



**FINANCIAL
STATEMENTS FOR
THE YEAR ENDED
DECEMBER, 2023**

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

INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, Council Members and Executive Board of
PetroReconcavo S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of PetroReconcavo S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2023, and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including the material accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of PetroReconcavo S.A. as at December 31, 2023, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Revenue recognition from the sale of oil and gas and byproducts

As described in note 19 to the individual and consolidated financial statements, the Company's and its subsidiaries' revenue derives mainly from the sale of oil and gas and byproducts, recognized when control over each performance obligation is transferred to the customer and can be reliably measured, which normally occurs upon delivery of the product sold.

The accounting for the revenue arising from the sale of oil and gas and byproducts involves processes implemented by the Company's Executive Board that support its recognition and that must address the following risks, among others: (a) revenue must be accounted for after the Company meets its performance obligation based on the terms and conditions set forth in the respective sales contracts; and (b) measurement of the transaction price must be determined based on the terms and conditions set forth in the respective sales contracts and the Company's usual business practices to determine the transaction price. Due to these aspects, the fact that it was considered a significant audit risk and the materiality of the amounts involved, we considered the recognition of the revenue from the sale of oil and gas and byproducts a key audit matter.

Accordingly, our audit procedures included, but were not limited to: (i) understanding the recognition flow of the revenue from the sale of oil and gas and byproducts; (ii) assessing the design and implementation and operating effectiveness tests of the relevant internal controls related to the recognition of the revenue from the sale of oil and gas and byproducts; (iii) performing external confirmation procedures, on a sample basis, on the billing of the revenue from the sale of oil and gas and byproducts; (iv) conducting a transaction test on the population with relevant interest characteristics for purposes of audit in the revenue from the sale of oil, by comparing the amounts recognized with the supporting documentation; (v) performing substantive analytical procedures in the revenue from the sale of oil, through analysis of correlation of variables regarding the occurrence, integrity and accuracy of the revenue from the sale of oil recognized by the Company, analyzing the fluctuations that are not aligned with our independent expectations; and (vi) assessing the disclosures made in the financial statements in light of technical pronouncement CPC 47/IFRS 15 - Revenue from Contracts with Customers.

Based on the audit procedures described above and the audit evidence obtained, we consider that recognition of the revenue from the sale of oil and gas and byproducts and the related disclosures are acceptable in the context of the individual and consolidated financial statements taken as a whole.

SPE Tiêta Ltda. acquisition

As described in note 7.3 to the individual and consolidated financial statements, on February 28, 2023, the transaction for acquisition of 100% of the capital of SPE Tiêta Ltda., formerly Maha Energy Brasil Ltda., was completed, through which such entity's control was obtained. This acquisition was classified as a business, as prescribed in technical pronouncement CPC 15 (R1)/IFRS 3 - Business Combination.

The process for fair value measurement and allocation of the assets acquired and liabilities assumed in a business combination involves the exercise of judgment and subjectivity with respect to certain estimates used by the Company's Executive Board, and the accounting recognition process, in accordance with the requirements in the technical pronouncement applicable to this type of transaction, involves complexity. Due to these reasons, we considered this matter a key audit matter.

Our audit procedures included, but were not limited to: (i) assessing the design and implementation of the relevant internal controls relating to the accounting for significant unusual transactions; (ii) reading the set of agreements and main documents supporting the transaction; (iii) assessing the criteria adopted by the Executive Board in the application of the acquisition method, in light of technical pronouncement CPC 15 (R1)/IFRS 3 - Business Combination; (iv) involving our internal financial valuation specialists to assist us in assessing the adequacy of the model and discount rate used for measuring the fair values of the material assets acquired and liabilities assumed identified on the acquisition date; and (v) analyzing and assessing the disclosures made by the Executive Board in the individual and consolidated financial statements.

Based on the audit procedures described above and the audit evidence obtained, we understand that the criteria for accounting for the business combination adopted by the Executive Board and the related disclosures in the notes are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Other matter

Statements of value added

The individual and consolidated statements of value added (“DVA”) for the year ended December 31, 2023, prepared under the responsibility of the Company’s Executive Board and disclosed as supplemental information for purposes of the IFRS, were subject to audit procedures performed together with the audit of the Company’s individual and consolidated financial statements. In forming our opinion, we evaluated whether these statements are reconciled with the individual and consolidated financial statements and the accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the independent auditor’s report

The Executive Board is responsible for the other information. Such other information comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Board and those charged with governance for the individual and consolidated financial statements

The Executive Board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the IFRS, issued by the IASB, and for such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Salvador, March 5, 2024


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


Jônatas José Medeiros de Barcelos
Engagement Partner



BALANCE SHEET AS AT DECEMBER 31, 2023
(In thousands of Brazilian reais - R\$)

Company						Consolidated					
Company						Consolidated					
ASSETS	Notes	12/31/2023	12/31/2022	12/31/2023	12/31/2022	LIABILITIES AND NET EQUITY	Notes	12/31/2023	12/31/2022	12/31/2023	12/31/2022
CURRENT						CURRENT					
Cash and cash equivalents	4	110,834	83,601	197,184	361,028	Suppliers	9	244,977	106,430	254,010	352,152
Short-term investments	4	310,172	1,233,639	310,172	1,250,163	Payroll and related charges		85,457	37,850	86,647	60,848
Trade receivables	5	332,047	55,219	360,611	384,180	Recoverable taxes		42,490	7,397	49,537	124,275
Inventories		6,237	9,340	7,358	11,451	Loans and financing	10	142,772	14,011	142,772	14,011
Dividends receivable	17	11,316	179,502	-	-	Leases payable		25,940	5,596	32,887	20,382
Recoverable taxes	6	211,194	30,746	233,927	99,243	Derivative financial instruments	15	99,478	-	99,478	285,183
Other assets		36,708	112,228	38,179	26,539	Dividends and interest on capital payable	17	17,359	106,416	17,359	106,416
Total current assets		1,018,508	1,704,275	1,147,431	2,132,604	Payables for acquisitions	12	340,256	-	340,256	405,886
NONCURRENT						Provision for well abandonment	14	8,202	-	8,202	9,724
Trade receivables	5	55,917	947	55,917	55,917	Other accounts payable		29,029	7,847	34,712	12,490
Recoverable taxes	6	68,450	479	78,049	68,094	Total current liabilities		1,035,960	285,547	1,065,860	1,391,367
Other assets		8,623	2,908	5,816	3,444	NONCURRENT					
Deferred taxes	11	8,399	28,110	46,370	167,840	Suppliers	9	130,476	-	130,476	-
Investments	7	790,258	2,293,185	-	-	Loans and financing	10	760,208	641,570	760,208	641,570
PP&E and intangible assets	8	4,807,735	743,197	5,455,889	4,129,365	Leases payable		2,591	3,613	10,570	7,112
Lease right-of-use assets		26,438	10,117	39,712	27,830	Other accounts payable		12,227	6,112	12,227	6,112
Total noncurrent assets		5,765,820	3,078,943	5,681,753	4,452,490	Derivative financial instruments	15	-	-	-	102,409
						Deferred taxes	11	-	-	-	6,023
						Payables for acquisitions	12	145,239	-	145,239	512,386
						Provision for contingency risks	13	3,239	3,391	5,299	3,726
						Provision for well abandonment	14	176,505	32,483	181,422	103,887
						Total noncurrent liabilities		1,230,485	687,169	1,245,441	1,383,225
						NET EQUITY					
						Share capital	16	2,830,774	2,828,170	2,830,774	2,828,170
						Treasury shares		(5,084)	(6,793)	(5,084)	(6,793)
						Capital reserve		51,978	43,171	51,978	43,171
						Profit reserve		1,671,360	1,167,284	1,671,360	1,167,284
						Equity valuation adjustment		(65,626)	(255,811)	(65,626)	(255,811)
						Capital transactions		34,481	34,481	34,481	34,481
						Total net equity		4,517,883	3,810,502	4,517,883	3,810,502
TOTAL ASSETS		6,784,328	4,783,218	6,829,184	6,585,094	TOTAL LIABILITIES AND NET EQUITY		6,784,328	4,783,218	6,829,184	6,585,094

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



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands of Brazilian reais - R\$, except for earnings per share)

	Notes	Company		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
NET REVENUE	19	765,317	594,381	2,814,361	2,975,939
COSTS OF SALES	20	(637,812)	(409,333)	(1,916,661)	(1,534,412)
GROSS PROFIT		127,505	185,048	897,700	1,441,527
INCOME (EXPENSES)					
Expected credit loss		-	(5,755)	-	(70,711)
General, sales and administrative	20	(95,237)	(27,137)	(214,065)	(110,377)
Other income (expenses), net	20	(1,554)	37,646	(3,818)	(2,239)
Equity in investments	7	618,576	957,065	-	-
Total		521,785	961,819	(217,883)	(183,327)
OPERATING INCOME (EXPENSES)		649,290	1,146,867	679,817	1,258,200
Financial income	21	6,934	11,826	49,012	66,400
INCOME BEFORE TAXES		656,224	1,158,693	728,829	1,324,600
INCOME TAX AND SOCIAL CONTRIBUTION					
Current		-	-	(32,666)	(129,246)
Deferred		52,714	(5,302)	12,775	(41,963)
Total	11	52,714	(5,302)	(19,891)	(171,209)
NET INCOME		708,938	1,153,391	708,938	1,153,391
Earnings per share - R\$	16	2.420	4.231		
Diluted earnings per share - R\$	16	2.418	4.218		

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



STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands of Brazilian reais - R\$)

	Notes	Company		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
NET INCOME FOR THE YEAR		708,938	1,153,391	708,938	1,153,391
Items that can be subsequently reclassified to statement of profit and loss					
Hedging instruments	15	66,091	-	288,159	77,089
Deferred taxes on financial instruments		(22,471)	-	(97,974)	(26,210)
Other comprehensive income of subsidiaries		146,565	50,879	-	-
TOTAL COMPREHENSIVE INCOME		<u>899,123</u>	<u>1,204,270</u>	<u>899,123</u>	<u>1,204,270</u>

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



STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands of Brazilian reais - R\$)

	Notes	Share capital	Treasury shares	Capital reserve		Profit reserve			Equity valuation adjustment		Retained earnings	Net equity
				Income tax relief incentive	Shares and stock options granted	Legal reserve	Tax incentives	Reinvestment and expansion reserve	Proposed additional dividends	Cash flow hedge accounting	Capital transaction	
BALANCE AS AT DECEMBER 31, 2021		1,813,936	(2,292)	18,501	16,675	32,032	42,220	222,950	-	(306,690)	34,481	1,871,813
Capital increase	16	1,034,000	-	-	-	-	-	-	-	-	-	1,034,000
Exercise of stock options	16	5,186	-	-	-	-	-	-	-	-	-	5,186
Exercised stock options to be paid-in	16	(259)	-	-	-	-	-	-	-	-	-	(259)
Share issue cost		(24,693)	-	-	-	-	-	-	-	-	-	(24,693)
Share buyback		-	(8,403)	-	-	-	-	-	-	-	-	(8,403)
Delivery of shares in treasury		-	3,863	-	-	-	-	-	-	-	317	4,180
Sale of treasury shares		-	39	-	-	-	-	-	-	-	-	39
Share-based compensation		-	-	-	7,995	-	-	-	-	-	-	7,995
Other comprehensive income of subsidiaries	7	-	-	-	-	-	-	-	-	50,879	-	50,879
Complementary tax incentive reserve		-	-	-	-	-	3,714	-	-	-	(3,714)	-
Net income		-	-	-	-	-	-	-	-	-	1,153,391	1,153,391
Legal reserve	16	-	-	-	-	57,670	-	-	-	-	(57,670)	-
Tax incentive reserve	16	-	-	-	-	-	11,084	-	-	-	(11,084)	-
Minimum mandatory dividends	16	-	-	-	-	-	-	-	-	-	(103,626)	(103,626)
Approved additional dividends	16	-	-	-	-	-	-	-	26,374	-	(26,374)	-
Interest on capital	16	-	-	-	-	-	-	-	-	-	(180,000)	(180,000)
Reinvestment and expansion reserve	16	-	-	-	-	-	-	771,240	-	-	(771,240)	-
BALANCE AS AT DECEMBER 31, 2022		2,828,170	(6,793)	18,501	24,670	89,702	57,018	994,190	26,374	(255,811)	34,481	3,810,502
Payment of subscribed capital		260	-	-	-	-	-	-	-	-	-	260
Exercise of stock options	16	2,839	-	-	-	-	-	-	-	-	-	2,839
Exercised option to be paid-in		(495)	-	-	-	-	-	-	-	-	-	(495)
Share buyback		-	(4,055)	-	-	-	-	-	-	-	-	(4,055)
Delivery of shares in treasury		-	5,764	-	-	-	-	-	-	-	(1,129)	4,635
Approved additional dividends		-	-	-	-	-	-	-	(26,374)	-	-	(26,374)
Share-based compensation	16	-	-	-	8,807	-	-	-	-	-	-	8,807
Other comprehensive income of subsidiaries	7	-	-	-	-	-	-	-	-	146,565	-	146,565
Other comprehensive income of the Company		-	-	-	-	-	-	-	-	43,620	-	43,620
Interest on capital		-	-	-	-	-	-	-	-	-	(160,000)	(160,000)
Net income		-	-	-	-	-	-	-	-	-	708,938	708,938
Legal reserve	16	-	-	-	-	35,447	-	-	-	-	(35,447)	-
Tax incentive reserve	16	-	-	-	-	-	7,442	-	-	-	(7,442)	-
Minimum mandatory dividends	16	-	-	-	-	-	-	-	-	-	(17,359)	(17,359)
Reinvestment and expansion reserve	16	-	-	-	-	-	-	487,561	-	-	(487,561)	-
BALANCE AS AT DECEMBER 31, 2023		2,830,774	(5,084)	18,501	33,477	125,149	64,460	1,481,751	-	(65,626)	34,481	4,517,883

