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

PetroReconcavo S.A.

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

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
PetroReconcavo S.A.

Introduction

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

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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

Emphasis of matter

Without modifying our conclusion, we draw attention to note 20.3 a) to the individual and consolidated interim financial information, which states that, as at June 30, 2023, the Company's and its subsidiaries' revenue was concentrated with one customer, Petróleo Brasileiro S.A. - Petrobras. Consequently, any interpretation or analysis of this individual and consolidated interim financial information must take this circumstance into consideration.

Other matters

Statements of added value

The interim financial information referred to above includes the individual and consolidated statements of added value ("DVA") for the six-month period ended June 30, 2023, prepared under the responsibility of the Company's Management and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the ITR to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set forth in technical pronouncement CPC 09 - Statement of added value. Based on our review, nothing has come to our attention that causes us to believe that these statements of added value were not prepared, in all material respects, in accordance with CPC 09 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, August 10, 2023

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Jônatas José Medeiros de Barcelos
Engagement Partner

2023SA025186

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

ASSETS	Notes	Company 06/30/2023	Company 12/31/2022	Consolidated 06/30/2023	Consolidated 12/31/2022
CURRENT					
Cash and cash equivalents	3	17,101	83,601	89,760	361,028
Short-term investments	3	439,979	1,233,639	695,724	1,250,163
Trade receivables	4	40,240	55,219	300,529	384,180
Inventories		2,458	9,340	7,376	11,451
Dividends receivable	15	179,502	179,502	-	-
Recoverable taxes		26,773	30,746	129,294	99,243
Other assets		151,696	112,228	32,091	26,539
Total current assets		857,749	1,704,275	1,254,774	2,132,604
NONCURRENT					
Trade receivables	4	947	947	55,917	55,917
Recoverable taxes		2,558	479	85,034	68,094
Other assets		3,192	2,908	5,214	3,444
Deferred taxes	9	29,247	28,110	61,968	167,840
Investments	5	3,603,971	2,293,185	-	-
PP&E and intangible assets	6	896,603	743,197	5,260,304	4,129,365
Lease right-of-use assets		17,377	10,117	44,372	27,830
Total noncurrent assets		4,553,895	3,078,943	5,512,809	4,452,490
TOTAL ASSETS		5,411,644	4,783,218	6,767,583	6,585,094

LIABILITIES AND NET EQUITY	NOTES	Company 06/30/2023	Company 12/31/2022	Consolidated 06/30/2023	Consolidated 12/31/2022
CURRENT					
Suppliers	7	113,572	106,430	374,827	352,152
Payroll and related charges		37,339	37,850	63,289	60,848
Taxes payable		1,366	7,397	86,136	124,275
Loans and financing	8	59,608	14,011	59,608	14,011
Leases payable		13,127	5,596	25,608	20,382
Derivative financial instruments	13	-	-	142,384	285,183
Dividends and interest on own capital	14	-	106,416	-	106,416
Payables for acquisition	10	273,104	-	616,305	405,886
Provision for well abandonment	12	-	-	12,102	9,724
Other accounts payable		6,121	7,847	16,581	12,490
Total current liabilities		504,237	285,547	1,396,840	1,391,367
NONCURRENT					
Loans and financing	8	549,007	641,570	549,007	641,570
Leases payable		4,055	3,613	15,903	7,112
Taxes payable		2,211	6,112	2,211	6,112
Derivative financial instruments	13	-	-	19,635	102,409
Deferred taxes	9	-	-	11,797	6,023
Payables for acquisitions	10	-	-	342,190	512,386
Provision for tax, civil and labor contingency risks	11	2,969	3,391	5,217	3,726
Provision for well abandonment	12	34,565	32,483	110,183	103,887
Total noncurrent liabilities		592,807	687,169	1,056,143	1,383,225
NET EQUITY					
Share capital	14	2,829,973	2,828,170	2,829,973	2,828,170
Treasury shares		(6,638)	(6,793)	(6,638)	(6,793)
Capital reserve		46,552	43,171	46,552	43,171
Profit reserve		1,141,293	1,167,284	1,141,293	1,167,284
Retained earnings		375,872	-	375,872	-
Equity valuation adjustment		(106,933)	(255,811)	(106,933)	(255,811)
Capital transaction		34,481	34,481	34,481	34,481
Net equity		4,314,600	3,810,502	4,314,600	3,810,502
TOTAL LIABILITIES AND NET EQUITY		5,411,644	4,783,218	6,767,583	6,585,094

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

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STATEMENTS OF PROFIT OR LOSS FOR THE THREE AND SIX-MONTH PERIOD ENDED JUNE 30, 2023
(In thousands of Brazilian reais - R$, except earnings per share)

	Notes	Company		Consolidated		Company		Consolidated	
		04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022
NET REVENUE	17	100,768	160,264	658,314	691,009	218,469	314,721	1,377,526	1,394,485
COST OF SALES AND SERVICES	18	(94,420)	(97,515)	(472,834)	(367,690)	(208,482)	(195,836)	(915,097)	(701,555)
GROSS PROFIT		6,348	62,749	185,480	323,319	9,987	118,885	462,429	692,930
INCOME (EXPENSES)									
General and administrative	18	(14,712)	(4,403)	(35,741)	(23,913)	(38,129)	(11,723)	(81,581)	(45,701)
Other income (expenses), net	18	11,522	1,379	24,313	(4,643)	25,279	9,828	24,117	(7,659)
Equity in investments	5	159,270	45,308	-	-	372,570	455,138	-	-
Total		156,080	42,284	(11,428)	(28,556)	359,720	453,243	(57,464)	(53,360)
OPERATING INCOME		162,428	105,033	174,052	294,763	369,707	572,128	404,965	639,570
FINANCIAL INCOME (EXPENSES)									
Financial income	19	54,512	55,420	98,614	70,708	81,795	9,265	157,051	133,902
Financial expenses	19	(35,434)	(5,162)	(43,222)	(197,561)	(75,485)	(27,116)	(95,358)	(74,900)
Total		19,078	50,258	55,392	(126,853)	6,310	(17,851)	61,693	59,002
INCOME BEFORE TAXES		181,506	155,291	229,444	167,910	376,017	554,277	466,658	698,572
INCOME TAX AND SOCIAL CONTRIBUTION									
Current		4,399	(7,704)	(8,518)	(71,837)	-	(19,865)	(98,957)	(159,949)
Deferred		(5,078)	(22,017)	(58,622)	7,543	1,137	(16,142)	(50,855)	(70,194)
Reduction - tax incentive		(3,186)	5,461	15,337	27,415	-	14,599	60,308	64,440
Total	9	(3,865)	(24,260)	(51,803)	(36,879)	1,137	(21,408)	(89,504)	(165,703)
NET INCOME		177,641	131,031	177,641	131,031	377,154	532,869	377,154	532,869
Earnings per share - R$	14	0.607	0.511			1.288	2.112		
Diluted earnings per share - R$	14	0.606	0.510			1.287	2.104		

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

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2023
(In thousands of Brazilian reais - R$)

2Q23	Company		Consolidated	
	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
NET INCOME	177,641	131,031	177,641	131,031
Hedging instruments	-	-	97,932	(10,121)
Deferred taxes on financial instruments	-	-	(33,297)	3,441
Portions of other comprehensive income of subsidiaries	64,635	(6,680)	-	-
TOTAL COMPREHENSIVE INCOME	242,276	124,351	242,276	124,351

Accumulated	Company		Consolidated	
	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022
NET INCOME	377,154	532,869	377,154	532,869
Hedging instruments	-	-	225,573	(298,761)
Deferred taxes on financial instruments	-	-	(76,695)	101,579
Portions of other comprehensive income of subsidiaries	148,878	(197,182)	-	-
TOTAL COMPREHENSIVE INCOME	526,032	335,687	526,032	335,687

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

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STATEMENT OF CHANGES IN EQUITY

FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2023

(In thousands of Brazilian reais - R$)

