

EARNINGS RELEASE

First Quarter 2023

1Q23 Results Conference Call

Monday, May 15, 2023

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 **PetroReconcavo**

1Q23 Highlights

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Mata de São João, May 12, 2023. (PetroReconcavo S.A. ("PetroReconcavo" or "Company") (B3: RECV3) today announces its results for the first quarter of 2023(1Q23). The following information is presented in a consolidated manner, in thousands of Brazilian Reais (R\$), in accordance with International Financial Statements Standards (IFRS) and with the accounting standards adopted in Brazil, unless otherwise stated.

1Q23 Highlights

- Conclusion of the acquisition of Maha Energy Brasil, now SPE Tiêta, and takeover of operations, on March 1, 2023, of the Tiê field (100% working interest) in Bahia and Tartaruga field (75% working interest) in Sergipe. With the conclusion of the transaction, the Company paid the first installment in the amount of US\$ 95.8 million, corresponding to 60% of the acquisition value, added to the net cash and working capital values;
- Average gross working interest production was 24.4 thousand barrels of oil equivalent per day (BOEPD) in the 1Q23, representing a 6% growth vs. the 4Q22;
- In April 2023, the Annual General Assembly approved additional dividends to shareholders in relation to the fiscal year 2022 in the amount of R\$ 130 million, corresponding to R\$ 0.44 per common share in circulation issued by the Company. The distribution of income related to 2022 results totals R\$310.0 million;
- Brent prices reduced by 8% on 1Q23 vs. 4Q22, generating a 7% drop on the Net revenue (R\$ 719 million in the 1Q23) when compared to the 4Q22;
- EBITDA of R\$ 335 million in the 1Q23, representing a 14% drop vs.4Q22;
- Net income of R\$ 200 million in the 1Q23, representing a 51% drop when compared to the 4Q22. The 4Q22 result was impacted, in the income tax line, positively in an extraordinary way by the payment of Interest on Shareholder's Equity and by the approval by the Federal Revenue Office of Brazil of the tax benefit of Income Tax reduction granted by Sudene to SPE Miranga. Without these effects, we estimate that the drop in net income would be 30%;
- Signing of the contract for supplying natural gas to Sergipe Gás S.A. – Sergas.



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

	1Q23	4Q22	Δ%	1Q22	Δ%
Net revenue	719,212	776,606	-7%	703,476	2%
Net income in the period	199,513	408,639	-51%	401,838	-50%
Net margin ¹	27.7%	52.6%	-24.9 p.p.	57.1%	-29.4 p.p.
EBITDA ²	334,836	391,377	-14%	414,739	-19%
EBITDA Margin ³	46.6%	50.4%	-3.8 p.p.	59.0%	-12.4 p.p.
Hedge adjusted EBITDA ⁴	406,304	490,101	-17%	499,969	-19%
Adjusted EBITDA margin ⁵	51.4%	56.0%	-4.6 p.p.	63.4%	-12.0 p.p.
Net debt (net cash) ⁶	711,234	(37,338)	n.m.	912,907	-22.1%
Net debt / EBITDA last 12 months ⁷	0.47 x	-0.02 x	0.49 x	1.12 x	-0.65 x
Average gross production (BOEPD) ⁸	24,415	23,072	6%	19,455	25%
Gross production (in BOE) ⁸	2,197,378	2,122,663	4%	1,750,950	25%
Average gross production per BOE in R\$ ⁹	R\$ 67.11	R\$ 64.23	4%	R\$ 64.08	5%
Average foreign Exchange rate R\$/US\$ ¹⁰	R\$ 5.19	R\$ 5.26	-1%	R\$ 5.23	-1%
Average gross production cost per BOE in US\$ ¹¹	\$12.92	\$12.22	6%	\$12.25	5%
Average Brent Oil Spot Price ¹²	\$81.27	\$88.71	-8%	\$101.40	-20%
Average Oil Realization Price (\$/bbl) ¹³	\$62.90	\$63.82	-1%	\$76.84	-18%

Notes:

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

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

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

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

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

(6) Represents total bank indebtedness, represented by loan and financing balances in current and noncurrent liabilities, summed to the amounts payable from acquisition of assets, minus cash balances and cash equivalents and financial investments present in current and noncurrent assets. This amount shall be adjusted in the 1Q23 with the incorporation of Maha.

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

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

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

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

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

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

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



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Message from Management



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The first quarter of 2023 marks the closing of the acquisition of SPE Tiêta, previously Maha Energy Brasil, with the beginning of operations under the Company's management as of March 1, 2023. The financial and production results in this release account for the subsidiary's contribution as of March.

Financial results of the first quarter of 2023 reflect a combination of two main vectors: (i) on one hand, we continued increasing production, with a 6% increase vs. 4Q22 and of 25% vs. 1Q22, and; (ii) on the other hand, a decline in the commodity prices, with the Brent Oil presenting an average price of \$81 per barrel, an 8% drop when compared to the prior quarter. Furthermore, an increase was observed in operational costs and expenses associated to the closing of the SPE Tiêta acquisition, as well as extraordinary costs as a result of the interdiction of Petrobras' operations in the Bahia Terra cluster, third-party outflow and processing infrastructure failures and pre-operational expenses related to the mobilization of new equipment.

The average daily production presented a 6% increase when compared to the prior quarter, explained partly due to the incorporation of SPE Tiêta, in March, but also due to the organic increase in production of the Bahia Asset, mainly natural gas from fields of the Miranga Cluster.

The continuity of the investment program with drilling, workovers and infrastructure enhancement for processing and outflow of production will continue dictating the rhythm for new expected increases in the following quarters.

At the end of the first quarter the Company was commissioning 3 new workover



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rigs and one outsourced drilling rig. These new Company rigs will replace part of the third-party rigs, in a strategy that aims to capture efficiency gains and reduce operating costs. The mobilization of these equipment is behind schedule in relation to the original expectations of the Company and account for the lower than expected execution. Conversely, improved productivity of the mobilized equipment partially compensated the effect of the set back. In the second quarter of 2023 the Company will begin the Bahia Asset drilling campaign, with its own drilling rig, SC-PR-04, deployed to Bahia at the end of the first quarter, also resuming at the end of April the Potiguar Asset drilling campaign with an outsourced drilling rig.

The increase of lifting costs, that totalized US\$12.92 per barrel on the quarter, reflects, mainly, some extraordinary effects that should normalize throughout 2023, as example with the end of the Bahia Terra Cluster interdiction, reducing fluid transport costs, and the complete operational integration of the Tiê and Tartaruga fields, with synergy gains which shall be attained in the following months.

Following a global trend, Management is perceiving a recent reduction of inflation in the industry. Nevertheless, the focus on productivity gains, obtaining operational synergy from the new acquisition and cost controls are the Company's priorities.

With the purpose of reinforcing our commitment towards business sustainability, in 2023 we joined the UN Global Compact Brazil Network, a United Nations (UN) initiative mobilizing companies and organization in the adoption and promotion of practices that aim to deliver the Sustainable Development Goals (SDGs), by means of the universally accepted Ten Principles in the areas of human rights, labor, environment and anti-corruption. This initiative is aimed at strengthening, through the expansion of institutional relations, the pillars of the ESG, promoting economic, social and environmental development in our areas of operation.

