



**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
MARCH, 2024**

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

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 March 31, 2024, which comprises the balance sheet as of March 31, 2024 and the related statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the three-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.

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Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the three-month period ended March 31, 2024, 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 (R1) - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with technical pronouncement CPC 09 (R1) 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, May 8, 2024


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


Jônatas José Medeiros de Barcelos
Engagement Partner



BALANCE SHEET AS AT MARCH 31, 2024
(In thousands of Brazilian reais - R\$)

Company						Consolidated						Company						Consolidated					
ASSETS	Notes	03/31/2024	12/31/2023	03/31/2024	12/31/2023	LIABILITIES AND NET EQUITY	Notes	03/31/2024	12/31/2023	03/31/2024	12/31/2023	LIABILITIES AND NET EQUITY	Notes	03/31/2024	12/31/2023	03/31/2024	12/31/2023	LIABILITIES AND NET EQUITY	Notes	03/31/2024	12/31/2023	03/31/2024	12/31/2023
CURRENT						CURRENT						CURRENT						CURRENT					
Cash and cash equivalents	3	237,950	110,834	302,149	197,184	Suppliers	7	201,828	244,977	215,748	254,010	Suppliers	7	201,828	244,977	215,748	254,010	Suppliers	7	201,828	244,977	215,748	254,010
Short-term investments	3	329,073	310,172	384,688	310,172	Payroll and related charges		78,300	85,457	79,495	86,647	Payroll and related charges		78,300	85,457	79,495	86,647	Payroll and related charges		78,300	85,457	79,495	86,647
Trade receivables	4	326,437	332,047	349,761	360,611	Taxes payable		53,292	42,490	59,146	49,537	Taxes payable		53,292	42,490	59,146	49,537	Taxes payable		53,292	42,490	59,146	49,537
Inventories		8,573	6,237	9,436	7,358	Loans and financing	8	149,689	142,772	149,689	142,772	Loans and financing	8	149,689	142,772	149,689	142,772	Loans and financing	8	149,689	142,772	149,689	142,772
Dividends receivable	15	-	11,316	-	-	Leases payable		14,322	25,940	20,440	32,887	Leases payable		14,322	25,940	20,440	32,887	Leases payable		14,322	25,940	20,440	32,887
Recoverable taxes		131,715	211,194	144,792	233,927	Derivative financial instruments	13	81,575	99,478	81,575	99,478	Derivative financial instruments	13	81,575	99,478	81,575	99,478	Derivative financial instruments	13	81,575	99,478	81,575	99,478
Other assets		17,582	36,708	18,727	38,179	Dividends and interest on capital payable	15	17,359	17,359	17,359	17,359	Dividends and interest on capital payable	15	17,359	17,359	17,359	17,359	Dividends and interest on capital payable	15	17,359	17,359	17,359	17,359
Total current assets		1,051,330	1,018,508	1,209,553	1,147,431	Payables for acquisitions	10	516,488	340,256	516,488	340,256	Payables for acquisitions	10	516,488	340,256	516,488	340,256	Payables for acquisitions	10	516,488	340,256	516,488	340,256
NONCURRENT						Provision for well abandonment	12	6,475	8,202	6,475	8,202	Provision for well abandonment	12	6,475	8,202	6,475	8,202	Provision for well abandonment	12	6,475	8,202	6,475	8,202
Trade receivables	4	55,917	55,917	55,917	55,917	Other accounts payable		6,720	29,029	8,165	34,712	Other accounts payable		6,720	29,029	8,165	34,712	Other accounts payable		6,720	29,029	8,165	34,712
Recoverable taxes		65,461	68,450	77,814	78,049	Total current liabilities		1,126,048	1,035,960	1,154,580	1,065,860	Total current liabilities		1,126,048	1,035,960	1,154,580	1,065,860	Total current liabilities		1,126,048	1,035,960	1,154,580	1,065,860
Other assets		10,823	8,623	5,388	5,816	NONCURRENT						NONCURRENT						NONCURRENT					
Deferred taxes	9	-	8,399	36,160	46,370	Suppliers	7	130,476	130,476	130,476	130,476	Suppliers	7	130,476	130,476	130,476	130,476	Suppliers	7	130,476	130,476	130,476	130,476
Investments	5	799,690	790,258	-	-	Loans and financing	8	723,130	760,208	723,130	760,208	Loans and financing	8	723,130	760,208	723,130	760,208	Loans and financing	8	723,130	760,208	723,130	760,208
PP&E and intangible assets	6	4,841,329	4,807,735	5,469,739	5,455,889	Leases payable		3,940	2,591	9,307	10,570	Leases payable		3,940	2,591	9,307	10,570	Leases payable		3,940	2,591	9,307	10,570
Lease right-of-use assets		18,981	26,438	30,553	39,712	Other accounts payable		13,659	12,227	13,596	12,227	Other accounts payable		13,659	12,227	13,596	12,227	Other accounts payable		13,659	12,227	13,596	12,227
Total noncurrent assets		5,792,201	5,765,820	5,675,571	5,681,753	Deferred taxes	9	10,172	-	10,172	-	Deferred taxes	9	10,172	-	10,172	-	Deferred taxes	9	10,172	-	10,172	-
						Payables for acquisitions	10	-	145,239	-	145,239	Payables for acquisitions	10	-	145,239	-	145,239	Payables for acquisitions	10	-	145,239	-	145,239
						Provision for contingency risks	11	3,714	3,239	6,445	5,299	Provision for contingency risks	11	3,714	3,239	6,445	5,299	Provision for contingency risks	11	3,714	3,239	6,445	5,299
						Provision for well abandonment	12	180,961	176,505	185,987	181,422	Provision for well abandonment	12	180,961	176,505	185,987	181,422	Provision for well abandonment	12	180,961	176,505	185,987	181,422
						Total noncurrent liabilities		1,066,052	1,230,485	1,079,113	1,245,441	Total noncurrent liabilities		1,066,052	1,230,485	1,079,113	1,245,441	Total noncurrent liabilities		1,066,052	1,230,485	1,079,113	1,245,441
						NET EQUITY						NET EQUITY						NET EQUITY					
						Share capital	14	2,831,269	2,830,774	2,831,269	2,830,774	Share capital	14	2,831,269	2,830,774	2,831,269	2,830,774	Share capital	14	2,831,269	2,830,774	2,831,269	2,830,774
						Treasury shares		(5,084)	(5,084)	(5,084)	(5,084)	Treasury shares		(5,084)	(5,084)	(5,084)	(5,084)	Treasury shares		(5,084)	(5,084)	(5,084)	(5,084)
						Capital reserve		55,656	51,978	55,656	51,978	Capital reserve		55,656	51,978	55,656	51,978	Capital reserve		55,656	51,978	55,656	51,978
						Profit reserve		1,671,360	1,671,360	1,671,360	1,671,360	Profit reserve		1,671,360	1,671,360	1,671,360	1,671,360	Profit reserve		1,671,360	1,671,360	1,671,360	1,671,360
						Retained earnings		110,033	-	110,033	-	Retained earnings		110,033	-	110,033	-	Retained earnings		110,033	-	110,033	-
						Equity valuation adjustment		(46,284)	(65,626)	(46,284)	(65,626)	Equity valuation adjustment		(46,284)	(65,626)	(46,284)	(65,626)	Equity valuation adjustment		(46,284)	(65,626)	(46,284)	(65,626)
						Capital transactions		34,481	34,481	34,481	34,481	Capital transactions		34,481	34,481	34,481	34,481	Capital transactions		34,481	34,481	34,481	34,481
						Total net equity		4,651,431	4,517,883	4,651,431	4,517,883	Total net equity		4,651,431	4,517,883	4,651,431	4,517,883	Total net equity		4,651,431	4,517,883	4,651,431	4,517,883
TOTAL ASSETS		6,843,531	6,784,328	6,885,124	6,829,184	TOTAL LIABILITIES AND NET EQUITY		6,843,531	6,784,328	6,885,124	6,829,184	TOTAL LIABILITIES AND NET EQUITY		6,843,531	6,784,328	6,885,124	6,829,184	TOTAL LIABILITIES AND NET EQUITY		6,843,531	6,784,328	6,885,124	6,829,184

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



STATEMENT OF PROFIT AND LOSS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024
(In thousands of Brazilian reais - R\$, except for earnings per share)

	Notes	Company		Consolidated	
		03/31/2024	03/31/2023	03/31/2024	03/31/2023
NET REVENUE	17	685,146	117,701	744,735	719,212
COST OF PRODUCTS SOLD AND SERVICES PROVIDED	18	(430,464)	(114,062)	(475,848)	(442,263)
GROSS PROFIT		254,682	3,639	268,887	276,949
INCOME (EXPENSES)					
General, sales and administrative	18	(38,856)	(23,417)	(42,618)	(45,840)
Other income (expenses), net	18	(26,601)	13,757	(26,779)	(196)
Equity in investments	5	9,432	213,300	-	-
Total		(56,025)	203,640	(69,397)	(46,036)
OPERATING INCOME (EXPENSES)		198,657	207,279	199,490	230,913
Financial income (loss)	19	(73,525)	(12,768)	(70,978)	6,301
INCOME BEFORE TAXES		125,132	194,511	128,512	237,214
INCOME TAX AND SOCIAL CONTRIBUTION					
Current		(6,492)	(1,213)	(8,061)	(45,468)
Deferred		(8,607)	6,215	(10,418)	7,767
Total	9	(15,099)	5,002	(18,479)	(37,701)
NET INCOME		110,033	199,513	110,033	199,513
Earnings per share - R\$	14	0.375	0.681		
Diluted earnings per share - R\$	14	0.375	0.681		

