(Convenience Translation into English from the Original Previously Issued in Portuguese)

PetroReconcavo S.A.

Report on Review of Interim Financial Information for the Nine-month Period Ended September 30, 2023

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
PetroReconcavo S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of PetroReconcavo S.A. ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended September 30, 2023, which comprises the balance sheet as at September 30, 2023 and the related statements of profit or loss and of comprehensive income for the three- and nine-month periods then ended, and of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

The Company's Management is responsible for the preparation of this individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of ITR, and presented in accordance with the standards issued by the CVM.

Emphasis of matter

Without modifying our conclusion, we draw attention to note 20.3 a) to the individual and consolidated interim financial information, which states that, as at September 30, 2023, the Group's revenue was concentrated with one customer, Petrobras. Consequently, any interpretation or analysis of this individual and consolidated interim financial information must take these circumstances into consideration.

Other matters

Statements of added value

The interim financial information referred to above includes the individual and consolidated statements of added value ("DVA") for the nine-month period ended September 30, 2023, prepared under the responsibility of the Company's Management and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the ITR to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set forth in technical pronouncement CPC 09 - Statement of added value. Based on our review, nothing has come to our attention that causes us to believe that these statements of added value were not prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and consistently with the accompanying individual and consolidated interim financial information taken as a whole.

Convenience Translation

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Salvador, November 9, 2023

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Jônatas José Medeiros de Barcelos
Engagement Partner

2023SA027188

PetroReconcavo

BALANCE SHEET AS AT SEPTEMBER 30, 2023
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
ASSETS	Notes	09/30/2023	12/31/2022	09/30/2023	12/31/2022
CURRENT					
Cash and cash equivalents	3	5,424	83,601	78,480	361,028
Short-term investments	3	336,950	1,233,639	642,415	1,250,163
Trade receivables	4	32,533	55,219	348,729	384,180
Inventories		9,231	9,340	24,717	11,451
Dividends receivable	15	179,502	179,502	-	-
Recoverable taxes		11,938	30,746	166,507	99,243
Other assets		172,141	112,228	35,505	26,539
Total current assets		747,719	1,704,275	1,296,353	2,132,604
NONCURRENT					
Trade receivables	4	947	947	55,917	55,917
Recoverable taxes		3,882	479	97,582	68,094
Other assets		3,189	2,908	5,266	3,444
Deferred taxes	9	40,610	28,110	55,524	167,840
Investments	5	3,819,811	2,293,185	-	-
PP&E and intangible assets	6	924,428	743,197	5,351,189	4,129,365
Lease right-of-use assets		19,768	10,117	50,822	27,830
Total noncurrent assets		4,812,635	3,078,943	5,616,300	4,452,490
TOTAL ASSETS		5,560,354	4,783,218	6,912,653	6,585,094

		Company		Consolidated	
LIABILITIES AND NET EQUITY	Notes	09/30/2023	12/31/2022	09/30/2023	12/31/2022
CURRENT					
Suppliers	7	82,278	106,430	370,092	352,152
Payroll and related charges		49,187	37,850	80,290	60,848
Taxes payable		1,548	7,397	64,924	124,275
Loans and financing	8	115,535	14,011	115,535	14,011
Leases payable		17,625	5,596	40,798	20,382
Derivative financial instruments	13	-	-	205,405	285,183
Dividends and interest on own capital payable	14	-	106,416	-	106,416
Payables for acquisitions	10	7,362	-	247,866	405,886
Provision for well abandonment	12	-	-	12,102	9,724
Other accounts payable		9,088	7,847	22,284	12,490
Total current liabilities		282,623	285,547	1,159,296	1,391,367
NONCURRENT					
Loans and financing	8	804,025	641,570	804,025	641,570
Leases payable		2,669	3,613	12,883	7,112
Taxes payable		3,355	6,112	3,355	6,112
Derivative financial instruments	13	-	-	7,932	102,409
Deferred taxes	9	-	-	20,947	6,023
Payables for acquisitions	10	-	-	356,333	512,386
Provision for tax, civil and labor contingency risks	11	2,869	3,391	5,169	3,726
Provision for well abandonment	12	35,605	32,483	113,505	103,887
Total noncurrent liabilities		848,523	687,169	1,324,149	1,383,225
NET EQUITY					
Share capital	14	2,830,283	2,828,170	2,830,283	2,828,170
Treasury shares		(5,084)	(6,793)	(5,084)	(6,793)
Capital reserve		48,299	43,171	48,299	43,171
Profit reserve		1,141,164	1,167,284	1,141,164	1,167,284
Retained earnings		520,868	-	520,868	-
Equity valuation adjustments		(140,803)	(255,811)	(140,803)	(255,811)
Capital transactions		34,481	34,481	34,481	34,481
Total net equity		4,429,208	3,810,502	4,429,208	3,810,502
TOTAL LIABILITIES AND NET EQUITY		5,560,354	4,783,218	6,912,653	6,585,094

The accompanying notes are an integral part of the interim financial statements.

PetroReconcavo

STATEMENT OF PROFIT AND LOSS FOR THE THREE AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
(In thousands of Brazilian reais - R$, except for earnings per share)

	Notes	Company		Consolidated		Company		Consolidated	
		07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
NET REVENUE	17	94,242	156,408	747,829	804,848	312,711	471,129	2,125,355	2,199,333
COST OF SALES AND SERVICES	18	(90,084)	(106,499)	(499,783)	(420,747)	(298,566)	(302,335)	(1,414,880)	(1,122,302)
GROSS PROFIT		4,158	49,909	248,046	384,101	14,145	168,794	710,475	1,077,031
INCOME (EXPENSES)									
Expected credit loss (ECL)		-	(3,312)	-	(37,962)	-	(3,312)	-	(37,962)
General, sales and administrative	18	(4,072)	(9,041)	(48,862)	(29,803)	(42,201)	(20,764)	(130,443)	(75,504)
Other income (expenses), net	18	(7,285)	13,784	(4,272)	(5,483)	17,994	23,612	19,845	(13,142)
Equity in investments	5	177,925	149,069	-	-	550,495	604,207	-	-
Total		166,568	150,500	(53,134)	(73,248)	526,288	603,743	(110,598)	(126,608)
OPERATING INCOME		170,726	200,409	194,912	310,853	540,433	772,537	599,877	950,423
FINANCIAL INCOME (EXPENSES)									
Financial income	19	32,981	45,384	48,536	59,489	50,739	33,256	114,223	107,320
Financial expenses	19	(70,409)	(27,384)	(96,931)	(104,977)	(81,857)	(33,107)	(100,925)	(93,806)
Total		(37,428)	18,000	(48,395)	(45,488)	(31,118)	149	13,298	13,514
INCOME BEFORE TAXES		133,298	218,409	146,517	265,365	509,315	772,686	613,175	963,937
INCOME TAX AND SOCIAL CONTRIBUTION									
Current		436	(16,236)	(11,876)	(122,224)	436	(36,101)	(110,833)	(282,173)
Deferred		11,363	(2,100)	(33,042)	27,658	12,500	(18,242)	(83,897)	(42,536)
Tax incentive relief		-	11,810	43,498	41,084	-	26,409	103,806	105,524
Total	9	11,799	(6,526)	(1,420)	(53,482)	12,936	(27,934)	(90,924)	(219,185)
NET INCOME FOR THE PERIOD		145,097	211,883	145,097	211,883	522,251	744,752	522,251	744,752
Earnings per share - R$	14	0.495	0.724			1.783	2.801		
Diluted earnings per share - R$	14	0.495	0.722			1.781	2.791		

The accompanying notes are an integral part of the interim financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
(In thousands of Brazilian reais - R$)

3ITR	Company		Consolidated	
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022
NET INCOME FOR THE PERIOD	145,097	211,883	145,097	211,883
Hedging instruments	-	-	(51,318)	366,287
Deferred taxes on financial instruments	-	-	17,448	(124,538)
Portions of other comprehensive income of subsidiaries	(33,870)	241,749	-	-
TOTAL COMPREHENSIVE INCOME	111,227	453,632	111,227	453,632

Accumulated	Company		Consolidated	
	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
NET INCOME FOR THE PERIOD	522,251	744,752	522,251	744,752
Hedging instruments	-	-	174,255	67,526
Deferred taxes on financial instruments	-	-	(59,247)	(22,959)
Portions of other comprehensive income of subsidiaries	115,008	44,567	-	-
TOTAL COMPREHENSIVE INCOME	637,259	789,319	637,259	789,319

The accompanying notes are an integral part of the interim financial statements.

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STATEMENT OF CHANGES IN NET EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
(In thousands of Brazilian reais - R$)

				Capital reserve		Profit reserve				Equity valuation adjustment			
	Notes	Share capital	Treasury shares	Income tax relief incentive	Shares and stock options granted	Legal reserve	Tax incentives	Reinvestment and expansion reserve	Proposed additional	Cash flow hedge accounting	Capital transaction	Retained earnings	Total equity
BALANCE AS AT DECEMBER 31, 2021		1,813,936	(2,292)	18,501	16,675	32,032	42,220	222,950	-	(306,690)	34,481	-	1,871,813
									-				
Capital increase	14	1,034,000	-	-	-	-	-	-	-	-	-	-	1,034,000
Exercise of stock option	14	2,066	-	-	-	-	-	-	-	-	-	-	2,066
Exercised stock options to pay-in	14	(1,028)	-	-	-	-	-	-	-	-	-	-	(1,028)
Cost of issue of shares		(24,692)	-	-	-	-	-	-	-	-	-	-	(24,692)
Share buyback		-	(8,403)	-	-	-	-	-	-	-	-	-	(8,403)
Delivery of treasury shares		-	3,863	-	-	-	-	-	-	-	-	320	4,183
Sale of treasury shares		-	39	-	-	-	-	-	-	-	-	(3)	36
Share-based compensation		-	-	-	4,567	-	-	-	-	-	-	-	4,567
Other comprehensive income of subsidiaries	5	-	-	-	-	-	-	-	-	44,567	-	-	44,567
Net income		-	-	-	-	-	-	-	-	-	-	744,752	744,752
									-				
BALANCE AS AT SEPTEMBER 30, 2022		2,824,282	(6,793)	18,501	21,242	32,032	42,220	222,950	-	(262,123)	34,481	745,069	3,671,861
BALANCE AS AT DECEMBER 31, 2022		2,828,170	(6,793)	18,501	24,670	89,702	57,018	994,190	26,374	(255,811)	34,481	-	3,810,502
Paid-in share capital		259	-	-	-	-	-	-	-	-	-	-	259
Exercise of stock option	14	2,345	-	-	-	-	-	-	-	-	-	-	2,345
Stock options exercised to be paid-in		(491)	-	-	-	-	-	-	-	-	-	-	(491)
Share buyback		-	(4,055)	-	-	-	-	-	-	-	-	-	(4,055)
Delivery of treasury shares		-	5,764	-	-	-	-	-	-	-	-	(1,129)	4,635
Additional register of tax incentive reserve		-	-	-	-	-	254	-	-	-	-	(254)	-
Proposed additional dividends		-	-	-	-	-	-	-	(26,374)	-	-	-	(26,374)
Share-based compensation	14.7	-	-	-	5,128	-	-	-	-	-	-	-	5,128
Other comprehensive income of subsidiaries	5	-	-	-	-	-	-	-	-	115,008	-	-	115,008
Net income		-	-	-	-	-	-	-	-	-	-	522,251	522,251
BALANCE AS AT SEPTEMBER 30, 2023		2,830,283	(5,084)	18,501	29,798	89,702	57,272	994,190	-	(140,803)	34,481	520,868	4,429,208

The accompanying notes are an integral part of the interim financial statements.