				Capital reserve		Profit reserve				Equity valuation adjustment			
	Notes	Share capital	Treasury shares	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 transaction	Retained earnings	Net Equity
BALANCE AS AT DECEMBER 31, 2021		1,813,936	(2,292)	18,501	16,675	32,032	42,220	222,950	-	(306,690)	34,481	-	1,871,813
Capital increase	14	1,034,000	-	-	-	-	-	-	-	-	-	-	1,034,000
Exercise of stock options	14	522	-	-	-	-	-	-	-	-	-	-	522
Share issue costs		(24,692)	-	-	-	-	-	-	-	-	-	-	(24,692)
Share buy-back		-	(1,653)	-	-	-	-	-	-	-	-	-	(1,653)
Delivery of treasury shares		-	3,902	-	-	-	-	-	-	-	-	315	4,217
Share-based compensation		-	-	-	1,230	-	-	-	-	-	-	-	1,230
Other comprehensive income of subsidiaries	5	-	-	-	-	-	-	-	-	(197,182)	-	-	(197,182)
Net income		-	-	-	-	-	-	-	-	-	-	532,869	532,869
BALANCE AS AT JUNE 30, 2022		2,823,766	(43)	18,501	17,905	32,032	42,220	222,950	-	(503,872)	34,481	533,184	3,221,124
BALANCE AS AT DECEMBER 31, 2022		2,828,170	(6,793)	18,501	24,670	89,702	57,018	994,190	26,374	(255,811)	34,481	-	3,810,502
Paid-in share capital		259	-	-	-	-	-	-	-	-	-	-	259
Exercise of stock options	14	1,544	-	-	-	-	-	-	-	-	-	-	1,544
Share buy-back		-	(4,055)	-	-	-	-	-	-	-	-	-	(4,055)
Delivery of treasury shares		-	4,210	-	-	-	-	-	-	-	-	(899)	3,311
Additional tax incentive reserve		-	-	-	-	-	383	-	-	-	-	(383)	-
Additional proposed dividends		-	-	-	-	-	-	-	(26,374)	-	-	-	(26,374)
Share-based compensation		-	-	-	3,381	-	-	-	-	-	-	-	3,381
Other comprehensive income of subsidiaries	5	-	-	-	-	-	-	-	-	148,878	-	-	148,878
Net income		-	-	-	-	-	-	-	-	-	-	377,154	377,154
BALANCE AS AT JUNE 30, 2023		2,829,973	(6,638)	18,501	28,051	89,702	57,401	994,190	-	(106,933)	34,481	375,872	4,314,600

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

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(In thousands of Brazilian reais - R$)

	Notes	Company		Consolidated	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022
CASH FLOW FROM OPERATING ACTIVITIES					
Profit (loss) before taxes on income		376,017	554,277	466,658	698,572
Adjustments to reconcile profit (loss) for the period to					
cash generated by operating activities					
Interest and foreign exchange variation, net		(16,211)	19,916	(77,040)	(66,992)
Interest and exchange variation on lease operations		484	408	1,832	697
Depreciation and depletion of PP&E and amortization of intangible assets	6	37,938	31,792	233,741	146,470
Depreciation of right-of-use assets		7,006	3,818	15,368	8,570
Amortization of added-value		7,673	-	-	-
Share-based compensation		3,381	3,755	3,381	3,755
Equity in investments	5	(372,570)	(455,138)	-	-
Fair value of hedge in profit or loss	13	-	-	131,754	215,591
Net provisions and reversals of tax, civil, labor and regulatory contingency risks	11	(422)	(393)	(353)	(58)
Adjustment to provision for well abandonment	12	2,082	2,286	6,644	5,397
Write-off of PP&E, leases and other		29,455	42,570	88,205	72,963
Changes in assets:					
Trade receivables		14,979	(34,473)	87,900	(272,737)
Inventories		6,882	(431)	5,667	(1,573)
Recoverable taxes		1,894	(92)	(14,836)	(15,960)
Other assets		(39,752)	(57,109)	(3,173)	(13,446)
Changes in liabilities:					
Suppliers		7,142	25,305	11,888	91,328
Payroll and related charges		2,800	1,130	1,661	7,849
Taxes payable		(8,943)	5,130	(22,633)	55,423
Other accounts payable		(1,726)	1,038	2,893	12,829
Payment of tax, civil, labor and regulatory contingencies	11	-	(35)	-	(35)
Payment of hedge contracts	13	-	-	(131,754)	(215,591)
Interest paid		(22,861)	(417)	(24,209)	(22,353)
Income tax and social contribution paid		(989)	(5,153)	(63,237)	(92,143)
Cash from operating activities		34,259	138,184	720,357	618,556
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Advance for future capital increase in subsidiaries		-	(136,247)	-	-
Acquisition of SPE Tieta, net of cash received		(501,639)	-	(472,255)	-
Short-term investments		763,345	(819,848)	527,974	(848,428)
Additions to PP&E and intangible assets	6	(220,799)	(153,777)	(722,239)	(531,924)
Cash from (used in) investment activities		40,907	(1,109,872)	(666,520)	(1,380,352)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of financing	8	(331)	(657)	(331)	(120,305)
Payables for acquisitions	10	-	-	(175,703)	(40,483)
Exercise of stock options	14	1,544	522	1,544	522
Paid-in subscribed capital		259	-	259	-
Capital increase	14	-	1,034,000	-	1,034,000
Dividends paid		(132,790)	(39,686)	(132,790)	(39,686)
Share issue costs		-	(37,413)	-	(37,413)
Amortization of lease operations - principal		(6,293)	(3,218)	(13,829)	(7,602)
Net cash from the purchase and sale of treasury shares		(4,055)	39	(4,055)	39
Cash from (used in) financing activities		(141,666)	953,587	(324,905)	789,072
Foreign exchange variation on cash and cash equivalents		-	-	(200)	564
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(66,500)	(18,101)	(271,268)	27,840
Cash and cash equivalents at the beginning of the period	3	83,601	172,288	361,028	217,159
Cash and cash equivalents at the end of the period	3	17,101	154,187	89,760	244,999
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(66,500)	(18,101)	(271,268)	27,840

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

PetroReconcavo

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

	Notes	Company		Consolidated	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022
WEALTH CREATION					
Revenue:					
Products	17	243,479	352,180	1,706,251	1,774,284
Other		71,072	36,083	37,283	1,741
Total revenue		314,551	388,263	1,743,534	1,776,025
THIRD-PARTY INPUTS AND SERVICES					
Cost of products, goods and services sold		(14,817)	(13,447)	(32,587)	(32,384)
Materials, energy, outsourced and other services		(135,993)	(63,810)	(486,069)	(293,616)
Total third-party inputs		(150,810)	(77,257)	(518,656)	(326,000)
GROSS ADDED-VALUE		163,741	311,006	1,224,878	1,450,025
Depreciation, amortization and depletion	18	(44,944)	(35,610)	(249,109)	(155,040)
NET WEALTH PRODUCED		118,797	275,396	975,769	1,294,985
WEALTH RECEIVED IN TRANSFER					
Financial income		81,795	9,265	157,051	133,902
Equity in investments	5	372,570	455,138	-	-
Total wealth received in transfer		454,365	464,403	157,051	133,902
Wealth for distribution		573,162	739,799	1,132,820	1,428,887
WEALTH DISTRIBUTION					
Personnel:					
Direct remuneration		46,851	54,048	107,826	80,636
Benefits		15,820	12,288	38,994	23,737
FGTS		2,426	2,175	7,501	4,148
Taxes, fees and contributions					
Federal		27,809	63,740	197,393	337,377
State		4,616	6,556	172,260	226,379
Municipal		1,497	880	1,497	880
Third-party capital remuneration					
Rent		6,078	9,641	22,539	20,027
Royalties	18	15,426	30,486	112,298	127,934
Interest		75,485	27,116	95,358	74,900
Own-capital remuneration					
Retained earnings		377,154	532,869	377,154	532,869
WEALTH DISTRIBUTED		573,162	739,799	1,132,820	1,428,887

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

1. GENERAL INFORMATION

PetroReconcavo S.A. ("Company", "PetroReconcavo" or "Parent Company") is engaged in the operation and production of mature petroleum and natural gas fields in Brazil. In operation since February 2000, the Company operated until December 22, 2021 through a "risk production agreement", with the purpose of restoring, reactivating and renewing 12 mature petroleum and gas fields in the Recôncavo Basin in Brazil.

On December 23, 2020 the Company entered into an agreement to acquire the total equity interest held by Petrobras in the 12 onshore fields, subject matter of the "risk production agreement", which grouped in another set called the Remanso Cluster, which include the fields of Brejinho, Canabrava, Cassarongongo, Gomo, Fazenda Belém, Mata de São João, Norte Fazenda Caruaçu, Remanso, Rio dos Ovos, Rio Subaúma, São Pedro and Sesmaria, in the Recôncavo Basin, state of Bahia. With the closing of the transaction, the "risk production agreement" was terminated.

As at June 30, 2023 the Company believes that it has satisfactory liquidity, despite presenting negative consolidated working capital, which corresponds to the difference between current assets and current liabilities, in the amount of R$142,066. This effect is the result of the recording of the portion payable of the acquisition, completed on February 28, 2023, of SPE Tieta, in the amount of R$273,104. As informed under "Subsequent Events" at the end of this report, the Company signed, on July 19, 2023, a syndicated financing contract in the amount of US$ 60,000 with the banks: Banco Itaú BBA S.A., Banco Santander S.A. and Banco do Brasil S.A.. The total amount was disbursed on July 24, 2023 and will have a 36-month maturity as of the date of signature, with a grace period of one year to begin amortization, payable in 9 quarterly installments as of the 12^{th} month (inclusive) and a balloon portion of 50% of the loan volume at the date of maturity.

Accordingly, due to the exposed, Management judges that the Company does not have significant risk of liquidity, considering also its capacity for generating operational cash in the EBITDA concept.

