



Third Quarter Results in 2021





Mexico City, October 28th 2021

For the fourth quarter in a row, crude oil production increased and recorded 1,752 Mbd without partners' production. This increase as compared to the same period of the previous year represents five per cent. Moreover, crude oil processing levels recorded 696 Mbd.

During January-September, PEMEX transferred almost MXN 243 billion to the Mexican Government for taxes and duties, including the Profit-Sharing Duty. This is MXN 79 billion more than the transfers made in 2020.

In this third quarter, PEMEX recorded a 34% EBITDA margin; one of the best records among the global oil and gas companies. Furthermore, the company's operational expenses are on the low side when compared to its peers. Operational expenses represent 62% of total expenses.

As for other administrative expenses, PEMEX has also saved around MXN 14 billion plus a MXN 143 billion decrease as a result of the strategy against fuel theft.

The depreciation of the Mexican peso against the US dollar negatively impacted the valuation of PEMEX's financial debt. Foreign exchange losses recorded MXN 47 billion during this quarter. This item is considered virtual, since it mostly does not represent cash flows, and practically explains 62% of the total net loss in the period.

It is worth noting that the net loss that PEMEX recorded this quarter was mainly impacted by external factors and was not caused by operational issues.

Investor Relations

ri@pemex.com

Tel (52 55) 9126 2940

www.pemex.com/en/investors



Crude Oil Production
1,752 Mbd



Natural Gas Production
3,690 MMcf



Crude Oil Processing
695 Mbd



EBITDA
MXN 128.2 billion

Long Term Credit Rating in Foreign Currency

Agency	Rating	Outlook
S&P	BBB	Negative
Moody's	Ba3	Negative
HR Ratings	BBB+	Negative

Note: PEMEX refers to Petróleos Mexicanos, its Productive Subsidiary Companies, Affiliates, Subsidiary Entities and Subsidiary Companies. From July 1 to September 30, 2021. PEMEX encourages the reader to analyze this document together with the information provided in the annexes to this document, in addition to the transcript of its conference call announcing its quarterly results, to take place on October 28, 2021. Annexes, transcripts and relevant documents related to this call can be found at www.pemex.com/en/investors.



Selected financial information (MXN million)

	3Q20	3Q21
Sales	239,031	384,710
Cost of sales	189,045	268,452
Impairment (reverse)	(8,186)	(6,050)
Gross Income (loss)	58,172	122,307
Transportation and distribution expenses	36,188	40,717
Operating income (loss)	24,509	85,843
Financial cost, income due to financial derivatives	17,466	40,619
Foreign exchanges profit	36,194	(47,004)
Taxes, duties and others	41,826	75,464
Net income (loss)	1,411	(77,244)



Earnings

During 3Q21, total sales increased by 60.9%, as compared to 3Q20, mainly due to a 57.8% increase in domestic sales and a 64.5% increase in export sales. The most significant factors explaining the increase in sales are the recovery of hydrocarbons' prices all around the world and higher volumes sold.

Cost of Sales

In 3Q21 cost of sales increased by 42.0%, mainly due to a MXN 60.1 billion increase in purchases for resale. If asset impairment is considered, cost of sales increased by 45.1%. During the third quarter of 2021, a MXN 6.1 billion asset impairment reversal was recorded, as compared to MXN 8.2 billion in 3Q20.

Taxes and Duties

During 3Q21, total taxes and duties increased by 80.4% as compared to 3Q20, mainly due to the recovery of hydrocarbons' prices. Profit Sharing Duty (DUC) increased by 94.5% as compared to 3Q20.

Net Result

In 3Q21 net loss recorded MXN 77.2 billion, as compared to a MXN 1.4 billion net income in 3Q20. This result is mainly explained by the increase in taxes and duties and a significant foreign exchange loss.

Financial Debt

Total financial debt increased by 1.6% as compared to December 31, 2020, mainly due to temporarily used short term financing.

The exchange rate recorded as of September 30, 2021, was MXN 20.3060 per US dollar, resulting in a MXN 2.3 billion, or USD 113.0 billion total financial debt.

Liquidity Management

PEMEX group holds syndicated revolving credit lines for liquidity management up to an amount of USD 7.7 billion and MXN 37.0 billion.

As of September 30, 2021, USD 301 million were available.

EBITDA

Net cost of employee benefits in the period (excluding pension payments, seniority premium, and health service, since they are cash items), depreciation, amortization and impairment of wells, pipelines, property, plant, and equipment are added to the operational income. As of 4Q19, undeveloped wells are also added since they are drilled wells that never reached the production stage thus, they do not generate cash flows. EBITDA during 3Q21 amounted to MXN 128.2 billion.

Budgetary Investment Activities

At September 30, 2021, MXN 291.2 billion (USD 14.5 billion¹) in investment activities were exercised, representing 82.6% of the total MXN 352.6 billion (USD 16.0 billion²) scheduled investment for the year.

¹ Average USD/MXN exchange rate from January 1st to September 30, 2021 was MXN 20.1 = USD 1.00.

² Average USD/MXN annual exchange rate used for the approved 2021 budget was MXN 22.1 = USD 1.00.



3. Operating Headlines

3Q 21

Hydrocarbons Production

In 3Q21, the production of crude oil and condensates in fields (excluding partners' production) averaged 1,740 thousand barrels per day (Mbd); compared to 3Q20, this is an 82 Mbd increase. The variation is mainly explained by the production from new fields wells in the Southwest, South and North Marine regions; and incremental activities in fields like Madrefil, Teotleco, Tupilco and Sini in the Southern Region.

Similarly, natural gas production (excluding partners' production) recorded a 7 million cubic feet per day (MMcfd) growth, equivalent to 0.2% as compared to 3Q20. Therefore, production reached 3,690 MMcfd.

Crude oil processing

In 3Q21, total crude oil processing averaged 695 Mbd; a 14.9% increase as compared to 3Q20.

As a result, primary distillation utilization capacity averaged 42.4%, a 5.5 points increase as compared to 3Q20.

Petroleum Products Production

Petroleum products production averaged 702 Mbd; a 137 Mbd or 24.3% increase as compared to 3Q20. Tula, Salina Cruz and Cadereyta refineries recorded the best results with 54 Mbd, 28 Mbd and 19 Mbd increases in distillates production (gasoline, diesel, and jet fuel), respectively.

Upstream	3Q20	3Q21	Variation
Total hydrocarbons (Mboed)	2,395	2,478	3.5%
Total crude oil production (Mbd)	1,700	1,773	4.3%
PEMEX's production	1,681	1,752	4.2%
Crude oil and condensates	1,658	1,740	4.9%
Other condensates (Mbd)	23	12	-47.6%
Business partners' production	19	21	7.8%
Natural gas (MMcfd)	4,916	4,709	-4.2%
PEMEX's production	4,826	4,635	-4.0%
Business partners' production	90	74	-17.7%

Downstream	3Q20	3Q21	Variation
Crude Oil Processing	605	695	14.9%
Dry gas from plants (MMcfd)	2,280	2,128	-6.7%
Natural gas liquids (Mbd)	209	161	-23.3%
Petroleum products (Mbd)	565	702	24.3%
Petrochemical products (Mt)	249	364	46.4%
Variable Refining Margin (USD/b)	0.57	3.39	2.82

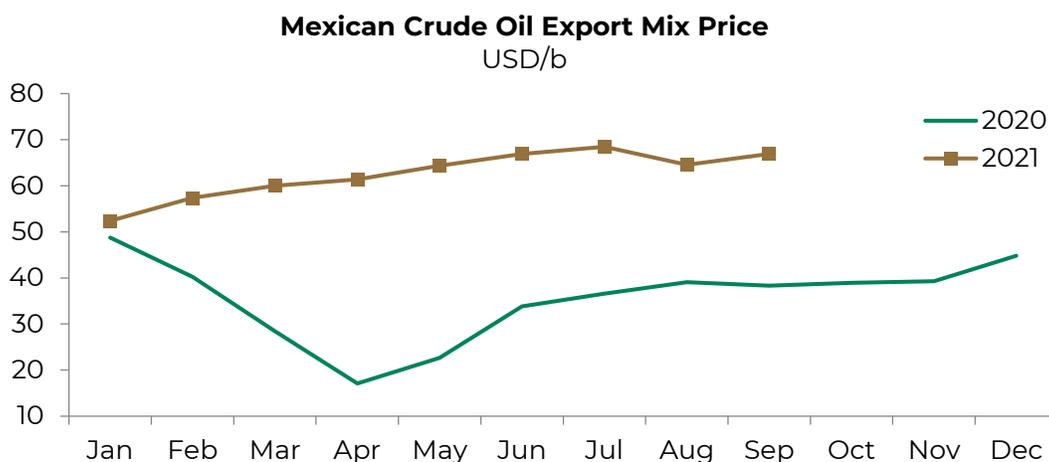


Mexican Crude Oil Export Mix

During the third quarter of 2021, the average price of the Mexican Export Mix was USD 66.69 per barrel, a value 75.4% higher than that registered during the same period of 2020.

Prices continued to be driven by progress in the recovery of world oil demand. However, they showed a setback due to restrictions on economic activity in Asia owing to the outbreak of the Delta variant of Covid. At the end of the quarter, the effects of Hurricane Ida on US crude oil production and the difficulties of some OPEC + countries to reach their target production, encouraged prices to rise.

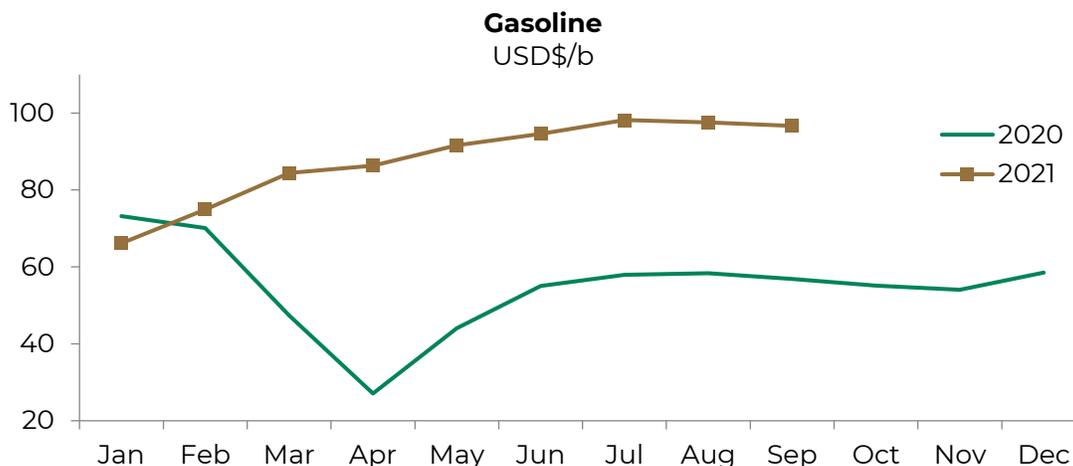
The accumulated average price from first to third quarter of 2021 was USD 62.75 per barrel, 84.5% higher than that observed in the same period of 2020.



* Source: PEMEX, Petroleum Statistics (www.pemex.com/en).

Gasoline

The average reference price of gasoline during the third quarter of 2021 was 68.9% higher than that observed during the same period of 2020. This was due to the increase in crude oil prices and the summer driving season in the US market. The accumulated average price from first to third quarter of 2021 was 61.3% higher than that observed in the same period of 2020.



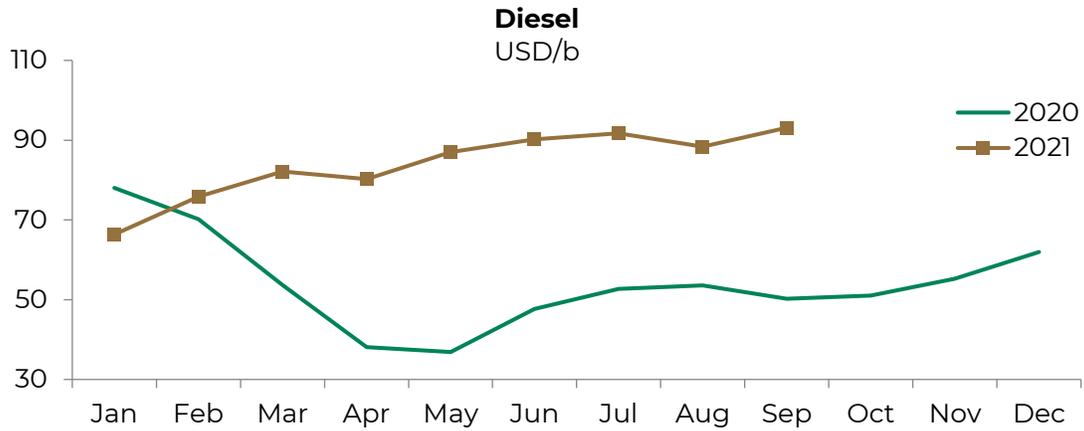
* Source: U.S. Energy Information Administration (www.eia.gov).

Diesel

During the third quarter of 2021, the average diesel reference price was 74.6% higher than that observed in the same period of 2020, due to the resilience of activity in the industrial and export



sectors in most countries globally. Additionally, OECD diesel inventories continued to trend downward and below the five-year range. The accumulated average price from first to third quarter of 2021 was 57.0% higher than that observed in the same period of 2020.



