

EARNINGS RELEASE

# Second Quarter 2022

**2Q22 Results Conference Call**

Thursday, August 11th, 2022

10h00 (Brasilia Time)



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## 2Q22 Highlights

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**Mata de São João, August 10, 2022 – PetroReconcavo S.A.** ("PetroReconcavo" or "Company") (B3: RECV3) today announces its results for the second quarter of 2022 (2Q22). 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.

## 2Q22 Highlights

- Net revenue in the 2Q22 of R\$691 million and accrued revenue of R\$1.4 billion in the 1H22, representing a 182% increase year-on-year;
- EBITDA of R\$380 million in the 2Q22 and accrued EBITDA of R\$795 million in the 1H22, representing a 202% increase year-on-year;
- Net income of R\$131 million in the 2Q22 and accrued profit of R\$ 533 million in the 1H22, representing a 552% increase year-on-year;
- A 6% growth in total production for the 2Q22 vs. 1Q22 and of 69% year-on-year accrued growth for 1H22 vs. 1H21;
- 10 wells were drilled and 76 workover projects and completions were performed in the 2nd quarter;
- The Company obtained the extension of the concession contract of the Baixa do Algodão and Leste de Poço Xavier (until December 2036), Boa Esperança (until August 2052), Fazenda Malaquias (until December 2034) and Lorena (until August 2052). All extensions, with the exception of Baixa do Algodão concession, also obtained approval for reduction of royalties on incremental production.
- The Company signed two new contracts for the commercialization of its Natural Gas production, among which the first contract on interruptible basis (spot delivery).
- The Company successfully concluded its subsequent public offering of primary distribution of common shares (follow on), raising over R\$1 billion.
- The Company disclosed the First Sustainability Report in accordance with the Global Reporting Initiative (GRI) methodology.



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**Key indicators** (in thousands of Brazilian Reals – R\$, unless otherwise stated)

	2T22	2T21	Δ%	1H22	1H21	Δ%
Net Revenue	691,009	249,110	177%	1,394,485	494,898	182%
Net Income in the period	131,031	94,566	39%	532,869	81,676	552%
Net margin <sup>1</sup>	18.96%	37.96%	-19.00 p.p.	38.21%	16.50%	21.71 p.p.
EBITDA <sup>2</sup>	379,871	131,354	189%	794,610	262,986	202%
EBITDA Margin <sup>3</sup>	54.97%	52.73%	2.24 p.p.	56.98%	53.14%	3.84 p.p.
Hedge adjusted EBITDA <sup>4</sup>	510,232	152,098	235%	1,010,201	280,190	261%
Adjusted EBITDA Margin <sup>5</sup>	62.12%	56.36%	5.76 p.p.	62.74%	54.71%	8.03 p.p.
Net Debt (Net Cash) <sup>6</sup>	6,355	(469,531)	n.m.	6,355	(469,531)	n.m.
Net Debt/ EBITDA last 12 months <sup>7</sup>	0.01 x	-0.92 x	n.m.	0.01 x	-0.92 x	n.m.
Average gross production (boe per day) <sup>8</sup>	20,528	12,059	70%	19,994	11,829	69%
Gross Production (BOE) <sup>8</sup>	1,867,964	1,097,332	70%	3,618,914	2,141,060	69%
Average production cost per boe in R\$ <sup>9</sup>	R\$ 68.29	R\$ 67.22	2%	R\$ 66.40	R\$ 67.83	-2%
Average foreign exchange rate R\$/US\$ <sup>10</sup>	R\$ 4.92	R\$ 5.29	-7%	R\$ 5.08	R\$ 5.38	-6%
Average production cost per boe in US\$ <sup>11</sup>	\$13.88	\$12.70	9%	\$13.08	\$12.60	4%
Average Brent Oil spot price <sup>12</sup>	\$111.40	\$68.83	62%	\$106.40	\$64.86	64%

**Notes:**

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

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

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

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

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

(6) Represents total bank indebtedness, represented by loan and financing balances in current and non-current liabilities, summed to the amounts payable from acquisition of assets, minus cash balances and cash equivalents and financial investments present in current and noncurrent asset.

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

(8) Volumes of natural gas were converted considering that 1,000 m<sup>3</sup> 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.

(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 exchange rate of the period.

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



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The background of the entire page is a photograph of an industrial facility, possibly a refinery or chemical plant, with large pipes, valves, and structural steel. The lighting is warm, with a strong orange and red glow, suggesting a sunset or sunrise. Overlaid on this image are several thin, wavy, concentric lines in shades of orange and red, creating a sense of motion or energy. In the top right corner, there is a white, angular shape that serves as a background for the title.

# Message from Management



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We continue working in the same manner as we started the year 2022, focused on carrying out our business plan with the aim of developing our reserves and capturing value in a constructive price scenario. Once again, we deliver quarterly results which show evidence of the step-change which the Company has been undergoing since 2020 and continues consolidating. The numbers in the second quarter of 2022 reflect the organic development of production and our growing position in the new natural gas market.

Accordingly, a 182% growth was registered in accrued net revenue in the first semester of 2022, compared to the same period of 2021, with an accrued EBTIDA of R\$795 million and net income of R\$533 million. Average daily production overcame the 20 thousand barrels of oil equivalent mark in the quarter and production in June reached 21,415 barrels of oil equivalent (BOE), an indication that we are on the on the right track, always with disciplined capital allocation.

During the quarter we upscaled the delivery of processed natural gas to three important natural gas distributors in the Northeast of Brazil, where we were able to market volumes above those originally stipulated in the contract. We also expanded our customer base, communicating to the market the signing of the contract with the Ceará Gas Company – Cegás. Furthermore, the first contract was signed for the sale of gas on an interruptible basis. This is part of our strategy for greater flexibility and to maximize monetization of our gas production.

We also obtained, from ANP, the approval of five concession extension and the reduction of royalty on incremental production of the Potiguar Asset, with extension ranging from 2034 to 2052. This provided for alignment to our future investment plan for those Assets we already operate. Lastly, we received authorization from the Board of Directors to increase our own fleet of rigs, with two drilling rigs and four workover rigs.

During the Company's participation in the Mossoró Oil & Gas event of July 7, a Memorandum of Understanding (MOU) was signed with 3R Petróleo Óleo e Gás S.A. representing the intention of both companies in coordinating efforts and initiatives to optimize their assets performance. Combining efforts in assessing operational, logistics and commercial interfaces, and aiming to achieve integrated solutions for supply, processing, operations and marketing.



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The second quarter of 2022 also marked the history of the Company with its first “follow-on”. Raising over R\$1 billion, reinforce the Company’s cash position and which will be used for financing potential asset acquisition, contributing towards the expansion of the Company.

With reference to the Bahia Terra Cluster acquisition, the Company, in a Consortium with Eneva, was declared the Selected Binding Offeror by Petrobras, for acquisition of the Asset. Negotiations are, however, suspended at present in compliance with a preliminary injunction handed down by the Rio de Janeiro Court of Justice. The Company, as affected third party and joint litigant of the defendant (Petrobras), continues pursuing and accompanying the outcome of the process, aiming for a swift resolution.

Once again, we are grateful for the dedication of our employees and the confidence of our investors, creditors, and business partners. We continue to reinforce our commitment to disciplined and safe resource allocation and absolute transparency in communication. We keep the development of opportunities in the oil and gas industry. Our vision is to transform resources into value and dreams into reality, to benefit all of society.



