of the farmout agreement II, a joint venture was established and Trafigura was entitled to contractual rights for 25% of hydrocarbon output in the pads under the agreement and bear 25% of investment costs, as well as royalties and direct taxes. As part of the farmout agreement II, Trafigura agreed to pay to Vista Argentina 1,700 for each tied-in well (equivalent to 6,800 for a 4-well pad). As of December 31, 2022, no wells related to this agreement have been connected.

Vista Argentina maintains the operation in Bajada del Palo Oeste and 100% of the ownership. It also maintains its rights over 75% of hydrocarbon output in relation to the pads included in the farmout agreement II, and bear 75% of investment costs, as well as royalties, direct taxes and remainder operating and midstream costs.

The effective date of the transaction was October 1, 2022.

For further information on this concession, see Notes 29.3.2.

Note 2. Basis of preparation and material accounting policies

2.1 Basis of preparation and presentation

The accompanying consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

They 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.

These consolidated financial statements were approved for issuance by the Board on March 13, 2023 and the subsequent events through that date are considered. These financial statements will be submitted in the General Shareholders' Meeting on April 24, 2023. Shareholders can approve and amend the Company's financial statements.

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

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

Amendments to IAS 37: Provisions, contingent liabilities and contingent assets - Onerous contracts and costs of fulfilling

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs, exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or not, an entity needs to include costs that relate directly to a contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments had no impact on the Company's consolidated financial statements as it does not have costs of fulfilling contracts.

Amendments to IAS 16: Property, Plant and Equipment - Proceeds before Intended Use

In May 2020, the IASB issued amendments to IAS 16, prohibits Companies deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Therefore, such amendments establishes an entity must be recognizes the amount proceeds from selling of property, plant and equipment, and the related costs of producing, in the statements of profit or loss and other comprehensive income.

The amendments had no impact on the Company's consolidated financial statements as the current accounting policies are aligned to the amendments.

IFRS 9 Financial Instruments – "10% test" for derecognition of financial liabilities

The amendment details the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original ("10% test"). In this sense, the amendment includes into the computable fees, those paid or received between the borrower and the lender.

The amendments had no impact on the consolidated financial statements as the current accounting policies are aligned to the amendments.

2.2.2 New accounting standards, amendments and interpretations issued by the IASB not yet effective

Amendments to IAS 1: Presentation of financial statements - Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures, replacing "significant" with a requirement to disclose their "material" accounting policies.

According to IAS 1, an accounting policy is material if, together with other information contained in the financial statements, it can be expected to influence the decisions made by users of the financial statements.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted.

The amendments will not have impact on the Company's consolidated financial statements, actually they were applied in the Company´s accounting policies.

Amendments to IAS 8: Accounting policies, changes in accounting estimates and errors – Definition of accounting estimates

In February 2021, the IASB issued amendments to IAS 8, in which it clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IAS 12: Income taxes - Deferred tax related to assets and liabilities arising from a single transaction

On May 7, 2021, the Board issued amendments to IAS 12, related to assets and liabilities arising from a single transaction, that result in the recognition of a simultaneous asset and liability, such as right-of-use assets and lease liabilities or the initial recognition of well plugging and abandonment obligations.

The purpose of such amendments is to limit the application of the exemption from the initial recognition of deferred tax assets and liabilities in certain single transactions.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted as long as this fact is disclosed.

The Company is currently assessing the impact of the amendments.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

2.3.1 Subsidiaries

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

(i) Power over the entity;
(ii) Exposure or rights to variable returns from its involvement with the entity; and
(iii) 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 1 (one) or more of the 3 (three) elements of control mentioned above.

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:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) potential voting rights held by the Company, other vote holders or other parties;
(iii) rights arising from other contractual arrangements; and
(iv) 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.

Notes to the consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

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

Relevant activities are those that most significantly affect the subsidiary's performance, such as the ability to approve an 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.

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 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.

The acquisition accounting method is that used by the Company to account for business combinations (see Note 2.3.4).

Intercompany transactions, balances and income or losses are deleted. The subsidiaries' financial statements are adjusted when needed to align their accounting policies to the Company's accounting policies.

Below are the Company's main subsidiaries:

Subsidiary name	Equity interest		Place of business	Main activity
	December 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. (1)	100%	100%	Mexico	Services
Vista Energy Holding IV, S.A. de C.V. (1)	100%	100%	Mexico	Services
Vista Oil & Gas Holding V B.V.	100%	100%	Netherland	Holding company
Vista Complemento S.A. de C.V. (3)	-%	100%	Mexico	Services
Vista Holding VII S.á.r.l.	100%	100%	Luxembourg	Holding company
Vista Argentina	100%	100%	Argentina	Exploration and production (2)
Aleph Midstream S.A. ("Aleph")	100%	100%	Argentina	Services (4)
Aluvional S.A. ("Aluvional")	100%	100%	Argentina	Mining and industry
AFBN S.R.L. ("AFBN")	100%	100%	Argentina	Exploration and production (2)
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 Natural gas and Crude oil.

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

(4) Including operations related to the capture, treatment, transport and distribution of hydrocarbons and derivatives.

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

2.3.2 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 is adjusted to reflect the changes in interests in the subsidiaries.

When the Company ceases to consolidate or book a subsidiary for loss of control, joint control or significant influence, any retained working interest in the entity is remeasured at fair value with the change in the carrying amount recognized in the statements of profit or loss and other comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently booking retained interest as the associate, joint venture or financial asset. In addition, any amount previously recognized in other comprehensive income in relation to such entity is booked as if the Company had directly disposed of the related assets or liabilities. This may mean that the amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the working interest in a joint venture or associate is reduced, but the entity retains the joint control or significant influence, only a proportion of the previously recognized amounts in other comprehensive income is reclassified to profit or loss.

2.3.3 Joint arrangements

According to IFRS 11 Joint Arrangements, investments are classified as joint operations or joint venture, depending on contractual rights and obligations. The Company has joint operations but has no joint venture.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control exists only when decisions about the relevant business activities require the unanimous consent of the parties that collectively control the arrangement.

When the Company carries out activities under joint operations, the Company as a joint operator, to recognize in proportion to its interest in the joint arrangement:

(i) Its assets and liabilities held jointly;
(ii) Its revenue from the sale of its share of the output of the joint operation;
(iii) Its revenue from the sale of its share of the output of the joint operation; and
(iv) Its expenses, including its share of any expenses incurred jointly.

The Company books its assets, liabilities, revenues and expenses related to its interest in a joint operation according to the IFRS applicable to specific assets, liabilities, revenues and expenses. They were included in the consolidated financial statements in the related accounts. Interest in joint operations were based on the latest financial statements or financial information available as of every year-end considering significant subsequent events and transactions, and management information available. The financial information of the joint operations are adjusted, if needed, so that the accounting policies are consistent with the Company's accounting policies.

When the Company conducts transactions in a joint operation in which the Company is a joint operator (such as a sale or contribution of assets), it is considered that the Company is performing the transaction with the other parties of the joint operation, and the resulting profit and losses from the transactions are recognized in the Company's consolidated financial statements for the attention of the other parties' interests in the joint operation. When a Group company conducts transactions with a joint operation in which the Company is a joint operator (such as a purchase of assets), the Company recognizes its portion of profit and losses once these assets are resold to a third party.

See Notes 1 and 29 for further information on the Company's joint operations.

2.3.4 Business combination

The acquisition method is used to book business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for these acquisitions comprises:

(i) The fair value of transferred assets;
(ii) The liabilities incurred to former owners of the acquired business;
(iii) The equity interests issued by the Company;
(iv) The fair value of any asset or liability from a contingent consideration arrangement; and
(v) The fair value of any previously held equity interest in the subsidiary.

Identifiable assets acquired and contingent liabilities assumed in a business combination are initially measured at fair values at the date of purchase.

The costs related to the acquisition are booked as incurred expenses. Goodwill is an excess of:

(i) The consideration transferred; and
(ii) The fair value of net identifiable assets acquired.

If the fair value of the acquiree's net identifiable assets exceeds these amounts, before recognizing profit, the Company reassesses whether it has correctly identified all assets acquired and liabilities assumed, reviewing the procedures employed to measure the amounts to be recognized at the acquisition date. If the assessment still results in excess of the fair value of net assets acquired in relation to the total consideration transferred, gain from a bargain purchase is recognized directly in the consolidated statements of profit or loss and other comprehensive income.

When the settlement of any cash consideration is deferred, the future amounts payable is discounted at their present value at the exchange date. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained under comparable terms and conditions.

Contingent consideration will be recognized at its fair value at the acquisition date. Contingent consideration is classified as equity or as a financial liability. The amounts classified as a financial liability are remeasured at fair value with changes in fair value through the consolidated statements of profit or loss and other comprehensive income. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

When the Company acquires a business, it assesses the financial assets acquired and liabilities incurred in relation to its adequate classification and designation according to contractual terms, economic circumstances and relevant conditions as of the acquisition date.

Oil reserves and resources acquired that may be measured reliably are recognized separately at fair value upon the acquisition. Other potential reserves, resources and rights, which fair values cannot be measured reliability, are not recognized separately but are considered part of goodwill.

If the business combination is performed in stages, the previously held equity interest in the acquiree is measured at acquisition-date fair value. Profit or loss from such remeasurement is recognized in the consolidated statements of profit or loss and other comprehensive income.

The Company has a maximum period of 12 (twelve) months from the date of acquisition to finalize the acquisition accounting. When it is incomplete as of the end of the year in which the business combination takes place, the Company reports provisional amounts.

For the years ended December 31, 2022, and 2021, transactions carried out by the Company are not business combinations.

2.4 Summary of material accounting policies

2.4.1 Segment information

The operating segments are reported in a consistent manner with the internal reports provided by the Executive Management Committee (the "Committee" that is considerate the "Chief Operating Decision Maker" or "CODM").
The CODM is the highest decision-making authority, in charge of allocating resources and establishing the performance of the entity's operating segments and was identified as the body executing the Company's strategic decisions.

2.4.2 Property, plant and equipment, and intangible assets

Property, plant and equipment

Property, plant and equipment is measured using the cost model, after initial recognition, the asset is valued at cost less depreciation and any subsequent accumulated impairment loss.

Subsequent costs are included in the carrying amount of the asset or are recognized as a separate asset, as the case may be, only when it is probable that future economic benefits may flow to the Company and the cost of the asset may be measured reliably, otherwise such costs are charged to profit or loss during the reporting period in which they are incurred.

Works in progress are measured based on the level of progress and are booked at cost less any impairment loss, of applicable.

Profit and loss from the sale of property, plant and equipment is calculated by comparing the consideration received with the carrying amount of the date in which the transaction was carried out.

2.4.2.1 Depreciation methods and useful lives

Estimated useful lives, residual values and the depreciation method are reviewed at every period-end, and changes are recognized prospectively. An asset is impaired when its carrying amount exceeds its recoverable amount.

The Company amortizes drilling costs applicable to productive and in development, productive wells, machinery and facilities, according to the unit of production method ("UDP" by Spanish acronym), applying the proportion of Crude oil and Natural gas produced to prove and develop Crude oil and Natural gas reserves, as the case may be. The cost of acquisition of oil and gas properties is amortized applying the proportion of produced Crude oil and Natural gas to total estimated Crude oil and Natural gas proved reserves.

The costs of acquiring properties with unproved reserves and unconventional resources are valued at cost, and their recoverability is assessed regularly based on geological and engineering estimates of the reserves and resources expected to be proved during the life of each concession and are not depreciated.

Capitalized costs related to the acquisition of properties and the extension of concessions with proved reserves were depreciated per field based on a production unit by applying the proportion of produced Crude oil and Natural gas to estimated proved oil and gas reserves.

The Company's remainder items of property, plant and equipment (including significant identifiable components) are depreciated using the straight-line method based on their estimated useful lives, as detailed below:

Buildings	50 years
Machinery and installations	10 years
Equipment and furniture	10 years
Vehicles	5 years
Computer equipment	3 years

Land does not depreciate.

2.4.2.2 Assets for oil and gas exploration

The Company adopts the successful effort method to account for its oil and gas exploration and production activities.

This method implies the capitalization of: (i) the cost of acquiring properties in oil and gas exploration and production areas; (ii) the cost of drilling and equipping exploration wells arising from the discovery of commercially recoverable reserves; (iii) the cost of drilling and equipping development wells; and (iv) estimated well plugging and abandonment obligations.

Exploration and evaluation involve the search for hydrocarbon resources, the assessment of its technical viability and the assessment of the commercial feasibility of an identified resource.

According to the successful effort method, exploration costs such as geological and geophysical ("G&G") costs, excluding the costs of exploration wells and 3D seismic testing in operating concessions, are expensed during the period in which they are incurred.

Once legal exploration rights are obtained, the costs directly related to an exploration well are capitalized as intangible exploration and evaluation assets until the well is completed and results are assessed. These costs include compensation to directly attributable employees, materials used, drilling costs and payments to contractors.

The drilling costs of exploration and completion wells are capitalized until it is established that there are proved reserves and the commercial development is justified. If no reserves are found, these drilling costs are charged as expenses in an unproductive well. An exploration well may occasionally determine the existence of Crude oil and Natural gas reserves but cannot be classified as proved when the drilling is completed, subject to further evaluation (for example, drilling of additional wells), but it is probable that that they may be developed commercially. In these cases, costs continue to be capitalized provided that the well has found a sufficient quantity of reserves to justify its completion as a producing well and the Company is making sufficient progress assessing the reserves and the economic and operating viability of the project.

These capitalized costs are subject to technical, commercial and administrative review, and a review of impairment indicators at least once a year. When there is sufficient management information indicating impairment, the Company conducts an impairment test according to the policies described in Note 3.2.2.

Estimated well plugging and abandonment obligations in hydrocarbon areas, discounted at a risk-adjusted rate, are capitalized in the cost of assets and are amortized using the UDP method. A liability for the estimated value of discounted amounts payable is also recognized. Changes in the measurement of these obligations as a consequence of changes in the estimated term, the cost or discount rate are added to or deducted from the cost of the related asset.

Asset swaps that only involve exploration and evaluation assets are booked at the carrying amount of the asset delivered and no profit or loss is recognized.

2.4.2.3 Rights and Concessions

Rights and concessions are booked as part of property, plant and equipment and are depleted on the UDP over the total proved developed and undeveloped reserves of the relevant area. The calculation of the UDP rate for the depreciation / amortization of development costs considers expenses incurred to date and authorized future development expenses.

2.4.2.4 Intangible assets

a. Goodwill

Goodwill arises during a business acquisition and represents the excess of the consideration transferred over the fair value of net assets acquired. After initial recognition, goodwill is measured at cost less cumulative impairment losses. There is no subsequent reversal of impairment in goodwill.

To conduct impairment tests, goodwill is allocated as from acquisition date to each cash-generating unit ("CGU"), which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes.

When goodwill is allocated to a CGU and part of the transaction within such unit is eliminated, goodwill related to such eliminated transaction is included in the carrying amount of the transaction to determine gain or loss on sale.

b. Other intangible assets

Other intangible assets acquired separately are measured using the cost model; after initial recognition, the asset is valued at cost less amortization and any subsequent accumulated impairment loss.

Intangible assets are amortized using the straight-line method; software licenses are amortized over their estimated 3 (three) year useful life. The amortization of these assets is recognized in the statements of profit or loss and other comprehensive income. The estimated useful life, residual value and amortization method are reviewed at every period-end, and changes are recognized prospectively. An asset is impaired when its carrying amount exceeds its recoverable amount.

2.4.3 Leases

The Company has lease contracts for various items of buildings, and plant and machinery, which are recognizes under IFRS 16.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., on the date when the underlying asset is available for use). Right-of-use assets are measured at cost, net of the accumulated depreciation and impairment losses, and are adjusted by the remeasurement of lease liabilities. The cost of right-of-use assets includes the amount for recognized lease liabilities, direct costs initially incurred, and lease payments made until the commencement date less the lease incentives received. Unless the Company is reasonably certain that it will obtain the ownership of the leased asset at the end of the lease term, recognized right-of-use assets are depreciated under the straight-line method during the shortest of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. See Note 3.2.2 for further detail on the accounting policy to assess nonfinancial asset impairment.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments to be made during the lease term. Lease payments include fixed payments (including in-substance fixed payments) less lease incentives receivable, variable lease payments dependent on an index or rate, and the amounts expected to be paid for residual value guarantees. Lease payments also include a purchase option exercise price if the Company is reasonably certain about exercising such option, as well as penalty payments from lease termination, if the lease term reflects the Company's termination option exercise. Variable lease payments that do not depend on an index or rate are recognized as expenses in the period of occurrence of the event or condition that gives rise to the payment. To calculate the present value of lease payments, if the imputed interest rate in the lease cannot be easily assessed, the Company uses the incremental borrowing rate at the lease commencement date. After the commencement date, lease liabilities will be increased to reflect the accretion of interest and will be reduced by the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is an amendment, a change in the lease term, a change in the fixed or in-substance fixed payments or a change in the assessment to buy the underlying asset.

The Company applies the exemption to recognize short-term leases of machinery and equipment (i.e., those leases for a term under 12 months as from the commencement date with no call option). Also, the low-value asset exemption also applies to low-value items. The lease payments of low-value assets are recognized as expenses under the straight-line method during the lease term.

The Company determines the lease term as the noncancellable lease term, together with any period covered by an option to extend the agreement if it is reasonably certain that it will exercise that option. The Company applies its judgment upon assessing whether it is reasonably certain that it will exercise the option to renew the agreement. After the commencement date, the Company reassesses the lease term if there is a significant event or change in the circumstances under its control that affects its capacity to exercise (or not) the option to renew the agreement.

2.4.4 Impairment of nonfinancial assets other than goodwill

Other nonfinancial assets with a definite useful life undergo impairment tests 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 or CGUs. Amortized nonfinancial assets are reviewed for potential reversal of impairment at the end of each reporting period.

See Notes 3.2.1 and 3.2.2 for further information on impairment of nonfinancial assets.

2.4.5 Foreign currency translation

2.4.5.1 Functional and presentation currency

The functional currency of the Company is the USD, the currency of the primary economic context in entity operates. 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.

The presentation currency of the Company is USD.

2.4.5.2 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 consolidated statements of profit or loss and other comprehensive income.

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

2.4.6 Financial instruments

2.4.6.1 Financial assets

2.4.6.1.1 Classification

2.4.6.1.1.1 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; and
(ii) contractual conditions, on specific dates, give rise to cash flows only consisting in payments of principal and interest on the outstanding principal

2.4.6.1.1.2 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 consolidated 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 December 31, 2022, and 2021.

2.4.6.1.2 Recognition and measurement

Upon initial recognition, the Company measures a financial asset at its fair value plus, the transaction costs that are directly attributable to the acquisition of the financial asset.

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

Accounts receivable for services rendered or hydrocarbons delivered but not invoiced, and other accounts receivable are measured at amortized cost less the allowance for expected credit losses, if applicable.

2.4.6.1.3 Impairment of financial assets

The Company recognizes an allowance for Expected Credit Losses ("ECL") for all financial assets 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 calculates an allowance for ECL at each reporting date.

Expected credit losses in trade and other receivables are estimated on a case-by-case basis according to the debtor's history of noncompliance and an analysis of the debtor's financial position, adjusted by the general economic conditions of the industry, its current assessment and a Management forecast of conditions as of the reporting date.

The Company recognizes the impairment of a financial asset when contractual payments are more than 90 days past due or when the internal or external information shows that it is unlikely that the pending contractual amounts be received. A financial asset is derecognized when there is no fair expectation to recover contractual cash flows.

2.4.6.1.4 Offsetting of financial instruments

Financial assets and liabilities are disclosed separately in the consolidated 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.

2.4.6.2 Financial liabilities and equity instruments

2.4.6.2.1 Classification as liabilities or equity

Liabilities 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.

A contractual agreement is classified as a financial liability and is measured at fair value. The changes in fair value are recognized in the consolidated statements of profit or loss and other comprehensive income.

2.4.6.2.2 Equity instruments

An equity instrument is any agreement that evidences an interest in the Company's net assets and is recognized for the amount of profit earned for the issuance of the equity instrument, net of direct issuance costs.

2.4.6.2.3 Compound financial instruments

The component parts of a compound instrument 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 compound financial instruments 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.

2.4.6.2.4 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 related to purchasing value units ("UVA" by Spanish acronym) are adjusted by the benchmark stabilization coefficient ("CER" by Spanish acronym) at each closing date, recognizing the effects on "Other financial income (expense)".

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 (twelve) months after the reporting period.

2.4.6.2.5 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.

2.4.7 Recognition of revenue from contracts with customers and other income

2.4.7.1 Revenue from contracts with customers

Revenue from contracts with customers related to the sale of Crude oil, Natural gas and Liquefied Petroleum Gas ("LPG") is recognized when control of the assets is transferred to the customer upon delivery of inventory. It is recognized for an amount of consideration to which the Company expects to be entitled in exchange for these assets. The normal credit term is 15 days for Crude oil sales and 50 days for Natural gas and LPG sales. The Company has reached the conclusion that it acts as principal in its revenue agreements because it regularly controls assets before transferring them to the customer.

In Note 5.1 was broken down by (i) product type and (ii) distribution channels. All Company revenue is recognized at a point in time.

2.4.7.2 Contract balances

Contract assets

A contract asset is defined as the right to obtain a consideration in exchange for the goods or services transferred to the customer. Should goods or services be transferred before receiving the agreed-upon payment or consideration, a contract asset is recognized for the consideration received. The Company has no contract assets as of December 31, 2022 and 2021.

Trade and other receivables

A receivable represents the Company's right to receive a consideration that is unconditional; that is to say, it only requires the passage of time before the payment of consideration falls due.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration. If the customer pays consideration before the Company transfers the goods or services, it recognizes a contract liability. When the Company fulfills its obligations according to the agreement, liabilities are recognized as revenue. The Company has no contract liabilities as of December 31, 2022, and 2021.

2.4.7.3 Other operating income

Other operating income is mainly related to gain from farmout agreement mentioned in Note 29.3.2.1 and 29.3.2.2, and the provision of services to third parties that are not directly related to the main activity. The Company recognizes revenue over time using an input method to measure progress toward service completion because the customer simultaneously receives and consumes the benefits provided by the Company.

2.4.8 Inventories

Inventories are made up of Crude oil, materials and spare parts, and they are measured at the lower of cost and net realizable value.

The cost of inventories includes production expenses and other costs incurred in bringing the inventories to their present location and condition to make the sale; and is determined using the weighted average cost method.

The net realizable value is the estimated selling price in the ordinary course of business less the estimated direct costs necessary to make the sale.

The recoverable amount of these assets is assessed at each reporting date, and the resulting loss is recognized in the consolidated statements of profit or loss and other comprehensive income.

Significant materials and spare parts, that the Company expects to use for more than 12 (twelve) months, are included in “Property, plant and equipment”.

2.4.9 Cash and cash equivalents

For the presentation of the consolidated 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 3 (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 liabilities in the consolidated statement of financial position. They are not disclosed in the consolidated statement of cash flows as they do not comprise the Company’s cash and cash equivalents.

2.4.10 Equity

Changes in equity were accounted for according to legal or regulatory standards; and Company decisions and the Company's accounting policies and decisions.

a. Capital stock

Capital stock is made up of shareholder contributions. It is represented by outstanding shares at nominal value. Capital stock is made up of series “A” and “C” shares.

b. Other equity instruments

The other equity instruments are related to a capital stock for the year with no cash payment of warrants approved by the Regular Warrant Holders’ Meeting held on October 4, 2022 (see Note 21.1).

c. Legal reserve

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

d. Share repurchase reserve

The Company's share repurchase is subject to Mexico's Securities Market Law provisions and should be approved by the Company's Board in compliance with the following requirements:

(i) it should be made in an authorized stock exchange in Mexico;
(ii) it should be carried out at market price unless it involves public offerings authorized by the Mexican Banking and Securities Commission ("CNVB" by Spanish acronym).