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

1.1. Recôncavo

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

1.2. Reconcavo America

Reconcavo America, established on May 15, 2006, based in the state of Delaware, United States of America, is engaged in purchasing oilfield equipment, especially workover and onshore drilling rigs, and leasing them in Brazil, under the special customs regime for export and import of goods intended for use in oil and natural gas prospection and extraction activities, called REPETRO. In December 2020, Reconcavo America sold its assets to its parent company PetroRecôncavo S.A. As at June 30, 2023, the subsidiary held only a cash balance and did not register any transaction apart from foreign exchange variation of the balance of cash and cash equivalents.

As disclosed in a subsequent event, on July 23, 2023 the Company dissolved the subsidiary Reconcavo America, as established in the Executive Committee meeting of September 2, 2022. Residual assets were transferred to the Company.

1.3. Potiguar

Potiguar E&P S.A., headquartered in the municipality of Mossoró, state of Rio Grande do Norte, was established on June 15, 2018 and is a concessionaire of a group comprised of 33 concessions, all located in the state of Rio Grande do Norte, of which 30 are 100% owned and operated by Potiguar E&P, two in a partnership with Sonangol Hidrocarbonetos Brasil Ltda, which began to be operated by Potiguar E&P as of June 2021, and two with Mandacaru Energia Ltda and operated by the latter.

Potiguar signed, on June 28, 2021, in Rio de Janeiro, a concession contract for the exploration and production of oil and natural gas of the POT-T-702 block, acquired in the 2nd Cycle of the Permanent Offer carried out by ANP. The concession contract comprises an area of 17,178 km² and a Minimum Exploratory Program (PEM) composed of 1,000 work units, corresponding to R$6,000,000.00 (six million Brazilian reais), with a five-year term for its execution, in one single period. The PEM value was guaranteed, in compliance with the que tender document, through a performance bond issued in favor of ANP, valid for the total period of exploration, and which will be returned as soon as the exploratory commitment is fulfilled. The area acquired is adjacent to blocks already operated by Potiguar E&P, and its exploratory program will consist of the drilling of at least one well with the purpose of assessing the existence of accumulations in reserves similar to the existing ones in the neighboring concessions of the Block.

1.4. SPE Miranga

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

1.5. SPE Tiêta

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

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

1.6. Corporate Reorganization

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

The Board of Directors has begun the procedures related to the corporate reorganization. Once the required pre-authorizations have been obtained, the Board of Directors will meet again to deliberate on the terms of the Reorganization proposal and shall convene the Extraordinary General Meeting in due course to vote on the matter. The dissolution of Reconcavo America LLC was concluded on July 24, 2023.

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

2.1 Basis of preparation and presentation of the Interim Financial Statements

- The individual and consolidated interim financial statements were prepared and are presented in accordance with technical pronouncement CPC 21 (R1) – issued by the Accounting Pronouncements Committee ("CPC"); with the IAS 34 – issued by the International Accounting Standards Board ("IASB"); and with the standards and guidance issued by the Brazilian Securities and Exchange Committee ("CVM").

- The individual and consolidated interim financial statements should be read in conjunction with the individual and consolidated financial statements of the Company as at December 31, 2022.
- In preparing these interim financial statements Management is required to use certain critical accounting estimates and to make judgments in the process of applying its accounting practices
- There were no significant changes to the assumptions and judgments made by Management in the use of the estimates for the preparation of these interim financial statements in relation to those used for the financial statements as at December 31, 2022.
- These interim financial statements were authorized for issue by Company Management on August 10, 2023.

2.2 Significant accounting policies

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

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

2.3 Basis of consolidation and investments in subsidiaries

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

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

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

2.4 Functional currency and foreign currency translation

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

3. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

3.1 Cash and cash equivalents

	Company		Consolidated	
	06/30/023	12/31/2022	06/30/2023	12/31/2022
Bank checking accounts	2,034	19,548	15,293	42,480
Short-term investments and bank deposit certificates	15,067	64,053	74,467	318,548
Total	17,101	83,601	89,760	361,028

Short-term investments and bank deposit certificates refer to fixed-income transaction (CDB – Bank Deposit Certificates and repo operations), indexed between 80.0% and 103% of the Interbank Deposit Certificate rates (CDI) (70% to 102.50% of the CDI rate in 2022) maintained by top tier banks, as per Note 20.3 to the interim financial statements, having ratings of between brAA and brAAA (or similar) based on, at least, one of the three most renowned worldwide (S&P, Fitch or Moody's). The Company and its subsidiaries can immediately redeem these investments without any fee or restriction and their market values do not differ from the amounts recognized in the books.

3.2 Short-term investments

	Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Short-term investments	439,979	1,233,639	695,724	1,250,163
Total	439,979	1,233,639	695,724	1,250,163

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

These funds are divided among four top tier financial institutions, with good ratings, as disclosed under Note 20: Itaú, Santander, XP and BTG Pactual. During the last twelve months, Exchange Funds yielded, varied negatively, on average, 3.84%, while Ptax presented a negative variation of 8%.

4. TRADE RECEIVABLES

	Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Petrobras	37,904	46,502	227,566	378,830
Companhia de Gás da Bahia - Bahia Gás	4,902	5,066	45,670	76,848
3R Petroleum	3,657	10,123	109,331	10,123
Potigás - Companhia Potiguar de Gás	-	-	12,456	12,369
Other	479	230	32,134	32,638
Gross receivables	46,942	61,921	427,157	510,808
(-) Expected credit loss	(5,755)	(5,755)	(70,711)	(70,711)
Total trade receivables	41,187	56,166	356,446	440,097
Current	40,240	55,219	300,529	384,180
Noncurrent	947	947	55,917	55,917

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

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

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

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5. INVESTMENTS

Investees	Base date	Participation in paid-in capital %	Share capital	Total assets	Total liabilities	Net equity	Gross revenues	Net income (loss)
Recôncavo E&P	06/30/2023	100	6,561	27,442	5,857	21,585	5,133	414
Recôncavo America	06/30/2023	100	9,241	25,659	-	25,659	-	(658)
Potiguar E&P	06/30/2023	100	1,216,009	2,457,454	694,279	1,763,175	886,171	181,112
SPE Miranga	06/30/2023	100	381,536	1,936,488	949,995	986,493	520,237	167,737
SPE Tieta	06/30/2023	100	650,347	719,150	45,871	673,279	89,192	22,932
Recôncavo E&P	12/31/2022	100	6,561	26,842	5,671	21,171	15,844	6,052
Recôncavo America	12/31/2022	100	9,241	26,324	-	26,324	-	(609)
Potiguar E&P	12/31/2022	100	1,216,009	2,407,690	974,505	1,433,185	1,943,724	553,466
SPE Miranga	12/31/2022	100	381,536	1,953,215	1,134,459	818,756	1,185,362	396,069

Changes in investments	Recôncavo	Reconcavo America (ii)	Potiguar	SPE Miranga	SPE Tieta (v)	Total
Balance as at December 31, 2021	16,276	18,595	348,967	356,279	-	740,117
Equity in investments	6,052	1,478	553,466	396,069	-	957,065
Equity valuation adjustments	-	-	50,879	-	-	50,879
Capital increase (i)	-	-	594,000	37,435	-	631,435
Advance for future capital increase (iii)	-	-	(14,000)	103,176	-	89,176
Proposed minimum mandatory dividends	(1,157)	-	(100,127)	(74,203)	-	(175,487)
Balance as at December 31, 2022	21,171	20,073	1,433,185	818,756	-	2,293,185
Equity in investments	414	375	181,112	167,737	22,932	372,570
Equity valuation adjustment	-	-	148,878	-	-	148,878
Acquisition of SPE Tieta (iv)	-	-	-	-	650,347	650,347
Added value of SPE Tieta assets (iv)	-	-	-	-	146,664	146,664
Amortization of added value of SPE Tieta assets	-	-	-	-	(7,673)	(7,673)
Balance as at June 30, 2023	21,585	20,448	1,763,175	986,493	812,270	3,603,971

(i) Potiguar

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

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

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

Miranga

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

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

(ii) Equity in investments of the subsidiary Reconcavo America for the six-month period ended June 30, 2023 and for the year ended December 31, 2022 includes the elimination of a balance related to unrealized profits between related parties.

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

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

The Company is due to pay the second installment corresponding to 40% of the acquisition price, in the estimated amount of US$55.2 million within 6 (six) months from the date the transaction was concluded. In addition, sellers will be entitled to receive an earnout of up to US$ 36.1 million, according to rules and procedures provided for in the QPA, of which up to US$ 24.1 million are related to variations in the price of Brent Oil over the next three years. Payment will occur if the price of oil exceeds US$ 80.00 per barrel, and the maximum payment is reached if the price of oil exceeds US$ 90.00 per barrel. The remaining US$ 12.0 million will be subject to synergies with PetroReconcavo's potential new assets that may be acquired by the Company. As a guarantee of the fulfillment of certain obligations assumed by the sellers in the QPA, part of the proceeds from the transaction will be retained in an "escrow" account and may subsequently be released to sellers as provided for in the QPA. The acquired company currently holds a stake in six concession contracts, which include the Tartaruga Field, located in the Sergipe Basin, the Tiê Field and exploratory blocks located in the Recôncavo Basin. The acquired company is: (i) operator of the Tartaruga Field with a 75% stake in partnership with Petrobras, which owns the remaining 25%; and (ii) operator of the Tiê Field and exploratory blocks located in the Recôncavo Basil with 100% stake.