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## 01

## Asset Portfolio

**The Portfolio of the Company consists of Oil and Natural Gas Production Assets, located in two sedimentary basins:**

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

### **Remanso + BTREC Cluster (17 concessions)**

On December 22, 2021 the Company completed the acquisition of the totality of the Remanso Cluster, containing 12 onshore fields. The Company operated the fields in this Cluster through a Risk Production Agreement (CPCR) signed with Petrobras, former concessionaire of those fields since February 1, 2000. The concessions of this Cluster expired in August 2025 with the possibility of being extended for up to 27 additional years, upon specific request to the ANP and submission of a new Development Plan, these extensions are subject to the approval of the regulatory agency.

The BTREC Cluster, acquired through ANP bidding rounds, contains 5 onshore fields, and has current concession deadlines between the years 2029 and 2031, which may be extended through ANP extension requests.



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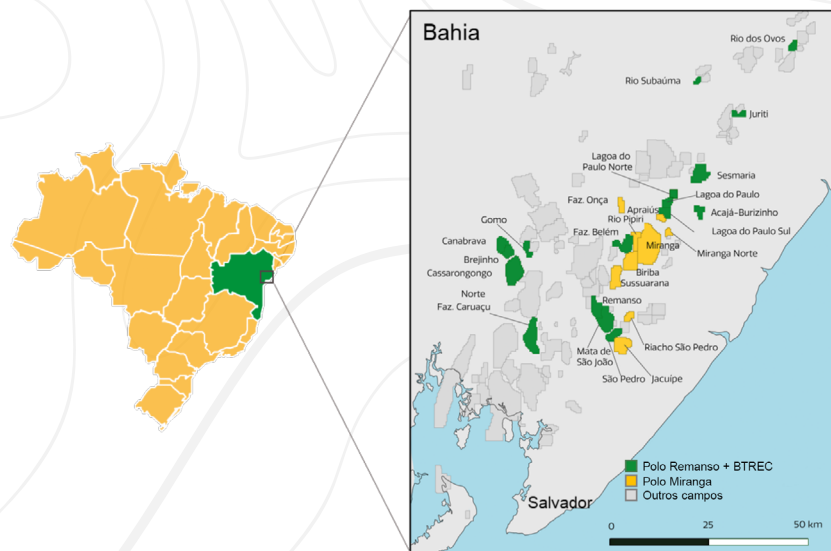




### Miranga Cluster (9 concessions)

The Miranga Cluster contains 9 onshore fields acquired through the wholly owned subsidiary SPE Miranga on December 6, 2021.

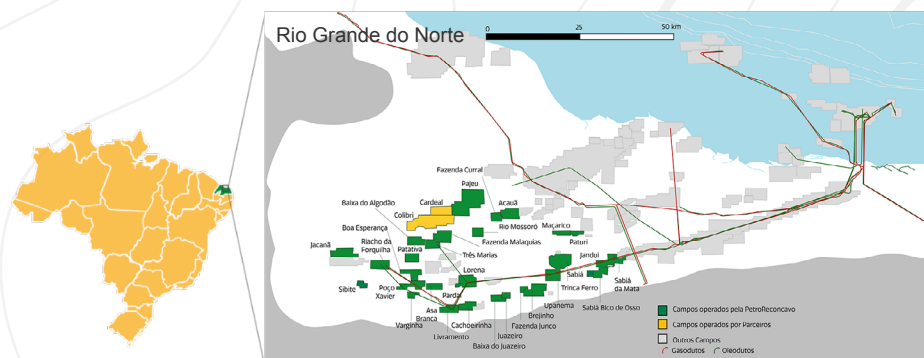
The map below represents the location of the Recôncavo Basin, with emphasis on the Fields Operated by PetroReconcavo in the Remanso Cluster + BTREC and Miranga Cluster:



### Riacho da Forquilha Cluster (33 concessions 1 exploratory block)

Acquired through its wholly owned subsidiary Potiguar E&P on December 9, 2019, Riacho da Forquilha Cluster contains 33 concessions, of which 30 are 100% owned and operated by Potiguar E&P; two concessions are operating in partnership with Sonangol Hidrocarbonetos Brasil Ltda, one operated by Mandacaru Energia. The company has secured one exploratory block, POT-T-702, which was auctioned in the 2nd Cycle of the Permanent Offer last year.

The map below represents the location of the Potiguar Basin, with emphasis on the PetroReconcavo concession fields, through its subsidiary Potiguar E&P.



**Note:** the Cardeal and Colibri concessions were consolidated, maintaining one concession contract for the Cardeal concession.



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In the second quarter, the subsidiary Potiguar E&P signed with ANP (Agência Nacional do Petróleo, Gás Natural e Biocombustíveis) extension for the Concession Contracts on 4 fields.

These extensions (of the production phase) follow the guidelines of CNPE Resolution No 2/2016, which authorizes ANP to extend concession contracts signed during "Round Zero". Originally, these concession contracts terminated in 2025. The ANP grants of extension generate disbursements resulting from the contingent payment clause provisioned under the SPA for acquisition of the Riacho da Forquilha Cluster, signed in 2019. A total amount of R\$37.2 million was paid to Petrobras in the quarter, as demonstrated in the table below.

As a subsequent event, the extension of the Lorena Contract was approved, however, the disbursement associated with such extension was not yet executed.

Moreover, a royalty reduction was approved at a royalty rate to 5% to be applied on incremental production, resulting from the implementation of an obligatory development plan for 4 concessions. For "base-line" production levels at the determined reference curve, the previous royalty shall be maintained.

Field	Approval date	Additives to extension contracts	New contractual term	Royalty reduction	Amount disbursed*
Baixa do Algodão	06-06-22	✓	12-31-36	✗	R\$ 3.7 million
Boa Esperança	05-25-22	✓	08-05-52	✓	R\$9.2 million
Fazenda Malaquias	06-06-22	✓	12-31-34	✓	R\$ 18.7 million
Leste de Poço Xavier	05-25-22	✓	12-31-36	✓	R\$ 5.5 million
Lorena	07-26-22	✓	08-05-52	✓	~R\$47.4 million*

\*Disbursement associated to the extension of the Lorena concession has not yet been done. This payment may suffer alterations due to the foreign exchange variation.



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## 02

## Operational Performance

The Company closed the second quarter of 2022 with an average production of 20,528 barrels of oil equivalent per day ("BOEPD"), a 70% increase in comparison to the same period in the prior year and 6% when compared to the 1Q22. In particular, there was a 37% organic growth in the production of the Potiguar Asset in comparison to the second quarter of 2021 and 147% in the production of the Bahia Asset, including the production of the Miranga Cluster, acquired and operated since December 7, 2021.

In the second quarter, average production of natural gas in barrels of oil equivalent reached 39% of total production, registering an increase of 20 p.p. in comparison to the same period in the prior year.

Gross daily production – Working interest (In barrels of oil equivalent per day BOEPD)									
		2Q22	1Q22	Δ%	2Q21	Δ%	1H22	1H21	Δ%
Bahia Asset	Oil	4,391	4,341	1%	3,133	40%	4,366	3,193	37%
	Gas	4,715	3,922	20%	561	740%	4,321	542	697%
	<b>Subtotal</b>	<b>9,106</b>	<b>8,263</b>	<b>10%</b>	<b>3,694</b>	<b>147%</b>	<b>8,687</b>	<b>3,735</b>	<b>133%</b>
Potiguar Asset	Oil	8,055	8,038	0%	6,580	22%	8,047	6,453	25%
	Gas	3,367	3,154	7%	1,784	89%	3,261	1,641	99%
	<b>Subtotal</b>	<b>11,422</b>	<b>11,192</b>	<b>2%</b>	<b>8,364</b>	<b>37%</b>	<b>11,308</b>	<b>8,094</b>	<b>40%</b>
<b>Total</b>	Oil	12,446	12,379	1%	9,714	28%	12,413	9,646	29%
	Gas	8,082	7,076	14%	2,345	245%	7,582	2,183	247%
		<b>20,528</b>	<b>19,455</b>	<b>6%</b>	<b>12,059</b>	<b>70%</b>	<b>19,994</b>	<b>11,829</b>	<b>69%</b>

Source: Monthly Production Bulleting reported to ANP

In the month of June 2022, the Company registered average daily production of 21,415 barrels of oil equivalent ("BOED"), with the help of the Miranga Cluster, which reached 5,915 BOEPD, 80% increase since being under the operation of the Company.

