

RISK FACTORS

You should carefully consider the following risk factors in evaluating us and our business before investing in Vista. In particular, you should consider the risks related to an investment in companies operating in Argentina, Mexico and Latin America generally, for which we have included information in these risk factors to the extent that information is publicly available. In general, investing in the securities of issuers whose operations are located in emerging market countries such as Argentina and Mexico involve a higher degree of risk than investing in the securities of issuers whose operations are located in the United States or other more developed countries. If any of the risks discussed in this annual report actually occur, alone or together with additional risks and uncertainties not currently known to us, or that we do not presently consider material, our business, financial condition, results of operations and prospects may be materially adversely affected. If this were to occur, the value of our series A shares or ADSs may decline and you may lose all or part of your investment. When determining whether to invest, you should also refer to the other information contained in this annual report, including the Audited Financial Statements and the related notes thereto. Our actual results could differ materially and adversely from those anticipated in this annual report.

Risks Related to our Business and Industry

The oil and gas industry is subject to particular operational and economic risks.

Oil and gas E&P activities are subject to particular economic and industry-specific operational risks, some of which are beyond our control, such as production, equipment and transportation risks, as well as natural hazards and other uncertainties, including those relating to the physical characteristics of onshore and offshore oil or natural gas fields. Our operations may be curtailed, delayed or canceled due to bad weather conditions, mechanical difficulties, shortages or delays in the delivery of equipment, compliance with governmental requirements, fire, explosions, blow-outs, pipe failure, abnormally pressured formations, and environmental hazards, such as oil spills, gas leaks, ruptures or discharges of toxic gases. In addition, we operate in politically sensitive areas where the local population or other stakeholders have interests that from time to time may conflict with our production or development objectives. If these risks materialize, we may suffer substantial operational losses, disruptions to our operations and harm to our reputation. Additionally, if any operational incident occurs that affects local communities and ethnic communities in nearby areas, we will need to incur additional costs and expenses in order to remediate affected areas and to compensate for any damages we may cause. These additional costs may have a negative impact on the profitability of the projects we may decide to undertake. Drilling may be unprofitable, not only with respect to dry wells, but also with respect to wells that are productive but do not produce sufficient revenues to return a profit after drilling, operating and other costs are considered.

We are exposed to the effects of fluctuations in the international prices of oil and gas.

International oil and gas prices have fluctuated significantly in past years and they will most likely continue fluctuating in the future. For example, during 2015, 2016, 2017, 2018 and 2019 the reference price of the Brent benchmark has fluctuated significantly, with average prices of US\$53.50/bbl, US\$45.13/bbl, US\$54.75/bbl, US\$71.69/bbl, and US\$64.16/bbl for each of those years, respectively.

During the first week of March 2020, OPEC and certain non-OPEC producers (referred to as OPEC+) met in Vienna, Austria, to discuss the prospect of extending or increasing oil production cuts, in light of a decrease in demand due to Covid-19. No consensus was reached among the 24 participating countries, effectively eliminating quotas and reduction targets as of April 1, 2020. As a consequence, Saudi Arabia, the world's largest oil exporter, through its state-owned Company Saudi Aramco, decided to lower the OSP (Official Selling Price) of its Arab light crude by around US\$8 per barrel, the largest monthly decrease in 20 years. Concurrently, it announced plans to increase production to at least 10 million barrels per day as of April. On March 8, 2020, Brent crude slid US\$10.91 (or 24.1%) to US\$34.36 in the worst day since 1991. From March 16 to April 2, 2020, Brent price was below US\$30/bbl, with a minimum price of US\$22.72/bbl on March 30, 2020. Although, OPEC and OPEC+ agreed a curtailment of 9.7 MMBbl/d on April 9, 2020, pushing Brent above the US\$30/bbl mark, Brent dropped below US\$20/bbl on April 21, 2020.

The sustained impact of the Covid-19 pandemic across the world has led to a sharp drop in demand since most countries continue to announce containment measures (border closures, flight cancellations, self-isolation and quarantine, large gathering restrictions and bar and restaurant closures, among others). The full extent and duration of such containment measures, and their impact on the world economy are yet uncertain.

Factors affecting international prices for crude oil and related oil products include: political developments in crude oil producing regions, particularly the Middle East; the ability of the Organization of Petroleum Exporting Countries ("OPEC") and other crude oil producing nations to set and maintain crude oil production levels and prices; global and regional supply and demand for crude oil, gas and related products; competition from other energy sources; domestic and foreign government regulations; weather conditions and global and local conflicts or acts of terrorism. We cannot predict how these factors will influence oil and related oil products prices and we have no control over them. Price volatility curtails the ability of industry participants to adopt long-term investment decisions given that returns on investments become unpredictable.

Furthermore, our realized crude oil price depends on several factors such as international crude oil prices, international refining spreads, processing and distribution costs, biofuel prices, exchange currencies, local demand and supply, domestic refining margins, competition, stocks, local taxation, local regulations and domestic margins for our products, among others.

A substantial or extended downturn in the international prices of crude oil and its derivatives could have a material adverse effect on our business, operating results, and financial condition, as well as the value of our reserves and the market value of our series A shares or ADSs.

Oil and gas price volatility could harm our investment projects and development plans.

In terms of investments, we budget capital expenditures related to exploration and development by considering, among others, current and expected local and international market prices for our hydrocarbon products.

Substantial or extended declines in international crude oil and gas prices, and their derivatives, may have an impact on our investment plans. Also, any drop in the domestic crude oil and gas prices for an extended period (or if prices for certain products do not match cost increases) could cause a decline in the economic viability of our drilling projects.

Additionally, significant downturns in the prices of crude oil and gas, and their derivatives, could force us to incur future impairment expenses, reduce or alter the term of our capital investments, and this could affect our production forecasts in the medium term and our estimate of reserves towards the future.

These factors could also lead to changes to our development plans, which could lead to the loss of proved developed reserves and proved undeveloped reserves and could also adversely affect our ability to improve our hydrocarbon recovery rates, find new reserves, develop unconventional resources and carry out our other capital expenditure plans. In turn, such change in conditions could have an adverse effect on our financial condition and results of operations. Additionally, it could also have an impact on our operating assumptions and estimates and, as a result, affect the recovery value of certain assets.

We are exposed to contractions in the demand of crude oil and natural gas and contractions in the demand of any of their by-products.

The demand of our crude oil and gas products is largely influenced by the economic activity and growth in Argentina, Mexico and globally. Although demand increased in the past, it has recently contracted significantly (in part, due to the Covid-19 outbreak) and is subject to volatility in the future. On March 20, 2020, we decided to stop our drilling and completion activity in Argentina, and were also forced to shut-in certain wells, including our 12 unconventional wells in Bajada del Palo Oeste, in response to lower crude oil demand. Demand for crude oil by-products, such as gasoline, may also contract under certain conditions, particularly during economic slowdowns.

Latest estimates from the IEA, EIA and OPEC forecast that global crude oil demand will decline by between 12 MMBbl/d and 23 MMBbl/d during the second quarter of 2020 compared to the second quarter of 2019 (a decline of 12% and 23%, respectively), and by between 5.3 MMBbl/d and 9.3 MMBbl/d for the full year 2020 compared to the year 2019 (in which total demand was 100.5 MMBbl). For the year ended December 31, 2019, 81% of our revenues were derived from crude oil; because we expect that our production mix will continue to be weighted towards crude oil, our financial results are more sensitive to movements in oil prices.

As of the date of this annual report, given the uncertainty of the lasting effect of the Covid-19 outbreak, its impact on our business cannot be determined. A further contraction of the demand of our products, or the maintenance of the current demand levels for significant periods of time, would adversely affect our revenues, causing economic losses to our Company. In addition, further contraction of demand and pricing of our products can impact the valuation of our reserves and, in periods of lower commodity prices, we may curtail production and capital spending or may defer or delay drilling wells because of lower cash generation. Lower oil and natural gas prices could also affect our growth, including future and pending acquisitions. A substantial or extended decline in oil or natural gas prices could adversely affect our business, financial condition and results of operations. Continuous poor economic performance could eventually lead to a deterioration in our financial coverage ratios, impairment charges and cause us to exceed the financial covenants agreed upon in the Syndicated Loan (as defined below). A contraction of crude oil demand could also affect us financially, including our ability to pay our suppliers for their services, which could, in turn, lead to further operational distress.

We are exposed to the effects of fluctuations and regulations in the domestic prices of oil and gas, which may limit our ability to increase the price of our oil and gas products.

Most of our revenue in Argentina and Mexico is derived from sales of crude oil and natural gas. The domestic price of crude oil has fluctuated in the past in such countries not only due to international prices, but also due to local taxation, price regulations, macroeconomic conditions and refining margins.

Oil prices in Argentina and Mexico have not perfectly reflected the upward or downward changes in the international price of oil. Such fluctuations have had an impact on the local prices for the commercialization of crude oil. In the event that local prices are reduced through regulation or other local factors, which we cannot control, it could affect the economic performance of our existing and future projects, generating a loss of reserves as a result of changes in our development plans, our assumptions and our estimates, and consequently affect the recovery value of certain assets.

In Argentina, as a result of economic, political, and regulatory developments, the prices of crude oil, diesel, and other fuels have differed significantly from the international and regional markets, and the ability to increase or maintain such prices to match international standards has been challenged.

On January 11, 2017, the Argentine Secretariat of Energy and Argentine producers and refineries signed the "Agreement for the Transition to International Prices of the Argentina Hydrocarbon Industry," establishing a price schedule in order for the price of the barrel of oil produced in Argentina to track international prices during 2017. This agreement (under which a price determination and review system was established for 2017) was in force until December 31, 2017, but before this date, the aforementioned price convergence was achieved. Therefore, SdE notified the parties to the agreement that, pursuant to its sub-section 9, starting from October 1, 2017, commitments assumed through such agreement would be suspended.

However, through Decree No. 566/2019, the Argentine government determined that during a 90-day period commencing on August 16, 2019 (i) deliveries of crude oil in the Argentine market had to be invoiced and paid at the agreed-upon price between the oil producers and refineries as of August 9, 2019, applying a reference exchange rate of AR\$45.19 per US\$1.00 and a Brent reference price of US\$59.00 per barrel, and (ii) the maximum prices of gasoline and diesel oil in the Republic of Argentina sold by refineries, wholesale or retail companies (regardless of their quality), were the prices in force as of August 9, 2019. Oil producing and refining companies were also obliged to satisfy the total domestic demand of liquid fuels and crude oil during the 90-day period. Through Decree No. 601/2019, the National Executive Branch modified the duration of the measures implemented by Decree No. 566/2019, establishing that they would be in force until November 13, 2019.

The reference exchange rate and maximum prices of gasoline and diesel indicated above were subsequently updated through a series of decrees and resolutions (including Decree No. 601/2019 and Resolution No. 688/2019 that increased the reference exchange rate to AR\$46.69 and AR\$51.77 per US\$1.00, respectively, and Resolution No. 557/2019 that permitted gasoline and diesel prices to be increased by up to a 4% with respect to the prices in force as of August 9, 2019).

As of the date of this annual report, the price measures implemented through Decree 566/2019 (as amended) are no longer in force, since the deadline set for November 13, 2019 was not extended. However, there is no assurance that the governments of the countries in which we operate will not adopt in the future new measures establishing prices freezes or otherwise affecting the prices of our oil and gas products. The macroeconomic instability faced by emerging markets and particularly Argentina have impacted the oil and gas sector as well. During 2019, the Argentine Peso slid from 38.6 to 63.0 Argentine Pesos per U.S. Dollar according to the U.S. Dollar ask rate published by Banco de la Nación Argentina. The fact that end user domestic prices are set in local currency and upstream companies were therefore to some extent unable to pass through the devaluation of Argentine currency downstream resulted in lower Dollar-denominated prices. Although the prices of natural gas in Argentina are denominated in U.S. Dollars, the rates paid by regulated end users are denominated in Argentine Pesos. Law of Solidarity and Productive Reactivation No. 27,541 (the "Solidarity Law"), in force since December 2019, sets forth that the Argentine Executive Branch is entitled to set export duties up to a maximum of 33% of the exported goods until December 31, 2021. The Solidarity Law also established a cap of 8% for the export duties for hydrocarbons and mining products. As of the date of this annual report, the Argentine government has not yet issued regulations to reduce duties for hydrocarbons and mining products from the current 12% to 8% or less, as established by the Solidarity Law. If the Argentine government does not provide for new export duties according to the 8% cap stated in the Solidarity Law, the 12% export duty stated in Decree 793/2019 would continue to be applied until December 31, 2020, which would entitle oil exporters to file a judicial claim requiring export duties to be calculated by customs at the 8% cap. As of the date of this annual report, there is already case law in connection with export duties levied on mining goods ruling that the 8% cap stated in the Solidarity Law shall be applied by Argentine customs. We cannot anticipate whether the Argentine government will reduce the duties for hydrocarbons and mining products to 8%, and if duties are not reduced, whether any litigation undertaken by Vista would have a favorable outcome.

Furthermore, in the past, the Mexican government has imposed price controls on the sales of natural gas, NGL, gasoline, diesel, gas oil intended for domestic use, fuel oil and other products. Although as of the date of this annual report, sales prices of gasoline and diesel are determined by the free market, the Mexican government could impose additional price controls on the domestic market in the future.

In the event that domestic prices for certain products decrease or do not increase at the same rate than international prices (either due to Argentine or Mexican regulations or otherwise) and export limitations remain in place or are imposed in Argentina, our ability to improve hydrocarbon recovery rates, find new reserves and carry out certain other capital expenditure plans may be adversely affected, which in turn might have an adverse effect on our results of operations, cash flows and/or expectations.

If domestic prices are substantially lower than the prices prevailing in international markets, our business, results of operations and financial condition would be adversely affected.

We cannot assure you that we will be able to maintain or increase the domestic price for our products, and our inability to do so could adversely affect our operations, cash flows and/or expectations.

Natural gas subsidies to natural gas producers may be limited or eliminated in the future.

We may benefit in the future from subsidies granted to natural gas producers of unconventional reservoirs in the Neuquina basin. We cannot assure you that any changes or adverse judicial or administrative interpretations of such regimes, will not adversely affect our results of operations. The Argentine government has announced that it will present a bill before the Argentine Congress which would seek to establish a promotional regime for the oil industry which would not only have effects on Vaca Muerta, but would extend along the Neuquina basin. The restriction or elimination of subsidies would negatively affect the selling price of our products and therefore result in a decrease of our revenues.

Our business requires significant capital investments and maintenance cost.

The oil and natural gas industry is capital-intensive as it requires heavy investments in capital goods. We make and expect to continue to make substantial capital expenditures related to development and acquisition projects and in order to maintain or increase the amount of our hydrocarbon reserves, incurring significant maintenance costs.

We have funded, and we expect that we will continue to fund, our capital expenditures with cash generated by existing operations and our existing cash; however, our financing needs may require us to alter or increase our capitalization substantially through the issuance of debt or equity securities or the sale of assets. We cannot guarantee that we will be able to maintain our current production levels, generate sufficient cash flow or that we will have access to sufficient borrowing or other financing alternatives to continue our exploration, exploitation and production activities at current or higher levels.

Additionally, the incurrence of additional indebtedness would require that a portion of our cash flow from operations be used for the payment of interest and principal on our indebtedness, thereby reducing our ability to use cash flow from operations to fund working capital, capital expenditures and acquisitions. The actual amount and timing of our future capital expenditures may differ materially from our estimates as a result of various factors, including oil and natural gas prices; actual drilling results; the availability of drilling rigs and other services and equipment; and regulatory, technological and competitive developments. We may decrease our actual capital expenditures in response to lower commodity prices, which would negatively impact our ability to increase production.

If our revenues decrease as a result of lower oil and natural gas prices, operating difficulties, declines in reserves or for any other reason, we may have limited ability to obtain the capital necessary to sustain our operations at current levels. If additional capital is needed, we may not be able to obtain debt or equity financing on terms acceptable to us, if at all. If cash flow generated by our operations are not sufficient to meet our capital requirements, the failure to obtain additional financing could result in a curtailment of our operations relating to development of our properties. This, in turn, could lead to a decline in production, and could materially and adversely affect our business, financial condition and results of operations, and the market value of our series A shares or ADSs may decline.

Unless we replace our existing oil and gas reserves, the volume of our reserves will decrease over time.

The production of oil and gas deposits decreases as reserves drain with the range of decrease depending on the characteristics of the reserves and the available amount of reserves decreases as reserves are produced and consumed. The future level of oil and gas reserves, as well as the level of production, and therefore of our revenues and cash flows depend on our ability to develop current reserves, and to find or acquire recoverable reserves to be developed. We may not be able to identify commercially exploitable deposits, complete or produce more oil and gas reserves, and the wells we plan to drill may not result in the discovery or production of oil or natural gas. If we are unable to replenish production, the value of our reserves will decline and our financial condition, results of operations, cash flow and market value of our series A shares and ADSs could be negatively affected.

The oil and gas reserves that we estimate are based on assumptions that could be inaccurate.

The information as of December 31, 2019 regarding our proved reserves, included in this document as estimated quantities of proved reserves is derived from estimates as of December 31, 2019 included in the 2019 Reserves Reports prepared by D&M and NSI, third-party experts. Although they are classified as "proved reserves," the reserve estimates established in the 2019 Reserves Reports are based on certain assumptions that could be inaccurate. Assumptions used by D&M and NSI include oil and gas sale prices determined in accordance with the guidelines established by the SEC, as well as future expenditures and other economic assumptions (including interests, royalties and taxes) as provided by us, in each case as set forth in the 2019 Reserves Reports. For more information please refer to the 2019 Reserves Reports attached hereto as Exhibits 99.1 and 99.2.

The estimation process begins with an initial review of the assets by geophysicists, geologists and engineers. A reserve coordinator ensures the integrity and impartiality of the estimates through the supervision and support of the technical teams responsible for preparing the reserve estimates. We maintain an internal staff of petroleum engineers and geoscience professionals who work closely with our independent reserves engineers to ensure the integrity, accuracy and timeliness of data furnished to our independent reserves engineers in their estimation process and who have knowledge of the specific properties under evaluation. Our Chief Operating Officer is primarily responsible for overseeing the preparation of our reserves estimates and for the internal control over our reserves estimation. Reserve engineering is an objective process to estimate the accumulations in the subsurface but entails a certain degree of uncertainty. Estimates of reserves depend on the quality of the engineering and geology data at the date of estimation and the manner in which it is interpreted.

Many of the factors, assumptions and variables involved in estimating proved reserves are beyond our control and are subject to change over time. Consequently, measures of reserves are not precise and are subject to revision. Any downward revision in our estimated quantities of proved reserves could adversely impact our financial condition and results of operations, and ultimately have a material adverse effect on the market value of our series A shares or ADSs.

In addition, reserve engineering is a subjective process for estimating oil and gas accumulations that cannot be accurately measured, and the estimates of other engineers may differ materially. A number of assumptions and uncertainties are inherent in estimating the amounts that make up the proven reserves of oil and gas, including production forecasts, the time and amount of development expenditures, testing and production after the date of the estimates, the quality of available geological, technical and economic data and its interpretation and judgment, the production performance of reservoirs, developments such as acquisitions and dispositions, new discoveries and extensions of existing fields and the application of improved recovery techniques and the prices of oil and gas, many of which are beyond our control and are subject to change over time. Consequently, measures of reserves are not precise and are subject to revision. Also, the results of drilling, testing, and production after the estimate date may require revisions. The estimate of our oil and gas reserves would be affected if, for example, we were not able to sell the oil and natural gas that we produced. In addition, the estimation of "proved oil and natural gas reserves" based on Argentine Secretariat of Energy Resolution No. 324/2006 and Secretariat of Hydrocarbon Resources Resolution No. 69-E/2016 may differ from the standards required by SEC's regulations. See "Item 4—Information on the Company—History and Development of the Company—Industry and Regulatory Overview—Oil and Gas Regulatory Framework in Argentina—Reserves and Resources Certification in Argentina."

As a result, reserve estimates could be materially different from the amounts that are ultimately extracted, and if such amounts are significantly lower than the initial reserves estimates it could result in a material adverse effect on our financial performance, operating results and the market value of our series A shares and ADSs.

We may not be able to acquire, develop or exploit new reserves which could adversely affect our financial condition and our results of operations.

