

Petro Rio S.A.

Individual and consolidated financial statements
for the year ended December 31, 2023 and
Independent auditor's report

Legal Notice

This report uses the Company's functional currency, the US dollar, as the presentation currency, and was prepared to allow comparison with other companies in the oil sector. For comparability purposes, we have converted (i) all assets and liabilities on the Balance Sheet as of December 31, 2022 at the closing exchange rate on December 31, 2022; (ii) all accounts in the income statement, other comprehensive income and cash flows using the average exchange rate prevailing during the applicable year.

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Balance sheet
December 31, 2023 and 2022
(In thousands of dollars – US\$)

	Note	Parent Company		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Assets					
Current assets					
Cash and cash equivalents	3	3,769	3,287	482,392	1,842,375
Accounts receivable	4	-	-	360,129	31,873
Oil inventories	22	-	-	52,533	66,069
Inventory of consumables		-	-	82,069	20,833
Financial instruments	14	-	-	74	-
Recoverable taxes	5	404	302	71,811	14,568
Advances to suppliers		7	7	20,703	35,676
Advances to partners		-	-	19,248	6,235
Prepaid expenses		15	81	4,571	2,072
Other receivables		-	-	159	60
		<u>4,195</u>	<u>3,677</u>	<u>1,093,689</u>	<u>2,019,761</u>
Non-current assets classified as held for sale	6	-	-	-	12,291
		<u>4,195</u>	<u>3,677</u>	<u>1,093,689</u>	<u>2,032,052</u>
Non-current assets					
Advances to suppliers		-	-	46	46
Mark-to-market of debenture swaps	14	-	-	16,669	-
Deposits and pledges	29	-	2	6,191	2,016
Recoverable taxes	5	-	-	873	5,160
Deferred taxes	16	2,105	2,102	106,703	132,640
Related parties	20	1,932	18,568	-	-
Right-of-use (Lease CPC 06.R2/IFRS 16)	15	-	-	422,275	281,920
Investments	7	2,975,110	1,917,550	-	-
Property, plant and equipment	8	46	100	1,946,816	894,111
Intangible assets	9	-	-	2,254,534	543,141
		<u>2,979,193</u>	<u>1,938,322</u>	<u>4,754,107</u>	<u>1,859,034</u>
Total assets		<u><u>2,983,388</u></u>	<u><u>1,941,999</u></u>	<u><u>5,847,796</u></u>	<u><u>3,891,086</u></u>

See the accompanying notes to the financial statements.



Balance sheet
December 31, 2023 and 2022
(In thousands of dollars – US\$)

	Note	Parent Company		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Liabilities and shareholders' equity					
Current liabilities					
Suppliers	10	133	42	172,429	108,463
Labor obligations	11	3,116	3,594	55,128	26,449
Taxes and social contributions	12	140	122	122,489	30,418
Loans and financing	13	-	-	250,477	75,370
Local debentures (includes conversion swaps)	14	-	-	8,144	7,765
Contractual charges (Leases - IFRS 16)	15	-	-	46,372	12,371
Accounts payable - earn out Albacora Leste	9.2.c	-	-	59,584	-
Accounts payable on obligations associated with assets held for sale	6	-	-	848	8,324
		<u>3,389</u>	<u>3,758</u>	<u>715,471</u>	<u>269,160</u>
Liabilities directly linked to non-current assets classified as held for sale	6	-	-	-	(2,519)
		<u>3,389</u>	<u>3,758</u>	<u>715,471</u>	<u>266,641</u>
Non-current liabilities					
Suppliers	10	-	-	-	288
Loans and financing	13	-	-	896,630	1,005,828
Mark-to-market of debenture swaps	14	-	-	-	17,117
Local debentures (includes conversion swaps)	14	-	-	371,852	373,768
Provision for abandonment (ARO)	17	-	-	231,638	51,367
Provision for contingencies	29	83	96	195,423	4,475
Related parties	20	113,237	42,288	-	-
Contractual charges (Leases - IFRS 16)	15	-	-	400,045	275,372
Accounts payable - earn out Albacora Leste	9.2.c	-	-	162,502	-
Other liabilities		36	-	7,592	373
		<u>113,356</u>	<u>42,384</u>	<u>2,265,682</u>	<u>1,728,588</u>
Shareholders' equity					
Realized share capital	19	959,899	953,380	959,899	953,380
Capital reserves		(41,856)	68,214	(41,856)	68,214
Profit reserves		1,810,361	762,020	1,810,361	762,020
Accumulated translation adjustment		121,570	129,360	121,570	129,360
Equity valuation adjustments	14	16,669	(17,117)	16,669	(17,117)
		<u>2,866,643</u>	<u>1,895,857</u>	<u>2,866,643</u>	<u>1,895,857</u>
Total liabilities and shareholders' equity		<u>2,983,388</u>	<u>1,941,999</u>	<u>5,847,796</u>	<u>3,891,086</u>

See the accompanying notes to the financial statements.



Statements of income

Years ended December 31, 2023 and 2022

(In thousands of dollars – US\$, except earnings/losses per share)

	Note	Parent Company		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net revenue	21	-	-	2,400,966	1,249,659
Costs of products sold	22	-	-	(849,646)	(397,668)
Gross income (loss)		-	-	1,551,320	851,991
Operating revenues (expenses)					
Geology and geophysics expenses		-	-	(5,017)	(2,901)
Personnel expenses		(870)	(4,303)	(47,308)	(23,248)
General and administrative expenses		(50)	(20)	(14,195)	(9,094)
Expenses with Outsourced Services		(672)	(677)	(16,722)	(11,864)
Taxes and rates		(829)	(422)	(5,854)	(2,279)
Depreciation and amortization expenses		(53)	(79)	(20,966)	(13,776)
Equity in net income of subsidiaries	7	1,068,720	723,994	-	-
Other operating revenues (expenses), net	23	(2,489)	(66)	19,705	17,090
Operating income (loss) before financial income (loss)		1,063,757	718,427	1,460,963	805,919
Financial revenues	24	355	42	36,349	54,324
Financial expenses	24	(3,571)	(1,323)	(219,087)	(108,738)
Net exchange-rate changes	24	(1,177)	597	(29,966)	10,407
Income (loss) before income tax and social contribution		1,059,364	717,743	1,248,259	761,912
Current income tax and social contribution	25	-	-	(138,874)	(105,154)
Deferred income tax and social contribution	25	(161)	(1,486)	(50,182)	59,498
Income for the year		1,059,203	716,257	1,059,203	716,256
<i>Basic and diluted earnings per share</i>					
Basic		1,260	0,849	1,260	0,849
Diluted		1,250	0,841	1,250	0,841

See the accompanying notes to the financial statements.



Statements of comprehensive income
Years ended December 31, 2023 and 2022
(In thousands of dollars – US\$)

	Parent company and Consolidated	
	12/31/2023	12/31/2022
Net income for the year	1,059,203	716,256
Mark-to-market of local debenture swaps	33,786	(17,117)
(-) Deferred taxes on mark-to-market of swaps	(11,487)	5,820
Translation adjustment, net of taxes	(7,790)	1,712
Other comprehensive income for the year, net of taxes	14,509	(9,585)
<u>Total comprehensive income for the year net of taxes</u>	<u>1,073,712</u>	<u>706,671</u>

See the accompanying notes to the financial statements.



Statements of changes in shareholders' equity
 Years ended December 31, 2023 and 2022
 (In thousands of dollars – US\$)

	Capital reserves			Profit reserve	Accumulated translation adjustment	Equity valuation adjustment	Retained earnings	Consolidated
	Share capital	Capital reserve	Treasury shares					
Balances at January 1, 2022	950,389	69,843	(7,324)	45,763	127,648	-	-	1,186,319
Paid-up capital	3,096	-	-	-	-	-	-	3,096
Share issuance costs	(105)	-	-	-	-	-	-	(105)
Stock options granted	-	6,928	-	-	-	-	-	6,928
Translation adjustment	-	-	-	-	1,712	-	-	1,712
Gain (loss) on derivative financial instruments	-	-	-	-	-	(17,117)	-	(17,117)
Acquisition of non-controlling interest	-	2,246	-	-	-	-	-	2,246
Treasury shares	-	-	(3,479)	-	-	-	-	(3,479)
Net income for the year	-	-	-	-	-	-	716,257	716,257
Legal reserve	-	-	-	35,813	-	-	(35,813)	-
Unrealized profit reserve	-	-	-	7	-	-	(7)	-
Investment reserve	-	-	-	680,437	-	-	(680,437)	-
Balances at December 31, 2022	953,380	79,017	(10,803)	762,020	129,360	(17,117)	-	1,895,857
Balances at January 1, 2023	953,380	79,017	(10,803)	762,020	129,360	(17,117)	-	1,895,857
Paid-up capital	6,519	-	-	-	-	-	-	6,519
Share issuance costs	-	-	-	-	-	-	-	-
Stock options granted	-	18,118	-	-	-	-	-	18,118
Translation adjustment	-	-	-	-	(7,790)	-	-	(7,790)
Gain (loss) with financial instruments	-	-	-	-	-	33,786	-	33,786
Share-based remuneration	-	-	-	-	-	-	-	-
Offset of loss	-	-	-	-	-	-	-	-
Dividends distributed	-	-	-	(10,862)	-	-	-	(10,862)
Treasury shares	-	-	(101,555)	-	-	-	-	(101,555)
Gain (loss) with the buyback of preferred shares in the subsidiary	-	(26,633)	-	-	-	-	-	(26,633)
Net income for the year	-	-	-	-	-	-	1,059,203	1,059,203
Legal reserve	-	-	-	52,960	-	-	(52,960)	-
Unrealized profit reserve	-	-	-	10	-	-	(10)	-
Investment reserve	-	-	-	1,006,233	-	-	(1,006,233)	-
Balances at December 31, 2023	959,899	70,502	(112,358)	1,810,361	121,570	16,669	-	2,866,643

See the accompanying notes to the financial statements.



Statements of cash flows
Years ended December 31, 2023 and 2022
(In thousands of dollars – US\$)

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Cash flows from operating activities				
Income (loss) for the year (before taxes)	1,059,364	717,743	1,248,259	761,913
Depreciation and amortization	53	79	392,175	156,955
Financial revenue	(1,008)	(1,444)	(165,975)	(85,495)
Financial expenses	7,378	2,301	372,151	112,821
Share-based remuneration	18,118	6,929	18,118	6,929
Equity in net income of subsidiaries	(1,068,720)	(723,995)	-	-
Provision for contingencies/losses/R&D	(20)	(1)	12,360	1,038
Amendment of the provision for abandonment/IFRS 16 Contracts	-	-	(109,216)	(71,642)
Gain on disposal of assets held for sale	-	-	(7,134)	-
	15,165	1,612	1,760,738	882,519
(Increase) decrease in assets				
Accounts receivable	-	-	(305,968)	132,410
Recoverable taxes	287	22	(85,786)	8,306
Prepaid expenses	77	(95)	(2,150)	(206)
Advances to suppliers	-	(7)	5,201	(20,668)
Oil inventories	-	-	46,348	(32,114)
Inventory of consumables	-	-	(12,115)	(15,804)
Related parties	16,421	(7,967)	-	-
Advance to partners in oil and gas operations	-	-	(23,998)	1,519
Deposits and pledges	3	(2)	361	(453)
Other receivables	(4)	30	111	440
Increase (decrease) in liabilities				
Suppliers	408	(36)	37,803	70,309
Labor obligations	(145)	566	24,640	(422)
Taxes and social contributions	(1,251)	(48)	(69,281)	(117,803)
Related parties	64,861	1,932	-	-
Other liabilities	35	-	23,251	7,012
Net cash (invested in) from operating activities	95,857	(3,993)	1,399,155	915,045
Cash flows from investment activities				
(Investment in) redemption of securities	-	63	-	668,486
(Investment in) redemption of abandonment fund	-	-	-	883
Non-current assets held for sale	-	-	(2,594)	-
(Purchase) sale of property, plant and equipment	-	-	(864,149)	(368,797)
(Purchase) sale of intangible assets	-	-	(78)	(166)
(Acquisition) of oil and gas assets	-	-	(1,699,894)	(360,150)
Net cash (invested in) from investment activities	-	63	(2,566,715)	(59,744)
Cash flows from financing activities				
Borrowings	-	-	328,000	478,000
Repayment of principal on loans	-	-	(270,000)	-
Interest paid on loans	-	-	(70,103)	(44,062)
Contractual charges - Leases IFRS 16 - Principal	-	-	(8,876)	(12,813)
Contractual charges (Leases - IFRS 16) - Interest	-	-	(29,957)	(11,086)
Funding of debentures	-	-	-	397,520
Interest paid on debentures	-	-	(36,488)	-
Derivative transactions	-	-	-	6,274
(Decrease) Paid-up capital	6,519	2,991	6,519	2,991
Own Company's shares (held in treasury)	(101,894)	-	(101,894)	(3,571)
Dividends distributed	-	-	(10,862)	-
Net cash (invested in) from financing activities	(95,375)	2,991	(193,661)	813,253
Translation adjustment	-	-	1,238	(121)
Net increase (decrease) in cash and cash equivalents	482	(939)	(1,359,983)	1,668,433
Cash and cash equivalents at the beginning of the year	3,287	4,226	1,842,375	173,942
Cash and cash equivalents at the end of the year	3,769	3,287	482,392	1,842,375
Net increase (decrease) in cash and cash equivalents	482	(939)	(1,359,983)	1,668,433

See the accompanying notes to the financial statements.



Notes to the financial statements

December 31, 2023

(In thousands of dollars – US\$, unless otherwise indicated)

1. Operations

Petro Rio S.A. (“Prio” or “Company”), was established on July 17, 2009. Headquartered in the city of Rio de Janeiro, its main purpose is to hold interests in other companies as partner, shareholder or unitholder, in Brazil and abroad, with a focus on exploration, development and production of oil and natural gas.

For the purpose of this report, Petro Rio S.A and its subsidiaries are denominated, individually or jointly, as the “Company” or “Group”, respectively.

Its relevant activities are carried out by means of subsidiaries Petro Rio Jaguar Petrôleo SA. (“Jaguar”), Prio Bravo Ltda (“Bravo”), Brasoil Coral Exploração Petrolífera S.A. (“Coral”) and Prio Forte S.A. (“Forte”), and they are focused on the production of oil and natural gas, operating in Campos Basin on December 31, 2023:

Country	Basin	Block	Field	Concessionaire	%	Status	Phase
Brazil	Campos	BM-C-8	Polvo	Bravo	100%	Operator	Production
Brazil	Campos	C-M-466	Tubarão Martelo	Bravo	100%	Operator	Production
Brazil	Campos	Frade	Frade	Jaguar	100%	Operator	Production
Brazil	Campos	Albacora Leste	Albacora Leste	Jaguar	90%	Operator	Production
Brazil	Campos	BM-C-30	Wahoo	Jaguar	64%	Operator	Exploration
Brazil	Campos	BM-C-32	Itaipu	Jaguar	100%	Operator	Exploration
Brazil	Foz do Amazonas	FZA-M-254		Coral	100%	Operator	Exploration
Brazil	Foz do Amazonas	FZA-M-539	Pirapema	Coral	100%	Operator	Exploration

Below we describe the activities in the main Fields where the Company operates:

Polvo Field

The Company is the operator and holds 100% of the Polvo Field concession contract, acquired from BP Energy do Brasil Ltda. (“BP”) – 60% in 2014 and from Maersk Energia Ltda. (“Maersk”) – 40% in 2015. On March 29, 2023, the Field concession was transferred from the subsidiary Petro Rio O&G Exploração e Produção de Petrôleo Ltda. (“PrioOG”) to the subsidiary Bravo, starting a process of restructuring/streamlining the group’s corporate structure, with no impact on the financial statements.

The Polvo Field is in the southern portion of the Campos Basin (offshore) some 100 km east of the city of Cabo Frio in the state of Rio de Janeiro. The license covers an area of approximately 134 km² with several prospects for future exploration. Average daily output in 2023 was of roughly 6.4 thousand bbl (6.6 thousand bbl in 2022).