Average production in the first half of year 2022 already exceeds the expected 2P average for all of 2022, as informed in the Reserve Certification Report as at December 31, 2021 beating expectations.

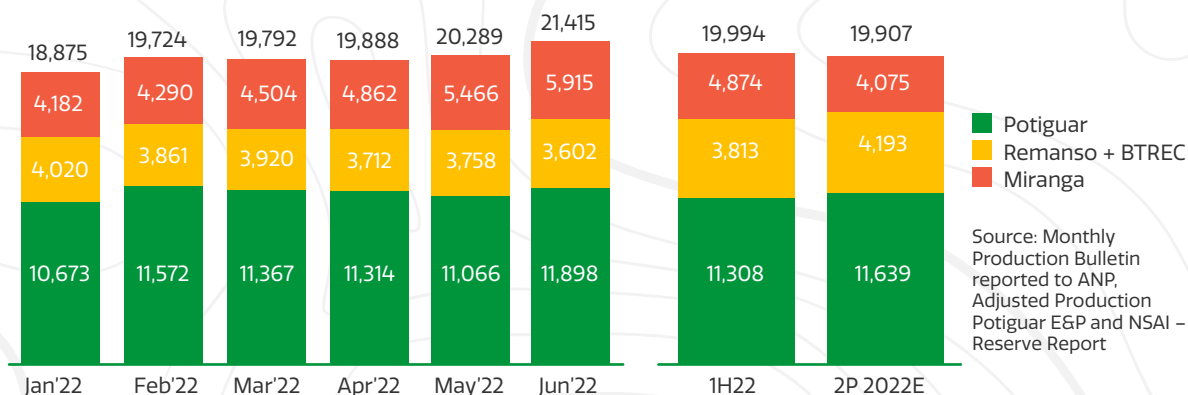


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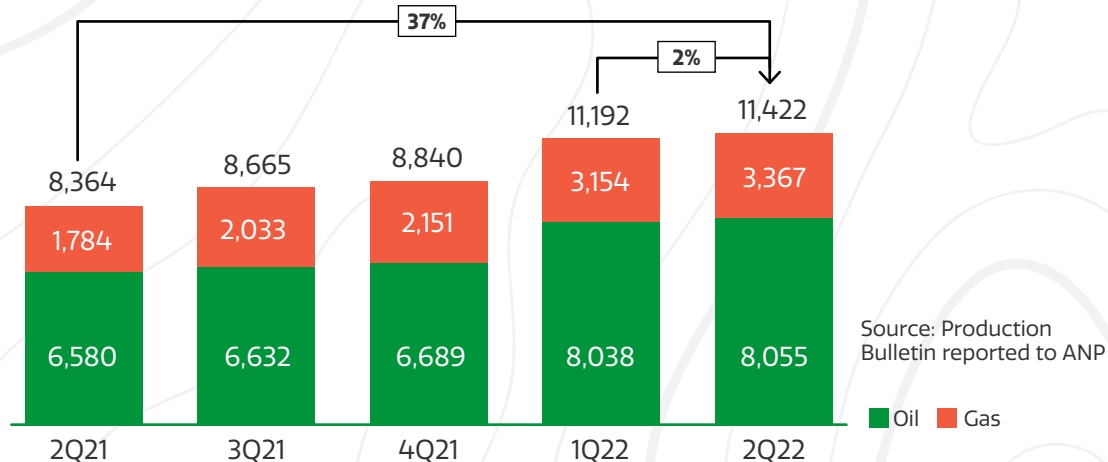
## Monthly Production per Asset Average working interest production in barrels of oil equivalent per day (BOEPD)



### Potiguar Asset

In the second quarter of 2022, production in the Potiguar Asset achieved 11,422 barrels of oil equivalent per day ("BOEPD"), a 2% increase when compared to the prior quarter. The volumes demonstrated in the graph below represent gross working interest production in the Potiguar Asset, including 32 fields operated by the Company and the working interest in the concession operated by Mandacaru Energia.

### Potiguar Asset | Average Working Interest production in barrels of oil equivalent per day (BOEPD)



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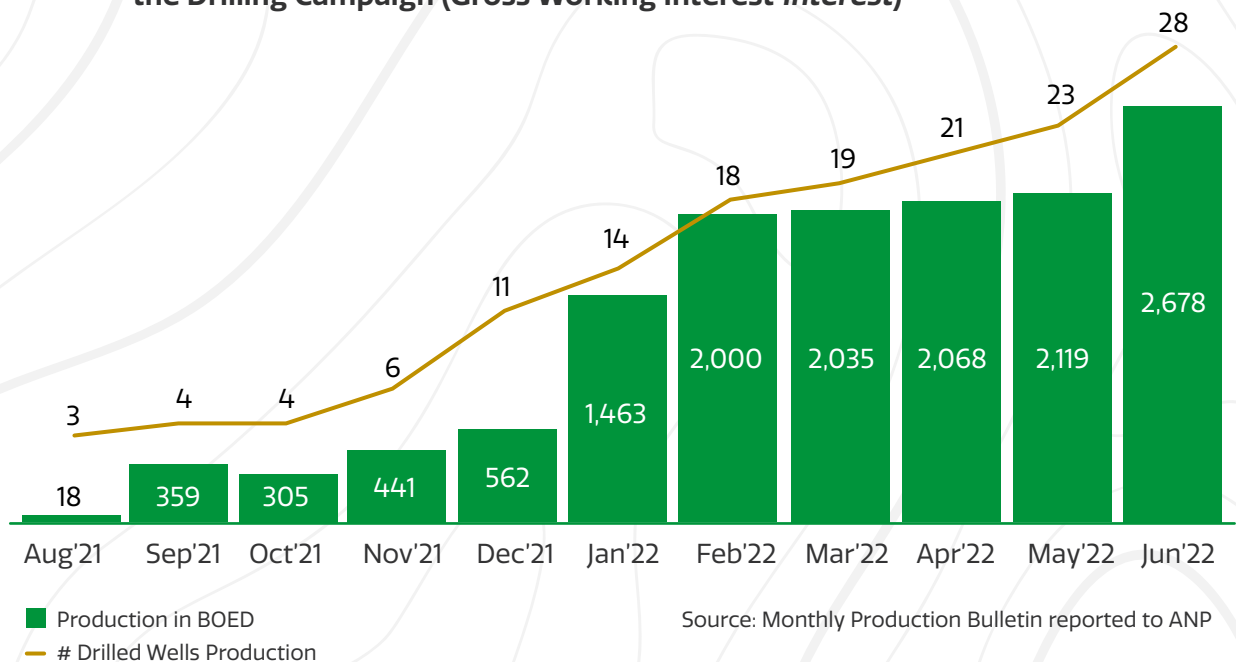




The gradual increase in the production of natural gas is the result of investments made in drilling, workover interventions and improvement to facility infrastructure for supply, treatment and compression. Such investments are aligned with improvement in the market conditions of the new natural gas sales.