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



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01

Asset Portfolio and Reserves

The Portfolio of the Company consists of the Bahia / Sergipe and Potiguar onshore oil and natural gas production assets. On March 1, 2023 the Company, through its subsidiary SPE Tiêta Ltda., took over operations in the Tiê field in Bahia (100% equity interest) and Tartaruga field in Sergipe (75% equity interest) acquired from Maha Energy Brazil, which were incorporated to the Bahia/Sergipe Asset.

POTIGUAR ASSET

Potiguar E&P S.A.
31 operated fields
2 field operated by partner
1 exploratory block
Riacho da Forquilha Cluster

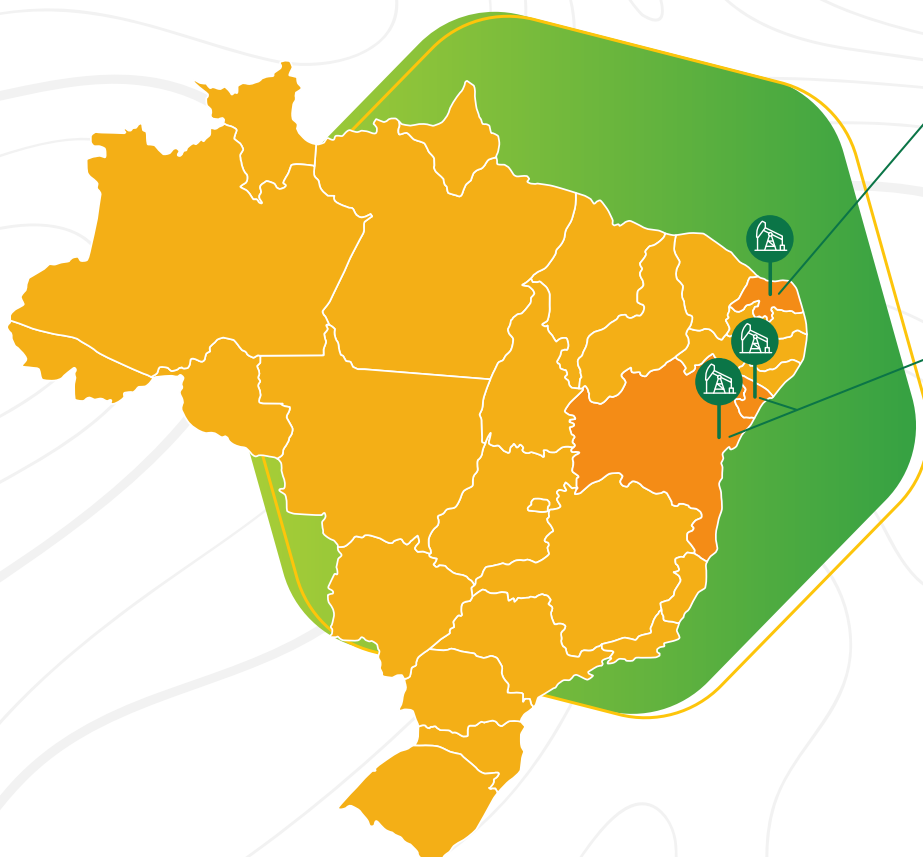
BAHIA/SERGIPE ASSET

PetroReconcavo S.A.
11 operated fields
Polo Remanso

Recôncavo E&P S.A.
5 operated fields
BTREC Cluster

SPE Miranga S.A.
8 operated fields
Miranga Cluster

SPE Tiêta S.A.
2 operated fields
5 exploratory block



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Some concessions were unitized, altering the total concessions operated by the Company: Juazeiro and Baixa do Juazeiro (field joined) at the Potiguar Asset; Canabrava and Brejinho (field joined) and Biriba and Rio Pipiri (field joined) at the Bahia / Sergipe Asset. These concessions were converted into Juazeiro, Canabrava and Biriba, respectively, which now encompass all the production and contracted areas of the unitized fields.

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

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



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Operational Performance

Production Results

In the first quarter of 2023, the Company registered an average production of 24,415 barrels of oil equivalent per day ("BOEPD"), a 6% increase vs. the fourth quarter of 2022 and 25% in comparison to the same period in the prior year.

In the month of March 2023, the Company registered a record average daily production, totaling 26,095 barrels of oil equivalent ("BOEPD"). The incorporation of SPE Tiêta (previously Maha Energy Brasil) contributed with the addition of 2,182 barrels of oil equivalent per day, with 1,872 barrels of oil per day and 49 thousand cubic meters of gas per day.

Average gross daily production (working interest) of the Company

		1Q23	4Q22	Δ%	1Q22	Δ%
Potiguar Asset	Oil (bbl/day)	8,790	8,913	-1%	8,038	9%
	Gas (Mm³/day)	669	671	0%	501	33%
	Subtotal (boe/day)	12,996	13,131	-1%	11,192	16%
Bahia/ Sergipe Asset	Oil (bbl/day)	5,101	4,484	14%	4,341	18%
	Gas (Mm³/day)	1,005	868	16%	624	61%
	Subtotal (boe/day)	11,420	9,941	15%	8,263	38%
Total	Oil (bbl/day)	13,891	13,397	4%	12,379	12%
	Gas (Mm³/day)	1,673	1,538	9%	1,125	49%
	Total (boe/day)	24,415	23,072	6%	19,455	25%

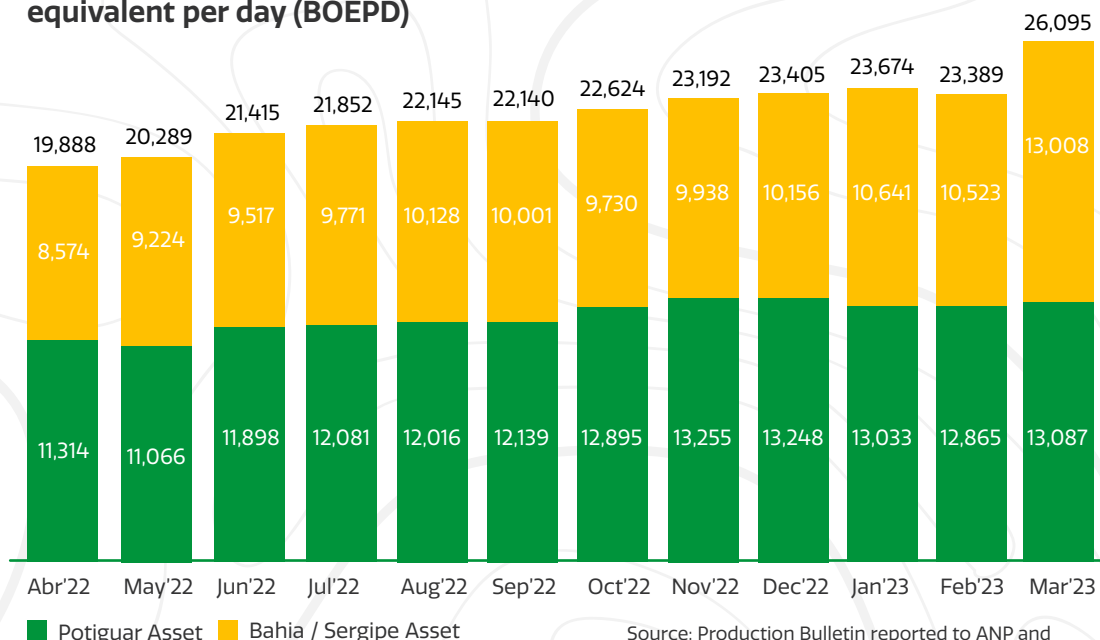
Source: Production Bulletin reported to ANP and Adjusted Production of the Company



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



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

In the past 12 months, the Company has registered successive increases in production, resulting mainly from the accelerated rhythm of its investment program, with emphasis to increased gas production.