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



STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024
(In thousands of Brazilian reais - R\$)

	Notes	Company		Consolidated	
		03/31/2024	03/31/2023	03/31/2024	03/31/2023
NET INCOME FOR THE PERIOD		110,033	199,513	110,033	199,513
Items that can be subsequently reclassified to statement of profit and loss					
Hedging instruments	13	29,306	-	29,306	127,641
Deferred taxes on financial instruments		(9,964)	-	(9,964)	(43,398)
Other comprehensive income of subsidiaries		-	84,243	-	-
Subtotal		19,342	84,243	19,342	84,243
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		129,375	283,756	129,375	283,756

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



STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024
(In thousands of Brazilian reais - R\$)

	Notes	Share capital	Treasury shares	Capital reserve		Profit reserve				Equity valuation adjustments		Retained earnings	Net equity
				Income tax relief incentive	Share and stock options granted	Legal reserve	Tax incentives	Reinvestment and expansion reserve	Proposed additional dividends	Cash flow hedge accounting	Capital transactions		
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
Subscribed share capital paid-in		259	-	-	-	-	-	-	-	-	-	-	259
Exercise of stock option		1,355	-	-	-	-	-	-	-	-	-	-	1,355
Exercised stock option to be paid-in		(942)	-	-	-	-	-	-	-	-	-	-	(942)
Share buyback		-	(4,055)	-	-	-	-	-	-	-	-	-	(4,055)
Share-based compensation		-	-	-	3,482	-	-	-	-	-	-	-	3,482
Other comprehensive income of the subsidiary		-	-	-	-	-	-	-	-	84,243	-	-	84,243
Net income		-	-	-	-	-	-	-	-	-	-	199,513	199,513
BALANCE AS AT MARCH 31, 2023		2,828,842	(10,848)	18,501	28,152	89,702	57,018	994,190	26,374	(171,568)	34,481	199,513	4,094,357
BALANCE AS AT DECEMBER 31, 2023		2,830,774	(5,084)	18,501	33,477	125,149	64,460	1,481,751	-	(65,626)	34,481	-	4,517,883
Subscribed share capital paid-in	14	495	-	-	-	-	-	-	-	-	-	-	495
Share-based compensation	14	-	-	-	3,678	-	-	-	-	-	-	-	3,678
Other comprehensive income		-	-	-	-	-	-	-	-	19,342	-	-	19,342
Net income		-	-	-	-	-	-	-	-	-	-	110,033	110,033
BALANCE AS AT MARCH 31, 2024		2,831,269	(5,084)	18,501	37,155	125,149	64,460	1,481,751	-	(46,284)	34,481	110,033	4,651,431

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



STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024
(In thousands of Brazilian reais - R\$)

		Notes	Company		Consolidated	
			03/31/2024	03/31/2023	03/31/2024	03/31/2023
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before taxes on income			125,132	194,511	128,512	237,214
Reconciliation of profit before taxes with cash generated by operating activities						
Interest, amortization of borrowing and foreign exchange variations, net			59,651	9,205	56,234	(4,303)
Depreciation, amortization and depletion		18	122,712	20,217	153,862	103,923
Provisions, estimated losses and other			6,876	5,923	7,547	3,479
Equity in investments		5	(9,432)	(213,300)	-	-
Consideration of contingent installments of payables for acquisitions		10	22,033	-	22,033	-
Fair value of derivative financial instruments in profit or loss			70,573	-	70,573	71,468
Adjustment of provision for well abandonment		12	4,456	1,041	4,565	3,292
Derecognition of PP&E, leases and other			64,876	24,108	68,563	59,514
Changes in assets:						
Trade receivables			5,610	(18,227)	10,850	23,651
Inventories			(1,142)	8,920	(431)	8,186
Recoverable taxes			82,468	2,392	89,370	(4,872)
Other assets			16,926	(32,860)	19,880	(14,712)
Changes in liabilities:						
Suppliers			(43,149)	12,699	(38,262)	55,055
Payroll and related charges			(7,157)	4,598	(7,152)	7,519
Recoverable taxes			8,799	(2,390)	6,434	(20,559)
Other accounts payable			(22,309)	1,386	(26,547)	(1,577)
Payment of hedge contracts		13	(59,170)	-	(59,170)	(71,468)
Interest paid			(36,983)	(22,648)	(37,358)	(23,951)
Income tax and social contribution paid			(3,057)	(989)	(3,517)	(33,826)
Change in cash resulting from operating activities			407,713	(5,414)	465,986	398,033
CASH FLOWS FROM INVESTMENT ACTIVITIES						
Dividends received from subsidiaries			11,316	-	-	-
Acquisition of SPE Tiêta, net of cash received			-	(501,639)	-	(472,255)
Short-term investments			(10,835)	628,244	(63,941)	502,207
Additions to PP&E and intangible assets			(220,027)	(130,707)	(234,663)	(397,155)
Change in cash resulting from investment activities			(219,546)	(4,102)	(298,604)	(367,203)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of financing		8	(44,594)	(331)	(44,594)	(331)
Payables for acquisitions		10	(7,335)	-	(7,335)	(175,703)
Exercise of stock options			-	413	-	413
Share buyback		14	-	(4,055)	-	(4,055)
Subscribed capital paid-in		14	495	259	495	259
Amortization of lease operations - principal			(9,617)	(2,441)	(10,983)	(6,695)
Change in cash resulting from financing activities			(61,051)	(6,155)	(62,417)	(186,112)
Foreign exchange variation on cash and cash equivalents			-	-	-	226
CHANGE IN CASH AND CASH EQUIVALENTS			127,116	(15,671)	104,965	(155,056)
Cash and cash equivalents at the beginning of the period		3	110,834	83,601	197,184	361,028
Cash and cash equivalents at the end of the period		3	237,950	67,930	302,149	205,972
CHANGE IN CASH AND CASH EQUIVALENT BALANCE			127,116	(15,671)	104,965	(155,056)

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



STATEMENT OF VALUE ADDED
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024
(In thousands of Brazilian reais - R\$)

		Notes	Company		Consolidated		
			03/31/2024	03/31/2023	03/31/2024	03/31/2023	
WEALTH CREATION							
Revenue:							
	Revenue from customer contract	17	815,674	131,176	881,479	889,987	
	Other revenue		6,114	36,925	4,093	5,111	
Total revenue			821,788	168,101	885,572	895,098	
THIRD-PARTY INPUTS AND SERVICES							
Raw materials and products for resale			(11,516)	(5,946)	(11,516)	(12,367)	
Materials, energy, third-party services, and others			(270,830)	(94,398)	(279,536)	(290,406)	
Total third-party inputs			(282,346)	(100,344)	(291,052)	(302,773)	
GROSS VALUE-ADDED			539,442	67,757	594,520	592,325	
Depreciation, amortization and depletion			18	(122,712)	(20,217)	(153,862)	(103,923)
NET WEALTH PRODUCED			416,730	47,540	440,658	488,402	
WEALTH RECEIVED IN TRANSFER							
Financial income			19,536	27,283	22,734	58,435	
Equity in investments			5	9,432	213,300	-	-
Total wealth received in transfer			28,968	240,583	22,734	58,435	
Wealth for distribution			445,698	288,123	463,392	546,837	
WEALTH DISTRIBUTION							
Personnel:							
	Direct remuneration		31,084	20,242	32,951	44,536	
	Benefits		13,046	6,915	13,671	17,287	
	FGTS		2,334	1,163	2,481	3,111	
Taxes, fees and contributions:							
	Federal		97,051	8,861	104,804	94,860	
	State		41,576	1,444	41,282	79,190	
	Municipal		96	613	96	613	
Remuneration of third-party capital:							
	Rent		10,319	2,700	11,578	6,244	
	Royalties	18	47,098	6,621	52,784	49,346	
	Interest		93,061	40,051	93,712	52,137	
Return on capital:							
	Retained earnings		110,033	199,513	110,033	199,513	
WEALTH DISTRIBUTED			445,698	288,123	463,392	546,837	

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



1. GENERAL INFORMATION

PetroReconcavo S.A. ("Company", "PetroReconcavo" or "Parent Company") is a business corporation headquartered in Mata de São João, Bahia listed on B3 S.A – *Brasil, Bolsa, Balcão* and is engaged in the operation and production of mature oil and natural gas fields and its by-products in Brazil. In operation since February 2000, the Company is currently the concessionaire of 57 fields distributed among the states of Bahia, Sergipe and Rio Grande do Norte. Of these 57 fields, the Company operates in five of them in the consortium modality. The Company does not have a controlling shareholder or group.

