

EARNINGS RELEASE

Fourth Quarter 2022 and Annual 2022

4Q22 & 2022 Results Conference Call

Thursday, march 23, 2023

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 **PetroReconcavo**

4Q22 & 2022 Highlights

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Mata de São João, March 22, 2023. PetroReconcavo S.A. ("PetroReconcavo" or "Company") (B3: RECV3) today announces its results for the fourth quarter of 2022 (4Q22) and consolidated results for the year ended December 31, 2022 (2022). The following information is presented in a consolidated manner, in thousands of Brazilian Reais (R\$), in accordance with International Financial Statements Standards (IFRS) and with the accounting standards adopted in Brazil, unless otherwise stated.

4Q22 & 2022 Highlights

- Net revenue in the 4Q22 of R\$ 777 million and accrued revenue of R\$ 2.98 billion for 2022, representing an increase of 186% when compared to 2021;
- EBITDA of 391 million in the 4Q22 and accrued EBITDA of R\$ 1.6 million in 2022, representing a 201% increase vs. 2021;
- Net income of R\$ 409 million in the 4Q22 and accrued profit of R\$1.15 billion in 2022, representing an increase of 552% when compared to 2021;
- Average gross production was 23 thousand barrels of oil equivalent per day (BOEPD) in the 4Q22, a 5% growth vs. the 3Q22 and 21.3 thousand BOED in 2022, a 72% vs. 2021. This growth resulted from positive results seen in our investment program;
- The company completed 38 drilling wells and 263 workover projects and completions during the year;
- During the fourth quarter and to date, the Company has signed new contracts for the commercialization of its Natural Gas production with Shell, Origem, Sergas and Supergasbras. This has consolidated our position as the largest producer and seller of natural gas in the Northeast of Brazil;
- The Company announced in December 2022 the acquisition of Maha Energy Brasil (now called SPE Tiêta Ltda.) and, as a subsequent event, concluded this transaction on February 28, 2023;
- In March 2023, the Company disclosed the Reserves Report base year 2022, prepared by the independent consultants Netherland, Sewell & Associates, Inc. – NSAI, with a reserves replacement ration of 3.0x and incremental net reserves of 14.9 MMBOE, reaching a total of 170.8 MMBOE of 2P Reserves.
- Dividends have been proposed at R\$ 130 million, to be approved in an Annual General Assembly, when added to the R\$ 180 million (gross) paid as of interest on shareholders' equity, in November 2022, and the total distribution of income related to 2022 results totals R\$ 310 million.



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Key Indicators (in thousands of Brazilian reais (R\$), unless otherwise stated)

	4Q22	3Q22	Δ%	4Q21	Δ%	2022	2021	Δ%
Net revenue	776,606	804,848	-4%	285,362	172%	2,975,939	1,040,604	186%
Net income in the period	408,639	211,883	93%	72,297	465%	1,153,391	176,899	552%
Net margin ¹	52.6%	26.3%	26,3 p.p.	25.3%	27,3 p.p.	38.8%	17.0%	21.8 p.p.
EBITDA ²	391,377	423,433	-8%	137,221	185%	1,609,420	534,806	201%
EBITDA Margin ³	50.4%	52.6%	-2,2 p.p.	48.1%	2,3 p.p.	54.1%	51.4%	2,7 p.p.
Hedge adjusted EBITDA ⁴	490,101	550,749	-11%	207,160	137%	2,051,051	661,586	210%
Adjusted EBITDA margin ⁵	56.0%	59.1%	-3,1 p.p.	58.3%	-2,3 p.p.	60.0%	56.7%	3,3 p.p.
Net debt (net cash) ⁶	(37,338)	(84,111)	-56%	1,131,537	n.m.	(37,338)	1,131,537	n.m.
Net debt/ EBITDA last 12 months ⁷	-0.02 x	-0.06 x	0,04 x	2.12 x	-2.14 x	-0.02 x	2.12 x	-2.14 x
Average gross production (BOEPD) ⁸	23,072	22,045	5%	13,641	69%	21,287	12,391	72%
Gross production (in BOE) ⁸	2,122,663	2,028,097	5%	1,255,047	69%	7,769,756	4,522,684	72%
Average gross production cost per BOE in R\$ ⁹	R\$ 64.23	R\$ 60.62	6%	R\$ 75.34	-15%	R\$ 64.23	R\$ 69.35	-7%
Average foreign exchange rate R\$/US\$ ¹⁰	R\$ 5.26	R\$ 5.25	0%	R\$ 5.58	-6%	R\$ 5.16	R\$ 5.39	-4%
Average gross production cost per BOE in US\$ ¹¹	\$12.22	\$11.55	12%	\$13.50	-9%	\$12.44	\$12.86	-3%
Average Brent Oil Spot Price ¹²	\$88.71	\$100.85	-12%	\$79.73	11%	\$101.19	\$70.73	43%

Notas:

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

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

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

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

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

(6) Represents total bank indebtedness, represented by loan and financing balances in current and non-current liabilities, minus cash balances and cash equivalents and financial investments present in current and non-current asset. This number will be updated with the incorporation of Maha Energy Brasil in 2023.

(7) Represents the debt balance at the end of the period divided by the accumulated EBITDA of the last twelve months in each period. Net Debt/EBITDA is not an accounting measure recognized by accounting practices adopted in Brazil ("BR GAAP") or by the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and is not audited or reviewed by the Company's independent auditors. The net debt/EBITDA has no standardized meaning, and other companies may calculate it in a different manner to that used by the Company.

(8) Natural gas volumes were converted considering that 1,000 m³ of gas is equivalent to 6.2897 barrel of oil equivalent (boe).

(9) Represents the total costs of the services provided and sales, excluding royalties to depreciation, amortization and depletion, divided by total gross production in boe in the period. In the second quarter of 2020, due to the Covid-19 pandemic, the Company reduced non-critical activities, resulting in cost reduction in that period. More detailed explanations of cost variations can be found under item "3. Consolidated Financial Performance".

(10) The average exchange rate for the period corresponds to the average exchange rate on each business day in the periods presented, disclosed by the Central Bank of Brazil.

(11) Represents the total costs of the services provided and sales, excluding royalties, depreciation, amortization and depletion, divided by the total gross production in boe in the period, divided by the average exchange rate of the period.

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



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Message from Management



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The oil and gas industry experienced in 2022 another year of great volatility, caused mainly by a combination of disruptive geopolitical events, such as the war between Russia and Ukraine, and by a shock in the global network of supplies after the economical reopening of most countries normalizing after the COVID-19 pandemic. Such facts, combined with a few years of underinvestment in new projects in the oil sector on a global level, as well as the strong and cohesive action of the Organization of the Petroleum Exporting Countries ("OPEC"), caused a tightening of the supply-demand relationship in oil. The effect was a strong increase in the average prices of oil and gas during the year, with the average price of Brent Oil, reaching US\$101 per barrel in 2022 against US\$70 per barrel in 2021, and registered in the first half of March 2023 an average of US\$82.12 per barrel.

The same events described above also contributed to a very complex global macroeconomic scenario, characterized by high and persistent inflation, in developed and emerging markets, and escalating interest rates in most countries as monetary policy was tightened by central banks to reduce inflation.

Even in a scenario of many uncertainties and with new assets in its portfolio, the Company delivered robust, consistent and sustainable growth. We end the year 2022 proud of the achievements and motivated by the new challenges. The Company recorded production that exceeded 23 thousand barrels of oil equivalent per day in the fourth quarter and 21.3 thousand BOEPD average during 2022, a mark that represents a 72% increase compared to the previous year. Added to this strong operational performance there were improvements in commodity prices, in particular the increase in the average price of Brent oil, as well as the significant improvements in the pricing of our natural gas and its derivatives, from our pioneer marketing of these products after the opening of the new gas market in 2022. As a result, we recorded a 186% growth in our net revenue, 201% in EBITDA and 552% in net income when compared to the previous year, and these indicators reached record marks of R\$2.98 billions, R\$1.6 billion and R\$1.2 billion, respectively, for 2022 in total.



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We executed an extensive investment program in 2022, the largest ever undertaken by the Company, with the successful drilling of 38 new wells and the execution of 263 well interventions and new completions. We also invested heavily in the integrity program of our assets and in the expansion of our capacity for processing and outflow of production. For example, by signing a contract for the construction of a gas treatment unit, with a capacity of 400,000 cubic meters of natural gas per day in the Recôncavo Basin. We continue to expand our execution capacity with the incorporation of human resources, materials and the disciplined management of capital allocation. In addition to the acquisition of new equipment, mainly rigs and stimulation units, we reinforce our structure with hiring qualified personnel, in an incessant search for productivity improvements. As of December 31, 2022, we had 1,215 direct employees, 99% Brazilian, the vast majority from Rio Grande do Norte and Bahia. Of these employees, about 28%, or 340 people, were hired during 2022, which demonstrates the enormous capacity the Company has to generate jobs and opportunities. There was also a significant increase in the outsourced workforce, as the company continues to develop contractors and third parties to enhance its execution capacity. Finally, the Company has initiated several programs to train new professionals for the oil and gas industry through a partnership with SENAI in the states of Bahia and Rio Grande do Norte.

We reinforced our capital structure with the realization of a subsequent public offering of primary distribution of common shares (a "follow on"), with a funding of more than R\$1 billion. Additionally the Company contracted syndicated financing for the prepayment of financing contracted in the subsidiary Potiguar E&P for the acquisition of the Riacho da Forquilha Cluster. This generated the following benefits: simplification of covenants and guarantees, easing of hedging commitments, reduced debt costs and extended the maturity and amortization.



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At the end of 2022, we announced the acquisition of Maha Energy Brasil, completed on February 28th, 2023. With the completion of the acquisition, the Company began to operate a total of 60 oil and natural gas fields and secured exploration rights in the concession contracts of 6 exploratory blocks, in addition to participation in a concession operated by third parties. We will continue to focus on the development of our business plan and be attentive to growth opportunities for consolidation in the Brazilian onshore market.

From a societal perspective, the Company has intensified efforts to support communities surrounding its operations, with emphasis on the Viva Sabiá programs. These programs work to ensure access to clean drinking water in a group of communities in Rio Grande do Norte. Additionally, the Company works with Ciranda Viva, which promotes the sustainable economic development of a number of communities surrounding our operations in Bahia. Lastly, the Company recorded in 2022 the payment of more than R\$ 1.1 billion in taxes and royalties to governments, and local land owners where we have operations.

