Petro Rio S.A.

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

PRIO

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Management Report

The year 2023 was marked by several important achievements, such as the acquisition of the Albacora Leste field, the start of operations of the Hunter Queen, a rig acquired by PRIO in 2022, the purchase of the support vessel, Genesis I, emission reductions, and historic financial results. However, we also faced some setbacks, such as the conditions and integrity of the FPSO Forte and export taxes. Overcoming the challenges and achieving these milestones would not have been possible without the drive, determination, and discipline of our employees, who have shown total dedication by working tirelessly and making a difference.

In January 2023, we reached a significant milestone by finalizing the acquisition of the Albacora Leste field for approximately US$2.2 billion, with US$1.9 billion in fixed payments and up to US$250 million in earn-outs. After a thorough transition program carried out by a multidisciplinary team comprising professionals from the previous operator and PRIO employees, we took over the asset's operation and implemented a series of investments to transform the field into a PRIO asset. We started with an efficiency of 61.0% upon assuming control and ended the year with an efficiency of 94.6%. Also in January, we acquired Dommo for US$200 million, which held economic rights to 5% of the revenue from the Polvo and Tubarão Martelo cluster. In March, we also completed the acquisition of the remaining 40% stake in the Itaipu field, and in November, we divested the non-operating 10% stake in the Manati field, generating significant returns for the Company. Our trajectory continues to focus on growth, and we will continue to evaluate various opportunities for expansion and value creation.

We reached the historic milestone of 100,000 barrels per day in May 2023, highlighting our exceptional execution capability and our commitment to the highest standards of safety, sustainability, and socio-environmental responsibility. We also recognize that the efficiency of our operating costs is crucial to facing the volatility of the oil market. Thus, we recorded a record lifting cost of US$7.5 per barrel for the year, reaching US$6.8 per barrel in 4Q23. Additionally, in 2023, we concluded the 2nd phase of the successful Revitalization Campaign and achieved significant operational stability throughout the year in the Polvo and TBMT Cluster. These notable operational milestones are the direct result of increasingly efficient and safe production practices.

Through our Trading Company, established in 2023, we were able to practice sales under the "delivered to customer" mode, using larger vessels and optimizing our logistics. As a result, facing the significant increase in production, in 2023, we reached our highest level of offtakes, with 32.6 million barrels sold at competitive discounts.

Thus, we achieved record revenue, EBITDA, and net income for the year. We closed the quarter with a cash position of US$ 482 million and a leverage ratio of 0.7x net debt/EBITDA. Throughout the year 2023, we also repurchased approximately 13.5 million shares, including 1.8 million in 4Q23. In November, we carried out debt amortization totaling US$ 150 million, which had higher costs compared to the company's average and were nearing maturity. Finally, in February 2024, taking advantage of the favorable conditions in the local fixed-income market, we issued local debentures with a dollar swap totaling approximately US$ 400 million with a duration of 5.9 years and an average cost of 6.14% per year. All of this puts us in a favorable position to continue our strategy of redeveloping operated assets and future opportunities for inorganic growth.

2023 was also marked by the enhancement of our corporate governance model. We established the Compensation Committee and the Sustainability Committee, further strengthening our decision-making process. In December, we approved our new stock option plan, fully aligned with shareholders' interests, ensuring that at least 80% of the compensation for key executives is in stocks, with a progressive vesting period of 5 years.

Our culture pushes us to reach new milestones. At PRIO, rebellion meets purpose, and our purpose is to improve lives by doing the impossible. We continue to work hard to raise awareness of the PRIO Culture so that the whole company can embody it. Currently, more than 91% of our employees are members of the company through the program for converting bonuses into shares, a reflection of the great cultural adherence and shared commitment.

We believe that we must act responsibly, respecting society and the environment. That's why we are focused on reducing our emissions in line with increasing efficiency and extending the life of our fields. In 2023, we achieved a 20% reduction in our emissions, reaching an average of 21 kgCO$_2$e/boe for the year.

Internally, we continue to encourage and engage our employees in issues related to the environment, safety and social responsibility. One example was the Process Safety Campaign, focused on preventing accidents and improving safety, reliability, and operational performance.

We also expanded our external initiatives, consolidating our commitment to giving back to society. We launched the I ❤ PRIO signature, our declaration of love for the communities where we operate. In partnership with Instituto Reação and Todos na Luta, in 2023 we held the 2nd edition of the Reação Offshore program, training young people for the offshore industry. And we continued to support the PRIO Paralympic Team, while also sponsoring cultural events and exhibitions.

As part of our commitment to the development of the society in which we operate, throughout 2023, PRIO made 210 new hires and made a significant contribution to social development, allocating over R$30 million in sponsorships through incentivized projects and direct sponsorships. Additionally, we invested over R$8.9 million through the TAC Frade and paid R$1.1 billion in royalties and special participation, as well as contributing over R$526 million in income tax and social contribution, R$108 million in PIS/COFINS payments, and over R$271 million in export taxes. These actions reflect our dedication to promoting progress and sustainability in all areas where we operate.

Finally, we also thank our investors and society for supporting us on our journey so far. We know that there is much work ahead of us. We will continue to be enthusiastic and confident that 2024 will be a promising year for PRIO.

OPERATING PERFORMANCE

	4Q22	2022	1Q23	2Q23	3Q23	4Q23	2023	4Q23 X 4Q22	4Q23 X 3Q23	2023 X 2022
Avg. Brent	$ 88.63	$ 99.04	$ 82.16	$ 77.73	$ 85.92	$ 82.86	$ 82.18	-6.5%	-3.6%	-17.0%
Avg. Sales Price	$ 85.32	$ 100.12	$ 82.93	$ 77.67	$ 86.48	$ 77.39	$ 81.41	-9.3%	-10.5%	-18.7%
Avg. Exchange Rate	5.26	5.17	5.19	4.94	4.88	4.96	4.99	-5.7%	1.6%	-3.3%
Final Exchange Rate	5.29	5.29	5.06	4.79	5.03	4.85	4.85	-8.2%	-3.6%	-8.2%
Offtakes (kbbl)										
Frade Field (100%)	1,495	6,900	4,334	4,130	5,278	4,762	18,505	218.5%	-9.8%	168.2%
Albacora Leste Field (90%)	n/a	n/a	1,409	1,432	3,028	1,828	7,697	n/a	-39.6%	n/a
Polvo + TBMT Cluster (100%)	798	5,386	1,547	1,602	1,466	1,843	6,459	131.0%	25.7%	19.9%
Total PRIO	2,293	12,286	7,290	7,164	9,773	8,433	32,660	267.7%	-13.7%	165.8%
Produção (boepd)										
Frade Field (100%)	32,254	22,689	33,833	50,825	56,643	55,345	49,161	71.6%	-2.3%	116.7%
Albacora Leste Field (90%)	n/a	n/a	14,731	22,651	27,113	28,412	23,227	n/a	4.8%	n/a
Polvo + TBMT Cluster (100%)	14,634	16,309	12,475	17,617	16,154	16,552	15,700	13.1%	2.5%	-3.7%
Manati Field (10%)	733	1,472	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total PRIO	47,621	40,470	61,039	91,094	99,910	100,308	88,088	110.6%	0.4%	117.7%
Lifting Cost (US$/bbl)										
PRIO	8.6	10.7	9.5	7.4	7.0	6.8	7.5	-20.5%	-1.9%	-30.1%

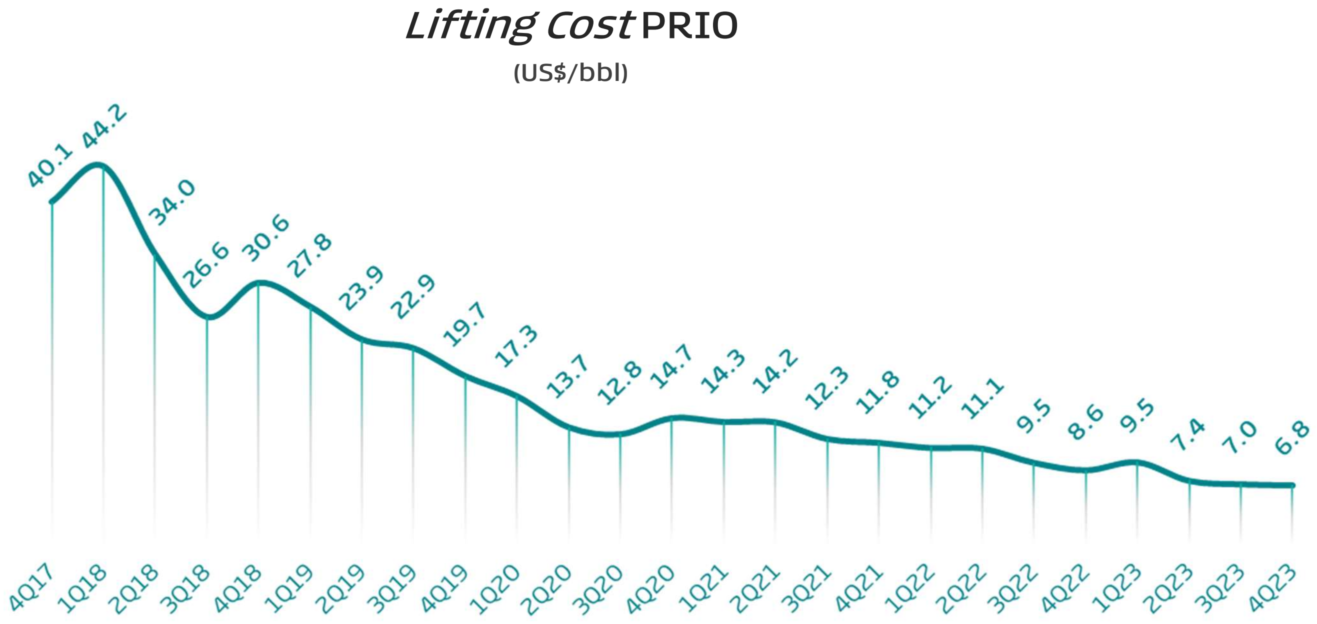
The main operational highlights of the year are: (i) the Company's average production, which reached 88.0 kbpd in 2023 and 100.3 kbpd in 4Q23, an increase of approximately 118% and 111% compared to the previous year, respectively; (ii) lifting cost, which once again reached the lowest level ever recorded, showing a reduction of approximately 30% compared to 2022 and 20% compared to 4Q22; and (iii) the volume of offtakes carried out in the year, representing an increase of 166% compared to 2022.

The volume produced at **Frade** increased by 117% compared to 2022 and 72% compared to 4Q22. This increase is due to the start of production of the new wells from the 2nd phase of the **Frade** Revitalization campaign.
In the **Polvo and TBMT** cluster, the volume produced in the year was 4% lower than in the previous year due to the scheduled 8-day maintenance stoppage carried out in the cluster in March.

The volume produced in the **Albacora Leste** field in 4Q23 was 5% higher than in the previous quarter. The increase reflects the improvement in the asset's reliability, integrity and operational efficiency achieved over the course of 2023.

In the quarter, PRIO sold 8.4 million barrels, with 4.8 million from **Frade**, 1.8 million from the **Polvo and TBMT** cluster, and 1.8 million from **Albacora Leste**. The average gross sales price was US$ 77.39, a 9% reduction on the figure recorded in 4Q22, mainly due to the reduction in the Brent price.

Since the beginning of PRIO's operations, which consolidated its growth strategy through the acquisition and development of producing assets, the Company has been working to increase its production levels and streamline its costs, while maintaining excellence in environmental responsibility, safety, and operational efficiency. PRIO believes that the best protection against Brent's volatility is the reduction of its lifting cost, which will continue to be a pillar of current and future projects. The Company presents below the evolution of its lifting cost since 4Q17.



The 4Q23 lifting cost, the lowest ever recorded by the Company, represents a reduction of approximately 20% compared to the same quarter of the previous year and 2% compared to 3Q23.

The positive result is mainly due to: (i) the outcomes of the **Frade** Revitalization Plan, which added production to the field, and (ii) the increase in production and cost reduction of the **Albacora Leste** field.

TRADING

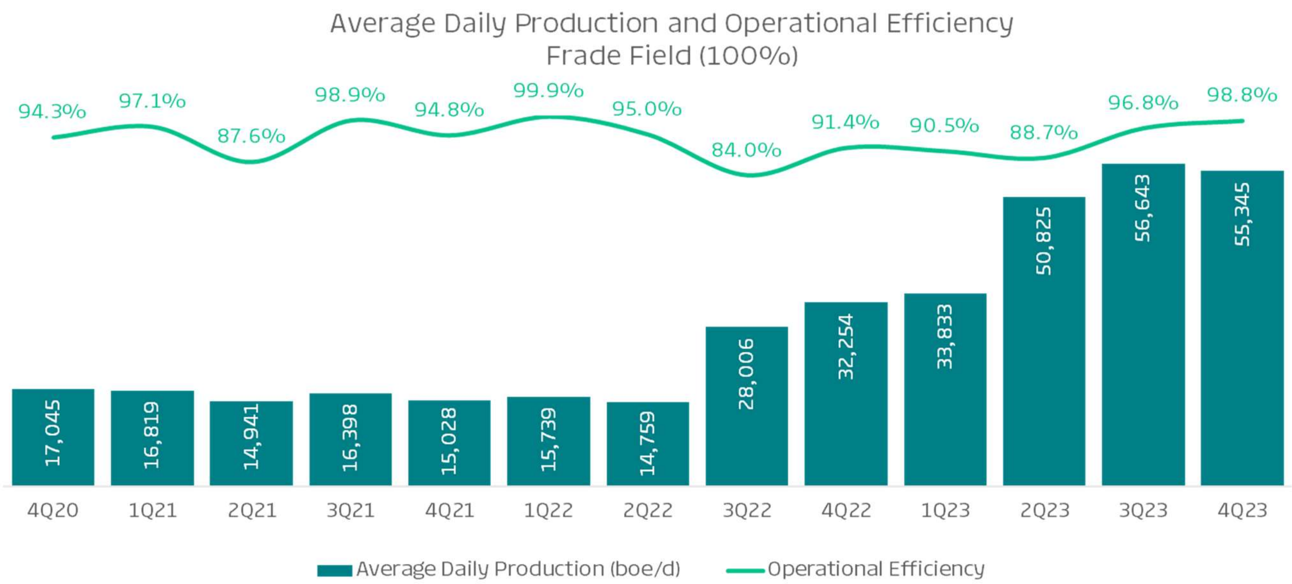
In 4Q23, PRIO sold 8.4 million barrels, representing an increase of 268% compared to 4Q22, which in turn was impacted by the Company's decision to sell a lower volume than its production, due to the increase in sea freight costs generated mainly by the redesign of Russian oil marketing flows. In relation to 3Q23, there was a 14% reduction in sales, mainly due to Repsol Sinopec Brasil S.A.'s offtake in **Albacora Leste**, which happens every time the oil stock referring to its stake accumulates 1 million barrels on the date set for the offtake.

Considering the significant increase in the Company's production, PRIO is looking for different alternatives for selling oil and obtaining better conditions, showing a growing improvement in the discounts practiced. As a result, most of the sales were made in the "delivery to customer" mode (5.2 million barrels), with a view to expanding the universe of customers.