PetroReconcavo is the parent company of SPE Tiêta Ltda. ("SPE Tiêta") (collectively with PetroReconcavo referred to as the "Group").

Due to the corporate reorganization occurred in October 2023, the individual results of the Company as at October 31, 2023 reflected only the results from the 12 fields operated by the Company. Up to that date, the results from the fields operated by its then subsidiaries Potiguar E&P, SPE Miranga and Recôncavo E&P were reflected through its equity in those investments. From November, the Company's individual results also include contributions from the fields acquired in the merger, totaling 55 fields as at December 2023. Further information on the corporate reorganization are detailed under Note 1.2. to the financial statements of the Company as at December 31, 2023.

1.1 SPE Tiêta Ltda.

SPE Tiêta Ltda. ("SPE Tiêta") 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 Tiêta is a concessionaire for the exploration and production of the Tie and Tartaruga fields.

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

2. MATERIAL ACCOUNTING POLICIES APPLIED IN PREPARING THE INTERIM FINANCIAL STATEMENTS

The material accounting policies adopted in the financial statements for the year ended December 31, 2023 have been consistently applied in the preparation of these 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, 2023.

- 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 material 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, 2023.
- These interim financial statements were authorized for issuance by Company Management on May 8, 2024.

2.2 Material 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 material accounting policies and estimates adopted by the Company and its subsidiary 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, 2023 and these interim financial statements.

New accounting pronouncements (effective in 2024), listed in the financial statements as at December 31, 2023, 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 investment in subsidiary

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, when it has the power and ability to manage the relevant activities of the investee.

In the Company's interim financial statements, the financial information on the subsidiary is recognized using the equity accounting method, and all transactions between the parties are fully eliminated in the consolidated interim financial statements.

2.4 Functional currency and foreign currency translation

Company Management defined the Brazilian real (R\$), as the "Functional Currency", for the Company and its subsidiary, since this is the currency of the primary economic environment in which the Group operates. The Brazilian real is also the presentation currency for these interim financial statements. The values presented in these interim financial statements are expressed in thousands of Brazilian reais, unless otherwise indicated.

Transactions in foreign currencies are initially recognized at the rates of exchange prevailing on the dates of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are retranslated at the reporting date and exchange differences are recognized in profit or loss.

3. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

3.1 Cash and cash equivalents

	Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Bank checking accounts	446	17,357	462	17,573
Short-term investments	237,504	93,477	301,687	179,611
Total	237,950	110,834	302,149	197,184

Short-term investments refer to fixed-income transaction (CDB – Bank Deposit Certificates and repo operations), indexed between 89% and 103% of the Interbank Deposit Certificate rates (CDI) (90% to

103% of the CDI in 2023) maintained by top tier banks, having ratings of between brAA and brAAA (or similar), based on one of the three most renown rating agencies worldwide (S&P, Fitch or Moody). The Company and its subsidiary can immediately redeem these investments without any fee or restriction and their market values do not differ from their carrying values.

3.2 Short-term investments

	Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Short-term investments	329,073	310,172	384,688	310,172
Total	329,073	310,172	384,688	310,172

Short-term investments refer mainly to investments in Exchange Funds and exclusive funds with investments in products indexed to the U.S. dollar, such as US Treasuries and Time Deposits. Management opted to invest part of the funds in this kind of investment as a manner of protection against the exchange variation, due to the fact that the remaining payments for the acquisitions of assets are denominated in U.S. dollars.

These funds are split among four financial institutions that have good rating assessments. In the three-month period ended March 31, 2024, the exchange funds varied negatively, on an average of 4.77% (2023, negative variation of 2.58%), while the Ptax dollar presented a negative variation of 3.20% (2023, negative variation of 7.23%).

4. TRADE RECEIVABLES

4.1 Breakdown

	Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Oil	190,715	211,915	213,380	239,019
Gas and byproducts	135,722	120,132	136,381	121,592
Subtotal	326,437	332,047	349,761	360,611
Other, net of losses (i)	55,917	55,917	55,917	55,917
Total trade receivables	382,354	387,964	405,678	416,528
Current	326,437	332,047	349,761	360,611
Noncurrent	55,917	55,917	55,917	55,917

(i) The Company is currently under discussion in relation to credit values from transactions occurred in contracts for the acquisition and sale of natural gas during 2022. Accordingly, the amounts are classified under noncurrent assets and a provision for expected credit loss ("ECL") registered in the amount of R\$70,711, which reflects the Company's best estimates of credit realization as at March 31, 2024.

Invoices are issued to customers with average maturities of 30 to 60 days. For the three-month period ended March 31, 2024, the average term for trade receivables was of 49 days (in 2023, 53 days), considered as part of normal and inherent commercial conditions of the Company's operations.

4.2 Aging of Trade Receivables for oil, gas and byproducts

	Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Due	313,940	320,244	334,283	343,628
Past due				
Up to 3 months	1,672	8,660	4,547	13,698
From 3 to 6 months	8,660	162	8,727	166
From 6 to 12 months	2,165	2,981	2,204	3,119
Total	<u>326,437</u>	<u>332,047</u>	<u>349,761</u>	<u>360,611</u>

5. INVESTMENTS

5.1 Breakdown

Investee	Base-date	Equity interest %	Share capital	Assets	Liabilities	Net equity
SPE Tiêta	03/31/2024	100	630,165	730,714	48,842	681,872
SPE Tiêta	12/31/2023	100	630,165	727,050	61,255	665,795

5.2 Changes in investments

Changes	Recôncavo E&P	America LLC	Potiguar E&P	SPE Miranga	SPE Tiêta (iii)	Total
Balance as at December 31, 2022	21,171	20,073	1,433,185	818,756	-	2,293,185
Equity in investments	817	288	113,170	88,258	10,767	213,300
Acquisition SPE Tiêta (ii)	-	-	-	-	797,011	797,011
Added value of SPE Tiêta assets	-	-	-	-	(2,444)	(2,444)
Equity valuation adjustment	-	-	84,243	-	-	84,243
Balance as at March 31, 2023	21,988	20,361	1,630,598	907,014	805,334	3,385,295
Balance as at December 31, 2023					790,258	790,258
Equity in investments (i)	-	-	-	-	9,432	9,432
Balance as at March 31, 2024	-	-	-	-	799,690	799,690

- (i) The equity in investments amount presented is net of amortization of the added-value of assets of SPE Tiêta in the amount of R\$ 6,644 (2023, R\$ 2,444).
- (ii) The Subsidiary's net equity comprises the investment of the Company together with the accumulated added-value and amortization of assets from the acquired company. In addition, the equity balance recognized in the parent company reflects the results of the investee in one month, period from the acquisition date up until March 31, 2023.
- (iii) On February 28, 2023 the acquisition of SE Tiêta was fully concluded. Further information in relation to this transaction is detailed under Note 7.3. to the financial statements for the year ended December 31, 2023.

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

6.1 Breakdown and change in PP&E and intangible assets

Company	12/31/2022	Additions	Write-off	Transfer	03/31/2023	12/31/2023	Additions	Write-off	Transfer	03/31/2024
<u>PP&E</u>										
Machinery and equipment	69,061	622	(24)	6,474	76,133	229,765	463	(13)	18,636	248,851
PP&E in progress	47,096	33,462	(6,491)	5,891	79,958	79,766	20,807	-	(2,809)	97,764
Oil and gas production rights (i)	95,629	-	-	-	95,629	2,894,154	-	-	-	2,894,154
Development of fields	1,006,288	20,761	(1,525)	3,103	1,028,627	2,508,212	110,216	(2,961)	45,491	2,660,958
Exploratory blocks (ii)	-	-	-	-	-	9,303	94	-	-	9,397
Well abandonment	15,656	-	-	-	15,656	142,706	-	-	-	142,706
Capital asset inventories	120,632	45,714	(15,569)	(3,189)	147,588	550,379	75,069	(62,432)	(36,049)	526,967
Advances	95,703	28,633	(70)	(12,644)	111,622	53,421	6,546	(4,300)	(29,928)	25,739
Other	32,412	985	(46)	365	33,716	106,005	3,664	(134)	4,659	114,194
Total	1,482,477	130,177	(23,725)	-	1,588,929	6,573,711	216,859	(69,840)	-	6,720,730
<u>Depreciation, amortization and depletion</u>										
Machinery and equipment	(19,109)	(1,951)	-	-	(21,060)	(34,807)	(6,299)	3	-	(41,103)
Oil and gas production rights (i)	(6,130)	(1,339)	-	-	(7,469)	(586,522)	(41,755)	-	-	(628,277)
Development of fields	(700,696)	(12,703)	-	-	(713,399)	(1,100,689)	(59,499)	-	-	(1,160,188)
Well abandonment	(2,897)	-	-	-	(2,897)	(31,960)	(5,906)	-	-	(37,866)
Other	(18,483)	(693)	40	-	(19,136)	(28,094)	(2,289)	96	-	(30,287)
Total	(747,315)	(16,686)	40	-	(763,961)	(1,782,072)	(115,748)	99	-	(1,897,721)
<u>Cost – Intangible assets</u>										
Software	14,393	530	-	-	14,923	24,664	3,168	-	-	27,832
<u>Amortization</u>										
Software – amortization	(6,358)	(447)	-	-	(6,805)	(8,568)	(944)	-	-	(9,512)
Total PP&E and intangible assets	743,197	113,574	(23,685)	-	833,086	4,807,735	103,335	(69,741)	-	4,841,329