Finally, we appreciate the commitment of our employees and the trust of our investors, creditors and business partners. We are committed to the disciplined and safe allocation of resources, incessant search for continuous improvement in the efficiency and productivity of the organization and to transparency in communication.



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01

Asset Portfolio

The Portfolio of the Company as at December 31st, 2022 consists of 2 (two) oil and natural gas production assets on onshore fields located in two sedimentary basins:

- **Bahia Asset** in the Recôncavo Basin – comprising the Remanso Cluster + BTREC and the Miranga Cluster.
- **Potiguar Asset** in the Potiguar Basin – comprising the Riacho da Forquilha Cluster.

Bahia Asset

As at December 31st, 2022 the Company operated 26 fields of Oil and Natural Gas in the state of Bahia. The Portfolio was built from the acquisitions of the Remanso and Miranga Clusters from Petróleo Brasileiro S.A. – Petrobras, implemented in December 2021 and of the BTREC Cluster, acquired through ANP Bidding Rounds.

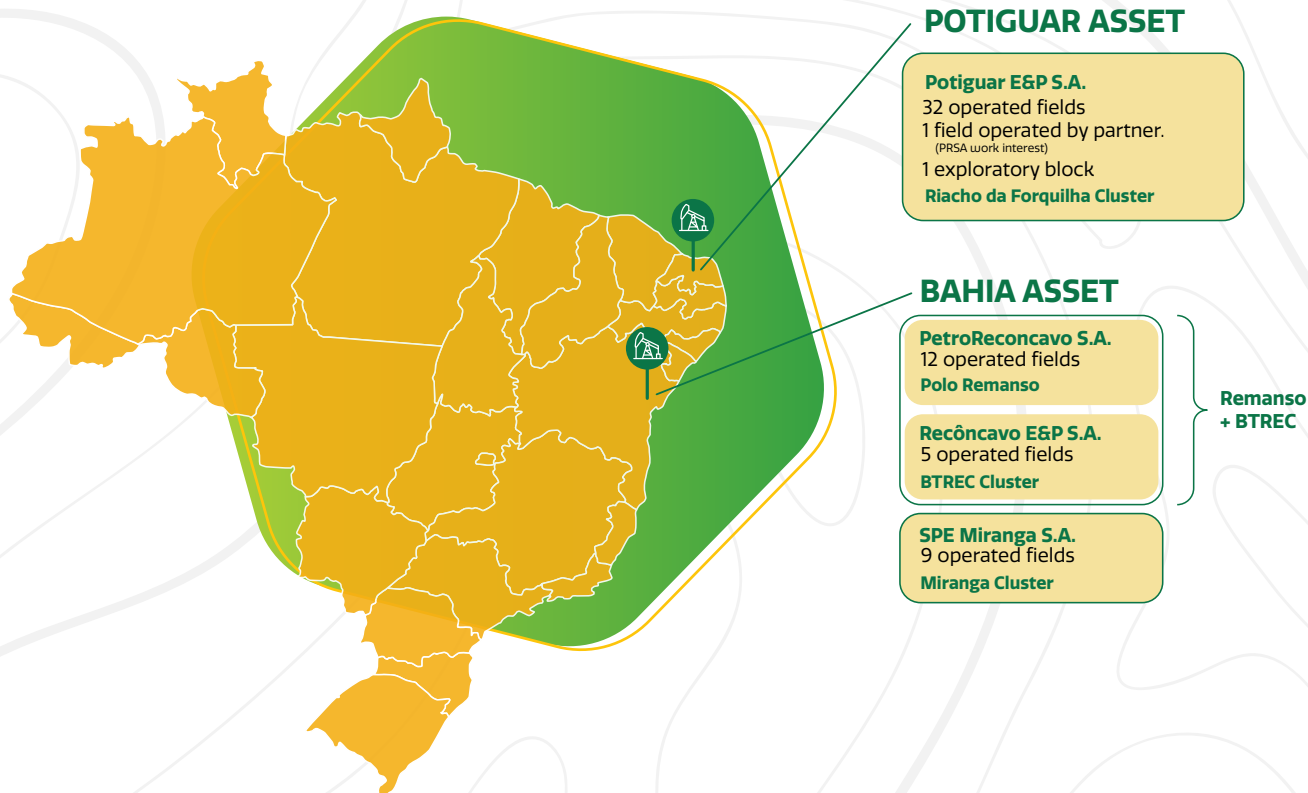


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Potiguar Asset

As at December 31st, 2022 the Company holds the rights over 33 concessions, of which 30 are 100% owned and operated by the Company, two are operated by the Company in a partnership with Sonangol Hidrocarbonetos Brasil Ltda. and one is operated by Mandacaru Energia. The Potiguar Asset comprises the Riacho da Forquilha Cluster, the acquisition of which was concluded on December 9th, 2019 with Petrobras, and comprises exploratory block POT-T-702, acquired through ANP Bidding Rounds.



In the fourth quarter of 2022, the Company achieved another milestone with the acquisition of Maha Energy Brasil. As detailed in the Material Fact of December 28th, 2022 and February 28th, 2023, the acquisition adds to the portfolio of the Company the Tartaruga Field, located in the Sergipe Basin, the Tiê Field and exploratory blocks located in the Recôncavo Basin. The acquired assets become a part of the portfolio of the Company as of February 28th, 2023 and, thus, production and financial results are not yet included in the results disclosed herein.



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02

Operational Performance

The Company closed the fourth quarter of 2022 with an average production of 23,072 barrels of oil equivalent per day ("BOEPD"), a 69% increase when compared to the same period in the prior year, and of 72% year-on-year.

Emphasis is given to the 221% growth year-on-year in the production of Natural Gas.

In the fourth quarter, average production of natural gas in barrels of oil equivalent reached 42% of participation in total production, registering an increase of 16 p.p. in comparison to the same period in the prior year.

Gross daily production (working interest) (in barrels of oil equivalent per day - BOEPD)									
		4Q22	3Q22	Δ%	4Q21	Δ%	2022	2021	Δ%
Bahia Asset	Oil	4,484	4,572	-2%	3,384	32%	4,448	3,190	39%
	Gas	5,457	5,394	1%	1,417	285%	4,878	774	530%
	Subtotal	9,941	9,966	-0.3%	4,801	107%	9,326	3,965	135%
Potiguar Asset	Oil	8,913	8,398	6%	6,689	33%	8,354	6,558	27%
	Gas	4,218	3,680	15%	2,151	96%	3,608	1,868	93%
	Subtotal	13,131	12,078	9%	8,840	49%	11,961	8,426	42%
Total	Oil	13,397	12,971	3%	10,073	33%	12,801	9,748	31%
	Gas	9,675	9,074	7%	3,568	171%	8,486	2,643	221%
	Total	23,072	22,045	5%	13,641	69%	21,287	12,391	72%

Source: Production Bulletin reported to ANP

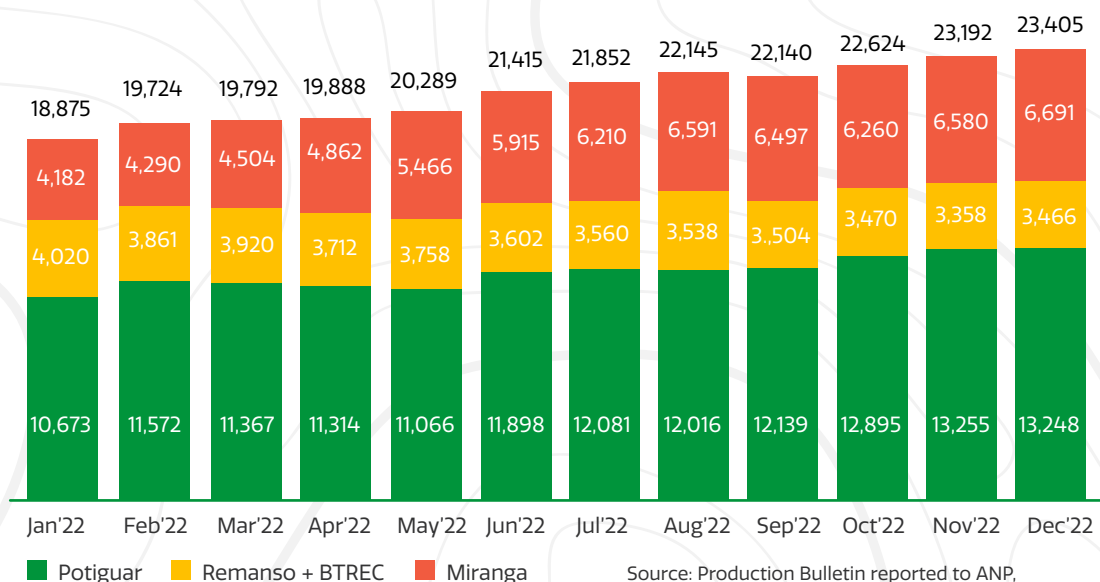
In the month of December 2022, the Company a record registered average daily production, totaling 23,405 barrels of oil equivalent ("BOED"). Accumulated in the year 2022, the Company registered an average of 21,287 BOED, surpassing the 2022 curve informed in the 2P Reserve Certification Report in 4%, as at December 31st, 2021.



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



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

Investment Program

During 2022, the Company kept up its intensive pace of activities, with emphasis to drilling works in the Potiguar Asset and workover interventions in both assets. Successive increases in production required investments in the infrastructure of facilities for the treatment and outflow of production. Other investments in facilities also occurred throughout 2022 related to the safety and integrity of assets, mainly in the revitalization and expansion of the natural gas compression stations. The table below summarizes the capital applied in investment projects for increasing production and drilling of wells.