In the second quarter of 2022, the Company maintained an average of 4.5 active workover rigs allocated in the asset, which executed 40 workover and completion projects. In the same period the Drilling Rig concluded the drilling of 10 new wells, seven of which were completed and which reflected the production results for the month of June. Two other wells drilled in the first quarter were completed in the period. The graph below demonstrates the effect of the drillings executed by PetroReconcavo in the production results of the Potiguar Asset since the beginning of the campaign in August 2021. A cumulative total of 28 wells have been drilled and completed to production.

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



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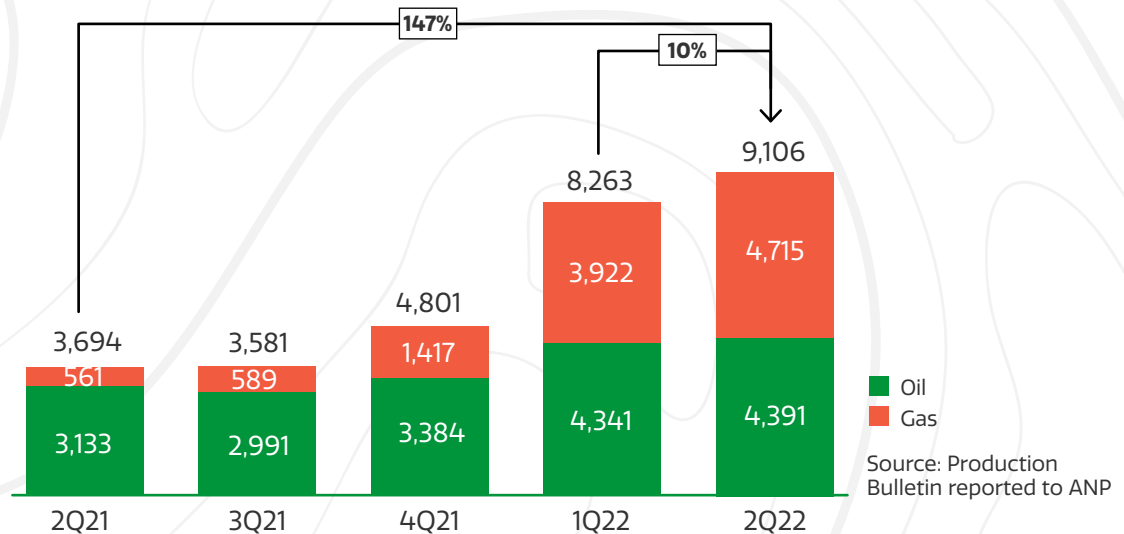




### Bahia Asset

In the second quarter of 2022, the production of the Bahia Asset presented a 147% increase, when compared to the same period in 2021 – a 40% increase in oil production and 740% in natural gas production. Gas production increases largely result from the inclusion of the production of the Miranga Cluster as of the conclusion of the acquisition on December 7, 2021. The second quarter of 2022 also presented a 10% increase, when compared to the prior quarter, due to the increased natural gas production.

### Bahia Asset | Average Working Interest production in barrels of oil equivalent per day (BOEPD)



The capital allocation strategy for the 2Q22 in the Bahia Asset included the execution of a total of 36 workover projects, with 4 rigs dedicated to the Remanso + BTREC and Miranga Clusters. There was an average availability of 3.5 rigs in the period.

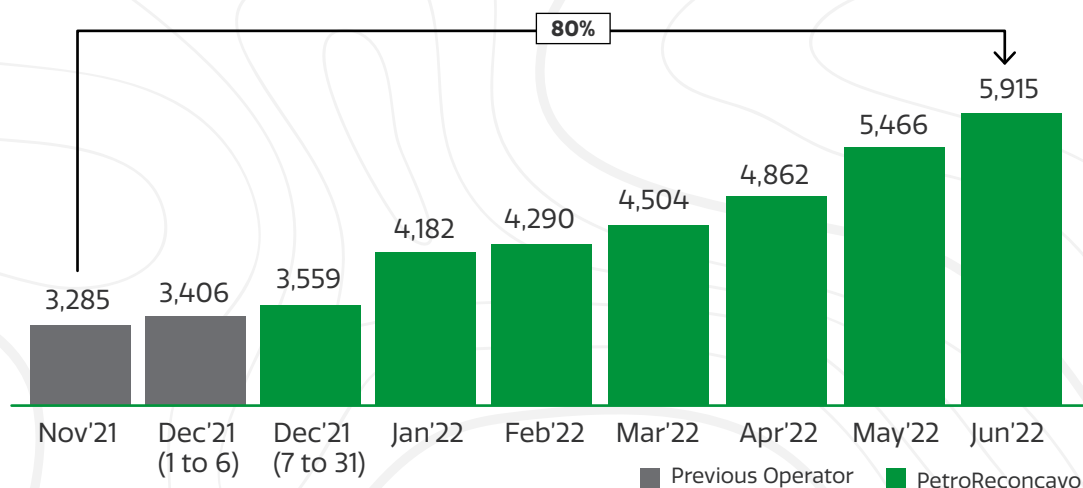
The workover projects executed in the period of the Miranga Cluster, notably projects for returning wells to production, as well as various investments guided towards improvements in increased natural gas transport and compression capacity, helped to increase average daily production to 5,915 BOEPD in June 2022. This was a 80% increase in production when compared to the month of November 2021, the last full month of production of the previous operator.



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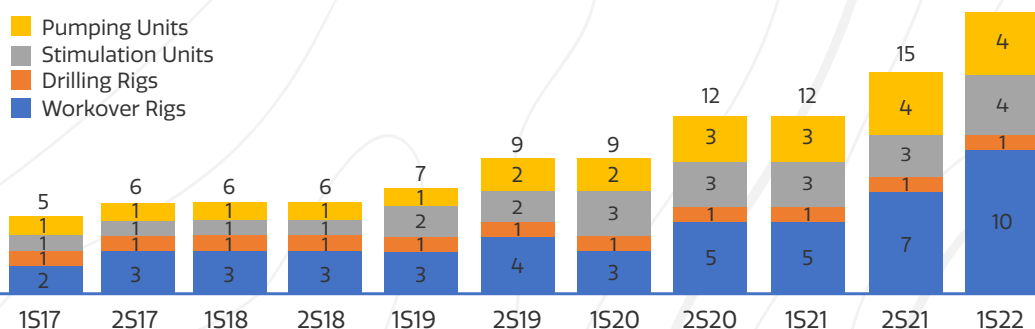
### Miranga Cluster | Average production on the change of operator in barrels of oil equivalent per day (BOEPD)



### Acceleration of the Investment Program

The Company continues expanding its execution capacity, in line with its capital allocation strategy for the development of its reserves in the Assets in which it operates. In the first quarter of 2022, we concluded the deployment of four new equipment, among which three workover rigs and one fracking unit. Two workover rigs are presently in the commissioning phase, one owned by the Company and the other fully outsourced. Furthermore, the Board of Directors of the Company approved the acquisition of four additional workover rigs and two additional drilling rigs.

### Evolution of the Equipment Fleet



Mobilized fleet in June 2022 includes own and leased equipment, all operated by the Company's direct employees. The leased equipments include 5 workover rigs. Direct owned equipment includes: 5 workover rigs (including a flushby unit – light rig), a drilling rig, 4 stimulation units and 4 pumping units (including cementing units).