Consolidated	12/31/2022	Acquisition SPE Tiêta	Additions	Write-off	Transfer	03/31/2023	12/31/2023	Additions	Write-off	Transfer	03/31/2024
PP&E											
Machinery and equipment	83,453	27	926	(312)	6,549	90,643	229,800	463	(13)	18,636	248,886
PP&E in progress	63,785	-	40,799	(6,845)	6,536	104,275	79,766	20,807	-	(2,809)	97,764
Oil and gas production rights (i)	2,894,155	79,373	-	-	-	2,973,528	2,973,528	-	-	-	2,973,528
Development of fields	1,779,122	872,413	133,730	(5,776)	58,509	2,837,998	3,397,198	119,889	(3,036)	46,116	3,560,167
Exploratory blocks (ii)	3,766	10,493	1,819	(297)	130	15,911	19,796	94	-	-	19,890
Well abandonment	87,288	1,725	-	(549)	-	88,464	150,277	-	-	-	150,277
Capital asset inventories	364,122	46,020	174,687	(49,177)	(47,123)	488,529	597,789	79,516	(66,836)	(36,674)	573,795
Advances	126,788	-	43,100	-	(25,040)	144,848	56,203	7,062	(4,300)	(29,928)	29,037
Other	57,126	3,570	1,539	(52)	439	62,622	109,290	3,664	(134)	4,659	117,479
Total	5,459,605	1,013,621	396,600	(63,008)	-	6,806,818	7,613,647	231,495	(74,319)	-	7,770,823
Depreciation, amortization and depletion											
Machinery and equipment	(18,565)	(22)	(2,204)	12	-	(20,779)	(34,839)	(6,304)	3	-	(41,140)
Oil and gas production rights (i)	(428,232)	(55,274)	(39,511)	-	-	(523,017)	(643,239)	(45,060)	-	-	(688,299)
Development of fields	(848,990)	(219,898)	(53,141)	-	-	(1,122,029)	(1,428,320)	(85,922)	-	-	(1,514,242)
Well abandonment	(20,705)	(1,176)	-	-	-	(21,881)	(37,025)	(5,995)	-	-	(43,020)
Other	(25,745)	(2,198)	(1,394)	40	3,601	(25,696)	(30,479)	(2,359)	96	-	(32,742)
Total	(1,342,237)	(278,568)	(96,250)	52	3,601	(1,713,402)	(2,173,902)	(145,640)	99	-	(2,319,443)
Cost – Intangible assets											
Software	15,044	1,038	555	-	-	16,637	25,702	3,168	-	-	28,870
Amortization											
Software – amortization	(3,047)	(953)	(483)	-	(3,601)	(8,084)	(9,558)	(953)	-	-	(10,511)
Total PP&E and intangible assets	4,129,365	735,138	300,422	(62,956)	-	5,101,969	5,455,889	88,070	(74,220)	-	5,469,739

- (i) The breakdown of acquisition cost by cluster is presented below:

Asset	Cluster	Amount
Bahia	Remanso	95,629
Bahia	Remanso BT-REC	1,248
Bahia	Miranga	1,247,506
Bahia/Sergipe	Tiêta	79,373
Potiguar	Potiguar	1,549,772
Total		<u>2,973,528</u>

- (ii) Exploratory blocks refer to investments made due to commitments signed with ANP to explore hydrocarbons in a determined region (see Note 16).

6.2 Estimated useful lives

Assets	Annual rate	Useful life
Machinery and equipment	10%	10
Oil and gas production rights (i)	U.P.M.	-
Development of fields (i)	U.P.M.	-
Well abandonment (i)	U.P.M.	-
Exploratory blocks	N/A	-
Other	4% - 20%	7
Software	20%	5

- (i) The items in question are depreciated on the basis of the unit of production (UPM) method. Further information on this topic is detailed under Note 3 to the financial statements for the year ended December 31, 2023.

6.3 Assets pledged as collateral

The Company has a land drilling rig pledged as collateral in tax foreclosure lawsuit No. 0000566-4420118050164, filed against the parent company.

7. SUPPLIERS

7.1 Breakdown

	Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
In local currency	328,197	371,565	342,053	380,598
In foreign currency	3,007	2,912	3,071	2,912
Related parties (Note 15)	1,100	976	1,100	976
Total	<u>332,304</u>	<u>375,453</u>	<u>346,224</u>	<u>384,486</u>
Total current	201,828	244,977	215,748	254,010
Total noncurrent	130,476	130,476	130,476	130,476

The amounts allocated under noncurrent liabilities refer to notes payable by suppliers under dispute where prospective payment exceeds 12 months.

8. LOANS AND FINANCING

8.1 Breakdown

	Company and Consolidated	
	03/31/2024	12/31/2023
Bank loans	893,426	923,890
Costs to amortize	(20,607)	(20,910)
Total	872,819	902,980
Total current	149,689	142,772
Total noncurrent	723,130	760,208

8.2 Changes in loans and financing

	Company and Consolidated
Balance as at December 31, 2022	655,581
Cash effect	
Payment of principal	(331)
Interest paid	(22,376)
Non-cash effect	
Accrued interest	12,704
Foreign exchange variation	(17,356)
Balance as at March 31, 2023	628,222
Balance as at December 31, 2023	902,980
Cash effect	
Payment of principal	(44,594)
Interest paid	(35,802)
Non-cash effect	
Accrued interest	20,926
Foreign exchange variation	29,309
Balance as at March 31, 2024	872,819

The maturities of noncurrent loans are presented below:

Noncurrent loans	Company and Consolidated
April – December 2025	93,586
2026	271,730
2027	357,814
Total	723,130

The main characteristics and conditions of these loans are detailed under Note 10 to the financial statements for the year ended December 31, 2023.

Described below are the main covenants in effect as at December 31, 2023 and March 31, 2024:

- 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;
- 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;
- At any time, Free Cash (cash and cash equivalents, including restricted funds related to loans) of the Company must not be lower than R\$100,000.
- Submission of the reserve report, issued by independent certification body, within up to 60 days after the end of the fiscal year.

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

- During the year 2024, 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;
- After 2024, 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 1.50:100, not exceeding 2.50:1.00.

For the three-month period ended March 31, 2024 and for the year ended December 31, 2023, the Company was in compliance with all of its covenants.

The Company obtained from its creditor financial institutions of the financing contracts a waiver of its obligation to send the reserve report on February 29, 2024. The new deadline is April 10, 2024

9. INCOME TAX AND SOCIAL CONTRIBUTION

9.1 Income tax and social contribution on profit and loss

Income tax (IR) and social contribution on profit (CSLL) amounts affecting profit and loss for the three-month period ended March 31, 2024 and 2023 are demonstrated below:

	Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Net income before IR and CSLL	125,132	194,511	128,512	237,214
Combined IR and CSLL rates	34%	34%	34%	34%
IR and CSLL at statutory rates	(42,545)	(66,134)	(43,694)	(80,653)
Equity in investments	3,208	72,522	-	-
Reduction – tax incentive (i)	29,587	3,186	32,714	44,971
Rate of deferred taxes (ii)	(7,412)	(3,618)	(7,297)	(4,355)
Other	2,063	(954)	(202)	2,336
Income tax and social contribution	(15,099)	5,002	(18,479)	(37,701)

(i) Tax incentive granted by SUDENE for income tax reduction.

(ii) 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 on the balance sheet

	Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Assets				
Provision for well abandonment	23,494	10,428	24,693	11,261
Derivative financial instruments	23,843	33,807	23,843	33,807
Tax loss/tax loss carryforward	51,119	66,666	89,361	106,265
Unrealized foreign exchange loss	7,572	-	7,493	-
Provision suppliers	46,015	46,302	47,457	47,691
Expected credit loss	24,042	24,042	24,042	24,042
Share-based payment	12,625	10,463	12,625	10,463
Provision profit sharing plan	9,518	10,404	9,518	10,404
IFRS 16	6,209	9,701	10,053	14,312
Provision for inventory obsolescence	4,283	3,357	4,283	3,357
Contingent liabilities from acquisitions	7,491	-	7,491	-
Environmental license	2,815	-	2,815	-
Other	11,549	5,127	44,899	39,075
Total	230,575	220,297	308,573	300,677
Liabilities				
Accelerated depreciation (i)	(219,578)	(189,860)	(257,474)	(227,756)
IFRS 16	(6,453)	(8,989)	(10,395)	(13,502)
Unrealized foreign exchange gain	(14,716)	(13,049)	(14,716)	(13,049)
Total	(240,747)	(211,898)	(282,585)	(254,307)
Total deferred IR and CSLL	(10,172)	8,399	25,988	46,370
Total deferred tax assets	-	8,399	36,160	46,370
Total deferred tax liabilities	(10,172)	-	(10,172)	-

(i) The Company uses the prerogative established under Law 13586, of December 29, 2017, to accelerate fiscal depletion of its Fields.