	Bahia Asset (R\$MM)	Potiguar Asset (R\$MM)	Total (R\$MM)
Drilling Well	0	141	141
Workover	222	154	376
Facilities	67	63	130
Total	290	356	646



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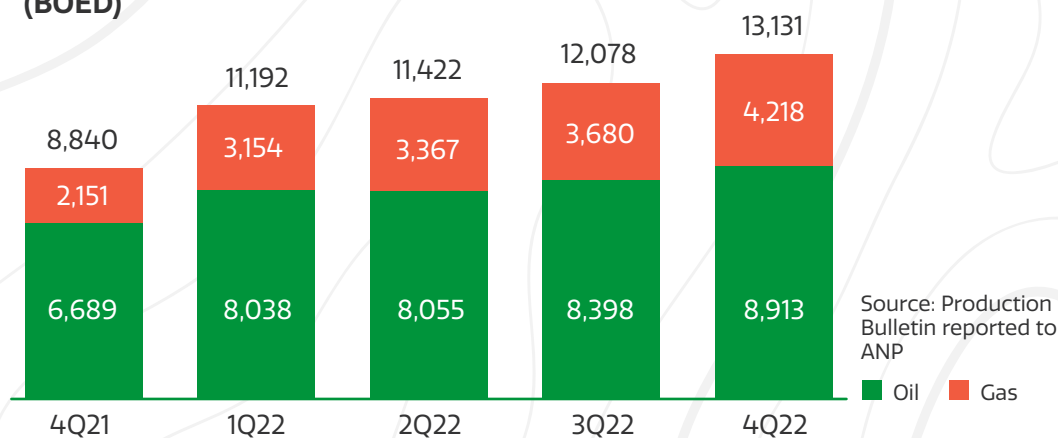
The amount invested in 2022 was 10.7% above the amount estimated in the YE2021 Reserve Certification Report (dollar rate R\$5.50) and this is mainly due to the higher cost of services and materials, resulting from the effects of inflation affecting the industry. With the purpose of accelerating the investment program, the Company deployed the services of third parties which, given the imbalance between offer and demand, the prices increased during the period.

It is also important to mention that, throughout 2022, 5 new workover rigs were mobilized. While adding needed development capacity, these operations suffered initially from lower efficiency, especially in relation to the average time of execution of the projects.

Potiguar Asset

In the fourth quarter of 2022, average production of the Potiguar Asset reached 13,131 barrels of oil equivalent per day ("BOEPD"), a 9% increase when compared to the prior quarter and of 49% when compared to the same period of 2021. Oil production registered a 33% increase, and natural gas registered a 96% increase when compared to the fourth quarter of 2021. The volumes demonstrated in the graph below represent the gross working interest production in the Potiguar Asset, including the 32 fields operated by the Company and working interest in the concession operated by Mandacaru Energia.

Potiguar Asset | Average production of barrels of oil equivalent per day (BOED)



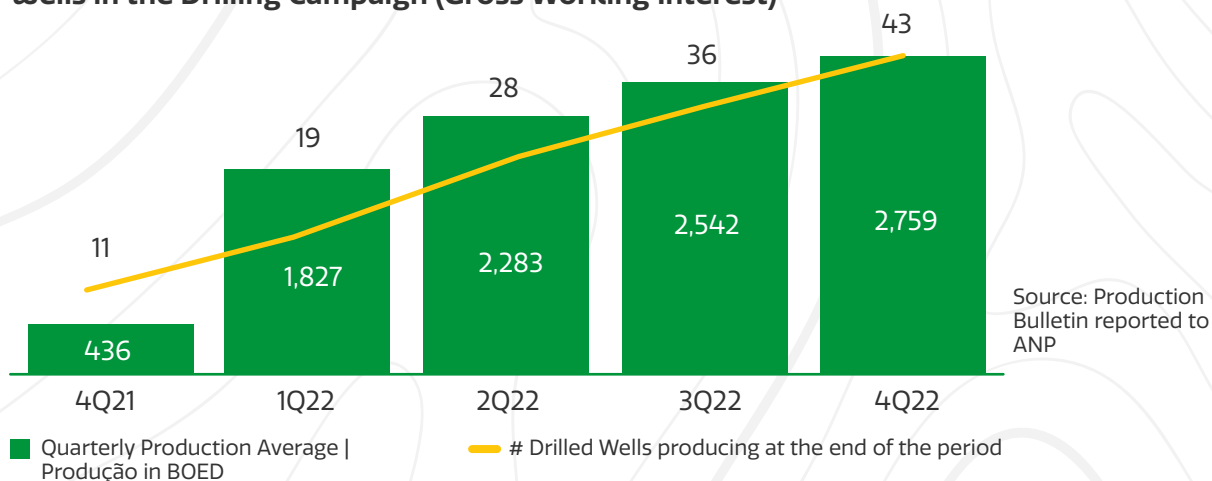
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Among the main activities carried out in 2022 with impact to production, emphasis is given to a total of 32 wells drilled and completed for production. Since the beginning of the present drilling campaign in the Potiguar Asset, the Company already drilled and completed for production a total of 43 wells, with a backlog as at December 31st, 2022 of 6 wells drilled in 2022, but still pending completion. The wells drilled and completed accounted for average increase in production of 2,759 barrels of oil equivalent per day ("BOED") in the 4Q22. Among the wells in the completion phase is the first well drilled by the Company in the Exploratory Block POT-T-702. The drilling of this well reached a final depth of 659 meters, finding oil in the Alagamar formation. The Company requested a license for long-term tests with ANP, with the purpose of assessing production potential and conclude studies on marketability of the Block.

The graph below illustrates the effect of the drillings performed by PetroReconcavo in the production results, since the beginning of the campaign, in August 2021.

Potiguar Asset | Sum of the average daily production of wells in the Drilling Campaign (Gross Working Interest)



In 2022, the Company maintained an average of 4.7 active workover rigs in Potiguar, having performed 140 workover and completion projects throughout the year, with a total investment of approximately R\$ 154 million.



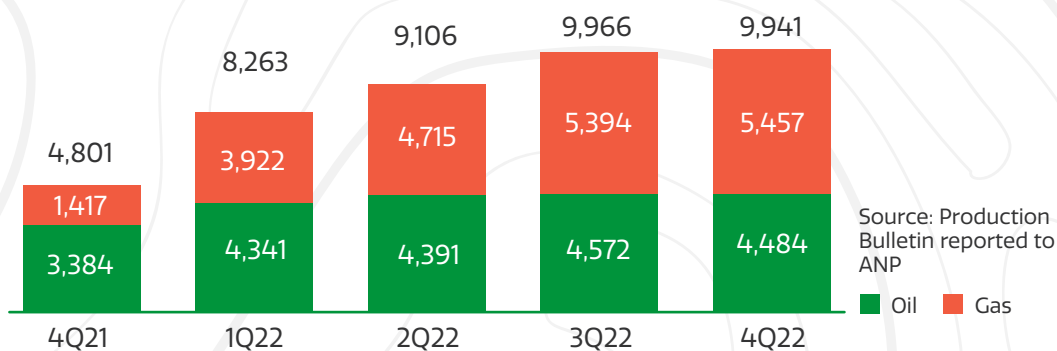
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Bahia Asset

In the fourth quarter of 2022, the production of the Bahia Asset remained stable when compared to the prior quarter, with average production of 9,941 BOEPD. When compared to the same period in the prior year, there was a 107% increase in BOEPD, a 32% increase in oil production and 285% increase in the production of natural gas.

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



The 4Q22 investment strategy for the Bahia Asset included the execution of a total of 28 workover projects. In 2022, a total of 123 workover projects were executed, with an investment of approximately R\$ 220 million, and an average availability of 3.8 rigs dedicated to the Remanso+BTREC and Miranga Clusters in the period.



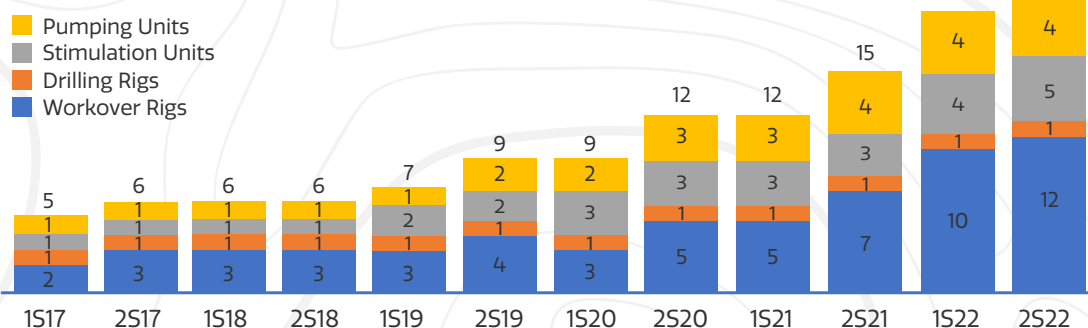
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Acceleration of the Investment Program

The Company continues expanding its execution capacity, in line with its capital allocation strategy for development of its reserves in the Assets in which it operates. In the fourth quarter of 2022, the deployment of the fifth stimulation unit and twelfth workover rig.

Evolution of the Equipment Fleet



Mobilized fleet in December 2022 includes own and leased equipment, operated by the Company's own personnel, and the first 100% outsourced, mobilized in October 2022. The Company leases equipment in 5 workover rigs, in addition to 1 fully outsourced. The Company owns the equipment for 6 workover rigs (including a flushby unit – light rig), 1 drilling rig, 5 stimulation units and 4 pumping units (including cementing units).

With the aim of assuring the execution of its business plan, the Company continues the process of mobilizing additional equipment to reinforce and optimize execution efficiency. These are presently in different stages of mobilization: 1 drilling rig 100% outsourced, 1 Company light drilling rig, 1 Company deep drilling rig, 4 Company workover rigs and 1 frac unit.



