Petro Rio S.A.

Individual and consolidated financial statements for the year ended December 31, 2022 and Independent auditor's report

Management Report

"2022 was a year marked by important operating and financial achievements. We would like to thank our employees for their dedication, who in yet another year have shown excellence in achieving success in the ambitious projects carried out in 2022.

Last year was also characterized by a global restructuring in the oil market, from a logistical and geopolitical perspective. We experienced great volatility in oil prices, which with a 68% range between the minimum and maximum points of the year, as well as a significant shift in the discounts offered in oil sales. In the global economic scenario, we witnessed a global increase in inflation, which led to higher interest rates, impacting the stock market and capital raising strategies.

We have maintained the highest safety standards both in our operations and in new projects, thus protecting the environment and our employees' health. We celebrated more than 4,300 days without lost-time accidents at our assets at the end of the year and managed to reduce our CO_2 emissions by 15%.

As we have stated in the past, our culture, alongside our employees, allows us to go farther. Therefore, in 2022, we also started a major effort to raise internal awareness of our culture so that the full Company can reflect it more assertively. We consider it essential that the stories and lessons learned from the past be transmitted to the new generations of employees, as the knowledge acquired over the years has defined who PRIO is today. Within our PRIO Culture, we established our fundamental energies, which are People, Results, Non-conformity and Boldness, in addition to the virtues that govern our work. Currently, the majority of our employees are shareholders through the stock options plan, which demonstrates their adherence to the PRIO culture.

We continue implementing our strategy of acquiring and revitalizing mature fields, with a relentless search for greater operational efficiency and lower production costs. Therefore, coupling our strategy to the oil prices achieved throughout the year, we have reached record results in production, sales, revenue, EBITDA and income, while at the same time reducing lifting cost to US$ 8.6 per barrel, reaching the lowest level in the Company's history. With the volatility in the Brent price experienced this year, ranging from US$ 128/bbl at the peak to US$ 76/bbl at the lowest point, we reaffirm our principle that a low lifting cost is the best hedging strategy.

The first phase of the Frade Revitalization Plan, which brought very positive results, represented another operational milestone for PRIO, with the first deep water drilling the Company has undertaken. The first well, ODP4, started producing in July with a production of 15,000 barrels per day, and was implemented at a cost and timeframe below our initial estimates. Then, we drilled another production well that started production with 3.5 thousand barrels per day and two other water injection wells, also with cost and execution time below the original estimates.

With the success of the first phase and already in possession of the necessary equipment, we started the second phase with two further producing wells and an injection well, to be delivered in the first quarter of 2023. After the completion of the second phase and with the data collected during the drillings, we are studying a third phase in the field.
Regarding new acquisitions, we completed the acquisition of Albacora Leste in the first quarter of 2023, adding close to 30,000 barrels of oil per day in production and over 240

million barrels of proven reserves. PRIO took over the asset's operation after a thorough transition program, which ensured the handover of knowledge and information. During 2022, more than 100 PRIO employees have boarded the platform, learning the unit's operational and safety routines. Today, PRIO is ready to implement its management model, culture, and high safety standards, with the technical and operational capacity to take over the field, respecting regulations and best industry practices.
Overall, the Company increased its production (considering its interest in Albacora Leste) by more than 2 times between the first months of 2022 and the beginning of 2023, as a result of the hard work and persistence of our employees, who always strive to achieve these milestones within the highest safety standards.

Also in 2022, we incorporated Dommo, which held economic rights over 5% of the revenue from the Polvo and Tubarão Martelo fields, acquired the remaining 40% of the Itaipu field and acquired Hunter Queen, a sixth-generation semi-submersible drilling rig, which will bring us flexibility and even greater cost control in future drilling campaigns. During the year, we also negotiated the sale of the non-operating 10% interest in the Manati natural gas field, which generated a return of more than 3.4 times the invested capital when we acquired this interest in 2017. Currently, our main focus is on the management of our operated assets, which are the core of our business.

To finance all these initiatives, in addition to the Company's strong cash generation, we issued approximately US$ 400 million in local debentures, in better conditions than those found in the international market at the time. We swapped this debt, issued in Brazilian Reais, to dollars, eliminating FX risk and bringing this new financing in line with our revenues, costs and other debts, all of which are dollarized. Thus, we lengthened PRIO's debt profile at competitive costs, a goal that continues for 2023.

With respect to the society and the environment, we started a measuring and certifying our CO_2 emissions, which went from 31.4 kgCO2/bbl in 2021 to 26.8 kgCO2/bbl in 2022, a decrease of approximately 15%. We will also publish our first Sustainability Report soon, presenting even more information on emissions, water use, waste treatment and presenting our projects focused on the environment and biodiversity.

Our essence is marked by the tireless search for efficiency and safety, reflected in our business model, which seeks to extend the useful life of mature fields. We transformed fields that would be abandoned and no longer contributing to society into fields that, through our investments, can produce for much longer, generating more jobs, taxes, and economic development. In 2022 alone, we invested about $250 million in our fields, divided between the Frade Revitalization Plan, the start of Wahoo CAPEX, workovers in the Polvo and Tubarão Martelo cluster and refurbishments of our rigs.

As important as looking inside the Company, is looking out and giving back to society. Our initiatives in 2022 continued to focus on social, cultural and environmental contributions, with ever-increasing and broader scopes. The Reação Institute and Todos na Luta Institute, with our support, developed the Reação Offshore program, training 240 people to work in the offshore industry. We also established and maintained partnerships with the Brazilian Symphonic Orchestra, which supports music education centers in the city of Rio de Janeiro, with free symphonic musical instrument classes; the Favela Brass, a free, quality music education program for children and young people from public schools in Rio de Janeiro and created the Paralympic Team PRIO, a sponsorship project to set up a Paralympic team with outstanding practitioners of different sports. We also continue to support other projects, whose information can be seen through the QR Codes at the end of this document.

We also continue fostering programs aimed at engaging our employees in topics related to the environment and social responsibility, such as the Donation Matching, a program that promotes voluntary actions and donations among employees and has reached more than 6 thousand people, the planting of PRIO's Corporate Forest in partnership with the Saving the Amazon NGO, the Hortas no Mar project, initiative aimed at raising the team's awareness about the importance of reconnecting with nature and the implementation of a volunteer program focused on entrepreneurship and financial education, in addition to the usual activities offered within the scope of the health and well-being program, which continue at full speed.

We thank our employees, investors, regulators, and society for supporting us on our path so far, but we know there is still a lot of work ahead. With a robust portfolio of projects in our hands, we must maintain operational and financial discipline to turn our dreams into reality. To add even more value in 2023, we intend to continue challenging conventions and trying new approaches, while maintaining our focus. With this mindset and the support of everyone involved, we are confident that 2023 will be promising and full of possibilities."

OPERATING PERFORMANCE

	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	4Q22 X 4Q21	4Q22 X 3Q22	2022 X 2021
Avg. Brent	$ 79.66	$ 72.19	$ 97.90	$ 111.70	$ 97.70	$ 88.63	$ 99.04	*11.3%*	*-9.3%*	*37.2%*
Avg. Sales Price	$ 83.19	$ 74.19	$ 110.28	$ 108.37	$ 94.36	$ 85.32	$ 100.12	*2.6%*	*-9.6%*	*34.9%*
Avg. Exchange Rate	5.59	5.14	5.00	5.11	5.25	5.26	5.17	*-5.8%*	*0.3%*	*0.4%*
Final Exchange Rate	5.58	5.58	5.38	5.35	5.41	5.29	5.29	*-5.3%*	*-2.4%*	*-5.3%*
Offtakes (kbbl)										
Frade Field (100%)	2,000	5,537	1,649	1,503	2,252	1,495	6,900	*-25.3%*	*-33.6%*	*24.6%*
Polvo + TBMT Cluster (95%)[1]	1,827	5,539	1,149	1,844	1,595	798	5,386	*-56.3%*	*-50.0%*	*-2.8%*
Total PRIO	3,827	11,076	2,798	3,347	3,847	2,293	12,286	*-40.1%*	*-40.4%*	*10.9%*
Production (boepd)										
Frade Field (100%)	15,028	15,363	15,739	14,759	28,006	32,254	22,689	*114.6%*	*15.2%*	*47.7%*
Polvo + TBMT Cluster (95%)[1]	15,347	14,236	17,537	16,762	16,302	14,634	16,309	*-4.6%*	*-10.2%*	*14.6%*
Manati Field (10%)	1,924	2,017	1,913	1,783	1,458	733	1,472	*-61.9%*	*-49.7%*	*-27.0%*
Total PRIO	32,299	31,616	35,189	33,304	45,766	47,621	40,470	*47.4%*	*4.1%*	*28.0%*
Lifting Cost (US$/bbl)										
PRIO	11.8	13.1	11.2	11.1	9.5	8.6	10.7	*-27.2%*	*-9.2%*	*-18.5%*

The main operating highlights for the year include: (i) production, which reached an average of 40.4 kbpd throughout the year and 47.6 kbpd during the fourth quarter, 47.4% and 28% higher compared to the previous year, respectively; and (ii) the lifting cost, which once again reached the lowest level ever recorded, showing a decrease of 18% over the prior year.

In the quarter, PRIO sold 2.3 million barrels, two in Frade Field and two in the Polvo and TBMT cluster, which resulted in sales of 12.3 million barrels in the year, with an average gross sales price of US$ 100.12, 35% above that recorded in 2021, mainly due to the rise in Brent prices and reduced marketing costs in the first semester of the year.

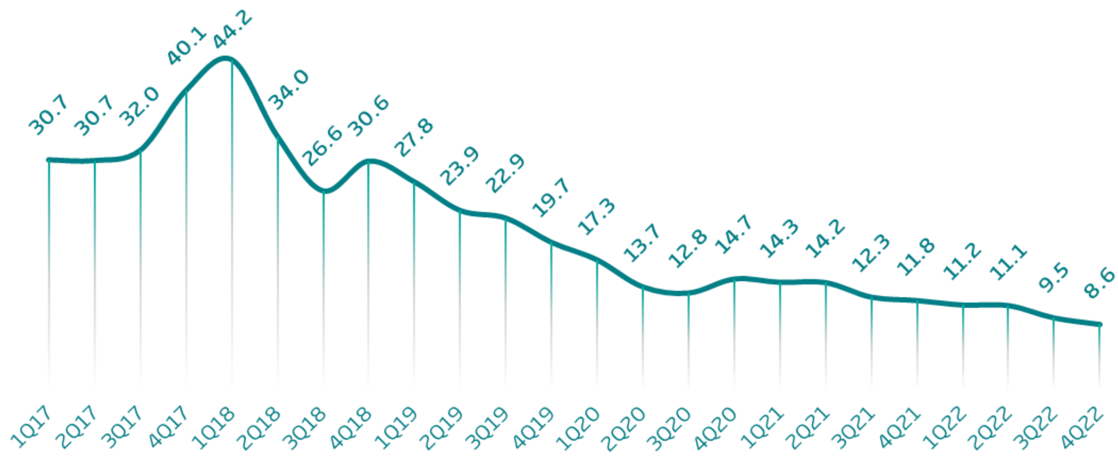
The volume produced in the Frade Field increased 115% over 4Q21 and 48% compared to the previous year. The increase is mainly explained by the start of production at the

ODP4 well, as a result of the Frade Revitalization Plan, which went into production in July and practically doubled the field's production.

In the Polvo and TBMT cluster, the volume produced in the year was 15% higher than that recorded in the prior year, due to the high operational efficiency throughout the year. The 15% decrease in 4Q22 compared to 3Q22 can be explained by failures in the TBMT-4H and TBMT-8H wells, in November and December, respectively.

Since the beginning of the Company's turnaround, which consolidated its growth strategy through the acquisition and development of production assets, PRIO has been working to increase its production levels and rationalize its costs, always maintaining excellence levels in environmental responsibility, safety and operational efficiency. PRIO truly believes that the best protection against Brent volatility is the reduction of its lifting cost, and this will continue to be a pillar for current and future projects. The Company presents the evolution of its lifting cost since the beginning of 2017 below.

PRIO Lifting Cost
(US$/bbl)



The lifting cost in 4Q22, the lowest ever recorded by the Company, accounts for a decrease of approximately 27% when compared to the same quarter of the previous year and 9% lower than in the 3Q22. The positive result is mainly due to the fact that the first full quarter that counts with the production of the well OPD4, main well drilled in the 1st phase of the Frade Field Revitalization Plan, which added 15 kbpd to the field production, doubling the field production without incurring additional costs to the asset's OPEX. The Frade Revitalization Plan represents another operational milestone for PRIO, which has successfully completed its first deep water drilling.

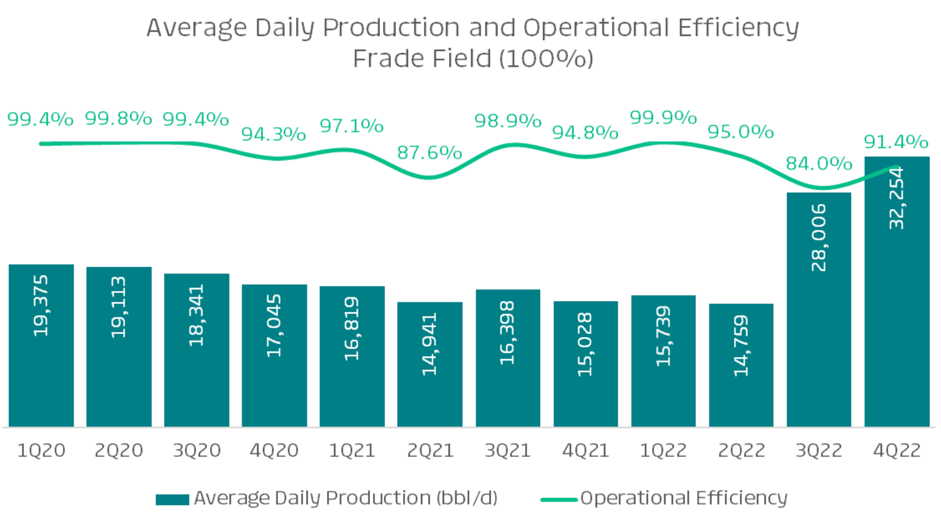
Trading

In the last quarter of the year, the Company witnessed a significant increase in the discount applied to oil sales (trading costs), composed of two factors: (i) the quality of the oil in relation to density and sulfur level, and (ii) the cost of freight to deliver the cargo to the buyer.

Considering the significant increase in the cost of maritime freight generated mainly by the redesign of Russian oil sales flows, the Company decided to sell a volume significantly lower than its production for the quarter. Therefore, the number of barrels sold, despite being 11% higher than in the previous year, does not reflect the full sales potential for the year. To store a large part of the oil produced in December, PRIO contracted external storage capacity for 2 million barrels in the US Virgin Islands, which will be sold in the first quarter of 2023, with better discount conditions than those presented in December, but still considered non-standard by the Company.

Frade Field

The field's average production in the quarter was 32.2 kbpd, accounting for an increase of 15% over the previous quarter, due to the start of production at ODP4 and MUP3A wells, which, in turn, presented a premature completion failure, slightly reducing the field's normal average operational efficiency levels. The chart below illustrates the history of average daily production and operational efficiency in recent quarters:



The ODP4 well, implemented in July, has a production of approximately 15,000 barrels of oil per day, well above initial forecasts. Considering the success of the first phase of the Frade Revitalization Plan, both in terms of production and cost optimization, PRIO decided to bring forward the second phase of the plan and started, during the quarter, drilling two additional production wells and expected to be completed still in the first quarter and then another injection well.

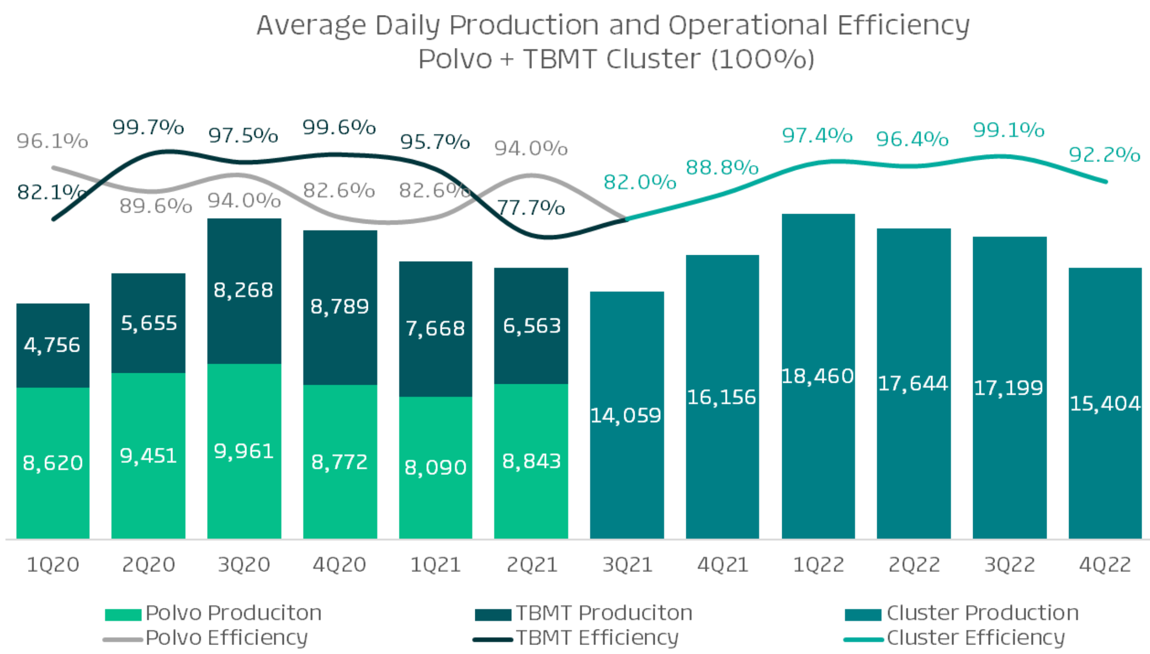
Furthermore, after the completion of the second phase and with the data collected during the execution, PRIO is studying a third phase of the Frade Revitalization Plan.

The Frade Field Revitalization Plan seeks to increase the asset's recovery factor and meets the ANP's conditions for the extension of the concession until 2041, as disclosed in the ANP's approval of the Field Development Plan.

Polvo and TBMT Cluster

In 4Q22, the Polvo and TBMT cluster showed an average daily production 10% lower than that recorded in prior quarter due to interruptions in two wells: (i) TBMT-4H well, which had its production interrupted due to a failure in the Electric Submersible Pump (ESP), in which a workover is being carried out, and (ii) TBMT-8H well, which had its production interrupted by a electrical failure in the subsea system. In the annual comparison, the cluster presented an average production 15% higher than the previous year, due to the high operational efficiency achieved in the first three quarters of the year.

The operational efficiency of the cluster for the quarter was approximately 92% due to fails in wells aforementioned. The chart below illustrates field production and efficiency as of 2020:



On January 9, 2023, PRIO merged Dommo Energia S.A. (“Dommo”), which was entitled to 5% of the revenue from the Polvo and Tubarão Martelo cluster. As of this date, PRIO has the right to 100% of the cluster’s revenue.

Wahoo Field

On June 17 and July 8, 2021, PRIO announced the closign of acquisitions of 35.7% and 28.6% interests in the Wahoo Field, respectively.

With the transactions, PRIO currently holds 64.3% of the Field, and aims to create a second production cluster through the tieback from Wahoo to Frade, thus continuing the strategy of operational optimization of its assets. The first Wahoo oil is planned for early 2024.

