

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

## **PetroRecôncavo S.A.**

Individual and Consolidated  
Financial Statements for the  
Year Ended December 31, 2022 and  
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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

To the Shareholders, Directors and Management of  
PetroRecôncavo S.A.

### **Opinion**

We have audited the accompanying individual and consolidated financial statements of PetroRecôncavo S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2022, and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of PetroRecôncavo S.A. as at December 31, 2022, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

### **Basis for opinion**

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

### **Key audit matters**

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

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### *Revenue recognition from the sale of oil and natural gas*

As described in note 18 to the individual and consolidated financial statements, the Company's and its subsidiaries' revenue derives mainly from the sale of oil and natural gas, recognized when control over each performance obligation is transferred to the customer and can be reliably measured, which normally occurs upon delivery of the product sold. In the year ended December 31, 2022, the Company and its subsidiaries recognized consolidated net revenue of R\$2,976 million.

The accounting for the revenue arising from the sale of oil and natural gas involves processes implemented by the Company's Executive Board that support its recognition and that must address the following risks, among others: (a) revenue must be accounted for after the minimum criteria necessary for its recognition in the Company's normal course of business are met; and (b) the sales revenue amount must be determined based on the terms and conditions set forth in the respective sales contracts. Due to these aspects, the fact that it was considered a significant audit risk and the materiality of the amounts involved, we considered the recognition of the revenue from the sale of oil and natural gas a key audit matter.

Accordingly, our audit procedures included, but were not limited to: (i) understanding the revenue recognition flow, considering the nature of the Company's main revenue lines, the aspects set forth in a contract, among others; (ii) assessing the design, implementation and effectiveness of the relevant internal controls related to the recognition of the revenue from the sale of oil and natural gas; (iii) conducting revenue transaction test, on a sample basis, comparing the amounts recognized with the supporting documentation, as well as whether they were accounted for in the proper accrual period; (iv) performing substantive analytical procedures through analysis of correlation of variables regarding the occurrence, integrity and accuracy of the revenue recognized by the Company, analyzing the fluctuations that are not aligned with our independent expectations; and (v) assessing the disclosures made in the individual and consolidated financial statements.

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

### **Emphasis of matter**

#### *Concentration of petroleum sales revenue in one single customer*

Without modifying our opinion, we draw attention to note 21.3 to the individual and consolidated financial statements, which states that the Company's and its subsidiaries' petroleum sales revenue derives from one single customer, Petróleo Brasileiro S.A. - Petrobras. Consequently, any interpretation or analysis of the individual and consolidated financial statements must take these circumstances into consideration.

## **Other matter**

### *Statements of value added*

The individual and consolidated statements of value added (“DVA”), for the year ended December 31, 2022, prepared under the responsibility of the Company’s Executive Board and disclosed as supplemental information for purposes of the IFRS, were subject to audit procedures performed together with the audit of the Company’s individual and consolidated financial statements. In forming our opinion, we evaluated whether these statements are reconciled with the individual and consolidated financial statements and the accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

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

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

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

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

## **Responsibilities of the Executive Board and Those charged with governance for the individual and consolidated financial statements**

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

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

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

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

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

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

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

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

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

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

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

Salvador, March 22, 2023

  
DELOITTE TOUCHE TOHMATSU  
Auditores Independentes Ltda.

  
Jônatas José Medeiros de Barcelos  
Engagement Partner



BALANCE SHEET AS AT DECEMBER 31, 2022  
(In thousands of Brazilian reais - R\$)

Company						Consolidated					
ASSETS	Notes	12/31/2022	12/31/2021	12/31/2022	12/31/2021	LIABILITIES AND NET EQUITY	Notes	12/31/2022	12/31/2021	12/31/2022	12/31/2021
CURRENT						CURRENT					
Cash and cash equivalents	4	83,601	172,288	361,028	217,159	Suppliers	8	106,430	58,200	352,152	98,708
Short-term investments	4	1,233,639	531,863	1,250,163	585,655	Payroll and related charges		37,850	22,526	60,848	30,563
Trade receivables	5	55,219	34,398	384,180	169,847	Taxes payable		7,397	5,671	124,275	66,995
Inventories		9,340	5,709	11,451	6,552	Loans and financing	9	14,011	1,211	14,011	281,762
Dividends receivable	16	179,502	4,015	-	-	Leases payable		5,596	7,063	20,382	10,486
Recoverable taxes		30,746	20,221	99,243	41,825	Derivative financial instruments	14	-	-	285,183	231,125
Other assets		112,228	12,906	26,539	11,769	Dividends and interest on own capital payable	16	106,416	40,566	106,416	40,566
Total current assets		1,704,275	781,400	2,132,604	1,032,807	Payables for acquisitions	11	-	27,903	405,886	453,318
						Provision for well abandonment	13	-	-	9,724	419
						Other accounts payable		7,847	2,220	12,490	30,588
						Total current liabilities		285,547	165,360	1,391,367	1,244,530
NONCURRENT						NONCURRENT					
Short-term investments	4	-	-	-	69,989	Loans and financing	9	641,570	300	641,570	459,529
Trade receivables	5	947	-	55,917	-	Leases payable		3,613	1,929	7,112	2,421
Recoverable taxes		479	479	68,094	13,374	Taxes payable		6,112	-	6,112	-
Judicial deposits		2,608	2,445	2,608	2,445	Derivative financial instruments	14	-	-	102,409	233,559
Other assets		300	394	836	483	Deferred taxes	10	-	-	6,023	5,672
Deferred taxes	10	28,110	20,692	167,840	222,941	Payables for acquisitions	11	-	-	512,386	809,731
Investments	6	2,293,185	740,117	-	-	Provision for tax, civil and labor contingency risks	12	3,391	3,443	3,726	3,443
PP&E and intangible assets	7	743,197	523,790	4,129,365	3,360,865	Provision for well abandonment	13	32,483	35,920	103,887	84,695
Lease right-of-use assets		10,117	9,448	27,830	12,489	Total noncurrent liabilities		687,169	41,592	1,383,225	1,599,050
Total noncurrent assets		3,078,943	1,297,365	4,452,490	3,682,586						
						NET EQUITY					
						Share capital	15	2,828,170	1,813,936	2,828,170	1,813,936
						Treasury shares		(6,793)	(2,292)	(6,793)	(2,292)
						Capital reserve		43,171	35,176	43,171	35,176
						Profit reserve		1,167,284	297,202	1,167,284	297,202
						Equity valuation adjustment		(255,811)	(306,690)	(255,811)	(306,690)
						Capital transactions		34,481	34,481	34,481	34,481
						Total net equity		3,810,502	1,871,813	3,810,502	1,871,813
TOTAL ASSETS		4,783,218	2,078,765	6,585,094	4,715,393	TOTAL LIABILITIES AND NET EQUITY		4,783,218	2,078,765	6,585,094	4,715,393

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



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2022  
(In thousands of Brazilian reais - R\$, except earnings per share)

	Notes	Company		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
NET REVENUE	18	594,381	327,415	2,975,939	1,040,604
COSTS OF SALES AND SERVICES	19	(409,333)	(241,040)	(1,534,412)	(667,850)
GROSS PROFIT		185,048	86,375	1,441,527	372,754
INCOME (EXPENSES)					
General and administrative	19	(27,137)	(50,136)	(110,377)	(62,844)
Other income (expenses), net	19	37,646	(8,859)	(2,239)	(25,304)
Expected credit losses	5	(5,755)	-	(70,711)	-
Equity in investments	6	957,065	111,758	-	-
Total		961,819	52,763	(183,327)	(88,148)
OPERATING INCOME (EXPENSES)		1,146,867	139,138	1,258,200	284,606
FINANCIAL INCOME					
Financial income	20	37,432	76,304	180,694	107,511
Financial expenses	20	(25,606)	(8,373)	(114,294)	(158,500)
Total		11,826	67,931	66,400	(50,989)
INCOME BEFORE TAXES		1,158,693	207,069	1,324,600	233,617
INCOME TAX AND SOCIAL DISTRIBUTION					
Current		(129)	(28,429)	(329,141)	(74,173)
Deferred		(5,302)	(7,538)	(41,963)	(10,065)
Tax relief - incentive		129	5,797	199,895	27,520
Total	10	(5,302)	(30,170)	(171,209)	(56,718)
NET INCOME		1,153,391	176,899	1,153,391	176,899
Earnings per share- R\$	15	4.231	0.803		
Diluted earnings per share - R\$	15	4.218	0.799		

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





STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In thousands of Brazilian reais - R\$)

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
NET INCOME FOR THE YEAR	1,153,391	176,899	1,153,391	176,899
Hedging instruments	-	-	77,089	(583,880)
Effect of taxes on financial instruments	-	-	(26,210)	198,519
Portions of other comprehensive income of subsidiaries	50,879	(385,361)	-	-
TOTAL COMPREHENSIVE INCOME	<u>1,204,270</u>	<u>(208,462)</u>	<u>1,204,270</u>	<u>(208,462)</u>

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



STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	Share capital	Treasury shares	Capital reserve		Legal reserve	Tax incentives	Profit reserve Reinvestment and expansion reserve	Proposed additional dividends	Equity valuation adjustment		Capital transaction	Retained earnings	Total equity
				Income tax relief incentive	Shares and stock options granted					Cash flow hedge accounting				
BALANCE AS AT DECEMBER 31, 2020		674,941	-	18,501	12,657	23,187	36,423	101,335	-	78,671		34,481	-	980,196
Capital increase	15	1,187,375	-	-	-	-	-	-	-	-	-	-	-	1,187,375
Exercise of stock option		1,600	-	-	-	-	-	-	-	-	-	-	-	1,600
Share issue cost	15	(49,980)	-	-	-	-	-	-	-	-	-	-	-	(49,980)
Share buyback		-	(5,527)	-	-	-	-	-	-	-	-	-	-	(5,527)
Sale of treasury shares		-	3,235	-	-	-	-	-	-	-	-	-	(78)	3,157
Share-based payment plan		-	-	-	4,018	-	-	-	-	-	-	-	-	4,018
Other comprehensive income of subsidiaries	6	-	-	-	-	-	-	-	-	(385,361)	-	-	-	(385,361)
Net income		-	-	-	-	-	-	-	-	-	-	-	176,899	176,899
Legal reserve	15	-	-	-	-	8,845	-	-	-	-	-	-	(8,845)	-
Tax incentive reserve	15	-	-	-	-	-	5,797	-	-	-	-	-	(5,797)	-
Minimum mandatory dividends	15	-	-	-	-	-	-	-	-	-	-	-	(40,564)	(40,564)
Reinvestment and expansion reserve	15	-	-	-	-	-	-	121,615	-	-	-	-	(121,615)	-
BALANCE AS AT DECEMBER 31, 2021		1,813,936	(2,292)	18,501	16,675	32,032	42,220	222,950	-	(306,690)		34,481	-	1,871,813
Capital increase	15	1,034,000	-	-	-	-	-	-	-	-	-	-	-	1,034,000
Exercise of stock option		5,186	-	-	-	-	-	-	-	-	-	-	-	5,186
Exercised option to be paid-in	15	(259)	-	-	-	-	-	-	-	-	-	-	-	(259)
Share issue cost		(24,693)	-	-	-	-	-	-	-	-	-	-	-	(24,693)
Share buyback		-	(8,403)	-	-	-	-	-	-	-	-	-	-	(8,403)
Delivery of shares in treasury		-	3,863	-	-	-	-	-	-	-	-	-	317	4,180
Sale of treasury shares		-	39	-	-	-	-	-	-	-	-	-	-	39
Share-based payment		-	-	-	7,995	-	-	-	-	-	-	-	-	7,995
Other comprehensive income of subsidiary	6	-	-	-	-	-	-	-	-	50,879	-	-	-	50,879
Complementary tax incentive reserve		-	-	-	-	-	3,714	-	-	-	-	-	(3,714)	-
Net income		-	-	-	-	-	-	-	-	-	-	-	1,153,391	1,153,391
Legal reserve	15	-	-	-	-	57,670	-	-	-	-	-	-	(57,670)	-
Tax incentive reserve	15	-	-	-	-	-	11,084	-	-	-	-	-	(11,084)	-
Minimum mandatory dividends	15	-	-	-	-	-	-	-	-	-	-	-	(103,626)	(103,626)
Proposed additional dividends	15	-	-	-	-	-	-	-	26,374	-	-	-	(26,374)	-
Interest on own capital	15	-	-	-	-	-	-	-	-	-	-	-	(180,000)	(180,000)
Reinvestment and expansion reserve	15	-	-	-	-	-	-	771,240	-	-	-	-	(771,240)	-
BALANCE AS AT DECEMBER 31, 2022		2,828,170	(6,793)	18,501	24,670	89,702	57,018	994,190	26,374	(255,811)		34,481	-	3,810,502