Tubarão Martelo (“TBMT”) and Dommo Energia S.A. (currently Prio Forte S.A. – “Forte”)

As of August 3, 2020, PrioOG completed the acquisition of 80% of the Tubarão Martelo Field operations and took over the Field’s operation.

The Tubarão Martelo Field is located in the south of the Campos Basin, approximately 86 kilometers off the coast of the State of Rio de Janeiro. The license covers an area of approximately 32 km², with an average water depth of 110m. In 2023, the Field produced approximately 9.3 thousand bbl of oil per day (10.5 thousand bbl of oil per day in 2022). On January 8, 2023, the subsidiary Petro Rio OPCO Exploração Petrolífera Ltda. (“OPCO”) completed the acquisition of shares and control of Dommo. As of this date, all Dommo’s



Notes to the financial statements

December 31, 2023

(In thousands of dollars – US\$, unless otherwise indicated)

shares were transferred to OPCO, in exchange for PNA shares that were redeemed on the same day for PRIO3 shares; and PNB, in turn redeemed in cash on January 13, 2023, as detailed in Note 9. Dommo Energia S.A. had its corporate name changed to Prio Forte S.A. (“Forte”).

FPSO Bravo and connection between the Polvo and Tubarão Martelo fields

As of February 3, 2020, the Company entered into a contract for the acquisition of the FPSO Bravo vessel (Floating, Production, Storage and Offloading – FPSO), built in 2012 with a processing capacity of 100 thousand bbl of oil per day and storage capacity of 1.3 million bbl.

Currently, the FPSO operates in the Tubarão Martelo and Polvo Fields, through a tieback with the Polvo A Fixed Platform, concluded on July 14, 2021.

Frade Field

On March 25, 2019 and October 01, 2019, after complying with the precedent conditions and obtaining the necessary approvals, Jaguar completed the acquisition of 51.74% and 18.26%, respectively, of interest in the concession of Frade Field, in the operational assets of the Field, and assumed the operation of the Field.

Furthermore, on November 28, 2019, Jaguar signed a purchase and sale agreement with Petrobras for the acquisition of the remaining 30% interest in the Field, increasing interest in Frade Field to 100%. The completion of this transaction took place on February 5, 2021.

The Frade Field is in the northern region of the Campos Basin, about 120 kilometers from the coast of the State of Rio de Janeiro. The license covers an area of approximately 154 km², with an average water depth of 1,155 m. In 2023, the Field produced approximately 47.5 thousand bbl of oil per day (22.3 thousand bbl of oil per day in 2022).

Albacora Leste field

On April 28, 2022, Jaguar signed a Purchase and Sale Agreement with Petróleo Brasileiro S.A. (“Petrobras”) for the acquisition of a 90% interest and operation of Albacora Leste Field, with Repsol Sinopec Brasil as the partner holding the remaining 10%.

On January 26, 2023, upon ANP’s approval, the acquisition of control, a 90% interest in Albacora Leste Field (“Field” or “Albacora Leste”) with Petrobras was concluded. As of this date, PRIO becomes the operator of the asset, pursuant to Note 9.

Albacora Leste is located at a water depth of 1,200 meters, in the north of the Campos Basin, 23 km from the Frade Field. Discovered in 1986, the Field had its first oil in 1998 through its 10 producing wells and 6 injection wells currently in operation. The field produced in 2023, approximately 27.3 thousand bbl of oil per day.



Notes to the financial statements

December 31, 2023

(In thousands of dollars – US\$, unless otherwise indicated)

Wahoo and Itaipu Field

As of November 19, 2020, a contract was signed with BP Energy do Brasil Ltda. for the acquisition of shares regarding a 35.7% interest in Block BM-C-30 (“Wahoo Field” or “Wahoo”), and a 60% interest in Block BM-C-32 (“Itaipu Field” or “Itaipu”). On June 17, 2021, the ANP - Brazilian National Agency of Petroleum approved the transfer of assets, and on July 1, 2021, the certificate of completion of the acquisition operation was signed, with Prio becoming the operator of both pre-salt fields and increasing proven reserves by approximately 132 million barrels.

Additionally, on March 4, 2021, the Company signed an agreement with Total E&P do Brasil Ltda. for the acquisition of an additional 28.6% interest in Wahoo, approved by the ANP on July 08, 2021. Subsequently, as of September 26, 2022, the Company also signed with Total E&P do Brasil Ltda. the acquisition of the remaining 40% of the Itaipu field, approved by ANP on March 23, 2023. In addition to the Wahoo portion acquired from BP, Prio’s interest the concession will increase to 64.3%.

With the development of Wahoo, estimated to be concluded in 2024, the Company will form another production cluster and will share the full infrastructure with Frade Field (including the FPSO), thus enabling the capture of several synergies resulting in another strong and sustainable decrease in the lifting cost, striving to always maintain the highest standards of safety and efficiency.

Itaipu is an exploratory block that is located close to the Parque das Baleias cluster and preliminary studies performed indicate that the accumulation is potentially shared with the southeast region of the cluster and before the development definition, a unitization process may be necessary. See further details of the acquisition in Note 9.

Manati Field

In March 2017, PrioOG concluded the transaction for the acquisition of 100% of the shares of Brasoil do Brasil Exploração Petrolífera S.A. (“Brasoil”). Brasoil is a holding company, indirectly holding a 10% interest in the rights and obligations of the Manati Field concession contract, in the production phase, in addition to a 10% interest in the Camarão Norte Field, under development, which is under return process by the consortia to National Agency of Petroleum, Natural Gas and Biofuels (ANP) and a 100% interest in the concessions of Blocks FZA-Z-539 and FZA-M-25d4, both in the exploration phase.

The Manati Field is located in the Camamu Basin, on the coast of the State of Bahia Average daily output in 2023 was of roughly 1.7 million cubic meters of natural gas (2.5 million cubic meters of natural gas in 2022).

As of November 3, 2022, the Company signed an agreement with Gas Bridge S.A. (“Gas Bridge”) regarding the intention to dispose of its 10% interest in Manati Field. On November 16, 2023, the transaction was completed with an agreed sale price of US\$ 21,985. For more information, see the note on Non-current assets classified as held for sale.



Notes to the financial statements

December 31, 2023

(In thousands of dollars – US\$, unless otherwise indicated)

2. Material accounting policies for financial statements

2.1 Statement of conformity

The individual and consolidated financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, which include the provisions of Brazilian Corporation Law, Procedures, Guidance and Interpretations issued by Accounting Pronouncements Committee - CPC and approved by the Brazilian Securities Commission - CVM and by the Federal Accounting Council - CFC, which are in conformity with international accounting standards issued by *International Accounting Standards Board - IASB*.

The statements of value added are presented as supplementary information for IFRS purposes.

The Company's Management authorized the issue of financial statements as of March 8, 2024.

Management considered the guidelines provided for Guideline OCPC 07, issued by CPC in November 2014, in the preparation of its financial statements, so that all material information specific to the financial statements is disclosed and corresponds to what is used in the Company's management.

2.2 Basis of preparation

The individual and consolidated financial statements were prepared based on the historical cost, except for amounts and transactions measured at fair value, when indicated.

2.3 Basis of consolidation and investments in subsidiaries

Consolidated financial statements include financial statements of the Company and its subsidiaries. Control is achieved when the Company has the power to control financial and operating policies of an entity to gain benefits from its activities.

The income (loss) of the subsidiaries acquired, sold or merged during the year are included in the consolidated income and comprehensive income information from the effective date of acquisition, disposal or merger, as applicable.

In the Company's individual financial statements, the financial data of direct and indirect subsidiaries are recognized under the equity method of accounting.

When necessary, subsidiaries' financial statements accounting policies are adjusted to those of the Group. All transactions, balances, revenues and expenses among the Group's companies are fully eliminated in consolidated financial statements.



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The Company's consolidated financial statements include:

Fully consolidated companies	Reference	Status	Interest			
			12/31/2023		12/31/2022	
			Direct	Indirect	Direct	Indirect
Petro Rio O&G Exploração e Produção de Petróleo Ltda.	"PrioOC"	Inactive	100.00%	-	100.00%	-
Pio Energia Ltda.	"PrioEnergia"	Inactive	-	100.00%	-	100.00%
Prio Internacional Ltda.	"PrioIntl"	Holding	0.62%	99.38%	1.23%	98.77%
Petrório Luxembourg Holding Sarl	"Lux Holding"	Trading	-	100.00%	-	100.00%
HRT Walvis Petroleum (Pty) Ltd.	"Walvis"	Under settlement	-	100.00%	-	100.00%
Prio Bravo Ltda.	"Bravo"	Production	-	100.00%	-	100.00%
Petro Rio Jaguar Petróleo S.A.	"Jaguar"	Production	-	100.00%	-	100.00%
Pio OPCO Exploração Petrolífera Ltda.	"OPCO"	Holding	-	100.00%	-	100.00%
Pio Coral Exploração Petrolífera Ltda.	"Coral"	Production	-	100.00%	-	100.00%
Brasoil Finco LLC	"Finco"	Under settlement	-	100.00%	-	100.00%
Dommo R-11 Petróleo e Gás S.A.	"R-11"	Inactive	-	100.00%	-	-
Óleo e Gás Participações S.A.	"OGPar"	Inactive	-	100.00%	-	-
Prio Forte S.A.	"Forte"	Production	-	100.00%	-	-
PRIO O&G International GmbH	"PrioOIGIntl"	Holding	-	100.00%	-	-
PRIO O&G Trading & Shipping GmbH	"PrioAustria"	Trading	-	100.00%	-	-
Dommo Netherlands Holding BV	"Ned Holding"	Inactive	-	100.00%	-	-
Dommo Netherlands BV	"PrioNed"	Inactive	-	100.00%	-	-
Petrório Luxembourg Trading Sarl	"Lux Trading"	Merged company	-	-	-	100.00%
Kunene Energy (Pty) Ltd.	"Kunene"	Under settlement	-	100.00%	-	100.00%
Orange Petroleum Ltd.	"Orange"	Under settlement	-	100.00%	-	100.00%

2.4 Functional and presentation currency

Presentation currency

In compliance with Brazilian legislation, the individual and consolidated financial statements are presented in reais, from the consolidated information prepared in the Company's functional currency, which on January 1, 2022 was changed to the US dollar, as highlighted:

- Assets and liabilities are translated into reais at the exchange rate on the reporting date (closing rate);
- Statements of income, comprehensive income, cash flows and added value are translated at the exchange rate on the date of operations (daily rate); and
- Shareholders' equity is translated at the historical rate.

Foreign exchange differences resulting from said translation are accounted for separately in shareholders' equity, in comprehensive statement of income, in line of "Accumulated translation adjustments".

Functional currency

The Company's Management periodically monitors the primary and secondary indicators that define the functional currency to be used.

All the Company's subsidiaries had their functional currency translated changed to the dollar as of January 1, 2022, except for the subsidiary Coral, which did not meet the necessary requirements for the change. Furthermore, the entities added in Forte's control acquisition process also had their functional currency changed to the US dollar on the acquisition date, as they have the same structure as Prio's companies.

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2.5. Cash and cash equivalents

They are maintained for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Comprised of balances in cash, demand bank deposits, and financial investments with immediate liquidity and insignificant risk of change in value.

2.6. Current and non-current assets and liabilities

Current and non-current assets and liabilities are stated at realization and/or collection values, respectively, and contemplate inflation adjustments or exchange-rate changes, as well as earned or incurred earnings and charges, when applicable.

2.7. Oil and gas inventories

Inventories are measured at the lower of the cost and net realizable value. Costs incurred to take the product to its location and conditions are measured at weighted acquisition or production average cost. The net realizable amount corresponds to the sales price estimated for the normal course of the businesses, less estimated execution costs and those required for the sale.

2.8. Business combination and goodwill

Business combinations are accounted for under the acquisition method. The cost of an acquisition is measured for the consideration amount transferred, valued on fair value basis on the acquisition date, including the value of any ownership interest held by non-controlling shareholders in the acquired company, regardless of their proportion. For each business combination, the buyer must measure the non-controlling interest in the acquired business at the fair value of based on its interest in the net assets identified in the acquired business. Costs directly attributable to the acquisition should be accounted for as expense when incurred.

On acquiring a business, the Group assesses the financial assets and liabilities assumed in order to rate and to allocate them in accordance with contractual terms, economic circumstances and pertinent conditions on the acquisition date, which includes segregation by the acquired entity of built-in derivatives existing in the acquired entity's host contracts.

Any contingent consideration to be transferred by the acquiree will be recognized at fair value on the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability should be recognized in accordance with CPC 48 in the statement of income.

Initially, goodwill is initially measured as being the excess of consideration transferred in relation to net assets acquired (acquired identifiable assets, nets and assumed liabilities). If consideration is lower than fair value of net assets acquired, the difference must be recognized as gain in statement of income.

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After initial recognition, the goodwill is carried at cost less any accumulated loss for the impairment losses. For impairment testing purposes, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash-generating units of the Group that are expected to benefit by the synergies of combination, regardless of other assets or liabilities of the acquiree being allocated to those units.

2.9. Oil and gas exploration, development, and production expenditure

For the expenditure on exploration, development and production of oil and gas, the Group – for the purposes of the accounting practices adopted in Brazil – uses accounting criteria in accordance with IFRS 6 – “Exploration for and evaluation of mineral resources.”

2.9.1 - Property, plant and equipment: It is recorded at the amortized or construction cost, restated, when applicable, to its recovery amount and it is represented mainly by assets associated to stages of exploration and oil and natural gas production development, such as, for example, expenses on drilling and completion, and E&P equipment. Also includes machinery and equipment and other tangible assets used for administrative purposes, such as furniture, telephone devices, IT equipment. Gains and losses deriving from write-off or disposal of a property, plant and equipment are determined by the difference between earned revenue, if applicable, and respective residual value of the asset, and is recognized in income (loss) for the year.

Exploratory concession rights, subscription bonus, and other expenses on the acquisition of concessions during the exploratory phase are recorded as intangible assets.

The expenses with the acquisition of concessions in the exploratory phase and the subscription bonus corresponding to the offers for obtaining a concession for oil or natural gas exploration. They are recorded at the acquisition cost, adjusted, when applicable, to their recovery value.

Assets directly related to oil and gas production whose useful life is determined by the field concession period are depreciated using the Units-of-Production method, including rights and concessions such as the subscription bonus.

2.9.2 - Successful efforts: Expenditure with exploration and development of oil production is recorded in accordance with the successful efforts method. This method determines that the development costs of all production wells and successful exploratory wells, related to economically feasible reserves, be capitalized, while geological and geophysical and seismic costs should be considered as expenses for the year when incurred. Additionally, the dry exploratory well expenditure and those related to non-commercial areas should be recognized in income (loss) when identified as such.

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2.9.3 - Abandonment expenditure: Expenses with the abandonment of the oil development and production areas are recorded as intangible assets in contra account to a provision in liabilities.

2.9.4 - Depreciation: Capitalized expenditure from exploration and development of production, as well as FPSOs and subsea equipment, is depreciated as of declaration of commerciality and start of production, using the units of production method. According to this method, monthly depreciation rate is obtained by dividing monthly production by total estimated reserve balance (proved developed) at the beginning of the month. On an annual basis, the Company reviews total reserve balance. Machinery and equipment are depreciated by the straight-line method based on the rates mentioned in the property, plant and equipment note that takes into consideration the estimated useful lives of the assets with the respective residual values.

2.10. Expenditure associated to Join Operating Agreement (JOA) of Frade Field

The Company, in the capacity of Frade Field operator, is responsible for contracting and paying all suppliers of this concession.

On a monthly basis, disbursements projected for subsequent month are estimated and charged from partners through cash calls, and evidence of expenditure is provided in billing statements.

Therefore, invoices received by the Company contemplate total value of acquired materials and services, but presentation in the Company's statements of income/cost reflects only its interest.

2.11. CPC 06 (R2) / IFRS 16 – Lease operations

The Company evaluates all lease contracts that can be included in the Pronouncement's identification principles of the Technical Pronouncement CPC 06 (R2) / IFRS 16 and does not consider short-term leases maturing within 12 months were not taken into considering, in addition to leases of non-significant amounts, provided that the payments of the leases related to these contracts are recognized as expenses over the term of the contract.

