

EARNINGS RELEASE

Second Quarter 2023

2023 Results Conference Call

Friday, August 11th, 2023

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2Q23 Highlights

Message from the Administration

- 01 Asset Portfolio and Reserves
- 02 Operational Performance
- 03 Consolidated Financial Performance
- 04 Other balance sheet highlights
- 05 HS&E and ESG



Mata de São João, August 10, 2023. (PetroReconcavo S.A. ("PetroReconcavo" or "Company") (B3: RECV3) today announces its results for the second quarter of 2023(2Q23). The following information is presented in a consolidated manner, in thousands of Brazilian Reais (R\$), in accordance with International Financial Statements Standards (IFRS) and with the accounting standards adopted in Brazil, unless otherwise stated.

2Q23 Highlights

- Average gross working interest production was 26.0 thousand barrels of oil equivalent per day (BOEPD) in 2Q23, representing a 7% growth vs. the 1Q23, and 28.5 thousand BOEPD in July;
- Net revenue of R\$658 million in 2Q23, a drop of 8% when compared to 1Q23, impacted by the 4% negative variation in the Brent Oil price, 5% depreciation of the U.S. dollar x the Brazilian real and 33% reduction in the sales volume of natural gas in the Potiguar Asset, partially offset by the 12% increase in the oil production in both assets;
- EBITDA of R\$ 319 million in 2Q23, a 5% reduction vs. 1Q23;
- Net income of R\$ 178 million in 2Q23, a 11% reduction when compared to 1Q23;
- In May, there was the payment of dividends to shareholders in relation to 2022 in the amount of R\$ 130 million. Profit distribution for 2022 totaled R\$ 310 million;
- Signing of contracts with 3R Petroleum as a result of the Potiguar Cluster transaction closing, among which the new contractual instruments for the sale of 100% of the oil production from the Potiguar Asset under more beneficial conditions than the previous contracts signed with Petrobras, as well as the signing of contractual assignment instruments for the use of essential infrastructures for the outflow and processing of natural gas from the Potiguar Asset, and for the commercialization of the C5+ stream;
- After the closing of the quarter, signing of a contract for the supply of natural gas with Companhia Pernambucana de Gás – Copergás valid for 10 years, with a total estimated value of R\$ 1.6 billion (Molecule Portion, not including pass through of transportation costs provided in the Contract);
- As a subsequent event, signing and draw of a syndicated loan agreement, in the amount of US\$ 60 million, with a 36-month maturity and an interest rate corresponding to the Term SOFR reference rate for 3 months, plus 3.80% per year;
- Disclosure of the second sustainability report base year 2022, according to the Global Reporting Initiative (GRI) methodology.



Index



Key indicators (in thousands of Brazilian Reais (R\$), unless otherwise stated)

	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
Net Revenue	658,314	719,212	-8%	691,009	-5%	1,377,526	1,394,485	-1%
Net income in the period	177,641	199,513	-11%	131,031	36%	377,154	532,869	-29%
Net margin ¹	27.0%	27.7%	-0.8 p.p.	19.0%	8.0 p.p.	27.4%	38.2%	-10.8 p.p.
EBITDA ²	319,238	334,836	-5%	379,871	-16%	654,074	794,610	-18%
EBITDA Margin ³	48.5%	46.6%	1.9 p.p.	55.0%	-6.5 p.p.	47.5%	57.0%	-9.5 p.p.
Hedge adjusted EBITDA ⁴	379,525	406,304	-7%	510,232	-26%	785,829	1,010,201	-22%
Adjusted EBITDA Margin ⁵	52.8%	51.4%	1.4 p.p.	62.1%	-9.3 p.p.	52.1%	62.7%	-10.7 p.p.
Net debt ⁶	781,626	711,234	10%	6,355	n.m.	781,626	6,355	n.m.
Net debt/ EBITDA last 12 months ⁷	0.53 x	0.47 x	0.07x	0.01 x	0.52 x	0.53 x	0.01 x	0.52x
Average gross production (BOEPD) ⁸	26,045	24,415	7%	20,528	27%	25,235	19,994	26%
Gross production (in BOE) ⁸	2,370,095	2,197,378	8%	1,867,964	27%	4,567,473	3,618,914	26%
Average lifting cost per BOE in R\$ ⁹	R\$ 67.03	R\$ 67.11	0%	R\$ 68.29	-2%	R\$ 67.07	R\$ 66.40	1%
Average foreign exchange rate R\$/US\$ ¹⁰	R\$ 4.95	R\$ 5.19	-5%	R\$ 4.92	1%	R\$ 5.07	R\$ 5.08	0%
Average lifting cost per BOE in US\$ ¹¹	\$13.54	\$12.92	5%	\$13.88	-2%	\$13.22	\$13.08	1%
Average Brent Oil Spot price (\$/bbl) ¹²	\$78.39	\$81.27	-4%	\$111.40	-30%	\$79.83	\$106.40	-25%
Average oil realization price (\$/bbl) ¹³	\$61.71	\$62.90	-2%	\$77.06	-20%	\$62.20	\$77.11	-19%

Notes:

(1) Net margin corresponds to net income (loss) for the period divided by the net revenue for the period.

(2) EBITDA is calculated in accordance with the Brazilian Securities and Exchange Commission ("CVM") instruction 527, of October 4, 2012, as amended ("CVM Instruction 527") and consists of adjusted net income (loss) plus net financial income, income tax and social contribution on net income and depreciation, amortization and depletion ("EBITDA"). EBITDA is not an accounting measure recognized by the Accounting Practices adopted in Brazil ("BRGAAP") or by International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"). It is not audited or reviewed by the Company's independent auditors, and does not represent cash flow for the period presented and should not be considered as substitute for net profit (loss) as indicators of the Company's operating performance and, therefore, is not a substitute for cash flow, indicator or liquidity or as a basis for the distribution of dividends. The EBITDA has no standardized meaning and our definition of EBITDA may not be comparable to that used by other companies.

(3) EBITDA margin corresponds to EBITDA for the period divided by net revenue for the period. The EBITDA Margin is not a measure of financial performance according to the Accounting Practices Adopted in Brazil or the International Financial Reporting Standards (IFRS) nor should it be considered in isolation, as a measure of operating performance, or an alternative to operating cash flows as a measure of liquidity or as an indicator of financial returns.

(4) The hedge adjusted EBITDA is calculated from the EBITDA, excluding the effects of the derivative financial instruments settled in the period. The hedge adjusted EBITDA is not a measure of financial performance according to the Accounting Practices Adopted in Brazil or the International Financial Reporting Standards (IFRS) nor should it be considered separately, or as an alternative to net profit, or as a measure of operating performance, or an alternative to operating cash flows as a measure of liquidity. Other companies may calculate the hedge adjusted EBITDA in a different manner to that used by the Company. The adjusted EBITDA is used by the Company as an additional measure of its operating performance.

(5) The adjusted EBITDA margin corresponds to the EBITDA adjusted by the hedge of the period divided by net income, excluding the effects of the results of the derivative financial instruments settled in the period. Adjusted EBITDA margin is not a measure of financial performance according to the Accounting Practices Adopted in Brazil or the International Financial Reporting Standards (IFRS) nor should it be considered separately, or as an alternative to net profit, or as a measure of operating performance, or an alternative to operating cash flows as a measure of liquidity or as an indicator of financial returns.

(6) Represents total bank indebtedness, represented by loan and financing balances in current and noncurrent liabilities, summed to the amounts payable from acquisition of assets, minus cash balances and cash equivalents and financial investments present in current and noncurrent assets.

(7) Represents the net debt balance at the end of the year divided by the accrued EBITDA of the last twelve months in each period. The net debt/EBITDA is not a measure of financial performance according to the Accounting Practices Adopted in Brazil ("BRGAAP") or the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), is not audited or reviewed by independent auditors of the Company. Net debt/EBITDA has no standardized meaning and other companies may calculate in a different manner to that used by the Company.

(8) Volumes of natural gas were converted considering that 1,000 m³ of gas is equivalent to 6.2897 barrels of oil equivalent (BOE).

(9) Represents the total costs of the services provided and sales, excluding costs with acquisition, processing and transportation of gas, royalties, depreciation, amortization and depletion, divided by total gross production in BOE in the period.

(10) The average foreign exchange rate for the period corresponds to the average foreign exchange rate on each business day in the periods presented, disclosed by the Brazilian Central Bank (Banco Central do Brasil).