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



STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In thousands of Brazilian reais - R\$)

	Notes	Company		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before taxes on income		1,158,693	207,069	1,324,600	233,617
Adjustments to reconcile profit for the year to cash generated by operating activities:					
Interest and foreign exchange differences, net		(5,105)	(52,950)	(96,212)	80,031
Foreign exchange differences on translating cash and cash equivalents		-	-	-	596
Interest and foreign exchange differences on lease operations		654	1,752	1,428	3,161
Depreciation and depletion of PP&E and amortization of intangible assets	7	68,845	69,768	335,027	231,930
Depreciation of right-of-use		5,694	7,441	16,193	18,270
Amortization of borrowing cost	9	65	97	21,874	12,991
Share-based payment		12,171	15,781	12,171	20,171
Equity in investments	6	(957,065)	(111,758)	-	-
Expected credit losses	5	5,755	-	70,711	-
Fair value of hedge in profit or loss	14	-	-	441,631	126,780
Net provisions and reversals for tax, civil, labor and regulatory contingency risks	12	(17)	-	318	-
Adjust of provision for well abandonment	13	4,573	1,340	10,797	6,562
Derecognition of PP&E and leases		71,608	54,112	141,359	155,246
Changes in assets:					
Trade receivables		(27,523)	8,233	(340,961)	(71,061)
Inventories		(3,631)	(5,582)	(4,899)	(5,341)
Recoverable taxes		(10,525)	(7,229)	(112,138)	(19,013)
Judicial deposits		(163)	(208)	(163)	(134)
Other assets		(99,228)	(1,544)	(15,123)	1,049
Changes in liabilities:					
Suppliers		48,230	9,178	253,444	18,619
Payroll and related charges		15,324	462	30,285	46
Taxes payable		5,589	(27,672)	143,996	20,407
Other accounts payable		5,627	1,052	(18,098)	16,227
Payment of tax, civil, labor and regulatory contingencies	12	(35)	(1,522)	(35)	(1,522)
Payment of hedge contracts	14	-	-	(441,631)	(126,780)
Interest paid		(1,455)	(1,194)	(44,683)	(58,405)
Commercial lease interest paid		(654)	(776)	(1,428)	(1,721)
Income tax and social contribution paid		(10,215)	(3,372)	(222,313)	(22,827)
Change in cash resulting from operating activities		287,212	162,478	1,506,150	638,899
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Loans to related parties		-	(8,810)	-	-
Advance for future capital increase and capital increase in subsidiaries	6	(720,611)	(428,278)	-	-
Redemption of short-term investments		(685,102)	(470,374)	(571,477)	(485,872)
Additions to PP&E and intangible assets	7	(368,414)	(195,455)	(1,227,617)	(832,281)
Change in cash resulting from investment activities		(1,774,127)	(1,102,917)	(1,799,094)	(1,318,153)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans raised	9	658,438	60,479	658,438	60,479
Payment of financing	9	(1,317)	(59,152)	(704,675)	(283,203)
Borrowing costs		(14,918)	-	(14,918)	-
Payment of amounts payable for acquisitions	11	(26,214)	-	(273,954)	-
Exercise of stock option	15	4,927	1,600	4,927	1,600
Capital increase	15	1,034,000	1,187,375	1,034,000	1,187,375
Dividends and interest on own capital paid		(205,309)	-	(205,309)	-
Share issue cost		(37,413)	(75,727)	(37,413)	(75,727)
Share buyback		(8,403)	(5,527)	(8,403)	(5,527)
Amortization of lease operations - principal		(5,602)	(9,440)	(16,516)	(20,901)
Sale of treasury shares		39	1,456	39	1,456
Change in cash resulting from financing activities		1,398,228	1,101,064	436,216	865,552
Foreign exchange variation on cash and cash equivalents		-	-	597	-
CHANGE IN CASH AND CASH EQUIVALENTS		(88,687)	160,625	143,869	186,298
Cash and cash equivalents at the beginning of the year	4	172,288	11,663	217,159	30,861
Cash and cash equivalents at the end of the year	4	83,601	172,288	361,028	217,159
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(88,687)	160,625	143,869	186,298

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



STATEMENT OF VALUE-ADDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In thousands of Brazilian reais - R\$)

		Notes	Company		Consolidated	
			12/31/2022	12/31/2021	12/31/2022	12/31/2021
WEALTH CREATION						
Revenue:						
Services	18	-	355,435	-	353,937	
Products	18	665,347	215	3,765,407	982,994	
Other		90,102	288	32,976	5,373	
Expected credit losses	5	(5,755)	-	(70,711)	-	
Total revenue		749,694	355,938	3,727,672	1,342,304	
THIRD PARTY INPUTS AND SERVICES						
Costs of products, goods and services sold		(21,136)	(27,500)	(51,291)	(54,150)	
Materials, energy, outsourced services and other		(146,820)	(82,232)	(824,449)	(181,502)	
Total third party inputs		(167,956)	(109,732)	(875,740)	(235,652)	
GROSS VALUE-ADDED		581,738	246,206	2,851,932	1,106,652	
Depreciation, amortization and depletion	19	(74,539)	(77,209)	(351,220)	(250,200)	
NET WEALTH PRODUCED		507,199	168,997	2,500,712	856,452	
WEALTH RECEIVED IN TRANSFER						
Financial income		37,432	76,304	180,692	107,511	
Equity in investments	6	957,065	111,759	-	-	
Total wealth received in transfer		994,497	188,063	180,692	107,511	
Wealth for distribution		1,501,696	357,060	2,681,404	963,963	
WEALTH DISTRIBUTION						
Personnel:						
Direct remuneration		114,921	69,792	157,598	97,263	
Benefits		29,048	16,025	56,957	28,791	
FGTS		5,107	2,616	9,519	4,636	
Taxes, fees and contributions						
Federal		81,666	56,157	458,917	187,242	
State		9,730	209	424,540	168,268	
Municipal		2,247	13,293	2,247	13,293	
Third-party capital remuneration:						
Rent	19	32,197	12,289	63,066	25,091	
Royalties	19	47,783	1,407	240,876	103,980	
Interest		25,606	8,373	114,293	158,500	
Return on own capital:						
Dividends and interest on own capital		310,000	40,564	310,000	40,564	
Retained earnings		843,391	136,335	843,391	136,335	
WEALTH DISTRIBUTED		1,501,696	357,060	2,681,404	963,963	

The accompanying notes are an integral part of the 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 an “incremental production contract”, with the purpose of executing the revitalization, reactivation and renovation of 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 interests held by Petrobras in the twelve onshore fields that are the subject matter of the “incremental production contract”, which are grouped in another set called the Remanso Cluster and include the fields 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. With the conclusion of the transaction, the “incremental production contract” was terminated.

The Company’s subsidiaries 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”), the activities of which are described below:

### **1.1. Recôncavo**

Recôncavo E&P S.A. was established on March 22, 2004 and a concessionaire for the exploration and production of the Lagoa do Paulo, Lagoa do Paulo Norte, Lagoa do Paulo Sul, Acajá-Burizinho, and Juriti fields, which were acquired in the Brazilian Agency of Petroleum, Natural Gas and Biofuels’ (“ANP”) 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 onshore workover and drilling rigs, and leasing them in Brazil, under the special customs regime for the export and import of goods intended to be used in oil and natural gas prospection and extraction activities, called REPETRO. Such equipment is primarily for use in operations of the Company and subsidiary, nevertheless in periods of reduced usage, may be leased to third parties. In December 2020, Reconcavo America sold its assets to its parent company PetroRecôncavo S.A.. In 2022, the subsidiary held only a cash balance and did not register any transaction apart from foreign exchange variation of the cash and cash equivalent balance.

### **1.3. Potiguar**

Potiguar E&P S.A., headquartered in the city of Mossoró, State of Rio Grande do Norte, was established on June 15, 2018 and is a concessionaire of a set comprising 34 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 from June 2021, and two with and operated by Mandacaru Energia Ltda.

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 km<sup>2</sup> 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, was established on January 12, 2021. On February 24, 2021 SPE Miranga signed a contract for the acquisition of the total equity interest held by Petrobras in nine onshore fields Apraius, Biriba, Fazenda Onça, Jacuipe, Miranga, Miranga Norte, Rio Pipiri, Riacho de São Pedro and Sussuarana, which forms the Miranga Cluster, in the Recôncavo Basin, state of Bahia. The acquisition was concluded on December 6, 2021.

#### **1.5. Corporate Reorganization**

On September 2, 2022, the Company’s Board of Directors approved the proposal for corporate reorganization involving the incorporation by the Company of its subsidiaries SPE Miranga S.A., Recôncavo E&P S.A. and 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 proceedings related to the corporate reorganization. Once all the necessary 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. BASIS FOR THE PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS**

### **2.1 Compliance statement and approval of the financial statements**

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

All significant information that is inherent to the individual and consolidated financial statements, and only such information, is being disclosed and is consistent with that used by Management in accordance with OCPC-07.

Management has, at the time of approving the financial statements, reasonable expectation that the Group has adequate resources to continue as a going concern for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Management approved the issue of the present individual and consolidated financial statements on March 20, 2023

## **2.2 Basis for preparation**

The financial statements have been prepared based on historical cost, unless otherwise stated, as described in the accounting practices.

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

## **2.3 Basis of consolidation and investments in subsidiaries**

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the Company's accounting policies. All intragroup transactions, balances, income and expenses are fully eliminated in the consolidated financial statements.

In the individual financial statements of the Company the financial information of the subsidiaries are recognized using the equity method of accounting. The same adjustments are made in the financial statements of the parent company to present the same net equity and profit or loss for the year in the consolidated financial statements.

## **2.4 Functional currency and foreign currency translation**

Company Management defined the Brazilian real (R\$), as the "Functional Currency", for the Company and 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 financial statements.

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

## **2.5 Statement of Value-Added (“SVA”)**

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

## **2.6 Financial Instruments**

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

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

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

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

As at December 31, 2022 and 2021 the Company held financial instruments classified as at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss - (see Note 14 to the financial statements).

## **2.7 Summary of significant accounting policies**

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

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

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



Standards	Amendments
Amendments to IFRS 3/CPC 15 (R1) References to the Conceptual Framework	The Group adopted the amendments to IFRS 3 (CPC 15 (R1)) Business Combinations for the first time in the current year. Amendments updating IFRS 3 (CPC 15 (R1)) refer, in general, to the 2018 Conceptual Framework instead of the 1989 structure. The amendments to IFRS 3 also include requirements that, for obligations within the scope of IAS 37(CPC 25) Provisions, Contingent Liabilities and Contingent Assets, the acquirer adopt IAS 37 (CPC 25) to determine whether there are any obligations present on the date of acquisition for past events. For levies within the scope of IFRIC 21 (ICPC 21) – Levies, the acquirer adopts IFRIC 21 (ICPC 21) to determine whether the obligating event occurred before the acquisition date.
Amendments to IAS 16/CPC 27 Property, plant and equipment (PP&E) – Proceeds before intended use	The Group adopted amendments to IAS 16 (CPC 27) PP&E for the first time in the current year. The amendments prohibit a company from deducting from the cost of PP&E amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.  The entity measures the cost of these items in accordance with IAS 2 – Inventories (CPC 16). The amendments clarify also the meaning of ‘testing whether the asset is functioning properly’. Currently, IAS 16 (CPC 27) determines this, how to assess whether the technical and physical performance of the asset is such that it may be used in the production or supply of goods or services, lease to third parties or for administrative purposes.  When not presented separately in the statement of comprehensive income, the financial statements shall also disclose the amounts of proceeds and costs included in profit or loss corresponding to items produced that are not an output of the entity’s ordinary activities, and which line item in the statement of comprehensive income includes such proceeds and costs.
Amendments to IAS 37/CPC 25 Onerous Contracts – Costs of Fulfilling a Contract	The Group adopted the amendments to IAS 37/CPC 25 for the first time in the current year. The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor or materials) or an allocation of other costs that relate directly to fulfilling contracts (i.e., allocation of the depreciation charge for a PP&E item used in fulfilling the contract).