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



STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands of Brazilian reais - R\$)

		Notes	Company		Consolidated	
			12/31/2023	12/31/2022	12/31/2023	12/31/2022
CASH FLOWS FROM OPERATING ACTIVITES						
Profit before taxes on income			656,224	1,158,693	728,829	1,324,600
Reconciliation of profit before taxes with cash generated by operating activities						
Interest, amortization of borrowing and foreign exchange variations, net			(30,257)	(4,386)	(81,818)	(72,910)
Depreciation, amortization and depletion		20	148,639	74,539	598,327	351,220
Provisions, estimated losses and other			8,318	12,154	8,537	12,489
Equity in investments		7	(618,576)	(957,065)	-	-
Fair value of derivative financial instruments in profit or loss		15	40,136	-	268,254	441,631
Adjustment of provision for well abandonment		14	5,687	4,573	12,832	10,797
Expected credit losses			-	5,755	-	70,711
Derecognition of PP&E, leases and other			136,443	71,608	235,195	141,359
Changes in assets:						
Trade receivables			35,104	(27,523)	27,818	(340,961)
Inventories			34,903	(3,631)	5,685	(4,899)
Recoverable taxes			33,523	(10,525)	(71,089)	(112,138)
Other assets			(76,266)	(99,391)	(9,863)	(15,286)
Changes in liabilities:						
Suppliers			36,330	48,230	21,547	253,444
Payroll and related charges			21,186	15,324	26,343	30,285
Recoverable taxes			(29,587)	5,589	2,211	143,996
Other accounts payable			7,511	5,627	21,024	(18,098)
Payment of contingency risks			-	(35)	-	(35)
Payment of hedge contracts		15	(40,091)	-	(268,209)	(441,631)
Interest paid			(58,076)	(2,109)	(60,439)	(46,111)
Income tax and social contribution paid			(1,957)	(10,215)	(73,378)	(222,313)
Change in cash resulting from operating activities			309,194	287,212	1,391,806	1,506,150
CASH FLOWS FROM INVESTMENT ACTIVITIES						
Advance for future capital increase in subsidiaries		7	(90,000)	(720,611)	-	-
Dividends received from subsidiaries			60,000	-	-	-
Cash balance - Closing of Reconcavo América			7,829	-	-	-
Cash balance - Merger of subsidiaries			267,700	-	-	-
Acquisition of SPE Tieta, net of cash received			(501,639)	-	(472,255)	-
Short-term investments			914,601	(685,102)	977,533	(571,477)
Additions to PP&E and intangible assets			(553,463)	(368,414)	(1,366,449)	(1,227,617)
Change in cash resulting from investment activities			105,028	(1,774,127)	(861,171)	(1,799,094)
CASH FLOWS FROM FINANCING ACTIVITIES						
Additions, net of borrowing costs		10	279,030	643,520	279,030	643,520
Payment of financing		10	(331)	(1,317)	(331)	(704,675)
Payment of payables for acquisitions		12	(362,118)	(26,214)	(651,888)	(273,954)
Exercise of stock options		16	2,344	4,927	2,344	4,927
Paid-in of subscribed capital			260	1,034,000	260	1,034,000
Share issue cost			-	(37,413)	-	(37,413)
Dividends and interest on capital paid		16	(281,943)	(205,309)	(281,943)	(205,309)
Amortization of lease operations - principal			(20,176)	(5,602)	(38,143)	(16,516)
Net cash from the acquisition and sale of treasury shares			(4,055)	(8,364)	(4,055)	(8,364)
Change in cash resulting from financing activities			(386,989)	1,398,228	(694,726)	436,216
Foreign exchange variation on cash and cash equivalents			-	-	247	597
CHANGE IN CASH AND CASH EQUIVALENTS			27,233	(88,687)	(163,844)	143,869
Cash and cash equivalents at the beginning of the year		4	83,601	172,288	361,028	217,159
Cash and cash equivalents at the end of the year		4	110,834	83,601	197,184	361,028
CHANGE IN CASH AND CASH EQUIVALENTS			27,233	(88,687)	(163,844)	143,869

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



STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands of Brazilian reais - R\$)

		Notes	Company		Consolidated	
			12/31/2023	12/31/2022	12/31/2023	12/31/2022
WEALTH CREATION						
Revenue:						
Products	19	852,832	665,347	3,314,712	3,765,407	
Other		77,489	90,102	43,602	32,976	
Expected credit loss		-	(5,755)	-	(70,711)	
Total revenue		930,321	749,694	3,358,314	3,727,672	
THIRD PARTY INPUTS AND SERVICES						
Cost of products and goods sold		(51,066)	(21,136)	(83,154)	(51,291)	
Materials, energy, outsourced services and other		(324,519)	(146,820)	(725,014)	(824,449)	
Total third party inputs		(375,585)	(167,956)	(808,168)	(875,740)	
GROSS VALUE-ADDED		554,736	581,738	2,550,146	2,851,932	
Depreciation, amortization and depletion	20	(148,639)	(74,539)	(598,327)	(351,220)	
NET WEALTH PRODUCED		406,097	507,199	1,951,819	2,500,712	
WEALTH RECEIVED IN TRANSFER						
Financial income		123,182	37,432	187,051	180,692	
Equity in investments	7	618,576	957,065	-	-	
Total wealth received in transfer		741,758	994,497	187,051	180,692	
Wealth for distribution		1,147,855	1,501,696	2,138,870	2,681,404	
WEALTH DISTRIBUTION						
Personnel:						
Direct remuneration		119,619	114,921	237,814	157,598	
Benefits		36,085	29,048	76,945	56,957	
FGTS		6,481	5,107	14,957	9,519	
Taxes, fees and contributions						
Federal		44,002	81,666	351,158	458,917	
State		40,255	9,730	323,790	424,540	
Municipal		2,659	2,247	2,659	2,247	
Taxes, fees and contributions						
Rent		16,505	32,197	46,729	63,066	
Royalties	20	57,064	47,783	237,840	240,876	
Interest		116,248	25,606	138,039	114,293	
Return on capital						
Dividends and interest on capital	16	177,359	310,000	177,359	310,000	
Retained earnings		531,578	843,391	531,580	843,391	
WEALTH DISTRIBUTED		1,147,855	1,501,696	2,138,870	2,681,404	

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



1. GENERAL INFORMATION

PetroReconcavo S.A. ("Company", "PetroReconcavo" or "Parent Company") is a business corporation headquartered in Mata de São João, Bahia listed on B3 S.A – *Brasil, Bolsa, Balcão* and is engaged in the operation and production of mature oil and natural gas fields and its by-products in Brazil. In operation since February 2000, the Company is currently the concessionaire of 55 fields distributed among the states of Bahia, Sergipe and Rio Grande do Norte. Of these 55 fields, the Company operates in five of them in the consortium modality. The Company does not have a controlling shareholder or group.

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

1.1 SPE Tiêta Ltda.

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

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

1.2 Corporate Reorganization

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

On October 31, 2023, in an Extraordinary General Meeting, the shareholders approved the merger, once observed the regulatory requirements of Potiguar E&P S.A., SPE Miranga S.A. and Reconcavo E&P.

The Company's individual results in 2023 reflect the results from January 1 to October 31, 2023 from the 12 fields operated by the Company, up to that date, together with the results of its then subsidiaries Potiguar E&P, SPE Miranga and Reconcavo E&P, through its equity in those investments. From November, the Company's individual results also include contributions from the fields acquired in the merger, totaling 55 fields in December 2023.

The balances of the merger subsidiaries are presented below, registered at book value, in accordance with the merger terms and justifications and the respective appraisal reports of the accounting net equity calculated through the accounting registers and issued by a specialized company engaged by the Company:

	Reconcavo E&P	Potiguar E&P	SPE Miranga	Total
	10/31/2023	10/31/2023	10/31/2023	10/31/2023
CURRENT ASSETS				
Cash and cash equivalents	18,386	136,712	112,602	267,700
Short-term investments	-	11,581	26,918	38,499
Trade receivables	1,861	160,637	94,464	256,962
Inventories	165	30,775	860	31,800
Recoverable taxes	848	116,540	48,492	165,880
Other assets	1,598	15,197	2,749	19,544
Total current assets	22,858	471,442	286,085	780,385
NONCURRENT ASSETS				
Trade receivables	-	-	54,970	54,970
Recoverable taxes	656	32,487	69,353	102,496
Other assets	-	101	12	113
Deferred taxes	191	-	-	191
PP&E and intangible assets	6,264	2,072,337	1,652,688	3,731,289
Lease right-of-use assets	-	11,899	2,497	14,396
Total noncurrent assets	7,111	2,116,824	1,779,520	3,903,455
TOTAL ASSETS	29,969	2,588,266	2,065,605	4,683,840
CURRENT LIABILITIES				
Suppliers	1,482	170,788	245,165	417,435
Payroll and related charges	123	25,375	5,558	31,056
Taxes payable	250	41,037	21,804	63,091
Leases payable	-	11,846	2,825	14,671
Derivative financial instruments	-	165,524	-	165,524
Dividends payable	2,159	100,127	77,218	179,504
Payables for acquisitions	-	-	243,028	243,028
Provision for well abandonment	-	5,315	4,409	9,724
Other accounts payable	-	4,169	9,516	13,685
Total current liabilities	4,014	524,181	609,523	1,137,718
NONCURRENT LIABILITIES				
Leases payable	-	583	46	629
Deferred taxes	-	24,197	24,760	48,957
Payables for acquisitions	-	-	360,143	360,143
Provision for contingency risks	-	335	-	335
Provision for well abandonment	2,347	55,128	20,707	78,182
Total current liabilities	2,347	80,243	405,656	488,246
TOTAL LIABILITIES	6,361	604,424	1,015,179	1,625,964
NET EQUITY	23,608	1,983,842	1,050,426	3,057,876
TOTAL LIABILITIES AND NET EQUITY	29,969	2,588,266	2,065,605	4,683,840

For the purpose of incorporation R\$ 10,415 was eliminated as receivables from related parties, classified under other assets, R\$ 166,688 in payables to related parties, classified under the account of suppliers, as well as R\$ 179,504 related to dividends payable.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Compliance statement and approval of the financial statements

The individual and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with the material accounting policies adopted in Brazil. The material accounting policies adopted in Brazil comprise those included under the Brazilian Corporate Law and considering pronouncements, guidance and interpretations issued by the Brazilian Accounting Pronouncements Committee (“CPC”), approved by the Federal Accounting Council (“CFC”) and by the Brazilian Securities and Exchange Commission (“CVM”).

As there is no difference between the consolidated shareholders' equity and consolidated income attributable to the shareholders of the parent company, as set out in the consolidated financial statements prepared in accordance with IFRS and the material accounting policies adopted in Brazil, and the shareholders' equity and results of the parent company, as set out in the individual financial statements prepared in accordance with IFRS and the material accounting policies adopted in Brazil, the Company has chosen to present these individual and consolidated financial statements in a single set, side by side.

Management declares that all material information that is inherent to the financial statements, and only such information, is being disclosed and is consistent with that used by Management in accordance with OCPC-07 (R1).

Management has, at the time of approving the financial statements, reasonable expectation that the Group has adequate resources to continue as a going concern for the foreseeable future. Accordingly, it continues to adopt the going concern basis of accounting in preparing the financial statements. The assets and cash of the Group are managed in a unified basis.

Management approved the issuance of the present individual and consolidated financial statements on March 05, 2024.

2.2 Basis for preparation

The financial statements have been prepared based on historical cost, unless otherwise stated (see Note 22 to the financial statements), as described in the material accounting policy.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based compensation transactions that are within the scope of IFRS 2 (CPC 10(R1)), leasing transactions that are within the scope of IFRS 16 (CPC 06 (R2)) – Leases and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 (CPC 16 (R1)) – Inventories or value in use in IAS 36 (CPC 01(R1)) – Impairment of Assets.