(11) Represents the total costs of the services provided and sales, excluding costs with acquisition, processing and transportation of gas, royalties, depreciation, amortization and depletion, divided by total gross production in BOE in the period, divided by the average foreign exchange rate of the period.

(12) Brent is quoted in dollar per barrel. Source: U.S. Energy Information Administration (EIA).

(13) Represents net income from oil, discounting the effects of derivative instruments, divided by total gross production in BOE in the period, divided by average foreign exchange rate in the period.



Index



Message from Management



Index



05



We continue focus on the execution of our business plan, aiming to generate production with safety, efficient capital allocation and an even more focused look at capturing operational efficiencies and reducing costs. We delivered solid quarterly results that reflect the growth of our production, even in a context of many external challenges, such as a loss of potential net revenue from the commercialization of natural gas and its by-products estimated at R\$48¹ million in 2Q23 due to successive interruptions in the outflow and processing of natural gas at UPGN Guamaré due to integrity problems in the third-party pipeline.

Recent achievements reinforce our optimism about the future. For example, in July 2023, due to numerous activities carried out in the second quarter, and under less influence of bottlenecks that had been restricting our production, the Company reported a new production with 28.474 barrels of oil equivalent per day, up 7% from the previous month.

The Potiguar Asset production in July of 15,765 boepd has already exceeded the expectation of average daily production for 2024 from our last Reserve Certification Report (15,654 boepd). Considering all certified assets (which excludes SPE Tieta) we consolidated the production of 25,963 boepd, surpassing for the first time in 2023 the average daily 2P production of the Reserves Certification of 25,904 boepd.

In addition, two new workover rigs and one hydraulic frac unit were commissioned and went into operation. A light drilling rig is in the final stages of commissioning and a deep drilling rig and high-pressure conditions is undergoing refurbishment in the USA. We are confident that, with this equipment fleet we will have an adequate structure for the continued development of the reserves of our current Assets, not ruling out eventual hiring of third-party equipment at opportune times.

For the second half of 2023, the Company will remain focused on continuing the execution of its investment program, aiming at organic production growth, but increasingly concentrated on achieving operational efficiencies, productivity gains and cost reduction. Several actions with this purpose are already underway, among which the release of outsourced rigs, the redesign of processes and projects, such as, for example, in inventory management, where a downturn in additions to

¹ The estimated amounts related to the potential net revenue loss were calculated based on internal assumptions and took into account the potential production of unprocessed gas. These calculations have not been reviewed by our independent auditors.



Index



inventories has already been verified.

In order to continue improving the Company's human capital and technical capabilities, we strengthened PetroReconcavo's management team with the recent hiring of two new executives with extensive international experience in large and medium-sized oil and gas companies and who will serve as Production Director (that will encompass operation and maintenance activities of upstream assets) and Development Director (that will encompass geology and geophysics, reservoir and facilities engineering), both positions reporting to the Company's Chief Operating Officer (COO).

The Company signed contracts in June with 3R Petroleum that enable the operational continuity of its activities in Rio Grande do Norte, among which we highlight the assignment of contracts for the flow and processing of natural gas and new contracts for the purchase and sale of oil at more attractive prices than those previously in force and compatible with the quality of the oil produced by the Company.

After the closing of the quarter, the Company released its second Sustainability Report in accordance with the GRIs, presenting the results and the search for continuous improvement of the processes throughout 2022 and, set in motion the program "Juntos Somos Mais - Unidos Pela Diversidade Equidade e Inclusão" (together we are more - united through diversity, equity and inclusion), with the objective of ensuring that this culture is made present at all levels of the Company.

We appreciate the commitment of our employees and the trust of our investors, creditors and business partners, reinforcing our commitment to disciplined and safe allocation of resources and absolute transparency in communication. We continue to develop opportunities in the oil and gas industry, aiming to transform resources into value and dreams into reality, with benefits for society



Index



01

Asset Portfolio and Reserves

The portfolio of the Company consists of the Bahia and Potiguar onshore oil and natural gas production assets, located in three different sedimentary basins.

POTIGUAR ASSET

Potiguar E&P S.A.

31 operated fields
2 field operated by partner
1 exploratory block
Riacho da Forquilha Cluster

BAHIA ASSET

PetroReconcavo S.A.

11 operated fields
Remanso Cluster

Recôncavo E&P S.A.

5 operated fields
BTREC Cluster

SPE Miranga S.A.

8 operated fields
Miranga Cluster

SPE Tiêta S.A.

2 operated fields
5 exploratory block

The gross working interest Proved + Probable (2P) reserves of the Company, certified by the independent consultants Netherland, Sewell & Associates, Inc. – NSAI in the Reserve Report of 2022 totaled 170.8 million barrels of oil equivalent. The certification does not include the Tiê and Tartaruga fields. Gross working interest Proved reserves (1P) correspond to 80% of the 2P reserves.



Index



2P – Proven + Probable	Oil	Gas	Total
	MMBOE	MMBOE	MMBOE
Remanso + BTREC	23.4	2.4	25.8
Riacho da Forquilha	53.5	17.3	70.8
Miranga	20.1	54.0	74.1
Total 2P Gross WI	97.0	73.8	170.8

In addition, on July 11 an annex to the Reserve Certification as of December 31, 2022, prepared by the independent consultants Netherland, Sewell & Associates, Inc. – NSAI, was disclosed. This report presents a summary organized in groups of estimates of 2P reserves (Proved + Probable), CAPEX and future net revenues considering different levels of the net capital expenditures per gross working interest equivalent reserves on a 2P basis. This annex is fully available on the Company's Investor Relations website.



Index



02

Operational Performance

Production results

In the second quarter of 2023 the Company registered an average production of 26,045 barrels of oil equivalent per day (BOEPD), a 7% increase vs. the first quarter of 2023 and 27% when compared to the same period in the prior year.

In the month of June 2023, the Company registered a record average daily production, totaling 26,586 barrels of oil equivalent (BOEPD).

Average gross daily production (working interest) of the Company

		2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
Potiguar Asset	Oil (bbl/day)	9,343	8,790	6%	8,055	16%	9,068	8,047	13%
	Gas (Mm³/day)	692	669	3%	535	29%	680	518	31%
	Total (boe/dia)	13,695	12,996	5%	11,422	20%	13,347	11,308	18%
Bahia Asset	Oil (bbl/day)	6,226	5,101	22%	4,391	42%	5,667	4,366	30%
	Gas (Mm³/day)	974	1,005	-3%	750	30%	989	687	44%
	Total (boe/dia)	12,350	11,420	8%	9,106	36%	11,887	8,687	37%
Total	Oil (bbl/day)	15,569	13,891	12%	12,446	25%	14,735	12,413	19%
	Gas (Mm³/day)	1,666	1,673	0%	1,285	30%	1,669	1,205	38%
	Total (boe/dia)	26,045	24,415	7%	20,528	27%	25,235	19,994	26%

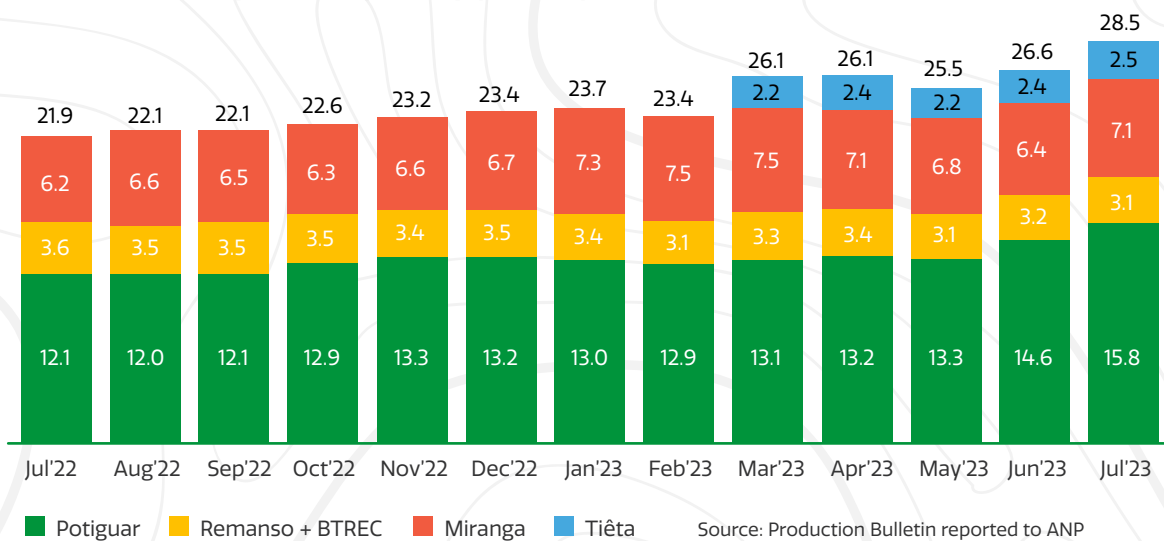
Source: Production Bulletin reported to ANP and Adjusted Production of the Company