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

## 2.9 Amendments to pronouncements in force as of 2023

Standard	Amendments
Amendment to IFRS 10/ CPC 36 (R3) and IAS 28/CPC 18 (R2)	Sale or contribution of assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1/CPC 26 (R1)	Classification of liabilities as current or noncurrent
Amendments to IAS 1/ CPC 26 (R1) and IFRS Policy Declaration 2	Disclosure of Accounting Policies
Amendments to IAS 8/CPC 23	Definition of accounting estimates
Amendment to IAS 12/CPC 32	Deferred taxes related to assets and liabilities arising from a single transaction

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

### 3. USE OF ESTIMATES

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

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

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

Critical assumptions and estimates for the financial statements are listed below:

#### 3.1 Deferred income tax and social contribution

The Company and its subsidiaries recognize deferred assets and liabilities based on the differences between the carrying value presented in the financial statements and the tax base of the assets and liabilities using the rates that are expected to be applicable in the period in which the asset is realized or the liability is settled. The Company and its subsidiaries review on an ongoing basis the deferred taxes in terms of possibility of recovery, considering the historical profit generated or projected future taxable income, in accordance with a technical feasibility study.

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

The Company and its subsidiaries review annually the total volume oil and natural gas reserves. Estimates are certified by the independent appraiser Netherland Sewell & Associates Inc. ("NSAI").

In 2021 the Group reviewed its proven reserves, which began to consider the volumes foreseen to be produced beyond the contractual concession term. The Groups obtained in 2022 the extension of 10 concessions and is presently in the process of renewing various other oil and natural gas exploration concessions with the ANP. The reserves of the Group consider the extension period of up to 27 years, or economic production limit of the fields, whichever the lesser.

The existence of the following factors indicates that the Group is apt for renewal of contractual rights to the concessions: (a) the history of extension of concessions by ANP is favorable; (b) it is expected that all of the required conditions to obtain the extension shall be fulfilled; and (c) there are no significant costs for the extension, when compared to future

economic benefits expected to flow to the Company from such renewal.

Depletion is calculated using the unit-of-production method which consists, in a simplified manner, of the application of the rate corresponding to the ratio between the volume of oil and gas produced and the volume of reserves at the residual cost of each group of oil and natural gas production fields. This methodology is applied to the items “Oil and gas production rights” and “investment for increase in production and drilling of wells” (see Note 7 to the financial statements), that are depleted based on the proven reserve and, proven developed in production, respectively.

### 3.3 Provision for well abandonment

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

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

Well abandonment and area decommissioning costs are recognized as part of the costs of these assets against the provision that will support such expenditure .

The abandonment cost estimates are accounted for taking into account the present value of the obligations, mainly in Brazilian reais, discounted at a risk-free rate. A discount rate of 12.81% p.a. was used and an inflation of 3.43% p.a. for 2022 (2021 12.73% p.a. and 3.55% p.a., respectively).

The estimated abandonment costs are reviewed annually, with the consequent revision of the present value calculation by adjusting the amounts of assets and liabilities already recognized. The annual reviews of the useful lives of the wells are made based on the reserves report issued annually by the Company’s independent reserves certifiers. The review of estimates occurred in the year are the result of the revision of the useful lives and a reduction of the abandonment cost of each well.

The calculations of the mentioned estimates are complex and involve significant judgement, considering that: (i) obligations will occur on the long-term; (ii) contracts and regulations have subjective descriptions of the decommissioning and restoration practices and of the criteria to be fulfilled at the time of the effective decommissioning and restorations; and (iii) technologies and costs for decommissioning assets suffer constant alterations, as well as environmental and safety regulations.

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

### 3.4 Impairment

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

Analyses are performed to identify circumstance that could require impairment assessment of long-term assets and measurement of potential deterioration rate. Assets are grouped and assessed according to possible deterioration, based on future projected cash flows

discounted from each cash generating unit (group of oil and natural gas production fields), during the estimated remaining useful lives of the assets, in accordance with new events or new circumstances. In this case, impairment loss is recognized based on the amount in which the carrying value exceeds the probable recovery value of a long-term asset.

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

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

### 3.5 Fair value of derivative financial instruments

Derivatives are initially recognized at the fair value on the date on which the derivative contracts are signed and are subsequently remeasured at their fair value at the end of each reporting period. Information related to this matter is presented under Note 14 to the financial statements.

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

The fair value of the share-based compensation on the date they are awarded is measured based on available market prices, considering the terms and conditions in which the equity instruments were granted. Other information on the premises adopted and pricing used, when applicable, are detained under Note 15.7 to the financial statements.

## 4. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

### Accounting policy

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

### 4.1 Cash and cash equivalents

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Bank checking accounts	19,548	2,372	42,480	14,176
Short-term investments and Bank Deposit Certificates	64,053	169,916	318,548	202,983
Total	83,601	172,288	361,028	217,159

Short-term investments refer to fixed-income transaction (CDB – Bank Deposit Certificates and repo operations), indexed between 70.0% and 102.50% of the Interbank Deposit Certificate rates (CDI) (70% to 102.5% in 2021) maintained by top tier banks, as per Note 21.3 to the financial statements, having ratings of between brAA and brAAA (or similar), based on one of the three most renown rating agencies worldwide (S&P, Fitch or Moody). The Company and its subsidiaries can immediately redeem these investments without any fee or restriction and their market values do not differ from the amounts recognized in books.

## 4.2 Short-term investments

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Short-term investments	1,233,639	531,863	1,250,163	655,644
Total	<u>1,233,639</u>	<u>531,863</u>	<u>1,250,163</u>	<u>655,644</u>
Current	1,233,639	531,863	1,250,163	585,655
Noncurrent	-	-	-	69,989

Short-term investments refer mainly to investments in Exchange Funds indexed to the U.S. dollar quotation. Management opted to invest part of the funds obtained from its Initial Public Offering of Shares (IPO) and subsequent offer of shares (follow-on) in this kind of investment as a manner of protection against the exchange variation, due to the fact that the remaining payments to Petrobras for the acquisitions of assets are denominated in U.S. dollars.

These funds are split among three top tier financial institutions: Itaú, Santander and XP. In 2022, the Exchange Funds varied, on average, -3.1% while the Ptax presented a variation of -6.5%.

## 5. TRADE RECEIVABLES

### Accounting policy

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

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Petrobras S.A.	46,502	34,398	378,830	169,847
Companhia de Gás da Bahia - Bahiagás	5,066	-	76,848	-
PBGÁS – Companhia Paraibana de Gás	-	-	5,272	-
Potigás – Companhia Potiguar de Gás	-	-	12,369	-
Companhia Nacional Gás	-	-	7,596	-
Companhia de Gás do Ceará - Cegas	-	-	4,486	-
3R Petroleum Oleo e Gas S.A.	10,123	-	10,123	-
Proquigel S.A.	230	-	3,196	-
Transportadora de Gás S.A.	-	-	5,669	-
Companhia Ultragaz S A.	-	-	6,419	-
Gross trade receivables	<u>61,921</u>	<u>34,398</u>	<u>510,808</u>	<u>169,847</u>
(-) Expected credit loss	(5,755)	-	(70,711)	-
Total trade receivables	<u>56,166</u>	<u>34,398</u>	<u>440,097</u>	<u>169,847</u>
Current	55,219	34,398	384,180	169,847
Noncurrent	947	-	55,917	-

The Company is currently under discussion with Petrobras in relation to possible discrepancies in the credit values obtained from natural gas liquids (NGL) from the

processing of the gas at the UTG Catu, supported by Swap agreements between Petrobras and the Company and its subsidiary Miranga. Accordingly, the Group no longer registered as income part of the credits to which it has the right to contractually, and recognized a provision for loss in receivables of part of the revenue from the Agreement, until an understanding is reached with Petrobras. As at December 31, 2022 the Group recognized the amount of R\$70,711 as Expected Credit Loss (ECL).

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

Trade receivables are classified as financial assets assessed at amortized cost. Invoices are issued against clients with average maturities of 30 to 50 days. Further than receivables from the Swap Agreement mentioned above, the Company and its subsidiaries do not have past due notes in trade receivables.

## 6. INVESTMENTS

Information on investees	Base date	Share in paid-in capital %	Capital	Total assets	Total liabilities	Net equity	Gross revenue	Net profit (loss)
Recôncavo E&P S.A.	12/31/2022	100	6,561	26,841	5,671	21,171	15,844	6,052
Recôncavo America LLC	12/31/2022	100	9,241	26,324	-	26,324	-	(609)
Potiguar E&P S.A.	12/31/2022	100	1,216,009	2,407,690	974,505	1,433,185	1,943,724	553,466
SPE Miranga S.A.	12/31/2022	100	381,536	1,953,216	1,134,459	818,756	1,185,362	396,069
Recôncavo E&P S.A.	12/31/2021	100	6,561	20,418	4,142	16,276	14,286	5,311
Recôncavo America LLC	12/31/2021	100	9,242	26,931	-	26,931	-	29
Potiguar E&P S.A.	12/31/2021	100	622,009	2,049,900	1,700,933	348,967	951,753	102,065
SPE Miranga S.A.	12/31/2021	100	344,101	1,327,310	971,031	356,279	15,242	12,692

Changes in Investments	Recôncavo	Reconcavo America (iii)	Potiguar	SPE Miranga	Total
Balance as at December 31, 2020	11,662	26,904	521,437	-	560,003
Net equity	5,311	(8,309)	102,064	12,692	111,758
Cancellation of dividends (i)	304	-	-	-	304
Minimum mandatory dividends	(1,001)	-	-	(3,014)	(4,015)
Equity valuation adjustment	-	-	(385,361)	-	(385,361)
Advance for future capital increase (iv)	-	-	14,000	2,500	16,500
Capital increase (ii)	-	-	96,827	344,101	440,928
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 (ii)	-	-	594,000	37,435	631,435
Advance for future capital increase (iv)	-	-	(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

- (i) As mentioned under Note 9 to the financial statements, the financing contract obtained with the purpose of financing part of the acquisition of the Riacho da Forquilha Cluster, forbids the payment of dividends by the Company and its subsidiaries resulting from the profit obtained or other cash balances obtained during the fiscal year 2020. Considering these restrictions, Management of the Company recommended to the shareholders to vote for canceling the minimum mandatory dividends mentioned above. As at December 31, 2020 the subsidiary Recôncavo established minimum mandatory dividends in the amounts of R\$304. Such dividends were cancelled in the respective General Shareholders' Meeting in 2021.

- (ii) Potiguar

During the year ended December 31, 2021 there were 96,826,947 (ninety six million, eight hundred and twenty-six thousand, nine hundred and forty -seven) common nominal shares without par value issued, at a subscription price of R\$ 1.00 (one Brazilian real) per share.

In the extraordinary general shareholders' meeting held on September 30, 2022, there were 594,000,000 (five hundred and ninety-four million) common nominal shares without par value issued, at a subscription price of R\$ 1.00 (one Brazilian real) per share.

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

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

Miranga

During the year ended December 31, 2021 there were 344,101,587 (three hundred and forty-four million, one hundred and one thousand, five hundred and eighty-seven) common nominal shares of the investee SPE Miranga issued at a subscription price of R\$1.00 (one Brazilian real) per share;

In the extraordinary general shareholders' meeting held on September 30, 2022 there were 37,435,013 (thirty-seven million, four hundred and thirty-five thousand and thirteen) common nominal shares issued, at a subscription price of R\$ 1.00 (one Brazilian real) per share.

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

- (iii) Equity in investments of the subsidiary Reconcavo America for the year ended December 31, 2022 and 2021 include the elimination of the balance related to unrealized profit between related parties.
- (iv) Refers to advance for future capital increase in the subsidiaries Potiguar and SPE Miranga.



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

### Accounting policy

#### a) Property, plant and equipment

Buildings, construction in progress, furniture and fixtures, equipment are stated at cost, less any accumulated depreciation and impairment loss. Borrowing costs, when applicable, are capitalized. Constructions in progress are classified under the adequate categories of property plant and equipment when concluded and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use on the same basis as other property, plant and equipment. Land is stated at cost value and is not depreciated.