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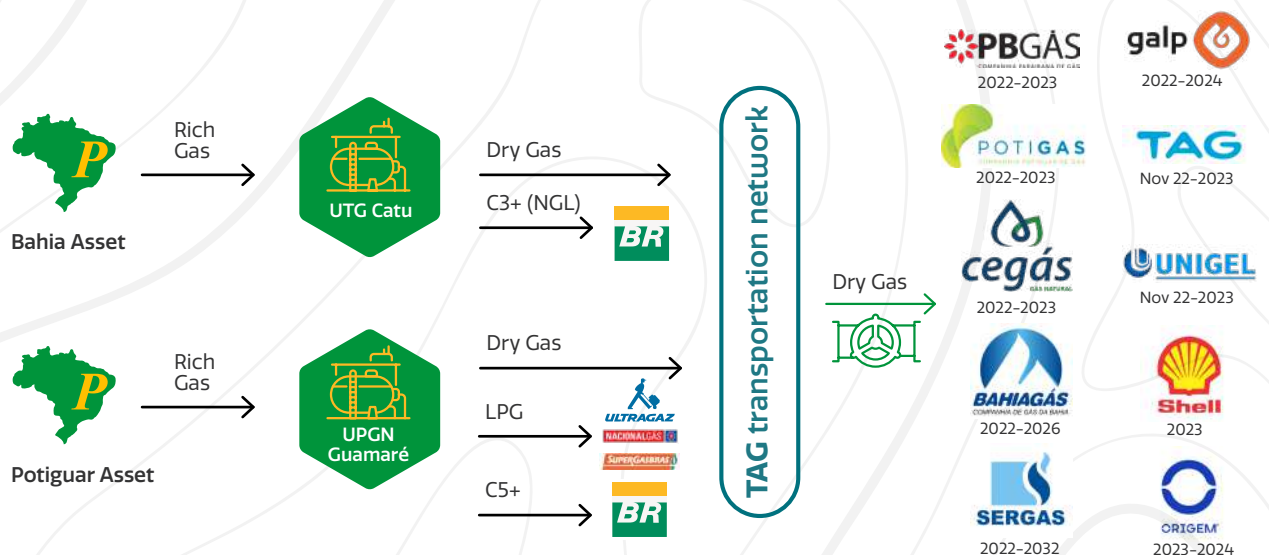




Natural Gas

As of January 1st, 2022, with the regulation of the New Gas Market and with the contracting of essential processing and transportation infrastructure, PetroReconcavo and its subsidiaries started to supply natural gas to the state gas distributors of the Northeast of Brazil as well as marketing its production of natural gas liquids. The Company put together, once again in a pioneering manner, a competent structure for the commercialization of Natural Gas, which was capable of developing various contractual models. This resulted in guaranteeing price improvements throughout the year and positively impacting the business margin and future stability of the Company's cash flow. Currently, the Company may commercialize natural gas and liquids, from any of its Assets, with any of its present clients.

The diagrams below present the natural gas production flow of the Bahia and Potiguar Assets, respectively.



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Throughout the fourth quarter, the Company signed two new purchase and sale contracts of natural gas, of a flexible nature, in other words, without defined firm volumes, with Shell and Origem, which aim to grant greater commercial flexibility, aligned to the strategy of the Company

After the closing of the quarter, the Company signed a new contract for the supply of natural gas with Sergas, the first with a 10 (ten) year duration. The signed contract with a firm, flexible and interruptible model. The expected firm volumes are of 50,000 m³/day of natural gas in the second half of 2023 and 100,000 m³/day of natural gas from 2024 to 2032. The Gas Price of the contract will consist of the sum of the transportation cost pass through (Transportation Portion) and the Molecular Portion. The Molecule Portion of natural gas firm volumes of this contract is 13.6% of the Brent Oil price for 2023 and 2024 and 12.6% of the Brent Oil price from 2025 to 2032. Floor and ceiling prices have been determined for Brent Oil process, which will be adjusted annually by the U.S. CPI inflation index.

At the end of 2022, the Company had firm volume demand contracts in the order of 1,026 thousand m³/day. Surplus volumes of natural gas above the contracted firm demands continued to be commercialized in flexible contracts and in the quarter surplus volumes were sold mainly to Bahiagás and GALP.

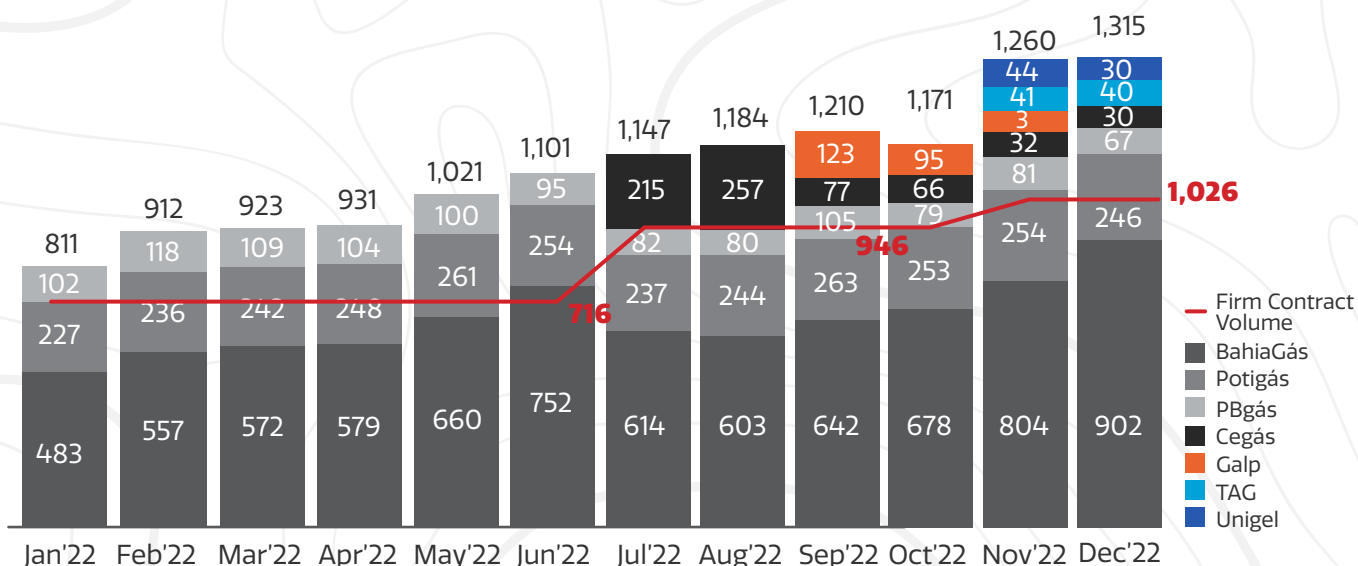


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Processed Natural Gas | Average monthly volume marketed in Mm³ per day per distributor



Since January 2022, the Company has marketed its production of liquified petroleum gas (LPG). The volumes marketed may have variations from the volumes produced that can be stored. Volumes produced are in accordance with the table below:

Liquified petroleum gas | Volume produced per quarter

	Unit	1Q22	2Q22	3Q22	4Q22
C3+	m ³	11,808	14,594	17,149	17,056
LPG	tons	6,269	6,590	7,258	7,784
C5+	m ³	3,180	3,666	3,442	3,803

The LPG production is commercialized since January with the distributor Ultragas and since April also with Nacional Gás Butano. The Company signed a contract with Supergasbras on December 30th, 2022.

The total volume produced of C5+ (Potiguar Asset) in 2022 was commercialized with Petrobras.



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As to the volume produced in the Bahia Asset (C3+), derived from the processing of natural gas, revenue in the Swap Agreement with Petrobras establishes that the Company sells Rich Gas, produced in all of the Remanso and Miranga Clusters, at the entry of the Catu Gas Treatment Plant ("UTG Catu"), and Petrobras, in turn, resells dry gas after being processed at the UTG to the Company, generating credits from the liquids produced and withholds at the UTG which can be used to discount the gas processing costs and other costs. In practice, the Swap Agreement allows the anticipation of access to the infrastructures necessary for the production of natural gas and gas liquids in the state of Bahia, in an independent manner, as of January 1st, 2022.

On July 21st, 2022 the Company was notified by Petrobras in relation to possible discrepancies in the amounts of credits obtained from the natural gas liquids processed at the UTG Catu, supported by the Swap Agreements between the Company and its subsidiary SPE Miranga.

In view of the notification received, maintaining its conservative stance and absolute transparency with the market, and in line with the best accounting practices, the Company did not recognize a portion of the credits to which it is contractually entitled, and recognized a provision for losses on its receivables associated with this commercial arrangement, until an agreement with Petrobras is reached.

It is important to mention that the Company signed a definitive contract for the outflow and processing of natural gas in the Bahia Asset similar to the agreement signed by the subsidiary Potiguar E&P for access to the UPGN Guamaré, and the above mentioned Swap Contracts were terminated on February 28th, 2023. As of the signature of the processing and outflow contracts, the Company shall have the right to market the C3+ produced at the plant.



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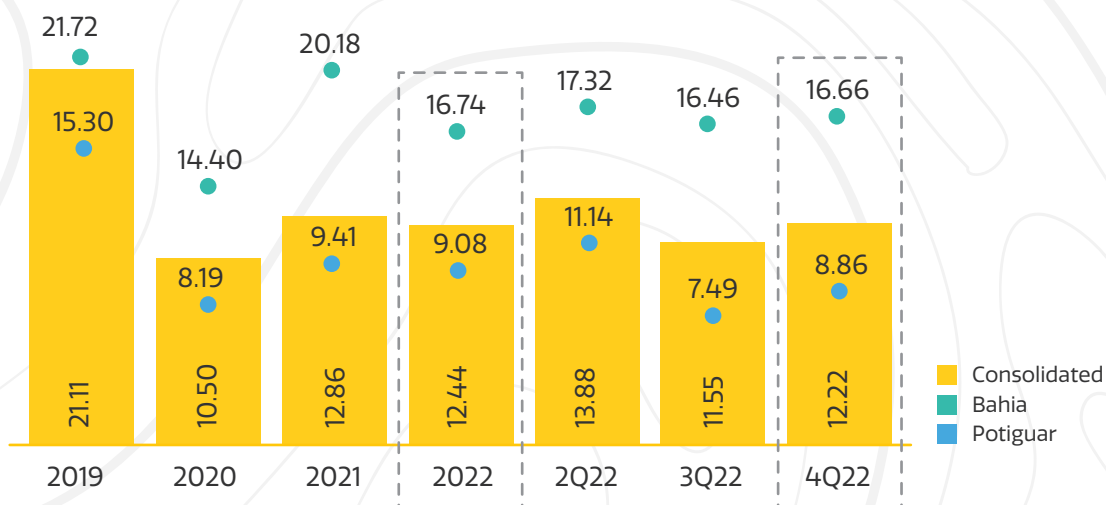




Costs

The consolidated average production cost for the 4Q22, which is the sum of the total costs of services and sales, excluding costs with acquisition, processing and transportation of gas, royalties, depreciation, amortization and depletion, divided by the total gross production in barrels of oil equivalent (BOE) in the period (lifting cost) was of US\$12.22/BOE, representing an increase of 6% when compared to the previous quarter. In fiscal 2022, this cost was \$12.44/BOE, representing a 3% decrease from 2021.