2.3 Basis for consolidation and investments in subsidiaries

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

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

2.4 Functional currency and foreign currency translation

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

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

2.5 Statement of Value-Added

The Statement of Value-Added aims to show the wealth created by the Group and its distribution during a determined period and is presented as required by the Brazilian Corporate Law, as part of the individual financial statements, and as supplementary information to the consolidated financial statements, as it is a statement that is not foreseen or mandatory under the IFRS. The statement of value-added was prepared based on information obtained from the accounting records that serve as a basis in the preparation of the financial statements as provisioned for under CPC 09 – Statement of Value-Added.

2.6 Financial instruments

Financial assets and financial liabilities are recognized in the Group's balance sheet when it becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, upon initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

All regular purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

All financial liabilities are measured subsequently at amortized cost using the effective interest method or fair value through profit or loss.

As at December 31, 2023 and 2022 the Company held financial instruments classified as at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss - (see Note 22 to the financial statements).

2.7 Material accounting policy

The material accounting policy of the Company is consistent with that adopted and disclosed in the previous year. For a better understanding of the recognition and measurement bases applied in the preparation of the financial statements, such policy information is presented in the respective Notes to the financial statements dealing with the matters.

2.8 Impact of initial adoption of new and amended IFRS standards that are effective for the current year

The Group does not adopt accounting standards in advance. Early adoption, despite being encouraged by the IASB, is not permitted in Brazil by the CPC. The following standards were amended or proposed by the IASB:

Standard	Amendments
Amendment to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 – Making Materiality Judgements	The Group adopted the amendments to IAS 1 for the first time in the current financial year. The amendments modify the requirements contained in IAS 1 with respect to the disclosure of accounting policies. The amendments replace all examples of the term 'significant accounting policies' with 'material accounting policy'. Accounting policy information is material if, when considered together with other information included in the entity's financial statements, it can reasonably be expected to influence decisions of the primary users of the general-purpose financial statements made on the basis of those financial statements.
CPC 50 (IFRS 17) Insurance Contracts (including amendments published in June 2020 and December 2021))	The Group adopted CPC 50 (IFRS 17) and corresponding amendments for the first time in the current financial year. CPC 50 (IFRS 17) establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts and substitutes CPC 11 (IFRS 4) – Insurance Contracts. The standard describes the general model, modified for insurance contracts with direct participation characteristics, described as a variable rate approach. The overall model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The overall model uses current assumptions to estimate the value, timing, and uncertainty of future cash flows, and explicitly measures the cost of this uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The group does not have any contracts that meet the definition of an insurance contract under CPC 50 (IFRS 17).
Amendment to IAS 12 – Income Taxes - International Tax Reform – Pillar Two Model Rules	The Group adopted amendments to IAS 12 for the first time in the current financial year. IASB amended IAS 12 to clarify that the standard applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax laws implementing qualified minimum national taxes described in those rules. The amendments introduce a temporary exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two profit taxes. After the amendments, the Group is required to disclose that it has applied the exception and to separately disclose its current tax expense (revenue) related to Pillar Two profit taxes.
Amendment to IAS 12 – Income Taxes - Deferred tax related to assets and liabilities arising from a single transaction	The Group adopted amendments to IAS 12 for the first time in the current financial year. The amendments introduce an exception to the initial recognition exemption. According to the amendments, the Company does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on applicable tax law, similar taxable and deductible temporary differences may arise in the initial recognition of an asset and liability in a transaction that is not a business combination and that does not affect either accounting income or taxable income.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The Group adopted amendments to IAS 8 for the first time in the current financial year. The amendments substitute the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of change in accounting estimates was excluded.

Management did not identify any material impact on the financial statements of the Group as a result of the adoption of the above-mentioned amendments.

2.9 Amendments to pronouncements not yet applicable

Standard	Amendments
Amendments to IFRS 10/CPC 36 (R3) and to IAS 28/CPC 18 (R2)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendment to IAS 1 / CPC 26 (R1)	Classification of Liabilities as Current or Noncurrent
Amendment to IAS 1	Noncurrent Liabilities with Covenants
Amendment to IAS 7 e à IFRS 7	Supplier Finance Arrangements
Amendment to IFRS 16	Lease liability in a sale and Leaseback transaction
Amendment to CPC 09	Statement of Value-Added

Management does not expect that the adoption of amendments to the existing standards listed above will have material impact on the financial statements of the Group in future periods.

3. USE OF ESTIMATES

In applying the Group’s accounting policies, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

Information on uncertainties related to assumptions and estimates that may have a significant risk of causing material adjustment to the carrying amounts within the next financial year are related, substantially, to the following aspects: determining the volume of reserves of the wells for the measurement of depletion; discount rates for present value used in the measurement of the provision for well abandonment; useful life of property, plant and equipment (PP&E); impairment loss; deferred income tax and social contribution; fair value of shares registered in the share-based compensation plans; fair value of derivative financial instruments and provisions for tax, civil and labor contingency risks, which, despite reflecting judgement of the best possible estimate by Management of the Group, related to the probability of future events, could eventually present variations in relation to the actual data and values.

3.1 Deferred income tax and social contribution

The Group recognizes deferred assets and liabilities based on the differences between the carrying value presented in the financial statements and the tax base of the assets and liabilities using the rates that are expected to be applicable in the period in which the asset is realized or the liability is settled. The Group reviews on an ongoing basis the deferred taxes in terms of possibility of recovery,

considering the historical profit generated or projected future taxable income, in accordance with a technical feasibility study.

3.2 Determination of the volume of reserves of the wells for measurement of depletion

Depletion is calculated using the unit-of-production method (“UPM”) which consists, in a simplified manner, of the application of the rate corresponding to the ratio between the volume of oil and gas produced and the volume of reserves at the residual cost of each group of oil and gas production fields. The Group annually reviews the total remaining volume oil and gas reserves.

3.3 Provision for well abandonment

Representative expenses of well closing due to the conclusion of activities are registered at present value as provision for well abandonment. The obligations consist mainly of costs associated to the closing of activities, decommissioning and recovery of degraded areas.

The main assumptions for registering/updating provisions for well abandonment are as follows:

- Well abandonment and area decommissioning costs are recognized as part of the costs of these assets against the provision that will support such expenditure; and
- Abandonment cost estimates are accounted for taking into account the present value of the obligations, mainly in Brazilian reais, discounted at a risk-free rate. A discount rate of 9.65% per year was used and an inflation rate of 3.55% per year, for 2023 (2022, 12.81% per year and 3.43% per year, respectively).

Estimated abandonment costs are reviewed annually, with the consequent revision of the present value calculation by adjusting the amounts of assets and liabilities already recognized. The annual reviews of the useful lives of the wells are made based on the reserves report issued annually by the Group. The calculations of the mentioned estimates are complex and involve significant judgement, considering that:

- Obligations will occur on the long-term;
- Contracts and regulations have subjective descriptions of the decommissioning and restoration practices and of the criteria to be fulfilled at the time of the effective decommissioning and restoration; and
- Technologies and costs for decommissioning assets subject to constant changes, as well as environmental and safety regulations.

Based on the foregoing, Management understands that the amounts provided for are sufficient to cover expected well abandonment costs.

3.4 Impairment

Management annually reviews the carrying values of long-term assets, especially property, plant and equipment (PP&E) and intangible assets of finite useful life to be maintained and used in the operations of the Group, with the purpose of determining and assessing whenever events or changes in circumstances indicate that the carrying value of an asset or group of assets is impaired.

Analyses are performed to identify circumstance that could require impairment assessment of long-term assets and measurement of potential deterioration rate. Assets are grouped and assessed according to possible deterioration, based on future projected cash flows discounted from each cash generating unit (group of oil and gas production fields), during the estimated remaining useful lives of the assets, in accordance with new events or new circumstances. In this case, impairment loss is recognized based on the amount in which the carrying value exceeds the probable recovery value of a long-term asset.

The Company defines Cash Generating Units (“CGUs”) as oil and gas production fields and at present has seven CGUs.

The probable recovery value is determined as being the greatest value between:

- estimated sales price of the assets less estimated sales costs and;
- value-in-use, determined by the expected present value of future cash flows of the asset or cash generating unit.

The Group analyzes, on an annual basis, any indications of possible impairment in the recoverability of investments to increase production and well drilling, according to the methodology and assumptions described in Note 3 to the financial statements. As of December 31, 2023 and 2022, the Company did not identify any Impairment indicators for its assets.

3.5 Fair value of derivative financial instruments

Derivatives are initially recognized at the fair value on the date on which the derivative contracts are signed and are subsequently remeasured at their fair value at the end of each reporting period. Information related to this matter is presented under Note 22 to the financial statements.

3.6 Fair value of shares registered in the share-based compensation plans

The fair value of the share-based compensation on the date they are awarded is measured based on available market prices, considering the terms and conditions in which the equity instruments were granted. Other information on the premises adopted and pricing used, when applicable, are detailed under Note 16.7 to the financial statements.

The classification of share-based payments against capital reserves or as a liability depends on the manner in which that obligation is settled, by delivery of shares, or in cash. This assessment includes judgments that reflect all relevant evidence, including the settlement history of this type of instrument. After this assessment, Management concluded that the expenses related to the delivery of the deferred shares should be recognized against capital reserves, considering the capacity and intention of Management to carry out this settlement with the delivery of shares. In addition, labor charges are recognized as a provision in the Company's liabilities.

4. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Material accounting policy

Cash and cash equivalents and short-term investments are represented by bank deposits and short-term investments with high liquidity, and original maturity of three months or less, readily convertible into known amounts of cash with insignificant risk of change in value.

4.1 Cash and cash equivalents

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Bank checking accounts	17,357	19,548	17,573	42,480
Short-term investments and Bank Deposit Certificates	93,477	64,053	179,611	318,548
Total	110,834	83,601	197,184	361,028

Short-term investments refer to fixed-income transaction (CDB – Bank Deposit Certificates and repo operations), indexed between 90% and 103% of the Interbank Deposit Certificate rates (CDI) (70% to 102.5% of the CDI in 2021) maintained by top tier banks, having ratings of between brAA and brAAA (or similar), based on one of the three most renown rating agencies worldwide (S&P, Fitch or Moody). The Company and its subsidiary can immediately redeem these investments without any fee or restriction and their market values do not differ from their carrying values.

4.2 Short-term investments

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Short-term investments	310,172	1,233,639	310,172	1,250,163
Total	310,172	1,233,639	310,172	1,250,163

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

These funds are split among four financial institutions that have good rating assessments. In 2023, the exchange funds varied negatively, on an average of 2.58% (2022, negative variation of 3.1%), while the Ptax dollar presented a negative variation of 7.23% (2022, negative variation of 6.5%).

5. TRADE RECEIVABLES

Material accounting policy

Trade receivables are classified under the category of amortized cost. These are registered at nominal values plus, when applicable, contractual charges and interest rates, the appropriation of such income and expense is recognized in profit or loss for the period.

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

5.1 Breakdown

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Oil	211,915	48,702	239,019	212,513
Gas and byproducts	120,132	6,517	121,592	171,667
Subtotal	332,047	55,219	360,611	384,180
Other, net of losses (i)	55,917	947	55,917	55,917
Total trade receivables	387,964	56,166	416,528	440,097
Current	332,047	55,219	360,611	384,180
Noncurrent	55,917	947	55,917	55,917

- (i) The Company is currently under discussion in relation to credit values from transactions occurred in contracts for the acquisition and sale of natural gas during 2022. Accordingly, the amounts are classified under noncurrent assets and a provision for expected credit loss ("ECL") registered in the amount of R\$70,711, which reflects the Company's best estimates of credit realization in December 31, 2023.

Invoices are issued to customers with average maturities of 30 to 60 days. In 2023 and 2022, the average term for trade receivables was of 54 days, considered as part of normal and inherent commercial conditions of the Company's operations.

5.2 Aging of trade receivables for oil and gas and byproducts

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Due	320,244	54,292	343,628	381,539
Past due:				
Up to 3 months	8,660	918	13,698	2,367
From 3 to 6 months	162	3	166	84
From 6 to 12 months	2,981	6	3,119	190
Total	332,047	55,219	360,611	384,180

6. RECOVERABLE TAXES

Material accounting policy

The Company recognizes the tax credit at the time it deems it has legal and technical elements that enable the recognition of the right and the reliable measurement of the amount to be offset or refunded.