Management considers that the tax assets resulting from temporary provisions will be realized in the proportion in which the derivative contracts mature, the 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
2024	67,856	84,143
2025	48,434	65,880
2026	10,531	13,109
2027	3,888	6,073
2028 onward	99,866	139,368
Total	230,575	308,573

9.3 Changes in deferred taxes

	Company	Consolidated
Balance as at December 31, 2022	28,110	161,817
<u>Statement of comprehensive income</u>		
Hedge Accounting	-	(43,398)
Total effect on comprehensive income	-	(43,398)
<u>Statement of profit and loss</u>		
Foreign exchange variation	2,805	2,307
Well abandonment	354	1,131
Accelerated depletion	(10,426)	(38,029)
Provision for suppliers	11,404	41,132
Other	2,078	1,226
Total effect on profit and loss	6,215	7,767
Acquisition of SPE Tiêta	-	15,902
Net balance as at March 31, 2023	34,325	142,088
Net balance as at December 31, 2023	8,399	46,370
<u>Statement of comprehensive income</u>		
Hedge Accounting	(9,964)	(9,964)
Total effect on comprehensive income	(9,964)	(9,964)
<u>Statement of profit and loss</u>		
Foreign exchange variation	5,904	5,810
Well abandonment	13,066	13,470
Accelerated depletion	(29,718)	(29,718)
Other	2,141	20
Total effect on profit and loss	(8,607)	(10,418)
Net balance as at March 31, 2024	(10,172)	25,988
Total deferred tax assets	-	36,160
Total deferred tax liabilities	(10,172)	(10,172)
Total deferred taxes, net	(10,172)	25,988

10. PAYABLES FOR ACQUISITIONS

10.1 Breakdown

	Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Current				
<u>SPE Tiêta</u>				
Fair value through profit or loss	22,033	7,116	22,033	7,116
<u>Miranga Cluster</u>				
Amortized cost	207,173	200,004	207,173	200,004
Fair value through profit or loss	287,282	133,136	287,282	133,136
Total current	<u>516,488</u>	<u>340,256</u>	<u>516,488</u>	<u>340,256</u>
Noncurrent				
<u>Polo Miranga</u>				
Fair value through profit or loss	-	145,239	-	145,239
Total noncurrent	-	145,239	-	145,239
Total	<u>516,488</u>	<u>485,495</u>	<u>516,488</u>	<u>485,495</u>
Total in US\$	<u>103,376</u>	<u>100,282</u>	<u>103,376</u>	<u>100,282</u>

10.2 Changes in payables for acquisitions

	Company	Consolidated
Balance as at December 31, 2022	-	918,272
Non-cash effect		
Additions	295,372	295,372
Accrued interest	-	1,167
Foreign exchange variation	(7,465)	(29,060)
Cash effect		
Payment	-	(175,703)
Balance as at March 31, 2023	<u>287,907</u>	<u>1,010,048</u>
Balance as at December 31, 2023	<u>485,495</u>	<u>485,495</u>
Non-cash effect		
Additions	22,033	22,033
Accrued interest	768	768
Foreign exchange variation	15,527	15,527
Cash effect		
Payment	(7,335)	(7,335)
Balance as at March 31, 2024	<u>516,488</u>	<u>516,488</u>

a) SPE Tiêta

As described under Note 5, on February 28, 2023 the acquisition operation was concluded.

Fair value through profit or loss:

As part of the contract, the total earnout was of up to US\$ 36 million (R\$ 179,863). These payments are pegged to the price of Brent Oil in the calendar Years 2023 to 2025 and to Other operational synergies.

For the three-month period ended March 31, 2024, the Company registered the amount of US\$4,410 (R\$ 22,033) as earnout (as at December 31, 2023, US\$ 1,470 or R\$ 7,116), of the US\$ 8,300 (R\$41,468) possible. This amount was registered at fair value through profit or loss. The earnout value for 2024 shall be settled in March 2025, should the price of Brent Oil remain above the limits established in the contract. The amount registered in 2023 was fully settled in March 2024.

For the years 2024 to 2025 the sellers may receive an additional amount of up to US\$ 15,700 (R\$ 78,440), of which US\$ 4,410 (R\$ 22,033) have already been provisioned. Besides this amount, there is US\$ 12,000 related to synergies with potential new assets that may be acquired by the Company unrecognized considering the remote possibility of the events occurring.

b) Miranga Cluster

On February 24, 2021 PetroReconcavo 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\$20,000 (R\$ 105,676) paid in December 2022;
- US\$20,000 (R\$ 101,343) paid in December 2023;
- US\$41,466 (R\$ 207,172) payable in December 2024.

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

Fair value through profit or loss:

As at March 31, 2024 the Company can pay up to US\$ 30,000 (R\$ 149,886) in relation to the third and final instalment of the contingent payments as provisioned by contract. In April 2024 and in 2023 the Company paid a total of US\$55,000 (R\$ 238,447) related to the payment of the first and second instalments of the contingent payments. The payment made in 2024 occurred on April 1 (see Note 24).

11. PROVISION FOR CONTINGENCY RISKS

11.1 Probable loss

Based on the individual analysis of the claims filed against the Company and its subsidiary and supported by the opinion of its internal and external legal advisors, provisions were registered under noncurrent liabilities, for risks with losses considered as probable, as demonstrated below:

	Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Labor claims	1,965	1,965	3,374	3,366
Tax claims	1,308	1,274	1,308	1,274
Regulatory claims	441	-	1,763	659
Total	3,714	3,239	6,445	5,299

The Company is a party to 117 labor claims (109, as at December 31, 2022), of which 41 are assessed as of probable loss (41 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.

11.1.1 Changes in provision for contingency risks

	Company	Consolidated
Balance as at December 31, 2022	3,391	3,726
Acquisition of SPE Tiêta	-	1,844
Recognized provision	36	36
Reversed provision	(39)	(39)
Balance as at March 31, 2023	3,388	5,567
Balance as at December 31, 2023	3,239	5,299
Recognized provision	475	1,158
Reversed provision	-	(12)
Balance as at March 31, 2024	3,714	6,445

11.2 Possible loss

The Company had as at March 31, 2024 and December 31, 2023 claims with possible likelihood of loss, based on the opinion of Management and its legal counsel, as demonstrated below:

	Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Labor claims	2,012	2,512	7,770	7,739
Tax claims	47,325	46,098	47,513	46,286
Regulatory claims	49,372	15,363	49,376	15,367
Civil claims	1,618	1,660	6,753	6,795
Total	100,327	65,633	111,412	76,187

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 and the increase in the number of regulatory claims with possible loss in the quarter was due to a notice of infraction drawn up for non-compliance with the local content clause by the former operator in the amount of R\$ 34,000.

11.3 Arbitration proceedings

PetroReconcavo is a party to an arbitration proceeding initiated by the Company itself, which is being processed before the International Chamber of Commerce (ICC) to discuss the contracts for the purchase and sale of natural gas, where the Company requests that the regularity and validity of the operations carried out in the contracts be declared, recognizing the non-existence of debts and the existence of credits in its favor.

The proceeding is confidential and at an early stage, with only the Request for Arbitration (on January 24, 2024) and the Response to the Request for Arbitration with Counterclaim (on April 3, 2024) having been filed.

The arbitrators appointed by the Parties waived their nominations to join the Arbitration Court and deadlines were granted for the Parties to appoint new arbitrators. As a result, the Arbitration Court has not yet been constituted.

The Request for Arbitration and the Response to the Request for Arbitration with Counterclaim already filed at this stage of the arbitration are not exhaustive and do not replace the future Opening Statements and the Response to the Initial Claims with Counterclaim that will be offered in accordance with the schedule to be set forth in the Minutes of Mission, at which time the Parties may articulate their reasons in a more complete manner. As a result, Management understands that there is no other relevant information to be disclosed by the Company to date, without its disclosure seriously harming the Company's position.