The Regular Shareholders' Meeting will agree the maximum amount that the Company may earmark for the share repurchase.

e. Other accumulated comprehensive income (losses)

Other comprehensive income comprises actuarial gains and losses for defined benefit plans and the related tax effect.

f. Accumulated profits (losses)

Accumulated profits or losses comprise retained earnings or accumulated losses that was not distributed, the amounts transferred from other comprehensive income and prior-year adjustments. They may be distributed as dividends by Company decision, provided that they are not subject to legal or contractual restrictions.

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).

2.4.11 Employee benefits

2.4.11.1 Short-term obligations

Salaries and payroll taxes expected to be settled within 12 (twelve) 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 consolidated 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; 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; and
(ii) Payments that are also exempt for employees.

The PTU is recognized in the consolidated statements of profit or loss and other comprehensive income.

Mexico Labor Law Reform introduces a limit to the amount payable for employees' share in profit; the PTU amount allocated to each worker should not exceed the higher of the equivalent to three months of their current salary or the average PTU collected by the employee over the previous three years. Should the PTU assessed be lower than or equal to such cap, the PTU incurred will be determined by applying 10% of the Company's taxable profit. Should the incurred PTU exceed such limit, the cap should be applied, and it will be considered the PTU incurred for the period.

2.4.11.2 Employee benefits

The Company operates a defined benefit plan described in Note 23. Employee defined benefit plans are related to a series of pension benefits that an employee will receive at retirement, depending on 1 (one) or more factors, such as age, years of service and compensation. According to the conditions established in each plan, the benefit may consist of a single payment or payments supplementary to pension system payments.

The cost of employee defined benefit plans is recognized periodically according to the contributions made by the Company.

Labor cost liabilities are accumulated in the periods in which employees render the services that give rise to the consideration.

The defined benefit obligation liability recognized in the consolidated statement of financial position is the present value of the defined benefit obligation, net of the fair value of plan assets. The defined benefit obligation is calculated at least as of every year-end by independent actuaries through the projected unit credit method. The present value of the defined benefit obligation is assessed discounting estimated future cash outflows using future actuarial assumptions on the demographic and financial variables that affect the assessment of such amounts.

Actuarial profit and losses derived from changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise, and the costs of past services are recognized immediately in the consolidated statements of profit or loss and other comprehensive income.

2.4.12 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.

For the years ended December 31, 2022, and 2021, the Company has not capitalized borrowings costs because it had no qualifying assets, except for interest on lease liabilities disclosed in Note 15.

2.4.13 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 in the consolidated statements of profit or loss and other comprehensive income.

2.4.13.1 Provision for contingencies

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.

Contingent liabilities are: (i) potential obligations from past events and whose existence will be confirmed only by the occurrence or nonoccurrence 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.

The Company outlines of contingent liabilities in the notes to the consolidated financial statements (see Note 22.3).

Contingent liabilities which probability is remote are not disclosed.

2.4.13.2 Well plugging and abandonment provision

The Company recognizes a provision for well pugging and abandonment when there is a legal or constructive obligation as a result of past events, it is probable that a cash flow will be required to settle the obligation, and the amount to be disbursed can be reliably estimated.

In general, the obligation arises when the asset is installed, or the plot of land or environment at the site is altered.

When the liability is initially recognized, the present value of estimated costs is capitalized, increasing the carrying amount of the assets related to the oil and gas extraction insofar as they were incurred for the development or construction of the well.

The other provisions from an enhanced development or construction of the oil and gas extraction properties increase the cost of the related asset when the liability arises.

The changes in the estimated time or cost of well plugging and abandonment are afforded a prospective treatment by booking an adjustment to the related provision and asset.

2.4.13.3 Provision for environmental remediation

The provision for environmental remediation is recognized when it is likely that a soil remediation be conducted, and costs may be estimated reliably. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognized is the best estimate of the expenditure required to settle the obligation. If the time value of money is material, the recognized value is the present value of the estimated future expense. The effect of such estimate is recognized in the consolidated statements of profit or loss and other comprehensive income.

2.4.14 Income tax

Income tax for the period includes current and deferred income tax. Income tax is recognized in the consolidated 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 and deferred tax assets and liabilities were not discounted and are stated at nominal values.

Income tax rates effective in Argentina and Mexico stand at 35% and 30% as of December 31, 2022 and 2021, respectively. For further information, see Note 16 and 31.

2.4.14.1 Current income tax

The Company recognizes a current income tax liability as of every year-end, calculated based on effective laws enacted by the related tax authorities.

The Company regularly assesses the positions adopted in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. 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 their calculations and interpretations. 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.

2.4.14.2 Deferred income tax

Deferred income tax is calculated using the liability method by comparing the tax bases of assets and liabilities and their carrying amounts in the financial statements to assess temporary differences.

Deferred tax assets and liabilities are booked at nominal values and 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.

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.

Deferred income tax assets are recognized only insofar as it is probable that future taxable profit will be available and may be used to offset 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 profit will be available to allow all or part of the asset to be recovered.

2.4.15 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 32).

Such cost is recognized in the consolidated statements of profit or loss and other comprehensive income under “Share-based payments” along with the related capital increase 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 consolidated 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 and; (iii) performance restricted stock, thus accounted under IFRS 2 Share-Based Payment as detailed above (see Note 32).

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 plan is measured at grant date considering the specific terms and conditions. The equity-settled compensation cost is recognized in the consolidated statements of profit or loss and other comprehensive income under “Share-based payments”.

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

Certain Company key employees receive additional benefits 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 plan is measured at grant date considering the specific terms and conditions. The equity-settled compensation cost is recognized in the consolidated statements of profit or loss and other comprehensive income under "Share-based payments".

c) Performance restricted stock ("PRS") (equity-settled)

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

2.4.16 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 December 31, 2022 and 2021, and the same accounting policies employed in preparing these consolidated 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 December 31, 2022 and 2021, the Company valued these investments at acquisition cost without recognition of the equity method.

2.4.17 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, Crude oil and Natural 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 December 31, 2022 and 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 consolidated financial statements were prepared on a going concern basis.

2.5 Regulatory framework

A- Argentina

2.5.1 Regulatory framework for the oil and gas activity

In Argentina, oil and gas exploration, exploitation, transport and trade is governed by Law No. 17,319, amended by Law No. 27,007.

Below are the main changes introduced by Law No. 27,007:

(i) It sets the terms for exploration permits and operating and transport concessions, distinguishing between conventional and unconventional concessions, and the continental platform and territorial marine reserves.

(ii) The 12% payable as royalties to the grantor by operating concessionaires on the extraction of liquid hydrocarbon byproducts in wellheads and Natural gas production will continue to be in place. In case of an extension, additional royalties will be paid up to 3% on royalties applicable upon the first extension up to a maximum 18% for the following extensions.

(iii) It prevents the Argentine government and provinces from reserving new areas in the future in favor of public or mixed companies or entities, regardless of their legal type. Therefore, the agreements entered into by provincial companies for the exploration and development of reserved areas before the amendment are safeguarded.

However, the Province of Neuquén has its own Hydrocarbon Law No. 2,453. Hence, the Company's assets in the Province of Neuquén are governed by such law, whereas the remainder assets located in the Provinces of Río Negro and Salta follow Law No. 17,319, as amended.

2.5.2 Gas market

2.5.2.1 Argentine promotion plan to stimulate Natural gas production: 2020-2024 supply and demand system ("Gas IV Plan")

On November 13, 2020, through Presidential Decree No. 892/2020, the Argentine Executive approved Gas IV Plan, whereby it declared that the promotion of Natural gas production is both a matter of public interest and a priority.

Moreover, through Presidential Decree No. 730/2022 of November 3, 2022, the Argentine government replaced Presidential Decree No. 892/2020, thus extending the term of the Gas IV Plan through December 31, 2028.

On December 15, 2020, through Resolution No. 391/2020, the Department of Energy awarded volumes and prices, for which the Company entered into agreements with Compañía Administradora del Mercado Mayorista Eléctrico SA ("CAMMESA"), Integración Energética Argentina S.A ("IEASA") and other distribution licensees or subdistributors to supply Natural gas for electric power generation and residential consumption, respectively.

The Company, through its subsidiary Vista Argentina, was awarded a base volume of 0.86 Mcm/day at an average price of 3.29 USD/MMBTU for a four-year period as from January 1, 2021, which was extended through December 31, 2028, by Resolution No. 860/2022 of December 22, 2022.

In 2022, the Company was granted a permit by the Department of Energy to export Natural gas to Chile according to the following volumes:

(i) 0.15 Mcm/day for the period elapsed from January through April 2022;
(ii) a variable volume for May through September 2022; and
(iii) 0.45 Mcm/day for the period elapsed from October 2022 through April 2023.

The Company exported a total of 51.4 Mcm to Chile during the year ended December 31, 2022.

For the years ended December 31, 2022 and 2021, the Company received a net amount of 3,149 and 3,660, respectively.

As of December 31, 2022 and 2021, the receivables related to such plan stand at 3,772 and 1,729, respectively (see Note 17).

2.5.3 Royalties and other canons fees

For the years ended December 31, 2022, and 2021, royalties apply to total production of conventional and unconventional concessions and are calculated applying 12% to the selling price after discounting certain expenses to convert the cubic meter value of Crude oil, Natural gas and liquefied gas to wellhead prices. Royalties are included in the consolidated statements of profit or loss and other comprehensive income under "Cost of sales."

The extensions mentioned in Note 29.3 also include an extraordinary production fee equal to 3% in the conventional areas of Entre Lomas, Bajada del Palo, Jagüel de los Machos and 25 de mayo-Medanito S.E., and 6.5% in Agua Amarga conventional area. In the case of Bajada del Palo and Entre Lomas areas, may increase up to 6% according to the changes in the selling prices of hydrocarbons produced.

B- Mexico

2.5.4 Exploration and production activities regulatory framework

In 2013, Mexico introduced several amendments to Mexico's Constitution that led to opening Crude oil, Natural gas and energy to private investments. As part of the energy reform, Petróleos Mexicanos ("PEMEX" by Spanish acronym) transformed from a decentralized public entity into a productive state-owned enterprise.

These amendments also allow private-sector entities to obtain permits for hydrocarbon processing, refinery, trade, transport, storage, import and export.

Mexico's Hydrocarbon Law ("Hydrocarbon Law") that preserves state property over subsoil hydrocarbons but allows private companies to assume responsibility for hydrocarbons once extracted. Therefore empowers private-sector entities to request the granting of a permit from Mexico's Energy Regulatory Commission ("CRE" by Spanish acronym) to store, transport, distribute, trade and sell hydrocarbons. In addition, private-sector entities can import or export hydrocarbons subject to a permit issued by Mexico's Ministry of Energy (the "SENER" by Spanish acronym).

The National Hydrocarbon Commission (the "CNH" by Spanish acronym) conducts rounds of bid granting agreements to oil companies and business consortia. It interacts with PEMEX and private companies and manage all exploration and production ("E&P") agreements. The agreements for the transport, storage, distribution, compression, liquefaction, decompression, regassification, trade and sale of Crude oil, oil byproducts and Natural gas are granted by the CRE.

As part of the reform process mentioned above , the Mexican government gradually lifted controls of gasoline and diesel prices as part of Mexico's fuel price deregulation. Therefore, as of the date of issuance of these consolidated financial statements, gasoline and diesel selling prices are fully deregulated and determined by the market.

2.5.5 Royalties and other canons

The consideration payable to the Mexican government will be made up of:

a. Contractual installment for exploration phase

It applies to the areas that do not have a development plan approved by the CNH and it is calculated monthly using the instalment established for each square kilometer comprising the areas covered by the contract.

b. Royalties

Royalties apply to the concessions' total output and are calculated by applying the contractual percentage to the selling price. The contractual percentage is 45%, which will be adjusted as established in the contract. There is also a variable royalty, which will be applied to each type of hydrocarbon by applying the related rate to the selling price. Royalties are included in the consolidated statements of profit or loss and other comprehensive income under "Cost of sales".

Note 3. Significant accounting judgements estimates and assumptions

Preparing the consolidated 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 consolidated 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 consolidated 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 consolidated 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, employing the criteria mentioned in Note 22.3; hence, Management makes estimates mainly with the legal counsel's assistance based on information available as of the date of the consolidated 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.

3.1.2 Environmental remediation

The costs incurred in limiting, neutralizing or preventing environmental pollution are capitalized only if at least one of the following conditions is met: (i) these costs are related to security improvements; (ii) environmental pollution risk is prevented or limited; or (iii) the costs incurred in preparing assets for sale and the carrying amount (which considers these costs) of these assets does not exceed the related recovery value.

The liabilities related to future remediation costs are booked when, based on environmental assessments, the likelihood of occurrence of these liabilities is high and costs may be reasonably estimated. The actual recognition and amount of these provisions is generally based on the commitments acquired by the Company to realize them, such as an approved remediation plan or the sale or disposal of an asset. The provision is recognized on the basis that the future remediation commitment will be required.

The Company measures liabilities based on the best estimate of the present value of future costs using the information currently available and by applying current environmental laws and regulations and the Company's existing environmental policies.

3.1.3 Business combinations

The acquisition method implies the measurement at fair value of identifiable assets acquired and liabilities assumed in a business combination at acquisition date.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create an output. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with necessary skills, knowledge or experience to perform that processes or else it significantly contributes to the ability to produce outputs and is considered unique or scarce or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs. In cases where an oil and gas property acquisition transaction does not compliance the above conditions, the Company considers that it must be recognized as an asset acquisition.

When the Company determines that it has acquired a business, to determine the fair value of identifiable assets, the Company uses the valuation approach that is most representative for each asset. These methods are the (i) income approach through indirect cash flows (net present value of expected future cash flows) or through the multi-period excess earnings method; (ii) cost approach (replacement value of the asset adjusted by loss due to physical impairment, functional and economic obsolescence); and (iii) market approach through a comparable transaction method.

Also, to determine the fair value of liabilities assumed, the Company considers the likelihood of cash outflows that will be required for each contingency and calculates the estimates with the legal counsel's assistance based on available information and the litigation and resolution/settlement strategy.

Management significant judgment is required to choose the approach to be used and estimate future cash flows. Actual cash flows and values may differ significantly from expected future cash flows and the related values obtained through the aforementioned valuation techniques.

3.1.4 Joint arrangements

The Company assesses whether it has joint control on an arrangement, which requires assessing activities and decisions about these relevant activities that require unanimous consent. The Company determined that the relevant activities for joint arrangements are those related to operating decisions, including the approval of the annual work program and operating expenses; the budget; and the approval of service suppliers. The considerations made to assess joint control are the same as those needed to determine control on subsidiaries as established in Note 2.3.1.

Judgment is also required to classify a joint arrangement. The classification of agreements requires that the Company assess its rights and obligations under the agreement.

An erroneous conclusion on whether an arrangement involves joint control, joint operation or investment in a joint business may materially affect accountability, as established in Note 2.3.3.

3.1.5 Functional 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 currency of the Company and its subsidiaries is 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 year:

3.2.1 Impairment of goodwill

Goodwill is reviewed annually for impairment or more frequently if there are events or changes in circumstances showing that the recoverable amount of the CGU related to goodwill should be analyzed. Whether goodwill is impaired is assessed by considering the recoverable amount of the CGUs to which it is allocated. Impairment is recognized when the recoverable amount of the CGU is lower than its carrying amount (including goodwill).

The Company has goodwill for 28,888 and 28,416 in the consolidated statement of financial position as of December 31, 2022, and 2021 (see Note 14) related to the initial business combination.

The assessment of whether goodwill of a CGU or group of CGUs is impaired involves Management estimates on highly uncertain matters, including the assessment of the appropriate group of CGUs for goodwill impairment testing. The Company supervises goodwill for internal management purposes based on its only business segment.

Upon testing goodwill for impairment, the Company uses the approach described in Note 3.2.2.

No goodwill impairment losses were recognized as of December 31, 2022 and 2021.

3.2.2 Impairment of nonfinancial assets other than goodwill

Nonfinancial assets, including identifiable intangible 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 or Cash Generated Units ("CGUs"). To such end, as of December 31, 2022 and 2021, oil and gas properties in Argentina were grouped into 3 (three) CGUs: (i) operated concessions of conventional oil and gas exploration and production; (ii) operated concessions of unconventional oil and gas exploration and production; and; (iii) non-operating concessions of conventional oil and gas exploration and production. Therefore, as of December 31, 2022 and 2021, the Company also identified only 1 (one) CGUs in Mexico: (i) operated concessions of conventional oil and gas exploration and production.

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

To assess whether there is evidence that a CGU may be impaired, external and internal sources of information are analyzed, provided that the events or changes in circumstances show that the book value of an asset or CGU may not be recovered. Some examples of these events are changes in the Group's business plans and assumptions on raw material prices and types of discounts, physical damage testing, or, in the case of oil and gas assets, decrease of estimated reserves or increases in estimated future development expenses or dismantling costs, the behavior of Crude oil international prices and demand, the cost of raw materials, the regulatory framework, expected capital investments and changes in demand. Should there be an indication of impairment, the Company estimates the recoverable amount of the asset or CGU.

The recoverable amount of a CGU is the highest of (i) its fair value less selling price or costs of disposal through another way, and (ii) its value in use. When the carrying amount of a CGU exceeds its recoverable amount, the CGU is deemed impaired, and it is reduced to its recoverable amount. Due to the nature of the Company's activities, the information on the fair value less selling price of an asset or CGU is usually difficult to obtain unless negotiations are underway with potential buyers or similar transactions. Consequently, unless otherwise stated, the recoverable amount used in impairment testing is the value in use.
The value in use of each CGU is estimated using the present value of future net cash flows. Each GGU's business plans, which are approved annually by the Company, are the main sources of information to determine the value in use.

As the initial step in drafting these plans, the Company establishes different assumptions on market conditions, such as oil and Natural gas prices. Moreover, as of December 31, 2022 and 2021, these assumptions consider existing prices, the balance between global supply and demand of Crude oil and Natural gas, oil dynamics markets in Argentina and Mexico, other macroeconomic factors and the historical trends and variability. Upon assessing the value in use, estimated future cash flows are adjusted to consider the specific risks of the group of assets and are discounted at present value using a discount rate after taxes that reflects the current market assessments of the time value of money.

The Company assesses whether there is an indication that previously recognized impairment losses have reversed or decreased as of each reporting date. Should there be such an indication, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if here has been a change in the estimates used in determining the recoverable amount of the asset since the last impairment loss was recognized. After a reversal, the depreciation charge is adjusted in future years to distribute the revised carrying amount of the asset less any residual value consistently throughout the remainder useful life.

The assessment of whether an asset or CGU is impaired and to which extent involves Company estimates on highly uncertain issues such as the effects of inflation on exploitation expenses, discount rates, production profiles, reserves and resources and commodity future prices, including the prospects for Crude oil and Natural gas supply and demand in international or regional markets. It requires that assumptions be made when assessing the proper grouping of items of property, plant and equipment in a CGU. Actual cash flows and values may differ significantly from expected future cash flows and related amounts obtained using discount techniques, which could create major changes in the accounting values of the Group's assets.

For the year ended December 31, 2021, it recognized a reversal in impairment for 14,044 related to the CGU of operated concessions of conventional oil and gas exploration and production in Mexico, mainly related to the recovery of Crude oil prices and the rise in proved reserves.

The Company identified no indications of impairment as of December 31, 2022 and 2021.

Main assumptions used

The Company's calculation of the value in use related to the aforementioned CGUs is more sensitive to the following assumptions:

	As of December 31, 2022		As of December 31, 2021	
	Argentina	**Mexico**	**Argentina**	**Mexico**
Discount rates (after taxes)	11.9%	7.9%	10.4%	6.1%
Discount rates (before taxes)	18.7%	11.6%	16.6%	10.0%
Prices of Crude oil, LPG and Natural gas				
Crude oil (USD/bbl.) (1)				
2022	-	-	73.0	65.8
2023	80.3	72.2	70.1	63.0
2024	92.8	88.3	70.5	63.5
2025	84.0	79.9	65.9	58.9
As from 2026	79.3	78.3	64.6	58.9

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

	As of December 31, 2022		As of December 31, 2021	
	Argentina	Mexico	Argentina	Mexico
Natural gas - local prices (USD/MMBTU) [(2)]				
As from	3.9	3.0	3.3	3.0
LPG – local prices (USD/tn.)				
As from	250.4	-	300	-

(1) The prices correspond to Brent and Maya, for Argentina and Mexico, respectively.

(2) Millions of British Themal Units (“MMBTU”).

(i) Discount rates: Discount rates represent the present market value of the Company’s specific risks considering the time value of money and the individual risks of the underlying assets that have not been considered in cash flow estimates. The discount rate is calculated based on the Company’s specific circumstances and is derived from the weighted average cost of capital (“WACC”) with the proper adjustments to reflect risks and determine the rate after taxes. The income tax rate used is the tax rate effective in Argentina and Mexico standing at 35% and 30%, respectively. The WACC considers the cost of debt and cost of capital. In calculating the WACC, the Company considered public market data of certain companies deemed comparable (“comparable companies”) based on the industry, region and main activity.

(ii) Prices of Crude oil, Natural gas and LPG: Expected commodity prices are based on Management estimates and available market data.

The Company considered discounts for Crude oil prices based on the quality of the Crude oil produced in each CGU. The dynamics of the domestic Crude oil and liquid fuels markets in Argentina and Mexico are also considered. The changes in Brent and Maya prices was estimated using the average forecasts prepared by analysts from different banks for Brent and Maya price, respectively.

To forecast the local price of Natural gas at 9,300 kcal/m^3 (“gas price”), as it is not aligned with international gas pricing and it is influenced by the level of supply and demand in Argentina, Management used the average price received from gas sales in each CGU. Natural gas prices are adjusted linearly by the calorific value of gas produced in each CGU.

The Company’s long-term assumption for Crude oil prices is similar to the recent market price that reflects the judgment that recent prices are consistent with the fact that the market can produce enough oil to meet global demand sustainably in the long term.

(iii) Production and reserve volumes: In conventional CGUs, the future production level estimated in all impairment tests is based on proved and probable reserves, and contingent resources are also added in the case of unconventional CGUs. Production forecasts and reserve assumptions were based on reserve reports audited by external consultants and on reports prepared internally by the Company. Different success factors were also applied to determine the expected value of each type of reserve or contingent resource.

Sensitivity to changes in assumptions

Regarding the assessment of the value in use as of December 31, 2022, and 2021, the Company considers that there are no reasonably possible changes in any of the abovementioned main assumptions that may cause the carrying amount of any CGU to significantly exceed its recoverable amount, except for the following:

	As of December 31, 2022		As of December 31, 2021	
	Argentina [(1)]	México	Argentina [(2)]	México
Discount rate	+/- 10%		+/- 10%	
Carrying amount	- / -	- / -	(98) / -	- / -
Expected prices of Crude oil, Natural gas and LPG	+/- 10%		+/- 10%	
Carrying amount	- / (41,816)	- / -	- / (31,773)	- / -

(1) Related to the operated concessions of conventional oil and gas concessions CGU (see Note 34 for further information).

(2) Related to the operated and non-operating concessions of conventional oil and gas concessions CGU.

The aforementioned sensitivity analysis may not be representative of the actual change in the carrying amount because it is unlikely that the change in the assumptions would occur in isolation as some assumptions may be correlated.

As of December 31, 2022, and 2021, the net carrying amount of property, plant and equipment, intangible assets and right-of-use assets is disclosed in Notes 13, 14 and 15, respectively.

3.2.3 Current and deferred income tax

3.2.3.1 Current income tax

The Company recognizes a current income tax liability as of every year-end, calculated according to effective laws enacted by the related tax authorities and, if necessary, provisions are recognized based on the amounts payable to tax authorities; however, there are some transactions and calculations which tax assessment is uncertain as sometimes tax regulations are subject to Company interpretation.

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 their calculations and interpretations. 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.

3.2.3.2 Deferred income tax

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. Upon assessing the recognition of deferred tax assets, the Company 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, the Company 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 the Company estimates of future cash flows. These estimates are based on expected future cash flows from transactions, which are affected by sales and production volumes; Crude oil and Natural gas prices; operating costs; well plugging and abandonment costs; 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 Group's estimates, the Group'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 Group operates may hinder its capacity to obtain tax deductions in future periods.