PetroReconcavo

STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
(In thousands of Brazilian reais - R$)

	Notes	Company		Consolidated	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022
CASH FLOW FROM OPERATING ACTIVITIES					
Profit (loss) before taxes on income		509,315	772,686	613,175	963,937
Adjustments to reconcile profit (loss) for the period to					
cash generated by operating activities					
Interest, amortization of funding and foreign exchange variations, net		12,933	4,670	(17,099)	(25,568)
Depreciation and depletion of PP&E and amortization of intangible assets	6	58,972	49,810	401,958	255,083
Depreciation of right-of-use assets		12,897	4,879	29,573	12,537
Share-based compensation	14.7	5,128	8,747	5,128	8,747
Equity in investments	5	(550,495)	(604,207)	-	-
Fair value of hedge in profit and loss	13	-	-	202,364	342,907
Net provisions and reversals for tax, civil, labor and regulatory contingency risks	11	(522)	15	(401)	350
Adjustment of provision for well abandonment	12	3,122	3,430	9,983	8,097
Estimated credit loss		-	3,312	-	37,962
Derecognition of PP&E, leases and other		87,811	55,130	176,828	107,879
Changes in assets:					
Trade receivables		22,686	(24,689)	39,700	(292,464)
Inventories		109	1,725	(11,674)	(288)
Recoverable taxes		15,405	1,086	(64,597)	(30,154)
Other assets		(60,194)	(90,374)	(6,639)	(45,393)
Changes in liabilities:					
Suppliers		(6,093)	35,390	7,153	174,360
Payroll and related charges		15,972	8,228	19,986	20,617
Taxes payable		(7,181)	4,474	(4,945)	62,478
Other accounts payable		1,241	5,230	8,596	36,278
Payment of tax, civil, labor and regulatory contingencies	11	-	(35)	-	(35)
Payment of hedge contracts	13	-	-	(202,364)	(342,907)
Interest paid		(52,073)	(661)	(53,735)	(42,612)
Income tax and social contribution paid		(989)	(7,754)	(69,371)	(156,828)
Cash resulting from operating activities		68,044	231,092	1,083,619	1,094,983
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Advance for future capital increase in subsidiaries	5	(90,000)	(614,935)	-	-
Cash balance - Dissolution of Reconcavo America		7,829	-	-	-
Acquisition of SPE Tieta, net of cash received		(501,639)	-	(472,255)	-
Short-term investments		896,689	(820,208)	607,501	(706,397)
Additions to PP&E and intangible assets	6	(328,540)	(255,798)	(1,068,864)	(884,445)
Cash resulting from investment activities		(15,661)	(1,690,941)	(933,618)	(1,590,842)
CASH FLOWS FROM FINANCING ACTIVITIES					
Additions, net of funding costs	8	279,030	643,520	279,030	643,520
Payment of financing	8	(331)	(987)	(331)	(704,344)
Payment for acquisitions	10	(263,601)	-	(553,370)	(93,028)
Exercise of stock option	14	1,854	1,038	1,854	1,038
Paid-in capital		259	1,034,000	259	1,034,000
Cost of issue of shares		-	(37,413)	-	(37,413)
Dividends paid	14.6	(132,790)	(40,558)	(132,790)	(40,558)
Amortization of lease operations - principal		(10,926)	(4,375)	(23,393)	(11,771)
Net cash from purchase and sale of treasury shares		(4,055)	(8,364)	(4,055)	(8,364)
Cash resulting from financing activities		(130,560)	1,586,861	(432,796)	783,080
Foreign exchange variation on cash and cash equivalents		-	-	247	287
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(78,177)	127,012	(282,548)	287,508
Cash and cash equivalents at the beginning of the period	3	83,601	172,288	361,028	217,159
Cash and cash equivalents at the end of the period	3	5,424	299,300	78,480	504,667
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(78,177)	127,012	(282,548)	287,508

The accompanying notes are an integral part of the interim financial statements.

PetroReconcavo

STATEMENT OF VALUE-ADDED
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
(In thousands of Brazilian reais - R$)

	Notes	Company		Consolidated	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022
VALUE ADDED CREATION					
Revenue:					
Products	17	348,994	527,261	2,546,541	2,792,846
Other		75,651	59,435	46,169	2,613
Expected credit loss		-	(3,312)	-	(37,962)
Total revenue		424,645	583,384	2,592,710	2,757,497
INPUTS AND SERVICES ACQUIRED FROM THIRD PARTIES					
Costs of products, goods and services sold		(21,553)	(20,769)	(71,453)	(52,128)
Materials, energy, outsourced services and other		(123,354)	(106,158)	(472,019)	(564,606)
Total third-party inputs		(144,907)	(126,927)	(543,472)	(616,734)
GROSS VALUE ADDED		279,738	456,457	2,049,238	2,140,763
Depreciation, amortization and depletions	18	(71,869)	(54,689)	(431,531)	(267,620)
NET VALLUE ADDED		207,869	401,768	1,617,707	1,873,143
VALUE ADDED RECEIVED IN TRANSFER					
Financial income		50,739	33,256	114,223	107,320
Equity in investments	5	550,495	604,207	-	-
Total value added received in transfer		601,234	637,463	114,223	107,320
Value added for distribution		809,103	1,039,231	1,731,930	1,980,463
VALUE ADDED DISTRIBUTION					
Personnel:					
Direct remuneration		77,217	80,234	175,412	113,072
Benefits		23,405	19,670	58,903	38,880
FGTS		3,945	3,419	11,598	6,433
Taxes, fees and contributions					
Federal		50,309	85,823	357,424	429,560
State		13,641	7,583	286,042	323,287
Municipal		2,488	1,518	2,488	1,518
Third-party capital remuneration:					
Rent		10,120	22,253	36,319	39,724
Royalties	18	23,870	40,872	180,568	189,431
Interest		81,857	33,107	100,925	93,806
Return on own capital:					
Profit in the period		522,251	744,752	522,251	744,752
VALUE ADDED DISTRIBUTED		809,103	1,039,231	1,731,930	1,980,463

The accompanying notes are an integral part of the interim financial statements.

1. —GENERAL INFORMATION

PetroReconcavo S.A. (“Company”, “PetroReconcavo” or “Parent Company”) is engaged in the operation and production of mature petroleum and natural gas fields in Brazil. In operation since February 2000, the Company currently holds the concessions of the fields of Brejinho, Canabrava, Cassarongongo, Gomo, Fazenda Belém, Mata de São João, Norte Fazenda Caruaçu, Remanso, Rio dos Ovos, Rio Subaúma, São Pedro and Sesmaria, in the Recôncavo Basin, state of Bahia.

The subsidiaries of the Company are Recôncavo E&P S.A. (“Recôncavo”), Potiguar E&P S.A. (“Potiguar”), SPE Miranga S.A. (“SPE Miranga”) and SPE Tiêta Ltda. (“SPE Tiêta”) collectively with PetroReconcavo referred to as the “Group”), whose activities are described below:

1.1 Recôncavo

Recôncavo E&P S.A. was established on March 22, 2004 and currently holds concessions for the exploration and production of the fields Lagoa do Paulo, Lagoa do Paulo Norte, Lagoa do Paulo Sul, Acajá-Burizinho and Juriti, which were acquired in ANP’s (the Brazilian National Agency of Petroleum, Natural Gas and Biofuels) Bidding Rounds 4 and 6.

1.2 Potiguar

Potiguar E&P S.A., headquartered in the municipality of Mossoró, state of Rio Grande do Norte, was established on June 15, 2018 and is a concessionaire of a group comprised of 34 concessions, all located in the state of Rio Grande do Norte, of which 30 are 100% owned and operated by Potiguar E&P, two in a partnership with Sonangol Hidrocarbonetos Brasil Ltda, which began to be operated by Potiguar E&P as of June 2021, and two with Mandacaru Energia Ltda and operated by the latter.

1.3 SPE Miranga

SPE Miranga S.A., was established on January 12, 2021. On February 24 of the same year, SPE Miranga signed a contract for acquiring the total equity interest of Petrobras in the nine onshore fields Apraius, Biriba, Fazenda Onça, Jacuipe, Miranga, Miranga Norte, Rio Pipiri, Riacho de São Pedro and Sussuarana which form the Miranga Cluster, in the Recôncavo Basin, in Bahia. The acquisition was concluded on December 6, 2021.

1.4 SPE Tieta

SPE Tieta Ltda. (“SPE Tieta”) is a limited liability company, with an indefinite term, incorporated on September 18, 2009 in the city of Rio de Janeiro, state of Rio de Janeiro. SPE Tieta is a concessionaire for the exploration and production of the Tiê and Tartaruga fields.

SPE Tieta operates the Tartaruga field in a consortium with Petrobras and its equity interest in the operation is of 75%.

1.5 Corporate Reorganization

On September 2, 2022 the Executive Committee of the Company approved the corporate reorganization proposal involving the incorporation by the Company of its subsidiaries SPE Miranga S.A., Recôncavo E&P S.A. e Potiguar E&P S.A., as well as the closure (through dissolution) of Reconcavo America LLC ("Reorganization"), with the objective of simplifying its corporate structure through the unification of the operations of the Company and its subsidiaries, seeking to reduce operating costs and increase efficiency levels in the management of general and administrative expenses.

On October 31, 2023, in an Extraordinary General Meeting, the shareholders approved the incorporations, once observed the regulatory requirements of Potiguar E&P S.A., SPE Miranga S.A. and da Recôncavo E&P S.A. Additionally, as already disclosed in the quarterly information of June 2023, the dissolution of Reconcavo America LLC was concluded on July, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED IN PREPARING THE INTERIM FINANCIAL STATEMENTS

2.1 Basis of preparation and presentation of the interim financial statements

- The individual and consolidated interim financial statements were prepared and are presented in accordance with technical pronouncement CPC 21 (R1) – issued by the Accounting Pronouncements Committee ("CPC"); with the IAS 34 – issued by the International Accounting Standards Board ("IASB"); and with the standards and guidance issued by the Brazilian Securities and Exchange Committee ("CVM").
- The individual and consolidated interim financial statements should be read in conjunction with the individual and consolidated financial statements of the Company as at December 31, 2022.
- In preparing these interim financial statements Management is required to use certain critical accounting estimates and to make judgments in the process of applying its accounting practices
- There were no significant changes to the assumptions and judgments made by Management in the use of the estimates for the preparation of these interim financial statements in relation to those used for the financial statements as at December 31, 2022.
- These interim financial statements were authorized for issue by Company Management on November 9, 2023.

2.2 Significant accounting policies

All relevant information specifically related to these interim financial statements, and only in relation to these, are being evidenced and correspond to the information used by the Company in its management. The significant accounting policies and estimates adopted by the Company and its subsidiaries are in accordance with CPC 21 and IAS 34 and were disclosed in the individual and consolidated financial statements as at December 31, 2022. There were no alterations between the policies disclosed in the financial statements as at December 31, 2022 and these interim financial statements.

New accounting pronouncements (effective in 2023), listed in the financial statements as at December 31, 2022, did not have any effect, or were not applicable to the accounting policies used in the preparation of these interim financial statements.

2.3 Basis of consolidation and investments in subsidiaries

The Company consolidates all investees over which it has control, i.e., when it is exposed or has rights to variable returns from its involvement with the investee, and has the ability to guide all relevant activities of the investee.

When necessary, the interim financial statements of the subsidiaries are adjusted to conform their accounting policies to those adopted by the Company. All intragroup transactions, balances, income and expenses are fully eliminated in the consolidated interim financial statements.

In the Company's interim financial statements, the financial information on the subsidiaries is recognized under the equity method. The same adjustments are made to the Company's interim financial statements.

2.4 Functional currency and foreign currency translation

Company Management defined the Brazilian currency, the real (R$), as the "Functional Currency", for the Company and each of its subsidiaries, since this is the currency of the primary economic environment in which the Company and each subsidiary operate. The Brazilian real is also the presentation currency for these interim financial statements.

3. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

3.1 Cash and cash equivalents

	Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Bank checking accounts	582	19,548	10,943	42,480
Short-term investments and bank deposit certificates (CDB)	4,842	64,053	67,537	318,548
Total	5,424	83,601	78,480	361,028

Short-term investments and bank deposit certificates refer to fixed-income transaction (CDB – Bank Deposit Certificates and repo operations), indexed between 90.0% and 103% of the Interbank Deposit Certificate rates (CDI) (70% to 102.50% of the CDI rate in 2022) maintained by top tier banks, as per Note 20.3 to the interim financial statements, having ratings of between brAA and brAAA (or similar) based on, at least, one of the three most renowned rating agencies worldwide (S&P, Fitch or Moody's). The Company and its subsidiaries can immediately redeem these investments without any fee or restriction and their market values do not differ from the amounts recognized in the books.

3.2 Short-term investments

	Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Short-term investments	336,950	1,233,639	642,415	1,250,163
Total	336,950	1,233,639	642,415	1,250,163

Short-term investments refer mainly to investments in Exchange Funds and exclusive funds with investments in products linked to the U.S. dollar, such as U.S. Treasuries and Time Deposits. Management opted to invest part of it funds in this type of investments as a manner of protection from exchange variations due to the fact that the remaining payments related to acquisition of assets and bank debts are denominated in U.S. dollars.

