

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

PetroRecôncavo S.A.

Report on Review of Interim
Financial Information for the
Three-month Period Ended
March 31, 2023

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
PetroRecôncavo S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of PetroRecôncavo S.A. ("Company"), included in the Interim Financial Information Form - ITR, for the quarter ended March 31, 2023, which comprises the balance sheet as at March 31, 2023 and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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

Emphasis of matter

Without modifying our conclusion, we draw attention to note 20.3 a) to the individual and consolidated interim financial information, which states that the Company's and its subsidiaries' petroleum sales revenue derives substantially from one single customer, Petróleo Brasileiro S.A. - Petrobras. Consequently, any interpretation or analysis of this individual and consolidated interim financial information must take these circumstances into consideration.

Other matters

Statements of added value

The interim financial information referred to above includes the individual and consolidated statements of added value ("DVA") for the three-month period ended March 31, 2023, prepared under the responsibility of the Company's Management and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the ITR to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set forth in technical pronouncement CPC 09 - Statement of Added Value. Based on our review, nothing has come to our attention that causes us to believe that these statements of added value were not prepared, in all material respects, in accordance with such standard and consistently with the accompanying individual and consolidated interim financial information taken as a whole.

Convenience translation

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Salvador, May 12, 2023


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


Jônatas José Medeiros de Barcelos
Engagement Partner



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

Company						Consolidated					
ASSETS	Notes	03/31/2023	12/31/2022	03/31/2023	12/31/2022	LIABILITIES AND NET EQUITY	Notes	03/31/2023	12/31/2022	03/31/2023	12/31/2022
CURRENT						CURRENT					
Cash and cash equivalents	3	67,930	83,601	205,972	361,028	Suppliers	7	119,129	106,430	417,994	352,152
Short-term investments	3	584,346	1,233,639	721,065	1,250,163	Payroll and related charges		42,448	37,850	72,458	60,848
Trade receivables	4	73,446	55,219	364,778	384,180	Taxes payable		4,596	7,397	119,903	124,275
Inventories		420	9,340	4,857	11,451	Loans and financing	8	49,352	14,011	49,352	14,011
Dividends receivable	15	179,502	179,502	-	-	Leases payable		14,578	5,596	29,595	20,382
Recoverable taxes		26,591	30,746	128,600	99,243	Derivative financial instruments	13	-	-	218,798	285,183
Other assets		144,883	112,228	43,743	26,539	Dividends and interest on own capital payable	14	106,416	106,416	106,416	106,416
Total current assets		1,077,118	1,704,275	1,469,015	2,132,604	Payables for acquisitions	10	287,907	-	650,086	405,886
NONCURRENT						Provision for well abandonment	12	-	-	12,077	9,724
Trade receivables	4	947	947	55,917	55,917	Other accounts payable		9,233	7,847	12,111	12,490
Recoverable taxes		2,242	479	75,764	68,094	Total current liabilities		633,659	285,547	1,688,790	1,391,367
Other assets		3,113	2,908	5,101	3,444	NONCURRENT					
Deferred taxes	9	34,325	28,110	142,088	167,840	Loans and financing	8	578,870	641,570	578,870	641,570
Investments	5	3,385,295	2,293,185	-	-	Leases payable		6,457	3,613	19,502	7,112
PP&E and intangible assets	6	833,086	743,197	5,101,969	4,129,365	Taxes payable		6,748	6,112	6,748	6,112
Lease right-of-use assets		20,877	10,117	52,311	27,830	Derivative financial instruments	13	-	-	41,152	102,409
Total noncurrent assets		4,279,885	3,078,943	5,433,150	4,452,490	Deferred taxes	9	-	-	-	6,023
						Payables for acquisitions	10	-	-	359,963	512,386
						Provision for tax, civil and labor contingency risks	11	3,388	3,391	5,567	3,726
						Provision for well abandonment	12	33,524	32,483	107,216	103,887
						Total noncurrent liabilities		628,987	687,169	1,119,018	1,383,225
						NET EQUITY					
						Share capital	14	2,828,842	2,828,170	2,828,842	2,828,170
						Treasury shares		(10,848)	(6,793)	(10,848)	(6,793)
						Capital reserve		46,653	43,171	46,653	43,171
						Profit reserve		1,167,284	1,167,284	1,167,284	1,167,284
						Retained earnings		199,513	-	199,513	-
						Equity valuation adjustments		(171,568)	(255,811)	(171,568)	(255,811)
						Capital transactions		34,481	34,481	34,481	34,481
						Total net equity		4,094,357	3,810,502	4,094,357	3,810,502
TOTAL ASSETS		5,357,003	4,783,218	6,902,165	6,585,094	TOTAL LIABILITIES AND NET EQUITY		5,357,003	4,783,218	6,902,165	6,585,094

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



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

	Notes	Company		Consolidated	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
NET REVENUE	17	117,701	154,457	719,212	703,476
COST OF SALES AND SERVICES	18	(114,062)	(98,321)	(442,263)	(333,865)
GROSS PROFIT		3,639	56,136	276,949	369,611
INCOME (EXPENSES)					
General and administrative	18	(23,417)	(7,320)	(45,840)	(21,788)
Other income (expenses), net	18	13,757	8,449	(196)	(3,016)
Equity in investments	5	213,300	409,830	-	-
Total		203,640	410,959	(46,036)	(24,804)
OPERATING RESULT		207,279	467,095	230,913	344,807
FINANCIAL RESULT (EXPENSES)					
Financial income	19	27,283	7,809	58,437	298,194
Financial expenses	19	(40,051)	(75,918)	(52,136)	(112,339)
Total		(12,768)	(68,109)	6,301	185,855
RESULT BEFORE TAXES		194,511	398,986	237,214	530,662
INCOME TAX AND SOCIAL CONTRIBUTION					
Current		(4,399)	(12,161)	(90,439)	(88,112)
Deferred		6,215	5,875	7,767	(77,737)
Tax incentive relief		3,186	9,138	44,971	37,025
Total	9	5,002	2,852	(37,701)	(128,824)
RESULT IN THE PERIOD		199,513	401,838	199,513	401,838
Earnings per share - R\$	14	0.681	1.618		
Diluted earnings per share - R\$	14	0.681	1.610		

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



STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2023
(In thousands of Brazilian reais - R\$)

	Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
NET INCOME FOR THE PERIOD	199,513	401,838	199,513	401,838
Hedging instruments	-	-	127,641	(288,640)
Deferred taxes on financial instruments	-	-	(43,398)	98,138
Portions of other comprehensive income of subsidiaries	84,243	(190,502)	-	-
TOTAL COMPREHENSIVE INCOME IN THE PERIOD	<u>283,756</u>	<u>211,336</u>	<u>283,756</u>	<u>211,336</u>

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



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

	Notes	Share Capital	Treasury Shares	Capital reserve		Legal reserve	Tax incentives	Profit reserve		Equity valuation adjustment		Capital transaction	Retained earnings	Total equity
				Income tax relief incentive	Shares and stock options granted			Reinvestment and expansion reserve	Proposed additional dividends	Cash flow hedge accounting				
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
Exercise of stock option		189	-	-	-	-	-	-	-	-		-	-	189
Sale of treasury shares		-	26	-	-	-	-	-	-	-		-	5	31
Share-based compensation plan		-	-	-	2,009	-	-	-	-	-		-	-	2,009
Other comprehensive income of subsidiaries		-	-	-	-	-	-	-	-	(190,502)		-	-	(190,502)
Result in the period		-	-	-	-	-	-	-	-	-		-	401,838	401,838
BALANCE AS AT MARCH 31, 2022		1,814,125	(2,266)	18,501	18,684	32,032	42,220	222,950	-	(497,192)		34,481	401,843	2,085,378
BALANCE AS AT DECEMBER 31, 2022		2,828,170	(6,793)	18,501	24,670	89,702	57,018	994,190	26,374	(255,811)		34,481	-	3,810,502
Paid-up share capital		259	-	-	-	-	-	-	-	-		-	-	259
Exercise of stock option		1,355	-	-	-	-	-	-	-	-		-	-	1,355
Stock options exercised to be paid-in	14	(942)	-	-	-	-	-	-	-	-		-	-	(942)
Share buy-back		-	(4,055)	-	-	-	-	-	-	-		-	-	(4,055)
Share-based compensation		-	-	-	3,482	-	-	-	-	-		-	-	3,482
Other comprehensive income of subsidiaries	5	-	-	-	-	-	-	-	-	84,243		-	-	84,243
Result in the period		-	-	-	-	-	-	-	-	-		-	199,513	199,513
BALANCE AS AT MARCH 31, 2023		2,828,842	(10,848)	18,501	28,152	89,702	57,018	994,190	26,374	(171,568)		34,481	199,513	4,094,357

