

EARNINGS RELEASE

Third Quarter 2022

3Q22 Results Conference Call

Friday, November 11th, 2022

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 **PetroReconcavo**

3Q22 Highlights

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Mata de São João, November 11, 2022. (PetroReconcavo S.A. ("PetroReconcavo" or "Company") (B3: RECV3) today announces its results for the third quarter of 2022 (3Q22). The following information is presented in a consolidated manner, in thousands of Brazilian Reais (R\$), in accordance with International Financial Statements Standards (IFRS) and with the accounting standards adopted in Brazil, unless otherwise stated.

3Q22 Highlights

- Net revenue in the 3Q22 of R\$ 805 million and accrued revenue of R\$ 2.2 billion for the first nine months of 2022, representing a 191% increase year-on-year;
- EBITDA of R\$ 423 million in the 3Q22 and accrued EBITDA of R\$ 1.2 billion for the first nine months of 2022, representing a 206% increase year-on-year;
- Net income of R\$ 212 million in the 3Q22 and accrued profit of R\$ 745 million for the first nine months of 2022, representing a 612% increase year-on-year;
- During the third quarter and until now, the Company has signed 3 new contracts for the commercialization of its Natural Gas production with Galp, TAG and Proquigel-Unigel. This contract mark the entry of the Company into the free market for natural gas sales;
- Average gross production was 22 thousand barrels of oil equivalent per day in the 3Q22, a 7% growth vs. 2Q22 and of 73% year-on-year accrued growth for the 9M22 vs. 9M21
- During the quarter 11 wells were drilled and 71 workover and completions were performed;
- The Company has obtained concession contract extensions and royalty reductions on incremental production for the Brejinho, Cachoeirinha and Fazenda Curral concessions;
- The Company has notified ANP (Agência Nacional do Petróleo, Gás Natural e Biocombustíveis) of the discovery of hydrocarbons in the Exploratory Block POT-T-702 located in the Potiguar Basin;
- The Company secured a new corporate debt facility and prepayed the previous loan secured for the acquisition of the Riacho da Forquilha Cluster. The new loan has the following benefits: simplification of covenants and guarantees, elimination of future hedging commitments, a reduction in the cost of debt and an extension on the debt payment term;
- The Company has announced a proposed corporate reorganization with the objective of simplifying its corporate structure, seeking to increase efficiency levels and reduce costs;
- Full disclosure of the Company Integrity Program and new Code of Ethics and Conduct was completed. The Company has also joined the ETHOS Institute and obtained the "Empresa Limpa" certificate;
- On November 3, the Company was informed about the decision rendered by the Court of Justice of the State of Rio de Janeiro overturning the previous ruling that granted an injunction that suspended the contractual negotiations with Petrobras for the acquisition of the Bahia Terra Cluster;
- After the closing of the quarter, the Company has internally approved the construction of a Gas Treatment Unit in the Bahia Asset;



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

	3Q22	3Q21	Δ%	9M22	9M21	Δ%
Net Revenue	804,848	260,344	209%	2,199,333	755,242	191%
Net income in the period	211,883	22,926	824%	744,752	104,602	612%
Net margin ¹	26.3%	8.8%	17.5 p.p.	33.9%	13.9%	20.0 p.p.
EBITDA ²	423,433	134,599	215%	1,218,043	397,585	206%
EBITDA margin ³	52.6%	51.7%	0.9 p.p.	55.4%	52.6%	2.7 p.p.
Hedge adjusted EBITDA ⁴	550,749	174,241	216%	1,560,950	454,431	243%
Adjusted EBITDA margin ⁵	59.1%	58.1%	1.0 p.p.	61.4%	56.0%	5.4 p.p.
Net debt (net cash) ⁶	(84,111)	(437,138)	n.m.	(84,111)	(437,138)	n.m.
Net debt/ EBITDA last 12 months ⁷	-0.06 x	-0.83 x	n.m.	-0.06 x	-0.83 x	n.m.
Average gross production (BOEPD) ⁸	22,045	12,246	80%	20,685	11,969	73%
Gross production (in BOE) ⁸	2,028,097	1,126,590	80%	5,647,094	3,267,537	73%
Average gross production cost per BOE in R\$ ⁹	R\$ 60.62	R\$ 65.59	-8%	R\$ 64.23	R\$ 67.06	-4%
Average foreign exchange rate R\$/US\$ ¹⁰	R\$ 5.25	R\$ 5.23	0%	R\$ 5.13	R\$ 5.33	-4%
Average gross production cost per BOE in US\$ ¹¹	\$11.55	\$12.54	-8%	\$12.51	\$12.58	-1%
Average Brent Oil spot price ¹²	\$100.85	\$73.47	37%	\$105.35	\$67.73	56%

Notas:

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

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

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

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

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

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

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

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

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

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

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

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



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Message from Management



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Registered production was over 22 thousand barrels of oil equivalent per day (BOEPD) in the quarter, generating an increasing accrued net revenue and EBITDA in 2022, reaching R\$ 2.2 billion and R\$ 1.2 billion, respectively.

Despite the decline observed in oil prices in comparison to the prior quarter, our position in the new natural gas market, in conjunction with an increased production, contributed to a significant improvement in our gas revenues. During the third quarter of 2022 until now, three new contracts were signed for the sale of dry gas, among which emphasis is given to the contract with TAG, with a fixed price of \$17.39 dollars per million BTUs and the contract with Unigel, the first signed to supply a free market consumer. In the year, net revenue associated with the company's gas production already exceeded the 39% share of its total gross revenue.

In September drilling was concluded of the first well in Exploratory Block POT-T-702, located in the Potiguar Basin, in Rio Grande do Norte, having identified the presence of hydrocarbons. The Company will perform formation tests and other studies to evaluate the size of the hydrocarbon accumulation and its possible production potential.

The Company obtained from ANP the approval of three concession extension requests and royalty reductions on incremental production in the Potiguar Asset. The eleventh workover rig was put into operation in September and advances were made in the deployment of 9 new large sized service equipment setups, including the purchase and importation of 2 new drilling rigs, deployment of 1 outsourced drilling rig, 5 workover rigs and 1 fracking unit.

Beyond the equipment, the Company has demonstrated the ability to scale its pace and volume of activities efficiently. The workforce has evolved to over 1,100 direct employees at the end of the quarter, with new personnel being recruited and trained efficiently. Despite an inflationary scenario, our cost per barrel was \$11.55 dollars in the quarter, representing 17% reduction compared to the prior quarter.