Index



Average working interest production in thousands of barrels of oil equivalent per day (BOEPD)



Throughout the second quarter of 2023, the Company registered increases in production, driven both by organic (Potiguar Asset) and inorganic (Bahia Asset) growth. It is important to highlight increase in the oil production in the Potiguar Asset after the conclusion of the commissioning of new facilities at the Carnaúba station, the primary processing station of the Sabiá Bico-de-Osso concession, between May and June 2023 and the consequent optimization of the wells drilled by the Company in this field. In the month of July 2023, the Company registered a new record average daily production of 28,474 BOEPD, with an increase of oil and gas in both assets in comparison to the prior month. New optimizations of the Sabiá Complex, incremental production from workovers and a reduction in restrictions for the outflow of gas in both assets are the main reasons for such increase.

Two external and extraordinary events impacted production results for the quarter. To the first one, with substantial impact on Potiguar gas sales, occurred in third-party 10-inch pipeline that connects the Company's production to UPGN Guamaré, which caused the momentary closing of the non-associated gas wells, as well as the flaring of all the production on the days when the outflow was interrupted. The flow was fully restored after the completion of the definitive service to replace the defective sections of the gas pipeline, with the nominal flow of 600 thousand m³/d being achieved on 06/06/2023.



Index



The second event, with relatively smaller effect on sales, occurred after the transfer of the infrastructure on June 8, 2023 to the new operator that reported some operational restrictions that have been limiting the full flow of Potiguar E&P's production. Due to the new restrictions, the average daily volume available to Potiguar E&P for delivery to UPGN Guamaré during the period from June 8 to June 30, 2023 was of approximately 524 thousand m³ of rich natural gas per day, a volume that is compatible with the volume provided for in the outflow contract, but which does not permit the flow of additional volumes as in previous months. The average production of rich natural gas of Potiguar E&P in the month of June 2023 was of approximately 730 thousand m³ per day, and the volume that could not be delivered in Guamaré was burned.

Such external events influenced the increase of losses/flaring of natural gas production, consequently reducing total yield of natural gas available for processing and sales.

In July 2023, a meeting was held between representatives of the Company and the operator of the pipeline and processing infrastructure, where a plan was drawn up for a gradual increase in the capacity made available to Potiguar E&P for delivery of natural gas at UPGN Guamaré, with the objective of eliminating the restrictions on the outflow of Potiguar E&P gas production throughout the 4th quarter of 2023. On July, we have already managed to increase the average volume available at UPGN Guamaré to approximately 630 thousand m³ of rich natural gas per day.

During the month of June, corrective maintenance at the Miranga compressor station, associated with the flow pressure restriction in the pipeline connecting São Roque Station to UTG Catu (Petrobras) between days 01 and 12, and some electrical failure events affected sales volumes of natural gas produced in Bahia.

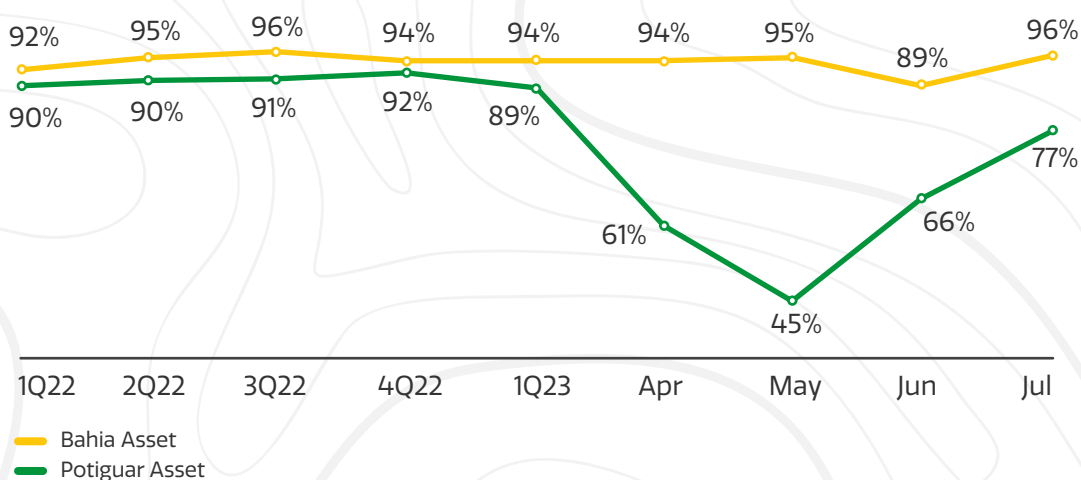
On average, during the quarter, the proportion of produced gas that entered the Natural Gas Processing Unit in each of the assets was of 93% in Bahia Asset, while in the Potiguar Asset was of 57%. In the month of July the gas sales ratio of the Bahia Asset was of 96%, while in the Potiguar Asset it was of 77%, indicating a process of normalization after the problems that occurred in the second quarter.



Index



Historical percentage of natural gas sales ratio (sales / produced)

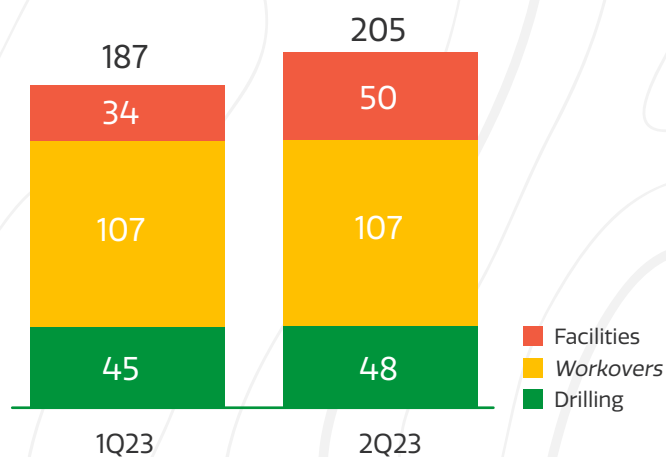


Investment Program

The amount invested in drilling, workovers and facilities in the second quarter of 2023 totals R\$ 205 million.

The table below summarizes the capital applied in investment projects for increasing production and drilling of wells, as demonstrated in the table of changes in property, plant and equipment (PP&E) presented in the financial statements:

Investment to Increase Production BRL (MM)



Note: well Integrity investments have been reclassified to the Workover investment category.



Index



	Bahia Asset (R\$MM)	Potiguar Asset (R\$MM)	Total (R\$MM)
Drilling	22	26	48
Workovers	45	62	107
Facilities	25	25	50
Total	92	113	205

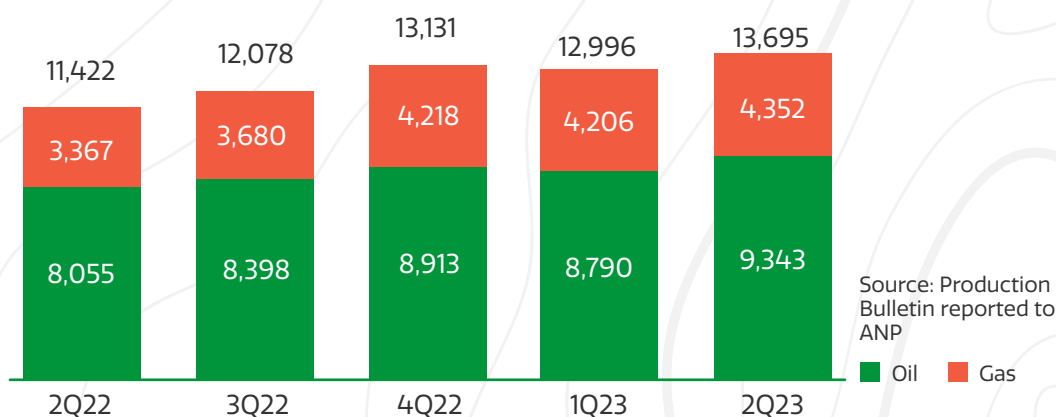
Among the main activities carried out in the quarter, emphasis is given to:

Potiguar Asset

1. Drilling of 5 wells in the quarter;
2. Completion and alignment for production of the 5 drilled wells, and backlog of 3 drilled wells still waiting to be completed;
3. 41 workover projects executed;

In the second quarter of 2023, the Potiguar Asset registered an average daily production of 13,695 barrels of oil equivalent per day (BOEPD), a 5% increase in relation to the prior quarter and a 20% increase in comparison to the same period in 2022. The volumes demonstrated in the graph below represent the gross working interest of the Company in the Potiguar Asset in barrels of oil equivalent segregated between oil and gas, including the 31 fields operated by the Company and participation in 2 concessions operated by Mandacaru Energia.