Our future success largely depends on our ability to produce oil and gas from existing reserves, to discover additional oil and gas reserves, and to economically exploit oil and gas from these reserves. Unless we are successful in our exploration of oil and gas reserves and their development or otherwise acquire additional reserves, our reserves would show a general decline in oil and gas as long as oil and gas production continue. The drilling activities are also subject to numerous risks and may involve unprofitable efforts, not only with respect to dry wells but also with respect to wells that are productive but do not produce enough net income to derive profit after covering drilling costs and other operating costs. The completion of a well does not assure a return on investment or recovery of the costs of excavation, completion and operating costs. Lower oil and natural gas prices could also affect our growth, including future and pending acquisitions.

There is no guarantee that our future exploration and development activities will be successful, or that we will be able to implement our capital investment program to acquire additional reserves or that we will be able to economically exploit these reserves. Such events would adversely affect our financial condition and results of operations and the market value of our series A shares and ADSs could decline.

The lack of availability of transport may limit our possibility of increasing hydrocarbon production and may adversely affect our financial condition and results of operations.

Our capacity to exploit our hydrocarbon reserves largely depends upon the availability of transport infrastructure on commercially acceptable terms to transport the produced hydrocarbons to the markets in which they are sold. Typically, oil is transported by pipelines and tankers to refineries, and gas is usually transported by pipeline to customers. The lack of storage infrastructure, or adequate or alternative charge, or available capacity on existing long-range hydrocarbons transportation systems may adversely affect our financial condition and results of operations.

Developments in the oil and gas industry and other factors may result in substantial write-downs of the carrying amount of certain of our assets, which could adversely affect our financial condition and results of operations.

We evaluate on an annual basis, or more frequently where the circumstances require, the carrying amount of our assets for possible impairment. Our impairment tests are performed by a comparison of the carrying amount of an individual asset or a cash-generating unit with its recoverable amount. Whenever the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, an impairment loss is recognized to reduce the carrying amount to the recoverable amount.

Changes in the economic, regulatory, business or political environment in Argentina, Mexico or other markets where we operate, such as the liberalization of fuel prices and the significant decline in international crude oil and gas prices in recent years, among other factors, may result in the recognition of impairment charges in certain of our assets.

Exploration and development drilling may not result in commercially productive reserves.

Drilling involves numerous risks, including the risk that no commercially productive oil or gas reservoirs will be encountered. The cost of drilling, completing and operating wells is often uncertain and drilling operations may be curtailed, delayed or canceled, or become costlier, as a result of a variety of factors, including:

- unexpected drilling conditions;
- unexpected pressure or irregularities in formations;
- equipment failures or accidents;
- construction delays;
- fracture stimulation accidents or failures;
- adverse weather conditions;
- restricted access to land for drilling or laying pipelines;
- title defects;
- lack of available gathering, transportation, processing, fractionation, storage, refining or export facilities;
- lack of available capacity on interconnecting transmission pipelines;
- access to, and the cost and availability of, the equipment, services, resources and personnel required to complete our drilling, completion and operating activities; and
- delays imposed by or resulting from compliance with environmental and other governmental or regulatory requirements.

Our future drilling activities may not be successful and, if unsuccessful, our proved reserves and production would decline, which could have an adverse effect on our future results of operations and financial condition. While all drilling, whether developmental, extension or exploratory, involves these risks, exploratory and extension drilling involves greater risks of dry holes or failure to find commercial quantities of hydrocarbons. We expect that we will continue to record exploration and abandonment expenses during 2020.

Our operations are substantially dependent upon the availability of water and our ability to dispose of produced water gathered from drilling and production activities. Restrictions on our ability to obtain water or dispose of produced water may have a material adverse effect on our financial condition, results of operations and cash flows.

Water is an essential component of both the drilling and hydraulic fracturing processes. Limitations or restrictions on our ability to secure sufficient amounts of water (including limitations resulting from natural causes such as drought), could materially and adversely impact our operations. Severe drought conditions can result in local water districts taking steps to restrict the use of water in their jurisdiction for drilling and hydraulic fracturing in order to protect the local water supply. If we are unable to obtain water to use in our operations from local sources, it may need to be obtained from new sources and transported to drilling sites, resulting in increased costs, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Our business plan includes future drilling activities to obtain unconventional oil and gas and if we are not able to acquire and correctly use the necessary new technologies, as well as obtaining financing and/or partners, our business may be affected.

Our ability to execute and carry out our plan depends on our ability to obtain financing at a reasonable cost and in reasonable conditions. We have identified drilling opportunities and prospects for future drilling related to unconventional oil and gas reserves, such as shale oil and gas in the Vaca Muerta play. These drilling locations and prospects represent the most important part of our drilling plans for the future. Our ability to drill and develop these locations depend of several factors, including seasonal conditions, regulatory approvals, negotiations of agreements with third parties, commodity prices, costs, availability of equipment, services and personnel, and drilling results. Further, our identified potential drilling locations are in various stages of evaluation, ranging from locations that are ready to drill to locations that will require substantial additional analysis. We cannot predict in advance of drilling and testing whether any particular drilling location will yield oil or natural gas in sufficient quantities to recover drilling or completion costs or to be economically viable. The use of technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in sufficient quantities to be economically viable. Even if sufficient amounts of oil or natural gas exist, we may damage the potentially productive hydrocarbon bearing formation or experience mechanical difficulties while drilling or completing the well, possibly resulting in a reduction in production from the well or abandonment of the well. If we drill additional wells that we identify as dry holes in our current and future drilling locations, our drilling success rate may decline and materially harm our business. Further, initial production rates reported by us or other operators may not be indicative of future or long-term production rates. In addition, the drilling and exploitation of such oil and gas reserves depends on our ability to acquire the necessary technology and hire personnel or other means of support for the extraction, and on obtaining financing and partners to develop such activities. Due to these uncertainties, we cannot provide any guarantee as to the sustainability of these drilling activities, that such drilling activities will eventually result in proved reserves, or that we will be able to meet our expectations of success, which could adversely affect our production levels, financial condition and results of operations.

Climate change legislation or regulations restricting emissions of greenhouse gases ("GHGs") and legal frameworks promoting an increase in the participation of energies from renewable sources could significantly impact our industry and result in increased operating costs and reduced demand for the oil and natural gas we produce.

In December 1993, Argentina approved the United Nations Framework Convention on Climate Change ("UNFCCC") by Federal Law No. 24,295. The UNFCCC, which entered into force on March 21, 1994, deals with the stabilization of the GHGs concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.

On February 16, 2005, the Kyoto Protocol to the UNFCCC ("Protocol") entered into force. This Protocol, which deals with the reduction of certain GHGs (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride) in the atmosphere, will be in force until 2020 as a consequence of the ratification of the Doha Amendment to the Protocol.

Argentina approved the Protocol by Federal Law No. 25,438 on June 20, 2001, and the Doha Amendment by Federal Law No. 27,137 on April 29, 2015.

The 2015 United Nations Climate Change Conference adopted by consensus the Paris Agreement. The agreement deals with GHG emission reduction measures, targets to limit global temperature increases and requires countries to review and “represent a progression” in their intended nationally determined contributions, which set emissions reduction goals at least. On October 5, 2016, the threshold for entry into force of the Paris Agreement was achieved. International treaties together with increased public awareness related to climate change may result in increased regulation to reduce or mitigate GHG emissions. Under Federal Law No. 27,270, dated September 1, 2016, Argentina approved the Paris Agreement.

Furthermore, Argentine Law No. 26,190, as amended and complemented by Law No. 27,191 and its implementing decrees, established a legal framework which promotes an increase in the participation of energies from renewable resources in Argentina’s electrical consumption. All electricity users must contribute to this goal.

Under Law No. 27,191, by December 31, 2017, 8% of the electric energy consumed must come from renewable sources, reaching 20% by December 31, 2025. It sets five stages to achieve the final goal: (i) 8% by December 31, 2017; (ii) 12% by December 31, 2019; (iii) 16% by December 31, 2021; (iv) 18% by December 31, 2023; and (v) 20% by December 31, 2025. It is within this framework that the Argentine government launched the RenovAr programs. As of December 31, 2017, 2018 and 2019, electric energy originated from renewable sources represented 2.1%, 4.6% and 8.2% of the total demand, respectively.

The effects upon the oil industry relating to climate change and the resulting regulations and regimes promoting alternative energy sources may also include declining demand for our products in the long-term. Any long-term material adverse effect on the oil industry could adversely affect the financial and operational aspects of our business, which we cannot predict with certainty as of the date of this annual report.

Compliance with legal and regulatory changes relating to climate change, including those resulting from the implementation of international treaties, may in the future increase our costs to operate and maintain our facilities, install new emission controls on our facilities and administer and manage any GHG emissions program. Revenue generation and strategic growth opportunities may also be adversely affected.

The effects upon the oil industry relating to climate change and the resulting regulations may also include declining demand for our products in the long-term. In addition, increased regulation of GHG may create greater incentives for the use of alternative energy sources. Any long-term material adverse effect on the oil industry could adversely affect the financial and operational aspects of our business, which we cannot predict with certainty as of the date of this annual report.

Climate change could impact our operating results and strategy.

Climate change poses new challenges and opportunities for our business. More stringent environmental regulations can result in the imposition of costs associated with GHG emissions, either through environmental agency requirements relating to mitigation initiatives or through other regulatory measures such as GHG emissions taxation and market creation of limitations on GHG emissions that have the potential to increase our operating costs.

The risks associated with climate change could also manifest in difficulties accessing capital due to public image issues with investors; changes in the consumer profile, with reduced consumption of fossil fuels; and energy transitions in the world economy, such as the increased use of electric powered vehicles. These factors could have a negative impact on the demand for our products and services and may jeopardize or even impair the implementation and operation of our business, adversely impacting our operating and financial results and limiting our growth opportunities.

Our operations may pose risks to the environment, and any change in the applicable environmental laws could give rise to an increase in our operating costs.

Some of our operations are subject to environmental risks which could materialize unexpectedly and could have a material adverse impact on our financial condition and results of operations. These include the risk of injury, death, environmental damages and remediation expenses, damages to our equipment, civil liability, and administrative action. There can be no assurance that future environmental issues will not result in cost increases which could lead to a material adverse effect on our financial condition and results of operations.

In addition, we are subject to extensive environmental regulation in Argentina and Mexico. Local authorities in the countries in which we operate could impose new environmental laws and regulations, which could require us to incur increased costs to comply with the new standards. The imposition of more stringent regulatory measures and permit requirements the countries in which we operate could give rise to a material increase in our operating costs.

We cannot predict the overall impact that the enactment of new environmental laws or regulations could have on our financial results, results of operations, and cash flows.

Likewise, activities related to oil and gas are subject to significant economic, environmental and operational risks, some of which are beyond our control, such as risks in terms of production, equipment, and transportation, as well as natural disasters and other uncertainties, including those related to the characteristics of land or marine gas deposits. Our operations may be delayed or canceled as a result of poor climate conditions, mechanical difficulties, delays or lack of supplies in the delivery of equipment, compliance with government regulations, fires, explosions, faults in oil pipelines, abnormal formations, and environmental risks, such as oil spills, gas leaks, ruptures, or release of toxic gases. If these risks materialize, we may suffer from reputational harm, substantial operational losses or disruptions to our operations. Drilling may not be profitable, not only for dry wells, but also for wells that are productive but do not produce enough net returns after drilling.

Adverse climate conditions may adversely affect our results of operations and our ability to conduct drilling operations.

Adverse climate conditions may lead to, among others, cost increases, drilling delays, power outages, production stoppages and difficulties in transporting the oil and gas produced by us. Any decrease in our oil and gas production could have a material adverse effect on our business, financial condition or results of operations.

Conservation measures and technological advances may lead to a decline in the demand for oil.

Fuel conservation measures, the demand for alternative fuels, and advances in fuel-saving and power generation technologies may lead to a decline in the demand for oil. Any change in the demand for oil could have a material adverse effect on our financial condition, results of operations, or cash flows.

Shortages and increases in the cost of drilling rigs and oil and gas-related equipment, supplies, personnel, and services may adversely affect our ability to execute our business and development plans.

The demand for drilling rigs, pipelines and other equipment and supplies, and for qualified personnel with experience with the drilling and completion of wells and in field operations, including geologists, geophysicists, engineers and other professionals, tends to fluctuate significantly, typically along with oil prices, giving rise to temporary shortages.

Our business operations rely heavily on our production facilities.

A material portion of our revenues depends on our principal on-site oil and gas production facilities. While we believe that we maintain adequate insurance coverage and appropriate security measures in respect of such facilities, any material damage to or accident or other disruption at such production facilities could have a material adverse effect on our production capacity, financial condition and results of operations.

Our operations are subject to social risks.

Our activities are subject to social risks, including potential protests of local communities in the places where we operate. Although we are committed to operating in a socially responsible manner, we may face opposition from local communities regarding current and future projects in the jurisdictions in which we operate and may operate in the future, which could adversely affect our business, the results of operations and our financial performance.

Our industry has become increasingly dependent on digital technologies to carry out daily operations.

As dependence on digital technologies has increased, cyber incidents, including deliberate attacks or unintentional events have also increased worldwide. The technologies, systems, and networks that we may implement in the future, and those of our service providers may be the object of cyberattacks or failures to the security of information systems, which could lead to interruptions in critical industrial systems, the unauthorized disclosure of confidential or protected information, data corruption, or other interruptions of our operations. In addition, certain cyber incidents, such as the advanced persistent threat, may not be detected for a prolonged period of time. We cannot assure that cyber incidents will not happen in the future and that our operations and/or our financial performance won't be affected.

Information security risks have generally increased in recent years as a result of the proliferation of new technologies and the increased sophistication and activities of cyber-attacks. We depend on digital technology, including information systems to process financial and operating data, analyze seismic and drilling information and oil and gas reserves estimates. We have increasingly connected equipment and systems to the Internet. Because of the critical nature of their infrastructure and the increased accessibility enabled through connection to the Internet, they may face a heightened risk of cyber-attack. In the event of such an attack, they could have our business operations disrupted, property damaged and customer information stolen, experience substantial loss of revenues, response costs and other financial loss; and be subject to increased litigation and damage to their reputation. A cyber-attack could adversely affect our business, results of operations and financial condition.

Our relationship with federal, provincial and state authorities is important to our business.

Due to the nature of our businesses, we have an extensive relationship with federal, provincial and state authorities in places where we conduct our businesses. Although we believe that we have good relationships with the relevant authorities, these relationships could be adversely affected in the future, which could negatively affect our business and our results of operations. For example, the relevant authorities could reject or delay our future term-extensions requests or seek to impose unexpected or disproportionately high upfront fees or significant additional obligations upon us when negotiating our concessions or permits renewals or otherwise. Additionally, our relationship with the new Mexican and Argentine administrations may not be the same as with the prior administrations.

Risks Related to our Company

Our limited operating history as a consolidated company and recent acquisitions may make it difficult for investors to evaluate our business, financial condition, results of operations and prospects.

Our limited operating history as a consolidated company and recent acquisitions may make it difficult for investors to evaluate our business, financial condition, results of operations and prospects. We had no substantial operations prior to the consummation of the Initial Business Combination, and experienced rapid and significant expansion thereafter. Because the historical financial information included elsewhere in this annual report may not be representative of our results as a consolidated company, investors may have limited financial information on which to evaluate us and their investment decision. In addition, our results of operations for the 2018 Successor Period are not directly comparable to our results of operations for the 2018 Predecessor Period and for the year ended December 31, 2017, due to the effects of the Initial Business Combination. Similarly, our results of operations for the year ended December 31, 2019 are not directly comparable to our results of operations for the year ended December 31, 2018, due to the effects of the Initial Business Combination. Any statistical or operating data included in this annual report, as it relates to the Predecessor Company prior to the consummation of the Initial Business Combination, is based on data provided to us by the APCO Entities, Pampa Energía and PELSA. We believe it is reliable, but it does not form part of our consolidated operating history. For further information, see "Item 5-Operating and Financial Review and Prospects-Operating results-Note Regarding Comparability of Our Results of Operations."

The historical financial information in this annual report may not be indicative of future results.

Our periodic operating results could fluctuate for many reasons, including many of the risks described in this section, which are beyond our control. Therefore, our past results of operations are not indicative of our future results of operations. Additionally, we believe that the experience of our Management Team constitutes a differentiated source of competitive strength for us. However, the experience of our Management Team in the past (whether in Vista or in other companies) may not be indicative of our future results of operations. For more information regarding our historical condensed consolidated financial information, see "Presentation of Information," "Item 3-Key Information-Consolidated Selected Financial Data" and the Audited Financial Statements and the Supplemental Financial Statements included elsewhere in this annual report.

The results of our planned development programs in new or emerging shale development areas and formations may be subject to more uncertainties than programs in more established areas and formations and may not meet our expectations for reserves or production.

The results of our horizontal drilling efforts in emerging areas and formations in Argentina such as in the Vaca Muerta formation in the Neuquina basin are generally more uncertain than drilling results in areas that are more developed and have more established production. Because emerging areas and associated target formations have limited or no production history, we are less able to rely on past drilling results in those areas as a basis to predict our future drilling results. In addition, horizontal wells drilled in shale formations, as distinguished from vertical wells, utilize multilateral wells and stacked laterals, which requirements could adversely impact our ability to maximize the efficiency of our horizontal wells related to reservoirs drainage over time. Further, access to adequate gathering systems or pipeline takeaway capacity and the availability of drilling rigs and other services may be more challenging in new or emerging areas. If our drilling results are less than anticipated or we are unable to execute our drilling program because of capital constraints, access to gathering systems and takeaway capacity or otherwise, and/or natural gas and oil prices decline, our investment in these areas may not be as economic as we anticipate, we could incur material write-downs of unevaluated properties and the value of our undeveloped acreage could decline in the future.

Part of our strategy involves using some of the latest available horizontal drilling and completion techniques, which involve risks and uncertainties in their application.

Our operations involve utilizing some of the latest drilling and completion techniques as developed by it and its service providers. Risks that we face while drilling horizontal wells include, but are not limited to, the following:

- landing the wellbore in the desired drilling zone;
- staying in the desired drilling zone while drilling horizontally through the formation;
- running casing the entire length of the wellbore; and
- being able to run tools and other equipment consistently through the horizontal wellbore.

Risks that we face while completing wells include, but are not limited to, the following:

- the ability to fracture-stimulate the planned number of stages;
- the ability to run tools the entire length of the wellbore during completion operations; and
- the ability to successfully clean out the wellbore after completion of the final fracture stimulation stage.

Our operations and drilling activity are concentrated in areas of high industrial activity such as the Neuquina basin in Argentina, which may affect our ability to obtain the personnel, equipment, services, resources and facilities access needed to complete our development activities as planned or result in increased costs; such concentration also makes us vulnerable to risks associated with operating in a limited geographic area.

As of December 31, 2019, most of our producing properties and total estimated proved reserves were geographically concentrated in the Neuquina basin, located in Argentina. A substantial portion of our operations and drilling activity are concentrated in areas in such basins where industry activity is high. As a result, demand for personnel, equipment, power, services and resources may increase in the future, as well as the costs for these items. Any delay or inability to secure the personnel, equipment, power, services and resources could result in oil, NGL and gas production being below our forecasted volumes. In addition, any such negative effect on production volumes, or significant increases in costs, could have a material adverse effect on our results of operations, cash flow and profitability.

As a result of this concentration, we may be disproportionately exposed to the impact of delays or interruptions of operations or production in this area caused by external factors such as governmental regulation, state politics, market limitations, water or sand shortages or extreme weather-related conditions.

We may be unable to successfully expand our operations.

We compete with the major independent and state-owned oil and gas companies engaged in the E&P sector, including state-owned E&P companies that possess substantially greater financial and other resources than we do for researching and developing E&P technologies and access to markets, equipment, labor and capital required to acquire, develop and operate our properties. We also compete for the acquisition of licenses and properties in the countries in which we operate.