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



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

	Notes	Company		Consolidated	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before taxes on income		194,511	398,986	237,214	530,662
Adjustments to reconcile profit for the period to cash generated by operating activities					
Interest and foreign exchange variations, net		8,906	68,083	(5,905)	(193,553)
Interest and foreign exchange variation on lease operations		272	-	1,575	-
Depreciation and depletion of PP&E and amortization of intangible assets	6	17,133	15,328	96,733	64,959
Depreciation of right-of-use assets		3,084	2,706	7,190	4,973
Amortization of added-value	5	2,444	-	-	-
Amortization of borrowing cost	8	27	27	27	2,449
Share-based compensation		3,482	2,009	3,482	2,009
Equity in investments	5	(213,300)	(409,830)	-	-
Fair value of hedge in profit and loss	13	-	-	71,468	85,230
Net provisions and reversals for tax, civil, labor and regulatory contingency risks	11	(3)	(165)	(3)	(165)
Adjustment of provision for well abandonment	12	1,041	1,143	3,292	2,698
Write-off of PP&E, leases and other		24,108	26,366	59,514	45,119
Changes in assets:					
Trade receivables		(18,227)	(30,800)	23,651	(282,691)
Inventories		8,920	(768)	8,186	(2,440)
Recoverable taxes		2,392	(5,306)	(4,872)	7,002
Other assets		(32,860)	(27,282)	(14,712)	(8,587)
Changes in liabilities:					
Suppliers		12,699	6,360	55,055	54,875
Payroll and related charges		4,598	6,121	7,519	11,312
Taxes payable		(2,390)	12,297	(20,559)	36,218
Other accounts payable		1,386	(151)	(1,577)	324
Payment of tax, civil, labor and regulatory contingencies	11	-	(35)	-	(35)
Payment of hedge contracts	13	-	-	(71,468)	(85,230)
Interest paid		(22,648)	(29)	(23,951)	(12,194)
Income tax and social contribution paid		(989)	(2,879)	(33,826)	(29,361)
Cash generated from operating activities		(5,414)	62,181	398,033	233,574
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Advance for future capital increase and capital increase in subsidiaries		-	(96,935)	-	-
Short-term investments		628,244	25,836	502,207	(20,091)
Acquisition of SPE Tieta, net of cash received		(501,639)	-	(472,255)	-
Additions to PP&E and intangible assets	6	(130,707)	(57,136)	(397,155)	(214,411)
Cash used in investment activities		(4,102)	(128,235)	(367,203)	(234,502)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of financing	8	(331)	(328)	(331)	(56,931)
Payment of amounts payable for acquisitions	10	-	-	(175,703)	-
Exercise of stock options	14	672	189	672	189
Share buyback		(4,055)	-	(4,055)	-
Amortization of lease operations - principal		(2,441)	(2,145)	(6,695)	(4,438)
Sale of treasury shares		-	31	-	31
Cash used in financing activities		(6,155)	(2,253)	(186,112)	(61,149)
Foreign exchange variation on cash and cash equivalents		-	-	226	1,385
CHANGES IN CASH AND CASH EQUIVALENTS		(15,671)	(68,307)	(155,056)	(60,692)
Cash and cash equivalents at the beginning of the period	3	83,601	172,288	361,028	217,159
Cash and cash equivalents at the end of the period	3	67,930	103,981	205,972	156,467
CHANGES IN CASH AND CASH EQUIVALENTS		(15,671)	(68,307)	(155,056)	(60,692)

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



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

		Notes	Company		Consolidated	
			03/31/2023	03/31/2022	03/31/2023	03/31/2022
WEALTH CREATION						
Revenue:						
Products	17	131,176	176,045	889,987	876,065	
Other		36,925	389	5,111	993	
Total revenue		168,101	176,434	895,098	877,058	
THIRD-PARTY INPUTS AND SERVICES						
Costs of products sold		(5,946)	(5,976)	(12,367)	(13,736)	
Materials, energy, outsourced services and other		(94,398)	(18,538)	(290,406)	(151,249)	
Total third-party inputs		(100,344)	(24,514)	(302,773)	(164,985)	
GROSS ADDED-VALUE		67,757	151,920	592,325	712,073	
Depreciation, amortization and depletion	18	(20,217)	(18,034)	(103,923)	(69,932)	
NET WEALTH PRODUCED		47,540	133,886	488,402	642,141	
WEALTH RECEIVED IN TRANSFER						
Financial income		27,283	7,809	58,435	298,194	
Equity in investments	5	213,300	409,830	-	-	
Total wealth received in transfer		240,583	417,639	58,435	298,194	
Wealth for distribution		288,123	551,525	546,837	940,335	
WEALTH DISTRIBUTION						
Personnel:						
Direct remuneration		20,242	23,651	44,536	36,108	
Benefits		6,915	6,629	17,287	12,553	
FGTS		1,163	970	3,111	1,874	
Taxes, fees and contributions:						
Federal		8,861	17,188	94,860	210,395	
State		1,444	3,938	79,190	92,858	
Municipal		613	374	613	374	
Third-party capital remuneration:						
Rent		2,700	4,215	6,244	8,838	
Royalties	18	6,621	16,804	49,346	63,158	
Interest		40,051	75,918	52,137	112,339	
Own-capital remuneration						
Retained earnings in the period		199,513	401,838	199,513	401,838	
WEALTH DISTRIBUTED		288,123	551,525	546,837	940,335	

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



1. GENERAL INFORMATION

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

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

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

As at March 31, 2023, the Company believes that it had satisfactory liquidity, despite presenting negative consolidated net working capital, which corresponds to the difference between current assets and current liabilities of R\$219,775. This effect is the result of the recording of the portion payable of the acquisition, completed on February 28, 2023, of SPE Tieta in the amount of R\$287,907.

Accordingly, due to the exposed above, Management judges that the Company is not under significant risk of liquidity, also considering its capacity for generating operating cash in the EBITDA concept.

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

1.1. Recôncavo

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

1.2. Reconcavo America

Reconcavo America, established on May 15, 2006, based in the state of Delaware, United States of America, is engaged in purchasing oilfield equipment, especially workover and onshore drilling rigs, and leasing them in Brazil, under the special customs regime for export and import of goods intended for use in oil and natural gas prospection and extraction activities, called REPETRO. In December 2020, Reconcavo America sold its assets to its parent company PetroRecôncavo S.A. As at March 31, 2023, the subsidiary held only a cash balance

and did not register any transaction apart from foreign exchange variation of the balance of cash and cash equivalents.

1.3. Potiguar

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

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

1.4. SPE Miranga

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

1.5. SPE Tieta

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

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

1.6. Corporate Reorganization

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

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

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

The accounting practices of the previous year were applied consistently in the preparation of these interim financial statements.

2.1 Basis of preparation and presentation of the Interim Financial Statements

- The individual and consolidated interim financial statements were prepared and are presented in accordance with technical pronouncement CPC 21 (R1) – issued by the Accounting Pronouncements Committee (“CPC”); with the IAS 34 – issued by the International Accounting Standards Board (“IASB”); and with the standards and guidance issued by the Brazilian Securities and Exchange Committee (CVM).
- The individual and consolidated interim financial statements should be read in conjunction with the individual and consolidated financial statements of the Company as at December 31, 2022.
- In preparing these interim financial statements Management is required to use certain critical accounting estimates and to make judgments in the process of applying its accounting practices
- There were no significant changes to the assumptions and judgments made by Management in the use of the estimates for the preparation of these interim financial statements in relation to those used for the financial statements as at December 31, 2022.
- These interim financial statements were authorized for issue by Company Management on May 12, 2023.

2.2 Significant accounting policies

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

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

2.3 Basis of consolidation and investments in subsidiaries

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

When necessary, the interim financial statements of the subsidiaries are adjusted to

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

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

2.4 Functional currency and foreign currency translations

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

3. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

3.1 Cash and cash equivalents

	Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Bank checking accounts	2,413	19,548	33,659	42,480
Short-term investments and bank deposit certificates (CDB)	65,517	64,053	172,313	318,548
Total	67,930	83,601	205,972	361,028

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

3.2 Short-term investments

	Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Short-term investments	584,346	1,233,639	721,065	1,250,163
Total	584,346	1,233,639	721,065	1,250,163

Short-term investments of the Company refer mainly to investments in Exchange Funds, linked to the U.S. dollar exchange rate. Management opted to invest part of the funds from its Initial Public Offering (IPO) and its follow-on offering in this type of investments as a manner of protection from exchange variations due to the fact that the remaining payments to Petrobras for the acquisition of assets are in U.S. dollars.

These funds are divided among four top tier financial institutions, with good ratings, as disclosed under Note 20: Itaú, Santander, XP and BTG Pactual. During the last twelve months, Exchange Funds yielded, on average, 10.22%, while Ptax presented a variation of 7.23%.

4. TRADE RECEIVABLES

	Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Petrobras S.A.	59,193	46,502	369,647	378,830
Companhia de Gás da Bahia - Bahiagás	2,152	5,066	52,159	76,848
Other	18,803	10,353	69,600	55,130
Gross receivables	80,148	61,921	491,406	510,808
(-) Expected credit loss	(5,755)	(5,755)	(70,711)	(70,711)
Total receivables	74,393	56,166	420,695	440,097
Current	73,446	55,219	364,778	384,180
Noncurrent	947	947	55,917	55,917

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

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

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

5. INVESTMENTS

Information on investees		Participation						Net
Investees	Base-date	in paid-in capital %	Share capital	Total assets	Total liabilities	Net equity	Gross revenue	income (loss)
Recôncavo E&P	03/31/2023	100	6,561	27,746	5,758	21,988	2,572	817
Recôncavo America	03/31/2023	100	9,241	26,093	-	26,093	-	(224)
Potiguar E&P	03/31/2023	100	1,216,009	2,455,484	824,886	1,630,598	469,810	113,170
SPE Miranga	03/31/2023	100	381,536	1,918,965	1,011,951	907,014	303,571	88,258
SPE Tieta	03/31/2023	100	630,165	701,677	40,563	661,114	20,519	10,767
Recôncavo E&P	12/31/2022	100	6,561	26,841	5,671	21,171	15,844	6,052
Recôncavo America	12/31/2022	100	9,241	26,324	-	26,324	-	(609)
Potiguar E&P	12/31/2022	100	1,216,009	2,407,690	974,505	1,433,185	1,943,724	553,466
SPE Miranga	12/31/2022	100	381,536	1,953,216	1,134,459	818,756	1,185,362	396,069

Changes in investments	Recôncavo	Reconcavo America (ii)	Potiguar	SPE Miranga	SPE Tieta	Total
Balance as at December 31, 2021	16,276	18,595	348,967	356,279	-	740,117
Equity in investments	6,052	1,478	553,466	396,069	-	957,065
Equity valuation adjustment	-	-	50,879	-	-	50,879
Capital increase (i)	-	-	594,000	37,435	-	631,435
Advance for future capital increase (iii)	-	-	(14,000)	103,176	-	89,176
Proposed minimum mandatory dividends	(1,157)	-	(100,127)	(74,203)	-	(175,487)
Balance as at December 31, 2022	21,171	20,073	1,433,185	818,756	-	2,293,185
Equity in investments	817	288	113,170	88,258	10,767	213,300
Acquisition of SPE Tieta (iv)	-	-	-	-	650,347	650,347
Added-value of SPE Tieta assets (iv)	-	-	-	-	146,664	146,664
Amortization of added-value of SPE Tieta assets	-	-	-	-	(2,444)	(2,444)
Equity valuation adjustment	-	-	84,243	-	-	84,243
Balance as at March 31, 2023	21,988	20,361	1,630,598	907,014	805,334	3,385,295

(i) Potiguar

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

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

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

Miranga

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

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

- (ii) Equity in investments of the subsidiary Reconcavo America for the three-month period ended March 31, 2023 and for the year ended December 31, 2022 includes the elimination of a balance related to unrealized profits between related parties.
- (iii) Refers to advances for future capital increase in the subsidiaries Potiguar and SPE Miranga.
- (iv) On February 28, 2023 the operation for the acquisition of Maha Energy Brasil Ltda., previous name of SPE Tieta, was concluded with the payment of the first installment in the amount of US\$ 95.9 million, which corresponds to 60% of the purchase price (US\$82.8 million), net cash (US\$3.7 million) and working capital (US\$9.3 million), as determined on the effective date of January 1, 2023.