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## The New Natural Gas Market

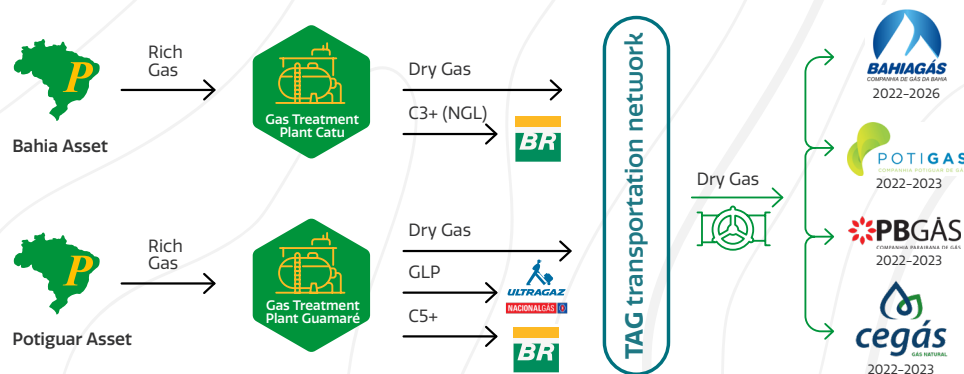
As of January 1, 2022 PetroReconcavo and its subsidiaries started to supply natural gas to state gas distributors of the Northeast of Brazil, with whom the Company signed contracts in 2021. This was a major step towards our positioning within the New Gas Market. On this same date the Company started to contract essential infrastructures for processing and supplying its production of natural dry gas, as well as the marketing of natural gas liquids.

On June 15, 2022 the Company signed a new contract with Companhia de Gás da Bahia – Bahiagás for the purchase and sale of natural gas supply, on an interruptible basis, with pricing other than the original contract.

With these interruptible contracts, the supply and off-take are only established through prior agreement between the parties, with the demand from the Buyer and availability of the Seller. A contractual arrangement which offers the Company the opportunity of optimizing monetization of its natural gas production through the sale of surplus production which exceeds fixed volume contracts in place. There is, therefore, no firm commitment to supply, which allows for greater flexibility and allocation of surplus volumes in accordance with the best prospect of remuneration of commercialized natural gas.

On June 27, 2022 the Company signed an agreement with Companhia de Gás do Ceará – Cegás, for the supply of natural gas, which began on July 4, 2022. The contract stipulates a firm volume of 30 thousand cubic meters per day, at an initially agreed price of 12.25% of the Price of Brent-type oil. This contract also contemplates the supply of surplus volumes, under the same defined commercial conditions.

**The diagrams below present the natural gas production of the Bahia Asset and Potiguar Asset, respectively.**



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The volume of rich gas produced flows through collection pipelines and compression then is processed at the Natural Gas Processing Units (UPGNs), or Gas Plants. In the case of the production from Potiguar Asset, natural gas is processed at the UPGN Guamaré and the production from the Bahia Asset at the Catu Gas Plant.

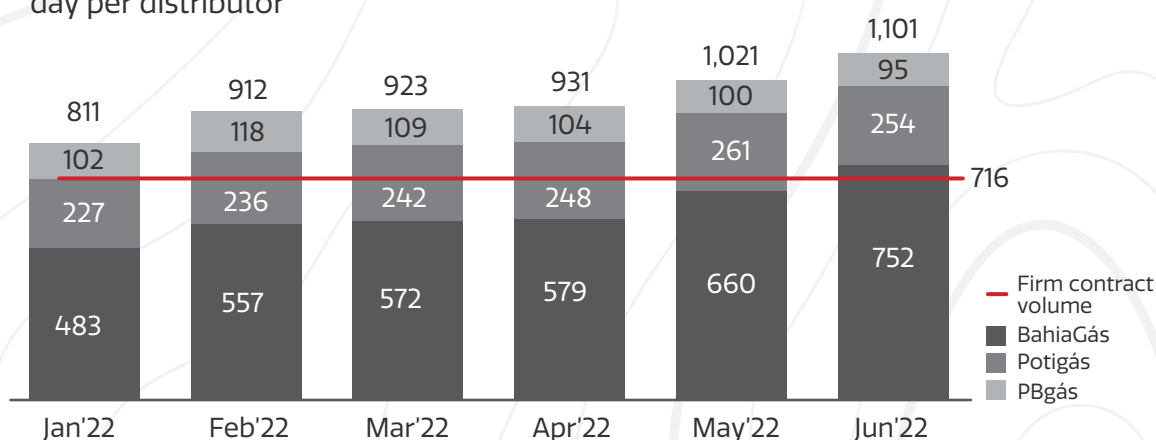
The volume of rich gas available for processing is different from field production volumes. There are reductions associated with upstream losses and consumption, such as gas venting, flare gas, utility gas and fuel gas. Total production of natural gas available for processing in relation to the gas produced, on average for the semester, was of 94% for the Bahia Asset and 90% for the Potiguar Asset.

The processing shrink of the rich natural gas upon entrance to the plants to the processed dry gas, is of around 14% for the Catu Gas Plant and 13% for the Guamaré UPGN. This reduction is due to the extraction of natural gas liquids (for sale), water and contaminants, which are separated in accordance with each of the gas plants capabilities.

Throughout the second quarter, we continued to deliver volumes of natural gas higher than the firm demands contracted. These surplus volumes were sold to Bahiagás, firstly within the commercial parameters of the fixed contract and, after June 15, 2022, in the form of the interruptible contract signed between the parties.

Presently, the Company may commercialize natural gas, from any of the Assets with any of its current clients.

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



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It should be noted that the UPGN Guamaré also produces liquefied petroleum gas (LPG) and the fraction of liquid gas C5+, from the Potiguar E&P production, while Catu Gas Plant (BA) also produces C3+, from the production of Miranga and Remanso Cluster.

LPG production has been marketed since January with the Ultragaz distributor and since April also with Nacional Gás Butano. In the second quarter of 2022, the Company produced a total of 6,590 tons of LPG, 5% above the total production of the 1Q22, that totaled 6,269 tons. The increase in LPG productions is explained by the greater volume produced and available of rich gas and for a small variation in the liquid extraction efficiency in the plant.

The Performance Factor for LPG production is defined according to the molecule composition of the gas available at the plant. The Performance may thus be calculated according to the volume in tons of LPG generated at the plant, over the volume delivered in thousands of cubic meters of gas. Average performance of LPG in the first semester of 2022 was of 15%.

The total volume produced of C5+ in the Potiguar Asset is marketed with Petrobras. The volume produced in the 2Q22 was of 3,671 cubic meters, a 15% increase in comparison to the volume produced in the 1Q22, which totaled 3,180 cubic meters. The average performance factor of C5+ was 0.008% for the processed volume.

As for the volume of natural gas liquid produced in Bahia – C3+, derived from the processing of natural gas, the revenues were still in the form of the Swap contract signed with Petrobras.

The Swap Sale Agreement with Petrobras establishes that the Company sells Rich Gas, produced in all fields of the Remanso and Miranga Clusters, at the entry of the Catu Gas Plant and Petrobras in turn resells dry gas after processing to the Company, generating credits of the Liquids produced and discounting gas processing costs and other costs.



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In practice, the Swap Contract allows the anticipation of access to the infrastructure necessary for the commercialization of the production of natural gas and natural gas liquids in the State of Bahia, independently, from January 1st, 2022.

On July 21, 2022, the Company was notified by Petrobras of possible discrepancies in the amounts of credits obtained from natural gas liquids (LGN) from the gas processing at Catu Gas Plant, supported by the Swap Contracts between Petrobras and the Company and its Subsidiary SPE Miranga.

The Company understands that the entire measurement and pricing process arising from swap contracts is entirely in accordance with the contractual terms between the parties. However, due to the notification received, maintaining its conservatism and absolute transparency with the market, and in line with the best accounting practices, the Company did not recognized part of the credits to which it is contractually entitled. The impact on net revenue in the quarter was R\$ 53 million. Currently, the topic is being discussed between the Company and Petrobras, without a conclusion being reached until the disclosure of this report.