Wahoo, with oil discovery in 2008 and formation test performed in 2010, has the potential to produce approximately 126 million 1P barrels (100% of the field), according to the DeGolyer & MacNaughton ("D&M") Reserve Certification Report. The Company estimated an initial average productivity of approximately 10,000 barrels per day per well, and a total production that will reach 40,000 barrels per day, according to the results of the formation test performed in an exploratory well.

The Wahoo base project covers the drilling of four production wells and two injection wells, as well as the connection of these wells to the 35km tieback between the field and FPSO Valente. The initially estimated CAPEX for the whole project is broken down into US$ 300 million for the tieback, US$ 310 million for well drilling and completion, US$ 150 million for subsea equipment and US$ 40 million for adjustments to the Valente FPSO to receive the production of new field.

On December 22, 2021, PRIO filed the Declaration of Commerciality of the Wahoo discovery (located in Block C-M-101) and the Development Plan under an exclusive operation regime with the ANP, which are currently under analysis.

Currently, PRIO is focused on completing the acquisition of equipment necessary for the project, reinforcing the expediting of the manufacturing, import and delivery processes, in-depth technical reviews of the flow analysis and tieback specifications, as well as on establishing the project assumptions to the scopes of wells, topside and subsea, aiming to comply with the schedule of the first Wahoo oil in the first semester of 2024.

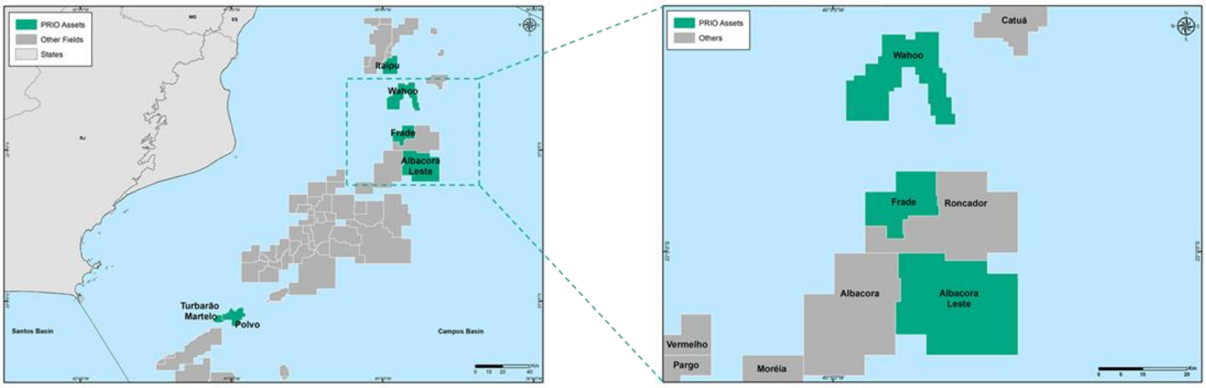
Finally, the next steps in Wahoo's development are as follows:

1) Approval of the environmental licensing for drilling and production in the Wahoo Field;
2) Beginning of the drilling campaign;
3) Beginning of preparation activities for subsea launching and construction;
4) Subsea construction of interconnection between the Wahoo field and the FPSO Valente;
5) 1st Wahoo oil.

Albacora Leste Field

On April 28, 2022, PRIO 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. On January 26, 2023, after fulfilling the precedent conditions, PRIO took over the asset's operation, after a meticulous transition program carried out by a multidisciplinary team made up of the previous operator's professionals and PRIO employees. Since the signing of the transaction, 16 working groups have enabled the handover of information and knowledge. During this period, more than 100 PRIO employees have embarked on the platform, learning the unit's operational and safety routines.
The fixed price of the transaction totaled $1,951 million, of which $293 million was paid upon the signing of the agreement on April 28, 2022, and the remainder paid on the closing date, corrected by applicable price adjustments. Additionally, earnout payments totaling up to US$ 250 million can be made, depending on future oil prices, as described in the Material Fact of April 28, 2022.
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 and currently has a production of approximately 32 kbbld (last 30 days average), of which

27,2 kbbld net for PRIO, with 19º API oil and low-sulphur content, produced through its 10 production wells and 6 injection wells currently operating.
According to Certification of Reserves requested by PRIO and prepared by DeGolyer & MacNaughton ("D&M") on the base date of October 2022, the field had an economically recoverable reserve (1P) of approximately 280 million barrels with a net reserve of over 240 million barrels for PRIO, expected to be abandoned after 2050. Estimates consider a long-term price of US$ 60 per barrel of oil.



Manati Gas Natural Field

The volume of liquid gas sold in 4Q22 was 733 boepd, 62% lower than in the same quarter of 2021 and 50% lower than in 3Q22. The lower production is due to the sale of PRIO's interest in the asset, whose effective date was December 1, 2022. The operating cost, composed of direct costs, net of depreciation, was US$ 726 thousand in 4Q22, referring to the months of October and November.

On November 3, 2022, PRIO announced the signing of an agreement with Gas Bridge Storage S.A. for the sale of its 10% interest in Manati Field. The total value of the transaction is R$ 124 million, 10% of which paid upon signature and the remainder upon completion of the transaction. Completion is subject to the usual precedent conditions, such as approval by CADE and the ANP. Unlike the previous transaction, signed on November 05, 2020 and which was not completed, this one does not depend on any transaction by the counterparty with other consortium members. The effective date of transaction was on December 1, 2022. Until the conclusion of the transaction, PRIO will continue to receive revenue and contribute to the costs of the asset. Such amounts will be used as a price adjustment in the final payment upon closing.

The interest in the Manati Field was acquired in 2017 for R$ 140 million, generated R$ 350 million in cash to date and, at the conclusion of the transaction, will have returned 3.4 times the capital invested.

This initiative is part of the Company's value generation strategy, through dynamic management of its asset portfolio and reinforces PRIO's focus on the operated assets that make up its core business.

Environment

PRIO took an important step in 2022 in its sustainability journey and started a structure in favor of the ESG agenda. With full involvement of the top leadership and in partnership with NINT, the largest ESG consulting firm in Latin America, PRIO made a diagnosis of its ESG practices and a perception study with the different stakeholders that led to a deep understanding of the company's current ESG moment, as well as the positioning of its peers, trends, risks, and market opportunities.

The company also defined a materiality matrix in accordance with recognized frameworks, such as the GRI and SASB, and underwent a maturity assessment on these material topics, which enabled defining an action plan to continue improving PRIO's ESG journey. Some of the actions in this plan have already been carried out, such as the carbon emissions inventory prepared in 2022 by Witt O'Brien's and later certified by KPMG.

The material topics were identified and integrated across the business model, leading PRIO to a new definition and development process that will guide the company's strategy and communication for the next reporting cycle. The company is guided by the balance and transparency of the information in this publication as a way to evolve in view of the performance of its priority material themes. The result of this study will be presented in the PRIO Sustainability Report.

Social

2022 was also important due to the positive result of the Reação Offshore project, developed by Reação and Todos na Luta institutes, in partnership with SENAI, which over four months trained 240 people in Mechanics, Electrics and QSEH, as well as other topics relevant to offshore work and socio-emotional content throughout the program. At the end of the training program, 81 people were hired by PRIO to work in basic offshore positions.

Still in the social area, believing in the power of return to society, the Company supports several projects such as Casa Irmã Dulce, Neojiba Orchestra, the Favela Brass project and the restoration of Umberto Primo Hospital, in addition to Instituto Todos na Luta, an NGO which teaches boxing classes to children and young people in vulnerable situation, reinforcing PRIO's belief in the transformational power of education and sports in the training of future professionals.

Internally, PRIO continues to encourage its employees to participate in its extensive Health and Wellness program, stressing, every quarter, the offer of activities, such as participation in street races (Circuito das Estações, Corrida Juntos), PRIO Trekking (group hikes on the nature trails of Rio de Janeiro), stretching and physiotherapy sessions, meditation and yoga classes, as well as shiatsu sessions (both in the office and on the platforms), improvements to the offshore wellness facilities, in addition to the telenutrition program and online psychology.

PRIO

Financial Performance

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

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

	Ex-IFRS 16			Accrued - Ex-IFRS16			Accrued - Inclui IFRS 16		
	4Q21	4Q22	Δ	2021	2022	Δ	2021	2022	Δ
Net Revenue	**318,352**	**184,492**	**-42%**	**810,882**	**1,249,659**	**54%**	**810,882**	**1,249,659**	**54%**
Commercialization Expenses	-	*(9,795)*	n/a	-	*(9,795)*	n/a	-	*(9,795)*	n/a
Net Revenue - FOB	**318,352**	**174,697**	**-45%**	**810,882**	**1,239,864**	**53%**	**810,882**	**1,239,864**	**53%**
Cost of goods sold	(62,414)	(30,595)	-51%	(187,258)	(191,544)	2%	(148,217)	(168,902)	14%
Royalties	(22,748)	(15,098)	-34%	(59,376)	(97,188)	64%	(59,376)	(97,188)	64%
Operating Income	**233,190**	**129,004**	**-45%**	**564,248**	**951,133**	**69%**	**603,289**	**973,775**	**61%**
General and administratie expenses	(11,984)	(12,204)	2%	(38,847)	(50,888)	31%	(37,780)	(49,385)	31%
Other operating income (expenses)	(1,593)	51,885	n/a	(12,075)	26,885	n/a	(12,075)	26,885	n/a
EBITDA	**219,613**	**168,685**	**-23%**	**513,325**	**927,129**	**81%**	**553,434**	**951,275**	**72%**
EBITDA margin	***69%***	***97%***	***+28 p.p.***	***63%***	***74%***	***+11 p.p.***	***68%***	***77%***	***+9 p.p.***
Depreciation and amortization	(48,643)	(25,165)	-48%	(135,585)	(129,892)	-4%	(163,099)	(145,355)	-11%
Financial Results	(22,636)	(1,445)	-94%	(102,796)	(40,040)	-61%	(114,453)	(44,007)	-62%
Financial Income	*27,887*	*(6,734)*	*n/a*	*177,477*	*176,741*	*0%*	*177,477*	*176,741*	*0%*
Financial Expenses	*(50,523)*	*5,289*	*n/a*	*(280,273)*	*(216,781)*	*-23%*	*(291,930)*	*(220,748)*	*-24%*
Income and social contribution taxes	11,761	47,745	306%	(32,068)	(45,656)	42%	(32,068)	(45,656)	42%
Income (loss) for the period	**160,095**	**189,819**	**19%**	**242,877**	**711,542**	**193%**	**243,814**	**716,257**	**194%**
	4Q21	4Q22	Δ	2021	2022	Δ	2021	2022	Δ
Adjusted* EBITDA	**221,206**	**116,801**	***-47%***	**525,401**	**900,244**	**71%**	**565,509**	**924,389**	***63%***
Adjusted EBITDA margin	***69%***	***67%***	***-2 p.p.***	***65%***	***73%***	***+8 p.p.***	***70%***	***75%***	***+5 p.p.***

*Adjusted EBITDA is calculated similarly to EBITDA, excluding the line with non-recurring effects “Other Revenues and Expenses”.

**For comparative purposes, results prior to January 1, 2022, when the Company’s Functional Currency was replaced by the US dollar, were translated using the average quarterly exchange rate.

	4Q22	PRIO	Dommo
Offtakes - MMbbl	2,336	2,233	103
Total Revenue	**174,697**	**163,678**	**7,367**
Cost of goods sold	(30,595)	(22,661)	(7,093)
Royalties	(15,098)	(14,839)	-
Operating Income	**129,004**	**126,178**	**274**
G&G and G&A	(12,204)	(12,204)	-
Adjusted EBITDA margin	**67%**	**70%**	**4%**

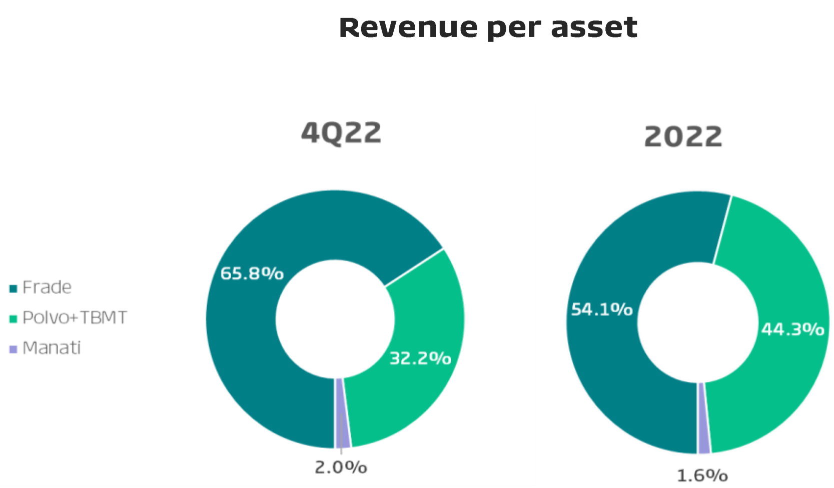
*The table above shows PRIO’s income excluding the effects of the purchase of oil for resale by Dommo, since Dommo has a 20% interest in the Tubarão Martelo Field and the financial agreement between PRIO and Dommo provides for that PRIO is entitled to 95% of the cluster revenue.

Oil Stock	4Q21	3Q22	4Q22	4Q22 X 4Q21	4Q22 X 3Q22
Balance (barrels)	**1,287**	**970**	**3,109**	**141.6%**	**220.5%**
Frade Field	687	287	675	-1.7%	135.2%
Polvo and TBMT cluster	600	683	439	-26.8%	-35.7%
Storage in US Virgin Islands	-	-	1,995	n/a	n/a
Stock cost (US$ thousand)	**189,477**	**27,741**	**344,727**	**81.9%**	**1142.7%**
Frade Field	79,852	7,666	44,570	-44.2%	481.4%
Polvo and TBMT cluster	109,625	20,075	72,387	-34.0%	260.6%
Storage in US Virgin Islands	-	-	227,770	n/a	n/a

In the year, the main factor that impacted PRIO's financial performance was the increase in revenue, consequence of the increase in production and sales, and the increase in oil prices, which grew 37% in the comparison of annual averages. As a result, PRIO recorded net revenue of US$ 1.2 billion in the year, accounting for an increase of 54% and an Adjusted EBITDA (ex-IFRS-16) of US$ 900 million, 71% higher, both reflecting growth in oil prices and offtakes.

In the quarter, PRIO recorded revenue 42% lower than in 4Q21, due to the impact of the lower number of barrels sold in 4Q22 and the 9% decrease in the brent price over the previous quarter. The volume of barrels sold was affected by an increase in the cost of maritime shipping mainly generated by the imposition of the price cap on Russian oil. Thus, in December, the Company decided to sell a volume significantly lower than its production and contracted external storage capacity for 2 million barrels in the US Virgin Islands, which were sold in the first quarter of 2023.

Analyzing the quarterly revenue, the Frade field and the Polvo and TBMT cluster accounted for 66% and 32% of the Company's total revenue, respectively. In turn, the Manati natural gas asset contributed net revenue representing 2% of the total, referring to PRIO's 10% interest in the natural gas consortium. The Frade Field contributed with 54%, the Polvo and TBMT cluster contributed with 44% and the Manati field contributed with 1.6% of the Company's total revenue. The chart below shows the representativeness of each asset in the Company's total net revenue:



Cost of Goods Sold ("COGS") totaled US$ 192 million in the year, in line with the previous year, despite a higher sales volume in the year, demonstrating a decrease in the unit cost of production. In the quarter, COGS was 51% lower than in 4Q21, due to the lower volume of barrels sold.

The Company recognized an Operating Result (ex-IFRS 16) in the year of US$ 961 million, 70% higher than that recorded in the prior year, due to higher revenues from Frade and Polvo and TBMT, owing to the increase in oil prices, in production and sales. In the quarterly comparison, the 40% lower result reflects the decrease in revenue for the quarter, impacted by the lower number of offtakes.

General and administrative expenses, which include expenses with M&A, personnel, projects, geology and geophysics were in line with the one recorded in the 4Q21 and accumulated an increase of 31% in the annual comparison, totaling US$ 51 million, due to the increase in expenses with personnel, sponsorship of social projects and office expansion.

Other operating revenues and expenses totaled US$ 51 million in the quarter, positively impacted by the decrease in the provision for abandonment of Frade Field due to the increase in its useful life, effect of Frade Revitalization Plan. In the annual result, this line totaled US$ 27 million, negatively impacted by expenses with the return of the Ceará Block in the second quarter.

The Company recorded the annual adjusted EBITDA (ex-IFRS 16) reached US$ 900 million, 71% higher compared to the prior year, which was driven by the expressive growth of the operating income. In the quarterly comparison, this indicator resulted in a decrease of 47%, reflecting the lower operating result in the period.

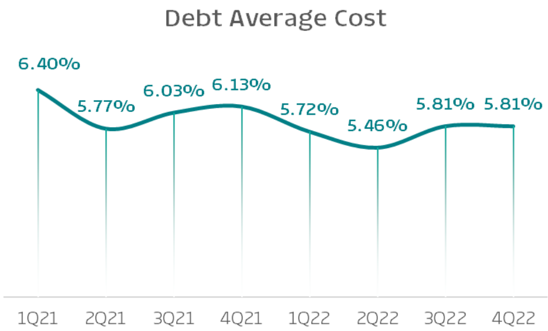
The financial result (ex-IFRS 16) of the Company was negative by US$ 40 million vs. negative by US$ 103 million recorded in the previous year, negatively impacted by interest on loans and financing.

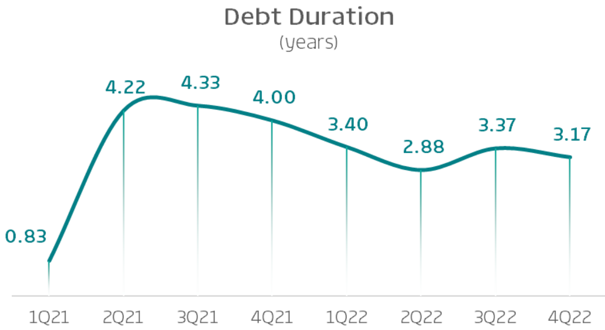
Net income (ex-IFRS 16) for the year was positive by US$ 711 million, accounting for an increase of 193% versus that recorded in the prior year, driven by higher amount of production, sales and brent price in the year. In the quarter, despite the revenue reduction, the Company recorded income 19% higher than in 4Q21, strongly impacted by deferred tax, in which tax loss credits were recognized based on the new production curves, since the Frade field production is beyond expectations.