* Source: U.S. Energy Information Administration (www.eia.gov).



PEMEX participates in the Offshore Technology Conference

PEMEX participated in the Offshore Technology Conference (OTC) that was held from August 16 to August 19, 2021, with the attendance of energy professionals from around the world.

PEMEX engineers held meetings with companies such as BHP, Schlumberger, Mc Dermott and Halliburton to evaluate new versions of technology already used by the Mexican oil company in drilling and completion projects.

This event brings together specialists from the energy sector to exchange ideas and opinions to promote scientific and technical knowledge and promote the oil industry, as well as environmental issues..

Collective Bargaining Agreement 2021-2023

On September 30, 2021, PEMEX and the Union of Petroleum Workers of the Mexican Republic (STPRM) signed the collective bargaining agreement with an increase in salary and benefits, in the following terms:

- Salary increase of 3.40%
- Increase in benefits by 1.76%

In addition, the clauses and the benefits established in the collective contract are maintained. The Collective Bargaining Agreement 2021-2023 is available on the PEMEX website

http://www.pemex.com/acerca/informes_publicaciones/Paginas/contrato_colectivo.aspx





Main Statistics of Production

	Third quarter (Jul.-Sep.)			
	<u>2020</u>	<u>2021</u>	<u>Change</u>	
Upstream				
Total hydrocarbons (Mboed)	2,395	2,478	3.5%	83
Total crude oil production (Mbd)	1,700	1,773	4.3%	73
PEMEX's production ⁽¹⁾	1,681	1,752	4.2%	71
Crude oil and condensates ⁽²⁾	1,658	1,740	4.9%	82
Other condensates (Mbd)	23	12	-47.6%	(11)
Business Partners' production	19	21	7.8%	2
Natural gas (MMcfd) ⁽³⁾	4,916	4,709	-4.2%	(207)
PEMEX's production	4,826	4,635	-4.0%	(191)
Business Partners' production	90	74	-17.7%	(16)
Downstream				
Dry gas from plants (MMcfd) ⁽⁴⁾	2,280	2,128	-6.7%	(152)
Natural gas liquids (Mbd)	209	161	-23.3%	(49)
Petroleum products (Mbd) ⁽⁵⁾	565	702	24.3%	137
Petrochemical products (Mt)	249	364	46.4%	115

(1) During 3Q19, the crude oil and condensates series was adjusted to include the proportional part of Ek-Balam's production that is assigned to the State. Thus, the series was adjusted since 1Q19.

(2) Condensates produced in fields

(3) Includes nitrogen.

(4) Does not include dry gas used as fuel.

(5) Includes LPG

Hydrocarbons Production

Total hydrocarbons production during the third quarter of 2021 recorded an average of 2.478 million barrels of crude oil equivalent per day (MMboed), an 83 Mboed increase as compared to the same period in 2020. This section details the behavior of liquid hydrocarbons, i.e., crude oil and condensates excluding partners' production.

During 3Q21, liquid hydrocarbons production recorded 1,740 thousand barrels per day (Mbd), which compared to the same period of 2020 implies an 82 Mbd increase. This result is mainly explained by the new production from the fields project wells in the Southwest, South and North Marine regions; and incremental activities in fields like Madrefil, Teotleco, Tupilco and Sini in the Southern region. It is worth highlighting that the increase when comparing to 3Q20 stands out because in that quarter, heavy crude oil production was closed due to the emergency shutdown at the FPSO given its collision with the Olympic Future tank in July, 2020. The FPSO was also affected by the sanitary emergency due to a COVID 19 outbreak in August, 2020.



It is worth noting that the 59 Mbd growth in liquids production was mainly due to the incorporation of new fields. This oil was obtained from the Itta-27, Itta-45, Tlamatini-7, Tlamatini-13, Quesqui-34, Cibix-20, Koban-21, Mulach-8, Uchbal-3, Tetl-21, Teekit-45 and Teekit-12 wells, which were completed in the third quarter. Pokche-1DL and Pokche-3DL exploratory wells also contributed and were completed in 3Q21.

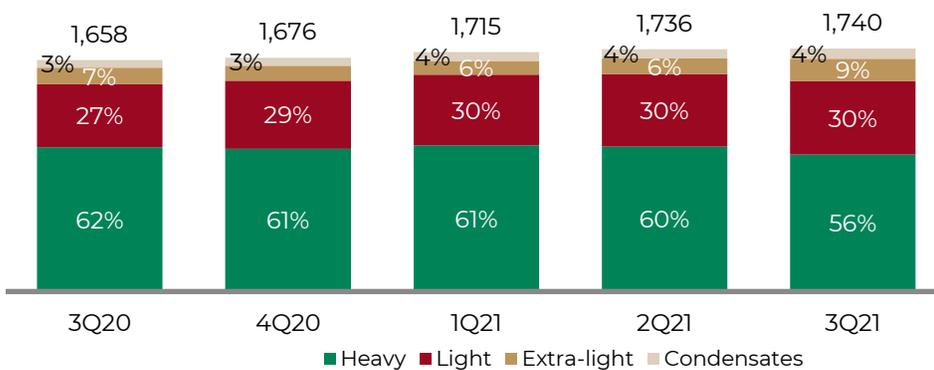
Additionally, maintenance actions contributed to the stability in the production of mature fields. These actions include the following:

- Immediate attention to operational problems and time reduction in the operational intervention for the reestablishment of wells that operate with the artificial electro-centrifugal pumping system (BEC); and
- Increase of maintenance works on wells (minor repairs, stimulations, cleaning, and optimization of operating conditions).

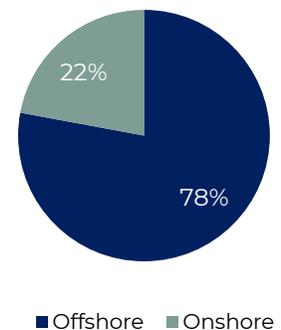
Regarding crude oil production by quality:

- light crude and condensates production increased by 136 Mbd due to the contribution of wells from new fields such as Quesqui, Ixachi, Octli, Mulach, Cheek, Itta, Tlamatini, Koban and Uchbal; in contrast,
- heavy crude production decreased by 54 Mbd, which is equivalent to a 5.2% decrease with respect to the heavy crude reported in the third quarter of 2020. The main events that explain this variation are the E-Ku-A2 platform incident with an 18 Mbd deferred production; leakage in Ku-C's L-256 12 inch line with a 4 Mbd deferred production; failures in electro centrifugal pumping equipment in some wells in the Northeast Marine Region and natural decline of mature fields in Ku-Maloob-Zaap.

Crude Oil Production by Type
(Mbd)

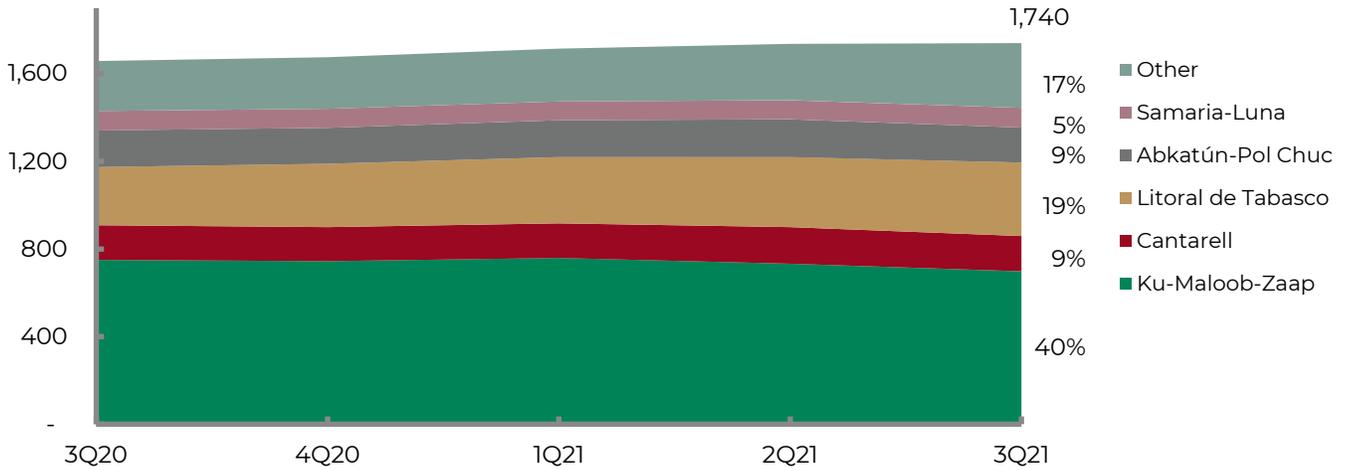


Crude Oil Production by Region





Crude Oil Production by Asset
(Mbd)



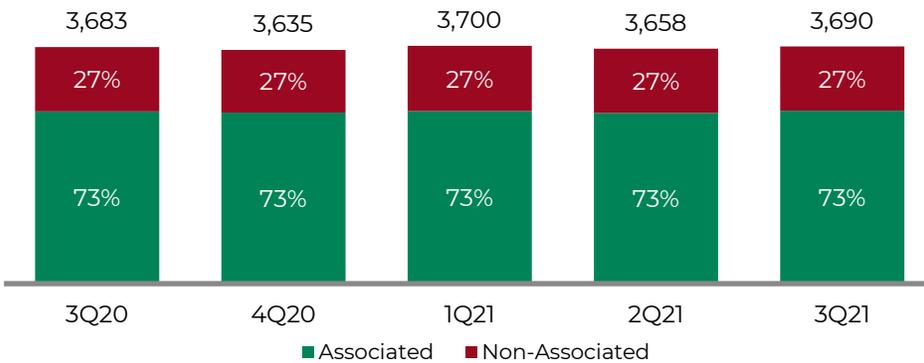
Natural Gas Production

During 3Q21, natural gas production (excluding partners' production) increased from 3,683 MMcfd in 3Q20 to 3,690 MMcfd. This is a 7 MMcfd increase, equivalent to a 0.2% growth, as compared to the same quarter of 2020.

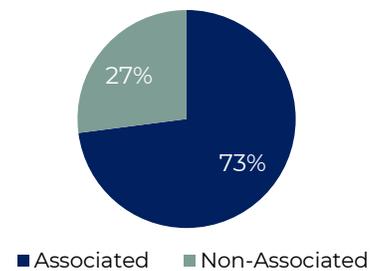
Associated gas increased by 9 MMcfd, mainly due to the production from Quesqui wells in the Southern region.

Non-associated gas marginally decreased by two MMcfd, which represents a 0.2% variation as compared to the same period of 2020. It is worth noting that the Veracruz asset recorder n 81 MMcfd increase, which practically offset the natural decline of fields in the Reynosa Asset.

Natural Gas Production
(MMcfd)

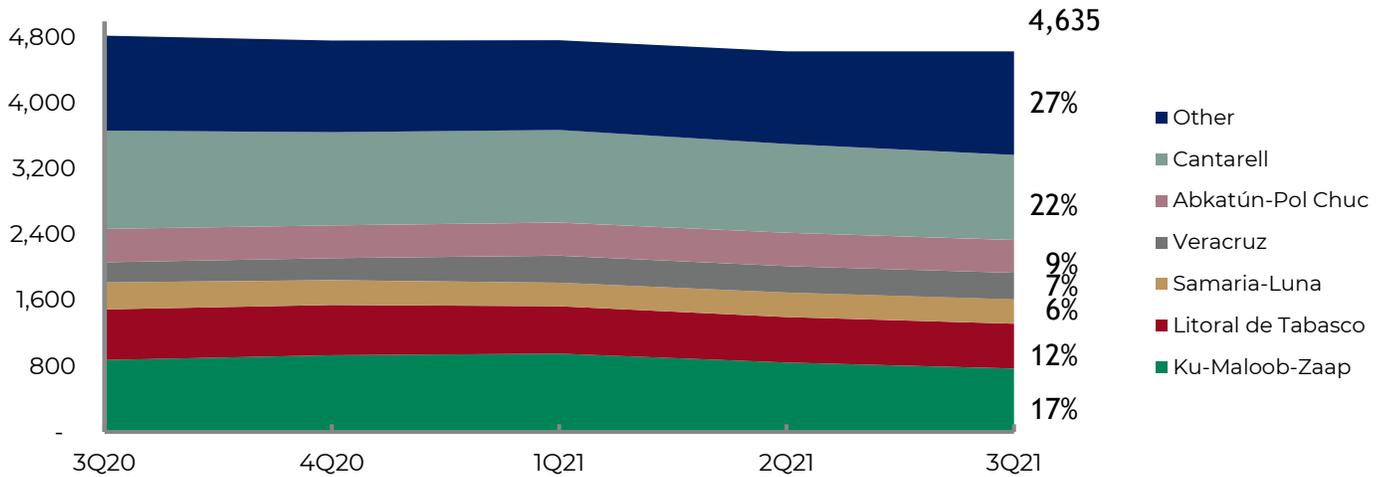


Natural Gas Production by Type of Field





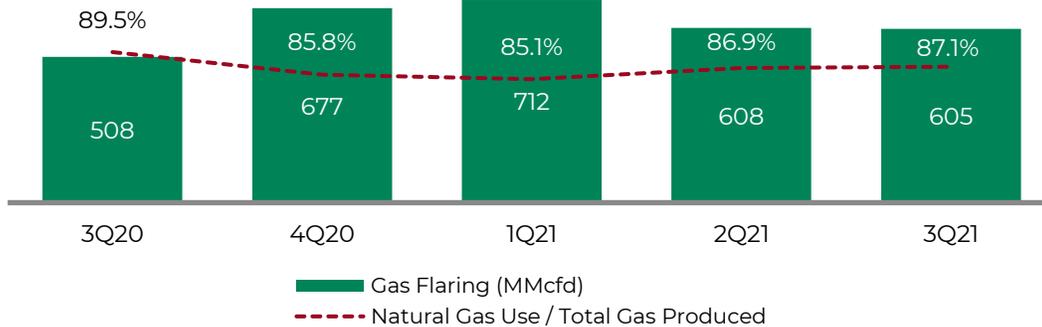
Natural Gas by Asset²
(MMcfd)



Natural Gas Use

In the third quarter of 2021 natural gas use stood at 87%. The gas flaring is explained by the production increase in the Ku-Maloob-Zaap assets; the lack of infrastructure for gas conditioning in the Ixachi field; failures in the nitrogen elimination plant (NRU); maintenance and failures of compression equipment, as well as rejections from the Gas Processing Centers of Pemex Industrial Transformation. The incident at the E-Ku-A2 platform also affected this result.