Some external and extraordinary events related to the instability in third party midstream infrastructure influenced the results of the quarter, with emphasis to:

1. Maintenance shutdown of the electrical system of the compressor station of UPGN Candeias, affecting the compression and exportation of natural gas from the Norte Fazenda Caruaçu field;
2. The need to stop natural gas export from the São Roque Station, with impact in the production of the Jacuípe, Riacho São Pedro, Mata de São João and Remanso fields, due to corrective maintenance performed by the concessionaire of the gas outflow pipeline of UTG Catu (TAG);
3. Temporary variations in processed gas fractions and natural gas liquids after changes in the operational parameters of UTG Catu due to the reduction in the volume of gas processed after the interdiction of the Bahia Terra Cluster;
4. Corrective maintenance shutdown of the gas pipeline connecting the Upanema Central Collector Station to UPGN Guamaré in events that occurred in February causing interruptions for several days in the transfer of the entire natural gas production of Potiguar E&P.



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Additionally, some operational events ended up negatively impacting production in the quarter, preventing the achievement of its full potential. Highlights to following events:

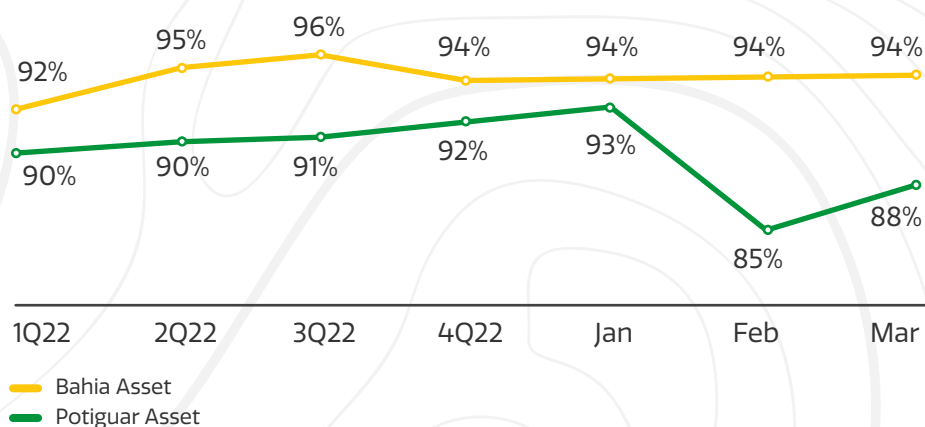
- 1.** Bottlenecks in facilities in the Potiguar Asset, due to limitations in water injection systems, as well as in the compression and outflow of gas production. Several projects are underway aiming to increase installed capacity and reduce such losses in the coming months;
- 2.** Corrective maintenance in surface systems, especially those related to the flow, compression and processing of natural gas and Upanema injection systems;
- 3.** Unscheduled interruption and instability in the supply of electrical power due to the rains and seasonal lightning storms of the period.

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Both the corrective maintenance in compressors and the described external events impacted on the increase of losses/flaring of the natural gas production and consequent decrease in the total yield of total natural gas available for processing in relation to the amount produced, which in the average of the quarter, was of 94% in the Bahia Asset and 89% in the Potiguar Asset.

Historical Percentage of Natural Gas (available for processing x produced)



Investment Program

The amount invested in Drilling, Workovers and Facilities in the first quarter of 2023 totals R\$187 million.

The table below summarizes the capital applied in investment projects for increasing production and drilling of wells, in accordance with the changes in property, plant and equipment presented in the financial statements:

	Bahia Asset (R\$MM)	Potiguar Asset (R\$MM)	Total (R\$MM)
Drilling Well	4	43	47
Workover	47	52	99
Facilities	18	23	41
Total	70	117	187



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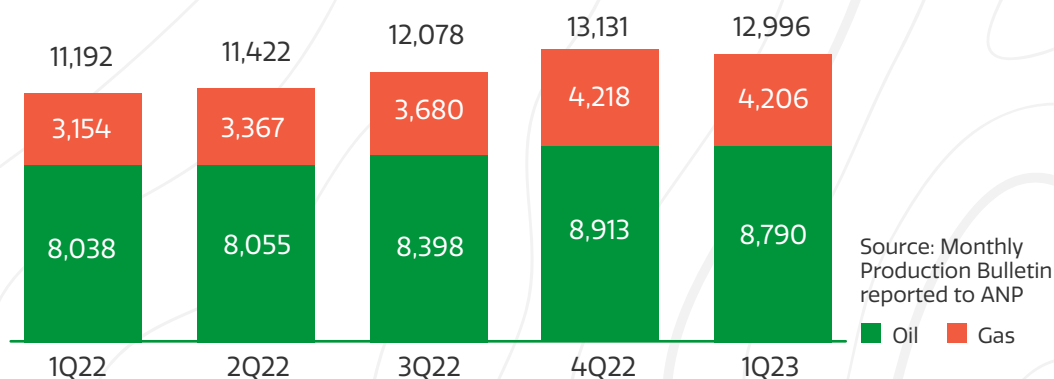
Among the main activities carried out in the quarter, emphasis is given to:

Potiguar Asset

1. Drilling of 8 wells in the quarter;
2. Completion and alignment for production of 11 recently drilled wells and backlog of 3 wells to be completed;
3. 36 workover projects executed;
4. Shutdown of Drilling Rig for programmed maintenance and transfer to the Bahia Asset;
5. Conclusion of the Commissioning of the outsourced Drilling Rig (initiated operations in April 2023).

In the first quarter of 2023, the average production of the Potiguar Asset reached 12,996 barrels of oil equivalent per day ("BOEPD"), a 1% decrease when compared to the prior quarter and 16% increase when compared to the same period of 2022. The volumes demonstrated in the graph below represent the gross working interest production in the Potiguar Asset in barrels of oil equivalent segregated between oil and gas, including the 31 fields operated by the Company and participation in 2 concessions operated by Mandacaru Energia.