On November 3, the Company was informed about the decision overturning of the preliminary injunction that had suspended negotiations for the acquisition of Bahia Terra Cluster.



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Finally, the Company continues focused on the development of its business plan and attuned to growth opportunities. We announced the corporate approval for the construction of a gas treatment unit, with a capacity for 400 thousand cubic meters per day in our Bahia Asset. That will enable the delivery of the production of some fields directly to the Bahiagás pipeline, reducing operational costs and expanding natural gas processing capacity in the Recôncavo Basin.



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Asset Portfolio

The Portfolio of the Company consists of Oil and Natural Gas Production Assets on onshore fields located in two sedimentary basins:

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

Remanso + BTREC Cluster

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

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



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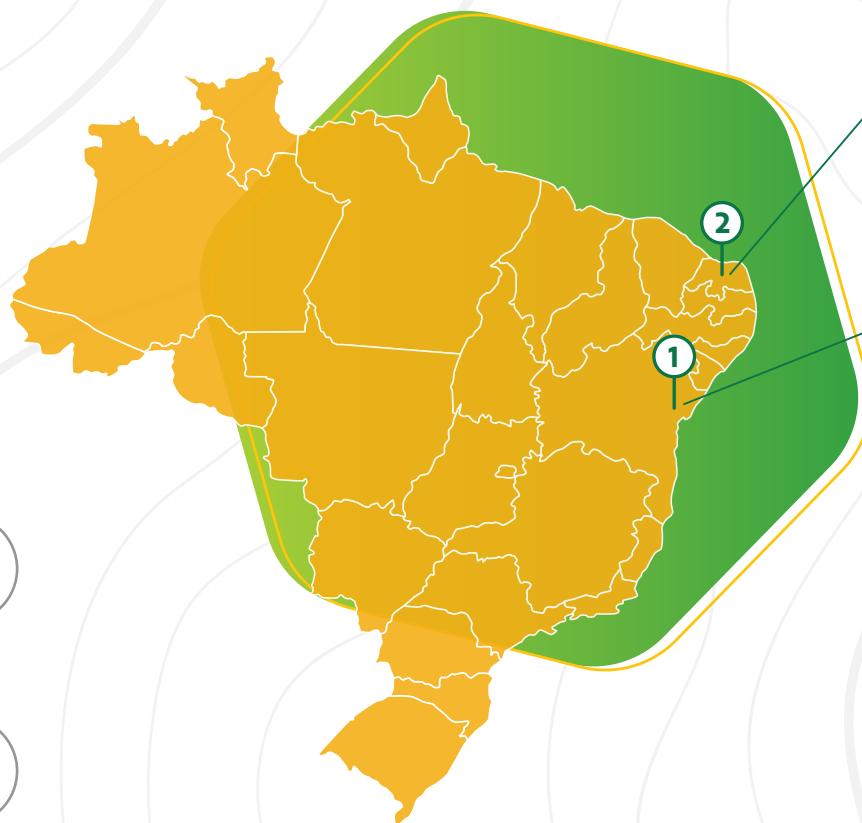


Miranga Cluster

The Miranga Cluster contains 9 onshore fields acquired by the Company on December 6, 2021. The Company filed with ANP extension requests for all the 9 concessions, including the associated Development Plans.

Riacho da Forquilha Cluster

Acquired on December 9, 2019, Riacho da Forquilha Cluster contains 33 concessions, of which 30 are 100% owned and operated by the Company; two concessions are operating in partnership with Sonangol Hidrocarbonetos Brasil Ltda, one operated by Mandacaru Energia and there is one exploratory block, POT-T-702.



POTIGUAR ASSET

Potiguar E&P S.A.
32 operated concessions
1 concessions operated by partner*
(PRSA work interest)
1 exploratory block
Riacho da Forquilha Cluster

BAHIA ASSET

PetroReconcavo S.A.
12 operated concessions
Remanso Cluster

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

SPE Miranda S.A.
9 operated concessions
Miranda Cluster

**Remanso
+ BTREC**



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In the third quarter, the subsidiary Potiguar E&P signed with ANP extensions to the Concession Contracts of Lorena, Brejinho and Fazenda Curral. In October 2022 the Cachoeirinha concession contract was extended. The extension of the production phase follows the guideline of CNPE Resolution 2/2016 which authorizes ANP to extend concession contracts signed during the "Round Zero". Originally, these concession contracts would terminate in 2025.

Extension in the production phase generates disbursements resulting from contingent payment clauses provisioned under the Purchase and Sale Agreement of the Riacho da Forquilha Cluster, signed in 2019. The extension of the concessions generated disbursements of R\$ 52.5 million in the quarter and R\$50,8 million expected to be made in the fourth quarter due to the concession extension amendment for Cachoeirinha, Brejinho and Fazenda Curral, as demonstrated in the table below.

Field	Approval date	Contractual extension amendment	New Contractual term	Royalty reduction	Amount disbursed
Lorena	07-26-22	✓	08-05-52	✓	R\$ 52.5 million
Brejinho	09-22-22	✓	12-31-36	✓	R\$ 28.2 million
Fazenda Curral	09-22-22	✓	12-31-36	✓	R\$ 3.8 million
Cachoeirinha	10-19-22	✓	12-31-32	✓	R\$ 18.8 million

Moreover, a royalty reduction was approved at a rate of 5% for incremental production, resulting from the implementation of projects in the proposed field Development Plan (DP), for the four concessions. For the production levels up to the reference curve, the previous royalty rates are maintained.



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Operational Performance

The Company closed the third quarter of 2022 with an average production of 22,045 barrels of oil equivalent per day ("BOEPD"), an 80% increase when compared to the same period in the prior year and 7% in comparison with the prior quarter. Emphasis is given to the 46% organic growth year-on-year in the production of the Potiguar Asset and of 171% in the production of the Bahia Asset, including the production of the Miranga Cluster, acquired and operated as of December 7, 2021.

In the third quarter, average production of natural gas, in barrels of oil equivalent, reached 41% of participation in total production, registering an increase of 20 p.p. in comparison to the same period in the prior year.