Cash, debt and financing

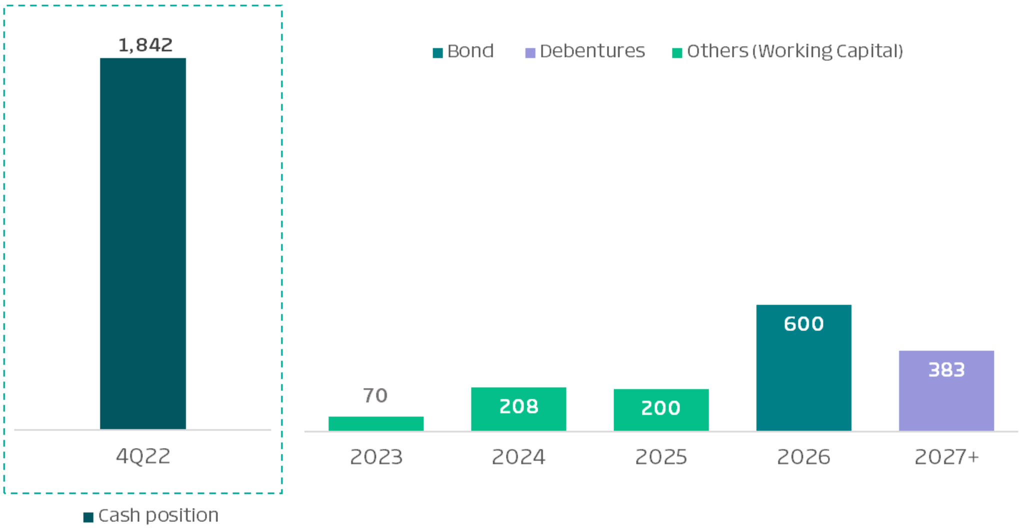
PRIO has been consistently monitoring its liquidity and leverage. In 2022, the Company issued a debenture in the amount of R$ 2 billion (US$ 370 million) with a weighted average duration of 5.5 years and an average dollarized cost of 6.8%, in addition to eight new working capital debts in the total amount of US$ 478 million. The purpose of raising the debenture and working capital debts is to reach a position of greater liquidity, considering the investments necessary for the Frade Redevelopment Plan, the development of Wahoo, the acquisition of Albacora Leste and potential new assets.

PRIO continues to seek to strengthen its cash position and the strength of its capital structure. Debts issued throughout 2022 helped to increase average debt duration, while keeping the average cost of debt at levels suitable for the Company's future projects. This financial planning strategy makes the Company more prepared for inorganic growth, an important growth pillar. Thus, the Company continues to reinforce its cash position for its future investments.





Amortization schedule
(US$ million)

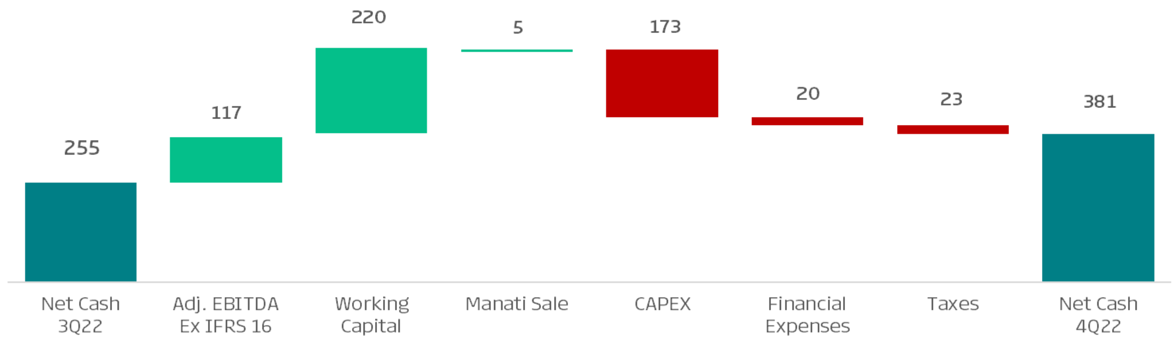


Net cash and leverage

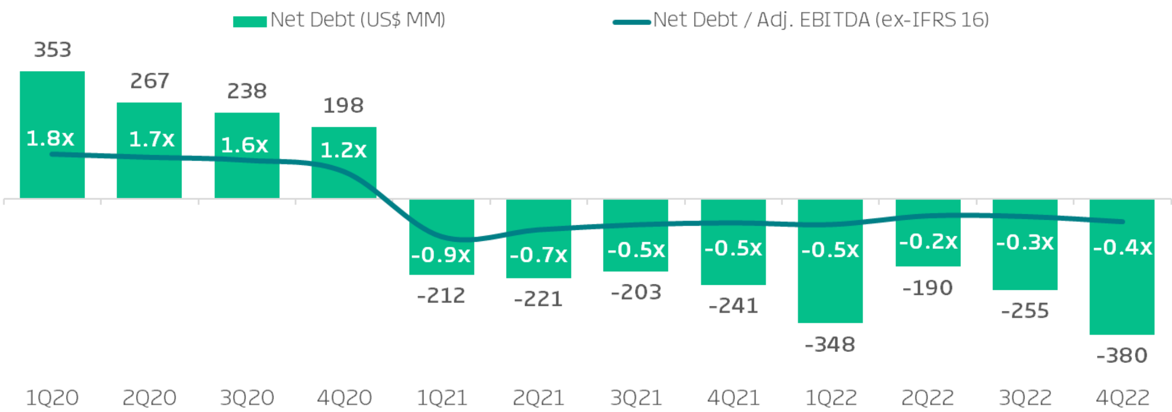
In the fourth quarter of 2022, PRIO's net cash position increased by US$ 125 million, impacted by the following changes:

- Working Capital referring to the decrease of receivables, increase in suppliers, decrease of consumables and increase in advances for the operation.
- CAPEX: expenses with Frade Revitalization Plan, workover on the Polvo and TBMT cluster and advances to Wahoo.

Changes in net cash
(US$ million)



Net debt cash / Adjusted EBITDA (ex- IFRS 16)
(US$ million)



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, 2022, 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 a summary of significant accounting policies.

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, 2022, 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.

Impairment of assets

As disclosed in Notes 11 and 12 to the consolidated financial statements, as at December 31, 2022, the Company records property, plant and equipment and intangible assets in the amounts of R$4,665,206 thousand and R$2,833,955 thousand, respectively. As at December 31, 2022, 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) evaluation of 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; (ii) evaluation of the definition and identification criteria of the CGUs; (iii) the use of 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 iv) the performance of 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's 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 11 and 12 are acceptable in the context of the financial statements taken as a whole.

Recoverability of deferred income and social contribution taxes

As disclosed in Note 20 to the consolidated financial statements, as at December 31, 2022, the Company accounted for deferred income and social contribution taxes in the amount of R$692,076 thousand, established by temporary differences and on income and social contribution tax losses. In accordance with the accounting practices adopted in Brazil, the Company should annually evaluate the projection of future taxable profits for the purposes of assessing the recoverability of deferred income and social contribution taxes.

This annual test was assessed as one of the key audit matters, considering the magnitude of the amounts involved and the fact that the process of assessing the recoverability of deferred income and social contribution taxes is complex and involves a high degree of subjectivity in the projections of future taxable profits, and it is based on several regularly subjective assumptions, that will be affected by market conditions or future economic scenarios in Brazil, which cannot be estimated accurately.

How our audit addressed this matter

Our audit procedures included, among others, (i) the use of tax specialists to support us in assessing and testing the balance established by the Company, as well as the model used to measure the recoverable amount of deferred income and social contribution taxes and the assumptions, projections and methodology used; (ii) the validation of the information used in the calculations; (iii) conducting a retrospective review of previous projections to identify any inconsistency in the development of estimates in the future; (iv) an independent calculation affecting the main assumptions used; and (v) the review of the adequacy of the disclosures made by the Company on the assumptions used in the recoverability calculations, especially those that had a more significant effect in determining the recoverable amount of deferred income and social contribution taxes.

As a result of the audit procedures performed on the test of the deferred income and social contribution tax balance established by the Company, we identified audit adjustment, indicating the need of a supplement to deferred income and social contribution tax assets, which was recorded by the executive board even considering its immateriality on the financial statements taken as a whole.

Based on the result of the audit procedures performed on the deferred income and social contribution tax balances established by the Company, as well as their recoverability, which are consistent with the executive board's assessment, we consider that the criteria related to their establishment and the assumptions of recoverable amount adopted by the executive board, as well as the related disclosures in Note 20 are acceptable in the context of the financial statements taken as a whole.

<u>Estimate of provisions for abandonment of facilities</u>

As disclosed in Note 21 to the consolidated financial statements, as at December 31, 2022, the Company recorded a provision for abandonment of facilities (ARO) in the amount of R$ 271,631 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.

Building a better working world

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) evaluation of the procedures related to determining the estimated amount of the provision to restore and rehabilitate oil production assets; (ii) analysis of the expected time for abandonment based on projected outputs and the estimated deadline for the asset's economic feasibility; (iii) 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; (iv) 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; (v) arithmetic checking of the results of the estimates, tracing them to accounting information and management reports; and (vi) 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 21, 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, 2022, 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 Company's 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 board;

- Concluded on the appropriateness of the executive board's 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.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we may have identified 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 01, 2023.

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

Pia Leocádia de Avellar Peralta
Accountant CRC-1RJ101080/O-0

PRIO

Balance sheet

December 31, 2022 and 2021
(In thousands of reais – R$)

	Note	Parent company		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
Assets					
Current assets					
Cash and cash equivalents	3	**17,148**	23,581	**9,612,961**	970,681
Securities	4	**-**	350	**-**	3,680,185
Accounts receivable	5	**-**	-	**166,304**	915,033
Oil inventories	27	**-**	-	**344,727**	189,477
Inventory of consumables	6	**-**	-	**108,698**	28,059
Financial instruments		**-**	-	**-**	35,011
Recoverable taxes	7	**1,575**	2,244	**76,012**	85,839
Advances to suppliers	8	**34**	-	**186,149**	84,013
Advances to partners	22	**-**	-	**31,336**	33,216
Prepaid expenses		**430**	53	**10,809**	9,760
Other receivables		**-**	-	**317**	513
		19,187	26,228	**10,537,313**	6,031,787
Non-current assets classified as held for sale	9	**-**	-	**65,314**	74,508
		19,187	26,228	**10,602,627**	6,106,295
Non-current assets					
Advances to suppliers	8	**-**	-	**242**	-
Deposits and pledges		**12**	-	**10,518**	10,645
Recoverable taxes	7	**-**	-	**26,923**	8,559
Deferred taxes	20	**10,970**	18,539	**692,076**	378,679
Related parties	25	**96,881**	56,941	**-**	-
Right-of-Use (Lease CPC 06.R2/IFRS 16)	19	**-**	-	**1,470,973**	425,867
Investments	10	**10,005,199**	6,766,526	**-**	-
Property, plant and equipment	11	**520**	999	**4,665,206**	3,549,045
Intangible assets	12	**-**	-	**2,833,955**	1,742,326
		10,113,582	6,843,005	**9,699,893**	6,115,121
Total assets		**10,132,769**	6,869,233	**20,302,520**	12,221,416

See the accompanying notes to the financial statements.

PRIO

Balance sheet
December 31, 2022 and 2021
(In thousands of reais – R$)

	Note	Parent company 12/31/2022	Parent company 12/31/2021	Consolidated 12/31/2022	Consolidated 12/31/2021
Liabilities and shareholders' equity					
Current liabilities					
Suppliers	13	**218**	220	**565,926**	292,204
Labor obligations	14	**18,755**	27,321	**138,003**	131,475
Taxes and social contributions	15	**635**	829	**158,712**	183,678
Loans and financing	17	**-**	-	**393,258**	553
Local debentures (includes conversion swaps)	18			**40,514**	-
Contractual charges (Leases - IFRS 16)	19	**-**	-	**64,547**	105,905
Accounts payable – acquisition of Wahoo	16	**-**	-	**-**	376,684
Other liabilities		**-**	-	**43,433**	-
		19,608	28,370	**1,404,393**	1,090,499
Liabilities directly linked to non-current assets classified as held for sale	9	**-**	-	**(16,654)**	(4,502)
		19,608	28,370	**1,387,739**	1,085,997
Non-current liabilities					
Suppliers	13	**-**	-	**1,503**	400
Loans and financing	17	**-**	-	**5,248,108**	3,307,368
Mark-to-market of debenture swaps	18	**-**	-	**89,310**	-
Local debentures (includes conversion swaps)	18	**-**	-	**1,950,208**	-
Provision for abandonment (ARO)	21	**-**	-	**271,631**	692,289
Provision for contingencies	34	**500**	500	**23,350**	27,284
Related parties	25	**220,644**	220,114	**-**	-
Contractual charges (Leases - IFRS 16)	19	**-**	-	**1,436,811**	487,467
Other liabilities		**-**	-	**1,843**	362
		221,144	220,614	**9,022,764**	4,515,170
Shareholders' equity					
Realized capital	24	**5,319,674**	5,303,644	**5,319,674**	5,303,644
Capital reserves		**377,427**	348,886	**377,427**	348,886
Profit reserves		**3,682,453**	255,381	**3,682,453**	255,381
Accumulated translation adjustment		**601,773**	712,338	**601,773**	712,338
Equity valuation adjustments	18	**(89,310)**	-	**(89,310)**	-
		9,892,017	6,620,249	**9,892,017**	6,620,249
Total liabilities and shareholders' equity		**10,132,769**	6,869,233	**20,302,520**	12,221,416

See the accompanying notes to the financial statements.

PRIO

Statements of income

Years ended December 31, 2022 and 2021
(In thousands of reais – R$, except earnings/losses per share)

		Parent company		Consolidated	
	Note	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Net revenue	26	**-**	**-**	**6,363,475**	4,396,003
Costs of products/services	27	**-**	-	**(2,106,303)**	(1,883,358)
Gross revenue		**-**	**-**	**4,257,172**	2,512,645
Operating revenues (expenses)					
Geology and geophysics expenses		-	-	**(14,859)**	(10,262)
Personnel expenses		**(22,176)**	(5,028)	**(120,523)**	(114,845)
General and administrative expenses		**(105)**	(367)	**(46,726)**	(25,152)
Expenses with Outsourced Services		**(3,467)**	(5,138)	**(61,164)**	(47,713)
Taxes and rates		**(2,083)**	(581)	**(11,730)**	(6,695)
Depreciation and amortization expenses		**(443)**	(487)	**(112,527)**	(110,973)
Equity in income of subsidiaries	10	**3,467,061**	1,359,180	**-**	**-**
Other operating revenues (expenses), net	28	**(314)**	2,116	**26,570**	(75,562)
Operating income (loss) before financial income (loss)		**3,438,473**	1,349,695	**3,916,213**	2,121,443
Financial revenues	29	**219**	111	**278,680**	71,480
Financial expenses	29	**(5,750)**	(8,028)	**(558,099)**	(438,669)
Net exchange-rate changes	29	**1,866**	(13,090)	**25,026**	(255,133)
Income before income tax and social contribution		**3,434,808**	1,328,688	**3,661,820**	1,499,121
Current income tax and social contribution	30	**-**	-	**(545,460)**	(344,812)
Deferred income tax and social contribution	30	**(7,736)**	4,358	**310,712**	178,737
Income for the year		**3,427,072**	1,333,046	**3,427,072**	1,333,046
Basic and diluted earnings per share					
Basic		**4.061**	1.615	**4.061**	1.615
Diluted		**4.023**	1.597	**4.023**	1.597

See the accompanying notes to the financial statements.

Statements of comprehensive income

Years ended December 31, 2022 and 2021
(In thousands of reais – R$)

	Consolidated	
	12/31/2022	**12/31/2021**
Income (loss) for the year	**3,427,072**	1,333,046
Mark-to-market of local debenture swaps	**(89,310)**	-
Translation adjustment on investment abroad, net of taxes	**(110,565)**	132,518
Other comprehensive income for the year, net of taxes	**(199,875)**	132,518
Total comprehensive income for the year net of taxes	**3,227,197**	1,465,564

See the accompanying notes to the financial statements.

PRIO

Statements of changes in shareholders' equity

Years ended December 31, 2022 and 2021

(In thousands of reais – R$)

	Capital	Capital reserve	Profit reserve / statutory	Accumulated translation adjustment	Equity valuation adjustment	Retained earnings (losses)	Parent company	Non-controlling interest	Consolidated
Balances at January 1, 2021	**3,326,900**	**321,359**	**-**	**579,820**	**-**	**(1,077,665)**	**3,150,414**	**849**	**3,151,263**
			-						
Paid-up capital	2,062,743	-	-	-	-	-	2,062,743	-	2,062,743
Share issuance costs	(85,999)	-	-	-	-	-	(85,999)	-	(85,999)
Stock options granted	-	27,527	-	-	-	-	27,527	-	27,527
Translation adjustment on investment abroad	-	-	-	132,518	-	-	132,518	-	132,518
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(849)	(849)
Income (loss) for the year	-	-	-	-	-	1,333,046	1,333,046	-	1,333,046
Legal reserve	-	-	12,769	-	-	(12,769)	-	-	-
Unrealized profit reserve	-	-	60,655	-	-	(60,655)	-	-	-
Investment reserve	-	-	181,957	-	-	(181,957)	-	-	-
Balances at December 31, 2021	**5,303,644**	**348,886**	**255,381**	**712,338**	**-**	**-**	**6,620,249**	**-**	**6,620,249**
Balances at January 1, 2022	**5,303,644**	**348,886**	**255,381**	**712,338**	**-**	**-**	**6,620,249**	**-**	**6,620,249**
Paid-up capital	16,587	-	-	-	-	-	16,587	-	16,587
Share issuance costs	(557)	-	-	-	-	-	(557)	-	(557)
Stock options granted	-	36,008	-	-	-	-	36,008	-	36,008
Translation adjustment on investment abroad	-	-	-	(110,565)	-	-	(110,565)	-	(110,565)
Gain (loss) with financial instruments	-	-	-	-	(89,310)	-	(89,310)	-	(89,310)
Share-based remuneration	-	-	-	-	-	-	-	-	-
Offset of loss	-	-	-	-	-	-	-	-	-
Income in sale of treasury shares	-	10,727	-	-	-	-	10,727	-	10,727
Net income for the year	-	-	-	-	-	3,427,072	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)	-	-	-
Treasury shares	-	(18,194)	-	-	-	-	(18,194)	-	(18,194)
Balances at December 31, 2022	**5,319,674**	**377,427**	**3,682,453**	**601,773**	**(89,310)**	**-**	**9,892,017**	**-**	**9,892,017**

See the accompanying notes to the financial statements.