6.1 Breakdown

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
ICMS	27,289	5,667	44,600	12,506
ICMS permanent assets (i)	89,842	-	90,592	16,132
IRPJ and CSLL	134,966	21,804	149,019	115,126
PIS and COFINS	27,029	2,281	27,405	20,612
Other taxes	518	1,473	360	2,961
Total	279,644	31,225	311,976	167,337
Current	211,194	30,746	233,927	99,243
Noncurrent	68,450	479	78,049	68,094

- (i) Refers to the permanent asset ICMS credit control ("CIAP"). In 2023, in the scope of its corporate reorganization, the Company recorded R\$ 41,395 of extemporaneous credits that were reclassified from fixed assets, as disclosed under Note 8 to the financial statements. CIAP credits are recorded individually, per asset item, and are compensated in 48 equal installments.

7. INVESTMENTS

Material accounting policy

a) Business combination

The acquisition method is used to account for all business combinations. The consideration transferred for the acquisition of an investee comprises:

- the fair value of the transferred assets;
- the liabilities assumed from the acquired business;
- equity instruments issued to the Company;
- the fair value of any asset or liability resulting from a contingent consideration (“earnout”); and
- the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired, liabilities assumed, and contingent liabilities in a business combination are, with limited exceptions, initially measured at their fair values at the date of acquisition.

b) Investments in subsidiaries

The Company recognizes all of its investments through the equity method, and all transactions between the parties are fully eliminated in the consolidated financial statements.

7.1 Breakdown

Investee	Base-date	Equity interest	Share capital	Assets	Liabilities	Net equity
SPE Tiêta	12/31/2023	100	630,165	727,050	61,255	665,795
Reconcavo E&P	12/31/2022	100	6,561	26,841	5,670	21,171
America LLC	12/31/2022	100	9,241	26,324	-	26,324
Potiguar E&P	12/31/2022	100	1,216,009	2,407,690	974,505	1,433,185
SPE Miranga	12/31/2022	100	381,536	1,953,216	1,134,459	818,756

7.2 Changes in investments

	Reconcavo E&P	America LLC	Potiguar E&P	SPE Miranga	SPE Tiêta	Total
Balance as at December 31, 2021	16,276	18,595	348,967	356,279	-	740,117
Net equity	6,052	1,478	553,466	396,069	-	957,065
Equity valuation adjustments	-	-	50,879	-	-	50,879
Capital increase (i)	-	-	594,000	37,435	-	631,435
Advance for future capital increase (ii)	-	-	(14,000)	103,176	-	89,176
Proposed minimum mandatory dividends	(1,157)	-	(100,127)	(74,203)	-	(175,487)
Balance as at December 31, 2022	21,171	20,073	1,433,185	818,756	-	2,293,185
Equity in investments (iv)	2,437	5,814	314,092	231,670	64,653	618,576
Acquisition of SPE Tiêta (iii)	-	-	-	-	797,011	797,011
Dividend distribution	-	-	-	-	(71,316)	(71,316)
Equity valuation adjustment	-	-	146,565	-	-	146,565
Advance for future capital increase (ii)	-	-	90,000	-	-	90,000
Closure and merger of subsidiaries (v)	(23,608)	(25,887)	(1,983,842)	(1,050,426)	-	(3,083,763)
Balance as at December 31, 2023	-	-	-	-	790,258	790,258

(i) Potiguar E&P

In 2022, common nominal shares without par value in the amount of 594,000,000 (five hundred and ninety-four million) were issued, at a subscription price of R\$ 1.00 (one Brazilian real) per share.

The amount of R\$580,000 was from advance for future capital increase made in 2022, while R\$14,000 refer to the residual balance of advance for future capital increase of 2021.

SPE Miranga

In 2022, common nominal shares without par value in the amount of 37,435,013 (thirty-seven million, four hundred and thirty-five thousand and thirteen) were issued, at a subscription price of R\$ 1.00 (one Brazilian real) per share.

The amount of R\$34,935 was from advance for future capital increase made in 2022, while R\$2,500 refer to the residual balance of advance for future capital increase of 2021.

- (ii) Refers to advance for future capital increase in the subsidiaries Potiguar and SPE Miranga.
- (iii) The Subsidiary's net equity comprises the investment of the Company together with the added-value and amortization of assets from the acquired company. In addition, the equity balance recognized in the parent company reflects the 10-month results of the investee, a period from the acquisition date up until December 31, 2023.
- (iv) The equity in subsidiaries amount presented is net of amortization of the added-value of assets of SPE Tiêta in the amount of R\$ 22,202.
- (v) Details in relation to the corporate reorganization process of the Group are described under Note 1.2. to the financial statements.

7.3 Acquisition of SPE Tiêta

On February 28, 2023 the operation for the acquisition of 100% of Maha Energy Brasil Ltda. was concluded with the payment of the first installment in the amount of US\$ 95.9 million (R\$501,639), corresponding to 60% of the acquisition price (US\$82.8 million), summed to the net cash value (US\$3.7 million) and working capital (US\$9.4 million), as verified on the effective-date of January 1, 2023.

The operations of SPE Tiêta are described under Note 1 to the financial statements. The subsidiary was acquired for having exploration rights of the Tie and Tartaruga fields. Business acquisitions are registered using the acquisition method in accordance with technical pronouncement CPC 15 (R1)/IFRS 3 – Business Combination. Total cost related to the acquisition was of R\$ 14,917, of which R\$ 12,645 refer to financial consulting and ordinary expenses, R\$ 2,049 legal fees and R\$ 223 other consultancies and ordinary expenses. All of these expenses were recognized in the profit or loss of the Group under general and administrative expenses.

In the months of August and September 2023, the Company paid the second installment of the acquisition price, net of taxes in the amount of US\$ 55.2 million (R\$ 287,670).

Apart from the amount settled, the sellers shall have the right to receive eventual earnout, of up to US\$ 36.1 million, according to the rules and procedures laid out in the QPA, of which up to US\$ 24.1 million are indexed to the Brent Oil price in the next three years. Payments shall occur if the oil price exceeds US\$ 80.00 per barrel, and the maximum payment shall be reached if the oil price exceeds US\$ 90.00 per barrel. The remaining US\$ 12.0 million are related to synergies with potential new assets to be acquired by the Company. On the acquisition date the amount of US\$1.5M (R\$ 7,702), out of the possible US\$ 8.3M, was recognized based on future expectation of the Brent oil price.

Presented below are the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date.

	SPE Tiêta
<u>Assets</u>	<u>02/28/2023</u>
Cash and cash equivalents	29,384
Recoverable taxes	32,154
Other current assets	8,107
PP&E and intangible assets (a)	735,138
Other noncurrent assets	38,635
<u>Liabilities</u>	
Suppliers	(10,786)
Other current liabilities	(16,537)
Noncurrent liabilities	(19,084)
Total identifiable assets acquired and liabilities assumed at fair value	797,011
Total consideration transferred (b)	797,011

(a) Added-value in the amount of R\$ 146,664 is attributable to oil and gas production rights, classified under PP&E. It is amortized based on the UPM.

(b) The consideration transferred in a business combination is measured at fair value, including the contingent consideration agreement, also measured at fair value on the acquisition date. Out of the R\$ 797,011, the amount of R\$ 501,639 was paid on the date of the acquisition, R\$ 287,670 paid in relation to the second installment and R\$ 7,702 as contingent consideration.

After analysis of the financial statements of SPE Tiêta, it was identified that the main asset of the company is PP&E related to investments for increasing well production and drilling and to the exploration rights of the oil and gas fields.

Added-value of the assets was fully allocated to the development of the fields recognized under PP&E, and measured using the Multi-Period Excess Earnings method. The nominal discount rate used was of 15.4%. The main assumptions used were discount rate and production volume.

There were no material adjustments in the standardization of the accounting policies from the acquired company to that of the Group.

SPE Tiêta contributed revenue in the amount of R\$238,691 million and R\$86,765 million towards the profit of the Group for the period between the acquisition date and the reporting date.

If the acquisition of SPE Tiêta had been completed on the first day of the fiscal year, the Group's revenues for the year would have been R\$2,861,192 and the Group's profit would have been of R\$729,120.

The variation between the preliminary allocation in the amount of R\$732,058, disclosed as a subsequent event of the year prior to the financial statements, and the final allocation presented above basically refers to the use of certain preliminary information on the assets acquired and liabilities assumed, as well as adjustments to working capital that were the basis for calculating the total amount of the consideration transferred on the date of acquisition, at such time.

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

Material accounting policy

a) PP&E

- Machinery and equipment and Other

These items are shown at cost value, less accumulated depreciation and impairment loss.

The depreciation of these assets is on the basis of their useful life and, with the exception of land, begins when they are ready for their intended use on the same basis as the other fixed assets.

- PP&E in progress

This item is recognized at cost and is not depreciated. It is classified into the appropriate asset categories when completed and ready for its intended use.

- Oil and gas production rights

Represents the cost of acquiring concessions for the exploration of oil and gas fields. It is depleted on the basis of the method of units produced described in Note 3 to the financial statements.

- Development of fields and exploratory blocks

Refers to expenditures on the development of proven reserves for oil and gas production and on the prospection of economically viable reserves, respectively. These are recorded according to the successful efforts method, which determines that the costs of increasing production and the costs of drilling successful exploratory wells, linked to economically viable reserves, are capitalized.

The costs of exploratory blocks are maintained in this group until their economic viability is determined. If they are considered non-commercial, the amounts are recorded in profit or loss.

The field development costs are depleted on the basis of the unit of production method, described in Note 3 to the financial statements. The Exploratory Blocks costs are not depleted.

- Well abandonment

Represents the estimate of the abandonment costs that are accounted for considering the present value of these future payment obligations (see Notes 14 and 3.3). It is depleted on the basis of the unit of production method described under Note 3.

- Capital asset inventories

Represent the equipment and materials that will be used to increase production and reserves. The write-offs that occur under this item represent materials used in repair and maintenance activities and are recognized in the cost of goods sold.

The estimated useful life, residual values, and depreciation methods are reviewed at the end of the reporting date and the effect of any changes in estimates is accounted for prospectively.

An asset item is written-off on the date of its disposal or when there are no future economic benefits resulting from the continued use of the asset. Any gains or losses on the sale or retirement of an

asset item are determined by the difference between the amounts received on sale and the carrying value of the asset and are recognized in profit or loss.

b) Intangible assets

Intangible assets (software) with finite useful lives that are acquired separately are carried at cost less accumulated amortization and impairment losses, when applicable.

Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

8.1 Breakdown and changes in PP&E and Intangible Assets

	Consolidated				Company	
	12/31/2021	Additions	Write-off	Transfer	12/31/2022	12/31/2022
<u>PP&E</u>						
Machinery and equipment	44,800	21,934	(1,312)	18,031	83,453	69,061
PP&E in progress	13,913	71,812	-	(21,940)	63,785	47,096
Oil and gas production rights (i)	2,899,035	-	(4,880)	-	2,894,155	95,629
Development of fields	1,133,212	482,759	-	163,151	1,779,122	1,006,288
Exploratory blocks (ii)	-	3,766	-	-	3,766	-
Well abandonment	69,588	25,710	(8,010)	-	87,288	15,656
Capital asset inventories	129,533	529,176	(137,130)	(157,457)	364,122	120,632
Advances	27,252	106,567	-	(7,031)	126,788	95,703
Other	43,597	8,578	(112)	5,063	57,126	32,412
Total	4,360,930	1,250,302	(151,444)	(183)	5,459,605	1,482,477
<u>Depreciation, amortization and depletion</u>						
Machinery and equipment	(14,518)	(5,685)	1,638	-	(18,565)	(19,109)
Oil and gas production rights (i)	(267,741)	(160,491)	-	-	(428,232)	(6,130)
Development of fields	(698,563)	(150,427)	-	-	(848,990)	(700,696)
Well abandonment	(7,692)	(13,013)	-	-	(20,705)	(2,897)
Other	(21,994)	(3,855)	104	-	(25,745)	(18,483)
Total	(1,010,508)	(333,471)	1,742	-	(1,342,237)	(747,315)
<u>Cost – Intangible assets</u>						
Software	12,008	3,025	(172)	183	15,044	14,393
<u>Amortization</u>						
Software - amortization	(1,565)	(1,556)	74	-	(3,047)	(6,358)
Total PP&E and intangible assets	3,360,865	918,300	(149,800)	-	4,129,365	743,197