Gross daily production (Working Interest) (in barrels of oil equivalent per day - BOEPD)									
		3Q22	2Q22	Δ%	3Q21	Δ%	9M22	9M21	Δ%
Bahia Asset	Oil	4,572	4,391	4%	2,991	53%	4,436	3,125	42%
	Gas	5,394	4,715	14%	589	816%	4,682	558	739%
	Subtotal	9,966	9,106	9%	3,581	178%	9,118	3,683	148%
Potiguar Asset	Oil	8,398	8,055	4%	6,632	27%	8,165	6,514	25%
	Gas	3,680	3,367	9%	2,033	81%	3,402	1,773	92%
	Subtotal	12,078	11,422	6%	8,665	39%	11,567	8,287	40%
Total	Oil	12,971	12,446	4%	9,624	35%	12,601	9,639	31%
	Gas	9,074	8,082	12%	2,622	246%	8,085	2,331	247%
	Total	22,045	20,528	7%	12,246	80%	20,685	11,969	73%

Source: Production Bulletin reported to ANP

In the month of September 2022, the Company registered average daily production of 22,140 barrels of oil equivalent (BOEPD), and accumulated for the first nine months of 2022 an average of 20,685 BOEPD, which already surpasses in 4% the expected average for the year 2022 as informed in the 2P Reserve Certification Report as of December 31, 2021.

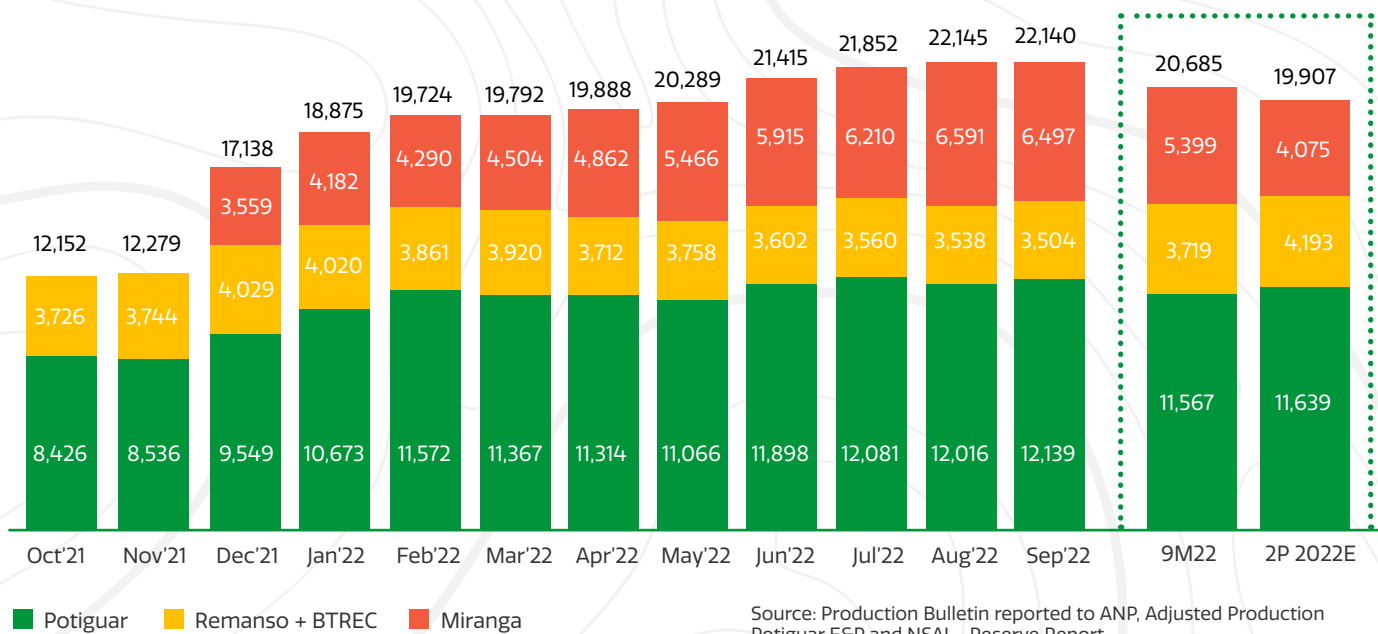


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Production per Asset Average Production (working interest) in barrels of oil equivalent per day (BOEPD)



Potiguar Asset

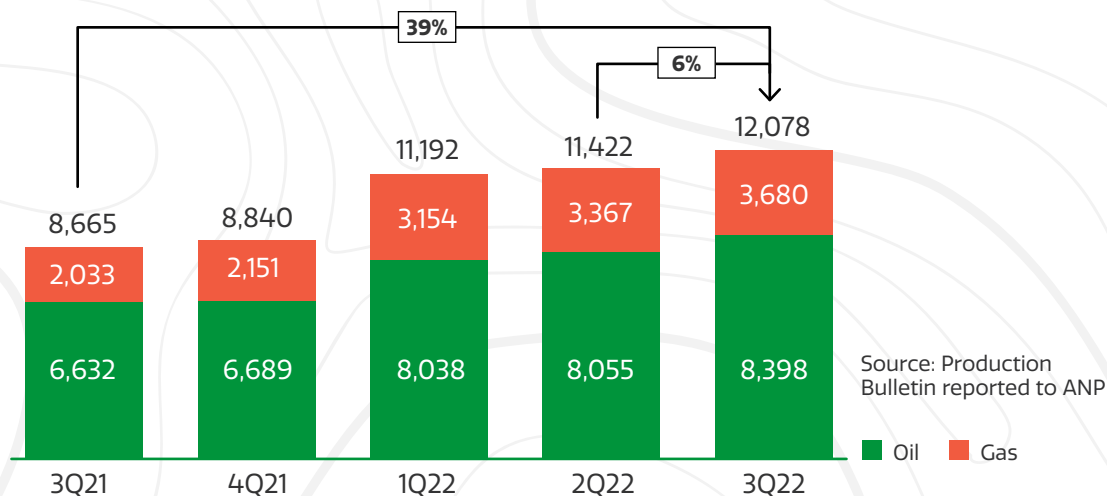
In the third quarter of 2022, average production at the Potiguar Asset reached 12,078 barrels of oil equivalent per day (BOEPD), a 6% increase when compared to the prior quarter. The volumes demonstrated in the graph below represent gross working interest production in the Potiguar Asset, including the 32 fields operated by the Company and the working interest in the concession operated by Mandacaru Energia.



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



In the third quarter of 2022, the Company maintained an average of 4,9 active workover rigs, having executed 42 workover and completion projects. In the same period, the Drilling Rig concluded the drilling of 11 new wells and 8 recently drilled wells were completed. Of these, 5 were concluded in September and are presently in the optimization phase. The graph below demonstrates the effect of the drillings executed by PetroReconcavo in the production results of the Potiguar Asset since the beginning of the campaign, in August 2021. A total of 36 wells were drilled and completed to production until September 30, 2022, with a backlog of 6 wells pending completion. Among the wells in the completion phase is the first well drilled by the Company in the Exploratory Block POT-T-702. The drilling of this well reached a final depth of 659 meters, finding the existence of oil in the Alagamar formation. The Company concluded the initial formation tests which confirmed the interpretation of the open hole log interpretation. The Company is preparing the Discovery Plan and requesting licenses for long-term tests with ANP. This test shall evaluate the dimensions of the hydrocarbon accumulation, its commercial potential and the production capacity of the well which will help to define the development plan of the field.