PetroReconcavo Consolidated | Average production cost (US\$/BOEPD)



The difference in average production costs among the Assets stems mainly from the differences in maturity of the reserves, especially higher variable costs of fluids (water+oil) in the Remanso+BTREC Cluster, resulting from a more advanced phase in secondary recovery projects.

As part of the ranking strategy of the Company in the Natural Gas Market and consequent contracting of infrastructure for outflow, processing and transportation of natural gas with Petrobras and TAG, the Company began registering costs of this nature totaling R\$141,385 thousand in the quarter, 13% above the amount registered in the 3Q22.

Further details on cost variations in the quarter can be obtained under to topic "Consolidated Financial Performance".



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Reserve Certification 2022

On March 14th, 2023 the Company disclosed a new Reserve Certification Report, as at December 31st, 2022, prepared by Netherland, Sewell & Associates, Inc. – NSAI.

Considering only the gross oil and gas reserves held by the Company (working interest) classified as 2P (proved + probable), the Company an increase of 14.9 MMBOE in reserves in relation to the last report, totaling 170.8 MMBOE.

Considering that the gross working interest production in the fields in the period between the issuance of the reports, that is, during the year 2022, is of 7.6 MMBOE, the total volume of incremental reserves generated by the Company was of 22.5 MMBOE, representing a 2P reserve replacement ratio ("RRR") of 3.0.

The relationship between the volume of 2P reserves and the volume produced in 2022 (R/P) is of 20 years. The cost of development of the future reserves is of US\$8.96 per barrel of reserve. 1P reserves represent 80% of total 2P reserves.

The main variations of reserves are justified by the identification of new projects and significant improvements in the realization prices, mainly related to the successful outcomes in the negotiation of new contracts for processing and sale of gas that permit the introduction of surplus reserves of projects extracted from the Gas (Gas, LPG and C5+) and access to new clients.



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Consolidated Financial Performance

Consolidated statement of profit and loss (in thousands of Brazilian reais R\$)

	4Q22	3Q22	Δ%	4Q21	Δ%	2022	2021	Δ%
Net revenue	776,606	804,848	-4%	285,362	172%	2,975,939	1,040,604	186%
Costs and expenses	(333,784)	(319,918)	4%	(116,572)	186%	(1,125,643)	(401,818)	180%
Royalties	(51,445)	(61,497)	-16%	(31,568)	63%	(240,876)	(103,980)	132%
EBITDA	391,377	423,433	-8%	137,221	185%	1,609,420	534,806	201%
Depreciation, amortization & depletion	(83,600)	(112,580)	-26%	(43,107)	94%	(351,220)	(250,200)	40%
Operating profit	307,777	310,853	-1%	94,115	227%	1,258,200	284,606	342%
Net financial income	52,886	(45,488)	n.m.	1,266	4077%	66,400	(50,989)	n.m.
Current taxes	47,403	(81,140)	n.m.	(12,835)	n.m.	(129,246)	(46,653)	177%
Deferred taxes	573	27,658	-98%	(10,249)	n.m.	(41,963)	(10,065)	317%
Net income	408,639	211,883	93%	72,297	465%	1,153,391	176,899	552%

Net revenue

The Company's net revenues increased 186% in 2022, from R\$1.04 billion in 2021 to R\$ 2.98 billion in 2022. In the quarter, the Company registered net revenue of R\$ 777 million, a 4% reduction when compared to the 3Q22.

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

	4Q22	3Q22	Δ%	4Q21	Δ%	2022	2021	Δ%
Bahia Asset	472,059	525,119	-10%	124,274	280%	1,866,550	385,177	385%
Oil revenue	192,967	235,121	-18%	98,070	97%	858,489	326,804	163%
Revenue from natural gas and byproducts	279,092	289,998	-4%	21,289	1211%	1,008,061	49,425	1,940%
Other revenue from services provided	-	-	n.m.	4,915	n.m.	-	8,948	n.m.
Potiguar Asset	599,226	620,759	-3%	322,021	86%	2,340,488	1,078,534	117%
Oil revenue	428,709	467,729	-8%	303,736	41%	1,800,475	1,018,930	77%
Revenue from natural gas and byproducts	170,517	153,030	11%	18,285	833%	540,013	59,604	806%
Derivative financial instruments	(98,724)	(127,316)	-22%	(69,939)	41%	(441,631)	(126,780)	248%
Gross income	972,561	1,018,562	-5%	376,356	158%	3,765,407	1,336,931	182%
Revenue Deductions	(195,955)	(213,714)	-8%	(90,994)	115%	(789,468)	(296,327)	166%
Net revenue	776,606	804,848	-4%	285,362	172%	2,975,939	1,040,604	186%



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Revenue of the Company in 2022 was positively impacted mainly by the opening of the new gas market and purchase and sales contract signed, increased production, as mentioned under the topic Operational Performance, as well as to the average price of Brent Oil in 2022 which was of US\$101.19/bbl, 43% higher than the average price observed in 2021.

In the fourth quarter, the average price of Brent Oil was of US\$88.71/bbl, 12% below the average price observed in the prior quarter. Revenue was impacted by the reduction in the price of oil and partially compensated by the increase in production. Average foreign exchange rate from Brazilian reais to the U.S. dollar has been stable in the last two quarters.

Conversely, the devaluation of the Brent Oil barrel resulted in a lower impact to the derivative financial instruments settled in the period. In the fourth quarter of 2022, a loss of R\$99 million was registered under this item, 22% lower than in the prior quarter. In the quarter, hedge contracts were settled with a volume of 519 thousand barrels of oil, at an average price of US\$53.77/bbl.

As to the revenue from the sale of natural gas and its by products, the Company and its subsidiaries began as of January 1st, 2022 contract for the supply of natural gas with distributors in the Northeast of Brazil, with significant improvements in the value of the price of the molecule, when compared to 2021.

The variation in the revenue from natural gas in the quarterly comparison of the Bahia Asset is explained mainly by the increase in the contract committed firm volume with Bahiagás, which has an average price below the average practiced in the prior period.



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Operational Costs and Expenses

The table below presents comparisons of our costs and expenses in 2022 and 2021.

Costs and expenses (in thousands of Brazilian reais – R\$)								
	4Q22	3Q22	Δ%	4Q21	Δ%	2022	2021	Δ%
Personnel	62,448	62,667	0%	42,273	48%	228,024	128,268	78%
Services, Consulting, Rent and Materials	69,012	60,543	14%	44,229	56%	254,625	161,832	57%
Electric power	19,852	19,014	4%	17,796	12%	73,877	56,868	30%
Environmental licensing	3,202	3,510	-9%	2,672	20%	13,398	13,207	1%
Outflow, processing and transportation of gas	141,385	124,929	13%	-	n.m.	445,912	-	n.m.
Expected credit losses	32,749	37,962	-14%	-	n.m.	70,711	-	n.m.
Other costs and expenses	5,136	11,293	-55%	9,602	-47%	39,096	41,643	-6%
Total	333,784	319,918	4%	116,572	186%	1,125,643	401,818	180%

Costs and expenses increased 4% from R\$ 320 million in the third quarter of 2022, to R\$ 334 million in the fourth quarter of 2022.

Personnel costs remained stable in the last two quarters, despite the impact of the collective labor agreement of 11% recognized as of September. Costs with electric power increased 4% in the quarterly comparison. This variation reflects an increase in the demand for electric power aligned with increased production.

Costs with services, consulting, rent and materials increased 14%, from R\$61 million in the third quarter, to R\$69 million in the fourth quarter of 2022. This increase reflects mainly higher costs with repairs of wells incurred in the period.

Costs with outflow, processing and transportation of natural gas in the fourth quarter of 2022 increased 13% compared to the 3Q22, reflecting the increase in the natural gas production and the incidence of fees stipulated in the contract for differences on the daily contracted quantities and the quantities actually used.

Lastly, an estimated credit loss was recognized in the quarter, in the amount of R\$ 33 million, related to uncertainty in receiving part a portion of the credits obtained from natural gas liquids from the gas processing at UTC Catu, supported by the SWAP Agreements signed between Petrobras and the Company and its subsidiary SPE Miranga.



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Net financial income (expenses)

Net financial income (in thousands of Brazilian reais – R\$)								
	4Q22	3Q22	Δ%	4Q21	Δ%	2022	2021	Δ%
Financial income	10,924	7,489	46%	5,246	108%	29,035	31,352	-7%
Financial expenses	(19,218)	(44,024)	-56%	(17,774)	8%	(109,445)	(93,947)	16%
Foreign exchange variation, net	61,180	(8,953)	n.m.	13,794	343%	146,810	11,606	1165%
Net financial income (expenses)	52,886	(45,488)	n.m.	1,266	4,077%	66,400	(50,989)	n.m.

Net financial income (expenses) in the fourth quarter of 2022 was positive in R\$ 53 million, compared to the negative result of R\$ 45 million in the third quarter of 2022. The result is impacted mainly by the foreign exchange variation in the period. The Company has financial investments and financing, as well as liabilities payable indexed to the U.S. dollar.

The R\$/US\$ Exchange rate decreased 3.5% in the period, from R\$5.41 as at September 30th, 2022 to R\$5.22 as at December 31st, 2022. When compared to the prior year, the foreign exchange rate reduced 6.5%, from R\$ 5.58 as at December 31st, 2021 to R\$ 5.22 as at December 31st, 2022.

Furthermore, financial expenses presented a reduction of 56% in the 4Q22 when compared to the 3Q22 due, mainly, to the recognition in the 3Q22 of the balance of the syndicated financing contracted for the acquisition of Riacho da Forquilha.



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Income tax and social contribution on net income

Income tax and social contribution (in thousands of Brazilian reais - R\$)								
	4Q22	3Q22	Δ%	4Q21	Δ%	2022	2021	Δ%
Current	47,403	(81,140)	n.m.	(12,835)	n.m.	(129,246)	(46,653)	177%
Deferred	573	27,658	-98%	(10,249)	n.m.	(41,963)	(10,065)	317%
Income tax and social contribution	47,976	(53,482)	n.m.	(23,084)	n.m.	(171,209)	(56,718)	202%

Variations observed in income tax and social contribution item in the last quarter of 2022 were positive due, mainly, to two factors.