	Consolidated					Company	
	12/31/2022	Acquisition SPE Tiêta	Additions	Write-off	Transfer	12/31/2023	12/31/2023
PP&E					(iii)		
Machinery and equipment	83,453	27	20,557	(312)	126,075	229,800	229,765
PP&E in progress	63,785	-	162,193	(11,601)	(134,611)	79,766	79,766
Oil and gas production rights (i)	2,894,155	79,373	-	-	-	2,973,528	2,894,154
Development of fields	1,779,122	872,413	575,265	(6,776)	177,174	3,397,198	2,508,212
Exploratory blocks (ii)	3,766	10,493	4,726	(299)	1,110	19,796	9,303
Well abandonment	87,288	549	62,238	(974)	-	150,277	142,706
Capital asset inventories	364,122	46,020	512,790	(183,177)	(141,966)	597,789	550,379
Advances	126,788	-	74,325	(33,055)	(111,855)	56,203	53,421
Other	57,126	3,570	12,813	(715)	36,496	109,290	106,005
Total	5,459,605	1,013,621	1,424,907	(236,909)	(47,577)	7,613,647	6,573,711
Depreciation, amortization and depletion							
Machinery and equipment	(18,565)	(22)	(16,265)	13	-	(34,839)	(34,807)
Oil and gas production rights (i)	(428,232)	(55,274)	(159,733)	-	-	(643,239)	(586,522)
Development of fields	(848,990)	(219,898)	(359,432)	-	-	(1,428,320)	(1,100,689)
Well abandonment	(20,705)	(1,176)	(15,144)	-	-	(37,025)	(31,960)
Other	(25,745)	(2,198)	(6,508)	371	3,601	(30,479)	(28,094)
Total	(1,342,237)	(278,568)	(557,082)	384	3,601	(2,173,902)	(1,782,072)
Cost – Intangible assets							
Software	15,044	1,038	3,780	(342)	6,182	25,702	24,664
Amortization							
Software - amortization	(3,047)	(953)	(2,026)	69	(3,601)	(9,558)	(8,568)
Total PP&E and intangible assets	4,129,365	735,138	869,579	(236,798)	(41,395)	5,455,889	4,807,735

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

Asset	Cluster	Amount
Bahia	Remanso	95,629
Bahia	Remanso BT-REC	1,248
Bahia	Miranga	1,247,506
Bahia	Tiêta	24,099
Potiguar	Potiguar	1,549,772
Total		2,918,254

- (ii) Exploratory blocks refer to investments made due to commitments signed with ANP to explore hydrocarbons in a determined region (see Note 18 to the financial statements).
- (iii) Residual values in the transfer column refer to extemporaneous ICMS CIAP records. The amounts were transferred to the recoverable tax item.

8.2 Assets pledged as collateral

The Company has a land drilling rig pledged as collateral in tax foreclosure lawsuit No. 0000566-44.2011,805.0164, filed against the parent company.

9. SUPPLIERS

Material accounting policy

Suppliers are classified under the category of amortized cost. These are registered at nominal values plus, when applicable, contractual charges and interest, and the appropriation of the resulting income and expenses is recognized in profit and loss for the period. The amounts in foreign currency are translated to the Brazilian real at the rate on the reporting date.

9.1 Breakdown

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
In local currency	371,565	74,054	380,598	336,451
In foreign currency	2,912	10,579	2,912	14,450
Related parties (Note 17)	976	21,797	976	1,251
Total	375,453	106,430	384,486	352,152
Current	244,977	106,430	254,010	352,152
Noncurrent	130,476	-	130,476	-

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

10. LOANS AND FINANCING

Material accounting policy

Loans and financing are classified under the category of amortized cost. These are recorded at their nominal values plus contractual charges and interest, and the appropriation of the resulting income and expenses is recognized in profit and loss for the period. The amounts in foreign currency are translated to the Brazilian real at the rate on the reporting date.

10.1 Breakdown

	Company and Consolidated	
	12/31/2023	12/31/2022
FINEP	-	331
Bank loans	923,890	670,168
Costs to amortize	(20,910)	(14,918)
Total	902,980	655,581
Total current	142,772	14,011
Total noncurrent	760,208	641,570

10.2 Changes in loans and financing

	Company	Consolidated
Balance as at December 31, 2021	1,511	741,291
Cash effect		
Additions, net of borrowing costs	643,520	643,520
Payment of principal	(1,317)	(704,675)
Interest paid	(81)	(41,581)
Non-cash effect		
Accrued interest	12,995	45,722
Foreign exchange variation	(1,047)	(28,696)
Balance as at December 31, 2022	655,581	655,581
Cash effect		
Additions, net of borrowing costs	279,030	279,030
Payment of principal	(331)	(331)
Interest paid	(57,617)	(57,617)
Non-cash effect		
Accrued interest	67,859	67,859
Foreign exchange variation	(41,542)	(41,542)
Balance as at December 31, 2023	902,980	902,980

The maturities of noncurrent loans are presented below:

Noncurrent loans	Company and Consolidated
2025	152,264
2026	262,444
2027	345,500
Total	760,208

Potiguar E&P, now merged into PetroReconcavo, contracted, on April 25, 2019 a loan for the purpose of financing part of the payment arising from the acquisition of Riacho da Forquilha Cluster. The total amount contracted was of US\$232,000. The loan was fully settled in 2022.

On September 27, 2022 the Company obtained a loan in the amount of US\$126,000. The creditor financial institutions, led by Banco Itaú BBA, were Banco Santander (Brasil) S.A. and Banco Safra S.A.

The loan will mature in 60 months as of the date of signature of the “Credit Agreement”, payable in eight biannual installments as of the 18th month (inclusive) and balloon installment of 50% of the loan volume on maturity, and interest remuneration, as of disbursement, corresponding to the Term SOFR reference rate for 6 months, plus 3.70% per year.

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

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

In December 2023, the operational subsidiary also participated in existing contracts as Guarantor.

The above-mentioned loan contracts may not be converted into shares of the Company and contain financial and non-financial covenants, the main ones are described below:

- On the last day of each fiscal quarter, the Leverage Ratio (net debt-to-EBITDA) of the Company must not be greater than 3.00;
- On the last day of each fiscal year, the Asset Coverage Ratio (PV-10 of Proven Reserves-to-Gross Debt) must not be lower than 1.50;
- At any time, Free Cash (Cash and cash equivalents, including restricted accounts relating to loans) of the Company must not be lower than R\$100,000.
- Submission of the reserve report, issued by independent certification body, within up to 60 days after the end of the financial year.

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

This new financing signed in 2023 does not alter the covenant structure of the Company, once it maintained the same rules of the previous loan.

For the years ended December 31, 2023 and December 31, 2022, the Company was in compliance with all of its covenants.

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

- During the year 2023, the Company may declare a maximum of 25% of net income as dividends should the consolidated leverage ratio be greater than 2.00:1.00, but not exceeding 2.50:1.00. The Company may declare a maximum of 50% of net income as dividends, should the consolidated leverage ratio be greater than 1.50:1.00, not exceeding 2.00:1.00;

- After 2023, in the following years, the Company may declare a maximum of 25% of net income as dividends, should the consolidated leverage ratio be greater than 1.50:1.00, not exceeding 2.50:1.00.

11. INCOME TAX AND SOCIAL CONTRIBUTION

Material accounting policy

a) Current income tax and social contribution

The provision for income tax and social contribution is based on the taxable income for the reporting period. Taxable income differs from the profit presented in the statement of profit and loss, as it excludes taxable or deductible income or expenses in other reporting periods, as well as includes non-taxable or non-deductible items which are permanent in nature. The provision for income tax and social contribution is calculated individually by each company based on the rates prevailing at the end of the reporting period.

b) Tax incentives on direct taxes (income tax and social contribution)

Government grants are systematically recognized under profit or loss during the periods in which the Company and its subsidiaries recognize as expenses the corresponding costs that the grants intend to offset.

At the end of each reporting period the portion corresponding to the incentive in the year, which is not included in the calculation base of dividends, is transferred to the profit account of the year for profit reserve – tax incentives. This reserve may only be used for capital increase or to absorb losses, always when the Company fulfills all of its tax obligations.

- Company

The Company benefits from 75% (seventy-five percent) tax incentive on income tax payable over profit or loss of its operations, limited to the oil production capacity of 1,619,976 m³/year and natural gas production capacity of 1,097,621,040 m³/year, up until the year 2032.

- Subsidiary

The subsidiary SPE Tiêta benefits from a 75% (seventy-five percent) tax incentive on income tax payable over profit or loss of its operations, limited to the oil production capacity of 350,700 m³/year and natural gas of 30,614,556 m³/year, up until the year 2032.

c) Deferred income tax and social contribution

Deferred income tax and social contribution (“deferred taxes”) are recognized over temporary differences at the end of each reporting period between the balance of assets and liabilities recognized in the financial statements and the corresponding tax bases used in the calculation of the taxable income, including the balance of tax losses, when applicable. Deferred tax assets are recognized over all deductible temporary differences, only when it is probable that the Company will present future taxable income in sufficient amounts for the use of such deductible temporary differences.

The recovery of the balance of deferred taxes is reviewed at the end of each reporting period and, when it is no longer probable that future taxable income will be available to permit the complete recovery of the asset, the balance of the asset is adjusted by the amount expected to be recovered. Deferred taxes and liabilities are measured at the rates applicable in the year in which it is expected

that the liability shall be settled or the asset realized, based on the rates provisioned in the tax legislation prevailing at the end of each reporting period.

11.1 Income tax and social contribution on profit or loss

Income tax (IR) and social contribution on profit (CSLL) amounts affecting profit and loss for the reporting period are demonstrated below:

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net income before IR and CSLL	656,224	1,158,693	728,829	1,324,600
Combined IR and CSLL rates	34%	34%	34%	34%
IR and CSLL at statutory rates	(223,116)	(393,956)	(247,802)	(450,364)
Equity in investments	210,316	325,402	-	-
Reduction – tax incentive	-	129	116,473	199,895
Interest on capital	54,400	61,200	54,400	61,200
Recovery of credits	-	-	26,539	-
Deemed ICMS credit	7,188	3,725	14,790	3,725
Rate difference of deferred taxes (i)	3,641	654	7,785	12,270
Other	285	(2,456)	7,924	2,065
Income tax and social contribution	52,714	(5,302)	(19,891)	(171,209)

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

11.2 Deferred income tax and social contribution on the balance sheet

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Provision for well abandonment	10,428	2,011	11,261	6,513
Derivative financial instruments	33,807	-	33,807	131,781
Tax loss / tax loss carryforward	66,666	13,472	106,265	13,472
Deferred taxes on provisions and other	87,358	12,627	122,793	31,019
Accelerated depreciation	(189,860)	-	(227,756)	(20,968)
Total deferred IR and CSLL	8,399	28,110	46,370	161,817
Total deferred tax assets	8,399	28,110	46,370	167,840
Total deferred tax liabilities	-	-	-	6,023

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

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

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

	Company	Consolidated
2024	173,639	225,051
2025	3,359	19,425
2026	2,241	4,144
2027	81	1,971
2028 onward	35,547	40,143
Total	214,867	290,734

12. PAYABLES FOR ACQUISITIONS

Material accounting policy

The amounts recognized under this item are registered at amortized cost or at fair value through profit or loss (FVTPL).

The amounts classified as amortized cost are registered at their nominal value plus contractual charges and interest rate, and the allocation of income and expenses is recognized in profit or loss for the period. All the amounts are payable in U.S. dollars and are translated to the Brazilian Real at the exchange rate of the reporting date.

The amounts classified as at FVTPL were measured based on the contractual values that define price ranges in accordance with the average Brent rate of the year of payment. The Group used the Brent Futures Curve to estimate the contractual values to be provisioned. The Group reviews these estimates on a quarterly basis and any difference is recognized against profit or loss for the period.

12.1 Breakdown

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
<u>Current</u>				
<u>SPE Tiêta</u>				
Fair value through profit or loss	7,116	-	7,116	-
<u>Potiguar Cluster</u>				
Amortized cost	-	-	-	156,482
<u>Miranga Cluster</u>				
Amortized cost	200,004	-	200,004	105,919
Fair value through profit or loss	133,136	-	133,136	143,485
Total current	340,256	-	340,256	405,886
<u>Noncurrent</u>				
<u>Polo Miranga</u>				
Amortized cost	-	-	-	212,368
Fair value through profit or loss	145,239	-	145,239	300,018
Total noncurrent	145,239	-	145,239	512,386
Total	485,495	-	485,495	918,272
Total in US\$	100,282	-	100,282	179,432

12.2 Changes in payables for acquisitions

	Company	Consolidated
Balance as at December 31, 2021	27,903	1,263,049
Non-cash effect		
Accrued interest	1,328	7,672
Foreign exchange variation	(1,643)	(75,393)
Cash effect		
Interest paid	(1,374)	(3,102)
Payment	(26,214)	(273,954)
Balance as at December 31, 2022	-	918,272
Non-cash effect		
Addition	295,372	295,372
Addition from merger	603,171	-
Accrued interest	750	4,560
Foreign exchange variation	(51,680)	(80,821)
Cash effect		
Payment	(362,118)	(651,888)
Balance as at December 31, 2023	485,495	485,495

a) SPE Tiêta

As described under Note 7 to the financial statements, on February 28, 2023 the acquisition operation was concluded.

Fair value through profit or loss (FVTPL):

As part of the contract the total earn out was of up to US\$ 36 million. These payments are pegged to the average price of Brent Oil in the calendar years 2023 to 2025 and to other operational synergies.