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

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

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

	SPE Tieta Ltda.
<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	735,138
Other noncurrent assets	38,635
 <u>Liabilities</u>	
Suppliers	(10,787)
Other current liabilities	(16,537)
Noncurrent liabilities	(19,084)
Total identifiable assets acquired and liabilities assumed at fair value.	797,011
Total consideration transferred (a)	797,011

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

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

6.1 Changes in PP&E and intangible assets

Company	Balance 12/31/2021	Additions	Write-offs (vi)	Transfers	Balance 12/31/2022	Additions	Write-offs (vi)	Transfers	Balance 03/31/2023
<u>Cost - PP&E</u>									
Land	80	-	-	-	80	-	-	-	80
Properties and constructions	9,165	868	-	-	10,033	-	-	187	10,220
Machinery and equipment	40,129	14,393	(306)	14,845	69,061	622	(24)	6,474	76,133
Furniture and fixtures	12,888	2,326	-	28	15,242	682	-	(7)	15,917
Vehicles	3,104	350	-	-	3,454	-	-	185	3,639
Computers and peripherals	2,900	743	(70)	30	3,603	303	(46)	-	3,860
Investment for increasing production and well drilling (i)	934,622	64,758	-	6,908	1,006,288	20,761	(1,525)	3,103	1,028,627
Provision for well abandonment	23,666	-	(8,010)	-	15,656	-	-	-	15,656
Oil and gas production rights (iii)	100,509	-	(4,880)	-	95,629	-	-	-	95,629
Advance for acquisition of oil and gas production rights (iii)	-	30,431	-	-	30,431	-	-	-	30,431
Capital asset inventories (iv)	43,735	140,944	(56,843)	(7,204)	120,632	45,714	(15,569)	(3,189)	147,588
Advance for acquisition of fixed assets	18,881	57,350	(10,959)	-	65,272	28,633	(70)	(12,644)	81,191
PP&E in progress (v)	8,569	53,317	-	(14,790)	47,096	33,462	(6,491)	5,891	79,958
Total	1,198,248	365,480	(81,068)	(183)	1,482,477	130,177	(23,725)	-	1,588,929
<u>Depreciation, amortization and depletion</u>									
Properties and constructions	(5,039)	(723)	-	-	(5,762)	(200)	-	-	(5,962)
Machinery and equipment	(14,001)	(5,945)	837	-	(19,109)	(1,951)	-	-	(21,060)
Furniture and fixtures	(7,675)	(1,118)	1	-	(8,792)	(307)	-	-	(9,099)
Vehicles	(1,958)	(246)	-	-	(2,204)	(76)	-	-	(2,280)
Computers and peripherals	(1,443)	(350)	68	-	(1,725)	(110)	40	-	(1,795)
Investment for increasing production and well drilling (i)	(650,606)	(50,090)	-	-	(700,696)	(12,703)	-	-	(713,399)
Provision for well abandonment	-	(2,897)	-	-	(2,897)	-	-	-	(2,897)
Oil and gas production rights - amortization	(75)	(6,055)	-	-	(6,130)	(1,339)	-	-	(7,469)
Total	(680,797)	(67,424)	906	-	(747,315)	(16,686)	40	-	(763,961)
<u>Cost - Intangible assets</u>									
Software	11,276	2,934	-	183	14,393	530	-	-	14,923
<u>Amortization</u>									
Software	(4,937)	(1,421)	-	-	(6,358)	(447)	-	-	(6,805)
Total PP&E and intangible assets	523,790	299,569	(80,162)	-	743,197	113,574	(23,685)	-	833,086

Consolidated	Balance 12/31/2021	Additions	Write-offs	Transfers	Balance 12/31/2022	Acquisition SPE Tieta	Additions	Write-offs	Transfers	Balance 03/31/2023
<u>Cost - PP&E</u>			(vi)					(vi)		
Land	105	-	-	-	105	-	-	-	-	105
Properties and constructions	15,349	1,174	(7)	4,726	21,242	494	2	-	187	21,925
Machinery and equipment	44,800	21,934	(1,312)	18,031	83,453	27	926	(312)	6,549	90,643
Furniture and fixtures	19,743	4,494	(35)	(494)	23,708	320	1,002	(6)	61	25,085
Vehicles	3,933	1,890	-	-	5,823	558	-	-	185	6,566
Computers and peripherals	4,467	1,020	(70)	831	6,248	2,198	535	(46)	6	8,941
Investment for increasing production and well drilling (i)	1,133,212	482,759	-	163,151	1,779,122	872,413	133,730	(5,776)	58,509	2,837,998
Provision for well abandonment	69,588	25,710	(8,010)	-	87,288	549	-	(549)	-	87,288
Oil and gas production rights (ii)	2,899,035	-	(4,880)	-	2,894,155	24,099	-	-	-	2,918,254
Exploration expenses (vii)	-	3,766	-	-	3,766	10,493	1,819	(297)	130	15,911
Advance for acquisition of oil and gas production rights (iii)	-	30,431	-	-	30,431	-	-	-	-	30,431
Capital asset inventories (iv)	129,533	529,176	(137,130)	(157,457)	364,122	46,020	174,687	(49,177)	(47,123)	488,529
Advance for acquisition of fixed assets	27,252	76,136	-	(7,031)	96,357	-	43,100	-	(25,040)	114,417
PP&E in progress (v)	13,913	71,812	-	(21,940)	63,785	-	40,799	(6,845)	6,536	104,275
Total	4,360,930	1,250,302	(151,444)	(183)	5,459,605	957,171	396,600	(63,008)	-	6,750,368
<u>Depreciation, amortization and depletion</u>										
Properties and constructions	(6,846)	(791)	-	-	(7,637)	(468)	(302)	-	-	(8,407)
Machinery and equipment	(14,518)	(5,685)	1,638	-	(18,565)	(22)	(2,204)	12	-	(20,779)
Furniture and fixtures	(8,023)	(1,975)	36	-	(9,962)	(126)	(640)	-	-	(10,728)
Vehicles	(1,957)	(486)	-	-	(2,443)	(337)	(180)	-	-	(2,960)
Computers and peripherals	(5,168)	(603)	68	-	(5,703)	(1,267)	(272)	40	3,601	(3,601)
Investments for increasing production and well drilling	(698,563)	(150,427)	-	-	(848,990)	(219,898)	(53,141)	-	-	(1,122,029)
Provision for well abandonment	(7,692)	(13,013)	-	-	(20,705)	-	-	-	-	(20,705)
Oil and gas production rights - amortization	(267,741)	(160,491)	-	-	(428,232)	-	(39,511)	-	-	(467,743)
Total	(1,010,508)	(333,471)	1,742	-	(1,342,237)	(222,118)	(96,250)	52	3,601	(1,656,952)
<u>Cost - Intangible assets</u>										
Software	12,008	3,025	(172)	183	15,044	1,038	555	-	-	16,637
<u>Amortization</u>										
Software	(1,565)	(1,556)	74	-	(3,047)	(953)	(483)	-	(3,601)	(8,084)
Total PP&E and intangible assets	3,360,865	918,300	(149,800)	-	4,129,365	735,138	300,422	(62,956)	-	5,101,969

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

PetroRecôncavo – Remanso Cluster

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

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

Recôncavo –Remanso Cluster

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

Potiguar –Riacho da Forquilha Cluster

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

SPE Miranga – Miranga Cluster

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

- (iii) The amounts added in 2022 under "advance for acquisition of oil and gas production rights" refer to advance requested by Petróleo Brasileiro S.A. – Petrobras to begin the negotiation phase of the terms and conditions for the potential acquisition of total equity interest of Petrobras in the concession of a set of onshore E&P and associated facilities (Bahia Terra Cluster), located in the Recôncavo and Tucano Basins, state of Bahia, Brazil. The amounts in 2021 refer to concluded transactions and transferred to "oil and gas production rights".
- (iv) Motors, production equipment and sundry materials that will be used in production are recognized in line item 'capital asset inventories'. The depreciation of these assets is calculated using the method of units produced, which calculating the ratio of the annual volume produced to the total proven reserve of each field, limited to the expiration date of the concession agreements, as from the time they are transferred to line item 'Investment to increase production'

- (v) PP&E in progress represents property, plant and equipment items under construction or transportation, not yet available for use.
- (vi) Write-offs recognized in line item 'capital asset inventories' refer basically to motors, production equipment, and sundry materials used in repair and maintenance activities and recognized in the cost of services rendered and products sold.
- (vii) Exploration expenses refer to commitments signed with ANP to explore hydrocarbons in a determined region. As at March 31, 2023 the group held the following exploratory blocks:

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

6.2 Assets pledged as collateral

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

6.3 Impairment

The Company and its subsidiaries annually review indications of possible impairment of their investments to increase production and well drilling, pursuant to the accounting policy shown in Note 7 to the financial statements as at December 31, 2022. The recoverable values of the Cash-Generating Units (CGUs) were determined based on value-in-use calculations, made based on estimates (see Note 3 of the financial statements as at December 31, 2022).