Statements of cash flows

Years ended December 31, 2022 and 2021
(In thousands of reais – R$)

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cash flows from operating activities				
Income (loss) for the year (before taxes)	**3,434,808**	**1,328,688**	**3,661,820**	**1,499,121**
Depreciation and amortization	443	487	854,256	881,271
Financial revenue	(5,706)	(27,080)	(38,284)	(323,051)
Financial expenses	10,228	42,626	369,235	856,868
Share-based remuneration	36,008	27,527	36,008	27,527
Equity in income of subsidiaries	(3,467,061)	(1,359,180)	-	-
Provision for contingencies/losses/R&D	(24)	-	38,399	88,418
Amendment of the provision for abandonment/IFRS 16 Contracts	-	-	(329,856)	(153,195)
	8,696	**13,068**	**4,591,578**	**2,876,959**
(Increase) decrease in assets				
Accounts receivable	-	-	731,806	(503,581)
Recoverable taxes	1,028	419	22,309	(8,616)
Prepaid expenses	(507)	287	(3,265)	16,174
Advances to suppliers	(37)	17	(14,629)	(36,849)
Oil inventories	-	-	(142,899)	(30,119)
Inventory of consumables	-	-	(80,116)	(20,914)
Related parties	(37,803)	(48,270)	-	-
Advance to partners in oil and gas operations	-	-	6,614	44,724
Deposits and pledges	(15)	5,355	607	9,680
Other receivables	183	-	584	(513)
Increase (decrease) in liabilities				
Suppliers	(272)	(4,241)	396,785	63,670
Labor obligations	1,251	26,017	11,209	76,468
Taxes and social contributions	(292)	(4,850)	(597,001)	(196,901)
Related parties	6,401	(335,429)	-	-
Contingencies	-	-	-	(105,848)
Other liabilities	-	-	3,577	(598)
Net cash (invested in) from operating activities	**(21,367)**	**(347,627)**	**4,927,159**	**2,183,736**
Cash flows from investment activities				
(Investment in) redemption of securities	349	(350)	3,554,357	(3,461,400)
(Investment in) redemption of restricted cash	-	-	-	33,476
(Investment in) redemption of abandonment fund	-	-	1,236	(2,782)
Non-current assets held for sale	-	-	-	(2)
(Purchase) sale of fixed assets	-	-	(1,900,535)	(632,296)
(Purchase) sale of intangible assets	-	-	(862)	(368,950)
(Increase) decrease in investments	-	(1,632,666)	-	-
(Acquisition) of oil and gas assets	-	-	(1,830,159)	(311,366)
Net cash (invested in) from investment activities	**349**	**(1,633,016)**	**(175,963)**	**(4,743,320)**
Cash flows from financing activities				
Borrowings	-	-	2,347,901	4,191,053
Repayment of principal on loans	-	-	-	(2,973,134)
Interest paid on loans	-	-	(230,139)	(267,565)
Contractual charges (Leases IFRS 16 - Principal)	-	-	(65,663)	(138,922)
Contractual charges (Leases - IFRS 16) - Interest	-	-	(56,957)	(45,000)
Funding of debentures	-	-	2,038,922	-
Derivative transactions	-	-	(21,544)	(115,081)
(Decrease) Paid-up capital	16,030	1,976,744	16,030	1,976,744
Shares of the Company itself (held in treasury)	-	-	(18,633)	(666)
Net cash (invested in) from financing activities	**16,030**	**1,976,744**	**4,009,917**	**2,627,429**
Translation adjustment	(1,445)	-	(118,833)	93,563
Net increase (decrease) in cash and cash equivalents	**(6,433)**	**(3,899)**	**8,642,280**	**161,408**
Cash and cash equivalents at the beginning of the year	23,581	27,480	970,681	809,273
Cash and cash equivalents at the end of the year	17,148	23,581	9,612,961	970,681
Net increase (decrease) in cash and cash equivalents	**(6,433)**	**(3,899)**	**8,642,280**	**161,408**

See the accompanying notes to the financial statements.

PRIO

Statements of added value

(supplementary information for IFRS purposes)
Years ended December 31, 2022 and 2021
(In thousands of reais – R$)

	Parent company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Revenues				
Oil & Gas sales	**-**	-	**6,363,475**	4,396,003
	-	**-**	**6,363,475**	4,396,003
Inputs acquired from third parties				
Third party's services and other	**(3,467)**	(5,138)	**(61,164)**	(47,713)
Geology and geophysics expenses	**-**	-	**(14,859)**	(10,262)
Costs of services	**-**	-	**(866,189)**	(802,152)
Gross added value	**(3,467)**	(5,138)	**5,421,263**	3,535,876
Depreciation and amortization	**(443)**	(487)	**(854,256)**	(871,087)
Net added value produced by the Entity	**(3,910)**	(5,625)	**4,567,007**	2,664,789
Added value received as transfer				
Financial revenue	**7,047**	34,150	**578,070**	946,536
Equity in income of subsidiaries	**3,467,061**	1,359,180	**-**	-
Deferred taxes	**(7,736)**	4,358	**310,712**	178,737
Other revenues	**450**	5,436	**327,820**	1,452,776
Total added value payable	**3,462,912**	1,397,499	**5,783,609**	5,242,838
Distribution of added value				
Personnel	**22,177**	5,028	**120,523**	**114,845**
Direct remuneration	21,969	4,843	108,424	109,378
Benefits	145	150	10,007	4,706
FGTS	63	35	2,092	761
Taxes, duties and contributions	**2,082**	581	**557,190**	**351,507**
Federal	1,928	581	551,169	347,915
State	-	-	5,303	3,268
Municipal	154	-	718	324
Third-party capital remuneration	**11,581**	58,844	**1,678,824**	**3,443,440**
Interest (Financial expenses)	10,712	55,157	832,463	1,568,858
Rentals	-	-	63,770	1,098
Other (royalties, other expenses)	869	3,687	782,591	1,873,484
Remuneration of own capital	**3,427,072**	1,333,046	**3,427,072**	**1,333,046**
Income (loss) for the year	3,427,072	1,333,046	3,427,072	1,333,046

See the accompanying notes to the financial statements.

PRIO

Notes to the financial statements
December 31, 2022
(In thousands of reais, unless otherwise indicated)

1. Operations

Petro Rio S.A. ("Prio"), 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 quotaholder, 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 significant operations are carried out by means of subsidiaries Petro Rio O&G Exploração e Produção de Petróleo Ltda. ("PrioOG"), Brasoil Coral Exploração Petrolífera S.A. ("Coral"), Petro Rio Jaguar Petróleo SA. ("Jaguar") and Prio Bravo Ltda ("Bravo" – formerly Petro Rio Sardinha Participações Não Operadas Ltda are the production of oil and natural gas, operating in Campos Basin - RJ (PrioOG, Jaguar and Bravo) and in Camamu Basin – BA ("Coral").

<u>Polvo Field</u>

PrioOG 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.

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 2022 was of roughly 6.6 thousand bbl (8.4 thousand bbl in 2021).

<u>Manati Field</u>

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-254, both in the exploration phase.

The Manati Field is located in the Camamu Basin, on the coast of the State of Bahia. The license covers an area of approximately 76 km². Average daily output in 2022 was of roughly 2.5 million cubic meters of natural gas (3.2 million cubic meters of natural gas in 2021).

As of November 3, 2022, the Company signed an agreement with Gas Bridge S.A. ("Gas Bridge"), for the disposal of its 10% interest in Manati Field.

The total amount of the transaction is R$ 124 million, 10% of which will be paid upon signature and the remainder upon completion of the transaction. Completion is subject to the usual precedent conditions, such as the approval by CADE and the ANP. The effective date of the sale is December 1, 2022.

The equity interest in the Manati Field was acquired in 2017 for R$ 140 million, generated R$ 350 million in cash to date and at the conclusion of the transaction it will have returned 3.4 times the capital invested.

The Company continues to account for this asset in accordance with CPC 31, as non-current assets classified as held for sale, pursuant to Notes 2.10 and 9, due to the intention to sell the asset.

Frade Field

On March 25, 2019 and October 01, 2019, after complying with the precedent conditions and obtaining the necessary approvals, the Company 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, the Company signed a purchase and sale agreement with Petrobras for the acquisition of the remaining 30% interest in the Field, increasing its interest in Frade Field to 100%. The completion of this transaction took place on February 5, 2021, according to Note 12c.

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 2022, the Field produced approximately 22.3 thousand bbl of oil per day (16.3 thousand bbl of oil per day in 2021).

FPSO Bravo (formerly "OSX-3") and Tubarão Martelo

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 ("TBMT") and Polvo Fields, through a connection with the Polvo A Fixed Platform, which took place in July 2021.

As of August 3, 2020, the Company completed the acquisition of 80% of the Tubarão Martelo Field, fully owned by Dommo Energia, and took over the operation of that Field.

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 2022, the Field produced approximately 10.5 thousand bbl of oil per day (7.7 thousand bbl of oil per day in 2021).

Connection between the Polvo and Tubarão Martelo fields

As of July 14, 2021, the Company concluded the interconnection ("tieback") between the Polvo and Tubarão Martelo fields.

The interconnection project between Polvo-A Platform and FPSO Bravo, which lasted a total of 11 months, enabled a reduction in operating costs corresponding to the leasing value of FPSO Polvo, chartered to the field and operated by BW Offshore, in addition to expenses with maintenance and diesel.

The reduction in the absolute costs of the new cluster allow more oil to be recovered from the reservoirs, for a longer period, considerably increasing the recovery factor of the fields.

After the connection, Prio currently has the right to 95% of the Polvo + TBMT oil up to the first 30 million barrels of oil produced, which will rise to 96% of the oil at the pole after 30 million barrels are produced. All new investments and the field abandonment will be the Company's responsibility, with the costs being shared for the adequacy of the participation of each party in the cluster.

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, after all the conditions precedent of the purchase and sale agreement were concluded, the certificate of completion of the acquisition operation was signed, with Prio becoming the operator of both pre-salt fields and increasing proven developed reserves by approximately 132 million barrels.

Furthermore, on March 4, 2021, the Company signed an agreement with Total E&P do Brasil Ltda. for the acquisition of an additional 28.6% equity interest in Wahoo, whose approval by the National Agency of Petroleum, Natural Gas and Biofuels (ANP) took place on July 8, 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, still pending ANP approval.

In addition to the Wahoo portion acquired from BP, Prio's interest the concession will increase to 64.3%. The Company formalized a proposal for the acquisition of the remaining 35.7% interest for the current holders of said interest, which showed interest in the sale, but have not proceed with the proposal.

Concurrently, the Company has been following the development plan for the Field, and, as of December 22, 2021, filed the Statement of Commercial Feasibility for the Wahoo discovery and the Development Plan under an exclusive operation regime with the National Agency of Petroleum, Natural Gas and Biofuels ("ANP").

The Wahoo Field, with the oil discovery in 2008 and the formation test performed in 2010, fits into the Company's value generation strategy. With the development of the field, 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 12.

Albacora Leste field

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

As informed in Note 35.2, on January 26, 2023, the acquisition of a 90% interest in Albacora Leste Field ("Field" or "Albacora Leste") with Petróleo Brasileiro S.A. ("Petrobras") was concluded, with the payment of the transaction balance. As of this date, PRIO took over the operation of the asset.

The fixed portion of the transaction was US$ 1,951 million (R$ 10,180 million), of which US$ 293 million (R$ 1,528 million) was paid upon signature of the agreement in April 28, 2022, and the remainder will be paid on January 26, 2023, restated by due price adjustments. Furthermore, an additional payment (earnout) of up to US$ 250 million may be made, depending on future Brent oil quotations.

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 and currently has a production of approximately 32 kbpd (average of the last 30 days) and net 27.2 kbbld to PRIO, API 19º with low levels of Sulphur, through its 10 production wells and 6 injection wells currently in operation.

According to Certification of Reserves requested by PRIO and prepared by DeGolyer & MacNaughton ("D&M") on April 01, 2022 the field had an economically recoverable reserve (1P) with approximately 280 million barrels with a net reserve of over 240 million barrels for PRIO, expected to be abandoned after 2050. Estimates consider a long-term price of US$ 60 per barrel of oil.

COVID-19

The Management of the Company and its subsidiaries continue to monitor the possible impacts of the COVID-19 pandemic on their operations and constantly assess the effectiveness of the protective measures adopted by the Company and its subsidiaries to mitigate said risks.

2. Basis of preparation and presentation of 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 01, 2023.

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 derivative those 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, unless otherwise indicated)

		Interest			
		12/31/2022		12/31/2021	
Fully consolidated companies		**Direct**	**Indirect**	**Direct**	**Indirect**
Petro Rio O&G Exploração e Produção de Petróleo Ltda.	"PrioOG"	**100.00%**	**-**	100.00%	-
Petro Rio Internacional S.A.	"PrioIntl"	**0.86%**	**99.14%**	1.23%	98.77%
Petrorio Luxembourg Holding Sarl	"Lux Holding"	**-**	**100.00%**	-	100.00%
Walvis Petroleum (Pty) Ltd.	"Walvis"	**-**	**100.00%**	-	100.00%
Petrorio Luxembourg Trading Sarl	"Lux TradingTrading"	**-**	**100.00%**	-	100.00%
Kunene Energy (Pty) Ltd.	"Kunene"	**-**	**100.00%**	-	100.00%
Orange Petroleum Ltd.	"Orange"	**-**	**100.00%**	-	100.00%
Petro Rio OPCO Exploração Petrolífera Ltda.	"Opco"	**-**	**100.00%**	-	100.00%
Petro Rio Coral Exploração Petrolífera Ltda.	"Coral"	**-**	**100.00%**	-	100.00%
Petro Rio Energia Ltda.	"PrioEnergia"	**-**	**100.00%**	-	100.00%
Brasoil Finco LLC	"Finco"	**-**	**100.00%**	-	100.00%
Petro Rio Jaguar Petróleo Ltda	"Jaguar"	**-**	**100.00%**	-	100.00%
Prio Bravo Ltda.(Petro Rio Sardinha Participações Não Operadas Ltda.)	"Bravo"	**-**	**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*, translated 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.

With the gradual increase in the representativeness of operations in dollars, considering the acquisition of new fields, investments in new wells, which increased the billing, debts raised in Dollar, in addition to other factors analyzed, the evaluation indicated that the US dollar is the most significant currency in the underlying transactions, events and conditions. As a result, the Company changed its functional currency as of January 1, 2022, the date on which the US dollar was defined as the Company's functional currency.

The exchange rate was R$ 5.5805, and the translation was carried out prospectively, according to item 35 of CPC 02 (R2) - Effects of changes in foreign exchange rates and translation of financial statements. Thus, there is no need to open historical values prior to the date of definition of the functional currency. The amounts resulting from the translation, in the case of non-monetary items, were treated as if they were their historical costs.

Transactions involving monetary assets and liabilities in currencies other than the functional currency are translated into the functional currency at the exchange rate prevailing on the settlement date or at the rate prevailing at the end of the reporting period. The exchange change incurred between the transaction's initial recording date and the date of settlement or presentation of the financial statements is recorded in income for the period.

All the Company's subsidiaries had their functional currency translated changed to the US dollar as of January 1, 2022, except for the subsidiary Coral, which did not meet the necessary requirements for the change.

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:

PRIO

Notes to the financial statements
December 31, 2022
(In thousands of reais, unless otherwise indicated)

Statement of financial position	December 31, 2022			
	Parent company		Consolidated	
Assets	**US$**	**R$**	**US$**	**R$**
Cash and cash equivalents	3,287	17,148	1,842,375	9,612,961
Accounts receivable	-	-	31,873	166,304
Oil inventories	-	-	66,069	344,727
Inventory of consumables	-	-	20,833	108,698
Recoverable taxes	302	1,575	14,568	76,012
Advances to suppliers	7	34	35,676	186,149
Advances to partners	-	-	6,235	31,336
Prepaid expenses	81	430	2,072	10,809
Other receivables	-	-	60	317
Current assets	**3,677**	**19,187**	**2,019,761**	**10,537,313**
Non-current assets available for sale	-	-	12,291	65,314
	-	**-**	**12,291**	**65,314**
Advances to suppliers			46	242
Deposits and pledges	2	12	2,016	10,518
Recoverable taxes	-	-	5,160	26,923
Deferred taxes	2,102	10,970	132,640	692,076
Related parties	18,568	96,881	-	-
Right-of-Use (Lease CPC 06.R2/IFRS 16)	-	-	281,920	1,470,973
Investments	1,917,550	10,005,199	-	-
Property, plant and equipment	100	520	894,111	4,665,206
Intangible assets	-	-	543,141	2,833,955
Non-current assets	**1,938,322**	**10,113,582**	**1,859,034**	**9,699,893**
Total assets	**1,941,999**	**10,132,769**	**3,891,086**	**20,302,520**

Statement of financial position	December 31, 2022			
	Parent company		Consolidated	
Liabilities and shareholders' equity	**US$**	**R$**	**US$**	**R$**
Suppliers	42	218	108,463	565,926
Labor obligations	3,594	18,755	26,449	138,003
Taxes and social contributions	122	635	30,418	158,712
Local debentures (includes conversion swaps)	-	-	7,765	40,514
Loans and financing	-	-	75,370	393,258
Contractual charges (Leases - IFRS 16)	-	-	12,371	64,547
Other liabilities	-	-	8,324	43,433
Current liabilities	**3,758**	**19,608**	**269,160**	**1,404,393**
Liabilities related to non-current assets held for sale	-	-	(2,519)	(16,654)
	-	**-**	**(2,519)**	**(16,654)**
Suppliers	-	-	288	1,503
Loans and financing	-	-	1,005,828	5,248,108
Mark-to-market of debenture swaps	-	-	17,117	89,310
Local debentures (includes conversion swaps)	-	-	373,768	1,950,208
Provision for abandonment (ARO)	-	-	51,367	271,631
Provision for contingencies	96	500	4,475	23,350
Related parties	42,288	220,644	-	-
Contractual charges (Leases - IFRS 16)	-	-	275,372	1,436,811
Other liabilities	-	-	373	1,843
Non-current liabilities	**42,384**	**221,144**	**1,728,588**	**9,022,764**
Realized capital	953,380	5,319,674	953,380	5,319,674
Capital reserves	68,214	377,427	68,214	377,427
Profit reserves	762,020	3,682,453	762,020	3,682,453
Accumulated translation adjustment	129,360	601,773	129,360	601,773
Equity valuation adjustments	(17,117)	(89,310)	(17,117)	(89,310)
Shareholders' equity	**1,895,857**	**9,892,017**	**1,895,857**	**9,892,017**
Total liabilities and shareholders’ equity	**1,941,999**	**10,132,769**	**3,891,086**	**20,302,520**

Notes to the financial statements
December 31, 2022
(In thousands of reais, unless otherwise indicated)

Statement of cash flows	December 31, 2022			
	Parent company		Consolidated	
	US$	R$	US$	R$
Cash flows from operating activities				
Income (loss) for the year (before taxes)	**717,743**	**3,434,808**	**761,913**	**3,661,820**
Depreciation and amortization	79	443	156,955	854,256
Financial revenue	(1,444)	(5,706)	(85,495)	(38,284)
Financial expenses	2,301	10,228	112,821	369,235
Share-based remuneration	6,929	36,008	6,929	36,008
Equity in income of subsidiaries	(723,995)	(3,467,061)	-	-
Provision for contingencies/losses/R&D	(1)	(24)	1,038	38,399
Amendment of the provision for abandonment/IFRS 16 Contracts	-	-	(71,642)	(329,856)
	1,612	**8,696**	**882,519**	**4,591,578**
(Increase) decrease in assets				
Accounts receivable	-	-	132,410	731,806
Recoverable taxes	22	1,028	8,306	22,309
Prepaid expenses	(95)	(507)	(206)	(3,265)
Advances to suppliers	(7)	(37)	(20,668)	(14,629)
Oil inventories	-	-	(32,114)	(142,899)
Inventory of consumables	-	-	(15,804)	(80,116)
Related parties	(7,967)	(37,803)	-	-
Advance to partners in oil and gas operations	-	-	1,519	6,614
Deposits and pledges	(2)	(15)	(453)	607
Other receivables	30	183	440	584
Increase (decrease) in liabilities	-			
Suppliers	(36)	(272)	70,309	396,785
Labor obligations	566	1,251	(422)	11,209
Taxes and social contributions	(48)	(292)	(117,803)	(597,001)
Related parties	1,932	6,401	-	-
Contingencies	-	-	-	-
Other liabilities	-	-	7,012	3,577
Net cash (invested in) from operating activities	**(3,993)**	**(21,367)**	**915,045**	**4,927,159**
(Investment in) redemption of securities	63	349	668,486	3,554,357
(Investment in) redemption of abandonment fund	-	-	883	1,236
(Purchase) sale of fixed assets	-	-	(368,797)	(1,900,536)
(Purchase) sale of intangible assets	-	-	(166)	(862)
(Acquisition) of oil and gas assets	-	-	(360,150)	(1,830,159)
Net cash (invested in) from investment activities	**63**	**349**	**(59,744)**	**(175,963)**
Borrowings	-	-	478,000	2,347,901
Repayment of principal on loans	-	-	-	-
Interest paid on loans	-	-	(44,062)	(230,139)
Contractual charges (Leases IFRS 16 - Principal)	-	-	(12,813)	(65,663)
Contractual charges (Leases - IFRS 16) - Interest	-	-	(11,086)	(56,957)
Funding of debentures	-	-	397,520	2,038,922
Derivative transactions	-	-	6,274	(21,544)
Shares of the Company itself (held in treasury)	-	-	(3,571)	(18,633)
(Decrease) Paid-up capital	2,991	16,030	2,991	16,030
Net cash (invested in) from financing activities	**2,991**	**16,030**	**813,253**	**4,009,917**
Translation adjustment	-	(1,445)	(121)	(118,833)
Net increase (decrease) in cash and cash equivalents	**(939)**	**(6,433)**	**1,668,433**	**8,642,280**
Cash and cash equivalents at the beginning of the year	4,226	23,581	173,942	970,681
Cash and cash equivalents at the end of the year	3,287	17,148	1,842,375	9,612,961
Net increase (decrease) in cash and cash equivalents	**(939)**	**(6,433)**	**1,668,433**	**8,642,280**

(In thousands of reais, unless otherwise indicated)

Consolidated statement of income	December 31, 2022			
	Parent company		Consolidated	
	US$	R$	US$	R$
Net revenue	**-**	**-**	**1,249,659**	**6,363,475**
Costs of products/services	-	-	(397,668)	(2,106,303)
Gross revenue	**-**	**-**	**851,991**	**4,257,172**
Geology and geophysics expenses	-	-	(2,901)	(14,859)
Personnel expenses	(4,303)	(22,176)	(23,248)	(120,523)
General and administrative expenses	(20)	(105)	(9,094)	(46,726)
Expenses with Outsourced Services	(677)	(3,467)	(11,864)	(61,164)
Taxes and rates	(422)	(2,083)	(2,279)	(11,730)
Depreciation and amortization expenses	(79)	(443)	(13,776)	(112,527)
Equity in income of subsidiaries	723,994	3,467,061	-	-
Other operating revenues (expenses), net	(66)	(314)	17,089	26,570
Operating income (loss) before financial income (loss)	**718,427**	**3,438,473**	**805,918**	**3,916,213**
Financial revenues	42	219	54,317	278,680
Financial expenses	(1,323)	(5,750)	(108,865)	(558,099)
Net exchange-rate changes	597	1,866	10,544	25,026
Income before income tax and social contribution	**717,743**	**3,434,808**	**761,914**	**3,661,820**
Current income tax and social contribution	-	-	(105,155)	(545,460)
Deferred income tax and social contribution	(1,486)	(7,736)	59,498	310,712
Income (loss) for the year	**716,257**	**3,427,072**	**716,257**	**3,427,072**

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 exploration, development, and production expenditures

For the expenditures 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."