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

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

	SPE Tieta Ltda.
Assets	02/28/2023
Cash and cash equivalents	29,384
Recoverable taxes	32,154
Other current assets	8,107
PP&E and intangible assets	735,138
Other noncurrent assets	38,635
Liabilities	
Suppliers	(10,787)
Other current liabilities	(16,537)
Noncurrent liabilities	(19,084)
Total identifiable assets acquired and liabilities assumed at fair value.	797,011
Total consideration transferred (a)	797,011

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

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

6. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

6.1 Changes in PP&E and Intangible Assets

Company	Balance 12/31/2021	Additions	Write-offs	Transfers	Balance 12/31/2022	Additions	Write-offs	Transfers	Balance 06/30/2023
Cost -PP&E			(vi)				(vi)		
Land	80	-	-	-	80	-	-	-	80
Properties and constructions	9,165	868	-	-	10,033	-	-	187	10,220
Machinery and equipment	40,129	14,393	(306)	14,845	69,061	1,560	(24)	7,843	78,440
Furniture and fixtures	12,888	2,326	-	28	15,242	790	-	1,379	17,411
Vehicles	3,104	350	-	-	3,454	198	-	185	3,837
Computers and peripherals	2,900	743	(70)	30	3,603	598	(46)	1	4,156
Investment for increasing production and well drilling (i)	934,622	64,758	-	6,908	1,006,288	54,277	(564)	11,177	1,071,178
Provision for well abandonment	23,666	-	(8,010)	-	15,656	-	-	-	15,656
Oil and gas production rights (ii)	100,509	-	(4,880)	-	95,629	-	-	-	95,629
Advance for acquisition of oil and gas production rights (iii)	-	30,431	-	-	30,431	-	-	-	30,431
Capital asset inventories (iv)	43,735	140,944	(56,843)	(7,204)	120,632	59,119	(26,387)	(4,884)	148,480
Advance for acquisition of fixed assets	18,881	57,350	(10,959)	-	65,272	31,939	-	(50,548)	46,663
PP&E in progress (v)	8,569	53,317	-	(14,790)	47,096	71,755	(2,474)	34,660	151,037
Total	1,198,248	365,480	(81,068)	(183)	1,482,477	220,236	(29,495)	-	1,673,218
Depreciation, amortization and depletion									
Properties and constructions	(5,039)	(723)	-	-	(5,762)	(365)	-	-	(6,127)
Machinery and equipment	(14,001)	(5,945)	837	-	(19,109)	(3,972)	-	-	(23,081)
Furniture and fixtures	(7,675)	(1,118)	1	-	(8,792)	(617)	-	-	(9,409)
Vehicles	(1,958)	(246)	-	-	(2,204)	(162)	-	-	(2,366)
Computers and peripherals	(1,443)	(350)	68	-	(1,725)	(240)	40	-	(1,925)
Investment for increasing production and well drilling	(650,606)	(50,090)	-	-	(700,696)	(28,082)	-	-	(728,778)
Provision for well abandonment	-	(2,897)	-	-	(2,897)	(902)	-	-	(3,799)
Oil and gas production rights - Amortization	(75)	(6,055)	-	-	(6,130)	(2,704)	-	-	(8,834)
Total	(680,797)	(67,424)	906	-	(747,315)	(37,044)	40	-	(784,319)
Cost - Intangible assets									
Software	11,276	2,934	-	183	14,393	563	-	-	14,956
Amortization									
Software	(4,937)	(1,421)	-	-	(6,358)	(894)	-	-	(7,252)
Total PP&E and intangible assets	523,790	299,569	(80,162)	-	743,197	182,861	(29,455)	-	896,603

Consolidated	Balance 12/31/2021	Additions	Write-offs	Transfers	Balance 12/31/2022	SPE Tieta acquisition	Additions	Write-offs	Transfers	Balance 06/30/2023
Cost - PP&E			(vi)					(vi)		
Land	105	-	-	-	105	-	-	-	-	105
Properties and constructions	15,349	1,174	(7)	4,726	21,242	494	182	-	244	22,162
Machinery and equipment	44,800	21,934	(1,312)	18,031	83,453	27	3,679	(312)	8,207	95,054
Furniture and fixtures	19,743	4,494	(35)	(494)	23,708	320	1,501	(112)	1,348	26,765
Vehicles	3,933	1,890	-	-	5,823	558	198	(136)	185	6,628
Computers and peripherals	4,467	1,020	(70)	831	6,248	2,198	1,011	(46)	12	9,423
Investment for increasing production and well drilling (i)	1,133,212	482,759	-	163,151	1,779,122	872,413	284,820	(6,665)	113,574	3,043,264
Provision for well abandonment	69,588	25,710	(8,010)	-	87,288	549	-	(549)	-	87,288
Oil and gas production rights (ii)	2,899,035	-	(4,880)	-	2,894,155	24,099	-	-	-	2,918,254
Exploration expenses (vii)	-	3,766	-	-	3,766	10,493	1,773	(297)	130	15,865
Advance for acquisition of oil and gas production rights (iii)	-	30,431	-	-	30,431	-	-	-	-	30,431
Capital asset inventories (iv)	129,533	529,176	(137,130)	(157,457)	364,122	46,020	286,981	(79,618)	(75,603)	541,902
Advance for acquisition of fixed assets	27,252	76,136	-	(7,031)	96,357	-	58,525	(2,450)	(86,366)	66,066
PP&E in progress (v)	13,913	71,812	-	(21,940)	63,785	-	82,981	(2,672)	38,269	182,363
Total	4,360,930	1,250,302	(151,444)	(183)	5,459,605	957,171	721,651	(92,857)	-	7,045,570
Depreciation, amortization and depletion										
Properties and constructions	(6,846)	(791)	-	-	(7,637)	(468)	(585)	-	-	(8,690)
Machinery and equipment	(14,518)	(5,685)	1,638	-	(18,565)	(22)	(4,172)	13	-	(22,746)
Furniture and fixtures	(8,023)	(1,975)	36	-	(9,962)	(126)	(1,308)	-	-	(11,396)
Vehicles	(1,957)	(486)	-	-	(2,443)	(337)	(372)	107	-	(3,045)
Computers and peripherals	(5,168)	(603)	68	-	(5,703)	(1,267)	(644)	40	3,601	(3,973)
Investment for increasing production and well drilling	(698,563)	(150,427)	-	-	(848,990)	(219,898)	(141,793)	-	-	(1,210,681)
Provision for well abandonment	(7,692)	(13,013)	-	-	(20,705)	-	(3,725)	-	-	(24,430)
Oil and gas production rights - Amortization	(267,741)	(160,491)	-	-	(428,232)	-	(80,165)	-	-	(508,397)
Total	(1,010,508)	(333,471)	1,742	-	(1,342,237)	(222,118)	(232,764)	160	3,601	(1,793,358)
Cost - Intangible assets										
Software	12,008	3,025	(172)	183	15,044	1,038	588	-	-	16,670
Amortization										
Software	(1,565)	(1,556)	74	-	(3,047)	(953)	(977)	-	(3,601)	(8,578)
Total PP&E and intangible assets	3,360,865	918,300	(149,800)	-	4,129,365	735,138	488,498	(92,697)	-	5,260,304

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

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

PetroReconcavo – Remanso Cluster

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

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

Recôncavo – Remanso Cluster

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

Potiguar – Riacho da Forquilha Cluster

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

SPE Miranga – Miranga Cluster

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

(iii) The amounts added in 2022 under “advance for acquisition of oil and gas production rights” refer to advance requested by Petróleo Brasileiro S.A. – Petrobras to begin the negotiation phase of the terms and conditions for the potential acquisition of total equity interest of Petrobras in the concession of a set of onshore E&P and associated facilities (Bahia Terra Cluster), located in the Recôncavo and Tucano Basins, state of Bahia, Brazil.