Potiguar Asset | Average production (working interest) in barrels of oil equivalent per day (BOEPD)



Index



Bahia Asset

1. Beginning of operation of the Drilling Rig at the Bahia Asset and drilling of 3 wells in the quarter;
2. Completion and alignment for production of 1 recently drilled well, and backlog of 2 drilled wells to be completed;
3. 23 workover projects executed, including workover interventions on Tie Field.

In the second quarter of 2023, average production at the Bahia Asset reached 12,350 barrels of oil equivalent per day (BOEPD), an 8% increase in comparison to the prior quarter and of 36% when compared to the same period in 2022. Such increase is mainly due to the incorporation of the production of SPE Tiêta since March. During the quarter, there were two interventions in the Tiê field. The first of these consisted of a change of lifting method, while the second intervention consisted of a return to production (RTP) work with fishing, which has not yet been completed. Both interventions resulted in the shutdown of the wells and consequent reduction in the average volume of production of the field in the period.

The ex-Tiêta field production numbers of Bahia Asset is resulting of a decrease in Miranga Cluster production of 8.4%, caused by some operational events, mainly electrical failures, well failures impacting on backlog increase and flow restrictions in low pressure wells. Some investments in facilities with the aim of optimizing the Asset's production flow network are in progress. Throughout June and July, we executed several well services reducing our backlog of wells waiting for repair.

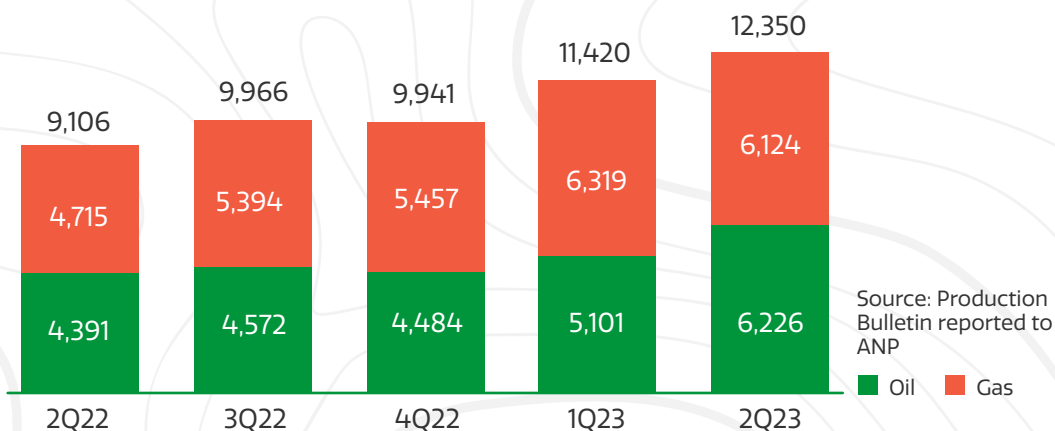
The volumes presented in the graph below represent the total working interest of the Company in barrels of oil equivalent segregated between oil and gas, using the fields operated by the Company and the participation in the production of the shared field "Zona Água Grande – Block 2" of the Gomo and Bonsucesso concessions, operated by 3R Rio Ventura S.A..



Index



Bahia Asset | Average production (working interest) in barrels of oil equivalent per day (BOEPD)

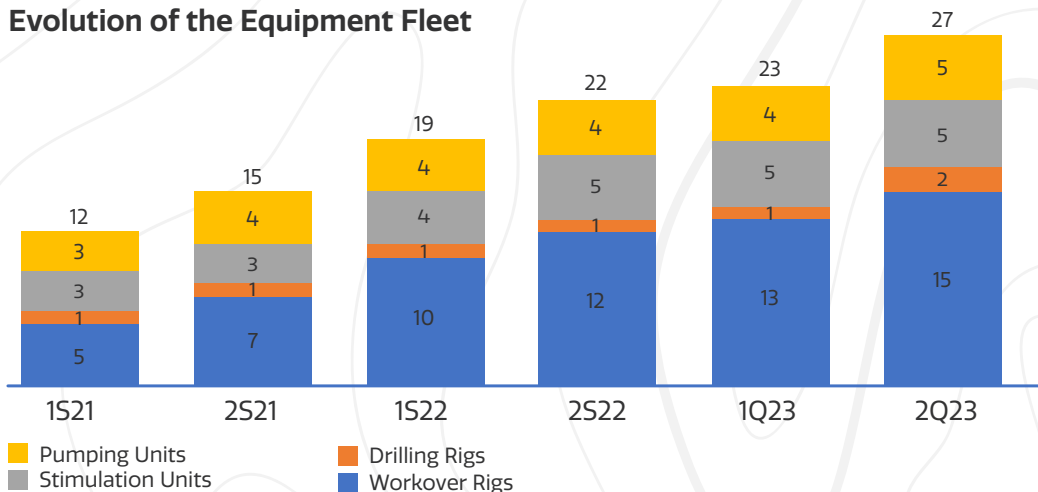


Mobilization of new equipment and execution capacity

Since the conclusion of the acquisition of Riacho da Forquilha, at the end of 2019, the Company has significantly increased its asset base and, with the aim of optimizing identified opportunities, it began a period of strong expansion with a increase in the execution of facility, workover activities and drilling projects, which are directly responsible for continued increase in production and in the recovery factor of the reserves of the Company.

To support this expansion and with the aim of reducing costs and increasing productivity, and aligned with its service internalization strategy, the Company significantly increased its equipment fleet (workover and drilling rigs, frac, acidification and welltesting, among others) which are necessary for the development of its work program. In this period, two workover rigs, one cementation unit (for the Bahia Asset) and one frac unit were added to the Company's equipment fleet, with the consequent demobilization of a third-party frac unit.

Evolution of the Equipment Fleet



Index



Mobilized fleet of rigs in June 2023 includes Company owned and leased equipment operated by Company's personnel and one fully outsourced rig.

Two other equipment are presently in different stages of mobilization, one Company light drilling rig and one deep drilling rig, which will allow the Company to increase its execution capacity and operational efficiency.

Outflow and Commercialization

Oil

The Company has contracts for the sale of Oil with Petróleo Brasileiro S.A. – Petrobras, 3R Petroleum Óleo e Gás S.A. and Dax Oil Refino S.A..

Contracts established with Petrobras and 3R Petroleum include the use of the midstream infrastructure for production outflow. In Bahia, custody transfer occurs at the Recife and São Sebastião transfer stations, owned by Petrobras. In Rio Grande do Norte, custody transfer occurs at the Estreito B Station and in the port terminal of the Guamaré Industrial Asset, which belong to 3R Petroleum since June 2023. In the SPE Tiêta assets, production is transported by truck from the Tiê (Bahia) and Tartaruga (Sergipe) stations.

Similarly to the first quarter, during the second quarter of 2023, due to the interdiction of Petrobras' Bahia Terra Cluster, the inflow of oil at the São Sebastião Station was suspended, and the Company continued to transport part of the production of the Bahia Asset by truck to the São Roque Station, increasing the transfer flow via the oil pipeline to the Recife Station. Even after the full return of the Bahia Terra Cluster, which took place during the second quarter, the transfer via pipelines to Parque São Sebastião has not yet been resumed due to operational issues at Petrobras.