Property, plant and equipment: It is recorded at the amortized or construction cost, restated, when applicable, to its recovery value and it is represented mainly by assets associated to stages of exploration and oil and natural gas production development, such as, for example, expenditures 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 and subscription bonuses: are recorded as intangible asset. The Group substantially presents, in its intangible assets, the expenses with the acquisition of exploratory concessions and the subscription bonuses corresponding to the offers for obtaining a concession for oil or natural gas exploration. They are recorded at acquisition cost and adjusted, when applicable, to their recovery value and are amortized using the produced unit in relation to the total proven reserves when they enter the production phase.

Successful efforts: Expenditures with exploration and development of oil production are 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 expenditures and those related to non-commercial areas should be recognized in results when identified as such.

Abandonment expenditures: Abandonment expenditures of the oil development and production areas are recorded as intangible assets in contra account to a provision in liabilities.

Depreciation: Expenses with exploration and development of production, as well as FPSOs and subsea equipment, are depreciated beginning as of declaration of commercial viability 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 Note 11 that takes into consideration the estimated useful lives of the assets with the respective residual values.

2.8. Business combination

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 must be accounted for as expenses when incurred, as well as any contingent consideration to be transferred will be recognized at fair value on the acquisition date.

Goodwill is measured as being the excess of total consideration to net assets acquired (acquired identifiable assets, nets and assumed liabilities). If consideration is lower than fair value of net assets acquired, the difference is recognized as gain in statement of operations.

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. Analysis of Recoverable amount of assets

Pursuant to CPC 01, Property, plant and equipment items, intangible assets and other current and non-current assets are valued on an annual basis to identify evidence of unrecoverable losses, whenever events or significant changes in the circumstances indicate that the book value may not be recoverable.

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 for the year.

2.10. 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. Note 9.

2.11. Inventories

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.

2.12. Income tax and social contribution

Such taxes are calculated and recorded considering the tax rates prevailing on the date of the preparation of the financial statements. Deferred taxes are recognized based on inter-temporal differences, tax losses, and social contribution negative basis, when applicable, only when and up to the amount that may be considered as of probable realization by Management (in accordance with business model approved by the Company's Management and governance councils).

2.13. 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.

2.14. 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 242.2.

Granted options fair values determined on grant date are recorded at the straight line basis as expenses in income for the year during the period in which the right is acquired, based on the Company's estimates on which granted options will be possibly acquired, with corresponding increase in shareholders' equity (stock option plan).

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".

2.15. 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.

2.16. Financial assets

The Group's financial assets are classified into the following categories: (i) fair value through other comprehensive income, and (ii) 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 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.

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.

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

2.17. Loans and financing

When applicable, loans and financing 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.

2.18. Derivative financial instruments

The Company uses derivative financial instruments to hedge against its exposure to the risk of fluctuations in oil prices (Note 32) and hedge against exchange rate and rate exposure in the non-convertible debentures agreement (Note 18). 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 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.

2.19. Statements of cash flows ("DFC")

Statements of cash flows were prepared and presented in accordance with the Technical Pronouncement CPC 03 (R2) - IAS 7 under the indirect method.

The Company classifies the interest paid as a financing activity, as it understands that it represents costs to obtain its financial funds.

2.20. Statements of added value ("DVA")

Statements of added value have been prepared and are presented in accordance with Technical Pronouncement CPC 09.

2.21. 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 notes. Actual results may differ from these estimates.

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.

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

• Note 9 – Non-current assets classified as held for sale.
• Note 11 – Property, plant and equipment, primarily those relating to written-off, amortizations and impaired oil & gas assets.
• Note 12 – Intangible assets, primarily those relating to written-off, amortization and impaired oil & gas assets.
• Note 20 - Current and deferred income tax and social contribution.
• Note 19 - Leases, CPC 06 (R2)/IFRS 16.
• Note 21 – Provision for abandonment of facilities.
• Note 24 - Shareholders' equity / Share-based remuneration plan.
• Note 32 - Objectives and policies for financial risk management.
• Note 34 - Contingencies.

2.22. Net earnings per share

Basic/diluted earnings per share is computed by dividing net income by the weighted average of common shares held by the shareholders, excluding treasury shares in the period.

2.23. ICPC 22 / IFRIC 23 - Uncertainty on treatment of income taxes

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

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

The Company evaluates all 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.

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.
The right-of-use asset is recognized based on the value of the lease liability, adjusted for any anticipated or accumulated lease payment related to that lease, recognized in the balance sheet immediately before the date of initial adoption.

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

Change in accounting estimate

The Company, through its internal geology and reserves area,, estimated the reserves for the Fields in operation projected as of December 31, 2022.

(In thousands of reais, unless otherwise indicated)

For the Polvo, Tubarão Martelo and Manati fields, the Company did not identify any material changes in relation to the reserves certified by D&M in April 2022.

However, for the Frade field, with four wells drilled in 2022, where two of which are producers and two are injectors, the Company estimates a significant increase in proved developed producing reserves (PDP), the basis for field depreciation, and in the useful life of the Field, which is used to calculate both the provision for abandonment and lease agreements under CPC 06 – IFRS 16.

According to the new estimate, the useful life Frade Field would increase until the end of 2041, with proved developed producing reserves of approximately 78 million barrels, accounting for an increase of approximately 47 million barrels compared to the last certification.

2.26. Expenditures 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 expenditures 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.

2.27. Standards and new and reviewed interpretations already issued

The new and amended standards and interpretations issued by the IASB and the CPC, as described below, are not yet effective. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they come into force, as of January 1, 2023:

Standards	Description	Mandatory application: years starting on or after
CPC 50	Insurance contracts	January 1, 2023
Amendments to CPC 26	Classification of liabilities as current or non-current	January 1, 2023
Amendments to CPC 23	Definition of accounting estimates	January 1, 2023
Amendments to CPC 10 -Practice statement	Disclosure of accounting policies	(January 1, 2023) - Practice Statement (no effective date or transition requirement)

(In thousands of reais, unless otherwise indicated)

2.28. New or reviewed pronouncements applied for the first time in 2022

The Company adopted certain standards and amendments for the first time, which are effective for annual periods beginning on or after January 1, 2022 (unless when otherwise indicated). These amendments had no impact on the financial statements of the Company. The Company decided not to early adopt any other standard, interpretation or change that has been issued but is not yet effective.

Amendments to standards	Description	Mandatory application: years starting on or after
CPC 37 (R1), CPC 48; CPC 29, CPC 27, CPC 15 (R1)	The amendments to the described pronouncements are due to the annual change related to the cycle of improvements between 2018 and 2020, such as: Onerou Contracts – Costs of Fulfilling a Contract; (2) Property, Plant and Equipment Proceeds before Intended Use; and (3) References to Conceptual Framework.	January 1, 2022

3. Cash and cash equivalents

	Parent company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Cash	**-**	-	**80**	48
Banks	**17,148**	23,581	**9,612,881**	970,633
	17,148	23,581	**9,612,961**	970,681
Domestic	**3,418**	3,603	**2,671,858**	18,099
Abroad	**13,730**	19,978	**6,941,103**	952,582

The balance of cash and cash equivalents consists of funds for the purpose of business working capital and mainly for the settlement of commitments assumed with the acquisition of assets disclosed in Note 35, invested in highly liquid instruments in Brazil (purchase and sale commitments, Bank Deposit Certificates and investment fund) and abroad (remunerated current account deposits), without risk of significant change of principal and yields upon redemption.

4. Securities

	Parent company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Bank Deposit Certificates	**-**	-	**-**	74,462
Time Deposit	**-**	350	**-**	3,070,312
Bond	**-**	-	**-**	535,411
Financial assets - fair value through profit or loss	**-**	350	**-**	3,680,185
Total	**-**	350	**-**	3,680,185

All investments classified as securities were redeemed in December 2022 to settle the commitments assumed with the acquisition of assets mentioned in the previous note.

(In thousands of reais, unless otherwise indicated)

5. Accounts receivable

	Consolidated	
	12/31/2022	12/31/2021
Petrobras (i)	**17,835**	20,686
Repsol (ii)	**125,529**	430,506
Total Energies (iii)	**-**	462,857
Petrochina (iv)	**22,939**	-
Other	**1**	984
Total	**166,304**	915,033
Total local currency	**17,836**	21,166
Total foreign currency	**148,468**	893,867

(i) Balance receivable referring to sales of gas and condensed oil carried out by Manati, Jaguar and Bravo in December2022, of which R$ 15,081 for Manati, R$ 2,251 for Jaguar and R$ 503 for Bravo.

(ii) Balance receivable referring to the sales of oil from Polvo, Tubarão Martelo Fields, carried out in December 2022, received in January 2023.

(iii) Balance related to the sale of oil in December 2021 from Frade Field, received in February 2022.

(iv) Balance receivable referring to the sale of oil from Polvo, Tubarão Martelo and Frade Fields, carried out in December 2022, received in January 2023.

The Company assessed the impacts of the COVID-19 and understands that these facts do not affect the balances receivable presented.

6. Inventory of consumables

In 2022, the Company changed its way of treating the inventory of consumables for the operation. Inventories previously referred only to specific items that were difficult to replace, with the other materials being purchased and used directly. With the increase in operations and fields, the Company decided to increase the list of items kept as minimum inventory, and currently has an inventory balance. The total inventory balance of consumables is R$ 108,698 (R$ 28,059 as of December 31, 2021).

7. Recoverable taxes

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Income tax and social contribution (i)	**1,558**	2,220	**23,514**	18,003
PIS and COFINS (ii)	**13**	2	**42,814**	42,013
ICMS (iii)	**-**	-	**24,193**	27,276
Foreign taxes (VAT) (iv)	**-**	-	**11,480**	2,327
Other	**4**	22	**934**	4,779
Total	**1,575**	2,244	**102,935**	94,398
Current assets	**1,575**	2,244	**76,012**	85,839
Non-current assets	**-**	**-**	**26,923**	8,559

(In thousands of reais, unless otherwise indicated)

(i) Primarily refers to withholding income tax on financial investments and negative balance of IRPJ/CSLL (Corporate Income Tax / Social Contribution on Net Revenue) and prepaid income tax and social contribution;
(ii) PIS/COFINS credits on inputs used in operation;
(iii) ICMS recoverable referring to oil loans between Frade Field partners and movement of materials upon acquisition of Polvo.
(iv) Taxes (VAT and NWT) in the process of refund of the Luxembourg subsidiaries.

8. Advances to suppliers

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Advance to domestic suppliers	**34**	-	**94,219**	31,244
Advance to foreign suppliers	**-**	-	**92,172**	52,769
	34	-	**186,391**	84,013
Total current assets	34	-	186,149	84,013
Total non-current assets	-	-	242	-

The Company has advances with BW (Prosafe) – US$ 5,671 (R$ 29,590) and R$ 3,717 refer to contractual commitments and were held as a financial collateral from lease agreements and operation of FPSO Polvo. Upon the end of the contract with BW in July 2021, the amounts shall be released or offset with possible amounts payable.

Other advances derive from the Company's regular transactions.

9. Non-current assets classified as held for sale (Consolidated)

In November 2020, the Company entered into an agreement with Gas Bridge S.A. ("Gas Bridge") for the sale of the 10% interest held by the Company in Manati Field.

The total amount of the transaction was R$ 144,400 thousand and included the transfer of all the Company's liabilities in the field, including its interest in the abandonment of said Field. The transaction was subject to precedent conditions, among which the success of Gas Bridge in the acquisition of Manati operation from Petrobras, which was not obtained within the period defined in the contract. Thus, the Company decided not to proceed with the sale agreement and, as of April 19, 2022, announced it to Gas Bridge and to the market and, following the guidelines of CPC 31, the related assets were once again presented as if there was no sale agreement. Moreover, the depreciation, which was no longer calculated since the sale was announced, was recalculated and recorded in the Company's income.

As of November 3, 2022, the Company signed a new agreement with Gas Bridge S.A. ("Gas Bridge"), for the disposal of its 10% interest in Manati Field.

The new amount negotiated is R$ 124 million, with 10% paid upon signing, 10% one month after signing and the remaining amount upon conclusion of the operation. Completion is subject to the usual precedent conditions, such as the approval by CADE and the ANP. Unlike the previous transaction, this one does not depend on any transaction by the counterparty with other consortium members. The effective date of the sale is December 1, 2022, that is, the revenues and expenses related to Manati Field, as of this date, will adjust the acquisition price, when closing the transaction.

(In thousands of reais, unless otherwise indicated)

The Company accounts for this asset in accordance with CPC 31, as non-current assets classified as held for sale.

The main classes of assets and liabilities classified as held for sale on December 31 are as follows:

	Consolidated 12/31/2022	Consolidated 12/31/2021
Assets		
Advances to partners	**2,068**	6,439
Property, plant and equipment	**1,928**	3,398
Intangible assets	**61,318**	64,671
Total assets	**65,314**	74,508
Liabilities		
Provision for abandonment (ARO)	**(18,232)**	(6,080)
Other liabilities	**1,578**	1,578
Total liabilities	**(16,654)**	(4,502)
Non-current assets classified as held for sale	**81,968**	79,010

The income (loss) of the Manati Field for the year, proportional to the Company's interest, is as follows:

	Consolidated	
	12/31/2022	12/31/2021
Net revenue from services	**100,394**	108,904
Costs of services	**(40,634)**	(32,047)
Gross revenue	**59,760**	76,857
Operating revenues (expenses)		
Personnel expenses	**(14,463)**	(21,681)
General and administrative expenses	**(6,913)**	(3,611)
Expenses with Outsourced Services	**(4,803)**	(2,007)
Depreciation and amortization expenses	**(1,708)**	-
Other operating revenues (expenses), net	**4,794**	4,118
Operating income (loss) before financial income (loss)	**36,667**	53,676
Financial revenues	**23,090**	13,109
Financial expenses	**(12,051)**	(17,044)
Income before income tax and social contribution	**47,706**	49,741
Current income tax and social contribution	**(7,843)**	(8,695)
Deferred income tax and social contribution	**(468)**	905
Income (loss) from discontinued operation	**39,395**	41,951

Incurred net cash flows are:

	12/31/2022	12/31/2021
Net cash (invested in) from operating activities	**32,378**	48,372
Net cash (invested in) from investment activities	**788**	279
Translation adjustment	**-**	-
Net increase in cash and cash equivalents	**33,166**	48,651

Earnings per share

Basic and diluted earnings per share	12/31/2022	12/31/2021
Numerator (R$'000)		
Income from discontinued operation	39,397	41,951
Denominator (in thousands of shares)		
Weighted average number of common shares adjusted by dilution effect	843,819	825,228
Basic and diluted earnings per share from discontinued operations:	*0.0467*	*0.0508*

10. Investments

As of December 31, 2022, 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.

PrioOG holds 100% of the Polvo Field concession, 80% of the Tubarão Martelo Field concession, and ownership of FPSO Bravo, which from July 14, 2021, started operating both fields, after the conclusion of the TIEBACK operation, which reduces production costs and increases the useful life of the two fields

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 outside of Brazil, except for PrioUSA, are consolidated under a single corporate structure having PrioIntl as head office in Brazil.

Currently, the main Companies controlled by PrioIntl are Lux Holding, a company that has large-sized assets in operation; Coral, which was contributed by PrioOG in June 2019 and holds 10% of interest in the concession of Manati field, and Lux Trading, which as for September 2016 started to trade the oil produced in the Polvo field and currently trades the production of Frade and Tubarão Martelo fields. Lux Holding owns the fixed platform, "Polvo A", and a 3,000 HP drilling rig. Also under this corporate structure are subsidiaries located in the Republic of Namibia and are under settlement.

As mentioned in Note 1, Prio, through its subsidiary Lux Holding, entered into purchase and sale agreements for the acquisition of a 18.26% and 51.74% interest on October 26, 2018 and January 30, 2019, respectively, in the Frade Field concession and Field operating assets, through the acquisition of companies Frade Japão Petróleo Ltda, Inpex Offshore North Campos, Ltd., Chevron Brasil Upstream Frade Ltda. and Chevron Frade LLC., becoming the operator of Frade Field, with 70% of interest.

(In thousands of reais, unless otherwise indicated)

In February 2021, the Company now holds a 100% interest in the asset, after the conclusion of the purchase and sale transaction signed on November 28, 2019 with Petrobrás (Notes 1 and 11).

Additionally, the Company concluded the acquisition of 64.3% interest in the Wahoo Field concession and 60% in the Itaipu Field, as described in note 1.

- **Petrorio USA Inc ("PrioUSA")**

Established on March 4, 2011, former HRT America Inc., incorporated under the laws of the State of Delaware and headquartered in Houston, USA. Subsidiary was basically established to provide geology and geophysics services to other subsidiaries of the Group, mainly to PrioIntl and its subsidiaries. The company was liquidated in the third quarter of 2021.