Expenses with exploration and development of oil and gas production are registered in accordance with the successful efforts method and include estimates of well abandonment costs that are registered considering the present value of such obligations for future payments (see Note 13 to the financial statements). This method determines that the costs for incrementing production and the drilling costs of exploratory wells that are successful, linked to economically feasible reserves, be capitalized, while costs with geology and geophysics, incurred before determining the economic feasibility of the reserve, must be considered as expenses for the period in which they were incurred; and costs with dry exploratory wells and those linked to non-commercial reserves must be registered under profit or loss when identified as such.

‘Oil and gas production rights’ and ‘investments for increase in production and well drilling’ line items are depleted based on the method of units produced, described under Note 3 to the financial statements. Depreciation and amortization of other assets are recognized based on the estimated useful life of each asset using the straight-line method, in such a manner that the cost value less the residual value after its useful life is fully written-off (with the exception of land, constructions in progress). The estimated useful lives, residual values and depreciation methods are reviewed at each balance sheet date and the effect of any changes in the estimates is accounted for on a prospective basis.

An item of property, plant and equipment is written-down upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### b) Intangible assets

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

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

#### c) Impairment losses

The Company and its subsidiaries analyze on an annual basis any indication of possible impairment loss of investment to increase production and well drilling, pursuant to the assumptions described under Note 3 to the financial statements. As at December 31, 2022 and 2021, the Company did not identify any indication of impairment of its assets.

## 7.1 Changes in Property Plant and Equipment

Company	Balance 12/31/2020	Additions	Write-off (vi)	Transfer	Balance 12/31/2021	Additions	Write-off (vi)	Transfer	Balance 12/31/2022
<b>Cost - PP&amp;E</b>									
Land	80	-	-	-	80	-	-	-	80
Property and constructions	7,805	85	-	1,275	9,165	868	-	-	10,033
Machinery and equipment	33,175	2,541	(111)	4,524	40,129	14,393	(306)	14,845	69,061
Furniture and fixtures	11,277	1,174	-	437	12,888	2,326	-	28	15,242
Vehicles	3,387	-	(434)	151	3,104	350	-	-	3,454
Computers and peripherals	2,353	414	-	133	2,900	743	(70)	30	3,603
Investment for increased production and well drilling (i)	883,679	38,843	(28)	12,128	934,622	64,758	-	6,908	1,006,288
Provision for well abandonment	-	23,666	-	-	23,666	-	(8,010)	-	15,656
Oil and gas production rights (ii)	-	79,880	-	20,629	100,509	-	(4,880)	-	95,629
Advance for acquisition of oil and gas production rights (iii)	20,629	-	-	(20,629)	-	30,431	-	-	30,431
Capital asset inventories (iv)	31,793	76,327	(52,243)	(12,142)	43,735	140,944	(56,843)	(7,204)	120,632
Advance for acquisition of fixed assets	1,988	16,930	(37)	-	18,881	57,350	(10,959)	-	65,272
PP&E in progress (v)	2,236	15,507	(1,645)	(7,529)	8,569	53,317	-	(14,790)	47,096
<b>Total</b>	<b>998,402</b>	<b>255,367</b>	<b>(54,498)</b>	<b>(1,023)</b>	<b>1,198,248</b>	<b>365,480</b>	<b>(81,068)</b>	<b>(183)</b>	<b>1,482,477</b>
<b>Depreciation, amortization and depletion</b>									
Property and constructions	(4,460)	(579)	-	-	(5,039)	(723)	-	-	(5,762)
Machinery and equipment	(9,995)	(4,109)	103	-	(14,001)	(5,945)	837	-	(19,109)
Furniture and fixtures	(6,819)	(856)	-	-	(7,675)	(1,118)	1	-	(8,792)
Vehicles	(1,970)	(271)	283	-	(1,958)	(246)	-	-	(2,204)
Computers and peripherals	(1,161)	(282)	-	-	(1,443)	(350)	68	-	(1,725)
Investment for increased production and well drilling (i)	(587,905)	(62,701)	-	-	(650,606)	(50,090)	-	-	(700,696)
Provision for well abandonment	-	-	-	-	-	(2,897)	-	-	(2,897)
Oil and gas production rights - Amortization	-	(75)	-	-	(75)	(6,055)	-	-	(6,130)
<b>Total</b>	<b>(612,310)</b>	<b>(68,873)</b>	<b>386</b>	<b>-</b>	<b>(680,797)</b>	<b>(67,424)</b>	<b>906</b>	<b>-</b>	<b>(747,315)</b>
<b>Cost - Intangible assets</b>									
Software	8,649	1,604	-	1,023	11,276	2,934	-	183	14,393
<b>Amortization</b>									
Software	(4,042)	(895)	-	-	(4,937)	(1,421)	-	-	(6,358)
<b>Total PP&amp;E and intangible assets</b>	<b>390,699</b>	<b>187,203</b>	<b>(54,112)</b>	<b>-</b>	<b>523,790</b>	<b>299,569</b>	<b>(80,162)</b>	<b>-</b>	<b>743,197</b>

Consolidated	Balance 12/31/2020	Additions	Write-off	Transfer	Balance 12/31/2021	Additions	Write-off	Transfer	Balance 12/31/2022
<b>Cost - PP&amp;E</b>			(vi)				(vi)		
Land	105	-	-	-	105	-	-	-	105
Property and constructions	13,121	953	-	1,275	15,349	1,174	(7)	4,726	21,242
Machinery and equipment	43,503	7,862	(11,089)	4,524	44,800	21,934	(1,312)	18,031	83,453
Furniture and fixtures	13,105	5,456	-	1,182	19,743	4,494	(35)	(494)	23,708
Vehicles	3,536	680	(434)	151	3,933	1,890	-	-	5,823
Computers and peripherals	3,060	2,020	-	(613)	4,467	1,020	(70)	831	6,248
Investment for increased production and well drilling (i)	950,147	153,686	(279)	29,658	1,133,212	482,759	-	163,151	1,779,122
Provision for well abandonment	24,153	45,435	-	-	69,588	25,710	(8,010)	-	87,288
Oil and gas production rights (ii)	1,237,215	1,580,644	-	81,176	2,899,035	-	(4,880)	-	2,894,155
Exploratory expenses	-	-	-	-	-	3,766	-	-	3,766
Advance for acquisition of oil and gas production rights (iii)	20,628	60,548	-	(81,176)	-	30,431	-	-	30,431
Capital asset inventories (iv)	55,413	226,671	(122,879)	(29,672)	129,533	529,176	(137,130)	(157,457)	364,122
Advance for acquisition of fixed assets	5,686	21,891	(325)	-	27,252	76,136	-	(7,031)	96,357
PP&E in progress (v)	6,982	24,640	(10,180)	(7,529)	13,913	71,812	-	(21,940)	63,785
<b>Total</b>	<b>2,376,654</b>	<b>2,130,486</b>	<b>(145,186)</b>	<b>(1,024)</b>	<b>4,360,930</b>	<b>1,250,302</b>	<b>(151,444)</b>	<b>(183)</b>	<b>5,459,605</b>
<b>Depreciation, amortization and depletion</b>									
Property and constructions	(6,104)	(742)	-	-	(6,846)	(791)	-	-	(7,637)
Machinery and equipment	(12,133)	(2,886)	501	-	(14,518)	(5,685)	1,638	-	(18,565)
Furniture and fixtures	(6,928)	(1,095)	-	-	(8,023)	(1,975)	36	-	(9,962)
Vehicles	(1,970)	(270)	283	-	(1,957)	(486)	-	-	(2,443)
Computers and peripherals	(4,164)	(1,004)	-	-	(5,168)	(603)	68	-	(5,703)
Investment for increased production and well drilling	(609,604)	(88,959)	-	-	(698,563)	(150,427)	-	-	(848,990)
Provision for well abandonment	(3,658)	(4,034)	-	-	(7,692)	(13,013)	-	-	(20,705)
Oil and gas production rights - Amortization	(135,181)	(132,560)	-	-	(267,741)	(160,491)	-	-	(428,232)
<b>Total</b>	<b>(779,742)</b>	<b>(231,550)</b>	<b>784</b>	<b>-</b>	<b>(1,010,508)</b>	<b>(333,471)</b>	<b>1,742</b>	<b>-</b>	<b>(1,342,237)</b>
<b>Cost - Intangible assets</b>									
Software	9,195	1,789	-	1,024	12,008	3,025	(172)	183	15,044
<b>Amortization</b>									
Software	(1,185)	(380)	-	-	(1,565)	(1,556)	74	-	(3,047)
<b>Total PP&amp;E and intangible assets</b>	<b>1,604,922</b>	<b>1,900,345</b>	<b>(144,402)</b>	<b>-</b>	<b>3,360,865</b>	<b>918,300</b>	<b>(149,800)</b>	<b>-</b>	<b>4,129,365</b>

- (i) The “investment for increase in production” corresponds to motors, transformers, equipment or sundry expenses used in wells or surface facilities with the aim of increasing production or recoverable reserves. Well drilling refers to the capitalization of expenses incurred in drilling new wells in fields with proven commerciality. The depreciation of these assets and the depletion of expenses are calculated using the present production percentage in relation to proven reserves developed in the production of each field. Total reserve assessment as at December 31, 2022 and 2021 was performed by an independent *Netherland Sewell & Associates, Inc.*
- (ii) The “oil and gas production right” represents the acquisition cost of concessions for the exploration of oil and natural gas fields

#### PetroRecôncavo –Remanso Cluster

On December 23, 2020, the Company entered into an agreement to acquire the total equity interests held by Petrobras in the twelve onshore fields that are the subject matter of the “incremental production contract”, which are grouped in another set called the Remanso Cluster and include the fields 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.

The acquisition price was of US\$30.0 million. Of this amount: (i) US\$4.0 million, equivalent to R\$20.6 million, was paid on the signing date, December 23, 2020; (ii) US\$21.0 million less the cash generation of the asset, since July 2020 up until the transaction closing date, which totaled US\$7.6 million, equivalent to R\$41.5 million, paid on December 22, 2021, the transaction closing date. As part of the price adjustment, the Company reclassified receivables from Petrobras, in the amount of R\$9,947 related to contractual revenue not received between the signature date of the contract and the conclusion of the transaction; and (iii) US\$5.0 million paid in December 2022. The total value registered in the asset related to the acquisition, after all of the contractual adjustments of the asset was of R\$95,629.

#### Recôncavo –Remanso Cluster

The onshore blocks BT-REC-10 and BT-REC-14 were acquired through the 4<sup>th</sup>, 6<sup>th</sup> and 9<sup>th</sup> 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 signed and Purchase and Sale Agreement for the acquisition of the equity interest of Petrobras in a set of 34 onshore oil and natural gas production fields, called “Riacho da Forquilha Cluster”, located in the Potiguar Basin, in the state of Rio Grande do Norte. Upon the closing of the transaction, the group registered the amount of R\$1,235,967 as long-term asset. In 2021, the Group registered the amount of R\$313,805 related to the remaining portion payable to Petrobras, see Note 11 to the financial statements. The total recognized 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 acquisition of the total equity interest held by Petrobras in nine onshore fields Apraius, Biriba, Fazenda Onça, Jacuipe, Miranga, Miranga Norte, Rio Pipiri, Riacho de São Pedro and Sussuarana, which forms the Miranga Cluster, in the Recôncavo Basin, state of Bahia. The acquisition was concluded on December 6, 2021.

The recognized amount of the asset was of R\$1,247,506, of which: (i) R\$60,548 (US\$11.0 million) was paid on the signing date; (ii) R\$247,919 (US\$44.0 million) paid on the closing of the transaction,

December 6, 2021; (iii) R\$105,676 (US\$20.3 million) paid in December 2022; iv) R\$ 761,792 refer to the portions payable, as described under Note 11 to the financial statements.