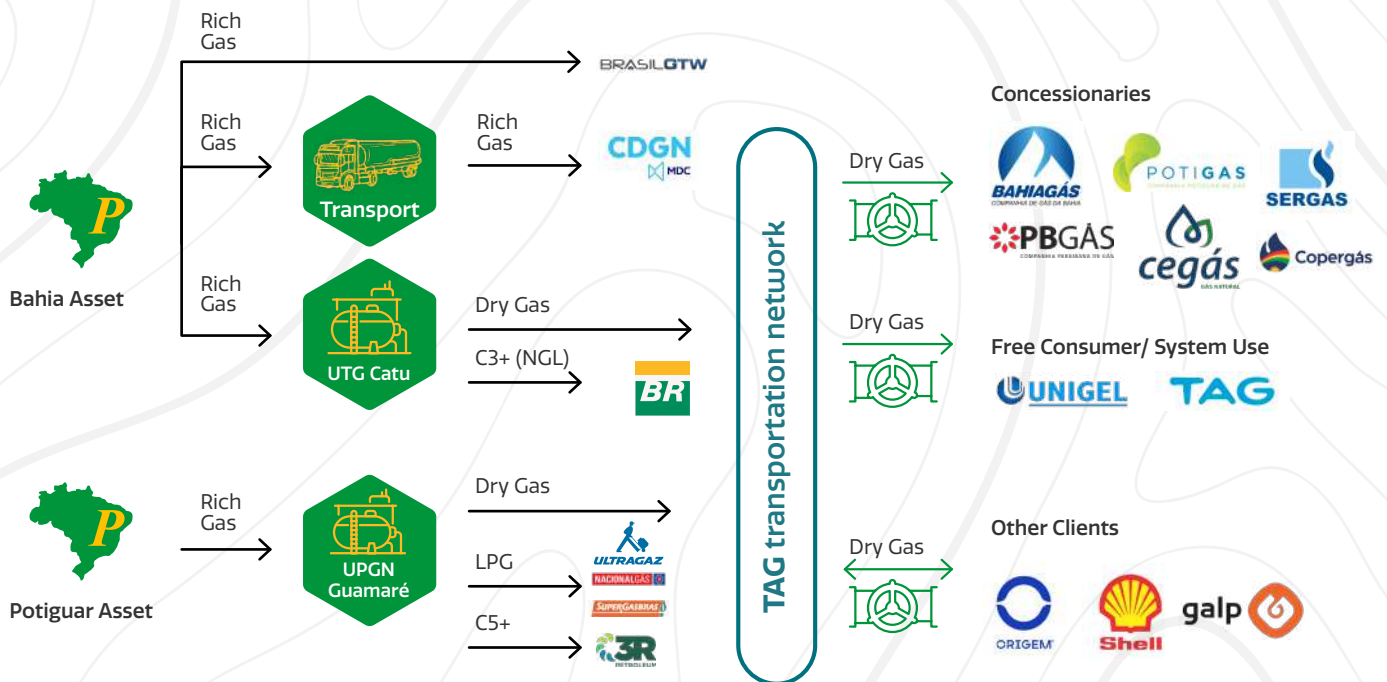
Index



Natural gas

Since January 1, 2022, PetroReconcavo and its subsidiaries started to supply natural gas to the state gas distributors of the Northeast of Brazil and to free consumers of natural gas. In addition, the Company markets its production of natural gas liquids. Currently, with the exception of SPE Tiêta, the Company may commercialize natural gas, from any of its Assets, with any of its present clients.

The diagram below presents the natural gas production flow from the Bahia and Potiguar Assets, respectively.



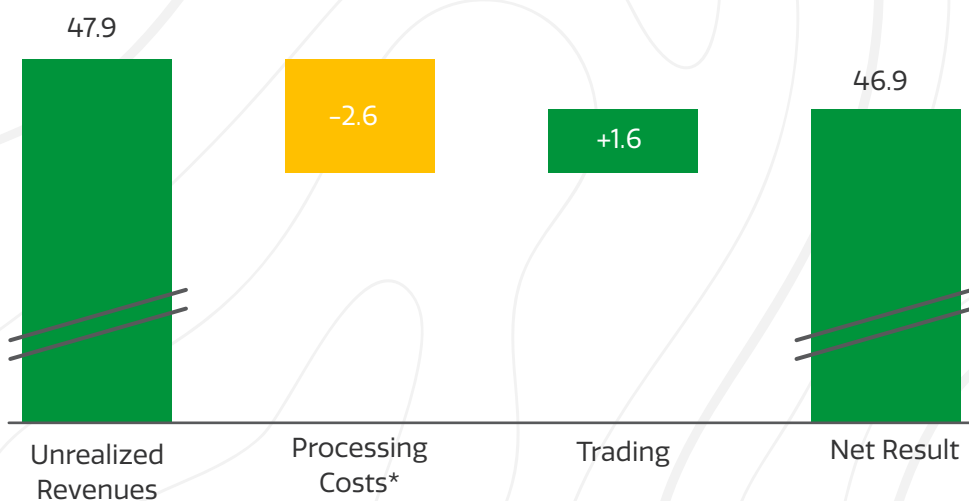
Index



The Company is advancing in the constructing a 400 thousand m³ per day Dew Point Control Gas Treatment Unit to process its production in the Mata de São João, Remanso, Jacuípe and Riacho de São Pedro fields, which is expected to be concluded in the fourth quarter of 2023. This project has the purpose of enabling the delivery of specified gas directly in the Bahiagás pipeline, eliminating the use of Petrobras' infrastructure (outflow and processing) for these volumes, with the effect of freeing delivery capacity of rich gas at UTG Catu and reducing processing costs.

In general, the results of the quarter show a decrease in revenue due to lower volume traded, as explained above, associated with a reduction in the average price of realization, reflecting the fall in the price of a barrel of oil, to which some of the natural gas trading contracts are indexed, as well as the reduction in the sale of natural gas in spot contracts, with higher average marketing price. The financial results for the quarter were also impacted by operational events that limited the outflow and sale of production in Rio Grande do Norte.

The Company estimates an impact of approximately R\$46,9 million on the second quarter of 2023 in the operational results due to the outflow problems in Rio Grande do Norte. We estimate unrealized revenue of approximately R\$47,9 million, calculated on a volume of dry gas and natural gas liquids not sold. In addition, we calculate the costs for processing and outflow for the estimated additional volumes and the impact of gas purchases and sales made to avoid supply failures.



Index



Further details on the gas sales results are outlined below.

After the end of the quarter, the Company signed a new contract for the supply of natural gas with Copergás, for a 10-year term. The contract is in the firm and inflexible modality, with the price of the Molecule linked to the Brent price, with fixed floor and ceiling prices which are adjusted annually based on the American inflation index (CPI-US). The expected firm volumes are 150,000 m³/day of natural gas in 2024 and 250,000 m³/day of natural gas from 2025 to 2033. The gas price of said contract will consist of the sum of the transportation cost passthrough (transportation portion) and the Molecule Portion. The total estimated value of the Molecule Portion is R\$ 1.6 billion.

Rich Gas

During the second quarter of 2023, the Company held contracts for the commercialization of the rich natural gas production from the Tiê and Tartaruga fields with CDGN and Brasil GTW. It is important to highlight that these fields are not presently connected to the gas pipeline network, and, therefore, cannot be sold directly to the natural gas market. During the quarter, 3.8 million m³ of rich gas were commercialized with these clients.