Natural Gas Use



² Includes nitrogen

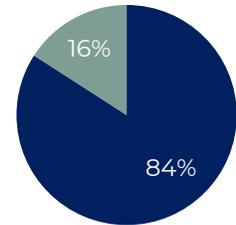


Infrastructure

During the third quarter of 2021, 44 development wells were completed, representing 8 more wells as compared to the same period of 2020. The difference is mainly explained by the increase in activity in the Reynosa and Poza Rica assets in the Northern Region.

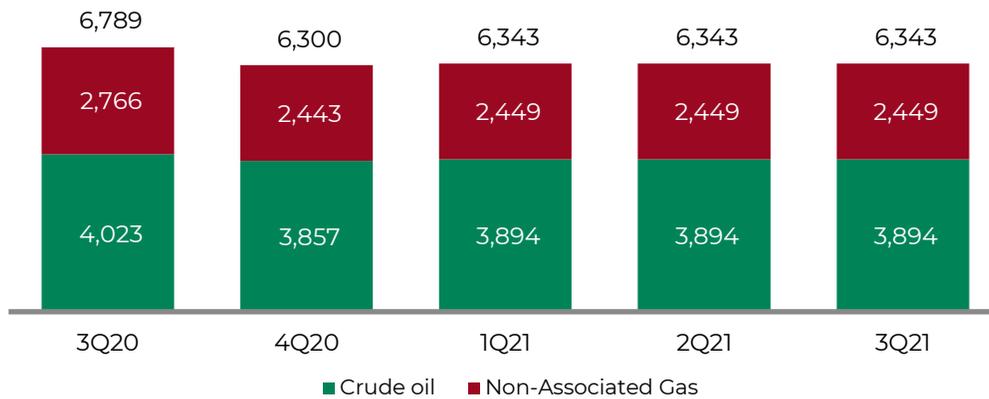
Additionally, nine exploratory wells were completed, that is, four more wells as compared to the third quarter of 2020.

Selected operating infrastructure



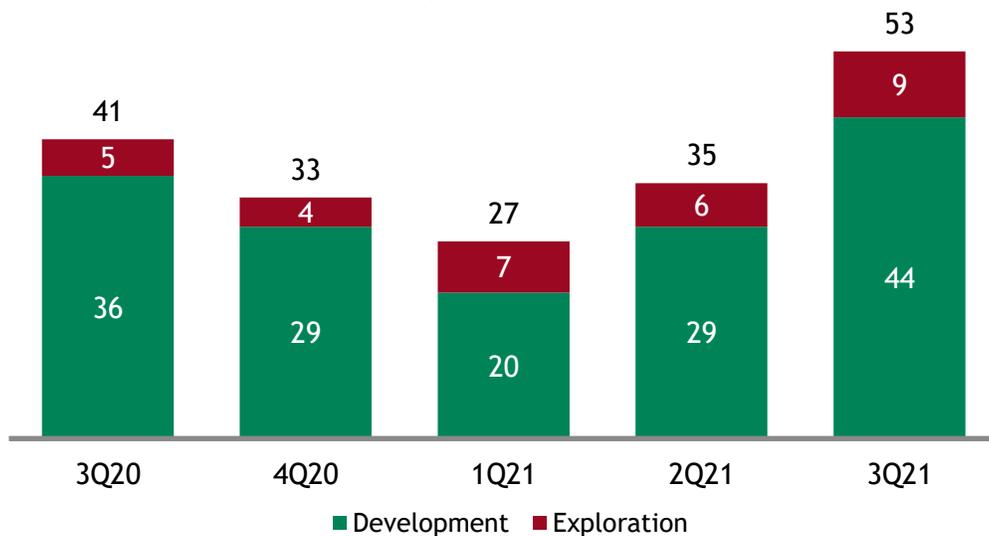
■ Offshore structures
■ Drilling equipment

Average Number of Operating Wells



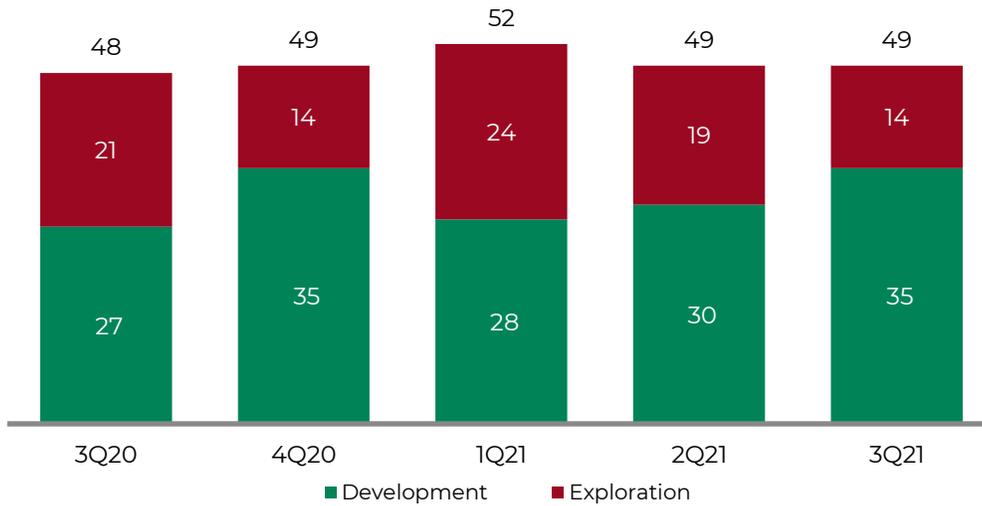
Note: Numbers may not total due to rounding.

Completion of Wells

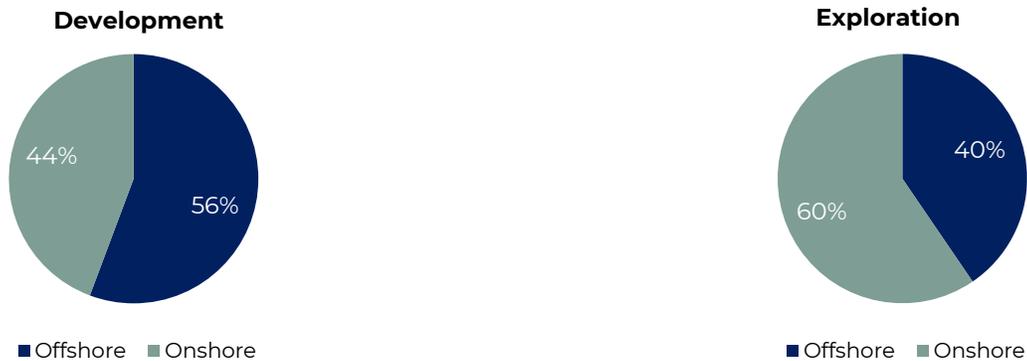




Average Number of Operating Drilling Rigs



Average Drilling Rigs by Type



Discoveries

The exploration activities carried out during 3Q21 allowed PEMEX to obtain information from five wells as detailed in the next table. The studies performed estimate a recoverable volume of 3P reserves around 90.4 million barrels of crude oil equivalent.

Project	Well	Geologic Era	Initial production		Depth Meters	3P Reserves MMboe
			Liquids bd	Gas MMcfd		
Comalcalco	Quesqui-2DEL	Late Jurassic Kimmeridgian	5,343	18.8	-	27.3
Uchukil	Camatl-1DEL	Early Pliocene	2,784	1.7	28.4	7
Uchukil	Tlakati-1EXP	Late Miocene	2,053	0.7	33	20



6. Upstream

3Q 21

Uchukil	Chamak-1EXP	Late Miocene	8,005	2.4	228	23
---------	-------------	-----------------	-------	-----	-----	----

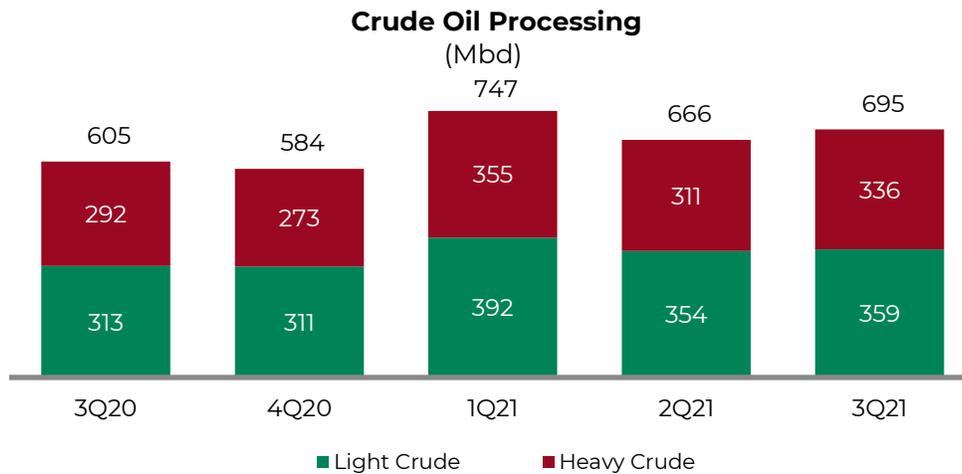


Crude Oil Processing

In 3Q21, crude oil processing at the National Refining System (NRS) averaged 695 Mbd, a 90 Mbd increase as compared to the same quarter of 2020, as a result of improved operating performances at Salina Cruz, Tula and Cadereyta refineries with higher crude oil processing by 40 Mbd, 83 Mbd and 7 Mbd, respectively.

Heavy crude oil process in the revamped refineries averaged 200 Mbd, this is a 5 Mbd decrease as compared to the same period of 2020 due to lower heavy crude oil process at Madero by 29 Mbd. This was partially offset by a 15 Mbd process increase at the Minatitlán refinery and an 8 Mbd increase at the Cadereyta refinery.

The atmospheric distillation capacity of the National Refining System (NRS) is 1,640 Mbd, therefore, the primary distillation capacity utilization amounted to 42.4%; this is 5.5 points above the record in 3Q20.



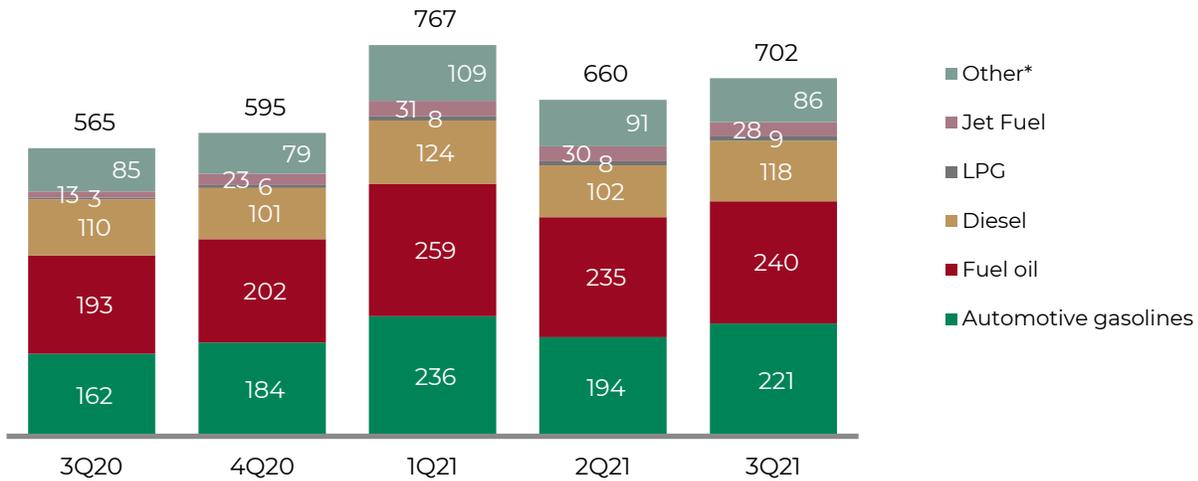
Petroleum Products Production

During the third quarter of 2021, petroleum products production increased by 24.3% as compared to 3Q20, averaging 702 Mbd: 221 Mbd were gasoline, 118 Mbd diesel, 28 Mbd jet fuel, and 334 Mbd other petroleum products and LPG.