- (iii) The amounts added in 2022 under “advance for the acquisition of oil and gas production rights” refers to advances requested by Petrobras in order to begin the negotiation of the terms and conditions for the potential acquisition of the total equity interest of Petrobras in a set of concessions of onshore fields of exploration and production and associated installations (Bahia Terra Cluster), located in the Recôncavo and Tucano Clusters, state of Bahia, Brazil. The amounts in 2021 refer to concluded transactions and transferred to the line “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’. 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 for increase in production’
- (v) Property, plant and equipment in progress represent property, plant and equipment items in process of construction or transport that are not yet ready for use
- (vi) Write-down of amounts recognized in the item “capital asset inventories” represents, mainly, motors, production equipment and sundry materials used in repair and maintenance activities and recognized in the cost of services rendered and products sold.

## 7.2 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.

## 8. SUPPLIERS

### Accounting policy

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

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
In local currency	74,054	32,464	336,451	88,206
In foreign currency	10,579	4,217	14,450	10,194
Related parties (Note 15)	21,797	21,519	1,251	308
Total	<u>106,430</u>	<u>58,200</u>	<u>352,152</u>	<u>98,708</u>

## 9. LOANS AND FINANCING

### Accounting policy

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

Borrowings	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
FINEP	331	1,648	331	1,647
Bank loans	670,168	-	670,168	762,081
Costs to amortize	(14,918)	(137)	(14,918)	(22,437)
Total	655,581	1,511	655,581	741,291
Total current	14,011	1,211	14,011	281,762
Total noncurrent	641,570	300	641,570	459,529

## 9.2 Changes in borrowings

Changes in borrowings	Company	Consolidated
Balance as at December 31, 2020	2,734	894,040
Additions	60,479	60,479
Payment of principal	(59,145)	(283,210)
Interest paid	(1,194)	(58,399)
Interest provisioned	1,250	55,574
Amortization of acquisition cost	97	12,991
Exchange variation	(2,703)	59,816
Balance as at December 31, 2021	1,511	741,291
Additions	658,438	658,438
Acquisition cost	(14,918)	(14,918)
Payment of principal	(1,317)	(704,675)
Interest paid	(81)	(41,581)
Interest provisioned	12,995	45,722
Amortization of acquisition cost	65	21,874
Exchange variation	(1,112)	(50,570)
Balance as at December 31, 2022	655,581	655,581

Borrowing per currency	Company		Consolidated	
	R\$	US\$	R\$	US\$
Analysis of borrowings per currency				
December 31, 2021				
FINEP	1,511	-	1,511	-
Bank loans	-	-	-	132,541
December 31, 2022				
FINEP	304	-	304	-
Bank loans	-	125,587	-	125,587

The maturities of noncurrent loans are presented below:

Noncurrent loans	Consolidated
2024	90,990
2025	89,056
2026	88,921
2027	372,603
Total	641,570

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 disclosed in the financial statements as at December 31, 2021.

On February 19, 2021 the Company, through its subsidiary SPE Miranga S.A., signed a contract for the purchase of 100% of the equity interest of Petrobras in 9 (nine) onshore fields. With the purpose of financing part of the payment, the Company signed an International Loan Contract, AGE1187904 with the financial institution Itaú Unibanco S.A. Nassau Branch, in the total amount of US\$11,000, with fixed interest rate of 3.7225%. The loan was fully settled in 2021.

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 by December 31, 2019 totaled US\$195,428. The loan was fully settled in 2022.

In September 27, 2022 the Company obtained a loan of US\$126,000, with the purpose of: (i) simplifying covenants and guarantees, flexibilization hedge commitments, permitting corporate reorganization announced on September 4, 2022 and the release of all collateral (pledge of shares, concession rights, assets, etc.); (ii) reduce borrowing costs with lower interest rates; and (iii) extend the debt, rescheduling the present amortization rhythm. The creditor financial institutions, led by Banco Itaú BBA, were Banco Santander (Brazil) S.A. and Banco Safra S.A.

The financing shall have maturity in 60 months as of the date of signature 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.

The operating subsidiaries also participate in the contract as Guarantors.

The financing covenants are described below:

- a) On the last day of each fiscal quarter, the leverage ratio (net debt to EBITDA) of the Company shall 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) shall not be less than 1.50;
- c) At any time, Free Cash (Cash and Cash Equivalents and Short-term investments, including Exchange Funds) of the Company shall not be of less than R\$100,000

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

For the years ended December 31, 2022 and 2021, the Company complied with its covenants.

## 10. INCOME TAX AND SOCIAL CONTRIBUTION

### Accounting policy

#### a) Current income tax and social contribution

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

Provisions for income tax and social contribution were registered at the rate of 15% (fifteen percent), plus a surtax of 10% (ten percent) and 9% (nine percent), respectively, on the accounting profit adjusted by additions and exclusions admitted by the tax legislation, less the reduction incentives mentioned below.

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

Government subventions are not recognized until there is reasonable assurance that the Company will comply with the related conditions and that the subventions will be received.

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

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

- Company

The Company benefits from 75% (seventy-five percent) tax incentive on income tax payable over profit or loss of its operations, limited to the oil production capacity of 369,984 m<sup>3</sup>/year and natural gas production capacity of 37,594,224 m<sup>3</sup>/year, up until the year 2028.

- Subsidiaries

The subsidiary Recôncavo benefits from a 75% (seventy-five percent) tax incentive on income tax payable over profit or loss of its operations, limited to the oil production capacity of 96,000 barrels/year, up until the year 2024.

The subsidiary Potiguar benefits from a 75% (seventy-five percent) tax incentive on income tax payable over profit or loss of its operations, limited to the oil production capacity of 635,772 m<sup>3</sup>/year and natural gas production capacity of 157,678,680 m<sup>3</sup>/year, up until the year 2029.

The subsidiary SPE Miranga S.A. benefits from a 75% (seventy-five percent) tax incentive on income tax payable over profit or loss of its operations, limited to the oil production capacity of 186,960 m<sup>3</sup>/year and natural gas of 650,257,860 m<sup>3</sup>/year, up until the year 2031.

#### c) Deferred income tax and social contribution:

Deferred income tax and social contribution (“deferred taxes”) are recognized over temporary differences at the end of each reporting period between the balance of assets and liabilities recognized



in the financial statements and the corresponding tax bases used in the calculation of the taxable income, including the balance of tax losses, when applicable. Deferred tax liabilities are generally recognized over all taxable temporary differences and the deferred tax assets are recognized over all deductible temporary differences, only when it is probable that the Company will present future taxable income in sufficient amounts for the use of such deductible temporary differences.

Deferred tax assets and liabilities are recognized over taxable temporary differences associated to investments in subsidiaries, except when the Company and its subsidiaries are capable of controlling the reversal of the temporary differences and when it is probable that such reversal shall not occur in a foreseeable future. These are classified as noncurrent, independently of the perspective of realization of the balances.

The recovery of the balance of deferred taxes is reviewed at the end of each reporting period and, when it is no longer probable that future taxable income will be available to permit the complete recovery of the asset, or part of the asset, the balance of the asset is adjusted by the amount expected to be recovered.

Deferred taxes and liabilities are measured at the rates applicable in the year in which it is expected that the liability shall be settled or the asset realized, based on the rates provisioned in the tax legislation prevailing at the end of each reporting period, or when a new legislation is substantially approved.

### 10.1 Income tax and social contribution on profit or loss

The income tax (IR) and social contribution (CSLL) amounts affecting profit and loss for the reporting of the current year are demonstrated below:

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Net income before IR and CSLL	1,158,693	207,069	1,324,600	233,617
Combined IR and CSLL tax rate	34%	34%	34%	34%
IR and CSLL according to the legislation	(393,956)	(70,403)	(450,364)	(79,430)
Equity in investments (a)	325,402	37,998	-	-
Rate difference of deferred taxes (b)	654	-	12,270	-
Interest on own capital	61,200	-	61,200	-
Other	(2,456)	(3,562)	2,065	(4,808)
Deemed ICMS credit	3,725	-	3,725	-
Reduction - tax incentive	129	5,797	199,895	27,520
Income tax and social contribution	<u>(5,302)</u>	<u>(30,170)</u>	<u>(171,209)</u>	<u>(56,718)</u>

- (a) According to Law 12973 of May 13, 2014 as of January 1, 2020 the profit of the subsidiary Reconcavo America began to be calculated in the determination of the taxable income and calculation base of the CSLL of the Company.
- (b) Refers to the difference between the nominal and the effective rate resulting from the Sudene tax benefit on foreign exchange temporary differences which as of 2022 began to be taxed by the cash basis.

## 10.2 Deferred income tax and social contribution on the balance sheet

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Assets</b>				
Provision for well abandonment	2,011	4,052	6,513	6,217
Derivative financial instruments	-	-	131,781	157,992
Tax loss/tax loss carryforward	13,472	13,267	13,472	46,088
Unrealized foreign exchange variation	-	-	15	-
Provisions and other temporary differences	17,932	8,153	45,764	17,880
<b>Total</b>	<b>33,415</b>	<b>25,472</b>	<b>197,545</b>	<b>228,177</b>
<b>Liabilities</b>				
CPC adoption (PP&E) (a)	4,116	4,780	4,188	4,890
Accelerated depletion	-	-	20,968	-
Unrealized foreign exchange variation	1,189	-	10,572	6,018
<b>Total</b>	<b>5,305</b>	<b>4,780</b>	<b>35,728</b>	<b>10,908</b>
<b>Total deferred IR and CSLL</b>	<b>28,110</b>	<b>20,692</b>	<b>161,817</b>	<b>217,269</b>
<b>Total deferred tax assets</b>	<b>28,110</b>	<b>20,692</b>	<b>167,840</b>	<b>222,941</b>
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>6,023</b>	<b>5,672</b>

(a) Refers to temporary differences between the accounting and tax bases, due to the IFRS adjustments of the financial statements of the Company

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

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

	Company	Consolidated
2023	24,767	30,567
2024	3	96,972
2025	3	34,829
2026	3	10
2027 onward	8,639	35,167
<b>Total</b>	<b>33,415</b>	<b>197,545</b>

## 11. PAYABLES FOR ACQUISITIONS

### Accounting policy

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

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

The amounts classified as at fair value through profit or loss were measured based on the contractual values that define price ranges in accordance with the average Brent rate of the year of payment. The Group used the Brent Futures Curve to estimate the contractual values to be provisioned. On the reporting date the average Brent price for the years 2022, 2023 and 2024 would result in the complete

payment of the contingent liability and, accordingly, the whole amount was provisioned. The Group reviews these estimates on a quarterly basis and any difference is recognized against profit or loss for the current year.

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Current				
<u>Remanso Cluster</u>				
Amortized cost	-	27,903	-	27,903
<u>Potiguar Cluster</u>				
Amortized cost	-	-	156,482	313,805
<u>Miranga Cluster</u>				
Amortized cost	-	-	105,919	111,610
Fair value through profit or loss	-	-	143,485	-
Total current	-	27,903	405,886	453,318
Noncurrent				
<u>Miranga Cluster</u>				
Amortized cost	-	-	212,368	335,388
Fair value through profit or loss	-	-	300,018	474,343
Total noncurrent	-	-	512,386	809,731
Total	-	27,903	918,272	1,263,049
Total in US\$	-	5,000	179,432	228,344

Changes in payables for acquisitions	Company	Consolidated
Balance as at December 31, 2020	-	-
Additions	28,455	1,281,300
Foreign exchange variation	(552)	(18,251)
Balance as at December 31, 2021	27,903	1,263,049
Appropriated 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

#### a) Remanso Cluster

As described under Note 1 to the financial statements, on December 23, 2020 the Company signed a contract for the acquisition of the total participation of Petrobras in the 12 onshore fields, object of the “incremental production contract”, grouped in another set called the Remanso Cluster. The remaining amount payable for 2021 of this transaction was of US\$ 5.2 million and was paid in December 2022.

#### b) Potiguar Cluster

On April 25, 2019 the subsidiary Potiguar signed a purchase and sale agreement for the acquisition of the participation of Petrobras in a set of 34 onshore oil and natural gas production fields, called the “Riacho da Forquilha Cluster”, in the state of Rio Grande do Norte. The acquisition was concluded on December 9, 2019, after approval by the regulatory authorities.

The subsidiary should pay to Petrobras the remaining balance corresponding to 16% of the adjusted acquisition value, or, approximately US\$56 million, conditioned to the extension of the concessions of eleven of the 34 fields acquired.