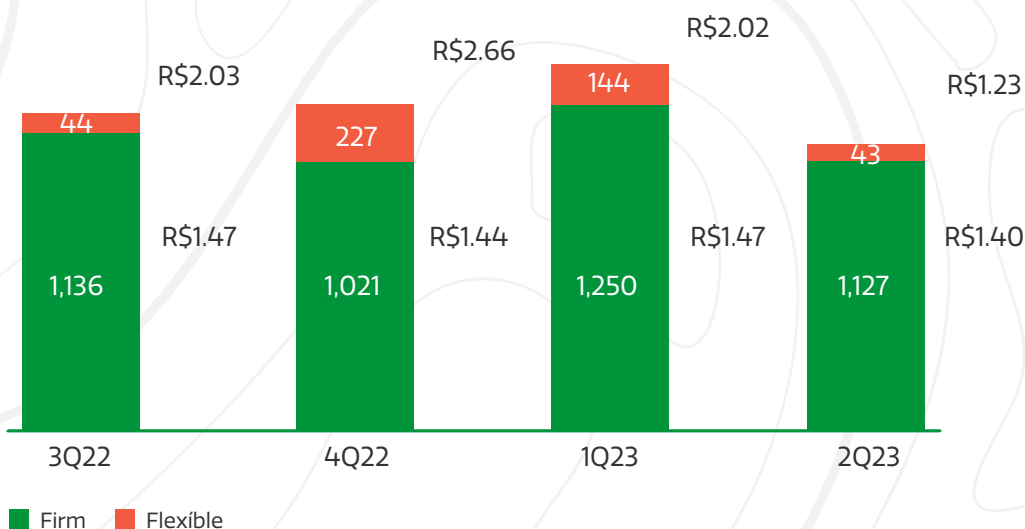
Index



Dry Gas

In the second quarter of 2023 the Company had firm volume contracts in the order of 1,266 thousand m³/day at an average price for the molecule of R\$1.40/m³ or approximately US\$7.58/ MMBTU. The volumes produced and sold in the quarter were inferior to the contracted firm demands. In order not to incur in supply failures the Company acquired gas from third parties at a cost of approximately R\$15 million. The volumes traded beyond firm contractual commitments in the quarter refer mainly to commitments signed with Bahiagás and Origem Energia under the scope of compensation in gas exchange contracts, performed to fulfill the firm demands on days in which there were operational restrictions in third-party infrastructures for the outflow of the Company's production.

Natural dry gas | Volume traded in Mm³/day and average prices in R\$/m³



Index



Natural Gas Liquids

Since January 2022 the Company sells its gas liquids derived from the processing of natural gas. The volumes sold may have small variations when compared with produced volumes due to inventory variations. Volumes produced are demonstrated below:

Natural gas liquids Volume produced in the quarter							
	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
C3+	Mm ³	11,808	14,594	17,149	17,056	18,328	19,885
GLP	tons	6,269	6,590	7,258	7,784	7,683	4,845
C5+	Mm ³	3,180	3,666	3,442	3,803	3,748	2,270

In the 2Q23, at the Potiguar Asset, the production of LPG was sold to the distributors Ultragaz, Nacional Gás Butano and Supergasbras and the C5+ was sold to Petrobras and 3R Petroleum.

The volume of liquified petroleum gas produced in Bahia (C3+) was sold to Petrobras.



Index



03

Consolidated financial performance

DRE Consolidated (in thousands of Brazilian reais – R\$)

	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
Net revenue	658,314	719,212	-8%	691,009	-5%	1,377,526	1,394,485	-1%
Costs and expenses	(276,125)	(335,030)	-18%	(246,362)	12%	(611,155)	(471,941)	29%
Royalties	(62,951)	(49,346)	28%	(64,776)	-3%	(112,297)	(127,934)	-12%
EBITDA	319,238	334,836	-5%	379,871	-16%	654,074	794,610	-18%
Depreciation, amortization and depletion	(145,186)	(103,923)	40%	(85,108)	71%	(249,109)	(155,040)	61%
Operating profit	174,052	230,913	-25%	294,763	-41%	404,965	639,570	-37%
Net financial income	55,392	6,301	779%	(126,853)	-144%	61,693	59,002	5%
Current taxes	6,819	(45,468)	n.m.	(44,422)	n.m.	(38,649)	(95,509)	-60%
Deferred taxes	(58,622)	7,767	n.m.	7,543	n.m.	(50,885)	(70,194)	-28%
Net income	177,641	199,513	-11%	131,031	36%	377,154	532,869	-29%

Net Revenue

The Company's net revenue was R\$658 million in the second quarter of 2023, an 8% reduction vs. 1Q23.

Net revenue (in thousands of Brazilian reais – R\$)

	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
Oil								
Gross Revenue – Bahia Asset	221,782	205,791	8%	225,852	-2%	427,573	430,401	-1%
Gross Revenue – Potiguar Asset	372,482	372,887	0%	473,424	-21%	745,369	904,037	-18%
Derivative financial instruments	(60,286)	(71,468)	-16%	(130,361)	-54%	(131,754)	(215,591)	-39%
Sales Taxes	(102,390)	(98,669)	4%	(139,518)	-27%	(201,059)	(239,560)	-16%
Net Revenue from Oil	431,588	408,541	6%	429,397	1%	840,129	879,287	-4%
Natural Gas and byproducts								
Gross Revenue	282,286	382,777	-26%	329,303	-14%	665,063	655,437	1%
Sales Taxes	(55,560)	(72,106)	-23%	(67,691)	-18%	(127,666)	(140,239)	-9%
Net revenue from Natural Gas and byproducts	226,726	310,671	-27%	261,612	-13%	537,397	515,198	4%
Net Revenue	658,314	719,212	-8%	691,009	-5%	1,377,526	1,394,485	-1%



Index





In the second quarter, net revenues from oil were 6% above the prior quarter. In the period, the production of oil was 12% above the prior quarter. However, the average price of Brent Oil was of US\$78.39/bbl, 4% lower than the average price observed in the first quarter, while the average foreign exchange rate was 5% lower.

On June 7, the Company signed contracts with 3R Petroleum for the sale of 100% of the Potiguar Asset oil production, under more competitive conditions than the previous contracts signed with Petrobras, characterized by smaller discounts, and which are not yet fully reflected in the quarter's results.

Conversely, the devaluation of the Brent Oil barrel resulted in a lower impact to the derivative financial instruments in the period. In the second quarter of 2023, a loss of R\$ 60 million was registered under this item, 16% lower than in the prior quarter. In the quarter, hedge contracts were settled in a volume of 434 thousand barrels of oil, at an average price of US\$51.17/bbl.

The drop in revenue from natural gas and its byproducts in the quarterly comparison is explained by the end of the gas SWAP contract with Petrobras from March 2023 and the successive interruptions in the flow of natural gas to the UPGN Guamaré in Rio Grande do Norte, which resulted in part of the natural gas production being flared and not sold. Additionally, also due to these interruptions, the production of non-associated gas production wells in the Potiguar Asset was interrupted. Considering the volumes of gas flared and the shut-in production from the non-associated gas wells, we estimate a loss in net revenues from natural gas and its byproducts in the quarter in the amount of R\$48 million.



Index





Operational costs and expenses

The table below presents some breakdowns and comparisons of the costs and expenses.

Costs and expenses (in thousands of Brazilian reais – R\$)								
	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
Personnel	66,633	65,988	1%	54,872	21%	132,621	102,909	29%
Services and Materials	99,298	94,436	5%	65,115	52%	193,734	125,070	55%
Electric power	20,081	19,133	5%	15,963	26%	39,214	35,011	12%
Acquisition/Swap of gas	15,881	58,476	-73%	34,133	-53%	74,357	68,591	8%
Gas outflow	6,828	4,195	63%	2,580	165%	11,023	5,000	120%
Gas processing	48,835	37,188	31%	24,127	102%	86,023	45,799	88%
Gas transportation	35,425	42,502	-17%	33,506	6%	77,927	63,535	23%
Other costs and expenses	(16,856)	13,112	n.m.	16,066	n.m.	(3,744)	26,026	n.m.
Total	276,125	335,030	-18%	246,362	12%	611,155	471,941	29%

Costs and expenses dropped 18% when compared to the first quarter of 2023, from R\$335 million in the prior quarter to R\$276 million in the second quarter of the year.

Costs with services, consulting services, rent and materials increased R\$ 5 million or 5%, from R\$94 million in the first quarter of 2023, to R\$99 million in the second quarter of 2023. This increase can be mostly explained by the following reasons.

- (a) In the second quarter, well repair costs increased by approximately R\$24 million, as with the higher availability of rigs, several wells that were in the intervention backlog were repaired, especially in Bahia Asset, contributing towards the increased production in the quarter, and forward. In the first quarter, workover interventions were prioritized;
- (b) Also, in the first quarter there was the recognition of fees to consultants that assisted the Company in the acquisition process of Maha Energy Brasil in the amount of R\$11 million. This was a nonrecurring expense, contributing positively in the second quarter;
- (c) Additionally, there was a positive impact from the result of the deemed ICMS tax credit in the Bahia Asset, of around R\$10 million;



Index



Costs with acquisition/swap of gas reduced by approximately R\$43 million, or 73%, in the second quarter, when compared to the prior quarter. The main reason for this reduction was the termination of the gas swap contracts in February. The swap amount registered under costs was of R\$39 million in the first quarter, which was not repeated in the second quarter of 2023. Additionally, the total acquisition of gas from third-parties, a strategy adopted in moments of paired trade opportunities or to avoid penalties from non-fulfillment in the delivery of contracted demands in periods in which third-party infrastructures were unavailable, reduced from R\$20 million in the first quarter to R\$16 million in the subsequent quarter.