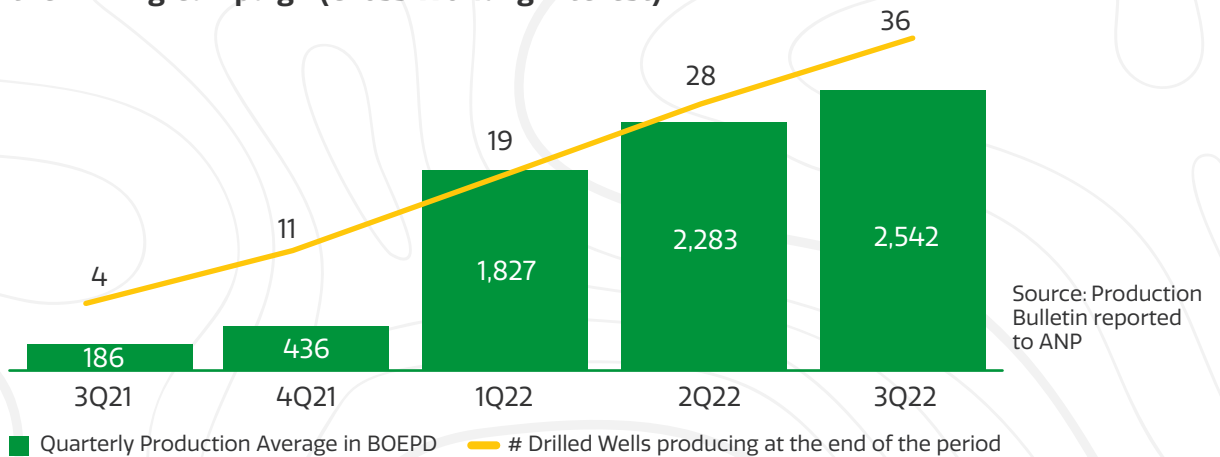


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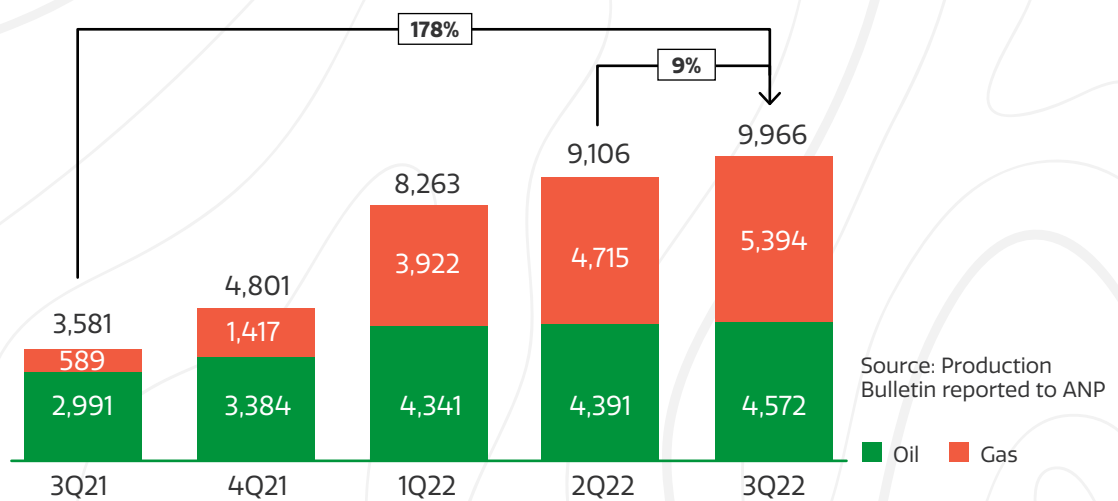
Potiguar Asset | Sum of the average production of wells in the Drilling Campaign (Gross Working Interest)



Bahia Asset

In the third quarter of 2022, the production of the Bahia Asset presented a 9% increase when compared to the prior quarter – with emphasis to the production of the Miranga Cluster.

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



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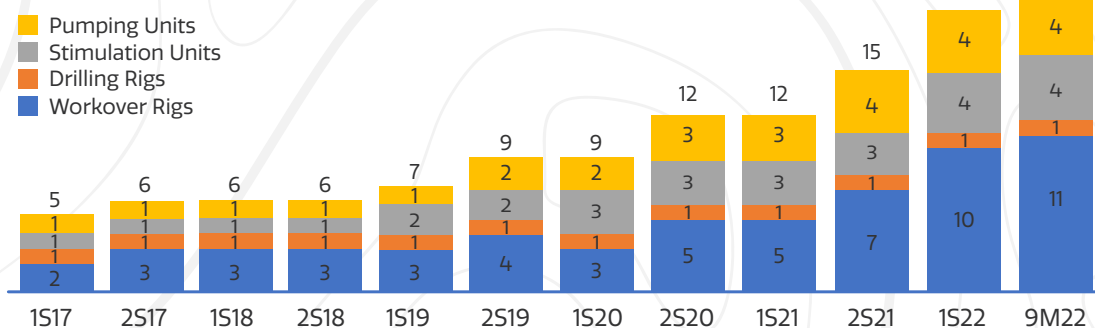


The 3Q22 investment strategy for the Bahia Asset included the execution of a total of 29 workover projects, with an average availability of 4 rigs dedicated to the Remanso+BTREC and Miranga Clusters in the period.

Acceleration of the Investment Program

The Company continues expanding its execution capacity, in line with its capital allocation strategy for the development of its reserves in the Assets in which it operates. In the third quarter of 2022, the deployment of another new workover rig was concluded which began operating in September.

Evolution of the Equipment Fleet



Mobilized fleet in September 2022 includes own and leased equipment, all operated by the Company's own personnel. The leased equipment are 5 workover rigs. Own rigs include: 6 workover rigs (including a flushby unit – light rig), 1 drilling rig, 4 stimulation units and 4 pumping units (including cementing units).