Portfolio of concessions

As of December 31, 2022, the Company's subsidiaries were participants in the following concessions in Brazilian basins:

Country	Basin	Block	Field	Concessionaire	%	Status	Phase	PEM (*)
Brazil	Fields	BM-C-8	Polvo	PrioOG	100%	Operator	Production	-
Brazil	Camamu	BCAM-40	Manati	Coral	10%	Non-operator	Production	-
Brazil	Fields	Frade	Frade	Jaguar	100%	Operator	Production	-
Brazil	Fields	C-M-466	Tubarão Martelo	PrioOG	80%	Operator	Production	-
Brazil	Camamu	BCAM-40	Camarão Norte	Coral	10%	Non-operator	Development	-
Brazil	Foz do Amazonas	FZA-M-254	-	Coral	100%	Operator	Exploration	R$ 587
Brazil	Foz do Amazonas	FZA-M-539	Pirapema	Coral	100%	Operator	Exploration	R$ 10,564
Brazil	Fields	BM-C-30	Wahoo	Jaguar	64%	Operator	Development	-
Brazil	Fields	BM-C-32	Itaipu	Jaguar	60%	Operator	Exploration	-

(*) Minimum exploratory program remaining.

The acquisition of Jaguar expanded the concessions portfolio with 100% Frade Field, and with 50% of the Exploratory Block CE-M-715, in Ceará Basin, in partnership with Ecopetrol.

The BCAM-40 Block Consortium started and awaits for the process of returning the discovery of Camarão Norte, located in south of the Manati Field, in the Camamu-Almada Basin, to the National Agency of Petroleum, Natural Gas and Biofuels (ANP). The Company has a 10% interest in the discovery of Camarão Norte, which was declared a commercial undertaking in 2009. After evaluating several development plans and potential unitization to the adjacent area, the consortium concluded that the area was not economically feasible and decided to return it.

(In thousands of reais, unless otherwise indicated)

Furthermore, the CE-M-715 Exploratory Block Consortium completed the return process with the National Agency of Petroleum, Natural Gas and Biofuels (ANP). The Company has a 50% interest in the Block, and after the evaluation, the consortium concluded that the area was not economically feasible and decided to return it. As a result, in July 2022, the Company paid the fine for not carrying out the minimum exploratory program in the amount of R$ 53,827, and recorded the loss of the subscription bonus in the intangible assets, in the amount of R$ 31,358. The previously mentioned fine and loss bonus amounts had already been provisioned for in the second quarter of 2022.

a) Relevant information on investees as of December 31, 2022

	PrioOG	PrioIntl
Direct interest	100.00%	0.86%
Indirect interest	-	99.14%
Shareholders' equity	9,939,915	7,576,915
Income (loss) for the year	3,445,854	2,413,312
Total assets	11,135,164	7,576,921

b) Breakdown of investments

	Parent company	
	12/31/2022	**12/31/2021**
PrioOG	**9,939,915**	6,715,199
PrioIntl	**65,284**	51,327
	10,005,199	6,766,526

c) Changes in investment

	PrioOG	PrioIntl	PrioUSA	Total
Balance at December 31, 2020	**3,602,058**	**40,143**	**(39)**	**3,642,162**
Capital increase/decrease	1,627,036	-	372	1,627,408
Equity in income of subsidiaries	1,350,003	9,484	(307)	1,359,180
Conversion adjustments	136,102	1,700	(26)	137,776
Balance at December 31, 2021	**6,715,199**	**51,327**	**-**	**6,766,526**
Capital increase/decrease	-	-	-	-
Equity in income of subsidiaries	3,445,854	21,207	-	3,467,061
Conversion adjustments	(114,125)	(6,320)	-	(120,445)
Treasury shares - reflex	(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**

(In thousands of reais, unless otherwise indicated)

11. Property, plant and equipment (Consolidated)

a) Breakdown of the balance

	Depreciation rate %	Cost	Depreciation	Translation adjustment	Balance at 12/31/2022	Balance at 12/31/2021
In operation						
Polvo A platform and drilling rig	UOP*	101,740	(110,923)	28,547	19,364	24,596
Oil & gas assets - Frade	UOP*	2,970,785	(878,381)	64,491	2,156,895	1,709,986
FPSO Bravo	UOP*	770,158	(233,783)	(34,869)	501,506	635,539
Machinery and equipment	10	8,009	(8,007)	(2)	-	2,404
Furniture and fixtures	10	2,352	(1,353)	(63)	936	1,134
Communication equipment	20	1,053	(552)	(24)	477	411
IT equipment	20	8,144	(5,482)	(92)	2,570	2,111
Leasehold improvements	4	6,998	(854)	(399)	5,745	6,424
Oil and Gas Assets – Polvo and TBMT	UOP*	876,341	(318,535)	(36,264)	521,542	654,069
Maintenance of wells	3	231,934	(105,692)	(6,788)	119,454	11,125
In progress						
Property, plant and equipment in progress**		2,362	-	51	2,413	-
Maintenance of wells***		34,063	-	930	34,993	92,877
Capex Poços (i)		723,664	-	17,777	741,441	104,496
Spare parts		55,124	-	467	55,591	59,456
West Capricorn**** drilling rig		225,747	-	(7,417)	218,330	-
Material for well revitalization/re-entry – Frade*****		294,055	-	(10,106)	283,949	243,140
Material for use and consumption (wells)		-	-	-	-	1,277
Total		**6,312,529**	**(1,663,562)**	**16,239**	**4,665,206**	**3,549,045**

* UOP - Units of Production (Unit-of-production depreciation method);
** Construction in progress refers basically to expenditures with administrative facilities;
*** Well Maintenance (workover) for the resumption and/or improvement of wells;
**** The acquisition was concluded on July 22, 2022 2022;
***** Materials acquired as part of the Frade Field Revitalization Plan.

b) Changes in balance

	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
Oil & gas assets - Manati	**-**	-	-	(1,410)	1,410	-	-
Oil & gas assets - Frade	**1,709,986**	-	-	(356,849)	886,696	(82,938)	2,156,895
FPSO Tubarão Martelo	**635,539**	-	-	(100,642)	1,480	(34,871)	501,506
Machinery and equipment	**2,404**	-	-	(924)	(1,480)	-	-
Furniture and fixtures	**1,134**	29	-	(163)	-	(64)	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
Oil and Gas Assets – Polvo and TBMT	**654,069**	-	-	(104,663)	8,400	(36,264)	521,542
Maintenance of wells	**11,125**	-	-	(51,235)	166,353	(6,789)	119,454
In progress	**-**	-	-	-	-	-	-
Property, plant and equipment in progress	**-**	2,362	-	-	-	51	2,413
Maintenance of wells	**92,877**	107,539	-	-	(166,353)	930	34,993
Capex wells	**104,496**	1,151,617	(7,999)	-	(524,761)	18,088	741,441
Spare parts	**59,456**	-	-	-	-	(3,865)	55,591
West Capricorn drilling rig	**-**	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)**	**(620,794)**	**(53,348)**	**(165,327)**	**4,665,206**

The Company started the redevelopment of Frade Field in 2022, which includes the drilling of 7 wells, 4 of which are production wells and 3 are water injection wells, divided into two phases. 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 per day. Phase 2, previously scheduled for 2023, with the speed of execution of Phase 1, has already started, with the beginning of the drilling of 2 producing wells expected to be completed in February 2023. The last injection well is expected to start in January 2023, with completion estimated in two months.

(In thousands of reais, unless otherwise indicated)

As of July 22, 2022, the Company concluded the acquisition of the West Capricorn drilling rig, with the definitive transfer of the equipment to Prio and the payment of the remaining installment in the amount of US$ 35 million (R$ 189,231), completing the US$ 40 million (R$ 216,264), the total amount of the drilling rig. Furthermore, US$ 1,886 thousand (R$ 9,971) were paid for the transfer of the drilling rig. The drilling rig is located in Trinidad and Tobago, carrying out its technical activation, and will then be transported to Brazil for the start of operational activities.

	Balance at 01/01/2021	Frade Acquisition - 30%	Additions	Write-offs	Depreciation	Transfers	Translation adjustment	Balance at 12/31/2021
In operation								
Platform and Drilling rig - Polvo	**23,834**	-	-	-	(4,742)	3,478	2,026	**24,596**
Oil & gas assets - Frade	**1,986,129**	104,990	1,098	-	(389,012)	6,781	-	**1,709,986**
FPSO Bravo (Tubarão Martelo)	**718,235**	-	-	-	(82,696)	-	-	**635,539**
Machinery and equipment	**4,633**	-	-	(1,062)	(2,645)	1,478	-	**2,404**
Furniture and fixtures	**1,354**	-	-	-	(220)	-	-	**1,134**
Communication equipment	**320**	-	-	-	(126)	217	-	**411**
IT equipment	**2,382**	-	-	-	(946)	675	-	**2,111**
Leasehold improvements	**6,367**	-	-	-	(230)	287	-	**6,424**
Development expenditures	**204,176**	-	1,814	-	(67,825)	515,904	-	**654,069**
Maintenance of wells	**27,203**	-	-	-	(16,078)	-	-	**11,125**
In progress								
Property, plant and equipment in progress	**237**	-	725	-	-	(962)	-	**-**
Maintenance of wells - Polvo	**29**	-	92,848	-	-	-	-	**92,877**
Development/Tieback expenditures	**93,485**	-	550,264	(9,109)	-	(530,623)	479	**104,496**
Spare parts	**54,261**	-	-	-	-	4,244	951	**59,456**
Material for well revitalization/re-entry – Frade	**234,304**	13,530	-	(4,694)	-	-	-	**243,140**
Material for use and consumption (wells)	**2,064**	-	1,278	(586)	-	(1,479)	-	**1,277**
Total	**3,359,013**	**118,520**	**648,027**	**(15,451)**	**(564,520)**	**-**	**3,456**	**3,549,045**

12. Intangible assets (Consolidated)

a) Breakdown of the balance

	Amortization rate (%)	Consolidated 12/31/2022	Consolidated 12/31/2021
Oil & Gas assets			
Acquisition cost - Polvo	(i)	**293,386**	313,787
Acquisition cost - TBMT	(i)	**182,666**	239,095
Acquisition cost - Frade	(i)	**60,429**	197,418
Acquisition cost - Wahoo	(i)	**790,795**	845,781
Subscription bonus - FZA-M-254	(i)	**-**	5,968
Subscription bonus - FZA-Z-539	(i)	**-**	8,022
Subscription bonus - Frade	(i)	**47,544**	50,850
Subscription bonus - Ceará	*	**-**	31,358
Capital gain in the acquisition of the Frade concession	(ii)	**749,123**	801,248
Advance for the acquisition of Albacora Leste	**	**1,526,960**	-
Software and others	20	**9,033**	9,033
		3,659,936	2,502,560
Accumulated amortization		**(825,981)**	(760,234)
Total		**2,833,955**	1,742,326

(In thousands of reais, unless otherwise indicated)

* A provision for bonus impairment was recorded due to the request to return the block, pursuant to Note 10.

** Amount referring to the advance for the acquisition of the block from Petrobras, pursuant to Note 1.

(i) Acquisition costs/subscription bonuses and exploration expenses are amortized by the unit of production method, considering the production of each concession and the volume of reserves when exploration/redevelopment processes will be completed.

(ii) Capital gain related to the acquisition of the concession contract for Frade Field, Jaguar and Bravo, amortized using the units produced method, monitoring the asset generating the capital gain.

b) Changes in balance

	Balance at 01/01/2022	Additions	Write-offs	Amortization	Transfer	Translation adjustment	Balance at 12/31/2022
Acquisition cost - Polvo	24,572	-	-	(3,882)	-	(1,345)	**19,345**
Acquisition cost - Manati	-	-	-	(13,309)	13,309	-	**-**
Acquisition cost - TBMT	191,865	10,887	(54,614)	(32,033)	-	(7,548)	**108,557**
Acquisition cost - Frade	164,060	-	(117,119)	(26,037)	-	3,318	**24,222**
Acquisition cost - Wahoo	845,781	-	-	-	-	(54,985)	**790,796**
Goodwill on acquisition - Brasoil	-	-	-	-	1,821	(1,821)	**-**
Subscription bonus - FZA-M-254	5,968	-	-	-	(5,968)	-	**-**
Subscription bonus - FZA-Z-539	8,022	-	-	-	(8,022)	-	**-**
Subscription bonus - Frade	3,255	-	-	(562)	-	(176)	**2,517**
Subscription bonus - Ceará	31,358	-	(31,358)	-	-	-	**-**
Client portfolio - Manati	-	-	-	(1,760)	2,214	(454)	**-**
Software and others	274	-	-	-	-	-	**274**
Capital gain in the acquisition of the Frade concession	467,171	-	-	(75,284)	-	(30,602)	**361,285**
Advance for acquisition – Albacora Leste	-	1,453,475	-	-	-	73,484	**1,526,959**
	1,742,326	1,464,362	(203,091)	(152,867)	3,354	(20,129)	**2,833,955**

	Balance at 01/01/2021	Acquisition - Wahoo	Frade Acquisition - 30%	Additions	Write-offs	Amortization	Transfer	Translation adjustment	Balance at 12/31/2021
Acquisition cost - Polvo	29,826	-	-	-	-	(5,254)	-	-	**24,572**
Acquisition cost - TBMT	277,922	-	-	-	(58,315)	(27,742)	-	-	**191,865**
Acquisition cost - Frade	-	-	153,843	3,510	-	(33,358)	40,065	-	**164,060**
Acquisition cost - Wahoo	-	412,954	-	-	-	-	432,827	-	**845,781**
Subscription bonus - FZA-M-254	5,968	-	-	-	-	-	-	-	**5,968**
Subscription bonus - FZA-Z-539	8,022	-	-	-	-	-	-	-	**8,022**
Subscription bonus - Frade	3,999	-	-	-	-	(743)	-	-	**3,256**
Subscription bonus - Ceará	31,358	-	-	-	-	-	-	-	**31,358**
Software and others	274	-	-	-	-	-	-	-	**274**
Capital gain in the acquisition of the Frade concession	534,538	-	-	-	-	(103,461)	-	36,093	**467,170**
Advance for acquisition of asset	64,959	-	-	416,066	(8,133)	-	(472,892)	-	**-**
	956,866	**412,954**	**153,843**	**419,576**	**(66,448)**	**(170,558)**	**-**	**36,093**	**1,742,326**

c) Acquisition of assets

1. Frade - 30%

As of February 5, 2021, the Company concluded the acquisition of 30% interest of Frade Field, through its indirect subsidiaries Jaguar and Lux Holding. Jaguar acquired 30% of the Frade Field concession, FPSO, Submarine Equipment and other assets and liabilities related to the concession, in which it already had 51.74% of the rights and control. Furthermore, Lux Holding acquired 30% of the shares of Frade BV, in which it already held a 51.74% interest and control of the entity.

(In thousands of reais, unless otherwise indicated)

The core operation was the acquisition of 30% of the assets related to the concession for the final net adjusted value of R$ 221,799 thousand (US$ 41,162 thousand), paid in the form of an advance in November 2019, upon signature of the contract, in the amount of R$ 40,065 thousand (US$ 7,500 thousand), and the remaining balance, in the amount of R$ 181,734 thousand (US$ 33,662 thousand) on February 5, 2021, the completion date, through a payment by Jaguar of R$ 1,396,656 (US$ 259,197 thousand) and a receipt by Lux Holding of R$ 1,214,922 (US$ 225,470 thousand).

The form of the acquisition was through two separate purchase and sale agreements, with different prices and parts.

The amounts paid and received, as well as the allocations of assets and liabilities, are distributed as follows:

			Total	
Allocation of price	**Jaguar**	**Lux Holding**	**R$'000**	**US$'000**
Initial consideration	107,768	431,072	**538,840**	**100,000**
Price adjustment	1,332,463	(1,645,994)	**(313,531)**	**(58,186)**
Final consideration paid (received)	**1,440,231**	**(1,214,922)**	**225,309**	**41,814**
Concession (intangible assets)	472,803	(435,322)	**37,481**	**6,956**
FPSO and subsea equipment (PP&E)	692,812	(587,821)	**104,991**	**19,485**
Petroleum stock (current assets)	141,553	(120,102)	**21,451**	**3,981**
Field revitalization material (PP&E)	89,281	(75,751)	**13,530**	**2,511**
Advances to the consortium/suppliers (current assets)	48,576	-	**48,576**	**9,015**
TAC provision (non-current liabilities)	(4,794)	-	**(4,794)**	**(890)**
Frade BV shares (investment)	-	183	**183**	**34**
Advances to the consortium (current assets)	-	3,891	**3,891**	**722**

Moreover, a provision for abandonment was recorded, proportional to the 30% acquisition, in the amount of R$ 159,937, recorded in the "Concession" account under intangible assets, against the provision for abandonment, in liabilities (Note 21).

2. Wahoo Field (64.3%) and Itaipu Field (60%)

On July 1, 2021, the Company concluded the purchase of 35.7% of the Wahoo Field with BP and, on July 28, 2021, the purchase of 28.6% of the same field, belonging to Total. Along with the portion acquired from BP, a 60% interest in the Itaipu Field was also purchased.

Wahoo, the focus of the purchase operation, is an exploratory block in the Campos Basin with the potential to produce over 140 million barrels in the pre-salt layer (100% of the field). It discovered oil in 2008 and a formation test was carried out in 2010. Wahoo is located 30-35km north of Frade, with a water depth of 1,400m, and has a carbonate reservoir at a depth of 5,000 to 7,000 meters.

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.

Both fields are in the exploration phase, with Wahoo moving into the development phase.

Only the concessions were transferred in the purchase and sale process. The two fields have already carried out the minimum exploratory programs and have no provision for abandonment, which is only formed during the development period.

Following the guidelines expressed in Technical Pronouncement CPC 15 (R1) - Business Combinations, the company performed the Optional Test to identify the concentration of fair value described in item B7, to determine whether the transaction in question is a business combination.

We conclude that, as the full amount is concentrated in a single identifiable asset, in this case the concession, since there are no other identifiable assets and liabilities, such as cash and cash equivalents, deferred tax assets or any other type of asset, the company determined that the acquisition is not a business combination, with no need for additional valuations.

With this, the acquisitions of the Wahoo and Itaipu fields were treated as acquisitions of intangible assets, following the guidelines of Technical Pronouncement CPC 04 (R1) - Intangible Assets, which establishes that the cost of the acquired intangible asset must be the amount paid in the acquisition plus costs initially incurred for such acquisition (items 18 and 27).

3. Albacora Leste field

As of April 28, 2022, the Company signed a purchase and sale agreement with Petróleo Brasileiro S.A. for the acquisition of a 90% interest and operation of Albacora Leste Field, with Repsol Sinopec Brasil as the partner holding the remaining 10%.

As informed in Note 35.2, on January 26, 2023, the acquisition of a 90% interest in Albacora Leste Field (“Field” or “Albacora Leste”) with Petróleo Brasileiro S.A. (“Petrobras”) was concluded, with the payment of the transaction balance. As of this date, PRIO took over the operation of the asset.

The fixed portion of the transaction was US$ 1,951 million (R$ 10,180 million), of which US$ 293 million (R$ 1,528 million) was paid upon signature of the agreement in April 28, 2022, and the remainder will be paid on January 26, 2023, restated by due price adjustments. Furthermore, an additional payment (earnout) of up to US$ 250 million may be made, depending on future Brent oil quotations.