These funds are divided among four top tier financial institutions, with good ratings, as disclosed under Note 20: : Itaú, Santander, XP and BTG Pactual. During the last twelve months, Exchange Funds yield, varied negatively, on average, 0.79%%, while Ptax presented a negative variation of 7.38%.

4. TRADE RECEIVABLES

	Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Petrobras	33,471	46,502	240,142	378,830
Companhia de Gás da Bahia - Bahia Gás	1,703	5,066	39,697	76,848
3R Petroleum	2,397	10,123	72,788	10,123
Potigás - Companhia Potiguar de Gás	-	-	13,489	12,369
Refinaria de Mataripe S.A.	-	-	54,726	-
Origem Energia	938	-	22,318	-
Other	726	230	32,197	32,638
Trade receivables	39,235	61,921	475,357	510,808
(-) Expected credit loss (ECL)	(5,755)	(5,755)	(70,711)	(70,711)
Total trade receivables	33,480	56,166	404,646	440,097
Current	32,533	55,219	348,729	384,180
Noncurrent	947	947	55,917	55,917

The Company is currently discussing with Petrobras in relation to possible discrepancies in the amounts of credits obtained from natural gas liquids (NGLs) from the gas processed at the Catu UTG, supported by the Swap Agreements between Petrobras and the Company and its subsidiary SPE Miranga, that prevailed up until December 31, 2022. In the months of January and February 2023 the Company and its subsidiary Miranga signed new Swap Agreements, that prevailed until February 28, 2023. As a result of these possible discrepancies, the Group did not recognize part of the credits to which it is contractually entitled to and registered a provision for loss in receivables up until such time as an agreement is reached with Petrobras. As at September 30, 2023 and December 31, 2022 the Group recognized the amount of R$ 70,711 as expected credit loss ("ECL").

The expected credit losses on trade receivables were estimated based on an individual analysis of each contract, on past default experience of the debtor, on the present financial position of the debtor (adjusted based on specific factors), on the general economic conditions of the sector in which the debtors operate and on an assessment of the present and projected course of negotiations on the reporting date.

Trade receivables are classified as financial assets, assessed at amortized cost. Invoices are issued to the customers with an average due date from 30 to 50 days. Apart from the receivables from the swap agreement described above, the Company and its subsidiaries have no material overdue trade receivables.

PetroReconcavo

5. INVESTMENTS

Investees	Base-date	Participation In paid-in capital %	Share capital	Total assets	Total liabilities	Net equity	Gross revenues	Net income (loss)
Recôncavo E&P	09/30/2023	100	6,561	29,167	6,133	23,034	8,329	1,863
Potiguar E&P	09/30/2023	100	1,216,009	2,565,420	631,222	1,934,198	1,307,471	296,005
SPE Miranga	09/30/2023	100	381,536	2,027,862	993,829	1,034,033	752,678	215,277
SPE Tieta	09/30/2023	100	630,165	746,533	50,796	695,737	168,101	45,391
Recôncavo E&P	12/31/2022	100	6,561	26,842	5,671	21,171	15,844	6,052
Recôncavo America	12/31/2022	100	9,241	26,324	-	26,324	-	(609)
Potiguar E&P	12/31/2022	100	1,216,009	2,407,690	974,505	1,433,185	1,943,724	553,466
SPE Miranga	12/31/2022	100	381,536	1,953,215	1,134,459	818,756	1,185,362	396,069

Changes in investments	Recôncavo	Recôncavo América	Potiguar	SPE Miranga	SPE Tieta	Total
					(iv)	
Balance as at December 31, 2021	16,276	18,595	348,967	356,279	-	740,117
Equity in investments	6,052	1,478	553,466	396,069	-	957,065
Equity valuation adjustments	-	-	50,879	-	-	50,879
Capital increase (i)	-	-	594,000	37,435	-	631,435
Advance for future capital increase (ii)	-	-	(14,000)	103,176	-	89,176
Proposed minimum mandatory dividends	(1,157)	-	(100,127)	(74,203)	-	(175,487)
Balance as at December 31, 2022	21,171	20,073	1,433,185	818,756	-	2,293,185
Equity in investments	1,863	5,814	296,005	215,277	45,391	564,350
Equity in investments – Amortization of added value	-	-	-	-	(13,855)	(13,855)
Equity valuation adjustments	-	-	115,008	-	-	115,008
Acquisition of SPE Tieta (iii)	-	-	-	-	650,346	650,346
Added value of SPE Tieta assets (iii)	-	-	-	-	146,664	146,664
Dissolution of Reconcavo América	-	(25,887)	-	-	-	(25,887)
Advance for future capital increase (ii)	-	-	90,000	-	-	90,000
Balance as at September 30, 2023	23,034	-	1,934,198	1,034,033	828,546	3,819,811

(I) Potiguar

During the year ended December 31, 2022 there were 594,000,000 (five hundred and ninety-four million) nominative common shares with no par value issued, at the issue price of R$1.00 (one Brazilian real) per share.

This subscribed and paid-in amount was from the conversion of advance for future capital increase. The amount of R$580,000 was from advance for future capital increase of 2022, and R$ 14,000 from the residual balance of advance for future capital increase of 2021.

All of the shares were subscribed and paid-in by the Company in legal tender.

Miranga

During the year ended December 31, 2022 there were 37,435,013 (thirty-seven million, four hundred and thirty-five thousand and thirteen) nominative common shares with no par value issued, at the issue price of R$1.00 (one Brazilian real) per share.

This subscribed and paid-in amount was from the conversion of advance for future capital increase. The amount of R$34,935 was from advance for future capital increase of 2022, and R$ 2,500 from the residual balance of advance for future capital increase of 2021.

(II) Refers to advances for future capital increase in the subsidiaries Potiguar and SPE Miranga.

(III) On February 28, 2023 the operation for the acquisition of Maha Energy Brasil Ltda., previous name of SPE Tieta, was concluded with the payment of the first installment in the amount of US$ 95.9 million, which corresponds to 60% of the purchase price (US$82.8 million), net cash (US$3.7 million) and working capital (US$9.3 million), as determined on the effective date of January 1, 2023.

In the months of August and September 2023, the Company paid the second installment of the acquisition price, net of taxes. Apart from the amount settled, the sellers shall be entitled to receive an eventual earnout, of up to US$ 36.1 million, according to the rules and procedures provided for in the QPA, of which up to US$ 24.1 million are related to variations in the price of Brent Oil within the next three years. Payment will occur if the price of oil exceeds US$ 80.00 per barrel, and the maximum payment is attained if the price of oil exceeds US$ 90.00 per barrel. The remaining US$ 12.0 million will be subject to synergies with potential new assets that may be acquired by the Company. As a guarantee of the fulfillment of certain obligations assumed by the sellers in the QPA, part of the proceeds from the transaction will be retained in an escrow account and may be subsequently released to sellers as provided for in the QPA. The acquired company currently holds a stake in six concession contracts, comprising the Tartaruga Field, located in the Sergipe Basin, the Tiê Field and exploratory blocks located in the Recôncavo Basin. The acquired company is: (i) operator of the Tartaruga Field, with a 75% stake in partnership with Petróleo Brasileiro S.A. – Petrobras, which owns the remaining 25%; and (ii) operator of the Tiê Field and exploratory blocks located in the Recôncavo Basin with 100% stake.

Business acquisitions are recognized using the acquisition method in accordance with technical pronouncement CPC 15 (R1)/IFRS 3 – Business Combinations. Costs related to the acquisition are recognized in profit or loss, when incurred.

Presented below are the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Measurement was performed in a preliminary manner, and its completion should occur within a period of up to twelve months after the acquisition date. Management does not expect any material adjustment in the final measurement of the allocation.

	SPE Tieta Ltda.
Assets	02/28/2023
Cash and cash equivalents	29,384
Recoverable taxes	32,154
Other current assets	8,107
PP&E and intangible assets	735,138
Other noncurrent assets	38,635
Liabilities	
Suppliers	(10,786)
Other current liabilities	(16,537)
Noncurrent liabilities	(19,084)
Total assets acquired and liabilities assumed at fair value.	797,011
Total consideration transferred (a)	797,011

(a) Consideration transferred in a business combination is measured at fair value, including contingent consideration agreement, also measured at fair value on the date of the acquisition.

(IV) Net equity of the Subsidiary comprises investment of the Company together with added value and amortization of the acquired assets.

6. PROPERTY, PLANT AND EQUIPMENT (PP&E) AND INTANGIBLE ASSETS

6.1 Changes in PP&E and intangible assets

Company	Balance 12/31/2021	Additions	Write-off	Transfer	Balance 12/31/2022	Additions	Write-off	Transfer	Balance 09/30/2023
Cost – PP&E			(vi)				(vi)		
Land	80	-	-	-	80	-	-	-	80
Properties and constructions	9,165	868	-	-	10,033	-	(2)	189	10,220
Machinery and equipment	40,129	14,393	(306)	14,845	69,061	5,123	(24)	72,531	146,691
Furniture and fixtures	12,888	2,326	-	28	15,242	3,673	(4)	1,439	20,350
Vehicles	3,104	350	-	-	3,454	371	(119)	185	3,891
Computers and peripherals	2,900	743	(70)	30	3,603	842	(126)	3	4,322
Investment for increasing production and well drilling (i)	934,622	64,758	-	6,908	1,006,288	82,692	(758)	4,995	1,093,217
Provision for well abandonment	23,666	-	(8,010)	-	15,656	-	-	-	15,656
Oil and gas production rights (ii)	100,509	-	(4,880)	-	95,629	-	-	-	95,629
Advance for acquisition of oil and gas production rights (iii)	-	30,431	-	-	30,431	-	(30,431)	-	-
Capital asset inventories (iv)	43,735	140,944	(56,843)	(7,204)	120,632	93,990	(45,707)	(8,937)	159,978
Advance for acquisition of fixed assets	18,881	57,350	(10,959)	-	65,272	39,512	-	(56,051)	48,733
PP&E in progress (v)	8,569	53,317	-	(14,790)	47,096	101,650	(11,079)	(14,354)	123,313
Total	1,198,248	365,480	(81,068)	(183)	1,482,477	327,853	(88,250)	-	1,722,080
Depreciation, amortization and depletion									
Properties and constructions	(5,039)	(723)	-	-	(5,762)	(565)	2	-	(6,325)
Machinery and equipment	(14,001)	(5,945)	837	-	(19,109)	(6,155)	-	-	(25,264)
Furniture and fixtures	(7,675)	(1,118)	1	-	(8,792)	(960)	4	-	(9,748)
Vehicles	(1,958)	(246)	-	-	(2,204)	(255)	63	-	(2,396)
Computers and peripherals	(1,443)	(350)	68	-	(1,725)	(380)	114	-	(1,991)
Investment for increasing production and well drilling	(650,606)	(50,090)	-	-	(700,696)	(43,976)	-	-	(744,672)
Provision for well abandonment	-	(2,897)	-	-	(2,897)	(1,340)	-	-	(4,237)
Oil and gas production rights - amortization	(75)	(6,055)	-	-	(6,130)	(3,991)	-	-	(10,121)
Total	(680,797)	(67,424)	906	-	(747,315)	(57,622)	183	-	(804,754)
Cust – Intangible assets									
Software	11,276	2,934	-	183	14,393	687	(339)	-	14,741
Amortization									
Software	(4,937)	(1,421)	-	-	(6,358)	(1,350)	69	-	(7,639)
Total PP&E and intangible assets	523,790	299,569	(80,162)	-	743,197	269,568	(88,337)	-	924,428