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The New Natural Gas Market

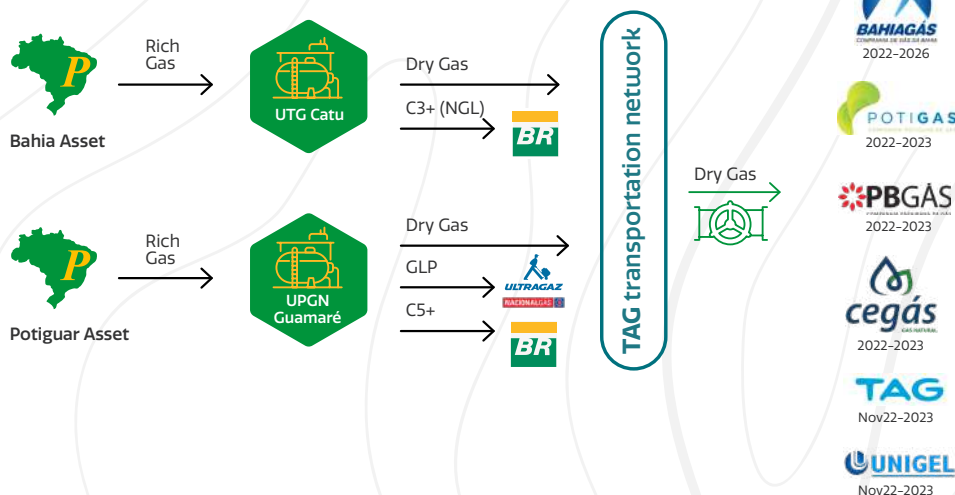
As of January 1, 2022 with the regulation of the New Gas Market and with the contracting of essential processing and transportation infrastructure, PetroReconcavo and its subsidiaries started to supply natural gas to state gas distributors of the Northeast of Brazil, as well as marketing its production of natural gas liquids. Currently, the Company may commercialize natural gas and liquids, from any of its Assets, with any of its present clients.

On September 15, 2022 a new contract was signed for the purchase and sale of natural gas with Galp, without the inclusion of any minimum quantity or fixed price established in the contract, whereby both companies can act as buyers and/or sellers, permitting a greater commercial flexibility. In the month of September, the Company commercialized with Galp above 100 thousand m³/d (average volume per day) between days of September 17 and 30.

Throughout the third quarter the Company continued to commercialize volumes of natural gas above the firm demands contracted by its present clients. Surplus volumes were sold mainly to Bahiagas, Cegás and Galp.

After the closing of the third quarter the Company signed another two contracts for supplying natural gas. One with TAG for 50 thousand m³ per day for system use gas at the price of US\$17.39 per MMBtu and with Unigel for 30 thousand m³ per day for the Proquigel unit of Bahia.

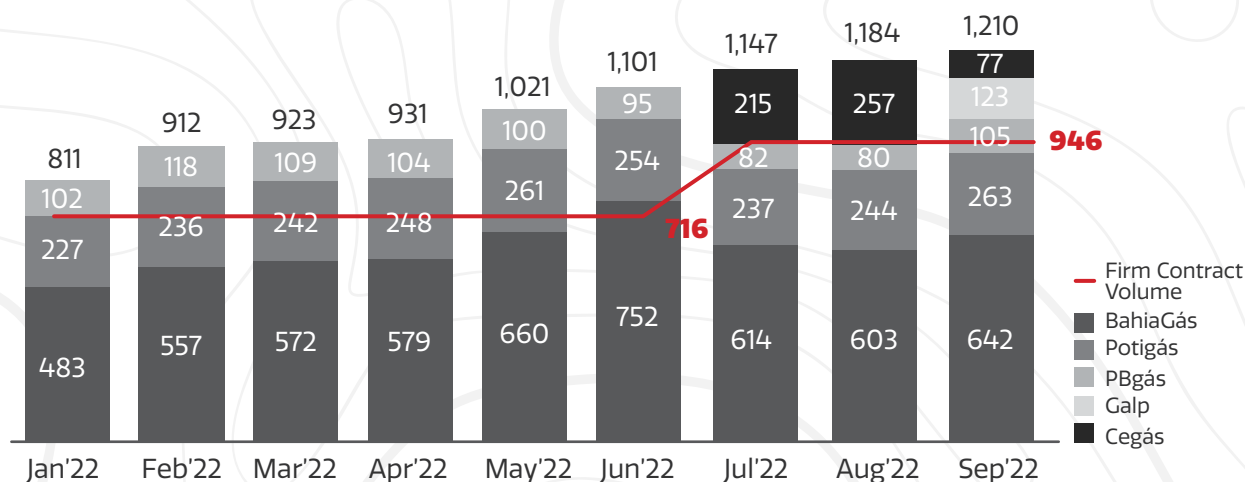
The diagrams below present the natural gas production flow of the Bahia and Potiguar Assets, respectively.



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



LPG production has been marketed since January with the distributor Ultragaz and since April also with the distributor Nacional Gás Butano. In the third quarter of 2022, the Company produced a total of 7,258 tons of LPG against 6,490 tons in the 2Q22.

The total volume produced of C5+ (Potiguar Asset) is marketed with Petrobras. The volume produced in the 3Q22 was of 3,442 m³ against 3,671 m³ in the 2Q22.

As for the volume of natural gas liquid produced in Bahia – C3+, derived from the processing of natural gas, revenue is in the form of a Swap agreement signed with Petrobras.

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



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

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

Also, the Company is under negotiation with Petrobras to sign a definitive contract for the outflow and processing of natural gas similar to the agreement signed by the subsidiary Potiguar E&P for access to UPGN Guamaré meanwhile the above-mentioned Swap Agreements had their validities amended to December 31, 2022. As of the signature of the processing and outflow contracts, the Company shall have the right to market the C3+ produced at the plant.

After the closing of the quarter, the Company approved the contracting of the construction of a Dew Point Control Gas Treatment Unit, for processing its production in the Mata de São João, Remanso, Jacuípe and Riacho de São Pedro fields with a capacity for 400 thousand m3 per day and planned for conclusion in the fourth quarter of 2023. This project has the purpose of enabling the delivery of specified gas in the Bahiagás pipeline, directly from the installations of the Company. This eliminate the use of the Petrobras infrastructure (outflow and processing), with the effect of freeing delivery capacity of specified gas and reducing processing costs.