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



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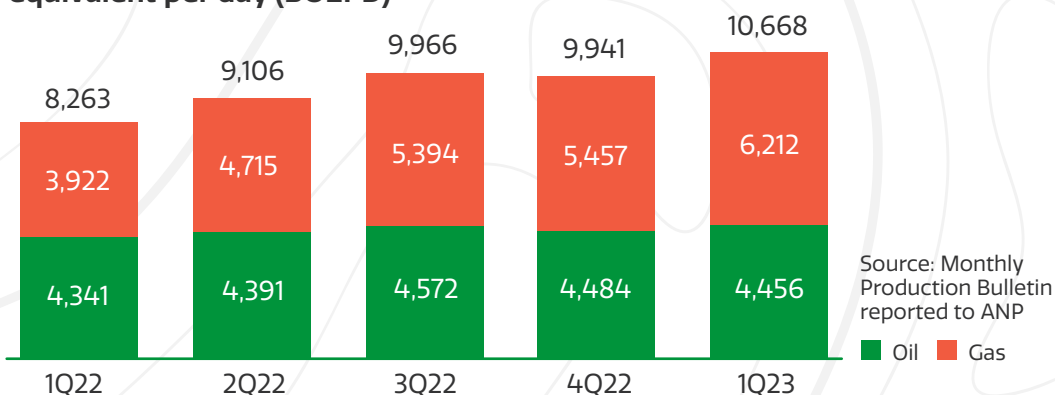
Bahia/Sergipe Asset

1. Integration of operations of the fields Tiê in Bahia and Tartaruga in Sergipe;
2. 19 workover projects executed;
3. Preparation of the Drilling Rig for the 2Q23 campaign in the Bahia Asset.

In the first quarter of 2023, average production at the Bahia Asset reached 10,668 barrels of oil equivalent per day ("BOEPD"), a 15% increase when compared to the prior quarter and of 38% when compared to the same period in 2022. The organic growth of the Bahia Asset production in comparison with the previous quarter, excluding the production of SPE Tiêta, was 7.3%.

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

Bahia/Sergipe Asset | Working interest production in barrels of oil equivalent per day (BOEPD)



Mobilization of new equipment and execution capacity

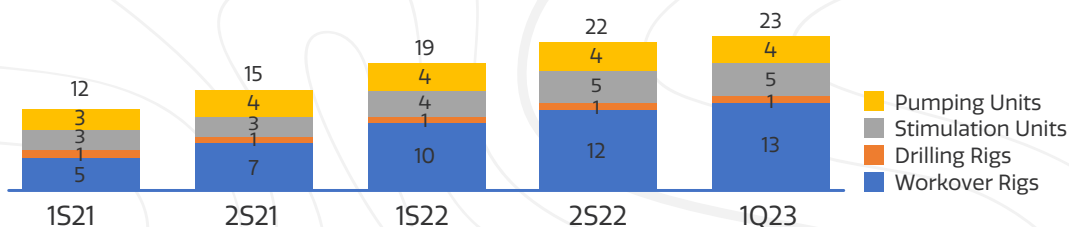
The Company continues expanding its execution capacity, in line with its capital allocation strategy for development of its reserves. In the first quarter of 2023, the start of operations of two Company workover rigs, acquired in 2022 and one outsourced drilling rig were planned. Delays occurred related to the commissioning of the three units, and the Drilling rig was released for operation on April 23, 2023 and the two workover rigs are planned to start operations by June.



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Evolution of the Equipment Fleet



Mobilized fleet of rigs in March 2023 includes Company and leased equipment, operated by Company and outsourced teams.

With the aim of assuring the execution of its business plan, the Company continues the process of mobilizing additional equipment to reinforce and optimize execution efficiency. These are presently in different stages of mobilization: 1 Company light drilling rig, 1 Company deep drilling rig, 3 Company workover rigs and 1 frac unit.

The stimulation unit fleet has 4 Company equipment and 1 outsourced equipment since the 2S22, and the pumping units are all Company equipment.

Outflow and Commercialization

Oil

The Company has contracts for the sale of Crude Oil with Petróleo Brasileiro S.A. – Petrobras, Dax Oil Refino S.A. and Refinaria Riograndense. Contracts with Petrobras provide for the use of the midstream infrastructure for production outflow. Custody transfer in Bahia occurs in the Recife and São Sebastião transfer stations. In Rio Grande do Norte, custody transfer occurs in the Estreito B Station and at the port terminal of the Guamaré Industrial Asset. In the assets of SPE Tiêta, the production is transported by truck from the stations Tiê (Bahia) and Tartaruga



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(Sergipe).

During the first quarter of 2023, due to the interdiction of the Bahia Terra Cluster, the inflow of oil at the São Sebastião Station was suspended, and the Company began to transport part of its production from the Bahia Asset by truck to the São Roque Station.

Client	Volume (m³)	%
Petrobras – Rio Grande do Norte	124,618	63%
Petrobras – Bahia	64,737	33%
Others	9,565	5%

The table below shows the volumes sold in the quarter to each buyer:

As a subsequent event after the end of the quarter, the Company signed a new



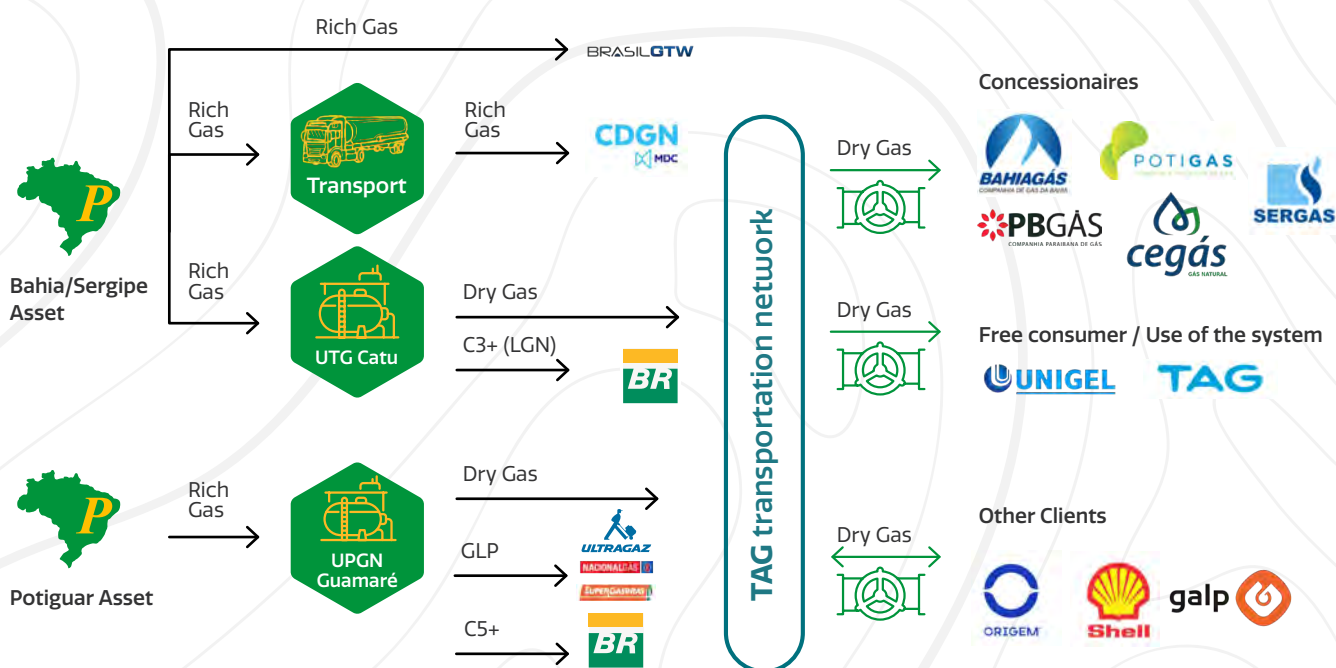
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contract with Petróleo Brasileiro S.A for the sale of part of the Tiê production, starting on April 1st, 2023.