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 and currently has a production of approximately 32 kbpd (average of the last 30 days) and net 27.2 kbbld to PRIO, API 19º with low levels of Sulphur, through its 10 production wells and 6 injection wells currently in operation.

According to Certification of Reserves requested by PRIO and prepared by DeGolyer & MacNaughton (“D&M”) on the base date of October 2022, the field had an economically recoverable reserve (1P) with approximately 280 million barrels with a net reserve of over 240 million barrels for PRIO, expected to be abandoned after 2050. Estimates consider a long-term price of US$ 60 per barrel of oil.

(In thousands of reais, unless otherwise indicated)

13. Suppliers

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Domestic suppliers	**218**	220	**268,405**	30,412
Foreign suppliers	**-**	-	**299,024**	262,192
	218	220	**567,429**	292,604
Total current liabilities	218	220	565,926	292,204
Total non-current liabilities	-	-	1,503	400

14. Labor obligations

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Salary	**-**	83	**3,677**	3,647
Provision for bonus	**18,583**	26,984	**118,254**	113,583
Charges	**84**	149	**3,080**	2,952
Vacation / 13th salary	**88**	105	**12,992**	11,293
	18,755	27,321	**138,003**	131,475

15. Taxes and social contributions payable

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
IRPJ and CSLL payable	**-**	-	**86,979**	126,322
PIS/COFINS/CSLL	**3**	12	**4,496**	10,786
IRRF on services	**632**	567	**11,319**	3,163
ICMS	**-**	57	**2,462**	575
INSS	**-**	145	**3,131**	3,946
Taxes on shareholders' equity	**-**	-	**132**	1,510
Royalties	**-**	-	**49,694**	35,613
Other	**-**	48	**499**	1,763
	635	829	**158,712**	183,678

16. Other accounts payable - Acquisition of Wahoo

In the negotiation for the acquisition of a 35.7% interest in Wahoo Field with BP Energy do Brasil Ltda, the payment of the acquisition amount in installments was agreed. Of the total price of US$ 100 million, US$ 17.5 million was paid up to the closing date, July 1, 2021. The first installment, in the amount of US$ 15 million (R$ 87,596) was paid as of December 23, 2021, the second one in the amount of US$ 30 million (R$ 151,833) was paid on February 24, 2022 and the remainder, US$ 37.5 million (R$ 179,876 thousand) was paid on May 30, 2022.

PRIO

Notes to the financial statements
December 31, 2022
(In thousands of reais, unless otherwise indicated)

17. Loans and financing

			Additions		Payments			Translation	
		12/31/2021	Principal	Interest	Principal	Interest	Allocation	adjustment	12/31/2022
Citibank	(i)	-	509,030	20,355	-	(12,573)	-	12,743	**529,555**
CCB	(ii)	-	133,790	4,904	-	-	-	12,306	**151,000**
BTG	(iii)	-	370,391	13,766	-	(7,535)	-	(5,148)	**371,474**
ABC	(iv)	-	147,573	4,792	-	-	-	8,956	**161,321**
Itaú	(v)	-	471,580	17,551	-	(11,553)	-	50,187	**527,765**
Safra	(vi)	-	164,385	6,004	-	-	-	18,236	**188,625**
Santander	(vii)	-	469,670	12,836	-	(6,728)	-	52,097	**527,875**
Bank of China	(viii)	-	81,482	1,916	-	-	-	(3,218)	**80,180**
Subtotal		**-**	**2,347,901**	**82,124**	**-**	**(38,389)**	**-**	**146,159**	**2,537,795**
BOND	(ix)	**3,360,832**	-	191,218	-	(191,750)	-	(218,496)	**3,141,804**
Fundraising expenses - Bond	**	**(52,911)**	-	-	-	-	11,239	3,439	**(38,233)**
Total		**3,307,921**	**2,347,901**	**273,342**	**-**	**(230,139)**	**11,239**	**(68,898)**	**5,641,366**
Current		553							393,258
Non-current		3,307,368							5,248,108

			Additions		Payments			Foreign	Translation	
		12/31/2020	Principal	Interest	Principal	Interest	Allocation	exchange	adjustment	12/31/2021
Citibank		**41,808**	176,258	2,606	(206,973)	(2,784)	-	(10,915)	-	**-**
Trafigura		**182,202**	-	1,902	(201,746)	(2,298)	-	19,940	-	**-**
CCB		**108,215**	150,775	4,159	(257,019)	(7,670)	-	1,540	-	**-**
FINEP		**57,738**	-	1,328	(54,101)	(4,965)	-	-	-	**-**
Fibra		**20,075**	-	335	(21,250)	(431)	-	-	1,271	**-**
Bradesco		**26,669**	55,200	551	(78,763)	(1,273)	-	(2,384)	-	**-**
Daycoval		**36,705**	26,240	951	(64,072)	(1,304)	-	1,480	-	**-**
Santander		**65,126**	282,925	2,334	(317,286)	(6,048)	-	(27,051)	-	**-**
C.E.F.		**30,961**	-	443	(33,100)	(1,828)	-	3,524	-	**-**
Chevron		**733,129**	-	13,726	(668,850)	(89,333)	-	-	11,328	**-**
Prisma Capital		**539,437**	-	20,523	(511,470)	(40,272)	-	-	(8,218)	**-**
Safra		**23,637**	13,630	537	(37,780)	(512)	-	488	-	**-**
Banco do Brasil		**44,017**	-	826	(41,579)	(956)	-	(2,308)	-	**-**
BTG		**-**	275,575	2,821	(246,385)	(2,654)	-	(29,357)	-	**-**
ABC		**-**	80,000	442	(79,448)	(433)	-	(561)	-	**-**
Itaú		**-**	159,965	1,154	(153,312)	(1,149)	-	(6,658)	-	**-**
Funding costs	*	**-**	(7,343)	-	-	-	6,543	-	800	**-**
Subtotal		**1,909,719**	**1,213,225**	**54,638**	**(2,973,134)**	**(163,910)**	**6,543**	**(52,262)**	**5,181**	**-**
BOND		**-**	3,031,980	110,940	-	(103,655)	-	-	321,567	**3,360,832**
Funding costs	**	**-**	(54,152)	-	-	-	6,718	-	(5,477)	**(52,911)**
Total		**1,909,719**	**4,191,053**	**165,578**	**(2,973,134)**	**(267,565)**	**13,261**	**(52,262)**	**321,271**	**3,307,921**
Current		1,519,966								553
Non-current		389,753								3,307,368

* Costs with lawyers and advisors for fundraising from Prisma.
** Costs with banks, lawyers, and consultants for issuing the BOND.

(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.

This contract has 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. 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, 2022, the calculated indicator was below the established limit, complying with the contract clause.

(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 has 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. 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, 2022, the calculated indicator was below the established limit, complying with the contract clause.

(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.

(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.

This contract has 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. 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, 2022, the calculated indicator was below the established limit, complying with the contract clause.

(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) 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 repurchase 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.

This contract has 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. 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, 2022, the calculated indicator was below the established limit, complying with the contract clause. Additionally, this contract has non-financial obligations that are monitored quarterly and are fully met.

18. 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 issuance, 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 will bear 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, ICPA 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.

The company designated the debentures as hedged items, and the swap contracts with hedging instruments. Moreover, it decided to use hedge accounting, qualifying such hedging contracts 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.

Moreover, according to CPC 48, item 6.5.11, 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 2022, the amount recorded in Shareholders' Equity was R$ 89,310 (US$ 17,117).

(In thousands of reais, unless otherwise indicated)

Furthermore, the expenses for the issuance of debentures were capitalized and are being allocated to income (loss) for the term of maturity of the debentures. The Company capitalized R$ 72,601 (US$ 14,018).

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

		Additions			Translation		Mark-to-
	12/31/2021	**Principal**	**Interest**	**Allocation**	**adjustment**	**12/31/2022**	**market**
Debentures	-	2,000,000	75,403	-	-	**2,075,403**	-
Swap contracts - Assets	-	(2,000,000)	(75,403)	-	-	**(2,075,403)**	(211,439)
Swap contracts - Liabilities	-	2,000,000	49,102	-	11,159	**2,060,261**	300,749
Funding costs	-	(72,601)	-	3,062	-	**(69,539)**	-
Total	**-**	**1,927,399**	**49,102**	**3,062**	**11,159**	**1,990,722**	**89,310**
Current	-					40,514	-
Non-current	-					1,950,208	89,310

The debentures 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. 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, 2022, the calculated indicator was below the established limit, complying with the contract clause. Additionally, these contracts have non-financial obligations that are monitored quarterly and are fully met.

19. Leases CPC 06 (R2) / IFRS 16

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

Right-of-use assets	**Cost**	**Amortization**	**CTA**	**Balance**
Support Vessels	1,139,711	(114,572)	40,161	1,065,300
Helicopters	191,193	(20,811)	19,707	190,089
Buildings/Support Bases	151,981	(32,408)	(15,041)	104,532
Equipment	142,358	(25,877)	(5,429)	111,052
Total	**1,625,243**	**(193,668)**	**39,398**	**1,470,973**

To calculate the cost, the terms in which the assets will be needed for the operation and the incremental rate on the loans in force at the time of contracting the equipment lease were considered. The dollar-denominated contracts in force since the beginning were discounted at rates of 5.63% p.a., recalculated to 5.90% p.a. when the useful life of the Polvo Field increased. Contracts in reais are discounted at the rate of 10% p.a. For a dollar-denominated contract for a vessel that entered 2020, in dollars, the discount rate used was 8.95% p.a., and for two contracts that entered in the first quarter of 2022, the installment in dollars, the rate used was 4.45% p.a., for the installment in reais the rate used was CDI+2,05% p.a., the average of loans contracted in the period. Furthermore, a new aircraft charter contract in US dollars was included using the rate of 6.93% p.a.

As disclosed in Note 2.25, the new estimate of the Frade Field reserve, with the lengthening of the production curve, changed the lease discount rates, CDI+2,05% p.a. for contracts in Reais and 6.93% p.a. for contracts in US$.

(In thousands of reais, unless otherwise indicated)

The depreciations of the right of use, when related to assets used for the operations, are firstly recognized in inventory and then transferred to income when disposed. Administrative assets are directly recorded in the statement of income, both calculated under the straight-line method, observing the periods when they are used.

Exchange-rate change and inflation adjustment are recorded directly in the Company's statement of income.

The effects presented in the year were:

	Assets	Liabilities
Balance at December 31, 2020	**369,836**	**(626,100)**
Additions/Reversals	181,835	(81,543)
Currency adjustment	-	(35,464)
Price-level restatement	-	(45,000)
Payments made	-	194,735
Amortization	(125,804)	-
Balance at December 31, 2021	**425,867**	**(593,372)**
Additions/Reversals	1,099,323	(1,022,892)
Currency adjustment	-	49,225
Price-level restatement	-	(56,957)
Payments made	-	122,620
Amortization	(93,615)	-
Translation adjustment	39,398	18
Balance at December 31, 2022	**1,470,973**	**(1,501,358)**
Current	**-**	**(64,547)**
Non-current	**1,470,973**	**(1,436,811)**

In the first quarter of 2022, two vessels supporting the operation were replaced by more modern vessels with greater capacity, but at a higher cost. Moreover, the new estimate of Frade reserve, mentioned above, increased the Company's liabilities by R$ 1,022,892, assets by R$ 1,099,323 and the difference was recorded in income (loss) under other operating revenues and expenses.

Contract maturity **Maturity of installments**	**Amount R$**	**PIS/COFINS** **Amount R$**
2023	(164,301)	(14,440)
2024	(156,672)	(14,492)
2025	(156,317)	(14,459)
2026	(156,317)	(14,459)
2027	(156,317)	(14,459)
2028	(156,672)	(14,492)
2029	(156,317)	(14,459)
2030	(156,317)	(14,459)
2031	(156,317)	(14,459)
2032	(156,672)	(14,492)
2033–2041	(1,220,734)	(112,918)
Undiscounted amounts	(2,792,953)	(257,588)
Embedded interest	1,291,595	
Lease liability balance	(1,501,358)	

(In thousands of reais, unless otherwise indicated)

20. Current and deferred income tax and social contribution

Companies	Tax loss		Tax credit	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Prio	**183,100**	182,459	**62,254**	62,036
PrioIntl	**14,830**	14,817	**5,042**	5,038
PrioOG	**792,918**	1,122,454	**269,592**	381,634
Jaguar	**1,003,727**	1,313,150	**341,267**	446,471
Bravo	**734,989**	818,175	**249,896**	278,180
Brasoil Group (Coral, Opco and Energia)	**71,747**	85,837	**24,394**	29,185
Lux Holding	**4,448,549**	3,421,883	**1,109,468**	853,418
Lux Trading	**745,587**	689,146	**185,949**	171,873
	7,995,447	**7,647,921**	**2,247,862**	**2,227,835**

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 acquisition of the Polvo Field 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.

The provision for deferred income and social contribution tax is as follows:

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Negative goodwill/surplus in business combination	**-**	**-**	**129,882**	167,931
Temporary differences	**(10,970)**	(18,539)	**23,002**	(59,733)
Temporary differences - Translation adjustments *	**-**	-	**(63,588)**	-
Tax losses	**-**	-	**(781,372)**	(486,877)
Net balance of (Assets) Liabilities	**(10,970)**	(18,539)	**(692,076)**	(378,679)

Realization estimate	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033–2041	Total
Negative goodwill/surplus in business combination	14,481	12,214	10,389	9,151	8,273	7,620	7,032	6,541	6,168	5,880	42,133	**129,882**
Temporary differences	23,002	-	-	-	-	-	-	-	-	-	-	**23,002**
Tax losses	(468,924)	(46,970)	(36,675)	(31,653)	(27,313)	(24,065)	(21,156)	(18,713)	(16,824)	(15,710)	(73,369)	**(781,372)**

* 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.

(In thousands of reais, unless otherwise indicated)

21. Provision for abandonment (ARO)

Changes in the balance of provision for abandonment of wells in the Polvo, Tubarão Martelo, Manati and Frade Field are shown below:

	Polvo	Manati	Tubarão Martelo	Frade	Total
Balance at December 31, 2020	**232,243**	**48,995**	**221,939**	**357,830**	**861,007**
Frade Acquisition (30%)	-	-	-	159,937	159,937
Decrease	(84,867)	(2,048)	(58,100)	(66,279)	(211,294)
Currency adjustment	9,180	3,132	13,237	29,155	54,704
Price-level restatement	18,624	4,503	12,541	32,696	68,364
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**
(-) Maersk's guarantee / Manati's abandonment fund	(179,901)	(66,315)	-	-	(246,216)
Transfer to liabilities directly linked to non-current assets classified as held for sale	-	18,232	-	-	18,232
Net balance of liabilities	**(36,657)**	**-**	**150,736**	**157,552**	**271,631**

With the acquisition of the complementary 30% of the Frade field in February 2021, as described in Notes 1 and 12, a supplement was made to the provision for abandonment of the field, in the amount of R$ 159,937, proportional to the amount previously recorded in the company, of 70%.

For the Polvo and Tubarão Martelo Fields, with abandonment forecast in 2032, the abandonment estimates, both in dollars, are discounted to present value at the rate of 10.81% per annum. The Frade Field, with the abandonment forecast extended to 2041 and estimated in dollars, uses the rate of 11.07% per annum, while Manati Field uses 11.15% per annum for the estimated portion in Dollars and 12.38% per annum for the amount in Reais. The inflation rates used, when necessary, are an average of 2.0% per annum for amounts in dollars and 3.87% per annum for the portion in *reais*.

As highlighted in Note 2.25, there was a change in the present values of the provisions for abandonment due to the updating of discount and inflation rates of the fields and to the extension of the useful life of the Frade Field with a reduction of R$ 445,629. Of these, the amount of R$ 160,847, referring to Tubarão Martelo and Frade Fields, reduced intangible assets and the remainder was recorded in income (loss) in the amount of R$ 284,782.

(In thousands of reais, unless otherwise indicated)

22. Advances to/from partners in oil and gas operations

	Consolidated	
Operated blocks	**12/31/2022**	**12/31/2021**
Blocks operated (GALP - PEL 23 Namibia)	-	(644)
Dommo - TBMT	(29,303)	(32,850)
Total - Wahoo/Itaipu	(1,088)	(392)
IBV - Wahoo	(916)	669
Ecopetrol - Ceará	(85)	(2)
Total operated blocks	**(31,392)**	(33,219)
Petrobras - Coral/Cavalo Marinho/Manati	(2,012)	(6,436)
Total non-operated blocks	**(2,012)**	(6,436)
Liabilities associated with non-current assets held for sale	**2,068**	6,439
Total advances to/from partners	**(31,336)**	(33,216)

23. *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.

With the current scenario of the oil market, with prices above those practiced in recent years, the Company assessed that there were no indications of impairment that would result in the need to carry out calculations to verify the recoverable value of the assets against the amounts recorded in the year.

24. Shareholders' equity

24.1. Capital

As of December 31, 2022, the Company's subscribed and paid-in capital totaling R$ 5,543,039 is composed of 882,646,385 nominative, book-entry shares with no par value.

The Company recorded R$ 223,365 referring to share issuance costs in a capital reducing account and which comprise the balance shown of R$ 5,319,674.

Shareholder	Quantity of common shares	% of Interest
Aventti Strategic Partners LLP	133,287,200	15%
Truxt Investimentos	66,511,733	8%
Blackrock, INC.	44,229,389	5%
Other Shareholders	638,618,063	72%
Total	**882,646,385**	**100%**

*According to information disclosed in reference form.

(In thousands of reais, unless otherwise indicated)

The Company's Capital underwent changes in January 2022, with an increase of R$ 16,587 through the issuance of shares upon the exercise of stock options granted to employees, as described in Note 24.2.

The Company maintains the balance of Petro Rio S.A. common shares in Treasury Shares account, rectifying Shareholders' Equity, in the amount of 39,152,365 shares at acquisition cost of R$ 59,068.

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

	Program IV	Program VI	Program VII	Program VIII
Grant date by Board of Directors	11/05/2018	02/28/2019	02/28/2019	03/20/2020
Total stock options granted	122,923	84,129	64,220	439,156
Share price on granting date	118.00	150.98	150.98	12.40
Strike Price	54.7	86.27	97.06	17.36
Weighted fair value on concession date	69.06	77.29	81.97	3.52
Estimated volatility of share price	72.41%	53.09%	69.46%	77.01%
Risk-free rate of return	8.75%	7.78%	8.25%	5.60%
Option validity (in years)	4	3	4	2

	Program IX	Program X	Program XI	Program XII	Program XIII
Grant date by Board of Directors	03/20/2020	04/30/2021	04/30/2021	08/03/2022	08/03/2022
Total stock options granted	995,235	271,935	638,670	1,119,029	3,704,829
Share price on granting date	12.40	91.86	91.86	23.76	23.76
Strike Price	19.53	35.27	39.68	16.7	18.79
Weighted fair value on concession date	4.49	62.03	65.92	9.68	13.45
Estimated volatility of share price	66.17%	92.13%	73.64%	52.67%	74.19%
Risk-free rate of return	7.65%	6.41%	7.86%	13.28%	12.40%
Option validity (in years)	4	2	4	2	4

The Company has a balance recorded in shareholders' equity under "income (loss) from share-based remuneration", the amount of R$ 316,777, and the counterparty is in the statement of income as personnel cost since the grant.

Out of the options granted, 1,280,509 options were exercised on January 1, 2022, with the full payment of R$ 16,587 in the Company's capital.