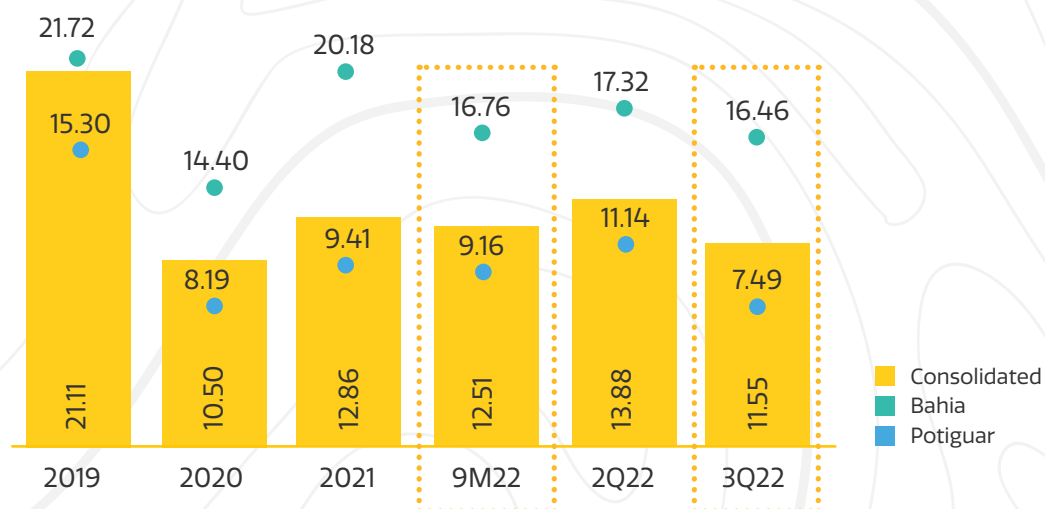
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Costs

The consolidated average production cost for the 3Q22, which is the sum of the total costs of services and sales, excluding costs with acquisition, processing and transportation of gas, royalties, depreciation, amortization and depletion, divided by the total gross production in barrels of oil equivalent (BOE) in the period (lifting cost) was US\$11.55/BOE, representing a 17% reduction when compared to the second quarter of 2022.

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



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

With the positioning of the Company in the New Natural Gas Market and the consequent contracting of the infrastructure for outflow, processing and transportation of natural gas with Petrobras and TAG, the Company began registering costs of this nature, totaling R\$124,929 thousand in the quarter, 37% above the amount registered in the 2Q22.

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



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Consolidated Financial Performance

Consolidated Statement of Profit and Loss (In thousands of Brazilian R\$)

	3Q22	2Q22	Δ%	3Q21	Δ%	9M22	9M21	Δ%
Net revenue	804,848	691,009	16%	260,344	209%	2,199,333	755,242	191%
Costs and expenses	(319,918)	(246,362)	30%	(98,096)	226%	(791,859)	(285,245)	178%
Royalties	(61,497)	(64,776)	-5%	(27,649)	122%	(189,431)	(72,412)	162%
EBITDA	423,433	379,871	11%	134,599	215%	1,218,043	397,585	206%
Depreciation, amortization and depletion	(112,580)	(85,108)	32%	(77,661)	45%	(267,620)	(207,094)	29%
Operating profit	310,853	294,763	5%	56,938	446%	950,423	190,491	399%
Net financial income	(45,488)	(126,853)	-64%	(21,140)	115%	13,514	(52,255)	n.m.
Current taxes	(81,140)	(44,422)	83%	(13,669)	494%	(176,649)	(33,818)	422%
Deferred taxes	27,658	7,543	267%	797	3370%	(42,536)	184	n.m.
Net income	211,883	131,031	62%	22,926	824%	744,752	104,602	612%

Net Revenue

The Company's net revenues reached R\$805 million in the third quarter of 2022, 16% increase when compared to the prior quarter.

Net Revenue (In thousands of Brazilian reais R\$)

	3Q22	2Q22	Δ%	3T21	Δ%	9M22	9M21	Δ%
Bahia Asset	525,119	444,581	18%	96,024	447%	1,394,491	260,903	434%
Oil Revenue	235,121	225,852	4%	80,511	192%	665,522	228,734	191%
Revenue from natural gas and byproducts	289,998	218,729	33%	13,227	2092%	728,969	28,136	2491%
Other revenues from services provided	-	-	n.m.	2,286	n.m.	-	4,033	n.m.
Potiguar Asset	620,759	583,999	6%	280,084	122%	1,741,262	756,513	130%
Oil Revenue	467,729	473,425	-1%	263,016	78%	1,371,766	715,194	92%
Revenue from natural gas and byproducts	153,030	110,574	38%	17,068	797%	369,496	41,319	794%
Derivative financial instruments	(127,316)	(130,361)	-2%	(39,642)	221%	(342,907)	(56,841)	503%
Gross income	1,018,562	898,219	13%	336,469	203%	2,792,846	960,575	191%
Taxes on income	(213,714)	(207,210)	3%	(76,125)	181%	(593,513)	(205,333)	189%
Net Revenue	804,848	691,009	16%	260,344	209%	2,199,333	755,242	191%



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Revenues of the Company in the third quarter of 2022 were positively impacted by increased production, as mentioned in Operational Performance.

The average price of Brent oil was of US\$100.85/bbl, 9% less than the average price of the second quarter of 2022. Revenue was impacted by a reduction in the price of oil and by the valuation of the Brazilian Real against the U.S. dollar, registering an average quotation of R\$5.25, 7% higher than the average rate in the prior quarter. When compared to the same period a year earlier, the average price of Brent oil was 37% higher, and the average exchange rate was similar.

Conversely, the valuation of the barrel of Brent oil resulted in a higher impact to the derivative financial instruments settled in the period. In the third quarter of 2022, a loss of R\$127 million was recorded under this item. In the quarter, hedge contracts were settled with a volume of 485 thousand barrels of oil, at an average price of US\$53.64/bbl.

In revenue from the sale of natural gas and its byproducts, the Company and its subsidiaries began, as of January 1, 2022, contracts for supplying natural gas with distributors in the Northeast of Brazil, with significant improvements in the value of the price of molecule, when compared to 2021.



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Operational costs and expenses

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

Costs and Expenses (in thousands of Brazilian reais - R\$)								
	3Q22	2Q22	Δ%	3Q21	Δ%	9M22	9M21	Δ%
Personnel	62,667	54,872	14%	29,444	67%	165,576	85,995	93%
Services, Consulting, Rentals and Materials	60,543	65,115	-7%	45,093	65%	185,613	117,603	58%
Electric power	19,014	15,963	19%	14,188	34%	54,025	39,072	38%
Environmental licensing	3,510	5,253	-33%	3,075	14%	10,196	10,535	-3%
Share-based payment	1,738	5,467	-68%	7,281	-76%	11,369	11,380	0%
Outflow, processing and transportation of gas	124,929	91,019	37%	-	n.m.	304,527	-	n.m.
Credit losses expected	37,962	-	n.m.	-	n.m.	37,962	-	n.m.
Other costs and expenses	9,555	8,673	10,2%	(985)	n.m.	22,591	20,660	9%
Total	319,918	246,362	30%	98,096	226%	791,859	285,245	178%

Costs and expenses increased 30%, from R\$246 million in the second quarter of 2022, to R\$320 in the third quarter of 2022.

