



# Conference Call **Earnings Release 2Q21**

AUGUST 17<sup>TH</sup>, 2021





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**We are on the path to lead the transformation of the onshore industry in Brazil, being the safest, most efficient and most profitable independent Oil and Gas operator.**

## **2Q21 Highlights and Subsequent Events**

**We took over the operations of Sabiá da Mata and Sabiá Bico-de-Osso fields, located in the Potiguar District and as a subsequent event, we started the 2021 Drilling Campaign.**

**Additionally, our subsidiary Potiguar E&P was declared the winner of the Process of a Public Call for Supply of Natural Gas - 2022/2023 of Potigás - Potiguar Gas Company.**



**Growth of 11.3% in total production for the second quarter of 2021, when compared to the same period in 2020;**

Growth of 34.3% and 10.4%, respectively, in Net Revenue and EBITDA in the second quarter of 2021, when compared to the same period in 2020;

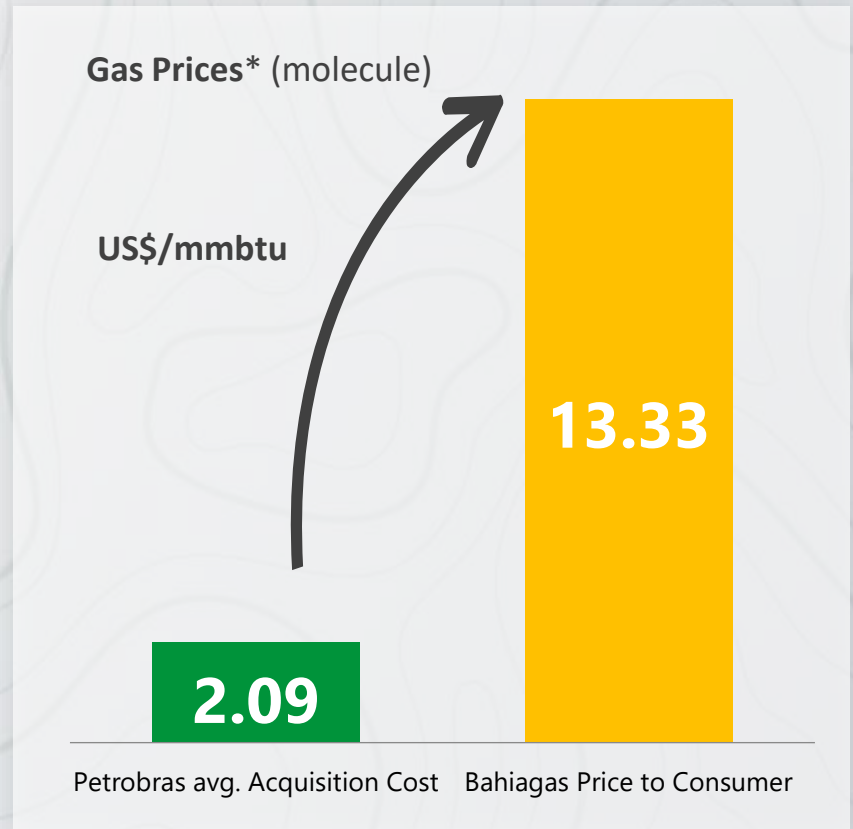
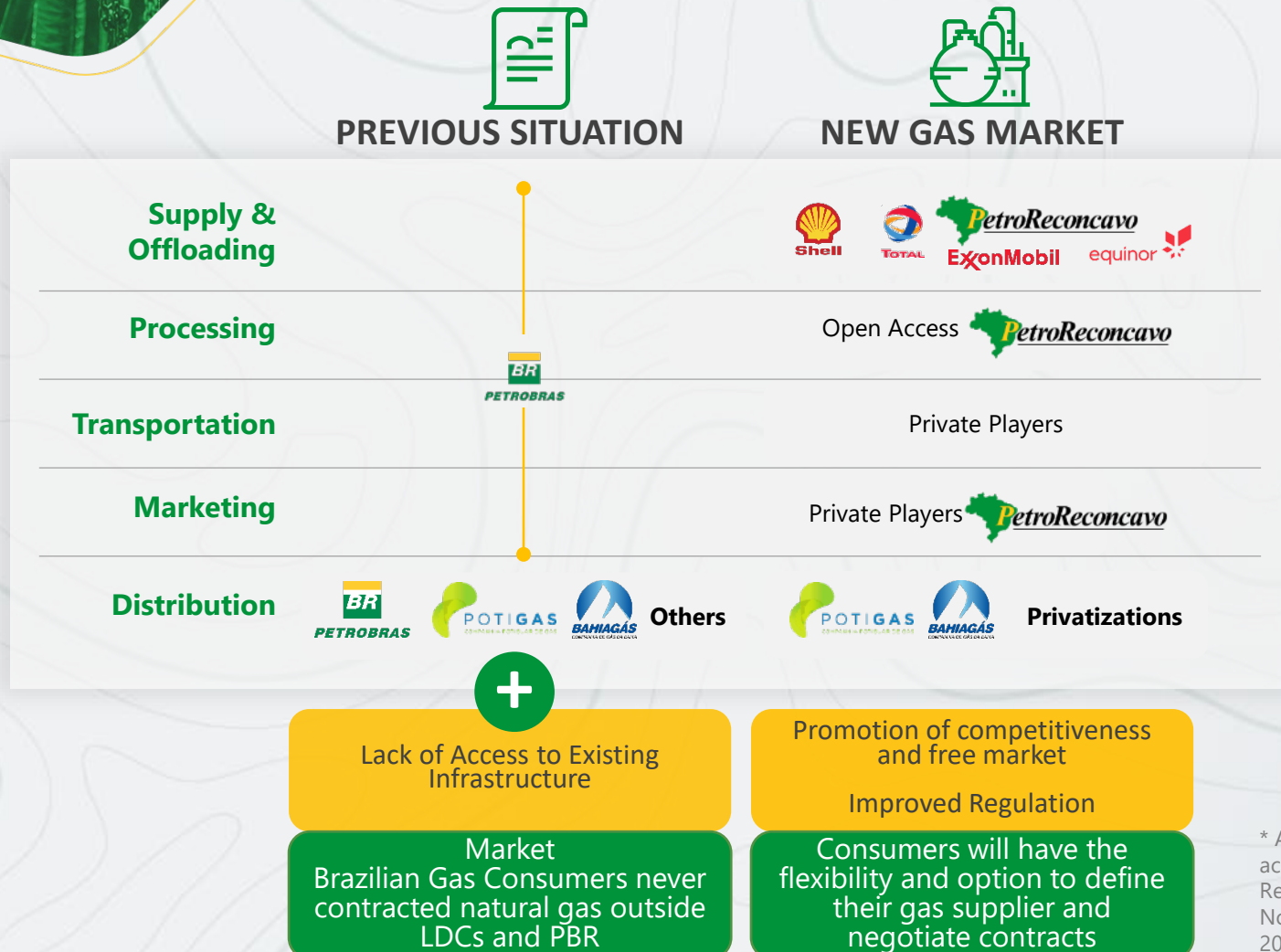
Net Income of R\$94.5 Million reversing a loss of R\$15.1 Million in 2Q20;