The Argentine oil and gas industry is extremely competitive. When we bid for exploration or exploitation rights with respect to a hydrocarbon area, we face significant competition not only from private companies, but also from national or provincial public companies. In fact, the provinces of La Pampa, Neuquén and Chubut have formed companies to carry out oil and gas activities on behalf of their respective provincial governments. The state-owned energy companies Integración Energética Argentina S.A. ("IEASA," formerly known as Energía Argentina S.A. or "ENARSA"), YPF and other provincial companies (such as Gas y Petróleo del Neuquén S.A. ("G&P") and Empresa de Desarrollo Hidrocarburífero Provincial S.A. are also highly competitive in the Argentine oil and gas market. As a result, we cannot assure you that we will be able to acquire new exploratory acreage or oil and gas reserves in the future, which could negatively affect our financial condition and results of operations. There can be no assurance that the participation of IEASA or YPF (or any province-owned company) in the bidding processes for new oil and gas concessions will not influence market forces in such a manner that could have an adverse effect on our financial condition and results of operations.

Our competitors may be able to pay more for productive oil and natural gas properties and exploratory prospects and to evaluate, bid for and purchase a greater number of properties and prospects than our financial or personnel resources permit. Our competitors may also be able to offer better compensation packages to attract and retain qualified personnel than we are able to offer. In addition, there is substantial competition for capital available for investment in the oil and natural gas industry. As a result of each of the foregoing, we may not be able to compete successfully in the future in acquiring prospective reserves, developing reserves, marketing hydrocarbons, attracting and retaining quality personnel or raising additional capital, which could have a material adverse effect on our business, financial condition or results of operations. See "Item 4—Information on the Company—History and Development of the Company—Competition."

Although the Argentine Reorganization may qualify as part of a tax-free reorganization under Argentine law, we can provide no assurances as to the tax treatment of the Argentine Reorganization.

Although we expect that all requirements and conditions for the Argentine Reorganization to qualify as part of a tax-free reorganization will be met and satisfied, no assurances can be given that we will continue to meet such requirements and satisfy such conditions in the future or that the Argentine tax authority will not challenge the reorganization based on its possible interpretation that such requirements or conditions were not properly met or satisfied. If the Argentine Reorganization does not qualify as part of a tax-free reorganization, or the Argentine tax authority subsequently challenges the reorganization, we may be required to revise our tax return filings in order to reflect the fact that the proposed reorganization would not be tax-free, which may have an adverse impact on our results and financial condition.

We may fail to fully identify problems with any properties we acquire, and as such, assets we acquire may prove to be worth less than we paid because of uncertainties in evaluating recoverable reserves and potential liabilities.

We are actively seeking to acquire additional acreage in Argentina and Mexico and more broadly in Latin America. Successful acquisitions require an assessment of a number of factors, including estimates of recoverable reserves, exploration potential, future oil and natural gas prices, adequacy of title, operating and capital costs and potential environmental and other liabilities. Although we conduct a review of properties we acquire which we believe is consistent with industry practices, we can give no assurance that we have identified or will identify all existing or potential problems associated with such properties or that we will be able to mitigate any problems we do

identify. Such assessments are inexact, and their accuracy is inherently uncertain. In addition, our review may not permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. We do not inspect every well. Even when we inspect a well, we do not always discover structural, subsurface, title and environmental problems that may exist or arise. We are generally not entitled to contractual indemnification for preclosing liabilities, including environmental liabilities. We may acquire interests in properties on an "as is" basis with limited remedies for breaches of representations and warranties. As a result of these factors, we may not be able to acquire oil and natural gas properties that contain economically recoverable reserves or be able to complete such acquisitions on acceptable terms.

We may be unable to integrate successfully the operations of recent and future acquisitions with our operations, and we may not realize all the anticipated benefits of these acquisitions.

Our business has and may in the future include producing property acquisitions that include undeveloped acreage. We can offer no assurance that we will achieve the desired profitability from our recent acquisitions or from any acquisitions we may complete in the future. In addition, failure to assimilate recent and future acquisitions successfully could adversely affect our financial condition and results of operations. Our acquisitions may involve numerous risks, including:

- operating a larger combined organization and adding operations;
- difficulties in the assimilation of the assets and operations of the acquired business, especially if the assets acquired are in a new geographic area;
- risk that oil and natural gas reserves acquired may not be of the anticipated magnitude or may not be developed as anticipated;
- loss of significant key employees from the acquired business;
- inability to obtain satisfactory title to the assets, concessions, or participation interests we acquire;
- a decrease in our liquidity if we use a portion of our available cash to finance acquisitions;
- a significant increase in our interest expense or financial leverage if we incur additional debt to finance acquisitions;
- failure to realize expected profitability or growth;
- failure to realize expected synergies and cost savings;
- coordinating geographically disparate organizations, systems and facilities; and
- coordinating or consolidating corporate and administrative functions.

Further, unexpected costs and challenges may arise whenever businesses with different operations or management are combined, and we may experience unanticipated delays in realizing the benefits of an acquisition. If we complete any future acquisition, our capitalization and results of operation may change significantly, and you may not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in evaluating future acquisitions. The inability to effectively manage the integration of acquisitions could reduce our focus on subsequent acquisition and current operations, which in turn, could negatively impact our results of operations.

We may be unable to successfully enter new markets outside Argentina and Mexico.

Part of our growth strategy is to increase our revenue and the market countries in which we operate through the acquisition of complementary operations. There can be no assurance that suitable candidates for acquisitions can be identified or, if suitable candidates are identified, that acquisitions can be completed on acceptable terms, if at all.

Even if suitable candidates are identified, any future acquisitions may entail a number of risks that could adversely affect our business and the market price of our common stock and ADS, including the integration of the acquired operations, diversion of management's attention, risks of entering new market regions in which we have limited experience, adverse short-term effects on our reported operating results, the potential loss of key employees of acquired businesses and risks associated with unanticipated liabilities.

We may be subject to unknown or contingent liabilities related to our recent and future acquisitions.

From time to time we undertake evaluations of opportunities to acquire additional oil and gas assets and businesses. Any resultant acquisitions may be significant in size, may change the scale of our business, and may expose us to new geographic, political, operating financial and geological risks. Our success in these acquisition activities depends on our ability to identify suitable acquisition candidates, to acquire them on acceptable terms, and integrate their operations successfully with ours. Any acquisition would be accompanied by risks, such as a significant decline in oil or gas prices; the difficulty of assimilating the operation and personnel; the potential disruption of our ongoing business; the inability of management to maximize our financial and strategic position through the successful integration of acquired assets and businesses; the maintenance of uniform standards, control, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential unknown liabilities associated with acquired assets and business. In addition, we may need additional capital to finance an acquisition. Debt financing related to any acquisition will expose us to the risk of leverage, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that we would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

We are exposed to foreign exchange risks relating to our operations in Argentina and Mexico.

Our results of operations are subject to foreign exchange risks of the Argentine or Mexican Peso against the U.S. Dollar or other currencies could adversely affect our business and results of operations. Both the value of the Mexican Peso and the value of the Argentine Peso have experienced significant fluctuations in the past. The main effects of the depreciation of the Argentine or Mexican Peso against the U.S. Dollar would be on our expenses that are mainly related to imported goods and services, but given several accounting rules it may negatively affect (i) deferred taxes associated with our fixed assets, (ii) current income taxes and (iii) foreign exchange differences associated with our Argentine or Mexican Peso exposure.

We cannot predict whether and to what extent the value of the Argentine or Mexican Peso will depreciate or appreciate against the U.S. Dollar nor the extent to which any such change may affect our business.

In the event of an accident or other occurrence which is not covered by our insurance policies, we may suffer significant losses which may have a material adverse effect on our business and results of operations.

Even though we consider that we have insurance coverages consistent with international standards, there is no assurance concerning the availability or sufficiency of insurance coverage with respect to a particular loss or risk. In the event of an accident or other occurrence in our business which is not covered by insurance under our policies, we may suffer significant losses or be forced to provide compensation in a substantial amount from our own resources, which could have a material adverse effect on our financial condition.

We are not concessionaires or operating partners in all of our joint ventures and exploration agreements, and actions taken by the concessionaires and/or operators in these joint ventures and exploration agreements could have a material adverse effect on their success.

Both, we and our subsidiaries carry out hydrocarbon E&P activities through unincorporated joint ventures and exploration agreements entered into through agreements with third parties (joint operations for accounting purposes). In some cases, our joint venture or exploration partners, rather than us, hold the rights to the concession or the E&P license contracts. Pursuant to the terms and conditions of such agreements, one of the parties assumes the role of operator, and therefore assumes the responsibility of executing all activities pursuant to the agreement. However, in certain cases, neither we nor our subsidiaries may be able to assume the role of concessionaire and/or operator, and in such cases we would be subject to risks related to the performance of, and the measures taken by, the concessionaire and/or operator to carry out the activities. Such actions could adversely affect our financial condition and operating results. As of December 31, 2019, we were not the operator of Coirón Amargo Sur Oeste, Sur Río Deseado Este and Acambuco blocks in Argentina, and CS-01, TM-01 and A-10 blocks in Mexico.

We face risks relating to certain legal proceedings.

We may be parties to labor, commercial, civil, tax, criminal, environmental and administrative proceedings that, either alone or in combination with other proceedings, could, if resolved in whole or in part adversely to us, result in the imposition of material costs, fines, judgments or other losses. While we believe that we have provisioned such risks appropriately based on the opinions and advice of our external legal advisors and in accordance with applicable accounting rules, certain loss contingencies, particularly those relating to environmental matters, are subject to change as new information develops and it is possible that losses resulting from such risks, if proceedings are decided in whole or in part adversely to us, could significantly exceed any accruals we have provided.

As of December 31, 2019, we employed third-party employees under contract, mostly with large international service providers. Although we have policies regarding compliance with labor and social security obligations for our contractors, we can provide no assurance that the contractors' employees will not initiate legal actions against us seeking indemnification based upon a number of Argentine judicial labor court precedents that established that the ultimate beneficiary of employee services is joint and severally liable with the contractor, which is the employee's formal employer.

In addition, we may be subject to undisclosed liabilities related to labor, commercial, civil, tax, criminal, environmental or other contingencies incurred by businesses we acquired pursuant to the Initial Business Combination or acquire in the future as part of our growth strategy, that we were not or may not be able to identify or that may not be adequately indemnified under our acquisition agreements with the sellers of such businesses, in which case our reputation, business, financial condition and results of operation may be materially and adversely affected.

Our debt obligations include operating and financial restrictions, which may prevent us from pursuing certain business opportunities and taking certain actions.

As of the date of this annual report, the majority of our indebtedness relates to Vista Argentina's obligations under the Syndicated Loan, which obligations are guaranteed by us, Vista Holding I, APCO Argentina and Vista Holding II (together with certain other entities that become a guarantor under the Syndicated Loan from time to time, the "Guarantors"), and are denominated in U.S. Dollars. For a description of the Syndicated Loan, see "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Indebtedness." The Syndicated Loan contains a number of restrictive covenants that imposes on us, on the other Guarantors and on Vista Argentina significant operating and financial restrictions. These restrictions may limit our ability to engage in acts that may be in our long-term best interest. This credit facility includes covenants restricting, among other things, Vista Argentina's, the other Guarantors' and our ability to:

- create liens on assets to secure debt;
- dispose of assets;
- merge or consolidate with another person or sell or otherwise dispose of all or substantially all of its or our assets;
- change its or our existing line of business;
- declare or pay any dividends or return any capital, other than certain limited payments (in particular, during the eighteen month period (ending on January 19, 2020) following the date of the Syndicated Loan Agreement (as defined below), (i) Vista Holding I and certain of its subsidiaries are restricted in their ability to declare, pay or otherwise make any dividends to us and (ii) certain subsidiaries of Vista Holding I are restricted in their ability to declare, pay or otherwise make any dividends to any person other than Vista Holding I and certain subsidiaries of Vista Holding I);
- make certain investments in bonds and capital stock, among others;

- enter into transactions with affiliates;
- change our existing accounting practices (except if required or permitted by applicable law and accounting rules); and
- modify or terminate the organizational documents of Vista Argentina or any Guarantor.

In addition, as further described in Note 17.1 to the Audited Financial Statements, the Syndicated Loan includes some financial covenants by which we are required to maintain, on a consolidated basis, certain financial ratios within specified limits. These ratios include:

- consolidated total debt / consolidated EBITDA; and
- consolidated interest coverage ratio.

Moreover, our subsidiary Vista Holding I is required to maintain an adjusted consolidated net debt / adjusted consolidated EBITDA ratio.

These covenants could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may in our interest.

A breach of any covenant contained in the Syndicated Loan could result in a default under this agreement. If any such default occurs, the administrative agent or the required lenders could elect to declare the indebtedness, together with accrued interest and other fees, to be immediately due and payable. If the Syndicated Loan were to be accelerated, the assets of Vista Argentina and those of each of the Guarantors, including us, may not be sufficient to repay in full that debt, or any other debt that may become due as a result of that acceleration, and consequently, it could materially and adversely affect our business, financial condition, results of operations and prospects. See “Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Indebtedness” for more information.

We are subject to Mexican, Argentine and international anti-corruption, anti-bribery and anti-money laundering laws. Our failure to comply with these laws could result in penalties, which could harm our reputation and have an adverse effect on our reputation, business, financial condition and results of operations.

The United States Foreign Corrupt Practices Act of 1977, the United Kingdom Bribery Act 2010 (the “U.K. Bribery Act”), the Organization for Economic Co-Operation and Development Anti-Bribery Convention, the Mexican Administrative Responsibilities Law (*Ley General de Responsabilidades Administrativas*), the Mexican Anti-Money Laundering Law (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*), the Argentine Anti-Money Laundering Law (*Ley de Prevención del Lavado de Activos*), the Argentine Corporate Criminal Liability Law (*Ley de Responsabilidad Penal Empresaria*) and other applicable anti-corruption laws in other relevant jurisdictions prohibit companies and their intermediaries from offering or making improper payments (or giving anything of value) to government officials and/or persons in the private sector for the purpose of influencing them or obtaining or retaining business and require companies to keep accurate books and records and maintain appropriate internal controls. The U.K. Bribery Act also prohibits such payments or financial or other advantages being made, offered or promised to or from commercial parties and makes it a criminal offense for a commercial organization to fail to prevent bribery by an associated person (i.e., someone who provides services on behalf of the organization) intending to obtain or retain business or an advantage in the conduct of business on its behalf. In particular, the Argentine Corporate Criminal Liability Law provides for the criminal liability of corporate entities for criminal offences against public administration and transnational bribery committed by, among others, its attorneys-in-fact, directors, managers, employees, or representatives. In this sense, a company may be held liable and subject to fines and/or suspension of its activities if such offences were committed, directly or indirectly, in its name, behalf or interest, the company obtained or may have obtained a benefit therefrom, and the offence resulted from a company’s ineffective control. In addition, we are subject to economic sanctions regulations that restrict our dealings with certain sanctioned countries, individuals and entities.

It may be possible that, in the future, there may emerge in the press allegations of instances of misbehavior on the part of former agents, current or former employees or others acting on our behalf or on the part of public officials or other third parties doing or considering business with us. While we will endeavor to monitor such press reports and investigate matters which we believe warrant an investigation in keeping with the requirements of compliance programs, and, if necessary make disclosure and notify the relevant authorities, however, any adverse publicity which such allegations attract might have a negative impact on our reputation and lead to increased regulatory scrutiny of our business practices.

If we or individuals or entities that are or were related to us are found to be liable for violations of applicable anti-corruption laws or other similar laws (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we or other individuals or entities could suffer from civil and criminal penalties or other sanctions, which in turn could have a material adverse impact on our reputation, future business, financial condition and results of operations.

We rely on key third-party suppliers, vendors and service providers to provide us with parts, components, services and critical resources that we need to operate our business.

Companies operating in the energy industry, specifically the oil and gas sector, commonly rely upon various key third-party suppliers, vendors and service providers to provide them with parts, components, services and critical resources, needed to operate and expand their business. If these key suppliers, vendors and service providers fail to deliver, or are delayed in delivering, equipment, service or critical resources, we may not meet our operating targets in the expected time frame, which could have an adverse effect on our business, financial condition, results of operations, cash flows and/or prospects.

Our operations in the industry could be susceptible to the risks of performance, product quality and financial conditions of our key suppliers, vendors and service providers. For instance, their ability to adequately and timely provide us with parts, components, services and resources critical to our operations may be affected if they are facing financial constraints or times of general financial stress and economic downturn. There can be no assurance that we will not encounter supply disruptions in the future or that we will be able to timely replace such suppliers or service providers that are not able to meet our needs, which might adversely affect a successful execution of our operations, and consequently, our business, financial condition, results of operations, cash flows and/or prospects.

We employ a highly unionized workforce and could be subject to labor actions such as strikes, which could have a material adverse effect on our business.

The sectors in which we operate are highly unionized. We cannot assure that we or our subsidiaries will not experience labor disruptions or strikes in the future, which could result in a material adverse effect on our business and returns. We cannot assure that we will be able to negotiate new collective bargaining agreements in the same terms as those currently in force or that we will not be subject to strikes or labor interruptions before or during the negotiation process of said agreements. The collective bargaining agreement for the period April 2019 to March 2020 was signed on May 3, 2019. In the future, if we are unable to renegotiate the collective bargaining agreement in satisfactory terms or are subject to strikes or labor interruptions, our results of operations, financial condition and the market value of our shares could be materially affected.

Our performance is largely dependent on recruiting and retaining key personnel.

Our current and future performance and business operations depend on the contributions of our Management Team, our engineers, and other employees. We rely on our ability to attract, train, motivate, and retain qualified and experienced administrative staff and specialists. No assurance can be given that we will be able to attract and retain personnel for key positions, and replacing any of our key employees could prove difficult and time consuming. The loss of the services and experience of any of our key employees, or our inability to recruit a suitable replacement or additional staff, could have a material adverse effect on our operations, cash flows and/or expectations.

We may be adversely affected by changes in LIBOR reporting practices or the method in which LIBOR is determined, or by variations in interest rates.

As of the date of this annual report, our outstanding debt included loans indexed to the London Interbank Offered Rate ("LIBOR"). In an announcement on 27 July 2017, the U.K. Financial Conduct Authority (FCA), which is the competent authority for the regulation of benchmarks in the UK, advocated a transition away from reliance on

LIBOR to alternative reference rates and stated that it would no longer persuade or compel banks to submit rates for the calculation of the LIBOR rates after 2021 (the “FCA Announcement”). The FCA Announcement formed part of ongoing global efforts to reform LIBOR and other major interest rate benchmarks. At this time, the nature and overall timeframe of the transition away from LIBOR is uncertain and no consensus exists as to what rate or rates may become accepted alternatives to LIBOR. On 25 March 2020, the FCA stated that although the central assumption that firms cannot rely on LIBOR being published after the end of 2021 has not changed, there has been impact on the timing of some of the transition milestones due to the recent Covid-19 outbreak.

It is not possible to predict the further effect of the rules of the FCA, any changes in the methods by which LIBOR is determined, or any other reforms to LIBOR that may be enacted in the United Kingdom, the European Union or elsewhere. Any such developments may cause LIBOR to perform differently than in the past, or cease to exist. It is also not possible to predict whether the global Covid-19 crisis will have further effects on the LIBOR transition plans. In addition, any other legal or regulatory changes made by the FCA, ICE Benchmark Administration Limited, the European Money Markets Institute (formerly Euribor-EBF), the European Commission or any other successor governance or oversight body, or future changes adopted by such body, in the method by which LIBOR is determined or the transition from LIBOR to a successor benchmark may result in, among other things, a sudden or prolonged increase or decrease in LIBOR, a delay in the publication of LIBOR, and changes in the rules or methodologies in LIBOR, which may discourage market participants from continuing to administer or to participate in LIBOR’s determination, and, in certain situations, could result in LIBOR no longer being determined and published. If a published U.S. Dollar LIBOR rate is unavailable after 2021, the interest rates on our debt which is indexed to LIBOR will be determined using various alternative methods, any of which may result in interest obligations which are more than or do not otherwise correlate over time with the payments that would have been made on such debt if U.S. Dollar LIBOR was available in its current form. Further, the same costs and risks that may lead to the discontinuation or unavailability of U.S. Dollar LIBOR may make one or more of the alternative methods impossible or impracticable to determine. Any of these proposals or consequences could have a material adverse effect on our financing costs.

Additionally, we are exposed to the fluctuations of the variable interest rates applicable to our indebtedness. We may also incur additional variable-rate debt in the future. Increases in interest rates on variable-rate debt would increase our interest expense, which would negatively affect our financial costs.