FRADE FIELD

The average production of the field in the quarter was 55.3 kbpd, a decrease of approximately 2% compared to the previous quarter, due to natural production decline.

The operational efficiency of the asset in this quarter was 98.8%, the highest figure since the start of the **Frade** Revitalization Campaign. In this quarter, the operational efficiency of the asset was impacted by the MUP3A well, which was undergoing workover and was completed in February 2024 with the designation of MUP3B.

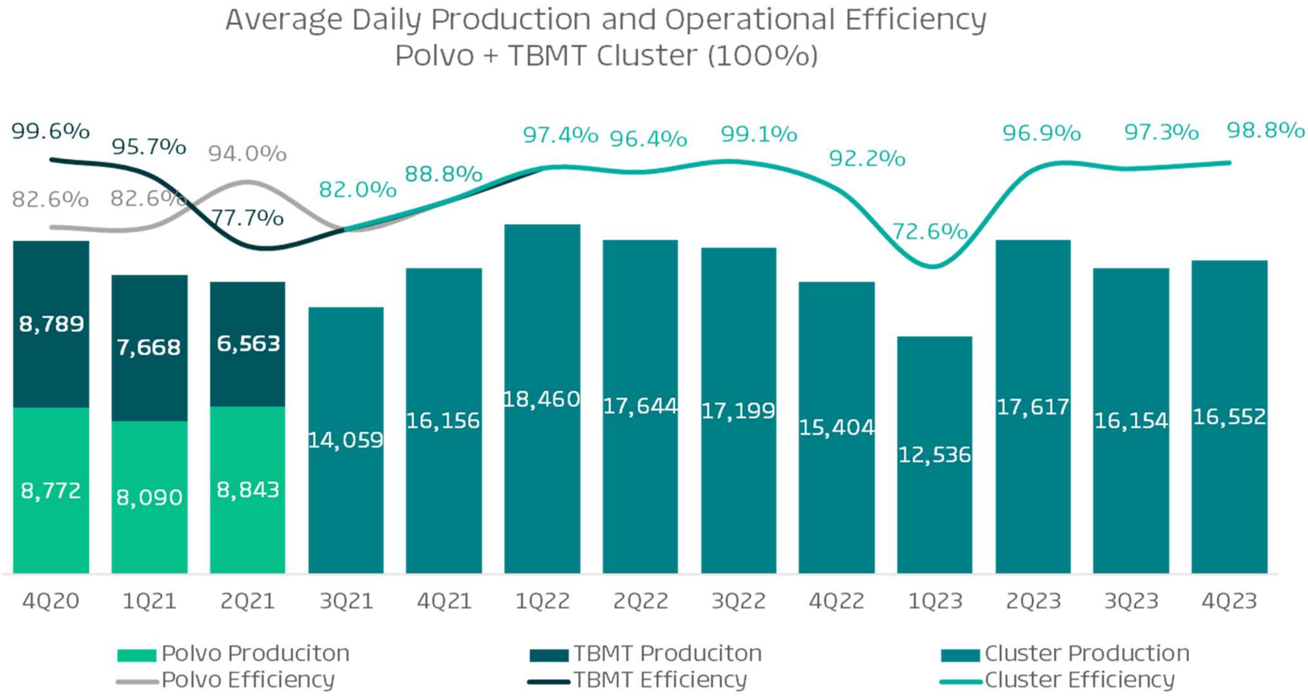


With the completion of the second phase of the **Frade** Revitalization Plan in 2023 and the data collected during its execution, PRIO is preparing for a third phase of the field's Revitalization Plan.

POLVO AND TBMT CLUSTER

In 4Q23, the **Polvo** and **TBMT** cluster reported a daily average production 2.5% higher than the previous quarter. This increase is due to: (i) the temporary shutdown of the POL-W well in September, which resumed production in October, impacting production in 3Q23, and; (ii) the start of production from the new producing well, POL-Q, in September, contributing to the cluster's production. Compared to the previous year, the cluster had a daily average production 4% lower due to: (i) interruptions in the TBMT-4H and TBMT-8H wells, which resumed production in March and April, respectively, and; (ii) an 8-day scheduled shutdown in March, which impacted the asset's production average for the year.

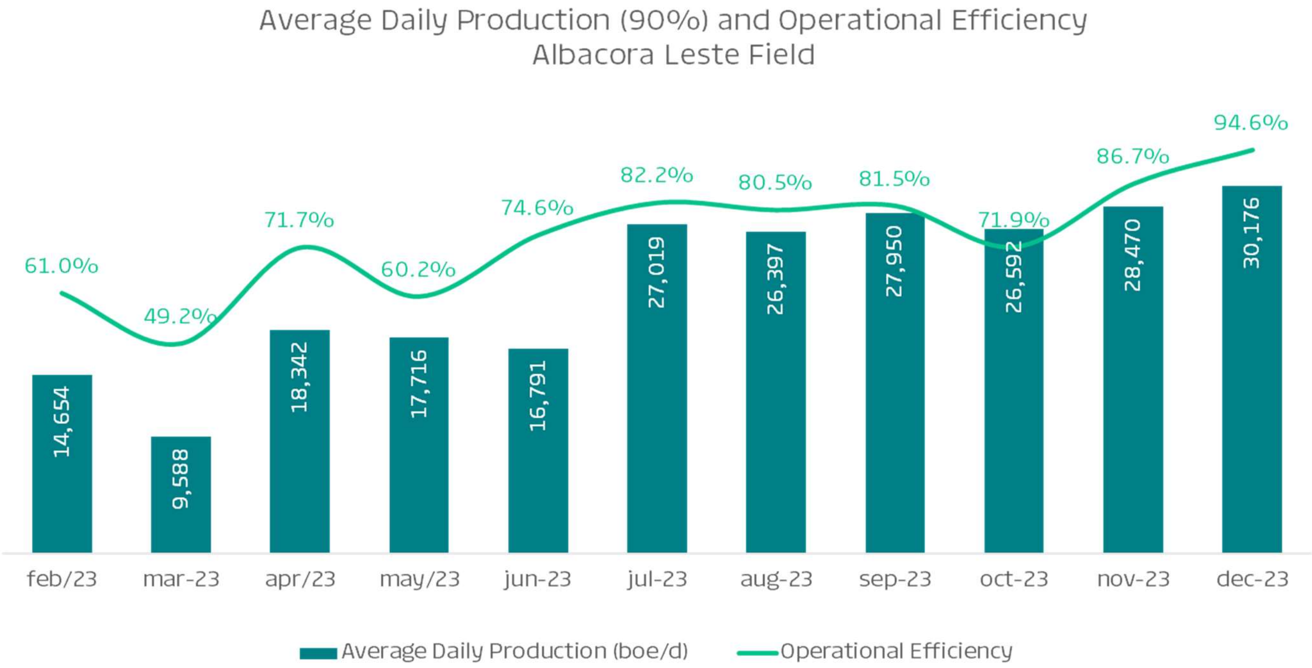
The operational efficiency of the cluster in the quarter was 98.8%. The chart below illustrates the production and efficiency of the fields since 4Q20:



ALBACORA LESTE FIELD

In the quarter, the **Albacora Leste** Field had an average daily production of approximately 28.4 thousand barrels per day (PRIO's share) and an operational efficiency of 84.3% vs 81.4% in 3Q23. The significant month-to-month improvement can be explained by corrective maintenance and equipment replacement at the operational unit, enhancing the asset's reliability. In October, production and operational efficiency were impacted by occasional shutdowns for maintenance of fire fighting systems and power generation. In December, the field achieved its highest operational efficiency since the acquisition of the asset at 94.6% and an average daily production of 30.1 kbpd.

The Company continues to focus on improving the reliability, integrity, and operational efficiency of the asset to reach and maintain the standards of other PRIO assets.



WAHOO FIELD

In the fourth quarter of 2023, PRIO remained focused on finalizing the acquisition of necessary equipment for the project, strengthening the diligence of manufacturing, importation, and delivery processes, deepening technical reviews of flow analysis and tieback specifications, as well as freezing project assumptions for well, topside, and subsea scopes to meet the first oil schedule of **Wahoo** in August 2024.

In November 2023, PRIO defined the window for the arrival of the vessel that will carry out the production line installation (tieback), scheduled between April 15, 2024, and May 15, 2024.

Finally, the next steps in the development of **Wahoo** are:

1) Approval of Environmental Licensing for drilling and production at **Wahoo** Field;
2) Start of drilling campaign;
3) Commencement of activities for subsea construction and launch preparation;
4) Subsea construction of interconnection between **Wahoo** Field and FPSO Valente;
5) First Oil from **Wahoo**.

RESERVES CERTIFICATION

PRIO has published a new reserves and resources certification, prepared by DeGolyer & MacNaughton (D&M), with a reference date of January 1, 2024, including the **Polvo** and **TBMT** clusters, **Frade** and **Wahoo**, and the **Albacora Leste** field.

Summary of reserves:

Field	Jan/23 D&M 1P	Production 2023	Jan/23 Post Prod.	Jan/24 D&M 1P	Jan/24 D&M 1P +1C
	Oil (MMbbl)				
Frade (100%)	120.1	17.4	102.7	125.4	147.2
Wahoo (64.3%)	81.0	-	81.0	79.8	79.8
Polvo + TBMT (100%)	42.1	5.7	36.4	39.4	39.4
Albacora Leste (90%)	304.1	9.0	295.1	292.5	292.5
Total Reserves	**547.3**	**32.1**	**515.2**	**537.1**	**559.0**

Summary of CAPEX associated with reserves:

	Growth CAPEX[1] (US$ MM)		CAPEX[1]/added barrel (PUD + PDNP) (US$/bbl)		CAPEX[2]/well (US$ MM)	
Field	D&M 2023	D&M 2024	D&M 2023	D&M 2024	D&M 2023	D&M 2024
Frade (100%)	195.0	154.4	3.6	3.6	48.7	50,5[3]
Wahoo (64.3%)	533.7	533.7	6.6	6.7	51,3[4]	51,3[4]
Polvo + TBMT (100%)	60.0	49.5	4.0	7.9	20.0	24.8
Albacora Leste (90%)	1,130.9	1,159.8	4.9	5.6	57.0	59.2

Notes:
(1) Does not consider production maintenance CAPEX.
(2) Considers only drilling and well completion CAPEX.
(3) Considers CAPEX realized in 2023 from the MUP3B well.
(4) Considers CAPEX 100%.

In the **Frade** field, the 1P reserves were reviewed considering the performance of the producing wells opened in 2023. Additionally, the 2024 certification includes 3 new producing wells: MUP3B, ODP6, and Maracanã. ODP6 and Maracanã were considered contingent resources (1C), subject to the elaboration of the Development Plan, as was the case with Wahoo in the 2021 certification.

In the **Wahoo** field, there was a minor adjustment in the expected abandonment date due to the revision of Frade's OPEX from US$ 65 million per year to US$ 77 million per year.

In the **Albacora Leste** field, the 1P production curve was adjusted considering the current work plan, reaching a production peak of 79.2 kbpd in the year 2029. The CAPEX per added barrel was impacted by: (i) reopening of wells in 2023 with relatively low CAPEX compared to new wells; (ii) inclusion of 1 new injector well, resulting in an increase in CAPEX without an increase in reserves; and (iii) CAPEX of Arapuçá reservoir wells underwent adjustments after joint analysis with partners following PRIO's operation commencement.

Finally, in the **Polvo and TBMT** cluster, the new certification considered the anticipation of 1 producer well in the Polvo field, Well B, for 2024. Regarding CAPEX, the 2023 certification had considered 3 new producer wells in **Polvo**, 2 dry completion wells, and 1 wet completion well. In 2023, 1 dry completion well was drilled and exhibited stabilized production below that forecasted in the 2023 certification. Thus, although the total CAPEX to carry out the 2 new wells did not change compared to 2023, the CAPEX per new well in the 2024 certification increased because the CAPEX of the remaining wells is higher than the previously drilled well. The production projection of the new wells was also adjusted based on the production from the well drilled in 2023.

ENVIRONMENT AND SOCIAL

The Company believes that its operational strategy, through efficiency improvement and field life extension, is directly linked to emission reduction. As such, in the year 2023[1], PRIO achieved an average relative emission[2] of 21 kgCO2e/boe, a reduction of 20% compared to 27 kgCO2e/boe in 2022. If we exclude the Albacora Leste field, which was not operated by PRIO in 2022, this reduction would be 34%. Since PRIO took over the field's operation, a 17% decrease in emissions has been observed. These reductions result from a series of improvements that the Company has been implementing in its assets to enhance the efficiency of its facilities.

In 2023, PRIO was the only company in the oil and gas sector to be a finalist in the GRI Awards, an award that recognizes companies in the sector that have carried out outstanding sustainable initiatives in the biodiversity and communities categories. As part of the Frade TAC, the company supports various projects such as the Marine and Fishing Research project, an important ally in generating new information related to fishing and the marine environment of Rio de Janeiro, as well as Conservation Units, a project that makes it possible to improve nine conservation units on the coast of the state of Rio de Janeiro and the north coast of São Paulo.

The Company believes that increased safety leads to greater efficiency. Therefore, throughout 2023, PRIO promoted various activities and campaigns to strengthen this pillar and raise awareness among employees about the importance of safety. For example, in the fourth quarter, the Company conducted the Process Safety Campaign, aiming to consolidate and share all knowledge of best safety practices with employees, preventing accidents and ensuring the safety, reliability, and performance of the Company's operations.

In 2023, PRIO's renowned Wellness program celebrated its 5th anniversary. The Company believes that the well-being of its employees is of utmost importance and continues to promote and provide various activities for its staff. In 4Q23, the Company organized ceramic activities, which involved the participation of four groups divided over three weeks each. Throughout the quarter, the Company also held an internal soccer championship, promoting integration and team spirit among the participants. Additionally, various outdoor activities were conducted, such as PRIO Trekking, group hikes along trails in Rio de Janeiro, yoga classes at the Aterro, and street races.

In this year, PRIO has created a signature for all projects and initiatives aimed at giving back to society, an important part of its growth. The I♡PRIO is a declaration of PRIO's love for the places where we operate. In this sense, throughout 4Q23, the Company sponsored the I♡PRIO Blue & Jazz Festival, the play Diary of Pilar in the Amazon, the Footprints of the Little Prince exhibition, and the final stage of the Porsche Cup at Interlagos. Additionally, in November 2023, the Company inaugurated the I♡PRIO Theater, which will feature various plays and renowned names in theater and music.

Finally, for 2024, PRIO has several new initiatives, including sponsorship of the Vini Jr Institute, which uses sports as a tool to support the learning of public school students. Additionally, PRIO will support the social project Rede Cruzada, focused on the education of adolescents and children, along with various other initiatives.

FINANCIAL PERFORMANCE

PRIO presents below the financial performance with and without the impact of changes in IFRS 16, as well as representations of non-cash and non-recurring accounting entries and their impacts on the financial statements when illustrated in dollars.