It should be noted that the above-mentioned Swap Contracts are valid until August 31, 2022 and the Company is in negotiations with Petrobras to sign a definitive contract for the outflow and processing of natural gas, similar to the contract signed by the subsidiary Potiguar E&P for access to UPGN Guamaré.

As of the signing of the contracts for processing and outflow, the Company shall have the right to market the C3+ produced at the plant.

The table below presents the unit realized price in US\$/MMBtu for monetization of the upstream rich gas. This is the sum of the revenue from dry natural gas and natural gas liquids (including credits from liquids resulting from swap contract) sales, less taxes on income, royalties and midstream costs (outflow, processing and transport). The result was then divided by the processed volume and translated into dollars by MMBTU using the constant 37.3 MMBTU/m<sup>3</sup>. This effectively generates an effective wellhead value for produced rich gas.

	Gross revenue R\$ 000	Taxes R\$ 000	Net revenue R\$ 000	Royalties	Midstream costs R\$ 000	Processed Volume Mm <sup>3</sup>	Average U.S. dollar rate	US\$ / MMBTU
1H22	655,437	(138,035)	517,402	(24,425)	(179,598)	201,377	5.08	8.21



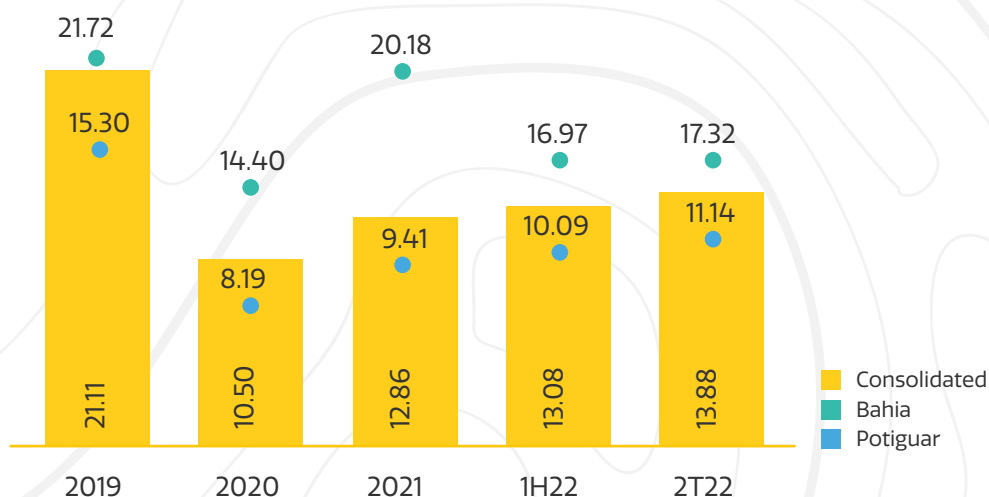
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## Costs

The consolidated average production cost in the 2Q22, the summation of the total costs of services and sales, excluding costs with the acquisition, processing and transportation of gas, royalties, depreciation, amortization and depletion, divided by total gross production in barrels of oil equivalent (boe) in the period (lifting cost) was of US\$13.88/boe, representing a 13% increase when compared to first quarter of 2022, whereby 6% is basically due to the devaluation of the U.S. dollar against the Brazilian real in the period.

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



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

With the positioning of the Company in the New Natural Gas Market and the consequent contracting of the infrastructures for processing and transportation of natural gas with Petrobras and TAG, the Company began recording costs of this nature which totaled R\$91,019 mil in the quarter, 3% above those registered in the 1Q22.

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



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03

## Consolidated Financial Performance

### Consolidated Statement of Profit and Loss (in thousands of Brazilian reais R\$)

	2Q22	1Q22	Δ%	2Q21	Δ%	1H22	1H21	Δ%
Net Revenue	691,009	703,476	-2%	249,110	177%	1,394,485	494,898	182%
Costs and Expenses	(246,362)	(225,579)	9%	(93,572)	163%	(471,941)	(187,149)	152%
Royalties	(64,776)	(63,158)	3%	(24,184)	168%	(127,934)	(44,763)	186%
<b>EBITDA</b>	<b>379,871</b>	<b>414,739</b>	<b>-8%</b>	<b>131,354</b>	<b>189%</b>	<b>794,610</b>	<b>262,986</b>	<b>202%</b>
Depreciation, amortization and depletion	(85,108)	(69,932)	22%	(68,381)	24%	(155,040)	(129,433)	20%
<b>Operating Profit</b>	<b>294,763</b>	<b>344,807</b>	<b>-15%</b>	<b>62,973</b>	<b>368%</b>	<b>639,570</b>	<b>133,553</b>	<b>379%</b>
Net financial income	(126,853)	185,855	n.m.	63,670	n.m.	59,002	(31,115)	n.m.
Current taxes	(44,422)	(51,087)	-13%	(17,986)	147%	(95,509)	(20,149)	374%
Deferred taxes	7,543	(77,737)	n.m.	(14,091)	n.m.	(70,194)	(613)	n.m.
<b>Net income</b>	<b>131,031</b>	<b>401,838</b>	<b>-67%</b>	<b>94,566</b>	<b>39%</b>	<b>532,869</b>	<b>81,676</b>	<b>552%</b>

### Net Revenue

The Company's net revenues reached R\$691 million in the second quarter of 2022, 2% reduction when compared to the prior quarter.

### Net Revenue (in thousands of Brazilian reais - R\$)

	2Q22	1Q22	Δ%	2Q21	Δ%	1H22	1H21	Δ%
<b>Bahia Asset</b>	<b>444,581</b>	<b>424,791</b>	<b>5%</b>	<b>82,006</b>	<b>442%</b>	<b>869,372</b>	<b>164,881</b>	<b>427%</b>
Oil revenue	225,852	204,549	10%	72,581	211%	430,401	148,223	190%
Natural gas and by product revenue	218,729	220,242	-1%	8,588	2447%	438,971	14,909	2844%
Other revenues from services provided	-	-	n.m.	837	-100%	-	1,749	n.m.
<b>Potiguar Asset</b>	<b>583,999</b>	<b>536,504</b>	<b>9%</b>	<b>258,066</b>	<b>126%</b>	<b>1,120,503</b>	<b>476,429</b>	<b>135%</b>
Oil revenue	473,425	430,612	10%	243,459	94%	904,037	452,178	100%
Natural gas and by product revenue	110,574	105,892	4%	14,607	657%	216,466	24,251	793%
Derivative financial instruments	(130,361)	(85,230)	53%	(20,744)	528%	(215,591)	(17,204)	1153%
<b>Gross income</b>	<b>898,219</b>	<b>876,065</b>	<b>3%</b>	<b>319,328</b>	<b>181%</b>	<b>1,774,284</b>	<b>624,106</b>	<b>184%</b>
Deductions	(207,210)	(172,589)	20%	(70,218)	195%	(379,799)	(129,208)	194%
<b>Net revenue</b>	<b>691,009</b>	<b>703,476</b>	<b>-2%</b>	<b>249,110</b>	<b>177%</b>	<b>1,394,485</b>	<b>494,898</b>	<b>182%</b>



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Billing of the Company in the second quarter of 2022 was impacted by increased production, mentioned under the topic Operational Performance, as well as price increases. The average price of the Brent oil was of US\$111.40/bbl in the period, 10% above the average prices in the first quarter of 2022. The oil price increase effect was mitigated by a 6% lower average exchange rate in the quarter.