Risks Related to the Argentine and Mexican Economies and Regulatory Environments

Our business is largely dependent upon economic conditions in Argentina.

Substantially all of our operations, properties and customers are located in Argentina, and, as a result, our business is largely dependent on economic conditions prevailing in Argentina. The changes in economic, political, and regulatory conditions in Argentina and measures taken by the Argentine government may have a significant impact on us. You should make your own assessment about Argentina and prevailing conditions in the country before making an investment decision.

The Argentine economy has experienced significant volatility in past decades, including numerous periods of low or negative growth and high and variable levels of inflation and currency devaluation. We cannot assure that the growth rate experienced over past years will be maintained in subsequent years or that the national economy will not suffer a recession. If economic conditions in Argentina were to deteriorate, if inflation were to accelerate further, or if the Argentine government’s measures to attract or retain foreign investment and international financing in the future are unsuccessful, such developments could adversely affect Argentina’s economic growth and in turn affect our financial health and results of operations.

Argentine economic conditions are dependent on a variety of factors, including (but not limited to) the following:

- international demand for Argentina’s principal exports;
- international prices for Argentina’s principal commodity exports;
- stability and competitiveness of the Argentine Peso with respect to foreign currencies;

- competitiveness and efficiency of domestic industries and services;
- levels of domestic consumption and foreign and domestic investment and financing; and
- the rate of inflation.

The Argentine economy is also particularly sensitive to local political developments. The election of a new federal government that took office on December 10, 2019 may cause significant political developments which may materially affect the environment in which we operate.

Additionally, Argentina's economy is also vulnerable to adverse developments affecting its principal trading partners. A continued deterioration of economic conditions in Brazil, Argentina's main trading partner, and a deterioration of the economies of Argentina's other major trading partners, such as China or the United States, could have a material adverse impact on Argentina's balance of trade and adversely affect Argentina's economic growth and may consequently adversely affect our financial health and results of operations. Furthermore, a significant devaluation of the currencies of our trading partners or trade competitors may adversely affect the competitiveness of Argentina and consequently adversely affect Argentina's economic and our financial health and results of operations.

Economic and political developments in Argentina may adversely and materially affect our business, results of operations and financial condition.

Presidential and federal congressional elections in Argentina were held in October 2019, where Alberto Fernandez of the *Frente de Todos coalition* was elected with approximately 48.24% of the votes. The new administration took office on December 10, 2019. The impact of the new administration on the future economic and political environment is uncertain, but likely to be material. On March 10, 2019 provincial Governor and Congressional elections took place in the Province of Neuquén where Governor Omar Gutierrez of local political party *Movimiento Popular Neuquino* was reelected with approximately 39.92% of the votes.

The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high levels of inflation and currency devaluation. As a consequence, our business and operations could in the future be, affected from time to time to varying degrees by economic and political developments and other material events affecting the Argentine economy, such as: inflation; price controls; foreign exchange controls; fluctuations in foreign currency exchange rates and interest rates; governmental policies regarding spending and investment, national, provincial or municipal tax increases and other initiatives increasing government involvement with economic activity; civil unrest and local security concerns. You should make your own investigation into Argentina's economy and its prevailing conditions before making an investment in us.

The Argentine economy remains vulnerable, as reflected by the following economic conditions:

- inflation remains high and may continue at similar levels in the future: according to a report published by Argentine National Institute of Statistics (*Instituto Nacional de Estadísticas y Censos*, or "INDEC"), cumulative consumer price index ("CPI") for the year 2019 was 53.8%, the highest rate since 1991;
- according to the revised calculation published by the INDEC on March 25, 2020, gross domestic product ("GDP") decreased by 2.2% in 2019 compared to 2018. For comparison purposes, it should be noted that GDP decreased by 2.5% in 2018, increased 2.9% in 2017 and decreased 2.3% in 2016. Argentina's previous GDP performance has depended to some extent on high commodity prices that, despite having a favorable long-term trend, are volatile in the short-term and beyond the control of the Argentine government and private sector;
- Argentina's public debt as a percentage of GDP remains high;
- the discretionary increase in public spending has resulted and continues to result in fiscal deficits;
- a significant number of protests or strikes could take place, as they did in the past, which could adversely affect various sectors of the Argentine economy, including the oil extraction industry;

- energy or natural gas supply may not be sufficient to supply industrial activity (thereby limiting industrial development) and consumption;
- unemployment and informal employment remain high: according to INDEC, unemployment rate was of 8.9% in the fourth quarter of 2019;
- in the climate created by the above-mentioned conditions, demand for foreign currency could grow, generating a capital flight effect as in recent years;
- on December 20, 2019, the Argentine Congress enacted the Solidarity Law (as defined below), declaring public emergency on the economic, financial, fiscal, administrative, social and energetic fronts, among others, thus delegating in the National Executive Branch the ability to ensure the sustainability of public indebtedness, regulate the energetic tariff restricting through an integral review of the current tariff regime and the intervention of supervisory entities, among others. The Solidarity Law established the restructuring of the energy tariff scheme and froze the natural gas and electricity tariffs. In addition, the Solidarity Law entitled the National Executive Branch to intervene the ENARGAS and the ENRE. This regulation may generate difficulties in the Argentine economy, and the compliance of its financial obligations, which might negatively affect our business, financial condition and results of operations; and
- on June 7, 2018, the Argentine government and the International Monetary Fund (the “IMF”) announced that a technical agreement on a US\$50 billion three-year stand-by agreement was reached (the “SBA”), subject to approval by the IMF’s Executive Board, which will consider Argentina’s economic plan. On June 20, 2018, the IMF’s Executive Board approved the aforementioned agreement. The SBA was intended to provide support to the Macri administration’s economic program, helping build confidence, reduce uncertainties and strengthen Argentina’s economic prospects. Overall, Argentina has received disbursements under the agreement for approximately US\$44 billion. The Fernández Administration that took office in December 2019 indicated its intention to pursue a sovereign debt restructuring designed to render Argentina’s debt sustainable. To that effect, legislation was enacted by Congress empowering the PEN to conduct such transactions. In addition, the Fernández administration also publicly announced that they will refrain from requesting additional disbursements under the SBA, and instead vowed to renegotiate its terms and conditions in good faith. On April 5, 2020, the Argentine government issued the Decree 346/2020, through which all principal and interest payments due on outstanding Argentine-law governed U.S. dollar-denominated treasury notes were deferred until December 31, 2020 or such earlier date as may be determined by the Argentine Ministry of Economy taking into account the status and outcome of the debt restructuring process announced by the Argentine government to restore the sustainability of public debt. The Argentine government’s decision excluded certain instruments from the deferral, such as (i) treasury notes issued to and held by the Argentine Central Bank, (ii) treasury notes issued pursuant to Decree No. 668/2019, (iii) the *Bonos Programa Gas Natural*, and (iv) the guarantee notes issued pursuant to Resolution No. 147/17, among others. On April 21, 2020, Argentina commenced an offer to exchange bonds issued under Argentina’s indentures dated as of June 2, 2005 and April 22, 2016 for certain new bonds to be issued under the April 22, 2016 indenture with the aim of achieving a sustainable debt profile for the country. Additionally, the exchange offer contemplates the use of collective action clauses included in such indentures, whereby the decision by certain majorities will be conclusive and binding on those bondholders that do not enter into the exchange offer. The exchange offer is scheduled to expire on May 8, 2020. The eligible bonds under the exchange offer include 21 global notes denominated in U.S. Dollars, Euros and Swiss-Francs for approximately US\$66.5 billion, most of which were issued in the last 4 years. The exchange offer, if successful, would result in (i) the extension of maturity dates, with a three year grace period on the payment of interests, and (ii) a reduction of principal and interest (of approximately 5.4% and 62% of the original amounts, respectively). As of the date of this annual report, the outcome of the exchange offer is still uncertain.

As in the recent past, Argentina’s economy may be adversely affected if political and social pressures inhibit the implementation of certain policies designed to control inflation, generate growth and enhance consumer and investor confidence, or if policies implemented by the Argentine government that are designed to achieve these goals are not successful. These events could materially adversely affect our financial condition and results of operations.

Any decline in economic growth, increased economic instability or an expansion of economic policies and measures taken by the Argentine government to control inflation or address other macroeconomic developments that affect private sector entities such as us, all developments over which we have no control, could have an adverse effect on our business, financial condition or results of operations.

In the event of any economic, social or political crisis, the Argentine government's ability to obtain additional international or multilateral private financing or direct foreign investment may also be limited, which may in turn impair its ability to implement reforms and public policies to foster economic growth, as well as impair its ability to service its outstanding debt obligations, all of which could have an adverse effect on our business, financial condition or results of operations. In such scenario, companies operating in Argentina may also face the risk of strikes, expropriation, nationalization, forced modification of existing contracts, and changes in taxation policies including tax increases and retroactive tax claims. In addition, Argentine courts have issued rulings changing the existing case law on labor matters and requiring companies to assume greater responsibility for, and assumption of costs and risks associated with, sub-contracted labor and the calculation of salaries, severance payments and social security contributions. Since we operate in a context in which the governing law and applicable regulations change frequently, it is difficult to predict if and how our activities will be affected by such changes.

Our operations are subject to extensive and changing regulation in the countries in which we operate.

The oil and gas industry is subject to extensive regulation and control by governments in which companies like ours conduct operations, including laws, regulations and rules enacted by federal, state, provincial and local governments. These regulations relate to the award of exploration and development areas, production and export controls, investment requirements, taxation, price controls and environmental aspects, among others. As a result, our business is to a large extent dependent upon regulatory and political conditions prevailing in the countries in which we operate, as described below, and our results of operations may be materially and adversely affected by regulatory and political changes in these countries.

We cannot assure you that changes in applicable laws and regulations, or adverse judicial or administrative interpretations of such laws and regulations, will not adversely affect our results of operations. Similarly, we cannot assure you that future government policies will not adversely affect the oil and gas industry.

We also cannot provide assurances that concessions will be extended in the future as a result of the review by the controlling entities regarding the investment plans presented for analysis or that additional requirements to obtain extensions of permits and concessions will not be imposed.

Furthermore, there can be no assurance that regulations or taxes (including royalties) enacted by the provinces or states in which we operate will not conflict with federal law and regulations, and that such taxes or regulations will not adversely affect our results of operations or financial condition.

Argentina

The Argentine hydrocarbons industry is extensively regulated by federal, provincial, and municipal regulations in matters including the award of exploration permits and exploitation concessions, investment, royalty, price controls, export restrictions and domestic market supply obligations. The Argentine government is further empowered to design and implement federal energy policy, and has used these powers before to establish export restrictions on the free disposition of hydrocarbons and export proceeds and to impose duties on exports, to induce private companies to enter into pricing agreements with the government or, more recently, to impose price agreements among producers and refiners or create fiscal incentive programs to promote increased production. Additionally, given that it cannot be guaranteed that regulations or taxes sanctioned or administered by the provinces will not conflict with national laws, jurisdictional controversies among the federal government and the provinces are not uncommon.

For example, the Solidarity Law sets forth that the Argentine Executive Branch is entitled to set export duties up to a maximum of 33% of the exported goods until December 31, 2021. The Solidarity Law also established a cap of 8% for the export duties for hydrocarbons and mining products. As of the date of this annual report, the Argentine government has not yet issued regulations to reduce duties for hydrocarbons and mining products from the current 12% to 8% or less, as established by the Solidarity Law.

Any such controversies, limitations or export restrictions or any other measures imposed by Argentine authorities could have a material adverse effect on our future business, financial condition, results of operations, cash flows and/or prospects and as a consequence, the market value of our series A shares or ADSs may decline.

Mexico

Mexico has developed a new legal framework for the regulation of the energy sector based on a number of constitutional amendments approved by the Mexican Congress in December 2013 and implementing legislation enacted in 2014, including the amendment of certain existing laws in August 2014 and the issuance of new regulations in October 2014. Given the recent creation of this legal framework and the lack of judicial precedents, it is uncertain how it could be interpreted by a court or governmental authority in practice. We therefore cannot predict the manner in which this new legal framework will affect our ability to complete additional acquisitions in Mexico and/or our future business, financial condition, results of operations, cash flows and/or prospects. For example, since the publication of the constitutional amendments relating to the Mexican energy sector in December 2013, a number of Mexican authorities and government-related entities have enacted more than 100 laws, regulations, resolutions, rules, notices and other provisions relating to hydrocarbons, the vast majority of which are intended to regulate the activities of participants in the Mexican energy sector. Additionally, a new president was elected in Mexico, taking office on December 1, 2018. As of the date of this annual report, the new president's political party holds an absolute majority in the Chamber of Deputies and in the Mexican senate. We cannot provide any assurances that the Mexican government will construe or enforce these new laws, rules and regulations in the same manner than the former administration and legislative power or that there will not be any material change to the oil and gas legal framework, which could adversely affect our business and prospects in Mexico.

The Mexican Federal Economic Competition Commission ("COFECE") is the antitrust authority in Mexico with jurisdiction over a number of sectors of the Mexican economy, including the oil and gas sector, and as such, has jurisdiction over the activities conducted by Vista.

The Mexican government has granted COFECE broad powers to investigate and prosecute absolute monopolistic practices (cartel activity), relative monopolistic practices (abuse of dominance) and illegal concentrations, as well as to prevent concentrations which could have anticompetitive effects. Additionally, COFECE can determine the existence of essential facilities and regulate their access and identify barriers to entry and issue recommendations to federal, local and municipal authorities to eliminate such barriers and encourage competition. Therefore, many of our activities may be reviewed by COFECE and, in the particular case of equity transactions involving certain monetary and ownership thresholds, we may be required to notify COFECE of our intent to enter into such transactions and the consummation of such transactions may be subject to COFECE's authorization in accordance with applicable Mexican laws. As a result, the closing of pending or future acquisitions of assets or common shares in the Mexican market may be subject to the satisfaction or waiver of customary closing conditions, including, among others, the authorization of COFECE. Completion of such transactions is not assured, and they will be subject to risks and uncertainties, including the risk that the necessary regulatory approvals are not obtained or that other closing conditions are not satisfied. If such transactions are not completed, or if they are otherwise subject to significant delays, it could negatively affect the trading prices of our common shares and our future business and financial results.

Further, COFECE might decide to impose penalties or establish conditions on our business if we are unable to request or receive, or are delayed in requesting or receiving, the aforesaid authorizations and, if these were to materialize, such claims could have a material adverse effect on our results and financial condition. Similarly, it cannot be guaranteed that the authorizations that have not been obtained can be obtained or can be obtained without conditions. Failure to obtain those authorizations, or the conditions to which they may be subject, could have a material adverse effect on our results and financial condition.

Certain risks are inherent in any investment in a company operating in an emerging market such as Argentina and Mexico.

Argentina and Mexico are emerging market economies and investing in emerging markets generally carries risks. These risks include political, social and economic instability that may affect Argentina's and Mexico's economic results which can stem from many factors, including the following:

- high interest rates;
- abrupt changes in currency values;
- high levels of inflation;
- exchange controls;
- wage and price controls;
- regulations to import equipment and other necessities relevant for operations;
- changes in governmental economic, administrative or tax policies;
- political and social tensions.
- the impact of hostilities or political problems in other countries could affect international trade, the price of commodities and the global economy; and
- ability to obtain financing from international markets.

Any of these factors, as well as volatility in the capital markets, may adversely affect our business, results of operations, financial condition, the value of our series A shares and ADSs, and our ability to meet our financial obligations.

We are or could be subject to direct and indirect restrictions on imports and exports under Argentine law.

The Hydrocarbons Law allows hydrocarbons exports, as long as such volumes are not required for the Argentine domestic market and as long as these are sold at reasonable prices. In the case of natural gas, Argentine Law No. 24.076 and the related regulations require that all domestic market needs be considered when authorizing long-term exports of natural gas. In this sense, the SdE may authorize export operations of natural gas surplus provided they are subject to interruption upon local supply shortages.

In recent years, Argentine authorities have adopted certain measures which resulted in restrictions on the exports of natural gas from Argentina. Because of these restrictions, oil and gas companies have been forced to sell part of their natural gas production in the local market that was originally intended for the export market and have been unable in certain cases to comply wholly or partially with their export commitments.

Crude oil and oil by-products exports operations currently require prior registration with the Registry of Export Operations Agreements (*Registro de Contratos de Operaciones de Exportación*) and authorization by the Argentine Secretariat of Energy (pursuant to the regime established under Resolution S.E. No. 241-E/2017 and its further amendments and supplements). Oil companies and oil refineries that intend to export crude oil, liquid petroleum gas or diesel, among others, must first demonstrate, prior to obtaining authorization, that the offer to sell that product has already been made to, and rejected by, local buyers.

On March 21, 2017, through Decree No. 192/2017, as amended by Decree No. 962/2017, the SdE created a temporary Registry for Import Operations of Crude Oil and By-Products. Through this regulation, any company that wished to carry out import operations had the obligation to register the operation in this Registry and obtain the authorization from the SdE before the import takes place. The abovementioned Registry and the obligation to register and obtain authorization for import operations of crude oil and specific by-products was in force until December 31, 2017.

The Solidarity Law sets forth that the Argentine Executive Branch is entitled to set export duties up to a maximum of 33% of the exported goods until December 31, 2021. The Solidarity Law also established a cap of 8% for the export duties for hydrocarbons and mining products. As of the date of this annual report, the Argentine government has not yet issued regulations to reduce duties for hydrocarbons and mining products from the current 12% to 8% or less, as established by the Solidarity Law.

Additionally, in accordance with Communication "A" 6844 of the BCRA (as amended and supplemented), exporters must repatriate and settle in Argentine pesos in the local exchange market, the proceeds of their exports of goods cleared through customs as from September 2, 2019. In the case of hydrocarbon exports, the applicable term is the earlier of 30 days from customs clearance or 5 business days from payment.

We cannot predict for how long these restrictions on exports will remain in force, or whether future measures will be taken that adversely affect our ability to export and import gas, crude oil, or other products and, consequently, affect our financial condition, results of operations, and cash flows.

Current Argentine exchange controls and the implementation of further exchange controls could adversely affect our results of operations.

As of September 2019, with the purpose of strengthening the normal functioning of the economy, fostering a prudent administration of the exchange market, reducing the volatility of financial variables and containing the impact of the variations of financial flows on the real economy, the Argentine government has reinstated foreign exchange restrictions. The new controls apply with respect to access to the foreign exchange market by residents for savings and investment purposes abroad, the payment of external financial debts, the payment of dividends in foreign currency abroad, payments of imports of goods and services, and the obligation to repatriate and settle for pesos the proceeds from exports of goods and services, among others.

As mentioned above, in accordance with Communication "A" 6844 (as amended and supplemented), exporters must repatriate, and settle in pesos in the local exchange market, the proceeds of their exports of goods cleared through customs as from September 2, 2019.

Amounts collected in foreign currency for insurance claims related to the exported goods must also be repatriated and settled in pesos through the local exchange market, up to the amount of the insured exported goods.

Moreover, through Communication "A" 6844 (as amended and supplemented), the BCRA reinstated the export proceeds monitoring system, setting forth rules governing such monitoring process and exceptions thereof. Exporters will need to appoint a financial entity in charge of monitoring compliance with the aforementioned obligations.

Decree No. 661/2019 clarified that the collection of the export benefits set forth under the Argentine Customs Code shall be subject to the exporter complying with the repatriation and settlement obligations imposed by the new foreign exchange regulations.

Also, the foreign exchange regulations authorize the application of export proceeds to the repayment of: (i) pre-export financings and export financings granted or guaranteed by local financial entities; (ii) foreign pre-export financings and export advances settled through the local exchange market as from September 2, 2019; (iii) disbursed but not settled export advances and pre export financings executed prior to August 31, 2019, subject to the compliance with certain conditions; (iv) export post-financings for discounts and/or assignments by external or local financial entities; (v) financings granted by local financial entities to foreign importers; and (vi) financial indebtedness under contracts executed prior to August 31, 2019 providing for cancellation thereof through the application abroad of export proceeds. The application of export proceeds to the repayment of other indebtedness shall be subject to BCRA approval.