As compared to 3Q20, distillate production (gasoline, diesel, and jet fuel) increased by 29%, mainly as a result of a 52 Mbd increase at the Tula refinery; a 28 Mbd increase at the Salina Cruz refinery and a 19 Mbd at the Cadereyta refinery.



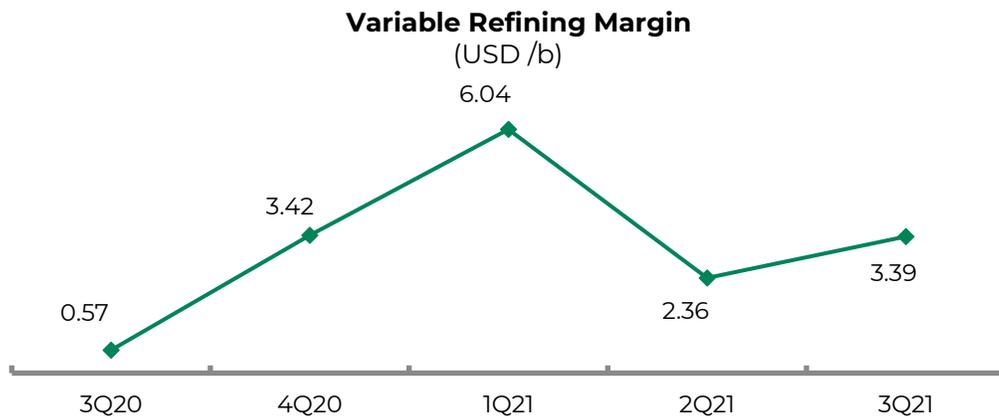
Petroleum Products Production
(Mbd)



* Includes paraffins, furfural extract, aeroflex, asphalt, lubricants, coke, cyclical light oil and other gasolines.

Variable Refining Margin

Variable refining margin at the NRS in 3Q21 averaged USD 3.39 per barrel (USD/b), this is USD 2.82/b higher than the margin recorded in 3Q20. This result is mainly explained by the recovery of refined products' prices in the Gulf of Mexico and the improvement of the operational performance at the NRS.



PEMEX Service Stations

At September 30, 2021, PEMEX franchise service stations totaled 7,079. This is an 8.7% decrease as compared to the same period of 2020. From PEMEX's total service stations, 7,034 are private franchises while 45 are owned by Pemex Industrial Transformation (PEMEX's self-consumption). In addition, 964 service stations were registered under the brand sublicensing scheme and 3,395 service stations do not operate under PEMEX's franchise scheme but get their supply from both PEMEX and direct imports.



Natural Gas Processing and Production

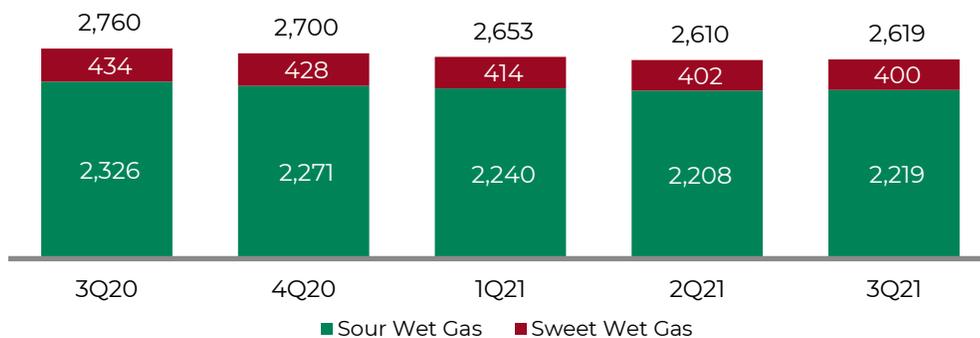
In 3Q21, natural gas processing averaged 2,619 MMcfd; a 141 MMcfd decrease as compared to 3Q20, due to the lower availability of sour wet gas as a result of the production decrease in the Southeastern and Northern regions of Pemex Exploration and Production (PEP) by 96 MMcfd and 49 MMcfd, respectively.

As a result, dry gas production averaged 2,128 MMcfd, a 152 MMcfd decrease as compared to the same period of 2020. The Nuevo Pemex, Burgos, Poza Rica and Ciudad Pemex gas processing complexes recorded the lowest production in the quarter.

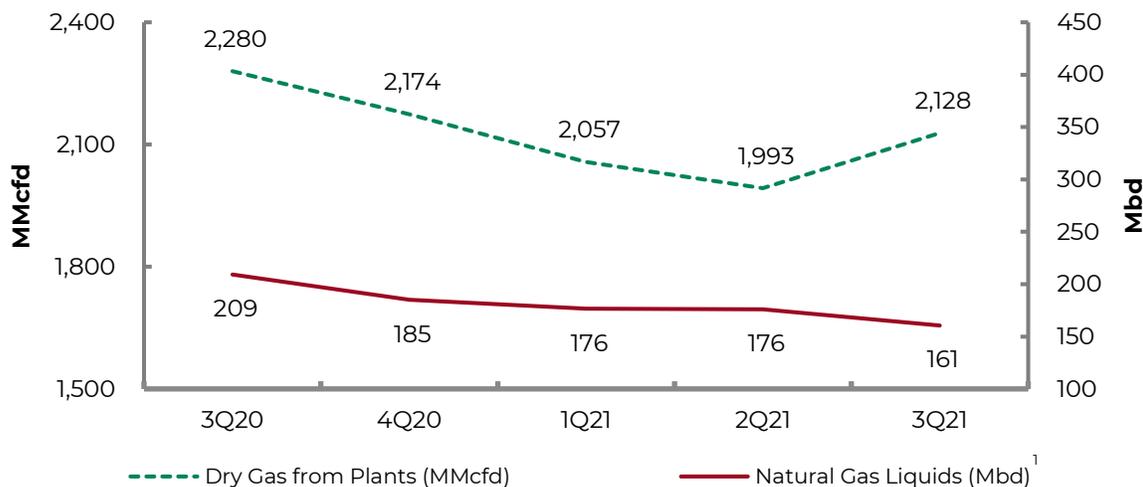
Likewise, liquids production averaged 160 Mbd, a 23.3% decrease as compared to the same quarter of 2020, mainly as a result of lower wet gas.

The condensate process averaged 13 Mbd; 12 Mbd lower than the record of the third quarter of 2020, mainly due to lower delivery of sour condensates from Pemex Exploration and Production.

Natural Gas Processing
(MMcfd)



Dry Gas and Natural Gas Liquids Production



(1) Includes condensates process.

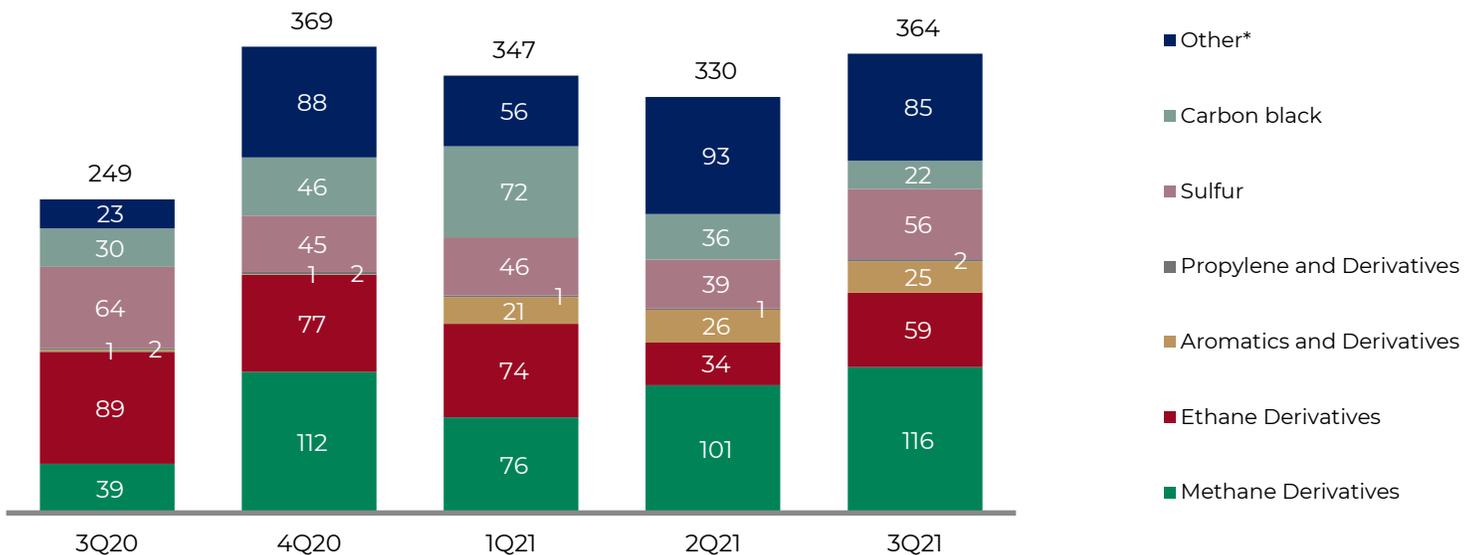


Petrochemicals Production

In 3Q21, petrochemicals production recorded 364 thousand tons (Mt), a 46.4% increase as compared to 3Q20. The quarterly variation is mainly explained by the following factors:

- methane derivatives production increased by 78 Mt, as a result of the reactivation of the ammonia VI plant since March 2021;
- other petrochemicals production increased by 62 Mt as a result of higher carbon dioxide production at the Cosoleacaque petrochemical complex.
- aromatics and derivatives production increased by 23 Mt, as a result of higher production at La Cangrejera petrochemical complex due to the better performance of the CCR Plant; on the other hand
- ethane derivatives production decreased by 30 Mt, primarily due to problems in auxiliary services at Morelos and Cangrejera petrochemical complexes. Maintenance work is currently being carried out to bring them back into operation;
- sulfur production decreased by eight Mt, as a result of lower production at Ciudad Pemex gas processing complex due to the shutdown of its sulfur recovery plant for corrective maintenance;
- carbon black production decreased by eight Mt, mainly due to greater process of heavy crude oil at Cadereyta, Madero and Salamanca refineries; and
- methanol production decreased by one thousand tons due to scheduled minor repairs of the methanol plant from August 27 to September 10.

Petrochemicals Production
(Mt)



*Includes Hexane, Pentanes, Butanes, Raw butadiene, Polyethylene waxes, Petrochemical specialties, Heptane, Hydrogen, Pyrolysis Liquids, Nitrogen, Oxygen and Mixture of pentanes.



Additional Information Related to Downstream and Midstream Activities

Anti-Fuel Subtraction Strategy

As a result of the joint strategy between PEMEX and the Federal Government, during 3Q21, fuel theft subtraction averaged 4.0 Mbd, a 14.9% decrease as compared to the 4.7 MBD recorded in the same quarter of 2020. As detailed in the financial section, fuel subtraction losses in 3Q21 recorded MXN 1,884 million in 3Q21, and MXN 1.096 million in 3Q20.

Rehabilitation Program of the National Refining System

In 2021 rehabilitation works continue in the National Refining System to restore the reliability of the assets and increase operational efficiency.

During the first three quarters, repairs were carried out in 49 processing plants and four storage tanks. In the fourth quarter, the implementation of this program will continue with a focus on attention to critical risks in process plants, in main services and storage tanks.



Industrial Safety

In all moderated and serious events, Petróleos Mexicanos performs a root-cause analysis to identify the original events' causes and define corrective actions to avoid the recurrence of accidents. In very serious events, the analysis has been developed by independent researchers who guarantee total transparency. Additionally, this analysis strengthens PEMEX's SSPA System and accountability to stakeholders.

Frequency Index³

In 3Q21, the frequency index for PEMEX's employees was 0.41 accidents per million man-hours worked with exposure to risk.

The Subsidiary Productive Companies and Corporate Areas that contributed to the accident rate during the quarter were Pemex Exploration and Production recording eleven injured workers and one deceased and Pemex Industrial transformation recording 13 injured workers.

In the third quarter, the following SSPA initiatives continue to be carried out:

- As a result of the event that occurred on PEP's E-KU-Alfa2 platform, the *Safe Execution and Supervision Plan with ZERO TOLERANCE* was designed and implemented, in which short-term lines of action are established to ensure the operational continuity of business lines, with special emphasis on ZERO TOLERANCE for deviations and non-compliance with standards and protocols.
- The Evaluation of Conformity with NOM 020 of the STPS continues, for containers subject to pressure, accumulating to date visits to three work centers (19 certified teams) and attention to the Visiting Program is being regularized in the second half of 2021.
- Issuance of technical and regulatory opinions on Industrial Safety to ensure correct risk management for a safe and reliable operation in accordance with the strategy of the General Directorate of Petróleos Mexicanos.
- Supervision and evaluation of temporary mitigation plans for type A critical risks that affect the mechanical integrity of the facilities and Work Centers of EPS and Subsidiaries, validated by the PEMEX Risk Committee (CRPEMEX).
- Development and availability of three courses of the PEMEX-SSPA System for online delivery: Effective Audits, Operational Discipline, and Critical Procedures
- Supervision, evaluation, and control of compliance with the guidelines, results of self-evaluations on the health sanitary protocols of the PEMEX Strategy before the New Normal, to prevent contagion by COVID19.