**We increased the volume of hours worked and had no lost time incidents accident;**

We continue with the mobilization of two new internal workover rigs and one light rig, in addition to contracting two other workover rigs with service providers;

Approval by ANP on the assignment of the concessions of the Remanso Cluster and beginning of the process to transfer environmental licenses ownership.

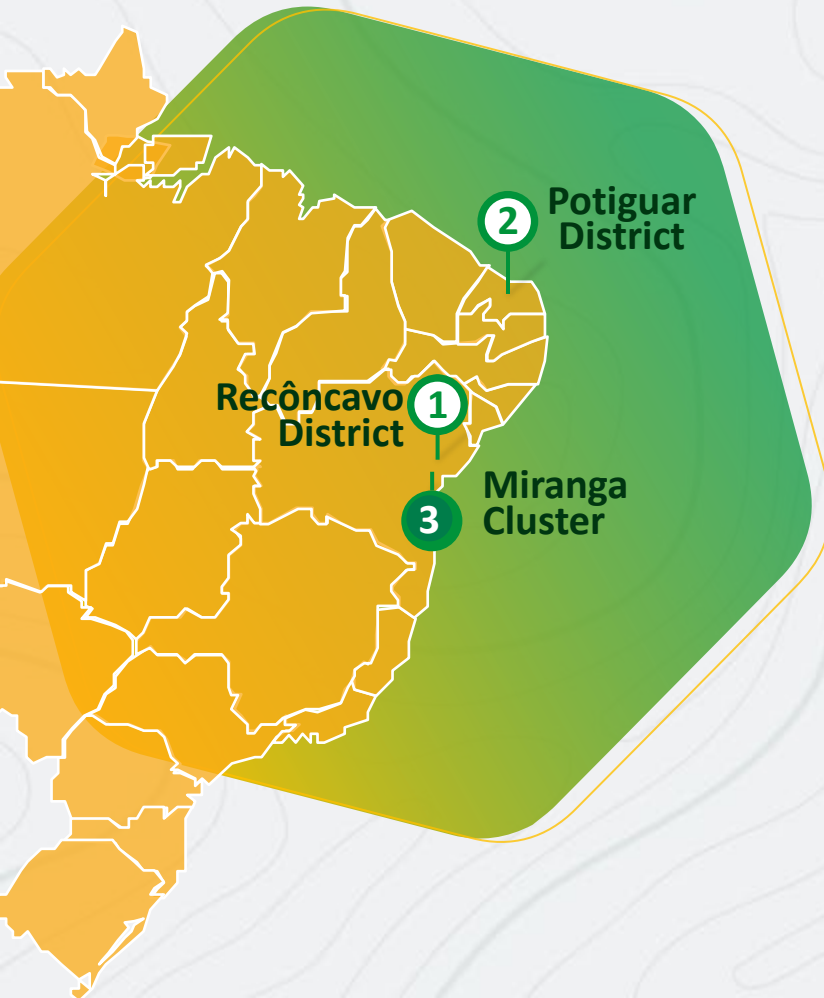
# Active search for new opportunities within the New Gas Market, winning the 1<sup>st</sup> Public Call of Potigás