For 2023 the earn out due was of US\$ 1.5 million (as at December 31, 2023, R\$7,116), of the US\$ 8.3 million possible, registered at fair value through profit or loss. The earn out value for 2023 should be settled in March 2024.

For the years 2024 to 2025 the sellers may receive additional amount of up to US\$ 15.7 million. However, this amount is not provided for because there is no expectation that the reference price will exceed the contractual limits. Besides this amount, there is US\$ 12.0 million related to synergies with potential new assets that may be acquired by the Company unrecognized considering the remote possibility of occurring the events.

b) Potiguar Cluster

During 2022, PetroReconcavo disbursed approximately US\$ 31 million regarding the extension of some of the concessions.

As at December 31, 2023 the total remaining balance was settled.

c) Miranga Cluster

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

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

Amortized cost:

- US\$20.0 million paid in December 2022;
- US\$20.0 million paid in December 2023;
- US\$40.1 million payable in December 2024.

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

Fair value through profit or loss (FVTPL):

As part of the contract, the Company can pay up to US\$85 million in contingent payments as provisioned by contract. The amount is pegged to the average price of the Brent Oil in the years of 2022, 2023 and 2024. As at December 31, 2022 and December 31, 2023 PetroReconcavo had registered the maximum possible amount of the liability in the understanding that it had already surpassed the established contractual limits. Each installment, when due, shall be paid in March of each year subsequent to the determination. In 2023 the payment of US\$ 27.5 million was made related to the maturity of the first portion of the contingent payment.

13. PROVISION FOR CONTINGENCY RISKS

Material accounting policy

Provisions are recognized for present obligations as a result of past events, and a reliable estimate can be made of the amount of the obligation and settlement is probable.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

13.1 Probable loss

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

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Labor claims	1,965	2,265	3,366	2,600
Tax claims	1,274	1,126	1,274	1,126
Regulatory claims	-	-	659	-
Total	3,239	3,391	5,299	3,726

The Company is a party to 109 labor claims (63, as at December 31, 2022), of which 41 are assessed as of probable loss (30 as at December 31, 2022). Most of these labor claims are related to third-party companies, in which PetroReconcavo appears as a jointly and severally liable party. The increase in the number of labor claims refers, mainly, to the acquisition of SPE Tiêta and the labor claims related to this subsidiary, as demonstrated below:

	Company	Consolidated
Balance as at December 31, 2021	3,443	3,443
Recognized provisions	745	1,080
Reversed provisions	(762)	(762)
Payments made	(35)	(35)
Balance as at December 31, 2022	3,391	3,726
Acquisition of SPE Tiêta	-	3,492
Incorporation of subsidiaries	335	-
Recognized provisions	203	203
Reversed provisions	(690)	(2,122)
Balance as at December 31, 2023	3,239	5,299

13.2 Possible loss

The Company had as at December 31, 2023 and December 31, 2022 claims with possible likelihood of loss, based on the opinion of Management and its legal counsel, as demonstrated below:

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Tax claims	46,098	38,956	46,286	40,882
Labor claims	2,512	1,393	7,739	1,393
Regulatory claims	15,363	2,273	15,367	7,486
Civil claims	1,660	1,390	6,795	1,405
Total	65,633	44,012	76,187	51,166

Tax claims comprise sundry claims involving mainly federal taxes.

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

Regulatory claims are comprised of sundry claims involving regulatory bodies.

14. PROVISION FOR WELL ABANDONMENT

Material accounting policy

Represents estimated future expenses related to the legal obligation of recovering the environment, decommissioning and concluding the activities.

Whenever there is a legal obligation and its value can be reliably estimated, expenses with well abandonment are recognized as part of the asset that gave origin to its present value, obtained by means of a discount rate adjusted to the risk, offset by a liability provision. Such recognition occurs at the moment of acquisition of the assets or with new drillings.

When a revision of the estimates results in an increase in well abandonment provision, an increase in the corresponding asset is registered. In the case of a decrease in the provision, the corresponding decrease is recorded in the asset provided that the value of the reduction does not exceed the residual value of the abandonment provision asset. Any surplus is recognized immediately in profit or loss under other operating income and expenses.

Estimates are reviewed on an annually based on the most recent information on costs, final term for abandonment of the assets and recovery plans.

14.1 Changes in provisions for well abandonment

	Company	Consolidated
Balance as at December 31, 2021	35,920	85,114
Recognized provision	-	25,710
Adjustment	4,573	10,797
Reversal	(8,010)	(8,010)
Balance as at December 31, 2022	32,483	113,611
Acquisition of SPE Tiêta	-	2,390
Addition from the merger	87,906	-
Recognized provision	59,699	62,238
Adjustment	5,687	12,832
Write-off	(1,068)	(1,447)
Balance as at December 31, 2023	184,707	189,624
Total current liabilities	8,202	8,202
Total noncurrent liabilities	176,505	181,422

15. DERIVATIVE FINANCIAL INSTRUMENTS

Material accounting policy

The Group enters into derivative financial instruments to manage its exposure to commodity price variations (hedge). Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

a) Non-Deliverable Forwards (“NDFs”)

The method for recognizing resulting gain or loss depends on whether the derivative is designated or not as a hedge instrument, in the case of adopting hedge accounting.

The Group designates derivatives as hedge instruments when related to highly probable future operations (cash flow hedge) and documents, at the beginning of the operation, the relation between the hedge instruments and the hedged items, as well as the risk management objectives and strategies. The Group also documents, both at the beginning of the hedge, as well as on a continued basis, if the derivatives that are used in the hedge transactions are highly efficient in offsetting the cash flow variations of the hedged items. The object of hedge accounting are the sales revenue contracts, see Note 19 to the financial statements.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized as “adjustment to equity valuation of a subsidiary” (under other comprehensive income) in net equity, discounting deferred taxes. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The accumulated amounts in equity are reclassified to profit or loss in the periods in which the hedged contracts are settled, on the same line as the object item is recognized. When the hedge ceases to meet the effectiveness criteria, it is prospectively discontinued and any gain or loss accumulated in net equity remains there as long as the operation is still expected to occur, and from that moment on, the respective gains and losses calculated on the instruments are recognized in profit or loss. When the planned operation is no longer expected to occur, the accumulated gains or losses accumulated in net equity are immediately reclassified to profit or loss.

The Group applied hedge accounting for the highly probable cash flows from oil sales. The existence of an economic relationship was determined at the time of designation and prospectively by comparing the critical terms of the hedging instrument and the hedged item. The Group entered into derivatives for its hedging strategy to hedge a percentage of the estimated production volume.

b) Zero Cost Collar ("Collar")

Collar contracts are a strategy to protect against price fluctuations in Brent oil that involve the launch of call options and the purchase of put options, setting a price range and limiting potential losses and gains – the limits.

The "Zero cost collar" is characterized by the combination of call and put options at equivalent premiums. Thus, in this formulation, there is no initial disbursement, which justifies the "Zero Cost Collar" title.

The Group recognizes the Collar in profit or loss. Accordingly, all transactions resulting from this operation have an effect on the Statement of Profit and Loss for the year, since these options were not determined as hedge accounting.

The determination of the fair value of this financial instrument, call and put options, is done through the Black & Scholes model. Thus, even if the forward curve is within the boundaries of the Collar, there can be a positive or negative mark-to-market. However, in practice, if the Brent oil curve follows the forward curve and is within the limits of the Collar, the Group will not have disbursement or effective cash receipt at the maturity of these contracts.

15.1 Breakdown

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

	Company and Consolidated	
	12/31/2023	12/31/2022
NDFs	99,433	387,592
Collar	45	-
Total	99,478	387,592
Current	99,478	285,183
Noncurrent	-	102,409

15.2 Changes in derivative financial instruments

	Company	Consolidated
Balance as at December 31, 2021	-	464,684
Fair value of financial instruments before settlement	-	441,631
Settlement of derivative contracts	-	(441,631)
Fair value of unrealized financial instruments	-	(77,092)
Balance as at December 31, 2022	-	387,592
Additions from merger	165,524	-
Fair value of financial instruments before settlement	40,091	268,209
Settlement of derivative contracts	(40,091)	(268,209)
Fair value of unrealized NDFs	(66,091)	(288,159)
Fair value of unrealized Collar	45	45
Balance as at December 31, 2023	99,478	99,478

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

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

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

16. NET EQUITY

16.1 Share capital

As at December 31, 2023 and 2022 the share capital was presented as follows:

Year	Quantity of shares (i)	Subscribed capital	Capital to be paid in	Share issue cost	Tax effect	Net share Capital
2022	293,056,784	2,903,102	(260)	(113,140)	38,468	2,828,170
2023	293,338,126	2,905,941	(495)	(113,140)	38,468	2,830,774

(i) All of the shares are common, nominal, book-entry and without par value.

As at December 31, 2023 and 2022 the shares were distributed as follows:

Shareholder	PetroReconcavo	
	12/31/2023	12/31/2022
Funds managed by Opportunity	68,753,289	63,930,089
PetroSantander Luxembourg Holdings S.a.r.l.	57,536,716	67,536,716
Eduardo Cintra Santos	16,527,177	14,749,105
Funds managed by Atmos	14,876,100	-
Perbras - Empresa Brasileira de Perfurações Ltda.	12,523,304	12,523,304
Other shareholders	123,121,540	134,317,570
Total	293,338,126	293,056,784
Treasury shares	(225,996)	(282,244)
Total shares net of treasury shares	293,112,130	292,774,540

In the year ended December 31, 2023 the Company bought back 200,000 shares (345,000 were bought back in 2022) and delivered or sold 256,248 (2022, 205,765) common shares to executives and key collaborators of the Company, as part of the share-based compensation programs.

As at December 31, 2023 the Company held 225,996 treasury shares (282,244 as at December 31, 2022) at an average price of R\$22.49, totaling R\$5,084 (R\$6,793 as at December 31, 2022).

a) Changes in share capital

Event	Meeting	Date	Shares	Amount
Balance		12/31/2021	248,517,120	1,863,916
Capital increase	Executive Committee Meeting	02/25/2022	17,968	189
Capital increase	Executive Committee Meeting	04/06/2022	45,000	333
Follow on	Executive Committee Meeting	06/14/2022	44,000,000	1,034,000
Capital increase	Executive Committee Meeting	09/02/2022	48,972	516
Capital increase	Executive Committee Meeting	09/29/2022	101,636	1,028
Capital increase	Executive Committee Meeting	10/27/2022	248,238	2,461
Capital increase	Executive Committee Meeting	12/12/2022	42,850	400
Capital increase	Executive Committee Meeting	12/22/2022	35,000	259
Balance		12/31/2022	293,056,784	2,903,102
Capital increase	Executive Committee Meeting	01/25/2023	114,000	1,220
Capital increase	Executive Committee Meeting	03/02/2023	13,018	135
Capital increase	Executive Committee Meeting	05/25/2023	18,268	189
Capital increase	Executive Committee Meeting	08/04/2023	32,000	310
Capital increase	Executive Committee Meeting	09/28/2023	47,056	490
Capital increase	Executive Committee Meeting	12/21/2023	57,000	495
Balance		12/31/2023	293,338,126	2,905,941

16.2 Tax incentive reserve

a) Exploration profit

The Company and its subsidiary SPE Tiêta are entitled to a tax benefit consisting of a 75% relief of income tax on their profits from operations (see Note 11 to the financial statements).

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

b) Deemed ICMS credit

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

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

16.3 Reserve account for reinvestment and expansion

Registers the remaining portion of the adjusted net income, after the payment of mandatory dividends, limited to an amount equivalent to 100% (one hundred percent) of the share capital, and has the purpose of:

- (i) Assuring funds for investment in permanent assets, without prejudice to retained earnings under the terms of Article 196 of the Brazilian Corporate Law;
- (ii) reinforcing working capital;
- (iii) and may also be used in the redemption, reimbursement or acquisition of Company shares.

The Reserve Account for Reinvestment and Expansion may be used through deliberation of the Executive Committee Meeting for payment of additional dividends to the mandatory dividends. Once

the limit established through Article 199 of the Brazilian Corporate Law is attained, Management shall propose the respective destination: (a) capitalization; or (b) distribution of additional dividends to the mandatory dividends to shareholders.

In 2023, the Company registered a reserve for reinvestment and expansion in the amount of R\$ 487,561 (in 2022 R\$ 771,240).

16.4 Legal reserve

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

In 2023, the Company registered a legal reserve in the amount of R\$35,477 (in 2022, R\$ 57,670).