7. SUPPLIERS

	Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
In local currency	80,245	74,054	384,954	336,451
In foreign currency	14,921	10,579	31,518	14,450
Related parties (Note 15)	23,963	21,797	1,522	1,251
Total	119,129	106,430	417,994	352,152

8. LOANS AND FINANCING

Loan positions	Company and Consolidated	
	03/31/2023	12/31/2022
FINEP	-	331
Bank loans	643,113	670,168
Costs to amortize	(14,891)	(14,918)
Total	628,222	655,581
Total current	49,352	14,011
Total noncurrent	578,870	641,570

8.1 Changes in loans and financing

Changes in loans	Company	Consolidated
Balance as at December 31, 2021	1,511	741,291
Additions	658,438	658,438
Borrowing costs	(14,918)	(14,918)
Payment of principal	(1,317)	(704,675)
Interest paid	(81)	(41,581)
Accrued interest	12,995	45,722
Amortization of borrowing costs	65	21,874
Foreign exchange variation	(1,112)	(50,570)
Balance as at December 31, 2022	655,581	655,581
Payment of principal	(331)	(331)
Interest paid	(22,376)	(22,376)
Accrued interest	12,704	12,704
Amortization of borrowing costs	27	27
Foreign exchange variation	(17,383)	(17,383)
Balance as at March 31, 2023	628,222	628,222

Loans per currency	Company		Consolidated	
	R\$	US\$	R\$	US\$
Loan analysis per currency				
December 31, 2022:				
FINEP	304	-	304	-
Bank loans	-	125,587	-	125,587
March 31, 2023:				
Bank loans	-	123,656	-	123,656

The maturities of noncurrent loans are demonstrated below:

Noncurrent loans	Company and Consolidated
2024	43,120
2025	86,585
2026	86,450
2027	362,715
Total	578,870

In the year ended December 31, 2016 the Company obtained a financing facility from Financiadora de Estudos e Projetos (Finep). There were no alterations to the financing conditions to those disclosed in the financial statements as at December 31, 2022.

On April 25, 2019, the subsidiary Potiguar contracted a loan for the purpose of financing part of the payment arising from the acquisition of the 34 oil and natural gas producing fields, a transaction closed on December 9, 2019. The loan was contracted with financial institutions Itaú BBA, Morgan Stanley and Deutsche Bank. The total amount contracted was of US\$232,000, at an interest rate of 6.3% above the

three-month LIBOR, and the amount received was of US\$195,428. The loan was fully paid in 2022.

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

The financing will have maturities in 60 months as of the signature date of the “*Credit Agreement*” and compensatory interest, as of the disbursement, corresponding to the Term SOFR reference rate for 6 months, plus 3.70% per year.

Operational subsidiaries also take part in the contract as guarantors.

Described below are the financing covenants:

- a) On the last day of each fiscal quarter, the Leverage Ratio (net debt-to-EBITDA) of the Company must not be greater than 3.00;
- b) On the last day of each fiscal year, the Asset Coverage Ratio (PV-10 of Proven Reserves-to-Gross Debt) must not be lower than 1.50;
- c) At any time, Free Cash (Cash and cash equivalents, including restricted accounts relating to loans) of the Company must not be lower than R\$100,000.

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

In the given period, the Company was in compliance with all its covenants.

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

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

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

9. INCOME TAX AND SOCIAL CONTRIBUTION

9.1 Income tax and Social contribution on net income

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

	Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Net income (loss) before IR and CSLL	194,511	398,986	237,214	530,662
Combined IR and CSLL rates	34%	34%	34%	34%
IR and CSLL at statutory rates	(66.134)	(135.655)	(80.653)	(180.425)
Equity in investments (a)	72.522	140.732	-	-
Rate difference in deferred taxes (b)	(3.618)	(14.708)	(4.355)	10.225
Other	(966)	3.345	2.324	4.351
Deemed ICMS credit	12	-	12	-
Reduction - tax incentive	3.186	9.138	44.971	37.025
Income tax and social contribution	5.002	2.852	(37.701)	(128.824)

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

(b) Refers to the difference between the nominal and the effective rate from the Sudene tax benefit over temporary differences of the foreign exchange variation which as of 2022 began to be taxed by the cash regimen.

9.2 Deferred income tax and social contribution

	Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Assets				
Provision for well abandonment	2,364	2,011	8,444	6,513
Derivative financial instruments	-	-	88,383	131,781
Tax loss/tax loss carryforwards	11,658	13,472	31,701	13,472
Unrealized foreign exchange variation	1,616	-	2,868	15
Provisions and other temporary differences	33,092	17,932	127,187	45,764
Total	48,730	33,415	258,583	197,545
Liabilities				
CPC adoption (PP&E) (a)	3,979	4,116	4,049	4,188
Accelerated depletion	10,426	-	101,329	20,968
Unrealized foreign exchange variation	-	1,189	11,117	10,572
Total	14,405	5,305	116,495	35,728
Total deferred IR and CSLL	34,325	28,110	142,088	161,817
Total deferred tax assets	34,325	28,110	142,088	167,840
Total deferred tax liabilities	-	-	-	6,023

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

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

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

	Company	Consolidated
2023	31,153	131,852
2024	4,698	75,619
2025	3,890	14,411
2026	4	420
2027 onward	8,985	36,281
Total	48,730	258,583

10. AMOUNTS PAYABLE FOR ACQUISITIONS

	Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Current				
<u>SPE Tieta</u>				
Amortized cost	280,438	-	280,438	-
Fair value through profit or loss (FVTPL)	7,469	-	7,469	-
<u>Potiguar Cluster</u>				
Amortized cost	-	-	118,951	156,482
<u>Miranga Cluster</u>				
Amortized cost	-	-	103,517	105,919
Fair value through profit or loss (FVTPL)	-	-	139,711	143,485
Total current	287,907	-	650,086	405,886
Noncurrent				
<u>Miranga Cluster</u>				
Amortized cost	-	-	207,551	212,368
Fair value through profit or loss (FVTPL)	-	-	152,412	300,018
Total noncurrent	-	-	359,963	512,386
Total	287,907	-	1,010,049	918,272
Total in US\$	56,670	-	201,580	179,432

Changes in amounts payable for acquisition	Company	Consolidated
Balance as at December 31, 2021	27,903	1,263,049
Accrued interest	1,328	7,672
Interest paid	(1,374)	(3,102)
Foreign exchange variation	(1,643)	(75,393)
Payment	(26,214)	(273,954)
Balance as at December 31, 2022	-	918,272
Additions	295,372	295,373
Accrued interest	-	1,167
Foreign exchange variation	(7,465)	(29,060)
Payment	-	(175,703)
Balance as at March 31, 2023	287,907	1,010,049

a) SPE Tieta

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

Amortized cost:

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

Fair value through profit or loss (FVTPL):

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

As at March 31, 2023 the Company registered, as a liability, the first contingent installment pegged to the average price of the Brent Oil, in the amount of US\$ 1.5 million.

b) Potiguar Cluster

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

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

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

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

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

As at March 31, 2023 the remaining balance corresponds to 6.5% of the adjusted acquisition value related to the renewal of the concession of the Riacho da Forquilha field.

c) Polo Miranga

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

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

Amortized cost:

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

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

Fair value through profit or loss:

As part of the contract, the subsidiary Miranga can pay up to US\$85 million in contingent payments as provisioned by contract. The amount is pegged to the average price of the Brent Oil in the years of 2022, 2023 and 2024. As at December 31, 2021 and March 31, 2023 the Subsidiary had registered the maximum possible amount of the liability. Each installment, when due, shall be paid in March of each year subsequent to the determination. In the three-month period ended March 31, 2023 the subsidiary made the payment of US\$ 27,5 million related to the maturity of the first portion of the contingent payment.

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

11.1 Probable loss – labor and tax claims

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

Probable loss prognosis	Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Labor claims	2,225	2,265	4,404	2,600
Tax claims	1,163	1,126	1,163	1,126
Total	3,388	3,391	5,567	3,726

The Company is a party to 131 labor claims (63, as at December 31, 2022), of which 53 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 Tieta and the labor claims related to this subsidiary, as demonstrated below:

Changes in provisions	Company	Consolidated
Balance as at December 31, 2021	3,443	3,443
Recognized provision	745	1,080
Reversed provision	(762)	(762)
Payment made	(35)	(35)
Balance as at December 31, 2022	3,391	3,726
Acquisition of SPE Tieta	-	1,844
Recognized provision	36	36
Reversed provision	(39)	(39)
Balance as at March 31, 2023	3,388	5,567

11.2 Possible loss – labor, civil and social security claims

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

Possible loss prognosis	Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Tax claims	40,202	38,956	41,889	40,882
Labor claims	1,437	1,393	4,609	1,393
Regulatory claims	2,274	2,274	7,825	7,486
Civil claims	1,390	1,390	1,705	1,405
Total	45,302	44,012	56,028	51,166

Tax claims comprise sundry claims involving mainly federal taxes.

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

Regulatory claims are comprised of sundry claims involving regulatory bodies.

12. PROVISION FOR WELL ABANDONMENT

Changes in provision	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 Tieta	-	2,390
Adjustment	1,041	3,292
Balance as at March 31, 2023	33,524	119,293
Total current liabilities	-	12,077
Total noncurrent liabilities	33,524	107,216

13. DERIVATIVE FINANCIAL INSTRUMENTS

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

Financial instruments	Consolidated	
	03/31/2023	12/31/2022
Derivative financial liabilities		
Commodity forward contracts - current liabilities	(218,798)	(285,183)
Commodity forward contracts - noncurrent liabilities	(41,152)	(102,409)
Total	<u>(259,950)</u>	<u>(387,592)</u>

Changes in financial instruments	Consolidated
Balance s at December 31, 2021	<u>(464,684)</u>
Fair value of financial instruments before settlement	(443,631)
Settlement of derivative contracts	443,631
Fair value of unrealized financial instruments	77,092
Balance as at December 31, 2022	<u>(387,592)</u>
Fair value of financial instruments before settlement	(71,468)
Settlement of derivative contracts	71,468
Fair value of unrealized financial instruments	127,642
Balance as at March 31, 2023	<u>(259,950)</u>

Regarding the hedge effectiveness requirements, Management concludes that:

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

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

14. NET EQUITY

14.1 Share capital

As at March 31, 2023 the subscribed and paid-in capital is of R\$2,903,515 (R\$2,902,843 as at December 31, 2022) and the capital to be paid-in is of R\$942 thousand, totaling subscribed capital of R\$2,904,457. This capital is represented by 293,183,802 (two hundred and ninety-three million, one hundred and eighty-three thousand, eight hundred and two) common shares (293,056,784 as at December 31, 2022), all non-par, registered and book-entry.