3.2.4 Well plugging and abandonment

Well plugging and abandonment at the end of the concession term requires that Company Management calculate the number of wells, the long-term costs of abandonment and the remaining time until abandonment. The technological, cost, policy, environment and safety issues change constantly and may give rise to differences between actual costs and future estimates.

Well plugging and abandonment estimates should be adjusted by the Company at least annually or in the event of changes in the assessment criteria assumed.

Well plugging and abandonment liabilities stand at 32,524 and 30,796, as of December 31, 2022, and 2021, respectively (See Note 22.1).

3.2.5 Oil and gas reserves

Oil and gas items of property, plant and equipment are depreciated using the UDP method over total proved reserves (developed and not developed as applicable). Reserves refer to oil and gas volumes that are economically producible in areas in which the Company operates or has (direct or indirect) interests, and over which the Company has exploitation rights, including oil and gas volumes related to service contracts in which the Company has no property rights over the reserves or hydrocarbons obtained and those estimated to be produced by the contractor under these service contracts.

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

The useful life of each property, plant and equipment asset is assessed at least annually considering the physical limitations of the goods and the assessments of the economically recoverable reserves in the field in which the asset is located.

There are several uncertainties in the estimate of proved reserves and future production plans, development costs and prices, including several factors that are beyond the producer's control. In estimating reserves, engineers calculate underground accumulations, which involves a certain degree of uncertainty. Reserve estimates depend on the quality of the engineering and geological data available as of the estimate date and their interpretation and judgment.

Reserve estimates are adjusted when it is justified by changes in the assessment criteria or at least annually. These reserves are based on the reports prepared by oil and gas consulting professionals.

The Company uses the information obtained from the reserve calculation in determining the depreciation of assets used in oil and gas areas, and in assessing their recoverability (see Notes 3.2.1, 3.2.2, 13 and Note 33).

3.2.6 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.

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 32.

Note 4. Segment information

The CODM is in charge of allocating resources and assessing the performance of the operating segment. It supervises operating profit (loss) and the performance of the indicators related to its oil and gas properties on an aggregate basis to make decisions regarding the location of resources, negotiate with international suppliers and determine the method for managing contracts with customers.

The CODM considers as a single segment the exploration and production of Crude oil, Natural gas and LPG (including E&P commercial activities), through its own activities, subsidiaries and interests in joint operations and based on the nature of the business, customer portfolio and risks involved. The Company aggregated no segment as it has only one.

For the years ended December 31, 2022, and 2021, the Company generated 99% and 1% of its revenues related to assets located in Argentina and Mexico, respectively.

The accounting criteria used by the subsidiaries to measure profit or loss, assets and liabilities of the segments are consistent with those used in these consolidated financial statements.

The following chart summarizes noncurrent assets per geographical area:

	As of December 31, 2022	**As of December 31, 2021**
Argentina	1,638,973	1,260,851
Mexico	51,316	47,837
Total noncurrent assets	**1,690,289**	**1,308,688**

Note 5. Revenue from contracts with customers

	Year ended December 31, 2022	**Year ended December 31, 2021**
Goods sold	1,143,820	652,187
Total revenue from contracts with customers	**1,143,820**	**652,187**
Recognized at a point in time	**1,143,820**	**652,187**

The Company's transactions and main revenue are described in Note 2.4.7. Revenue is derived from contracts with customers.

Notes to the consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

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

5.1 Information broken down by revenue from contracts with customers

Type of products	Year ended December 31, 2022	Year ended December 31, 2021
Revenues from Crude oil sales	1,067,997	593,060
Revenues from Natural gas sales	70,237	54,301
Revenues from LPG sales	5,586	4,826
Total revenue from contracts with customers	**1,143,820**	**652,187**

Distribution channels	Year ended December 31, 2022	Year ended December 31, 2021
Exports from Crude oil	559,563	182,156
Refineries	508,434	410,904
Industries	20,093	17,320
Retail Natural gas distribution companies	18,829	18,351
Natural gas for electric power generation	16,210	18,461
Exports from Natural gas	15,105	169
LPG sales	5,586	4,826
Total revenue from contracts with customers	**1,143,820**	**652,187**

5.2 Performance obligations

The Company’s performance obligations are related to the transfer of goods to customers. The E&P business involves all the activities related to Crude oil and Natural gas exploration, development and production. Revenue is mainly derived from the sale of produced Crude oil, Natural gas and LPG to third parties at a point in time.

Note 6. Cost of sales

6.1 Operating costs

	Year ended December 31, 2022	Year ended December 31, 2021
Fees and compensation for services	66,155	53,024
Salaries and payroll taxes	22,344	16,591
Consumption of materials and spare parts	16,824	15,912
Easements and fees	11,427	9,572
Employee benefits	6,481	4,877
Transport	5,963	3,274
Other	4,191	3,873
Total operating costs	**133,385**	**107,123**

6.2 Crude oil stock fluctuation

	Year ended December 31, 2022	Year ended December 31, 2021
Crude oil stock at beginning of year (Note 19)	5,222	6,127
Less: Crude oil stock at end of year (Note 19)	(4,722)	(5,222)
Total Crude oil stock fluctuation	**500**	**905**

Note 7. Selling expenses

	Year ended December 31, 2022	Year ended December 31, 2021
Transport	28,686	19,554
Taxes, rates and contributions	16,522	13,921
Tax on bank account transactions	9,595	6,061
Fees and compensation for services	5,137	2,806
(Reversal of) allowances for expected credit losses (1)	(36)	406
Total selling expenses	**59,904**	**42,748**

(1) See Note 17.

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

Note 8. General and administrative expenses

	Year ended December 31, 2022	Year ended December 31, 2021
Salaries and payroll taxes	27,178	20,242
Share-based payments	16,576	10,592
Fees and compensation for services	9,848	7,412
Employee benefits	3,360	2,124
Institutional promotion and advertising	2,066	2,237
Taxes, rates and contributions	1,859	1,311
Other	2,939	1,940
Total general and administrative expenses	**63,826**	**45,858**

Note 9. Exploration expenses

	Year ended December 31, 2022	Year ended December 31, 2021
Geological and geophysical expenses	736	561
Total exploration expenses	**736**	**561**

Note 10. Other operating income and expenses

10.1 Other operating income

	Year ended December 31, 2022	Year ended December 31, 2021
Gain from farmout agreement [1]	18,218	9,050
Other services charges [2]	8,480	4,236
Gain from assets disposal [3]	-	9,999
Total other operating income	**26,698**	**23,285**

[1] The years ended December 31, 2022 and 2021, including 20,000 and 10,000 of payments received by Trafigura, related to the farmout agreement celebrated on June 28, 2021 (“farmout agreement I”) (see Note 29.3.2.1), net of disposals of oil and gas properties and goodwill for 1,654 and 882, and 128 and 68, respectively (see Note 13 and 14).

[2] Services not directly related to the Company’s main activity.

[3] The year ended December 31, 2021 including: (i) 9,788 related to the transfer of the working interest in CASO (see Note 29.3.4); (ii) 198 related to Mexico exploratory assets transfer (see Note 29.3.11) and ; (iii) 13 related to the expiration of Sur Rio Deseado Este exploitation concession (see Note 29.3.9).

10.2 Other operating expenses

	Year ended December 31, 2022	Year ended December 31, 2021
Provision for environmental remediation [1] (Note 22.2)	(2,133)	(1,029)
Restructuring and reorganization expenses [2]	(531)	(2,284)
Provision for contingencies [1] (Note 22.3)	(379)	(652)
Provision for materials and spare parts obsolescence [1]	(278)	(249)
Total other operating expenses	**(3,321)**	**(4,214)**

[1] These transactions did not generate cash flows.

[2] The Company booked restructuring expenses including payments, fees and transaction costs related to the changes in the Group’s structure.

Notes to the consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

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

Note 11. Financial income (expense), net

11.1 Interest income

	Year ended December 31, 2022	Year ended December 31, 2021
Financial interest	809	65
Total interest income	**809**	**65**

11.2 Interest expense

	Year ended December 31, 2022	Year ended December 31, 2021
Borrowings interest (Note 18.2)	(28,886)	(50,660)
Total interest expense	**(28,886)**	**(50,660)**

11.3 Other financial income (expense)

	Year ended December 31, 2022	Year ended December 31, 2021
Amortized cost (Note 18.2)	(2,365)	(4,164)
Changes in the fair value of warrants (Note 18.5.1)	(30,350)	(2,182)
Net changes in foreign exchange rate	33,263	14,328
Discount of assets and liabilities at present value	(2,561)	(2,300)
Changes in the fair value of financial assets	(17,599)	5,061
Interest expense on lease liabilities (Note 15)	(1,925)	(1,079)
Discount for well plugging and abandonment (Note 22.1)	(2,444)	(2,546)
Remeasurement of borrowings (1)	(52,817)	(19,163)
Other (2)	9,242	4,851
Total other financial income (expense)	**(67,556)**	**(7,194)**

(1) Related to borrowings in UVA, adjusted by CER (see Note 18.2).

(2) Including 2,515 from loss for negotiable obligations (“ON” by its Spanish acronym) swapping (see Notes 18.1 and 18.2).

Note 12. Earnings per share

a) Basic

Basic earnings per share is calculated by dividing the Company’s profit or loss by the weighted average number of ordinary shares outstanding during the year.

b) Diluted

Diluted earnings per share is calculated by dividing the Company’s profit or loss by the weighted average number of ordinary shares outstanding during the year, 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.

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

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 year, no dilution effect is booked, as diluted earnings per share is equal to basic earnings per share.

	Year ended December 31, 2022	Year ended December 31, 2021
Profit for the year, net	269,535	50,650
Weighted average number of ordinary shares	87,862,531	88,242,621
Basic earnings per share	**3.068**	**0.574**

	Year ended December 31, 2022	Year ended December 31, 2021
Profit for the year, net	269,535	50,650
Weighted average number of ordinary shares	97,830,538	93,273,978
Diluted earnings per share	**2.755**	**0.543**

As of December 31, 2022, the Company holds the following ordinary shares that, on the date of this 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) 4,854,408 Series A shares to be used in the LTIP.

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

Note 13. Property, plant and equipment

The changes in property, plant and equipment for the year ended December 31, 2022 are as follows:

	Land and buildings	Vehicles, machinery, facilities, computer hardware and furniture and fixtures	Oil and gas properties	Production wells and facilities	Works in progress	Materials and spare parts	Total
Cost							
Amounts as of December 31, 2021	**2,709**	**23,070**	**446,291**	**1,174,699**	**91,245**	**27,796**	**1,765,810**
Additions	8,550	285	-	-	433,942	97,243	**540,020**
Transfers	-	20,171	-	433,909	(371,239)	(82,841)	**-**
Disposals	(465)	(4)	(1,870) [(1)]	(713) [(2)]	-	(240)	**(3,292)**
Incorporation for the acquisition of AFBN assets	-	-	68,743 [(3)]	-	-	-	**68,743**
Amounts as of December 31, 2022	**10,794**	**43,522**	**513,164**	**1,607,895**	**153,948**	**41,958**	**2,371,281**
Accumulated depreciation							
Amounts as of December 31, 2021	**(294)**	**(10,834)**	**(53,623)**	**(477,077)**	**-**	**-**	**(541,828)**
Depreciation	(17)	(4,756)	(14,540)	(204,031)	-	-	**(223,344)**
Disposals	11	3	216 [(1)]	-	-	-	**230**
Amounts as of December 31, 2022	**(300)**	**(15,587)**	**(67,947)**	**(681,108)**	**-**	**-**	**(764,942)**
Net value							
Amounts as of December 31, 2022	**10,494**	**27,935**	**445,217**	**926,787**	**153,948**	**41,958**	**1,606,339**

[(1)] Related to the “farmout agreement I” (see Note 29.3.2.1).

[(2)] Related to the re-estimation of well plugging and abandonment (see Note 22.1). This transaction did not generate cash flows.

[(3)] See Note 1.2.1.

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

The changes in property, plant and equipment for the year ended December 31, 2021 are as follows:

	Land and buildings	Vehicles, machinery, facilities, computer hardware and furniture and fixtures	Oil and gas properties	Production wells and facilities	Works in progress	Materials and spare parts	Total
Cost							
Amounts as of December 31, 2020	**2,456**	**21,831**	**353,076**	**876,663**	**79,556**	**28,851**	**1,362,433**
Additions	253	106	30,076 [1]	7,343 [3]	287,815	28,626	**354,219**
Transfers	-	2,111	-	296,624	(269,161)	(29,574)	**-**
Disposals	-	(665)	(997) [2]	-	-	(107)	**(1,769)**
Incorporation for the acquisition of AFBN assets	-	-	69,693 [4]	-	-	-	**69,693**
Assets disposals [5]	-	(313)	(5,557)	(5,931)	(6,965)	-	**(18,766)**
Amounts as of December 31, 2021	**2,709**	**23,070**	**446,291**	**1,174,699**	**91,245**	**27,796**	**1,765,810**
Accumulated depreciation							
Amounts as of December 31, 2020	**(276)**	**(7,466)**	**(33,373)**	**(319,060)**	**-**	**-**	**(360,175)**
Depreciation	(18)	(3,915)	(20,579)	(159,637)	-	-	**(184,149)**
Disposals	-	525	115 [2]	-	-	-	**640**
Assets disposals [5]	-	22	214	1,620	-	-	**1,856**
Amounts as of December 31, 2021	**(294)**	**(10,834)**	**(53,623)**	**(477,077)**	**-**	**-**	**(541,828)**
Net value							
Amounts as of December 31, 2021	**2,415**	**12,236**	**392,668**	**697,622**	**91,245**	**27,796**	**1,223,982**

[1] Related to transferred of "Exploration rights" of operated area CS-01 in Mexico from "Other intangible assets" (see Notes 14 and 29.3.11). This transaction did not generate cash flows, or significant depreciation charges for the year ended December 31, 2021.

[2] Related to the "farmout agreement I" (see Note 29.3.2.1).

[3] Including 2,112 related to the re-estimation of well plugging and abandonment (see Note 22.1). This transaction did not generate cash flows.

[4] These additions did not generate cash flows (see Note 29.3.10).

[5] Including 11,784 of net disposal for the transfer of working interest in CASO (see Note 29.3.4); and 5,126 related to the transfer of Mexico's exploration assets that did not generate cash flows (see Note 29.3.11).

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

Note 14. Goodwill and other intangible assets

Below are the changes in goodwill and other intangible assets for the year ended December 31, 2022:

	Goodwill	Other intangible assets
Cost		
Amounts as of December 31, 2021	**28,416**	**12,216**
Additions	-	6,030
Disposals	(128) [1]	-
Amounts as of December 31, 2022	**28,288**	**18,246**
Accumulated amortization		
Amounts as of December 31, 2021	**-**	**(8,338)**
Amortization	-	(3,116)
Amounts as of December 31, 2022	**-**	**(11,454)**
Net value		
Amounts as of December 31, 2022	**28,288**	**6,792**

[1] Related to the "farmout agreement I" (see Note 29.3.2.1).

Below are the changes in goodwill and other intangible assets for the year ended December 31, 2021:

	Goodwill	Other intangible assets		
		Software licenses	Exploration rights	Total
Cost				
Amounts as of December 31, 2020	**28,484**	**10,605**	**15,359**	**25,964**
Additions	**-**	1,611	-	**1,611**
Disposals	(68) [1]	-	(30,076) [2]	**(30,076)**
Acquisition of Mexico's exploration assets	-	-	14,928 [3]	**14,928**
Disposal of Mexico's exploration assets	-	-	(14,255) [3]	**(14,255)**
Reversal of long-lived assets impairment	-	-	14,044 [4]	**14,044**
Amounts as of December 31, 2021	**28,416**	**12,216**	**-**	**12,216**
Accumulated amortization				
Amounts as of December 31, 2020	**-**	**(4,883)**	**-**	**(4,883)**
Amortization	-	(3,455)	-	**(3,455)**
Amounts as of December 31, 2021	**-**	**(8,338)**	**-**	**(8,338)**
Net value				
Amounts as of December 31, 2021	**28,416**	**3,878**	**-**	**3,878**

[1] Related to the "farmout agreement I" (see Note 29.3.2.1).
[2] Related to exploration rights of operated area CS-01 in Mexico transferred to "Property, plant and equipment" (see Note 13). These transactions did not generate cash flows.
[3] These transactions did not generate cash flows (see Note 29.3.11).
[4] See Note 3.2.2.

Goodwill arises from the initial business combination, mainly due to the Company's capacity to tap into unique synergies from managing a portfolio of acquired oil and existing plots of land.

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

As of December 31, 2022, it was allocated to the following CGUs in Argentina: (i) 22,746 to operated concessions of unconventional oil and gas exploration and production; and (ii) 5,542 to operated concessions of conventional oil and gas exploration and production. As of December 31, 2021, it was allocated to the following CGUs in Argentina: (i) 22,874 to operated concessions of unconventional oil and gas exploration and production; and (ii) 5,542 to operated concessions of conventional oil and gas exploration and production.

As of December 31, 2021, the Company recognized a reversal in impairment of exploration and evaluation assets for 14,044 related to the CGU of operated concessions of conventional oil and gas in Mexico. In addition, exploration rights were transferred to "Property, plant and equipment" under "Oil & gas properties" as the technical and commercial feasibility of these assets was determined.

Software licenses are amortized over the 3 (three) year estimated useful life.

Note 15. Right-of-use assets and lease liabilities

The carrying amount of the Company's right-of-use assets and lease liabilities, as well as the changes for the years ended in December 2022 and 2021, are detailed below:

	Right-of-use assets			Total lease liabilities
	Buildings	Plant and machinery	Total	
Amounts as of December 31, 2021	**1,211**	**25,243**	**26,454**	**(27,074)**
Additions	-	449	449	(449)
Re-estimations	348	9,206	9,554	(9,554)
Depreciation (1)	(573)	(9,656)	(10,229)	-
Payments	-	-	-	11,494
Interest expense (2)	-	-	-	(3,611)
Amounts as of December 31, 2022	**986**	**25,242**	**26,228**	**(29,194)**

(1) Including the depreciation of drilling services capitalized as "Works in progress" for 1,827.
(2) Including drilling agreements capitalized as "Works in progress" for 1,686.

	Right-of-use assets			Total lease liabilities
	Buildings	Plant and machinery	Total	
Amounts as of December 31, 2020	**1,319**	**21,259**	**22,578**	**(23,681)**
Additions	-	7,162	7,162	(7,162)
Re-estimations	367	1,958	2,325	(2,242)
Depreciation (1)	(475)	(5,136)	(5,611)	-
Payments	-	-	-	8,911
Interest expenses (2)	-	-	-	(2,900)
Amounts as of December 31, 2021	**1,211**	**25,243**	**26,454**	**(27,074)**

(1) Including the depreciation of drilling services capitalized as "Works in progress" for 1,902.
(2) Including drilling agreements capitalized as "Works in progress" for 1,821.

In line with Note 2.4.3, short-term and low-value leases were recognized under "General and administrative expenses" in the statements of profit or loss and other comprehensive income for 118 and 152 for the years ended December 31, 2022 and 2021, respectively.

Notes to the consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

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

Note 16. Deferred income tax assets and liabilities, and income tax expense

Deferred income tax assets and liabilities break down as follows:

	As of January 1, 2022	Profit (loss)	Other comprehensive income (loss)	As of December 31, 2022
Tax losses and other unused tax credits (1)	6,972	(2,255)	-	4,717
Provisions	7,265	(2,559)	-	4,706
Employee benefit	2,913	(467)	1,463	3,909
Right-of-use assets, net	161	877	-	1,038
Other	(501)	1,948	-	1,447
Assets for deferred income tax	**16,810**	**(2,456)**	**1,463**	**15,817**
Property, plant and equipment	(150,786)	4,632	-	(146,154)
Tax inflation adjustment	(36,038)	(72,325)	-	(108,363)
Trade and other receivables	1,784	(3,131)	-	(1,347)
Short-term investments	(1,925)	715	-	(1,210)
Borrowings	(1,225)	304	-	(921)
Inventories	(1,269)	371	-	(898)
Liabilities for deferred income tax	**(189,459)**	**(69,434)**	**-**	**(258,893)**
Deferred income tax, net	**(172,649)**	**(71,890)**	**1,463**	**(243,076)**

	As of January 1, 2021	Profit (loss)	Other comprehensive income (loss)	As of December 31, 2021
Tax losses and other unused tax credits (1)	37,479	(30,507)	-	6,972
Provisions	2,473	4,792	-	7,265
Employee benefit	865	-	2,048	2,913
Trade and other receivables	(561)	2,345	-	1,784
Right-of-use assets, net	264	(103)	-	161
Assets for deferred income tax	**40,520**	**(23,473)**	**2,048**	**19,095**
Property, plant and equipment	(133,911)	(16,875)	-	(150,786)
Tax inflation adjustment	(39,439)	3,401	-	(36,038)
Short-term investments	(135)	(1,790)	-	(1,925)
Inventories	(822)	(447)	-	(1,269)
Borrowings	(1,212)	(13)	-	(1,225)
Other	(3)	(498)	-	(501)
Liabilities for deferred income tax	**(175,522)**	**(16,222)**	**-**	**(191,744)**
Deferred income tax, net	**(135,002)**	**(39,695)**	**2,048**	**(172,649)**

(1) As of December 31, 2022 and 2021, the Company has recognized Net Operating Loss ("NOL") based on a the analysis of expected future taxable income in the following years, generated in Argentina and Mexico.

Deferred income tax assets and liabilities are offset in the following cases: (i) when there is a legally enforceable right to offset tax assets and liabilities; and (ii) when deferred income tax charges are related to the same tax authority. The following amounts are disclosed in the consolidated statement of financial position:

	As of December 31, 2022	As of December 31, 2021
Deferred income tax assets, net	335	2,771
Deferred income tax assets, net	**335**	**2,771**

	As of December 31, 2022	As of December 31, 2021
Deferred income tax liabilities, net	243,411	175,420
Deferred income tax liabilities, net	**243,411**	**175,420**

Notes to the consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

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

Income tax breaks down as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Income tax		
Current income tax	(92,089)	(62,419)
Deferred income tax	(71,890)	(39,695)
Income tax (expense) disclosed in the statement of profit or loss	**(163,979)**	**(102,114)**
Deferred income tax charged to other comprehensive income	1,463	2,048
Total income tax (expense)	**(162,516)**	**(100,066)**

For the years ended December 31, 2022 and 2021, the Company's effective rate was 38% and 67%, respectively.

Below is the reconciliation between income tax expense and the amount resulting from the application of the tax rate to profit income tax:

	Year ended December 31, 2022	Year ended December 31, 2021
Profit before income tax	433,514	152,764
Effective income tax rate	30%	30%
Income tax at the effective tax rate pursuant to effective tax regulations	(130,054)	(45,829)
Items that adjust income tax (expense) / benefit:		
Nondeductible expenses	(18,735)	(6,600)
Inflation adjustment	(153,517)	(98,348)
Effect on the measurement of monetary and nonmonetary items at functional currency	169,058	86,724
Unrecognized tax losses and other assets	(15,568)	(4,047)
Effect of tax losses (1)	-	31,232
Effect related to statutory income tax rate change (2)	-	(67,312)
Difference in income tax estimate prior year	6,358	-
Application of tax credits	6,229	9,710
Effect related to the difference in tax rate other than Mexican statutory rate	(25,762)	(7,637)
Other	(1,988)	(7)
Total income tax (expense)	**(163,979)**	**(102,114)**

(1) For the year ended December 31, 2021, see Note 16.1.

(2) For the year ended December 31, 2021, mainly include effects in Note 31.1.