Finally, access to the foreign exchange market for the payment of dividends to its non-resident shareholders in foreign currency abroad is subject to prior BCRA approval, except if new capital contributions settled against Argentine pesos are made in Argentina, in which case local companies can access the foreign exchange market to pay such dividends to the extent: (i) the dividend results from closed and audited financial statements, (ii) the dividend does not exceed 30% of the new capital contributions made directly in Argentine companies by non-residents, (iii) such new capital contributions have been duly settled through the foreign exchange market after January 17, 2020, and (iv) access to the foreign exchange market for such purpose is carried out at least 30 days after the settlement of the last capital contribution made by the non-resident shareholder.

It is not possible to anticipate for how long these measures will be in force or even if additional restrictions will be imposed. The Argentine government could maintain or impose new exchange control regulations, restrictions and take other measures in response to capital flight or a significant depreciation of the peso, which could limit access to the international capital markets. Such measures could undermine the Argentine government's public finances, which could adversely affect Argentina's economy, which, in turn, could adversely affect our business, results of operations and financial condition.

We cannot assure you that the Mexican government would not impose exchange controls or other confiscatory measures.

The imposition of export duties and other taxes have adversely affected the oil and gas industry in Argentina and could adversely affect our results in the future.

In the past, the Argentine government imposed duties on exports, including exports of oil and liquid petroleum gas products. On December 31, 2017 the Economic Emergency Law (*Ley de Emergencia Económica*) expired, resulting in the elimination of discretionary ruling previously granted to the Argentine government, which were delegated and allowed it to enact foreign exchange regulations, the withholding percentage for hydrocarbon exports, and tariffs, as well as to renegotiate public services agreements, among others. On September 4, 2018, pursuant to Decree No. 793/2018, the Argentine government reestablished, until December 31, 2020, an export tax of 12% on commodities with a cap of Ps.4 for each U.S. Dollar for primary commodities with some exceptions. The Solidarity Law sets forth that the Argentine Executive Branch is entitled to set export duties up to a maximum of 33% of the exported goods until December 31, 2021. The Solidarity Law also established a cap of 8% for the export duties for hydrocarbons and mining products. As of the date of this annual report, the Argentine government has not yet issued regulations to reduce duties for hydrocarbons and mining products from the current 12% to 8% or less, as established by the Solidarity Law.

The Hydrocarbons Law empowers the National Executive Power to establish a national policy for the development of Argentina's hydrocarbon reserves, with the principal purpose of satisfying domestic demand. The final purchaser of crude oil at the domestic market may be a refinery, a large producer, or a fuel marketer.

Additionally, recently the Argentine government has announced that it will present a bill before the Argentine Congress, which would seek to establish a promotional regime for the oil industry, which would not only have effects on Vaca Muerta, but would extend along the Neuquina basin. The impact that any change, of this nature, may have on our financial results, results of operations, and cash flows cannot be predicted.

Export duties and taxes may have a material adverse effect on Argentina's oil and gas industry and our results of operations. We produce exportable goods and, therefore, an increase in export taxes is likely to result in a decrease in our products' price, and, therefore, may result in a decrease of our sales. We cannot guarantee the impact of those or any other future measures that might be adopted by the Argentine government on demand and prices for hydrocarbon products and, consequently, our financial condition and result of operations.

The impact of inflation in Argentina on our costs could have a material adverse effect on our results of operations.

Historically, inflation has materially undermined the Argentine economy and the Argentine government's ability to create conditions that permit growth. In recent years, Argentina has experienced high inflation rates.

The consumers price index published by the INDEC (the *Índice de Precios al Consumidor*, or "IPC") for the year 2017 registered an increase of 24.8% on a year-over-year comparison. For the period from January to December 2018, the IPC totaled 47.6% compared to the same period in 2017. The IPC variation for the period from January to December 2019 totaled 53.8%, the highest rate since 1991. Moreover, INDEC reported that the 2020 monthly IPC increased by 2.3% in January compared to December 2019 and 2.0% in February compared to January 2020.

The Argentine government continued implementing measures to monitor and control prices for the most relevant goods and services. Despite such measures, the Argentine economy continues to experience high levels of inflation. If the value of the Argentine Peso cannot be stabilized through fiscal and monetary policies, an increase in inflation rates could be expected.

High inflation rates affect Argentina's foreign competitiveness, social and economic inequality, negatively impact employment, consumption and the level of economic activity and undermines confidence in Argentina's banking system, which could further limit the availability of and access to domestic and international credit by local companies and political stability.

Inflation remains a challenge for Argentina given its persistent nature. Argentina's structural inflationary imbalances remain critical, which may cause the current levels of inflation to continue and have an adverse effect on Argentina's economy and financial condition. Inflation can also lead to an increase in Argentina's debt. Inflation in Argentina has contributed to a material increase in our operating costs, particularly labor costs, and has negatively impacted our results of operations, financial position and business.

Inflation rates could escalate in the future, and there is uncertainty regarding the effects that the measures adopted, or that may be adopted in the future, by the Argentine government to control inflation may have. See "Item 3—Key Information—Risk Factors—Risks Related to our Business and Industry—Government intervention may adversely affect the Argentine economy and, as a result, our business and results of operations in Argentina" below. Increased inflation could adversely affect the Argentine economy and, in turn, could adversely affect our business, financial condition and the market price of our series A shares and the ADSs.

Argentina's ability to obtain financing from international markets is limited, which could affect its capacity to implement reforms and sustain economic growth.

After Argentina's default on certain debt payments in 2001, the government successfully restructured 92% of the debt through two debt exchange offers in 2005 and 2010. Nevertheless, holdout creditors filed numerous lawsuits against Argentina in several jurisdictions, including the United States, Italy, Germany and Japan, asserting that Argentina failed to make timely payments of interest and/or principal on their bonds, and seeking judgments for the face value of and/or accrued interest on those bonds. Judgments were issued in numerous proceedings in the United States, Germany and Japan. Although creditors with favorable judgments did not succeed, with a few minor exceptions, in enforcing on those judgments, as a result of decisions adopted by the New York courts in support of those creditors in 2014, Argentina was enjoined from making payments on its bonds issued in the 2005 and 2010 exchange offers unless it satisfied amounts due to the holders of defaulted bonds. The Argentine government took a number of steps intended to continue servicing the bonds issued in the 2005 and 2010 exchange offers, which had limited success. Holdout creditors continued to litigate and succeeded in preventing the Argentine government from regaining market access.

Between February and April 2016, the Argentine government entered into agreements in principle with certain holders of defaulted debt and put forward a proposal to other holders of defaulted debt, including those with pending claims in U.S. courts, which resulted in the settlement of substantially all remaining disputes and closure to 15 years of litigation. On April 22, 2016, Argentina issued bonds for US\$16.5 billion, and applied US\$9.3 billion of the proceeds to satisfy payments under the settlement agreements reached with holders of defaulted debt. Since then, substantially all of the remaining claims under defaulted bonds have been settled.

As of the date of this Annual Report, although litigation initiated by bondholders that have not accepted Argentina's settlement offer continues in several jurisdictions, the size of the claims involved has decreased significantly.

In addition, since 2001 foreign shareholders of some Argentine companies initiated claims for substantial amounts before the International Centre for Settlement of Investment Disputes ("ICSID") against Argentina, pursuant to the arbitration rules of the United Nations Commission on International Trade Law. Claimants allege that certain measures of the Argentine government issued during the economic crisis of 2001 and 2002 were inconsistent with the norms or standards set forth in several bilateral investment treaties by which Argentina was bound at the time. To date, several of these disputes have been settled, and a significant number of cases are in process or have been temporarily suspended by the agreement of the parties.

Between 2016 and early 2018, Argentina regained access to the market and incurred additional debt. However, as a result of various external and domestic factors, during the first half of 2018, access to the market became increasingly onerous. On May 8, 2018, the Macri administration announced that the Argentine government would initiate negotiations with the IMF with a view to entering into a stand-by credit facility that would give Argentina access to financing by the IMF. On June 7, 2018, the Argentine government and the IMF staff reached an understanding on the terms of the SBA for disbursements totaling approximately US\$50 billion, which was approved by the IMF's Executive Board on June 20, 2018. The SBA was intended to provide support to the Macri administration's economic program, helping build confidence, reduce uncertainties and strengthen Argentina's economic prospects. On June 22, 2018 the Argentine government made a first drawing of approximately US\$15 billion under the SBA. Argentina has received disbursements under the SBA for US\$44 billion. Notwithstanding the foregoing, the current administration has publicly announced that they will refrain from requesting additional disbursements under the agreement, and instead vowed to renegotiate its terms and conditions in good faith.

Following the execution of the SBA, in August 2018, Argentina faced an unexpected bout of volatility affecting emerging markets generally. In September 2018, the Macri administration discussed with the IMF staff further measures of support in the face of renewed financial volatility and a challenging economic environment. On October 26, 2018, in light of the adjustments to fiscal and monetary policies announced by the Argentine government and the BCRA, the IMF's Executive Board allowed the Argentine government to draw the equivalent of US\$5.7 billion, bringing total disbursements since June 2018 to approximately US\$20.6 billion, approved an augmentation of the SBA increasing total assets to approximately US\$57.1 billion for the duration of the program through 2021 and the front loading of the disbursements. Under the revised SBA, IMF resources for Argentina in 2018-19 increased by US\$18.9 billion. IMF disbursements for the remainder of 2018 more than doubled compared to the original IMF-supported program, to a total of US\$13.4 billion (in addition to the US\$15 billion disbursed in June 2018). Disbursements in 2019 were also nearly doubled, to US\$22.8 billion, with US\$5.9 billion planned for 2020-21.

On August 28, 2019, the Macri administration issued a decree deferring the scheduled payment date for 85% of the amounts due on short-term notes maturing in the fourth quarter of 2019, governed by Argentine law and held by institutional investors. Of the deferred amounts, 30% would be repaid 90 days after the original payment date and the remaining 70% would be repaid 180 days after the original payment date, except for payments under Lecaps due 2020 held domestically, which would be repaid entirely 90 days after the original payment date. Amounts due on short-term notes held by individual investors would be paid as originally scheduled.

Moreover, in December 2019, the Fernández administration further extended by decree payments of a series of short term Argentine-law governed treasury notes denominated in U.S. dollars held by institutional investors through August 2020. Additionally, on February 11, 2020, the Argentine government decreed the extension of maturity to September 30, 2020 of a dollar-linked treasury note governed by Argentine law, which had been originally subscribed to a large extent with U.S. dollar remittances, to avoid a payment with Argentine pesos that would have required significant sterilization efforts by the monetary authority. On April 5, 2020, the Argentine government deferred all principal and interest payments due on outstanding Argentine-law governed U.S. dollar-denominated treasury notes until December 31, 2020 or such earlier date as may be determined by the Argentine Ministry of Economy taking into account the status and outcome of the debt restructuring process announced by the Argentine government to restore the sustainability of public debt. The Argentine government's decision excluded certain instruments from the deferral, such as (i) treasury notes issued to and held by the Argentine Central Bank, (ii) treasury notes issued pursuant to Decree No. 668/2019, (iii) the *Bonos Programa Gas Natural*, and (iv) the guarantee notes issued pursuant to Resolution No. 147/17, among others.

In February 2020, the Argentine Congress enacted a law enabling the government to take all necessary steps toward rendering the Argentine sovereign debt governed by foreign law sustainable. According to a timetable published by the Argentine government, a restructuring offer to private creditors would be launched during the second week of March 2020, which would expire by the end of March 2020. Due to the coronavirus crisis, this timetable was delayed. On April 21, 2020, Argentina commenced an offer to exchange bonds issued under Argentina's indentures dated as of June 2, 2005 and April 22, 2016 for certain new bonds to be issued under the April 22, 2016 indenture with the aim of achieving a sustainable debt profile for the country. Additionally, the

exchange offer contemplates the use of collective action clauses included in such indentures, whereby the decision by certain majorities will be conclusive and binding on those bondholders that do not enter into the exchange offer. The exchange offer is scheduled to expire on May 8, 2020. The eligible bonds under the exchange offer include 21 global notes denominated in U.S. Dollars, Euros and Swiss-Francs for approximately US\$66.5 billion, most of which were issued in the last 4 years. The exchange offer, if successful, would result in (i) the extension of maturity dates, with a three year grace period on the payment of interests, and (ii) a reduction of principal and interest (of approximately 5.4% and 62% of the original amounts, respectively). As of the date of this annual report, the outcome of the exchange offer is still uncertain.

Without renewed access to the financial market the Argentine government may not have the financial resources to implement reforms and boost growth, which could have a significant adverse effect on the country's economy and, consequently, on our activities. Likewise, Argentina's inability to obtain credit in international markets could have a direct impact on our ability to access those markets to finance our operations and our growth, including the financing of capital investments, which would negatively affect our financial condition, results of operations and cash flows. In addition, we cannot predict the outcome of any future restructuring of Argentine sovereign debt. We have investments in Argentine sovereign bonds amounting to US\$5.3 million as of December 31, 2019. Any new event of default by the Argentine government could negatively affect their valuation and repayment terms, as well as have a material adverse effect on the Argentine economy and, consequently, our business and results of operations.

Significant fluctuations in the value of the Argentine Peso could adversely affect the Argentine economy and our business and results of operations in Argentina.

Fluctuations in the value of the Argentine Peso may adversely affect the Argentine economy, our financial condition and results of operations. While most of our revenues are denominated in U.S. Dollars, upstream players could be limited by the ability of refiners to push cost increases to the pump prices, which are denominated in local currency. This can generate risk to our revenue stream in volatile macroeconomic environments. We are therefore exposed to the risks associated with the fluctuation of the Argentine Peso relative to the U.S. Dollar.

The devaluation of the Peso can have a negative impact on the ability of certain Argentine companies to pay their debts in foreign currency, and generate inflation, substantially reduce wages in real terms and jeopardize the stability of businesses. Compounded by the effects of foreign exchange controls and restrictions on foreign trade, highly distorted relative prices resulted in the loss of competitiveness of Argentine production, impeded investment and caused economic stagnation. In 2017, 2018 and 2019, the Argentine Peso depreciated 18.4%, 101.4% and 58.4%, respectively, with respect to the U.S. Dollar. On March 31, 2020, the exchange rate was AR\$64.47 for each US\$ 1.00, as published by the BCRA.

During August 2019, the peso lost almost 30% of its value against U.S. Dollar and the share price of Argentine listed companies collapsed almost 42% (according to the S&P Merval index). The "Country Risk" peaked to one of the highest levels in Argentine history, placing itself above 2,000 points on August 28, 2019. As of March 19, 2020, the Country Risk was 4,050. As a consequence of the aforementioned effects, in order to control the currency outflow and restrict exchange rate fluctuations, the BCRA re-implemented exchange controls, in hopes of strengthening the normal functioning of the economy, fostering a prudent administration of the exchange market, reducing the volatility of financial variables and containing the impact of the variations of financial flows on the real economy.

The ability of the Argentine government to stabilize the foreign exchange market and restore economic growth is uncertain. A significant appreciation of the Argentine Peso against the U.S. Dollar also presents risks for the Argentine economy, including the possibility of a reduction in exports (as a consequence of the loss of external competitiveness). Such an appreciation could also have a negative effect on the growth of the economy and employment and reduce tax collection in real terms.

The continued depreciation of the Argentine Peso and the failure to meet the terms of the SBA could have a material adverse effect on Argentina's economy and, consequently, our cash flows, financial condition and results of operations.

Our properties may be subject to expropriation by the Argentine and Mexican governments for public interest reasons.

Our assets, which are mainly located in Argentina and, to a lesser extent, in Mexico, may be subject to expropriation by the Argentine and Mexican governments (or the government of any political subdivision thereof), respectively. We are engaged in the business of oil extraction and, as such, our business or our assets may be considered by a government to be a public service or essential for the provision of a public service. Therefore, our business is subject to political uncertainties, including expropriation or nationalization of our business or assets, loss of concessions, renegotiation or annulment of existing contracts, and other similar risks.

In such an event, we may be entitled to receive compensation for the transfer of our assets under applicable law. However, the price received may not be sufficient, and we may need to take legal actions to claim appropriate compensation. Our business, financial condition and results of our operations could be adversely affected by the occurrence of any these events.

In the past, the Argentine government has required the repatriation of foreign currency from oil and gas export sales and other amounts applicable to the production of liquefied gas, which has affected producers of oil and gas in the country. In April 2012, the Argentine government enacted Law 26,741 which expropriated 51% of YPF's shares owned by Repsol YPF. By virtue of the law, 51% of the expropriated shares were assigned to the Argentine government, while the remaining 49% was assigned to the Argentine provinces engaged in oil and gas production.

Additionally, Law 26,471 established that hydrocarbon related activities (including exploitation, industrialization, transport, and commercialization) in Argentina are considered to be part of the "national public interest." The law "Hydrocarbon Sovereignty of Argentina" established that its primary objective is to achieve self-sufficiency in oil and gas supply for Argentina. We cannot assure that these or similar measures that may be adopted by the Argentine government will not have a material adverse effect on the Argentine economy and, as a consequence, adversely affect our financial condition, our results of operations. Additionally, we cannot assure that similar measures will not be adopted by the Mexican government in the future.

Government intervention may adversely affect the Argentine economy and, as a result, our business and results of operations in Argentina.

In the past, the Argentine government has had direct intervention in the economy, through the implementation of expropriation and nationalization measures (including the abovementioned expropriation of the 51% of the shares of YPF by the Argentine government), price controls and exchange controls, among others.

In 2008, the Argentine government absorbed and replaced the former private pension system for a public "pay as you go" pension system. As a result, all resources administered by pension funds, including significant equity interests in a wide range of listed companies, were transferred to a separate Social Security Fund (*Fondo de Garantía de Sustentabilidad*) to be administered by the National Social Security Administration (*Administración Nacional de la Seguridad Social*, or the "ANSES"). With the nationalization of Argentina's private pension funds, the Argentine government, through the ANSES, became a significant shareholder in many of the country's public companies.

In addition, historically the Argentine government has adopted measures to directly or indirectly control the access of private companies and individuals to foreign trade and foreign exchange markets, such as restricting its free access and imposing the obligation to repatriate and sell within the local foreign exchange market all foreign currency revenues obtained from exports. These regulations prevented or limited us from offsetting the risk derived from our exposure to the U.S. Dollar. Our business and operations in Argentina may also be adversely affected by measures adopted by the Argentine government to address inflation and promote sustainable macroeconomic growth.

A low growth rate and high inflation scenario is likely going forward, as a result of the accumulation of macroeconomic imbalances over recent years, the actions of the Argentine government in regulatory matters and challenging conditions in the international economy. We can offer no assurance that policies implemented by the Argentine government will not adversely affect our business, results of operations, financial condition, the value of our securities, and our ability to meet our financial obligations.

Argentina is an emerging market economy that is highly sensitive to local political developments which have had an adverse impact on the level of investment in Argentina. Future developments may adversely affect Argentina's economy and, in turn, our business, results of operations, financial condition, the value of our securities, and our ability to meet our financial obligations.

Also, foreign exchange controls were implemented in the past, and have been recently reinstated, in Argentina.

Moreover, the Argentine government has enacted laws and regulations requiring private sector companies to maintain certain salary levels and provide their employees with additional benefits. Employers, both in the public and private sector, have also been experiencing intense pressures from their personnel, or from the labor unions representing them, demanding salary increases and certain benefits for the workers, given the high inflation rates. On December 13, 2019, the Alberto Fernandez administration published Decree No. 34/2019 (which was subsequently amended), by virtue of which labor emergency was declared for a 180-day term. In this context, during the labor emergency period, payments for unjustified severances in the private sector shall be double the amount foreseen by the current applicable regulations.

On December 20, 2019, the Argentine congress enacted the Solidarity Law, declaring public emergency on the economic, financial, fiscal, administrative, social and energetic fronts, among others, thus delegating in the Executive Branch the ability to ensure the sustainability of public indebtedness, regulate the energetic tariff restricting through an integral review of the current tariff regime and the intervention of supervisory entities, among others.

The Solidarity Law establishes the restructuring of the energy tariff scheme and froze the natural gas and electricity tariffs. In addition, the Solidarity Law entitles the National Executive Branch to intervene the ENARGAS and the ENRE. We cannot foresee the impact that the Solidarity Law may have, nor the measures that could be adopted by the current administration regarding the Argentine economy in order to meet its financial obligations, which might negatively affect our business, financial condition and results of operations.