12. PROVISION FOR WELL ABANDONMENT

12.1 Changes in provision for well abandonment

	Company	Consolidated
Balance as at December 31, 2022	32,483	113,611
Acquisition of SPE Tiêta	-	2,390
Adjustment	1,041	3,292
Balance as at March 31, 2023	33,524	119,293
Balance as at December 31, 2023	184,707	189,624
Adjustment	4,456	4,565
Write-off	(1,727)	(1,727)
Balance as at March 31, 2024	187,436	192,462
Total current liabilities	6,475	6,475
Total noncurrent liabilities	180,961	185,987

13. DERIVATIVE FINANCIAL INSTRUMENTS

13.1 Breakdown

PetroReconcavo signed offsetting contracts with counterparties Itaú BBA, Morgan Stanley, Goldman Sachs, Deutsche Bank and Banco ABC. The fair values of derivatives are presented below:

	Company and Consolidated	
	03/31/2024	12/31/2023
NDFs	70,127	99,433
Collar	11,448	45
Total	81,575	99,478

13.2 Changes in financial instruments

	Company	Consolidated
Balance as at December 31, 2022	-	387,592
Fair value of financial instruments before settlement	-	71,468
Settlement of derivative contracts	-	(71,468)
Fair value of unrealized NDFs	-	(127,642)
Balance as at March 31, 2023	-	259,950
Balance as at December 31, 2023	99,478	99,478
Fair value of financial instruments before settlement	59,170	59,170
Settlement of derivative contracts	(59,170)	(59,170)
Fair value of unrealized NDFs	(29,306)	(29,306)
Fair value of unrealized Collar	11,403	11,403
Balance as at March 31, 2024	81,575	81,575

The “critical terms match” method is used for the purpose of assessing the effectiveness, and the ineffective portion, if any, is recorded directly to financial income (loss). In the three-month period ended March 31, 2024 and year ended December 31, 2023, no ineffective portion was recorded in profit and loss.

Such methodology consists of comparing the main aspects of the hedging instrument with the hedge item/object, such as: data, notional, maturity, quantity of barrels. Such aspects were the same, thus changes in fair value and cash flows attributed to the protected risk can be mutually compensated, thus demonstrating the high effectiveness of the hedging.

Regarding the hedge and NDFs effectiveness requirements, Management concluded that:

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

The hedge ratio of the hedging relationship is 1:1, which is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge the quantity of the hedged item.

14. NET EQUITY

14.1 Share capital

As at March 31, 2024 and December 31, 2023 the share capital was represented as follows:

Year	Number of shares	Subscribed capital	Capital to be paid-in	Share issue cost	Tax effect	Net share capital
12/31/2023	293,338,126	2,905,941	(495)	(113,140)	38,468	2,830,774
03/31/2024	293,338,126	2,905,941	-	(113,140)	38,468	2,831,269

As at March 31, 2024 and December 31, 2023 the shares were distributed as follows:

Shareholder	PetroReconcavo	
	03/31/2024	12/31/2023
Funds managed by Opportunity	71,861,589	68,753,289
PetroSantander Luxembourg Holdings S.a.r.l.	57,536,716	57,536,716
Eduardo Cintra Santos	16,527,177	16,527,177
Funds managed by Atmos	14,712,300	14,876,100
Perbras - Empresa Brasileira de Perfurações Ltda.	12,523,304	12,523,304
Other shareholders	120,177,040	123,121,540
Total	293,338,126	293,338,126
Treasury shares	(225,996)	(225,996)
Total shares net of treasury shares	293,112,130	293,112,130

In the three-month period ended March 31, 2024, the Company did not buy-back any shares (200,000 shares were bought-back in 2023) and did not deliver any common shares (2023, 256,248) to executives or key-collaborators of the Company as part of the share-based compensation programs. In addition, shareholders of the Company paid-in capital in the total amount of R\$ 495 for the three - month period ended March 31, 2024 (R\$ 259, for the three-month period ended March 31, 2023).

As at March 31, 2024 the Company held 225,996 treasury shares (225,006 as at December 31, 2023) at an average price of R\$22.49, totaling R\$5,084 (R\$5,084 as at December 31, 2023).

a) Changes in Share Capital

Event	Meeting	Date	Shares	Amount
Balance		12/31/2022	293,056,784	2,903,102
Exercise of options	Executive Committee Meeting	01/25/2023	114,000	1,220
Exercise of options	Executive Committee Meeting	03/02/2023	13,018	135
Exercise of options	Executive Committee Meeting	05/25/2023	18,268	189
Exercise of options	Executive Committee Meeting	08/04/2023	32,000	310
Exercise of options	Executive Committee Meeting	09/28/2023	47,056	490
Exercise of options	Executive Committee Meeting	12/21/2023	57,000	495
Balance		12/31/2023	293,338,126	2,905,941
Balance		03/31/2024	293,338,126	2,905,941

14.2 Earnings per share

PetroReconcavo		
	03/31/2024	03/31/2023
Net income	110,033	199,513
Weighted average of shares issued	293,112,130	292,845,512
Basic earnings per share - R\$	0.375	0.681
Weighted average of shares and share options issued	293,256,130	293,184,326
Diluted earnings per share - R\$	0.375	0.681

14.3 Dividends and interest on capital

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

a) Dividend calculation

	12/31/2023
Net income	708,938
Legal reserve	(35,447)
Tax incentive reserve	(7,442)
Calculation basis	666,049
Percentage	25%
Minimum mandatory dividends	166,512
Interest on capital net of withheld income tax	(149,153)
Minimum mandatory dividends	17,359

b) Changes in dividends

	12/31/2023
Initial balance	132,790
Minimum mandatory dividends	17,359
Jur Interest on capital net of withheld income tax	149,153
Payments	(281,943)
Final balance	17,359

On April 26, the shareholders approved in an Executive Committee Meeting the allocation of net income for 2023, in accordance with the proposal by Management, disclosed in the financial statements of 2023 and in the notice of the Executive Committee Meeting.

14.4 Share-based compensation

a) Deferred shares

As at March 31, 2024 the effect on profit or loss, net of adjustments made in the delivery of shares, was of R\$ 3,678 (R\$3,482 for the three-month period ended March 31, 2023).

- Extraordinary benefits and annual target benefits (2020)

The programs refer to a benefit pursuant to the conclusion of the initial public offering and to having reached the annual targets for 2020, respectively. Payment depends only on the permanency of the executives in the Company.

- 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. Payments depends on the permanency of the executives in the Company and on the appreciation of the share, respectively. Each tranche represents 50% of the shares awarded.

The following deferred share contracts and long-term incentives were in effect:

	Quantity	Grant date	Validity	Amount	Vested amount	
			(iii)	(iv)	03/31/2024	12/31/2023
Extraordinary benefit – 4 th installment (i)	200,402	06/25/2021	06/25/2024	3,926	3,319	3,034
Annual target benefit – 2020	233,064	06/25/2021	06/25/2024	4,566	3,860	3,529
LTIP 2022 – Retention tranche and TSR	629,696	05/31/2022	2023–2025	23,463	12,779	10,955
LTIP 2023 – Retention tranche and TSR (ii)	762,606	04/17/2023	2024–2026	13,089	4,538	3,300
Total	1,825,768			45,044	24,496	20,818

(i) In compliance with CPC 10 (R1) the Company recognized expenses related to the granting of deferred shares, offset against capital reserve, considering the intention of the Company of settling with share- based compensation. Additionally, labor charges are recognized as a provision under liabilities.

(ii) The Executive Committee approved the granting of 174,977 common shares to new participants hired by the Company after the approval of the Retention Tranche and TSR 2023.

(iii) The validity of the plan represents the end of the vesting period.

(iv) For plans in which the condition of service is limited to the length of service, the fair value is determined based on the market price of the share on the granting date (Extraordinary Benefit and Annual Target Benefit). On the other hand, for plans in which the service condition depends both on the length of service and on the valuation of the share, the fair value is determined using the Monte Carlo methodology (LTIPs).

As at March 31, 2024 and December 31, 2023, there were no vested share plans.

Changes (in shares)	12/31/2022	Granted	Cancelled	Delivered	12/31/2023	Granted	03/31/2024
						(i)	
Extraordinary benefit 3 rd installment	200,402	-	(14,119)	(186,283)	-	-	-
Extraordinary benefit 4 th installment	200,402	-	-	-	200,402	-	200,402
Annual target benefits 2020	233,064	-	-	-	233,064	-	266,064
LTIP 2022 – Retention tranche and TSR	699,661	-	-	(69,965)	629,696	-	629,696
LTIP 2023 – Retention tranche and TSR	-	617,653	-	-	617,653	144,953	762,606
Total	1,333,529	617,653	(14,119)	(256,248)	1,680,815	144,953	1,825,768

(i) The Executive Committee approved the granting of 144,953 common shares to new participants hired by the Company after the approval of the Retention Tranche and TSR 2023.

b) Stock option

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

The following stock option agreements became effective as at March 31, 2024. The quantities of options are the residual options and not exercised.

Date of issue	Residual quantity	Grant date	Validity	Strike price (R\$)	Fair value (R\$)
08/28/2014	55,000	08/20/2014	08/19/2024	21.41	16.99
05/13/2016	17,000	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 three-month period ended March 31, 2024 no options were exercised (2023, 140,671) and zero options were cancelled (2023, zero). The Company did not recognize any receipts in 2024 (2023, R\$2,344) in relation to the exercise of these Options. In the three-month period ended March 31, 2024, no Options were exercised and, accordingly, there is no average price for exercising the stock option (2023, R\$16.67). No options expired during the three month period ended March 31, 2024 and for the year ended December 31, 2023.