Personnel costs increased 14%, from R\$55 million in the second quarter to R\$63 million in the third quarter of 2022. This increase reflects the increase in staff, mainly associated with the growth of the fleet of rigs and services in operation, demanding new hirings over the period. Costs with electric power increased 19%, in the quarterly comparison. This variation reflects an increase in the demand for electric power aligned with increased production.

Costs with outflow, processing and transportation of natural gas, in the third quarter of 2022, increased 37%, mainly reflecting gas increased production.

Lastly, we recognized an estimated loss of credit in the amount of R\$38 million in the quarter, related to the uncertainty in receiving part of the amounts of credits obtained from natural gas liquids (LGN) from the gas processing at UTG Catu, supported by the Swap Contracts between Petrobras and the Company and its Subsidiary SPE Miranga.



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Net Financial Income (expenses)

Net Financial Income (in thousands of Brazilian reais - R\$)								
	3Q22	2Q22	Δ%	3Q21	Δ%	9M22	9M21	Δ%
Financial income	7,489	6,335	18%	5,228	43%	18,111	26,106	-31%
Financial expenses	(44,024)	(26,210)	68%	(26,402)	67%	(93,416)	(76,173)	23%
Foreign exchange variations, net	(8,953)	(106,978)	92%	34	n.m.	88,819	(2,188)	n.m.
Net financial income (loss)	(45,488)	(126,853)	-64%	(21,140)	115%	13,514	(52,255)	n.m.

Net financial activity results in the third quarter of 2022 was negative in R\$45 million, compared to a negative result in R\$127 million in the second quarter of 2022. The result is impacted by the foreign exchange variation in the period. The Company has financial investments and financing, as well as liabilities payable resulting from the acquisition of assets indexed to the U.S. dollar. In addition, financial expenses in 3Q22 were impacted by the prepayment of the debt contracted in 2019 related to the acquisition of the Riacho da Forquilha Cluster.

The R\$/US\$ exchange rate increased 3.2% in the period, from R\$5.24 as of June 30, 2022 to R\$5.41 as of September 30, 2022. Compared with the previous year, the foreign exchange rate decreased 0.6%, from R\$5.44 as of September 30, 2021 to R\$5.41 as of September 30, 2022.



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Income tax and social contribution on net income

Income tax and social contribution (in thousands of Brazilian reais - R\$)								
	3Q22	2Q22	Δ%	3Q21	Δ%	9M22	9M21	Δ%
Current	(81,140)	(44,422)	83%	(13,669)	494%	(176,649)	(33,818)	422%
Deferred	27,658	7,543	267%	797	n.m.	(42,536)	184	n.m.
Income tax and social contribution	(53,482)	(36,879)	45%	(12,872)	315%	(219,185)	(33,634)	552%

Due to the higher results observed in the third quarter of 2022, expenses with income tax and social contribution in the period were higher. Variations in deferred taxes verified in the quarter refer, mainly, to unrealized foreign exchange variation in the Company and its subsidiaries.

Net Income

As a result, the Company recorded net income of R\$212 million in the third quarter, 62% higher than the prior quarter..



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

	3Q22	2Q22	Δ%	3Q21	Δ%	9M22	9M21	Δ%
Net income before taxes	265,365	167,910	58%	35,798	641%	963,937	138,236	597%
Depreciation, amortization and depletion	112,580	87,908	28%	77,661	45%	267,620	207,094	29%
Interest and foreign exchange variation, net	23,611	122,009	-81%	46,015	-49%	(47,933)	48,452	n.m.
Write-off of property, plant and equipment and leases	34,916	27,844	25%	77,914	-55%	107,879	101,435	6%
Other adjustments and changes in net income	63,178	4,552	n.m.	(23,324)	n.m.	77,486	17,431	345%
Changes in assets and liabilities	61,721	47,700	29%	(45,487)	n.m.	(74,566)	(53,979)	38%
Interest paid	(20,259)	(10,159)	99%	(15,250)	33%	(42,612)	(46,581)	-9%
Income tax (IR) and social contribution (CSSL) paid	(64,685)	(62,782)	3%	(18,966)	241%	(156,828)	(19,481)	705%
Cash from operating activities	476,427	384,982	24%	134,361	255%	1,094,983	392,607	179%
Additions to property, plant and equipment and to intangible assets	(352,521)	(317,513)	11%	(123,178)	186%	(884,445)	(310,256)	185%
Financial investments	142,031	(828,337)	n.m.	207,629	-32%	(706,397)	(662,919)	7%
Cash used in investment activities	(210,490)	(1,145,850)	-82%	84,451	n.m.	(1,590,842)	(973,175)	63%
Borrowings	658,438	-	n.m.	-	n.m.	658,438	60,479	989%
Payment of financing, leases and amounts payable for acquisitions	(655,671)	(107,021)	513%	(93,431)	602%	(824,061)	(228,084)	261%
Capital increase, net of cost of issue	-	996,920	n.m.	-	n.m.	996,587	1,111,648	-10%
Net effect on acquisition and sale of shares	(7,887)	341	n.m.	(1,930)	309%	(7,326)	(1,930)	280%
Paid Dividends	(872)	(39,686)	-98%	-	n.m.	(40,558)	-	n.m.
Cash flow from (used in) financing activities	(5,992)	850,221	n.m.	(95,361)	-94%	783,080	942,113	-17%
Foreign exchange variation on cash and cash equivalents	(277)	(821)	-66%	-	n.m.	287	-	n.m.
Increase (decrease) in cash and cash equivalents	259,668	88,532	193%	123,451	110%	287,508	361,545	-20%



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Cash generated by operating activities increased 22% in the third quarter of 2022, when compared to the prior quarter, according to the afore mentioned operational performance.

Cash invested in investment activities totaled R\$ 210 million in the third quarter of 2022, as a combination of the following factors:

- (I) The Company invested R\$353 million in additions to fixed and intangible assets, mainly investments to increase production and drilling of new wells;
- (II) In the third quarter of 2022, the net financial investments were in the amount of R\$142 million.

The Company applied R\$1,6 billion in investment activities in the year. Of this amount, R\$706 million refers to financial investments arising from the resources obtained from the subsequent offer of shares (follow-on) held in June.