Income (loss) for period
(In thousands of US$)

	Ex-IFRS 16			Accumulated - Ex-IFRS16			Includes IFRS 16		
	4Q22	4Q23	Δ	2022	2023	Δ	2022	2023	Δ
Net Revenue	**184,492**	**690,652**	**274%**	**1,249,659**	**2,623,111**	**110%**	**1,249,659**	**2,623,111**	**110%**
Export and domestic sales taxes	-	*(4,521)*	n/a	-	*(84,868)*	n/a	-	*(84,868)*	*n/a*
Commercialization Expenses	*(9,795)*	*(52,366)*	435%	*(9,795)*	*(137,278)*	1302%	*(9,795)*	*(137,278)*	*1302%*
Net Revenue - FOB	**174,697**	**633,765**	**263%**	**1,239,864**	**2,400,965**	**94%**	**1,239,864**	**2,400,965**	**94%**
Cost of goods sold	(30,595)	(57,230)	87%	(191,544)	(273,641)	43%	(168,902)	(230,925)	37%
Royalties	(15,098)	(75,587)	401%	*(97,188)*	*(230,551)*	137%	(97,188)	(230,551)	137%
Operating Income	**129,004**	**500,948**	**288%**	**951,133**	**1,896,772**	**99%**	**973,775**	**1,939,489**	**99%**
General and administratie expenses	(12,204)	(38,882)	219%	(50,888)	(90,563)	78%	(49,385)	(89,096)	80%
Other operating income (expenses)	51,885	47,269	-9%	26,885	5,297	-80%	26,885	5,297	-80%
EBITDA	**168,685**	**509,335**	**202%**	**927,129**	**1,811,507**	**95%**	**951,275**	**1,855,690**	**95%**
EBITDA margin	***97%***	***80%***	***- 17 p.p.***	***75%***	***75%***	***0 p.p.***	***77%***	***77%***	***0 p.p.***
Depreciation and amortization	(25,165)	(57,117)	127%	(129,892)	(357,258)	175%	(145,355)	(394,727)	172%
Financial Results	(1,445)	(55,511)	3741%	(40,040)	(178,472)	*346%*	(44,007)	(212,705)	383%
Financial Income	*(6,734)*	*155,704*	*-2412%*	*176,741*	*319,961*	*81%*	*176,741*	*319,961*	*81%*
Financial Expenses	*5,289*	*(211,215)*	*-4094%*	*(216,781)*	*(498,433)*	*130%*	*(220,748)*	*(532,666)*	*141%*
Income and social contribution taxes	47,745	(72,492)	*-252%*	(45,656)	(189,056)	314%	(45,656)	(189,056)	314%
Income (loss) for the period	**189,819**	**324,215**	**71%**	**711,542**	**1,086,720**	**53%**	**716,257**	**1,059,203**	**48%**

	4Q22	4Q23	Δ	2022	2023	Δ	2022	2023	Δ
Adjusted* EBITDA	**116,801**	**462,066**	*296%*	**900,244**	**1,806,210**	101%	**924,389**	**1,850,393**	*100%*
Adjusted EBITDA margin	***67%***	***73%***	***+ 6 p.p.***	***73%***	***75%***	***+ 2 p.p.***	***75%***	***77%***	***+ 2 p.p.***

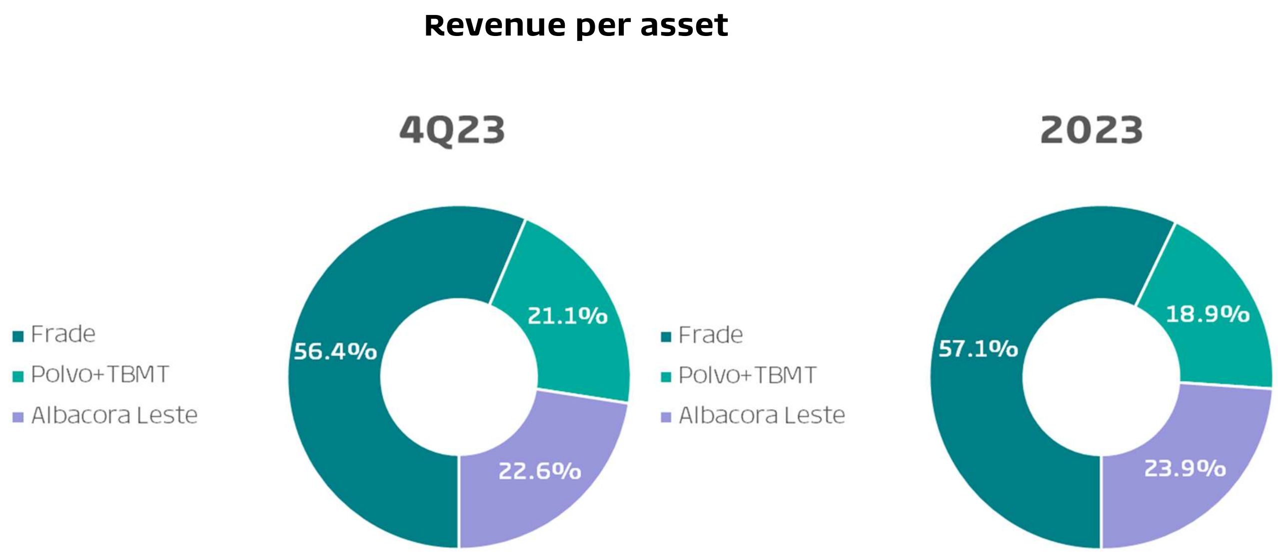
*Adjusted EBITDA is calculated similarly to EBITDA, disregarding the line composed of non-recurring effects "Other Income and Expenses".

Oil sotck	4Q22	3Q23	4Q23	4Q23 X 4Q22	4Q23 X 3Q23
Balance (barrels)	**3,109**	**1,527**	**1,836**	**-40.9%**	**20.2%**
Frade Field	675	599	794	17.6%	32.6%
Albacora Leste	-	-	489	n/a	n/a
Polvo and TBMT cluster	439	878	553	**26.0%**	-37.0%
Storage in US Virgin islands	1,995	50	-	n/a	n/a
Stock cost (US$ thousand)	**66,069**	**51,658**	**52,534**	**-20.5%**	**1.7%**
Frade Field	8,542	19,804	13,230	54.9%	-33.2%
Albacora Leste	-	-	21,060	n/a	n/a
Polvo and TBMT cluster	13,874	29,356	18,244	31.5%	-37.9%
Storage in US Virgin islands	43,653	2,498	-	n/a	n/a

In 2023, the main factor impacting PRIO's financial performance was the increase in revenue, reflecting the growth in production and sales, despite a 17% reduction in the average Brent price compared to the previous year. Thus, PRIO recorded a net revenue of $2.6 billion for the year, representing a 110% increase, and an Adjusted EBITDA (ex-IFRS-16) of $1.8 billion, 101% above 2022, both reflecting the growth in production and offtakes.

In the quarter, PRIO recorded revenue 274% higher tha 4Q22, due to (i) growth in production and offtakes and; (ii) an increase in shipping costs mainly caused by the imposition of a "price cap" on Russian oil, which led the Company’s decision to sell a volume significantly lower than production and stockpile the oil in December 2022.

Analyzing the quarterly revenue, the **Frade** field accounted for 56% of the Company's total revenue, the **Polvo and TBMT** cluster represented 21% of the total revenue, and the **Albacora Leste** field, in turn, contributed 23% to PRIO's total revenue. In the annual revenue, the **Frade** field contributed 57%, the **Polvo and TBMT** cluster contributed 19%, while **Albacora Leste** contributed 24% of the total Company revenue. The graph below illustrates the representation of each asset in the total net revenue of the Company:



Cost of Goods Sold ("COGS") totaled $273 million for the year, 43% above the previous year's figure; however, the quantity of barrels sold during the year increased by 166% compared to the previous year, demonstrating a reduction in the unit cost per product sold. In the quarter, COGS was 87% higher than in 4Q22, due to the higher volume of barrels sold compared to the same quarter of the previous year.

The Company recognized an Operating Result (ex- IFRS 16) of $1.9 billion for the year, 99% higher than the previous year, due to increased production and sales. In the quarterly comparison, the 288% higher result reflects the revenue increase for the quarter, attributable to a higher number of offtakes.

General and administrative expenses, including M&A expenses, personnel, projects, geology, and geophysics costs, increased by 219% compared to 4Q22 and accumulated a 78% increase in the annual comparison, totaling $90 million, due to increased personnel expenses, sponsorship of social projects and office expansion.

Other operating income and expenses totaled $47 million in the quarter, positively impacted by the provision adjustment for abandonment according to the new reserve certification.

The Company recorded an annual adjusted EBITDA (ex-IFRS 16) of $1.8 billion, a 101% increase compared to the previous year, driven by significant growth in Operating Result. In the quarterly comparison, this indicator resulted in a 296% increase, also reflecting the higher operating result for the period.

The Company's financial result (ex- IFRS 16) was negative at $178 million versus $40 million negative recorded in the previous year, negatively impacted by interest on loans and financing considering the higher debt position in 2023, reduced financial revenue due to a smaller cash position compared to the previous year, premium payments due to Brent hedge contracts, and the updating factor of the **Albacora Leste** earn-out.

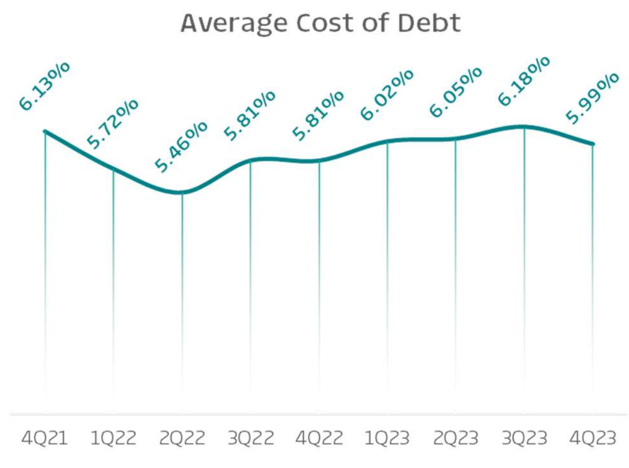
Net income (ex- IFRS 16) for the year was approximately $1.1 billion, a 53% increase compared to the previous year, driven by higher production and sales volume during the year. In the quarter, the Company recorded a net income 71% higher than 4Q22, impacted by the growth in operating result.

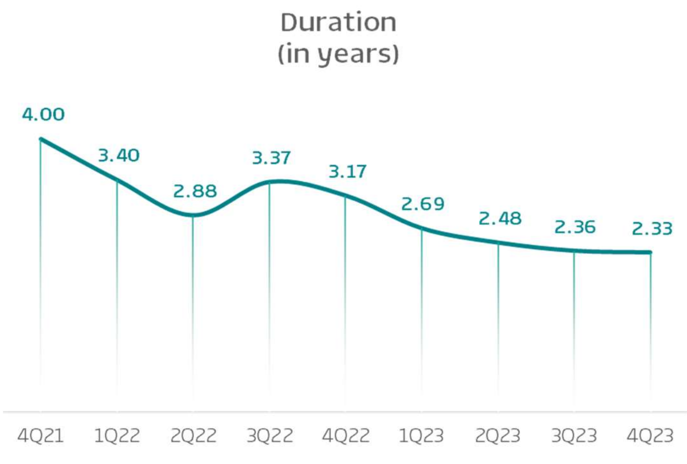
CASH, DEBT AND FINANCING

In the fourth quarter of 2023, PRIO chose to prepay debts amounting to US$150 million that had a higher cost than the Company's average cost and were due to mature soon. Additionally, PRIO renegotiated a debt of US$50 million, extending the duration and reducing the cost. As a result, the Company's average debt cost in the quarter was 5.99% with a duration of 2.33 years.

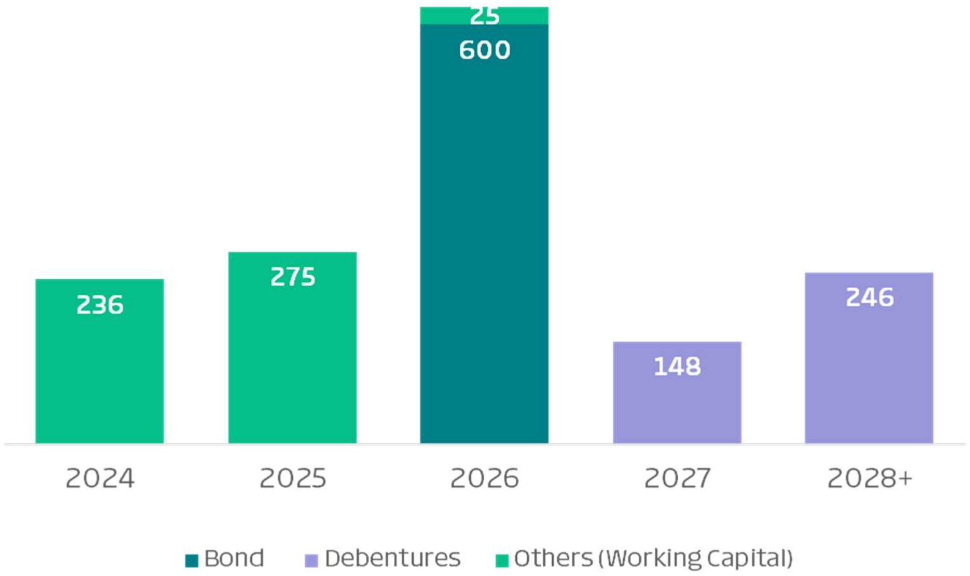
On February 29, 2024, the Company settled the 2nd issuance of simple debentures in the total amount of R$2 billion and entered swaps (derivative instruments) with the aim of dollarizing the issuance. As a result, the issuance together with the derivative instruments resulted in an average dollarized cost of 6.14% per year and an approximate duration of 5.9 years.

PRIO maintains the cost and duration of its debts at levels considered adequate by the Company and continues to monitor the domestic and international markets seeking opportunities to maintain its robust capital structure.