Of the subscribed and paid-in capital, costs with the issue of the shares of the IPO in May 2021 and of its follow-on offering of September 2022, were deducted, regarding expenses with the preparation of prospectus and reports, fees of third-party professionals (lawyers, auditors, consultants, investment bank professionals, brokers, etc.), publicity fees and commissions, transfer and registration costs. These costs reached a total of R\$113,140 and were recorded net of the effect of taxes of R\$38,468 in a net amount of R\$74,673. As at March 31, 2023 the subscribed and paid-in capital, net of costs for issuing the shares, amounted to R\$2,828,842 (R\$2,828,170 as at December 31, 2022).

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

Shareholders	PetroRecôncavo S.A.	
	03/31/2023	12/31/2022
Funds managed by Opportunity	63,930,089	63,930,089
PetroSantander Luxembourg Holdings S.a.r.l.	57,536,716	67,536,716
Eduardo Cintra Santos	14,749,105	14,749,105
Perbras - Empresa Brasileira de Perfurações Ltda	12,523,304	12,523,304
Other shareholders	144,444,588	134,317,570
Total	293,183,802	293,056,784
Treasury shares	(482,244)	(282,244)
Total shares, net	292,701,558	292,774,540

In the three-month period ended March 31, 2023 the Company bought-back 200,000 shares (in 2022 the Company bought-back 345,000 shares) and delivered or sold zero (2022, 205,765) common shares to executives and key-collaborators of the Company, as part of the share-based compensation plan.

As at March 31, 2023 the Company held 482,244 common shares in treasury (282,244 as at December 31, 2022) at the average price of R\$18.6324.07, totaling R\$10,848 (R\$6,793 as at December 31, 2022).

a) Changes in share-capital

In the three-month period ended March 31, 2023 and during 2022, the following changes occurred:

Meeting	Date	Changes in share-capital
Executive Committee Meeting	02/25/2022	<ul style="list-style-type: none"> Capital increase of the Company, from R\$1,863,916,056.99, divided into 248,517,120 non-par, registered, book-entry common shares, to R\$1,864,105,015.31 divided into 248,535,088 non-par, registered, book-entry common shares. Such increase was due to the exercise of stock option, within the authorized capital limits.
Executive Committee Meeting	03/21/2022	<ul style="list-style-type: none"> Approve, by majority votes, the proposal of Management for the net income of the period to be allocated as follows: (i) the amount of R\$8,844,889.40, corresponding to 5% of net income allocated to legal reserve; (ii) the amount of R\$5,797,007.01, allocated to tax incentive reserve; (iii) the amount of R\$40,563,972.90, corresponding to 25% of net income adjusted by legal reserve and tax incentive reserve, allocated for distribution to shareholders and mandatory dividends; and (iv) the remaining value, adjusted by the effect of the negative results of transactions with treasury shares in the amount of R\$77,543.84, corresponding to R\$121,614,373.51, to the reserve account for investment and expansion.
Executive Committee Meeting	04/06/2022	<ul style="list-style-type: none"> Capital increase of the Company, from R\$ 1,864,105,015.31 (one billion, eight hundred and sixty-four million, one hundred and five thousand, fifteen reais and thirty-one cents), divided into 248,535,088 (two hundred and forty eight million, five hundred and thirty-five thousand and eighty-eight) non-par, registered, book-entry common shares, to R\$ 1,864,438,240.31 (one billion, eight hundred and sixty- four million, four hundred and thirty-eight thousand, two hundred and forty reais and thirty-one cents), divided into 248,580,088 (two hundred and forty-eight million, five hundred and eighty thousand and eighty- eight) non-par, registered, book-entry common shares. Such increase was due to the exercise of stock option.
Extraordinary Shareholders' Meeting	04/27/2022	<ul style="list-style-type: none"> Approve the amendment to the caput of Article 5 of the By-laws of the Company to reflect the capital increase approved by the Executive Committee Meeting, within the authorized capital limits, in meetings held on 07/22/2021, 10/21/2021, 12/15/2021 and 02/25/2022

Extraordinary Shareholders' Meeting	05/23/2022	<ul style="list-style-type: none"> • Approve the amendment to the caput of Article 5 of the By-laws of the Company to reflect the capital increase approved by the Executive Committee Meeting, within the authorized capital limits, in meeting held on 04/06/2022, with the consequent consolidation of the Company by-laws, and • Approve the amendment to the lead paragraph of Article 6 of the By-laws of the Company to increase the limit of authorization for capital increase through deliberation of the Executive Committee, independently of statutory amendment, to up to R\$ 5,000,000,000.00 (five billion reais), as detailed in the Proposal of the Committee, with the consequent consolidation of the Company by-laws.
Executive Committee Meeting	05/31/2022	<ul style="list-style-type: none"> • Approve, within the context of the Long-Term Incentive Program ("PILP"), the granting of 699,661 (six hundred and ninety-nine thousand, six hundred and sixty-one) common to the participants of the PILP in relation to the year 2022, in accordance with the proposal of the People Management Committee.
Executive Committee Meeting	06/03/2022	<ul style="list-style-type: none"> • Approve the Restricted Offer of, initially, 44,000,000 (forty-four million) shares, observing that the quantity of shares initially offered may be increased due to the possibility of placing additional shares.
Executive Committee Meeting	06/14/2022	<ul style="list-style-type: none"> • Approve capital increase of the Company, within the limit of authorized capital, of R\$1,034,000,000.00 (one billion, thirty-four million reais), from R\$1,864,438,240.31 (one billion, eight hundred and sixty-four million, four hundred and thirty-eight thousand, two hundred and forty reais and thirty-one cents) to R\$2,898,438,240.31 (two billion, eight hundred and ninety-eight million, four hundred and thirty-eight thousand, two hundred and forty reais and thirty-one cents), through the issue of 44,000,000 (forty-four million) new non-par, registered, book-entry common shares, that will be object of the Offer, with the share capital of the Company going from 248,580,088 (two hundred and forty-eight million, five hundred and eighty thousand and eighty- eight) common shares to 292,580,088 (two hundred and ninety-two million, five hundred and eight thousand and eighty-eight) common shares.
Executive Committee Meeting	07/28/2022	<ul style="list-style-type: none"> • Approve the closing of the last Share Buyback Program, approved during the Executive Committee Meeting held on July 22, 2021. • Approve the acquisition of nominative, common, registered, non-par shares of its own issue, respecting the legal limits, and based on available resources ("2nd Share Buyback Program").
Executive Committee Meeting	09/02/2022	<ul style="list-style-type: none"> • Capital increase, from R\$2,898,438,240.31 (two billion, eight hundred and ninety-eight million, four hundred and thirty-eight thousand, two hundred and forty Brazilian reais and thirty-one cents), divided into 292,580,088 (two hundred and ninety-two million, five hundred and eight thousand, and eight-eight) shares, all common, nominative, registered and without par-value to R\$2,898,953,995.09 (two billion, eight hundred and ninety-eight million, nine hundred and fifty-three thousand, none hundred and ninety-five Brazilian reais and nine cents), divided into 292,629,060 (two hundred and ninety-two million, six hundred and twenty-nine thousand and sixty) common, nominative, registered and non-par shares. Such increase was due to the exercise of stock option. • Approve the capitalization of Advances for Future Capital Increase, in the total amount of R\$580,000,000.00 (five hundred and eighty million Brazilian reais), with the consequent increase in the capital of Potiguar E&P S.A. in the amount of R\$580,000,000.00 (five hundred and eighty million Brazilian reais). • Approve the capitalization of Advances for Future Capital Increase, in the total amount of R\$34,935,013.00 (thirty four million, nine hundred and thirty-five thousand and thirteen Brazilian reais), with the consequent increase in the capital of SPE Miranga in the amount of R\$34.935.013,00 (thirty four million, nine hundred and thirty-five thousand and thirteen Brazilian reais), corresponding to the amount necessary for working capital.

Executive Committee Meeting	09/29/2022	<ul style="list-style-type: none"> Registering that the share capital of the Company went from R\$2,898,953,995.09 (two billion, eight hundred and ninety-eight million, nine hundred and fifty-three thousand, nine hundred and ninety-five Brazilian reais and nine cents), divided into 292,629,060 (two hundred and ninety two million, six hundred and twenty-nine thousand and sixty) shares, all common, nominative, registered and without par-value to R\$2,899,981,592.23 (two billion, eight hundred and ninety-nine million, nine hundred and eighty-one thousand, five hundred and ninety- two Brazilian reais and twenty-three cents), divided into 292,730,696 (two hundred and ninety-two million, seven hundred and thirty thousand, six hundred and ninety-six) common, nominative, registered shares with no par-value. Such increase was due to the exercise of stock option.
Executive Committee Meeting	10/27/2022	<ul style="list-style-type: none"> Registering that the share capital of the Company went from R\$2,899,981,592.23 (two billion, eight hundred and ninety-nine million, five hundred and ninety-two thousand Brazilian reais and twenty-three cents), divided into 292,730,696 (two hundred and ninety-two million, seven hundred and thirty thousand, six hundred and ninety-six) shares, all common, nominative, registered and without par-value to R\$2,902,442,964.34 (two billion, nine hundred and two million, four hundred and forty-two thousand, nine hundred and sixty-four Brazilian reais and thirty-four cents), divided into 292,978,934 (two hundred and ninety-two million, nine hundred and seventy-eight thousand, nine hundred and thirty-four) shares, all common, nominative, registered and without par value. Such increase was due to the exercise of stock option
Executive Committee Meeting	11/25/2022	<ul style="list-style-type: none"> Approve the payment of interest on own capital with reference to the fiscal year 2022, in the gross amount of R\$180,000,000.00 (one hundred and eighty million Brazilian reais), corresponding to R\$ 0.614971 per share. The amount per share may be altered due to the exercise of stock option based on the Company's Stock Option Plan and/or eventual acquisition of shares within the Company's Share Buyback Program.
Executive Committee Meeting	12/12/2022	<ul style="list-style-type: none"> Registering that the share capital of the Company went from R\$2,902,442,964.34 (two billion, nine hundred and two million, four hundred and forty-two thousand, nine hundred and sixty-four Brazilian reais and thirty-four cents), divided into 292,978,934 (two hundred and ninety-two million, nine hundred and seventy-eight thousand, nine hundred and thirty-four) shares, all common, nominative, registered and without par value to \$2.902.842.464,59 (two billion, nine hundred and two million, eight hundred and forty-two thousand, four hundred and sixty-four Brazilian reais and fifty-nine cents), divided into 293,021,784 (two hundred and ninety-three million, twenty-one thousand, seven hundred and eighty-four) shares, all common, nominative, registered and without par value. Such increase was due to the exercise of stock option
Executive Committee Meeting	12/22/2022	<ul style="list-style-type: none"> Registering that the share capital of the Company went from \$2.902.842.464,59 (two billion, nine hundred and two million, eight hundred and forty-two thousand, four hundred and sixty-four Brazilian reais and fifty-nine cents), divided into 293,021,784 (two hundred and ninety-three million, twenty-one thousand, seven hundred and eighty-four) shares, all common, nominative, registered and without par value to R\$2,903,101,639.59 (two billion, nine hundred and three million, one hundred and one thousand, six hundred and thirty-nine Brazilian reais and fifty-nine cents), divided into 293,056,784 (two hundred and ninety-three million, fifty-six thousand, seven hundred and eighty-four) shares, all common, nominative, registered and without par value. Such increase was due to the exercise of stock option.
Executive Committee Meeting	12/27/2022	<ul style="list-style-type: none"> Approving the QPA (quota purchase agreement) under the terms of the draft previously made available to the members of the Executive Committee to govern the acquisition by the Company of the total quotas of Maha Brasil, in the amount of US\$ 138,000,000.00 (one hundred and thirty-eight million U.S. dollars), subject to adjustments to be calculated according to the net debt amounts, working capital, revenue, costs, expenses and investments incurred by Maha Brasil between the effective date of January 1, 2023 up until the date for closing the transaction.