Consolidated	Balance 12/31/2021	Additions	Write-off	Transfer	Balance 12/31/2022	Acquisition SPE Tieta	Additions	Write-off	Transfer	Balance 09/30/2023
Cust - PP&E			(vi)					(vi)		
Land	105	-	-	-	105	-	-	-	-	105
Properties and constructions	15,349	1,174	(7)	4,726	21,242	494	195	(2)	1,840	23,769
Machinery and equipment	44,800	21,934	(1,312)	18,031	83,453	27	13,438	(312)	76,211	172,817
Furniture and fixtures	19,743	4,494	(35)	(494)	23,708	320	6,336	(115)	1,592	31,841
Vehicles	3,933	1,890	-	-	5,823	558	1,064	(466)	185	7,164
Computers and peripherals	4,467	1,020	(70)	831	6,248	2,198	1,435	(126)	125	9,880
Investment for increasing production and well drilling (i)	1,133,212	482,759	-	163,151	1,779,122	872,413	436,380	(6,776)	128,294	3,209,433
Provision for well abandonment	69,588	25,710	(8,010)	-	87,288	549	-	(549)	-	87,288
Oil and gas production rights (ii)	2,899,035	-	(4,880)	-	2,894,155	24,099	-	-	-	2,918,254
Exploration expenses (vii)	-	3,766	-	-	3,766	10,493	3,345	(297)	825	18,132
Advance for acquisition of oil and gas production rights (iii)	-	30,431	-	-	30,431	-	-	(30,431)	-	-
Capital asset inventories (iv)	129,533	529,176	(137,130)	(157,457)	364,122	46,020	414,608	(127,112)	(101,520)	596,118
Advance for acquisition of fixed assets	27,252	76,136	-	(7,031)	96,357	-	74,325	(2,623)	(91,869)	76,190
PP&E in progress (v)	13,913	71,812	-	(21,940)	63,785	-	117,013	(11,473)	(15,683)	153,642
Total	4,360,930	1,250,302	(151,444)	(183)	5,459,605	957,171	1,068,139	(180,282)	-	7,304,633
Depreciation, amortization and depletion										
Properties and constructions	(6,846)	(791)	-	-	(7,637)	(468)	(917)	2	-	(9,020)
Machinery and equipment	(14,518)	(5,685)	1,638	-	(18,565)	(22)	(7,062)	13	-	(25,636)
Furniture and fixtures	(8,023)	(1,975)	36	-	(9,962)	(126)	(2,035)	4	-	(12,119)
Vehicles	(1,957)	(486)	-	-	(2,443)	(337)	(575)	199	-	(3,156)
Computers and peripherals	(5,168)	(603)	68	-	(5,703)	(1,267)	(1,016)	114	3,601	(4,271)
Investment for increasing production and well drilling	(698,563)	(150,427)	-	-	(848,990)	(219,898)	(257,377)	-	-	(1,326,265)
Provision for well abandonment	(7,692)	(13,013)	-	-	(20,705)	-	(5,916)	-	-	(26,621)
Oil and gas production rights - Amortization	(267,741)	(160,491)	-	-	(428,232)	-	(125,583)	-	-	(553,815)
Total	(1,010,508)	(333,471)	1,742	-	(1,342,237)	(222,118)	(400,481)	332	3,601	(1,960,903)
Cust – Intangible assets										
Software	12,008	3,025	(172)	183	15,044	1,038	725	(339)	-	16,468
Amortization										
Software	(1,565)	(1,556)	74	-	(3,047)	(953)	(1,477)	69	(3,601)	(9,009)
Total PP&E and intangible assets	3,360,865	918,300	(149,800)	-	4,129,365	735,138	666,906	(180,220)	-	5,351,189

(I) ‘Investment to increase production’ refers to motors, transformers, equipment or sundry expenses used in the wells or overground facilities aimed at increasing production or work in recoverable reserves. Well drilling refers to the capitalization of expenses incurred on the drilling of new wells in fields that have been proved commercially feasible. The depreciation of these assets and the depletion of expenses are made using the percentage of current production as a ratio of the developed proven reserve of each field. Assessment of the total reserve as at December 31, 2022 was performed by independent expert Netherland Sewell & Associates, Inc.

(II) ‘Oil and gas production rights’ represents acquisition costs of concessions for the exploitation of oil and natural gas fields.

Petroreconcavo – Remanso Cluster

On December 23, 2020 the Company entered into an agreement to acquire the total equity interest of Petrobras in 12 onshore fields that are the subject of the “risk production agreement”, grouped in another set called the Remanso Cluster, which includes the fields of Brejinho, Canabrava, Cassarongongo, Gomo, Fazenda Belém, Mata de São João, Norte Fazenda Caruaçu, Remanso, Rio dos Ovos, Rio Subaúma, São Pedro and Sesmaria, in the Recôncavo basin, state of Bahia.

The total amount recognized related to the acquisition, after all of the contractual adjustments, for this asset was of R$95,629.

Recôncavo – Remanso Cluster

The onshore blocks BT-REC-10 and BT-REC-14 were acquired through the 4th, 6th and 9th ANP bidding rounds. The cost value of this asset is of R$1,248.

Potiguar - Riacho da Forquilha Cluster

On April 25, 2019 the subsidiary Potiguar entered into a purchase and sale agreement for the acquisition of Petrobras’ equity interests in a set of 34 onshore oil and natural gas production fields, called “Riacho da Forquilha Cluster”, located in the Potiguar Basin, state of Rio Grande do Norte. The total registered value of the asset is of R$1,549,772.

SPE Miranga – Miranga Cluster

On February 24, 2021 SPE Miranga signed a contract for the purchase of the total equity interest of Petrobras in nine onshore fields: Apraius, Biriba, Fazenda Onça, Jacuípe, Miranga, Miranga Norte, Rio Pipiri, Riacho de São Pedro and Sussuarana, which form the Miranga Cluster, in the Recôncavo basin, in Bahia. The transaction was concluded on December 6, 2021. The total registered value of the asset is of R$ 1,247,506.

(III) The amounts added in 2022 under “advance for acquisition of oil and gas production rights” refer to advance requested by Petróleo Brasileiro S.A. – Petrobras to begin the negotiation phase of the terms and conditions for the potential acquisition. As disclosed in a relevant matter of September 4, 2023, after a decision by the Executive Board of Petróleo Brasileiro S.A. – Petrobras to close the process of divestment of the cluster, the Company was refunded the amounts advanced.

(IV) Motors, production equipment and sundry materials that will be used in production are recognized in line item ‘capital asset inventories’. The depreciation of these assets is calculated using the method of units produced, which calculating the ratio of the annual volume produced to the total proven reserve of each field, limited to the expiration date of the concession agreements, as from the time they are transferred to line item ‘Investment to increase production’.

(V) PP&E in progress represents property, plant and equipment items under construction or transportation, not yet available for use.

(VI) Write-offs recognized in line item ‘capital asset inventories‘ refer basically to motors, production equipment, and sundry materials used in repair and maintenance activities and recognized in the cost of services rendered and products sold.

(VII) Exploration expenses refer to commitments signed with ANP to explore hydrocarbons in a determined region. As at September 30, 2023 the group held the following exploratory blocks:

Company	Block Area	Block	Situation
SPE Tieta	Recôncavo Basin	REC-T-129	Value reduced to R$0
SPE Tieta	Recôncavo Basin	REC-T-142	Value reduced to R$0
SPE Tieta	Recôncavo Basin	REC-T-224	Value reduced to R$0
SPE Tieta	Recôncavo Basin	REC-T-117	Value reduced to R$0
SPE Tieta	Recôncavo Basin	REC-T-118	Value reduced to R$0
Potiguar	Potiguar Basin	POT-T-702	Under prospection

6.2 Assets pledged as collateral

The Company has a land drilling rig pledged as collateral in tax foreclosure lawsuit No. 0000566-44.2011.805.0164, filed against the Company.

6.3 Impairment of PP&E

The Company and its Subsidiaries annually analyze indications of impairment of its investment for increasing production and well drilling, in accordance with the accounting policy described under Note 7 to the financial statements as at December 31, 2022. The recoverable values of the Cash Generating Units (CGUs) were determined according to calculation of the value in use, performed based on estimates (see Note 3 to the financial statements as at December 31, 2022).

7. SUPPLIERS

	Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
In local currency	62,718	74,054	335,354	336,451
In foreign currency	11,128	10,579	33,288	14,450
Related parties (Note 15)	8,432	21,797	1,450	1,251
Total	82,278	106,430	370,092	352,152

8. LOANS AND FINANCING

Loan position	Company and Consolidated	
	09/30/2023	12/31/2022
FINEP	-	331
Bank loans	940,454	670,168
Costs to amortize	(20,894)	(14,918)
Total	919,560	655,581
Total current	115,535	14,011
Total noncurrent	804,025	641,570

8.1 Changes in loans and financing

Changes in loans	Company	Consolidated
Balance as at December 31, 2021	1,511	741,291
Additions, net of borrowing costs	643,520	643,520
Payment of principal	(1,317)	(704,675)
Interest paid	(81)	(41,581)
Accrued interest	12,995	45,722
Foreign exchange variation	(1,047)	(28,696)
Balance as at December 31, 2022	655,581	655,581
Additions, net of borrowing costs	279,030	279,030
Payment of principal	(331)	(331)
Interest paid	(50,913)	(50,913)
Accrued interest	46,279	46,279
Foreign exchange variation	(10,086)	(10,086)
Balance as at September 30, 2023	919,560	919,560

Loans per currency	Company		Consolidated	
	R$	US$	R$	US$
Loan analysis per currency:				
December 31, 2022:				
FINEP	331	-	331	-
Bank loans	-	125,587	-	125,587
September 30, 2023:				
Bank loans	-	183,633	-	183,633

The maturities of noncurrent loans are demonstrated below:

Noncurrent loans	Company and Consolidated
2024	17,125
2025	157,751
2026	271,674
2027+	357,475
Total	804,025

On April 25, 2019, the subsidiary Potiguar contracted a loan for the purpose of financing part of the payment arising from the acquisition of the Riacho da Forquilha Cluster. The total amount contracted was of US$232,000. The loan was fully paid in 2022.

On September 27, 2022 the Company contracted a loan in the amount of US$126,000, with the purpose of: (i) simplifying the covenants and guarantees, flexibilization of hedge commitments, permitting the corporate reorganization announced on September 5, 2022 and the release of all collaterals (pledge of shares, of concession rights, of assets, etc.); (ii) reduce loan costs with lower interest rates; and (iii) debt extension, rescheduling of the present rhythm of amortizations. Creditor financial institutions, led by Banco Itaú BBA were: Banco Santander (Brazil) S.A. and Banco Safra S.A.

The financing will have maturities in 60 months as of the signature date of the "Credit Agreement" payable in 8 quarterly installments as of the 18th month (inclusive) and a balloon portion of 50% of the loan volume at the date of maturity and interest remuneration, as of the disbursement, corresponding to the Term SOFR reference rate for 6 months, plus 3.70% per year.

The Company signed, on July 19, 2023 a syndicated financing contract in the amount of US$ 60,000 with the banks: Banco Itaú BBA S.A., Banco Santander S.A. and Banco do Brasil S.A.. To complete the transaction, the Company had to bear funding costs in the total amount of R$ 4,590. The entire amount was fully disbursed on July 24, 2023.

The loan has a 36-month maturity as of the date of signature, with a grace period of one year to begin amortization, payable in 9 quarterly installments as of the 12th month (inclusive) and a balloon portion of 50% of the loan volume at the date of maturity. Interest remuneration shall be paid quarterly, as of disbursement, corresponding to the Term SOFR reference rate for 3 months, plus 3.80% per year. This loan has corporate purpose in general, mainly for the payment of the second installment related to the acquisition of SPE Tiêta Ltda. (previously Maha Energy Brasil Ltda.).

Operational subsidiaries also take part in the contract as guarantors.

The above mentioned loan contracts have financial and non-financial covenants, the main ones are described below:

a) On the last day of each fiscal quarter, the Leverage Ratio (net debt-to-EBITDA) of the Company must not be greater than 3.00;

b) On the last day of each fiscal year, the Asset Coverage Ratio (PV-10 of Proven Reserves-to-Gross Debt) must not be lower than 1.50;

c) At any time, Free Cash (Cash and cash equivalents, including restricted accounts relating to loans) of the Company must not be lower than R$100,000.

In substitution of the oil hedge obligations, the Company must maintain part of its contracted natural gas production at pre-determined prices (fixed or base) during the term of the financing.

This new financing signed in 2023 does not alter the covenant structure of the Company, once it maintained the same rules of the previous loan.

For the nine-month period ended September 30, 2023 and year ended December 31, 2022 the Company was in compliance with all of its covenants.