Amortization schedule
(US$ million)

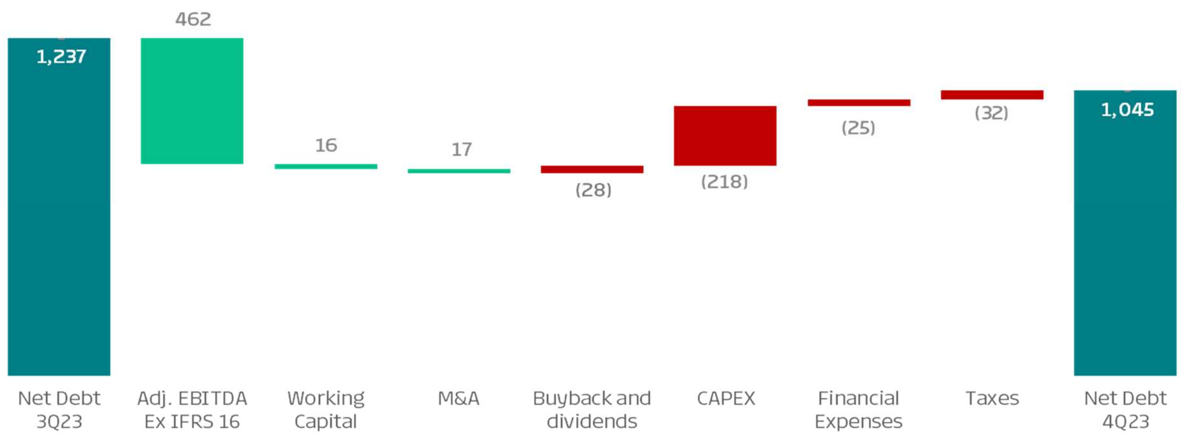


CASH VARIATIONS

In the fourth quarter of 2023, PRIO's net debt position decreased by approximately US$192 million compared to 3Q23, explained by the following variations:

- **M&A:** receipt relating to the conclusion of the sale of the stake in the Manati Field
- **CAPEX:** mainly disbursements for the development of Wahoo, followed by Albacora Leste and Frade

Changes in net cash
(US$ million)

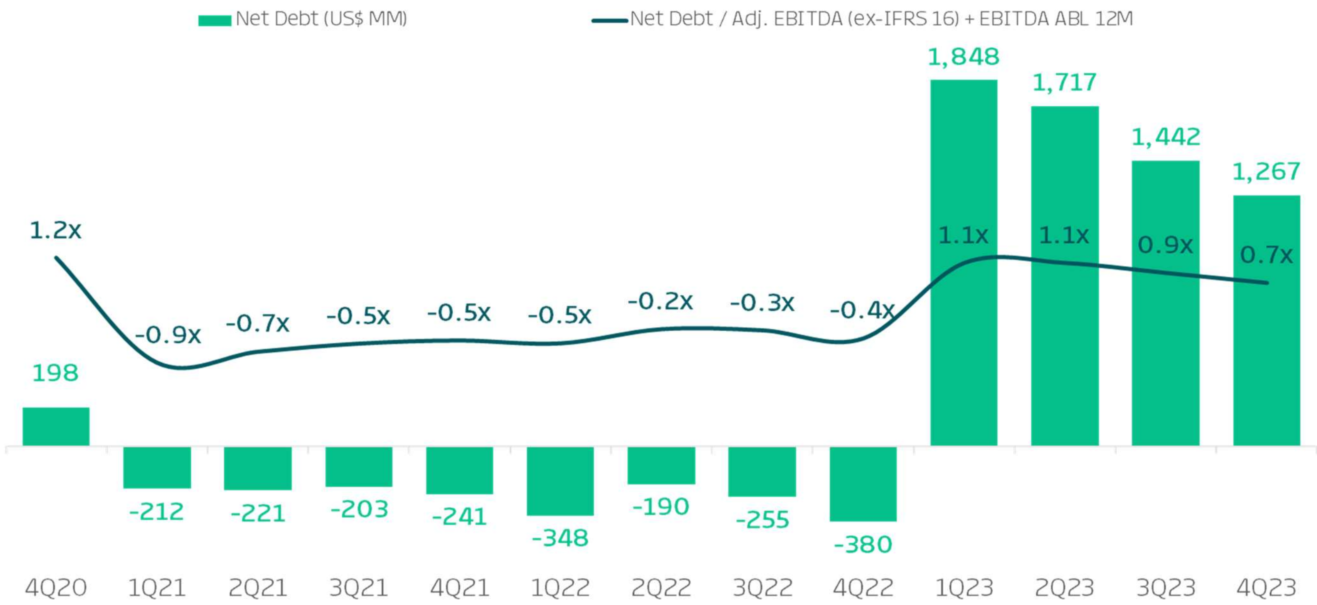


LEVERAGE

In 4Q23, the Company continued its share buyback program, aiming to add value for its shareholders. Thus, it made a payment of approximately US$ 16 million for the acquisition of about 1.8 million shares, as well as intensified CAPEX mainly for the Wahoo field and amortized US$ 150 million in debt. As a result, PRIO ended the fourth quarter of 2023 in a net debt position, as shown in the graph below.

The leverage ratio was calculated according to the covenants established under the issuance of debt notes ("bonds") and debentures, meaning a possible additional payment related to the acquisition of Albacora Leste ("earn-outs") was considered, and an estimate of the adjusted EBITDA generated by the asset from December 31, 2022, to January 26, 2023, was included to reflect the adjusted EBITDA generated by the asset in the last 12 months.

Net Debt (Cash) / Adjusted EBITDA (ex-IFRS 16)
(US$ million)



Building a better working world

Independent auditors' report on the individual and consolidated financial statements

To the Shareholders, Board of Directors and Officers of
Petro Rio S.A.
Rio de Janeiro – RJ

Opinion

We have audited the individual and consolidated financial statements of Petro Rio S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2023, and the statements of profit or loss, of comprehensive income (loss), of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Business combination and asset acquisition

As disclosed in notes 1 and 9 to the individual and consolidated financial statements, the Company, through its direct subsidiary Petro Rio OPCO Exploração Petrolífera Ltda. ("OPCO"), completed the share acquisition and control process of Prio Forte S.A. (formerly Dommo Energia S.A.) on January 8, 2023. This transaction was accounted by applying the acquisition method in accordance with CPC 15 (R1) - Business Combinations (IFRS 3 - Business Combinations).

As also stated in these explanatory notes, the Company completed on January 26, 2023, with the approval of the National Agency of Petroleum, Natural Gas and Biofuels – ANP, the acquisition of control, and 90% stake in Albacora Leste Field, thus becoming the operator of the asset on that date. This transaction was accounted for as a joint operation, according to CPC 19 (R2) – Joint Arrangements (IFRS 11 – Joint Arrangements).

Both transactions require, among other procedures, that the Company determine: the effective acquisition date of the transaction, the fair value of the consideration transferred, the fair value of the identifiable assets acquired and of the liabilities assumed, and the measurement of goodwill, in the case of a business combination.

Such procedures involve a high degree of judgment and require the development of fair value estimates based on calculations and assumptions related to the future performance of the acquired businesses, which are subject to a high degree of uncertainty.

Due to the high degree of judgement involved and the impact that any changes in assumptions could have on the financial statements, we consider this to be a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others: (i) understanding the Company's internal processes and controls for identifying and measuring non-routine transactions, as well as processing them in light of the appropriate accounting pronouncement; (ii) reading the documents that formalized the operations and obtaining evidence that supported the determination of the acquisition dates and the fair value of the considerations transferred; (iii) evaluating the objectivity, independence, and technical capacity of the Company's specialists and the external specialists involved in measuring the fair value of the acquired assets and assumed liabilities; (iv) with the support of our valuation model specialists, we analyzed the assumptions and methodology used by the Company relating to the measurement of fair values and allocations, on the acquisition date, to the acquired assets and assumed liabilities; and (v) assessing the adequacy of the disclosures made by the Company regarding the matter.

Based on the results of the audit procedures performed on the business combination and acquisition of assets in a joint operation, which is consistent with the executive board’s assessment, we consider that the criteria and assumptions applied, as well as their respective disclosures in Notes 1 and 9, are acceptable, in the context of the financial statements taken as a whole.

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Impairment of assets

As disclosed in Notes 8, 9 and 15 to the consolidated financial statements, as at December 31, 2023, the Company records property, plant and equipment, intangible assets and rights of use in the amounts of R$9,425,118 thousand, R$10,914,878 thousand and R$ 2,044,361 thousand, respectively. As at December 31, 2023, in accordance with CPC 01 (R1) - Impairment of Assets (IAS 36 - Impairment of Assets), the Company assessed the existence of indicators of impairment of the assets in its cash-generating units ("CGUs") and performed the calculation of the recoverable amount, assessing the need to record impairment. To calculate the recoverable amount of assets, the Company used the discounted cash flow method, which incorporates significant judgments in relation to factors associated with the level of future production, commodity prices, production costs and economic assumptions, such as discount rates and exchange rates where the Company operates.

Due to the materiality of the balances of property, plant and equipment and intangible assets and the complexity in determining the assumptions used in the expected future cash flows at each CGU, we consider this to be a key audit matter.

How our audit addressed this matter

Our procedures included, among others: (i) understanding the Company's internal process and controls for preparing a study that allows the identification of the need to record an asset impairment loss; (ii) evaluating the Company's assumptions to determine the recoverable amount of its assets, including those related to production, production cost, commodity prices, capital investments, discount rates and exchange rates; (iii) evaluating the definition and identification criteria of the CGUs; (iv) using valuation model experts to support us in evaluating and testing the assumptions used to determine the discount rates used by the Company's executive board; and (v) performing an independent calculation affecting the main assumptions used.

Based on the result of the audit procedures performed on the impairment test of assets, which is consistent with the executive board' assessment, we consider that the criteria and assumptions of the recoverable amount adopted by the executive board, as well as the related disclosures in Notes 2.13, 8, 9, 15 and 18 are acceptable in the context of the financial statements taken as a whole.

Estimate of provisions for abandonment of facilities

As disclosed in Note 17 to the consolidated financial statements, as at December 31, 2023, the Company recorded a provision for abandonment of facilities (ARO) in the amount of R$1,121,429 thousand. Due to the nature of its operations, the Company will incur obligations to restore and rehabilitate the environment upon the closing of oil and gas production in each corresponding area. The rehabilitation of areas and of the environment is required by both current legislation and the Company's policies. Estimating the costs associated with these future activities requires considerable judgment in relation to factors such as the period of use of a given area, the time needed to rehabilitate it and certain economic assumptions such as discount rate, foreign currency translation rates and the original values that are quoted by specific suppliers. Due to the materiality of the provision for abandonment of areas and the level of uncertainty for determining its estimate that may impact the amount of this provision in the consolidated financial statements and the investment amount recorded under the equity method in the parent company's individual financial statements, we consider this to be a significant audit matter.

How our audit addressed this matter

Our audit procedures included, among others: (i) understanding of the Company's internal process and controls regarding the estimation of provisions for abandonment of facilities; (ii) evaluation of the procedures related to determining the estimated amount of the provision to restore and rehabilitate oil production assets; (iii) analysis of the expected time for abandonment based on projected outputs and the estimated deadline for the asset's economic feasibility; (iv) with the support of our financial modeling specialists, analysis of the assumptions used, including the base cost of the areas to be abandoned, inflation, discount and risk rates; (v) analysis of the changes in the provision in the year related to abandoned, restored/rehabilitated areas and the relevant environmental obligation, in order to assess the main inputs, such as costs, inflation and discount rates, as well as the abandonment plan; (vi) arithmetic checking of the results of the estimates, tracing them to accounting information and management reports; and (vii) evaluation of the adequacy of the disclosure of the provision of obligations to restore and rehabilitate the environment when abandoning areas.

Based on the result of the audit procedures performed, we consider that the criteria and assumptions, which are consistent with the executive board's assessment, as well as the related disclosures in Note 17, are acceptable in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated Statements of Value Added (SVA) for the year ended December 31, 2023, prepared under the responsibility of the Company's executive board, and presented as supplementary information for purposes of IFRS, were submitted to the same audit procedures conducted together with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria provided for in Accounting Pronouncement NBC TG 09 - Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria provided for in Accounting Pronouncement NBC TG 09 and are consistent with the individual and consolidated financial statements taken as a whole.

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

The executive board is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.
In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or with our knowledge obtained in the audit or, otherwise, whether this report appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement

of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive board and those charged with governance for the individual and consolidated financial statements

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

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

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

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

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

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

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive officers.

- Concluded on the appropriateness of the executive officers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or future conditions may cause the Company to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Rio de Janeiro, March 8, 2024.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC- SP-015199/F

Beatriz Gonçalves de Moraes Nicolaci

Beatriz Gonçalves de Moraes Nicolaci
Contador CRC-RJ091370/O

PRIO

Balance sheet

December 31, 2023 and 2022
(In thousands of reais—R$)

	Note	Parent Company		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Assets					
Current assets					
Cash and cash equivalents	3	18,248	17,148	2,335,403	9,612,961
Accounts receivable	4	-	-	1,743,491	166,304
Oil inventories	22	-	-	254,330	344,727
Inventory of consumables		-	-	397,321	108,698
Financial instruments	14	-	-	358	-
Recoverable taxes	5	1,954	1,575	347,658	76,012
Advances to suppliers		34	34	100,227	186,149
Advances to partners		-	-	93,188	31,336
Prepaid expenses		75	430	22,129	10,809
Other receivables		-	-	769	317
		20,311	19,187	5,294,874	10,537,313
Non-current assets classified as held for sale	6	-	-	-	65,314
		20,311	19,187	5,294,874	10,602,627
Non-current assets					
Advances to suppliers		-	-	225	242
Mark-to-market of debenture swaps	14	-	-	80,698	-
Deposits and pledges	29	-	12	29,971	10,518
Recoverable taxes	5	-	-	4,225	26,923
Deferred taxes	16	10,191	10,970	516,582	692,076
Related parties	20	9,355	96,881	-	-
Right-of-use (Lease CPC 06.R2/IFRS 16)	15	-	-	2,044,361	1,470,973
Investments	7	14,403,401	10,005,199	-	-
Property, plant and equipment	8	224	520	9,425,118	4,665,206
Intangible assets	9	-	-	10,914,878	2,833,955
		14,423,171	10,113,582	23,016,058	9,699,893
Total assets		14,443,482	10,132,769	28,310,932	20,302,520

See the accompanying notes to the financial statements.

PRIO

Balance sheet
December 31, 2023 and 2022
(In thousands of reais—R$)

	Note	Parent Company		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Liabilities and shareholders' equity					
Current liabilities					
Suppliers	10	644	218	834,778	565,926
Labor obligations	11	15,083	18,755	266,893	138,003
Taxes and social contributions	12	676	635	593,077	158,712
Loans and financing	13	-	-	1,212,632	393,258
Local debentures (includes conversion swaps)	14			39,430	40,514
Contractual charges (Leases - IFRS 16)	15	-	-	224,502	64,547
Accounts payable - earn out Albacora Leste	9.2.c	-	-	288,465	-
Accounts payable on obligations associated with assets held for sale	6	-	-	4,104	43,433
		16,403	19,608	3,463,811	1,404,393
Liabilities directly linked to non-current assets classified as held for sale	6	-	-	-	(16,654)
		16,403	19,608	3,463,811	1,387,739
Non-current liabilities					
Suppliers	10	-	-	-	1,503
Loans and financing	13	-	-	4,340,854	5,248,108
Mark-to-market of debenture swaps	14	-	-	-	89,310
Local debentures (includes conversion swaps)	14	-	-	1,800,248	1,950,208
Provision for abandonment (ARO)	17	-	-	1,121,429	271,631
Provision for contingencies	29	400	500	946,101	23,350
Related parties	20	548,214	220,644	-	-
Contractual charges (Leases - IFRS 16)	15	-	-	1,936,736	1,436,811
Accounts payable - earn out Albacora Leste	9.2.c	-	-	786,723	-
Other liabilities		185	-	36,750	1,843
		548,799	221,144	10,968,841	9,022,764
Shareholders' equity					
Realized share capital	19	5,352,792	5,319,674	5,352,792	5,319,674
Capital reserves		(171,877)	377,427	(171,877)	377,427
Profit reserves		8,801,741	3,682,453	8,801,741	3,682,453
Accumulated translation adjustment		(184,660)	601,773	(184,660)	601,773
Equity valuation adjustments	14	80,284	(89,310)	80,284	(89,310)
		13,878,280	9,892,017	13,878,280	9,892,017
Total liabilities and shareholders' equity		14,443,482	10,132,769	28,310,932	20,302,520

See the accompanying notes to the financial statements.