Natural Gas

As of January 1, 2022, with the regulation of the New Gas Market, PetroReconcavo and its subsidiaries started to supply natural gas to the state gas distributors of the Northeast of Brazil and to consumers of the free gas market, as well as marketing its production of natural gas liquids. Currently, with exception of SPE Tiêta, the Company may commercialize natural gas and liquids, from any of its Assets, with any of its present clients.



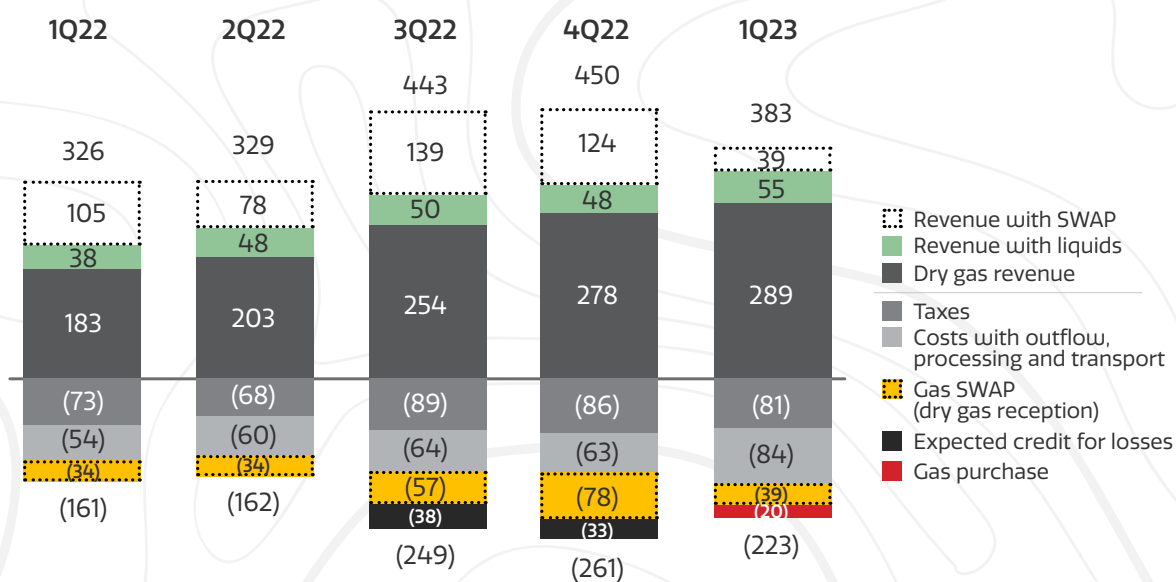
The diagrams below present the natural gas production flow from the Bahia and Potiguar Assets, respectively.

In general lines, the results of the quarter demonstrate a reduction in costs, but which came associated to a drop in revenue. The results of the quarter were also impacted by operational events which motivated the acquisition of gas from third parties as a commercial strategy to avoid supply failures. Further details on the results are explained below in each operation related to natural gas.



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Rich Gas

At the end of the first quarter of 2023 the Company held contracts with CDGN and Brasil GTW for marketing rich natural gas production from the Tiê and Tartaruga fields.



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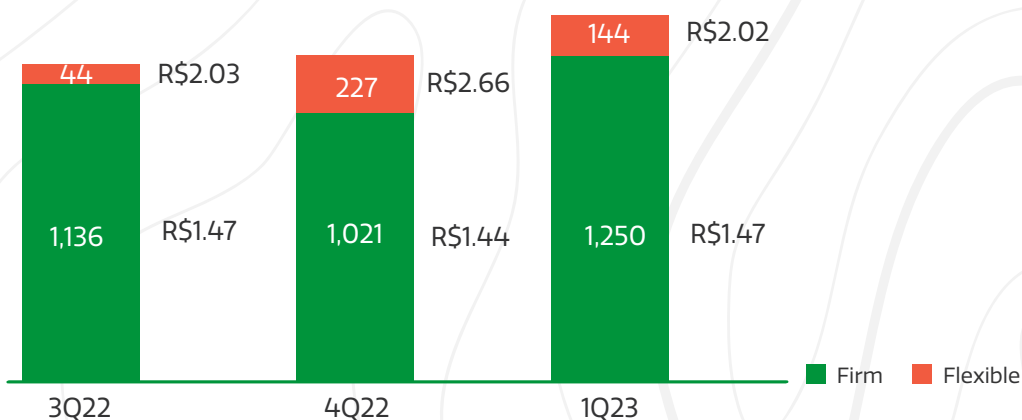
Dry Gas

In the first quarter of 2023 the Company signed a new contract for the supply of natural gas to Sergipe Gas – Sergas, the first with a 10 (ten) year term. The contract includes both firm, flexible and interruptible modality. The expected firm volumes are of 50,000 m³/day of natural gas in the second half of 2023 and 100,000 m³/day of natural gas from 2024 to 2032. The gas price of the mentioned contract will consist of the sum of the transportation cost pass through (Transportation Portion) and the Molecule Portion. The Molecule Portion of the firm natural gas volumes of said contract is of 13.6% of the price of Brent Oil for 2023 and 2024 and 12.6% of the price of Brent Oil for 2025 to 2032. Floor and ceiling prices have been determined for the Brent Oil price, which will be adjusted for American CPI inflation annually.

At the end of the first quarter of 2023, the Company had firm volume demand contracts in the order of 1,266 thousand m³/day at an average price of the molecule of R\$1.47/m³, corresponding to 89% of the average daily volume traded in the quarter. The volumes produced above the contracted firm demands were traded in flexible contracts, preferably with Bahiagás and Unigel at prices which on average totaled R\$2.02/m³.

During the quarter the Company acquired gas from third-parties at the cost of approximately R\$20 million. Operations occurred at moments of pair trading opportunities or to avoid penalties for non-fulfillment of contracted demands, in periods in which third-party infrastructure was unavailable due to unscheduled maintenance events.

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



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Natural Gas Liquids

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

Gas Liquids Volume Produced per quarter						
	Unit	1Q22	2Q22	3Q22	4Q22	1Q23
C3+	Mm ³	11,808	14,594	17,149	17,056	18,328
LPG	tons	6,269	6,590	7,258	7,784	7,683
C5+	Mm ³	3,180	3,666	3,442	3,803	3,748

In the 1Q23 at the Potiguar Asset, LPG production was sold to the distributors Ultragaz, Nacional Gás Butano and Supergasbras and the C5+ was sold to Petrobras.

Regarding the volume produced in the Bahia Asset (C3+), the Company signed a definitive contract for the outflow and processing of natural gas similar to the agreement signed by the subsidiary Potiguar E&P for access to the UPGN Guamaré, terminating the Swap Contract on February 28, 2023. As of March 1, 2023, with the new processing and outflow contracts the Company shall have the right to market the C3+ produced at the plant.