Executive Committee Meeting	01/25/2023	<ul style="list-style-type: none"> Registering that the share capital of the Company went from the present R\$2,903,101,639.59 (two billion, nine hundred and three million, one hundred and one thousand, six hundred and thirty-nine Brazilian reais and fifty-nine cents), divided into 293,056,784 (two hundred and ninety-three million, fifty-six thousand, seven hundred and eighty-four) shares, all common, nominative, registered and without par value, to R\$2,904,322,009.59 (two billion, nine hundred and four million, three hundred and twenty-two thousand and nine Brazilian reais and fifty-nine cents), divided into 293,170,784 (two hundred and ninety-three million, one hundred and seventy thousand, seven hundred and eighty-four) shares, all common, nominative, registered and without par value. Such increase was due to the exercise of stock option.
Executive Committee Meeting	03/02/2023	<ul style="list-style-type: none"> Registering that the share capital of the Company went from the present R\$2,904,322,009.59 (two billion, nine hundred and four million, three hundred and twenty-two thousand and nine Brazilian reais and fifty-nine cents), divided into 293,170,784 (two hundred and ninety-three million, one hundred and seventy thousand, seven hundred and eighty-four) shares, all common, nominative, registered and without par value, to R\$ 2,904,456,941.16 (two billion, nine hundred and four million, four hundred and fifty-six thousand, nine hundred and forty-one Brazilian reais and sixteen cents), divided into 293.183.802 (two hundred and ninety-three million, one hundred and eighty-three thousand, eight hundred and two) shares, all common, nominative, registered and without par value. Such increase was due to the exercise of stock option.
Executive Committee Meeting	03/20/2023	<ul style="list-style-type: none"> Approve, by majority votes, the proposal of Management for the net income of the period to be allocated as follows: (i) the amount of R\$57,669,555.55, corresponding to 5% of net income allocated to legal reserve; (ii) the amount of R\$11,085,278.54, allocated to tax incentive reserve; (iii) the amount of R\$103,625,621.31, corresponding to 25% of net income adjusted by legal reserve and tax incentive reserve, allocated for distribution to shareholders, as mandatory dividends (iv) the value of R\$26,374,378.69, whether for distribution to shareholders as an additional dividend; and (v) the remaining value, adjusted by the effect of negative results of transactions with treasury shares in the amount of R\$317,365.81, and to the effect of the recognition of a complementary tax incentive reserve in the amount of R\$3,714,135.00, corresponding to R\$ 771,239,507.68, allocated to the reserve account for investment and expansion.

14.2 Capital reserve and profit reserve – tax incentives

a) Exploration profit

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

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

b) Deemed ICMS Credit

The Company and its subsidiaries Miranga and SPE Tieta (in 2002 only the Company) are entitled to ICMS deemed credit tax benefit, in the state of Bahia, at the rate of 3.43% (4.24% as at December 31, 2022) over gross earnings. The difference between the amount of the deemed credit and the credits obtained in the normal course of operations is recognized in profit or loss for the period and, after calculating profit for the period, it is transferred to tax incentive reserve (profit reserve). This reserve can only be used in capital increases or to offset losses.

14.3 Reserve account for reinvestment and expansion

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

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

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

14.4 Legal Reserve

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

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

14.5 Earnings per share

	PetroRecôncavo S.A.	
	03/31/2023	03/31/2022
Net income (loss)	199,513	401,838
Weighted average of shares issued	292,845,512	248,400,487
Basic earnings per share - R\$	0,681	1,618
Weighted average of shares and stock options issued	293,184,326	249,591,293
Diluted earnings per share - R\$	0.681	1.610

14.6 Proposed dividends and Interest on Own Capital

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

a) Calculation of dividends

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

b) Changes in dividends:

Balance as at December 31, 2021	40,566
Proposed minimum mandatory dividends	103,626
Proposed additional dividends (a)	26,374
Interest on own capital of withheld income tax (IR)	167,533
Payments	(205,309)
Balance as at December 31, 2022 and March 31, 2023	132,790
Total proposed minimum dividends in current liabilities	106,416
Total proposed additional dividends in net equity (a)	26,374

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

14.7 Share-based compensation

a) Deferred shares

i) Extraordinary benefits and annual target benefits (2020)

On June 25, 2021, in a meeting of the Executive Committee, the concession of extraordinary benefits to the participants of the Consolidated Incentive Plan was approved, due to the conclusion of the initial public offering of shares issued by the Company, in the total amount of R\$ 16,395, of which: (a) 25% (twenty-five percent) were paid in cash in July 2021, and (b) the remaining 75% (seventy-five percent) will be paid in shares or cash, at the criterion of the Company, in 3 (three) equal lots, in respectively 12 (twelve), 24 (twenty-four) and 36 (thirty-six) months, as of the date of the settlement of the IPO.

In the above mentioned meeting, the concession of annual benefits to the participants of the

Consolidated Incentive Plan was also approved in relation to the year ended December 31, 2020, in view of the respective Annual Targets having been achieved. The annual benefit was granted in the form of Deferred Shares to be delivered after three years. The payments will be, at the criterion of the Company, made in shares or cash.

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

On May 31, 2022 the Company approved the LTIP for 2022. The 2022 LTIP assigned 699,661 (six hundred and ninety-nine thousand, six hundred and sixty-one) deferred shares to the eligible participants.

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.

• Retention Tranche

The retention tranche is subdivided into three portions. These shall have vesting period of 12, 24 and 36 months and deliveries of 20%, 30% and 50% of the shares relating to this tranche, respectively. The delivery of these shares is conditioned to the permanence of the participant in the Group until the end of the vesting period.

• TSR Tranche

The TSR tranche is subdivided into two portions, "TSR Real" and "TSR Dollar". Vesting of both lots has a 36-month term. The delivery of the shares is conditioned to the permanence of the participant up until the end of the vesting period and to the appreciation of the Company's share in comparison to benchmark indexes plus a spread. The final quantity of delivered shares may vary from zero to 200% of the TSR tranche, depending on the appreciation of the Company shares.

As at December March 31, 2023 the following share-based compensations were in effect:

	Quantity	Grant date	Validity	Fair value	Vested 03/31/2023	Vested 12/31/2022
Extraordinary benefit – 2 nd installment	-	06/25/2021	06/25/2023	3,926	-	-
Extraordinary benefit – 3 rd installment	200,402	06/25/2021	06/25/2023	3,926	3,286	2,838
Extraordinary benefit – 4 th installment	200,402	06/25/2021	06/25/2024	3,926	2,086	1,802
Annual target benefit - 2020	233,064	06/25/2021	06/25/2024	4,566	2,426	1,985
LTIP 2022 - Retention tranche Lot 1	69,965	05/31/2022	05/31/2023	2,020	1,611	1,127
LTIP 2022 - Retention tranche Lot II	104,949	05/31/2022	05/31/2024	3,009	1,145	801
LTIP 2022 - Retention tranche Lot III	174,932	05/31/2022	05/31/2025	4,986	1,204	843
LTIP 2022 - TSR tranche R\$	174,907	05/31/2022	05/31/2025	7,950	1,920	1,344
LTIP 2022 - TSR tranche U\$	174,908	05/31/2022	05/31/2025	7,518	1,816	1,271
Total	1,333,529			41,827	15,494	12,011

- (a) In September 2022 the Company delivered 200,402 shares regarding the second installment of the extraordinary benefit.

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.

For the extraordinary benefit plan and annual target benefit (2020) the fair value corresponds to the closing price of the share on the grant date, June 25, 2021.

For the LTIP program, the fair value corresponds to R\$24,797 calculated using the Monte Carlo simulation for share prices and future exchange rates in a risk neutral arrangement. In the simulation, the achievement of TSR targets are verified, as well as quantities effectively transferred, given that the LTIP includes (1) a multiplier of zero to 200% for the quantity relating to the TSR lots, (2) that the

proceeds distributed by the Company during the vesting period shall be converted into additional shares due to the number of shares received in the Retention and TSR tranches, earnings per share in the vesting period and share price at the end of the vesting period. The simulated amounts are multiplied by the simulated future prices and the result is discounted at present value by the risk free interest rate.

b) Stock option

In the years ended December 31, 2013, 2014 and 2016, the Company granted employees holding strategic positions a stock option-based compensation plan. Due to the share split of the Company, occurred on April 1, 2021, each employee stock option may be converted into two Company common share upon exercise of the option. No amounts are paid or will be paid by the beneficiary upon receiving a stock option. The stock options have a vesting period, where one third the stock options become vested each year after the grant date. After the vesting period, the stock options can be exercised at any time up to their expiry date.