PRIO

Statements of income

Years ended December 31, 2023 and 2022

(In thousands of reais—R$, except earnings/losses per share)

	Note	Parent Company		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net revenue	21	-	-	11,905,041	6,363,475
Costs of products sold	22	-	-	(4,246,137)	(2,106,303)
Gross income (loss)		-	-	7,658,904	4,257,172
Operating revenues (expenses)					
Geology and geophysics expenses		-	-	(24,362)	(14,859)
Personnel expenses		(4,323)	(22,176)	(234,697)	(120,523)
General and administrative expenses		(252)	(105)	(68,985)	(46,726)
Expenses with Outsourced Services		(3,335)	(3,467)	(73,015)	(61,164)
Taxes and rates		(4,201)	(2,083)	(29,144)	(11,730)
Depreciation and amortization expenses		(298)	(443)	(137,190)	(112,527)
Equity in net income of subsidiaries	7	5,225,190	3,467,061	-	-
Other operating revenues (expenses), net	23	(12,920)	(314)	64,351	26,570
Operating income (loss) before financial income (loss)		5,199,861	3,438,473	7,155,862	3,916,213
Financial revenues	24	1,755	219	170,833	278,680
Financial expenses	24	(15,937)	(5,750)	(1,074,828)	(558,099)
Net exchange-rate changes	24	(5,035)	1,866	(147,195)	25,026
Income (loss) before income tax and social contribution		5,180,644	3,434,808	6,104,672	3,661,820
Current income tax and social contribution	25	-	-	(683,641)	(545,460)
Deferred income tax and social contribution	25	(739)	(7,736)	(241,126)	310,712
Income for the year		5,179,905	3,427,072	5,179,905	3,427,072
Basic and diluted earnings per share					
Basic		6,164	4,061	6,164	4,061
Diluted		6,114	4,023	6,114	4,023

See the accompanying notes to the financial statements.

Statements of comprehensive income

Years ended December 31, 2023 and 2022

(In thousands of reais—R$)

	Parent company and Consolidated	
	12/31/2023	12/31/2022
Net income for the year	5,179,905	3,427,072
Mark-to-market of local debenture swaps	169,594	(89,310)
(-) Deferred taxes on mark-to-market of swaps	(57,662)	30,365
Translation adjustment, net of taxes	(786,433)	(110,565)
Other comprehensive income for the year, net of taxes	(674,501)	(169,510)
Total comprehensive income for the year net of taxes	4,505,404	3,257,562

See the accompanying notes to the financial statements.

Statements of changes in shareholders' equity

Years ended December 31, 2023 and 2022
(In thousands of reais—R$)

	Share capital	Capital reserves: Capital reserve	Capital reserves: Treasury shares	Profit reserve	Accumulated translation adjustment	Equity valuation adjustment	Retained earnings	Consolidated
Balances at January 1, 2022	5,303,644	389,760	(40,874)	255,381	712,338	-	-	6,620,249
								-
Paid-up capital	16,587	-	-	-	-	-	-	16,587
Share issuance costs	(557)	-	-	-	-	-	-	(557)
Stock options granted	-	36,008	-	-	-	-	-	36,008
Translation adjustment	-	-	-	-	(110,565)	-	-	(110,565)
Gain (loss) on derivative financial instruments	-	-	-	-	-	(89,310)		(89,310)
Acquisition of non-controlling interest	-	(7,906)	-	-	-	-	-	(7,906)
Treasury shares	-	-	439	-	-	-	-	439
Net income for the year	-	-	-	-	-	-	3,427,072	3,427,072
Legal reserve	-	-	-	171,354	-	-	(171,354)	-
Unrealized profit reserve	-	-	-	33	-	-	(33)	-
Investment reserve	-	-	-	3,255,685	-	-	(3,255,685)	-
Balances at December 31, 2022	5,319,674	417,862	(40,435)	3,682,453	601,773	(89,310)	-	9,892,017
Balances at January 1, 2023	5,319,674	417,862	(40,435)	3,682,453	601,773	(89,310)	-	9,892,017
								-
Paid-up capital	33,118	-	-	-	-	-	-	33,118
Share issuance costs	-	-	-	-	-	-	-	-
Stock options granted	-	90,001	-	-	-	-	-	90,001
Translation adjustment	-	-	-	-	(786,433)	-	-	(786,433)
Gain (loss) with financial instruments	-	-	-	-	-	169,594	-	169,594
Share-based remuneration	-	-	-	-	-	-	-	-
Offset of loss	-	-	-	-	-	-	-	-
Dividends distributed	-	-	-	(60,617)	-	-	-	(60,617)
Treasury shares	-	-	(505,410)	-	-	-	-	(505,410)
Gain (loss) with the buyback of preferred shares in the subsidiary	-	(133,895)	-	-	-	-	-	(133,895)
Net income for the year	-	-	-	-	-	-	5,179,905	5,179,905
Legal reserve	-	-	-	258,995	-	-	(258,995)	-
Unrealized profit reserve	-	-	-	49	-	-	(49)	-
Investment reserve	-	-	-	4,920,861	-	-	(4,920,861)	-
Balances at December 31, 2023	5,352,792	373,968	(545,845)	8,801,741	(184,660)	80,284	-	13,878,280

See the accompanying notes to the financial statements.

PRIO

Statements of cash flows

Years ended December 31, 2023 and 2022
(In thousands of reais—R$)

	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)	**5,180,644**	**3,434,808**	**6,104,672**	**3,661,820**
Depreciation and amortization	298	443	2,054,585	854,256
Financial revenue	(4,833)	(5,706)	(819,598)	(38,284)
Financial expenses	33,719	10,228	2,503,071	369,235
Share-based remuneration	90,001	36,008	90,001	36,008
Equity in net income of subsidiaries	(5,225,190)	(3,467,061)	-	-
Provision for contingencies/losses/R&D	(137)	(24)	(65,173)	38,399
Amendment of the provision for abandonment/IFRS 16 Contracts	-	-	(89,275)	(329,856)
Gain on disposal of assets held for sale	-	-	(31,849)	-
	74,502	**8,696**	**9,746,434**	**4,591,578**
(Increase) decrease in assets				
Accounts receivable	-	-	(1,459,931)	731,806
Recoverable taxes	1,785	1,028	(280,224)	22,309
Prepaid expenses	418	(507)	(9,468)	(3,265)
Advances to suppliers	-	(37)	43,789	(14,629)
Oil inventories	-	-	252,188	(142,899)
Inventory of consumables	-	-	(38,343)	(80,116)
Related parties	81,547	(37,803)	-	-
Advance to partners in oil and gas operations	-	-	(127,778)	6,614
Deposits and pledges	13	(15)	4,266	607
Other receivables	(14)	183	586	584
Increase (decrease) in liabilities				
Suppliers	2,040	(272)	(79,935)	396,785
Labor obligations	(1,908)	1,251	109,214	11,209
Taxes and social contributions	(5,715)	(292)	(453,939)	(597,001)
Related parties	329,498	6,401	-	-
Other liabilities	170	-	33,428	3,577
Net cash (invested in) from operating activities	**482,336**	**(21,367)**	**7,740,287**	**4,927,159**
Cash flows from investment activities				
(Investment in) redemption of securities	-	349	-	3,554,357
(Investment in) redemption of abandonment fund	-	-	-	1,236
Non-current assets held for sale	-	-	78,881	-
(Purchase) sale of property, plant and equipment	-	-	(4,247,114)	(1,900,535)
(Purchase) sale of intangible assets	-	-	(395)	(862)
(Acquisition) of oil and gas assets	-	-	(9,076,128)	(1,830,159)
Net cash (invested in) from investment activities	**-**	**349**	**(13,244,756)**	**(175,963)**
Cash flows from financing activities				
Borrowings	-	-	1,711,425	2,347,901
Repayment of principal on loans	-	-	(1,322,323)	-
Interest paid on loans	-	-	(344,138)	(230,139)
Contractual charges - Leases IFRS 16 - Principal	-	-	(72,543)	(65,663)
Contractual charges (Leases - IFRS 16) - Interest	-	-	(148,861)	(56,957)
Funding of debentures	-	-	-	2,038,922
Interest paid on debentures	-	-	(182,522)	-
Derivative transactions	-	-	-	(21,544)
(Decrease) Paid-up capital	33,118	16,030	33,118	16,030
Own Company's shares (held in treasury)	(512,008)	-	(530,641)	(18,633)
Dividends distributed	-	-	(60,618)	-
Net cash (invested in) from financing activities	**(478,890)**	**16,030**	**(917,103)**	**4,009,917**
Translation adjustment	(2,346)	(1,445)	(855,986)	(118,833)
Net increase (decrease) in cash and cash equivalents	**1,100**	**(6,433)**	**(7,277,558)**	**8,642,280**
Cash and cash equivalents at the beginning of the year	17,148	23,581	9,612,961	970,681
Cash and cash equivalents at the end of the year	18,248	17,148	2,335,403	9,612,961
Net increase (decrease) in cash and cash equivalents	1,100	(6,433)	(7,277,558)	8,642,280

See the accompanying notes to the financial statements.

PRIO

Statements of added value

(Supplementary information for IFRS purposes)
Years ended December 31, 2023 and 2022
(In thousands of reais—R$)

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Revenues				
Oil & Gas sales	-	-	11,905,041	6,363,475
	-	-	11,905,041	6,363,475
Inputs acquired from third parties				
Third party's services and other	(3,335)	(3,467)	(73,015)	(61,164)
Geology and geophysics expenses	-	-	(24,362)	(14,859)
Costs of services	-	-	(1,194,128)	(866,189)
Gross added value	(3,335)	(3,467)	10,613,536	5,421,263
Depreciation and amortization	(298)	(443)	(2,054,585)	(854,256)
Net added value produced by the Entity	(3,633)	(3,910)	8,558,951	4,567,007
Added value received as transfer				
Financial revenue	19,256	7,047	1,525,252	578,070
Equity in net income of subsidiaries	5,225,190	3,467,061	-	-
Deferred taxes	(739)	(7,736)	(241,126)	310,712
Other revenues	13	450	610,970	327,820
Total added value payable	5,240,087	3,462,912	10,454,047	5,783,609
Distribution of added value				
Personnel	4,323	22,177	234,697	120,523
Direct remuneration	4,084	21,969	197,679	108,424
Benefits	163	145	30,234	10,007
FGTS	76	63	6,784	2,092
Taxes, duties and contributions	4,201	2,082	712,784	557,190
Federal	4,014	1,928	709,213	551,169
State	-	-	991	5,303
Municipal	187	154	2,580	718
Third-party capital remuneration	51,658	11,581	4,326,661	1,678,824
Interest (Financial expenses)	38,473	10,712	2,576,442	832,463
Rents	-	-	87,566	63,770
Other (royalties, other expenses)	13,185	869	1,662,653	782,591
Remuneration of own capital	5,179,905	3,427,072	5,179,905	3,427,072
Income (loss) for the year	5,179,905	3,427,072	5,179,905	3,427,072

See the accompanying notes to the financial statements.

(In thousands of reais—R$, 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 Petróleo 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:

<u>Polvo Field</u>

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 Petróleo 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).

<u>Tubarão Martelo ("TBMT") and Dommo Energia S.A. (currently Prio Forte S.A. – "Forte")</u>

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

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").

<u>FPSO Bravo and connection between the Polvo and Tubarão Martelo fields</u>

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.

<u>Frade Field</u>

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).

<u>Albacora Leste field</u>

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.

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 in 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 R$ 106,437. For more information, see the note on Non-current assets classified as held for sale.

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.

The Company's consolidated financial statements include:

(In thousands of reais—R$, unless otherwise indicated)

			Interest			
			12/31/2023		12/31/2022	
Fully consolidated companies	Reference	Status	Direct	Indirect	Direct	Indirect
Petro Rio O&G Exploração e Produção de Petróleo Ltda.	"PrioOG"	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%
Petrorio 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	"PrioOGIntl"	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%	-	-
Petrorio 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.

(In thousands of reais—R$, unless otherwise indicated)

The individual and consolidated financial statements in the US dollar functional currency, presented as supplementary information, as well as the information translated into the presentation currency, which is the *reais*, are presented below:

	December 31, 2023			
Balance sheet	Parent Company		Consolidated	
Assets	US$	R$	US$	R$
Cash and cash equivalents	3,769	18,248	482,392	2,335,403
Accounts receivable	-	-	360,129	1,743,491
Oil inventories	-	-	52,533	254,330
Inventory of consumables	-	-	82,069	397,321
Financial instruments	-	-	74	358
Recoverable taxes	404	1,954	71,811	347,658
Advances to suppliers	7	34	20,703	100,227
Advances to partners	-	-	19,248	93,188
Prepaid expenses	15	75	4,571	22,129
Other receivables	-	-	159	769
Current assets	4,195	20,311	1,093,689	5,294,874
Advances to suppliers			46	225
Deposits and pledges	-	-	6,191	29,971
Recoverable taxes	-	-	873	4,225
Deferred taxes	2,105	10,191	106,703	516,582
Mark-to-market of debenture swaps	-	-	16,669	80,698
Related parties	1,932	9,355	-	-
Right-of-use (Lease CPC 06.R2/IFRS 16)	-	-	422,275	2,044,361
Investments	2,975,110	14,403,401	-	-
Property, plant and equipment	46	224	1,946,816	9,425,118
Intangible assets	-	-	2,254,534	10,914,878
Non-current assets	2,979,193	14,423,171	4,754,107	23,016,058
Total assets	2,983,388	14,443,482	5,847,796	28,310,932

(In thousands of reais—R$, unless otherwise indicated)

	December 31, 2023			
Balance sheet	Parent Company		Consolidated	
Liabilities and shareholders' equity	US$	R$	US$	R$
Suppliers	133	644	172,429	834,778
Labor obligations	3,116	15,083	55,128	266,893
Taxes and social contributions	140	676	122,489	593,007
Local debentures (includes conversion swaps)	-	-	8,144	39,430
Loans and financing	-	-	250,477	1,212,632
Contractual charges (Leases - IFRS 16)	-	-	46,372	224,502
Accounts payable - earn out Albacora Leste	-	-	59,584	288,465
Accounts payable on obligations associated with assets held for sale	-	-	848	4,104
Current liabilities	3,389	16,403	715,471	3,463,811
Suppliers	-	-	-	-
Loans and financing	-	-	896,630	4,340,854
Local debentures (includes conversion swaps)			371,852	1,800,248
Provision for abandonment (ARO)	-	-	231,638	1,121,429
Provision for contingencies	83	400	195,423	946,101
Related parties	113,237	548,214	-	-
Contractual charges (Leases - IFRS 16)	-	-	400,045	1,936,736
Accounts payable - earn out Albacora Leste	-	-	162,502	786,723
Other liabilities	36	185	7,592	36,750
Non-current liabilities	113,356	548,799	2,265,682	10,968,841
Realized share capital	959,899	5,352,792	959,899	5,352,792
Capital reserves	43,792	254,523	43,792	254,523
Profit reserves	1,723,292	8,375,341	1,723,292	8,375,341
Accumulated translation adjustment	122,991	(184,660)	122,991	(184,660)
Equity valuation adjustments	16,669	80,284	16,669	80,284
Shareholders' equity	2,866,643	13,878,280	2,866,643	13,878,280
Total liabilities and shareholders' equity	2,983,388	14,443,482	5,847,796	28,310,932