The Group recognizes right-of-use assets on the lease start date (that is, the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, net of any accumulated depreciation and impairment losses and adjusted at any new remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the recognized lease liabilities, the initial direct costs incurred and payments of lease made up to the start date, net of possible lease incentives received.

Right-of-use assets, when associated with oil and gas production activities, are amortized using the Units of Production (UOP) method, and other right-of-use assets are amortized in a straight-line method, over the shortest period between the term of the lease and the estimated useful life of the assets.

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Right-of-use assets are also subject to impairment.

Lease liabilities were measured at present value of the remaining lease payments, using the surcharge rate on the Company's loan at first-time adoption date.

2.12. Non-current assets held for sale

The Company classifies a non-current asset as "held for sale" when its book value will be recovered mainly through a sale transaction rather than its continuing use. These non-current assets and held for sale are stated at the lowest value between their book value and the fair value, net of sales expenses. Sales expenses are represented by incremental expenses directly attributable to the sale, except financial expenses and income taxes.

The classification criteria for non-current assets held for sale are met when the sale is highly probable and the asset or group of assets held for sale are available for immediate sale at current conditions, subject only to customary and usual terms for the sale of such assets held for sale.

Property, plant and equipment and intangible assets are not depreciated or amortized when classified as held for sale and they are presented separately as current items in the balance sheet, as well as other related assets and liabilities. For further details, see Note 6.

2.13. Analysis of Recoverable amount of assets

In accordance with CPC 01, Management annually reviews the recoverable value of property, plant and equipment, intangible assets, right-of-use assets, deferred income tax and social contribution and other current and non-current assets to assess events or changes in economic, operating, or technological circumstances likely to point out impairment or loss of their recoverable value. These evidences are detected and the net book value exceeded, the recoverable value, a provision for impairment is formed to adjust net book value to recoverable value. The recoverable value of an asset or a particular cash-generating unit is defined as the higher of value in use and net sales value.

In the estimate of the value in use of the asset, the estimated future cash flows are discounted at their present value, using a discount rate before taxes that reflects the weighted average cost of capital for the industry in which the cash generating unit operates.

The Group bases its impairment assessment based on the most recent financial forecasts and budgets, which are prepared separately by Management for each cash-generating unit to which the assets are allocated.

When there are losses deriving from situations in which the asset book value exceeds its recoverable value, defined as the higher of the asset's value in use and asset's net sales value, they are recognized in income (loss) for the year.

For assets other than goodwill, an assessment is carried out at each reporting date

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in order to determine whether there is any indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable value of the asset or cash-generating unit. A previously recognized impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss recognized. The reversal is limited so that the book value of the asset does not exceed the book value that would have been determined (net of depreciation, amortization or depletion) if no impairment loss had been recognized for the asset in prior years. This reversal is recognized in income (loss). There are no records of loss due to impairment of long-term non-financial assets in 2023 and 2022.

The goodwill impairment test is performed annually on December 31 or when circumstances indicate that the book value has deteriorated. The impairment loss is recognized for a cash-generating unit to which the goodwill is related. When the unit's recoverable amount is lower than the unit's book value, the loss is recognized and allocated to reduce the book value of the unit's assets in the following order: (a) reducing the book value of goodwill allocated to the cash generating unit; and (b) thereafter, to the unit's other assets in proportion to the book value of each asset. There are no records of impairment of goodwill in 2023 and 2022.

The Group assesses whether climate risks, including physical risks and transition risks, could have a significant impact. If so, these risks are included in cash flow projections when evaluating value-in-use amounts.

The Group determines the "Field" as the smallest cash-generating unit.

2.14. Income taxes

2.14.1 – Current income tax and social contribution

Current tax assets and liabilities relating to the current and previous years are measured at the amount expected to be recovered or paid to the tax authorities, using the tax rates that are approved at the end of the year being reported in the countries in which the Group operates and generates taxable income.

Current income tax and social contribution related to the items directly recognized in the shareholders' equity are recognized in the shareholders' equity. Management periodically evaluates the fiscal position of situations in which the tax regulations require interpretation and establish provision when appropriate.

2.14.2 – Deferred income tax and social contribution

Deferred income tax is generated by temporary differences on the balance sheet date between the tax bases of assets and liabilities and their book values. Deferred tax liabilities are recognized for all temporary tax differences, except:

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- When the deferred tax liabilities derive from the initial recording of an asset or liability from a transaction that is not a business combination at the event of transaction, does not affect the accounting profit or tax income or loss; and
- On the temporary tax differences related to investments at subsidiaries, in which the period of reversal of temporary differences can be controlled and it is likely that temporary differences will not be reversed soon.

Deferred tax assets are recognized for all deductible temporary differences, unused tax credits and losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and unused tax credits and losses can be used, except for:

- When the deferred tax asset related to the deductible temporary difference is generated in the initial recognition of the asset or liability in a transaction that is not a business combination and, on the date of the transaction, does not affect the accounting income or the taxable income (or tax loss); and
- On the deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent it is likely that temporary will be reversed in the near future and taxable income is available to allow the temporary differences to be used.

The book value of deferred tax assets is reviewed on each balance sheet date and written off to the extent that it is more likely that taxable profits will be available to allow that all or part of deferred income tax assets to be used. Deferred tax assets are reviewed on each balance sheet date and are recognized to the extent it becomes likely that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to be applicable in the year that the asset will be realized or the liability settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date.

Deferred tax related to items recognized directly in shareholders' equity and not in statement of income. Deferred tax items are recognized according to the transaction that originated the deferred tax, in comprehensive income or directly in shareholders' equity.

Tax benefits acquired as part of a business combination, but which do not meet the criteria for separate recognition on that date, are subsequently recognized in the event of new information about facts and changes in circumstances. The adjustment is treated as a reduction in goodwill (provided it does not exceed goodwill) if incurred during the measurement period or recognized in income (loss).

2.14.3 – ICPC 22 / IFRIC 23 – Uncertainty on treatment of income taxes

ICPC 22 clarifies the criteria for recognition, measurement and disclosure of the uncertainties referring to taxes on profit, due to the absence of explanations in this

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regard by Technical Pronouncement CPC 32 - Income taxes (CPC 32) and differences between the procedures adopted by the companies. The Company evaluated the effects and there is no impact on the financial statements.

2.15. Financial instruments

Financial assets and liabilities are recognized when the Group is a party of the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities are increased or reduced by the fair value of the financial assets or liabilities, when applicable, after initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in the statement of income.

2.15.1 - Financial assets

The Group's financial assets are classified into the following categories: (i) amortized cost, (ii) fair value through other comprehensive income, and (iii) financial assets at fair value through profit or loss. Classification depends on nature and purpose of financial assets and is determined on initial recognition date.

All regular acquisitions or disposals of financial assets are recognized or written-off based on negotiation date. Regular acquisitions or disposals correspond to financial assets' acquisitions or disposals requiring delivery of assets within term established in a standard or market practice.

Financial assets at amortized cost: They include trade accounts receivable, advance to suppliers, loans to associated companies, among other financial assets which are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in income (loss) when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income: They include equity instruments and debt securities, which are intended to be held for an indefinite period and can be sold to meet liquidity needs or in response to changes in market conditions. After initial recognition, the financial assets available for sale are measured at fair value, with unrealized gains and losses, recognized directly in the available-for-sale reserve within other comprehensive income until the investment is derecognized.

Financial assets measured at fair value through profit or loss: Include financial assets held for trading (that is, acquired mainly to be sold in the short-term), or assigned at fair value through profit or loss. Any interest, inflation adjustment, exchange-rate change and any changes arising from evaluation at fair value are recognized in income (loss), as financial revenues or expenses, when incurred.

Impairment of financial assets: Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each

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reporting period. Impairment losses are recognized if, and only if, there is objective evidence of the financial asset impairment as a result of one or more events that occurred after initial recognition with impact on this asset's estimated future cash flows.

For all other financial assets an objective evidence may include:

- Significant financial difficulty of the issuing company or counterparty; or
- Breach of contract, such as default or delay in interest or principal payments; or
- Probability of debtor declaring its bankruptcy or financial reorganization; or
- Extinction of that financial asset active market due to financial problems.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's book and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss recognized for goodwill will not be reversed in subsequent periods.

The book value of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the book value is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited to the provision. Changes in book value are recognized in income (loss).

2.15.2 - Financial liabilities

Financial liabilities are classified in the initial recognition as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost, or as derivatives designated as hedge instruments in an effective hedge, as the case may be.

All financial liabilities are initially measured at their fair value, plus or minus, in the case of a financial liability other than at fair value through profit or loss, the transaction costs that are directly attributable to the issue of the financial liability.

The Group's financial liabilities include suppliers and other accounts payable, loans and financing, debentures and derivative financial instruments.

For subsequent measurement purposes, financial liabilities are classified into two categories: financial liabilities at fair value through profit or loss; and financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss: They include financial liabilities for trading and financial liabilities designated in the initial recognition, as measured at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are incurred with the purpose of buyback in the short term. This category also includes derivative financial instruments contracted by the Group that are not designated as hedging instruments in the hedging relationships defined by CPC 48. Gains or losses in liabilities for trading are recognized in the statement of income.

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Financial liabilities at amortized cost: When applicable, loans, financing and debentures obtained are initially recognized at fair value when funds are received net of transaction costs. Subsequent measurement is made using the amortized cost method; that is, plus charges, interest incurred *pro rata temporis* and Inflation adjustments and exchange-rate changes, as provided for in the contract, incurred up to the date of the individual and consolidated financial statements.

Gains and losses are recognized in income (loss) when liabilities are derecognized, as well as using the effective interest rate amortization process. Amortization using the effective interest rate method is included as a financial expense in the statement of income. This category generally is applicable to granted and obtained loans and financing subject to interest.

2.16. Derivative financial instruments

The Company uses derivative financial instruments to hedge against its exposure to the risk of fluctuations in oil prices (Note 27) and hedge against exchange rate and rate exposure in the non-convertible debentures agreement (Note 14). The derivative financial instruments designated in hedging operations are initially recognized at fair value on the date on which the derivative contract is signed and are subsequently measured also at fair value. Derivatives are presented as financial assets when the fair value of the instrument is positive; and as financial liabilities when the value is negative.

Any gains or losses arising from changes in the fair value of derivatives during the year are recorded directly in the income (loss) for the year, except when they are designated as a cash flow hedge, where gains and losses are accounted for in shareholders' equity until their settlement, when they are transferred to income (loss).

The Company does not operate with speculative derivative financial instruments.

2.17. Loan costs

Costs of loans, financing and debentures, directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for use or sale are capitalized as part of the cost of the related asset. All other loan costs are accounted for as expenses when incurred. Loan costs involve interest and other costs incurred by the Company in relation to the loan.

2.18. Transactions involving payment in shares

Share-based remuneration plan for employees, to be settled with equity instruments, is measured at fair value on grant date, as described in Note 19.2.

The fair value of options granted determined on the grant date is recorded as an expense on employee benefits in the income (loss) for the year, together with the corresponding increase in shareholders' equity ("stock option plan"), throughout the period in which the service is provided and, where applicable, performance

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conditions are met (acquisition period or vesting period).

The accumulated expense recognized for transactions that will be settled with equity securities on each reporting date through the vesting date reflects the extent to which the vesting period may have expired and the Group's best estimate of the number of grants that, ultimately, will be acquired. The expense or credit in the statement of income for the period represent the changes in accumulated expense recognized at the start and end of that period.

Service conditions and other non-market performance conditions are not considered in determining the fair value of premiums granted, but the likelihood that the conditions will be satisfied is assessed as part of the Group's best estimate of the number of premiums that will ultimately be fulfilled and the titles acquired. Market conditions and performance are reflected in the fair value on the grant date. Any other applicable conditions, but which do not have a service requirement associated therewith, are considered conditions of non-acquisition of rights. Conditions of non-acquisition of rights are reflected in the fair value of the grant and lead to the immediate recording of the grant as an expense, unless service and/or performance conditions also exist.

No expense is recognized for grants that complete their vesting period because performance and/or service conditions have not been met.

When the terms of an equity-settled transaction are modified (for example, by changes to the plan), the minimum expense recognized is the grant date fair value, provided that the original vesting conditions are met. An additional expense, measured at the modification date, is recognized for any modification that results in an increase in the fair value of share-based payment arrangements or that otherwise benefits employees. When a grant is canceled by the entity or the counterparty, any remaining element of the fair value of the grant is recognized as an expense immediately through profit or loss.

The effect of dilution of outstanding options is reflected as dilution of additional share in the calculation of the diluted earnings per share.

The Company reviews its estimates on the number of equity instruments that will be eventually regularly acquired. Review impact on original estimates, if any, is recognized in income for the year as a counterparty to adjustment in shareholders' equity under "Capital reserve".

2.19. Statement of income

Income (loss) from operations complies with the accrual basis. Sales revenues are recognized upon transfer of ownership and its inherent risks to third parties and recognized only if all performance obligations provided in contracts with clients were complied with and can be reliably measured.

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2.20. Use of estimates and judgments

The preparation of individual and consolidated financial statements according to IFRS and CPC standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, revenues, expenses and respective disclosures, as well as disclosures of contingent liabilities. In the process of application of the Group's accounting policies, the Management made the following judgments whose effect is more significant on the amounts recognized on the individual and consolidated financial statements:

- Determination of lease term of contracts that have renewal or termination option clauses - The Group determines the lease term as the non-cancellable contractual term, together with the periods included in an eventual renewal option to the extent that such renewal is assessed as reasonably certain and with periods covered by an option to terminate the agreement to the extent that also be assessed as reasonably certain.
- Assets held for sale - As of November 3, 2022, the Company signed an agreement with Gas Bridge S.A. ("Gas Bridge") to dispose of its 10% interest in Manati Field. The governance bodies considered that the asset met the criteria to be classified as held for sale, considering CPC 31, at that date.

The Group based its assumptions and estimates on parameters available when the individual and consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances beyond the Group's control. Estimates and assumptions are reviewed in a continuous manner. Reviews in relation to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

- Impairment loss for non-financial assets

An impairment loss occurs when book value of an asset or cash generating unit exceeds its recoverable value, which is the highest of fair value, net of sales expenses and value in use. Calculation of fair value, net of sales expenses is based on information available on sale transactions of similar assets or market prices less sales expenses. The value-in-use calculation is based on the discounted cash flow model. Cash flows result from budget for the next five years and do not include restructuring activities to which the Group has not yet committed or significant future investments that will enhance the asset base of the cash generating unit under test. The recoverable value is sensitive to the discount rate used for the discounted cash flow method, as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

- Transactions with stock-based payments

The cost of transactions settled in shares with employees is based on the fair value of the equity instruments measured on the grant date, using the Black-Scholes

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pricing model, which considers – among its assumptions – the share price on the grant date, terms, volatility, and the purchase price set by the options programs.

- Taxes

The deferred tax asset is recognized for all tax losses not utilized to the extent that it is probable that there will be future taxable income against which they can be offset. Substantial judgment from Management is required to determine the amount of the deferred tax asset that can be recognized, based on the probable term and amount of future taxable income, along with future tax planning strategies.

- Fair value measurement of financial instruments

When the fair value of financial assets and liabilities recorded on the balance sheet cannot be measured based on prices quoted in active markets, the fair value is measured based on valuation techniques, including the discounted cash flow model. The inputs considered in these models are obtained from observable markets, whenever possible. In situations where these inputs cannot be obtained from observable markets, a degree of judgment is required in order to establish their fair values. Associated judgments include assessment of liquidity risk, credit risk, and volatility.

- Provision for abandonment (ARO)

In determining the amount of the provision, assumptions and estimates are made with regard to discount rates, the expected cost of abandoning facilities and removing assets from the site to remediate environmental damage caused, and the expected timing of these costs. When estimating the expected cost, the Group takes into account (among other factors) changes in environmental legislation and regulations that may affect the plant dismantling and removal process.

- Leases - Estimate of the incremental rate on loans

The Group is unable to readily determine the interest rate implicit in the lease, and therefore considers its incremental rate on loans to measure lease liabilities. The incremental rate is the interest rate that the Group would have to pay upon loan, for a similar term and with similar collateral, the funds required to obtain the asset with a value similar to the right-of-use asset, in a similar economic environment.