³ Refers to the number of accidents with incapacitating injuries per million man-hours worked (MMhh) with risk exposure during the relevant period. An incapacitating injury is an injury, functional damage or death that is caused, either immediately or subsequently, by a sudden event at work or during work-related activities. Man-hours worked with risk exposure represent the number of hours worked by all personnel, including overtime hours.



Severity Index⁴

In the third quarter of 2021, the severity index recorded 27 days lost per million man-hours worked with risk exposure, since the incidents presented merited a greater number of days of medical disability.

In order to reverse the accident trend, during the second half of the year a Program to Reinforce Critical Safety Standards is implemented at Pemex Corporate and Pemex Industrial Transformation in addition to a Leadership Program in Risk Management for Pemex Exploration and Production.

Additionally, follow-up and evaluation are carried out to attend to recommendations derived from root cause analyzes, government agencies and insurance companies.

Environmental Protection

Water Reuse

In 3Q21, the water reuse index (reuse / use) decreased by 7% as compared to the same quarter of 2020. The variation is explained by the lower volume of water treated at the Madero refinery, due to a pumping equipment failure.

It should be noted that water reuse at the Tula refinery increased by 121% as compared to 3Q20, as a result of the rehabilitation carried out at its Wastewater Treatment Plant (PTAR by its acronym in Spanish); Likewise, at the Salamanca refinery, the volume of treated water increased by 68.4% as a result of the improvement in the quality of the inlet water to the refinery's PTAR, from its effluent treatment system.

Sulfur oxide emissions

In the third quarter of 2021, sulfur oxide emissions increased by 17% as compared to the same period of 2020. The increase was mainly due to:

- shutdown of sulfur plants in gas processing complexes and refineries for corrective maintenance; and
- the increase of gas flaring in exploration and production processes, for non-routine and emergency events.

Carbon dioxide equivalent emissions

In the third quarter of 2021, carbon dioxide equivalent emissions increased 17% as compared to the same period in 2020. The increase was due to failures in compression systems of gas processing complexes. Likewise, the lack of compression capacity for the management and use of gas, as well as maintenance in compression systems and the emergency events, caused an increase in venting to burners and its consequently emissions.

⁴ Refers to the total number of days lost per million man-hours worked with risk exposure during the relevant period. The number of days lost is based on medical leaves of absence for injuries stemming from accidents at work, plus the number of corresponding days on which compensation is paid for partial or total disability or death.

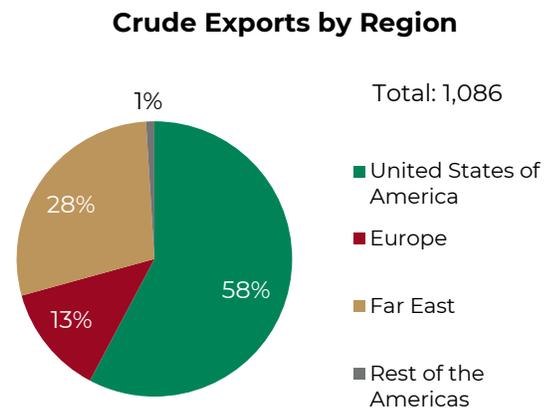
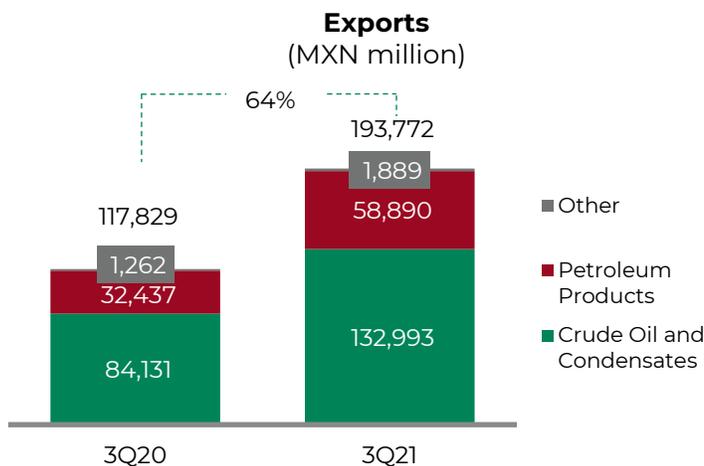
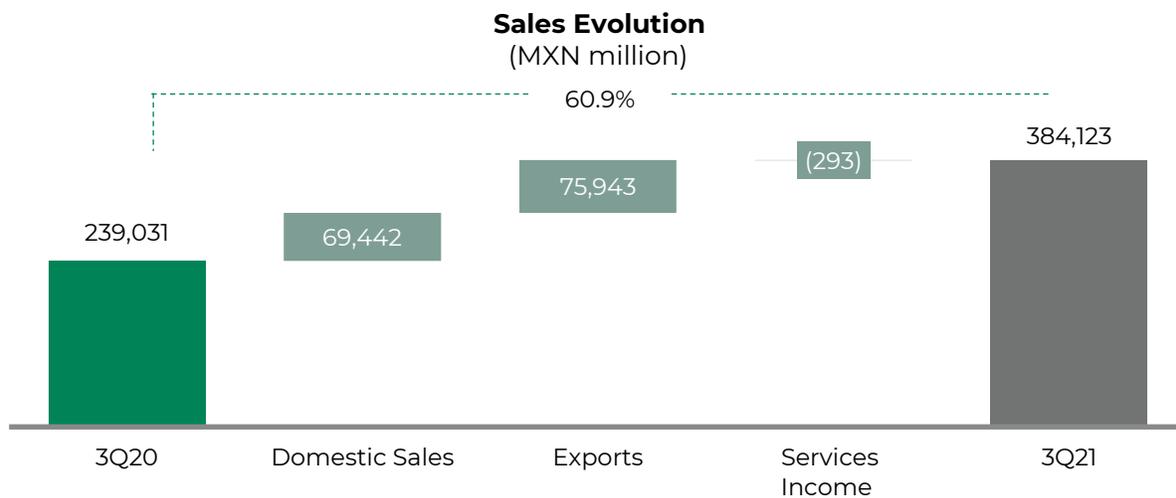


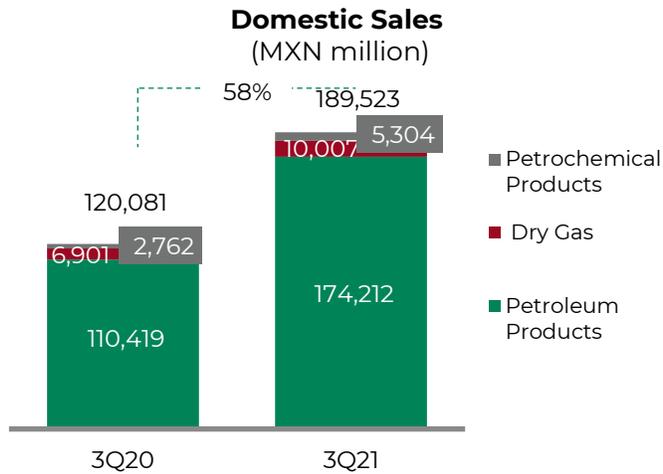
9.1 Consolidated Income Statement from July 1 to September 30, 2021

Total Sales

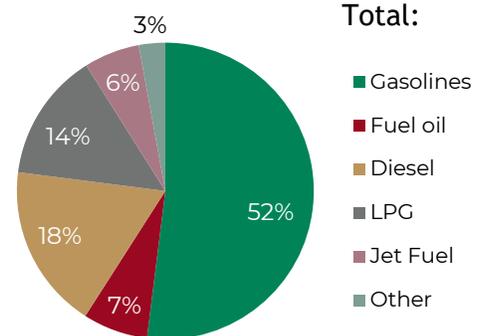
Total revenues from sales and services increased by 60.9%, as compared to 3T20. This was mainly due to:

- a 57.8% increase in domestic sales, mainly resulting from an increase in international hydrocarbons and refined products' prices; and
- a 64.5% increase in export sales, mainly explained by the recovery in the average price of the Mexican Oil Export Mix. Prices per barrel went from an average of USD 38.03 per barrel in 3Q20 to USD 66.69 per barrel in 3Q21.





Domestic Sales of Petroleum Products



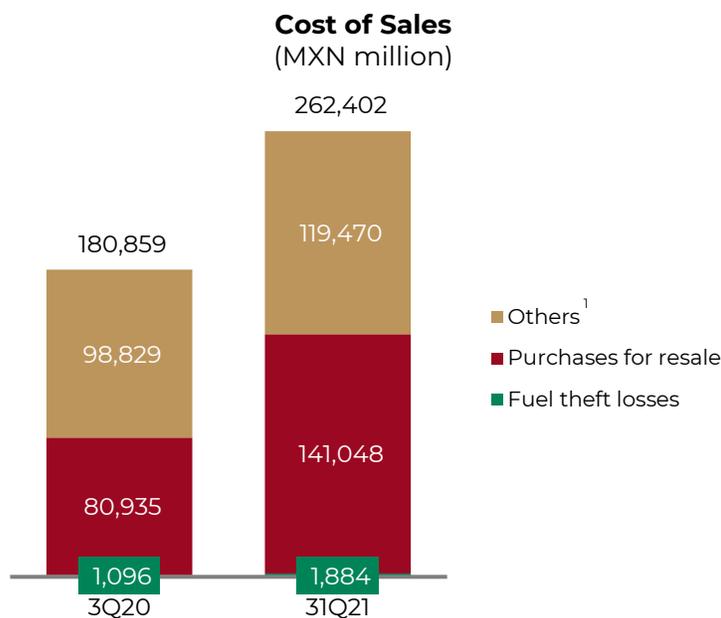
Cost of sales and Operating Income

Cost of sales including asset impairment increased by 45.1% as compared to 3Q20, mainly due to:

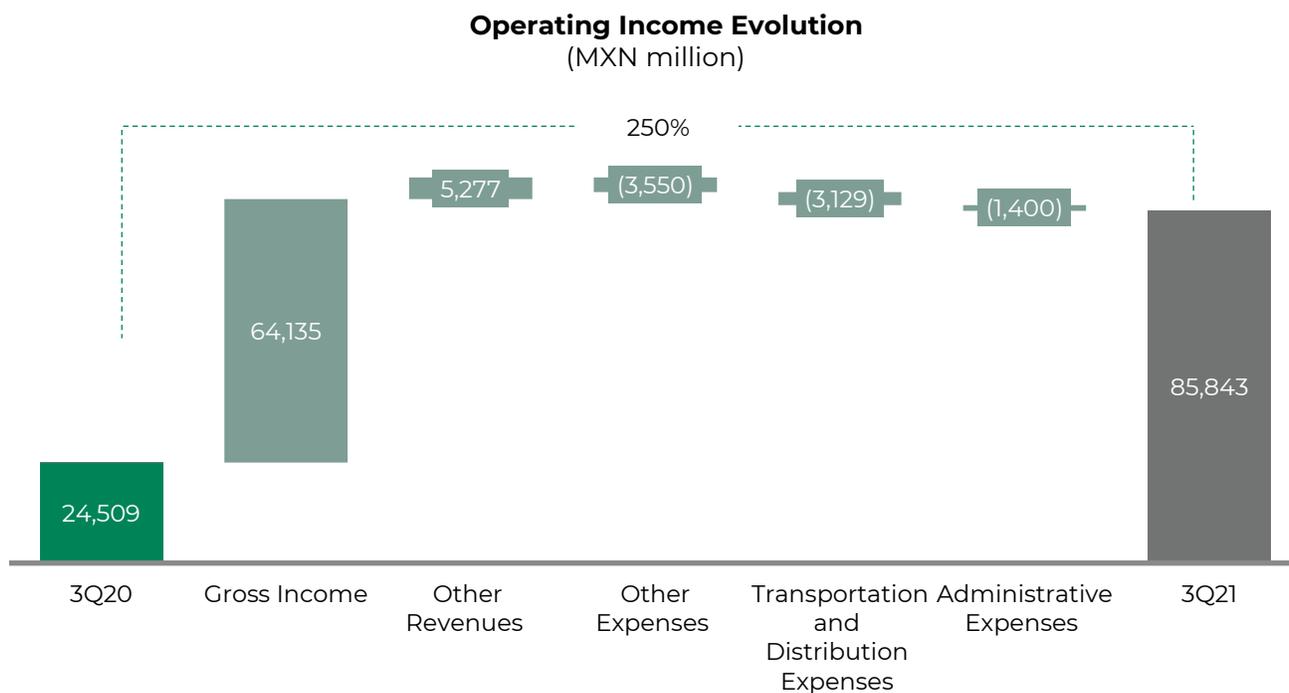
- Increase in purchases for resale which amounted to MXN 141.1 billion, as compared to MXN 80.9 billion in 3Q20. This increase in imports is mainly explained by the recovery of refined products' prices;
- A MXN 10.4 billion increase in exploration and extraction taxes and duties, mainly due to the recovery of hydrocarbons' prices;
- A decrease in asset impairment reversal. This item recorded MXN 6.1 billion in 3Q21 as compared to MXN 8.2 billion in 3Q20.