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

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

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

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

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

6.2 Assets pledged as collateral

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

6.3 Impairment of PP&E

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

7. SUPPLIERS

	Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
In local currency	78,590	74,054	339,123	336,451
In foreign currency	9,935	10,579	33,717	14,450
Related parties (Note 15)	25,047	21,797	1,987	1,251
Total	113,572	106,430	374,827	352,152

8. LOANS AND FINANCING

Loan position	Company and Consolidated	
	06/30/2023	12/31/2022
FINEP	-	331
Bank loans	624,608	670,168
Costs to amortize	(15,993)	(14,918)
Total	608,615	655,581
Total current	59,608	14,011
Total noncurrent	549,007	641,570

8.1 Changes in loans and financing

Changes in loans	Company	Consolidated
Balance as at December 31, 2021	1,511	741,291
Additions	658,438	658,438
Borrowing costs	(14,918)	(14,918)
Payment of principal	(1,317)	(704,675)
Interest paid	(81)	(41,581)
Accrued interest	12,995	45,722
Amortization of borrowing costs	65	21,874
Foreign exchange variation	(1,112)	(50,570)
Balance as at December 31, 2022	655,581	655,581
Payment of principal	(331)	(331)
Interest paid	(22,377)	(22,377)
Accrued interest	26,614	26,614
Foreign exchange variation	(50,872)	(50,872)
Balance as at June 30, 2023	608,615	608,615

Loans per currency	Company		Consolidated	
	R$	US$	R$	US$
Laon analysis per currency				
December 31, 2022:				
FINEP	304	-	304	-
Bank loans	-	125,587	-	125,587
As at June 30, 2023:				
Bank loans	-	126,290	-	126,290

The maturities of noncurrent loans are demonstrated below

Noncurrent loans	Company and Consolidated
2024	41,465
2025	81,883
2026	81,748
2027+	343,911
Total	549,007

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

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

The financing will have maturities in 60 months as of the signature date of the "Credit Agreement" payable in 9 semester installments as of the 18th month (inclusive) and a balloon portion of 50% of the loan volume at the date of maturity and interest remuneration, as of the disbursement, corresponding to the Term SOFR reference rate for 6 months, plus 3.70% per year.

Operational subsidiaries also take part in the contract as guarantors.

Described below are the financing covenants:

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

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

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

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

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

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

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

9. INCOME TAX AND SOCIAL CONTRIBUTION

9.1 Income tax and social contribution on net income

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

	Company		Consolidated	
	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Net income (loss) before IR and CSLL	181,506	155,291	229,444	167,910
Combined IR and CSLL rates	34%	34%	34%	34%
IR and CSLL at statutory rates	(61,712)	(52,799)	(78,011)	(57,089)
Equity in investments (a)	54,152	15,015	-	-
Rate difference in deferred taxes (b)	6,624	10,961	13,189	(4,809)
Other	2,948	(2,898)	3,950	(2,396)
Deemed ICMS credit	(2,691)	-	(6,268)	-
Reduction - tax incentive	(3,186)	5,461	15,337	27,415
Income tax and social contribution	(3,865)	(24,260)	(51,803)	(36,879)

	Company		Consolidated	
	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022
Net income (loss) before IR and CSLL	376,017	554,277	466,658	698,572
Combined IR and CSLL rates	34%	34%	34%	34%
IR and CSLL at statutory rates	(127,846)	(188,454)	(158,664)	(237,514)
Equity in investments (a)	126,674	154,747	-	-
Rate difference in deferred taxes (b)	3,006	(3,747)	8,834	5,416
Other	1,982	1,447	6,274	1,955
Deemed ICMS credit	(2,679)	-	(6,256)	-
Reduction – tax incentives	-	14,599	60,308	64,440
Income tax and social contribution	1,137	(21,408)	(89,504)	(165,703)

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

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

9.2 Deferred Income Tax and Social Contribution

	Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Assets				
Provision for well abandonment	2,718	2,011	9,608	6,513
Derivative financial instruments	-	-	55,087	131,781
ax loss/tax loss carryforwards	29,702	13,472	48,520	13,472
Unrealized foreign exchange variation	-	-	865	15
Provisions and other temporary differences	29,527	17,932	110,627	45,764
Total	61,947	33,415	224,707	197,545
Liabilities				
CPC adoption (PP&E) (a)	3,834	4,116	3,901	4,188
Accelerated depletion	24,949	-	150,844	20,968
Unrealized foreign exchange variation	3,917	1,189	19,791	10,572
Total	32,700	5,305	174,536	35,728
Total deferred IR and CSLL	29,247	28,110	50,171	161,817
Total deferred tax assets	29,247	28,110	61,968	167,840
Total deferred tax liabilities	-	-	11,797	6,023

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

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

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

	Company	Consolidated
2023	32,940	98,332
2024	9,905	64,880
2025	9,905	23,147
2026	4	270
2027 onward	9,193	38,078
Total	61,947	224,707

10. AMOUNTS PAYABLE FOR ACQUISITIONS

	Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Current				
SPE Tieta				
Amortized cost	266,020	-	266,020	-
Fair value through profit or loss (FVTPL)	7,084	-	7,084	-
Potiguar Cluster				
Amortized cost	-	-	112,112	156,482
Miranga Cluster				
Amortized cost	-	-	98,561	105,919
Fair value through profit or loss (FVTPL)	-	-	132,528	143,485
Total current	273,104	-	616,305	405,886
Noncurrent				
Miranga cluster				
Amortized cost	-	-	197,614	212,368
Fair value through profit or loss (FVTPL)	-	-	144,576	300,018
Total noncurrent	-	-	342,190	512,386
Total	273,104	-	958,495	918,272
Total in US$	56,670	-	201,808	179,432

Changes in amounts payable for acquisitions	Company	Consolidated
Balance as at December 31, 2021	27,903	1,263,049
Accrued interest	1,328	7,672
Interest paid	(1,374)	(3,102)
Foreign exchange variation	(1,643)	(75,393)
Payment	(26,214)	(273,954)
Balance as at December 31, 2022	-	918,272
Additions	295,372	295,371
Accrued interest	-	2,303
Foreign exchange variation	(22,268)	(81,748)
Payment	-	(175,703)
Balance as at June 30, 2023	273,104	958,495

a) SPE Tiêta

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

Amortized cost:

The outstanding amount of amortized costs represents the residual 40% of the compensation payable in August 2023, net of eventual contractual adjustments.

Fair value through profit or loss (FVTPL):

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

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

b) Potiguar Cluster

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

The subsidiary should pay Petrobras, on such date, a remaining balance corresponding to 16% of the adjusted acquisition value, or approximately US$56.0 million, contingent to the extension of the concessions of eleven of the 34 fields acquired.

The process for extending concessions involves filing Development Plans with ANP showing a viable investment and production plan beyond the current contractual period. On March 5, 2020, Potiguar filed with the ANP the Development Plans for the eleven fields listed above. The assessment process of the extension requests is managed by ANP's Development and Production Authority, which judges the development strategy presented, the physical and financial calendar of the production development projects, the increase in production capacity of the facilities, financial provisions for decommissioning and abandonment of facilities, among other issues.

As described under Note 3 to the financial statements as at December 31, 2021 Management understood that such renewals would be approved and, accordingly, registered in 2021 the amount of R$313,805 under current liabilities. This amount refers to the total amount of the installment. The Purchase and Sales Contract for the acquisition, signed with Petrobras, does not provide for any adjustment to this value.

During 2022, the subsidiary disbursed approximately US$31 million in relation to the extension of concessions Lorena, Baixa do Algodão, Boa Esperança, Fazenda Malaquias, Leste de Poço Xavier Brejinho, Cachoeirinha, Fazenda Curral and Pajeú. In the three-month period ended March 31, 2023 the subsidiary disbursed approximately US$ 6 million in relation to the concession extension of the Livramento field.

As at June 30, 2023 the remaining balance corresponds to 6.5% of the adjusted acquisition value related to the renewal of the concession of the Riacho da Forquilha field.

c) Miranga Cluster

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

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

Amortized cost:

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

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

Fair value through profit or loss (FVTPL):

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

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

11.1 Probable loss

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

Probable loss prognosis	Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Labor claims	1,769	2,265	3,367	2,600
Tax claims	1,200	1,126	1,200	1,126
Regulatory claims	-	-	650	-
Total	2,969	3,391	5,217	3,726

The Company is a party to 105 labor claims (63, as at December 31, 2022), of which 40 are assessed as of probable loss (30 as at December 31, 2022). Most of these labor claims are related to third-party companies, in which PetroRecôncavo appears as a jointly and severally liable party. The increase in the number of labor claims refers, mainly, to the acquisition of SPE Tieta and the labor claims related to this subsidiary, as demonstrated below:

Changes in provisions	Company	Consolidated
Balance as at December 31, 2021	3,443	3,443
Recognized provisions	745	1,080
Reversed provisions	(762)	(762)
Payments made	(35)	(35)
Balance as at December 31, 2022	3,391	3,726
Acquisition of SPE Tieta	-	1,844
Recognized provision	129	198
Reversed provision	(551)	(551)
Balance as at June 30, 2023	2,969	5,217

11.2 Possible loss

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

Possible loss prognosis	Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Tax claims	41,658	38,956	43,399	40,882
Labor claims	1,740	1,393	8,856	1,393
Regulatory claims	1,111	2,273	12,793	7,486
Civil claims	1,392	1,390	1,585	1,405
Total	45,901	44,012	66,633	51,166

Tax claims comprise sundry claims involving mainly federal taxes.