	December 31, 2023			
Consolidated statement of income	Parent Company		Consolidated	
	US$	R$	US$	R$
Net revenue	-	-	2,400,965	11,905,041
Costs of products	-	-	(849,646)	(4,246,137)
Gross income (loss)	-	-	1,551,319	7,658,904
Geology and geophysics expenses	-	-	(5,017)	(24,362)
Personnel expenses	(870)	(4,323)	(47,308)	(234,697)
General and administrative expenses	(50)	(252)	(14,195)	(68,985)
Expenses with Outsourced Services	(672)	(3,335)	(16,722)	(73,015)
Taxes and rates	(829)	(4,201)	(5,854)	(29,144)
Depreciation and amortization expenses	(53)	(298)	(20,966)	(137,190)
Equity in net income of subsidiaries	1,068,720	5,225,190	-	-
Other operating revenues (expenses), net	(2,488)	(12,920)	19,706	64,351
Operating income (loss) before financial income (loss)	1,063,758	5,199,861	1,460,963	7,155,862
Financial revenues	355	1,755	36,349	170,833
Financial expenses	(3,572)	(15,937)	(219,087)	(1,074,828)
Net exchange-rate changes	(1,177)	(5,035)	(29,966)	(147,195)
Income (loss) before income tax and social contribution	1,059,364	5,180,644	1,248,259	6,104,672
Current income tax and social contribution	-	-	(138,874)	(683,641)
Deferred income tax and social contribution	(161)	(739)	(50,182)	(241,126)
Income for the year	1,059,203	5,179,905	1,059,203	5,179,905

(In thousands of reais—R$, unless otherwise indicated)

Statement of cash flow	December 31, 2023			
	Parent Company		Consolidated	
	US$	R$	US$	R$
Cash flows from operating activities				
Income (loss) for the year (before taxes)	1,059,364	5,180,644	1,248,259	6,104,672
Depreciation and amortization	53	298	392,175	2,054,585
Financial revenue	(1,008)	(4,833)	(165,975)	(819,598)
Financial expenses	7,377	33,719	373,572	2,503,071
Share-based remuneration	18,118	90,001	18,118	90,001
Equity in net income of subsidiaries	(1,068,720)	(5,225,190)	-	-
Provision for contingencies/losses/R&D	(20)	(137)	12,360	(65,173)
Amendment of the provision for abandonment/IFRS 16 Contracts	-	-	(109,216)	(89,275)
Gain on disposal of assets held for sale	-	-	(7,134)	(31,849)
	15,164	74,502	1,762,159	9,746,434
(Increase) decrease in assets				
Accounts receivable	-	-	(305,968)	(1,459,931)
Recoverable taxes	287	1,785	(85,787)	(280,224)
Prepaid expenses	77	418	(2,150)	(9,468)
Advances to suppliers	-	-	5,201	43,789
Oil inventories	-	-	46,346	252,188
Inventory of consumables	-	-	(12,115)	(38,343)
Related parties	16,421	81,547	-	-
Advance to partners in oil and gas operations	-	-	(23,998)	(127,778)
Deposits and pledges	3	13	361	4,266
Other receivables	(4)	(14)	111	586
Increase (decrease) in liabilities				
Suppliers	408	2,040	37,803	(79,935)
Labor obligations	(145)	(1,908)	24,640	109,214
Taxes and social contributions	(1,251)	(5,715)	(69,281)	(453,939)
Related parties	64,861	329,499	-	-
Other liabilities	34	170	23,251	33,428
Net cash (invested in) from operating activities	95,855	482,336	1,400,573	7,740,287
Non-current assets held for sale	-	-	(2,594)	78,881
(Purchase) sale of property, plant and equipment	-	-	(864,149)	(4,247,114)
(Purchase) sale of intangible assets	-	-	(77)	(395)
(Acquisition) of oil and gas assets	-	-	(1,699,895)	(9,076,128)
Net cash (invested in) from investment activities	-	-	(2,566,715)	(13,244,756)
Borrowings	-	-	328,000	1,711,425
Repayment of principal on loans	-	-	(270,000)	(1,322,323)
Interest paid on loans	-	-	(70,103)	(344,138)
Contractual charges - Leases IFRS 16 - Principal	-	-	(8,876)	(72,543)
Contractual charges (Leases - IFRS 16) - Interest	-	-	(29,957)	(148,861)
Interest paid on debentures	-	-	(36,488)	(182,522)
Own Company's shares (held in treasury)	(101,892)	(512,008)	(101,892)	(530,641)
(Decrease) Paid-up capital	6,519	33,118	6,519	33,118
Dividends distributed	-	-	(12,282)	(60,618)
Net cash (invested in) from financing activities	(95,373)	(478,890)	(195,079)	(917,103)
Translation adjustment	-	(2,346)	1,238	(855,986)
Net increase (decrease) in cash and cash equivalents	482	1,100	(1,359,983)	(7,277,558)
Cash and cash equivalents at the beginning of the year	3,287	17,148	1,842,375	9,612,961
Cash and cash equivalents at the end of the year	3,769	18,248	482,392	2,335,403
Net increase (decrease) in cash and cash equivalents	482	1,100	(1,359,983)	(7,277,558)

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, valuated 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.

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.

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.

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 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:

- 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).

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

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 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 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.

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 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.

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 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.

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

(In thousands of reais—R$, unless otherwise indicated)

- 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

(In thousands of reais—R$, 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	-	-	98	80
Banks	18,248	17,148	2,335,305	9,612,881
	18,248	17,148	2,335,403	9,612,961
National	8,285	3,418	388,434	2,671,858
Abroad	9,963	13,730	1,946,969	6,941,103

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.

(In thousands of reais—R$, unless otherwise indicated)

4. Accounts receivable

	Consolidated	
	12/31/2023	12/31/2022
Petrobras (i)	29,899	17,835
Repsol	-	125,529
Petrochina	-	22,939
Valero (ii)	393,575	-
Shell (iii)	770,809	-
Phillips 66 (iv)	389,177	-
Trafigura (v)	137,318	-
Saras (vi)	21,063	-
Other	1,650	1
Total	1,743,491	166,304
Total local currency	31,549	17,836
Total foreign currency	1,711,942	148,468

(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 R$ 7,057 for Manati, R$ 8,977 for Frade and R$ 13,865 for Albacora Leste. The average period of receipt of accounts receivable is 30 to 45 days. Up to February 2024, the amount of R$ 29,119 was received, with R$ 22,279 referring to Frade Field and R$ 6,840 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 R$ 601,901 was partially received, with R$ 124,627 referring to the Polvo and Tubarão Martelo Cluster, R$ 298,711 from the Albacora Leste Field, and R$ 178,562 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, R$ 125,853 were received, with R$ 110,140 referring to the Polvo and Tubarão Martelo Cluster and R$ 15,713 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)	1,954	1,558	227,965	23,514
PIS and COFINS (ii)	-	13	94,964	42,814
ICMS (iii)	-	-	25,867	24,193
Tax abroad	-	-	2,504	11,480
Other	-	4	583	934
Total	1,954	1,575	351,883	102,935
Current assets	1,954	1,575	347,658	76,012
Non-current assets	-	-	4,225	26,923

(In thousands of reais—R$, unless otherwise indicated)

(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 R$ 106,437, of which R$ 24,800 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 R$ 4,104, 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 R$ 31,848, as detailed below:

	12/31/2023
Asset sale price	106,437
Write-off of advances to partners	(12,849)
Write-offs of development assets	(2,189)
Write-off of concession contract	(18,280)
Write-off of goodwill on the acquisition	(24,297)
Write-off of client portfolio	(2,422)
Write-off of abandonment fund	(69,866)
Write-off of provision for abandonment	53,736
Write-off of provision for research and development	1,578
Income from sale	31,848

(In thousands of reais—R$, unless otherwise indicated)

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	R$ 587
Brazil	Foz do Amazonas	FZA-M-539	Pirapema	Coral	100%	No	Operator	Exploration	R$ 10,564

(*) Minimum exploratory program remaining.
(**) Joint Operating Agreement.

(In thousands of reais—R$, unless otherwise indicated)

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		14,318,612	13,639,702
Income (loss) for the year		5,181,585	4,962,188
Total assets		14,644,593	13,639,702

b) Breakdown of investments

	Parent Company	
	12/31/2023	12/31/2022
PrioOG	14,318,611	9,939,915
PrioIntl	84,790	65,284
	14,403,401	10,005,199

c) Changes in investment

	PetroRioOG	PTRIntl	Total
Balance at December 31, 2021	6,715,199	51,327	6,766,526
Equity in net income of subsidiaries	3,445,854	21,207	3,467,061
Conversion adjustments	(114,125)	(6,320)	(120,445)
Treasury shares – reflected	(18,472)	(161)	(18,633)
Equity evaluation adjustments	(88,541)	(769)	(89,310)
Balance at December 31, 2022	9,939,915	65,284	10,005,199
Distribution and dividends	(60,617)	-	(60,617)
Equity in net income of subsidiaries	5,181,586	43,604	5,225,190
Conversion adjustments	(784,098)	(24,570)	(808,668)
Capital reserve – as a result of the buyback of OPCO shares	(126,553)	(744)	(127,297)
Reflexive equity valuation adjustments on income (loss) from swap on debentures	168,378	1,216	169,594
Balance at December 31, 2023	14,318,611	84,790	14,403,401

Dividends amounting R$ 60,617 were distributed and paid in November 2023.

PRIO

Notes to the financial statements
December 31, 2023
(In thousands of reais—R$, unless otherwise indicated)

8. Property, plant and equipment (Consolidated)

a) Breakdown of the balance

	Depreciation rate %	Cost *	Depreciation*	Translation adjustment	Balance at 12/31/2023	Balance at 12/31/2022
In operation						
Polvo A platform and drilling rig	UOP**	101,740	(94,183)	7,749	15,306	19,364
FPSO Valente - Frade	UOP**	1,769,898	(736,708)	(122,047)	911,143	1,106,589
FPSO Bravo - Tubarão Martelo	UOP**	802,047	(333,731)	(36,671)	431,645	501,506
FPSO Forte – Albacora Leste ******	UOP**	1,776,225	(190,738)	(78,977)	1,506,510	-
Sonda Hunter Queen	UOP**	578,339	(2,456)	(31,868)	544,015	-
Oil & gas assets - Frade	UOP**	1,347,025	(538,164)	731,510	1,540,371	1,050,306
Oil and Gas Assets - Polvo & TBMT	UOP**	982,294	(486,772)	(86,360)	409,162	521,542
Well workover	3	503,971	(219,098)	(18,221)	266,652	119,454
Machinery and equipment	10	8,009	(7,083)	(926)	-	-
Furniture and fixtures	10	2,361	(1,518)	(112)	731	936
Communication equipment	20	1,132	(632)	(54)	446	477
IT equipment	20	13,113	(7,925)	(405)	4,783	2,570
Leasehold improvements	4	6,998	(1,134)	(782)	5,082	5,745
In progress						
Property, plant and equipment in progress ***		24,336	-	(589)	23,747	2,413
Well workover ****		280	-	63	343	34,993
Development expenditure *******		2,835,029	-	(65,323)	2,769,706	741,441
Spare parts		9,496	-	2,501	11,997	55,591
Sonda Hunter Queen		-	-	-	-	218,330
Material for well revitalization/re-entry – Frade*****		1,026,163	-	(42,684)	983,479	283,949
Total		11,788,456	(2,620,142)	256,804	9,425,118	4,665,206

* 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	Translation adjustment	Balance at 12/31/2023
In operation								
Polvo A platform and drilling rig	19,364	-	-	-	(3,069)	-	(989)	15,306
FPSO Valente - Frade	1,106,589	-	-	-	(143,637)	-	(51,809)	911,143
FPSO Bravo - Tubarão Martelo	501,506	-	31,889	-	(99,948)	-	(1,802)	431,645
FPSO Forte – Albacora Leste	-	1,776,225	-	-	(190,738)	-	(78,977)	1,506,510
Sonda Hunter Queen	-	-	-	-	(2,456)	578,339	(31,868)	544,015
Oil & gas assets – Frade	1,050,306	-	-	-	(252,855)	852,274	(109,354)	1,540,371
Oil & gas assets - Polvo & TBMT	521,542	18,896	-	-	(74,019)	(7,162)	(50,095)	409,162
Well workover	119,454	-	-	-	(113,406)	272,035	(11,431)	266,652
Machinery and equipment	-	-	-	-	-	-	-	-
Furniture and fixtures	936	-	9	-	(165)	-	(49)	731
Communication equipment	477	-	78	-	(80)	-	(29)	446
IT equipment	2,570	649	3,099	-	(1,340)	-	(195)	4,783
Leasehold improvements	5,745	-	-	-	(280)	-	(383)	5,082
In progress								
Property, plant and equipment in progress	2,413	-	22,489	-	-	-	(1,155)	23,747
Well workover	34,993	-	237,321	-	-	(272,035)	64	343
Development expenditure	741,441	-	2,673,186	-	-	(558,836)	(86,085)	2,769,706
Spare parts	55,591	-	-	-	-	(45,628)	2,034	11,997
Sonda Hunter Queen	218,330	-	316,190	-	-	(578,338)	43,818	-
Material for well revitalization/re-entry - Frade	283,949	-	1,249,578	(88,723)	-	(438,650)	(22,675)	983,479
Total	4,665,206	1,795,770	4,533,839	(88,723)	(881,993)	*(198,001)	(400,980)	9,425,118

(In thousands of reais—R$, unless otherwise indicated)

* The transfers did not come to zero because the amount of R$ 198,001 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.

	Balance at 01/01/2022	Additions	Write-offs	Depreciation	Transfers	Translation adjustment	Balance at 12/31/2022
In operation							
Polvo A platform and drilling rig	24,596	-	-	(3,672)	-	(1,560)	19,364
FPSO Valente – Frade	1,430,763	-	-	(253,936)	-	(70,238)	1,106,589
FPSO Bravo - Tubarão Martelo	635,539	-	-	(100,642)	1,480	(34,871)	501,506
Drilling rigs	-	-	-	-	-	-	-
Oil & gas assets - Frade	279,223	-	-	(102,913)	886,696	(12,700)	1,050,306
Oil and Gas Assets - Polvo & TBMT	654,069	-	-	(104,663)	8,400	(36,264)	521,542
Oil & gas assets - Manati	-	-	-	(1,410)	1,410	-	-
Well workover	11,125	-	-	(51,236)	166,353	(6,788)	119,454
Machinery and equipment	2,404	-	-	(924)	(1,480)	-	-
Furniture and fixtures	1,134	29	-	(164)	-	(63)	936
Communication equipment	411	155	-	(65)	-	(24)	477
IT equipment	2,111	1,525	(77)	(891)	1	(99)	2,570
Leasehold improvements	6,424	-	-	(280)	-	(399)	5,745
In progress							
Property, plant and equipment in progress	-	2,362	-	-	-	51	2,413
Well workover	92,877	107,539	-	-	(166,353)	930	34,993
Development expenditure	104,496	1,151,617	(7,999)	-	(524,760)	18,087	741,441
Spare parts	59,456	-	-	-	-	(3,865)	55,591
Sonda Hunter Queen	-	225,747	-	-	-	(7,417)	218,330
Material for well revitalization/re-entry - Frade	243,140	474,732	-	-	(423,817)	(10,106)	283,949
Material for use and consumption (wells)	1,277	-	-	-	(1,277)	-	-
Total	3,549,045	1,963,706	(8,076)	(620,796)	*(53,347)	(165,326)	4,665,206

* The transfers did not come to zero because the amount of R$ 53,347 relating to property, plant and equipment was used in the operation.