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

Stock option series issue date	Residual quantity of stock option	Grant date	Validity date	Strike price R\$	Fair value on grant date R\$
10/10/2013	35,171	10/10/2013	10/09/2023	20.73	15.84
08/20/2014	138,000	08/20/2014	08/19/2024	21.41	16.99
05/13/2016	39,500	05/13/2016	05/12/2026	14.81	11.93

On April 1, 2021, in an Extraordinary Shareholders' Meeting, the shareholders of the Company made certain resolutions, among which emphasis is given to the number of shares related to the shareholders of the Company, already granted under the Stock Option Plan of the Company and not yet exercised to date, will be adjusted proportionally, in order to reflect the split of shares, whereby each option exercised shall represent two common shares of the Company.

On June 25, 2021, in a meeting of the Executive Committee, the waiver of the share transfer restrictions ('lock-up') presently prevailing on existing shares of the Company at this date, subscribed and/or acquired by beneficiaries of the Stock Option Plan, that are not statutory directors of the Company.

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 three-month period ended March 31, 2023 127,018 options were exercised (2022, 269,832) and zero option were cancelled (2022, zero). The Company received, in 2023, R\$ 413 (2022, R\$4,926) in relation to the exercise of these options and has receivables, by way of subscribed capital to be paid-in in the amount of R\$942. No options expired during the three month period ended March 31, 2023 and for the year ended December 31, 2022.

14.8 Equity valuation adjustment

In the three-month period ended March 31, 2023, the subsidiary Potiguar recognized the effective portion of the changes in the fair value of derivatives, net of taxes, which are designated and qualified as cash flow hedges, totaling R\$84,243 (R\$50,879 as at December 31, 2022).

15. RELATED PARTIES

Balances	Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<u>Other assets</u>				
Recôncavo E&P	987	731	-	-
Miranga (d)	46,314	39,181	-	-
Potiguar (d)	76,510	58,650	-	-
PERBRAS (b)	5	5	5	5
Other	8	14	-	-
Total other assets	123,824	98,581	5	5
<u>Dividends payable</u>	106,416	106,416	106,416	106,416
<u>Dividends receivable:</u>				
Recôncavo E&P	2,159	2,159	-	-
Miranga	77,218	77,218	-	-
Potiguar	100,125	100,125	-	-
Total dividends receivable	179,502	179,502	-	-
<u>Suppliers</u>				
Reconcavo America (a)	14,566	14,566	-	-
Potiguar (e)	5,723	3,555	-	-
Recôncavo	1,585	1,588	-	-
Miranga (e)	1,115	1,325	-	-
PERBRAS (b)	604	523	940	873
Interservice	370	197	582	335
PetroSantander Colombia	-	43	-	43
Total suppliers	23,963	21,797	1,522	1,251

Transactions	Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<u>Other income:</u>				
Recôncavo (d)	95	115	-	-
Potiguar (d)	23,666	6,831	-	-
Miranga (d)	17,348	9,902	-	-
<u>Costs and expenses</u>				
Potiguar (e)	(1,599)	(1,313)	-	-
Miranga (e)	-	(130)	-	-
PERBRAS. (b)	(1,807)	(1,876)	(2,934)	(2,813)
PetroSantander Management Inc. (c)	-	(37)	-	(37)
PetroSantander Holdings GMBH (c)	-	(11)	-	(11)
PetroSantander Colombia (c)	(130)	(29)	(130)	(29)
Interservice USA	(173)	(34)	(260)	(34)
Apportionment (f)	27,541	14,453	-	-
Total	64,941	27,871	(3,324)	(2,924)

(a) Refers to the amount that PetroRecôncavo owes to Reconcavo America due to the acquisition of equipment which occurred in December 2020. This transaction was carried out through the REPETRO SPED, which is a special customs and tax regimen for the Oil and Gas sector, which permits the production, acquisition and/or permanent or temporary import of goods used in the oil and natural gas exploration and production operations with total or partial tax exemption throughout the chain.

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

(c) The Company conducts transactions with PetroSantander Management Inc., PetroSantander Colombia and

PetroSantander Holdings GMBH which provide technical assistance and specialized consulting services on a “man-hour” basis related to the exploration and production of oil wells, under a service agreement that does not provide for financial charges.

- (d) Refers to services provided (rigs and sundry and sale of materials by the Company to the subsidiaries Potiguar and SPE Miranga.
- (e) Refers to the sale of processed natural gas of the subsidiary Potiguar and Miranga to the Company and sale of materials of the subsidiaries Miranga and Potiguar to the Company.
- (f) Refers to the apportionment of corporate administrative expenses to the subsidiaries.

a) Key-management compensation

	Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Benefits - Board of Directors (a)	1,836	1,259	1,843	1,264
Benefits - Executive Committee (a)	1,080	1,098	1,080	1,098
Other benefits (b)	60	59	60	59
Profit sharing	1,730	1,011	1,730	1,011
Share-based payment (c)	2,021	1,726	2,021	1,726
Subtotal	6,727	5,153	6,734	5,158
Social charges (d)	721	975	723	976
Total	7,448	6,128	7,457	6,134

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

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

16. RIGHTS AND COMMITMENTS TOWARDS ANP

The Group is a concessionaire to 59 oil fields subdivided among the Remanso, Potiguar and Miranga Clusters, as well as having rights to exploratory blocks in the Potiguar Cluster, as described under Note 1. Under the terms of the mentioned concession contracts, in the case of discovering and evidencing commercially viable fields, the Company is guaranteed the rights to develop and produce, over a 27-year period, oil and natural gas that may be ringfenced within the boundaries of these blocks. There are no price restrictions on the sale of products resulting from the exploitation of these areas.

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

Participation	Details
Royalties and payment to landowners.	Royalties are equivalent to a percentage of 7.5% up to 10% applied on the gross production of oil and/or natural gas, from the date of the beginning of the commercial production of the Concession Area (March 31, 2023 R\$ 42,597 and March 31, 2022, R\$ 59,067). 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 (March 31, 2023, R\$ 6,749 and March 31, 2022, R\$ 4,091)
Special participation	In the amount defined in the Participation Decree 2705/98 and ANP Administrative Rule 10/99.
Payment for occupying and retaining the Concession Area	For each field there is an amount payable in R\$ per square kilometer, which varies according to the concession contract of each field and with the stage of operation of each field, which can be: (i) exploration stage; (ii) development stage; and (iii) production stage. All fields are in the production stage.

17. SALES REVENUE, NET

17.1 Breakdown of revenue

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

	Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<u>Gross revenue:</u>				
Sale of oil	114,685	149,257	578,678	635,161
Sale of gas and by-products	16,491	26,788	382,777	326,134
Hedge contracts	-	-	(71,468)	(85,230)
Total	<u>131,176</u>	<u>176,045</u>	<u>889,987</u>	<u>876,065</u>
 <u>(-) Deductions on revenue</u>	 (13,475)	 (21,588)	 (170,775)	 (172,589)
 Net revenue	 <u>117,701</u>	 <u>154,457</u>	 <u>719,212</u>	 <u>703,476</u>

The Company is presently under discussions with Petrobras regarding possible discrepancies in the amounts of credits obtained from natural gas liquids (NGL). Further details are disclosed under Note 4.

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

	Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Acquisition/Swap of gas	(9,454)	(5,646)	(58,476)	(34,458)
Gas outflow	(209)	-	(4,195)	(2,420)
Gas processing	(951)	-	(37,188)	(21,672)
Gas transportation	(2,788)	(1,883)	(42,502)	(30,029)
Depletion, depreciation and amortization	(17,133)	(15,328)	(96,733)	(64,959)
Depreciation of lease operations	(3,084)	(2,706)	(7,190)	(4,973)
Materials and services	(50,359)	(34,546)	(94,436)	(59,955)
Personnel	(30,136)	(16,288)	(65,988)	(48,037)
Royalties	(6,621)	(16,804)	(49,346)	(63,158)
Electricity	(8,834)	(9,153)	(19,133)	(19,048)
Cost of non-operated fields	(1,477)	-	(5,950)	(3,722)
Environmental license	(193)	(34)	(4,690)	(1,433)
Share-based compensation	(1,210)	(4,164)	(1,210)	(4,164)
Other	8,727	9,360	(1,262)	(641)
Total	<u>(123,722)</u>	<u>(97,192)</u>	<u>(488,299)</u>	<u>(358,669)</u>
Cost of products sold	(114,062)	(98,321)	(442,263)	(333,865)
General and administrative expenses	(23,417)	(7,320)	(45,840)	(21,788)
Other income (expenses), net	13,757	8,449	(196)	(3,016)
Total	<u>(123,722)</u>	<u>(97,192)</u>	<u>(488,299)</u>	<u>(358,669)</u>

19. FINANCIAL INCOME (EXPENSES)

	Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Financial income:				
Interest and returns, net	2,334	3,352	10,888	4,277
Other	4	11	-	10
Total	<u>2,338</u>	<u>3,363</u>	<u>10,888</u>	<u>4,287</u>
<u>Foreign exchange variation</u>				
Payables for acquisitions	7,465	4,227	29,060	186,285
Exchange fund	-	-	-	887
Loans and financing	17,383	-	17,383	106,360
Other	97	219	1,106	375
Total	<u>24,945</u>	<u>4,446</u>	<u>47,549</u>	<u>293,907</u>
Total financial income	<u>27,283</u>	<u>7,809</u>	<u>58,437</u>	<u>298,194</u>

<u>Financial expenses</u>				
Interest on well abandonment	(1,040)	(1,143)	(3,292)	(2,698)
Income tax (IR) on foreign transactions	-	(693)	(44)	(3,070)
Amortization of borrowing costs	(27)	-	(27)	(2,423)
Interest on loans	(17,566)	(358)	(18,148)	(13,909)
Interest on lease operations	(114)	(214)	(413)	(394)
Interest on payables for acquisitions	-	-	(1,167)	-
Bank charges and other expenses	(9)	(394)	(1,363)	(688)
Total	(18,756)	(2,802)	(24,454)	(23,182)
<u>Foreign exchange variation</u>				
Exchange fund	(21,049)	(71,902)	(26,665)	(86,553)
Other	(246)	(1,214)	(1,017)	(2,604)
Total	(21,295)	(73,116)	(27,682)	(89,157)
Total financial expenses	(40,051)	(75,918)	(52,136)	(112,339)
Total	(12,768)	(68,109)	6,301	185,855