As a result, gross income recorded MXN 87.6 billion, as compared to MXN 10.2 billion in 3Q20. General expenses (administration, distribution, transportation, and sales) decreased by 13.1%, mainly due to the net cost of employee benefits.

Consequently, operating income recorded MXN 122.3 billion, as compared to MXN 58.2 billion in 3Q20.

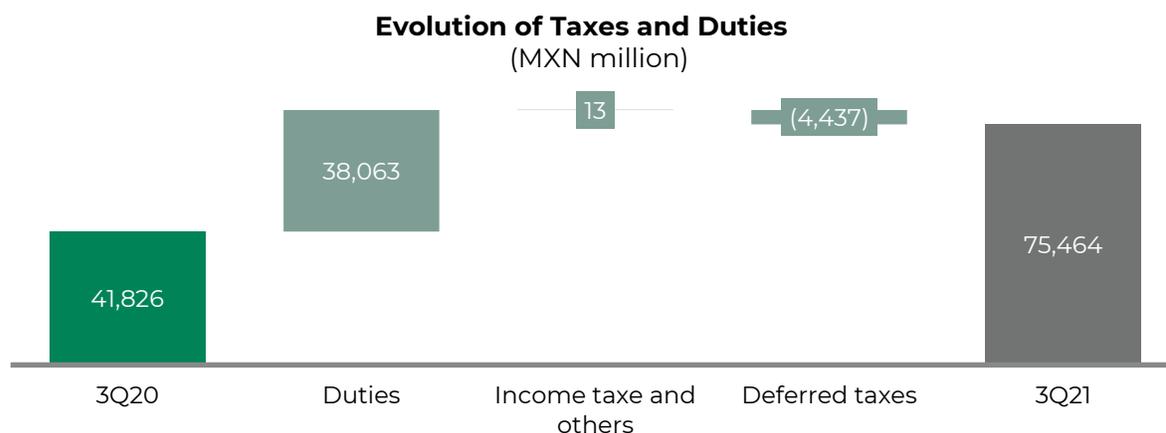


¹ Includes Depreciation and amortization expenses, Subsidiary entities consolidation net effect, Operating expenses, Hydrocarbon exploration taxes and duties, Preservation and maintenance, Net cost for the period of employee benefits, Exploration expenses and Inventories variation..



Taxes and Duties

During 3Q21, total taxes and duties amounted to MXN 75.5 billion, an 80.4% increase as compared to 3Q20. This increase was mainly due to the recovery of the Mexican Mix Export price, despite the reduction in the Profit-Sharing Duty applicable rate from 58% to 54 per cent. Profit-Sharing Duty, being the most important duty paid by the company in terms of amount, increased by 94.5% as compared to 3Q20.



Evolution of Net Income (Loss)

During 3T21 PEMEX recorded a MXN 77.2 billion net loss, as compared to a MXN 1.4 billion net income in 3Q20.

Among the negative factors that determined this result were the increase in cost of sales, decrease in asset impairment reversal, increase in the foreign exchange loss due to the depreciation of the Mexican Peso against the U.S. dollar during the quarter, increase in the cost of derivative financial instruments and increase in taxes and duties.

In 3Q21 foreign exchange loss recorded MXN 47.0 billion as compared to a MXN 36.2 billion foreign exchange profit in 3Q20. The exchange rate went from MXN 19.8027 per 1.0 dollar at June 30, 2021 to MXN 20.3060 per 1.0 dollar at September 30, 2021. This 2.5% variation is considered virtual, since it mostly does not imply cash flow.

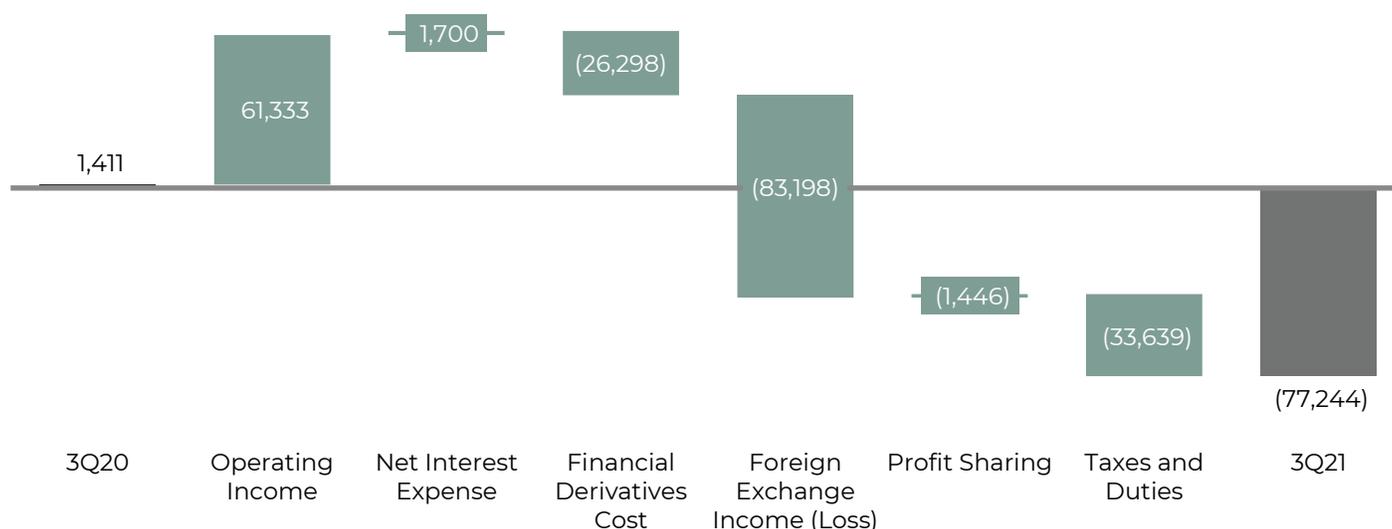
A MXN 9.3 billion pesos cost due to derivative financial instruments was recorded, as compared to a MXN 32.5 billion income in 3T20. This result was mainly originated by the variation of cross-currency swaps.

Additionally, a MXN 2.1 billion decrease in assets impairment reversal was recorded in 3Q21 as compared to 3Q20.



Evolution of Net Income (Loss)

(MXN million)

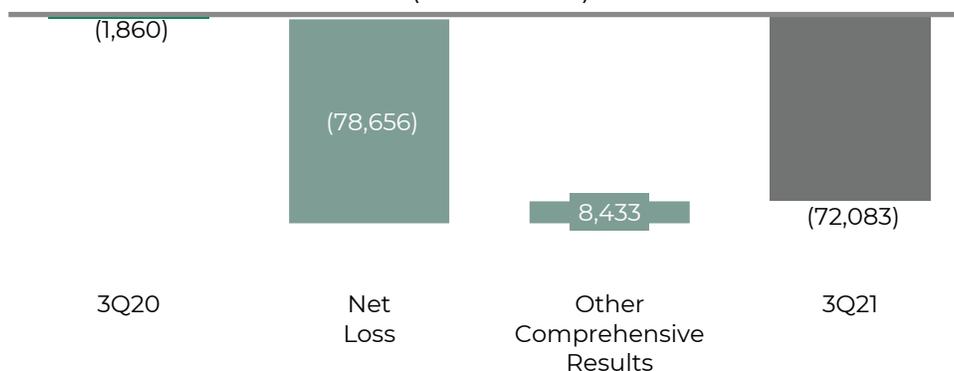


Comprehensive Income (Loss)

A MXN 72.1 billion comprehensive loss was recorded, mainly as a result of a MXN 5.2 billion positive effect due to the currency conversion resulting from the U.S. dollar appreciation vs the Mexican peso. This positively impacted the value of Mexican Peso investments in subsidiary companies.

Evolution of Comprehensive Income (Loss)

(MXN million)



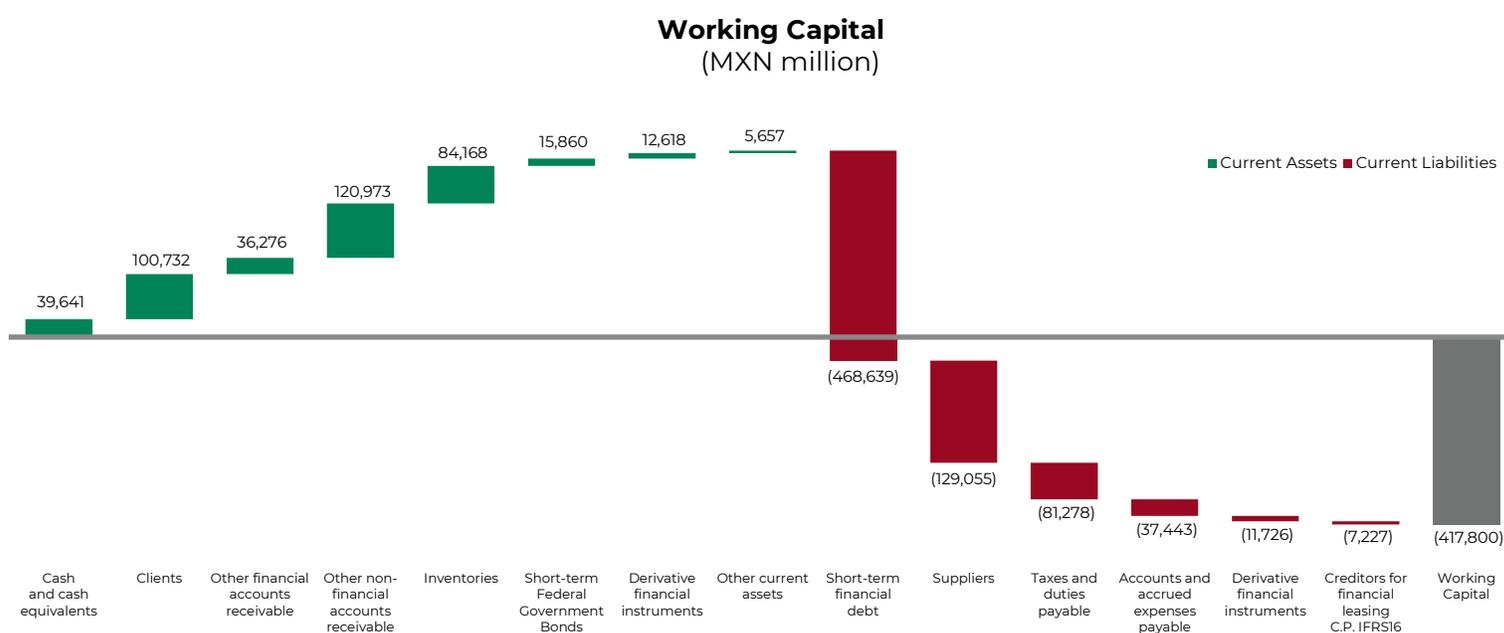


9.2 Consolidated Balance Sheet as of September 30, 2021

Working Capital

At September 30, 2021, negative working capital recorded MXN 417.8 billion, as compared to negative MXN 442.5 billion at December 31, 2020. This MXN 24.7 billion decrease in negative working capital was mainly explained by:

- a MXN 68.2 billion increase in clients and accounts receivable;
- a MXN 31.6 billion increase in inventories;
- a MXN 13.3 billion decrease in derivative financial instruments;
- a MXN 77.5 billion increase in short term debt;
- a MXN 54.6 billion decrease in suppliers; and
- a MXN 30.1 billion increase in payable taxes and duties.



9.3 Debt

Total financial debt increased by 1.6% as compared to December 31, 2020, mainly due to temporary short term financing utilization.

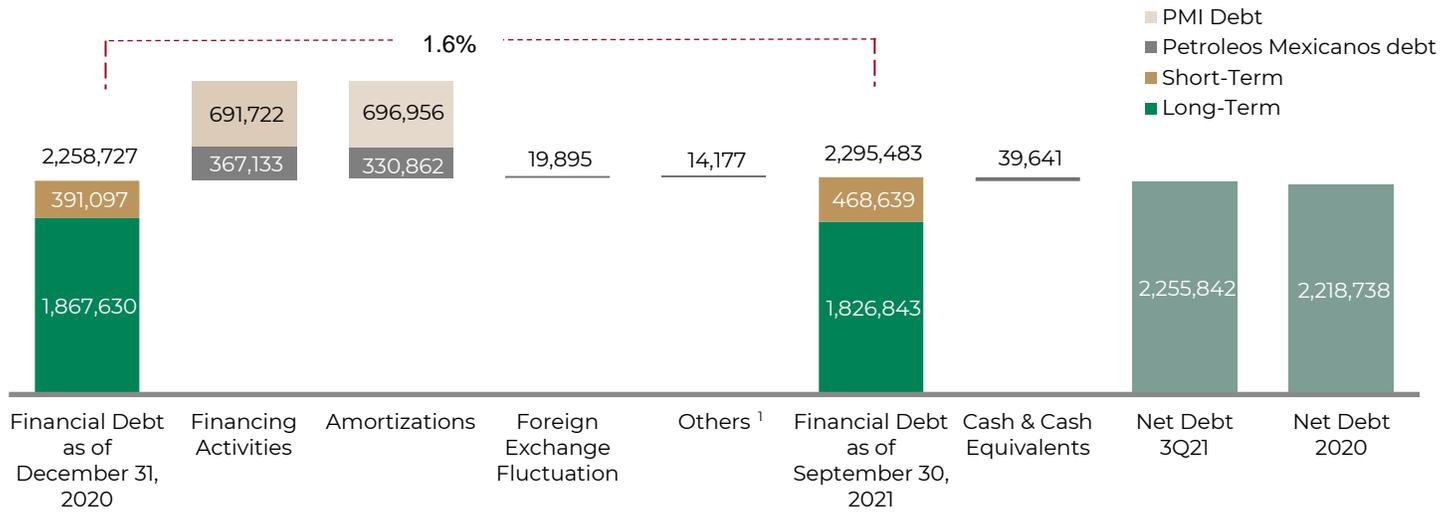
At the end of 3Q21, the exchange rate was MXN 20.3060 per US dollar, resulting in a total financial debt of MXN 2,295.5 billion, or USD 113.0 billion.