As of December 31, 2022 and 2021, the Company and some subsidiaries in Mexico carry accumulated tax losses not recognized for which no deferred tax asset has been recognized. According to Mexican legislation, these accumulated tax losses not recognized shall be adjusted annually by the applicable index. Below are the updated accumulated tax losses not recognized and their due dates:

	As of December 31, 2022	As of December 31, 2021
2027	5,166	4,499
2028	60,727	51,618
2029	27,113	13,781
As from 2030	36,203	7,903
Total accumulated tax losses not recognized	**129,209**	**77,801**

Income tax liabilities break down as follows:

	As of December 31, 2022	As of December 31, 2021
Current		
Income tax, net of withholdings and prepayments	58,770	44,625
Total current	**58,770**	**44,625**

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

16.1 Current income tax

The reform introduced by Law No. 27,541 in Argentina set forth that, for fiscal years beginning January 1, 2021, 100% of the adjustment for inflation be deducted or levied in the year in which it is determined (see Note 31.1).

For the fiscal year ended December 31, 2021, such adjustment for inflation generated a significant increase in the income tax base of Vista Argentina, a Company subsidiary, due to the disparity between the changes in the Consumer Price Index ("IPC", by Spanish acronym) and the exchange rate during such period.

The Company considers that the application of this adjustment for inflation violates constitutional rights, principles and guarantees, as it levies fictitious profit, thus increasing the tax burden in a way which is constitutionally inadmissible pursuant to case law issued by the Argentine Supreme Court of Justice.

In addition, in this context, Vista Argentina recognized the effects of inflation upon applying accumulated tax losses to the income tax base for 2021.

Note 17. Trade and other receivables

	As of December 31, 2022	As of December 31, 2021
Noncurrent		
Other receivables:		
Prepayments, tax receivables and other:		
Prepayments and other receivables	13,630	15,236
Value added tax ("VAT")	940	4,010
Turnover tax	493	765
	15,063	**20,011**
Financial assets:		
Loans to employees	801	199
	801	**199**
Total noncurrent trade and other receivables	**15,864**	**20,210**

	As of December 31, 2022	As of December 31, 2021
Current		
Trade:		
Oil and gas accounts receivable (net of allowance for expected credit losses)	38,978	25,224
	38,978	**25,224**
Other receivables:		
Prepayments, tax credits and other:		
VAT	22,939	9,131
Prepaid expenses	13,864	3,633
Income tax	2,921	860
Turnover tax	634	42
	40,358	**13,666**
Financial assets:		
Receivables from joint operations	3,854	2,286
Gas IV Plan (Note 2.5.2.1)	3,772	1,729
Accounts receivable from third parties	2,172	2,025
LPG price stability program	574	293
Advances to directors and loans to employees	444	491
Other	254	382
	11,070	**7,206**
Other receivables	**51,428**	**20,872**
Total current trade and other receivables	**90,406**	**46,096**

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

Due to the short-term nature of current trade and other receivables, it carrying amount is considered similar to their fair value. The fair values of noncurrent trade and other receivables do not differ significantly from their carrying amounts either.

As of December 31, 2022, in general accounts receivable has a 15-day term for sales of Crude oil and a 50-day term for sales of Natural gas and LPG.

The Company sets up a provision for trade receivables when there is information showing that the debtor is facing severe financial difficulties or that there is no realistic probability of recovery, for example, when the debtor goes into liquidation or files for bankruptcy proceedings. Trade receivables that are derecognized are not subject to compliance activities. The Company recognized an allowance for expected credit losses of 100% against all trade receivables that are 90 days past due because based on its history these receivables are generally not recovered.

As of December 31, 2022 and 2021 provision for expected credit losses was recorder for 231 and 406 respectively.

The changes in the allowance for expected credit losses of trade and other receivables are as follows:

	As of December 31, 2022	As of December 31, 2021
Amounts at beginning of year	**(406)**	**(3)**
Allowances (reversal) (See Note 7)	36	(406)
Foreign exchange differences	139	3
Amounts at end of year	**(231)**	**(406)**

As of the date of these consolidated financial statements, maximum exposure to credit risk is related to the carrying amount of each class of accounts receivable.

Note 18. Financial assets and liabilities

18.1 Borrowings

	As of December 31, 2022	As of December 31, 2021
Noncurrent		
Borrowings	477,601	447,751
Total noncurrent	**477,601**	**447,751**
Current		
Borrowings	71,731	163,222
Total current	**71,731**	**163,222**
Total Borrowings	**549,332**	**610,973**

Below are the maturity dates of Company borrowings (excluding lease liabilities) and their exposure to interest rates:

	As of December 31, 2022	As of December 31, 2021
Fixed interest		
Less than 1 year	48,588	109,016
From 1 to 2 years	154,895	112,860
From 2 to 5 years	232,279	214,491
Over 5 years	65,427	75,468
Total	**501,189**	**511,835**
Variable interest		
Less than 1 year	23,143	54,206
From 1 to 2 years	-	44,932
From 2 to 5 years	25,000	-
Over 5 years	-	-
Total	**48,143**	**99,138**
Total Borrowings	**549,332**	**610,973**

See Note 18.5.2 for information on the fair value of the borrowings.

Notes to the consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

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

The carrying amount of borrowings as of December 31, 2022 and 2021 of the Company through its subsidiary Vista Argentina, is as follows:

Company	Execution date	Currency	Principal	Interest	Annual rate	Maturity date	As of December 31, 2022	As of December 31, 2021
Banco Galicia, Banco Itaú Unibanco, Banco Santander Rio and Citibank NA (1)	July, 2018	USD	150,000	Variable	LIBOR + 4.50%	July, 2023	69,121 (2)	184,581
			150,000	Fixed	8.00%			
Banco BBVA S.A.	July, 2019	USD	15,000	Fixed	9.40%	July, 2022	-	5,081
Santander International	January, 2021	USD	11,700	Fixed	1.80%	January, 2026	68 (2) (3)	137 (3)
Santander International	July, 2021	USD	43,500	Fixed	2.05%	July, 2026	79 (2) (3)	60 (3)
Santander International	January, 2022	USD	13,500	Fixed	2.45%	January, 2027	28 (2) (3)	-
ConocoPhillips Company	January, 2022	USD	25,000	Variable	LIBOR + 2.00%	September, 2026	25,594 (2)	-
Bolsas y Mercados Argentinos S.A.	December, 2021	ARS	917,892	Fixed	32.00%	March, 2022	-	3,191 (4)
						Total	**94,890**	**193,050**

(1) As of December 31, 2022 and 2021, the Company should meet the following financial ratios according to the parameters defined in the loan agreement:

(i) The ratio of consolidated net debt to consolidated EBITDA ("Earnings Before Interest, Tax, Depreciation and Amortization.")

(ii) The consolidated interest coverage rate as of the last day of every tax quarter. The consolidated interest coverage rate is the proportion of (a) consolidated EBITDA to (b) consolidated interest expenses for the period.

This credit facility includes covenants restricting, but not prohibiting, among other things, Vista Argentina, Vista Holding I, Vista Holding II, Aluvional and AFBN, and the Company's ability to: (i) incur or guarantee additional debt; (ii) create liens on its assets to secure debt; (iii) dispose of assets (iv) merge or consolidate with another person or sell or otherwise dispose of all or substantially all of its assets; (v) change their existing line of business (vi) declare or pay any dividends or return any capital; (vii) make investments; (viii) enter into transactions with affiliates; and (ix) change their existing accounting practices. As of December 31, 2022, and 2021, there was no non-compliance of said affirmative, negative and financial covenants.

(2) See Note 34 for further information.

(3) The carrying amount is related to interest and the principal is collateralized.

(4) Net amount of 6,793 from short-term investments granted as securities.

Moreover, Vista Argentina issued nonconvertible debt securities, under the name "*Programa de Notas*" approved by the National Securities Commission in Argentina ("CNV" by its Spanish acronym). The following chart shows the carrying amount of ON effective as of December 31, 2022 and 2021:

Company	Execution date	Currency	Principal	Interest	Annual rate	Maturity date	As of December 31, 2022	As of December 31, 2021
ON II	August, 2019	USD	50,000	Fixed	8.50%	August, 2022	-	50,492
ON III	February, 2020	USD	50,000 (1)	Fixed	3.50%	February, 2024	9,607 (2)	50,316
ON IV	August, 2020	ARS	725,650	Variable	Badlar + 1.37%	February, 2022	-	7,427
ON V	August, 2020	USD	20,000 (3)	Fixed	0.00%	August, 2023	-	19,869
	December, 2020	USD	10,000 (3)	Fixed	0.00%	August, 2023	-	9,931
ON VI	December, 2020	USD	10,000	Fixed	3.24%	December, 2024	9,968 (2)	9,940

Notes to the consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021
(Amounts expressed in thousands of US Dollars, except otherwise indicated)

Company	Execution date	Currency	Principal		Interest	Annual rate	Maturity date	As of December 31, 2022		As of December 31, 2021
ON VII	March, 2021	USD	42,371		Fixed	4.25%	March, 2024	42,200	(2)	41,970
ON VIII	March, 2021	ARS	3,054,537	(4)	Fixed	2.73%	September, 2024	45,185	(2)	40,888
ON IX	June, 2021	USD	38,787	(3)	Fixed	4.00%	June, 2023	-		38,551
ON X	June, 2021	ARS	3,104,063	(4)	Fixed	4.00%	March, 2025	40,765		36,891
ON XI	August, 2021	USD	9,230		Fixed	3.48%	August, 2025	9,214	(2)	9,196
ON XII	August, 2021	USD	100,769		Fixed	5.85%	August, 2031	102,504	(2)	102,452
ON XIII	June, 2022	USD	43,500		Fixed	6.00%	August, 2024	43,211		-
ON XIV	November, 2022	USD	40,511	(1)	Fixed	6.25%	November, 2025	36,408		-
ON XV	December, 2022	USD	13,500		Fixed	4.00%	January, 2025	13,413	(2)	-
ON XVI	December, 2022	USD	63,450	(3)	Fixed	0.00%	June, 2026	63,079		-
ON XVII	December, 2022	USD	39,118		Fixed	0.00%	December, 2026	38,888		-
							Total	**454,442**		**417,923**
							Total Borrowings	**549,332**		**610,973**

(1) On November 10, 2022, the Company settled in part ON III by issuing ON XIV for 40,511, net of 4,135 of treasury stock, which generated no cash flows. As of December 31, 2022 the carrying amount related to ON III include 118 of interest.
(2) See Note 34 for further information.
(3) On December 6, 2022, the Company settled ON V and IX for a total amount of 68,787, out of which: i) 60,935 issued ON XVI and; ii) 7,852 are related to the payment of principal remaining. Therefore, the Company issued ON XVI for a total amount of 63,450, out which: i) 60,935 are related to the swap mentioned above and; ii) 2,515 related to the loss from the issuance (see Note 11.3).
(4) Amount in UVA, adjusted by CER (see Note 11.3).

Under the aforementioned program, Vista Argentina may list and issue debt securities in Argentina for a total principal up to 800,000 or its equivalent in other currencies at any time.

18.2 Changes in liabilities from financing activities

Changes in the borrowings were as follows:

	As of December 31, 2022	As of December 31, 2021
Amounts at beginning of year	**610,973**	**539,786**
Proceeds from borrowings (1)	228,614	361,203
Borrowings interest (2) (Note 11.2)	28,886	50,660
Payment of borrowings cost	(1,670)	(3,326)
Payment of borrowings interest	(34,430)	(54,636)
Payment of borrowings principal (1)	(294,917)	(284,695)
Amortized cost (2) (Note 11.3)	2,365	4,164
Remeasurement in borrowings (2) (Note 11.3)	52,817	19,163
Changes in foreign exchange rate (2)	(45,821)	(21,346)
Other financial expense (2) (Note 11.3)	2,515	-
Amounts at end of year	**549,332**	**610,973**

(1) As of December 31. 2022, borrowings received and principal payments include 99,826 related to the ON swapping mentioned in Note 18.1. As of December 31, 2021, including 358,093 from borrowings received and 3,110 from the release of government bonds granted as security of prior Borrowings. These transactions did not generate cash flows.
(2) These transactions did not generate cash flows.

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

18.3 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."). Under those terms they expired 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 price 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 USD 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").

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 1 Series A share representative of the capital stock of the Company for each 31 Warrants owned.

As of October 4, 2022, the liability for warrants was settled for 32,894, an amount equal to the 3,215,483 series "A" shares and was recognized under "Other equity instruments" (see Note 18.5.1 and 21.1).

Thus, as of December 31, 2022, a total of 2,038,643 Series A shares were issued (For further information see Note 34). They have no nominal value (see Note 21.1).

	As of December 31, 2022	**As of December 31, 2021**
Noncurrent		
Warrants	-	2,544
Total noncurrent	**-**	**2,544**

18.4 Financial instruments by category

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

As of December 31, 2022	**Financial assets / liabilities at amortized cost**	**Financial assets / liabilities FVTPL**	**Total financial assets / liabilities**
Assets			
Plan assets (Note 23)	1,055	5,703	6,758
Trade and other receivables (Note 17)	801	-	801
Total noncurrent financial assets	**1,856**	**5,703**	**7,559**
Cash, bank balances and short-term investments (Note 20)	41,516	202,869	244,385
Trade and other receivables (Note 17)	50,048	-	50,048
Total current financial assets	**91,564**	**202,869**	**294,433**

Notes to the consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

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

As of December 31, 2022	Financial assets / liabilities at amortized cost	Financial assets / liabilities FVTPL	Total financial assets / liabilities
Liabilities			
Borrowings (Note 18.1)	477,601	-	477,601
Lease liabilities (Note 15)	20,644	-	20,644
Total noncurrent financial liabilities	**498,245**	**-**	**498,245**
Borrowings (Note 18.1)	71,731	-	71,731
Trade and other payables (Note 26)	221,013	-	221,013
Lease liabilities (Note 15)	8,550	-	8,550
Total current financial liabilities	**301,294**	**-**	**301,294**

As of December 31, 2021	Financial assets / liabilities at amortized cost	Financial assets / liabilities FVTPL	Total financial assets / liabilities
Assets			
Plan assets (Note 23)	7,594	-	7,594
Trade and other receivables (Note 17)	199	-	199
Total noncurrent financial assets	**7,793**	**-**	**7,793**
Cash, bank balances and short-term investments (Note 20)	185,546	129,467	315,013
Trade and other receivables (Note 17)	32,430	-	32,430
Total current financial assets	**217,976**	**129,467**	**347,443**
Liabilities			
Borrowings (Note 18.1)	447,751	-	447,751
Trade and other payables (Note 26)	50,159	-	50,159
Warrants (Note 18.3)	-	2,544	2,544
Lease liabilities (Note 15)	19,408	-	19,408
Total noncurrent financial liabilities	**517,318**	**2,544**	**519,862**
Borrowings (Note 18.1)	163,222	-	163,222
Trade and other payables (Note 26)	138,482	-	138,482
Lease liabilities (Note 15)	7,666	-	7,666
Total current financial liabilities	**309,370**	**-**	**309,370**

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

For the year ended December 31, 2022:

	Financial assets / liabilities at amortized cost	Financial assets / liabilities at FVTPL	Total financial assets / liabilities
Interest income (Note 11.1)	809	-	809
Interest expense (Note 11.2)	(28,886)	-	(28,886)
Amortized cost (Note 11.3)	(2,365)	-	(2,365)
Changes in the fair value of warrants (Note 11.3)	-	(30,350)	(30,350)
Net changes in foreign exchange rate (Note 11.3)	33,263	-	33,263
Discount of assets and liabilities at present value (Note 11.3)	(2,561)	-	(2,561)
Changes in the fair value of financial assets (Note 11.3)	-	(17,599)	(17,599)
Interest expense on lease liabilities (Note 11.3)	(1,925)	-	(1,925)
Discount for well plugging and abandonment (Note 11.3)	(2,444)	-	(2,444)
Remeasurement in borrowings (Note 11.3)	(52,817)	-	(52,817)
Other (Note 11.3)	9,242	-	9,242
Total	**(47,684)**	**(47,949)**	**(95,633)**

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For the year ended December 31, 2021:

	Financial assets / liabilities at amortized cost	Financial assets / liabilities at FVTPL	Total financial assets / liabilities
Interest income (Note 11.1)	65	-	65
Interest expense (Note 11.2)	(50,660)	-	(50,660)
Amortized cost (Note 11.3)	(4,164)	-	(4,164)
Changes in the fair value of warrants (Note 11.3)	-	(2,182)	(2,182)
Net changes in foreign exchange rate (Note 11.3)	14,328		14,328
Discount of assets and liabilities at present value (Note 11.3)	(2,300)		(2,300)
Changes in the fair value of financial assets (Note 11.3)	-	5,061	5,061
Interest expense on lease liabilities (Note 11.3)	(1,079)	-	(1,079)
Discount for well plugging and abandonment (Note 11.3)	(2,546)	-	(2,546)
Remeasurement in borrowings (Note 11.3)	(19,163)	-	(19,163)
Other (Note 11.3)	4,851	-	4,851
Total	**(60,668)**	**2,879**	**(57,789)**

18.5 Fair value

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

18.5.1 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 assets and liabilities measured at fair value as of December 31, 2022 and 2021:

As of December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Short-term investments	202,869	-	-	202,869
Plan assets	5,703	-	-	5,703
Total assets	**208,572**	**-**	**-**	**208,572**

As of December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Short-term investments	129,467	-	-	129,467
Total assets	**129,467**	**-**	**-**	**129,467**

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**

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The value of financial instruments traded in active markets is based on quoted market prices as of the date of these accompanying consolidated 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.

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2022 and 2021.

The fair value of warrants was 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 was based on the available return of benchmark government bonds with an equivalent remainder term upon the grant. The expected life was based on the contractual terms.

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

	As of December 31, 2021
Annualized volatility	39.94%
Risk free domestic interest rate	7.15%
Risk free foreign interest rate	0.55%
Remainder period in 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 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.

The Company settled the financial liabilities for warrants as of December 31, 2022.

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

	As of December 31, 2022	As of December 31, 2021
Warrants liability amount at beginning of year:	**2,544**	**362**
Loss from changes in the fair value of warrants (Note 11.3)	30,350	2,182
Other equity instruments	(32,894)	-
Amounts at end of year	**-**	**2,544**

18.5.2 Fair value of financial assets and liabilities that are not measured at fair value (but require fair value disclosures)

Except for the information included in the following chart, the Company considers that the carrying amounts of financial assets and liabilities recognized in the consolidated financial statements approximate to its fair values, as explained in the related notes.

As of December 31, 2022	Carrying amount	Fair value	Level
Liabilities			
Borrowings	549,332	459,122	2
Total liabilities	**549,332**	**459,122**	

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

As of December 31, 2021	Carrying amount	Fair value	Level
Liabilities			
Borrowings	610,973	560,409	2
Total liabilities	**610,973**	**560,409**	

18.6 Risk management objectives and policies concerning financial instruments

18.6.1 Financial risk factors

The Company's activities are exposed to several financial risks: market risk (including exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk.

Financial risk management is included in the Company's global policies, and it adopts a comprehensive risk management policy focused on tracking risks affecting the entire Company. This strategy aims at striking a balance between profitability targets and risk exposure levels. Financial risks are derived from the financial instruments to which the Company is exposed during period-end or as of every year-end.

The Company's financial department, controls financial risk by identifying, assessing and covering financial risks The risk management systems and policies are reviewed regularly to show the changes in market conditions and the Company's activities. This section includes a description of the main risks and uncertainties, which may adversely affect the Company's strategy, performance, operational results and financial position.

18.6.1.1 Market risk

Exchange rate risk

The Company's financial position and results of operations are sensitive to exchange rate changes between USD and ARS. As of December 31, 2022 and 2021, the Company performed foreign exchange currency hedge transactions, and the impact in the results is recognized in "Other financial income (expense)".
Most Company sales are denominated in USD, or the changes in sales follow the changes in USD listed price.

During the years ended December 31, 2022, and 2021, ARS depreciated by about 72% and 22%, respectively.

The following chart shows the sensitivity to a reasonable change in the exchange rates of ARS to USD while maintaining the remainder variables constant. Impact on profit is related to changes in the fair value of assets and liabilities denominated in currencies other than USD, the Company's functional currency. The Company's exposure to changes in foreign exchange rates for the remainder currencies is immaterial.

	As of December 31, 2022	As of December 31, 2021
Changes in rates in Argentine pesos	+/- 78 %	+/- 63%
Effect on profit or loss	(57,193) / 57,193	(69,835) / 69,835
Effect on equity	(57,193) / 57,193	(69,835) / 69,835

Inflation in Argentina

As of December 31, 2022, and 2021, the 3 (three) year cumulative inflation rate stood at about 300% and 216%, respectively.

Price risk

The Company's financial instruments are not significantly exposed to the risks of hydrocarbon international prices due to current regulatory, economic and government policies, and the fact that domestic gas prices are not directly affected in the short tun by the changes in the international market.

Moreover, the Company's investments in financial assets classified "at fair value through profit or loss" are sensitive to the risk of changes in market prices derived from uncertainties on the future value of these financial assets.

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The Company estimates that provided that the remainder variables remain constant, a revaluation (devaluation) of each market price detailed below will give rise to the following increase (decrease) in profit (loss) for the year before taxes in relation to the financial assets at fair value through profit or loss detailed in Note 18.5 to the consolidated financial statements:

	As of December 31, 2022	**As of December 31, 2021**
Changes in government bonds	+/- 10%	+/- 10%
Effect on profit before income tax	243 / (243)	380 / (380)
Changes in mutual funds	+/- 10%	+/- 10%
Effect on profit before income tax	20,044 / (20,044)	12,567 / (12,567)

Interest rate risk

The purpose of interest rate risk management is to minimize finance costs and limit the Company's exposure to interest rate increases.

For the years ended December 31, 2022, and 2021 the average interest rate was 57% and 40%, respectively.

Variable-rate indebtedness exposes the Company's cash flows to interest rate risk due to the potential volatility. Fixed-rate indebtedness exposes the Company to interest rate risk on the fair value of its liabilities as they could be considerably higher than variable rates. As of December 31, 2022, and 2021, about 9% and 16% of indebtedness was subject to variable interest rates. For the years ended December 31, 2022, and 2021, the variable interest rate of loans denominated in USD stood at 4.55% and 4.81%, respectively, and it amounted to 36.31% and 35.55%, respectively, for loans denominated in ARS.

The Company expects to lessen its interest rate exposure by analyzing and assessing (i) the different sources of liquidity available in domestic and international financial and capital markets (if available); (ii) alternative (fixed or variable) interest rates, currencies and contractual terms available for companies in a sector, industry and risk similar to the Company's; and (iii) the availability, access and cost of interest rate hedge contracts. Hence, the Company assesses the impact on profit or loss of each strategy on the obligations that represent the main positions to the main interest-bearing positions.
In the case of fixed rates and in view of current market conditions, the Company considers that the risk of a major decrease in interest rates is low; therefore, it does not expect substantial fixed rate debt risk.

For the years ended December 31, 2022 and 2021, the Company did not use derivative financial instruments to mitigate interest rate risks.

18.6.1.2 Credit risk

The Company establishes credit limits according to Management definitions based on internal or external ratings. It performs ongoing credit assessments on the customers' financial capacity, which minimizes the potential risk of doubtful accounts. The customer's credit risk is managed according to the Company's customer credit risk management policy, procedures and controls. Pending accounts receivable are monitored on a regular basis.

Credit risk represents the exposure to potential losses from customer noncompliance with the obligations assumed. This risk is mainly derived from economic and financial factors.

The Company established a reserve for expected credit losses that represents the best estimate of potential losses related to trade and other receivables.

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The Company has the following credit risk concentration with respect to its interest in all receivables as of December 31, 2022, and 2021, and revenue per year.

	As of December 31, 2022	As of December 31, 2021
Percentages to total trade receivables:		
Customers		
Raizen Argentina S.A.	32%	53%
Trafigura Argentina S.A.	19%	2%
PEMEX	18%	8%
Cinergia Chile S.p.a	10%	-

	For the year ended December 31, 2022	For the year ended December 31, 2021
Percentages to revenue from contracts with customers per product:		
Crude oil		
Trafigura Argentina S.A.	26%	40%
Trafigura Pte LTD	21%	-
Raizen Argentina S.A.	20%	26%
Valero Marketing and Supply Company	8%	10%
Natural gas		
Cinergia Chile S.p.a	22%	-
Generación Mediterránea S.A.	9%	15%
Rafael G. Albanesi S.A.	8%	11%
Cía. Administradora del Mercado Mayorista Eléctrico S.A.	7%	10%

No other individual customer has an interest in total trade receivables or revenue exceeding 10% for the years reported.