In addition, the Company has some restrictive clauses for dividend distribution, as listed below:

(1) Durante the year 2023, the Company may declare a maximum of 25% of net income as dividends should the consolidated leverage ratio be greater than 2.00:1.00, but not exceeding 2.50:1.00.The Company may declare a maximum of 50% of net income as dividends, should the consolidated leverage ratio be greater than 1.50:1.00, not exceeding 2.00:1.00;
(2) After 2023, in the following years, the Company may declare a maximum of 25% of net income as dividends, should the consolidated leverage ratio be greater than 1.50:1.00, not exceeding 2.50:1.00.

9. INCOME TAX AND SOCIAL CONTRIBUTION

9.1 Income tax and social contribution on net income

Income tax ("IR") and Social Contribution on Net Income ("CSLL") affecting profit or loss are demonstrated below:

	Company		Consolidated	
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022
Net income before IR and CSLL	133,298	218,409	146,517	265,365
Combined IR and CSLL rates	34%	34%	34%	34%
IR and CSLL at statutory rates	(45,321)	(74,259)	(49,816)	(90,224)
Equity in investments (a)	65,205	50,683	-	-
Rate difference in deferred taxes (b)	(8,038)	2,628	(13,153)	(7,144)
Other	(3,860)	780	6,061	970
Deemed ICMS credit	3,813	1,832	11,992	1,832
Reduction - tax incentive	-	11,810	43,496	41,084
Income tax and social contribution	11,799	(6,526)	(1,420)	(53,482)

	Company		Consolidated	
	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Net income before IR and CSLL	509,315	772,686	613,175	963,937
Combined IR and CSLL rates	34%	34%	34%	34%
IR and CSLL at statutory rates	(173,167)	(262,713)	(208,480)	(327,739)
Equity in investments (a)	191,879	205,430	-	-
Rate difference in deferred taxes (b)	(5,032)	(1,120)	(4,319)	(1,727)
Other	(1,878)	1,645	12,335	2,342
Deemed ICMS credit	1,134	2,415	5,736	2,415
Reduction - tax incentive	-	26,409	103,804	105,524
Income tax and social contribution	12,936	(27,934)	(90,924)	(219,185)

(a) According to Law 12973 of May 13, 2014, as of January 1, 2020 net income of the subsidiary Reconcavo America began to be calculated in the determination of the taxable income and on the calculation base of the CSLL of the Company.

(b) Refers to the difference between the nominal and the effective rate from the Sudene tax benefit over temporary differences of the foreign exchange variation.

9.2 Deferred income tax and social contribution

	Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Assets				
Provision for well abandonment	3,072	2,011	10,739	6,513
Derivative financial instruments	-	-	72,535	131,781
Tax loss/tax loss carryforwards	53,186	13,472	70,605	13,472
Unrealized foreign exchange variation	2,485	-	5,582	15
Deferred taxes on provisions and other	34,320	17,932	132,413	45,764
Total	93,063	33,415	291,874	197,545
Liabilities				
CPC Adoption PP&E) (a)	3,697	4,116	3,763	4,188
Accelerated depreciation	48,756	-	240,493	20,968
Unrealized foreign exchange variation	-	1,189	13,041	10,572
Total	52,453	5,305	257,297	35,728
Total deferred IR and CSLL taxes	40,610	28,110	34,577	161,817
Total deferred tax assets	40,610	28,110	55,524	167,840
Total deferred tax liabilities	-	-	20,947	6,023

(a) Refers to temporary differences between the accounting and tax base, resulting from compliance of the financial statements of the Company to the IFRS.

Management considers that the tax assets arising from the temporary provisions will be realized in the proportion in which the derivative contracts mature, wells are abandoned and the contingencies and other provisions are realized.

Management's expectations for the realization of the tax credits are presented below:

	Company	Consolidated
2023	51,512	133,409
2024	35,876	112,559
2025	419	9,961
2026	419	1,458
2027 onward	4,837	34,487
Total	93,063	291,874

10. AMOUNTS PAYABLE FOR ACQUISITIONS

	Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Current				
SPE Tieta				
Fair value through profit or loss	7,362	-	7,362	-
Potiguar Cluster				
Amortized cost	-	-	-	156,482
Miranga Cluster				
Amortized cost	-	-	102,795	105,919
Fair value through profit or loss	-	-	137,709	143,485
Total current	7,362	-	247,866	405,886
Noncurrent				
Miranga Cluster				
Amortized cost	-	-	206,105	212,368
Fair value through profit or loss	-	-	150,228	300,018
Total noncurrent	-	-	356,333	512,386
Total	7,362	-	604,199	918,272
Total in US$	1,470	-	120,656	179,432

Changes in amounts payable for acquisitions	Company	Consolidated
Balance as at December 31, 2021	27,903	1,263,049
Accrued interest	1,328	7,672
Interest paid	(1,374)	(3,102)
Foreign exchange variation	(1,643)	(75,393)
Payment	(26,214)	(273,954)
Balance as at December 31, 2022	-	918,272
Additions	295,372	295,372
Accrued interest	-	3,422
Foreign exchange variation	(24,409)	(59,497)
Payment	(263,601)	(553,370)
Balance as at September 30, 2023	7,362	604,199

a) SPE Tiêta

As described under Note 5, on February 28, 2023 the acquisition operation of Maha Energy Brasil Ltda., previous name of SPE Tiêta, was concluded.

Fair value through profit or loss (FVTPL):

As part of the contract and as disclosed under Note 5, the Company can pay up to US$ 36 million in contingent payments, provisioned in the contract. The amount is pegged to the average price of Brent Oil in the calendar years 2023, 2024 and 2025 and related to synergies with potential new assets that may be acquired by the Company.

As at September 30, 2023 the Company registered, as a liability, the first contingent installment pegged to the average price of the Brent Oil, in the amount of US$ 1.5 million.

b) Potiguar Cluster

On April 25, 2019 the subsidiary Potiguar signed a purchase and sale agreement for the acquisition of Petrobras' equity interest in a set of 34 onshore oil and natural gas producing fields, called "Riacho da Forquilha Cluster", located in the Potiguar Basin, in the state of Rio Grande do Norte. The acquisition was concluded on December 9, 2019, after approval of the regulatory bodies.

During 2022, the subsidiary disbursed approximately US$31 million in relation to the extension of concessions Lorena, Baixa do Algodão, Boa Esperança, Fazenda Malaquias, Leste de Poço Xavier Brejinho, Cachoeirinha, Fazenda Curral and Pajeú.

As at September 30, 2023, all of the remaining balance has been settled.

c) Miranga Cluster

On February 24, 2021 SPE Miranga signed a contract for the acquisition of the total equity interest of Petrobras in nine onshore fields which form the Miranga Cluster, in the Recôncavo Basin, in Bahia. The acquisition was concluded on December 6, 2021.

The amounts payable for the acquisition were measured at amortized cost and fair value through profit or loss, as demonstrated below:

Amortized cost:

- US$20.0 million paid in December 2022;
- US$20.0 million, payable in twenty-four months after the closing of the transaction;
- US$40.1 million payable in thirty-six months after the closing of the transaction.

These amounts are adjusted at a fixed interest rate of 1.5% per year.

Fair value through profit or loss (FVTPL):

As part of the contract, the subsidiary Miranga can pay up to US$85 million in contingent payments as provisioned by contract. The amount is pegged to the average price of the Brent Oil in the years of 2022, 2023 and 2024. As at December 31, 2021 and September 30, 2023 the subsidiary had registered the maximum possible amount of the liability. Each installment, when due, shall be paid in March of each year subsequent to the determination. In the nine-month period ended September 30, 2023 the subsidiary made the payment of US$ 27.5 million related to the maturity of the first portion of the contingent payment

11. PROVISION FOR TAX, CIVIL, LABOR AND REGULATORY CONTINGENCY RISKS

11.1 Probable loss

Based on the individual analysis of the legal claims filed against the Company and its subsidiaries, and supported by the opinion of its internal and external legal counsels, provisions were recognized under noncurrent liabilities for risks where the likelihood of loss is considered as probable, as demonstrated below:

Probable loss prognosis	Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Labor claims	1,630	2,265	3,280	2,600
Tax claims	1,239	1,126	1,239	1,126
Regulatory claims	-	-	650	-
Total	2,869	3,391	5,169	3,726

The Company is a party to 106 labor claims (63, as at December 31, 2022), of which 39 are assessed as of probable loss (30 as at December 31, 2022). Most of these labor claims are related to third-party companies, in which PetroReconcavo appears as a jointly and severally liable party. The increase in the number of labor claims refers, mainly, to the acquisition of SPE Tieta and the labor claims related to this subsidiary, as demonstrated below:

Changes in provisions	Company	Consolidated
Balance as at December 31, 2021	3,443	3,443
Recognized provisions	745	1,080
Reversed provisions	(762)	(762)
Payments made	(35)	(35)
Balance as at December 31, 2022	3,391	3,726
Acquisition of SPE Tieta	-	1,844
Recognized provisions	168	289
Reversed provisions	(690)	(690)
Balance as at September 30, 2023	2,869	5,169

PetroReconcavo

11.2 Possible loss

As at September 30, 2023 and December 31, 2022 the Company was a party to claims with possible likelihood of loss, based on the opinion of Management and its legal counsel, as demonstrated below:

Possible loss prognosis	Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Tax claims	43,024	38,956	44,822	40,882
Labor claims	1,637	1,393	10,493	1,393
Regulatory claims	1,590	2,273	15,011	7,486
Civil claims	1,392	1,390	1,670	1,405
Total	47,643	44,012	71,996	51,166

Tax claims comprise sundry claims involving mainly federal taxes.

Labor claims consist of sundry claims filed by former employees and, mainly, those related to joint and several liability, claiming severance pay, overtime, risk premiums, among other.

Regulatory claims are comprised of sundry claims involving regulatory bodies.

12. PROVISION FOR WELL ABANDONMENT

Changes in provisions for well abandonment	Company	Consolidated
Balance as at December 31, 2021	35,920	85,114
Recognized provision	-	25,710
Adjustment	4,573	10,797
Reversal	(8,010)	(8,010)
Balance as at December 31, 2022	32,483	113,611
Acquisition of Tieta	-	2,390
Adjustment	3,122	9,983
Write-off	-	(377)
Balance as at September 30, 2023	35,605	125,607
Total current liabilities	-	12,102
Total noncurrent liabilities	35,605	113,505

13. DERIVATIVE FINANCIAL INSTRUMENTS

The subsidiary Potiguar entered into offset an agreements with counterparties Itaú BBA, Morgan Stanley, Goldman Sachs, Deutsch Bank and Banco ABC. The resulting derivatives are as follows

Financial instruments	Consolidated	
	09/30/2023	12/31/2022
Derivative financial liabilities		
Commodity forward contracts - current liabilities	205,405	285,183
Commodity forward contracts - noncurrent liabilities	7,932	102,409
Total	213,337	387,592

Changes in financial instruments	Consolidated
Balance as at December 31, 2021	464,684
Fair value of financial instruments before settlement	443,631
Settlement of derivative contracts	(443,631)
Fair value of unrealized financial instruments	(77,092)
Balance as at December 31, 2022	387,592
Fair value of financial instruments before settlement	202,364
Settlement of derivative contracts	(202,364)
Fair value of unrealized financial instruments	(174,255)
Balance as at September 30, 2023	213,337

Regarding the hedge effectiveness requirements, Management concludes that:

- There is an economic relationship between the hedged item and the hedging instrument.
- The credit risk effect does not significantly affect the fair value changes resulting from such economic relationship of the hedging instruments.

The hedge ratio of the hedging relationship is of 1:1 and is the same as that resulting from the quantity of hedged instruments that the Company effectively uses.

14. NET EQUITY

14.1 Share capital

As at September 30, 2023 the subscribed and paid-in capital is of R$2,905,446, of which R$ 491 is still to be paid-in (R$2,903,102 as at December 31, 2022, of which R$ 259 is still to be paid-in). This capital is represented by 293,281,126 (two hundred and ninety-three million, two hundred and eighty-one thousand, one hundred and twenty-six) common shares (293,056,784 as at December 31, 2022), all non-par, registered and book-entry.

Of the subscribed and paid-in capital, costs with the issue of the shares of the IPO in May 2021 and of its follow-on offering of June 2022, were deducted. These costs reached a total of R$113,140 and were recorded net of the effect of taxes of R$38,468 in a net amount of R$74,673. As at September 30, 2023 the subscribed and paid-in capital, net of costs for issuing the shares, amounted to R$2,830,283 (R$2,828,170 as at December 31, 2022).