16.5 Earnings per share

PetroReconcavo		
	12/31/2023	12/31/2022
Net income	708,938	1,153,391
Weighted average of shares issued	292,920,165	272,624,807
Basic earnings per share - R\$	2,420	4,231
Weighted average of shares and share options issued	293,190,718	273,452,140
Diluted earnings per share - R\$	2.418	4.218

16.6 Dividends and Interest on Capital

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

a) Dividend calculation

	12/31/2023	12/31/2022
Net income	708,938	1,153,391
Legal reserve	(35,447)	(57,670)
Tax incentive reserve	(7,442)	(11,084)
Calculation basis	666,049	1,084,637
Percentage	25%	25%
Minimum mandatory dividends	166,512	271,159
Interest on capital net of withheld income tax	(149,153)	(167,533)
Minimum mandatory dividends	17,359	103,626
Proposed additional dividends	-	26,374
Total proposed dividends	17,359	130,000

b) Changes in dividends

	12/31/2023	12/31/2022
Initial balance	132,790	40,566
Minimum mandatory dividends	17,359	103,626
Proposed additional dividends	-	26,374
Interest on capital net of withheld income tax	149,153	167,533
Payments	(281,943)	(205,309)
Final balance	17,359	132,790
Total minimum proposed dividends under current liabilities	17,359	106,416
Total additional proposed dividends under Net Equity (a)	-	26,374

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

16.7 Share-based compensation

a) Deferred shares

As at December 31, 2023 the effect on profit or loss, net of the delivery of shares, was of R\$8,807 (R\$7,995 as at December 31, 2022).

- Extraordinary benefits and annual target benefits (2020)

The programs refer to a benefit due to the conclusion of the IPO and to having reached 2020 annual targets, respectively. Payment depends only on the permanence of the executives in the Company.

- Long-term incentive plan ("LTIP")

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

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

	Quantity	Grant date	Validity	Fair value	Vested amount"	
					12/31/2023	12/31/2022
Extraordinary benefit – 3 rd installment (i)	-	06/25/2021	06/25/2023	3,926	-	2,838
Extraordinary benefit – 4 th installment (i)	200,402	06/25/2021	06/25/2024	3,926	3,034	1,802
Annual target benefits – 2020	233,064	06/25/2021	06/25/2024	4,566	3,529	1,985
LTIP 2022 – Retention tranche and TSR	629,696	05/31/2022	2023 – 2025	25,483	10,955	5,386
LTIP 2023 - Retention tranche and TSR (ii)	617,653	04/17/2023	2024 – 2026	13,089	3,300	-
Total	1,680,815			50,990	20,818	12,011

- (i) In compliance with CPC 10 (R1) the Company recognized expenses related to the granting of deferred shares, offset against capital reserve, considering the intention of the Company of settling with share-based compensation. Additionally, labor charges are recognized as a provision under liabilities.
- (ii) The Executive Committee approve the granting of 30,024 common shares to new participants hired by the Company after the approval of the Retention tranche and TSR 2023.

b) Stock option

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

The following stock option agreements became effective as at December 31, 2023. The quantities of options are the residual options and not exercised.

Issue date	Residual quantity	Grant date	Validity	Strike price (R\$)	Fair value (R\$)
08/28/2014	55,000	08/20/2014	08/19/2024	21.41	16.99
05/13/2016	17,000	05/13/2016	05/12/2026	14.81	11.93

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

In the year ended December 31, 2023 there were 140,671 options exercised (2022, 269,832) and zero options were cancelled (2022, zero). The Company received, in 2023, R\$ 2,344 (2022, R\$4,927) in relation to the exercise of these options and has a balance receivable of R\$ 495 of subscribed capital to be paid-in. No options expired during the years 2023 and 2022.

16.8 Equity valuation adjustment

In 2023, PetroReconcavo recognized the effective portion of the changes in the fair value of derivatives, net of taxes, which are designated and qualified as cash flow hedges, totaling R\$ 190,185 (R\$50,879 as at December 31, 2022).

17. RELATED PARTIES

17.1 Balances and Transactions

Balances	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
<u>Other assets:</u>				
Subsidiaries (i)	5,084	98,562	-	-
PERBRAS Group	-	5	-	5
Other	-	14	-	-
Total other assets	5,084	98,581	-	5
<u>Dividends payable</u>	17,539	106,416	17,539	106,416
<u>Dividends receivable:</u>				
Subsidiary	11,316	179,502	-	-
Total dividends receivable	11,316	179,502	-	-
<u>Suppliers:</u>				
Subsidiaries (i)	-	21,034	-	-
PERBRAS Group (ii)	927	720	927	1,208
PetroSantander Group (iii)	49	43	49	43
Total suppliers	976	21,797	976	1,251

Transactions – Revenue (expenses)	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Subsidiaries (i)	121,457	96,035	-	-
PERBRAS Group (ii)	(9,024)	(7,866)	(14,225)	(16,836)
PetroSantander Group (iii)	(1,221)	(509)	(1,221)	(509)
Apportionment (iv)	107,573	98,634	-	-
Total	218,785	186,294	(15,446)	(17,345)

- (i) Refers to services provided (rigs and sundry), sale of materials and natural gas among Group companies.
- (ii) The Company conducts transactions with the shareholder PERBRAS - Empresa Brasileira de Perfuração Ltda., which performs services using onshore production rigs and other sundry production support services, under a unit price service agreement, annually adjusted using the General Market Price Index (IGP-M).
- (iii) The Company conducts transactions with PetroSantander Management Inc., PetroSantander Colombia and PetroSantander Holdings GMBH which provide technical assistance and specialized consulting services on a “man-hour” basis related to the exploration and production of oil wells, under a service agreement that does not provide for financial charges.
- (iv) Refers to the apportionment of corporate administrative expenses.

17.2 Key-management compensation

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Benefits – Board of Directors (i)	7,710	4,748	7,737	4,777
Benefits – Executive Committee (i)	4,562	4,354	4,562	4,354
Other benefits (ii)	245	219	245	219
Profit sharing	5,875	4,227	5,875	4,227
Share-based compensation (iii)	7,880	10,131	7,880	10,131
Subtotal	26,272	23,679	26,299	23,708
Social charges (iv)	5,008	5,499	5,013	5,504
Total	31,280	29,178	31,312	29,212

- (i) Refers to remuneration, net of social charges, to statutory directors and advisors of the Company.
- (ii) Refers to contributions made by the Company to a private pension plan.
- (iii) Refers to the payment and vesting, net of fees, of the programs described under Note 16.7 to the financial statements.
- (iv) Refer to social charges of the employer related to the compensation of statutory directors and advisors of the Company.

The compensation of the Executive Committee is determined by the shareholders. On April 26, 2023 the shareholders defined, in a General Shareholders’ Meeting, maximum compensation for 2023 in the amount of R\$33,198 (R\$25,426, 2022), excluding social obligations, which is the responsibility of the employer.

18. RIGHTS AND COMMITMENTS TOWARDS ANP

18.1 Commitments and rights of the oilfields in production

The Group is a concessionaire to 55 oil fields subdivided among the Remanso, Miranga and Tiêta Clusters (jointly “Bahia Asset”) and the Potiguar Cluster (“Potiguar Asset”), as well as having rights to exploratory blocks in the Potiguar Cluster.

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

Participation	Details
Royalties and payment to landowners.	Royalties are equivalent to a percentage of 7.5% up to 10% applied on the gross production of oil and/or natural gas, from the date of the beginning of the commercial production of the Concession Area (December 31, 2023 R\$ 207,431 and December 31, 2022, R\$ 240,876). Payment to the landowners corresponds to the equivalent to 1% (one percent) of the production of oil and natural gas, according to the applicable Brazilian legislation (December 31, 2023, R\$ 30,409 and December 31, 2022, R\$ 28,707).
Special participation	In the amount defined in the Participation Decree 2705/98 and ANP Administrative Rule 10/99.
Payment for occupying and retaining the Concession Area	For each field there is an amount payable in R\$ per square kilometer, which varies according to the concession contract and stage of operation of each field, which can be: (i) exploration stage; (ii) development stage; and (iii) production stage. All fields are in the production stage.

18.2 Commitments and rights for exploratory blocks

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

Company	Block area	Block	Situation
PetroReconcavo	Potiguar Basin	POT-T-702	Prospection
PetroReconcavo	Potiguar Basin	POT-T-742	Signing of concession process
PetroReconcavo	Potiguar Basin	POT-T-793	Signing of concession process
SPE Tiêta	Reconcavo Basin	REC-T-129	Value reduced to R\$0
SPE Tiêta	Reconcavo Basin	REC-T-142	Value reduced to R\$0
SPE Tiêta	Reconcavo Basin	REC-T-224	Value reduced to R\$0
SPE Tiêta	Reconcavo Basin	REC-T-117	Value reduced to R\$0
SPE Tiêta	Reconcavo Basin	REC-T-118	Value reduced to R\$0

19. SALES REVENUE, NET

Material accounting policy

The Company examines contracts with its customers related to the sale of oil, natural gas and their by-products. These contracts are analyzed for revenue recognition and to identify the different products and services agreed upon in each contract.

Sales revenues are recognized when the control of the product is transferred to the customer, which usually occurs upon delivery. It is at this point that the company fulfills its performance obligation.

A performance obligation is a promise to provide to the customer:

- A distinct good or service; or
- A series of distinct goods or services that have the same characteristics or are substantially the same and that have the same transfer standards to the customer.

Revenue is measured based on the value of the consideration to which the Company expects to be entitled in exchange for the transfers of the goods or services promised to the customer, excluding amounts charged on behalf of third parties. Transaction prices are established according to the values specified in the contracts with customers, reflecting the Company's pricing methodologies and policies, based on market criteria.

Sales are made within short payment periods, so there are no significant financing components.

19.1 Breakdown

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

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
<u>Gross revenue:</u>				
Sale of oil	662,883	576,895	2,330,376	2,658,964
Sale of gas and by-products	230,040	88,452	1,252,545	1,548,074
Hedge contracts	(40,091)	-	(268,209)	(441,631)
Total	<u>852,832</u>	<u>665,347</u>	<u>3,314,712</u>	<u>3,765,407</u>
 <u>(-) Deductions on revenue</u>	 (87,515)	 (70,966)	 (500,351)	 (789,468)
 Net revenue	 <u>765,317</u>	 <u>594,381</u>	 <u>2,814,361</u>	 <u>2,975,939</u>

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

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Personnel	(127,164)	(61,795)	(275,275)	(228,024)
Services and materials	(220,869)	(160,549)	(395,910)	(254,625)
Electricity	(39,988)	(35,620)	(77,230)	(73,877)
Sales	(16,143)	-	(40,495)	-
Other	(24,115)	12,493	(36,083)	(52,494)
Acquisition/swap of gas	(27,335)	(23,486)	(98,194)	(204,095)
Gas outflow	(5,668)	-	(23,896)	(11,482)
Gas processing	(32,408)	-	(183,152)	(102,055)
Gas transportation	(35,210)	(7,545)	(168,142)	(128,180)
Royalties	(57,064)	(47,783)	(237,840)	(240,876)
Depletion, depreciation and amortization	(148,639)	(74,539)	(598,327)	(351,220)
Total	<u>(734,603)</u>	<u>(398,824)</u>	<u>(2,134,544)</u>	<u>(1,647,028)</u>
Cost of products sold	(637,812)	(409,333)	(1,916,661)	(1,534,412)
General and administrative expenses	(95,237)	(27,137)	(214,063)	(110,377)
Other income (expenses), net	(1,554)	37,646	(3,820)	(2,239)
Total	<u>(734,603)</u>	<u>(398,824)</u>	<u>(2,134,544)</u>	<u>(1,647,028)</u>

21. FINANCIAL INCOME (EXPENSE)

	Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Financial income				
Interest, earnings and other	32,427	17,575	65,949	29,035
Total financial income	32,427	17,575	65,949	29,035
Financial expenses				
Interest on loans	(68,694)	(14,548)	(69,661)	(51,480)
Other interest	(9,304)	(6,557)	(23,110)	(19,906)
Bank and other charges	(13,031)	(2,446)	(16,102)	(38,059)
Total financial expenses	(91,029)	(23,551)	(108,873)	(109,445)
Foreign exchange variation				
Foreign exchange gain	90,755	19,857	121,102	151,659
Foreign exchange loss	(25,219)	(2,055)	(29,166)	(4,849)
Total foreign exchange variation	65,536	17,802	91,936	146,810
Total	6,934	11,826	49,012	66,400

22. FINANCIAL INSTRUMENTS

22.1 Capital risk management

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

The Company's capital structure consists of its equity (which includes capital, reserves, profit reserves, as presented under Note 16 to the financial statements) and bank debts (see Note 10 to the financial statements).

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

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

22.2 Category of financial instruments and fair value hierarchy

Fair value hierarchy awards greater weight to available market information and less weight to information related to unobservable data. Additionally, the standard requires that the Company takes into consideration all aspects of the nonperformance risk, including the Company's own credit, when measuring the fair value of a liability.

CPC 40 /IFRS 7 establishes a three-level fair value hierarchy to measure and disclose the fair value.