14.5 Equity valuation adjustments

In the three-month period ended March 31, 2024, PetroReconcavo 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\$19,342 (R\$190,185 as at December 31, 2023).

15. RELATED PARTIES

15.1 Balance and Transactions

Balance	Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Other assets:				
SPE Tiêta Ltda. (i)	7,195	5,084	-	-
Dividends payable	17,359	17,539	17,359	17,539
Dividends receivable:				
SPE Tiêta Ltda. (v)	-	11,316	-	-
Suppliers:				
PERBRAS Group (ii)	745	927	745	927
PetroSantander Group (iii)	355	49	355	49
Total suppliers	1,100	976	1,100	976

Transactions – Income (expenses)	Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Subsidiaries (i)	3,719	39,510	-	-
PERBRAS Group (ii)	(673)	(1,980)	(673)	(3,194)
PetroSantander Group (iii)	(306)	(130)	(306)	(130)
Apportionment (iv)	3,115	27,541	-	-
Total	5,855	64,941	(979)	(3,324)

- (i) Refers to services provided (rigs and sundry) and sale of materials and natural gas among companies of the Group.
- (ii) The Company conducts 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).
- (iii) 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.
- (iv) Refers to the apportionment of corporate administrative expenses.
- (v) Dividends declared and already distributed by the subsidiary SPE Tiêta to the Company.

15.2 Key-management compensation

	Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Benefits – Board of Directors (i)	620	3,566	620	3,573
Benefits – Executive Committee (i)	1,052	1,080	1,052	1,080
Other benefit (ii)	73	60	73	60
Share-based compensation (iii)	2,549	2,021	2,549	2,021
Subtotal	4,294	6,727	4,294	6,734
Social charges (iv)	876	721	876	723
Total	5,170	7,448	5,170	7,457

- (i) Refers to management compensation, net of social charges, and bonus payable to statutory directors and advisors of the Company. After obtaining the results for 2023, part of the provisioned bonus was reversed in March 2024.
- (ii) Refers to contributions made by the Company to a private pension plan.
- (iii) Refers to the payment and vesting, net of fees, of the programs described under Note 14.4.
- (iv) Refer to social charges of the employer related to the compensation of statutory directors and advisors of the Company.

The compensation of the Executive Committee is determined by the shareholders. On April 24, 2024 the shareholders defined, in an Extraordinary Shareholders’ Meeting, maximum compensation for

2024 in the amount of R\$34,222 (R\$33,198, 2023), excluding social obligations, which is the responsibility of the employer.

16. RIGHTS AND COMMITMENTS TOWARDS ANP

16.1 Commitments and rights of production fields

The Group is a concessionaire to 57 oil fields subdivided among the Remanso, Miranga and Tieta Clusters (jointly referred to as “Bahia Asset”), and Potiguar Cluster (“Potiguar Asset”), as well as having rights to exploratory blocks in the Potiguar Cluster.

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	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 (March 31, 2024 R\$ 44,584 and March 31, 2023, R\$ 42,597). 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 (March 31, 2024, R\$ 5,711 and March 31, 2023, R\$ 6,749).
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 of each field and with the 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.

16.2 Commitments and rights for the exploratory blocks

Under the terms of the concession agreements, in the event of discovery and proof of a commercially exploitable deposit, the Company is guaranteed the rights to develop and produce oil and gas in the commercial fields, for a 27-year period, that are restricted within the limits of these blocks.

Company	Block area	Block	Situation
PetroReconcavo	Potiguar Basin	POT-T-702	Prospection
PetroReconcavo	Potiguar Basin	POT-T-742	Signing of concession process
PetroReconcavo	Potiguar Basin	POT-T-793	Signing of concession process
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

17. NET REVENUE

17.1 Breakdown

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	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
<u>Gross revenue:</u>				
Sale of oil	505,906	114,685	570,687	578,678
Sale of gas and by-products	367,659	16,491	368,683	382,777
Provision of services	1,279	-	1,279	-
Hedge contract	(59,170)	-	(59,170)	(71,468)
Total	815,674	131,176	881,479	889,987
<u>(-) Deductions on revenue</u>	(130,528)	(13,475)	(136,744)	(170,775)
Net revenue	685,146	117,701	744,735	719,212

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

	Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Personnel	(55,377)	(30,136)	(58,408)	(65,988)
Services and materials	(99,925)	(50,359)	(108,629)	(94,436)
Electricity	(17,874)	(8,834)	(18,296)	(19,133)
Sales	(892)	-	(892)	-
Other	(41,378)	5,847	(41,709)	(13,112)
Acquisition/swap of gas	(12,625)	(9,454)	(12,625)	(58,476)
Gas outflow	(6,360)	(209)	(6,360)	(4,195)
Gas processing	(61,036)	(951)	(61,036)	(37,188)
Gas transportation	(30,644)	(2,788)	(30,644)	(42,502)
Royalties	(47,098)	(6,621)	(52,784)	(49,346)
Depletion, depreciation and amortization	(122,712)	(20,217)	(153,862)	(103,923)
Total	(495,921)	(123,722)	(545,245)	(488,299)
Cost of products sold and services provided	(430,464)	(114,062)	(475,848)	(442,263)
General and administrative	(38,856)	(23,417)	(42,618)	(45,840)
Other income (expenses), net	(26,601)	13,757	(26,779)	(196)
Total	(495,921)	(123,722)	(545,245)	(488,299)

19. FINANCIAL INCOME (EXPENSE)

	Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Financial income				
Interest and earnings, net	8,066	2,338	10,575	10,888
Derivative instruments	44	-	44	-
Total financial income	8,110	2,338	10,619	10,888
Financial expenses:				
Interest on loans	(20,926)	(17,566)	(20,926)	(18,148)
Other interest	(1,894)	(114)	(2,304)	(1,580)
Interest on well abandonment	(4,456)	(1,040)	(4,565)	(3,292)
Bank and other charges	(9,818)	(36)	(9,944)	(1,434)
Derivative instruments	(11,447)	-	(11,447)	-
Total financial expenses	(48,541)	(18,756)	(49,186)	(24,454)
Foreign exchange variation				
Exchange variation gain	11,426	24,945	12,115	47,549
Exchange variation loss	(44,520)	(21,295)	(44,526)	(27,682)
Total foreign exchange variation	(33,094)	3,650	(32,411)	19,867
Total	(73,525)	(12,768)	(70,978)	6,301

20. FINANCIAL INSTRUMENTS

20.1 Capital risk management

The Group manages its capital to ensure that its operations can continue as going concerns. It is 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 return on capital applied considering the results of the economic activities of its operational segment. Historically, the Company financed its operations with its own capital, with low indebtedness with third-parties, not related to the Company. In 2021, the Company went public to raise funds, having made a subsequent public offering in 2022 for the same purpose. The debt instruments currently in force relate to bank loans at the Parent Company.

The Company's capital structure consists of its equity (which includes capital, reserves, profit reserves, as presented under Note 14) and bank debts (see Note 8).

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 requirements (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 data) and less weight to information related to data without transparency (i.e., unobservable data). 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:

- Fair-value measurements at Level 1 are those resulting from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Fair-value measurements at Level 2 are those resulting from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (such as resulting from prices); and
- Fair-value measurement at Level 3 is that resulting from assessment techniques that include information on the asset or liability that are not based on observable market information (unobservable input).

	Note	Company		Consolidated	
		03/31/2024	03/31/2023	03/31/2024	03/31/2023
Financial assets					
Amortized cost (i)					
Cash and cash equivalents	3	237,950	110,834	302,149	197,184
Short-term investments	3	329,073	310,172	384,688	310,172
Trade receivables	4	382,354	387,964	405,678	416,528
Dividends receivable	15	-	11,316	-	-
Financial liabilities					
Amortized cost (i)					
Suppliers	7	332,304	375,453	346,224	384,486
Loans and financing	8	872,819	902,980	872,819	902,980
Dividends payable	15	17,359	17,359	17,359	17,359
Payables for acquisitions	10	207,173	200,004	207,173	200,004
Fair value through other comprehensive income(ii)					
Derivative financial instruments	13	70,127	99,433	70,127	99,433
Fair value through profit or loss					
Payables for acquisitions	10	309,315	285,491	309,315	285,491
Derivative financial instruments	13	11,448	45	11,448	45

(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) Items measured at fair value Level 2.

20.3 Financial risk management

The Company and its subsidiary 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 this Note.

Risk management structure

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

The risk management policies and systems are frequently reviewed to reflect any changes in market conditions and in the activities of the Company.

The Company, through its training standards and procedures and management, has the purpose of developing a disciplined and constructive control environment, in which 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.

Cash management by Management is centralized once it has unrestricted access to the resources of its Subsidiary.

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.

- 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 to the financial statements, 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. The exposure of the Group and the credit classifications of its counterparties are monitored on an ongoing basis. Credit rating information is provided by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rank its key clients. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of completed 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.