By contrast, with the termination of the swap contracts of gas, contracts were signed for the outflow and processing of natural gas produced in the Bahia Asset. This explains the positive variation observed in these two lines of costs for the second quarter of 2023. In the Bahia Asset, processing and outflow costs of natural gas in the second quarter totaled R\$32 million in the second quarter, representing a R\$23 million increase when compared to the prior quarter. This increase was offset by a reduction of R\$ 9 million in costs with the outflow and processing of natural gas in the Potiguar Asset, due to operational restrictions for natural gas outflow, as previously mentioned.

For gas transportation costs there was a R\$7 million reduction, or 17%, when compared to the first quarter of the year. This reduction is explained by the drop in gas production at the Bahia Asset, as well as the operational restrictions for natural gas outflow.

It should be noted that the costs and expenses of 2Q23 were still impacted by extraordinary expenses associated with the takeover of SPE Tiêta and as a result of the Bahia Terra Cluster interdiction, as well as pre-operational expenses related to the mobilization of new equipments.

Lastly the costs and expenses line was affected by the conclusion of the civil arbitration process filed by the Company, resulting in an additional positive amount of around R\$ 15 million received in the quarter as well as the recognition of extemporaneous tax credits as a result of extensive work for tax credit recovery in the subsidiary Potiguar E&P.



Index



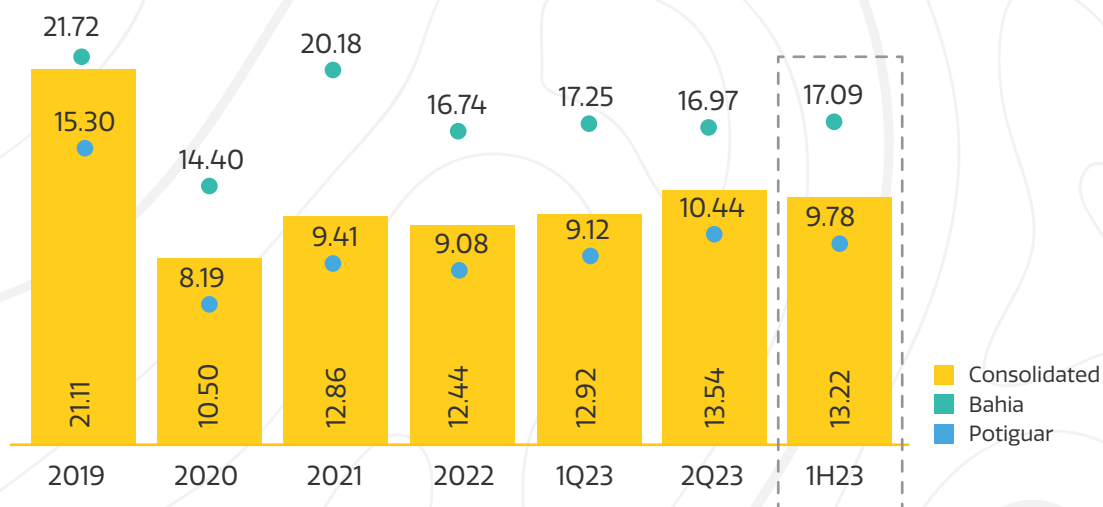
Average production cost – lifting cost (in US\$/BOE)

The calculation of average production cost (lifting cost) is the sum of total costs of services and sales, excluding costs with the acquisition, processing, outflow and transport of gas, royalties, depreciation, amortization and depletion, divided by total gross production in barrels of oil equivalent (BOE).

Average production cost in the second quarter of 2023 was of US\$13.54 per barrel, a 5% increase vs. the prior quarter, mostly due to a 5% reduction in the foreign exchange rate in the period.

The difference in average production costs among the Assets stems, mainly, from

Average production cost of PetroReconcavo Consolidated (in US\$/BOE)



Index



the differences in maturity of the reserves, especially higher variable costs of fluids

Net financial income (expenses) (in thousands of Brazilian reais – R\$)

	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
Financial income	14,872	10,888	37%	6,336	135%	25,760	10,622	143%
Financial expenses	(21,116)	(24,454)	-14%	(26,212)	-19%	(45,570)	(49,392)	-8%
Foreign exchange variation, net	61,636	19,867	210%	(106,978)	n.m.	81,503	97,772	-17%
Net financial income (expenses)	55,392	6,301	779%	(126,853)	n.m.	61,693	59,002	5%

(water + oil) at the Remanso Cluster +BTREC, resulting from a more advanced phase in secondary recovery projects.

Net financial income (expenses)

Net financial income in the second quarter of 2023 was R\$55 million, compared to a result of R\$ 6 million in the prior quarter.

In the period, financial income was of R\$15 million vs. R\$11 million in the prior period. Financial income in the amount of R\$5 million was recognized in the period due to monetary adjustment of amounts received at the conclusion of the civil arbitration filed by the Company.

In addition, with the appreciation of the Brazilian real to the U.S. dollar, the foreign exchange variation in the quarter was of R\$62 million. The Company has financial investments and financing, as well as acquisition liabilities payables indexed to the U.S. dollar.



Index



Income tax and social contribution on net income

Income tax and social contribution (in thousands of Brazilian reais – R\$)

	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
Current	6,819	(45,468)	n.m.	(44,422)	n.m.	(38,649)	(95,509)	-60%
Deferred	(58,622)	7,767	n.m.	7,543	n.m.	(50,855)	(70,194)	-28%
Total	(51,803)	(37,701)	37%	(36,879)	40%	(89,504)	(165,703)	-46%

Income tax and social contribution expenses reflect the results for the period. The taxable result, which starts from the accounting profit and goes through additions and exclusions determined by the tax legislation, was "positive" in the quarter, mainly due to the adoption by the Company of the accelerated depreciation regime, making current taxes creditable. In addition, the deferred tax expenses in the quarter are basically explained by the unrealized exchange rate variation, which generated a deferred tax liability.



Index





Statement of cash flows

Consolidated statement of cash flows (in thousands of Brazilian reais – R\$)								
	2Q23	1Q23	Δ%	2Q22	Δ%	1H23	1H22	Δ%
Earnings before taxes	229,444	237,214	-3%	167,910	37%	466,658	698,572	-33%
Depreciation, amortization and depletion	145,186	103,923	40%	85,108	71%	249,109	155,040	61%
Interest and foreign exchange variation, net	(70,878)	(4,330)	1537%	127,258	n.m.	(75,208)	(66,295)	13%
Write-off of PP&E and leases	28,691	59,514	-52%	27,844	3%	88,205	72,963	21%
Fair value of the "hedge" in the result	60,286	71,468	-16%	130,361	-54%	131,754	215,591	-39%
Other adjustments and changes in net income	2,874	6,798	-58%	2,103	37%	9,672	9,059	7%
Changes in assets and liabilities	16,676	52,691	-68%	47,700	-65%	69,367	(136,287)	n.m.
Interest paid	(258)	(23,951)	-99%	(10,159)	-97%	(24,209)	(22,353)	8%
Payment of "hedge" contracts	(60,286)	(71,468)	-16%	(130,361)	-54%	(131,754)	(215,591)	-39%
IR e CSLL paid	(29,411)	(33,826)	-13%	(62,782)	-53%	(63,237)	(92,143)	-31%
Cash from operating activities	322,324	398,033	-19%	384,982	-16%	720,357	618,556	16%
Additions to PP&E and intangible assets	(325,084)	(397,155)	-18%	(317,513)	2%	(722,239)	(531,924)	36%
Financial investments	25,767	502,207	-95%	(828,337)	n.m.	527,974	(848,428)	n.m.
Acquisition of SPE Tieta, net of cash received	-	(472,255)	n.m.	-	n.m.	(472,255)	-	n.m.
Cash used in investment activities	(299,317)	(367,203)	-18%	(1,145,850)	-74%	(666,520)	(1,380,352)	-52%
Borrowings	-	-	n.m.	-	n.m.	-	-	n.m.
Payment of financing, leases and payables for acquisitions	(7,134)	(182,729)	-96%	(107,021)	-93%	(189,863)	(168,390)	13%
Capital increase, net of cost of issue	1,131	672	68%	996,920	-100%	1,803	997,109	-100%
Net effect of acquisition and sale of shares	-	(4,055)	n.m.	8	n.m.	(4,055)	39	n.m.
Dividends and interest on own capital paid	(132,790)	-	n.m.	(39,686)	235%	(132,790)	(39,686)	235%
Cash from (used in) financing activities	(138,793)	(186,112)	-25%	850,221	n.m.	(324,905)	789,072	n.m.
Foreign exchange variations on cash and cash equivalents	(426)	226	n.m.	(821)	-48%	(200)	564	n.m.
Increase (decrease) in cash and cash equivalents	(116,212)	(155,056)	-25%	88,532	n.m.	(271,268)	27,840	n.m.