- (a) Payment of interest on shareholders' equity in the month of December, in the gross amount of R\$ 180 million; and
- (b) Also, in the month of December there was the ratification by the Brazilian Federal Revenue of the tax benefit for reduction of Income tax and additional taxes granted by SUDENE (Northeast Development Authority) for the subsidiary SPE Miranga, which provision a 75% reduction in income tax and additional taxes for the mentioned company for a 10 year period, beginning January 1st, 2022. The effects of such benefit for 2022 were recognized as of the date of ratification and the impact on the quarter was of R\$82 million, recognized under current income tax and social contribution.



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Consolidated statement of cash flows (in thousands of Brazilian reais - R\$)

	4Q22	3Q22	Δ%	4Q21	Δ%	2022	2021	Δ%
Earning before taxes	360,663	265,365	36%	95,381	278%	1,324,600	233,617	467%
Depreciation, amortization and depletion	83,600	112,580	-26%	43,106	94%	351,220	250,200	40%
Interest and foreign exchange variation, net	(48,279)	23,611	n.m.	32,175	n.m.	(96,212)	80,627	n.m.
Write-off of PP&E and leases	33,480	34,916	-4%	53,811	-38%	141,359	155,246	-9%
Other adjustments and changes in net income	39,778	63,178	-37%	23,932	66%	117,264	41,363	183%
Changes in assets and liabilities	10,909	61,721	-82%	14,778	-26%	(63,657)	(39,201)	62%
Interest paid	(3,499)	(20,259)	-83%	(13,545)	-74%	(46,111)	(60,126)	-23%
Income tax (IR) and social contribution (CSLL) paid	(65,485)	(64,685)	1%	(3,346)	1857%	(222,313)	(22,827)	874%
Variation of result from operating activities	411,167	476,427	-14%	246,292	67%	1,506,150	638,899	136%
Additions to PP&E and intangible assets	(343,172)	(352,521)	-3%	(522,025)	-34%	(1,227,617)	(832,281)	48%
Financial investments	134,920	142,031	-5%	177,047	-24%	(571,477)	(485,872)	18%
Cash used in investment activities	(208,252)	(210,490)	-1%	(344,978)	-40%	(1,799,094)	(1,318,153)	36%
Borrowings	-	658,438	n.m.	-	n.m.	658,438	60,479	989%
Payment of financing, leases and payables for acquisitions	(186,002)	(655,671)	-72%	(76,020)	145%	(1,010,063)	(304,104)	232%
Capital increase, net of cost of issue	-	-	n.m.	-	n.m.	996,587	1,111,648	-10%
Net effect on acquisition and sale of shares	3,889	(7,887)	n.m.	(541)	n.m.	(3,437)	(2,471)	39%
Dividends and interest on own capital paid	(164,751)	(872)	18,793%	-	n.m.	(205,309)	-	n.m.
Cash flow from (used in) financing activities	(346,864)	(5,992)	5,689%	(76,561)	353%	436,216	865,552	-50%
Foreign exchange variation on cash and cash equivalents	310	(277)	n.m.	-	n.m.	597	-	n.m.
Increase (decrease) in cash and cash equivalents	(143,639)	259,668	n.m.	(175,247)	-18%	143,869	186,298	-23%



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Cash generated by operating activities decreased 14% in the fourth quarter of 2022 when compared to the prior quarter, as previously mentioned under the topic Operational Performance herein.

Cash used in investment activities totaled R\$ 208 million in the fourth quarter of 2022, as a combination of the following factors:

- (I) The Company invested R\$343 million in additions to fixed and intangible assets, mainly investments to increase production and in the drilling of new wells;
- (II) In the fourth quarter of 2022, net redemptions of financial investments in the amount of R\$ 135 million occurred.

The Company applied, accumulated for the year, the amount of R\$1.8 billion in investment activities. Of this amount, R\$ 571 million refer to financial investments, net of redemptions, arising from resources obtained from the subsequent offer of shares (follow-on) held in June.



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The remaining cash used in investment activities, corresponding to R\$ 1.23 billion, was applied as follows:

- R\$ 646 million applied in the development of our reserves, including workovers to increase production, drilling of new wells and investments in infrastructure for storage and outflow of production;
- Another R\$ 372 million used in additions to the capital asset inventories, mainly for the formation of inventory for the Miranga Cluster operation and in the preparation for acceleration of investment activities in workovers. Used in repair and maintenance activities recognized in the cost of sales and services in the amount of R\$ 137 million;
- R\$ 30 million was also invested as an advance requested by Petrobras to begin the negotiation phase of the terms and conditions for the potential acquisition of concessions associated to the Bahia Terra Cluster;
- The remaining amount was applied mainly to increase PP&E of the Company with emphasis to amounts paid for increasing the Fleet of Rigs and Services which already totals R\$ 122 million.



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

Capex 2022 (in R\$MM)	Additions	Transfer	Total
Investments for increasing production and well drilling	483	163	646
Capital asset inventories	529	(157)	372
Oil and gas production rights	30	-	30
Exploratory expenses	4	-	4
Other fixed and intangible assets	181	(6)	176
Total	1,228	-	1,228

Cash from financing activities amounted to R\$ 347 million in the fourth quarter of 2022, with emphasis to the payment of interest on shareholders' equity in the amount of R\$ 165 million, net of income tax and R\$ 186 million related to the payment of financing, leases and payables for acquisitions. As a consequence to the above listed items, the decrease in the balance of cash and cash equivalents in 2022 was of R\$ 144 million, while in the prior quarter there was an increase of R\$ 260 million.



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Other balance sheet highlights

Cash position (cash and cash equivalents and financial investments)

As at December 31st, 2022 the Company recorded a cash position representing the sum of cash and cash equivalent balances and financial investments in the amount of R\$ 1,6 billion.

At present, most of the Company's resources are applied in foreign exchange funds. These investments have the purpose of accompanying the foreign exchange variation of the U.S. dollar against the Brazilian real, once the majority of the debts of the Company and its subsidiaries are denominated in U.S. Dollars. In addition, the Company has potential future commitments related to the acquisition of assets which are also denominated in U.S. Dollars.

Indebtedness

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

	12/31/22	12/31/21	Δ%
FINEP	331	1,647	-80%
Bank loans	670,168	762,081	-12%
Costs to amortize	(14,918)	(22,437)	-34%
Payables for acquisitions	918,272	1,263,049	-27%
Gross debt	1,573,853	2,004,340	-21%
Cash and cash equivalents	361,028	217,159	66%
Financial investments	1,250,163	655,644	91%
Net debt (net cash)	(37,338)	1,131,537	n.m.
EBITDA last 12 months	1,609,420	534,806	201%
Net debt/ EBITDA last 12 months	-0.02 x	2.12 x	-2.14 x

Net cash of the Company in the fourth quarter of 2022, impacted mainly by funds raised through the subsequent offer of shares in the second quarter, follow-on, and accumulated cash generation in the period.



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Derivative financial instruments

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

The table below describes the commodity forward contracts outstanding as at December 31st, 2022, as well as information related to their corresponding hedged items:

Hedging instruments outstanding contracts	Average Strike price	Quantity	Fair value of hedging instruments
	12/31/2022	12/31/2022	12/31/2022
	US\$/barrel	Barrels	R\$ thousand
Under 3 months	51.17	434,350	(77,998)
From 3 to 6 months	51.80	462,000	(77,796)
From 6 to 12 months	53.82	899,750	(129,389)
De 1 a 2 anos	58.18	1,012,250	(102,409)
Total	54.65	2,808,350	(387,592)

The total average volume of hedged barrels for the year 2023, as per the above table, is of approximately 4,921 BOEPD, or around 21.3% of total average production of the Company in the 4Q22, which was of 23,072 BOEPD. Observing only the oil production, the hedged production corresponds to 36.7% of average production of oil of the Company in the 4Q22 which was of 13,397 BOPD.

In the third quarter, the Company signed a syndicated financing contract with the purpose of making the prepayment of the debt for the acquisition of Riacho da Forquilha Cluster, simplifying covenants and guarantees, which eliminated the need for contracting additional hedging.



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HS&E and ESG**Health and Safety**

The Company has a culture that is based on responsible risk management and of the impacts that our activities generate on people, communities and on the environment. SAFETY is the cornerstone of our identity, that is why we work to feel well, valued and safe every day.

In 2022 we registered a rate of 0.6 hours of lost time per 1 million of manhours worked (LTIR), including direct and outsourced employees. Despite the positive rate when compared to our peers in the industry, we recognize a decline in this indicator, due to the rapid expansion of our activities and the number of collaborators, from 870 to 1,215 people, a warning as to the importance of intensifying safety promotion actions and campaigns. In this context, we promoted Risk Perception workshops and training for all operational collaborators, impacting 794 collaborators in over 3,176 total hours of training. We promoted the first meeting of the Occupational Health and Safety Specialized Service (SESMT), with 46 people of the Bahia and Potiguar Assets and another 386 hours of training.

With the aim of strengthening good practices, safe behaviors, valuing people and promoting well-being in the working environment, we continue with the actions of the Safe Leader Program. Designed with the aim of assisting our leaders in disseminating Safety Culture with their teams, in 2022 we performed a total of 21,000 hours of training, with 150 leaders having been qualified in the program.



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Also in 2022, with the objective of promoting health, physical and mental wellbeing and quality of life, the Company implemented the Integral Health Program, comprising five cornerstones: mind, nutrition, ergonomics, complementary health and body. This program also uses the "Petro Saúde" app, a software that has the aim of conveying contents on health, as well as enabling communication with our SSMS area in a customized attention. To complement actions guided towards the area of health, we promoted PetroFit, a program that aims to promote lifestyle changes, through the practice of physical activities, impacting over 140 engaged participants of the Bahia and Potiguar Assets.

Environmental

The year 2022 was important for improving the monitoring of the Company's environmental management, focused on the aspects of: water and air emissions. PetroReconcavo signed a contract with companies qualified to develop and execute superficial and subterranean water monitoring plans, as well as monitoring air emissions in scopes 1 and 2, as per the GHG Protocol.