- Provisions for tax, civil and labor risks The Group

recognizes provision for civil and labor claims. Determination of the likelihood of loss includes determination of evidences available, hierarchy of laws, jurisprudence available, more recent court decisions and relevance thereof in legal system, as well as evaluation of external lawyers. Provision is reviewed and adjusted so as to consider changes in circumstances, such as applicable statute of limitations, conclusions of tax audits or additional exposures identified based on new matters or court rulings.

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Information on assumptions and estimates that may result in adjustments within the next financial year are included in the following notes:

- Note 6 – Non-current assets classified as held for sale.
- Note 8 – Property, plant and equipment, primarily those relating to write-offs, amortizations and impaired oil & gas assets.
- Note 9 – Intangible assets, primarily those relating to written-off, amortization and impaired oil & gas assets.
- Note 16 - Current and deferred income tax and social contribution.
- Note 15 - Leases, CPC 06 (R2)/IFRS 16.
- Note 17 – Provision for abandonment of facilities.
- Note 19 - Shareholders' equity / Share-based remuneration plan.
- Note 27 - Objectives and policies for financial risk management.
- Note 29 - Contingencies.

2.21. Climate issues

The Company considers climate issues in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though risks related to climate change may not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments, such as new legislation related to climate change.

2.22. Standards and new and reviewed interpretations already issued

In the preparation of financial statements, the Company's Management considers, when applicable, new reviews and interpretations of IFRS and technical pronouncements, issued by IASB and CPC. For the year ended December 31, 2023, no changes occurred that affected the Company's financial statements.

2.23. Standards issued but not yet effective

New and amended standards and interpretations issued, but not yet effective until the date of issue of the Company's financial statements are described below: The Company intends to adopt these new and amended standards and interpretations, if applicable, when they come into force.

Standards	Description	Mandatory application: years starting on or after
Amendments to IFRS 16	Lease Liabilities in a Sale and Leaseback	January 01, 2024
Amendments to IAS 1	Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 7 and IFRS 7	Supplier financing agreements	January 01, 2024

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(In thousands of dollars – US\$, unless otherwise indicated)

2.24. CPC 23 – Material Accounting Policies, Changes in Accounting Estimates and Errors

2.24.1 - Change in accounting estimate

Annually, the Company reviews projections of oil and gas reserves in the producing Fields. In February 2024, the Company, through an independent international certifying agency, DeGolyer and MacNaughton (“D&M”), conducted a reevaluation of reserves at Polvo, Tubarão Martelo, Frade and Albacora Leste. This reassessment indicated changes in the reserves and useful life of the Fields, and consequently a change in the basis for the depreciation of the fields and the useful life of the Field, which is used to calculate the abandonment provision and lease agreements within the scope of CPC 06 – IFRS 16.

At Polvo and Tubarão Martelo Fields, the revaluation indicated an increase in the economic useful life of the Field until the end of 2033, and an increase of the developed proven reserves by approximately 5 million bbl, if compared to the same periods of the prior year.

At Frade Field, the revaluation indicated an extension of the field’s economic useful life until the end of 2041, and an increase of the developed proven reserves by approximately 47 million bbl due to drilling made in 2023.

At Albacora Leste field, the revaluation indicated an increase in the economic useful life of the Field until the end of 2041, with an increase in proved reserves developed of approximately 16 million barrels. However, for accounting purposes of depreciation, abandonment and lease, we consider the concession term which is currently at the end of 2031.

3. Cash and cash equivalents

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Cash	-	-	20	15
Banks	3,769	3,287	482,371	1,842,360
	<u>3,769</u>	<u>3,287</u>	<u>482,392</u>	<u>1,842,375</u>
National	1,711	3,418	96,546	512,076
Abroad	2,058	13,730	385,846	1,330,299

The balance of cash and cash equivalents consists of funds for the purpose of working capital, applied by period that range from one day to three months, depending on the Group’s immediate cash needs in highly liquid instruments in Brazil (committed, Bank Deposit Certificates and Investment fund) and abroad (remunerated current account deposits), without risk of significant change of the principal, and yields upon redemption.

The reduction presented in the year is mainly due to the payment of the acquisition amounts regarding the interest in Albacora Leste Field and the buyback of preferred shares in the process of acquisition of shares and equity control of Forte.

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(In thousands of dollars – US\$, unless otherwise indicated)

4. Accounts receivable

	Consolidated	
	12/31/2023	12/31/2022
Petrobras (i)	6,176	3,418
Repsol	-	24,058
Petrochina	-	4,396
Valero (ii)	81,295	-
Shell (iii)	159,215	-
Phillips 66 (iv)	80,387	-
Trafigura (v)	28,364	-
Saras (vi)	4,351	-
Other	341	1
Total	360,129	31,873
Total local currency	6,517	3,418
Total foreign currency	353,612	28,455

- (i) Balance receivable referring to sales of gas and condensed oil carried out by Manati, Frade and Albacora Leste fields in December 2023, of which US\$ 1,458 for Manati, US\$ 1,854 for Frade and US\$ 2,864 for Albacora Leste. The average period of receipt of accounts receivable is 30 to 45 days. Up to February 2024, the amount of US\$ 6,015 was received, with US\$ 4,602 referring to Frade Field and US\$ 1,413 from Manati.
- (ii) Balance receivable referring to the sale of oil from Frade Field, made in December 2023 and fully received up to February 2024.
- (iii) Balance receivable referring to the sales of oil from Polvo and Tubarão Martelo, Frade and Albacora Leste field cluster, made in December 2023. Up to February 2024, the amount of US\$ 124,326 was partially received, with US\$ 25,742 referring to the Polvo and Tubarão Martelo Cluster, US\$ 61,701 from the Albacora Leste Field, and US\$ 36,883 from the Frade Field.
- (iv) Balance receivable referring to sales of oil from Polvo, Tubarão Martelo cluster and Frade Field, made in December 2023 and fully received up to February 2024.
- (v) Balance receivable referring to the sales of oil from Polvo, Tubarão Martelo and Frade field cluster, made in December 2023. Up to February 2024, US\$ 25,996 were received, with US\$ 22,806 referring to the Polvo and Tubarão Martelo Cluster and US\$ 3,246 from Frade Field.
- (vi) Balance receivable referring to the sale of oil from Frade Field, made in December 2023 and fully received in January 2024.

Historically, the Company's accounts receivable do not have credit risk. Thus, the Management does not identify the need to form the allowance for doubtful accounts.

5. Recoverable taxes

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Income tax and social contribution (i)	404	299	47,088	4,507
PIS and COFINS (ii)	-	2	19,615	8,206
ICMS (iii)	-	-	5,343	4,637
Tax abroad	-	-	517	2,200
Other	-	1	121	178
Total	404	302	72,684	19,728
Current assets	404	302	71,811	14,568
Non-current assets	-	-	873	5,160

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- (i) Primarily refers to withholding income tax on interest earning bank deposits, balance of IRPJ/CSLL (Corporate Income Tax / Social Contribution on Net Revenue) from advances in a greater amount, and advances of IRPJ/CSLL for the current year.
- (ii) PIS/COFINS credits on inputs used in operation. The increase in the year is primarily due to the increase in Jaguar’s activities, as a result of the acquisition of a stake in the Albacora Leste Field.
- (iii) ICMS recoverable referring to oil loans between Frade Field partners and movement of materials upon acquisition of Polvo.

6. Non-current assets classified as held for sale

As of November 3, 2022, the Company signed an agreement with Gas Bridge S.A. (“Gas Bridge”) to dispose of its 10% interest in Manati Field.

At the time, the amount negotiated was R\$ 124,000, with 10% received upon signing, 10% received one month after signing and the remaining amount upon conclusion of the operation, expected for November 16, 2023.

The effective date of sale, after agreement between the parties on the final price, was December 01, 2023. Starting from this date, the revenues and expenses related to the Manati Field served to adjust the sales price, which closed at US\$ 21,985, of which US\$ 4,750 was received after signing the contract and the remainder was received on the date of completion of the operation. As the company Gás Bridge had already paid a higher amount than the closing amount, we recorded the difference to be returned, as accounts payable on obligations associated with assets held for sale, on December 31, 2023, in the amount of US\$ 848, paid in January 2024.

Due to the negotiation process of the final price for the sale of the asset between the parties, the Company accounted for this asset in accordance with CPC 31, presented as non-current assets classified as held for sale, recorded at cost value, because is lower than the fair value.

Considering the final sale price agreed upon between the parties, the result of the operation, after writing off all assets and liabilities linked to the 10% stake in the Manati Field, showed an income of US\$ 7,134, as detailed below:

	<u>12/31/2023</u>
Asset sale price	21,985
Write-off of advances to partners	(2,654)
Write-offs of development assets	(397)
Write-off of concession contract	(3,276)
Write-off of goodwill on the acquisition	(5,019)
Write-off of client portfolio	(500)
Write-off of abandonment fund	(3,332)
Write-off of provision for research and development	326
Income from sale	<u>7,134</u>

Notes to the financial statements

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7. Investments

On December 31, 2023, the Company presented the following main interest held in direct subsidiaries:

- Petro Rio O&G Exploração e Produção de Petróleo Ltda. (“PrioOG”)

The subsidiary was created on July 20, 2009, with headquarters in Rio de Janeiro, and engages in: (i) exploration, development and production of oil and natural gas; (ii) import, export, refining, sale and distribution of oil, natural gas, fuel and oil by-products; (iii) generation, sale and distribution of electric power; and (iv) interest in other companies.

Since March 2011, PrioOG already operated as Operator B, in shallow waters and, beginning as of October 2015, PrioOG was qualified as Operator A by ANP, which permits conduction of activities in land areas, and shallow, deep and ultra-deep waters.

- Petro Rio Internacional S.A. (“PrioIntl”)

The subsidiary, headquartered in Rio de Janeiro is engaged in: (i) exploration, development and production of oil and natural gas; (ii) import, export, refining, sale and distribution of oil, natural gas, fuel and oil by-products; (iii) generation, sale and distribution of electric power; and (iv) interest in other companies.

All Group’s companies located in and outside of Brazil, except for PrioOG and Prioenergia, are consolidated under a single corporate structure having PrioIntl as head office in Brazil.

Currently, the main companies controlled by PrioIntl are (i) Lux Holding, a company that sells the oil produced by the companies; (ii) Jaguar, owner of the Frade, Albacora Leste, Wahoo, and Itaipu Fields; and (iii) Bravo, owner of the Polvo and Tubarão Martelo Fields. Lux Trading, which sold oil produced in the fields of the Group’s companies, was taken over by Lux Holding in October 2023. Lux Holding owns the fixed platform, “Polvo A”. Also under this corporate structure are subsidiaries located in the Republic of Namibia and are under settlement and have no balances in their balance sheets.

Portfolio of concessions

On December 31, 2023, the Company’s subsidiaries were participants in the following concessions in Brazilian basins:

Country	Basin	Block	Field	Concessionaire	%	JOA (**)	Status	Phase	PEM (*)
Brazil	Campos	BM-C-8	Polvo	Bravo	100%	No	Operator	Production	-
Brazil	Campos	Frade	Frade	Jaguar	100%	No	Operator	Production	-
Brazil	Campos	C-M-466	Tubarão Martelo	Bravo	100%	No	Operator	Production	-
Brazil	Campos	Albacora Leste	Albacora Leste	Jaguar	90%	Yes	Operator	Production	-
Brazil	Campos	BM-C-30	Wahoo	Jaguar	64%	Yes	Operator	Exploration	-
Brazil	Campos	BM-C-32	Itaipu	Jaguar	100%	No	Operator	Exploration	-
Brazil	Foz do Amazonas	FZA-M-254	-	Coral	100%	No	Operator	Exploration	US\$ 121
Brazil	Foz do Amazonas	FZA-M-539	Pirapema	Coral	100%	No	Operator	Exploration	US\$ 2,182

(*) Minimum exploratory program remaining.

(**) Joint Operating Agreement.



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The acquisition of Forte shares, according to CPC 15 (R1) – Business Combination, during the first quarter of 2023, increased the interest in the Tubarão Martelo Field by 20%, and now is 100% of interest; thus, granting control of the Field to the Company.

Also in the first quarter of 2023, the acquisition of Albacora Leste, with a 90% interest of the Albacora Leste field (the remaining 10% being owned by Repsol Sinopec Brasil), and the acquisition of remaining 40% of the Itaipu Field took place, completing the 100% interest of the Field.

a) Relevant information on investees as of December 31, 2023

	PrioOG	PrioIntl
Direct Interest	100.00%	0.62%
Indirect Interest	-	99.38%
Shareholders' equity	2,957,596	2,817,363
Income (loss) for the year	1,063,835	1,022,415
Total assets	3,024,930	2,817,364

b) Breakdown of investments

	Parent Company	
	12/31/2023	12/31/2022
PrioOG	2,957,596	1,905,038
PrioIntl	17,514	12,512
	2,975,110	1,917,550

c) Changes in investment

	PetroRioOG	PTRIntl	Total
Balance at December 31, 2022	1,905,038	12,512	1,917,550
Distribution and dividends	(10,862)	-	(10,862)
Equity in net income of subsidiaries	1,063,835	4,885	1,068,720
Conversion adjustments	(7,809)	19	(7,790)
Capital reserve – as a result of the buyback of OPCO shares	(26,140)	(154)	(26,294)
Reflexive equity valuation adjustments on income (loss) from swap on debentures	33,534	252	33,786
Balance at December 31, 2023	2,957,596	17,514	2,975,110

Dividends amounting US\$ 10,862 were distributed and paid in November 2023.

Notes to the financial statements December 31, 2023

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8. Property, plant and equipment (Consolidated)

a) Breakdown of the balance

	Depreciation rate %	Cost *	Depreciation*	Balance at 12/31/2023	Balance at 12/31/2022
In operation					
Polvo A platform and drilling rig	UOP**	42,560	(39,400)	3,160	3,712
FPSO Valente - Frade	UOP**	335,284	(147,082)	188,202	212,084
FPSO Bravo - Tubarão Martelo	UOP**	144,309	(59,892)	84,417	96,116
FPSO Forte – Albacora Leste *****	UOP**	348,614	(37,436)	311,178	-
Sonda Hunter Queen	UOP**	112,849	(479)	112,370	-
Oil & gas assets - Frade	UOP**	418,382	(100,210)	318,172	201,296
Oil and Gas Assets - Polvo & TBMT	UOP**	177,723	(88,467)	89,256	99,956
Well workover	3	95,828	(40,721)	55,107	22,892
Machinery and equipment	10	1,435	(1,435)	-	1,00
Furniture and fixtures	10	399	(248)	151	180
Communication equipment	20	206	(115)	91	91
IT equipment	20	2,458	(1,469)	989	492
Leasehold improvements	4	1,254	(203)	1,051	1,101
In progress					
Property, plant and equipment in progress ***		4,907	-	4,907	462
Well workover ****		72	-	72	6,707
Development expenditure *****		572,066	-	572,066	142,102
Spare parts		2,478	-	2,478	10,654
Sonda Hunter Queen		-	-	-	41,844
Material for well revitalization/re-entry – Frade*****		203,149	-	203,149	54,421
Total		2,463,973	(517,157)	1,946,816	894,111

* Cost and depreciation are presented translated at their respective historical rates

** UOP – Units of Production (Unit-of-production depreciation method);

*** Construction in progress refers basically to expenditure with administrative facilities;

**** Well Workover for the resumption and/or improvement of wells;

***** Materials acquired as part of the Frade Field Revitalization Plan.

***** FPSO acquired in the Albacora Leste business combination as “Intangible assets” note.

***** Expenditure on development mainly in the Wahoo Field, which is currently awaiting a license to begin development.

b) Changes in balance

	Balance at 01/01/2023	Acquisition	Additions	Write-offs	Depreciation	Transfers	Balance at 12/31/2023
In operation							
Polvo A platform and drilling rig	3,712	-	-	-	(552)	-	3,160
FPSO Valente - Frade	212,084	-	-	-	(23,882)	-	188,202
FPSO Bravo - Tubarão Martelo	96,116	-	6,300	-	(17,999)	-	84,417
FPSO Forte – Albacora Leste	-	348,614	-	-	(37,436)	-	311,178
Sonda Hunter Queen	-	-	-	-	(479)	112,849	112,370
Oil & gas assets – Frade	201,296	-	-	-	(48,338)	165,214	318,172
Oil & gas assets - Polvo & TBMT	99,956	3,869	-	(230)	(13,331)	(1,008)	89,256
Well workover	22,892	-	-	-	(21,687)	53,902	55,107
Machinery and equipment	1	-	-	-	(1)	-	-
Furniture and fixtures	180	-	2	-	(31)	-	151
Communication equipment	91	-	15	-	(15)	-	91
IT equipment	492	125	623	-	(251)	-	989
Leasehold improvements	1,101	-	-	-	(50)	-	1,051
In progress							
Property, plant and equipment in progress	462	-	4,445	-	-	-	4,907
Well workover	6,707	-	47,267	-	-	(53,902)	72
Development expenditure	142,102	-	536,448	-	-	(106,484)	572,066
Spare parts	10,654	-	-	-	-	(8,176)	2,478
Sonda Hunter Queen	41,844	-	71,005	-	-	(112,849)	-
Material for well revitalization/re-entry – Frade	54,421	-	252,709	(17,559)	-	(86,422)	203,149
Total	894,111	352,608	918,814	(17,789)	(164,052)	(36,876)	1,946,816

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* The transfers did not come to zero because the amount of US\$ 36,876 relating to property, plant and equipment was used in the operation.