The Company keeps no securities as insurance. It assesses risk concentration with respect to trade and other receivables as high because its customers are concentrated as detailed below.

Below is the information on the credit risk exposure of the Company's trade receivables:

As of December 31, 2022	To fall due	Less than 90 days	More than 90 days	Total
Days past due				
Estimated total gross amount at default	32,921	6,057	231	39,209
Expected credit losses			(231)	(231)
				38,978

As of December 31, 2021	To fall due	Less than 90 days	More than 90 days	Total
Days past due				
Estimated total gross amount at default	23,729	1,495	406	25,630
Expected credit losses	-	-	(406)	(406)
				25,224

The credit risk of liquid funds and other financial investments is limited since the counterparties are banks with high credit ratings. If there are no independent risk ratings, the risk control area assesses the customer's solvency based on prior experiences and other factors.

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

18.6.1.3 Liquidity risk

Liquidity risk is related to the Company's capacity to finance its commitments and carry out its business plans with stable financial sources, indebtedness level and the maturity profile of the financial payable. The Company's Finance department makes cash flow projections.

Company Management supervises the updated projections on liquidity requirements to ensure the sufficiency of cash and liquid financial instruments to meet operating needs. The aim is to ensure that the Company does not violate the indebtedness levels or restrictions, if applicable, of any credit line. These projections consider the plans to finance the Company's payable, compliance with restrictions and, if applicable, external regulatory or legal requirements, such as, for example, restrictions in the use of foreign currency.

Excess cash flow and the amounts above the working capital requirement are managed by the Company's Finance department that invests the surplus in mutual funds and money market funds by choosing instruments with timely due dates and currencies and proper credit quality and liquidity to provide sufficient margin according to the aforementioned projections.

The Company diversifies its sources of funding between banks and capital markets and is exposed to refinancing risk upon expiry.

Below is the assessment of the Company's liquidity risk as of December 31, 2022, and 2021:

	As of December 31, 2022	**As of December 31, 2021**
Current assets	347,690	375,070
Current liabilities	408,344	385,738
Liquidity index	**0.852**	**0.972**

The following table includes an analysis of the Company's financial liabilities grouped according to their maturity dates and considering the remainder period until contractual expiry date as from the date of the financial statements.

The amounts included in the table are no discounted contractual cash flows.

As of December 31, 2022	**Financial liabilities except borrowings**	**Borrowings**	**Total**
To fall due:			
Less than 1 year	229,563	71,731	301,294
From 1 to 2 years	5,147	154,895	160,042
From 2 to 5 years	9,998	257,279	267,277
Over 5 years	5,499	65,427	70,926
Total	**250,207**	**549,332**	**799,539**

As of December 31, 2021	**Financial liabilities except borrowings**	**Borrowings**	**Total**
To fall due:			
Less than 1 year	146,148	163,222	309,370
From 1 to 2 years	58,372	157,792	216,164
From 2 to 5 years	9,688	214,491	224,179
Over 5 years	4,051	75,468	79,519
Total	**218,259**	**610,973**	**829,232**

18.6.1.4 Other risks

Access to the foreign exchange market in Argentina

Below is the regulatory framework established by the Central Bank of Argentina ("BCRA" by Spanish acronym) during the year ended December 31, 2012, whereby it introduced certain restrictions and adjustments on hoarding and consumption of currencies other than the Argentine peso, and for the acquisition of currency that may be accessed by the Company:

(i) Communiqué "A" 7490, as supplemented

On April 12, 2022, through Communiqué "A" 7490, the BCRA enacted a new revised text of foreign trade and exchange regulations whereby it extended through December 31, 2022:

(a) the foreign exchange restrictions applicable to import payments;
(b) the prior approval to settle foreign financial payables to related creditors; and
(c) the standards on external debt refinancing, among others.

(ii) Communiqué "A" 7507, as supplemented

On May 5, 2022, BCRA Communiqué "A" 7507 introduced some amendments to foreign trade and exchange regulations concerning foreign exchange market access to make payments for imports of goods ;and extended the term of the restrictions to access the foreign exchange market for certain financial payables through December 31, 2023.

The BCRA requires that companies with financial payables abroad and principal payments scheduled between October 15, 2020, and December 31, 2022 (the "Relevant Period") submit a refinancing plan (the "Refinancing Plan") according to the following criteria: (a) the net amount for which the debtor may access the foreign exchange market should not exceed 40% of principal due in the Relevant Period, and (b) the remainder 60% should be refinanced by the original creditors through a new debt with an average life of no less than 2 (two) years.

The refinancing scheme will be considered complete once the debtor accesses the foreign exchange market to settle principal for an amount exceeding 40% of original principal, provided that such debtor has a certificate of increased exports of goods or a certificate for the systems to access currency for the increasing production of Crude oil and/or Natural gas for: (a) issuances of debt securities registered in a public registry abroad or other financial debts abroad; (b) issuances of debt securities registered in a public registry in Argentina denominated in foreign currency that meet the established conditions, and (c) the transaction is carried out through a swap transaction or arbitration with funds deposited in a special account for the system to promote the knowledge economy held by the customer and such customer has a certificate for direct investment contributions under the system for promoting the knowledge economy.

(iii) Communiqué "A" 7532, as supplemented

On June 27, 2022, through Communiqué "A" 7532, the BCRA introduced as an additional requirement for customer transactions subject to the comprehensive system for monitoring foreign payments of services ("SIMPES" by Spanish acronym) that the entity may provide access to the foreign exchange market insofar as any of the following conditions is met:

(a) the Company has the customer's sworn statement evidencing that the accumulated amount (including the payment to be made and those made by the client through the foreign exchange market for the items subject to the SIMPES in the current calendar year) does not exceed the amount that arises from considering: (i) the proportional portion, accrued through the current month, of all payments made by the importer in 2021 for all items included. Should the latter be smaller than 50,000 (fifty thousand), this amount or the annual cap will be used, whichever lower (ii) less the amount outstanding to date for letters of credit or endorsed bills in its name by local financial entities for service imports;

(b) The payment meets the following conditions: (i) it may classified under the methods provided for in points 3.18 and 3.19 of the revised foreign trade and foreign exchange regulations; (ii) it is related to items "S08. Prima de seguros" (insurance premiums) and "S09. Pago de siniestros" (claim payment), and (iii) it is made within 180 (one hundred and eighty) days as from the actual service provision;

(c) The customer (i) gains access simultaneously by settling a new financial payable abroad with an average life no less than 180 (one hundred and eighty) days and at least 50% of principal falls due after the actual service provision plus 90 (ninety) days; (ii) gains access with funds from financing of service imports granted by a local financial institution from a trade credit line abroad with an average life no less than 180 (one hundred and eighty) days and at least 50% of principal falls due after the actual service provision plus 90 (ninety) days.

(iv) Communiqué "A" 7552, as supplemented

On July 21, 2022, through Communiqué "A" 7552, the BCRA included the holding of Argentine certificates of deposit ("CEDEARs" by Spanish acronym) in the availability cap of 100,000 (one thousand) for those who access the official foreign exchange market.

The Company should also have a sworn statement detailing the natural or artificial persons who exert a direct control over the customer, and the evidence of the day when market access is requested, validating that in the previous 90 (ninety) calendar days: (a) it has not sold in Argentina securities settled in foreign currency; (b) it has not swapped securities issued by residents for external assets; (c) it did not transfer securities to entities abroad; (d) it has not acquired in Argentina securities issued by nonresidents settled in Argentine pesos; (e) it has not acquired CEDEARs representative of foreign shares; (f) it has not acquired securities representative of private debt issued abroad; (g) it has not delivered funds in local currency or other local assets receiving, as prior or subsequent consideration, either directly or indirectly, on its own or through an affiliate, controlled or parent company, external assets, cryptocurrency or securities deposited abroad.

Points (e) to (g) will govern transactions conducted as from July 22, 2022.

In addition, it establishes that entities will require the prior BCRA approval to grant access to the foreign exchange market to human or artificial persons included by the AFIP on its database of false invoices or equivalent documents.

(v) Communiqué "A" 7570

On August 5, 2022, through Communiqué "A" 7570, the BCRA set forth that advance payments and pre-export and post-export financing abroad should be brought into the foreign exchange market within 5 (five) business days as from the collection or disbursement abroad, with 10 (ten) additional calendar days. This term will be extended to 180 (one hundred and eighty) calendar days as from the collection or disbursement abroad when the customer meets the following conditions: (a) the funds were transferred to the local entity's correspondent account between August 4 and November 4, 2022; (b) the customer has settled foreign currency in the foreign exchange market for advance payments, pre-export and post-export financing abroad in 2022 for an amount equal to or higher than the equivalent to 100,000 (one thousand); (c) the client brings in the funds for crediting purposes to its own special account to credit export financing until the settlement is made, and (d) the transfer abroad of funds that are held as transfers pending settlement will require the BCRA's prior approval.

(vi) Communiqué "A" 7621, as supplemented

On October 13, 2022, through Communiqué "A" 7621, the BCRA extended the effective term of the restrictions to access the foreign exchange market to: (a) settle principal from financial payables abroad when the creditor is a counterparty related to the debtor, and (b) the settlement of principal from financial payables abroad should the payment be related to principal due dates through December 31, 2023.

(vii) Communiqué "A" 7622, as supplemented

On October 13, 2022, through Communiqué "A" 7622, the BCRA established that as from October 17, 2022, access to the foreign exchange market will be granted to make payments of imports of goods to transactions related to a statement in the Argentine import system ("SIRA" by Spanish acronym) provided that: (a) the payment is made once the term in calendar days is elapsed as from the date of the customs entry registration detailed in the SIRA statement, or (b) the payment is made through a swap or arbitration against the customer's local account in foreign currency and in the SIRA statement evidencing that such option would be used, or (c) any of the situations mentioned in point 8 herein takes place.

In addition, entities may grant access to the foreign exchange market to make payments of imports of goods to transactions related to a SIRA statement before the term provided for in such statement insofar as the transaction is validated in the "Cuenta

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Corriente Única de Comercio Exterior" (single foreign trade current account) IT system implemented by the AFIP, the remainder regulatory requirements are met and the payment may be qualified in any of the aforementioned situations.

(viii) Communiqué "A" 7626, as supplemented

On October 28, 2022, through Communiqué "A" 7626, the BCRA established that the customer that has a certificate for the systems to access currency for the increasing production of Crude oil and/or Natural gas (Decree No. 277/22) may access the foreign exchange market up to the certification amount to: (a) make principal payments of trade payables for the imports of goods or services without the need to have the prior approval set in Communiqué "A" 7532 or meet the term established in Communiqué "A" 7622; (b) make payments of profit and dividends to nonresident shareholders provided that the requirements set in revised foreign trade and foreign exchange regulations are met; (c) make principal payments of financial payables abroad which creditor is a counterparty related to the debtor without the prior approval required in revised foreign trade and foreign exchange regulations; (d) make principal payments of financial payables in foreign currency exceeding the amount resulting from the parameters set; and (e) repatriate direct investments made by nonresidents in companies that are not parent of local financial institutions under revised foreign trade and foreign exchange regulations.

The beneficiaries of the system to access currency for the incremental production of Crude oil ("RADPIP" by Spanish acronym) and/or the system to access currency for the increasing production of Natural gas ("RADPIGN" by Spanish acronym) should appoint a single local financial institution to issue the certificates and send them to the entities through which the customer will access the foreign exchange market.

The appointed entity should record the benefit amounts recognized by the Department of Energy under Decree No. 277/22 in favor of the customer, evidencing the benefit period and the total benefit amount in USD obtained during the period.

Finally, it sets forth that customers may also access the foreign exchange market to settle financial payables abroad provided that the established conditions are met and fulfillment of the general and specific requirements applicable to the transaction under effective foreign exchange regulations is evidenced in all cases.

As of December 31, 2022, the Company implemented the necessary actions to comply with the aforementioned communiqués and continues to monitor new changes in the regulatory framework and the impact of settling payables in currencies other than the Argentine peso.

Note 19. Inventories

	As of December 31, 2022	As of December 31, 2021
Materials and spare parts	8,177	8,739
Crude oil stock (Note 6.2)	4,722	5,222
Total	**12,899**	**13,961**

Note 20. Cash, bank balances and other short-term investments

	As of December 31, 2022	As of December 31, 2021
Mutual funds	202,165	126,204
Cash in banks	23,910	78,098
Money market funds	15,881	106,915
Government bonds	2,429	3,796
Total	**244,385**	**315,013**

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

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

	As of December 31, 2022	As of December 31, 2021
Cash, bank balances and other short-term investments	244,385	315,013
Less		
Government bonds	(2,429)	(3,796)
Cash and cash equivalents	**241,956**	**311,217**

Note 21. Capital stock and capital risk management

21.1 Capital stock

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

	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**
Reduction of capital stock adopted at the Ordinary General Shareholders' meeting on December 14, 2021	(72,695)	-	(72,695)
Number of shares	-	-	-
Series A shares to be granted in LTIP	1	-	1
Number of shares	778,591	-	778,591
Amounts as of December 31, 2021	**586,706**	**-**	**586,706**
Number of shares	**88,629,877**	**2**	**88,629,879**
Reduction of capital stock adopted at the Board of Directors' meeting on September 27, 2022	(39,530)	-	(39,530)
Number of shares	-	-	-
Cashless exercises of warrant adopted at Warrant Holders' meeting on October 4, 2022	-	-	-
Number of shares	2,038,643	-	2,038,643
Share repurchase	(29,304)	-	(29,304)
Number of shares repurchased	(3,234,163)	-	(3,234,163)
Series A shares to be granted in LTIP	1	-	1
Number of shares	972,121	-	972,121
Amounts as of December 31, 2022	**517,873**	**-**	**517,873**
Number of shares	**88,406,478**	**2**	**88,406,480**

1) Series A Shares

On August 15, 2017, the Company concluded its IPO in the BMV; as a result, 65,000,000 Series A ordinary shares were issued.

On December 18, 2017, a capital increase for up to 1,000 was approved to support the Company's initial business combination. To account for such increase, a total of 100,000,000 Series A shares were issued, which were held in the Company's Treasury for their subsequent subscription and payment.

As disclosed in Note 32, on March 22, 2018, the Company's shareholders approved that the aforementioned 8,750,000 be held in Treasury to implement the LTIP.

Moreover, on April 4, 2018, the Company conducted its initial business combination for 653,781 less issuance costs for 26,199. Thus, and after issuing and placing certain Company shares, settling some of those shares and converting all Series B shares into Series A shares, a total of 70,409,315 Series A shares were outstanding as of that date.

On February 13, 2019, the Company completed the sale of 5,500,000 series A shares to Kensington Investments B.V.

On July 25, 2019, the Company made a public offering in Mexico and the United States by placing 10,906,257 Series A shares. Both offerings were made at a price equal to USD 9.25 per Series A share. For the global offering, the Company obtained funds net of issuance expenses for 91,143.

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.

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. On December 7, 2022, through Ordinary General Shareholders' Meeting this transaction was ratified .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.

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 1 Series A share representative of the capital stock of the Company for each 31 Warrants owned (see Note 18.3). As a result, a maximum of 3,215,483 shares will become outstanding once all Warrants are converted. Thus, as of December 31, 2022, a total of 2,038,643 Series A shares were issued (For further information see Note 34). They have no nominal value, and the remaining amount was recognized under "Other equity instruments".

On April 26 and December 7, 2022, through the Extraordinary and Ordinary General Shareholders' Meeting, the Company's shareholders approved the creation of a fund to acquire own shares for 23,840 and 25,625 based on the Company's nonconsolidated financial statements (see Note 21.2). During the year ended as of December 31, 2022 the Company repurchased 3,234,163 Series "A" share for a total amount of 29,304, which, as of the date of issuance of these consolidated financial statements, are held in treasury. As of the date of these consolidated financial statements this operation did not generate any tax effect in Mexico.

As of December 31, 2022 and 2021, the Company's variable capital stock amounts to 88,406,478 and 88,629,877 fully subscribed and paid Series A shares with no face value, respectively, each entitled to one vote. As of December 31, 2022 and 2021, the Company's authorized capital includes 40,385,761 and 40,162,362 Series A ordinary shares held in Treasury that may be used with warrants and LTIP.

2) Series C

The variable portion of capital stock is an unlimited amount according to the Company's bylaws and laws applicable, whereas the fixed amount is divided into 2 Class C shares.

21.2 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.

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

On December 7, 2022, through the Ordinary General Shareholders' Meeting, the Company's shareholders approved an increase of a fund to acquire own shares for 25,625 and the increase of the legal reserve for 1,348, both based on the Company's nonconsolidated financial statements.

21.3 Capital risk management

Upon managing its capital, the Company aims at protecting its capacity to continue operating as a going concern and generate profit for its shareholders and benefits for other stakeholders, as well as maintain an optimal capital structure.

To such end, the Company can adjust the amount of dividends paid to shareholders or repay capital; issue new shares; or implement programs to repurchase shares or sell assets to reduce the payable amount. The Company monitors its capital based on the leverage ratio. This ratio is calculated by dividing: (i) the net debt (borrowings and liabilities for total leases less cash, banks and short-term investments) by (ii) total equity (shareholders' equity plus reserves disclosed in the statement of financial position).

The leverage ratio as of December 31, 2022 and 2021, is as follows:

	As of December 31, 2022	As of December 31, 2021
Total borrowings and lease liabilities	578,526	638,047
Less: Cash, bank balances and other short-term investments	(244,385)	(315,013)
Net debt	334,141	323,034
Total equity	844,060	565,259
Leverage ratio	**40.00%**	**57.00%**

No changes were made in capital management objectives, policies or processes for the years ended December 31, 2022 and 2021.

Note 22. Provisions

	As of December 31, 2022	As of December 31, 2021
Noncurrent		
Well plugging and abandonment	31,389	28,920
Environmental remediation	279	737
Total noncurrent	**31,668**	**29,657**

	As of December 31, 2022	As of December 31, 2021
Current		
Environmental remediation	1,542	862
Well plugging and abandonment	1,135	1,876
Contingencies	171	142
Total current	**2,848**	**2,880**

22.1 Provision for well plugging and abandonment

According to applicable regulations in the countries where the Company (either directly or indirectly through its subsidiaries) conducts oil and gas exploration and production activities, it should carry costs related to well plugging and abandonment. As of December 31, 2022 and 2021, the Company has a trust to plug and abandon wells in Mexico; however, it did not grant any asset as security to settle these obligations in Argentina.

The provision for well plugging and abandonment represents the present value of dismantling costs related to oil and gas properties expected to be incurred through the end of each concession, when oil and gas producing wells are expected to cease operations. These provisions were created based on the operator's or the Company's internal estimates, as appropriate.

Assumptions based on the current economic context were made, so the Company considers that it is a reasonable basis to estimate future liabilities. These estimates are reviewed periodically to consider substantial changes in assumptions. However, the actual costs of well plugging and abandonment will ultimately depend on future market prices for the plugging and abandonment works needed. Moreover, wells will probably be plugged and abandoned when plots of land cease to produce at economically feasible rates. They will also depend on Crude oil and Natural gas future prices, which are uncertain by nature.

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

The discount rate used in calculating the provision as of December 31, 2022, ranges between 8.54% and 11.13% whereas it ranges between 10.8% and 14.9% as of December 31, 2021.

The Company conducted a sensibility analysis related to the discount rate. The increase or decrease of such rate by 1% would have no significant impact on well plugging and abandonment.

Below are the changes in the provision for well plugging and abandonment for the year:

	As of December 31, 2022	As of December 31, 2021
Amounts at beginning of year	**30,796**	**23,933**
Discount for well plugging and abandonment (Note 11.3)	2,444	2,546
(Decrease) Increase in the change in capitalized estimates (Note 13)	(713)	2,112
Decrease from transfer of working interest in CASO (Note 29.3.4)	-	(630)
Increase from acquisition of AFBN assets (Note 29.3.10)	-	2,773
Foreign exchange differences	(3)	62
Amounts at end of year	**32,524**	**30,796**

22.2 Provision for environmental remediation

The Company performs environmental impact assessments for new projects and investments, and the environmental requirements and restrictions imposed on these new projects had no major adverse effects on the Company's businesses to date.

The Company conducted a sensibility analysis related to the discount rate. The increase or decrease of such rate by 1% would have no significant impact on the environmental remediation obligation.

Below are the changes in the provision for environmental remediation for the year:

	As of December 31, 2022	As of December 31, 2021
Amounts at beginning of year	**1,599**	**1,701**
Increases (Note 10.2)	2,133	1,029
Foreign exchange differences	(1,911)	(1,131)
Amounts at end of year	**1,821**	**1,599**

22.3 Provision for contingencies

The Company (directly or indirectly through its subsidiaries) is part of commercial, tax and labor litigations and claims arising from the ordinary course of business. Upon estimating the amounts and likelihood of occurrence, the Company considered its best estimate with the assistance of its legal and tax advisors.

The assessment of the estimates may change in the future due to new developments or unknown events upon assessing the provision. Consequently, the adverse resolution of the proceedings and claims assessed could exceed the provision set.

The Company's total claims and legal actions amount to 171 and 217, from which it has estimated a probable loss of 171 and 142 as of December 31, 2022 and 2021, respectively.

Moreover, as of December 31, 2021, the Company was involved in certain labor, civil and commercial claims for 75, for which no provision has been booked as it is unlikely that a cash outflow will be required to settle the obligation.

The Company, considering its legal counsel's opinion, estimates that the provision amount is sufficient to cover potential contingencies. It has booked a provision or disclosed all claims or other issues in these consolidated financial statements, either individually or in the aggregate.

Notes to the consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

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

Below are the changes in the provision for contingencies for the year:

	As of December 31, 2022	As of December 31, 2021
Amounts at beginning of year	**142**	**359**
Increases (Note 10.2)	379	652
Amounts incurred for payments	(307)	(524)
Foreign exchange differences	(43)	(345)
Amounts at end of year	**171**	**142**

Note 23. Employee benefits

Below are the main characteristic of the benefit plans originally granted to certain employees:

The plan applies to Company employees that meet certain conditions, such as, for example, having participated uninterruptedly in the defined benefit plan, and that, having joined the Company before May 31, 1995, they have the required number of years in service and are therefore eligible to a certain amount according to plan provisions.

It is based on the last computable salary and the number of years worked after deducting the benefits from the Argentine pension system managed by the Federal Social Security Administration (“ANSES” by Spanish acronym).

Upon retirement, these employees are entitled to a monthly payment at constant value that is updated every year-end by the IPC published by the Argentine Institute of Statistics and Census (“INDEC by Spanish acronym). If the variation exceeds 10% during a certain year, the payment will be adjusted temporarily once the percentage is exceeded.

The plan is backed by assets deposited exclusively by the Company and with no employee contributions to the trust fund. Fund assets may be invested by the Company in monetary market instruments denominated in USD or certificates of deposit to preserve accumulated capital and obtain returns in line with a moderate risk profile. Funds are mainly invested in United States of America bonds, Treasury bonds and trade notes with quality ratings.

The Bank of New York Mellon is the trustee, and Willis Towers Watson is the business agent. Should there be an excess (duly certified by an independent actuary) of funds to be used to settle the benefits granted under the plan, the Company will be entitled to use it, in which case the trustee should be notified.