The environmental area promotes constant meetings with leaderships of strategic areas of the Company, with the aim addressing and supporting the implementation of new actions to guarantee the fulfillment of environmental standards of quality in the Company. The actions are evidenced in the meetings for Addressing Environmental Liabilities of Assets, monthly meetings of the Technical Environmental Guarantee Committee ("CTGA") and in meetings with the Research Network (masters and doctorates) of Clean Technologies – TECLIM/UFBA.

For the control of all of our environmental licenses and constraints, the SGA Orbitgeo system was structured, enabling digital management of the renewal deadlines, fulfillment of the constraints and documental management of environmental authorizations of the Bahia and Potiguar Assets. In 2022, 401 environmental licenses were issued and included on the platform for management.

This year, the Company produced 14,062 tons of residue, mainly related to drilling and workover activities, which were disposed of in accordance with regulatory requirements and best practices of the industry. Co-processing is the main form of disposal of our residues, partial substitute of raw material and/or combustion in the production of cement, applying 87.46% of the residues of the Potiguar Asset and 30.73% of the Bahia Asset. Other initiatives for the treatment of residues were featured in our operations, with the reutilization of 71% of drilling fluid generated in the Potiguar Asset, a pilot project developed internally by our Service team that will be incorporated to the operations in Bahia when drilling campaigns begin in that State.

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During the year we also committed to plant 18,572 native seedlings in environmentally degraded areas for recovery of the National Forests of Açu in Rio Grande do Norte, together with the Chico Mendes Institute – ICMBio. This plantation shall be carried out by a specialized company, responsible for monitoring the area in a three and a half year period after the plantation. The Company already protocolled 31 projects for reforestation with IDEMA and is waiting for authorization for the execution of the project.

In a partnership with the Mata de São João city hall, we developed the Program “Educa+Recicla” (Educate+Recycle) which aims to promote environmental sustainability, stimulating selective waste collection and recycling among students, communities, companies, resorts and condominiums of the municipality. The contribution for the training of personnel, strengthening of environmental awareness, cultural revival and development of children and teenagers of municipal public schools of Mata de São João was also the purpose of the partnership between PetroReconcavo and the Tamar Project. The partnership aims to provide visits of the students to the Tamar Project Foundation at Praia do Forte, discussing and integrating actions for protection of marine turtles in their habitat, sustainability of natural resources and respecting and valuing the local culture. In total 4,883 students and 734 teachers distributed among 143 groups visited the Project throughout the year.

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Social

We kept up our partnership with AVSI Brasil in the maintenance of the Ciranda Viva Recôncavo Project which began in 2014, promoting the culture and identity of the communities surrounding our operations in the Recôncavo of Bahia. Divided into three axis, Ciranda Educativa (Educational), Ciranda Esportiva (Sports) and Ciranda de Leitura (Reading), promoting activities related to the environment, stimulating education and the practice of sports, directly impacting 168 children and teenagers.

Through the Ciranda Agroflorestal, small rural producers were trained in marketing, sales and financial management workshops, as well as receiving technical assistance to improve agricultural production and for the development of marketing techniques. To increase income and encourage the application of the disseminated techniques, Family Agricultural Fairs were produced in different localities, including Company installations, such as the São Roque and Miranga Stations and the Commercial Complex where the headquarter and corporate offices are located in Salvador. In the 11 fairs carried out in 2022, 1,335 clients purchased products, generating an average monthly increase of R\$246 in the family income of the participating families. Furthermore, to increase biodiversity, through initiatives of the same program, there was the implementation of 8 seed banks, 4 biofertilizer reservoirs and 4 agroforestry systems. In order to structure the management model and guarantee the efficiency in the assisted communities until the end of 2022, 8 associations were formalized.

At the end of 2022, the Company began a partnership for requalification of the Irmã Dulce Memorial, promoting action for modernizing the space, intensifying religious tourism in Bahia. In order to promote the development and social integration of children and youngsters in situation of vulnerability, through music and collective education, the Company signed a partnership with ISDM (Institute of Social Development through Music), entity responsible for the management of the Neohibá Program and for the Music and Arts Conservatory in Bahia, as well as for the projects "A Voz do Olhar" and "Mestre Aprendiz" in Rio Grande do Norte.

In Rio Grande do Norte, we expanded the Viva Sabiá Program that has as its main focus the promotion of improvement in the access to water in the surrounding communities of our operations, in the Potiguar semi-arid. During the first phases of the project, in 2022, 51 water purification systems were installed, 10 cisterns built, benefitting around 236 people. The project also promotes environmental education actions focused on teaching children and teenagers to preserve the fauna and flora of the region in which they live.



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In view of the positive results presented, in September 2022 a partnership was announced with the Banco do Brasil Foundation and commitment of a total investment of R\$ 3 million in the next two years, with the purpose of expanding the impact that Viva Sabiá already provides. Such investment will increase the scope of the project which, apart from maintaining the actions already developed, will promote actions for increasing food production in a sustainable manner.

With the purpose of developing further opportunities in the Oil and Gas Industry and to promote professional qualification in regions of activity of the Company, we developed a partnership with SENAI-BA and SENAI-RN, for the Formation of Rig Professionals. With a total investment of over R\$ 600 thousand, the course had a three-month duration and provided 180 vacancies, 90 in Bahia and 90 in RN. Up until the end of 2022, 42 individuals from this group were hired, among which one with visual impairment.

Governance

The Company is dedicated in a daily manner to the evolution of its activities in the ethical and transparency spheres, acting with coherence and respect to the legislations, factors that are fundamental for consolidation of one of our main value, Integrity. To intensify the consolidation of this pillar, we released in 2022 the Integrity Program and new Code of Ethics and Conduct, assembling a set of actions, guidelines, prevention mechanisms, detection and response to corruption, based on the best corporate governance practices.

The Company is a signatory to the ETHOS Institute and joined the Business Pact for Integrity Against Corruption, having received the "Companhia Limpa" certificate. The Pact is a voluntary commitment undertaken by private and public companies, with the purpose of jointly promoting a more integral and ethical market and to reduce various corrupt practices.



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In 2022 we approved our Diversity, Equity and Inclusion Policy, establishing principles and guidelines for the promotion of an environment based on respect, inclusion, equity and value to human and cultural diversity in the development of our activities. Consequently, with the support of a specialized consultancy, research was carried out on Census and Environment Radar and Perception of Diversity, Equity and Inclusion. The findings obtained will serve as a basis for implementing actions with the purpose of becoming increasingly more diverse, plural and inclusive. To reinforce our commitment with transparency of information and increasingly effective and sustainable processes, PetroReconcavo disclosed in 2022 its first Sustainability Report, according to the Global Reporting Initiative (GRI) methodology. In the document there is information on governance, financial performance, operations, people, sustainability, value creation and strategic actions to attain our 2025 vision – to be the safest, most efficient and lucrative independent oil and gas operator and to lead the transformation of the onshore industry in Brazil. Moreover, in the fourth quarter of 2022, we began the process for preparation of the 2023 Sustainability Report, following the same GRI methodology. This initiative reinforces that commitment of the Company to assure the annual disclosure of this document, as well as informing the matters in which we aim to become major and differentiated players.



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Relationship with Independent Auditors

In accordance with CVM Instruction No. 162 of July 14, 2022, the Company declares that it has a contract with Deloitte Touche Tohmatsu Auditores Independentes Ltda. ("Deloitte") for the audit of the Company's financial statements (including quarterly reviews) and its subsidiaries for fiscal years 2021 and 2022. The amount related to the independent audit services of the financial statements (including quarterly reviews) for the 2022 fiscal year was R\$442 thousand.

During fiscal year 2022, the Company also contracted Deloitte to provide tax compliance services related to the guidance and assistance to the Company's staff in completing the requirements for the framing of tax incentives, in accordance with the applicable legislation in force, in the total amount of R\$143 thousand, representing 32% of the fees related to audit services.

The hiring of independent auditors is based on the principles that safeguard the independence of the auditor, which consist of: (a) the auditor should not audit his own work; (b) not to perform managerial functions; and (c) not to provide any services that may be considered prohibited by applicable regulations. In addition, the Management obtains from the independent auditors a declaration that the special services provided do not affect their professional independence.

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Annex 1 – Balance Sheet

PETRORECÔNCAVO S.A. AND CONTROLLED

Balance Sheet as at december 31, 2022

(in thousands of Brazilian reais – R\$)