As at September 30, 2023 and December 31, 2022 common shares were distributed as follows:

Shareholders	PetroReconcavo S.A.	
	09/30/2023	12/31/2022
Funds managed by Opportunity	63,930,089	63,930,089
PetroSantander Luxembourg Holdings S.a.r.l.	57,536,716	67,536,716
Eduardo Cintra Santos	16,527,177	14,749,105
Perbras - Empresa Brasileira de Perfurações Ltda	12,523,304	12,523,304
Other shareholders	142,763,840	134,317,570
Total	293,281,126	293,056,784
Treasury shares	(225,996)	(282,244)
Total shares, net	293,055,130	292,774,540

In the nine-month period ended September 30, 2023 the Company bought-back 200,000 shares (in 2022 the Company bought-back 345,000 shares) and delivered or sold 256,248 (2022, 205,765) common shares to executives and key-collaborators of the Company, as part of the share-based compensation plan.

As at September 30, 2023 the Company held 225,996 common shares in treasury (282,244 as at December 31, 2022) at the average price of R$22.49, totaling R$5,084 (R$6,793 as at December 31, 2022).

a) Changes in share capital

In the nine-month period ended September 30, 2023 and during 2022, the following changes occurred:

Event	Meeting	Date	Shares	Amount
Balance		12/31/2021	248,517,120	1,863,916
Capital increase	Executive Committee Meeting	02/25/2022	17,968	189
Capital increase	Executive Committee Meeting	04/06/2022	45,000	333
Capital increase	Executive Committee Meeting	06/14//2022	44,000,000	1,034,000
Capital increase	Executive Committee Meeting	09/02/2022	48,972	516
Capital increase	Executive Committee Meeting	09/29/2022	101,636	1,028
Capital increase	Executive Committee Meeting	10/27/2022	248,238	2,461
Capital increase	Executive Committee Meeting	12/12/2022	42,850	400
Capital increase	Executive Committee Meeting	12/22/2022	35,000	259
Balance		12/31/2022	293,056,784	2,903,102
Capital increase	Executive Committee Meeting	01/25/2023	114,000	1,220
Capital increase	Executive Committee Meeting	03/02/2023	13,018	135
Capital increase	Executive Committee Meeting	05/25/2023	18,268	189
Capital increase	Executive Committee Meeting	08/04/2023	32,000	310
Capital increase	Executive Committee Meeting	09/28/2023	47,056	490
Balance		09/30/2023	293,281,126	2,905,446

14.2 Capital reserve and profit reserve – tax incentives

a) Exploration profit

The Company and its subsidiaries Recôncavo, Potiguar, Miranga and SPE Tieta are entitled to a tax benefit consisting of a 75% relief of income tax on their profits from operations (see Note 9).

The corresponding tax incentive calculated in the period is recognized in profit or loss for the period and, after calculating profit for the period, it is transferred to the tax incentive reserve (profit reserve). The legal reserve can only be used in capital increases or to offset losses. This capital reserve was used until 2007.

b) Deemed ICMS credit

The Company and its subsidiaries Miranga and SPE Tieta are entitled to ICMS deemed credit tax benefit, in the state of Bahia, at the rate of 3.43% (4.24% as at December 31, 2022) over gross earnings. The benefit was granted to the Company in July 2022 and to the subsidiary Miranga in January 2023.

The difference between the amount of the deemed credit and the credits obtained in the normal course of operations is recognized in profit or loss for the period and, after calculating profit for the period, it is transferred to tax incentive reserve (profit reserve). This reserve can only be used in capital increases or to offset losses.

14.3 Reserve account for reinvestment and expansion

Registers the remaining portion of the adjusted net income, after the payment of mandatory dividends, limited to an amount equivalent to 100% (one hundred percent) of the share capital, and has the purpose of (i) assuring funds for investment in permanent assets, without prejudice to retained earnings under the terms of Article 196 of the Brazilian Corporate Law; (ii) reinforcing working capital; and may also be used in (iii) redemption, reimbursement or acquisition of shares of the Company.

The Reserve Account for Reinvestment and Expansion may be used through deliberation of the Shareholders' Meeting for payment of additional dividends to the mandatory dividends. Once the limit established through Article 199 of the Brazilian Corporate Law is attained, Management shall propose the respective destination: (a) capitalization; or (b) distribution of additional dividends to the mandatory dividends to shareholders.

In 2022, the Company registered an account for reinvestment and expansion in the amount of R$771,240.

14.4 Legal reserve

The legal reserve is established based on 5% of profit for each year, and must not exceed 20% of share capital. The purpose of the legal reserve is to ensure the integrity of capital and can only be used to offset losses or for capital increase.

In 2022, the Company registered a legal reserve in the amount of R$57,670.

14.5 Earnings per share

	PetroReconcavo S.A.	
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022
Net income	145,097	211,883
Weighted average of shares issued	292,973,641	292,519,505
Basic earnings per share - R$	0.495	0.724
Weighted average of shares and stock options issued	293,232,848	293,405,534
Diluted earnings per share - R$	0.495	0.722

	PetroReconcavo S.A.	
	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Net income	522,251	744,752
Weighted average of shares issued	292,872,594	265,881,070
Basic earnings per share - R$	1.783	2.801
Weighted average of shares and stock options issued	293,168,675	266,797,223
Diluted earnings per share - R$	1.781	2.791

14.6 Proposed dividends and interest on own capital

According to the Company's bylaws, the mandatory minimum dividends correspond to 25% of net income for the year, less any accumulated losses, adjusted by the legal reserve, tax incentive and contingency reserves, if any.

a) Calculation of dividends

	12/31/2022
Net income	1,153,391
Legal reserve	(57,670)
Tax incentive reserve	(11,084)
Calculation basis	1,084,637
Percentage	25%
Minimum mandatory dividends	271,159
Interest on own capital net of withheld income tax	(167,533)
Minimum mandatory dividends registered	103,626
Proposed additional dividends	26,374
Total proposed dividends	130,000

b) Changes in dividends

Balance as at December 31, 2021	40,566
Proposed minimum mandatory dividends	103,626
Interest on own capital of withheld income tax	167,533
Payment	(205,309)
Balance as at December 31, 2022	106,416
Approval of additional dividends	26,374
Payments	(132,790)
Balance as at September 30, 2023	-

14.7 Share-based compensation

a) Deferred shares

i) Extraordinary benefits and annual target benefits (2020)

The programs refer to a benefit due to the conclusion of the IPO and to having reached 2020 annual targets, respectively.

ii) Long-term incentive plan ("LTIP")

The LTIP awards restricted shares (during the vesting period) to the Participants in two separate tranches, the retention tranche and the Total Shareholder Return ("TSR") tranche, each representing 50% of the shares awarded.

As at September 30, 2023, the following deferred share contracts and long-term incentives were in effect:

	Quantity	Grant date	Validity	Fair value of the plan	Vested 09/30/2023	Vested 12/31/2022
Extraordinary benefit – 3rd installment (a)	-	06/25/2021	06/25/2023	3,926	-	2,838
Extraordinary benefit – 4th installment	200,402	06/25/2021	06/25/2024	3,926	2,750	1,802
Annual target benefit - 2020	233,064	06/25/2021	06/25/2024	4,566	3,198	1,985
LTIP 2022 - Retention tranche Lot I (a)	-	05/31/2022	05/31/2023	2,020	-	1,127
LTIP 2022 - Retention tranche Lot II	104,949	05/31/2022	05/31/2024	3,009	1,717	801
LTIP 2022 - Retention tranche Lot III	174,932	05/31/2022	05/31/2025	4,986	1,807	843
LTIP 2022 – TSR Tranche R$	174,907	05/31/2022	05/31/2025	7,950	2,880	1,344
LTIP 2022 - TSR Tranche U$	174,908	05/31/2022	05/31/2025	7,518	2,724	1,271
LTIP 2023 - Retention tranche Lot I	58,763	04/17/2023	04/17/2024	1,264	504	-
LTIP 2023 - Retention tranche Lot II	88,144	04/17/2023	04/17/2025	1,892	360	-
LTIP 2023 - Retention tranche Lot III	146,908	04/17/2023	04/17/2026	3,148	380	-
LTIP 2023 - TSR Tranche R$	146,907	04/17/2023	04/17/2026	3,641	440	-
LTIP 2023 – TSR Tranche U$	146,908	04/17/2023	04/17/2026	3,144	380	-
Total	1,650,791			50,990	17,140	12,011

(a) Portion delivered to the beneficiaries.

b) Stock options

In the years ended December 31, 2013, 2014 and 2016, the Company granted executives and collaborators holding key positions a stock option-based compensation plan. Due to the share split of the Company, occurred on April 1, 2021, each stock option may be converted into two Company common share upon exercise of the option.

The following stock option agreements became effective as at September 30, 2023. The quantities of options are the residual options and not exercised.

Stock option series issue date	Residual quantity of options	Grant date	Validity date	Strike price R$	Fair value on grant date R$
08/20/2014	66,000	08/20/2014	08/19/2024	21.41	16.99
05/13/2016	34,500	05/13/2016	05/12/2026	14.81	11.93

There is no remaining balance of estimated fair value to be recognized in profit or loss in the coming years as the vesting periods expired during the year ended December 31, 2019.

In the nine-month period ended September 30, 2023 there were 224,342 options exercised (2022, 269,832) and zero option were cancelled (2022, zero). The Company received, in 2023, R$ 1,854 (2022, R$4,926) in relation to the exercise of these options and has a balance receivable of R$ 491 of subscribed capital to be paid-in. No options expired during the nine-month period ended September 30, 2023 and for the year ended December 31, 2022.

As at September 30, 2023 the effect on profit or loss, net of the delivery of shares, was of R$ 5,128 (R$ 4,567 as at September 30, 2022).

14.8 Equity valuation adjustments

In the nine-month period ended September 30, 2023, the subsidiary Potiguar recognized the effective portion of the changes in the fair value of derivatives, net of taxes, which are designated and qualified as cash flow hedges, totaling R$ 115,008 (R$50,879 as at December 31, 2022).

15. RELATED PARTIES

Balance	Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Other assets:				
Subsidiaries (a)	151,185	98,562	-	-
PERBRAS Group (b)	-	5	-	5
Other	14	14	-	-
Total other assets	151,199	98,581	-	5
Dividends payable	-	106,416	-	106,416
Dividends receivable:				
Subsidiaries	179,502	179,502	-	-
Total dividends receivable	179,502	179,502	-	-
Suppliers:				
Subsidiaries	7,519	21,034	-	-
PERBRAS Group	832	720	1,377	1,208
PetroSantander Group (c)	81	43	73	43
Total suppliers	8,432	21,797	1,450	1,251

Transactions	Company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Subsidiaries (a)	99,035	33,072	-	-
PERBRAS Group (b)	(6,812)	(5,853)	(11,297)	(12,772)
PetroSantander Group (c)	(741)	(380)	(741)	(380)
Apportionment (d)	87,090	72,198	-	-
Total	178,572	99,037	(12,038)	(13,152)

(a) Refers to services provided (rigs and sundry), sale of materials and natural gas among Group companies.

(b) The Company and its subsidiaries Recôncavo and Potiguar conduct transactions with the shareholder PERBRAS - Empresa Brasileira de Perfuração Ltda., which performs services using onshore production rigs and other sundry production support services, under a unit price service agreement, annually adjusted using the General Market Price Index (IGP-M).

(c) The Company conducts transactions with PetroSantander Management Inc., PetroSantander Colombia and PetroSantander Holdings GMBH which provide technical assistance and specialized consulting services on a "man-hour" basis related to the exploration and production of oil wells, under a service agreement that does not provide for financial charges.