In 2022, the Company started the redevelopment of Frade Field. The first phase was completed in October 2022, with the drilling of two production wells and two injection wells, which increased the field's production by approximately 18,000 barrels of oil per day. Phase 2, initially scheduled for 2025, has been brought forward and is currently ongoing. At this stage, three production wells and one injection well have already been drilled.

Furthermore, the Company started production from the POL-Q well in the Polvo Field, with initial stabilized production of approximately 1,000 barrels of oil per day, representing a 15% increase in the Field's production. The new well is producing in the Eocene reservoir.

On July 22, 2022, the Company concluded the acquisition of the Hunter Queen drilling rig (former West Capricorn), with the definitive transfer of the equipment to Prio. Furthermore, US\$ 1,886 thousand (R\$ 9,971) were paid for the transfer of the drilling rig. The drilling rig, after some adaptations, began its operational activities starting in December 2023.

9. Intangible assets (Consolidated)

a) Breakdown of the balance

	Amortization rate (%)	Consolidated				
		Cost	Amortization	Translation adjustment	12/31/2023	12/31/2022
Oil & Gas assets - Frade	(i)	167,080	(98,542)	-	68,538	74,368
Oil & Gas assets – Albacora Leste	(i)	1,887,997	(202,742)	-	1,685,255	-
Oil & Gas assets – Polvo & TBMT	(i)	149,276	(79,705)	-	69,571	24,513
Oil & Gas assets – Wahoo	(i)	151,560	-	-	151,560	151,560
Oil & Gas assets – Itaipu	(i)	78	-	-	78	-
Subscription bonus - FZA-M-254	(i)	1,089	-	172	1,261	-
Subscription bonus - FZA-Z-539	(i)	1,463	-	224	1,687	-
Software and others	20	50	(1)	-	49	50
Goodwill on the acquisition of equity control of Forte (formerly Dommo Energia S.A.)	(ii)	276,535	-	-	276,535	-
Advance for the acquisition of Albacora Leste	*	-	-	-	-	292,650
		2,635,128	(380,990)	396	2,254,534	543,141

* Amount referring to the advance for the acquisition of the block from Petrobras, pursuant to Operations, fully allocated to assets and liabilities identified in the operation upon the conclusion of the operation on January 26, 2023.

(i) Acquisition costs/subscription bonus and exploration expenses are amortized by the unit of production method, considering the production of each concession and the volume of proven reserves developed, once the exploratory/redevelopment processes are finalized.

(ii) Goodwill and surplus related to the acquisition of shares and control of Forte (formerly Dommo Energia S.A.), as detailed below.

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b) Changes in balance

	Balance at 01/01/2023	Acquisition	Amortization	Transfer	Translation adjustment	Balance at 12/31/2023
Oil & Gas assets - Frade	74,368	-	(5,831)	-	-	68,537
Oil & Gas assets – Albacora Leste	-	1,887,997	(202,742)	-	-	1,685,255
Oil & Gas assets – Polvo & TBMT	24,513	58,038	(12,979)	-	-	69,572
Oil & Gas assets – Wahoo	151,560	-	-	-	-	151,560
Oil & Gas assets – Itaipu	-	78	-	-	-	78
Subscription bonus - FZA-M-254	-	-	-	1,089	172	1,261
Subscription bonus - FZA-Z-539	-	-	-	1,463	224	1,687
Software and others	50	-	(1)	-	-	49
Goodwill on the acquisition of equity control of Forte (formerly Dommo Energia S.A.) (*)	-	276,535	-	-	-	276,535
Advance for the acquisition of Albacora de Leste	292,650	(292,650)	-	-	-	-
	543,141	1,929,998	(221,553)	2,552	396	2,254,534

** Amount on the transaction date, referring to the acquisition of Forte (formerly Dommo Energia S.A.), as Note 9.d.

c) Acquisition of assets

1. Itaipu Field (100%)

The Company completed the acquisition of the remaining 40% interest in the Itaipu Field from Total On March 23, 2023 for the amount of US\$ 75 (R\$ 395).

Itaipu is an exploratory block in the Campos Basin and had 3 pilot wells drilled. It is located close to Parque das Baleias cluster and preliminary studies performed indicate that the accumulation is potentially shared with the southeast region of the cluster. Before any development definition, the area must go through a unitization process.

The field has already carried out the minimum exploratory programs and has no provision for abandonment, which is only formed during the development period.

2. Albacora Leste field

As described in the Operations, as of January 26, 2023, Jaguar concluded the acquisition of 90% interest of Albacora Leste field with Petrobras and also became the field's operator, which may provide suggestions to the decisions of the consortium and implement cost reductions and synergies to its operation, in agreement with Repsol, which equally shares the Field's control.

The transaction price was established in US Dollars and totaled US\$ 1,935 million (R\$ 9,824,596 translated on the operation date), of which US\$ 293 million (R\$ 1,491,081) were paid upon signing the agreement, on April 28, 2022, US\$ 1,636 million (R\$ 8,333,515) were paid on January 26, 2023 and the remaining portion of US\$ 7 million (R\$ 35,608) were paid in August 2023, considering the final price adjustment.

Additionally, according to oil price projections on the closing date, there is an expected payment of US\$ 205 million of the total of US\$ 250 million (R\$ 1,044,496 and R\$ 1,273,775, respectively) of contingent consideration (earn-out), and such amount likely payment was included in the total price against accounts payable to Petrobras. Any change between the provision and the realization of amounts will have an impact on the Company's income (loss).

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On December 31, 2023, the balance was updated based on the Libor/SOFR rate to US\$ 222,087 (R\$ 1,075,188), with an impact on the financial income (loss). A portion of this amount pertaining to 2023, in the amount of US\$ 55 million, was paid in January 2024, as the conditions for payment were met (average Brent above US\$ 80). The portion pertaining to 2024, once conditions are met, is scheduled for payment in January 2025.

The identified fair value assets and liabilities, on the transaction date, as well as the allocation to Jaguar, are presented below:

	US\$'000
Downpayment (advance)	292,650
Payment - closing date	1,635,594
Final price adjustment	6,988
Earn-out provision	205,000
Total consideration	2,140,232
Allocation of price	
Property, plant and equipment – Concession	1,899,711
Property, plant and equipment - FPSO P-50 – Albacora Leste	348,614
Inventories	49,122
Inventory oil	7,625
Provision for abandonment	(164,840)

As mentioned in Note 17, during the process of identifying the assets and liabilities acquired with JOA's 90% stake in the Albacora Leste Field, Management revisited the abandonment obligations and arrived at the present value of US\$ 164,840.

d) Business combination - Acquisition of shares and control – Dommo Energia S.A. (currently “Forte”)

As disclosed in the operations session, on January 8, 2023, OPCO completed the acquisition of control of Dommo Energia S.A. (whose corporate name was changed to Prio Forte S.A. – identified as “Forte” in this financial statement), through the purchase of 100% of the shares. On this date, the OPCO's capital was increased through the issue of Class A and B preferred shares (PNA and PNB, respectively), which were paid in with Dommo's shares of US\$ 166,330 and subscription warrants of US\$ 2,049, valued at the total of US\$ 168,379.

In total, 64,618,788 PNA preferred shares and 481,643,405 PNB preferred shares were issued by choice of the holders of shares and subscription warrants, which were redeemed on the same day for PRIO3 shares, in the case of PNA, and in cash, in the case of the PNB, which together amounted to US\$ 204,023 (R\$ 1,035,337), of which R\$ 133,895 was paid in excess to the market value of shares on the date and consequently, treated as transaction among partner and recorded in the shareholders' equity as the statement of changes in shareholders' equity.

The operation included the company Forte, holder of 20% interest in Tubarão Martelo field and all subsidiaries of this company, in which it has a 100% interest, which are Dommo R-11 Petróleo e Gás S.A., Óleo e Gás Participações S.A, Dommo Austria GmbH (changed to PRIO O&G Trading & Shipping GmbH), Dommo International GmbH (changed to PRIO O&G International GmbH), Dommo Netherlands BV and Dommo Netherlands Holding BV.

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The Group, through its subsidiary PrioOG, held a JOA contract with Forte, through which it controlled 80% of the Tubarão Martelo field operations. Thus, in light of CPC 15, the acquisition of control of Forte by OPCO, through the remaining 20% of the JOA, was treated by Management as a business combination carried out in stages (step acquisition). The Company determined the fair values of the assets acquired and liabilities assumed, the fair value of the interest previously held by the Company of 80% of the Field, as well as the allocation of the acquisition price; thus, determined the gain in the remeasurement of previous interest of R\$ 117,070, which was fully realized upon the transfer of JOA and control of Forte's activities for the subsidiary, Bravo, on March 29, 2023. Therefore, there is no effect on the income (loss) for the year regarding the transaction.

On the control acquisition date, net assets and liabilities amounted to a liability of US\$ 81,611 (R\$ 431,355), mainly consisting of provision for probable contingencies recognized in the balance sheet in the amount of US\$ 102,700 and amounts payable for the conclusion of the abandonment of Tubarão Azul Field in the amount of US\$ 16,500, in the final stage, net of bank deposits in the amount of US\$ 9,118 and judicial deposits in the amount of US\$ 4,063.

On the date of these financial statements, as provided for by CPC 15, Management completed the fine adjustments of the transaction for the acquisition of interest and control, as well as identifying the fair value of the assets acquired and liabilities assumed. The assets and liabilities determined at fair value on the transaction date, as well as the definitive allocation, are as follows:

	US\$'000
Consideration transferred (subscription of OPCO shares)	168,379
Allocation of price	
Shareholders' equity on acquisition	(81,611)
Capital gain of the concession	62,480
Deferred tax on surplus	13,675
Contingent liabilities assumed	(102,700)
Goodwill generated in business combination	276,535

The goodwill generated is based on the expected realization of tax loss credits from the acquiree, with the increase in production and the consequent increase in taxable income.

Moreover, for the purposes of defining fair value, the amounts of “possible” and “remote” contingencies were considered, which were not accounted for on Forte's balance sheet, on the date of acquisition of control, following the guidelines of CPC 25, and considering a probability percentage of 25% for “possible” contingencies and 5% for “remote” contingencies, thus adding an amount of US\$ 102,700 in fair value to the contingent liability.

10. Suppliers

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Domestic suppliers	123	42	140,133	51,441
Foreign suppliers	10	-	32,295	57,310
	133	42	172,429	108,751
Total current liabilities	133	42	172,429	108,463
Total non-current liabilities	-	-	-	288

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11. Labor obligations

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Salary	-	-	3,566	705
Provision for bonus	3,079	3,562	44,299	22,664
Charges	20	16	5,174	590
Vacation / 13 th salary	17	16	2,089	2,490
	<u>3,116</u>	<u>3,594</u>	<u>55,128</u>	<u>26,449</u>

12. Taxes and social contributions payable

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
IRPJ and CSLL payable (i)	-	-	69,346	16,670
IRRF on services	134	121	12,580	2,169
IRRF on interest on own capital	-	-	14,170	-
Royalties	-	-	22,348	9,524
PIS/COFINS/CSLL	2	1	1,150	862
ICMS	-	-	1,504	472
INSS	-	-	797	600
Taxes on Equity	-	-	15	25
Other	4	-	579	96
	<u>140</u>	<u>122</u>	<u>122,489</u>	<u>30,418</u>

(i) The IRPJ (Corporate Income Tax) and CSLL (Social Contribution) payable item showed a relevant increase, due to the increase in the volume of operations and consequently in taxed income.

13. Loans and financing

		Additions		Payments		Allocation	12/31/2023	
		12/31/2022	Principal	Interest	Principal			Interest
Citibank	(i)	101,492	100,000	8,735	(50,000)	(8,628)	-	151,599
CCB	(ii)	28,940	-	1,221	-	-	-	30,161
BTG	(iii)	71,195	-	1,743	(70,000)	(2,938)	-	-
ABC	(iv)	30,918	-	1,363	-	-	-	32,281
Itaú	(v)	101,149	100,000	11,272	(100,000)	(11,272)	-	101,149
Safra (bank)	(vi)	36,151	-	1,561	-	-	-	37,712
Santander	(vii)	101,170	50,000	7,819	(50,000)	(7,819)	-	101,170
Bank of China	(viii)	15,367	-	753	-	(1,112)	-	15,008
ICBC	(ix)	-	50,000	2,967	-	(1,584)	-	51,383
HSBC	(x)	-	28,000	2,017	-	-	-	30,017
Subtotal		<u>486,382</u>	<u>328,000</u>	<u>39,451</u>	<u>(270,000)</u>	<u>(33,353)</u>	-	<u>550,480</u>
BOND	(xi)	602,144	-	36,750	-	(36,750)	-	602,144
Fundraising expenses - Bond	*	(7,328)	-	-	-	-	1,811	(5,517)
Total		<u>1,081,198</u>	<u>328,000</u>	<u>76,201</u>	<u>(270,000)</u>	<u>(70,103)</u>	<u>1,811</u>	<u>1,147,107</u>
Current		75,370						250,477
Non-current		1,005,828						896,630

* Costs with banks, lawyers, and consultants for issuing the BOND, appropriated by the effective date of instruments.



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(i) In March 2022, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with Banco Citibank in the amount of US\$ 100 million, with full amortization at maturity, at the rate of 4.71% p.a., semi-annual interest payments and final maturity in 36 months.

In January 2023, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with Banco Citibank in the amount of US\$ 50 million, with full amortization at maturity, at the TERM SOFR rate + 2.90% p.a., monthly interest payments and final maturity in 36 months. This contract was settled in December 2023.

In December 2023, Petro Rio Jaguar contracted an “Export Credit Note” (NCE) from Banco Citibank in the amount of US\$ 50 million, with a maturity of three years and annual amortization starting from the second year, TERM SOFR rate+2.30% p.a., with quarterly interest payments and final maturity in 36 months.

(ii) In March 2022, Petro Rio Jaguar contracted an Advance on Exchange Contract (“ACC”) with China Construction Bank (CCB) in the amount of US\$ 28 million, with total amortization and interest at maturity, rate of 4.30% p.a. and maturing in 24 months.

(iii) In February 2022, Petro Rio contracted an Advance on Exchange Contract (“ACC”) with BTG in the amount of US\$ 70 million, with full amortization at maturity, at the rate of 4.15% p.a., semi-annual interest payments and final maturity in 18 months. This contract was settled in August 2023, as provided for in the contract.

(iv) In April 2022, Petro Rio Jaguar contracted two Advances on Exchange Contract (“ACC”) with Banco ABC Brasil (ABC) in the total amount of US\$ 30 million, with total amortization and interest at maturity, at a rate of 4.48% p.a. and maturing in 22 and 23 months.