The process for the extension of the concessions involves the presentation to Brazilian Oil Agency - ANP (*Agência de Petróleo, Gás Natural e Biocombustíveis*) of Development Plans demonstrating an investment plan and feasible production beyond the present contractual period. On March 5, 2020, Potiguar presented to ANP the Development Plans for the eleven fields. The assessment process of the extensions is managed by the ANP's Superintendence of Development and Production, which judges the development strategy presented, the physical-financial schedule of the production development projects, the increase in productive capacity of the installations, financial provisions for decommissioning and abandonment of the installations, among other matters.

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

During 2022, the Subsidiary disbursed approximately US\$31 million related to the extension of the concessions Lorena, Baixa do Algodão, Boa Esperança, Fazenda Malaquias, Leste de Poço Xavier, Brejinho, Cachoeirinha, Fazenda Curral and Pajeú.

As at December 31, 2022 the remaining balance corresponds to 8.3% of the adjusted acquisition value, as demonstrated below:

Field	Percentage
Livramento	1.8%
Riacho da Forquilha	6.5%
Total	8.3%

### c) Miranga Cluster

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

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

#### 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 could pay up to US\$ 85 million in contingent payments provisioned for in the contract. These are indexed to the average Brent price in the calendar years 2022, 2023 and 2024. As at December 31, 2022 and 2021, the Subsidiary had registered the maximum possible amount of the liability. Each installment, if owed, shall be paid in March of each year subsequent to the determination.

## **12. PROVISION FOR TAX, CIVIL, LABOR AND REGULATORY CONTINGENCY RISKS**

### Accounting policy

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

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

### **12.1 Probable loss – labor and tax**

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

	<b>Company</b>		<b>Consolidated</b>	
	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Labor claims	2,265	2,416	2,600	2,416
Tax claims	1,126	1,027	1,126	1,027
<b>Total</b>	<b>3,391</b>	<b>3,443</b>	<b>3,726</b>	<b>3,443</b>

The Company is a party to 63 labor claims (44 as at December 31, 2021), of which 30 (21 as at December 31, 2020) are classified as of probable loss. Most of these labor claims are related to outsourced companies, where PetroReconcavo appears as a jointly and severally liable party in the process.

<b>Changes in provisions</b>	<b>Company</b>	<b>Consolidated</b>
Balance as at December 31, 2020	4,965	4,965
Payment made	(1,522)	(1,522)
Balance as at December 31, 2021	3,443	3,443
registered provision	745	1,080
Reversed provision	(762)	(762)
Payment made	(35)	(35)
<b>Balance as at December 31, 2022</b>	<b>3,391</b>	<b>3,726</b>

## 12.2 Possible loss – labor, civil and social security claims

The Company had, as at December 31, 2022 and 2021 litigations with possible loss, based on the opinion of Management and its legal consultants, as demonstrated below:

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Tax claims	38,956	24,792	40,882	26,469
Labor claims	1,393	764	1,393	764
Regulatory claims	2,274	500	7,486	869
Civil claims	1,390	365	1,405	365
Total	44,012	26,421	51,166	28,467

Tax claims consist of sundry processes involving federal taxes.

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

Regulatory processes consist of sundry claims involving regulatory authorities.

## 13. PROVISION FOR WELL ABANDONMENT

### Accounting policy

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

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

Estimates are reviewed annually based on the most recent information on costs and recovery plans.

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

Changes in the provision for well abandonment	Company	Consolidated
Balance as at December 31, 2020	10,914	40,111
Recognized provision	23,667	44,480
Adjustment	1,339	6,563
Reversal	-	(6,040)
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
Total current liabilities	-	9,724
Total noncurrent liabilities	32,483	103,887

## 14. DERIVATIVE FINANCIAL INSTRUMENTS

### Accounting policy

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

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

The Group designates derivatives as hedge instruments when related to highly probable future operations (cash flow hedge) and documents, at the beginning of the operation, the relation between the hedge instruments and the hedged items, both at the beginning of the hedge, as well as on a continued basis, if the derivatives that are used in the hedge transactions are highly efficient in offsetting the cash flow variations of the hedged items.

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

Values accumulated in equity are reclassified to profit or loss when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The total fair value of the hedge derivative instruments is classified as noncurrent asset or liability when the remaining maturity of the protected hedge item is superior to 12 months.

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

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

Position of financial instruments	Consolidated	
	12/31/2022	12/31/2021
Derivative financial liabilities		
Commodity forward contracts - current asset	(285,183)	(231,125)
Commodity forward contracts - noncurrent assets	(102,409)	(233,559)
Total	<u>(387,592)</u>	<u>(464,684)</u>

Changes in financial instruments	Consolidated
Balance as at December 31, 2020	119,196
Fair value of financial instruments before settlement	(126,780)
Settlement of derivative contracts	126,780
Fair value of unrealized financial instruments	(583,880)
Balance as at December 31, 2021	(464,684)
Fair value of financial instruments before settlement	(441,631)
Settlement of derivative contracts	441,631
Fair value of unrealized financial instruments	77,092
Balance as at December 31, 2022	(387,592)

Regarding the hedge effectiveness requirements, Management concluded that:

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

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

## 15. NET EQUITY

### 15.1 Share capital

As at December 31, 2022 the subscribed and paid-in capital is of R\$2,902,843 (R\$1,863,916 as at December 31, 2021) and the capital to be paid-in is of R\$259, totaling a subscribed and paid-in capital of R\$2,903,102. represented by 293,056,784 (two hundred and ninety-three million, fifty-six thousand, seven hundred and eighty-four) common shares (248,517,120 as at December 31, 2021), all registered, book-entry and without par value.

Of the subscribed and paid-in capital, costs with the issue of the shares of the Initial Public Offering of Shares (IPO) and subsequent offer of shares (follow-on) of June 2022, relating to expenses with the preparation of prospectus and reports, fees related to outsourced professional services (lawyers, auditors, consultants, investment bank professionals, brokers, etc.), expenses with publicity, fees and commissions, transfer and registration costs. These costs totaled R\$113,140 (R\$75,727 as at December 31, 2021) and were recorded net of tax effects in the amount of R\$38,468 (R\$ 25,749 as at December 31, 2021) in the net amount of R\$74,673 (R\$49,980 as at December 31, 2021). As at December 31, 2022 the share capital, net of the costs for issuing the shares, amounted to R\$2,828,170 (R\$1,813,936 as at December 31, 2021).

As at December 31, 2022 and 2021 the common shares were distributed as follows:



Shareholder	PetroRecôncavo S.A.	
	12/31/2022	12/31/2021
PetroSantander Luxembourg Holdings S.a.r.l.	67,536,716	82,536,716
Funds managed by Opportunity	63,930,089	63,930,089
Eduardo Cintra Santos	14,749,105	14,749,105
Perbras - Empresa Brasileira de Perfurações Ltda	12,523,304	12,539,404
Other shareholders	134,317,570	74,761,806
Total	293,056,784	248,517,120
Treasury shares	(282,244)	(143,009)
Total net treasury shares	292,774,540	248,374,111

During 2022 the Company bought back 345,000 shares (327,822 bought back in 2021) and delivered or sold 205,765 (2021, 184,813) common shares to executives and key collaborators of the Company, as part of the share-based compensation plan.

As at December 31, 2022 the Company held 282,244 common shares in treasury (143,009 as at December 31, 2021) at the average price of R\$24.07, totaling R\$6,793 (R\$2,292 as at December 31, 2021).

#### a) Changes in share capital

During the years 2022 and 2021 the following changes occurred:

Meeting	Date	Changes
General Shareholders' Meeting	02/24/2021	<ul style="list-style-type: none"> <li>Conversion of the total of preferred shares, 949,005, into common shares;</li> <li>Approval of authorized capital increase, from R\$300,000,000.00 to R\$2,750,000,000.00; and,</li> <li>Approval of the IPO of the Company and authorization of the submission, by the Company, of the application for registering as a publicly-held company, as category "A" at the CVM.</li> </ul>
Extraordinary Shareholders' Meeting	04/01/2021	<ul style="list-style-type: none"> <li>Split of the total amount of common registered, book-entry shares and without par value issued by the Company at the ration of 1:2;</li> <li>The share capital, previously divided into 83,911,766 common shares, now divided into 167,823,532 common shares without par value;</li> <li>Approve the Consolidated Incentive Plan approved by the Board of Directors and by the General Shareholders' Meeting of April 1, 2021 ("Incentive Plan").</li> </ul>
Executive Committee Meeting	05/03/2021	<ul style="list-style-type: none"> <li>Fixation of the price at R\$14.75 per common share issued by the Company object of the public offering for primary distribution of common shares;</li> <li>Capital increase of the Company in the amount of R\$1,032,500,000.00, from R\$674,941,437.37 to R\$1,707,441,437.37, through the issue of 70,000,000 new common shares, with an issue price of R\$14.75 each, all registered, book-entry and without par value, the object of the above-mentioned IPO. Share capital of the Company is now divided into 237,823,532 common shares.</li> </ul>
Executive Committee Meeting	06/02/2021	<ul style="list-style-type: none"> <li>Capital increase of the Company, within the limit of its authorized capital, in the amount of R\$ 154.9 million, going from R\$1,707 million to R\$ 1,862.3 million, through the issue of 10.5 million new common shares with issue price of R\$ 14.75 each, all non-par, registered, book-entry common shares;</li> </ul>
Executive Committee Meeting	07/22/2021	<ul style="list-style-type: none"> <li>Approve the acquisition by the Company of non-par, registered, book-entry common shares issued by the Company, respecting legal limits ("Buyback Program"), for (i) disposal or cancelation, and (ii) to address</li> </ul>

		<p>the commitments undertaken by the Company in the scope of the Consolidated Incentive Plan approved by the Board of Directors and General Shareholders' Meeting of April 1, 2021, through the disposal and delivery of shares to statutory directors and employees of the Company and its subsidiaries;</p> <ul style="list-style-type: none"> <li>• Capital increase of the Company from the current R\$1,862,316,437.37, divided into 248,323,532 non-par, registered, book-entry common shares, to R\$1,863,093,962.37, divided into 248,428,532 non-par, registered, book-entry common shares. This increase occurred due to the exercise of stock option, within the authorized capital limits.</li> </ul>
Executive Committee Meeting	10/21/2021	<ul style="list-style-type: none"> <li>• Capital increase of the Company, from R\$1,863,093,962.37, divided into 248,428,532 non-par, registered, book-entry common shares, to R\$ 1.863,551,482.01, divided into 248,482,668 non-par, registered, book-entry common shares. Such increase was due to the exercise of stock option, within the authorized capital limits.</li> </ul>
Executive Committee Meeting	12/15/2021	<ul style="list-style-type: none"> <li>• Capital increase, from R\$1,863,551,482.01, divided into 248,482,668 non-par, registered, book-entry common shares, to R\$1,863,916,056.99, divided into 248,517,120 non-par, registered, book-entry common shares. Such increase was due to the exercise of stock option, within the authorized capital limits.</li> </ul>
Executive Committee Meeting	02/25/2022	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Executive Committee Meeting	03/21/2022	<ul style="list-style-type: none"> <li>• 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 reinvestment and expansion.</li> </ul>
Executive Committee Meeting	04/06/2022	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Extraordinary Shareholders' Meeting	04/27/2022	<ul style="list-style-type: none"> <li>• Approve the amendment to the <i>caput</i> 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.</li> </ul>
Extraordinary Shareholders' Meeting	05/23/2022	<ul style="list-style-type: none"> <li>• Approve the amendment to the <i>caput</i> 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</li> <li>• 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.</li> </ul>
Executive Committee Meeting	05/31/2022	<ul style="list-style-type: none"> <li>• Approve, within the context of the Long-Term Incentive Plan ("LTIP"), 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 Personnel Management Committee.</li> </ul>

Executive Committee Meeting	06/03/2022	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Executive Committee Meeting	06/14/2022	<ul style="list-style-type: none"> <li>• 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 .</li> </ul>
Executive Committee Meeting	07/28/2022	<ul style="list-style-type: none"> <li>• Approve the closing of the last Share Buyback Program, approved during the Executive Committee Meeting held on July 22, 2021.</li> <li>• Approve the acquisition of nominative, common, registered, non-par shares of its own issue, respecting the legal limits, and based on available resources ("2<sup>nd</sup> Share Buyback Program").</li> </ul>
Executive Committee Meeting	09/02/2022	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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&amp;P S.A. in the amount of R\$580,000,000.00 (five hundred and eighty million Brazilian reais).</li> <li>• 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.</li> </ul>
Executive Committee Meeting	09/29/2022	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

Executive Committee Meeting	10/27/2022	<ul style="list-style-type: none"> <li>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.</li> </ul>
Executive Committee Meeting	11/25/2022	<ul style="list-style-type: none"> <li>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.</li> </ul>
Executive Committee Meeting	12/12/2022	<ul style="list-style-type: none"> <li>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</li> </ul>
Executive Committee Meeting	12/22/2022	<ul style="list-style-type: none"> <li>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.</li> </ul>
Executive Committee Meeting	12/27/2022	<ul style="list-style-type: none"> <li>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.</li> </ul>

## 15.2 Capital reserve and profit reserve – tax incentives

### a) Exploration profit.

The Company and its subsidiaries Recôncavo, Potiguar and Miranga are entitled to a tax benefit consisting of a 75% relief of income tax on their profits from operations (see Note 10 to the financial statements).