At 3Q21 Pemex and its subsidiary companies carried out financing activities (short term bank credits included) for a total amount of MXN 1,058.9 billion or USD 52.1 billion. Total debt payments amounted to MXN 1,027.8 billion or USD 50.6 billion.

About 86% of Petróleos Mexicanos' financial debt is denominated in currencies different to the Mexican peso, mainly in U.S. dollars, and for registering purposes, it's converted into pesos at the exchange rate at the end of the period



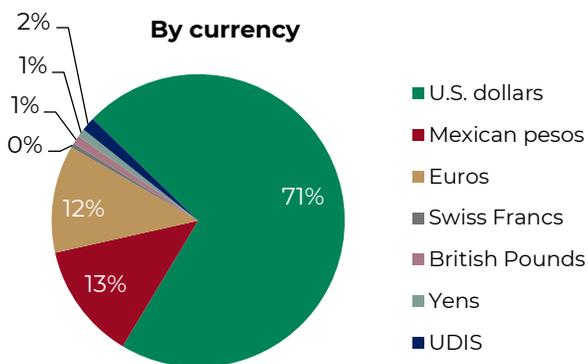
Financial Debt (MXN billion)



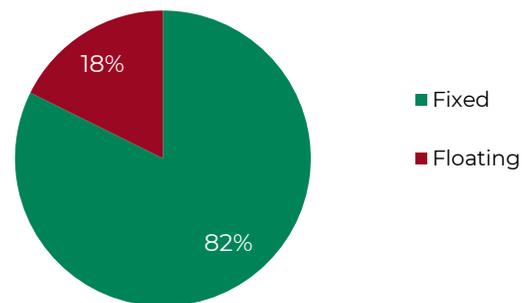
1) Includes reclassification of financial leases and accrued

Financial Debt Exposure as of September 30, 2021

By currency

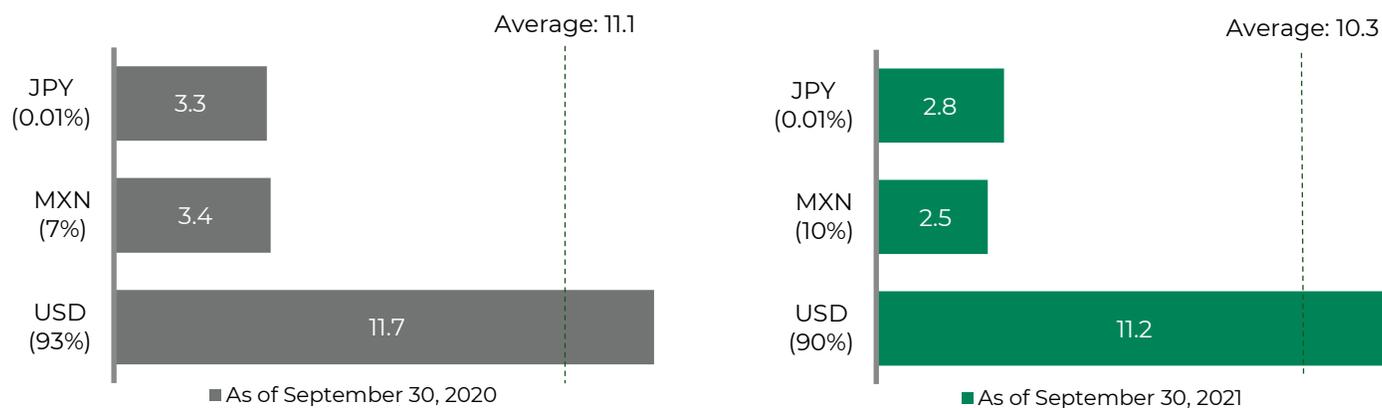


By rate





Average Life of Financial Debt Exposure (Years)



9.4 Financing Activities

According to the Pemex Business Plan and its Productive Subsidiary Companies 2021-2025, the company will continue with the strategy of convergence to a zero net indebtedness balance in real terms. The financing policy will be focused on taking advantage of the market circumstances to the issuance of new financial instruments only under the best conditions; parallelly, the company will identify the adequate contexts to carry out liability management operations in a way that, if possible, there will be no increase in the outstanding debt balance during this Administration.

For 2021, in addition to the fiscal measures, the company already has the confirmation by the Federal Government to receive capital injections aligned to its short-term maturity, in order to use the resources to cover the amortizations. This reaffirms the commitment of this Administration to strengthen PEMEX's financial position.

Capital Markets

On July 8, 2021, a loan agreement was refinanced. The amount of the new loan is USD 300 million, due in July 2024.

On July 16, 2021, a loan was contracted for a total amount of USD 750 million, due in January 2023.

Revolving credit facilities

As of today, PEMEX group has syndicated credit facilities for liquidity management with amounts up to USD 7,700 million and MXN 37,000 million.

As of September 30, 2021, USD 301 million were available of its respective credit line.



9.5 Budgetary Investment Activities

2021 Exercise

At September 30, 2021, MXN 291.2 billion (USD 14.5 billion⁵) in investment activities were exercised, representing 82.6% of the 2021 total scheduled investment which amounts to MXN 352.6 billion (USD 16.0 billion⁶).

The investment was distributed as follows:

	Authorized Investment 2021 (MXN billion)	Investment Expenditures As of June 30, 2021 (MXN billion)
Exploration and Production ⁷	289.9	191.0
Industrial Transformation	56.5	97.0
Logistics	3.2	2.9
Fertilizers ⁸	2.7	0.0
Corporate	0.4	0.3
Total	352.6	291.2

The investment resources of Pemex Exploration and Production have been channeled to the most profitable projects, such as the new fields identified at the beginning of the Administration, which have allowed the capture of greater hydrocarbon production in the short term, taking advantage of the existing infrastructure.

Regarding Pemex Industrial Transformation, the resources were mainly allocated in the rehabilitation program of the National Refining System and the strengthening of the infrastructure for the use of gas processing centers. Additionally, the new Dos Bocas refinery, received additional resources to those budgeted, which were provided by the Federal Government.

⁵ Currency translation from MXN to USD was performed at the average exchange rate from January 1 to September 30, 2021: MXN 20.1 = USD 1.00.

⁶ Convenience translation has been made at the average exchange approved for 2021 Budget of MXN 22.10 = USD 1.00

⁷ MXN 18.4 billion were allocated to exploration activities. Includes non-capitalizable maintenance expenditures.

⁸ As of January 2021, Pemex Fertilizantes merged with Pemex Industrial Transformation (PTRI), its investments are included in the PTRI amounts.



Consolidated Income Statement

	Third quarter (Jul.-Sep.)		Change	2021	
	2020	2021		(USD million)	
	(MXN million)				
Total sales	239,031	384,710	60.9%	145,679	18,946
Domestic sales	120,081	189,523	57.8%	69,442	9,333
Exports	117,829	193,772	64.5%	75,943	9,543
Services income	1,121	1,414	26.2%	293	70
Impairment (reversal) of wells, pipelines, property, plant and equipment	(8,186)	(6,050)	26.1%	2,136	(298)
Cost of sales	189,045	268,452	42.0%	79,407	13,220
Gross income	58,172	122,307	110.3%	64,135	6,023
Other revenues	1,588	6,865	332.3%	5,277	338
Other expenses	(937)	2,613	378.9%	3,550	129
Transportation and distribution expenses	(652)	2,477	479.8%	3,129	122
Administrative expenses	36,840	38,240	3.8%	1,400	1,883
Operating income (loss)	24,509	85,843	250.2%	61,333	4,227
Financial Cost	(33,355)	(36,249)	-8.7%	(2,894)	(1,785)
Financial Income	269	4,863	1708.6%	4,594	239
Income (cost) due to financial derivatives	17,024	(9,274)	-154.5%	(26,298)	(457)
Foreign exchange profit (loss) subsidiaries and affiliates	36,194	(47,004)	-229.9%	(83,198)	(2,315)
	(1,404)	42	103.0%	1,446	2
Income before taxes and duties	43,237	(1,780)	-104.1%	(45,017)	(88)
Taxes and duties	41,826	75,464	80.4%	33,639	3,716
Duties	40,275	78,338	94.5%	38,063	3,858
Current Taxes	(3)	10	398.1%	13	0
Deferred Taxes	1,554	(2,883)	-285.6%	(4,437)	(142)
Net income (loss)	1,411	(77,244)	-5573.4%	(78,656)	(3,804)
Other comprehensive results	(3,271)	5,162	257.8%	8,433	254
Actuarial profits (losses) due to employee benefits	-	(9)		(9)	(0)
Conversion effect	(3,271)	5,171	258.1%	8,442	255
Comprehensive income (loss)	(1,860)	(72,083)	-3775.8%	(70,223)	(3,550)

Consolidated Balance Sheet

	As of December 31, 2020	As of September 30, 2021	Change	2021 (USD million)	
	(MXN million)				
Total assets	1,928,488	2,051,739	6.4%	123,251	101,041
Current assets	329,860	415,923	26.1%	86,063	20,483
Cash and cash equivalents	39,990	39,641	-0.9%	(349)	1,952
Clients	68,382	100,732	47.3%	32,349	4,961
Other financial accounts receivable	31,616	36,276	14.7%	4,660	1,786
Other non-financial accounts receivable	89,789	120,973	34.7%	31,183	5,957
Inventories	52,606	84,168	60.0%	31,562	4,145
Short-term Federal Government Bonds	18,037	15,860	-12.1%	(2,176)	781
Derivative financial instruments	25,948	12,618	-51.4%	(13,330)	621
Other current assets	3,492	5,657	62.0%	2,165	279
Non-current assets	1,598,628	1,635,816	2.3%	37,187	80,558
Permanent investments in shares of associated companies and others	12,015	8,649	-28.0%	(3,366)	426
Net wells, pipelines, properties, plant and equipment	1,276,130	1,313,929	3.0%	37,799	64,706
Long-term document receivables	887	846	-4.6%	(41)	42
Restricted cash	108,529	86,334	-20.5%	(22,195)	4,252
Intangible assets	22,776	18,578	-18.4%	(4,198)	915
Other assets	7,584	40,329	431.8%	32,745	1,986
Long-term Federal Government Bonds	111,513	110,752	-0.7%	(761)	5,454
Right-of-use asset	59,195	56,399	-4.7%	(2,797)	2,777
Total liabilities	4,333,215	4,142,405	-4.4%	(190,810)	203,999
Current liabilities	772,410	833,723	7.9%	61,313	41,058
Short-term financial debt	391,097	468,639	19.8%	77,542	23,079
Suppliers	281,978	227,409	-19.4%	(54,569)	11,199
Taxes and duties payable	51,200	81,278	58.7%	30,077	4,003
Accounts and accrued expenses payable	30,709	37,443	21.9%	6,734	1,844
Derivative financial instruments	9,318	11,726	25.8%	2,408	577
Creditors for financial leasing C.P. IFRS16	8,107	7,227	-10.8%	(880)	356
Long-term liabilities	3,560,805	3,308,682	-7.1%	(252,123)	162,941
Long-term financial debt	1,867,630	1,826,843	-2.2%	(40,787)	89,966
Reserve for employee benefits	1,535,168	1,316,711	-14.2%	(218,457)	64,843
Reserve for diverse credits	94,626	101,820	7.6%	7,194	5,014
Other liabilities	4,892	7,434	52.0%	2,542	366
Deferred taxes	3,412	2,747	-19.5%	(665)	135
Long-term creditors for financial leasing C.P. IFRS16	55,077	53,127	-3.5%	(1,950)	2,616
Total equity	(2,404,727)	(2,090,667)	13.1%	314,061	(102,958)
Holding	(2,405,097)	(2,090,893)	13.1%	314,203	(102,969)
Certificates of contribution "A"	524,931	692,781	32.0%	167,850	34,117
Federal Government Contributions	43,731	43,731	0.0%	-	2,154
Legal Reserve	1,002	1,002	0.0%	-	49
Comprehensive accumulated results	(251,285)	(4,837)	98.1%	246,448	(238)
Retained earnings (accumulated losses)	(2,723,476)	(2,823,570)	-3.7%	(100,094)	(139,051)
From prior years	(2,214,597)	(2,723,476)	-23.0%	(508,879)	(134,122)
For the year	(508,879)	(100,094)	80.3%	408,785	(4,929)
Participation of non-holding entities	370	227	-38.6%	(143)	11
Total liabilities and equity	1,928,488	2,051,739	6.4%	123,251	101,041