(d) Refers to the apportionment of corporate administrative expenses to the subsidiaries.

a) Key-management compensation

	Company		Consolidated	
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022
Benefits - Board of Directors (a)	1,699	1,182	1,706	1,189
Benefits - Executive Committee (a)	1,183	1,087	1,183	1,087
Other benefits (b)	62	27	62	27
Profit sharing	1,995	1,011	1,995	1,011
Share-based compensation (c)	2,174	2,039	2,174	2,039
Subtotal	7,113	5,346	7,120	5,353
Social charges (d)	1,035	805	1,037	806
Total	8,148	6,151	8,157	6,159

	Company		Consolidated	
	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Benefits - Board of Directors (a)	5,230	3,542	5,253	3,564
Benefits - Executive Committee (a)	3,447	3,274	3,447	3,274
Other benefits (b)	183	159	183	159
Profit sharing	5,748	3,216	5,748	3,216
Share-based compensation (c)	5,508	6,577	5,508	6,577
Subtotal	20,116	16,768	20,139	16,790
Social charges (d)	2,656	3,912	2,661	3,916
Total	22,772	20,680	22,800	20,706

(a) Refers to remuneration, net of social charges, to statutory directors and counselors of the Company.
(b) Refers to contributions made by the Company to a private pension plan.
(c) Refers to the payment and vesting, net of fees, of the programs described under Note 14.7.
(d) Refer to social charges of the employer related to the compensation of statutory directors and counselors of the Company

The compensation of the Executive Committee is determined by the shareholders. On April 26, 2023 the shareholders defined, in an Extraordinary Shareholders' Meeting, maximum compensation for 2023 in the amount of R$33,198 (R$25,426, 2022), excluding social obligations, which is the responsibility of the employer.

16. RIGHTS AND COMMITMENTS TOWARDS ANP – AGÊNCIA DE PETRÓLEO, GÁS E BIOCOMBUSTÍVEIS

The Group is a concessionaire to 58 oil fields subdivided among the Remanso, Potiguar and Miranga Clusters, as well as having rights to exploratory blocks in the Potiguar Cluster, as described under Note 1. Under the terms of the mentioned concession contracts, in the case of discovering and evidencing commercially viable fields, the Company is guaranteed the rights to develop and produce, over a 27-year period, oil and natural gas that may be ringfenced within the boundaries of these blocks. There are no price restrictions on the sale of products resulting from the exploitation of these areas.

The following government and third-party participations are payable by the Company as a result of holding and conducting activities in these fields:

Participation	Details
Royalties and payment to landowners.	Royalties are equivalent to a percentage of 7.5% up to 10% applied on the gross production of oil and/or natural gas, from the date of the beginning of the commercial production of the Concession Area (September 30, 2023 R$ 157,087 and September 30, 2022, R$ 189,431). Payment to the landowners corresponds to the equivalent to 1% (one percent) of the production of oil and natural gas, according to the applicable Brazilian legislation (September 30, 2023, R$ 23,481 and September 30, 2022, R$23,067).
Special participation	In the amount defined in the Participation Decree 2705/98 and ANP Administrative Rule 10/99.
Payment for occupying and retaining the Concession Area	For each field there is an amount payable in R$ per square kilometer, which varies according to the concession contract and stage of operation of each field, which can be: (i) exploration stage; (ii) development stage; and (iii) production stage. All fields are in the production stage.

17. SALES REVENUE, NET

17.1 Breakdown of revenue

Revenue from oil is directly related to the Brent Oil price, the quotations of which are negotiated freely in the external markets and to the contractual sales price of natural gas and its by-products.

	Company		Consolidated	
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022
Gross revenue				
Sale of oil	89,413	152,208	596,705	702,849
Sale of gas and by-products	16,102	22,873	314,195	443,029
Hedge contracts	-	-	(70,610)	(127,316)
Total	105,515	175,081	840,290	1,018,562
(-) Deductions on revenue	(11,273)	(18,673)	(92,461)	(213,714)
Net revenue	94,242	156,408	747,829	804,848

	Company		Consolidated	
	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Gross revenue:				
Sale of oil	297,370	458,721	1,769,647	2,037,287
Sale of gas and by-products	51,624	68,540	979,258	1,098,466
Hedge contracts	-	-	(202,364)	(342,907)
Total	348,994	527,261	2,546,541	2,792,846
(-) Deduction on revenue	(36,283)	(56,132)	(421,186)	(593,513)
Net revenue	312,711	471,129	2,125,355	2,199,333

18. INFORMATION ON THE NATURE OF EXPENSES RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS

	Company		Consolidated	
	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022
Acquisition/Swap of gas	(96)	(4,887)	(4,291)	(57,296)
Gas outflow	(1,101)	-	(7,670)	(3,164)
Gas processing	(2,669)	-	(54,594)	(27,436)
Gas transportation	(1,789)	(2,041)	(48,793)	(33,706)
Depletion, depreciation, amortization	(21,034)	(18,018)	(168,217)	(108,613)
Depreciation of lease operations	(5,891)	(1,061)	(14,205)	(3,967)
Materials and services	(28,732)	(48,387)	(82,691)	(60,543)
Personnel	(19,626)	(10,665)	(62,901)	(62,667)
Royalties	(8,444)	(10,386)	(68,271)	(61,497)
Electric power	(9,292)	(9,288)	(21,087)	(19,014)
Sales	-	-	(8,856)	-
Other	(2,767)	2,977	(11,341)	(18,130)
Total	(101,441)	(101,756)	(552,917)	(456,033)
Cost of products sold	(90,084)	(106,499)	(499,783)	(420,747)
General, sales and administrative	(4,072)	(9,041)	(48,862)	(29,803)
Other income (expenses), net	(7,285)	13,784	(4,272)	(5,483)
Total	(101,441)	(101,756)	(552,917)	(456,033)

	Company		Consolidated	
	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Acquisition/Swap of gas	(9,754)	(15,073)	(78,648)	(125,887)
Gas outflow	(2,663)	-	(18,693)	(8,164)
Gas processing	(6,882)	-	(140,617)	(73,235)
Gas transportation	(7,576)	(5,988)	(126,720)	(97,241)
Depletion, depreciation, amortization	(58,972)	(49,810)	(401,958)	(255,083)
Depreciation of lease operations	(12,897)	(4,879)	(29,573)	(12,537)
Materials and services	(109,722)	(119,844)	(276,425)	(185,613)
Personnel	(71,531)	(42,757)	(195,522)	(165,576)
Royalties	(23,870)	(40,872)	(180,568)	(189,431)
Electric power	(27,308)	(26,119)	(60,301)	(54,025)
Sales	-	-	(8,856)	-
Other	8,402	5,855	(7,597)	(44,156)
Total	(322,773)	(299,487)	(1,525,478)	(1,210,948)
Cost of products sold	(298,566)	(302,335)	(1,414,880)	(1,122,302)
General, sales and administrative	(42,201)	(20,764)	(130,443)	(75,504)
Other income (expenses), net	17,994	23,612	19,845	(13,142)
Total	(322,773)	(299,487)	(1,525,478)	(1,210,948)

19. FINANCIAL INCOME (EXPENSES)

	Company		Consolidated	
	07/01//2023 to 09/30/2023	07/01/2022 to 09/30/2022	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022
Financial income				
Interest and returns, net	9,075	4,826	20,463	7,489
Foreign exchange variation gain	23,906	40,558	28,073	52,000
Total financial income	32,981	45,384	48,536	59,489
Financial expenses				
Interest on loans	(19,092)	(945)	(19,253)	(15,125)
Other interest	(2,289)	(1,839)	(6,680)	(5,184)
Foreign exchange variation loss	(42,591)	(23,815)	(63,858)	(60,951)
Bank charges and other expenses	(6,437)	(785)	(7,140)	(23,717)
Total financial expenses	(70,409)	(27,384)	(96,931)	(104,977)
Total	(37,428)	18,000	(48,395)	(45,488)

	Company		Consolidated	
	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Financial income				
Interest and returns, net	18,915	12,190	46,223	18,111
Foreign exchange variation gain	31,824	21,066	68,000	89,209
Total financial income	50,739	33,256	114,223	107,320
Financial expenses				
Interest on loans	(51,022)	(1,382)	(51,928)	(37,680)
Other interest	(4,812)	(5,456)	(16,883)	(15,211)
Foreign exchange variation loss	(18,985)	(24,250)	(22,281)	(3,579)
Bank charges and other expenses	(7,038)	(2,019)	(9,833)	(37,336)
Total financial expenses	(81,857)	(33,107)	(100,925)	(93,806)
Total	(31,118)	149	13,298	13,514

20. FINANCIAL INSTRUMENTS

20.1 Capital risk management

The Company and its subsidiaries manage their capital to ensure that both the Company and its subsidiaries can continue as going concerns. It is the Management's policy to sustain a solid capital basis to ensure the confidence of investors, creditors and the market and to maintain the future development of the business.

Management monitors the return on capital employed taking into account the results of the economic activities of its operational segment. Historically the Company has financed its operations with its own capital and has low indebtedness to third parties, not related to the Company. In 2021, the Company went public to raise funds, and a subsequent follow-on offering in 2022 for the same purpose. The debt instruments currently in effect refer to bank loans by the Company.

The Company's capital structure consists of its equity (which includes capital, reserves, profit reserves, as presented under Note 14) and bank debts.

The Company is not subject to any external requirement on capital.

Management reviews its capital structure annually. As part of this review, Management assesses possible financing requirement (or not) for its operations and investment programs, as well as the cost of capital and the risks associated to each class of capital.

20.2 Category of financial instruments and fair value hierarchy

Fair value hierarchy awards greater weight to available market information (i.e., observable inputs) and less weight to information related to data without transparency (i.e., unobservable inputs). Additionally, the standard requires that the Company takes into consideration all aspects of the nonperformance risk, including the Company's own credit, when measuring the fair value of a liability.

CPC 40 /IFRS 7 establishes a three-level fair value hierarchy to measure and disclose the fair value. A categorization instrument in the fair value hierarchy is based on the lowest level of input significant to its measurement.

	Notes	Company		Consolidated	
		09/30/2023	12/31/2022	09/30/2023	12/31/2022
Financial assets					
Amortized cost (i)					
Cash and cash equivalents	3	5,424	83,601	78,480	361,028
Short-term investments	3	336,950	1,233,639	642,415	1,250,163
Trade receivables	4	33,480	56,166	404,646	440,097
Dividends receivable	15	179,502	179,502	-	-
Financial liabilities					
Amortized cost (i)					
Suppliers	7	82,278	106,430	370,092	352,152
Loans and financing	8	919,560	655,581	919,560	655,581
Dividends payable	14	-	106,416	-	106,416
Payables for acquisitions	10	-	-	308,900	474,769
Fair value through other comprehensive income (FVOCI) (ii)					
Derivative financial instruments	13	-	-	213,337	387,592
Fair value through profit or loss (FVTPL) (ii)					
Payables for acquisitions	10	7,362	-	295,299	443,503

(i) There are no material differences between the carrying value and the fair value considering the terms and characteristics of these assets and liabilities.

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include prices practiced an active market for similar assets or liabilities, prices practiced in an inactive market for identical assets or liabilities, or inputs that are observable or that could corroborate in the observation of market data through correlation or other forms for substantially the whole of the asset or liability.

20.3 Financial risk management

The Company and its subsidiaries are exposed to the following risks arising from the use of financial instruments: credit risk, liquidity risk, and market risk.

This Note provides information on the Company's exposure to each one of the above risks, including the Company's goals, policies and processes designed to measure and manage risks, and manage the Company's capital. Additional quantitative disclosures are included throughout these financial statements and also in this Note to the interim financial statements.

Risk management structure

The Company's risk management policies are set out to identify and analyze the risks faced by the Company, set limits and appropriate risk controls, and monitor risks and compliance to limits.

Risk and system management policies are frequently reviewed in order to reflect changes in market conditions and in the Company's activities.

The Company, through its training and management standards and procedures, aims at developing a regulated and constructive control environment, where all collaborators understand their roles and obligations.

The Company does not operate derivative financial instruments for speculative purposes; all contracted derivatives are aimed at mitigating the risks arising from the Company's exposures in its operations.

The main market risks to which the Company is exposed in conducting its business are:

a) Credit risk

Credit risk refers to the risk of a counterparty not complying with its contractual obligations, which would result in financial losses for the Company.

i) Cash and cash equivalents

Bank deposits and investments are made in top tier financial institutions in compliance with the guidelines established in the Counterparty and Issuer Risk Policy. Investments in these institutions are detailed under Note 3, where the counterparties have minimum credit classifications of A-, on a national scale, and are considered as low credit risk for the purpose impairment. Information on credit classification is supplied by independent agencies when available and, when not available, the Group uses other publicly available financial information and its own negotiation records to classify its main clients. The exposure of the Group and the credit classifications of its counterparties are monitored on an ongoing basis and the aggregate value of the concluded transactions is divided among the approved counterparties.