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The Swap Contract with Petrobras established that the Company sells Rich Gas, produced in all of the Remanso and Miranga Clusters, at the entry of the Catu Gas Treatment Plant ("UTG Catu"), and Petrobras, in turn, resold dry gas after being processed at the UTG to the Company, generating credits from the liquids produced and withheld at the UTG which can be used to discount gas processing costs and other costs.

On July 21, 2022 the Company was notified by Petrobras in relation to possible discrepancies in the amounts of credits obtained from the gas liquids, supported by the Swap Agreements between the Company and Petrobras. Since then and up until December 31, 2022 the Company did not recognize portions of the credits to which it was contractually entitled, and recognized a provision for loss on its receivables associated with this commercial arrangements, until an agreement with Petrobras is reached.

As of January 1, 2023 a new Swap contract came into effect altering the outflow and processing rates and, as of January 9, the calculation model of the yield from processed products, which began to adopt the measurement of volumes by product, by operator in substitution to the prior model that considered fixed contractual values.

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Consolidated Financial Performance

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

	1Q23	4Q22	Δ%	1Q22	Δ%
Net revenue	719,212	776,606	-7%	703,476	2%
Costs and expenses	(335,030)	(333,784)	0%	(225,579)	49%
Royalties	(49,346)	(51,445)	-4%	(63,158)	-22%
EBITDA	334,836	391,377	-14%	414,739	-19%
Depreciation, amortization and depletion	(103,923)	(83,600)	24%	(69,932)	49%
Operating profit	230,913	307,777	-25%	344,807	-33%
Net financial income	6,301	52,886	-88%	185,855	-97%
Current taxes	(45,468)	47,403	n.m.	(51,087)	-11%
Deferred taxes	7,767	573	1255%	(77,737)	n.m.
Net income	199,513	408,639	-51%	401,838	-50%



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Net Revenue

The Company's net revenue was of R\$719 million in the first quarter of 2023, a 7% reduction vs. the 4Q22.

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

	1Q23	4Q22	Δ%	1Q22	Δ%
Bahia Asset	420,177	472,059	-11%	424,791	-1%
Oil revenue	205,791	192,967	7%	204,549	1%
Revenue from Natural Gas and byproducts	214,386	279,092	-23%	220,242	-3%
Potiguar Asset	541,278	599,226	-10%	536,504	1%
Oil revenue	372,887	428,709	-13%	430,612	-13%
Revenue from Natural Gas and byproducts	168,391	170,517	-1%	105,892	59%
Derivative financial instruments	(71,468)	(98,724)	-28%	(85,230)	-16%
Gross income	889,987	972,561	-8%	876,065	2%
Deductions from revenue	(170,775)	(195,955)	-13%	(172,589)	-1%
Net revenue	719,212	776,606	-7%	703,476	2%
Net oil revenue	408,451	413,356	-1%	449,891	-9%
Net revenue from Natural gas and by products	310,671	363,250	-14%	253,585	23%

In the first quarter, the average price of Brent Oil was of US\$81.27/bbl, 8% below the average price observed in the prior quarter. Revenue was impacted by the reduction in the price of oil and partially compensated by the increase in production and improvement in the average contractual discounts. The average foreign exchange rate from Brazilian reais to U.S. dollars has been stable in the last two quarters.

Conversely, the devaluation of the Brent Oil barrel resulted in a lower impact to the derivative financial instruments settled in the period. In the first quarter of 2023, a loss of R\$71 million was registered under this item, 28% lower than in the prior quarter. In the quarter, hedge contracts were settled with a volume of 434 thousand barrels of oil, at an average price of US\$51.17/bbl.

The variation in the revenue from natural gas in the quarterly comparison is a combination of the following factors:

1. Changes to the SWAP contract at UTG Catu from January, negatively impacting revenues from natural gas liquids credits and, on the other hand, positively impacting costs and expenses with reduction in tariffs and no need for additional provisions for expected credit losses;
2. Termination of the Swap contract from March and consequent closing of the accounting register of revenue from the sale of rich gas and LPG credits under the scope of the contract;
3. Increase in the sales volume of rich gas;
4. Reduction in the sales volumes of LPG;
5. Reduction in the price of products with contracts indexed to Brent.



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Operational costs and expenses

The table below presents comparisons of our costs and expenses in 2023 and 2022.

Costs and expenses (In thousands of Brazilian reais – R\$)					
	1Q23	4Q22	Δ%	1Q22	Δ%
Personnel	65,988	62,448	6%	48,037	37%
Services and materials	94,436	69,012	37%	59,955	58%
Electricity	19,133	19,852	-4%	19,048	0%
Environmental licensing	4,690	3,202	46%	1,433	227%
Acquisition / Swap of gas	58,476	78,208	-25%	34,458	70%
Outflow of gas	4,195	3,318	26%	2,420	73%
Gas processing	37,188	28,920	29%	21,672	72%
Gas transportation	42,502	30,939	37%	30,029	42%
Expected credit losses	-	32,749	n.m.	-	n.m.
Other costs and expenses	8,421	5,136	64%	8,527	-1%
Total	335,030	333,784	0%	225,579	49%

Costs and expenses were maintained stable with less than 1% variation, from R\$ 334 million in the fourth quarter of 2022, to R\$ 335 million in the first quarter of 2023.

Personnel costs increased reflecting the new hires especially in the area of Rigs and Services. Costs with electric power decreased 4% in the quarterly comparison. This variation reflects the adequacy of the contracted energy demand.

Costs with services and materials increased R\$25 million or 37%, from R\$69 million in the fourth quarter, to R\$94 million in the first quarter of 2023. This increase can be explained mainly by the following reasons:

- (a) Payment of fees to consultants that assisted the Company in the acquisition process of Maha Energy Brasil in the amount of R\$11.4 million;
- (b) Reduction in the presumption factor of the ICMS deemed credit in the state of Bahia, from 4.24% in the 4Q22 to 3.43% in the 1Q23, negatively impacting costs by R\$2.3 million in the quarter;
- (c) Sale of oil stored in December 31, 2022 with consequent recognition of the cost associated to this sale impacting cost in the quarter by R\$6.6 million;
- (d) Finally, with the interdiction of Petrobras' operations at the Bahia Terra cluster, part of the Company's production had to be transported by truck in the quarter, impacting transportation costs in R\$1.9 million higher in the quarter, when compared to the same period of the previous year.



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The sum of costs with the acquisition/swap, outflow, processing and transportation of natural gas in the first quarter of 2023 we held stable vs. the 4Q22, reflecting new processing contracts and the increase in the acquisition of gas from third-parties, a strategy adopted in moments of paired trade opportunities or to avoid penalties for non-fulfillment of delivery of contracted demand, in periods in which third-party infrastructure was unavailable. Furthermore, costs also reflect the effect of additional charges for non-fulfillment of the QDC in the use of the outflow and processing infrastructures. There is also variation in costs between acquisition/swap lines and natural gas processing due to the end of the natural gas swap contract, which was in force throughout 2022 and during the months of January and February 2023.