(In thousands of reais—R$, unless otherwise indicated)

9. Intangible assets (Consolidated)

a) Breakdown of the balance

	Amortization rate (%)	Consolidated				
		Cost	Depreciation	Translation adjustment	12/31/2023	12/31/2022
Oil & Gas assets - Frade	(i)	787,956	(138,452)	(317,700)	331,804	388,024
Oil & Gas assets – Albacora Leste	(i)	9,623,201	(1,033,376)	(430,990)	8,158,835	-
Oil & Gas assets – Polvo & TBMT	(i)	817,887	(442,066)	(39,010)	336,811	127,902
Oil & Gas assets – Wahoo	(i)	845,781	-	(112,032)	733,749	790,796
Oil & Gas assets – Itaipu	(i)	395	-	(16)	379	-
Subscription bonus - FZA-M-254	(i)	6,075	-	-	6,075	-
Subscription bonus - FZA-Z-539	(i)	8,165	-	-	8,165	-
Software and others	20	278	(5)	(2)	271	274
Goodwill on the acquisition of equity control of Forte (formerly Dommo Energia S.A.)	(ii)	1,461,626	-	(122,837)	1,338,789	-
Advance for the acquisition of Albacora Leste	*	-	-	-	-	1,526,959
	(i)	13,551,364	(1,613,899)	(1,022,587)	10,914,878	2,833,955

* 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.

b) Changes in balance

	Balance at 01/01/2023	Acquisition	Additions	Transfer	Translation adjustment	Balance at 12/31/2023
Oil & Gas assets - Frade	388,024	-	-	(38,715)	-	(17,504)
Oil & Gas assets – Albacora Leste	-	9,623,201	-	(1,033,376)	-	(430,990)
Oil & Gas assets – Polvo & TBMT	127,902	308,733	-	(69,708)	-	(30,117)
Oil & Gas assets – Wahoo	790,796	-	-	-	-	(57,047)
Oil & Gas assets – Itaipu	-	-	395	-	-	(16)
Subscription bonus - FZA-M-254	-	-	-	-	6,075	-
Subscription bonus - FZA-Z-539	-	-	-	-	8,165	-
Software and others	274	-	-	-	-	(3)
Goodwill on the acquisition of equity control of Forte (formerly Dommo Energia S.A.) (*)	-	1,461,626	-	-	-	(122,837)
Advance for the acquisition of Albacora de Leste	1,526,959	(1,453,475)	-	-	-	(73,484)
	2,833,955	9,940,085	395	(1,141,799)	14,240	(731,998)

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

(In thousands of reais—R$, unless otherwise indicated)

	Balance at 01/01/2022	Additions	Write-offs	Amortization	Transfer	Translation adjustment	Balance at 12/31/2022
Oil & Gas assets - Frade	634,486	-	(117,119)	(101,884)	-	(27,459)	388,024
Oil & Gas assets – Polvo & TBMT	216,438	10,887	(54,614)	(35,915)	-	(8,894)	127,902
Oil & Gas assets – Wahoo	845,781	-	-	-	-	(54,985)	790,796
Oil & Gas assets – Manati	-	-	-	(15,068)	17,344	(2,276)	-
Subscription bonus - FZA-M-254	5,968	-	-	-	(5,968)	-	-
Subscription bonus - FZA-Z-539	8,022	-	-	-	(8,022)	-	-
Subscription bonus - Ceará	31,358	-	(31,358)	-	-	-	-
Software and others	274	-	-	-	-	-	274
Advance for the acquisition of Albacora de Leste	-	1,453,475	-	-	-	73,484	1,526,959
	1,742,327	1,464,362	(203,091)	(152,867)	3,354	(20,130)	2,833,955

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 R$ 395 (US$ 75 thousand).

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). 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.

(In thousands of reais—R$, unless otherwise indicated)

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

	R$	US$'000
Downpayment (advance)	1,491,081	292,650
Payment - closing date	8,333,515	1,635,594
Final price adjustment	35,608	6,988
Earn-out provision	1,044,496	205,000
Total consideration	**10,904,700**	**2,140,232**
Allocation of price		
Property, plant and equipment – Concession	9,679,911	1,899,711
Property, plant and equipment - FPSO P-50 – Albacora Leste	1,776,225	348,614
Inventories	250,280	49,122
Inventory oil	38,852	7,625
Provision for abandonment	(840,568)	(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 R$ 840,568.

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 R$ 879,139 and subscription warrants of R$ 10,831, valued at the total of R$ 889,970.

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 R$ 1,035,337 (US$ 204,023 thousand), 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.

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

(In thousands of reais—R$, unless otherwise indicated)

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 R$ 431,355, mainly consisting of provision for probable contingencies recognized in the balance sheet int he amount of R$ 424,509 and amounts payable for the conclusion of the abandonment of Tubarão Azul Field in the amount of R$ 86,092, in the final stage, net of bank deposits in the amount of R$ 48,192 and judicial deposits in the amount of R$ 21,473.

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:

	R$	US$'000
Consideration transferred (subscription of OPCO shares)	889,970	168,379
Allocation of price		
Shareholders' equity on acquisition	(431,355)	(81,611)
Capital gain of the concession	330,241	62,480
Deferred tax on surplus	72,277	13,675
Contingent liabilities assumed	(542,819)	(102,700)
Goodwill generated in business combination	1,461,626	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 R$ 542,819 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	596	218	678,426	268,405
Foreign suppliers	48	-	156,352	299,024
	644	218	834,778	567,429
Total current liabilities	644	218	834,778	565,926
Total non-current liabilities	-	-	-	1,503

(In thousands of reais—R$, unless otherwise indicated)

11. Labor obligations

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Salary	-	-	17,265	3,677
Provision for bonus	14,907	18,583	214,463	118,254
Charges	98	84	25,050	3,080
Vacation / 13th salary	78	88	10,115	12,992
	15,083	18,755	266,893	138,003

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)	-	-	335,726	86,979
IRRF on services	648	632	60,903	11,319
IRRF on interest on own capital	-	-	68,600	-
Royalties	-	-	108,194	49,694
PIS/COFINS/CSLL	8	3	5,566	4,496
ICMS	-	-	7,280	2,462
INSS	-	-	3,856	3,131
Taxes on Equity	-	-	72	132
Other	20	-	2,810	499
	676	635	593,007	158,712

(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				
		12/31/2022	Principal	Interest	Principal	Interest	Allocation	Translation adjustment	12/31/2023
Citibank	(i)	529,555	513,905	43,487	(243,775)	(43,372)	-	(65,868)	733,932
CCB	(ii)	151,000	-	5,799	-	-	-	(10,783)	146,016
BTG	(iii)	371,474	-	8,353	(340,263)	(14,585)	-	(24,979)	-
ABC	(iv)	161,321	-	6,505	-	-	-	(11,544)	156,282
Itaú	(v)	527,765	537,590	55,943	(492,190)	(55,761)	-	(83,652)	489,695
Safra (bank)	(vi)	188,625	-	7,429	-	-	-	(13,478)	182,576
Santander	(vii)	527,875	262,630	39,280	(246,095)	(39,429)	-	(54,464)	489,797
Bank of China	(viii)	80,180	-	3,715	)	(5,570)	-	(5,666)	72,659
ICBC	(ix)	-	254,755	14,253	-	(7,503)	-	(12,746)	248,759
HSBC	(x)	-	142,545	9,949	-	-	-	(7,173)	145,321
Subtotal		2,537,795	1,711,425	194,713	(1,322,323)	(166,220)	-	(290,353)	2,665,037
BOND	(xi)	3,141,804	-	177,919	-	(177,918)	-	(226,644)	2,915,161
Fundraising expenses - Bond	*	(38,233)	-	-	-	-	8,767	2,754	(26,712)
Total		5,641,366	1,711,425	372,632	(1,322,323)	(344,138)	8,767	(514,243)	5,553,486
Current		393,258							1,212,632
Non-current		5,248,108							4,340,854

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

(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.

(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.

(In thousands of reais—R$, unless otherwise indicated)

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 R$ 80,284 (US$ 16,669 thousand). The asset of 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 R$ 60,943 (US$ 12,589 thousand).
Changes in linked debentures and swaps are presented below, including mark-to-market:

		Interest					
	12/31/2022	Additions	Payments	Allocation	Translation adjustment	12/31/2023	Mark-to-market
Debentures	2,075,403	74,034	-	-	-	2,149,437	-
Swap contracts - Assets	(2,075,403)	(74,034)	-	-	-	(2,149,437)	(329,812)
Swap contracts - Liabilities	2,060,261	181,452	(182,522)	-	(158,570)	1,900,621	249,114
Funding costs	(69,539)	-	-	8,596	-	(60,943)	-
Total	**1,990,722**	**181,452**	**(182,522)**	**8,596**	**(158,570)**	**1,839,678**	**(80,698)**
Current	40,514					39,430	-
Non-current	1,950,208					1,800,248	(80,698)

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	CTA	Balance
Support Vessels	1,799,449	(233,116)	(41,471)	1,524,862
Helicopters	255,158	(42,425)	(19,297)	193,436
Buildings/Support Bases	227,981	(53,840)	(11,802)	162,339
Equipment	218,432	(42,775)	(11,933)	163,724
Total	2,501,020	(372,156)	(84,503)	2,044,361

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

(In thousands of reais—R$, unless otherwise indicated)

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 R$ 804,223, liabilities increased by R$ 813,088 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	1,470,973	(1,501,358)
Additions/Reversals	1,297,479	(1,297,479)
Reversals - contracts terminated early	(619,952)	611,087
Additions/reversals - review of fields’ useful life	126,696	(126,696)
Currency adjustment	-	(5,046)
Price-level restatement	-	(148,861)
Payments made	-	221,404
Amortization	(146,332)	-
Translation adjustment	(84,503)	85,711
Balance at December 31, 2023	2,044,361	(2,161,238)
Current	-	(224,502)
Non-current	2,044,361	(1,936,736)

Contract maturity Maturity of installments	Amount (R$)	PIS/COFINS Amount (R$)
2024	(252,752)	23,399
2025	(238,305)	22,043
2026	(238,305)	22,043
2027	(238,305)	22,043
2028	(238,864)	22,095
2029	(238,305)	22,043
2030	(238,305)	22,043
2031	(238,305)	22,043
2032	(221,565)	20,495
2033–2041	(1,941,677)	179,602
Undiscounted amounts	(4,084,688)	377,849
Embedded interest	1,923,450	
Lease liability balance	(2,161,238)	

(In thousands of reais—R$, unless otherwise indicated)

16. Current and deferred income tax and social contribution

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

	Tax loss		Tax credit	
Companies	12/31/2023	12/31/2022	12/31/2023	12/31/2022
PetroRio S.A.	209,718	183,100	71,304	62,254
PrioIntl	11,571	14,830	3,934	5,042
PetroRioOG	434,099	792,918	147,594	269,592
Jaguar	597,814	1,003,727	203,257	341,267
Bravo	517,509	734,989	175,953	249,896
Brasoil Group (Coral, OPCO and Energia)	59,612	71,747	20,268	24,394
Forte Group (formerly Dommo Energia S.A.) (*)	19,686,224	-	6,693,316	-
Subtotal in Brazil	21,516,548	2,801,311	7,315,626	952,445
Lux Holding	3,040,398	4,448,549	758,275	1,109,468
Lux Trading (**)	-	745,587	-	185,949
Subtotal in Luxembourg	3,040,398	5,194,136	758,275	1,295,417
PrioOGIntl	33,113	33,113	8,278	8,278
PrioAustria	336,874	336,874	84,218	84,218
Subtotal in Austria	369,987	369,987	92,496	92,496
Ned Holding	778,561	778,561	194,640	194,640
Subtotal in Netherlands	778,561	778,561	194,640	194,640
Total	25,705,493	9,143,995	8,361,037	2,534,998

(*) 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 evaluating all implications of “Pillar 2“ I n detail to avoid inconsistent interpretations of IAS 12, which could result in inconsistent application of the standard.

PRIO

Notes to the financial statements
December 31, 2023
(In thousands of reais—R$, unless otherwise indicated)

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	-	-	185,535	129,882
Temporary differences	(10,191)	(10,970)	374,106	23,002
Temporary differences - Translation adjustments *	-	-	(449,596)	(63,588)
Tax losses	-	-	(626,627)	(781,372)
Net balance of (Assets)/Liabilities	(10,191)	(10,970)	(516,582)	(692,076)

	Consolidated										
Realization estimate	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033–2041	Total
Negative goodwill/surplus in business combination	113,412	7,261	6,396	5,782	5,326	4,915	4,572	4,311	4,110	29,450	**185,535**
Temporary differences	374,106	-	-	-	-	-	-	-	-	-	**374,106**
Tax losses	(392,209)	(33,547)	(28,898)	(24,823)	(21,772)	(19,039)	(16,744)	(14,967)	(13,940)	(60,688)	**(626,627)**

* 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, 2021	175,180	54,582	189,617	513,339	-	-	932,718
Decrease	(38,015)	(8,661)	(40,177)	(358,776)	-	-	(445,629)
Currency adjustment	-	(2,819)	-	-	-	-	(2,819)
Price-level restatement	17,856	4,981	14,120	32,522	-	-	69,479
Translation adjustment	(11,777)	-	(12,824)	(29,533)	-	-	(54,134)
Balance at December 31, 2022	143,244	48,083	150,736	157,552	-	-	499,615
Acquisition of Albacora Leste - Note 9.2.c	-	-	-	-	840,568	-	840,568
Establishment of Tubarão Azul (acquisition of Forte) - Note 9.d	-	-	-	-	-	86,092	86,092
Write-off of provision for the sale of the Field	-	(53,736)	-	-	-	-	(53,736)
Increase / Decrease	(18,887)	5	(21,508)	(20,465)	(37,285)	-	(98,140)
Currency adjustment	-	2,820	-	-	-	-	2,820
Price-level restatement	6,812	2,828	15,558	19,894	79,180	-	124,272
Translation adjustment	(10,566)	-	(11,312)	(14,291)	(63,776)	(6,211)	(106,156)
Balance at December 31, 2023	120,603	-	133,474	142,690	818,687	79,881	1,295,335
(-) Maersk Guarantee	(173,906)	-	-	-	-	-	(173,906)
Net balance of liabilities	(53,303)	-	133,474	142,690	818,687	79,881	1,121,429

With the acquisition of Albacora Leste Field, a provision for abandonment of the field was recorded in the amount of R$ 840,568, 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 R$ 86,092.
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

discount and inflation rate, with an increase of R$ 32,735 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 R$ 403,433 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 R$ 130,876, affecting assets by R$ 58,793 and income (loss) by R$ 72,083.

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 R$ 5,576,158 is composed of 887,229,147 nominative, book-entry shares with no par value.

(In thousands of reais—R$, unless otherwise indicated)

The Company has a balance of R$ 223,365 referring to share issuance costs in a share capital reducing account and which comprise the balance shown of R$ 5,352,792.