The Company maintains bank accounts and short-term investments in financial institutions, according to strategies previously approved by Management, detailed under Note 3. These operations are carried out with Banco do Brasil S.A., Banco Itaú S.A., Banco Opportunity, Banco Santander S.A., Banco Safra S.A, Caixa Econômica Federal, Banco XP, Banco Bradesco S.A. and BTG Pactual.

ii) Trade receivables

The risk arises from the possibility of the Company and its subsidiaries incurring losses due to the difficulty of receiving the amounts invoiced to its customer, as detailed under Note 4.

In order to mitigate the credit risk, the Group negotiates only with creditworthy counterparties. Before accepting new customers, the Group assesses the credit risk of the potential customer. As described in Note 4, the Group has amounts provisioned as ECL regarding the swap contract signed with Petrobras. Part of the receivables relating to the mentioned contract are past due. The Group does not have other notes past due other than those mentioned under trade receivables.

Since January 2022, the Company and its subsidiaries Recôncavo, Potiguar and SPE Miranga became able to aggregate new players to its client base. The New Gas Market permitted access of producers to the Gas Treatment Units (UPGNs) and, consequently, the possibility of selling natural gas and its byproducts to a broader pool of companies.

In September 2023, around 47.91% of the revenue of the Group was concentrated with one customer, Petrobras. However, with the change of operator of the Potiguar Clara Camarão refinery in the month of June 2023, the subsidiary Potiguar ceased selling oil produced to Petrobras. With this change of operator, there was a decrease in credit concentration risk.

b) Liquidity risk

Liquidity risk represents the possibility of a mismatch between maturities of assets and liabilities, which could result in an inability to meet obligations at the established due dates.

It is the Company's policy to maintain adequate liquidity levels that can ensure that present and future liabilities are met, while seizing any commercial opportunities that may arise.

Management believes that the Company has low liquidity risk, considering its cash generation capacity and its capital structure with moderate participation of third-party capital. The Company manages liquidity risk by maintaining reserves it considers adequate, based on the continuous monitoring of projected and actual cash flows, and the combination of the maturity profiles of assets and liabilities.

The nominal (undiscounted) flow of principal and interest on financing and financial instruments, by maturity, is demonstrated below:

Maturity	2023	2024	2025	2026	2027+	Total
Loans and financing	6,641	219,603	226,932	322,364	387,623	1,163,163
Derivative financial instruments	80,184	138,067	-	-	-	218,250
Payables for acquisitions	103,179	361,338	159,447	-	-	623,964

c) Market risk

i) Foreign exchange risk

In the nine-month period ended September 30, 2023, 97% (96% as at September 30, 2022) of the gross operating revenues of the Company and its subsidiaries were indexed to the U.S. dollar exchange rate at the time of billing. In the case of oil, revenue refers to the sale of oil that is indexed to the price of Brent oil, which in turn is quoted in US dollars. For natural gas, revenue is indexed to contracts indexed to the price of Brent oil, as well as contracts with fixed and variable prices in U.S. dollars. The only contracts, in the period, in which pricing is in Brazilian reais refer to the sale of LPG.

On September 27, 2022 and on July 24, 2023 the Company obtained loans in U.S. dollars with the purpose and details already described under the section Loans and Financing.

The Group has registered, in the item payables for acquisitions, deferred/contingent installments for the acquisition of assets in amounts indexed to the U.S. dollar. The Company recognized US$56,670, while at Potiguar E&P and SPE Miranga, the amounts of US$56,232 and US$165,100, respectively. Presently the remaining balance in U.S. dollars, updated with the contractually provisioned interest, is of US$ 1,470 at Petroreconcavo and US$ 119,186 at SPE Miranga. In the last quarter, the total residual balance related to the acquisition in the subsidiary Potiguar was settled.

The Company does not currently operate derivative financial to protect against variations in the foreign exchange rate. However, the Group has financial investments in foreign exchange funds to mitigate exposure to liabilities in U.S. dollars.

As at 09/30/2023 – Balance	Risk	Rate (a)	Foreign currency exposure- R$	Probable	Scenario A 25% (b)	Scenario B 50% (b)
			Company			
Assets						
Short-term investments	US$ appreciation	5.05	284,079	286,487	355,101	426,122
Liabilities						
Payables for acquisitions	US$ appreciation	5.05	7,362	7,424	9,201	11,042
Loans and financing	US$ appreciation	5.05	940,454	948,417	1,175,568	1,410,681
Net effect on income (loss)				(5,617)	(165,931)	(331,864)

As at 09/30/2023 – Balance	Risk	Rate (a)	Foreign currency exposure- R$	Probable	Scenario A 25% (b)	Scenario B 50% (b)
			Consolidated			
Assets						
Short-term investments	US$ appreciation	5.05	451,410	455,232	564,263	677,115
Liabilities						
Payables for acquisitions	US$ appreciation	5.05	604,199	609,313	755,246	906,295
Loans and financing	US$ appreciation	5.05	940,454	948,417	1,175,568	1,410,681
Net effect on income (loss)				(9,254)	(273,308)	(546,618)

(a) The translation rate (R$ to US$) used in the sensitivity tables as the probable scenario was obtained from the Central Bank of Brazil (BACEN) and corresponds to the U.S. dollar rate in the Market Expectation System for September 2024. As at September 30, 2023 the rate was of R$5.0076.

(b) Scenario A considers a 25% variation, while Scenario B considers a 50% variation against the Brazilian real. Both project stress scenarios (either depreciation or appreciation of the foreign exchange rate) against the U.S. dollar effective as at September 30, 2023.

ii) Interest rate risk

This risk arises from the possibility of the Company, and its subsidiaries, incurring losses due to fluctuations in the interest rates applied to their assets (investments) or liabilities (loans) in the market.

In relation to assets, the Company has short-term investments exposed to floating interest rates, linked to the CDI (Interbank Deposit Certificate) variation.

Regarding liabilities, interest is recognized at a spread of 3.7% plus 6-month SOFR and 3.8% plus 3 month SOFR.

As at 09/30/2023 - Balance	Risk	Rate (a)	Accounting scenario	Company Probable Scenario	Scenario A 25% (b)	Scenario B 50% (b)
<u>Assets</u>						
Short-term investments	CDI depreciation	9.05%	52,871	57,655	56,459	55,263
Effect on income (loss)				(1,957)	(3,153)	(4,349)
<u>Liabilities</u>						
Loans and financing	SOFR appreciation	5.425%	940,454	940,465	942,974	945,493
Effect on income (loss)				(11)	(2,520)	(5,039)

As at 09/30/2023 - Balance	Risk	Rate (a)	Accounting scenario	Consolidated Probable Scenario	Scenario A 25% (b)	Scenario B 50% (b)
<u>Assets</u>						
Short-term investments	CDI depreciation	9.05%	191,006	208,289	203,968	199,647
Effect on income (loss)				(7,070)	(11,391)	(15,712)
<u>Liabilities</u>						
Loans and financing	SOFR appreciation	5.425%	940,454	940,465	942,974	945,493
Effect on income (loss)				(11)	(2,520)	(5,039)

(a) The rates used in the sensitivity table as the probable scenario were obtained from the Central Bank of Brazil (BACEN) and at The Ice. For the CDI, the expectation rates of the BACEN for 2024 were used, while for the SOFR, the projected for September 2024.

(b) Scenario A considers a 25% variation, while Scenario B considers a 50% variation. Both project stress scenarios (either depreciation or appreciation) of the effective rate as at September 30, 2023.

iii) Commodity price risk

During the nine-month period ended September 30, 2023, 76% of the Company's gross operating revenue was directly linked to the price of the Brent Oil, the quotations of which are freely traded in foreign markets (70% as at September 30, 2022).

It should be emphasized that as of 2022 new natural gas contracts were signed which, in their majority, do not have any direct relation to the price of oil. Furthermore, a significant part of other gas contracts, despite being linked to the price of oil, have pre-defined minimum prices.

As a means of hedging against the volatilities of the oil market, the Company entered into several hedge contracts, having hedged a volume of over 1,349 thousand barrels (36% of net oil production for the period) as at September 30, 2023 (September 30, 2022, 1,477 thousand barrels, 47% of net production of oil for the period) at an average price of US$51.63/bbl as at September 30, 2023 (US$55.29/bbl as at September 30, 2022).

	Risk	Price (a)	Accounting scenario	Probable	Scenario A 25% (b)	Scenario B 50% (b)
			Consolidated			
Gross operating income - Oil	Brent depreciation	87.37	1,769.647	1,907,015	1,285,645	790,921
Gross operating income - Gas	Brent depreciation	87.37	362,325	385,380	271,744	181,163
Financial instruments - Hedges	Brent depreciation	87.37	(202,364)	(241,738)	(67,555)	71,289
Total			1,929,608	2,050,657	1,489,834	1,043,373
Probable effect on income (loss)				121,049	(439,775)	(886,236)

(a) The commodity prices used in the sensitivity table as the probable scenario were obtained from the ICE commodity pricing agency and represent the average for the next 12 months.

(b) Scenarios A and B consider a 25% and 50% depreciation of the indexer, respectively, against the average Brent Oil price demonstrated in the accounting scenario.

The policy of the Company and its subsidiaries is to contract commodity forwards to manage the commodity price risk associated to the payment of contracted loans. In the current year, it has not been necessary to contract additional hedging, once the Company understands that it is sufficiently protected in relation to price fluctuations.

The table below describes the outstanding commodity forwards as at September 30, 2023, as well as information related to its corresponding items object of hedging. The commodity forwards are presented in the line item “derivative financial instruments” in the balance sheet (for further information, see Note 13):

Consolidated			
Outstanding hedge instrument contracts	Average strike price 09/30/2023 US$/barrel	Quantity 09/30/2023 Barrels	Fair value of hedge instruments 09/30/2023 R$ thousand
Under 3 months	55.77	446,750	(79,636)
From 3 to 6 months	56.03	444,750	(67,915)
From 6 to 12 months	59.91	496,000	(57,854)
From 1 to 2 years	59.43	71,500	(7,932)

21. INSURANCE CONVERAGE

The Company maintain a monitoring policy of the risks inherent to its business. As at September 30, 2023, the Company had insurance contracts in place to cover operational, environmental, civil liability and other risks.

Company					
Modalities	Currency	Risk amount		Maximum indemnifiable amount	
		09/30/2023	12/31/2022	09/30/2023	12/31/2022
Environmental risks	US$	6,050	6,050	6,050	6,050
Material damages	US$	58,543	45,543	25,100	25,100
Civil responsibilities	US$	3,000	3,000	3,000	3,000
Corporate D&O	R$	120,000	120,000	120,000	120,000

Consolidated					
Modalities	Currency	Risk amount		Maximum indemnifiable amount	
		09/30/2023	12/31/2022	09/30/2023	12/31/2022
Environmental risks	US$	6,050	6,050	6,050	6,050
Material damages	US$	217,748	45,543	25,100	25,100
Civil responsibilities	US$	3,000	3,000	3,000	3,000
Corporate D&O	R$	120,000	120,000	120,000	120,000
Credit risks	R$	1,920,000	-	320,000	-

22. SEGMENT INFORMATION

The Group operates exclusively in the exploration and production (E&P) of oil and natural gas, whether by providing services or selling products, which account for 100% of the Company's net revenue.

The information reported to the Company's management (chief operating decision maker) for purposes of resource allocation and performance assessment is reviewed monthly using reports on management results that present expenses by cost center. Management evaluates investments, expenses, production and other operating indicators and makes decisions based on the consolidated information from all companies of the Group.

23. NON-CASH TRANSACTIONS

During the nine-month period ended September 30, 2023 and 2022, the Company carried out the following transactions not involving cash; therefore, these are not reflected in the statements of cash flows.

	Company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Additions for new IFRS 16 contracts	26,456	3,583	41,092	19,723
Paid-in capital from advance for future capital increase	-	631,435	-	-
Total	26,456	635,018	41,092	19,723

24. SUBSEQUENT EVENTS

24.1 Concession term renewals

On October 3, 2023 the Company obtained the approval of the Contract Extension Development Plan for the Production Phase of the Miranga Field, guaranteeing a new contractual term up until August 2052 with royalty rates on incremental production reduced.

24.2 Corporate reorganization

As mentioned under Note 1.5, On October 31, 2023, in an Extraordinary General Meeting, the shareholders approved the incorporations, once observed the regulatory requirements of Potiguar E&P S.A., SPE Miranga S.A. and Recôncavo E&P S.A.