The following charts summarize the components of net expenses and the obligation recognized in the consolidated financial statements:

	Year ended December 31, 2022	Year ended December 31, 2021
Cost of services	(44)	(28)
Cost of interest	(458)	(219)
Total	**(502)**	**(247)**

	As of December 31, 2022		
	Present value of the obligation	**Asset’s plan**	**Net liabilities**
Amounts at beginning of year	**(15,416)**	**7,594**	**(7,822)**
Items classified as loss or profit			
Cost of services	(44)	-	(44)
Cost of interest	(806)	348	(458)
Items classified in other comprehensive income			
Actuarial remediation (losses)	(3,911)	(270)	(4,181)
Benefit payments	1,168	(1,168)	-
Payment of contributions	-	254	254
Amounts at end of year	**(19,009)**	**6,758**	**(12,251)**

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

	As of December 31, 2021		
	Present value of the obligation	**Asset's plan**	**Net liabilities**
Amounts at beginning of year	**(11,465)**	**8,004**	**(3,461)**
Items classified as loss or profit			
Cost of services	(28)	-	(28)
Cost of interest	(610)	391	(219)
Items classified in other comprehensive income			
Actuarial remediation (losses)	(4,394)	(119)	(4,513)
Benefit payments	1,081	(1,081)	-
Payment of contributions	-	399	399
Amounts at end of year	**(15,416)**	**7,594**	**(7,822)**

The fair value of asset's plan as of every year end per category, is as follows:

	As of December 31, 2022	**As of December 31, 2021**
US government bonds	5,703	-
Cash and cash equivalents	1,055	7,594
Total	**6,758**	**7,594**

Below are the estimated payments of benefits expected for the next 10 (ten) years. The amounts in the chart show non discounted cash flows; thus, they do not reconcile with the obligations booked as of year-end:

	As of December 31, 2022	**As of December 31, 2021**
Less than 1 year	1,562	1,204
1 to 2 years	1,538	1,232
2 to 3 years	1,542	1,213
3 to 4 years	1,526	1,213
4 to 5 years	1,506	1,198
6 to 10 years	7,113	5,752

Below are the significant actuarial estimates used:

	As of December 31, 2022	**As of December 31, 2021**
Discount rate	5%	5%
Asset rate of return	5%	5%
Salary rise	1%	1%

The following sensitivity analysis shows the effect of a variation in the discount rate and salaries increase on the obligation amount.

(i) Should the discount rate be 1% higher (lower), the defined benefit obligation would decrease by 1,560 (increase by 1,828) as of December 31, 2022.

(ii) Should the expected salary rise increase (decrease) by 1%, the defined benefit obligation would go up by 82 (go down by 79) as of December 31, 2022.

(iii) Should the discount rate be 1% higher (lower), the defined benefit obligation would decrease by 1,298 (increase by 1,526) as of December 31, 2021.

(iv) Should the expected salary rise increase (decrease) by 1%, the defined benefit obligation would go up by 91 (go down by 87) as of December 31, 2021.

This sensitivity analysis was determined based on reasonably possible changes in the related assumptions as of every reporting year-end based on a change in an assumption with the rest held constant. This is unlikely to occur in actual facts and the changes in some assumptions may be related. Therefore, the analysis may not be representative of the actual change in the defined benefit obligation.

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

Moreover, upon filing the previous sensitivity analysis, the present value of the defined benefit obligation was calculated using the projected unit credit method as of every reporting year-end, which is the same as the method applied to calculate the defined benefit obligation liability recognized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change with respect to the previous year.

Note 24. Salaries and payroll taxes

	As of December 31, 2022	As of December 31, 2021
Current		
Provision for bonuses and incentives	17,599	12,102
Salaries and social security contributions	7,521	5,389
Total current	**25,120**	**17,491**

Note 25. Other taxes and royalties

	As of December 31, 2022	As of December 31, 2021
Current		
Royalties	12,642	9,547
Tax withholdings	7,205	873
Turnover tax	102	-
VAT	10	33
Other	353	919
Total current	**20,312**	**11,372**

Note 26. Trade and other payables

	As of December 31, 2022	As of December 31, 2021
Noncurrent		
Other accounts payables:		
Payables to partners of joint operations [1]	-	50,159
Total other noncurrent accounts payable	**-**	**50,159**
Total noncurrent	**-**	**50,159**
Current		
Accounts payable:		
Suppliers	196,484	119,255
Total current accounts payables	**196,484**	**119,255**
Other accounts payables:		
Payables to third parties [2]	23,880	-
Extraordinary fee for Gas IV Plan	488	220
Payables to partners of joint operations [1]	161	19,007
Total other current accounts payables	**24,529**	**19,227**
Total current	**221,013**	**138,482**

[1] As of December 31, 2021, including 50,159 and 18,913 in noncurrent and current accounts, respectively, related to the carry agreement recognized at present value (see Note 29.3.10).
[2] See Note 1.2.1 and Note 34.

Other than mentioned above, due to the short-term nature of current trade and other payables, their carrying amount is deemed to be the same as its fair value. The carrying amount of noncurrent trade and other payables does not differ considerably from its fair value.

Note 27. Related parties transactions and balances

Note 2.3 provides information on the Company’s structure.

As of December 31, 2022 and 2022, the Company carries no balances with related parties.

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

Key management personnel remuneration

Below are the amounts recognized in the consolidated statements of profit or loss and other comprehensive income related to Company key personnel:

	As of December 31, 2022	As of December 31, 2021
Short-term benefits	12,990	11,626
Share-based payment transactions	13,119	8,875
Total compensation paid to key personnel	**26,109**	**20,501**

Note 28. Commitments and contingencies

For a description of the Company's commitments and contingencies related to its oil and gas properties (see Note 29.3 and 29.4).

28.1 Duplicar Plus Project implemented by Oleoductos del Valle S.A. ("Oldelval")

On December 21, 2022, the Company, through its subsidiary Vista Argentina, was awarded a crude oil transportation capacity of 5,010 m3/day under the project to extend the current line from Allen to Puerto Rosales implemented by Oldelval (transportation concession holder) for 50,000 m3/day. Thus, the Company undertook to make an upfront investment of 118,000 between 2023 and 2025, to be recovered from the service monthly fee. As of the date of issuance of these financial statements, the Company made disbursements related to this commitment for a total amount of 16,378.

28.2 Asociación de Superficiarios de la Patagonia ("ASSUPA" by Spanish acronym)

On July 1, 2004, Vista Argentina was notified of a claim filed against it. In August 2003, ASSUPA filed a lawsuit against 18 (eighteen) companies operating exploitation concessions and exploration permits in the Neuquén basin, including Vista Argentina.

ASSUPA claims remediation for the environmental damages supposedly caused by hydrocarbon exploitation activities, the creation of an environment restoration fund, and the implementation of measures to prevent future environmental damages. The plaintiff called the meeting of the Argentine government, the Argentine Federal Council for the Environment ("COFEMA" by Spanish acronym), the Provinces of Buenos Aires, La Pampa, Neuquén, Río Negro and Mendoza, and the National Ombudsman. The plaintiff requested, as a precautionary measure, that the accused parties refrain from conducting activities that harm the environment. Both the subpoena of the National Ombudsman and the preliminary request were rejected by the Argentine Supreme Court of Justice ("CSJN" by its Spanish acronym). The Company responded the claim by requesting its dismissal and opposing to the plaintiff's request.

On December 30, 2014, the CSNJ issued two interlocutory orders. The order related to the Company supported the claim of the Provinces of Neuquén and La Pampa and declared that all environmental damages related to local and provincial situations were outside the scope of its original jurisdiction and that only "interjurisdictional situations" (such as the Río Colorado basin) would fall under its jurisdiction. The CSNJ also rejected the precautionary measures and other related proceedings. Vista Argentina, considering the legal counsel's opinion, concluded that it is unlikely that a cash outflow be required to settle this obligation.

As of the date of issuance of these financial statements, before the case is opened for trial, the parties are answering the notices served regarding the prior exceptions and challenges against the evidence filed, which are pending resolution.

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

Note 29. Operations in hydrocarbon consortiums

29.1 General considerations

Hydrocarbon areas are operated by granting exploration permits or exploitation concessions by the federal or provincial government based on the free availability of hydrocarbons produced.

29.2 Oil and gas areas and interests in joint operations

As of December 31, 2022, and 2021, the Company, through its subsidiaries, is the owner and part of the joint operations and consortia for oil and gas exploration and production, as shown below:

Name	Location	Equity interest		Operator	Up to year	
		2022	2021			
Argentina						
Entre Lomas	Río Negro	100%	100%	Vista Argentina	2026	(1)
Entre Lomas	Neuquén	100%	100%	Vista Argentina	2026	(1)
Bajada del Palo Oeste	Neuquén	100%	100%	Vista Argentina	2053	
Bajada del Palo Este	Neuquén	100%	100%	Vista Argentina	2053	
Agua Amarga - “Charco del Palenque”	Río Negro	100%	100%	Vista Argentina	2034	(1)
Agua Amarga - “Jarilla Quemada”	Río Negro	100%	100%	Vista Argentina	2040	(1)
Coirón Amargo Norte	Neuquén	84.62%	84.62%	Vista Argentina	2036	
Águila Mora	Neuquén	90%	90%	Vista Argentina	2054	
Jagüel de los Machos	Río Negro	100%	100%	Vista Argentina	2025	(1)
25 de Mayo - Medanito S.E.	Río Negro	100%	100%	Vista Argentina	2026	(1)
Acambuco - “San Pedrito”	Salta	1.5%	1.5%	Pan American Energy	2036	
Acambuco - “Macueta”	Salta	1.5%	1.5%	Pan American Energy	2040	
Aguada Federal	Neuquén	100%	50%	Vista Argentina	2050	
Bandurria Norte	Neuquén	100%	50%	Vista Argentina	2050	
Mexico						
Area CS-01	Tabasco	100%	100%	Vista Holding II	2047	

(1) For further information see Note 34.

Below is the summarized financial information on the joint operations involving the Company, which assets, liabilities, revenue and expenses are not fully consolidated in the Company’s financial statements. The summarized financial information disclosed below represents the amounts under IFRS of the related interests:

	As of December 31, 2022	As of December 31, 2021
Assets		
Noncurrent assets	252,073	157,979
Current assets	13,702	9,051
Liabilities		
Noncurrent liabilities	1,256	57,088
Current liabilities	55,106	61,704

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue from contracts with customers	-	3,200
Operating costs	(943)	(4,406)
Depreciation, depletion and amortization	(43,139)	(3,626)
Selling expenses	(351)	(275)
General and administrative expenses	(217)	(967)
Exploration expenses	-	(446)
Other operating income and expenses	2	(8,076)
Financial results, net	2,484	(586)
Total	**(42,164)**	**(15,182)**

29.3 Concessions and changes in working interests in oil and gas exploitation properties

29.3.1 Entre Lomas area

As of December 31, 2022 and 2021, Vista Argentina (formerly known as Petrolera Entre Lomas S.A. or "PELSA") is the operator and holder of all hydrocarbon exploitation concessions in Entre Lomas ("ELo"), located in the Provinces of Río Negro and Neuquén. Concession agreements, renegotiated in 1991 and 1994, respectively, granted the free availability of Crude oil and Natural gas produced, and were effective through January 21, 2016.

On December 9, 2014, Vista Argentina reached a renegotiation agreement with the Province of Río Negro for the concession of 100% of ELo area, approved by Provincial Decree No. 1,706/2014, whereby the concession was extended for ten (10) years through January 2026, and undertook, among other conditions, to pay a fixed bonus and a contribution to the social development and institutional consolidation, a supplementary contribution equal to 3% of Crude oil and Natural gas production, and a major reserve and resource development and exploration plan, and environmental remediation.

Moreover, Neuquén's provincial government agreed to extend ELo concession agreement related to the Province of Neuquén for 10 (ten) years through January 2026. Pursuant to the extension agreement, Vista Argentina agreed to invest ARS 237 million in future exploitation and exploration activities to be developed in the aforementioned operating concession. Royalties increased from the prior 12% rate to 15% and could go up to 18%, depending on future increases in the selling price of hydrocarbons produced.

For further information see Note 34.

29.3.2 Bajada del Palo Oeste and Bajada del Palo Este areas

On December 21, 2018, through Decree No. 2,357/18, the Province of Neuquén approved the division and conversion of the operating concession in Bajada del Palo; in two unconventional hydrocarbon operating concessions ("CENCH" by Spanish acronym) so-called Bajada del Palo Este and Bajada del Palo Oeste for 35 (thirty-five) years, including the payment of 12% royalties for the new production of unconventional formations. This decree replaces the conventional operating concession initially granted and determines the term of the concessions until December 21, 2053.

In turn, Vista Argentina paid the following items to the Province of Neuquén: (i) an exploitation bonus for 1,168; (ii) an infrastructure bonus for about 2,796; and (iii) 3,935 as corporate social responsibility. Vista Argentina also paid 1,102 as stamp tax and committed to a major reserve development and exploration plan in the area.

29.3.2.1 Farmout agreement I

On June 28, 2021, Vista Argentina entered into a farmout agreement with Trafigura ("farmout agreement I"), whereby it undertook to develop, initially, 5 (five) pads made up of 4 (four) wells each in Bajada del Palo Oeste area. Moreover, Trafigura may hold interests in up to 2 (two) additional pads under the same terms and conditions.

By virtue of the farmout agreement, a joint venture was established and Trafigura was entitled to contractual rights for 20% of hydrocarbon output in the pads under the agreement and bear 20% of investment costs, as well as royalties, direct taxes, and remainder operating and midstream costs.

As part of the farmout agreement, Trafigura agreed to pay to Vista Argentina 25,000 as follows: (i) a 5,000 down payment; and (ii) 4 (four) payments of 5,000 for each pad, which should be paid upon commencement of hydrocarbon production in each pads included in the farmout agreement I, which should be validated by Trafigura.

29.3.2.2 Farmout agreement II

As mentioned in Note 1.2.2, on October 11, 2022, the Company, Vista Argentina entered into a farmout agreement II with Trafigura, whereby it undertook to develop 3 (three) pads in Bajada del Palo Oeste area. Trafigura was entitled to contractual rights for 25% of hydrocarbon output in the pads under the agreement and bear 25% of investment costs, as well as royalties, direct taxes, and remainder operating and midstream costs.

Vista Argentina maintains the operation in Bajada del Palo Oeste and 100% ownership of CENCH.

29.3.3 Agua Amarga area

As of December 31, 2022 and 2021, Vista Argentina is the owner and operator of “Charco del Palenque” and “Jarilla Quemada” operating lots in Agua Amarga, located in the Province of Río Negro.

In 2007, Vista Argentina obtained the exploration permit in Agua Amarga, Province of Río Negro, through Provincial Decree No. 557/07, and the related agreement was signed on May 17, 2007. Based on the results of the exploration conducted in Agua Amarga, the Province of Río Negro granted the operating concession of Charco del Palenque through Provincial Decree No. 874 on October 28, 2009, as amended by Decree No. 922 of November 13, 2009, for 25 (twenty-five) years.

The enforcement authority of the Province of Río Negro accepted the addition of Meseta Filosa to Charco del Palenque concession previously granted through Provincial Decree No. 1,665 of November 8, 2011, published in the Official Bulletin No. 4,991 on December 1, 2011.

Then, the enforcement authority of the Province of Río Negro approved the addition of Charco del Palenque Sur to Charco del Palenque concession previously granted through Provincial Decree No. 1,199 of August 6, 2015. Besides, on that same day, Provincial Decree No. 1,207 granted the operating concession of Jarilla Quemada lot to Vista Argentina.

The operating concession on “Charco del Palenque” lot is effective through 2034 and the operating concession of “Jarilla Quemada” lot is in place until 2040.

For further information see Note 34.

29.3.4 Coirón Amargo Norte and Coirón Amargo Sur Oeste

Originally, the Joint operating agreement (“JOA”) Coirón Amargo owned an area located in the Province of Neuquén made up of an operating concession ("Coirón Amargo Norte") and an evaluation lot ("Coirón Amargo Sur") due in 2036 and 2017, respectively.

On July 11, 2016, the partners of UT Coirón Amargo signed agreements to assign their interests whereby the area was divided in 3 (three) independent lots: Coirón Amargo Norte ("CAN"), CASO and Coirón Amargo Sur Este (“CASE”) as detailed below:

Coirón Amargo Norte

CAN was made up of APCO Oil & Gas S.A.U. (“APCO SAU”, currently Vista Argentina), Madalena Energy Argentina S.R.L. (“Madalena”) and Gas y Petróleo de Neuquén S.A. (“G&P”) with 55%, 35% and 10%, respectively. Vista Argentina is the operator as from the date. The operating concession expires in 2036.

According to the Operating Committee’ minutes of December 28, 2017, the carry agreement was signed; thus, the contributions made and to be made will be recognized as higher assets or expenses, as the case may be, in terms of the amounts actually disbursed by them, regardless of contractual equity interests.

As from that date and until June 2020, Vista Argentina recognized its 61.11% interest in this joint operation, which is made up of its 55% contractual equity interest plus the 6.11% incremental portion acquired from G&P.

On July 7, 2020, due to the default in payment by partner Madalena and in agreement with Coirón Amargo Norte JOA, Vista Argentina, together with its partner G&P decided to remove Madalena from the agreement by subscribing addendum VIII to the venture agreement for the exploration and exploitation of CAN.

Ministry of Energy and Natural Resources Resolution No. 71/20 approved addendum VIII to the venture agreement and Decree No. 1,292/2020 of November 6, 2020, ratified such approval retroactively. Consequently, the Company, through its subsidiary Vista Argentina, increased its interest in the aforementioned JOA from 55% to 84.62% for no consideration.

As from that date, and maintaining the abovementioned carry system, the Company recognizes all its interests in this joint operation in its consolidated financial statements.

Coirón Amargo Sur Oeste

The partners of this joint operation were initially APCO SAU, O&G Development Ltd. S.A. ("O&G", currently Shell Argentina S.A. or "Shell") and G&P with 45%, 45% and 10%, respectively.

On August 22, 2018, Vista Argentina assigned to O&G a 35% nonoperated interest in CASO through the swap agreement described in Note 29.3.5.

On September 25, 2018, through Decree No. 1,578/18, CASO evaluation plot became a CENCH for 35 (thirty-five) years, maturing in 2053.

Through Decree No. 1,027/2021 of June 24, 2021, the Province of Neuquén approved the amendment of the venture agreement whereby Vista Argentina assigned its 10% working interest in the joint agreement over CASO area to Shell with retroactive effects as of April 1, 2021.

As of December 31, 2021, the Company received 15,000; and recognized a gain of 9,788 in "Other operating income" under "Gain from assets disposal" (see Note 10.1); and a disposal of 11,784 in "Property, plant and equipment" (see Note 13).

As December 31, 2022 and 2021, Vista Argentina has no interests whatsoever in CASO area.

29.3.5 Águila Mora

On August 22, 2018, APCO SAU signed an assignment agreement (the "Águila Mora swap agreement") whereby:

(i) Vista Argentina assigned to O&G a 35% nonoperated working interest in CASO's oil & gas properties;

(ii) O&G assigned to Vista Argentina a 90% operated working interest in Águila Mora's oil and gas properties, plus a contribution up to 10,000 to refurbish its existing water infrastructure to benefit Shell and Vista Argentina operations.

Águila Mora swap agreement obtained the approvals from the Province of Neuquén on November 22, 2018. Therefore, as from that date, the Company retained a 10% working interest in CASO's oil and gas properties and acquired a 90% working interest in Águila Mora's oil and gas properties, becoming the operator according to the swap agreement. This transaction was measured at the fair value of the interest held by the participant assigned to O&G, and no profit or loss was booked as the result of the transaction.

Vista Argentina was notified of Decree No. 2,597 granted by the Province of Neuquén whereby G&P was granted the unconventional operating concession of Águila Mora area for 35 (thirty-five) years as from November 29, 2019 (renewable at due date provided that certain conditions are met for successive 10 (ten) year periods), replacing the unconventional exploration permit previously granted.

Vista Argentina maintains for such area a carry agreement for the interest in G&P and includes all its interests in this joint operation in the consolidated financial statements.

29.3.6. Jagüel de los Machos

As of December 31, 2022 and 2021, Vista Argentina is the owner and operator of "Jagüel de los Machos" operating lots located in the Province of Río Negro.

Presidential Decree No. 1,769/90 granted a 25 (twenty-five) year operating concession on Jagüel de los Machos area to Compañía Naviera Pérez Companc S.A.C.F.I.M.F.A. (predecessor of Pampa Energía S.A.).Then, through Province of Río Negro Decree No. 1,708/08, the operating concession was extended for 10 (ten) additional years, through September 6, 2025.

On April 4, 2018, Pampa Energía S.A. assigned to Vista Argentina 100% of its working interest in Jagüel de los Machos operating concession, and the Province of Río Negro issued Decree No. 806/19 approving such assignment on July 11, 2019.

For further information see Note 34.

29.3.7. 25 de Mayo – Medanito S.E.

As of December 31, 2022 and 2021, Vista Argentina is the owner and operator of “25 de Mayo – Medanito S.E.” operating lots located in the Province of Río Negro.

Presidential Decree No. 2,164/91 converted the agreement concerning 25 de Mayo-Medanito S.E. area into an operating concession for 25 years in favor of Compañía Naviera Pérez Companc S.A.C.F.I.M.F.A. (predecessor of Pampa Energía S.A.). Then, through Province of Río Negro Decree No. 1,708/08, the operating concession was extended for 10 (ten) additional years, through October 28, 2026.

On April 4, 2018, Pampa Energía S.A. assigned to Vista Argentina 100% of its interest in operating concession 25 de Mayo – Medanito S.E., and the Province of Río Negro issued Decree No. 806/19 approving such assignment on July 11, 2019.

For further information see Note 34.

29.3.8. Acambuco

The Company has a 1.5% working interest in operating concession Acambuco, located in the Northwest basin, Province of Salta. The operating concession operator is Pan American Energy LLC (Sucursal Argentina) with a 52% working interest. The remainder partners are YPF S.A., Shell, and Northwest Argentina Corporation with an equity of 22.5%, 22.5% and 1.5%, respectively.

The operating concession Acambuco includes two operating plots:

(i) San Pedrito, which was declared to be marketable on February 14, 2001, and expires in 2036; and

(i) Macueta, which was declared to be marketable on February 16, 2005, and expires in 2040.

29.3.9. Sur Rio Deseado Este

On March 21, 2021, the 25 (twenty-five) year term of Sur Río Deseado Este concession in the Golfo San Jorge basin, Province of Santa Cruz, in which Vista Argentina had a 16.94% interest, expired. The operator was Alianza Petrolera Argentina S.A. (“Alianza”) with a 79.05% interest, and SECRA S.A. had the remaining 4% interest. Moreover, Vista Argentina had a 44% interest in an exploration agreement in a portion of Sur Río Deseado concession; the operator of such agreement is Quintana E&P Argentina S.R.L.

As of the date of these financial statements, Alianza is going through the administrative formalities to complete the process to restore the area to the Province of Santa Cruz. The expenses required by such process should be assumed by the partners according to their interests in the area. Therefore, as of the date of issuance of these financial statements, Vista Argentina has no interest whatsoever in the operating concessions of Sur Río Deseado Este; and the results of assets and liabilities disposal it recognized in “Other operating income” under “Gain from assets disposal” for a total amount of 13 (see Note 10.1).

29.3.10 Aguada Federal and Bandurria Norte

On September 16, 2021, the Company, through its subsidiary Vista Holding I, acquired 100% of the shares directly and indirectly held in AFBN.

AFBN owns 50% of the nonoperated interest in the nonoperated concession of Aguada Federal granted by the Province of Neuquén that expires in 2050. As of the date of acquisition was operated by Wintershall, the owner of the remainder 50%.

Under the transaction terms, Vista made no advance payments, but assumed the cost of carry for nominal value of 77,000 related to 50% of all investments to develop the acquired areas, which were related to Winterhsall’s interests and that expire on December 31, 2023. AFBN carried about 6,203 cash on hand and cash in banks as of the date of this transaction.

As of December 31, 2021, pursuant to Company accounting policies including in Note 3.1.3, this transaction was recognized as an asset acquisition, recording an oil and gas property for 69,693 (see Note 13), mainly related to unconventional assets. These assets were booked at the cost of liabilities assumed under the carry agreement.