In the natural gas and byproduct revenue, the Company and its subsidiaries began, as of January 1, 2022 contracts for the supply of natural gas with Potigás, PBGás and Bahiagás, with significant improvements to the molecule price, when compared to 2021.

Conversely, the valuation of the barrel of Brent oil resulted in a loss in derivative financial instruments settled in the period. In the second quarter of 2022, a loss of R\$130 million was registered under this item. In the quarter, hedge contracts were settled in a volume of 482 thousand barrels of oil, at an average price of US\$55.56/bbl.



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## Operational Costs and Expenses

The table below presents some openings and comparisons of our costs and expenses in the second quarters of 2022.

<b>Costs and Expenses</b> (in thousands of Brazilian reais – R\$)								
	<b>2Q22</b>	<b>1Q22</b>	<b>Δ%</b>	<b>2Q21</b>	<b>Δ%</b>	<b>1H22</b>	<b>1H21</b>	<b>Δ%</b>
Personnel	54,872	48,037	14%	30,937	77%	102,909	56,551	82%
Services, Consulting, Leasing and Materials	65,115	59,955	9%	35,193	85%	125,070	72,510	72%
Electric power	15,963	19,048	-16%	12,689	26%	35,011	24,884	41%
Environmental licensing	5,253	1,433	267%	3,573	47%	6,686	7,460	-10%
Share-based payment	5,467	4,164	31%	4,099	33%	9,631	4,099	135%
Outflow, processing and transportation of gas	91,019	88,579	3%	-	n.m.	179,598	-	n.m.
Other costs and expenses	8,673	4,363	99%	7,081	22%	13,036	21,645	-40%
<b>Total</b>	<b>246,362</b>	<b>225,579</b>	<b>9%</b>	<b>93,572</b>	<b>163%</b>	<b>471,941</b>	<b>187,149</b>	<b>152%</b>

Costs and expenses increased 9%, from R\$ 226 million in the first quarter of 2022, to R\$246 million in the second quarter of 2022.

Personnel costs increased 14%, from R\$48 million in the first quarter, to R\$55 million in the second quarter of 2022. Such increase reflects the increase in workforce, especially associated to the increase in the fleet of rigs in operation, demanding new hires during the period. There is also an expected increase in corporate staff that reflects the structure necessary for attention to the increased activities of the Company and to new requirements after the IPO.

Costs with services and materials increased 9%, in the quarterly comparison, in line with the increased activity levels.

Electric power costs reduced 16%, in the quarterly comparison. This variation reflects tariff impacts.



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In the second quarter of 2022 R\$5.4 million was registered relating to vesting in the period of share-based payments to executives and key-personnel of the Company, associated to the Consolidated Incentive Program. Further information in relation to such Program can be found under Note 14 to the Quarterly Financial Statements.

Lastly, costs with the outflow, processing and transportation of rich natural gas, in the second quarter of 2022, was of R\$91 million, reflecting increases in production, foreign exchange variation with effect on costs stipulated in U.S. dollars and a reduction in the transport tariff.

### Net Finance Income (expense)

Net Finance Income (expense) (in thousands of Brazilian reais – R\$)								
	2Q22	1Q22	Δ%	2Q21	Δ%	1H22	1H21	Δ%
Financial income	6,335	4,286	48%	5,335	19%	10,622	20,878	-49%
Financial expenses	(26,210)	(23,180)	13%	(26,710)	-2%	(49,392)	(49,771)	-1%
Foreign exchange variations, net	(106,978)	204,749	n.m.	85,045	n.m.	97,772	(2,222)	n.m.
<b>Net financial income (loss)</b>	<b>(126,853)</b>	<b>185,855</b>	<b>n.m.</b>	<b>63,670</b>	<b>n.m.</b>	<b>59,002</b>	<b>(31,115)</b>	<b>n.m.</b>

Net financing activity results in the second quarter of 2022 were negative in R\$127 million, compared to the positive result of R\$186 million in the first quarter of 2022. The result is impacted, mainly, by the foreign exchange variation in the period. The Company has financial investments and financing, as well as liabilities payable resulting from the acquisition of assets indexed to the U.S. dollar exchange. The exchange rate R\$/US\$ increased by 10.6% in the period from R\$ 4.74 on March 31, 2022 to R\$ 5.24 on June 30, 2022. In the same period of the previous year, the exchange rate fell 12.2% from R\$ 5.70 on March 31, 2021 to R\$ 5.00 on June 30, 2021.



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### Income tax and social contribution on net income

#### Income tax and social contribution (in thousands of Brazilian reais – R\$)

	2Q22	1Q22	Δ%	2Q21	Δ%	1H22	1H21	Δ%
Current	(44,422)	(51,087)	-13%	(17,986)	147%	(95,509)	(20,149)	374%
Deferred	7,543	(77,737)	n.m.	(14,091)	n.m.	(70,194)	(613)	n.m.
<b>Income tax and social contribution</b>	<b>(36,879)</b>	<b>(128,824)</b>	<b>-71%</b>	<b>(32,077)</b>	<b>15%</b>	<b>(165,703)</b>	<b>(20,762)</b>	<b>698%</b>

As a consequence of the lower results observed in the first quarter of 2022, income tax and social contribution expenses registered in the period were lower. Deferred taxes registered in the quarter refer, above all, to the unrealized foreign exchange variation in the Company and its subsidiaries, net of the constitution of deferred taxes on the cost of issuing shares related to follow-on.



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**Consolidated Net Cash Flow** (in thousands of Brazilian reais – R\$)

	2Q22	1Q22	Δ%	2Q21	Δ%	1H22	1H21	Δ%
Net income before taxes	167,910	530,662	-68%	126,643	33%	698,572	102,438	582%
Depreciation, amortization and depletion	85,108	69,932	22%	68,381	24%	155,040	129,433	20%
Interest and foreign exchange variation, net	122,009	(193,553)	n.m.	(101,432)	n.m.	(71,544)	2,437	n.m.
Write-off of property, plant and equipment and leases	27,844	45,119	-38%	(8,749)	n.m.	72,963	23,521	210%
Other adjustments and changes in net income	7,352	6,956	6%	34,864	-79%	14,308	40,755	-65%
Changes in assets and liabilities	47,700	(183,987)	n.m.	16,825	n.m.	(136,287)	(8,492)	1505%
Interest paid	(10,159)	(12,194)	-17%	(15,564)	-35%	(22,353)	(31,331)	-29%
Income tax (IR) and social contribution (CSSL) paid	(62,782)	(29,361)	114%	(380)	16422%	(92,143)	(515)	17792%
<b>Cash from operating activities</b>	<b>384,982</b>	<b>233,574</b>	<b>65%</b>	<b>120,588</b>	<b>219%</b>	<b>618,556</b>	<b>258,246</b>	<b>140%</b>
Additions to property, plant and equipment and to intangible assets	(317,513)	(214,411)	48%	(61,073)	420%	(531,924)	(187,078)	184%
Financial investments	(828,337)	(20,091)	4023%	(872,773)	-5%	(848,428)	(870,548)	-3%
<b>Cash used in investment activities</b>	<b>(1,145,850)</b>	<b>(234,502)</b>	<b>389%</b>	<b>(933,846)</b>	<b>23%</b>	<b>(1,380,352)</b>	<b>(1,057,626)</b>	<b>31%</b>
Borrowings	-	-	n.m.	-	n.m.	-	60,479	n.m.
Payment of financing, leases and amounts payable for acquisitions	(107,021)	(61,369)	74%	(73,480)	46%	(168,390)	(134,653)	25%
Capital increase, net of cost of issue	996,398	189	n.m.	1,111,648	-10%	996,587	1,111,648	-10%
Net effect on acquisition and sale of shares	530	31	1615%	-	n.m.	561	-	n.m.
Paid Dividends	(39,686)	-	n.m.	-	n.m.	(39,686)	-	n.m.
<b>Cash flow from (used in) financing activities</b>	<b>850,221</b>	<b>(61,149)</b>	<b>n.m.</b>	<b>1,038,168</b>	<b>-18%</b>	<b>789,072</b>	<b>1,037,474</b>	<b>-24%</b>
Foreign exchange variations on cash and cash equivalents	(821)	1,385	n.m.	-	n.m.	564	-	n.m.
<b>Increase (decrease) in cash and cash equivalents</b>	<b>88,532</b>	<b>(60,692)</b>	<b>n.m.</b>	<b>224,910</b>	<b>-61%</b>	<b>27,840</b>	<b>238,094</b>	<b>-88%</b>



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Cash generated by operating activities increased 65% in the second quarter of 2022 compared to the previous quarter. The Company's operating performance in the quarter was explained above in that report.