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

Regulatory claims are comprised of sundry claims involving regulatory bodies.

12. PROVISION FOR WELL ABANDONMENT

Changes in provision for well abandonment	Company	Consolidated
Balance as at December 31, 2021	35,920	85,114
Recognized provision	-	25,710
Adjustment	4,573	10,797
Reversal	(8,010)	(8,010)
Balance as at December 31, 2022	32,483	113,611
Acquisition Tieta	-	2,390
Adjustment	2,082	6,644
Write-off	-	(360)
Balance as at June 30, 2023	34,565	122,285
Total current liabilities	-	12,102
Total noncurrent liabilities	34,565	110,183

13. DERIVATIVE FINANCIAL INSTRUMENTS

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

Financial instruments	Consolidated	
	06/30/2023	12/31/2022
Derivative financial liabilities		
Commodity forward contracts - current liabilities	(142,384)	(285,183)
Commodity forward contracts - noncurrent liabilities	(19,635)	(102,409)
Total	(162,019)	(387,592)

Changes in financial instruments	Consolidated
Balance as at December 31, 2021	(464,684)
Fair value of financial instruments before settlement	(443,631)
Settlement of derivative contracts	443,631
Fair value of unrealized financial instruments	77,092
Balance as at December 31, 2022	(387,592)
Fair value of financial instruments before settlement	(131,754)
Settlement of derivative contracts	131,754
Fair value of unrealized financial instruments	225,573
Balance as at June 30, 2023	(162,019)

Regarding the hedge effectiveness requirements, Management concludes that:

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

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

14. NET EQUITY

14.1 Share capital

As at June 30, 2023 the subscribed and paid-in capital is of R$2,904,646 (R$2,903,102 as at December 31, 2022, of which R$ 259 are still to be paid-in). This capital is represented by 293,202,070 (two hundred and ninety-three million, two hundred and two thousand and seventy) common shares (293,056,784 as at December 31, 2022), all non-par, registered and book-entry.

Of the subscribed and paid-in capital, costs with the issue of the shares of the IPO in May 2021 and of its follow-on offering of June 2022, were deducted. These costs reached a total of R$113,140 and were recorded net of the effect of taxes of R$38,468 in a net amount of R$74,673. As at June 30, 2023 the subscribed and paid-in capital, net of costs for issuing the shares, amounted to R$2,829,973 (R$2,828,170 as at December 31, 2022).

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

Shareholder	PetroReconcavo S.A.	
	06/30/2023	12/31/2022
Funds managed by Opportunity	63,930,089	63,930,089
PetroSantander Luxembourg Holdings S.a.r.l.	57,536,716	67,536,716
Eduardo Cintra Santos	16,527,177	14,749,105
Perbras - Empresa Brasileira de Perfurações Ltda	12,523,304	12,523,304
Other shareholders	142,684,784	134,317,570
Total	293,202,070	293,056,784
Treasury shares	(295,091)	(282,244)
Total shares, net	292,906,979	292,774,540

In the six-month period ended June 30, 2023 the Company bought-back 200,000 shares (in 2022 the Company bought-back 345,000 shares) and delivered or sold zero 187,153 (2022, 205,765) common shares to executives and key-collaborators of the Company, as part of the share-based compensation plan.

As at June 30, 2023 the Company held 295,091 common shares in treasury (282,244 as at December 31, 2022) at the average price of R$22.49, totaling R$6,638 (R$6,793 as at December 31, 2022).

a) Changes in share capital

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

Event	Meeting	Date	Shares	Amount
Balance		12/31/2021	248,517,120	1,863,916
Capital increase	Executive Committee Meeting	02/25/2022	17,968	189
Capital increase	Executive Committee Meeting	04/06/2022	45,000	333
Capital increase	Executive Committee Meeting	06/14/2022	44,000,000	1,034,000
Capital increase	Executive Committee Meeting	09/02/2022	48,972	516
Capital increase	Executive Committee Meeting	09/29/2022	101,636	1,028
Capital increase	Executive Committee Meeting	10/27/2022	248,238	2,461
Capital increase	Executive Committee Meeting	12/12/2022	42,850	400
Capital increase	Executive Committee Meeting	12/22/2022	35,000	259
Balance		12/31/2022	293,056,784	2,903,102
Capital increase	Executive Committee Meeting	01/25/2023	114,000	1,220
Capital increase	Executive Committee Meeting	03/02/2023	13,018	135
Capital increase	Executive Committee Meeting	05/25/2023	18,268	189
Balance		06/30/2023	293,202,070	2,904,646

14.2 Capital reserve and profit reserve – Tax incentives

a) Exploration profit

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

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

b) Deemed ICMS credit

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

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

14.3 Reserve account for reinvestment and expansion

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

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

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

14.4 Legal reserve

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

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

14.5 Earnings per share

	PetroReconcavo S.A.	
	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Net income	177,641	131,031
Weighted average of shares issued	292,797,220	256,256,752
Basic earnings per share - R$	0.607	0.511
Weighted average of shares and stock options issued	293,088,317	257,161,757
Diluted earnings per share - R$	0.606	0.510

	PetroReconcavo S.A.	
	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022
Net income	377,154	532,869
Weighted average of shares issued	292,821,233	252,341,092
Basic earnings per share - R$	1.288	2.112
Weighted average of shares and stock options issued	293,136,056	253,272,557
Diluted earnings per share - R$	1.287	2.104

14.6 Proposed dividends and interest on own capital

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

a) Calculation of dividends

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

(i) Proposed additional dividends are subject to approval of a shareholders' meeting and were not included as a liability in these financial statements. Proposed additional dividends are included under net equity, in a specific account, in compliance with ICPC 08 (R1) up until such time as the definitive deliberation by the shareholders of the Company.

b) Changes in dividends:

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

14.7 Share-based compensation

a) Deferred shares

i) Extraordinary benefits and annual target benefits (2020)

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

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

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

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

	Quantity	Grant date	Validity	Fair value of the plan	Vested 06/30/2023	Vested 12/31/2022
Extraordinary benefit – 3rd installment (a)	-	06/25/2021	06/25/2023	3,926	-	2,838
Extraordinary benefit – 4th installment	200,402	06/25/2021	06/25/2024	3,926	2,466	1,802
Annual target benefit - 2020	233,064	06/25/2021	06/25/2024	4,566	2,867	1,985
ILP 2022 - Retention tranche Lot I (b)	69,965	05/31/2022	05/31/2023	2,020	1,933	1,127
ILP 2022 - Retention tranche Lote II	104,949	05/31/2022	05/31/2024	3,009	1,374	801
ILP 2022 - Retention tranche Lote III	174,932	05/31/2022	05/31/2025	4,986	1,445	843
ILP 2022 -TSR Tranche R$	174,907	05/31/2022	05/31/2025	7,950	2,304	1,344
ILP 2022 -TSR Tranche US$	174,908	05/31/2022	05/31/2025	7,518	2,179	1,271
ILP 2023 - Retention tranche Lote I	58,763	04/17/2023	04/17/2024	1,264	201	-
ILP 2023 - Retention tranche Lote II	88,144	04/17/2023	04/17/2025	1,892	144	-
ILP 2023 - Retention tranche Lote III	146,908	04/17/2023	04/17/2026	3,148	152	-
ILP 2023 - TSR Tranche R$	146,907	04/17/2023	04/17/2026	3,641	176	-
ILP 2023 - TSR Tranche US$	146,908	04/17/2023	04/17/2026	3,144	151	-
Total	1,720,756			54,916	15,392	12,011

(a) Portion delivered to the beneficiary.
(b) These shares were delivered in July 2023.

b) Stock options

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

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

Stock option series issue date	Residual quantity of options	Grant date	Validity date	Strike price R$	Fair value on grant date R$
10/10/2013	19,528	10/10/2013	10/09/2023	20.73	15.84
08/20/2014	81,000	08/20/2014	08/19/2024	21.41	16.99
05/13/2016	39,500	05/13/2016	05/12/2026	14.81	11.93

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

In the six-month period ended June 30, 2023 there were 145,286 options exercised (2022, 269,832) and zero option were cancelled (2022, zero). The Company received, in 2023, R$ 1,546 (2022, R$4,926) in relation to the exercise of these options and there is no balance, by way of subscribed capital to be paid-in. No options expired during the six-month period ended June 30, 2023 and for the year ended December 31, 2022.

As at June 30, 2023 the effect on profit or loss, net of the delivery of shares, was of R$ 3,381 (R$ 1,230 as at June 30, 2022) and as at March 31, 2023 it was of R$ 3,482 (R$ 2,009 as at March 31, 2022).

14.8 Equity valuation adjustments

In the six-month period ended June 30, 2023, the subsidiary Potiguar recognized the effective portion of the changes in the fair value of derivatives, net of taxes, which are designated and qualified as cash flow hedges, totaling R$ 148,878 (R$50,879 as at December 31, 2022).