24.3. Earnings per share

Pursuant to CPC 41 (IAS 33), the Company presents information on earnings per share for the years ended as of December 31, 2022 and 2021. Basic earnings per share are calculated by dividing income (loss) for the year attributed to the Parent Company's common and preferred shareholders by the weighted average number of common and preferred shares available in the year.

Diluted earnings per share are calculated by dividing income/loss attributable to Parent company's common shareholders by the weighted average number of common shares available for the year, plus the weighted average number of common shares that would be issued on conversion of all potential diluted common shares into common shares, excluding treasury shares in the year.

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

Basic and diluted earnings per share	12/31/2022	12/31/2021
Numerator (R$'000)		
Income (loss) for the year attributable to Group's shareholders	**3,427,072**	1,333,046
Denominator (in thousands of shares)		
Weighted average of number of common shares for basic earnings per share *	**843,819**	825,228
Basic earnings per share	**4.061**	1.615
Diluted earnings per share	**4.023**	1.597
Potentially dilutive shares in future periods with profit	***7,973***	*9,230*

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

24.4. 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:

	12/31/2022
Net income for the year	3,427,072
Formation of legal reserve (5%)	(171,354)
Balance to be distributed	3,255,718
Statutory minimum mandatory dividends (0.001%)	33
Allocation to unrealized profit reserve (art. 197, Law 6404/76)	**(33)**
Allocation to investment reserve (statutory 100%)	**(3,255,685)**

(In thousands of reais, unless otherwise indicated)

25. Related party transactions (Parent company)

	Parent company	
	12/31/2022	**12/31/2021**
Loan Prio x PrioIntl	**-**	2
Accounts Payable PrioO&G x Prio (i)	**62,805**	39,860
Service agreement Prio x Lux Holding (ii)	**-**	1,005
Apportionment of Brasoil's administrative expenses	**3,357**	1,957
Apportionment administrative expenses Frade	**22,392**	14,117
Loan Prio x Lux Trading (iii)	**(212,317)**	(220,114)
	(123,763)	(163,173)
Total non-current assets	**96,881**	56,941
Total non-current liabilities	**(220,644)**	(220,114)

(i) Balance of share-based remuneration plan between Prio and PrioOG.

(ii) Refers to contract entered into by Prio and Petrorio Lux Energy S.à.r.l. (subsequently merged by Lux Holding), which established that Petrorio Lux Energy S.à.r.l. should reimburse Prio of all expenses incurred for management of its assets (platform), such as salaries, rent of physical space and equipment, telephone, Internet and software.

(iii) Balance referring to loan contracts 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.

Management remuneration

The Company's management remuneration in the year ended December 31, 2022 was R$ 17,447 (R$ 6,385 as of December 31, 2021) as detailed below:

Management remuneration	12/31/2022	12/31/2021
Short-term employee benefits	**2,066**	**1,791**
Share-based payment	**15,381**	**4,594**
Total	**17,447**	**6,385**

(In thousands of reais, unless otherwise indicated)

26. Net revenue

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

	01/01/2022–12/31/2022			
	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**

	01/01/2021–12/31/2021			
	Polvo/TBMT	**Manati**	**Frade**	**Total**
Gross revenue	2,116,274	131,260	2,170,825	4,418,359
Deductions	-	(22,356)	-	(22,356)
Net revenue	**2,116,274**	**108,904**	**2,170,825**	**4,396,003**

27. Costs of products sold and services rendered

	Consolidated	
	12/31/2022	**12/31/2021**
Logistics	(52,806)	(92,206)
Consumables	(169,262)	(181,724)
Operation and maintenance	(169,525)	(221,645)
Personnel	(131,659)	(130,552)
Purchase of oil for resale	(319,207)	(120,370)
Other costs	(23,730)	(55,655)
Royalties and special interest	(498,385)	(321,092)
Amortization CPC 06 (R2)	(72,975)	(144,047)
Depreciation and amortization	(668,754)	(616,067)
Total	**(2,106,303)**	**(1,883,358)**

Oil stock (unaudited quantity by independent auditors)

	12/31/2022		**12/31/2021**	
	Amount	**Quantity**	**Amount**	**Quantity**
Polvo	9,134	52	61,655	361
Tubarão Martelo	63,253	387	47,970	239
Frade	44,570	675	79,852	687
Lux Trading	227,770	1,995	-	-
Total	**344,727**	**3,109**	**189,477**	**1,287**

Additionally, the Company has been investing in the inventory of materials for use in the operation of the fields and forming a minimum inventory for essential items, seeking to reduce costs on emergency purchases and the response time for the availability of these materials.

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28. Other revenues and expenses

	Parent company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
(Increase)/decrease in the provision for abandonment (rate/curve change)	**-**	**-**	**284,782**	153,195
Reversal (Provision) for labor contingencies	**-**	**-**	**1,979**	(9,760)
Reversal (Provision) for tax contingencies	**-**	**-**	**(720)**	4,144
Reversal (Provision) for civil contingencies	**-**	**-**	**2,677**	(52,741)
Tax credits (PIS and COFINS/INSS/ICMS)	**(8)**	**-**	**21,133**	6,235
Asset acquisition success rate	**-**	-	**-**	(17,119)
Labor indemnities from previous years	**-**	(247)	**-**	(3,184)
Decommissioning - Tubarão Azul	**-**	**-**	**(17,271)**	(17,288)
Indirect Overhead - Frade	**-**	**-**	**1,862**	(11)
Sponsorships	**-**	**-**	**(23,228)**	(4,350)
Inventory write-off due to FPSO return	**-**	**-**	**-**	(27,864)
Tieback - BW Demobilization	**-**	**-**	**(43,693)**	(32,331)
Withholding income tax (IRRF) on subsea lease	**-**	-	**-**	(33,662)
Maintenance of the Valente FPSO keel	**-**	**-**	**-**	(15,769)
Administrators' bonus not recorded	**-**	(4,594)	**-**	(19,530)
Write-off (Loss) of material inventory - Frade	**-**	**-**	**-**	(1,361)
Write-off of translation adjustment of PrioUSA	**-**	5,257	**-**	5,257
Depreciation expense of Manati (asset held for sale) *	**-**	-	**(9,327)**	-
CE-M-715 Block return – Ceará Basin	**-**	-	**(85,185)**	-
Drilling rig preparation expenses	**-**	-	**(25,681)**	-
Oil freight and warehousing expenses	**-**	-	**(51,108)**	-
Arbitration expenditures	**-**	-	**(4,699)**	-
Expenses with fall of Frade's crane	**-**	-	**(12,417)**	-
Expenses with Albacora Transition	**-**	-	**(8,274)**	-
Other revenues (expenses)	**(306)**	1,700	**(4,260)**	(9,423)
Total from continued operations	**(314)**	2,116	**26,570**	(75,562)

* Depreciation related to the period in which Manati was classified as held for sale, pursuant to Note 9.

29. Financial income (loss)

	Parent company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Financial revenues	**219**	111	**278,680**	71,480
Revenue from realized financial investment	**188**	89	**255,367**	69,232
Marked at fair value of derivatives	**-**	-	**-**	59
Other financial revenues	**31**	22	**23,313**	2,189
Financial expenses	**(5,750)**	(8,028)	**(558,099)**	(438,669)
Loss on realized financial investment	**-**	-	**(45,921)**	(27,202)
Interest on loans	**-**	(5,564)	**(339,834)**	(228,338)
Commission on bank guarantees	**-**	-	**-**	(3,113)
Marked at fair value - financial instruments			**-**	(6,550)
Marked at fair value - Derivatives	**-**	-	**14,490**	13,499
Loss in realization of derivatives	**-**	-	**(55,343)**	(116,247)
Fair value loss - Bond	**-**	-	**(5,810)**	-
Expenses with interest on leases	**-**	-	**(58,525)**	(35,416)
Other financial expenses	**(5,750)**	(2,464)	**(67,156)**	(35,302)
Net exchange-rate changes (*)	**1,866**	(13,090)	**25,026**	(255,133)
Revenue from exchange-rate change	**6,828**	34,039	**299,390**	875,056
Expense on foreign exchange rate	**(4,962)**	(47,129)	**(274,364)**	(1,130,189)

(*) 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.

(In thousands of reais, unless otherwise indicated)

30. 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		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Income before income tax and social contribution	**3,434,808**	1,328,688	**3,661,820**	1,499,121
Tax rate according to the current legislation	**34%**	34%	**34%**	34%
Income tax and social contribution based on the current rate	**1,167,835**	451,754	**1,245,019**	509,701
Non-deductible expenses/non-taxable revenue, net:				
Permanent differences	**5,509**	(28,394)	**(158,812)**	(3,934)
Temporary differences	**-**	-	**(60,713)**	(176)
Equity in income of subsidiaries	**(1,178,801)**	(462,121)	**(13,463)**	
Other additions (exclusions)	**-**	-	**-**	(69)
Deduction / Tax benefits	**-**	-	**(13,561)**	(12,931)
(Use of) tax loss	**-**	-	**(863,729)**	(340,599)
Unrecognized tax losses	**(5,963)**	34,403	**(5,963)**	34,412
Effect of reduced tax rates in the USA and Luxembourg	**-**	-	**(9,242)**	(14,589)
Difference in tax base – Functional Currency	**19,156**	-	**115,212**	(5,740)
Total	**7,736**	(4,358)	**234,748**	166,075
Income tax and social contribution	**-**	-	**545,460**	344,812
Deferred income tax	**7,736**	(4,358)	**(310,712)**	(178,737)
Net expense (revenue) from income tax and social contribution in income (loss)	**7,736**	(4,358)	**234,748**	166,075
Effective rate on pre-tax profit	**0.23%**	-0.33%	**6.41%**	11.08%

31. Segment reporting (Consolidated)

Prio is active in one sole operating segment, i.e. oil and gas exploration and production (E&P) in Brazil and overseas.

Segment reporting for continued operations:

	12/31/2022	12/31/2021
Current assets		
Brazil	3,348,944	4,047,184
Abroad	7,188,369	1,984,603
Non-current assets		
Brazil	9,303,666	5,297,336
Abroad	396,227	817,785

Revenue	12/31/2022	12/31/2021
Brazil	100,394	447,291
Abroad	6,263,081	3,948,712

(In thousands of reais, unless otherwise indicated)

32. 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, cash and cash equivalents are recorded in assets, as described in Notes 3 and 4.

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.

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 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	(1)	(459)	(916)

For the earnings from financial investments and securities the CDI projections disclosed by BM&FBOVESPA for the period of 12 months as of December 31, 2022 were taken into account under the probable scenario (CDI 13.64%), 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.

(In thousands of reais, unless otherwise indicated)

Exchange risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and net investments in foreign subsidiaries. The table below shows the sensitivity to a change that may occur in the exchange rate and the impact on the Company's income and equity, before taxation.

Operation	Risk	Probable scenario	Scenario (I) 25%	Scenario (II) 50%
Impact on financial investments	USD decr.	9,751	(42,872)	(85,744)
Provision for abandonment (ARO)	USD incr.	(13,526)	(59,470)	(118,941)

For calculation of the amounts included in the above scenarios the average exchange rate projection disclosed by BM&FBOVESPA for the period of 12 months as of December 31, 2022 (US$ 1/R$ 5.5144). Under scenario I, this projection was increased by 25% and under scenario II, the curve was increased by 50%, both against 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. In the year ended December 31, 2022 oil net sales were decentralized, with sales to clients Trafigura and Petrochina and gas sales in other client (Petrobras); however, they present an irrelevant credit risk, considering that its background does not show any delays or defaults.

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Liquidity risk

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

Consolidated

Year ended December 31, 2022	up to 12 months	1–5 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)**
Contractual charges (Leases - IFRS 16)	(64,547)	(1,436,811)	**(1,501,358)**
Accounts payable – acquisition of Wahoo	(43,433)	(1,843)	**(45,276)**
	(1,404,393)	**(9,022,764)**	**(10,427,157)**

Year ended December 31, 2021	up to 12 months	1–5 years	Total
Liabilities			
Loans and financing	(553)	(3,307,368)	**(3,307,921)**
Suppliers	(292,239)	(400)	**(292,639)**
Labor obligations	(131,475)	-	**(131,475)**
Taxes and social contributions	(183,678)	-	**(183,678)**
Provision for abandonment	-	(692,289)	**(692,289)**
Provision for contingencies	-	(27,284)	**(27,284)**
Contractual charges (Leases - IFRS 16)	(137,784)	(455,553)	**(593,337)**
Other liabilities	(376,684)	(362)	**(377,046)**
	(1,122,413)	**(4,483,256)**	**(5,605,669)**

Parent company

Year ended December 31, 2022	up to 12 months	1–5 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)**

Year ended December 31, 2021	up to 12 months	1–5 years	Total
Liabilities			
Suppliers and other	(220)	-	**(220)**
Labor obligations	(27,321)	-	**(27,321)**
Taxes and social contributions	(829)	-	**(829)**
Provision for contingencies	-	(500)	**(500)**
	(28,370)	**(500)**	**(28,870)**

(In thousands of reais, unless otherwise indicated)

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:

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.

	12/31/2022				12/31/2021			
	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)	-	-	166,304	166,304	-	-	915,033	915,033
Related parties	96,881	96,881	-	-	56,941	56,941	-	-
Fair value through profit or loss								
Cash and cash equivalents (ii)	17,148	17,148	9,612,961	9,612,961	23,581	23,581	970,681	970,681
Securities (ii)	-	-	-	-	350	350	3,680,185	3,680,185
Financial liabilities								
Amortized cost:								
Suppliers (i)	218	218	567,429	567,429	220	220	292,604	292,604
Loans and financing	-	-	5,641,366	5,641,366	-	-	3,307,921	1,909,719
Debentures and Swap	-	-	1,990,722	2,080,032	-	-	-	-
Contractual charges (Leases - IFRS 16)	-	-	1,501,358	1,501,358	-	-	593,372	593,372
Other obligations	-	-	43,433	43,433	-	-	376,684	376,684

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, 2022.

(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, unless otherwise indicated)

33. Insurance (Not audited by independent auditors)

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

The Company is covered against major risks such as P&I to FPSO Valente, FPSO Bravo and Sonda King Maker, Energy Package, which includes: Physical damage over offshore assets, Operator's extra expenses (OEE), Offshore Liability (TPL) and Cargo/equipment coverage related to the Polvo, Manati, Frade e Tubarão Martelo field operations and D&O (Directors & Officers Liability) policy for its administrators.

The insurance policies in force as of December 31, 2022 cover the Insured Amount of R$ 23,986,634. 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)	652,213
Fixed Platform	949,621
Offshore Platform	116,355
FPSO Frade	3,865,794
Subsea Equipment	913,779
Offshore property (Pipeline)	226,970
Onshore properties (Pipeline)	61,047
Onshore Treatment Station	90,788
OEE production (Well control)	654,821
OEE Production ODP-4	1,565,310
Offshore Civil Liability + Surplus	2,974,089
Cargo (Polvo)	5,000
D&O	40,000
P&I	7,565,665
General liability	5,000
Property	13,200
Legal guarantee	346,183
PEM guarantee insurance - ANP	260,885
Travel Insurance Travel Guard	1,435
FPSO OSX-3 Hull and Machine	3,548,036
Sonda King Maker	130,443
Total insured	**23,986,634**

34. 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, 2022 and December 31, 2021 in the amounts of R$ 23,350 and R$ 27,284, respectively, are sufficient to cover losses considered probable and reasonably estimated.

Nature of contingencies recorded

Currently, the Company is party to lawsuits with probable risk, which are basically labor claims that add up to R$ 10,401, tax claims of R$ 388, civil claims in the amount of R$ 12,561 (as of December 31, 2021, R$ 15,282, R$ 365 and R$ 11,637, respectively).

Other suits

According to the Group's legal advisors, the risk of loss in other lawsuits is classified as "possible" in the amount of R$ 1,152,417 (R$ 1,936,067 as of December 31, 2021), of which R$ 554,398 refers to tax claims, R$ 589,446 is related to civil claims and R$ 8,573 to labor claims (R$ 1,275,797, R$ 621,400 and R$ 38,870, respectively, as of December 31, 2021). The lawsuits with the most relevant values are: 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; from the Attorney General's Office of the National Treasury in the amount of R$ 206,599, 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; Brazilian Federal Revenue Service, in the amount of R$ 82,300, 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; Public Treasury Court in the amount of R$ 66,596, referring to the collection of ICMS on imports in the temporary admissions at Jaguar, which occurred in October and December 2007, when operated by Chevron; arbitration decision handed down by Tuscany, in the amount of R$ 65,024, referring to the reimbursement due to the early termination of the lease and operating agreements for helitransportable drilling rigs for O&G; National Agency of Petroleum, Natural Gas and Biofuels ("ANP") in the amount of R$ 53,467 charging a fine on Jaguar's special interest when it was still operated by Chevron. Additionally, the assessment by the Brazilian Federal Revenue Service ("RFB"), published in the first quarter of 2022, in the amount of R$ 669,036, related to federal taxes suspended on the temporary admission of the FPSO Polvo and its mooring system, had its loss likelihood changed by the lawyers to remote in June 2022. And Lawsuit filed by Geoquasar's bankrupt estate in the amount of R$ 128,433, requesting compensation due to the termination of the contract for the provision of seismic data collection services in the Solimões Basin, in 2013, assessed as a possible loss, receiving a final and unappealable decision in favor of Prio in the third quarter of 2022, thus annulling the process.

35. Subsequent events

35.1. Completion of the merger of Dommo's shares

On January 9, 2023, the Company completed the merger of all the shares of Dommo Energia S.A. ("Dommo"). On 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, redeemed on January 13, 2023.

Eventual fractions of PRIO3 Call Options will be grouped into whole numbers to then be acquired by the OpCo for the amount of R$ 6.39 for each PRIO3 Call Option. The amounts paid by the OpCo in connection with said acquisition will be made available, net of fees and any taxes, to holders of subscription warrants issued by Dommo, holders of the respective fractions, in proportion to their equity interest in each PRIO3 Call Options acquired by the OpCo.

35.2. Acquisition of equity interest in Albacora Leste field

On January 26, 2023, the Company disclosed the payment related to the acquisition of a 90% interest in Campo de Albacora Leste ("Field" or "Albacora Leste") with Petróleo Brasileiro S.A. ("Petrobras"). As of this date, after completing the formal procedures, PRIO takes over the operation of the asset.

The fixed portion of the transaction was US$ 1,951 million (R$ 10,180 million), of which US$ 293 million (R$ 1,528 million) was paid upon signature of the agreement in April 28, 2022, and the remainder will be paid on January 26, 2023, restated by due price adjustments. Furthermore, an additional payment (earnout) of up to US$ 250 million may be made, depending on future Brent oil quotations.
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 and currently has a production of approximately 32 kbpd (average of the last 30 days) and net 27.2 kbbld to PRIO, API 19° with low levels of Sulphur, through its 10 production wells and 6 injection wells currently in operation.

According to Certification of Reserves requested by PRIO and prepared by DeGolyer & MacNaughton ("D&M") on the base date of October 2022, the field had an economically recoverable reserve (1P) with approximately 280 million barrels with a net reserve of over 240 million barrels for PRIO, expected to be abandoned after 2050. Estimates consider a long-term price of US$ 60 per barrel of oil.

35.3. Capital increase

On January 2, 2023, the Board of Directors approved the Company's Capital Increase, resulting from the issuance of shares for the exercise of stock options granted to employees, in the amount of R$ 33,144, with the issuance of 4,582,762 new common shares.