In the future, the Argentine government impose further exchange controls and restrictions on transfers abroad, restrictions on the movement of capital or take other measures in response to capital flight or a significant depreciation of the Argentine Peso, which could limit our ability to access the international capital markets. Such measures could lead to political and social tensions and undermine the Argentine government's public finances, as has occurred in the past, which could have an adverse effect on economic activity in Argentina and, consequently, adversely affect our business and results of operations and cause the market value of our series A shares or ADSs to decline.

Oil and gas exploitation concessions, exploration permits and production and exploration contracts in Argentina and Mexico are subject to certain conditions and may be revoked or not renewed.

Argentina

Law No. 17,319 (as amended, the "Hydrocarbons Law") is the main regulatory framework of the hydrocarbons industry, as it created a system of exploration permits and production concessions awarded by the state (federal or provincial, depending on the location of the resources), through which companies hold exclusive rights to explore, develop, exploit and take title of the production at the wellhead, in exchange for a royalty payment and adherence to the general taxation regime. The Hydrocarbons Law also provides state-owned oil companies (whether federal or provincial) with the possibility of granting rights through production sharing agreements.

The Hydrocarbons Law also permits surface reconnaissance of territory not covered by exploration permits or production concessions upon authorization of the Argentine Secretariat of Energy and/or competent provincial authorities, as established by Law No. 26,197, and with permission of the private property owner. Information obtained as a result of surface reconnaissance must be provided to the Argentine Secretariat of Energy and/or competent provincial authorities, which may not disclose this information for two years without permission of the party who conducted the reconnaissance, except in connection with the grant of exploration permits or production concessions.

Pursuant to the Hydrocarbons Law, oil and gas concessions or permits awarded by the Argentine government are valid for 25-, 30- or 35-year periods depending on the type of concession and may be renewed for additional 10-year periods. Furthermore, the Hydrocarbons Law establishes that the duration of exploration permits shall be individually determined by the regulatory entity, but under no circumstances may it exceed (i) two (2) periods of up to three (3) years each, and (ii) an optional extension of up to five (5) years.

The power and authority to extend the term of existing and future concessions, permits, and agreements lies with the government of the province where the relevant asset is located (or with the Argentine government in the case of assets located beyond 12 miles from the coast). In order for a concession or permit to be eligible for the extension, its holder must (i) be in compliance with its obligations under the Hydrocarbons Law and with the terms of such concession or permit, including those relating to the payment of taxes and royalties, the contribution of the requisite technology, equipment, and personnel, and the satisfaction of various environmental, investment, and development commitments; (ii) produce hydrocarbons in the area for which the concession was granted; and (iii) submit an investment plan for the development of the relevant areas as requested by the competent authorities at least one year prior to the expiration of the original term of the concession. In addition, holders of concessions who apply for extensions under Law No. 27,007 may be required to pay additional royalties ranging from 3% to 18%. Under the Hydrocarbons Law, failure to meet the aforementioned standards and obligations may result in the imposition of fines, and material violations which remain uncured upon expiration of the relevant cure period may result in the revocation of the concession or permit.

On July 24, 2019 the Secretariat of Energy issued Resolution No. 417/2019 which (i) replaced the procedures for obtaining gas export permits established by Resolution No. 104/2018, with a new procedure provided in such Resolution; (ii) entrusted the Undersecretariat of Hydrocarbons and Fuels with: (a) the regulation of energy substitution mechanisms to be used also for exports of natural gas under firm conditions, (b) the development and approval of a natural gas export operating procedure, applicable to natural gas exporters, to be used if domestic supply security is at risk; and (c) grant export permits by issuing the relevant certificate.

No assurance can be given that our concessions will be renewed in the future by the competent authorities based on the investments plans submitted to that effect, or that such authorities will not impose additional requirements for the renewal of such concessions or permits. Additionally, three of our concessions under Law No. 27,007 were granted for a 35-year period and with royalties of 12%, i.e., for longer periods than conventional ones. We cannot assure you that any future legislation the Argentine government may enact from time to time may not affect such concessions.

Mexico

Our E&P license contracts are valid for 30 years and may be renewed for up to two additional periods of up to 5 years each, subject to the terms and conditions set out in the respective contracts. The power and authority to extend the term of existing and future contracts lies with the CNH. Under the existing contracts, in order for an E&P license contract to be eligible for an extension, the developer must (i) be in compliance with the terms of such contracts, (ii) submit an amendment proposal to the development plan and (iii) commit to maintain 'sustained regular production' throughout each extension.

No assurance can be given that our contracts will be renewed in the future by the CNH based on the investments plans submitted to that effect, that such authority will not impose additional requirements for the renewal of such contracts, or that we will continue to have a good business relationship with the new and future administrations.

A global or regional financial crisis and unfavorable credit and market conditions may negatively affect our liquidity, customers, business, and results of operations.

The effects of a global or regional financial crisis and related turmoil in the global financial system may have a negative impact on our business, financial condition and results of operations, which is likely to be more severe on emerging market economies, such as Argentina and Mexico. This was the case in 2008, when the global economic crisis led to a sudden economic decline in Argentina in 2009, accompanied by inflationary pressures, depreciation of the Argentine Peso and a drop in consumer and investor confidence.

The effects of an economic crisis on our customers and on us cannot be predicted. Weak global and local economic conditions could lead to reduced demand or lower prices for energy, hydrocarbons and related oil products and petrochemicals, which could have a negative effect on our revenues. Economic factors such as unemployment, inflation and the unavailability of credit could also have a material adverse effect on the demand for energy and, therefore, on our business financial condition and results of operations. The financial and economic situation in Argentina, Mexico or in other countries in Latin America, such as Brazil, may also have a negative impact on us and third parties with whom we do, or may do, business. See “Item 3—Key Information—Risk Factors—Risks Related to the Argentine and Mexican Economies and Regulatory Environments—The Argentine economy can be adversely affected by economic developments in other markets and by more general “contagion” effects, which could have a material adverse effect on Argentina’s economic growth” below.

The global economic crisis that began in the fourth quarter of 2008, triggering an international stock market crash and the insolvency of major financial institutions, limited the ability of Argentine companies to access international financial markets as they had in the past or made such access significantly more costly. A similar global or regional financial crisis in the future could limit our ability to access the credit or capital markets at a time when we require financing, thereby impairing our flexibility to react to changing economic and business conditions. See “Item 3—Key Information—Risk Factors—Risks Related to the Argentine and Mexican Economies and Regulatory Environments—Argentina’s ability to obtain financing from international markets is limited, which could affect its capacity to implement reforms and sustain economic growth.” For these reasons, any of the foregoing factors could together or independently have an adverse effect on our results of operations and financial condition and cause the market value of the ADSs to decline.

In addition, the crisis affecting emerging markets that began in the second quarter of 2018 as a result of the rise in interest rates by the U.S. Federal Reserve and the trade dispute between the United States and China, among other factors, had a material impact on the Argentine economy. Between May 2, 2018 and October 1, 2018, the Argentine Peso slid from 20.9 to 38.7 Argentine Pesos per U.S. Dollar according to the U.S. dollar buying rate published by *Banco de la Nación Argentina*.

The Argentine economy can be adversely affected by economic developments in the global financial markets, and by more general “contagion” effects from other financial markets, which could have a material adverse effect on Argentina’s economic growth.

Argentine financial and securities markets are influenced, to varying degrees, by economic and financial conditions in other markets and Argentina’s economy is vulnerable to external shocks, including those related or similar to the global economic crisis that began in 2008 and economic and financial conditions in Argentina’s major trading partners, in particular, Brazil. For example, the current devaluation of the Brazilian currency and the slowdown of its economy may negatively affect the Argentine economy, and in turn, our business and results of operations. Although economic conditions can vary from country to country, investors’ perception of the events occurring in other countries have substantially affected in the past, and may continue to substantially affect capital flows to other countries and the value of securities in other countries, including Argentina. The Argentine economy was adversely impacted by the political and economic events that occurred in several emerging economies in the 1990s, including those in Mexico in 1994, the collapse of several Asian economies between 1997 and 1998, the economic crisis in Russia in 1998 and the Brazilian devaluation of its currency in January 1999.

The Argentine economy is also influenced by economic developments occurring in the markets to which it has close financial and political ties, including the MERCOSUR. In July 2019, the MERCOSUR and the European Union entered into a free trade agreement (the “EU-MERCOSUR Agreement”), which is expected create market of goods and services of approximately 800 million consumers and almost a quarter of the global GDP. The EU-MERCOSUR Agreement contemplates, among other issues, tariff reductions for certain goods, temporary safeguard mechanisms that can be temporarily applied to prevent injuries to domestic industries, the opening of public procurement by the MERCOSUR countries to European companies, the establishment of general rules on electronic commerce and a dispute resolution mechanism. The effect the EU-MERCOSUR Agreement could have on the Argentine economy, and the policies implemented by the Argentine government, is uncertain. Negative economic or financial developments arising out of the EU-MERCOSUR Agreement, may have a material adverse effect on the Argentine economy and, indirectly, on our business, financial condition and results of operations

In addition, international investors' reactions to events occurring in one market sometimes demonstrate a "contagion" effect in which an entire region or class of investment is disfavored by international investors. Argentina could be adversely affected by negative economic or financial developments in other countries, which in turn may have a material adverse effect on the Argentine economy and, indirectly, on our business, financial condition and results of operations, and the market value of our series A shares or ADSs.

Restrictions on the supply of energy could negatively impact the Argentine economy.

As a result of prolonged recession and the forced conversion of energy tariffs into Argentine Pesos and subsequent freeze of natural gas and electricity tariffs in Argentina, there has been a lack of investment in natural gas and electricity supply and transport capacity in Argentina in recent years. At the same time, demand for natural gas and electricity has increased substantially, driven by a recovery in economic conditions and price constraints, which prompted the Argentine government to adopt a series of measures that have resulted in industry shortages and/or higher costs. In particular, Argentina has been importing natural gas to compensate for shortages in local production. In order to pay for natural gas imports the Argentine government has frequently used the BCRA reserves given the absence of foreign direct investment. If the Argentine government is unable to pay for imports of natural gas, economic activity, business and industries may be adversely affected.

The Argentine government has taken a number of measures to alleviate the short-term impact of energy shortages on residential and industrial users. If these measures prove to be insufficient, or if the investment required to increase natural gas production and electric energy transportation capacity and generation over the medium- and long-term is not available, economic activity in Argentina could be curtailed, and with it our operations. As a first step of these measures, a series of tariff increases and subsidy reductions (primarily applicable to industries and high-income consumers) were implemented. On December 17, 2015, and after publication of Decree No. 134/2015, the Argentine government declared the National Electricity System Emergency until December 31, 2017 and ordered the Argentine Secretariat of Energy to propose measures and guarantee the electrical supply. The Argentine Secretariat of Energy Resolution No. 06/2016 of January 2016 set new seasonal reference prices for power and energy on the Mercado Eléctrico Mayorista (MEM) for the period from February 1, 2016 to April 30, 2016 and set an objective to adjust the quality and security of electricity supply.

In February 2016, the Argentine government reviewed the schedule of electricity and gas tariffs and reduced the demand subsidies of these services, increasing over 500% energy costs, excepting for low-income consumers from the subsidies reduction. By re-establishing tariff levels, modifying the regulatory framework and reducing the Argentine government's participation in the energy sector, the Argentine government sought to correct distortions in the energy sector and make the necessary investments. In July 2016, a federal court in the city of La Plata suspended the increase in the gas tariff throughout the Province of Buenos Aires. On August 3, 2016, a federal court in San Martín suspended the increase in gas tariffs throughout the country until a public hearing was held to discuss the rate increase. The judgment was appealed to the Supreme Court, and on August 18, 2016, the Supreme Court ruled that the increase in the gas tariff of residential users could not be imposed without a public hearing. On September 16, 2016, the public hearing was held where it was agreed that the gas tariff would be adjusted by approximately 200% in October 2016, with bi-annual price adjustments in 2019. In this sense, through resolutions No. 205-207/2019, dated April 5, 2019, ENARGAS established the new gas tariff scheme for gas transportation and distributions companies to be applicable for the semester April-October 2019.

In connection with the framework determining the value of the rates for the public service in gas distribution for 2017, the Argentine Secretariat of Energy issued Resolution No. 74/2017 on March 30, 2017, which adopted the gas values at the point of entry into the transport system, applicable as of April 1, 2017. Additionally, on November 30, 2017, the Argentine Secretariat of Energy issued (i) Resolution No. 474-E/2017 which adopted the gas values at the point of entry into the transport system, applicable as of December 1, 2017, and also (ii) issued Resolution No. 133/2017 approving the tariffs to be applied to the gas consumption as of December 1, 2017.

As for other services, including electricity, a public hearing was held on October 28, 2016 to consider a proposed 31% tariff increase sought by energy distributors. Subsequently, the Argentine government announced increases in electricity rates of between 60% and 148%. On March 31, 2017, the Argentine Secretariat of Energy published a new tariff schedule with increases of approximately 24% for supply of natural gas by networks that had been partially regulated since April 1, 2017. In addition, on November 17, 2017, a public hearing convened by the former Minister of Energy and Mining was held to update the tariff schedule for natural gas and electricity. The new

tariff schedule foresees a gradual reduction of subsidies, resulting in an increase, between December 2017 and February 2018, between 34% and 57% (depending on the province) for natural gas and 34% for electricity. In addition, on May 31, 2018, the Argentine Congress approved a law seeking to limit the increase in energy tariffs, which was subsequently vetoed by the Argentine Executive Branch. On August 1, 2018, pursuant Resolution No. 208/2018 of the National Electricity Regulatory Board (ENRE), the Argentine Secretariat of Energy published a new tariff schedule with increases in electricity rates.

Additionally, through Resolution No. 46/2018, the former Ministry of Energy instructed the former Secretariat of Energy to carry out the necessary measures to ensure that CAMMESA implemented the relevant mechanisms to secure gas availability for the purpose of electricity generation within the Argentine Interconnection System ("AIS"), pursuant to maximum reference prices approved by such Resolution. Such reference prices, set at the point of entry into the transportation system, (i) varied depending on the basin in which the gas was produced, and (ii) pursuant to Resolution No. 25/2018, were not applicable if the seller was *Integración Energética Argentina* ("IEASA", formerly ENARSA).

The issuance of Resolution No. 46/2018 (as amended by Resolution No. 25/2018), meant a reduction of the prices previously set forth by the Argentine Secretariat of Energy by means of Resolution No.41/2016 of April 7, 2016.

The Solidarity Law recently enacted provides that natural gas tariffs (transportation and distribution) under federal jurisdiction will remain unchanged for one hundred eighty (180) days from the effective date of such law, which took place on December 23, 2019, and invites the provinces to adhere to this policy. Likewise, it empowers the Argentine Executive Branch to renegotiate the tariffs under federal jurisdiction, either within the framework of the current comprehensive tariff reviews or through an extraordinary revision, in accordance with Law No. 24,076.

Changes in the energy regulatory framework and the establishment of increased tariffs for the supply of gas and electricity could affect our cost structure and increase operating and public service costs. Moreover, the significant increase in the cost of energy in Argentina, could have an adverse effect on the Argentine economy, and therefore, on our business, financial condition and results of operations.

There is uncertainty about what other measures the Argentine government may adopt related to tariffs, and the impact they may have on the economy of the country. If the federal Argentine government does not resolve the negative effects on the exploitation, transportation and distribution of energy in Argentina with respect to both the residential and industrial supply, this could reduce confidence and adversely affect Argentina's economy and financial situation and cause political instability. On the other hand, if the necessary investment to increase the production of non-liquefied natural gas and the transportation and distribution of energy is not specified in a timely manner, the economic activity in Argentina could be negatively affected and our business, financial condition and results of operations could be negatively affected.

Federal and provincial elections in Argentina may generate uncertainty in the Argentine economy and, consequently, on our businesses.

Argentina's presidential elections took place on August and October 2019 (primaries and first round, respectively), with Alberto Fernandez from the *Frente de Todos* coalition being elected with 48.24% of the votes. The Alberto Fernandez's administration took office on December 10, 2019. Other relevant local and federal elections also took place during 2019. Changes in the local and federal administrations may also imply alterations of programs and policies that apply to the oil and gas sector. Argentina's president and its Congress each have considerable power to determine governmental policies and actions that relate to the Argentine economy. Therefore, we cannot foresee measures that might be adopted by any future federal administration, or by any future administration at the provincial level, and the effect any such measures might have on the Argentine economy and the ability of Argentina to comply with its financial obligations, which could negatively affect our business, financial condition and results of operations. In addition, we cannot assure you that economic, regulatory, social and political developments in Argentina will not impair our business, financial condition or results of operations, or cause the market value of our shares or ADSs to decline.

Failure to adequately address actual and perceived risks of institutional deterioration and corruption may adversely affect Argentina's economy and financial condition and, consequently, our business.

A lack of a solid and transparent institutional framework for contracts with the Argentine government and its agencies and corruption allegations have affected and continue to affect Argentina. In Transparency International's 2019 Corruption Perceptions Index survey of 180 countries, Argentina was ranked 64, improving from the previous survey in 2018. In the World Bank's Doing Business 2019 report, Argentina ranked 126 out of 190 countries, down from its 117th position in 2018.

As of the date of this annual report, there are various ongoing investigations into allegations of money laundering and corruption being conducted, which have negatively impacted the Argentine economy and political environment. Depending on how long it takes to close said investigations and their results, companies involved in the investigations may be subject to, among other consequences, a decrease in their credit ratings, claims filed by their investors, and may further experience restrictions in their access to financing through the capital markets, together with a decrease in their income. The potential outcome of these and other ongoing corruption-related investigations is uncertain, but they have already had an adverse impact on the image and reputation of those companies that have been implicated, as well as on the general market perception of the economy, political environment and the capital markets in Argentina. We have no control over and cannot predict whether such investigations or allegations will lead to further political and economic instability. In addition, we cannot predict the outcome of any such allegations nor their effect on the Argentine economy, nor can we predict the adverse effect on our commercial activities and results of operations.

Recognizing that the failure to address these issues could increase the risk of political instability, distort decision-making processes and adversely affect Argentina's international reputation and ability to attract foreign investment, the Argentine government has announced several measures aimed at strengthening Argentina's institutions and reducing corruption. These measures include the reduction of criminal sentences in exchange for cooperation with the government in corruption investigations, increased access to public information, the seizing of assets from corrupt officials, increasing the powers of the Anticorruption Office (*Oficina Anticorrupción*), submitting a project for a new public ethic law, among others. The Argentine government's ability to implement these initiatives is uncertain as it would be subject to independent review by the judicial branch, as well as legislative support from opposition parties.

We cannot give any assurance that the implementation of these measures by the Argentine government will be successful in stopping institutional deterioration and corruption.

Economic conditions and government policies in Mexico and elsewhere may have a material impact on our operations.

A deterioration in Mexico's economic condition, social instability, political unrest, changes in governmental policies, or other adverse social developments in Mexico could adversely affect our business and financial condition. Those events could also lead to increased volatility in the foreign exchange and financial markets, thereby affecting our ability to obtain financing. Additionally, the Mexican government announced budget cuts in November 2015, February 2016 and September 2016 in response to declines in international crude oil prices. Any new budget cuts could adversely affect the Mexican economy and, consequently, our business, financial condition, operating results and prospects.

In the past, Mexico has experienced several periods of slow or negative economic growth, high inflation, high interest rates, currency devaluation and other economic problems. These problems may worsen or reemerge, as applicable, in the future and could adversely affect our business and ability to service our debt. A worsening of international financial or economic conditions, such as a slowdown in growth or recessionary conditions in Mexico's trading partners, including the United States, or the emergence of a new financial crisis, could have adverse effects on the Mexican economy, our financial condition and our ability to service our debt.

Also, the Mexican government has had significant influence in the Mexican economy in the past and will likely continue to do so. Changes in the legal framework and policies may adversely affect our business and the value of our securities.

Mexico has experienced a period of increasing criminal activity, which could affect our operations.