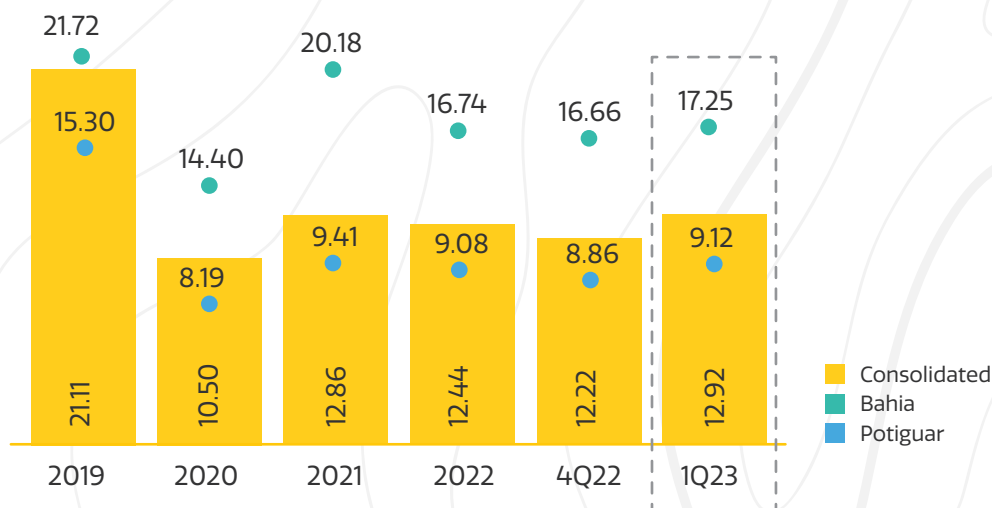
Average production cost – lifting cost (in US\$/BOE)

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

Average production cost in the first quarter of 2023 was of \$12.92, a 6% increase vs. the prior quarter, impacted by the increase in costs as mentioned previously.

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

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



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Net financial income (expenses)

Net financial income (expenses) (In thousands of Brazilian reais – R\$)					
	1Q23	4Q22	Δ%	1Q22	Δ%
Financial income	10,888	10,924	0%	4,287	154%
Financial expenses	(24,454)	(19,218)	27%	(23,182)	5%
Foreign exchange variation, net	19,867	61,180	-68%	204,750	-90%
Net financial income (expenses)	6,301	52,886	-88%	185,855	-97%

Net financial income (expenses) in the first quarter of 2023 was of R\$ 6 million, compared to R\$53 million in the fourth quarter of 2022. The result is impacted, mainly, by the foreign exchange variation in the period. The Company has financial investments and financing, as well as acquisition liabilities payables indexed to the U.S. dollar.

The R\$/US\$ exchange rate reduced 3% in the period, from R\$ 5.22 as at December 31, 2022 to R\$ 5.07 as at March 31, 2023.

Income tax and social contribution on net income

Income tax and social contribution (In thousands of Brazilian reais – R\$)					
	1Q23	4Q22	Δ%	1Q22	Δ%
Current	(45,468)	47,403	n.m.	(51,087)	-11%
Deferred	7,767	573	1255%	(77,737)	n.m.
Income tax and social contribution	(37,701)	47,976	n.m.	(128,824)	-71%

Income tax and social contribution expenses reflect the results for the period. Comparison with the fourth quarter of 2022 is affected because in the month of December 2022 the Company made the payment of interest on own capital in the amount of R\$180 million, as well as the income tax reduction benefit granted to SPE Miranga, with a positive impact on the quarter of R\$82 million, which was fully recognized in the 4Q22.



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

	1Q23	4Q22	Δ%	1Q22	Δ%
Earnings before taxes	237,214	360,663	-34%	530,662	-55%
Depreciation, amortization and depletion	103,923	83,600	24%	69,932	49%
Interest and foreign exchange variation, net	(4,330)	(48,279)	-91%	(193,553)	-98%
Write-off of PP&E and leases	59,514	33,480	78%	45,119	32%
Other adjustments and changes in net income	6,798	39,778	-83%	6,956	2%
Changes in assets and liabilities	52,691	10,909	383%	(183,987)	n.m.
Interest paid	(23,951)	(3,499)	585%	(12,194)	96%
Income tax (IR) and social contribution (CSLL) paid	(33,826)	(65,485)	-48%	(29,361)	15%
Cash variation results from operating activities	398,033	411,167	-3%	233,574	71%
Additions to PP&E and intangible assets	(397,155)	(343,172)	16%	(214,411)	85%
Financial investments	502,207	134,920	272%	(20,091)	n.m.
Acquisition of SPE Tieta	(472,255)	-	n.m.	-	n.m.
Cash variation results from investment activities	(367,203)	(208,252)	76%	(234,502)	57%
Borrowings	-	-	n.m.	-	n.m.
Payment of financing, leases and payables for acquisitions	(182,729)	(186,002)	-2%	(61,369)	198%
Capital increase, net of cost of issue	672	-	n.m.	189	256%
Net effect on acquisition and sale of shares	(4,055)	3,889	n.m.	31	n.m.
Dividends and interest on own capital paid	-	(164,751)	n.m.	-	n.m.
Cash variation results from financing activities	(186,112)	(346,864)	-46%	(61,149)	204%
Foreign exchange variations on cash and cash equivalents	226	310	-27%	1,385	-84%
Variation of cash and cash equivalents	(155,056)	(143,639)	8%	(60,692)	155%



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Cash generated by operating activities decreased 3% in the first quarter of 2023 when compared to the prior quarter, as previously mentioned under the topic Operational Performance herein.

Cash used in investment activities totaled R\$ 367 million in the first quarter of 2023, as a combination of the following factors:

- (I) The Company invested R\$397 million in additions to fixed and intangible assets, mainly investments to increase production and in the drilling of new wells and increase capital asset inventories, due to the purchase of materials for the investment program of the Company;
- (II) In the first quarter of 2023, net redemptions of financial investments in the amount of R\$502million occurred;
- (III) The Company applied R\$472 million in the acquisition of SPE Tiêta.



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

Capex 1Q23 (in R\$MM)	Additions	Transfer	Subtotal	Write-off	Total
Development of new reserves	134	59	193	(6)	187
Capital asset inventories	175	(47)	128	(49)	78
Oil and gas production rights	-	-	-	-	-
Exploratory expenses	2	0	2	(0)	2
Other fixed and intangible assets	86	(12)	75	(8)	67
Total	397	-	397	(63)	334

The increase in the Capital asset inventories was mainly due to the delay in the start of the drilling season in the Bahia Asset and in the execution of some facilities projects, as well as the preparation for the increase in the level of activities from the mobilization of the new rigs. Aiming at greater efficiency in an integrated Supply Chain strategy, the Company promoted from April 2023 a reorganization, transferring the Logistics and Materials area to report to the CFO structure. We expect that with this reorganization and, with the recent normalization of global supply chains, we will achieve more efficient inventory management, with stabilization and subsequent reduction of inventory levels over the coming quarters.

The variation in the line of Other Fixed and Intangible Assets mainly reflects the payment for the acquisition of new equipment, especially the Drilling and Workover Rigs, in different stages of mobilization and whose disbursements were already expected to have greater concentration in the first half of 2023. Remaining payments of the order of R\$ 65 million approximately are expected in the next quarters.

Cash from financing activities amounted to R\$186 million in the first quarter of 2023, with emphasis to the payment of R\$ 183 million in relation to financing, leases and payables for acquisitions. As a consequence to the above listed items, the decrease in the balance of cash and cash equivalents in the first quarter of 2023 was of R\$155 million, while in the prior quarter it was of R\$144 million.