In addition, as mentioned in Note 1.2.1, on January 17, 2022, the Company, through its subsidiary Vista Argentina, acquired the remainder 50% of the interest operated in Bandurria Norte and Aguada Federal concessions from Wintershall; the Company became the area operator with con the 100% interest.

On September 14, 2022, the Province of Neuquén issued Presidential Decrees No. 1,851/22 and No. 1,852/22 approving the assignment by Wintershall to Vista Argentina of the assets located in the Bandurria Norte and Aguada Federal areas, respectively.

29.3.11 Oil and gas properties in Mexico

On October 29, 2018, the Company through its Mexican subsidiary Vista Holding II completed the acquisition, of the 50% working interest in the following oil and gas properties, which mature in 2047:

(i) Area CS-01 (operated);
(ii) Area A-10 (not operated); and
(iii) Area TM -10 (not operated).

On August 3, 2020, the CNH approved the transfer of control of the operation in CS-01 area; hence, the Company, through its Mexican subsidiary Vista Holding II, was appointed as the operator.

On December 1, 2020, Vista Holding II reached an agreement with Jaguar Exploración y Producción 2.3., S.A.P.I. de C.V ("Jaguar") and Pantera Exploración y Producción 2.2., S.A.P.I de C.V. ("Pantera"), both organized under the laws of Mexico, regarding the assignment of all interest held by Vista Holding II in the hydrocarbon exploration and extraction license agreements in A-10 and TM-01 area to Pantera and Jaguar, respectively, as well as the assignment of Jaguar's interest in area CS-01 to Vista Holding II.

On March 25, 2021, the CNH approved the assignment of all interests in Jaguar's rights over CS-01 area in favor of Vista Holding II. On April 29, 2021, the CNH approved the assignments of all equity interests held by Vista Holding II in TM-01 area to Jaguar, and in A-10 area to Pantera.

On August 23, 2021, the Company through its subsidiary Vista Holding II completed an assets transfer to Jaguar and Pantera, as follow: (i) the acquisition of a 50% working interest in CS-01 (operated) area in addition to its 50% working interest, and (ii) the sale of its 50% working interest in TM-01 and A-10 (non-operating) area. This transaction was agreed based on the cumulative costs incurred in each area.

As of December 31, 2021, as a result of this transaction the Company agreed to offset its accounts receivable from and payable to Jaguar and Pantera by 5,501; and recognized a disposal of 5,126 in "Property, plant and equipment"; and a net addition of 673 in "Other intangible assets" (see Notes 13 and 14). These transactions did not generate cash flows.

The Company also paid consideration of 850 for the year ended December 31, 2021, and it recognized a gain of 198 in "Other operating income" under "Gain from assets disposal" mainly arising from reimbursements of operational expenses (see Note 10.1).

On January 13, 2022, the Company, through its subsidiary Vista Holding II, exercising its right and obligation under the hydrocarbon exploration and extraction agreement, requested to the CNH the reduction and partial return of almost 36.6% of the contractual area operated in block CS-01. As of the date of issuance of these financial statements, the Company has begun the regulatory formalities with the CNH for the partial return of the area, which is expected to be completed by 2023.

29.4 Investment commitment

As of December 31, 2022, the Company has the following main commitments pending execution:

A- Argentina

(i) in Entre Lomas (Province of Río Negro), to drill and complete 3 (three) development wells and 1 (one) extension well for an estimated cost of 9,000 (see Note 34 for further information);
(ii) in Entre Lomas (Province of Río Negro), to complete 9 (nine) workovers, and to abandon 2 (two) wells for an estimated cost of 4,500 (see Note 34 for further information);

(iii) in Bajada del Palo Este, to drill 2 (two) horizontal wells and complete 3 (three) horizontal wells with its related facilities for an estimated cost of 39,900;
(iv) in Águila Mora, to complete 2 (two) horizontal wells with its related facilities for an estimated cost of 15,500;
(v) in 25 de Mayo-Medanito S.E. and Jagüel de los Machos (Province of Río Negro), to drill and complete 2 (two) development wells for an estimated cost of 2,700 (see Note 34 for further information); and
(vi) in 25 de Mayo-Medanito S.E. and Jagüel de los Machos (Province of Río Negro), to complete 10 (ten) workovers and to abandon 19 (nineteen) wells for an estimated cost of 7,500 (see Note 34 for further information).

B- Mexico

(i) to drill and complete 6 (six) wells in CS-01 for an estimated cost of 18,000.

29.5 Well exploration costs

There are no balances or activity for costs of exploration wells for the years ended December 31, 2022, and 2021.

Note 30. Transport Concession

30.1 General considerations

Section 28, Argentina's National Hydrocarbons Law, sets forth that all operating concession holders are entitled to obtain a concession for transporting hydrocarbons. In compliance with section 6, Presidential Decree No. 115/19, the transportation concessions granted after the issuance of this decree will have complete independence and autonomy from the operating concession giving rise to it so that the operating concession does not interfere or hinder by any means the term of the transportation concession. The transportation concession holder will be entitled to enter into capacity reservation agreements freely pursuant to the terms of this decree. The assignment method, prices and volumes of these agreements may be negotiated freely between the transportation concession holder and the related shippers.

30.2 Federal transportation concession

On November 22, 2019, Argentina's Government Department of Energy issued Resolution No. 753/19 whereby it provided Vista Argentina with a Crude oil transportation concession for the oil pipeline that will extend from Borde Montuoso oilfield (in Bajada de Palo Oeste, Province of Neuquén) to La Escondida pumping station (related to Allen-Puerto Rosales oilfield, Province of Río Negro), operated by Oldelval. In that same act, Vista Argentina assigned the concession to Aleph.

The federal transportation concession is extended through December 19, 2053.

It will transport production from Bajada de Palo Oeste, Bajada del Palo Este, Coirón Amargo Norte, Charco del Palenque and Entre Lomas, located in the Provinces of Neuquén and Río Negro.

30.3 Entre Lomas Crude oil transportation concession

On December 6, 2019, the Province of Río Negro issued Decree No. 1,821/19 whereby it provided Vista Argentina with a hydrocarbon transportation concession related to ELo concerning the oil pipeline connecting the crude treatment plant located in Charco Bayo oilfield in Entre Lomas (the "PTC Elo") to its interconnection with the Crude oil trunk transportation system in La Escondida operated by Oldelval in the Province of Río Negro, including the PTC ELo within the transportation concession.

The transportation concession was granted for a term equal to the remainder term of the operating concession of the related ELo area; i.e., until January 21, 2026.

It will transport production from ELo, Bajada del Palo Oeste, Bajada del Palo Este, Coirón Amargo Norte, ELo and Charco del Palenque.

30.4 25 de Mayo-Medanito S.E. transportation concession

On December 6, 2019, the Province of Río Negro issued Decree No. 1,822/19 whereby it provided Vista Argentina with a hydrocarbon transportation concession related to 25 de Mayo-Medanito S.E., Province of Río Negro, concerning the oil pipeline connecting the crude treatment plant located in 25 de Mayo-Medanito S.E. (Río Negro) ("PTC MED") to its interconnection with the Crude oil trunk transportation system in Medanito operated by Oldelval in the Province of Río Negro, including PTC MED within the transportation concession.

The transportation concession was granted for a term equal to the remainder term of the operating concession of the related 25 de Mayo-Medanito S.E. area; i.e., until October 26, 2026.

It will transport production from 25 de Mayo- Medanito S.E. and Jagüel de los Machos.

For further information see Note 34.

30.5 Entre Lomas gas transportation concession

On December 6, 2019, the Province of Río Negro issued Decree No. 1,823/19 whereby it provided Vista Argentina with a hydrocarbon transportation concession related to ELo concerning the gas pipeline connecting the gas treatment plant located in Charco Bayo oilfield in ELo (the "PTG ELo") to its interconnection with the gas trunk transportation system operated by Transportadora de Gas del Sur S.A. ("TGS") in the Province of Río Negro, including the PTG ELo within the transportation concession.

The transportation concession was granted for a term equal to the remainder term of the operating concession of the related ELo area; i.e., until January 21, 2026.

It will transport production from ELo, Bajada del Palo Oeste, Bajada del Palo Este, Coirón Amargo Norte and Charco del Palenque.

For further information see Note 34.

30.6 Jarilla Quemada gas transportation concession

On April 19, 2013, the Province of Río Negro issued Decree No. 434/13 granting Vista Argentina a hydrocarbon transportation concession for Jarilla Quemada oilfield in Agua Amarga area over the gas pipeline connecting such oilfield to the fiscal oil metering station located at 45.47 km of Medanito-Mainqué gas pipeline.

The transportation concession was granted for 35 years, through April 9, 2048.

For further information see Note 34.

Note 31. Tax regulations

A- Argentina

On December 23, 2019, Law No. 27.541 on "Social Solidarity and Production Reactivation in the Context of a Public Emergency", and its Administrative Order No. 58/2019, was published in the Official Bulletin. The reforms introduced are aimed at reactivating the economic, financial, fiscal, administrative, social security, tariff, energy, health and social areas, and empower the Argentine Executive to carry out the formalities and efforts needed to recover and ensure the sustainability of sovereign debt of the Argentine Republic.

The main measures contained in the law and administrative order are:

31.1 Income tax

Law No. 27,430 established as follows: (i) the income tax rate for Argentine companies would be reduced gradually for undistributed earnings from 35% to 30% for years beginning January 1 through December 31, 2019, and up to 25% for the year beginning January 1, 2020; and (ii) tax on dividends or profit distributed to beneficiaries residing abroad is distributed based on the following considerations: (a) dividends from profit accrued during the years beginning January 1, 2018 through December 31, 2019, will be subject to a 7% withholding; and (b) dividends from profit accrued during the years beginning January l, 2020, will be subject to a 13% withholding.

In December 2019, Law No. 27,541 on Social Solidarity and Production Reactivation in the Context of a Public Emergency, enacted through Presidential Decree No. 58/2019, suspended the second decrease in rates and maintained the original 30% and 7% rates for income tax and tax on dividends, respectively, until the tax years beginning on or after January 1, 2021.

Moreover, Law No. 27.468 established that a third of the positive or negative adjustment for inflation applicable to the 3 (three) first fiscal years beginning January 1, 2019, be distributed to the year in which the adjustment was determined and the remaining two thirds to the two subsequent tax periods. Law No. 27,541, amended this distribution and established that a sixth of the positive or negative adjustment for the first and second year beginning January 1, 2019, be charged to the year in which the adjustment is determined and the remainder five sixths, in equal parts, to the five subsequent tax periods, whereas for years beginning January 1, 2021, 100% of the adjustment may be deducted/levied in the year in which it is determined.

On June 16, 2021, the Argentine government issued Law No. 27,630, which introduces changes in corporate income tax rate effective for fiscal years beginning January 1, 2021. It establishes the application of gradual rates according to the level of net accumulated taxable profit. Based on Management estimates, the rate applicable to the Company stands at 35%.

<u>General Resolution No. 5,248/2022</u>

On August 16, 2022, the Federal Public Revenue Agency ("AFIP") in Argentina issued General Resolution No. 5,248/2022 whereby it established one-time payment towards income tax.

For taxpayers whose tax assessed as of December 31, 2021, was equal to or higher than ARS 100,000,000 and which calculation base for the advance payments for the following tax period exceeded 0 (zero), the one-time payment towards income tax will amount to 25% of such calculation base. Such amount was paid in 3 (three) equal and consecutive installments equivalents to 8,300 and computed as payment towards income tax for the year ended as of December 31, 2022.

<u>Law No. 27,701</u>

Law No. 27,701, published in the Official Bulletin on December 1, 2022, set forth the option to defer the tax adjustment for inflation for the first two fiscal years beginning as from January 1, 2022. Thus, a third of such positive adjustment may be distributed to the fiscal year in which the adjustment is assessed and the remaining two thirds, in equal parts, to the two subsequent fiscal years.

This alternative applies to the companies promoting investments in property, plant and equipment for an amount equal to or higher than ARS 30,000,000 during each of the two fiscal periods subsequent to the computation of the first third. Failing to comply with this requirement will result in the forfeiture of the benefit.

As of December 31, 2022, the Company, through its subsidiary Vista Argentina, applied the option mentioned above.

31.2 Tax for an inclusive and solidary Argentina ("PAIS Tax")

Law No. 27,541 introduced a tax that is levied on the acquisition of foreign currency for 5 (five) tax years at a 30% rate.

This tax may not be used as payment towards any other tax and is levied on the following cases: (i) purchase of bills and foreign currency for hoarding purposes; (ii) change in currency to pay the acquisitions of assets or services and contracts for works made abroad irrespective of the method of payment used; (iii) acquisition of services abroad purchased from travel and tourism agencies in Argentina; or (iv) acquisition of passenger transportation services to be used abroad.

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

31.3 Export duties

Law No. 27,541 set forth a maximum 8% rate for export duties on hydrocarbons and mining activities.

B- Mexico

31.4 Income tax

On October 31, 2019, the Mexican government approved the 2020 tax reform, which becomes effective as from January 1, 2020. This reform includes the following:

(i) It limited the deductibility of net interest for the year, equal to the amount resulting from multiplying the taxpayer's adjusted taxable profit by 30%. There is an exception with a cap of 20 million Mexican pesos for deductible interest at the group level in Mexico.

(ii) It amended the Mexican Tax Code ("CFF" by Spanish acronym) to add new circumstances by virtue of which partners, shareholders, directors, managers or any other person in charge of a company's management are considered joint and severally liable. These new circumstances apply when operating with black listed companies or individuals that issue electronic invoices considered inexistent transactions due to the lack of assets, personnel, infrastructure or material capacity; or when the taxpayer is not included in the Mexican Taxpayer Registry ("RFC" by Spanish acronym) or when the tax domicile is changed without filing the related notice with tax authorities in a timely manner.

The 2020 tax reform includes the requirement to disclose "reportable schemes" by tax advisors or taxpayers. These schemes are defined as those that generate, or may generate, a tax benefit and include: (i) restructurings; (ii) transmission of NOLs; (iii) transfer of depreciated assets that may also be depreciated by the acquirer; (iv) the use of NOLs about to become statute-barred; and (v) abuse in the application of tax treaties with foreign residents, among others.

This reform also proposes that tax evasion be considered an organized crime with the related criminal penalties.

The Company's Management concluded that this reform had no major effects on the financial information as of December 31, 2022, and 2021.

Note 32. Share-based payments

On March 22, 2018, the Company's shareholders authorized the implementation of the LTIP to retain key employees. Consequently, the Shareholders empowered the Board of Directors to manage this plan; will be manages the plan through an administrative trust; the Shareholders decided to set aside 8,750,000 Series A shares to be used in the plan; and is effective as from April 4, 2018.

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

32.1 Stock Options

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.

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

	Year ended December 31, 2022		Year ended December 31, 2021	
	Number of rights to buy	**WAEP**	**Number of rights to buy**	**WAEP**
At beginning of year	**9,124,109**	**4.85**	**5,668,825**	**6.07**
Granted during the year	1,416,119	7.05	3,455,284	2.85
At end of year	**10,540,228**	**5.15**	**9,124,109**	**4.85**

Notes to the consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

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

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

	As of December 31, 2022	As of December 31, 2021
Dividend yield (%)	0.0%	0.0%
Expected volatility (%)	33.5%	34.0%
Risk–free interest rate (%)	1.9 %	1.4%
Expected life of share options (years)	10	10
Weighted average exercise price (USD)	7.05	2.85
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 year ended December 31, 2022 and 2021 stood as 3.26 and 1.20, respectively.

According to IFRS 2, stock option plans are classified as settled transactions at grant date.

For the years ended December 31, 2022 and 2021, compensation expense related with such plan are booked in the consolidated statements of profit or loss and other comprehensive income stood at 3,673 and 4,377, respectively.

32.2 Restricted stock

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.

The following table shows the number of restricted stock granted and WAEP for the year and the movements during the year:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Number of Series A shares	WAEP	Number of Series A shares	WAEP
At beginning of year	**5,762,338**	**4.53**	**3,769,299**	**5.41**
Granted during the year	940,215	7.05	1,993,039	2,85
Cancelled during the year	(32,763)	2.95	-	-
At end of year	**6,669,790**	**4.89**	**5,762,338**	**4.53**

For the years ended December 31, 2022 and 2021, compensation expense related with such plan are booked in the consolidated statements of profit or loss and other comprehensive income stood at 6,372 and 6,215, respectively. Restricted stock Series A issued during the year are disclosed in Note 21.1.

According to IFRS 2, restricted stock plan 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.

All pending restricted stock are considered outstanding shares for both basic and diluted earnings per share.

32.3 Performance restricted stock

One or more shares that are given to the participants of the plan for free or a minimum value once the conditions are achieved. Performance restricted stock is vested, based on the performance of different Company´s variables, in the third year with respect to the date in which the Restricted Stock are granted to the participants.

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

The following table shows the number of performance restricted stock granted and WAEP and the movements during the year:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Number of Series A shares	**WAEP**	**Number of Series A shares**	**WAEP**
At beginning of year	**-**	**-**	**-**	**-**
Granted during the year	3,705,757	7.05	-	-
At end of year	**3,705,757**	**7.05**	**-**	**-**

For the year ended December 31, 2022, compensation expense related with such plan are booked in the consolidated statements of profit or loss and other comprehensive income stood at 6,531.

According to IFRS 2, performance restricted stock 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.

Note 33. Supplementary information on oil and gas activities (unaudited)

The following information on oil and gas activities was prepared according to the method established in ASC No. 932 "Extractive Activities – Oil & gas", amended by ASU 2010 - 03 "Oil and Gas Reserve Estimation and Disclosure," published by the Financial Accounting Standard Board ("FASB") in January 2010 to align current estimation and disclosure requirements with the requirements in the final rules and interpretations issued by the Security and Exchange Commission ("SEC"), published on December 31, 2008. This information includes the Company's oil and gas production activities in Argentina and Mexico.

Costs incurred

The following table shows capitalized costs and expenses incurred in the years ended December 31, 2022 and 2021. The acquisition of properties includes the costs incurred to acquire proved or unproved oil and gas properties. Exploration costs include the costs required to retain undeveloped properties, seismic acquisition costs, seismic data interpretation, geologic modelling, costs of drilling exploration wells and drilled well testing. Development costs include drilling costs and equipment for development wells, the construction of facilities for hydrocarbon extraction, transport, treatment and storage, and all the costs needed to maintain facilities for existing developed reserves.

	Year ended December 31, 2022	
	Argentina	**Mexico**
Acquisition of properties		
Proved	(68,743)	-
Unproved	-	-
Total acquisition of properties	**(68,743)**	**-**
Exploration	-	(624)
Development	(426,991)	(4,368)
Total costs incurred	**(495,734)**	**(4,992)**

	Year ended December 31, 2021	
	Argentina	**Mexico**
Acquisition of properties		
Proved	-	-
Unproved	(69,693)	-
Total acquisition of properties	**(69,693)**	**-**
Exploration	-	(561)
Development	(280,686)	(13,475)
Total costs incurred	**(350,379)**	**(14,036)**

VISTA incurred no costs in entities recognized under the equity method during the aforementioned periods.

Notes to the consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021

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

Capitalized cost

The following table shows capitalized costs during the years ended December 31, 2022 and 2021, for proved and unproved Crude oil and Natural gas reserves, and accumulated depreciation:

	Year ended December 31, 2022	
	Argentina	**Mexico**
Proved properties [1]		
Machinery, facilities, software licenses and other	71,839	723
Oil & gas properties and wells	2,108,966	40,381
Works in progress	148,964	4,984
Gross capitalized costs	**2,329,769**	**46,088**
Cumulative depreciation	(773,424)	(2,972)
Total net capitalized costs	**1,556,345**	**43,116**

	Year ended December 31, 2021	
	Argentina	**Mexico**
Proved properties [1]		
Machinery, facilities, software licenses and other	37,519	476
Oil & gas properties and wells	1,614,708	34,698
Works in progress	84,978	6,267
Gross capitalized costs	**1,737,205**	**41,441**
Cumulative depreciation	(549,885)	(281)
Total net capitalized costs	**1,187,320**	**41,160**

(1) Including capitalized amounts related to Well plugging and abandonment and (impairment) reversal of long-lived assets.

VISTA incurred no costs in entities recognized under the equity method during the aforementioned periods.

Results of operations

The following breakdown of results of operations summarizes income and expenses directly related to Crude oil and Natural gas production for the years ended December 31, 2022 and 2021. Income tax for these periods was calculated using statutory tax rates.

	Year ended December 31, 2022	**Year ended December 31, 2021**
Revenue from contracts with customers	1,143,820	652,187
Total revenue	**1,143,820**	**652,187**
Production costs, excluding depreciation		
Operating and other costs	(133,885)	(108,028)
Royalties	(144,837)	(86,241)
Total production costs	**(278,722)**	**(194,269)**
Depreciation, depletion and amortization	(234,862)	(191,313)
Exploration expenses	(624)	(561)
Discount for well plugging and abandonment liabilities	(2,444)	(2,546)
Reversal of impairment of long-lived assets	-	14,044
Operating profit before income tax	**627,168**	**277,542**
Income tax	(188,150)	(83,263)
Oil & gas operating profit	**439,018**	**194,279**

VISTA incurred no costs in entities recognized under the equity method during the aforementioned periods.

Estimated Crude oil and Natural gas reserves

Proved reserves as of December 31, 2022, are net reserves attributable to Vista audited by DeGolyer and MacNaughton for the assets located in Argentina, and Mexico.

Proved reserves as of December 31, 2021, are net reserves attributable to Vista audited by DeGolyer and MacNaughton for the assets located in Argentina, and Netherland Sewell & Associates for the assets located in Mexico.

Proved Crude oil and Natural gas reserves are the quantities of Crude oil and Natural gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible, from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. In some cases, substantial investments may be required in related wells and facilities to recover proved reserves.

The Company considers that its remaining estimated volumes of Crude oil and Natural gas proved recoverable reserves are fair and that these estimates were prepared according to SEC regulations and ASC 932, as amended. Consequently, Crude oil prices used in determining proved reserves were the average price during the 12 (twelve) months prior to the end date of December 31, 2022, and 2021, respectively, determined as an unweighted average of the first day of the month for each month within these periods. Moreover, since there are no Natural gas prices available in the benchmark market in Argentina, VISTA used the average Natural gas prices for the year to determine Natural gas reserves. In addition, for certain Natural gas volumes, Vista will obtain an incentive price subsidized by the Argentine government through Gas Plan IV. A weighted average price is estimated for certain areas per subsidized and unsubsidized volume.

The independent audits carried out by DeGolyer and MacNaughton as of December 31, 2022 in Argentina and Mexico, and DeGolyer and MacNaughton in Argentina and Netherland Sewell & Associates in Mexico as of December 31, 2021, covered all the estimated reserves located in the areas operated and not operated by the Company.

In all cases, were audit the estimated reserves according to Rule 4-10 of Regulation S-X issued by the SEC, and according to the provisions for disclosing Crude oil and Natural gas reserves under FASB ASC Topic 932. We provided all the information requested during the audit processes. In Argentina royalties paid to the provinces have not been deducted from reported proved reserves. Gas includes gas sale and consumption.

The volumes of liquid hydrocarbons represent Crude oil, condensate, gasoline and LNG to be recovered in field separation and plant processing and are reported in million barrels (“MMBbl”) The volumes of Natural gas represent expected gas sales and the use of fuel in the field and are reported in billion cubic feet (“Bcf”) (10^9) in standard conditions of 14.7 psia and 60°F. Gas volumes arise from the separation and processing in the field, which are reduced by injection, venting and shrinkage, and include the volume of Natural gas consumed in the field for production. Natural gas reserves were converted into liquid equivalent using the conversion factor of 5.615 cubic feet of Natural gas per 1 barrel of liquid equivalent.