In recent years, Mexico has experienced a period of increasing criminal activity, primarily due to the activities of drug cartels and related criminal organizations. In addition, the development of the illicit market in fuels in Mexico has led to increases in theft and illegal trade in the fuels that we produce. In response, the Mexican government has implemented various security measures and has strengthened its military and police forces. Despite these efforts, criminal activity continues to exist in Mexico, some of which may target our facilities and products. These activities, their possible escalation and the violence associated with them, in an extreme case, may have a negative impact on our financial condition and results of operations. We are particularly exposed to this risk in blocks where we hold non-operating interests and have more limited capacity to take actions against any criminal activity affecting our operations, such as Block TM-01, located in Tampico-Misantla basin in Mexico.

Economic and political developments in Mexico may adversely affect Mexican economic policy and, in turn, our operations.

Political events in Mexico may significantly affect Mexican economic policy and, consequently, our operations. The Mexican presidential elections of 2018 resulted in an administration change effective as of December 1, 2018. The new Mexican Federal administration was elected by a significant majority of the electorate and the coalition *Juntos Haremos Historia* gained control of both chambers of the Federal Congress, which gives *Morena* (the party of Andrés Manuel López Obrador) considerable power to enact, modify or terminate legislation, including constitutional amendments. Members of the new administration, including president Andrés Manuel López Obrador, have expressed, among other things, their desire to modify and/or terminate certain structural reforms. Some relevant changes in public policy and legislation sponsored by the new administration have already been enacted and/or implemented and some are under way. There cannot be any assurance in the predictions of how the new administration will be conducted and any measure adopted by such new administration could have uncertain results and negative impacts. Additionally, other events and changes, and any political and economic instability that may arise in Mexico, could have a material adverse effect on the economy of the country. The extent of such impact cannot be accurately predicted. We cannot provide any assurances that political developments in Mexico will not have an adverse effect on the Mexican economy or oil and gas industry and, in turn, our business, results of operations and financial condition, including our ability to repay our debt. There is no guarantee that the Mexican political environment will continue its relative stability in the future.

Economic conditions in Mexico are highly correlated with economic conditions in the United States due to the physical proximity and the high degree of economic activity between the two countries generally, including the trade facilitated by the North American Free Trade Agreement ("NAFTA"). As a result, political developments in the United States, including changes in the administration and governmental policies, can also have an impact on the exchange rate between the U.S. Dollar and the Mexican peso, economic conditions in Mexico and the global capital markets.

Since 2003, exports of petrochemical products from Mexico to the United States have enjoyed a zero-tariff rate under NAFTA and, subject to limited exceptions, exports of crude oil and petroleum products have also been free or exempt from tariffs. In August 2017, Mexico, the United States and Canada commenced renegotiation of NAFTA. On November 30, 2018, Mexico, the United States and Canada signed the new United States-Mexico-Canada Agreement (the "USMCA"). As of the date of this annual report, the United States, Mexico and Canada have completed their domestic processes for the ratification and implementation of the USMCA, and the USMCA is expected to become effective in the following months. Any increase of import tariffs resulting from the USMCA or any other future arrangement could make it economically unsustainable for U.S. companies to import our oil and gas products if they are unable to transfer those additional costs onto consumers, which would increase our expenses and decrease our revenues, even if domestic and international prices for our products remain constant. Higher tariffs on products that we export to the United States could also require us to renegotiate our contracts or lose business, resulting in a material adverse impact on our business and results of operations.

Because the Mexican economy is heavily influenced by the U.S. economy, the implementation of the USMCA and/or other U.S. government policies that may be adopted by the U.S. administration may adversely affect economic conditions in Mexico. These developments could in turn have an adverse effect on our financial condition, results of operations and ability to repay our debt.

Additionally, President Andrés Manuel López Obrador and his administration have recently taken actions for limiting new private investment in the hydrocarbons industry, including the cancellation of tender bids for the execution of E&P agreements. As of the date of this annual report, no other tender bids have been announced, and certain state officers have stated during press conferences that hydrocarbon tender rounds and farm-outs are not currently a part of the Federal Government's plans to increase oil production.. These actions may adversely affect our ability to expand our operations in Mexico.

The Mexican nation owns the hydrocarbons reserves located in the subsoil in Mexico.

The Mexican Constitution provides that the Mexican nation, and not us, owns all petroleum and other hydrocarbon reserves located in the subsoil in Mexico. Article 27 of the Mexican Constitution provides that the Mexican government will carry out E&P activities through contracts with third parties or allocations awarded to State Productive Enterprises (*empresas productivas del Estado*). The Mexican Hydrocarbons Law allows us and other oil and gas companies to explore and extract the petroleum and other hydrocarbons reserves located in Mexico, subject to the entry into agreements pursuant to a competitive bidding process. See "Item 4—Information on the Company—Industry and Regulatory Overview—Mexico's Oil and Gas Industry Overview—Oil and Gas Regulatory Framework in Mexico."

The U.K.'s exit from the E.U. will have uncertain effects.

On June 23, 2016, the U.K. voted to exit from the E.U. (commonly referred to as "Brexit"). The U.K. exited the European Union on January 31, 2020, and is currently undergoing a transition period ending on December 31, 2020. Following its departure, the UK has commenced negotiations with the European Union to reach a trade agreement going forward. The outcome of such negotiations and the resulting U.K./E.U. relationship are uncertain for companies doing business both in the U.K. and the overall global economy. In addition, our business and operations may be impacted by any subsequent vote in Scotland to seek independence from the U.K. Risks related to Brexit that we may encounter include:

- adverse impact on macroeconomic growth and oil and gas demand;
- continued volatility in currencies including the British pound and U.S. Dollar that may impact our financial results;
- volatile capital and debt markets, and access to other sources of capital;
- business uncertainty resulting from prolonged political negotiations; and
- uncertain stability of the E.U. and global economy if other countries exit the E.U.

Given the lack of comparable precedent, it is unclear what financial, trade and legal implications the withdrawal of the U.K. from the E.U. will have and how such withdrawal will affect us. In addition, Brexit may lead other E.U. member countries to consider referendums regarding their E.U. membership. Adverse consequences concerning Brexit or the E.U. could include deterioration in global economic conditions, instability in global financial markets, political uncertainty, continued volatility in currency exchange rates, or adverse changes in the cross-border agreements currently in place, any of which could have an adverse impact on our financial results in the future.

The novel coronavirus could have an adverse effect on our business operations.

In late December 2019 a notice of pneumonia originating from Wuhan, Hubei province (Covid-19, caused by a novel coronavirus) was reported to the World Health Organization, with cases soon confirmed in multiple provinces in China, as well as in other countries. Several measures have been undertaken by the Argentine and Mexican governments and other governments around the globe, including the use of quarantine, screening at airports and other transport hubs, travel restrictions, suspension of visas, nation-wide lockdowns, closing of public and private institutions, suspension of sports events, restrictions to cultural sites and tourist attractions and extension of holidays, among many others. However, the virus continues to spread globally and, as of the date of this annual report, has affected almost every country around the world, including Argentina and Mexico. To date, the outbreak of the novel

coronavirus has caused significant social and market disruption, including in the oil and gas market. The long-term effects to the global economy and the Company of epidemics and other public health crises, such as the on-going novel coronavirus, are difficult to assess or predict, and may include risks to employee health and safety, and reduced sales in geographic locations impacted. Any prolonged restrictive measures put in place in order to control an outbreak of a contagious disease or other adverse public health development in any of our targeted markets may have a material and adverse effect on our business operations. In addition, an actual or expected economic slowdown may adversely affect the demand and prices of our oil and gas products. We may also be affected by the need to implement policies limiting the efficiency and effectiveness of our operations, including the suspension of our operations in the blocks we operate or work from home policies in our administrative premises. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

On March 19, 2020, the Argentine President Alberto Fernández announced a nation-wide mandatory social isolation regime due to the coronavirus crisis through Decree of Necessity and Urgency No. 297/2020, which prohibits all citizens from leaving their homes, subject to certain exceptions for supply, hygiene and communication, until March 31, 2020 (which was further extended until May 10, 2020). Such Decree provides for the possibility of extending this period for as long as necessary in light of the epidemiological situation. The mandatory quarantine came into force on March 20, 2020 and as of today it is not possible to ensure the effect that these measures may have on the Argentine economy.

To date, the Argentine government has implemented certain measures in response to the Covid-19 outbreak in the country aimed at preventing mass contagion and the overcrowding of the Argentine health service, which include (in chronological order):

- February 26–March 12, 2020: screening of passengers at airports; mandatory isolation for 14 days of persons with suspected or confirmed cases of Covid-19, persons in close contact with suspected or confirmed cases of Covid-19 and persons arriving or recently arrived from affected zones; closure of activities with high concentration of persons; prohibition of attendance of audience to sporting events;
- March 13–March 15, 2020: stronger surveillance of Argentine borders; suspension of flights by various airlines and adoption of regulations for the coordination of repatriation flights for Argentine residents; closure of national parks and protected areas; school closures (except for food assistance and administrative purposes);
- March 16–March 18, 2020: closure of Argentine borders; suspension of domestic flights and long-distance trains and buses operations; suspension of the national soccer league; temporary work leaves for pregnant women, people older than 60 years and other persons considered at special risk upon infection; authorization for federal public employees to work remotely (except for employees providing essential services); promotion of home office policies in the private sector and beginning of construction of eight modular hospitals
- March 19, 2020: imposition of a nation-wide mandatory lockdown, whereby only exceptional and essential activities and domestic travel are allowed; deployment of security forces for the enforcement of lockdown;
- March 20–April 2, 2020: assistance to Argentine residents abroad; tightening of rules relating to closure of Argentine borders, extension of nation-wide lockdown until April 12, 2020.
- April 11, 2020: extension of nation-wide lockdown until April 26, 2020.
- April 26, 2020: extension of nation-wide lockdown until May 10, 2020, each province governor having the possibility to decide on exceptions to compliance with the mandatory social isolation regime, in respect of certain activities and services, subject to the approval of the health authority and provided that certain epidemiological and health parameters are met.

Simultaneously, the Argentine government has announced and is implementing several stimulus measures to limit the effects of the Covid-19 outbreak on the economy, which include the following:

- a one-time AR\$3,100 cash payment to recipients of the universal child allowance;

- a one-time AR\$3,000 cash payment to retirees receiving minimum benefits (currently AR\$15,892) and those that receive above the minimum but less than Argentine pesos 18,892, which covers approximately 4.6 million retirees;
- a one-time AR\$3,000 cash payment to recipients of social plans, which targets approximately 556,000 persons;
- a one-time AR\$10,000 cash payment which will be granted to approximately 7,785,000 unemployed persons and persons employed informally, among other socially vulnerable persons;
- a capital spending program on infrastructure, education and tourism for approximately AR\$100 billion;
- an exemption to companies in vulnerable industries from payments relating to employers' pension contributions, an increase in unemployment insurance and payment by the federal government of a portion of wages for affected companies with a payroll of less than 100 employees; and
- subsidized loans to small- and medium-sized companies (PYMES) via the financial system of approximately AR\$30 billion for working capital;

Other measures adopted by the Argentine government to mitigate the effects of the Covid-19 outbreak in the economy include the following:

- the prohibition of the disconnection of electric energy, natural gas, running water, fixed telephony, mobile telephony, internet and cable television services due to non-payment of less than three invoices commencing on March 1, 2020 and for a 180-day period, which applies to certain vulnerable users;
- the suspension of certain penalties and disqualifications applicable to checking accounts with insufficient funds until April 30, 2020, and the authorization for banks to grant loans to companies with outstanding debts with ANSES and AFIP;
- the price freezes as of March 6, 2020, for certain essential goods such as food, personal care, medicines and medical products for a 30-day period;
- the imposition of maximum prices on goods and services acquired by the federal government to address the emergency;
- the suspension of rent increases, extension of lease contract expiration dates and suspension of evictions due to non-payment of leases until September 30, 2020;
- the freezing of mortgage payments and certain UVA-indexed loans (purchasing value unit);
- the adoption of a program to increase productivity (*Programa de Recuperación Productiva*, or "REPRO") by which the federal government funds a portion of the monthly wages of private sector employees working for companies affected by the pandemic and whose revenues have declined;
- the prohibition of unjustified dismissals and suspensions;
- the reduction of pension and tax charges to health service providers aimed at strengthening the health sector and ensuring medical assistance;
- the shortening of the term applicable to export reimbursements for industrial sector companies;
- requirement that exports of medical inputs and equipment necessary to overcome the pandemic obtain prior governmental authorization;

- one-time AR\$5,000 payment to public sector employees in the health, security and national defense areas;
- elimination of import taxes applicable to certain essential goods such as alcohol, laboratory or pharmaceutical items, medical gloves, disinfectants and other health-related equipment and inputs;
- suspension until April 30, 2020 of tax foreclosures by AFIP for PYMES;
- assistance by the national government to the provinces in an aggregate amount of AR\$120 billion.

Consistent with recommendations that the World Health Organization urged to be taken by all countries affected by the Covid-19 pandemic, the Mexican government through the Mexican General Health Council (*Consejo de Salubridad General*) and by means of decrees (*acuerdos*) dated March 24 and March 30, 2020, declared (among other things) the epidemic of the disease generated by the Covid-19 virus a “sanitary emergency for reasons of force majeure”. In response to the foregoing, the Mexican Federal Ministry of Health (*Secretaría de Salud*), issued a decree (*acuerdo*) that establishes as part of the measures to mitigate the spread and transmission of the virus, the immediate suspension of non-essential activities in the public, private and social sectors from March 30 to April 30, 2020. This decree, among other things:

- provides a list of essential activities that can continue functioning, including gas as both a fundamental sector of the economy and an indispensable service, and petroleum as the latter, which includes any necessary activity for the conservation, maintenance and reparation of critical infrastructure that assures their production and distribution. It also considers the distribution and sale of energy as an essential activity.
- obliges all companies engaged in essential activities to follow the sanitary measures dictated by the Mexican Federal Ministry of Health, including the following: no meetings or gatherings of more than 50 persons shall be allowed; frequent handwashing is required; sneezing shall be done covering both nose and mouth with either a handkerchief or forearm; no physical contact in greetings; and the following individuals shall stay home: all people over 60 years old, in pregnancy or immediate puerperium, with a diagnostic of arterial hypertension, diabetes mellitus, cardiac or pulmonary chronic diseases, immunosuppression (either acquired or provoked), and kidney or liver failure.

Authorities within the financial and energy sector—in tandem with other Ministries, the Legislative and the Judiciary Branches—have also enacted decrees suspending their own legal terms, considering as non-business days all those necessary to combat the epidemic, with respect to both proceedings initiated by private persons and those conducted by said authorities. It is expected that these decrees will postpone their period of application in line with those of the sanitary authorities.

In a similar manner, the Government of Mexico City and the governments of states of the Mexican Republic have issued similar decrees ordering the suspension of certain activities considered non-essential during the sanitary emergency. As the sanitary emergency continues to progress, Mexico’s federal, state, and municipal Governmental Authorities will continue to issue decrees, orders, and provisions restricting and limiting the activities that companies, businesses, and individuals may carry out, while the sanitary emergency is ongoing, as well as some other financial and economic measures to face the economic and financial impact of this event.

It is likely that the suspension period enacted by the Mexican authorities will be extended, from time to time, given the authorities powers granted by the Constitution to the Mexican General Health Council and Federal Ministry of Health, and as the Covid-19 pandemic situation worsens and further measures are adopted. In fact, certain communications announced in press conferences by the Mexican Presidency, state that these restrictions will last several weeks more.

The demand of our crude oil and gas products is largely influenced by the economic activity and growth in Argentina, Mexico and globally. Although demand increased in the past, it has recently contracted significantly (in part, due to the Covid-19 outbreak) and is subject to volatility in the future. On March 20, 2020 we decided to stop our drilling and completion activity in Argentina, and were also forced to shut-in certain wells, including our 12 unconventional wells in Bajada del Palo Oeste, in response to lower crude oil demand. Demand for crude oil by-products, such as gasoline, may also contract under certain conditions, particularly during economic slowdowns.

Latest estimates from the IEA, EIA and OPEC forecast that global crude oil demand will decline by between 12 MMBbl/d and 23 MMBbl/d during the second quarter of 2020 compared to the second quarter of 2019 (a decline of 12% and 23%, respectively), and by between 5.3 MMBbl/d and 9.3 MMBbl/d for the full year 2020 compared to the year 2019 (in which total demand was 100.5 MMBbl). As of the date of this annual report, given the uncertainty of the lasting effect of the Covid-19 outbreak, its impact on our business cannot be determined. A further contraction of the demand of our products, or the maintenance of the current demand level for significant periods of time, would adversely affect our revenues, causing economic losses to our Company. Continuous poor economic performance could eventually lead to a deterioration in our financial coverage ratios and impairment charges arising from a decreased value in our assets and cause us to exceed the financial covenants agreed upon in the Syndicated Loan (as defined below). A contraction of crude oil demand could also affect us financially, including our ability to pay our suppliers for their services, which could, in turn, lead to further operational distress.

Additionally, we cannot assure you how the disease will evolve in Argentina and Mexico, nor predict any further restrictions that the Argentine or Mexican governments may impose.

Risks Related to our series A shares and the ADSs

The series A shares and ADSs are traded on more than one market and this may result in price variations; in addition, investors may not be able to easily move securities for trading between such markets.

As of the date of this annual report, our series A shares are listed and traded on the Mexican Stock Exchange and ADSs are listed on the NYSE. Markets for our series A shares or for the ADSs may not have liquidity and the price at which the series A shares or the ADSs may be sold is uncertain.

Trading in the ADSs or our series A shares on these markets takes place in different currencies (U.S. Dollars on the NYSE and Mexican pesos on the Mexican Stock Exchange), and at different times (resulting from different time zones, different trading days and different public holidays in the United States and Mexico). The trading prices of the securities on these two markets may differ due to these and other factors. Any decrease in the price of our series A shares on the Mexican Stock Exchange could cause a decrease in the trading price of the ADSs on the NYSE. Investors could seek to sell or buy our shares to take advantage of any price differences between the markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both our share prices on one exchange, and the ADSs available for trading on the other exchange. In addition, holders of ADSs will not be immediately able to surrender their ADSs and withdraw the underlying series A shares for trading on the other market without effecting necessary procedures with the Depositary. This could result in time delays and additional cost for holders of the ADSs.

The trading prices for the series A shares and the ADSs may fluctuate significantly.

Volatility in the market price of our series A shares and the ADSs may prevent investors from selling their securities at or above the price that they paid for them. The market price and market liquidity of our series A shares and the ADSs may be adversely affected by a number of factors, including, but not limited to, the extent of investor interest in us, the attractiveness of our series A shares in comparison to other equity securities (for instance, shares issued by a company with larger operating history in our own industry), our financial performance and general market conditions. Certain additional factors that could negatively affect, or result in fluctuations in, the price of our series A shares and the ADSs include:

- actual or anticipated variations in our operating results;
- potential differences between our actual financial and operating results and those expected by investors;

- investors' perceptions of our prospects and the prospects of our sector;
- new laws or regulations or new interpretations of laws and regulations, including tax guidelines, applicable to the energy sector, our series A shares and/or the ADSs;
- general economic trends and risks in the United States, Latin American or global economies or financial markets, including those resulting from war, incidents of terrorism or responses to such events;
- changes in our operations or earnings estimates or publication of research reports about us or the Latin American energy industry;
- market conditions affecting the Latin American economy generally or borrowers in Latin America specifically;
- significant volatility in the market price and trading volume of securities of companies in the energy sector, which are not necessarily related to the operating performance of these companies;
- additions to or departures from our Management Team;
- completing (or failing to complete) additional acquisitions or executing additional concession agreements;
- speculation in the press or investment community;
- changes in the credit ratings or outlook assigned to Latin American countries, particularly Mexico and Argentina, and entities of the energy sector;
- political conditions or events in Argentina, Mexico, the United States and other countries; and
- enactment of legislation or other regulatory developments that adversely affect us or our industry.

The stock markets in general have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the companies involved. We cannot assure you that trading prices and valuations will be sustained. These broad market and industry factors may materially adversely affect the market price of our series A shares and the ADSs, regardless of our operating performance. Market fluctuations, as well as general political and economic conditions in the markets in which we operate, such as recession or currency exchange rate fluctuations, may also adversely affect the market price of our series A shares and ADSs. Following periods of volatility in the market price of a company's securities, that company may often be subject to securities class-action litigation. This kind of litigation may result in substantial costs and a diversion of management's attention and resources, which would have a material adverse effect on our business, results of operations and financial condition.