Controladora						Consolidado		Controladora						Consolidado		
ATIVO	Nota	31/12/2022	31/12/2021	31/12/2022	31/12/2021	PASSIVO E PATRIMÔNIO LÍQUIDO	Nota	31/12/2022	31/12/2021	31/12/2022	31/12/2021					
CIRCULANTE						CIRCULANTE										
Caixa e equivalentes de caixa	4	83.601	172.288	361.028	217.159	Fornecedores	8	106.430	58.200	352.152	98.708					
Aplicações financeiras	4	1.233.639	531.863	1.250.163	585.655	Salários e encargos sociais		37.850	22.526	60.848	30.563					
Contas a receber de clientes	5	55.219	34.398	384.180	169.847	Tributos a recolher		7.397	5.671	124.275	66.995					
Estoques		9.340	5.709	11.451	6.552	Empréstimos e financiamentos	9	14.011	1.211	14.011	281.762					
Dividendos a receber	16	179.502	4.015	-	-	Valores a pagar de arrendamentos		5.596	7.063	20.382	10.486					
Impostos a recuperar		30.746	20.221	99.243	41.825	Instrumentos financeiros derivativos	14	-	-	285.183	231.125					
Outros ativos		112.228	12.906	26.539	11.769	Dividendos e juros sobre capital próprio a pagar	16	106.416	40.566	106.416	40.566					
Total dos ativos circulantes		1.704.275	781.400	2.132.604	1.032.807	Valores a pagar por aquisições	11	-	27.903	405.886	453.318					
						Provisão para abandono de poços	13	-	-	9.724	419					
NÃO CIRCULANTE						NÃO CIRCULANTE										
Aplicações financeiras	4	-	-	-	69.989	Outras contas a pagar		7.847	2.220	12.490	30.588					
Contas a receber de clientes	5	947	-	55.917	-	Total dos passivos circulantes		285.547	165.360	1.391.367	1.244.530					
Impostos a recuperar		479	479	68.094	13.374	Empréstimos e financiamentos						9	641.570	300	641.570	459.529
Depósitos judiciais		2.608	2.445	2.608	2.445	Valores a pagar de arrendamentos							3.613	1.929	7.112	2.421
Outros ativos		300	394	836	483	Tributos a recolher							6.112	-	6.112	-
Tributos diferidos	10	28.110	20.692	167.840	222.941	Instrumentos financeiros derivativos						14	-	-	102.409	233.559
Investimentos	6	2.293.185	740.117	-	-	Tributos diferidos						10	-	-	6.023	5.672
Imobilizado e intangível	7	743.197	523.790	4.129.365	3.360.865	Valores a pagar por aquisições						11	-	-	512.386	809.731
Direito de uso em arrendamento		10.117	9.448	27.830	12.489	Provisão para riscos fiscais, cíveis e trabalhistas						12	3.391	3.443	3.726	3.443
Total dos ativos não circulantes		3.078.943	1.297.365	4.452.490	3.682.586	Provisão para abandono de poços						13	32.483	35.920	103.887	84.695
						Total dos passivos não circulantes							687.169	41.592	1.383.225	1.599.050
						PATRIMÔNIO LÍQUIDO										
						Capital social	15	2.828.170	1.813.936	2.828.170	1.813.936					
						Ações em tesouraria		(6.793)	(2.292)	(6.793)	(2.292)					
						Reserva de capital		43.171	35.176	43.171	35.176					
						Reservas de lucros		1.167.284	297.202	1.167.284	297.202					
						Ajustes de avaliação patrimonial		(255.811)	(306.690)	(255.811)	(306.690)					
						Transação de capital		34.481	34.481	34.481	34.481					
						Total do patrimônio líquido		3.810.502	1.871.813	3.810.502	1.871.813					
TOTAL DO ATIVO						TOTAL DO PASSIVO E PATRIMÔNIO LÍQUIDO										
		4.783.218	2.078.765	6.585.094	4.715.393			4.783.218	2.078.765	6.585.094	4.715.393					

As notas explicativas são parte integrante das demonstrações financeiras.



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Annex 2 – Statements of Profit and Loss

PETRORECÔNCAVO S.A. AND CONTROLLED

Statement of cash flows for the twelve-month period ended december 31, 2022

(in thousands of Brazilian reais – R\$, except result per share)

	Nota	Controladora		Consolidado	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
RECEITA LÍQUIDA	18	594.381	327.415	2.975.939	1.040.604
CUSTOS DOS SERVIÇOS PRESTADOS E DOS PRODUTOS VENDIDOS	19	(409.333)	(241.040)	(1.534.412)	(667.850)
RESULTADO BRUTO		185.048	86.375	1.441.527	372.754
RECEITAS (DESPESAS)					
Gerais e administrativas	19	(27.137)	(50.136)	(110.377)	(62.844)
Outras receitas (despesas), líquidas	19	37.646	(8.859)	(2.239)	(25.304)
Perdas de crédito esperadas	5	(5.755)	-	(70.711)	-
Resultado de participações societárias	6	957.065	111.758	-	-
Total		961.819	52.763	(183.327)	(88.148)
RESULTADO OPERACIONAL		1.146.867	139.138	1.258.200	284.606
RESULTADO FINANCEIRO					
Receitas financeiras	20	37.432	76.304	180.694	107.511
Despesas financeiras	20	(25.606)	(8.373)	(114.294)	(158.500)
Total		11.826	67.931	66.400	(50.989)
RESULTADO ANTES DOS IMPOSTOS		1.158.693	207.069	1.324.600	233.617
IMPOSTO DE RENDA E CONTRIBUIÇÃO SOCIAL					
Corrente		(129)	(28.429)	(329.141)	(74.173)
Diferido		(5.302)	(7.538)	(41.963)	(10.065)
Redução - incentivo fiscal		129	5.797	199.895	27.520
Total	10	(5.302)	(30.170)	(171.209)	(56.718)
RESULTADO DO EXERCÍCIO		1.153.391	176.899	1.153.391	176.899
Resultado por ação - R\$	15	4,231	0,803		
Resultado diluído por ação - R\$	15	4,218	0,799		

As notas explicativas são parte integrante das demonstrações financeiras.



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Annex 3 – Statements of Cash Flows

PETRORECÔNCAVO S.A. AND CONTROLLED

Statement of cash flows for the twelve-month period ended december 31, 2022

(in thousands of Brazilian reais – R\$)

	Nota	Controladora		Consolidado	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
FLUXO DE CAIXA PROVENIENTE DAS OPERAÇÕES					
Lucro antes dos impostos sobre o lucro		1.158.693	207.069	1.324.600	233.617
Ajustes para reconciliar o resultado antes dos impostos do exercício com o					
caixa gerado pelas atividades operacionais					
Juros e variações cambiais líquidas		(5.105)	(52.950)	(96.212)	80.031
Variações cambiais sobre caixa e equivalentes de caixa		-	-	-	596
Juros e variações cambiais sobre arrendamento mercantil		654	1.752	1.428	3.161
Depreciação e depleção do imobilizado e amortização do intangível	7	68.845	69.768	335.027	231.930
Depreciação de direito de uso		5.694	7.441	16.193	18.270
Amortização do custo de aquisição de empréstimo	9	65	97	21.874	12.991
Pagamento baseado em ações		12.171	15.781	12.171	20.171
Equivalência patrimonial	6	(957.065)	(111.758)	-	-
Perdas de crédito esperadas	5	5.755	-	70.711	-
Valor justo do "hedge" no resultado	14	-	-	441.631	126.780
Provisões e reversões líquidas para riscos fiscais, cíveis, trabalhistas e regulatórios	12	(17)	-	318	-
Atualização da provisão para abandono de poços	13	4.573	1.340	10.797	6.562
Baixas do imobilizado e de arrendamentos		71.608	54.112	141.359	155.246
Variações nos ativos:					
Contas a receber de clientes		(27.523)	8.233	(340.961)	(71.061)
Estoques		(3.631)	(5.582)	(4.899)	(5.341)
Impostos a recuperar		(10.525)	(7.229)	(112.138)	(19.013)
Depósitos judiciais		(163)	(208)	(163)	(134)
Outros ativos		(99.228)	(1.544)	(15.123)	1.049
Variações nos passivos:					
Fornecedores		48.230	9.178	253.444	18.619
Salários e encargos sociais		15.324	462	30.285	46
Impostos a recolher		5.589	(27.672)	143.996	20.407
Outras contas a pagar		5.627	1.052	(18.098)	16.227
Pagamento de contingências fiscais, cíveis, trabalhistas e regulatórios	12	(35)	(1.522)	(35)	(1.522)
Pagamento de contratos de hedge	14	-	-	(441.631)	(126.780)
Juros pagos		(1.455)	(1.194)	(44.683)	(58.405)
Juros de arrendamento mercantil pago		(654)	(776)	(1.428)	(1.721)
Imposto de renda e contribuição social pagos		(10.215)	(3.372)	(222.313)	(22.827)
Variação do caixa resultante das atividades operacionais		287.212	162.478	1.506.150	638.899
FLUXO DE CAIXA DAS ATIVIDADES DE INVESTIMENTO					
Empréstimos para partes relacionadas		-	(8.810)	-	-
Adiantamento para futuro aumento de capital e aumento de capital em controladas	6	(720.611)	(428.278)	-	-
Resgates de aplicações financeiras		(685.102)	(470.374)	(571.477)	(485.872)
Adições ao imobilizado e intangível	7	(368.414)	(195.455)	(1.227.617)	(832.281)
Variação do caixa resultante das atividades de investimento		(1.774.127)	(1.102.917)	(1.799.094)	(1.318.153)
FLUXO DE CAIXA PROVENIENTE DAS ATIVIDADES DE FINANCIAMENTO					
Captação de financiamento	9	658.438	60.479	658.438	60.479
Pagamentos de financiamentos	9	(1.317)	(59.152)	(704.675)	(283.203)
Custo de captação de financiamentos		(14.918)	-	(14.918)	-
Pagamentos valores a pagar por aquisições	11	(26.214)	-	(273.954)	-
Exercício de opção de ações	15	4.927	1.600	4.927	1.600
Aumento de capital social	15	1.034.000	1.187.375	1.034.000	1.187.375
Dividendos e juros sobre capital próprio pagos		(205.309)	-	(205.309)	-
Custo para emissão de ações		(37.413)	(75.727)	(37.413)	(75.727)
Recompra de ações		(8.403)	(5.527)	(8.403)	(5.527)
Amortização de arrendamento mercantil - principal		(5.602)	(9.440)	(16.516)	(20.901)
Venda de ações em tesouraria		39	1.456	39	1.456
Variação do caixa resultante das atividades de financiamento		1.398.228	1.101.064	436.216	865.552
Variações cambiais sobre caixa e equivalentes de caixa		-	-	597	-
VARIAÇÃO DO SALDO DE CAIXA E EQUIVALENTES DE CAIXA		(88.687)	160.625	143.869	186.298
Caixa e equivalentes de caixa no início do exercício	4	172.288	11.663	217.159	30.861
Caixa e equivalentes de caixa no fim do exercício	4	83.601	172.288	361.028	217.159
VARIAÇÃO DO SALDO DE CAIXA E EQUIVALENTES DE CAIXA		(88.687)	160.625	143.869	186.298

As notas explicativas são parte integrante das demonstrações financeiras.



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Annex 4 – EBITDA Reconciliation

PETRORECÔNCAVO S.A. AND CONTROLLED

(in thousands of Brazilian reais – R\$)

	Período	
	2022	2021
IFRS/ BR GAAP		
LUCRO LÍQUIDO (PREJUÍZO)	1.153.391	176.899
(+) Imposto de Renda e Contribuição	171.209	56.718
(+) Depreciação, Amortização e	351.220	250.200
(+/-) Resultado Financeiro	(66.400)	50.989
EBITDA	1.609.420	534.806
Margem EBITDA	54,1%	51,4%
Receita Líquida	2.975.939	1.040.604
Evolução do EBITDA	201%	



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