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

The following tables show proved oil reserves, net (including Crude oil, condensate oil and LNG) and Natural gas reserves, net, as of December 31, 2022 and 2021, according to VISTA's interest percentage in the related concessions:

Proved reserves as of December 31, 2022

Argentina	**Crude oil [(1)]**	**Natural gas**	**Natural gas**
Categories of reserves	(MMBbl)	(Bcf)	(MMBbl equivalent)
Proved developed	68.3	99.2	17.7
Proved undeveloped	136.8	139.7	24.8
Total proved reserves	**205.1**	**238.9**	**42.5**

Mexico	**Crude oil [(1)]**	**Natural gas**	**Natural gas**
Categories of reserves	(MMBbl)	(Bcf)	(MMBbl equivalent)
Proved developed	0.2	0.1	0.0
Proved undeveloped	2.7	5.9	1.1
Total proved reserves	**2.9**	**6.0**	**1.1**

Proved reserves as of December 31, 2021

Argentina	**Crude oil [(1)]**	**Natural gas**	**Natural gas**
Categories of reserves	(MMBbl)	(Bcf)	(MMBbl equivalent)
Proved developed	48.2	90.8	16.2
Proved undeveloped	95.1	99.4	17.7
Total proved reserves	**143.3**	**190.2**	**33.9**

Mexico	**Crude oil [(1)]**	**Natural gas**	**Natural gas**
Categories of reserves	(MMBbl)	(Bcf)	(MMBbl equivalent)
Proved developed	0.3	0.2	0.0
Proved undeveloped	3.0	6.0	1.1
Total proved reserves	**3.3**	**6.2**	**1.1**

[(1)] It refers to Crude oil, condensate, and LNG.

The following table shows the reconciliation of the Company's reserve data between December 31, 2021, and December 31, 2022:

Argentina	**Crude oil [(1)]**	**Natural gas [(6)]**	**Natural gas**
	(MMBbl)	(Bcf)	(MMBbl equivalent)
Proved reserves (developed and undeveloped)			
Reserves as of December 31, 2021	**143.3**	**190.2**	**33.9**
Increase (decrease) attributable to:			
Review of prior estimates [(2)]	9.1	0.9	0.2
Extensions and discoveries [(3)]	65.4	62.0	11.0
Purchases of onsite proved reserves [(4)]	2.0	2.0	0.4
Production for the year [(5)]	(14.6)	(16.3)	(2.9)
Reserves as of December 31, 2022	**205.1**	**238.9**	**42.5**

[(1)] It refers to Crude oil, condensate, and LNG.

[(2)] The changes from prior-estimate revisions of proved developed and undeveloped Crude oil reserves (+9.1MMbbl) are mainly related to:

(a) in connection with the developed reserve: (i) the enhanced performance of the 32 (thirty two) production wells targeting Vaca Muerta unconventional in Bajada del Palo Oeste concession (+4.78 MMbbl); (ii) the 28 (twenty eight) wells drilled in 2022 targeting Vaca Muerta unconventional reservoir in Bajada del Palo Oeste concession, which comprises the farmout I agreement mentioned in Note 29.3.2.1. (+2.54 MMbbl); (iii) a combined negative effect from other plots of land (-0.62 MMbbl); (iv) a price revisions for (+0.75 MMbbl).

(b) in connection with the undeveloped reserve: (i) the unconventional Bajada del Palo Oeste concession were revised up, due to a lateral length adjustment, which had no effect on the type well (+0.87 MMbbl); (ii) the ELo Rio Negro concession were also revised up due to the addition of a well in Charco Bayo oilfield targeting Tordillo and Punta Rosada formations (+0.31 MMbbl); (iii) an upward revision was also made in the development plan of Jagüel de los Machos block due to the addition of 2 (two) wells and 2 (two) workovers (+0.12 MMbbl); (iv) minor changes in the activity of 25 de Mayo-Medanito block (+0.05

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MMbbl); (v) in Bajada del Palo Oeste concession, a downward revision was made related to the removal of two wells targeting Lotena conventional formation (-0.28 MMbbl); and (vi) a price revisions for (+0.58 MMbbl).

The changes from prior-estimate revisions of proved developed and undeveloped Natural gas reserves (+0.9 Bcf) are mainly related to:
(a) in connection with the developed reserve: (i) the enhanced performance and Gas-Oil Ratio ("GOR") adjustment based on the latest trial results of the 32 (thirty two) unconventional production wells in Bajada del Palo Oeste concession (+4.83 Bcf); (ii) reduced performance of conventional wells in Bajada del Palo Oeste concession (-2.52 Bcf); (iii) a minor performance in Natural gas wells in Charco Bayo and Piedras Blancas in ELo Río Negro concession (-4.81 Bcf); (iv) a practically null combined effect in the remainder plots of land (-0.38 Bcf); and (v) a price revisions for (+2.54 Bcf).

(b) in connection with the undeveloped reserve: (i) the unconventional Bajada del Palo Oeste concession were revised up, due to a lateral length adjustment, which had no effect on the type well (+1.00 Bcf); (ii) the Elo Río Negro concession were also revised up due to the addition of a well in Charco Bayo oilfield targeting Tordillo and Punta Rosada formations (+1.34 Bcf); (iii) an upward revision was also made in the development plan of Jagüel de los Machos block due to the addition of 2 (two) wells and 2 (two) workovers (+0.13 Bcf); (iv) minor changes in the activity of 25 de Mayo-Medanito block (+0.02 Bcf); (v) in Bajada del Palo Oeste concession, a downward revision was made related to the removal of two wells targeting Lotena conventional formation (-2.21 Bcf); and (vi) a price revisions for (+0.96 Bcf).

(3) The changes in the proved developed and undeveloped reserves due to the extension and discovery of Crude oil (+65.4 MMbbl) and Natural gas (+62.0 Bcf) are mainly related to:

(a) in connection with the developed reserve: (i) the drilling of 16 (sixteen) wells (4 pads) targeting Vaca Muerta formation in Bajada del Palo Oeste concession (+13.44 MMbbl, +12.30 Bcf): (ii) the drilling of 12 (twelve) wells targeting Vaca Muerta formation in Aguada Federal concession (+7.73 MMbbl, +8.36 Bcf); (iii) the drilling of 2 (two) wells (1 pad) in Bajada del Palo Este targeting Vaca Muerta (+2.75 MMbbl, +0.89 Bcf).
(b) in connection with the undeveloped reserve: (i) the drilling of 13 (thirteen) wells (4 pads) targeting Vaca Muerta formation in Bajada del Palo Oeste concession (+14.08 MMbbl , +13.91 Bcf); (ii) the drilling of 2 (two) (1 pad) in Bajada del Palo Este (+2.71 MMbbl, +1.39 Bcf); and (iii) the drilling of 28 (twenty-eight) wells (13 pads) in Aguada Federal (+24.69 MMbbl, +25.15 Bcf).

(4) The changes in the purchase of Crude oil (+2.00 MMbbl) and Natural gas (+2.00 Bcf) reserves are mainly related to the farmout II agreement signed with Trafigura mentioned in Note 1.2.2. As of December 31, 2021, 4 (four) wells were proved undeveloped and the 4 (four) wells were unproved. As of December 31, 2022, the 8 (eight) wells are undeveloped proved.
(5) Considering Vista Argentina's output.
(6) Natural gas internal consumption stood at 11.1% as of December 31, 2022.

Mexico	**Crude oil (1)**	**Natural gas**	**Natural gas**
	(MMBbl)	(Bcf)	(MMBbl equivalent)
Proved reserves (developed and undeveloped)			
Reserves as of December 31, 2021	**3.3**	**6.2**	**1.1**
Increase (decrease) attributable to:			
Review of prior estimates (2)	(0.3)	(0.1)	(0.0)
Purchases of onsite proved reserves	-	-	-
Production for the year (3)	(0.2)	(0.1)	(0.0)
Reserves as of December 31, 2022	**2.9**	**6.0**	**1.1**

(1) It refers to Crude oil, condensate, and LNG.

(2) The revisions of proved developed Crude oil and condensate and Natural gas reserves are related to an enhanced performance of wells (0.05 MMbbl) and the latest GOR trends (-0.04 Bcf). The changes in the proved undeveloped Crude oil, condensate and Natural gas reserves (-0.34 MMbbl, -0.02 Bcf) are related to an adjustment of the type of curve after profit or loss from Vernet-1001 well.

(3) Considering Vista Holding II's output.

The following table shows the reconciliation of the Company's reserve data between December 31, 2020, and December 31, 2021:

Argentina	**Crude oil (1)**	**Natural gas (6)**	**Natural gas**
	(MMBbl)	(Bcf)	(MMBbl equivalent)
Proved reserves (developed and undeveloped)			
Reserves as of December 31, 2020	**99.4**	**160.0**	**28.4**
Increase (decrease) attributable to:			
Review of prior estimates (2)	3.8	(5.4)	(0.9)
Extensions and discoveries (3)	53.5	53.7	9.6
Purchases of onsite proved reserves (4)	(2.2)	(1.9)	(0.3)
Production for the year (5)	(11.2)	(16.2)	(2.9)
Reserves as of December 31, 2021	**143.3**	**190.2**	**33.9**

(1) It refers to Crude oil, condensate, and LNG.

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(2) The changes due to revisions of prior estimates of total proved Crude oil reserves (+3.8 MMbbl) are mainly related to: (i) an extension of the economic cap applicable to the different concessions (+3.3 MMbbl) due to increased prices of liquid hydrocarbon (from USD 41.97 per barrel to USD 54.99 per barrel of condensate and C5+, and from USD 19.16 per barrel to USD 26.87 per barrel of LPG); (ii) an enhanced performance of Bajada del Palo Oeste unconventional wells (+2.6 MMbbl); partly offset by: (iii) a lower performance of the base production of Bajada del Palo Oeste (-0.6 MMbbl), 25 de Mayo-Medanito (-0.6 MMbbl), ELo Río Negro (-0.5 MMbbl) and Coirón Amargo Norte (-0.4 MMbbl) conventional wells.

The changes due to revisions of prior estimates of proved Natural gas reserves (-5.4 Bcf) are mainly related to: (i) the revision of the type curve of proved undeveloped reserves in Lotena formation (-4.9 Bcf) after profit (loss) from drilling wells in 2021; (ii) a lower performance of Borde Montuoso conventional wells in Bajada del Palo Oeste (-4.0 Bcf); of Charco Bayo Natural gas wells in ELo Río Negro concession (-2.3 Bcf); (iii) a lower performance of the new dry Natural gas well drilled in 2021 in Bajada del Palo Oeste concession (-1.8 Bcf); (iv) a change in the development plan in Natural gas reservoirs in conventional fields (-1.1 Bcf); partly offset by: (v) an enhanced performance of Bajada del Palo Oeste unconventional wells (+2.9 Bcf); and (vi) an extension of the economic cap applicable to the different concessions (+5.8 Bcf) due to higher commercial Natural gas prices (from USD 2.81 per cubic feet to USD 3.92 per cubic feet).

(3) The changes in total proved reserves due to the extension and discovery of Crude oil (+53.5 MMbbl) and Natural gas (+53.7 Bcf) are mainly related to: (i) the extension of proved undeveloped acreage thanks to the addition of 11 (eleven) pads (44 wells) classified as proved undeveloped due to the successful drilling in Vaca Muerta unconventional formation in Bajada del Palo Oeste concession (+46.2 MMbbl, +46.5 Bcf); and (ii) the extension of proved developed acreage related to the drilling of 2 (two) unproved pads (8 (eight) wells (related to PAD 35 and PAD 44) in Vaca Muerta unconventional formation in Bajada del Palo Oeste concession under the farmout agreement I with Trafigura (+7.3 MMbbl, +7.2 Bcf).

(4) The changes due to purchases/sales of Crude oil (-2.2 MMbbl) and Natural gas (-1.9 Bcf) reserves are related to: (i) the sale of the interest (10%) in CASO (-1.4 MMbbl , -1.0 Bcf); (ii) the farmout agreement I mentioned in Note 29.3.2.1 related to PAD 12 (4 wells) in Vaca Muerta unconventional formation in Bajada del Palo Oeste concession (-0.9 MMbbl, -0.9 Bcf); partly offset by (iii) the acquisition of the 50% interest in Aguada Federal concession (+0.1 MMbbl).

(5) Considering Vista Argentina's output.

(6) Natural gas consumption stood at 12.9% as of December 31, 2021.

Mexico	Crude oil (1)	Natural gas	Natural gas
	(MMBbl)	(Bcf)	(MMBbl equivalent)
Proved reserves (developed and undeveloped)			
Reserves as of December 31, 2020	**0.2**	**0.7**	**0.1**
Increase (decrease) attributable to:			
Review of prior estimates (2)	1.5	3.0	0.5
Purchases of onsite proved reserves (3)	1.7	2.4	0.4
Production for the year (4)	(0.1)	-	-
Reserves as of December 31, 2021	**3.3**	**6.2**	**1.1**

(1) It refers to Crude oil, condensate, and LNG.

(2) The revisions of proved developed Crude oil, condensate and Natural gas reserves are related to the development plan approved by the CNH, as well as the drilling and completion of Vernet-1001 wells.

(3) The changes due to purchases/sales of Crude oil (+1.7 MMbbl) and Natural gas (+2.4 Bcf) are mainly related to the transfer of assets in Mexico, whereby Company increased its equity to 100% in CS-01 area (see Note 29.3.11).

(4) Considering Vista Holding II's output.

Standardized measure of future discounted cash flow (net)

The following table describes estimated future cash flows from the future production of proved developed and undeveloped reserves of Crude oil, condensate, LNG and Natural gas. As established by SEC Modernization of Oil and Gas Reporting rules and ASC 932 of the FASB Accounting Standards Codification ("ASC") relating to Extractive Activities—Oil and Gas (formerly SFAS No. 69 Disclosures about Oil and Gas Producing Activities), these cash flows were estimated using the twelve-month average of the first day-of-the-month benchmark prices as adjusted for location and quality differentials and using a 10% annual discount factor. Future development and abandonment costs include estimated drilling costs, development and exploitation facilities and abandonment costs. These future development costs were estimated based on VISTA assessments. Future income tax was calculated by applying the statutory tax rates effective in Argentina in each period.

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This standardized measure is not intended to be, and should not be, interpreted as an estimate of the market value of the Company's reserves. The purpose of this information is to provide standardized data to help the users of the financial statements to compare different companies and make certain projections. This information does not include, among others, the effect of future changes in price costs and tax rates, which past experience shows that they are likely to occur, and the effect of the future cash flows of reserves that have not been classified as proved reserves yet, of a discount factor that best represents the value of money over time and of the risks inherent in Crude oil and Natural gas production. These future changes may have a major impact on future net cash flows disclosed below. Therefore, this information does not necessarily show the Company's perception on future discounted cash flow, net, of the hydrocarbon reserve.

	As of December 31, 2022 (1)	**As of December 31, 2021 (1) (2)**
Future cash flows	16,118	8,506
Future production costs	(4,634)	(2,638)
Future development and abandonment costs	(2,142)	(1,294)
Future income tax	(3,009)	(1,432)
Undiscounted future net cash flows	**6,333**	**3,142**
10% annual discount	(3,092)	(1,630)
Standardized measure of discounted future net cash flows(2)	**3,241**	**1,512**

(1) Amounts expressed in millions of US Dollars ("MM USD").

(2) As of December 31, 2021, the standardized measure of future discounted cash flow (net) is related to the estimated value of reserves in Argentina. The table does not include the estimated value of the reserves in Mexico's areas (24MM USD as of December 31, 2021).

Changes in the standardized measure of future discounted cash flow (net)

The following table shows the changes in the standardized measure of future discounted cash flow, net, for the years ended December 31, 2022 and 2021:

	Year ended December 31, 2022 (1)	**Year ended December 31, 2021 (1)**
Standardized measure of future discounted cash flow, net, at beginning of year	**1,512**	**738**
Net changes in selling prices and production costs related to future production (2)	1,170	783
Net changes in estimated future development costs (3)	(2,632)	28
Net changes from revisions of workload estimates (4)	229	44
Net changes from extensions, discoveries and improvements (5)	1,790	1,006
Cumulative discount	1,585	116
Net changes from on-site purchases and sales of minerals (6)	55	(40)
Sales of Crude oil, LNG and Natural gas produced, net of production costs	820	(429)
Estimated development costs previously incurred	(460)	(263)
Net changes in income tax (7)	(852)	(471)
Other (8)	24	-
Changes in the standardized measure of future discounted cash flow for the year	**1,729**	**774**
Standardized measure of future discounted cash flow at end of year	**3,241**	**1,512**

(1) Amounts expressed in millions of US Dollars.

(2) For the year ended December 31, 2022, mainly affected by an increase in the prices of Crude oil, condensate, Natural gas and LPG effective in Argentina, which rose from USD 54.99 per barrel to USD 72.32 per barrel of Crude oil, condensate and C5+; from USD 26.87 per barrel to USD 31.19 per barrel of LPG, and from USD 3.92 per cubic feet to USD 4.86 per cubic feet of commercial gas. Also, for the year ended December 31, 2021, mainly affected by an increase in the prices of Crude oil, condensate, Natural gas and LPG, which increased from USD 41.97 per barrel to USD 54.99 per barrel of Crude oil, condensate and C5+; from USD 19.16 per barrel to USD 26.87 per barrel of LPG, and from USD 2.81 per cubic feet to USD 3.92 per cubic feet of commercial gas.

(3) For the years ended December 31, 2022, and December 31, 2021, related to revisions of development costs in Bajada del Palo Oeste unconventional area.

(4) For the year ended December 31, 2022, mainly affected by the extension of the economic caps of assets due to a rise in Crude oil, condensate, Natural gas and LPG effective prices, which increased from USD 54.99 per barrel to USD 72.32 per barrel of Crude oil, condensate and C5+; from USD 26.87 per barrel to

USD 31.19 per barrel of LPG, and from USD 3.92 per cubic feet to USD 4.86 per cubic feet of commercial gas, partly offset by a greater decline in certain conventional gas assets. Also, for the year ended December 31, 2021, mainly affected by the extension of the economic caps of assets due to the increase in Crude oil, condensate, Natural gas and LPG prices, which increased from USD 41.97 per barrel to USD 54.99 per barrel of Crude oil, condensate and C5+; from USD 19.16 per barrel to USD 26.87 per barrel of LPG, and from USD 2.81 per cubic feet to USD 3.92 per cubic feet of commercial gas, partly offset by a greater decline in certain conventional gas assets.

(5) For the year ended December 31, 2022, mainly associated to the extension of the proved area due to the addition of 32 wells in proved reserves in Bajada del Palo Oeste area in Vaca Muerta formation yielding profit, as well as the addition of proved reserves in Bajada del Palo Este unconventional area and the beginning of the development of Vaca Muerta formation in Aguada Federal unconventional area.

(6) For the year ended December 31, 2022, related to the farmout II agreement whereby a 25% interest in certain Bajada del Palo Oeste wells in Vaca Muerta formation is granted to Trafigura (see Note 29.3.2.2). Also, for the year ended December 31, 2021, related to the farmout agreement whereby Trafigura was granted a 20% interest in certain Bajada del Palo Oeste wells in Vaca Muerta formation (see Note 29.3.2.1), and the sale of the 10% interest in CASO concession (see Note 29.3.4).

(7) For the year ended December 31, 2022 and 2021, the changes are caused by the rise in income tax due to higher revenue mainly expected from the extensions and increases in hydrocarbon prices.

(8) For the year ended December 31, 2022, includes estimated value of the reserves in Mexico's areas.

Note 34. Subsequent events

The Company assessed events subsequent to December 31, 2022, to determine the need of a potential recognition or disclosure in these consolidated financial statements. The Company assessed such events through March 13, 2023, date in which these financial statements were made available for issue.

- On January 4, 2023, Vista Argentina paid interest for an amount of 111 corresponding to loan agreements signed with Banco Santander International in July 2021 and January 2022.

- On January 13, 2023, Vista Argentina paid interest for a total amount of 639 corresponding to loan agreement signed with ConocoPhillips Company.

- On January 19, 2023, Vista Argentina paid interest for an amount of 72 corresponding to loan agreement signed with Banco Santander International in January 2021.

- On January 20, 2023, Vista Argentina paid principal and interest for a total amount of 24,340 corresponding to loan agreement signed with Banco Galicia, Banco Itaú Unibanco, Banco Santander Rio and Citibank NA ("Syndicated Loan").

- On January 27, 2023, the Company, through its subsidiary Vista Argentina, was awarded a storage and dispatch capacity of 35,644 m3 and 5,944 m3/day, respectively, under the program to extend Puerto Rosales marine terminal and pumping station, in which Oiltanking Ebytem S.A. bidded for a storage and dispatch capacity of 300,000 m3 and 50,000 m3/day, respectively.

Thus, the Company undertook to make an upfront investment of 28,400 between 2023 and 2025, to be recovered from the service monthly fee as from of the beginning of the program. As of the date of issuance of these financial statements, the Company made no disbursements related to this commitment.

- On February 22, 2023, Vista Argentina paid interest for a total amount of 167 corresponding to ON III.

- During January and February 2023, the Company issued 385,372 Serie A shares related to the cashless exercise of Warrants mentioned in Note 18.3 They have no nominal value.

- On February 23, 2023, the Company approved the agreement signed by its subsidiary Vista Argentina with Petrolera Aconcagua Energía S.A. ("Aconcagua") for the operations of the following concessions in the Neuquina Basin, Argentina (the "Transaction"): (i) the Entre Lomas upstream concession, located in the Province of Neuquén; (ii) the Entre Lomas, Jarilla Quemada, Charco del Palenque, Jagüel de los Machos and 25 de Mayo-Medanito S.E. upstream concessions, located in the Province of Río Negro; (iii) the Entre Lomas and Jarilla Quemada gas transportation concession, located in the Province of Río Negro; and (iv) the 25 de Mayo-Medanito S.E. Crude oil transportation concession, located in the Province of Río Negro (the "Concessions").

The Transaction consist in a two-phased agreement. The first phase was effective as of March 1, 2023 (the "Effective Date") and will end no later than February 28, 2027. Under the terms of the Transaction, from the Effective Date:

(i) Aconcagua will become operator of the Concessions;

(ii) Aconcagua will pay to Vista 26,468 in cash (10,000 paid on February 15, 2023, and 10,734 and 5,734 to be paid in March 2024 and 2025, respectively);

(iii) Vista will retained 40% of the Crude oil and Natural gas reserves and production, and 100% of liquified petroleum gas reserves and production, from the Concessions, until the earliest of (i) February 28, 2027, or (ii) the date when Vista has received a cumulative production of 4 million barrels of crude oil and 300 million m3 of Natural gas (the "Final Closing Date"). Aconcagua will keep 60% of the crude oil and Natural gas production from the Concessions;

(iv) Aconcagua will pay 100% of Vista's share of the capex, operating cost, and any other costs associated to the operation of the Concessions, including royalties and taxes;

(v) Vista will have the right to purchase up to Aconcagua's 60% share of the Natural gas produced by the Concessions at a price of 1 USD/MMBtu until the Final Closing Date;

(vi) Vista Argentina and Aconcagua will work jointly with the Provinces of Río Negro and Neuquén to negotiate an extension of the exploitation and transportation concession titles governing the Concessions, including an upfront payment and an investment commitment, as per the terms set forth in the applicable regulation in Argentina;

(vii) Vista Argentina will retain the right to explore and develop the Vaca Muerta formation in the Exploitation Concessions and seek to obtain one or more independent and separate unconventional concessions to develop such resources;

(viii) Vista will remain concession title holder until no later than the Final Closing Date, when the Concessions will be transferred to Aconcagua, on an "as is where is basis", subject to Provincial approvals.

- On February 27, 2023, Vista Argentina paid interest for a total amount of 3,053 corresponding to ON XI and XII.

- On March 1, 2023, Vista Argentina paid 6,250 to Wintershall of the 5 (five) instalments related to the transaction mentioned in Note 1.2.1.

- On March 3, 2023, Vista Argentina issued ON XVIII and XIX for an amount of 118,542 and 16,458, at a fixed annual rate of 0% and 1%, and expiration date on March 3, 2027, and March 3, 2028, respectively.

- On March 6, 2023, Vista Argentina paid interest for a total amount of 212 corresponding to ON VI and XV.

- On March 10, 2023, Vista Argentina paid interest for a total amount of 744 corresponding to ON VII and VIII.

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