15. RELATED PARTIES

Balance	Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Other assets:				
Subsidiaries (a)	130,075	98,562	-	-
PERBRAS Group (b)	5	5	5	5
Other	8	14	-	-
Total other assets	130,088	98,581	5	5
Dividends payable	-	106,416	-	106,416
Dividends receivable:				
Subsidiaries	179,502	179,502	-	-
Total dividends receivable	179,502	179,502	-	-
Suppliers				
Subsidiaries	23,944	21,034	-	-
PERBRAS Group	1,103	720	1,987	1,208
PetroSantander Group (c)	-	43	-	43
Total suppliers	25,047	21,797	1,987	1,251

Transactions	Company		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Subsidiaries (a)	59,575	14,349	-	-
PERBRAS Group (b)	(4,570)	(3,876)	(7,619)	(9,838)
PetroSantander Group (c)	(269)	(240)	(269)	(240)
Apportionment (d)	58,066	39,043	-	-
Total	112,802	49,276	(7,888)	(10,078)

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

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

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

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

a) Key-management compensation

	Company		Consolidated	
	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022
Benefits - Board of Directors (a)	3,531	2,360	3,547	2,375
Benefits - Executive Committee (a)	2,264	2,187	2,264	2,187
Other benefits (b)	121	132	121	132
Profit sharing	3,753	2,205	3,753	2,205
Share-based compensation (c)	3,334	4,538	3,334	4,538
Subtotal	13,003	11,422	13,019	11,437
Social charges (d)	1,621	3,107	1,624	3,110
Total	14,624	14,529	14,643	14,547

	Company		Consolidated	
	04/01/2023 a 06/30/2023	04/01/2022 a 06/30/2022	04/01/2023 a 06/30/2023	04/01/2022 a 06/30/2022
Benefits – Board of Directors (a)	1,695	1,101	1,704	1,111
Benefits – Executive Committee (a)	1,184	1,089	1,184	1,089
Other benefits (b)	61	73	61	73
Profit sharing	2,023	1,194	2,023	1,194
Share-based compensation (c)	1,313	2,812	1,313	2,812
Subtotal	6,276	6,269	6,285	6,279
Social charges (d)	900	2,132	901	2,134
Total	7,176	8,401	7,186	8,413

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

The compensation of the Executive Committee is determined by the shareholders. On April 26, 2023 the shareholders defined, in an Extraordinary Shareholders' Meeting, maximum compensation for 2023 in the amount of R$33,198 (R$25,426, 2021), excluding social obligations, which is the responsibility of the employer.

16. RIGHTS AND COMMITMENTS TOWARDS ANP

The Group is a concessionaire to 60 oil fields subdivided among the Remanso, Potiguar and Miranga Clusters, as well as having rights to exploratory blocks in the Potiguar Cluster, as described under Note 1. Under the terms of the mentioned concession contracts, in the case of discovering and evidencing commercially viable fields, the Company is guaranteed the rights to develop and produce, over a 27-year period, oil and natural gas that may be ringfenced within the boundaries of these blocks. There are no price restrictions on the sale of products resulting from the exploitation of these areas.

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

Participation	Details
Royalties and payment to landowners.	Royalties are equivalent to a percentage of 7.5% up to 10% applied on the gross production of oil and/or natural gas, from the date of the beginning of the commercial production of the Concession Area (June 30, 2023, R$ 96,573 and June 30, 2022, R$ 112,663). 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 (June 30, 2023, R$ 15,724 and June 30, 2022, R$ 15,271)
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.

17. SALES REVENUE, NET

17.1 Breakdown of revenue

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

	Company		Consolidated	
	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Gross revenue				
Sale of oil	93,272	157,256	594,264	699,277
Sale of gas and by-products	19,031	18,879	282,286	329,303
Hedge contracts	-	-	(60,286)	(130,361)
Total	112,303	176,135	816,264	898,219
(-) Deductions on revenue	(11,535)	(15,871)	(157,950)	(207,210)
Net revenue	100,768	160,264	658,314	691,009

	Company		Consolidated	
	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022
Gross revenue:				
Sale of oil	207,957	306,513	1,172,942	1,334,438
Sale of gas and by-products	35,522	45,667	665,063	655,437
Hedge contracts	-	-	(131,754)	(215,591)
Total	243,479	352,180	1,706,251	1,774,284
(-) Deductions on revenue	(25,010)	(37,459)	(328,725)	(379,799)
Net revenue	218,469	314,721	1,377,526	1,394,485

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

	Company		Consolidated	
	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Acquisition / Swap of gas	(204)	(4,540)	(15,881)	(34,133)
Gas outflow	(1,353)	-	(6,828)	(2,580)
Gas processing	(3,262)	-	(48,835)	(24,127)
Gas transportation	(2,999)	(2,064)	(35,425)	(33,506)
Depletion, depreciation and amortization	(20,805)	(16,464)	(137,008)	(81,511)
Depreciation of lease operations	(3,922)	(1,112)	(8,178)	(3,597)
Materials and services	(30,631)	(36,911)	(99,298)	(65,115)
Personnel	(21,769)	(15,804)	(66,633)	(54,872)
Royalties	(8,805)	(13,682)	(62,951)	(64,776)
Electric power	(9,182)	(7,678)	(20,081)	(15,963)
Other	5,322	(2,284)	16,856	(16,066)
Total	(97,610)	(100,539)	(484,262)	(396,246)
Cost of products sold	(94,420)	(97,515)	(472,834)	(367,690)
General and administrative	(14,712)	(4,403)	(35,741)	(23,913)
Other income (expenses), net	11,522	1,379	24,313	(4,643)
Total	(97,610)	(100,539)	(484,262)	(396,246)

	Company		Consolidated	
	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022
Acquisition / Swap of gas	(9,658)	(10,186)	(74,357)	(68,591)
Gas outflow	(1,562)	-	(11,023)	(5,000)
Gas processing	(4,213)	-	(86,023)	(45,799)
Gas transportation	(5,787)	(3,947)	(77,927)	(63,535)
Depletion, depreciation and amortization	(37,938)	(31,792)	(233,741)	(146,470)
Depreciation of lease operations	(7,006)	(3,818)	(15,368)	(8,570)
Materials and services	(80,990)	(71,457)	(193,734)	(125,070)
Personnel	(51,905)	(32,092)	(132,621)	(102,909)
Royalties	(15,426)	(30,486)	(112,297)	(127,934)
Electric power	(18,016)	(16,831)	(39,214)	(35,011)
Other	11,169	2,878	3,744	(26,026)
Total	(221,332)	(197,731)	(972,561)	(754,915)
Cost of products sold	(208,482)	(195,836)	(915,097)	(701,555)
General and administrative	(38,129)	(11,723)	(81,581)	(45,701)
Other income (expenses), net	25,279	9,828	24,117	(7,659)
Total	(221,332)	(197,731)	(972,561)	(754,915)

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19. FINANCIAL INCOME (EXPENSES)

	Company		Consolidated	
	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Financial income				
Interest and returns, net	7,502	4,001	14,872	6,337
Foreign exchange gain	47,010	51,419	83,742	64,371
Total financial income	54,512	55,420	98,614	70,708
Financial expenses:				
Interest on loans	(14,364)	(79)	(14,527)	(8,646)
Other interest	(1,369)	(1,907)	(5,331)	(10,126)
Foreign exchange loss	(19,136)	(2,676)	(22,105)	(171,351)
Bank charges and other expenses	(565)	(500)	(1,259)	(7,438)
Total financial expenses	(35,434)	(5,162)	(43,222)	(197,561)
Total	19,078	50,258	55,392	(126,853)

	Company		Consolidated	
	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022
Financial income:				
Interest and returns, net	9,840	7,364	25,760	10,622
Foreign exchange gain	71,955	1,901	131,291	123,280
Total financial income	81,795	9,265	157,051	133,902
Financial expenses:				
Interest on loans	(31,930)	(437)	(32,675)	(22,555)
Other interest	(2,523)	(3,617)	(10,203)	(13,218)
Foreign exchange loss	(40,431)	(21,828)	(49,787)	(25,508)
Bank charges and other expenses	(601)	(1,234)	(2,693)	(13,619)
Total financial expenses	(75,485)	(27,116)	(95,358)	(74,900)
Total	6,310	(17,851)	61,693	59,002