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

#### b) ICMS deemed credit

The Company are entitled to ICMS deemed credit tax benefit at the rate of 4.24% 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 (earnings reserve). This reserve can only be used in capital increases or to offset losses.

### 15.3 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 (ii) distribution of additional dividends to mandatory dividends to shareholders.

In 2022, the Company registered an account for reinvestment and expansion in the amount of R\$ 771,240 (2021, R\$121,615).

### 15.4 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 (R\$ 8,845 in 2021).

### 15.5 Earnings per share

	<b>PetroRecôncavo S.A.</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>
Net income (loss)	1,153,391	176,899
Weighted average of shares issued	272,624,807	220,361,969
Basic earnings per share - R\$	4.231	0.803
Weighted average of shares and stock options issued	273,452,140	221,500,920
Diluted earnings per share - R\$	4.218	0.799

### 15.6 Minimum 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	12/31/2021
Net income (loss)	1,153,391	176,899
Legal reserve	(57,670)	(8,845)
Tax incentive reserve	(11,084)	(5,797)
Calculation base	1,084,637	162,257
Percentage	25%	25%
Minimum mandatory dividends	271,159	40,564
Interest on own capital net of withheld income tax (IR)	(167,533)	-
Minimum mandatory dividends registered	103,626	40,564
Additional dividends proposed (a)	26,374	-
Total proposed dividends	130,000	40,564

b) Movement of dividends

Balance as at December 31, 2020	2
Proposed minimum mandatory dividends	40,564
Balance as at December 31, 2021	40,566
Proposed minimum mandatory dividends	103,626
Proposed additional dividends (a)	26,374
Interest on own capital net of withheld income tax (IR)	167,533
Payment	(205,309)
Balance as at December 31, 2022	132,790
Total minimum dividends proposed on current liabilities	106,416
Total additional dividends proposed in 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.

## 15.7 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 31, 2022 the following share-based compensations were in effect:

	Quantity	Grant date	Validity	Fair value	Vested 12/31/2022	Vested 12/31/2021
Extraordinary Benefit – 2 <sup>nd</sup> installment (a)	-	06/25/2021	06/25/2023	3,926	-	1,888
Extraordinary Benefit – 3 <sup>rd</sup> installment	200,402	06/25/2021	06/25/2023	3,926	2,838	901
Extraordinary Benefit – 4 <sup>th</sup> installment	200,402	06/25/2021	06/25/2024	3,926	1,802	572
Annual target benefit - 2020	233,064	06/25/2021	06/25/2024	4,566	1,985	657
LTIP 2022 - Retention tranche Lot 1	69,965	05/31/2022	05/31/2023	2,020	1,127	-
LTIP 2022 - Retention tranche Lot II	104,949	05/31/2022	05/31/2024	3,009	801	-
LTIP 2022 - Retention tranche Lot III	174,932	05/31/2022	05/31/2025	4,986	843	-
LTIP 2022 - TSR tranche R\$	174,907	05/31/2022	05/31/2025	7,950	1,344	-
LTIP 2022 - TSR tranche U\$	174,908	05/31/2022	05/31/2025	7,518	1,271	-
<b>Total</b>	<b>1,333,529</b>			<b>41,827</b>	<b>12,011</b>	<b>4,018</b>

(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) Additional acquisition of shares and share-matching program

Furthermore, still in relation to the meeting of the Executive Committee of June 25, 2021, also regarding the achievement of the respective annual targets, the participants of the incentive program had the right to the acquisition of additional shares that were complemented, in equal quantity of the acquisition, by the Company (“matching”). The shares acquired by the executives and the matching shares were delivered in July 2021. Despite the executives being in possession of these shares, they have transfer restrictions (“lock up”) for a three-year period as of the date of delivery by the Company. The total amount of shares acquired by the executives and key collaborators was of 88,991 common shares and equal amount complemented by the Company (matching).

#### c) 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 December 31, 2022. 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.

During 2002 269,832 options were exercised (2021, 96,794) and zero option were cancelled (2021, 19,500). The Company received, in 2022, R\$ 4,926 (2021, R\$1,560) 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\$ 259 in relation to the options exercised in the Executive Committee Meeting held on December 22, 2022. No options expired during the years 2022 or 2021.



## 15.8 Equity valuation adjustments

In 2022, 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\$50,879 (R\$385,361 as at December 31, 2021).

## 16. RELATED PARTIES

Balance	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<u>Other assets:</u>				
Recôncavo E&P	731	386	-	-
Miranga (d)	39.181	-	-	-
Potiguar (d)	58.650	6.534	-	-
PERBRAS (b)	5	5	5	5
Other	14	-	-	-
Total other assets	98.581	6.925	5	5
<u>Dividends payable</u>	106.416	40.566	106.416	40.566
<u>Dividends receivable:</u>				
Recôncavo E&P	2.159	1.001	-	-
Miranga	77.218	3.014	-	-
Potiguar	100.125	-	-	-
Total de dividends receivable	179.502	4.015	-	-
<u>Suppliers:</u>				
Reconcavo America (a)	14.566	14.566	-	-
Potiguar (e)	3.555	5.318	-	-
Recôncavo	1.588	1.588	-	-
Miranga	1.325	-	-	-
PERBRAS (b)	523	47	873	308
Interservice	197	-	335	-
PetroSantander Colômbia	43	-	43	-
Total suppliers	21.797	21.519	1.251	308
Transactions	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<u>Other income:</u>				
Recôncavo (d)	778	2,577	-	-
Potiguar (d)	66,410	22,317	-	-
Miranga (d)	63,477	983	-	-
<u>Costs and expenses</u>				
Recôncavo E&P	-	(303)	-	-
Potiguar (e)	(20,608)	(10,072)	-	-
Miranga (e)	(14,021)	-	-	-
PERBRAS. (b)	(7,285)	(3,460)	(15,469)	(7,428)
PetroSantander Management Inc. (c)	(37)	(80)	(37)	(2,293)
PetroSantander Holdings GMBH (c)	(20)	(2,293)	(20)	(139)
PetroSantander Colombia (c)	(452)	-	(452)	-
Interservice USA	(581)	-	(1,366)	-
Apportionment (f)	98,634	7,361	-	-
Total	186,294	17,030	(17,345)	(9,860)

- (a) Refers to the amount that PetroReconcavo 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 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	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Benefits - Board of Directors (a)	4,748	2,554	4,777	2,575
Benefits - Executive Committee (a)	4,354	2,103	4,354	2,103
Other benefits (b)	219	253	219	253
Profit sharing	4,227	3,141	4,227	3,141
Performance bonus (c)	-	2,868	-	2,868
Share-based compensation (d)	10,131	4,742	10,131	4,742
Subtotal	23,679	15,661	23,708	15,682
Social charges (e)	5,499	2,901	5,504	2,906
Total	29,178	18,562	29,212	18,588

- (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) As described in Note 15 g) to the financial statements as at December 31, 2021, on June 25, 2021 the Executive Committee approved an extraordinary bonus related to the successful outcome of the IPO.
- (d) Refers to the payment and vesting, net of fees, of the programs described under Note 15.7.
- (e) 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 27, 2022 the shareholders defined, in an Extraordinary Shareholders' Meeting, maximum compensation for 2022 in the amount of R\$25,426 (R\$ 23,000, 2021), excluding social obligations, which is the responsibility of the employer.

## 17. 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	7.5% up to 10% applied on the gross production of oil and/or natural gas, from the date of the beginning of the commercial production of the Concession Area (December 31, 2022, \$240,876 and 2021, R\$103,980).
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.
Payment to landowners	Equivalent to 1% ( one percent) of oil and natural gas production, in accordance with prevailing Brazilian law (December 31, 2022, R\$28,707 and 2021, R\$9,421).

## 18. SALES REVENUE, NET

### Accounting policy

Sales revenue is measured at fair value of the compensation received or receivable, less any estimate of return of goods, trade discounts and other similar deductions, as demonstrated below.

#### a) Services provided:

Fees for exploration of oil and gas are recognized when the volume of the products are transferred to the client, through measurement approval.

#### b) Sale of products:

Revenue from the sale of products is recognized when the products are delivered and the legal ownership is transferred.

## 18.1 Breakdown of revenue

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

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<u>Gross revenue</u>				
Service provided	-	355,435	-	353,937
Sale of oil	576,895	-	2,658,964	1,040,426
Sale of gas and by-products	88,452	215	1,548,074	69,348
Hedge contract	-	-	(441,631)	(126,780)
Total	665,347	355,650	3,765,407	1,336,931
 <u>(-) Deductions on revenue</u>	 (70,966)	 (28,235)	 (789,468)	 (296,327)
Net revenue	594,381	327,415	2,975,939	1,040,604

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 5 to the financial statements.

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

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Personnel	(61,795)	(83,918)	(228,024)	(128,268)
Services	(56,132)	(21,539)	(78,513)	(42,859)
Consultancy, audit and fees	(28,303)	(15,905)	(27,227)	(18,926)
Materials	(43,917)	(40,725)	(85,819)	(74,956)
Gas processing and transport costs	(31,031)	-	(445,912)	-
Rent	(32,197)	(12,289)	(63,066)	(25,091)
Electricity	(35,620)	(36,169)	(73,877)	(56,868)
Depletion, depreciation and amortization	(68,845)	(69,768)	(335,027)	(231,930)
Depreciation of right-of-use assets	(5,694)	(7,441)	(16,193)	(18,270)
Costs of non-operated fields	(2,590)	-	(17,503)	(16,255)
Royalties	(47,783)	(1,407)	(240,876)	(103,980)
Share-based compensation and associated costs	(14,633)	(14,080)	(14,633)	(14,452)
Environmental licensing	(51)	(3)	(13,398)	(13,207)
Other	29,767	3,209	(6,960)	(10,936)
Total	(398,824)	(300,035)	(1,647,028)	(755,998)
Costs of services provided and product sold	(409,333)	(241,040)	(1,534,412)	(667,850)
General and administrative	(27,137)	(50,136)	(110,377)	(62,844)
Other income (expenses), net	37,646	(8,859)	(2,239)	(25,304)
Total	(398,824)	(300,035)	(1,647,028)	(755,998)

## 20. FINANCIAL INCOME

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Financial income:</b>				
Interest and returns, net	17,453	21,083	28,875	31,243
Interest on loan agreements	6	97	6	-
Other	116	86	154	109
<b>Total</b>	<b>17,575</b>	<b>21,266</b>	<b>29,035</b>	<b>31,352</b>
<b>Foreign exchange variation</b>				
Payables for acquisitions	1,643	-	75,393	-
Exchange fund	16,674	51,376	23,142	52,995
Loans and financing	1,112	2,703	50,570	2,703
Other	428	959	2,554	20,461
<b>Total</b>	<b>19,857</b>	<b>55,038</b>	<b>151,659</b>	<b>76,159</b>
<b>Total financial income</b>	<b>37,432</b>	<b>76,304</b>	<b>180,694</b>	<b>107,511</b>
<b>Financial expenses</b>				
Interest on well abandonment	(4,574)	(1,340)	(10,799)	(6,563)
Income tax (IR) on foreign transactions	(479)	(1,472)	(10,205)	(11,740)
Amortization of borrowing costs	536	-	(21,764)	(12,893)
Interest on loans	(14,548)	(2,341)	(51,480)	(57,312)
Interest on lease operations	(655)	(776)	(1,435)	(2,088)
Interest on payables for acquisitions	(1,328)	-	(7,672)	-
Bank charges and other expenses	(2,503)	(1,446)	(6,090)	(3,351)
<b>Total</b>	<b>(23,551)</b>	<b>(7,375)</b>	<b>(109,445)</b>	<b>(93,947)</b>
<b>Foreign exchange variation</b>				
Loans and financing	-	-	-	(62,518)
Exchange fund	-	-	(100)	-
Other	(2,055)	(998)	(4,749)	(2,035)
<b>Total</b>	<b>(2,055)</b>	<b>(998)</b>	<b>(4,849)</b>	<b>(64,553)</b>
<b>Total financial expenses</b>	<b>(25,606)</b>	<b>(8,373)</b>	<b>(114,294)</b>	<b>(158,500)</b>
<b>Total</b>	<b>11,826</b>	<b>67,931</b>	<b>66,400</b>	<b>(50,989)</b>