The cash invested in investment activities totaled a negative R\$ 1,145 million in the second quarter of 2022, as a combination of the following factors:

- (I) The Company invested R\$318 million in additions to the fixed and intangible assets, mainly investments to increase production and drilling of new wells;
- (II) In the second quarter of 2022, we had financial application in the amount of R\$828 million.

The cash generated in financing activities was R\$850 million in the second quarter of 2022, mainly due to the use of share capital due to the follow-on equity offering. As a consequence of the items listed above, the increase in cash balance and cash equivalents in the second quarter of 2022 was R\$89 million, while last quarter there was a reduction of R\$61 million.



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## 04

## Other highlights of the balance sheet

### Cash position (cash and cash equivalents and financial investments)

As of June 30, 2022 the Company recorded a cash position, which represents the sum of cash and cash equivalent balances and financial investments, in the amount of R\$1.7 billion.

Presently, a good part of the Company's resources are invested in foreign exchange funds. These investments have the purpose of accompanying the exchange variation of the U.S. dollar against the Brazilian real and the Company aims, in such a manner, to protect itself from exchange variation, since most of the debts of the Company and its subsidiaries are denominated in U.S. dollars. In addition, the Company has potential future commitments related to the acquisition of assets which are also denominated in U.S. dollars.

### Indebtedness

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

	06/30/2022	12/31/21	Δ%
FINEP	991	1,647	-40%
Bank loans	589,666	762,081	-23%
Costs to amortize	(17,188)	(22,437)	-23%
Amounts payable for acquisition	1,159,765	1,263,049	-8%
<b>Gross debt</b>	<b>1,733,234</b>	<b>2,004,340</b>	<b>-14%</b>
Cash and cash equivalents	244,999	217,159	13%
Financial investments	1,481,881	655,644	126%
<b>Net debt</b>	<b>6,354</b>	<b>1,131,537</b>	<b>-99%</b>
<b>EBITDA last 12 months</b>	<b>1,066,430</b>	<b>534,806</b>	<b>99%</b>
<b>Net debt/ EBITDA last 12 months</b>	<b>0.01 x</b>	<b>2.12 x</b>	<b>-2.11 x</b>

Net indebtedness of the Company in the second quarter of 2022 decreased 99%, impacted mainly by the subsequent public offering of primary distribution of common shares, the follow on.



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### Derivative Financial Instruments

The Company constantly assesses the possibility of carrying out hedging operations of future oil production to increase predictability and protect future cash flows. The Company contracted 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 June 30, 2022, as well as information related to their corresponding hedged items:

Hedging instruments Outstanding contracts	Average strike prices 06/30/2022	Quantity 06/30/2022	Fair value of hedging instruments 06/30/2022
	US\$/barrel	In barrels	R\$ mil
Under 3 months	53.63	484,728	(139,698)
From 3 to 6 months	53.77	519,489	(125,084)
From 6 to 12 months	51.50	896,350	(196,447)
From 1 to 2 years	55.38	1,580,500	(262,551)
From 2 to 3 years	59.65	331,500	(39,662)
<b>Total</b>	<b>54.40</b>	<b>3,812,567</b>	<b>(763,442)</b>

The total average volume of hedged barrels for the second quarter of 2022, as per the above table, is of approximately 5,458 bopd, or around 26.6% of total average production of the Company in the 2Q22, which was of 20,528 boepd. Observing only oil production, the hedged production corresponds to 43.9% of the average production of the Company in the 2Q22, which was 12,446 bopd.

The subsidiary Potiguar E&P obtained, on March 21, 2022 from a creditor financial institution of the financing contract a waiver in order not to sign additional oil hedge contracts until the end of the second quarter of 2022.



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## 05

**HS&E & ESG**

In the second quarter of 2022, we disclosed our first Sustainability Report in accordance with the Global Reporting Initiative (GRI) methodology. The report is an important advance in the quest for sustainable growth and once which generates value for shareholders, collaborators and the community where we operate. We also disclosed our recently approved Diversity, Equity and Inclusion Policy, which establishes basic principles and guidelines so that the Company's operations are guided by respect, inclusion, equity and appreciation of diversity.

We began the preparation of the second inventory of greenhouse gas emissions related to the year 2021. We concluded the participation in the workgroup of the first sectorial Oil and Gas inventory, conducted by IBP- Instituto Brasileiro de Petróleo. The purpose is to assemble various companies of the sector to calculate scope 1 and 2 emissions and define decarbonization strategies up until 2050.

The Company continues investing in the social projects; maintaining the activities in the "Ciranda Viva" project in Bahia and beginning the Program "Mães em Movimento", which promotes weekly physical activities for mothers of children within the project, with the purpose of extending the actions of "Ciranda Viva" also to the families of the children benefitted and draw them closer to the Project.

The first phase of the Socioenvironmental Program "Viva Sabiá", in Rio Grande do Norte, guided towards the establishment of a relationship with the communities where PetroReconcavo operates, providing access to drinking water and began the second phase, that will expand operation and scope, including actions such as school campaigns focused on environmental education in 10 schools of the municipality.



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In May, the Company began the implementation of the "Ciranda Agroflorestal" project, with the purpose of contributing towards increasing biodiversity and improving income of the family agriculture workers of the Miranga region, in the municipality of Pojuca-BA. During the first two months of the project various activities were carried out, among which: biofertilizer workshops promoting ecologic agricultural techniques, family agriculture fairs, structuring two seed bans, implementation of the Agroforestry systems (SAFs) and mentoring for management of family agriculture endeavors.

We advanced our partnership with the city hall of Mata de São João, with the "Educa+Recicla" program, which has the purpose of promoting environmental sustainability, stimulating selective waste collection and recycling among students, communities, enterprises, resorts and condominiums of Mata de São João. The acquisition of a box truck was made possible, to be used for the logistics of recycled residues generated through the Program.

Continuing with our partnership with the Tamar Project – BA, the visitation of public-school students of Mata de São João was started to the unit of the Project located at Praia do Forte-BA. In May and June, five schools were attended, the visit of a total of 280 students and 37 teachers.

In May the Company launched the project "A serviço da Sustentabilidade" with the purpose of promoting a behavioral transformation with the workforce, developing the culture of sustainability, sense of organization and cleanliness, and commitment towards fulfillment of the HS&E requirements.

In June the inaugural ceremony of the Course on the Formation of Rig Professionals occurred in Bahia and in Rio Grande do Norte, in a partnership with SENAI. Leaders of the institutions involved were present at the event and recognized the dedication of the selected students for a total of 180 vacancies after a selection process with over 7,000 candidates.

Finally, to optimize the processes and reduce consumption of paper, training programs were performed for the use of the Petro Digital platform for electronic issue of work permits.



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return



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