Consolidated Statements of Cash Flows

	As of September 30,			2021 (USD million)	
	2020 (MXN million)	2021	Change		
Operating activities					
Net income (loss)	(605,176)	(100,238)	83.4%	504,938	(4,936)
Income taxes and duties	125,947	211,252	67.7%	85,305	10,403
Items related to investing activities	101,268	94,314	-6.9%	(6,954)	4,645
Depreciation and amortization	99,181	100,620	1.5%	1,439	4,955
Amortization of intangibles	234	113	-51.7%	(121)	6
Impairment of properties, plant and equipment	(16,111)	(38,242)	-137.4%	(22,132)	(1,883)
Unsuccessful wells	1,651	9,676	486.1%	8,025	477
Exploration expenses	4,455	11,664	161.8%	7,208	574
Retirement of property, plant and equipment	2,130	215	-89.9%	(1,916)	11
Amortization of right-of-use	5,574	4,745	-14.9%	(829)	234
Loss (profit) on sale of companies	-	(87)	-	(87)	(4)
Profit (loss) from share transfer	(708)	-	100.0%	708	-
Effects of non-consolidated subsidiaries and affiliates	2,215	3,167	43.0%	952	156
Effects of net present value of reserve for well abandonment	2,646	2,445	-7.6%	(201)	120
Activities related to financing activities	485,293	112,190	-76.9%	(373,103)	5,525
Interest expense	130,197	110,412	-15.2%	(19,785)	5,437
Interest income	(9,521)	(20,084)	-110.9%	(10,563)	(989)
Unrealized foreign exchange loss (income)	364,617	21,862	-94.0%	(342,756)	1,077
Subtotal	107,332	317,518	195.8%	210,186	15,637
Funds provided by (used in) operating activities	(105,035)	(217,899)	-107.5%	(112,863)	(10,731)
Duties for shared utility paid	(125,145)	(197,177)	-57.6%	(72,032)	(9,710)
Financial instruments for negotiation	(25,417)	15,738	161.9%	4,155	775
Accounts and notes receivable	(6,381)	(51,159)	-701.7%	(44,777)	(2,519)
Inventories	26,225	(23,400)	-189.2%	(49,625)	(1,152)
Accounts payable and accrued expenses	10,550	6,734	-36.2%	(3,816)	332
Suppliers	(39,627)	(35,300)	10.9%	4,327	(1,738)
Reserve for diverse credits	17,044	6,061	-64.4%	(10,983)	299
Reserve for employees benefits	48,417	23,071	-52.3%	(25,346)	1,136
Other taxes and duties	(10,701)	37,532	450.8%	48,233	1,848
Net cash flow from operating activities	2,297	99,620	4237.3%	97,323	4,906
Investment activities					
Acquisition of property, plant and equipment	(90,783)	(128,736)	-41.8%	(37,952)	(6,340)
Other documents receivable	1,556	-	-100.0%	(1,556)	-
Interest charged	-	459	0.0%	459	23
Intangible assets	(11,954)	(15,779)	-32.0%	(3,825)	(777)
Other assets	(7,737)	(34,910)	-351.2%	(27,173)	(1,719)
Resources from share transfer	135	-	-100.0%	-	-
Net cash flow from investing activities	(108,784)	(178,967)	-64.5%	(70,183)	(8,814)
Cash needs related to financing activities	(106,487)	(79,347)	25.5%	27,140	(3,908)
Financing activities					
Increase of contributions from the Federal Government					
Document received from the Federal Government	4,081	-	-100.0%	(4,081)	-
Interest charged for the document received from the	903	5,860	548.8%	4,956	289
Principal payments for finance leases	-	(6,220)	-	(6,220)	(306)
Interest payments for finance leases	(9,501)	(2,725)	71.3%	6,776	(134)
Loans obtained from financial institutions	940,509	1,058,855	12.6%	118,345	52,145
Amortization of loans	(797,662)	(1,027,818)	-28.9%	(230,156)	(50,616)
Interest paid	(115,990)	(123,431)	-6.4%	(7,441)	(6,079)
Net cash flow from financing activities	68,596	72,370	5.5%	3,774	3,564
Net Increase (decrease) in cash and cash equivalents	(37,891)	(6,977)	81.6%	30,914	(344)
Effect of change in cash value	14,011	6,628	-52.7%	(7,383)	326
Cash and cash equiv. at the beginning of the period	60,622	39,990	-34.0%	(20,632)	1,969
Cash and cash equivalents at the end of the period	36,742	39,641	7.9%	2,899	1,952



POR EL RESCATE DE LA SOBERANÍA

Alberto Velázquez
Chief Financial Officer

Ángel Cid
General Director at
Pemex Exploration & Production

Reinaldo Wences
Deputy Director of Evaluation and Regulatory
Compliance at Pemex Industrial Transformation

will present the financial and operating results of PEMEX
as of September 30, 2021

Thursday, October 28, 2021
at 11:00 a.m. (CT) / 1:00 p.m. (ET)

A question and answer session will follow the presentation.
Participants will be able to ask questions via telephone and electronically
via the webcast interface.

To connect through telephone, dial +1 (833) 519 1259
From U.S.A. and Canada, dial (914) 800 3832.
Mexico – Local, 800 926 9157
Conference passcode: **3594583**.

To connect through Internet, access [webcast](#).

The teleconference and webcast replay will be available on October 28, 2021 at
2:00 p.m. (ET) and until February 25, 2022 through this [link](#). As of November
8, 2021, the conference call replay will be available at [Unaudited Financial Results
2021](#).

Additionally, the Spanish version of the conference call will take place at 10:00
a.m. (CT) / 12:00 p.m. (ET), please follow this link to find the instructions to
connect: [Información Financiera / Calendario financiero / Reporte de Resultados
al 30 de septiembre de 2021](#).

[Investor Relations](#)
ri@pemex.com
Twitter: [@PemexGlobal](#)



[SEC Filings](#)

Review the latest 20-F, F-4 and 6-K
forms filed by PEMEX with the SEC.





12. Contact the Investor Relations Team

3Q 21

If you would like to be included in our distribution list, please email the Investor Relations team at ri@pemex.com or register on <http://www.pemex.com/en/investors/Paginas/list-distribution-signup.aspx>

If you would like to contact us, please call us at (52 55) 9126 2940, or send an email to ri@pemex.com

Follow us on:  [@Pemex y @PemexGlobal](#)

Lucero Medina

lucero.angelica.molina@pemex.com

José González

jose.manuel.gonzalez@pemex.com

Cristina Arista

delia.cristina.arista@pemex.com

Alejandro López

alejandrolopezm@pemex.com

Variations

Cumulative and quarterly variations are calculated comparing the period with the same one of the previous year, unless specified otherwise.

Rounding

Numbers may not total due to rounding.

Financial Information

Excluding budgetary and volumetric information, the financial information included in this report and the annexes hereto is based on unaudited consolidated financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), which PEMEX has adopted effective January 1, 2012. For more information regarding the transition to IFRS, see Note 23 to the consolidated financial statements included in *Petróleos Mexicanos' 2012 Form 20-F* filed with the Securities and Exchange Commission (SEC) and its Annual Report filed with the Comisión Nacional Bancaria y de Valores (CNBV).

EBITDA is a non-IFRS measure. We show a reconciliation of EBITDA to net income in Table 33 of the annexes to this report. Budgetary information is based on standards from Mexican governmental accounting; therefore, it does not include information from the subsidiary companies or affiliates of *Petróleos Mexicanos*. It is important to mention, that our current financing agreements do not include financial covenants or events of default that would be triggered as a result of our having negative equity.

Methodology

We might change the methodology of the information disclosed in order to enhance its quality and usefulness, and/or to comply with international standards and best practices.

Foreign Exchange Conversions

Convenience translations into U.S. dollars of amounts in Mexican pesos have been made at the exchange rate at close for the corresponding period, unless otherwise noted. Due to market volatility, the difference between the average exchange rate, the exchange rate at close and the spot exchange rate, or any other exchange rate used could be material. Such translations should not be construed as a representation that the Mexican peso amounts have been or could be converted into U.S. dollars at the foregoing or any other rate. It is important to note that we maintain our consolidated financial statements and accounting records in pesos. As of September 30, 2021, the exchange rate of MXN 20.3060 = USD 1.00 is used.

Fiscal Regime

Starting January 1, 2016, *Petróleos Mexicanos'* fiscal regime is ruled by the Ley de Ingresos sobre Hidrocarburos (Hydrocarbons Income Law). Since January 1, 2006 and until December 31, 2015, PEP was subject to a fiscal regime governed by the Federal Duties Law, while the tax regimes of the other Subsidiary Entities were governed by the Federal Revenue Law.

The Special Tax on Production and Services (IEPS) applicable to automotive gasoline and diesel is established in the Production and Services Special Tax Law "Ley del Impuesto Especial sobre Producción y Servicios". As an intermediary between the Ministry of Finance and Public Credit (SHCP) and the final consumer, PEMEX retains the amount of the IEPS and transfers it to the Mexican Government. The IEPS rate is calculated as the difference between the retail or "final price," and the "producer price" of products. If the "final price" is higher than the "producer price," the IEPS is paid by the final consumer. If the opposite occurs, the "negative IEPS" amount can be credited against certain of PEMEX's tax liabilities and included in "Other income (expenses)" in its Income Statement. PEMEX's "producer price" is calculated in reference to that of an efficient refinery operating in the Gulf of Mexico. Until December 31, 2017, the Mexican Government may continue issuing pricing decrees to regulate the maximum prices for the retail sale of gasoline and diesel fuel, taking into account transportation costs between regions, inflation and the volatility of international fuel prices, among other factors. Beginning in 2018, the prices of gasoline and diesel fuel will be freely determined by market conditions. However, the Federal Commission for Economic Competition, based on the existence of effective competitive conditions, can declare that prices of gasoline and diesel fuel are to be freely determined by market conditions before 2018.

Production-sharing

In accordance with Production-sharing Agreements signed by *Petróleos Mexicanos*, due to its participation in bidding rounds organized by the National Hydrocarbons Commission (CNH), in addition to the migration of blocks, *Petróleos Mexicanos* will disclose only its share of production for blocks Ek-Balam, Block 2 Tampico-Misantla (Round 2.1), Block 8 Southeastern Basins (Round 2.1), Santuario, Misión, Block 16 Tampico-Misantla-Veracruz (Round 3.1), Block 17 Tampico-Misantla-Veracruz (Round 3.1), Block 18 Tampico-Misantla-Veracruz (Round 3.1), Block 29 Southeastern Offshore Basins (Round 3.1), Block 32 Southeastern Basins Marino (Round 3.1), Block 33 Southeastern Offshore Basins (Round 3.1) y Block 35 Southeastern Offshore Basins (Round 3.1).

Hydrocarbon Reserves

In accordance with the Hydrocarbons Law, published in the Official Gazette of the Federation on August 11, 2015, the National Hydrocarbons Commission (CNH) will establish and will manage the National Hydrocarbons Information Center, comprised by a system to obtain, safeguard, manage, use, analyze, keep updated and publish information and statistics related; which includes estimations, valuation studies and certifications.

As of January 1, 2010, the Securities and Exchange Commission (SEC) changed its rules to permit oil and gas companies, in their filings with the SEC, to disclose not only proved reserves, but also probable reserves and possible reserves. Nevertheless, any description of probable or possible reserves included herein may not meet the recoverability thresholds established by the SEC in its definitions. Investors are urged to consider closely the disclosure in our Form 20-F and our Annual Report to the CNBV and SEC, available at <http://www.pemex.com/>.

Forward-looking Statements

This report contains forward-looking statements. We may also make written or oral forward-looking statements in our periodic reports to the CNBV and the SEC, in our annual reports, in our offering circulars and prospectuses, in press releases and other written materials and in oral statements made by our officers, directors or employees to third parties. We may include forward-looking statements that address, among other things, our:

- exploration and production activities, including drilling;
- activities relating to import, export, refining, petrochemicals and transportation of petroleum, natural gas and oil products;
- activities relating to the generation of electrical energy;
- projected and targeted capital expenditures and other costs, commitments and revenues, and
- liquidity and sources of funding.

Actual results could differ materially from those projected in such forward-looking statements as a result of various factors that may be beyond our control. These factors include, but are not limited to:

- changes in international crude oil and natural gas prices;
- effects on us from competition, including on our ability to hire and retain skilled personnel;
- limitations on our access to sources of financing on competitive terms;
- our ability to find, acquire or have the right to access additional hydrocarbons reserves and to develop the reserves that we obtain successfully;
- uncertainties inherent in making estimates of oil and gas reserves, including recently discovered oil and gas reserves;
- technical difficulties;
- significant developments in the global economy;
- significant economic or political developments in Mexico, including developments relating to the implementation of the laws that implement the new legal framework contemplated by the Energy Reform Decree (as described in our most recent Annual Report and Form 20-F);
- developments affecting the energy sector; and
- changes in our legal regime or regulatory environment, including tax and environmental regulations.

Accordingly, you should not place undue reliance on these forward-looking statements. In any event, these statements speak only as of their dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. These risks and uncertainties are more fully detailed in our most recent Annual Report filed with the CNBV and available through the Mexican Stock Exchange (<http://www.bmv.com.mx/>) and our most recent Form 20-F filing filed with the SEC (<http://www.sec.gov/>). These factors could cause actual results to differ materially from those contained in any forward-looking statement.