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Other balance sheet highlights

Cash position (cash and cash equivalents and financial investments)

As at March 31, 2023 the Company recorded a cash position, representing the sum of cash and cash equivalent balances and financial investments, in the amount of R\$927 million.

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

Indebtedness

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

	03/31/2023	12/31/2022	Δ%
FINEP	–	331	n.m.
Bank loans	643,113	670,168	–4%
Costs to amortize	(14,891)	(14,918)	–4%
Payables for acquisitions	1,010,049	918,272	10%
Gross debt	1,638,271	1,573,853	4%
Cash and cash equivalents	205,972	361,028	–43%
Financial investments	721,065	1,250,163	–42%
Net debt (net cash)	711,234	(37,338)	n.m.
EBITDA last 12 months	1,529,516	1,609,420	–5%
Net debt / EBITDA last 12 months	0.47 x	–0.02 x	0.49 x

Net cash of the Company in the first quarter of 2023 was impacted mainly by the acquisition of Maha Energy Brasil, contributing both to the decrease of cash, as well as the increase in payables for acquisitions. We estimate that by adding the 12-month pro forma EBITDA of the acquired Maha Energy Brasil, the Company's leverage ratio would be 0.41x.



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Derivative financial instruments

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

The table below describes the commodity forward contracts outstanding as at March 31, 2023, as well as information related to their corresponding hedged items:

Hedging instruments Outstanding contracts	Average Strike price 03/31/2023	Quantity 03/31/2023	Fair value of hedging instruments 03/31/2023
	US\$/barrel	In barrels	R\$ thousand
Under 3 months	51.80	462,000	(65,175)
From 3 to 6 months	51.90	453,000	(60,888)
From 6 to 12 months	55.90	891,500	(92,735)
From 1 to 2 years	59.85	567,500	(41,152)
Total	55.29	2,374,000	(259,950)

The total average volume of hedged barrels for the year 2023, as per the above table, is of approximately 3,731 BOEPD, or around 15.3% of total average production of the Company in the 1Q23, which was of 24,415 BOEPD. Observing only the oil production, the hedged production corresponds to 26.9% of average production of oil of the Company in the 1Q23 which was of 13,891 BOPD.

In the third quarter of 2022, the Company signed a syndicated financing contract with the purpose of making the prepayment of the debt for the acquisition of Riacho da Forquilha Cluster, simplifying covenants and guarantees, which eliminated the need for contracting additional hedging.



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HS&E and ESG

In 2023, the strengthening of the Safety Culture continued with various educational activities at all leadership levels in the Company. In this respect, the Rigs and Services teams reinforced field inspections with a program called "Safety Walk", which has the purpose of identifying and treating deviations that could result in incidences.

The White January campaign was performed with the purpose of promoting awareness on the importance of the prevention of emotional illness and the COVID vaccination campaign at SPE Miranga, in a partnership with the Health Department of the Municipality of Pojuca.

The first quarter was marked by commitments of reporting to environmental agencies, related to various themes that aim to demonstrate the environmental performance of companies in the prior year. In this respect, the Company reported to INEMA the Technical Report on Environmental Guarantee, to IBAMA the Report of Potentially Polluting Activities and the Solid Waste Inventory to the National Information System on Solid Waste Management, connected to the Ministry of Environment.

The greenhouse gas inventory related to the year 2022 was concluded, following the methodology of the GHG Protocol. The inventory includes scopes 1 and 2 and was based on the results of operations of the PetroReconcavo Group at the Bahia and Potiguar Assets, which was reported to ANP. Total emissions of the Company were of 154,791.50 tCO₂e, with the Bahia Asset being responsible for issuing 89,038.47 tCO₂e, and in the Potiguar Asset 65,753.03 tCO₂e. In relation to 2021, the increase is the result of increased production in the Assets, thus the consumption of fuel in the boilers, generators, motos and other equipment, indispensable in our production chain, was intensified. Considering the carbon intensity indicator, the results of the Company indicate a 21% reduction in the Bahia Asset and of 51% in the Potiguar Asset, mainly due to the improvement in operational processes and compensation of scope 2 through the acquisition of certified renewable energy from wind power.



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In the first quarter of 2023 advances were made in the process for preparing the second sustainability report in accordance with the Global Reporting Initiative (GRI), which is intended to be disclosed before the end of the 2Q23. Matters and data portrayed in the report correspond to the results of a materiality process that defined the most relevant themes for the Company and its stakeholders.

Continuing with the implementation of the Diversity, Equity and Inclusion Policy, which was begun in 2022, in the first quarter of 2023, with the support of the Mais Diversidade Consultancy, a diagnosis of the processes of the Company was performed in the light of Diversity and with the participation of the Committee the main themes to be worked on during the year were established. The structure for DE&I Governance was formally established, with the formation of an Executive Secretariat Group, a branch of the Diversity Committee that will be responsible for the execution of the strategy.

In Bahia the Company has maintained the Ciranda Viva Recôncavo project, which attends to 3 communities of the Catu region, contemplating activities related to environmental education, tutoring and sports. In the first quarter the Project attended to 170 children and youngsters.

The Company also expanded activities of the Ciranda Agroflorestal Project, which has the purpose of contributing with increase in biodiversity and increase in income of farmers in the Miranga Cluster region. The project in 2022 directly attended to 80 families from 08 communities and as of January 2023 began attending 100 families of 10 communities, with activities such as the implementation of the agroforestry system, family agricultural fairs and workshops and mentoring on entrepreneurship.



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Partnership with the Tamar Project was renewed, aiming to contribute towards environmental awareness and cultural appreciation of children from public schools of Mata de São João and region, through guided visits. In 2022 the visits of 4,833 children as made possible and in 2023 5,000 children and youngsters are programmed.

In Rio Grande do Norte, in a partnership with the NGO AVSI do Brasil and Fundação Banco do Brasil, a new phase was begun for expanding the Viva Sabiá Program which has the purpose of promoting sustainable development of rural communities of Rio Grande do Norte through access to drinking water, environmental education and social technologies. In this new phase activities related to agroecological actions, generation of income and nutritional education shall be developed, attending to 05 communities, 450 direct beneficiaries and reaching over 2,000 people with environmental education actions.

The Company has become a part of the U.N. Global Compact Brazil network in 2023. This voluntary initiative reinforces the Company's leading role in actions promoting economic, social and environmental development in its areas of operation. Becoming a part of the Global Compact, the aim is to communicate our progress in relation to the Ten Principles in the areas of human rights, labor, environment and anti-corruption in order to maintain a constant evolution in our internal sustainability practices.

The Company is continuously dedicated to the evolution of its activities in the ethical and transparency spheres, acting with coherence and respect to the legislations, factors that are fundamental for consolidation of one of our main value, Integrity.

In the first quarter communication and training campaigns were carried out for collaborators in relation to the Integrity Program and Code of Ethics and Conduct, addressing themes such as: Ethical Behavior, Anti-corruption, Conflict of Interest, Diversity and Inclusion, Sustainability and Socioenvironmental Responsibility, Information Safety, Use of Equipment and Assets, among other related matters.



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