Index



Cash generated by operating activities decreased 19% in the second quarter of 2023 vs. the first quarter, as previously mentioned under the topic Operational Performance herein.

Cash used in investment activities totaled R\$299 million in the second quarter of 2023, as a combination of the following factors:

- (I) The Company invested R\$325 million in additions to PP&E and intangible assets, mainly investment to increase production and in the drilling of new wells and increase in capital asset inventories, due to the acquisition of materials for the investment program of the Company;
- (II) In the second quarter of 2023, net redemptions of financial investments totaled R\$26 million;

The table below demonstrates total cash applied to investment activities in PP&E and intangible assets of the Company:

Capex 2Q23 (em R\$MM)	Additions	Transfer	Subtotal	Write-off	Total
Development of new reserves	151	55	206	(1)	205
Capital asset inventories	112	(29)	83	(31)	52
Oil and gas production rights	-	-	-	-	-
Exploratory expenses	-	-	-	-	-
Other Fixed and intangible assets	62	(26)	36	2	38
Total	325	-	325	(30)	295

The increase in capital asset inventories reflects the acquisition of production equipment and materials that will be used to enhance production. Understanding the importance of seeking efficiency in an integrated supply chain strategy, the Company promoted an organizational reorganization, transferring the area of Materials and Logistics to report to the CFO structure. We have already seen a slowdown in additions to the capital asset inventories with expectations of reduction for the coming quarters.

The variation in the line of Other Fixed and Intangible Assets reflects the payment for the acquisition of new equipment, mainly Drilling and Workover Rigs, in different states of mobilization.

Cash used in financing activities was of R\$139 million in the second quarter of 2023, with emphasis to the payment of R\$133 million in dividends.



Index



04

Other balance sheet highlights

As at June 30, 2023 the Company recorded a cash position, representing the sum of the balances of cash and cash equivalents and financial investments in the amount of R\$785 million.

At present, most of the Company's resources are applied in foreign exchange funds or other U.S. dollar denominated investments, such as US Treasuries or Time Deposits. These investments have the purpose of accompanying the foreign exchange variation of the U.S. dollar against the Brazilian real, since the majority of the Company's debts are denominated in U.S. dollars. Additionally, the Company has future commitments related to the acquisition of assets which are also denominated in U.S. dollars.

Indebtedness

Net indebtedness (in thousands of Brazilian reais - R\$)					
	30/06/23	31/12/22	Δ%	31/03/23	Δ%
FINEP	-	331	n.m.	-	n.m.
Bank loans	624,607	670,168	-7%	643,114	-3%
Costs to amortize	(15,993)	(14,918)	7%	(14,891)	7%
Payables for acquisitions	958,495	918,272	4%	1,010,049	-5%
Gross debt	1,567,109	1,573,853	0%	1,638,272	-4%
Cash and cash equivalents	89,760	361,028	-75%	205,972	-56%
Financial investments	695,724	1,250,163	-44%	721,065	-4%
Net debt (net cash)	781,625	(37,338)	n.m.	711,235	10%
EBITDA last 12 months	1,468,884	1,609,420	-9%	1,529,517	-4%
Net debt/ EBITDA last 12 months	0.53 x	-0.02 x	0,56 x	0.47 x	0.07 x

Net debt in the second quarter of 2023 reached R\$ 782 million, impacted by the acquisition of Maha Energy Brasil, which occurred in the first quarter, contributing both to the decrease in cash as to the increase in payables for acquisitions, when compared to December 31, 2022.



Index



Derivative financial instruments

The Company constantly assesses the possibility of carrying out hedging operations of future oil production with the purpose of increasing predictability and protect future cash flows. The Company signed commodity forward contracts to manage commodity price risks associated to future transactions of up to 36 months, all in the subsidiary Potiguar E&P, as mentioned under the topic "Net Revenue".

The table below describes the commodity forward contracts outstanding as at June 30, 2023, as well as information related to their corresponding hedged items:

Hedging instruments Outstanding contracts	Average Strike prices 06/30/2023	Quantity 06/30/2023	Fair value of Hedging instruments 06/30/2023
	US\$/barrel	In barrels	R\$ thousand
Under 3 months	51.90	453,000	(50,587)
From 3 to 6 months	55.77	446,750	(40,135)
From 6 to 12 months	57.45	680,750	(51,662)
From 1 to 2 years	59.66	331,500	(19,635)
Total	56.13	1,912,000	(162,019)

The total average volume of hedged barrels for the year 2023, as per the above table, is of approximately 4,890 BOEPD, or around 18.8% of the total average production of the Company in the 2Q23, which was of 26,045 BOEPD. Observing only oil production, the hedged production corresponds to 31.4% of average production of oil of the Company in the 2Q23, which was of 15,569 BOEPD.



Index



05

HS&E and ESG

Our second Sustainability Report was released in accordance with the Global Reporting Initiative (GRI) methodology. In this edition, we presented a clear and transparent description of the main projects, initiatives and results achieved in 2022, in the social, environmental, climatic and economic dimensions. Our objective is to supply relevant information to the stakeholders involved with the Company, reinforcing our vision of being the safest, most efficient and lucrative oil and gas operator in the country. To check out the full report [click here](#).

In the second quarter of 2023, we continued strengthening our Safety Culture, promoting initiatives such as the "Yellow May" Campaign and the Workshop for employees in the Bahia and Potiguar Assets, with the purpose of disseminating information on guidelines for contracting suppliers, considering the HS&E requirements and risk management of the Company.

Furthermore, we closed the quarter promoting the Environmental Week, with the topic of "Zero Waste", in full alignment with the guidelines of austerity and reduction in the generation of residues. During this event there were lectures on the subject, reinforcing the commitment towards awareness and practical actions for a more sustainable environment.

In the Potiguar Asset, the celebration of the International Environment Day, promoted the planting of seeds in local communities. The workshop addressed cultivation techniques of greens and vegetables, as well as planting seedlings of native trees near the schools with the participation of about 100 people.

In the Bahia Asset, initiatives towards environmental awareness were performed in schools of the communities surrounding our operations and in the Ciranda Viva Program. We started Ciranda do Protagonismo, an employability project with workshops and short-term professional training courses with the aim of stimulating entrepreneurship, work and income generation in the communities. In May, during the Bahia Oil & Gas Energy event, we were awarded with the 1st Prize in the "ABPIP Impulsiona" program, which recognizes companies of the sector which most contributed, proposed and participated in actions of the association in order to achieve its objectives.



Index



34



In June, the Board of Directors elected its Chairman and Vice-chairman, as well as members for the Audit Committee for a two-year term of office, up until the Board Meeting subsequent to the General Assembly that will deliberate on the financial statements for the year ending December 31, 2024.

To ensure that critical issues related to ESG topics and practices are known to the Board, the change in the composition of the People Management Committee was approved, which has been renamed the People and ESG Committee and aims to monitor matters related to sustainability, human resources and governance, providing recommendations for deliberation by the Board on these topics.

The Company, after the end of the quarter, participated in the creation of the HUB ODS Bahia, an initiative of the Federation of Industries of the State of Bahia and the UN Global Compact that aims to develop actions aimed at meeting the Sustainable Development Goals (SDGs) 2023.

After the closing of the quarter, the program "Juntos Somos Mais – Unidos pela Diversidade, Equidade e Inclusão" (together we are more – united through diversity, equity and inclusion), reflecting our aspiration to be a Company where the culture of Diversity, Equity and Inclusion is made present at all levels. Through this program we seek to contribute towards a more just, equitable society, with greater respect and equality. The program focuses on four fundamental pillars: gender equity, LGBTQIA+, inclusion of people with disabilities and appreciation of ethnic-racial diversity.



Index





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