- Trade receivables

The risk arises from the possibility of the Company and its subsidiary 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 and depending on the results assesses the need to contract credit risk insurance (see Note 21). As described in Note 4, the Group has provided amounts 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 became able to add new players to its customer portfolio. The New Gas Market permitted access of producers to the Natural Gas Treatment Units ("UPGNs") and, consequently, the possibility of selling natural gas and its byproducts to a broader pool of companies.

For the three-month period ended March 31, 2024, around 86% of the revenue of the Group was concentrated with customers that represented over 10% of annual revenue. The three highest concentrations represented 37%, 27% and 22% of total revenue. For the three-month period ended March 31, 2023, the percentage was concentrated in two clients totaling 79% of the Group's revenue.

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:

Maturities	2024	2025	2026	2027	Total
Loans and financing	128,550	223,182	318,640	385,114	1,055,486
Derivative financial instruments	83,060	-	-	-	83,060
Payables for acquisitions	346,895	171,919	-	-	518,814
Suppliers (i)	215,748	-	-	-	215,748
Lease payments	20,440	9,307	-	-	29,747

(i) As disclosed under Note 7, the amounts allocated to noncurrent liabilities refer to securities suppliers in dispute whose payments forecast exceeds 12 months. Therefore, as there is no specific date to settle this liability, such amounts were not presented in the schedule above.

c) Market risk

- Foreign exchange rate

During the three-month period ended March 31, 2024, 97% (96% as at March 31, 2023) of the gross operating revenues of the Company and its subsidiary 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 U.S. dollars. For natural gas and its by-products, 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.

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. As at March 31, 2024 the Group had recognized total liabilities of US\$ 103,376 (R\$ 516,488) (US\$ 100,282 (R\$ 485,495) in 2023).

The Group does not currently operate derivative financial instruments 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.

Company						
	Risk	Rate (a)	Exposure R\$	Probable	25% (b)	50% (b)
<u>Assets</u>						
Short-term investments	US\$ appreciation	4.9500	308,386	305,534	385,482	462,578
<u>Liabilities</u>						
Payables for acquisitions	US\$ appreciation	4.9500	516,488	511,711	645,609	774,731
Loans and financing	US\$ appreciation	4.9500	893,426	885,164	1,116,783	1,340,139
Net effect on income (loss)				10,187	(275,382)	(550,764)

Consolidated						
	Risco	Rate (a)	Exposure R\$	Probable	25% (b)	50% (b)
<u>Assets</u>						
Short-term investments	US\$ appreciation	4.9500	364,001	360,637	455,004	546,005
<u>Liabilities</u>						
Payables for acquisitions	US\$ appreciation	4.9500	516,488	511,711	645,609	774,731
Loans and financing	US\$ appreciation	4.9500	893,426	885,164	1,116,783	1,340,139
Net effect on income (loss)				9,675	(261,475)	(522,952)

(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 December 2024. As at March 31, 2024 the rate was of R\$4.9962.

(b) The scenarios consider variations of 25% and 50% 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 March 31, 2024.

- Interest rate

This risk arises from the possibility of the Company, and its subsidiary, 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. It also has exposure to the interest rate fluctuation in the U.S. for foreign currency investments.

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

Company						
	Risk	Rate (a)	Accounting	Probable	25% (b)	50% (b)
<u>Assets</u>						
Short-term investments	CDI depreciation	9.00%	258,191	281,428	275,619	269,810
Short-term investments	US Treasury depreciation	4.06%	243,245	253,121	250,652	248,183
Effect on income (loss)				(7,671)	(15,950)	(24,228)
<u>Liabilities</u>						
Loans and financing	SOFR appreciation	4.210%	893,426	891,537	895,759	898,093
Effect on income (loss)				1,889	(2,333)	(4,667)

Consolidated						
	Risk	Rate (a)	Accounting	Probable	25% (b)	50% (b)
<u>Assets</u>						
Short-term investments	CDI depreciation	9.00%	322,374	351,388	344,134	336,881
Short-term investments	US Treasury depreciation	4.06%	298,860	310,994	307,960	304,927
Effect on income (loss)				(9,515)	(19,802)	(30,089)
<u>Liabilities</u>						
Loans and financing	SOFR appreciation	4.210%	893,426	891,537	895,759	898,093
Effect on income (loss)				1,889	(2,333)	(4,667)

(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, we used the rate projected for December 2024. For US Treasury, we used the US 2-year for 4Q 24.

(b) The Scenarios consider variations of 25% and 50%. Both project stress scenarios (either depreciation or appreciation) on the effective rate as at March 31, 2024.

- Commodity prices

For the three-month period ended March 31, 2024, 75% 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 (73% as at March 31, 2023).

It should be observed that, as of 2022, new natural gas contracts were signed, and many of these do not have any direct relation to the price of oil. Furthermore, a significant part of other contracts, despite being linked to the price of oil, have predefined minimum prices.

As a means of protection against the volatilities of the oil market, the Company entered into several hedge contracts, having hedged a volume of approximately 445 thousand barrels (35% of net oil production for the period) as at March 31, 2024 (March 31, 2023, 434 thousand barrels, 35% of net production of oil for the period) at an average price of NDFs of US\$56.00/bbl as at March 31, 2024 (March 31, 2023 US\$51.17/bbl).

Company						
	Risk	Price (a)	Accounting	Probable	25% (b)	50% (b)
Net income - Oil	Brent depreciation	83.66	459,170	457,029	346,082	221,204
Net income - Gas	Brent depreciation	83.66	284,064	283,778	274,394	264,724
Hedge	Brent depreciation	83.66	(59,170)	(57,798)	(15,820)	30,515
Total			684,064	683,009	604,656	516,443
Probable effect on income (loss)				(1,055)	(79,408)	(167,621)

Consolidated						
	Risk	Price (a)	Accounting	Probable	25% (b)	50% (b)
Net income - Oil	Brent depreciation	83.66	517,942	514,436	385,827	289,006
Net income - Gas	Brent depreciation	83.66	284,882	284,141	264,302	253,117
Hedge	Brent depreciation	83.66	(59,170)	(57,798)	(15,820)	30,515
Total			743,654	740,779	634,309	572,638
Probable effect on income (loss)				(2,875)	(109,345)	(171,016)

(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 subsidiary is to contract commodity forwards to manage the commodity price risk associated to the payment of contracted loans. In 2023, new hedges in the form of Collars were contracted for the Company to continue to be sufficiently protected in relation to price fluctuations.

The tables below describe the NDF contracts and outstanding option as at March 31, 2024, as well as information related to corresponding items object of hedge. The commodity forwards are presented under “derivative financial instruments” on the balance sheet (for further information, see Note 13).

Company and Consolidated			
NDF	Average price (US\$)	Quantity (bbl)	Fair value
	03/31/2024	03/31/2024	03/31/2024
Under 3 months	60.13	236,000	(30,638)
From 3 to 6 months	59.72	260,000	(31,266)
From 6 to 12 months	59.43	71,500	(8,223)
Total		567,500	(70,127)

Company and Consolidated				
Zero cost collar	Average price (US\$)		Quantity (bbl)	Fair value
	03/31/2024	03/31/2024	03/31/2024	03/31/2024
	Put	Call		
Under 3 months	65.00	87.40	135,000	(1,767)
From 3 to 6 months	65.00	86.22	135,000	(2,417)
From 6 to 12 months	65.00	85.02	405,000	(7,263)
Total			675,000	(11,447)

21. INSURANCE COVERAGE

The Company maintains a monitoring policy of the risks inherent to its business. For the three-month period ended March 31, 2024, the Company had insurance contracts in place to cover operational, environmental, civil liability and other risks.

21.1 Company and Consolidated

Modality	Currency	Risk amount		Maximum indemnifiable amount	
		03/31/2024	12/31/2023	03/31/2024	12/31/2023
Environmental risk	US\$	N/A	N/A	10,000	6,050
Material damages	US\$	397,401	272,726	45,000	25,100
Civil responsibility	US\$	N/A	N/A	6,000	3,000
Corporate D&O	R\$	130,000	120,000	130,000	120,000
Credit risk	R\$	1,920,000	1,920,000	320,000	320,000

22. SEGMENT INFORMATION

The Group operates exclusively in the exploration and production (E&P) of oil and gas, whether by providing services or selling products, which account for 100% of the Company's net revenue. This activity is considered as a sole segment by Company Management.

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 three-month periods ended March 31, 2024 and 2023, the Company carried out the following transactions not involving cash; accordingly, these are not reflected in the statements of cash flows.

	Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Additions for new IFRS 16 contracts	2,480	14,267	2,480	16,004
Acquisition of SPE Tiêta Ltda.	-	295,372	-	295,372
Total	2,480	309,639	2,480	311,376

24. SUBSEQUENT EVENTS

24.1 Settlement of the second contingent payment for the acquisition of the Miranga Cluster

On April 1, 2024 the Company proceeded with the settlement of the second contingent payment related to the acquisition of the Miranga Cluster. In accordance with the provisions stipulated in the agreement, the amount of US\$ 27,500 outstanding on the base date of these interim financial statements was fully settled at the translated amount of R\$ 137,104. For additional information on the settled payment see Note 10.