(v) In April 2022, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with Banco Itaú in the amount of US\$ 100 million, with full amortization at maturity, at the rate of 4.65% p.a., semi-annual interest payments and final maturity in 24 months.

Additionally, in January 2023, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with Banco Itaú in the amount of US\$ 100 million, with full amortization at maturity, at the TERM SOFR rate + 2.57% p.a., semi-annual interest payments and final maturity in 12 months. This contract was settled in November 2023.

(vi) In April 2022, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with Banco Safra in the amount of US\$ 35 million, with total amortization and interest at maturity, at a rate of 4.4% p.a. and final maturity in 24 months.

(vii) In April 2022, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with Banco Santander in the amount of US\$ 100 million, with full amortization at maturity, at the rate of 4.9% p.a., quarterly interest payments and final maturity in 36 months.

In February 2023, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with Banco Santander in the amount of US\$ 50 million, with full amortization at maturity, at the TERM SOFR rate + 2.46% p.a., quarterly interest payments and final maturity in 12 months. This contract was settled in November 2023.

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(viii) In July 2022, Petro Rio contracted an Advance on Exchange Contract (“ACC”) with Banco da China (Brazil) in the amount of US\$ 15 million, with full amortization at maturity, at the rate of 4.95% p.a., semi-annual interest payments and final maturity in 30 months.

(ix) In January 2023, Petro Rio Jaguar contracted an Export Prepayment Agreement (“PPE”) with ICBC in the amount of US\$ 50 million, with full amortization at maturity, at the TERM SOFR rate + 1.45% p.a., semi-annual interest payments and final maturity in 24 months.

(x) In January 2023, Petro Rio Jaguar contracted an Advance on Exchange Contract (“ACC”) with HSBC in the amount of US\$ 28 million, with total amortization and interest at maturity, rate of 7.47% p.a. and maturing in 12 months.

(xi) On June 9, 2021, the Company issued debt in the international capital market in the amount of US\$ 600 million at a cost of 6.125% p.a. and a final term of 5 years, with a buyback option as of the 3rd year. The principal will be repaid on maturity, June 9, 2026, while interest will be repaid semiannually, and the first amortization took place in December 2021. Additionally, this contract has non-financial obligations disclosed in the prospect that are monitored quarterly and are fully met.

The contracts signed with Citibank (i), BTG (iii), Santander (vii), ICBC (ix) and the debt issued in the international capital market (xi) have financial covenants linked to the leverage ratio. The ratio is calculated by dividing the net debt for the period by the Adjusted EBITDA of the last 12 months (EBITDA minus other revenues and expenses). The maximum limit of the ratio is 2.5x and any non-compliance with this index results in a restriction on taking on new debts. The measurement of this ratio is carried out quarterly, and on December 31, 2023, the calculated indicator was below the established limit, complying with the contract clauses.

14. Local debentures (includes conversion swaps)

As of August 24, 2022, the first issue of simple, non-convertible debentures, in two series, of the unsecured type, with additional personal guarantee from Jaguar, in the total amount of R\$ 2,000,000 in the date of its issue, which was the object of a public offering with restricted placement efforts, carried out under the terms of CVM Instruction 476, with 1,500,000 Debentures issued in the First Series, maturing as of August 15, 2032; and 500,000 Debentures issued in the Second Series, maturing on August 15, 2027.

The First Series Debentures will bear interest equivalent to IPCA+ 7.41% per annum, and the Second Series Debentures are restated at the interest of 100% of the DI Rate, plus a spread of 2.05% p.a. Both series have semiannual interest, with payment dates on February 15 and August 15.

On the same date, Jaguar entered into derivative instruments (swap contracts) to hedge the risks of foreign exchange exposures of debentures, issued in Brazil (in Reais), and the volatility of the debentures’ indexes, IPCA and CDI.

These swap contracts, which were contracted with terms and interest rates identical to the 1st and 2nd series debentures, practically exchange the amounts in Reais and interest rates of IPCA+7.41% p.a. and CDI+ 2.05% p.a., respectively, on a debt denominated in US\$ at a fixed rate of 6.79% p.a.

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The Company designated the debentures as hedged items, and the swap contracts as hedging instruments. Moreover, it decided to use hedge accounting, according to CPC 48, item 6.4.1, as cash flow hedge. As they were contracted with identical terms and rates, the operation is fully effective, with no risk of mismatching as to the amounts practiced in the settlement of each interest or principal installment.

The cash flow hedge must account for the adjustment to fair value (or mark-to-market) of the hedging instruments in shareholders' equity, under other comprehensive income. This represents the amount that would be paid and transferred to income (loss) in the event of early settlement of the swap contracts. In December 2023, the amount recorded in Shareholders' Equity amounts to US\$ 16,669 (R\$ 80,284). The asset of US\$ 16,669 (R\$ 80,698) was recorded, which was translated at the closing rate, generating a non-relevant translation change.

Furthermore, the expenses for the issue of debentures were capitalized and are being allocated to income (loss) for the term of maturity of the debentures. The balance at December 31, 2023 is US\$ 12,589 (R\$ 60,943).

Changes in linked debentures and swaps are presented below, including mark-to-market:

	12/31/2022	Interest		Allocation	Exchange rate changes	12/31/2023	Mark-to-market
		Additions	Payments				
Debentures	397,762	16,435	-	-	29,782	443,979	-
Swap contracts - Assets	(397,762)	(16,435)	-	-	(29,782)	(443,979)	(68,125)
Swap contracts - Liabilities	394,860	36,998	(36,488)	-	(2,785)	392,585	51,456
Funding costs	(13,327)	-	-	1,701	(963)	(12,589)	-
Total	381,533	36,998	(36,488)	1,701	(3,748)	379,996	(16,669)
Current	7,765					8,144	-
Non-current	373,768					371,852	(16,669)

The debentures have financial covenants linked to the leverage ratio. The ratio is calculated by dividing the net debt for the year by the Adjusted EBITDA of the last 12 months (EBITDA minus other revenues and expenses). The maximum limit of the ratio is 2.5x. However, any non-compliance with this index results in a restriction on taking on new debts. The measurement of this ratio will be carried out quarterly, and as of December 31, 2023, the calculated indicator was below the established limit, complying with the contract clause. Additionally, these contracts have non-financial obligations disclosed in the prospect that are monitored quarterly and are fully met.

15. Lease operations

The right-of-use assets represent the following underlying assets:

2023 right-of-use assets	Cost	Amortization	Balance
Support Vessels	345,392	(30,422)	314,970
Helicopters	48,355	(8,400)	39,955
Buildings/Support Bases	44,055	(10,523)	33,532
Equipment	42,201	(8,383)	33,818
Total	480,003	(57,728)	422,275

To calculate the cost, the terms in which the assets will be needed for the operation, which ranges from 2031 and 2041, and the incremental rate on the loans in force at the time of

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contracting the equipment lease were considered. This rate is maintained until the end of the contracts unless there is a change in their duration.

As disclosed in Note 2, Basis of preparation and presentation of financial statements, the useful life of the Frade, Polvo, and Tubarão Martelo Fields was extended, and consequently the discount rates were reviewed. On December 31, 2023, the rate of 12.44% p.a. is being considered for contracts in Reais. (CDI+2.05% p.a.) and for contracts in USD, 11.87% p.a. for Frade and 11.55% for the Cluster.

As Albacora Leste did not change its useful life, there was no update to the discount rates, remaining at 14% for contracts in Reais and 7.14% for contracts in USD.

Due to new contracts included or terminated in the year and the update of the estimated reserves, the assets increased by US\$ 170,713, liabilities increased by US\$ 165,386 and the difference was recorded in the income (loss) in the “Other operating revenues and expenses” line.

The effects presented in the year were:

	Assets	Liabilities
Balance at December 31, 2022	281,920	(287,743)
Additions/Reversals	260,558	(259,837)
Reversals - contracts terminated early	(116,015)	120621
Additions/reversals - review of fields' useful life	26170	-26170
Currency adjustment	-	(1,042)
Price-level restatement	-	(29,957)
Payments made	-	38,832
Amortization	(30,358)	-
Translation adjustment	-	(1,121)
Balance at December 31, 2023	<u>422,275</u>	<u>(446,417)</u>
Current	-	(46,372)
Non-current	422,275	(400,045)

Contract maturity	Amount (R\$)	PIS/COFINS Amount (R\$)
Maturity of installments		
2024	(52,212)	(4,833)
2025	(49,223)	(4,553)
2026	(49,223)	(4,553)
2027	(49,223)	(4,553)
2028	(49,339)	(4,564)
2029	(49,223)	(4,553)
2030	(49,223)	(4,553)
2031	(49,223)	(4,553)
2032	(45,766)	(4,233)
2033–2041	(401,062)	(37,096)
Undiscounted amounts	<u>(843,717)</u>	<u>(78,044)</u>
Embedded interest	397,300	
Lease liability balance	<u>(446,417)</u>	



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16. Current and deferred income tax and social contribution

We present below the bases of tax loss and credit, respectively:

Companies	Tax loss		Tax credit	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
PetroRio S.A.	43,319	35,092	14,728	11,931
PrioIntl	2,390	2,842	813	966
PetroRioOG	89,666	151,967	30,486	51,669
Jaguar	123,482	192,370	41,984	65,406
Bravo	106,895	140,865	36,344	47,894
Brasoil Group (Coral, OPCO and Energia)	12,313	13,751	4,186	4,675
Forte Group (formerly Dommo Energia S.A.) (*)	4,066,309	-	1,382,545	-
Subtotal in Brazil	4,444,374	536,886	1,511,087	182,541
Lux Holding	628,013	852,588	156,626	212,635
Lux Trading (**)	-	142,896	-	35,638
Subtotal in Luxembourg	628,013	995,484	156,626	248,274
PrioOGIntl	6,840	6,346	1,710	1,587
PrioAustria	69,583	64,564	17,396	16,141
Subtotal in Austria	76,423	70,910	19,106	17,727
Ned Holding	160,817	149,215	40,204	37,304
Subtotal in Netherlands	160,817	149,215	40,204	37,304
Total	5,309,626	1,752,495	1,727,023	485,846

(*) As of December 31, 2023, there is no tax loss or credit recognized in the accounts, due to the non-expectation of generating taxable income from operations over an average period of time.

(**) The company was merged in October 2023.

The Company has tax loss carry forwards and negative social contribution tax generated in Brazil and abroad, which may be offset against future taxable profit, limited to 30% every year in Brazil, and without offset limit in Luxembourg. As detailed below, and based on the projected results of the companies, Management recognized and recorded the amounts proportional to future income, as well as the amount related to the negative goodwill recorded in the acquisitions of the Polvo and Albacora Leste Fields and the total amount of deferred liabilities recorded in Luxembourg, related to negative goodwill recorded in the acquisition of Frade Field. Other credits, which will be recognized as the future taxable income is being generated. Of the total available tax credits, only non-operating amounts were not recognized in the Company's balance sheet.

“Pillar 2” legislation issued by the Organization for Economic Cooperation and Development (OECD), aimed at mitigating abusive tax planning by multinational groups, has been enacted or substantially enacted in some countries where companies controlled by Prio operate, namely Luxembourg, Austria, and the Netherlands, although in Brazil it remains uncertain if and when the internalization of these norms will occur. The potential income tax exposure for the year ended December 31, 2023 is not reasonably estimable at the moment (not even if it actually exists), and the Company is making every effort to carry out this survey, with expected disclosure during 2024.

Following paragraph 88A of IAS 12, we state that all companies in the PRIO Group, in their respective jurisdictions, apply the exemption from deferred tax accounting in relation to the new “Pillar 2” tax legislation. Furthermore, it is necessary to observe that the PRIO Group is

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evaluating all implications of “Pillar 2” in detail to avoid inconsistent interpretations of IAS 12, which could result in inconsistent application of the standard.

The balance of deferred income tax and social contribution, net of provision for recovery is as follows:

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Negative goodwill/surplus in business combination	-	-	37,168	24,893
Temporary differences	(2,105)	(2,102)	77,274	4,408
Temporary differences - Translation adjustments *	-	-	(91,711)	(12,187)
Tax losses	-	-	(129,434)	(149,754)
Net balance of (Assets)/Liabilities	(2,105)	(2,102)	(106,703)	(132,640)

	Consolidated										Total
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033-2041	
Realization estimate											
Negative goodwill/surplus in business combination	24,927	1,321	1,194	1,100	1,015	944	891	849	807	4,120	37,168
Temporary differences	77,274	-	-	-	-	-	-	-	-	-	77,274
Tax losses	(87,942)	(5,969)	(5,127)	(4,497)	(3,933)	(3,459)	(3,092)	(2,880)	(2,294)	(10,241)	(129,434)

* Changes in the exchange rate gave rise to temporary differences that resulted in a deferred tax asset, which was credited to income (loss) as per item 38 of CPC 32.

17. Provision for abandonment (ARO)

Changes in the balance of provision for abandonment of wells in the fields: Polvo Field, Manati Field, Tubarão Martelo Field, Albacora Leste Field, and Tubarão Azul Field is shown below:

	Polvo	Manati	Tubarão Martelo	Frade	Albacora Leste	Tubarão Azul	Total
Balance at December 31, 2022	27,453	8,416	28,889	30,196	-	-	94,952
Acquisition of Albacora Leste - Note 9.2.c	-	-	-	-	164,840	-	164,840
Establishment of Tubarão Azul (acquisition of Forte) - Note 9.d	-	-	-	-	-	16,500	16,500
Write-off of provision for the sale of the Field	-	(11,099)	-	-	-	-	(11,099)
Increase / Decrease	(3,901)	1	(4,443)	(4,715)	(11,715)	-	24,773
Price-level restatement	1,360	557	3,123	3,994	15,980	-	25,014
Translation adjustment	-	2,125	-	-	-	-	2,125
Balance at December 31, 2023	24,912	-	27,569	29,475	169,105	16,500	267,559
(-) Maersk Guarantee	(35,921)	-	-	-	-	-	(35,921)
Net balance of liabilities	(11,009)	-	27,569	29,475	169,105	16,500	231,638

With the acquisition of Albacora Leste Field, a provision for abandonment of the field was recorded in the amount of US\$ 164,840 as Note 9.2.c.

Additionally, with the acquisition of Forte’s shares, the Company started consolidating the values for the conclusion of the abandonment foreseen for Tubarão Azul Field, in the amount of US\$ 16,500.

As highlighted in 1Q23, there was a non-relevant change in the present values of the provision for abandonment of the Frade Field, with a decrease in the useful life and restatement of

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discount and inflation rate, with an increase of US\$ 6,272 that directly affected the income (loss).

Additionally, a study was carried out by the Prio team in order to calculate the provision for abandonment of the Albacora Leste Field, since the value registered by the former operator with Brazil's National Agency of Petroleum, Natural Gas and Biofuels (ANP) was being considered, and an excess in the value of the provision was detected. As a result, a reduction of US\$ 79,115 was recorded as a contra entry to Assets.

Further still, as mentioned in the Notes on Basis of preparation of notes, in February 2024 a new certification of reserves was carried out by D&M, increasing the useful life of the Polvo, Tubarão Martelo, and Frade Fields and updating the discount and inflation rate, with reduction of US\$ 31,045, affecting assets by US\$ 16,157 and income (loss) by US\$ 14,188.

Polvo and Tubarão Martelo fields, with abandonment forecast extended to 2033, discount the abandonment estimates, both in dollars, at the present value at the rate of 11.55% per annum. The Frade Field, with the abandonment forecast extended to 2041 and estimated in dollars, uses the rate of 11.87% per annum. And Albacora Leste, expected to be abandoned in 2031 (field concession deadline) and estimated in USD, uses a rate of 11.55%. The inflation rates used, when necessary, are an average of 2.0% per annum for amounts in dollars.

18. *Impairment*

The Company periodically monitors changes in economic and operating expectations that may indicate impairment loss of assets. If such evidence is identified, calculations are performed to verify whether the net book value exceeds the recoverable value and, in such case, a provision for devaluation is recorded adjusting the book value to the recoverable value.