The relatively low liquidity and high volatility of the Mexican securities market may cause trading prices and volumes of our series A shares and the ADSs to fluctuate significantly.

The Mexican Stock Exchange is one of Latin America's largest exchanges in terms of aggregate market capitalization of the companies listed therein, but it remains relatively illiquid and volatile compared to other major foreign stock markets. Although the public participates in the trading of securities on the Mexican Stock Exchange, a substantial portion of trading activity on the Mexican Stock Exchange is conducted by or on behalf of large institutional investors. The trading volume for securities issued by emerging market companies, such as Mexican companies, tends to be lower than the trading volume of securities issued by companies in more developed countries. These market characteristics may limit the ability of a holder of our series A shares and may also adversely affect the market price of the series A shares and, as a result, the market price of the ADSs.

If securities or industry analysts do not publish research reports about our business, or publish negative reports about our business, the price and trading volume of our series A shares and the ADS could decline.

The trading market for our series A shares and the ADSs will depend in part on the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. If no securities or industry analysts covers us, the trading price for our series A shares and the ADSs may be negatively impacted. If one or more of the analysts who covers us downgrades us or releases negative publicity about our series A shares and ADSs, our share price would likely decline. If one or more of these analysts ceases to cover us or fails to regularly publish reports on us, interest in our series A shares and the ADSs may decrease, which may cause our share price or trading volume to decline.

As a foreign private issuer and an “emerging growth company,” we have different disclosure and other requirements than U.S. domestic registrants and non-emerging growth companies.

As a foreign private issuer and an “emerging growth company” (as defined in the JOBS Act), we are subject to different disclosure and other requirements than domestic U.S. registrants and non-emerging growth companies. For example, as a foreign private issuer, in the United States, we are not subject to the same disclosure requirements as a domestic U.S. registrant under the Exchange Act, including the requirements to prepare and issue quarterly reports on Form 10-Q or to file current reports on Form 8-K upon the occurrence of specified significant events, the proxy rules applicable to domestic U.S. registrants under Section 14 of the Exchange Act or the insider reporting and short-swing profit rules applicable to domestic U.S. registrants under Section 16 of the Exchange Act. In addition, we have relied, and intend to keep relying, on exemptions from certain U.S. rules which permit us to follow Mexican legal requirements rather than certain of the requirements that are applicable to U.S. domestic registrants.

Furthermore, foreign private issuers are required to file their annual report on Form 20-F within 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation Fair Disclosure under the Securities Act, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, even though we are required to file reports on Form 6-K disclosing the information which we have made or are required to make public pursuant to Mexican law, or are required to distribute to shareholders generally, and that is material to us, you may not receive information of the same type or amount that is required to be disclosed to shareholders of a U.S. company.

The JOBS Act contains provisions that, among other things, relax certain reporting requirements for emerging growth companies. Under this act, as an emerging growth company, we are not subject to the same disclosure and financial reporting requirements as non-emerging growth companies. For example, as an emerging growth company we are permitted to take (and intend to continue taking) advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. Also, we do not have to comply with future audit rules promulgated by the PCAOB (unless the SEC determines otherwise) and our auditors do not need to attest to our internal control under Section 404(b) of the Sarbanes-Oxley Act. We may follow these reporting exemptions until we are no longer an emerging growth company. As a result, our shareholders may not have access to certain information that they deem important. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of our initial public offering, (b) in which we have total annual revenues of at least US\$1.07 billion (as adjusted for inflation), or (c) in which we are deemed to be a large accelerated filer, which means the market value of our series A shares that is held by non-affiliates exceeds US\$700.0 million as of the prior September 30, and (2) the date on which we have issued more than US\$1.0 billion in non-convertible debt during the prior three-year period. Accordingly, the information about us available to you is not the same as, and may be more limited than, the information available to shareholders of a non-emerging growth company.

We cannot predict if investors will find our series A shares or the ADSs less attractive because we rely on these exemptions. If some investors find our series A shares and the ADSs less attractive as a result, there may be a less active trading market for our series A shares and the ADSs and our share price may be more volatile.

ADS holders may be subject to additional risks related to holding ADSs rather than series A shares.

Because ADS holders do not hold their series A shares directly, they are subject to additional risks, including:

- as an ADS holder, we do not treat you as one of our shareholders and you may not be able to exercise shareholder rights;
- distributions on the series A shares represented by your ADSs are paid in Mexican Pesos to a custodian through Indeval, and before such custodian transfers any such distributions to the depositary for your benefit, it would be required to deduct withholding taxes, if any. The depositary would also be required to convert distributions made in Mexican Pesos into U.S. Dollars. Additionally, if the exchange rate fluctuates significantly prior to the depositary converting any distribution into U.S. Dollars, the amount of such distribution may decrease in terms of U.S. Dollars; and
- we and the depositary may amend or terminate the Deposit Agreement without the ADS holders' consent in a manner that could prejudice ADS holders or that could affect the ability of ADS holders to transfer ADSs.

We have granted, and may continue to grant, share incentive awards, which may result in increased share-based compensation expenses and holders of our series A shares and ADSs may suffer further dilution.

We adopted our Long Term Incentive Plan in April 2018 for purposes of attracting and retaining talented people as officers, directors, employees and consultants which are key to us, incentivizing their performance and aligning their interests with ours. Under the Long Term Incentive Plan, our Board of Directors is authorized to grant restricted series A shares ("Restricted Stock") and options to purchase our series A shares ("Stock Options") to our officers, directors, employees and consultants. We reserved 8,750,000 series A shares issued on December 18, 2017 for the implementation of the Long Term Incentive Plan. As of December 31, 2019, 487,890 series A shares have been vested and are outstanding in connection with the Long Term Incentive Plan. We believe the granting of share incentive awards is of significant importance to our ability to attract and retain employees, and we will continue to grant share incentive awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Additionally, the vesting of series A shares reserved for the Long Term Incentive Plan may cause immediate dilution to our existing shareholders and may also have a dilutive effect in our earnings per share. If all 8,262,110 series A shares currently reserved for the Long Term Incentive Plan became outstanding, our issued and outstanding share capital would increase approximately 9.6% based on 87,303,462 series A shares outstanding as of the date of this annual report.

ADS holders may be unable to exercise voting rights with respect to the shares underlying the ADSs at our shareholders' meetings.

The depositary is treated by us for all purposes as the shareholder with respect to the shares underlying your ADSs. As a holder of ADSs, you do not have direct shareholder rights and may exercise voting rights with respect to the shares represented by the ADSs only in accordance with the Deposit Agreement relating to the ADSs. There are no provisions under Mexican law or under our bylaws that limit the exercise by ADS holders of their voting rights through the depositary with respect to the underlying series A shares. However, there are practical limitations on the ability of ADS holders to exercise their voting rights due to the additional procedural steps involved in communicating with these holders. ADS holders may be unable to exercise voting rights with respect to the series A shares underlying the ADSs as a result of these practical limitations.

Preemptive rights may be unavailable to non-Mexican holders of ADSs and, as a result, such holders may suffer dilution.

Under our current by-laws, whenever we issue new shares for subscription and for payment in cash, subject to certain exceptions (such as those related to public offerings, mergers, or conversion of convertible securities, including our Warrants), we must grant preemptive subscription rights to our shareholders, giving them the right to purchase a sufficient number of shares to maintain their existing ownership percentage. We may not be able to offer preemptive rights to foreign shareholders and ADS holders identical to those of our shareholders residing in Mexico in connection with any future issuance of shares, unless we comply with certain specific requirements under the laws and regulations of the applicable jurisdictions of our non-Mexican shareholders. In the case of United States shareholders and ADS holders, we might not be able to offer them shares pursuant to preemptive rights granted to our shareholders in connection with any future issuance of shares, unless the offer of such shares is registered under the Securities Act or an exemption from the registration requirement is available.

We intend to evaluate, at the time of any preemptive prescription rights offering, the costs and potential liabilities associated with a registration statement or similar requirement to enable U.S. or other non-Mexican shareholders and ADS holders to exercise their preemptive subscription rights in the event of an issuance of shares; the indirect benefits of enabling U.S. and other non-Mexican shareholders and ADS holders to exercise preemptive subscription rights; and any other factors that we consider appropriate at the time. We will then decide whether to file such a registration statement or otherwise comply with a similar requirement.

In the event that a required registration statement or similar requirement is not filed or satisfied, U.S. or other non-Mexican shareholders or ADS holders, would not be able to exercise their preemptive subscription rights in connection with future issuances of our shares, and their stake in the Company might be diluted. In this event, the proportion of the economic and voting interests of such U.S. or other non-Mexican shareholders or ADS holders in our total equity could decrease in proportion to the size of the issuance. Depending on the price at which shares are offered, such an issuance could result in dilution in the book value per share to U.S. or other non-Mexican shareholders or ADS holders not participating in the capital increase.

Substantial sales of our series A shares or the ADSs could cause the price of our series A shares or the ADSs to decrease.

The market price of our series A shares and the ADSs may decline as a result of sales of a large number of series A shares and ADSs or the perception that these sales may occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Our shareholders or entities controlled by them or their permitted transferees will be able to sell their shares in the public market from time to time without registering them, subject to certain limitations on the timing, amount and method of those sales imposed by regulations promulgated by the SEC, as well as any other regulation (including anti-trust rules) that may apply. If any of our shareholders, the affiliated entities controlled by them or their respective permitted transferees were to sell a large number of their shares, the market price of our series A shares may decline significantly and, as a result, the market price of the ADSs. In addition, the perception in the public markets that sales by them might occur may also adversely affect the market price of our series A shares and the ADSs.

The protections afforded to minority shareholders in Mexico are not as comprehensive as those in other jurisdictions, such as the United States.

Under Mexican law, the protections afforded to minority shareholders and the responsibilities and duties of directors and senior officers are different or not as complete as those in the United States. Although Mexican law establishes specific duties of care and loyalty applicable to our directors, committee members and senior officers, the Mexican legal regime governing directors, committee members and senior officers, and their duties, is not as comprehensive or developed as in the United States and has not been the subject of as broad and precise judicial interpretation. In addition, the criteria applied in other jurisdictions, including in the United States, to ascertain the independence of corporate directors may be different from the criteria applicable under corresponding Mexican laws and regulations. Furthermore, in Mexico, there are different procedural requirements for shareholder suits that work exclusively for our benefit (such as with respect to derivative suits) and not for the benefit of our shareholders (even those that initiate an action). As a result, it may be more difficult in practice for our minority shareholders to enforce their rights against us or our directors, committee members or senior officers, including for breach of their duties or care or loyalty) than it would be for shareholders of a United States or other non-Mexican company or to obtain compensation for minority shareholders, for losses caused by directors, committee members or senior officers as a result of a breach of their duties.

Our bylaws contain provisions aimed at restricting the acquisition of our shares and restricting the execution of voting agreements among our shareholders.

Pursuant to our bylaws, every direct or indirect acquisition of shares, or attempted acquisition of shares, of any nature by one or more persons or entities requires the prior written approval by the Board of Directors each time that the number of shares to be acquired, when added to any shares already owned by such person or entity, results in the acquirer holding 10% or more of our outstanding capital stock. Once such percentage is reached, such person or entity must notify our Board of Directors of any subsequent acquisition of shares by any such person or entity through which they acquire additional shares representing 2% or more of our outstanding capital stock. Prior, written approval must also be requested from our Board of Directors for the execution of written or oral agreements, as a consequence of which voting association, block voting, or binding or joint vote mechanisms or covenants are formed or adopted or certain shares are combined or shared in any other manner, which effectively results in a change in control of our Company or a 20% ownership interest in our Company. No additional authorization is required to carry-out such acquisitions or to execute a voting agreement until the ownership percentage of our outstanding capital stock is equal to or greater than 20%, nor is any additional authorization required with respect to entering temporary agreements for appointment of minority directors.

If an acquirer does not comply with the procedures described above, such acquired shares or shares regarding any voting agreement will not have any voting rights at any shareholders' meeting of our Company. Any such acquired shares which have not been approved by our Board of Directors shall not be registered in our stock registry book, entries in our stock registry book made beforehand will be canceled and the Company will not acknowledge or give any value to the records or listings referred to in Article 290 of the Mexican Securities Market Law (*Ley del Mercado de Valores*), any other provision that might substitute it from time to time and other applicable law. Therefore, such records or listings mentioned above will not be considered evidence of ownership of shares, shall not grant the right to attend shareholders' meetings or validate the exercise of any legal action, including any legal action of a procedural nature.

The provisions in our bylaws described above may only be amended or removed by the approval of shareholders holding at least 95% of our shares. This could hinder the process of selling our shares or the execution of agreements in connection with those shares.

These provisions in our bylaws could potentially discourage future purchases of a significant number of our shares, including potential future acquirers of our business, and, accordingly could adversely affect the liquidity and price of our series A shares.

Holders of our series A shares and the ADSs may suffer further dilution as a result of the exercise of our outstanding warrants.

The issuance of shares upon the exercise of outstanding warrants may cause immediate dilution to our existing shareholders. As of the date of this annual report, we had 70,000,000 Warrants and 29,680,000 Sponsor Warrants outstanding (totaling 99,680,000 warrants outstanding) that are exercisable for 23,333,333 and 9,893,333 series A shares, respectively. Three warrants entitle the holder thereof to purchase one series A share at a price of US\$11.50 per series A share. The exercise of such warrants and the corresponding issuance of series A shares may also have a dilutive effect in our earnings per share. The warrants expire on April 4, 2023 or earlier if, after exercisability, the closing price for a series A share for any 20 trading days within an applicable 30-trading day period equals or exceeds the Mexican Peso equivalent of US\$18.00 and we decide to early terminate the exercise period thereof. See "Item 8—Additional Information—Memorandum and Articles of Association—Warrants."

If all outstanding warrants were exercised, our issued and outstanding share capital would increase by 33,226,667 series A shares, or approximately 36.06% based on 87,303,462 series A shares outstanding as of the date of this annual report. This would result in an immediate dilution to our shareholders and ADSs holders. Exercise of the outstanding warrants may also put demand pressure on the price of our series A shares and the ADSs.

The payment and amount of dividends are subject to the determination of our shareholders.

The amount available for cash dividends, if any, will be affected by many factors, including our future operating results, financial condition and capital requirements as a result thereof, and the terms and conditions of legal and contractual restrictions. Also, the amount of cash available for dividend payments may vary significantly from estimates. There can be no assurance that we will be able to pay or maintain the payment of dividends. Our actual results may differ significantly from the assumptions made by our Board of Directors in recommending dividends to shareholders or in adopting or amending a dividend policy in the future. Also, there can be no assurance that our Board of Directors will recommend a dividend payment to our shareholders or, if recommended, that our shareholders will approve such a dividend payment. The payment of dividends and the amounts of dividend payments paid by us to our series A shares are subject to the approval of our shareholders and our having absorbed or repaid losses from prior years and also may only be paid from retained earnings approved by our shareholders and if legal reserves have been created.

Dividend distributions to holders of our series A shares will be made in Mexican Pesos.

We will make dividend distributions to holders of our series A shares in Mexican Pesos. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert Mexican Pesos into U.S. Dollars or other currencies, it could institute restrictive exchange control policies in the future. Future fluctuations in exchange rates and the effect of any exchange control measures adopted by the Mexican government on the Mexican economy cannot be predicted.

We will be required to assess our internal control over financial reporting on an annual basis and any future adverse findings from such assessment could result in a loss of investor confidence in our financial reports, and significant expenses to remediate any internal control deficiencies and could ultimately have an adverse effect on the market price of the ADSs.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, beginning with our Annual Report on Form 20-F for the year ending December 31, 2020, our management will be required to report on the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. We are currently in the process of reviewing, documenting and testing our internal control over financial reporting, and can provide no assurance that from time to time we will not identify concerns that could require remediation. We may encounter problems or delays in completing the implementation of any changes necessary to make a favorable assessment of our internal control over financial reporting. In connection with the attestation process by our independent registered public accounting firm, we may encounter problems or delays in completing the implementation of any requested improvements and receiving a favorable attestation. In addition, if we fail to maintain the adequacy of our internal control over financial reporting we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 which may have an adverse effect on us.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

We are required to comply with various regulatory and reporting requirements, including those required by the Commission and the CNBV. Complying with these reporting and regulatory requirements is time consuming, resulting in increased costs to us or other adverse consequences. As a public company, we are subject to the reporting requirements of the Exchange Act, and the requirements of the Sarbanes-Oxley Act, in addition to the existing disclosure requirements by the Mexican Securities Market Law and CNBV rules. These requirements may place a strain on our systems and resources. The Exchange Act rules applicable to us as a foreign private issuer requires that we file annual and current reports with respect to our business and financial condition. Likewise, CNBV rules require that we make annual and quarterly filings and that we comply with disclosure obligations including current reports. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures, we will need to commit significant resources, hire additional staff and provide additional management oversight. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our business, results of operations and financial condition.

Our bylaws, in compliance with Mexican law, restrict the ability of non-Mexican shareholders to invoke the protection of their governments with respect to their rights as shareholders.

As required by Mexican law, our bylaws provide that non-Mexican shareholders are considered to be Mexican with respect to shares held by them. Moreover, non-Mexican shareholders explicitly agree not to invoke the protection of its own government by asking such government to interpose a diplomatic claim against the Mexican government with respect to the shareholder's rights as a shareholder, though such agreement is not deemed to include a waiver to any other rights (for instance, any rights under the United States securities laws, with respect to its investment in us). If you invoke such governmental protection in violation of this provision of the bylaws, your series A shares may be forfeited to the Mexican government.

As a foreign private issuer, we are permitted to, have relied, and intend to keep relying, on exemptions from certain NYSE corporate governance standards applicable to U.S. issuers, including the requirement that a majority of an issuer's directors consist of independent directors. This may afford less protection to holders of the ADSs.

The NYSE's rules require listed companies to have, among other things, a majority of their board members be independent and to have independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a foreign private issuer and a controlled company, we are permitted to follow home country practice in lieu of the above requirements. Mexican law does not require that a majority of our board consist of independent directors or the implementation of a compensation or nominating committee, and our board may thus not include, or include fewer, independent directors than would be required if we were subject to the NYSE rules applicable to most U.S. companies. As long as we rely on the foreign private issuer and controlled company exemptions to the NYSE rules, a majority of our Board of Directors is not required to consist of independent directors and we will not be required to have a compensation or nominating committee. Therefore, our board's approach may be different from that of a board with a majority of independent directors, and, as a result, the management team's oversight of the Company may be more limited than if we were subject to the NYSE rules applicable to most U.S. companies.

It may be difficult to enforce civil liabilities against us or our directors or officers.

We are a publicly traded company with variable capital (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico, and a majority of the members of our Board of Directors and Management Team, our advisors and independent auditors reside or are based outside the United States. All of our assets and the assets of our subsidiaries are located, and all of our revenues and the revenues of our subsidiaries are derived from, sources outside the United States, particularly in Mexico and Argentina. Consequently, it may not be possible for you to effect service of process upon us or these other persons. Because judgments of U.S. courts or courts of other jurisdictions outside of Mexico and/or Argentina for civil liabilities based upon foreign laws of other jurisdictions outside Mexico and/or Argentina may only be enforced in Mexico and/or Argentina if certain requirements are met, you may face greater difficulties in protecting your interests through actions against us, our directors or the members of our Management Team than would shareholders of a corporation incorporated in the United States or in other jurisdictions outside of Mexico. There is doubt as to the enforceability, in original actions in Mexican courts and/or Argentine courts or in actions for enforcement of judgments obtained in courts of jurisdictions outside Mexico and/or Argentina, of liabilities predicated, in whole or in part, on the civil liability provisions of U.S. federal securities laws. No treaty exists between the United States and Mexico for the reciprocal enforcement of judgments issued in the other country. In addition, the enforceability in Argentine courts of judgments of U.S. or non-Argentine courts with respect to matters arising under U.S. federal securities laws or other non-Argentine regulations will be subject to compliance with certain requirements under Argentine law, including the condition that any such judgment does not violate Argentine public policy (*orden público argentino*) and provided that an Argentine court will not order the attachment on any property located in Argentina and determined by such court to be essential for the provision of public services.

ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by law, holders and beneficial owners of ADSs irrevocably waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to the ADSs or the deposit agreement. If