20. FINANCIAL INSTRUMENTS

20.1 Capital risk management

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

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

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

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

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

20.2 Category of financial instruments and fair value hierarchy

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

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

	Notes	Company		Consolidated	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
Financial assets					
Amortized cost (i)					
Cash and cash equivalents	3	17,101	83,601	89,760	361,028
Short-term investments	3	439,979	1,233,639	695,724	1,250,163
Trade receivables	4	41,187	56,166	356,446	440,097
Dividends receivable	15	179,502	179,502	-	-
Financial liabilities					
Amortized cost (i)					
Suppliers	7	113,572	106,430	374,827	352,152
Loans and financing	8	608,615	655,581	608,615	655,581
Dividends payable	14	-	106,416	-	106,416
Payables for acquisitions	10	273,104	-	674,307	474,769
Fair value through other comprehensive income (FVOCI) (ii)					
Derivative financial instruments	13	-	-	162,019	387,592
Fair value through profit or loss (FVTPL) (ii)					
Payables for acquisitions	10	-	-	277,104	443,503

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

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

20.3 Financial risk management

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

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

Risk management structure

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

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

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

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

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

a) Credit risk

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

i) Cash equivalents

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

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

ii) Trade receivables

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

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

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

In June 2023, around 54.2% of the revenue of the Group was concentrated with one customer, Petrobras. However, with the change of operator of the Potiguar Clara Camarão refinery in the month of June 2023, the subsidiary Potiguar ceased selling oil produced to Petrobras. With this change of operator, there was a decrease in credit concentration risk.

b) Liquidity risk

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

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

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

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

Maturity	2023	2024	2025	2026	2027+	Total
Loans and financing	23,086	128,890	119,656	112,755	366,971	751,358
Derivative financial instruments	91,893	74,463	-	-	-	166,356
Payables for acquisitions	484,513	340,659	153,448	-	-	978,620

c) Market Risk

i) Foreign exchange risk

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

In relation to costs of the Company, most were denominated in Brazilian reais. Furthermore, the subsidiary of the Company located in the United States of America, Reconcavo America LLC, has some financial assets in U.S. dollars (bank deposits), which are translated into Brazilian reais on the reporting date.

The Company, on September 27, 2022 obtained a loan in U.S. dollars with the purpose and details already described under the section Loans and Financing.

The Group has registered, in the item payables for acquisitions, deferred/contingent installments for the acquisition of assets in amounts indexed to the U.S. dollar. The Company recognized US$56,670, while at Potiguar E&P and SPE Miranga, the amounts of US$56,232 and US$165,100, respectively, have been recognized. Presently the remaining balance in U.S. dollars, updated with the contractually provisioned interest, is of US$ 56,670, US$ 26,181 and US$ 118,957, respectively.

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

	Company					
As at 06/30/2023 - Balance	Risk	Rate (a)	Exposure in foreign currency - R$	Probable	Scenario A 25% (b)	Scenario B 50% (b)
Assets						
Short-term investments	US$ appreciation	5.0094	412,033	428,291	515,040	618,048
Liabilities						
Payables for acquisitions	US$ appreciation	5.0094	273,104	283,881	341,380	409,656
Loans and financing	US$ appreciation	5.0094	624,608	649,254	780,759	936,911
Net effect on income (loss)				(19,165)	(121,420)	(242,840)

	Consolidated					
As at 06/30/2023 - Balance	Risk	Rate (a)	Exposure in foreign currency - R$	Probable	Scenario A 25% (b)	Scenario B 50% (b)
Assets						
Short-term investments	US$ appreciation	5.0094	473,868	492,566	592,334	710,801
Liabilities						
Payables for acquisitions	US$ appreciation	5.0094	958,495	996,317	1,198,119	1,437,743
Loans and financing	US$ appreciation	5.0094	624,608	649,254	780,759	936,911
Net effect on income (loss)				(43,770)	(277,309)	(554,618)

(a) The translation rate (R$ to US$) used in the sensitivity tables as the probable scenario was obtained from the Central Bank of Brazil (BACEN) and corresponds to the U.S. dollar rate in the Market Expectation System for June 2024. As at June 30, 2023 the rate was of R$4.8192.

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

Sensitivity analyses consider the worst net scenario (dollar appreciation or depreciation) among financial assets and liabilities.

ii) Interest rate risk

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

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

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

As at 06/30/2023 - Balance	Risk	Rate (a)	Accounting scenario	Probable Scenario	Scenario A 25% (b)	Scenario B 50% (b)
			Company			
Assets						
Short-term investments	CDI depreciation	11.79%	27,945	31,240	30,417	29,593
Effect on income (loss)				(547)	(1,371)	(2,195)
Liabilities						
Short-term investments	Alta da SOFR	5.369%	624,608	639,821	646,590	654,464
Effect on income (loss)				(1,105)	(7,874)	(15,748)

As at 06/30/2023 - Balance	Risk	Rate (a)	Accounting scenario	Probable	Scenario A 25% (b)	Scenario B 50% (b)
			Consolidated			
Assets						
Short-term investments	CDI depreciation	11.79%	221,856	248,018	241,478	234,937
Effect on income (loss)				(4,343)	(10,883)	(17,424)
Liabilities						
Short-term investments	SOFR appreciation	5.369%	624,608	639,821	646,590	654,464
Effect on income (loss)				(1,105)	(7,874)	(15,748)

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

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

iii) Commodity price risk

During the six-month period ended June 30, 2023, 75% of the Company's gross operating revenue was directly linked to the price of the Brent Oil, the quotations of which are freely trated in foreign markets (74% as at June 30, 2022).

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

As a means of hedging against the volatilities of the oil market, the Company entered into several hedge contracts, having hedged a volume of over 896 thousand barrels (34% of net oil production for the period) as at June 30, 2023 (June 30, 2022, 993 thousand barrels, 45% of net production of oil for the period) at an average price of US$51.17/bbl as at June 30, 2023 (US$56.61/bbl as at June 30, 2022).

	Risk	Price (a)	Accounting scenario	Probable	Scenario A 25% (b)	Scenario B 50% (b)
			Consolidated			
Gross operating income - Oil	Brent depreciation	74.45	1,172,942	1,144,122	863,017	546,657
Gross operating income - Gas	Brent depreciation	74.45	246,073	229,475	184,555	123,037
Financial instruments - Hedge	Brent depreciation	74.45	(131,754)	(104,783)	(38,310)	52,726
Total			1,287,260	1,268,814	1,009,262	722,419
Probable effect on income (loss)				(18,447)	(277,998)	(564,841)

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

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

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

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

Consolidated			
Hedge instrument contracts outstanding	Average strike price	Quantity	Fair value of hedge instruments
	06/30/2023	06/30/2023	06/30/2023
	US$/barrel	In barrels	R$ thousand
Under 3 months	51.90	453,000	(50,587)
From 3 to 6 months	55.77	446,750	(40,135)
From 6 to 12 months	57.45	680,750	(51,662)
From 1 to 2 years	59.66	331,500	(19,635)

21. INSURANCE COVERAGE

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

Company Modalities	Currency	Risk amount		Maximum Indemnifiable amount	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
Environmental risks	US$	6,050	6,050	6,050	6,050
Material damages	US$	45,543	45,543	25,100	45,543
Civil responsibilities	US$	3,000	3,000	3,000	3,000
Corporate D&O	R$	120,000	120,000	120,000	120,000

Consolidated Modalities	Currency	Risk amounts		Maximum Indemnifiable amount	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
Environmental risks	US$	6,050	6,050	6,050	6,050
Material damages	US$	164,273	45,543	25,100	25,100
Civil responsibilities	US$	3,000	3,000	3,000	3,000
Corporate D&O	R$	120,000	120,000	120,000	120,000
Credit risks	R$	1,920,000	-	320,000	-

22. SEGMENT INFORMATION

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

The information reported to the Company's management (chief operating decision maker) for purposes of resource allocation and performance assessment is reviewed monthly using management results reports 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 six-month period ended June 30, 2023 and 2022, the Company carried out the following transactions not involving cash; therefore, these are not reflected in the statements of cash flows.

	Company		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Additions for new IFRS 16 contracts	14,267	3,583	16,004	18,154
Subtotal	14,267	3,583	16,004	18,154
Increase in assets (liabilities) with amounts payable for acquisitions - Acquisition of SPE Tieta (a):	295,372	-	295,372	-
Subtotal	295,372	-	295,372	-
Total	309,639	3,583	311,376	18,154

(a) Under consolidated, refers to increase of assets and liabilities.

24. SUBSEQUENT EVENTS

Signature of financing contract for settlement of the second installment for the acquisition of SPE Tieta

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

The loan has a 36-month maturity as of the date of signature, with a grace period of one year to begin amortization, payable in 9 quarterly installments as of the 12th month (inclusive) and a balloon portion of 50% of the loan volume at the date of maturity. Interest remuneration shall be paid quarterly, as of disbursement, corresponding to the Term SOFR reference rate for 3 months, plus 3.80% per year.

This loan has corporate purposed in general, mainly for the payment of the second installment related to the acquisition of SPE Tiêta Ltda. (previously Maha Energy Brasil Ltda.).

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

Dissolution of Reconcavo America

On July 24, 2023, in the scope of the corporate reorganization, the Company dissolved its subsidiary Reconcavo America in compliance to what was established in the Executive Committee Meeting of September 2, 2022. Residual assets were transferred to the Company.