Regardless of the current scenario in the oil market, and the increase in production in the Fields, the Company carries out calculations to verify the recoverable value of assets compared to the amounts recorded in the year. Additionally, starting in 2023, goodwill was recorded on the acquisition of Forte, which needs to be tested annually.

For this calculation, estimates of proven reserves (1P) of the fields in operation calculated by D&M were used, on an individual basis, i.e., one test for Frade, one for Albacora Leste, and one for the Polvo and Tubarão Martelo Cluster, as well as Brent futures prices in the discounted market at a rate of 10.8% p.a. The calculations showed a present value much higher than the assets recorded on December 31, 2023, with no need to record a provision for impairment or write-off of goodwill.

19. Shareholders' equity

19.1. Share capital

As of December 31, 2023, the Company's subscribed and paid-in capital totaling US\$ 999,930 is composed of 887,229,147 nominative, book-entry shares with no par value.

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The Company has a balance of US\$ 40,031 referring to share issuance costs in a share capital reducing account and which comprise the balance shown of US\$ 959,899.

Shareholder	Number of common shares *	% of Interest
Blackrock, INC.	44,484,371	5%
Other shareholders	842,744,776	95%
Total	887,229,147	100%

*According to information disclosed in reference form.

The Company's Share Capital underwent changes in January 2023, with an increase of US\$ 6,519 through the issue of shares upon the exercise of stock options granted to employees.

On December 31, 2023, the Company maintains the balance of 52,700,738 common shares of Prio S.A. in Treasury Shares account, rectifying Shareholders' Equity, at the transaction cost of US\$ 108,787 (39,152,365 shares at the cost of US\$ 7,232 on December 31, 2022).

On February 21, 2024, the Company carried out an increase in share capital in the amount of R\$ 2,000,000, through the capitalization of resources allocated to the statutory profit reserve called "Investment Reserve."

19.2. Share-based remuneration plan

The Board of Director, within the scope of its duties and in accordance with the stock option plan, approved the grant of preferred stock option to Company's employees. Stock options fair value was estimated on concession date, using the Black-Scholes pricing model. To define the expected volatility, past share prices were observed for the same period as the vesting periods of the subscription options granted.

The dates of Board of Directors' meetings and the assumptions used in the pricing model are listed below:

	Program VII	Program IX	Program X	Program XI	Program XII
Grant date by Board of Directors	02/28/2019	03/20/2020	04/30/2021	04/30/2021	08/03/2022
Total stock options granted	64,220	995,235	260,711	632,569	988,059
Share price on grant date	150.98	12.40	91.86	91.86	23.76
Strike Price	97.06	19.53	35.27	39.68	16.7
Weighted fair value on concession date	81.97	4.49	61.85	65.91	9.68
Estimated volatility of share price	69.46%	66.17%	92.13%	73.64%	52.67%
Risk-free rate of return	8.25%	7.65%	6.41%	7.86%	13.28%
Option validity (in years)	4	4	2	4	2

	Program XIII	Program XIV	Program XV	Program XVI
Grant date by Board of Directors	08/03/2022	02/07/2023	02/07/2023	02/07/2023
Total stock options granted	3,671,976	1,068,826	3,838,250	480,000
Share price on grant date	23.76	41.63	41.63	41.63
Strike Price	18.79	28.33	31.87	31.87
Weighted fair value on concession date	13.45	19.34	26.20	16.13
Estimated volatility of share price	74.19%	49.47%	68.93%	47.09%
Risk-free rate of return	12.40%	13.11%	13.17%	13.56%
Option validity (in years)	4	2	5	1

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The Company has a balance recorded in shareholders' equity under "Capital reserve, share-based remuneration", the amount of US\$ 75,360, and the counterparty is in the statement of income as personnel cost since the grant, out of this amount, the amount of US\$ 18,118 is for the year ended December 31, 2023 (US\$ 6,928 in 2022).

Out of the options granted, 4,582,762 options were exercised on January 2, 2023, with the full payment of US\$ 6,519 in the Company's share capital.

19.3. Earnings per share

The tables below show data of income (loss) and shares used in calculating basic and diluted earnings per share during the years:

Basic and diluted earnings per share	12/31/2023	12/31/2022
Numerator (R\$)		
Income (loss) for the year attributable to Group's shareholders	1,059,203	716,257
Denominator (in thousands of shares)		
Weighted average of number of common shares for basic earnings per share *	840,315	843,819
Basic earnings per share	1,260	0,849
Diluted earnings per share	1,250	0,841
Potentially dilutive shares in future periods with profit	6,919	7,973

* Number of shares' weighted average considers the effect of treasury share changes' weighted average during the year.

19.4. Dividends paid

On December 08, 2023, the Company paid the amount of US\$ 12,283 in dividends to its shareholders, referring to income from previous years recorded under the item of Unrealized Profit Reserves. Of the total recorded up to December 31, 2022, US\$ 14 remains payable and not yet realized.

19.5. Allocation of income for the year

Pursuant to the provisions of the Group's Bylaws, the minimum mandatory dividend is 0.001% of adjusted net income, in accordance with Article 202 of Law 6404/76. As this profit is fully composed of a positive equity result, the full amount is classified as Unrealized Income, pursuant to Article 197 of Law 6404/76. Additionally, there is a provision for a Statutory investment reserve of up to 100% of the balance to be paid after calculating the minimum dividend. Thus, the proposal for the allocation of net income for the year is as follows:

	12/31/2023
Net income for the year	1,059,203
Formation of legal reserve (5%)	(52,960)
Balance to be distributed	1,006,243
Statutory minimum mandatory dividends (0.001%)	10
Allocation to unrealized profit reserve (art. 197, Law 6404/76)	(10)
Allocation to investment reserve (statutory 100%)	(1,006,233)



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20. Related party transactions (Parent company)

	Parent Company	
	12/31/2023	12/31/2022
Accounts receivable - Petrorio S.A x Petrorio O&G (i)	33,984	12,037
Accounts receivable Petrorio S.A. x Petrorio Jaguar (i)	7,019	-
Apportionment of Brasoil's administrative expenses	-	643
Apportionment of Frade's administrative expenses (ii)	(24,833)	4,292
Apportionment of Bravo's administrative expenses (ii)	(14,978)	-
Loan payable Petrorio S.A. x Bravo (v)	(31,866)	-
Loan payable Petrorio Luxembourg Sarl x Petrorio S.A. (iii)	(41,941)	(40,692)
Loan payable - Petrorio S.A vs. Coral (iv)	(16,861)	-
Loan payable Petrorio S.A. x O&G (vi)	(21,829)	-
	<u>(111,305)</u>	<u>(23,720)</u>
Total non-current assets	1,932	18,568
Total non-current liabilities	(113,237)	(42,288)

- (i) Balance of share-based remuneration plan of the Company with Petro Rio O&G and Jaguar.
- (ii) Balance referring to the sharing of expenses between the Company and Petro Rio Jaguar and Bravo.
- (iii) Balance referring to loan contract executed into since the second semester of 2019 by Prio and Lux Trading, with indefinite period and Libor interest rate + 2.9% p.a., which will be settled upon distribution of dividends by Lux Trading itself.
- (iv) Balance referring to a loan agreement in the amount of US\$ 28,360 (R\$ 150,000) signed in March 2023 between Prio and Petro Rio Coral, with an indefinite term and an interest rate of 3% pa that will be used for the cash composition for the share buyback program.
- (v) Balance referring to a loan agreement in the amount of US\$ 29,435 (R\$ 150,000) signed in April 2023 between Prio and Petro Rio Bravo, with an indefinite term and an interest rate of 3% pa that will be used for the cash composition for the share buyback program.
- (vi) Balance referring to a loan agreement in the amount of US\$ 31,125 (R\$ 150,000) signed in June 2023 between Prio and Petro Rio O&G, with an indefinite term and no interest that will be used for the cash composition.

Management remuneration

The Company's management remuneration in the year ended December 31, 2023 was US\$ 13,649 (US\$ 8,978 as of December 31, 2022) as detailed below:

	12/31/2023	12/31/2022
Management remuneration		
Short-term employee benefits	874	777
Share-based payment	12,775	8,201
Total	13,649	8,978

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21. Net revenue

Net revenue for the respective years is broken down as follows:

	12/31/2023				Total
	Polvo/TBMT	Manati	Frade	Albacora Leste	
Gross revenue	493,751	15,196	1,490,142	624,022	2,623,111
Deductions	(9,568)	(2,545)	(51,423)	(21,331)	(84,867)
Subtotal	484,183	12,651	1,438,719	602,691	2,538,244
Sales expenses	(22,022)	-	(98,129)	(17,127)	(137,278)
Net revenue	462,161	12,651	1,340,590	585,564	2,400,966

	12/31/2022			Total
	Polvo/TBMT	Manati	Frade	
Gross revenue	553,581	23,605	676,438	1,253,624
Deductions	-	(3,965)	-	(3,965)
Net revenue	553,581	19,640	676,438	1,249,659

In 2023, the Company reinforced its trading area with the purpose of improving sales prices and reducing associated costs. Thus, it started making sales directly to refineries and contract sales-related services (freight, insurance, among others) directly. In the year ended December 31, 2023, the Company recorded the sales expense in the amount of US\$ 137,278.

22. Costs of products sold

	Consolidated	
	12/31/2023	12/31/2022
Logistics	20,030	10,721
Consumables	79,562	32,647
Operation and maintenance	60,583	32,553
Personnel	48,378	25,772
Purchase of oil for resale	7,562	62,233
Other costs	32,204	5,451
Royalties and special interest	230,118	97,425
Amortization - CPC 06 (R2)	32,471	14,125
Depreciation and amortization	338,738	116,741
Total	849,646	397,668

Oil inventory

	12/31/2023		12/31/2022	
	Amount	Quantity	Amount	Quantity
Polvo	2,149	254	1,751	52
Tubarão Martelo	13,252	959	12,123	387
Forte (formerly Dommo Energia S.A.)	2,843	122	-	-
Frade	13,230	593	8,542	675
Albacora Leste	21,060	489	-	-
Lux Trading	-	-	43,653	1,995
Total	52,533	2,416	66,069	3,109



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23. Other revenues and expenses

	Parent Company	
	12/31/2023	12/31/2022
Reversal of civil contingencies	21	-
Expense supplement on employee/director bonuses	(2,432)	-
Other expenses	(78)	(66)
Total	(2,489)	(66)

	Consolidated	
	12/31/2023	12/31/2022
Increase/decrease in the provision for abandonment (rate/curve change)	8,615	67,813
Reversal (Provision) for labor contingencies	(1,634)	337
Reversal (Provision) for tax contingencies	(1,320)	(140)
Reversal (Provision) for civil contingencies	(396)	515
Acquisition of Albacora Leste	(3,273)	-
Decommissioning - Tubarão Azul	-	(3,382)
Sponsorships	(2,510)	(27,196)
Tieback - BW Demobilization	-	(8,116)
Depreciation expense of Manati (asset held for sale)	-	(1,671)
CE-M-715 Block return – Ceará Basin	-	(15,895)
Acquisition of Hunter Queen drilling rig	7,412	-
Disposal of assets	8,129	-
Other revenues (expenses)	4,682	1,964
Total	19,705	17,090

24. Financial income (loss)

	Parent Company	
	12/31/2023	12/31/2022
Financial revenues	355	42
Revenue from realized interest earning bank deposit	177	36
Other financial revenues	178	6
Financial expenses	(3,571)	(1,323)
Other financial expenses	(3,571)	(1,323)
Net exchange-rate changes	(1,177)	597
Revenue from exchange-rate change	3,592	1,681
Expense on foreign exchange rate (*)	(4,769)	(1,084)

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	Consolidated	
	12/31/2023	12/31/2022
Financial revenues	36,349	54,324
Revenue from realized financial investment	9,747	49,992
Marked at fair value of derivatives	74	-
Gain in realization of derivatives	6,595	-
Fair value gain - ARO	13,441	-
Other financial revenues	6,492	4,332
Financial expenses	(219,087)	(108,738)
Loss on realized financial investment	(6,436)	(9,246)
Interest on loans	(107,096)	(65,759)
Commission on bank guarantees	(30)	-
Marked at fair value - Derivatives	-	2,753
Loss in realization of derivatives	(11,997)	(10,878)
Fair value loss - Bond	-	(1,118)
Expenses with interest on leases	(29,219)	(11,417)
Fair value loss - ARO	(38,585)	-
Restatement of liability - Earn-out	(17,087)	-
Other financial expenses	(8,637)	(13,073)
Net exchange-rate changes	(29,966)	10,407
Revenue from exchange-rate change	283,612	122,417
Expense on foreign exchange rate (*)	(313,578)	(112,010)

(*) With the change in the functional currency to the US dollar, foreign exchange variation revenues and expenses refer to amounts recorded in currencies other than the US dollar, which vary with the change in the rate, such as, mainly bank balances, recoverable taxes, suppliers, leases, labor obligations and taxes payable.

25. Income tax and social contribution

Taxes on income of the Company differ from the theoretical value that would be obtained using the applicable tax rate, as shown below:

	Parent Company	
	12/31/2023	12/31/2022
Income before income tax and social contribution	1,059,364	717,743
Tax rate according to the current legislation	34%	34%
Income tax and social contribution based on the current rate	360,184	244,033
Non-deductible expenses/non-taxable revenue, net:		
Permanent differences	1,030	1,056
Temporary differences	725	-
Equity in net income of subsidiaries	(363,365)	(202,260)
(Use of) tax loss	(1,237)	-
Unrecognized tax losses	-	(1,143)
Difference in tax base – Functional Currency	2,824	(40,200)
Total	161	1,486
Deferred income tax	161	1,486
Income tax and social contribution on income	161	1,486
Effective rate on pre-tax profit	0.02%	0.21%



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	Consolidated	
	12/31/2023	12/31/2022
Income before income tax and social contribution	1,248,259	761,912
Tax rate according to the current legislation	34%	34%
Income tax and social contribution based on the current rate	424,408	259,050
Non-deductible expenses/non-taxable revenue, net:		
Permanent differences	(93,038)	(30,437)
Temporary differences	(69,686)	(11,636)
Equity in net income of subsidiaries	-	(18,775)
Deduction / Tax benefits	(2,650)	(2,599)
(Use of) tax loss	(142,231)	(164,297)
Unrecognized tax losses	-	(1,143)
Effect of reduced tax rates in the USA and Luxembourg	(92,682)	(1,320)
Difference in tax base – Functional Currency	164,935	16,813
Total	189,056	45,656
Income tax and social contribution	138,874	105,154
Deferred income tax	50,182	(59,498)
Income tax and social contribution on income	189,056	45,656
Effective rate on pre-tax profit	15.15%	5.99%

26. Segment reporting (Consolidated)

The technical pronouncement CPC 22 - Segment Reporting requires that operations by segment be identified based on internal reports, regularly reviewed by decision makers to allocate funds to segments and assess their performance. The Company, through its subsidiaries, operates only in the oil and gas exploration and production (E&P) segment in Brazil and abroad, therefore representing a single operating segment.

Segment reporting for continued operations:

	12/31/2023	12/31/2022
Current assets		
Brazil	307,488	642,466
Abroad	786,201	1,377,295
Non-current assets		
Brazil	4,689,146	1,783,095
Abroad	64,961	75,939
Revenue	12/31/2023	12/31/2022
Brazil	12,651	100,394
Abroad	2,388,315	1,149,265

27. Objectives and policies for financial risk management

The main financial liabilities of Prio refer to trade accounts payable to suppliers for goods and services to be used in its hydrocarbon exploration and production operations, debentures convertible into shares, and the financial security agreements. On the other hand, the Company maintains cash and cash equivalents are recorded in assets, as described in “Cash and cash equivalents” note.

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The Company is exposed to market (interest and exchange rates), credit and liquidity risks, and its strategy is to make a portion of its investments in fixed and variable income assets, foreign exchange transactions, interest, swaps, derivatives, sundry commodities and other financial instruments for speculative purposes in various industries in Brazil and abroad in the short, medium and/or long term, to maximize the profitability and seek a higher return to its shareholder. By adopting this strategy, the Company is exposed to the risks inherent to such investments, and to fluctuations in the prices of these assets, which may negatively impact the Company's cash position.