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

	Notes	Company		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Financial assets					
<u>Amortized cost (i)</u>					
Cash and cash equivalents	4	110,834	83,601	197,184	361,028
Short-term investments	4	310,172	1,233,639	310,172	1,250,163
Trade receivables	5	387,964	56,166	416,528	440,097
Dividends receivable	17	11,316	179,502	-	-
Financial liabilities					
<u>Amortized cost (i)</u>					
Suppliers	9	375,453	106,430	384,486	352,152
Loans and financing	10	902,980	655,581	902,980	655,581
Dividends payable	17	17,359	106,416	17,359	106,416
Payables for acquisitions	12	200,004	-	200,004	474,769
Fair value through other comprehensive income (FVOCI) (ii)					
Derivative financial instruments	15	99,433	-	99,433	387,592
Fair value through profit or loss (FVTPL) (ii)					
Payables for acquisitions	12	285,491	-	285,491	443,503
Derivative financial instruments	15	45	-	45	-

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

(ii) Items measured at fair value Level 2.

22.3 Financial risk management

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

This Note provides information on the Company's exposure to each one of the above risks, including the Company's goals, policies and processes designed to measure and manage risks, and manage the Company's capital.

Risk management structure

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

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

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

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

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

a) Credit risk

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

- Cash and cash equivalents

Bank deposits and investments are made in top tier financial institutions in compliance with the guidelines established in the Counterparty and Issuer Risk Policy. Investments in these institutions are detailed under Note 4 to the financial statements, where the counterparties have minimum credit classifications of A-, on a national scale, and are considered as low credit risk for the purpose of impairment. Information on credit classification is supplied by independent agencies. The exposure of the Group and the credit classifications of its counterparties are monitored on an ongoing basis.

The Company maintains bank accounts and short-term investments in financial institutions, according to strategies previously approved by Management, detailed under Note 4 to the financial statements.

- Trade receivables

The risk arises from the possibility of the Company and its subsidiaries incurring losses due to the difficulty of receiving the amounts invoiced to its customer, as detailed under Note 5 to the financial statements.

In order to mitigate the credit risk, the Group negotiates only with creditworthy counterparties. Before accepting new customers, the Group assesses the credit risk of the potential customer and depending on the results assesses the need to contract credit risk insurance (see Note 23 to the financial statements). As described in Note 5, the Group has provided amounts as ECL regarding the swap contract signed with Petrobras. Part of the receivables relating to the mentioned contract are past due. The Group does not have other notes past due other than those mentioned under trade receivables.

Since January 2022, the Company became able to add new players to its customer portfolio. The New Gas Market permitted access of producers to the Natural Gas Treatment Units ("UPGNs") and, consequently, the possibility of selling natural gas and its byproducts to a broader pool of companies.

In December 2023, around 76% of the revenue of the Group was concentrated with customers that represented over 10% of annual revenue. The three highest concentrations represented 44%, 17% and 15% of total revenue.

b) Liquidity risk

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

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

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

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

Maturity	2024	2025	2026	2027	Total
Loans and financing	196,494	211,592	305,654	371,211	1,084,951
Derivative financial instruments	101,381	-	-	-	101,381
Payables for acquisitions	349,338	154,151	-	-	503,489
Suppliers (i)	254,010	-	-	-	254,010
Lease Payments	32,887	10,570	-	-	43,457

(i) As disclosed under note 9, the amounts allocated to noncurrent liabilities refer to securities suppliers in dispute whose payments forecast exceeds 12 months. Therefore, as there is no specific date to settle this liability, such amounts were not presented in the schedule above.

c) Market risk

- Foreign exchange rate

In 2023, 97% (77% as at December 31, 2022) of the gross operating revenues of the Company and its subsidiary were indexed to the U.S. dollar exchange rate at the time of billing. In the case of oil, revenue refers to the sale of oil that is indexed to the price of Brent oil, which in turn is quoted in US dollars. For natural gas and its byproducts, revenue is indexed to contracts indexed to the price of Brent oil, as well as contracts with fixed and variable prices in U.S. dollars. The only contracts, in the period, in which pricing is in Brazilian reais refer to the sale of LPG.

On September 27, 2022 and on July 24, 2023 the Company obtained loans in U.S. dollars with the purpose and details already described under the section Loans and Financing.

The Group has registered, in the item payables for acquisitions, deferred/contingent installments for the acquisition of assets in amounts indexed to the U.S. dollar. As at December 31, 2023 the Group had recognized total liabilities of US\$ 100,282 (US\$ 179,432 in 2022)

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

Company and Consolidated						
	Risk	Rate (a)	Exposure R\$	Probable	25% (b)	50% (b)
<u>Assets</u>						
Short-term investments	US\$ appreciation	5.0000	290,012	299,520	362,517	435,020
<u>Liabilities</u>						
Payables for acquisitions	US\$ appreciation	5.0000	485,495	501,410	606,869	728,243
Loans and financing	US\$ appreciation	5.0000	923,890	954,176	1,154,863	1,385,835
Net effect on income (loss)				(36,693)	(279,842)	(559,685)

(a) The translation rate (R\$ to US\$) used in the sensitivity tables as the probable scenario was obtained from the Central Bank of Brazil (BACEN) and corresponds to the U.S. dollar rate in the Market Expectation System for December 2024. As at December 31, 2023 the rate was of R\$4.8413.

(b) The scenarios consider variations of 25% and 50% against the Brazilian real. Both project stress scenarios (either depreciation or appreciation of the foreign exchange rate) against the U.S. dollar effective as at December 31, 2023.

- Interest rate

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

In relation to assets, the Company has short-term investments exposed to floating interest rates, linked to the CDI (Interbank Deposit Certificate) variation. It also has exposure to the interest rate fluctuation in the U.S. for foreign currency investments.

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

Company						
	Risk	Rate (a)	Accounting	Probable	25% (b)	50% (b)
<u>Assets</u>						
Cash and cash equivalents and Short-term investments	CDI depreciation	9.00%	113,637	123,864	121,307	118,751
Short-term investments	US Treasury depreciation	3.96%	220,028	228,745	226,566	224,386
Effect on income (loss)				(5,673)	(10,408)	(15,144)
<u>Liabilities</u>						
Loans and financing	SOFR appreciation	5.162%	923,890	923,383	926,417	928,945
Effect on income (loss)				507	(2,527)	(5,055)

Consolidated						
	Risk	Rate (a)	Accounting	Probable	25% (b)	50% (b)
<u>Assets</u>						
Cash and cash equivalents and Short-term investments	CDI depreciation	9.00%	199,770	217,749	213,254	208,760
Short-term investments	US Treasury depreciation	3.96%	220,028	228,745	226,566	224,386
Effect on income (loss)				(8,041)	(14,715)	(21,389)
<u>Liabilities</u>						
Loans and financing	SOFR appreciation	5.162%	923,890	923,383	926,417	928,945
Effect on income (loss)				507	(2,527)	(5,055)

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

(b) The Scenarios consider variations of 25% and 50%. Both project stress scenarios (either depreciation or appreciation) on the effective rate as at December 31, 2023.

- Commodity prices

In 2023, 72% of the Company's gross operating revenue was directly linked to the price of the Brent Oil, the quotations of which are freely traded in foreign markets (74% as at December 31, 2022).

It should be emphasized that gas contracts do not have any direct relation to the price of oil. Furthermore, a significant part of the contracts, despite being linked to the price of oil, have pre-defined minimum prices.

As a means of protection against the volatilities of the oil market, the Company entered into several hedge contracts, having hedged a volume of approximately 1,796 thousand barrels (32% of net oil production for the period) as at December 31, 2023 (December 31, 2022, 1,997 thousand barrels, 47% of net production of oil for the period) at an average price of NDFs of US\$52.7/bbl as at December 31, 2023 (December 31, 2022 US\$54.9/bbl).

Company						
	Risk	Price (a)	Accounting	Probable	25% (b)	50% (b)
Gross operating income - Oil	Brent depreciation	78.53	662,883	640,549	542,370	419,966
Gross operating income - Gas	Brent depreciation	78.53	230,040	228,516	222,343	214,646
Hedge	Brent depreciation	78.53	(40,091)	(33,092)	(8,278)	22,659
Total			852,832	835,973	756,435	657,271

Probable effect on income (loss)	(16,859)	(96,397)	(195,561)
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Consolidated						
	Risk	Price (a)	Accounting	Probable	25% (b)	50% (b)
Gross operating income - Oil	Brent depreciation	78.53	2,330,37	2,224,188	1,788,976	1,246,383
Gross operating income - Gas	Brent depreciation	78.53	1,252,54	1,226,496	1,127,317	1,036,947
Hedge	Brent depreciation	78.53	(268,209)	(232,372)	(83,641)	101,786
Total			3,314,71	3,218,312	2,832,652	2,385,116

Probable effect on income (loss)	(96,400)	(482,060)	(929,596)
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(a) The commodity prices used in the sensitivity table as the probable scenario were obtained from the ICE commodity pricing agency and represent the average for the next 12 months.

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

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

The tables below describe the NDF contracts and outstanding option as at December 31, 2023:

Company and Consolidated			
NDF	Average price (U\$)	Quantity (bbl)	Fair value
	12/31/2023	12/31/2023	12/31/2023
Under 3 months	56.03	444,750	(50,021)
From 3 to 6 months	60.13	236,000	(20,979)
From 6 to 12 months	59.66	331,500	(28,433)
Total		1,012,250	(99,433)

Company and Consolidated				
Zero cost collar	Average price (U\$)		Quantity (bbl)	Fair value
	12/31/2023	12/31/2023	12/31/2023	12/31/2023
Under 3 months	-	-	-	-
From 3 to 6 months	65.00	87.40	135,000	(11)
From 6 to 12 months	65.00	85.32	540,000	(34)
Total			675,000	(45)

23. INSURANCE COVERAGE

The Company maintains a monitoring policy of the risks inherent to its business. As at December 31, 2023, the Company had insurance contracts in place to cover operational, environmental, civil liability and other risks.

23.1 Company and Consolidated

Modality	Currency	Risk amounts		Maximum indemnifiable amount	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Environmental risks	US\$	6,050	6,050	6,050	6,050
Material damages	US\$	272,726	45,543	25,100	25,100
Civil responsibility	US\$	3,000	3,000	3,000	3,000
Corporate D&O	R\$	120,000	120,000	120,000	120,000
Credit risks	R\$	1,920,000	-	320,000	-

24. SEGMENT INFORMATION

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

The information reported to the Company's Management (chief operating decision maker) for purposes of resource allocation and performance assessment is reviewed monthly using reports on management results that present expenses by cost center. Management evaluates investments, expenses, production and other operating indicators and makes decisions based on the consolidated information from all companies of the Group.

25. NON-CASH TRANSACTIONS

During 2023 and 2022 the Company carried out the following transactions not involving cash; accordingly, these are not reflected in the statements of cash flows.

	Company		Consolidated	
	12/31/2023	12/31/2023	12/31/2023	12/31/2023
Additions for new IFRS 16 contracts	27,319	9,749	41,183	37,679
Dividends receivable	11,316	175,487	-	-
Proposed and unpaid dividends and interest on capital	17,359	106,416	17,359	106,416
Paid-in capital of investee with advance for future capital increase	-	16,500	-	-
Earn-out SPE Tiêta acquisition	7,702	-	7,702	-
Incorporation of subsidiaries	2,790,176	-	-	-
<u>Transaction with impact to PP&E</u>				
Additions to provision for well abandonment	59,699	-	62,238	25,710
Reversal of provision for well abandonment	-	(8,010)	-	(8,010)
Reclassification of ICMS CIAP	-	-	(41,395)	-
Total	2,913,571	300,142	87,087	161,795

Assets and liabilities acquired in the operation of October 31, 2023, see Note 1 to the financial statements, and the assets acquired and liabilities assumed in the acquisition of SPE Tiêta, detailed under Note 7.3. to the financial statements, did not generate effects on cash flows, except for the cash incorporated and acquired, respectively.

26. SUBSEQUENT EVENTS

26.1 Arbitration proceedings of the Company

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

The proceeding is confidential and is still at a very early stage, having only presented the Request for Arbitration (on January 24, 2024) with the appointment of an arbitrator, and the adverse party has not yet submitted a response to the Request.

As the Arbitration Court has not yet been established, PetroReconcavo has not yet presented its Statement of Claims and settlement of the claims and the adverse party has also not submitted the response to PetroReconcavo's Initial Submissions or any counterclaim, Management understands that there is no other relevant information to be disclosed by the Company to date, without its disclosure seriously harming the Company's position.

26.2 Waiver of contractual obligations with financial institutions

The Company obtained from its creditor financial institutions of the financing contracts a waiver of its obligation to send the reserve report on February 29, 2024. The new deadline is the 15th of April 2024. There was no impact on the financial statements.