20. FINANCIAL INSTRUMENTS

20.1 Capital risk management

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

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

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

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

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

20.2 Category of financial instruments and fair value hierarchy

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

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

	Notes	Company		Consolidated	
		03/31/2023	12/31/2022	03/31/2023	12/31/2022
Financial assets					
<u>Amortized cost (i)</u>					
Cash and cash equivalents	3	67,930	83,601	205,972	361,028
Short-term investments	3	584,346	1,233,639	721,065	1,250,163
Trade receivables	4	74,393	56,166	420,695	440,097
Dividends receivable	15	179,502	179,502	-	-
Financial liabilities					
<u>Amortized cost (i)</u>					
Suppliers	7	119,129	106,430	417,994	352,152
Loans and financing	8	628,222	655,581	628,222	655,581
Dividends payable	14	106,416	106,416	106,416	106,416
Payables for acquisitions	10	280,438	-	710,457	474,769
<u>Fair value through other comprehensive income (FVTOCI) (ii)</u>					
Derivative financial instruments	13	-	-	259,950	387,592
<u>Fair value through profit or loss (FVTPL)</u>					
Payables for acquisitions	10	7,469	-	299,592	443,503

- (i) There are no material differences between the carrying value and the fair value considering the terms and characteristics of these assets and liabilities.
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include prices practiced an active market for similar assets or liabilities, prices practiced in an inactive market for identical assets or liabilities, or inputs that are observable or that could corroborate in the observation of market data through correlation or other forms for substantially the whole of the asset or liability.

20.3 Financial risk management

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

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

Risk management structure

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

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

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

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

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

a) Credit risk

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

i) Cash and cash equivalents

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

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

ii) Trade receivables

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

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

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

For the sale of oil, the Company continues substantially linked to Petrobras.

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 the 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:

Maturities	2023	2024	2025	2026	2027+	Total
Loans and financing	49,352	43,119	86,585	86,450	362,716	628,222
Derivative financial instruments	218,798	41,152	-	-	-	259,950
Payables for acquisitions	511,536	359,123	161,765	-	-	1,032,424

c) Market risk

i) Foreign exchange risk

In the three-month period ended March 31, 2023, 96% (97 as at March 31, 2022) of the gross operating revenues of the Company and its subsidiaries were indexed to the U.S. dollar exchange rate at the time of billing. In the case of oil, revenue refers to the sale of oil that is indexed to the price of Brent oil, which in turn is quoted in US dollars. For natural gas, revenue is indexed to 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.

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

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

The Group has registered, in the item payables for acquisitions, deferred/contingent installments for the acquisition of assets in amounts indexed to the U.S. dollar. In the Company, US\$56,670 have been recognized, while at Potiguar E&P and SPE Miranga, the amounts of US\$56,232 and US\$165,100, respectively, have been recognized. Presently the remaining balance in U.S. dollars, updated with the contractually provisioned interest, is of US\$ 56,670, US\$ 26,181 and US\$ 118,729, respectively.

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

Company						
03/31/2023 - Balances	Risk	Rate (a)	Foreign currency exposure - R\$	Probable	Scenario A 25% (b)	Scenario B 50% (b)
<u>Assets</u>						
Short-term investments	US\$ Appreciation	5.3883	567,005	601,367	708,754	850,505
<u>Liabilities</u>						
Payables for acquisitions	US\$ Appreciation	5.3883	287,907	305,355	359,883	431,859
Loans and financing	US\$ Appreciation	5.3883	644,080	683,116	805,101	966,122
Net effect on income (loss)				(22,121)	(91,247)	(182,493)

03/31/2023 - Balances	Risk	Rate (a)	Consolidated			
			Foreign currency exposure - R\$	Probable	Scenario A 25% (b)	Scenario B 50% (b)
<u>Assets</u>						
Short-term investments	Alta do US\$	5,3883	577,193	612,176	721,493	865,792
<u>Liabilities</u>						
Payables for acquisitions	Alta do US\$	5,3883	1,010,049	1,071,264	1,262,562	1,515,074
Loans and financing	Alta do US\$	5,3883	644,080	683,116	805,101	966,122
Net effect on income (loss)				(65,267)	(269,233)	(538,467)

(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 March 2024. As at March 31, 2023 the rate was of R\$5.0804.

(b) Scenario A considers a 25% variation, while Scenario B considers a 50% variation against the Brazilian real. Both project stress scenarios (either depreciation or appreciation of the foreign exchange rate) against the U.S. dollar effective as at March 31, 2023.

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

ii) Interest rate risk

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

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

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

03/31/2023 -Balances	Company					
	Risk	Rate (a)	Accounting Scenario	Probable Scenario	Scenario A 25% (b)	Scenario B 50% (b)
<u>Assets</u>						
Short-term investments	CDI depreciation	10.12%	17,341	19,096	18,657	18,219
Net effect on income (loss)				(629)	(1,068)	(1,507)
<u>Liabilities</u>						
Loans and financing	SOFR appreciation	4.746%	644,080	670,514	681,635	689,936
Net effect on income (loss)				2,820	(8,301)	(16,602)

03/31/2023 - Balances	Consolidated					
	Risk	Rate (a)	Accounting Scenario	Probable Scenario	Scenario A 25% (b)	Scenario B 50% (b)
<u>Assets</u>						
Short-term investments	CDI depreciation	10.12%	143,873	158,435	154,794	151,154
Net effect on income (loss)				(5,221)	(8,861)	(12,502)
<u>Liabilities</u>						
Loans and financing	SOFR appreciation	4.746%	644,080	670,514	681,635	689,936
Net effect on income (loss)				2,820	(8,301)	(16,602)

(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, Para o CDI, the expectation rates of the BACEN for 2024 were used, while for the SOFR, the projected in March 2024.

(b) Scenario A considers a 25% variation, while Scenario B considers a 50% variation. Both project stress scenarios (either

depreciation or appreciation) of the effective rate as at March 31, 2023.

iii) Commodity price risk

During the three-month period ended March 31, 2023, 73% 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 (70% as at March 31, 2022).

It should be emphasized that as of 2022 new natural gas contracts were signed which, in their majority, do not have any direct relation to the price of oil. In addition, most of the other gas contracts, although linked to the oil price, have a pre-defined minimum price.

As a means of hedging against the volatilities of the oil market, the Company entered into several hedge contracts, having hedged a volume of over 434 thousand barrels (35% of net oil production for the period) as at March 31, 2023 (March 31, 2022, 510 thousand barrels, 52% of net production of oil for the period) at an average price of US\$51.17/bbl as at March 31, 2023 (US\$56.61/bbl as at March 31, 2022).

		Consolidated				
	Risk	Price (a)	Accounting Scenario	Probable	Scenario A 25% (b)	Scenario B 50% (b)
Gross operating income - Oil	Brent depreciation	78.40	578,678	554,331	418,535	262,207
Gross operating income - Gas	Brent depreciation	78.40	141,627	136,626	106,221	70,814
Financial instruments - Hedge	Brent depreciation	78.40	(71,468)	(61,127)	(22,025)	23,509
Total			648,837	629,830	502,730	356,530
Probable effect on profit or loss				(19,007)	(146,107)	(292,307)

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

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

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

The table below describes the outstanding commodity forwards as at March 31, 2023, as well as information related to its corresponding items object of hedging. The commodity forwards are presented in the line item "derivative financial instruments" in the balance sheet (for further information, see Note 13):

Consolidated			
Hedge instrument contracts outstanding	Average strike price 03/31/2023 US\$/barrel	Quantity 03/31/2023 In barrels	Fair value of hedge instruments 03/31/2023 R\$ thousand
Under 3 months	51.80	462,000	(65,175)
From 3 to 6 months	51.90	453,000	(60,888)
From 6 to 12 months	55.90	891,500	(92,735)
From 1 to 2 years	59.85	567,500	(41,152)

21. INSURANCE

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

Modality	Currency	Risk amount		Maximum indemnifiable amount	
		Company	Consolidated	Company	Consolidated
		03/31/2023	12/31/2022	03/31/2023	12/31/2022
Environmental risks	US\$	6,050	6,050	6,050	6,050
Material damages	US\$	45,543	45,543	25,100	45,543
Civil responsibilities	US\$	3,000	3,000	3,000	3,000
Corporate D&O	R\$	120,000	120,000	120,000	120,000

22. SEGMENT INFORMATION

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

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

23. NON-CASH TRANSACTIONS

During the three-month period ended March 31, 2023 and 2022, the Company carried out the following transactions not involving cash; therefore, these are not reflected in the statements of cash flows.

	Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Additions for new IFRS 16 contracts	14,267	3,583	16,004	9,931
Subtotal	14,267	3,583	16,004	9,931
Increase in assets (liabilities with amounts payable for acquisitions - Acquisition of SPE Tieta (a):	295,372	-	295,372	-
Subtotal	295,372	-	295,372	-
Total	309,639	3,583	311,376	9,931

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

24. SUBSEQUENT EVENTS

On April 26, 2023 the shareholders defined in a General Assembly, the allocation of net income of the period for the year ended December 31, 2022, as follows:

- (a) The amount of R\$ 57,670, corresponding to 5% of net income, allocated to legal reserve;
- (b) The amount of R\$ 11,085, corresponding to 0.96% of net income, to tax incentive reserve;

- (c) The amounts of (i) R\$ 180,000, corresponding to 14.53% of net income, the net amount of R\$167,533, corresponding to interest on own capital, declared in the Executive Committee Meeting held on November 25, 2022 and (ii) R\$ 103,626; which, together with the above mentioned interest on own capital, net of taxes withheld, correspond to 25% of net income adjusted by legal reserve and tax incentive reserve;
 - (d) The amount of R\$ 26,374 allocated for distribution to shareholders, as additional dividends;
 - (e) The remaining value, adjusted by the effect of the positive result of transactions with treasury shares, in the amount of R\$ 317, and to the effect of the recognition of a complementary tax incentive reserve in the amount of R\$ 3,714, corresponding to R\$ 771,240, allocated to the reserve account for investment and expansion.
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