## 21. FINANCIAL INSTRUMENTS

### 21.1 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 15) 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

## 21.2 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.

	Note	Company		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
Financial assets					
Amortized cost (i)					
Cash and cash equivalents	4	83,601	172,288	361,028	217,159
Short-term investments	4	1,233,639	531,863	1,250,163	655,644
Trade receivables	5	56,166	34,398	440,097	169,847
Dividends receivable	16	179,502	4,015	-	-
Judicial deposits		2,608	2,445	2,608	2,445
Financial liabilities					
Amortized cost					
Suppliers	8	106,430	58,200	352,152	98,708
Loans and financing	9	655,581	1,511	655,581	741,291
Dividends payable	15	106,416	40,566	106,416	40,566
Payables for acquisitions	11	-	27,903	474,769	788,706
Fair value through other comprehensive income (ii)					
Derivative financial instruments	14	-	-	387,592	464,684
Fair value through profit or loss					
Payables for acquisitions	11	-	-	443,503	474,343

(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.

### 21.3 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 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 4 to the financial statements, where the counterparties have minimum credit classifications of A-, on a national scale, and are considered as low credit risk for the purpose 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. These transactions 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.

#### **ii) Trade receivable**

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 5 to the financial statements.

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

5, 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 exclusively 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 by 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:

Maturity	2023	2024	2025	2026+	Total
Loans and financing	14,011	90,990	89,056	461,523	655,580
Derivative financial instruments	285,183	102,409	-	-	387,592
Payables for acquisitions	411,813	368,828	166,136	-	946,777

#### c) Market risk

##### i) Foreign exchange risk

In the twelve-month period ended December 31, 2022, 77% (98% as at December 31, 2021) 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 and refers 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. 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\$ 33,431 and US\$ 146,002, 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 U.S. dollar liabilities.

Company						
12/31/2022	Risk	Rate (a)	Foreign currency exposure - R\$	Probable	Scenario A 25% (b)	Scenario B 50% (b)
<u>Assets</u>						
Short-term investments	US\$ depreciation	5.4752	1,222,020	1,282,330	916,516	611,011
<u>Liabilities</u>						
Loans and financing	US\$ depreciation	5.4752	670,168	703,242	502,626	335,084
Net effect on income (loss)				27,237	(137,962)	(275,925)

Consolidated						
12/31/2022	Risk	Rate (a)	Foreign currency exposure- R\$	Probable	Scenario A 25% (b)	Scenario B 50% (b)
<u>Assets</u>						
Short-term investments	US\$ appreciation	5.4752	1,238,420	1,299,539	1,548,026	1,857,632
<u>Liabilities</u>						
Payables for acquisitions	US\$ appreciation	5.4752	918,272	963,591	1,147,842	1,377,410
Loans and financing	US\$ appreciation	5.4752	670,168	703,242	837,710	1,005,252
Net effect on income (loss)				(17,274)	(87,505)	(175,011)

(a) The translation rate (R\$ to US\$) used in the sensitivity tables as the probable scenario was obtained from the Central Bank of Brazil (BACEN) and corresponds to the U.S. dollar rate in the Market Expectation System for December 2023. As at December 31, 2022 the rate was of R\$5.2177.

(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 December 31, 2022

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.

Company						
12/31/2022- Balance	Risk	Rate (a)	Accounting Scenario	Probable Scenario	Scenario A 25% (b)	Scenario B 50% (b)
<u>Assets</u>						
Short-term investments	CDI depreciation	12.25%	64,053	71,899	69,938	67,976
Net effect on income (loss)				(961)	(2,922)	(4,884)
<u>Liabilities</u>						
Loans and financing	SOFR appreciation	4.905%	670,168	689,678	690,030	696,550
Net effect on income (loss)				(19,510)	(19,862)	(26,382)

Consolidated						
12/31/2022- Balance	Risk	Rate (a)	Accounting Scenario	Probable	Scenario A 25% (b)	Scenario B 50% (b)
<u>Assets</u>						
Short-term investments	CDI depreciation	12.25%	318,547	357,569	347,814	338,058
Net effect on income (loss)				(4,778)	(14,534)	(24,289)
<u>Liabilities</u>						
Loans and financing	SOFR appreciation	4.905%	670,168	689,678	690,030	696,550
Net effect on income (loss)				(19,510)	(19,862)	(26,382)

(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 2023 were used, while for the SOFR, the projected in December 2023.

(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 December 31, 2022.

### iii) Commodity risk

During the twelve-month period ended December 31, 2022, 74% 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 (December 31, 2021, 97%).

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.

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 1,997 thousand barrels (47% of net oil production for the year) as at December 31, 2022 (2021, 996 thousand barrels, 65% of net production of oil for the year) at an average price of US\$54.9/bbl as at December 31, 2022 (2021, US\$62.40/bbl).

Consolidated						
	Risk	Price (a)	Accounting scenario	Probable	Scenario A 25% (b)	Scenario B 50% (b)
Gross operating income - Oil	Brent depreciation	83.40	2,658,966	2,193,060	1,974,093	1,258,908
Gross operating income - Gas	Brent depreciation	83.40	613,671	507,225	460,253	306,836
Financial instruments - Hedge	Brent depreciation	83.40	(441,631)	(293,519)	(213,978)	45,818
Total			2,831,006	2,406,766	2,220,369	1,611,562
Probable effect on net income (loss)				(424,240)	(610,637)	(1,219,444)

- (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 December 31, 2022, 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	Quantity	Fair value of hedge instruments
	12/31/2022	12/31/2022	12/31/2022
	US\$/barrel	In barrels	R\$ thousand
Under 3 months	51.17	434,350	(77,998)
From 3 to 6 months	51.80	462,000	(77,796)
From 6 to 12 months	53.82	899,750	(129,389)
From 1 to 2 years	58.18	1,012,250	(102,409)

## 22. INSURANCE

The Company maintain a monitoring policy of the risks inherent to its business. As at December 31, 2022, 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
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
Environmental risks	US\$	6,050	6,050	6,050	6,050
Material damages	US\$	45,543	164,273	25,100	25,100
Civil responsibility	US\$	3,000	3,000	3,000	3,000
Corporate D&O	R\$	120,000	120,000	120,000	120,000

## 23. 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.

## 24. NON-CASH TRANSACTIONS

During the year ended December 31, 2002 and 2021, the Company carried out the following transactions not involving cash; therefore, these are not reflected in the statements of cash flows.

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Additions for new IFRS 16 contracts	9,749	6,626	37,679	11,679
Conversion of loan agreements to advance for future capital increase	-	29,150	-	-
Dividends cancelled	-	-	-	304
Dividends receivable	175,487	2,671	-	-
Proposed dividends and interest on own capital	106,416	40,564	106,416	-
Paid-in capital of investee with advance for future capital increase	16,500	-	-	-
<u>Transactions with impact to PP&amp;E</u>				
Additions of provisions for well abandonment	-	23,666	25,710	45,435
Reversal of provision for well abandonment	(8,010)	-	(8,010)	-
Additions to payables for acquisitions	-	27,903	-	1,318,431
Additions with settlement of receivables	-	9,947	-	9,947
Total	300,142	140,527	161,795	1,385,796

## 25. SUBSEQUENT EVENTS

### Signing of the contract with Sergas for the supply of natural gas

On January 27, 2023 the Company signed a purchase and sale contract to be part of the natural gas supply portfolio of Sergas – Sergipe Gás S/A (“Sergas”).

The contract is valid for 10 (ten) years from the date of signature with a firm, flexible and interruptible modality in its content. The expected firm volumes are 50,000 m<sup>3</sup>/day of natural gas in the second half of 2023 and 100,000 m<sup>3</sup>/day of natural gas from 2024 to 2032.

In the form of an interruptible and flexible contract, the commitments of supply and withdrawal are only established by prior mutual agreement between the parties, having a demand by the Buyer and availability by the Seller.

The Gas Price of the contract will consist of the sum of the transportation cost pass through (Transportation Portion) and the Molecule Portion. The Molecule Portion of firm natural gas volumes of this contract is 13.6% of the Brent oil price for 2023 and 2024 and 12.6% of the Brent oil price from 2025 to 2032. Floor and ceiling prices have been determined for Brent oil prices, which will be adjusted annually by the U.S. CPI inflation index.

The start of the supply is conditional on the signing between Sergas and TAG of the natural gas transportation contract, corresponding to the departures of the delivery points determined by the buyer. That contract is currently under negotiation.

### Acquisition of SPE Tieta Ltda. (new corporate name of Maha Energy Brasil Ltda.)

On February 29, 2023 the operation for the acquisition of Maha Energy Brasil Ltda. was concluded with the payment of the first installment in the amount of US\$ 95,883,122.00, corresponding to 60% of the acquisition price (US\$82.8 million), summed to the net cash value (US\$3.7 million) and working capital

(US\$9.3 million), as verified on the effective date of January 1, 2023.

The Company will pay a second installment corresponding to 40% of the acquisition price, in the estimated amount of US\$55,200,000.00 (fifty-five million two hundred thousand U.S. dollars) within 06 (six) months as of the transaction conclusion date. In addition, the sellers shall have the right to receive eventual earnout, of up to US\$ 36,100,000.00 (thirty-six million, one hundred thousand U.S. dollars), according to the rules and procedures laid out in the QPA, of which US\$ 24,100,000.00 (twenty-four million, one hundred thousand U.S. dollars) are indexed to the Brent Oil price in the next three years. Payment shall occur if the oil price exceeds US\$ 80.00 per barrel, and the maximum payment shall be reached if the oil price exceeds US\$ 90.00 per barrel. The remaining US\$ 12,000,000.00 (twelve million U.S. dollars) are related to synergies with potential new assets that come to be acquired by the Company. As a guarantee for the fulfillment of certain obligations undertaken by the sellers in the QPA, a portion of the amount to be paid as acquisition price shall be retained in an “escrow” account and may be subsequently released to the sellers as provisioned for in the QPA. The acquired company presently has participation in six concession contracts, comprising the Tartaruga Field, located in the Sergipe basin, the Tiê Field and exploratory blocks located in the Reconcavo basin. The acquired company is: (i) operator of the Tartaruga field with 75% participation in a partnership with Petróleo Brasileiro S.A. – Petrobras, which holds the remaining 25%; and (ii) is operator of the Tiê field and exploratory blocks located in the Recôncavo basin with 100% participation. Average production participation of Maha Energy in the Tiê (100%) and Tartaruga (75%) fields in the month of January 2023 was of 2,018 barrels of oil per day (bopd) and 48 thousand m<sup>3</sup>/day of natural gas.

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

Presented below are the preliminary 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 from the acquisition date. Management does not expect material adjustments in the final measurement of the allocation.

	<b>SPE Tieta Ltda.</b>
<b>Assets</b>	<b>12/31/2022</b>
Cash and cash equivalent	19,349
Recoverable taxes	31,826
Other current assets	9,831
PP&E and intangible assets	689,332
Other noncurrent assets	40,137
<b>Liabilities</b>	
Suppliers	(24,576)
Other current liabilities	(17,231)
Noncurrent liabilities	(16,610)
<b>Total identifiable assets acquired and liabilities assumed at fair value</b>	<b>732.058</b>
<b>Total consideration transferred (a)</b>	<b>732,058</b>

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