The remaining cash applied in the investment activities, corresponding to R\$884 million, was applied as follows:

- R\$439 million was invested to develop our reserves, including workovers to increase production, drilling new wells and investments in infrastructure for storage and transport the production;
- Another R\$281 million was invested in additions to the warehouse for fixed investments, especially in the formation of stock for the operation of the Miranga Cluster, in the preparation for acceleration of investments in workovers and having been partly used in repair and maintenance activities, recognized as OPEX in the amount of R\$ 90 million;



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- R\$30 million was also invested as an advance requested by Petrobras to begin the negotiation phase of the terms and conditions for the potential acquisition of concessions associated with the Bahia Terra Cluster.
- Another R\$134 million was invested in the increase in the Company's assets, with emphasis on the amounts paid to expand the Fleet of Rigs and Services, which already total R\$45 million and the amount of R\$52 million paid in advance for inventory acquisition.

Cash from financing activities amounted to R\$6 million in the third quarter of 2022. As a consequence of the above listed items, the increase in the balance of cash and cash equivalents in the third quarter of 2022 was of R\$260 million, while in the prior quarter the increase was of R\$89 million.



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Other highlights of the balance sheet

Cash position (cash and cash equivalents and financial investments)

As of September 30, 2022 the Company recorded a cash position, representing the sum of cash and cash equivalent balances and financial investments, of R\$ 1.8 billion.

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

Indebtedness

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

	09/30/22	06/30/22	Δ%
FINEP	662	991	-33%
Bank loans	681,667	589,666	16%
Costs to amortize	(14,990)	(17,188)	-13%
Amounts payable for acquisitions	1,141,806	1,159,765	-2%
Gross debt	1,809,145	1,733,234	4%
Cash and cash equivalents	504,667	244,999	106%
Financial investments	1,388,589	1,481,881	-6%
Net debt (Net Cash)	(84,111)	6,354	n.m.
EBITDA last 12 months	1,355,265	1,066,430	25%
Net debt/ EBITDA last 12 months	-0.06 x	0.01 x	-0.07 x

Net cash of the Company in the third quarter of 2022 was impacted mainly by the funds raised through the subsequent offering of primary distribution of shares – the follow on the previous quarter and free cashflow generated this quarter.



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Derivative financial instruments

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

The table below describes the commodity forward contracts outstanding as at September 30, 2022, as well as information related to their corresponding hedged items:

Hedging instruments Outstanding contracts	Average Strike price	Quantity	Fair value of Hedging instrument
	09/30/2022	09/30/2022	09/30/2022
	US\$/barrel	In barrels	R\$ thousand
Under 3 months	53.77	519,489	(87,602)
From 3 to 6 months	51.17	434,350	(68,317)
From 6 to 12 months	51.85	915,000	(121,912)
From 1 to 2 years	57.34	1,387,500	(115,045)
From 2 to 3 years	59.43	71,500	(4,284)
Total	54.51	3,327,839	(397,161)

The total average volume of hedged barrels for the third quarter of 2022, as per the above table, is of approximately 5,647 BOEPD, or around 25.6% of total average production of the Company in the 3Q22 which was of 22,045 BOEPD. Observing only oil production, the hedged production corresponds to 43.5% pf average oil production of the Company in the 3Q22 which was of 12,971 BOEPD.

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



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HS&E and ESG

In the third quarter, the Integrity Program and the new Code of Ethics and Conduct of PetroReconcavo were approved. Based on the laws and best corporate governance practices, the program refers to the ecosystem of actions and mechanisms for the prevention, detection and response to corruption, illicit acts and ethical misconduct. The Program is now a part of the routine of the Company in the measure in which it acts in an integrated manner with the areas, through the care towards the value of integrity, corroborated through communication and effective training. Aligned with the Vision, Mission and Values of the Company, the Program aims to, on a long term, develop in its collaborators a safe and transparent behavior in the relationships, granting independence, assisting decision-making and increasing organizational reliability, while creating and protecting value.

The Company is a signatory to the ETHOS Institute and joined the Business Pact for Integrity Against Corruption, having received the "Companhia Limpa" certificate. The Pact is a voluntary commitment undertaken by private and public companies, with the purpose of jointly promoting a more integral and ethical market and to reduce various corrupt practices. By becoming a signatory of the pact, the Company undertakes the commitment of disseminating the Brazilian anti-corruption legislation to employees and stakeholders, in order that it may be fully complied with. Furthermore, the Company undertakes to avert any form of bribery and excel at transparency of information and collaboration in investigations, when required.

With the support of a specialized consultancy, research was carried out on Census and Environment Radar and Perceptions of Diversity, Equity and Inclusion. The findings obtained were presented to the Diversity and Inclusion Committee and to the Board of Directors, in order that, guided by the diagnosis, strategic actions may be implemented based on respect, inclusion, equity and valuing diversity.



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With the objective of promoting health, physical and mental wellbeing and quality of life, the Company implemented the Integral Health Program, comprising five cornerstones: mind, nutrition, ergonomics, complementary health and body; and promoted PetroFit, to promote lifestyle changes, through the practice of physical activities. In the quarter, there were also awareness campaigns of Lilac August, Yellow September and the Safe Leader Program, strengthening the safety culture of the Company.

In Bahia, entrepreneurial workshops addressing sales and negotiation techniques were promoted by the Ciranda Agroflorestal project and the São Roque, Miranga stations and the corporate office of the Company received the "Family-based Agriculture Fair", giving opportunities to the beneficiaries of the Ciranda Agroflorestal project to put into practice the training obtained during the workshops and trade their products, disseminating sustainable development.

In Rio Grande do Norte, we advanced with the 2nd phase of the Program "Via Sabiá" with the implementation of school campaigns focused on environmental education in 10 schools in the municipalities.

A partnership was signed between Potiguar E&P and Instituto Chico Mendes – ICMBio, for the plantation of native seeds in areas for recovering National Forests in the state of Rio Grande do Norte.

With the purpose of self-control and improvement in the environmental performance of the activity of the Company in Bahia, meetings were held with the Technical Committee for Environmental Security (CTGA), established by the INEMA (Institute of Environment and Water Resources).

The quarter also marked the conclusion of the first class of the Course on the Formation of Rig Professionals, an initiative of the Company in a partnership with Senai (National Service for Industrial Training), in Bahia and Rio Grande do Norte.

This course has already trained 149 of the 180 participants, with 9 professionals having been hired by the Company and another 10 in the hiring phase.



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