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 R$ 33,118 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 R$ 545,846 (39,152,365 shares at the cost of R$ 40,435 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

The Company has a balance recorded in shareholders' equity under "Capital reserve, share-based remuneration", the amount of R$ 406,778, and the counterparty is in the statement of income as personnel cost since the grant, out of this amount, the amount of R$ 90,001 is for the year ended December 31, 2023 (R$ 36,008 in 2022).

Out of the options granted, 4,582,762 options were exercised on January 2, 2023, with the full payment of R$ 33,118 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	5,179,905	3,427,072
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	6,164	4,061
Diluted earnings per share	6,114	4,023
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 R$ 60,617 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, R$ 72 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	5,179,905
Formation of legal reserve (5%)	(258,995)
Balance to be distributed	4,920,910
Statutory minimum mandatory dividends (0.001%)	49
Allocation to unrealized profit reserve (art. 197, Law 6404/76)	(49)
Allocation to investment reserve (statutory 75%)	(4,920,861)

(In thousands of reais—R$, unless otherwise indicated)

20. Related party transactions (Parent company)

	Parent Company	
	12/31/2023	12/31/2022
Accounts receivable - Petrorio S.A x Petrorio O&G (i)	164,528	62,805
Accounts receivable Petrorio S.A. x Petrorio Jaguar (i)	33,982	-
Apportionment of Brasoil's administrative expenses	-	3,357
Apportionment of Frade's administrative expenses (ii)	(116,903)	22,392
Apportionment of Bravo's administrative expenses (ii)	(72,514)	-
Loan payable Petrorio S.A. x Bravo (v)	(149,656)	-
Loan payable Petrorio Luxembourg Sarl x Petrorio S.A. (iii)	(203,048)	(212,317)
Loan payable - Petrorio S.A vs. Coral (iv)	(84,120)	-
Loan payable Petrorio S.A. x O&G (vi)	(111,128)	-
	(538,859)	(123,763)
Total non-current assets	9,355	96,881
Total non-current liabilities	(548,214)	(220,644)

(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 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 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 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 R$ 80,257 (R$ 20,819 as of December 31, 2022) as detailed below:

Management remuneration	12/31/2023	12/31/2022
Short-term employee benefits	4,350	4,016
Share-based payment	62,684	42,650
Total	67,034	46,666

(In thousands of reais—R$, unless otherwise indicated)

21. Net revenue

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

	12/31/2023				
	Polvo/TBMT	Manati	Frade	Albacora Leste	Total
Gross revenue	2,437,494	75,925	7,406,647	3,088,488	13,008,554
Deductions	(47,285)	(12,713)	(245,336)	(117,656)	(422,990)
Subtotal	2,390,209	63,212	7,161,311	2,970,832	12,585,564
Sales expenses	(110,743)	-	(484,893)	(84,887)	(680,523)
Net revenue	**2,279,466**	**63,212**	**6,676,418**	**2,885,945**	**11,905,041**

	12/31/2022			
	Polvo/TBMT	Manati	Frade	Total
Gross revenue	2,779,236	120,624	3,483,845	6,383,705
Deductions	-	(20,230)	-	(20,230)
Net revenue	**2,779,236**	**100,394**	**3,483,845**	**6,363,475**

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 R$ 680,523.

22. Costs of products sold

	Consolidated	
	12/31/2023	12/31/2022
Logistics	107,103	52,806
Consumables	400,666	169,262
Operation and maintenance	300,715	169,525
Personnel	239,636	131,659
Purchase of oil for resale	38,435	319,207
Other costs	107,573	23,730
Royalties and special interest	1,134,614	498,385
Amortization - CPC 06 (R2)	149,121	72,975
Depreciation and amortization	1,768,274	668,754
Total	**4,246,137**	**2,106,303**

Oil inventory

	12/31/2023		12/31/2022	
	Amount	Quantity	Amount	Quantity
Polvo	10,646	85	9,134	52
Tubarão Martelo	64,749	343	63,253	387
Forte (formerly Dommo Energia S.A.)	13,763	125	-	-
Frade	61,734	794	44,570	675
Albacora Leste	103,438	489	-	-
Lux Trading	-	-	227,770	1,995
Total	254,330	1,835	344,727	3,109

PRIO

Notes to the financial statements
December 31, 2023

(In thousands of reais—R$, unless otherwise indicated)

23. Other revenues and expenses

	Parent Company	
	12/31/2023	12/31/2022
Reversal of civil contingencies	100	-
Expense supplement on employee/director bonuses	(12,624)	-
Other expenses	(396)	(314)
Total	(12,920)	(314)

	Consolidated	
	12/31/2023	12/31/2022
Increase/decrease in the provision for abandonment (rate/curve change)	39,348	284,782
Reversal (Provision) for labor contingencies	(8,095)	1,979
Reversal (Provision) for tax contingencies	(6,566)	(720)
Reversal (Provision) for civil contingencies	9,381	2,677
Acquisition of Albacora Leste	(11,075)	(8,274)
Decommissioning - Tubarão Azul	-	(17,271)
Sponsorships	(12,150)	(23,228)
Tieback - BW Demobilization	-	(43,693)
Depreciation expense of Manati (asset held for sale)	-	(9,327)
CE-M-715 Block return – Ceará Basin	-	(85,185)
Acquisition of Hunter Queen drilling rig	25,681	(25,681)
Oil freight and warehousing expenses	-	(51,108)
Disposal of assets	36,579	-
Other revenues (expenses)	(8,752)	1,619
Total	64,351	26,570

24. Financial income (loss)

	Parent Company	
	12/31/2023	12/31/2022
Financial revenues	1,755	219
Revenue from realized interest earning bank deposit	878	188
Other financial revenues	877	31
Financial expenses	(15,937)	(5,750)
Other financial expenses	(15,937)	(5,750)
Net exchange-rate changes	(5,035)	1,866
Revenue from exchange-rate change	17,501	6,828
Expense on foreign exchange rate (*)	(22,536)	(4,962)

(In thousands of reais—R$, unless otherwise indicated)

	Consolidated	
	12/31/2023	12/31/2022
Financial revenues	170,833	278,680
Revenue from realized financial investment	46,629	255,367
Marked at fair value of derivatives	358	-
Gain in realization of derivatives	33,269	-
Fair value gain - ARO	67,307	-
Other financial revenues	23,270	23,313
Financial expenses	(1,074,828)	(558,099)
Loss on realized financial investment	(31,870)	(45,921)
Interest on loans	(525,050)	(339,834)
Commission on bank guarantees	(146)	-
Marked at fair value - Derivatives	-	14,490
Loss in realization of derivatives	(59,806)	(55,343)
Fair value loss - Bond	-	(5,810)
Expenses with interest on leases	(145,973)	(58,525)
Fair value loss - ARO	(191,580)	-
Restatement of liability - Earn-out	(82,721)	-
Other financial expenses	(37,682)	(67,156)
Net exchange-rate changes	(147,195)	25,026
Revenue from exchange-rate change	1,354,419	299,390
Expense on foreign exchange rate (*)	(1,501,614)	(274,364)

(*) 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	5,180,644	3,434,808
Tax rate according to the current legislation	34%	34%
Income tax and social contribution based on the current rate	1,761,419	1,167,835
Non-deductible expenses/non-taxable revenue, net:		
Permanent differences	4,508	5,509
Temporary differences	(779)	-
Equity in net income of subsidiaries	(1,776,565)	(1,178,801)
(Use of) tax loss	(9,050)	-
Unrecognized tax losses	-	(5,963)
Difference in tax base – Functional Currency	21,206	19,156
Total	739	7,736
Deferred income tax	739	7,736
Income tax and social contribution on income	739	7,736
Effective rate on pre -tax profit	0.01%	0.23%

(In thousands of reais—R$, unless otherwise indicated)

	Consolidated	
	12/31/2023	12/31/2022
Income before income tax and social contribution	6,104,672	3,661,820
Tax rate according to the current legislation	34%	34%
Income tax and social contribution based on the current rate	2,075,589	1,245,019
Non-deductible expenses/non-taxable revenue, net:		
Permanent differences	(450,905)	(158,812)
Temporary differences	(341,658)	(60,713)
Equity in net income of subsidiaries	-	(13,463)
Deduction / Tax benefits	(12,827)	(13,561)
(Use of) tax loss	(738,110)	(863,729)
Unrecognized tax losses	-	(5,963)
Effect of reduced tax rates in the USA and Luxembourg	(449,816)	(9,242)
Difference in tax base – Functional Currency	842,494	115,212
Total	924,767	234,748
Income tax and social contribution	683,641	545,460
Deferred income tax	241,126	(310,712)
Income tax and social contribution on income	924,767	234,748
Effective rate on pre-tax profit	15.15%	6.41%

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	1,409,669	3,348,944
Abroad	3,885,205	7,188,369
Non-current assets		
Brazil	22,701,561	9,303,666
Abroad	314,497	396,227

Revenue	12/31/2023	12/31/2022
Brazil	63,212	100,394
Abroad	11,841,829	6,263,081

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.

(In thousands of reais—R$, unless otherwise indicated)

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:

				Price			MTM	
Operation	Type	Maturity	Quantity	Assets	Liabilities	Discount	US$	R$
Purchase	Swap	01/31/2024	500,000	77.37	79.31	98.60%	(956)	(4,630)
Sale	Swap	03/27/2024	(500,000)	79.21	77.12	98.60%	1,030	4,988
			-				74	358

In the year ended December 31, 2023, the Company recorded a loss of R$ 26,537 with the realization of hedge operations.

(In thousands of reais—R$, unless otherwise indicated)

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 R$ 80,698.

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	(198)	(578)	(957)

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.

(In thousands of reais—R$, unless otherwise indicated)

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	(1,212,632)	(4,340,854)	**(5,553,486)**
Suppliers	(834,778)	-	**(834,778)**
Labor obligations	(266,893)	-	**(266,893)**
Taxes and social contributions	(593,007)		**(593,007)**
Local debentures (includes conversion swaps)	(39,430)	(1,800,248)	**(1,839,678)**
Provision for abandonment	-	(1,121,429)	**(1,121,429)**
Provision for contingencies	-	(946,101)	**(946,101)**
Other liabilities	(292,569)	(823,473)	**(1,116,042)**
	(3,239,309)	**(9,032,105)**	**(12,271,414)**

Year ended December 31, 2022	≤12 months	01–05 years	Total
Liabilities			
Loans and financing	(393,258)	(5,248,108)	**(5,641,366)**
Suppliers	(565,926)	(1,503)	**(567,429)**
Labor obligations	(138,003)	-	**(138,003)**
Taxes and social contributions	(158,712)	-	**(158,712)**
Mark-to-market of debenture swaps	-	(89,310)	**(89,310)**
Local debentures (includes conversion swaps)	(40,514)	(1,950,208)	**(1,990,722)**
Provision for abandonment	-	(271,631)	**(271,631)**
Provision for contingencies	-	(23,350)	**(23,350)**
Accounts payable – acquisition of Wahoo	(43,433)	(1,843)	**(45,276)**
	(1,339,846)	**(7,585,953)**	**(8,925,799)**

Parent Company

Year ended December 31, 2023	≤12 months	01–05 years	Total
Liabilities			
Suppliers and other	(644)	-	**(644)**
Labor obligations	(15,083)	-	**(15,083)**
Taxes and social contributions	(676)	-	**(676)**
Provision for contingencies	-	(400)	**(400)**
Other liabilities	-	(185)	**(185)**
	(16,403)	**(585)**	**(16,988)**

Year ended December 31, 2022	≤12 months	01–05 years	Total
Liabilities			
Suppliers and other	(218)	-	**(218)**
Labor obligations	(18,755)	-	**(18,755)**
Taxes and social contributions	(635)	-	**(635)**
Provision for contingencies	-	(500)	**(500)**
	(19,608)	**(500)**	**(20,108)**

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 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:

(In thousands of reais—R$, unless otherwise indicated)

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)	-	-	1,743,491	1,743,491	-	-	166,304	166,304
Related parties	9,355	9,355	-	-	96,881	96,881	-	-
Fair value through profit or loss								
Cash and cash equivalents (ii)	18,248	18,248	2,335,403	2,335,403	17,148	17,148	9,612,961	9,612,961
Financial liabilities								
Amortized cost:								
Suppliers (i)	644	644	834,778	834,778	218	218	567,429	567,429
Loans and financing	-	-	5,553,486	5,553,486	-	-	5,641,366	5,641,366
Debentures and Swap	-	-	1,839,678	1,758,980	-	-	1,990,722	2,080,032
Contractual charges (Leases - IFRS 16)	-	-	2,161,238	2,161,238	-	-	1,501,358	1,501,358
Accounts payable on obligations associated with assets held for sale	-	-	4,104	4,104	-	-	43,433	43,433
Accounts payable earn-out of Albacora Leste	-	-	1,075,188	1,075,188	-	-	-	-

(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).

(In thousands of reais—R$, unless otherwise indicated)

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 R$ 35,617,523. 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)	895,641
Fixed Platform	881,117
Offshore platform	107,961
FPSO Frade	3,586,919
Subsea equipment	1,453,071
Offshore property (Pipeline)	210,597
Onshore properties (Pipeline)	56,643
Onshore Treatment Station	84,239
OEE production (Well control)	438,138
OEE Production	508,336
Offshore Civil Liability + Surplus	3,001,606
Transportation	2,389,879
D&O	40,000
P&I	13,555,640
General liability	5,000
Equity	17,200
Legal guarantee	253,107
Guarantee insurance	27,295
Travel Insurance Travel Guard	1,331
FPSO OSX-3 Hull and Machine	3,292,084
Drilling rig	701,988
FPSO Forte	4,109,731
Total insured	35,617,523

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 R$ 448,901 and R$ 23,350, 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 R$ 29,971 (R$ 10,518 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 R$ 17,407, tax claims of R$ 81,357, civil, regulatory claims in the amount of R$ 350,137 (as of December 31, 2022, R$ 10,401, R$ 388 and R$ 12,561, respectively). Among the probable causes, the most relevant are a regulatory one by Prio Forte in the amount of R$ 243,584, referring to fines on local content and a fiscal one, also by Prio Forte, in the amount of R$ 80,343, referring to the requirement of collecting withholding income tax on remittances made in 2013 for settlement of financial intermediation contracts.

Additionally, the fair value of R$ 542,819 (R$ 497,200 after translation adjustment) 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 R$ 4,760,645 (R$ 1,152,417 as of December 31, 2022), of which R$ 2,586,990 refers to tax claims, R$ 2,155,232 is related to civil claims and R$ 18,424 to labor claims (R$ 554,398, R$ 589,446 and R$ 8,573, respectively, as of December 31, 2022). The lawsuits with the most relevant values are:

(1) Federal Revenue Service in the amount of R$ 870,605, 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 R$ 593,677, 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 R$ 88,524, referring to the Ordinary Action filed with the objective of deconstituting Forte's IRRF tax credit;

(4) Federal Revenue Service in the amount of R$ 153,958, 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 R$ 95,106, referring to the advance payment requirement of the historic amount of R$ 76,223, 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 R$ 411,866, 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 R$ 215,926, 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 R$ 87,924, 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 R$ 91,022, 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 R$ 56,251 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 R$ 1,203,954, 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.

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.