The Board of Directors reviews and establishes policies for the management of each of these risks, which are summarized below.

Market risk

Market risk is the possibility of losses arising from the effect of the fluctuation of market values of financial instruments and commodities. The company constantly monitors the market and, when necessary, contracts derivative transactions to neutralize the impacts of these commodity price oscillations.

Derivative financial instruments – Hedge

In 4Q2023, the Company, through its subsidiaries responsible for selling oil on the international market, began operating in a different modality from the one usually practiced, and began selling oil from third parties, with the purpose of taking advantage of its expertise and structure to obtain greater financial gains in its operations.

The purchase and sale of oil from third parties can be carried out in the same month or in different periods. To protect itself from oil price fluctuations, the Company contracted derivatives to hedge against possible fluctuations in the market that could generate significant losses and consequently impact the income.

On December 20, 2023, PRIO contracted a derivative for 500,000 bbl (barrels of oil) in which it will receive the average of the ICE Brent prices from January 01, 2024 to January 31, 2024, and will pay the average of the ICE Brent prices from March 01, 2024 to March 27, 2024 plus USD 0.10. Accordingly, the Company will have a cost of USD 0.10 and will not run the risk of the March 2024 ICE Brent price being lower than the January 2024 price.

Changes in swap operations for the year are presented below:

Operation	Type	Maturity	Quantity	Price		Discount	MTM
				Assets	Liabilities		
Purchase	Swap	01/31/2024	500,000	77.37	79.31	98.60%	(956)
Sale	Swap	03/27/2024	(500,000)	79.21	77.12	98.60%	1,030
			-				74

In the year ended December 31, 2023, the Company recorded a loss of US\$ 5,402 with the realization of hedge operations.

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The Company designated the debentures issued in August 2022 (Note 14) as hedged items, and the swap contracts as hedging instruments. Moreover, it decided to use hedge accounting, according to CPC 48, item 6.4.1, as cash flow hedge.

As they were contracted with terms (R\$ 1,500,000 maturing on August 15, 2032 and R\$ 500,000 maturing on August 15, 2027) and identical rates (IPCA+7.41% p.a. and CDI+2.05% p.a., respectively), the operation is fully effective, with no risk of mismatching as to the amounts practiced in the settlement of each interest or principal installment.

The contracts have the function of exchanging the debenture rates and the BRL currency in a debt in USD with a fixed rate of 6.79% p.a.

On December 31, 2023, the mark-to-market of swap contracts totaled US\$ 16,669.

Interest rate risk

Available funds are invested in securities issued by first-tier financial institutions at variable rates, mostly with daily liquidity, in compliance with prudential concentration limits.

Interest rate sensitivity

The table below shows the sensitivity to a possible change in interest rates, income (loss) and Company's equity before taxation, where all other variables are kept constant.

Operation	Risk	Probable scenario	Scenario (I) 25%	Scenario (II) 50%
Impact on the securities	Decrease in CDI	(41)	(119)	(198)

For the earnings from financial investments and securities the CDI projections disclosed by BM&FBOVESPA for the year ended December 31, 2023 were taken into account under the probable scenario (CDI 10.75%), a 25% reduction in the projected CDI was taken into account under scenario I and a 50% reduction was taken into account under scenario II, both in relation to the probable scenario.

Credit risk

The Company is exposed to credit risk in its operating activities and bank and/or financial institution deposits, foreign exchange transactions and other financial instruments. In order to mitigate such risks, the Group adopts a conservative management by investing short-term funds with day-to-day liquidity and post –fixed rates in first-class banks, bearing in mind ratings by the key risk agencies and respecting prudential concentration limits.

As for the credit risk of its sales transactions, the Company is analyzing the financial and equity position of its customers together with the service provider (trader), which also intermediates the oil sale transactions. During the year ended on December 31, 2023 oil net sales were decentralized, with sales to clients Petrobras, Valero, Shell, Phillips 66, Trafigura and Saras and gas sales in other client (Petrobras); however, they present an irrelevant credit risk, considering that its background does not show any delays or defaults.



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Liquidity risk

Prudent management of risk implies maintaining cash consistent with the disbursement needs to cover its obligations, in accordance with the Company's business plan.

Consolidated

Year ended December 31, 2023	≤12 months	01–05 years	Total
Liabilities			
Loans and financing	(250,477)	(896,630)	(1,147,107)
Suppliers	(172,429)	-	(172,429)
Labor obligations	(55,128)	-	(55,128)
Taxes and social contributions	(122,489)	-	(122,489)
Local debentures (includes conversion swaps)	(8,144)	(371,852)	(379,996)
Provision for abandonment	-	(231,638)	(231,638)
Provision for contingencies	-	(195,423)	(195,423)
Other liabilities	(60,432)	(170,094)	(230,526)
	<u>(669,099)</u>	<u>(1,865,637)</u>	<u>(2,534,736)</u>

Year ended December 31, 2022	≤12 months	01–05 years	Total
Liabilities			
Loans and financing	(75,370)	(1,005,828)	(1,081,198)
Suppliers	(108,463)	(288)	(108,751)
Labor obligations	(26,449)	-	(26,449)
Taxes and social contributions	(30,418)	-	(30,418)
Mark-to-market of debenture swaps	-	(17,117)	(17,117)
Local debentures (includes conversion swaps)	(7,765)	(373,768)	(381,533)
Provision for abandonment	-	(51,367)	(51,367)
Provision for contingencies	-	(4,475)	(4,475)
Accounts payable – acquisition of Wahoo	(8,324)	(373)	(8,697)
	<u>(256,789)</u>	<u>(1,453,216)</u>	<u>(1,710,005)</u>

Parent Company

Year ended December 31, 2023	≤12 months	01–05 years	Total
Liabilities			
Suppliers and other	(133)	-	(133)
Labor obligations	(3,116)	-	(3,116)
Taxes and social contributions	(140)	-	(140)
Provision for contingencies	-	(83)	(83)
Other liabilities	-	(36)	(36)
	<u>(3,389)</u>	<u>(119)</u>	<u>(3,508)</u>

Year ended December 31, 2022	≤12 months	01–05 years	Total
Liabilities			
Suppliers and other	(42)	-	(42)
Labor obligations	(3,594)	-	(3,594)
Taxes and social contributions	(122)	-	(122)
Provision for contingencies	-	(96)	(96)
	<u>(3,758)</u>	<u>(96)</u>	<u>(3,854)</u>

Fair value of financial assets and liabilities

The "fair value" concept provides for the valuation of assets and liabilities based on market prices in the case of liquid assets or based on mathematical pricing models otherwise. The

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level in the fair value hierarchy gives priority to unadjusted quoted prices in an active market. These financial instruments are grouped in levels from 1 to 3, based on the grade that their fair value is quoted:

- a) Level 1: fair value measurement uses prices quoted (not corrected) in active markets, based on equal assets and liabilities.
- b) Level 2: fair value measurement is derived from other inputs quoted included in Level 1, which are quoted through an asset or liability directly (i.e. as the prices) or indirectly (i.e. derivative of prices).
- c) Level 3: fair value measurement is derived from valuation techniques that include and asset or liability that are not included in an active market.

Market values (“fair value”) estimated by management were determined by Level 1 for those financial instruments below, and there were no transfers between measurement levels in the fair value hierarchy for the year ended December 31, 2023.

	12/31/2023				12/31/2022			
	Parent Company		Consolidated		Parent Company		Consolidated	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets								
Amortized cost:								
Accounts receivable (i)	-	-	360,129	360,129	-	-	31,873	31,873
Related parties	1,932	1,932	-	-	18,568	18,568	-	-
Fair value through profit or loss								
Cash and cash equivalents (ii)	3,769	3,769	482,392	482,392	3,287	3,287	1,842,375	1,842,375
Financial liabilities								
Amortized cost:								
Suppliers (i)	133	133	172,429	172,429	42	42	108,751	108,751
Loans and financing	-	-	1,147,107	1,147,107	-	-	1,081,198	1,081,198
Debentures and Swap	-	-	379,996	1,758,980	-	-	381,533	398,649
Contractual charges (Leases - IFRS 16)	-	-	446,417	446,417	-	-	287,743	287,743
Accounts payable on obligations associated with assets held for sale	-	-	848	848	-	-	8,324	8,324
Accounts payable earn-out of Albacora Leste	-	-	222,086	222,086	-	-	-	-

(i) The amounts related to the balance of accounts receivable and suppliers does not have significant differences in the fair value since receivable/payment turnover of these balances is 60 days on average.

(ii) The fair value measurements are obtained by directly observable variables (as well as prices) or indirectly (derived from prices).

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28. Insurance

The Company has a policy of taking out insurance plan for the items subject to risks.

The Company adopts insurance policies for assets under risk and, along with companies under the same group, is covered against major risks such as P&I to FPSO Valente, FPSO Bravo, Sonda King Maker and Hunter Queen, Energy Package, which includes: Physical damage over offshore assets, Operator's extra expenses (OEE), Offshore Liability (TPL) and Oil inventories, Cargo/equipment coverage related to the Polvo, Manati, Frade, Tubarão Martelo and Albacora Leste field operations and D&O (Directors & Officers Liability) policy for its administrators.

D&O, one of the main insurance policies hired by the company, is able to protect the company against losses due to third party complaints. Additionally, the Company hires insurance for Operator's Extras Expenses, which includes: Control over Well, Extra Expense/Re-drilling and Infiltration and Pollution, Cleaning and Contamination.

The insurance policies in force at December 31, 2023 cover the insured amount of US\$ 7,753,738. The validation of the scope of insurance contracts is out of the scope of the audit.

In addition, the Company also contracts insurance for Operator' Extra Expenses, whose main exposures covered are as follows:

Insurance/Modality	Amount insured
Physical damages (Oil inventories)	185,000
Fixed Platform	182,000
Offshore platform	22,300
FPSO Frade	740,900
Subsea equipment	300,141
Offshore property (Pipeline)	43,500
Onshore properties (Pipeline)	11,700
Onshore Treatment Station	17,400
OEE production (Well control)	90,500
OEE Production	105,000
Offshore Civil Liability + Surplus	620,000
Transportation	890,366
D&O	8,262
P&I	2,800,000
General liability	1,033
Equity	3,553
Legal guarantee	52,281
Guarantee insurance	5,638
Travel Insurance Travel Guard	275
FPSO OSX-3 Hull and Machine	680,000
Drilling rig	144,999
FPSO Forte	848,890
Total insured	7,753,738

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29. Contingencies

Management of the Company and its subsidiaries, based on the opinion of its legal advisors regarding the possibility of success in several lawsuits, believes that the provisions recorded in the balance sheet on December 31, 2023 and 2022 in the amounts of US\$ 92,723 and US\$ 4,475, respectively, are sufficient to cover losses considered probable and reasonably estimated. The relevant change is mainly due to probable regulatory and tax provisions arising from the balance sheet of Prio Forte S.A. (formerly Dommo Energia S.A.), acquired in January 2023. The Company also has judicial deposits related to ongoing lawsuits recorded in non-current assets, in the amount of US\$ 6,191 (US\$ 2,016 as of December 31, 2022), mainly related to tax and labor claims.

Nature of contingencies recorded

Currently, the Company is party to lawsuits with probable risk, which are basically labor claims that add up to US\$ 3,596, tax claims of US\$ 16,805, civil, regulatory claims in the amount of US\$ 72,323 (as of December 31, 2022, US\$ 1,993, US\$ 74 and US\$ 2,407, respectively). Among the probable causes, the most relevant are a regulatory one by Prio Forte in the amount of US\$ 50,314, referring to fines on local content and a fiscal one, also by Prio Forte, in the amount of US\$ 16,595, referring to the requirement of collecting withholding income tax on remittances made in 2013 for settlement of financial intermediation contracts.

Additionally, the amount of US\$ 102,700 referring to the contingent liability assumed was recognized, measured on possible and remote provision in the acquisition of Forte. On the date of this financial statement, Management is completing fine adjustments for the allocation of fair value to assets acquired and liabilities assumed, as required by CPC 15 – Business Combinations.

Other lawsuits with possible loss

According to the Group's legal advisors, the risk of loss in other lawsuits is classified as "possible" in the amount of US\$ 983,340 (US\$ 221,325 as of December 31, 2022), of which US\$ 534,359 refers to tax claims, US\$ 445,176 is related to civil claims and US\$ 3,805 to labor claims (US\$ 106,253, US\$ 112,970 and US\$ 2,102, respectively, as of December 31, 2022). The lawsuits with the most relevant values are:

- (1) Federal Revenue Service in the amount of US\$ 179,829, referring to the tax assessment notice requiring withholding income tax (IRRF) on remittances abroad as interest arising from the Export Prepayment Agreement ("PPE") of Forte;
- (2) Federal Revenue Service in the amount of US\$ 122,628, referring to the tax assessment notice with disallowance of expenses on non-deductible interest from the calculation of taxable income and the CSLL calculation basis arising from the Export Prepayment Agreement ("PPE") from Forte;
- (3) National Treasury, in the amount of US\$ 18,285, referring to the Ordinary Action filed with the objective of deconstituting Forte's IRRF tax credit;

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- (4) Federal Revenue Service in the amount of US\$ 31,801, referring to the non-recognition of early reimbursement in the amount of 50% of the total PIS and Cofins credit;
- (5) National Treasury, in the amount of US\$ 19,645, referring to the advance payment requirement of the historic amount of US\$ 15,221, arising from PIS and Cofins credits advanced by the Brazilian Federal Revenue Service;
- (6) Federação dos Pescadores do Rio de Janeiro (“FEPERJ”), in the amount of US\$ 85,073, requesting reparation for alleged losses suffered by fishermen as a result of the Oil Spills of Frade Field in 2011/2012, when operated by Chevron, which is currently in the knowledge phase;
- (7) from the Attorney General's Office of the National Treasury in the amount of US\$ 44,601, charging IRPJ and CSLL due to the transfer pricing rules used in Jaguar in 2010, when operated by Chevron, and is awaiting the decision of an Appeal in the higher court. The Company awaits the receipt of the records to close the lawsuit, which has a favorable decision for Prio Jaguar;
- (8) Brazilian Federal Revenue Service, in the amount of US\$ 18,161, referring to the collection of IRPJ and CSLL from Bravo related to taxable events that occurred in the calendar year 2012, related to the exchange rate change, non-deductible operating expenses and unsubstantiated deductions;
- (9) Arbitration decision handed down by Tuscany, in the amount of US\$ 18,801, referring to the reimbursement due to the early termination of the lease and operating agreements for helitransportable drilling rigs for O&G;
- (10) National Agency of Petroleum, Natural Gas and Biofuels (“ANP”) in the amount of US\$ 11,619 charging a fine on Jaguar’s special interest when it was still operated by Chevron; and
- (11) National Confederation of Fishermen and Farmers, in the amount of US\$ 248,684, requesting the payment of material and moral damages for losses caused to fishermen in municipalities in the states of Rio de Janeiro and Espírito Santo, due to the creation of a zone of fishing exclusion for the gas and oil exploration platform, in the Frade Field.



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30. Subsequent events

30.1. Issue of debentures

On February 09, 2024, the Company approved the second issue of simple debentures, non-convertible into shares, in two series, unsecured, with additional personal guarantee, from Petro Rio Jaguar Petróleo S.A. (“Issuing Company”), in the total amount of R\$ 2,000,000 on the date of issue, with R\$ 800,000 corresponding to the First Series Debentures and R\$ 1,200,000 corresponding to the Second Series Debentures, which will be the subject of a public offering for distribution.

The First Series Debentures will be remunerated based on fixed interest corresponding to 11.12% p.a., based on 252 Business Days, and a maturity period of five years, while the Second Series Debentures will be adjusted according to the change in the IPCA price index and remunerated based on fixed interest corresponding to 6.47% p.a., based on 252 Business Days and a maturity period of ten years.

Moreover, the Issuing Company contracted swaps (derivative instruments) with the aim of dollarizing the issue. Therefore, the Issue together with derivative instruments will result in an average dollarized cost of 6.14% p.a. and a duration of approximately 5.9 years.

The settlement (receipt) of the debentures was completed on February 29, 2024.