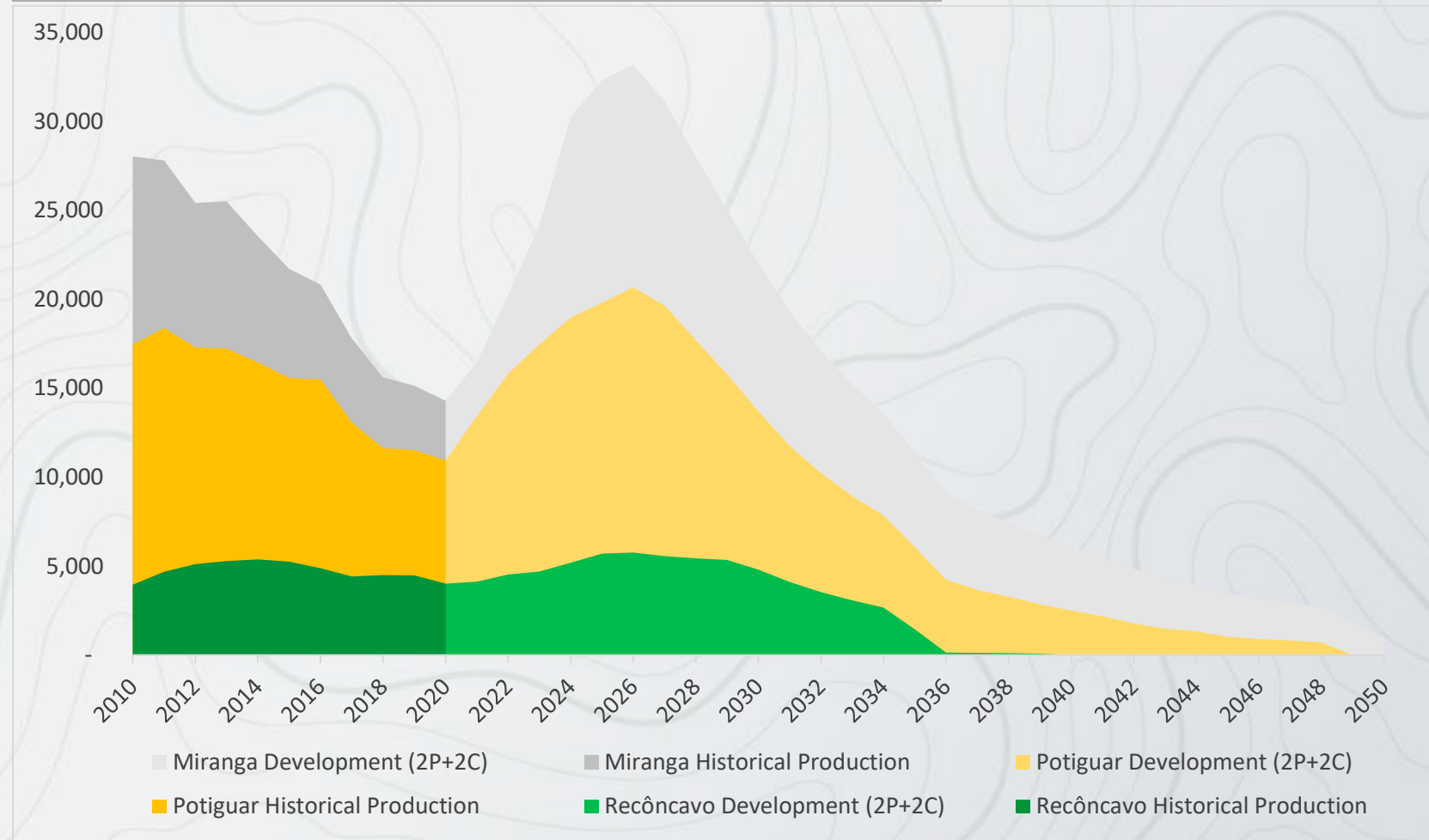
\* All cost of molecule including taxes; Petrobras average acquisition price between producers for Camamu, Recôncavo, Potiguar, Santos and Campos basins, as of November 2020; Bahiagás price for industrial consumer 20.001-35.000 m3/d, as per 07/07/2021

# Assets Portfolio

## NSAI Reserves Certification Report



Gross Daily Production (average BOED)



Fonte: NSAI Reserves Report



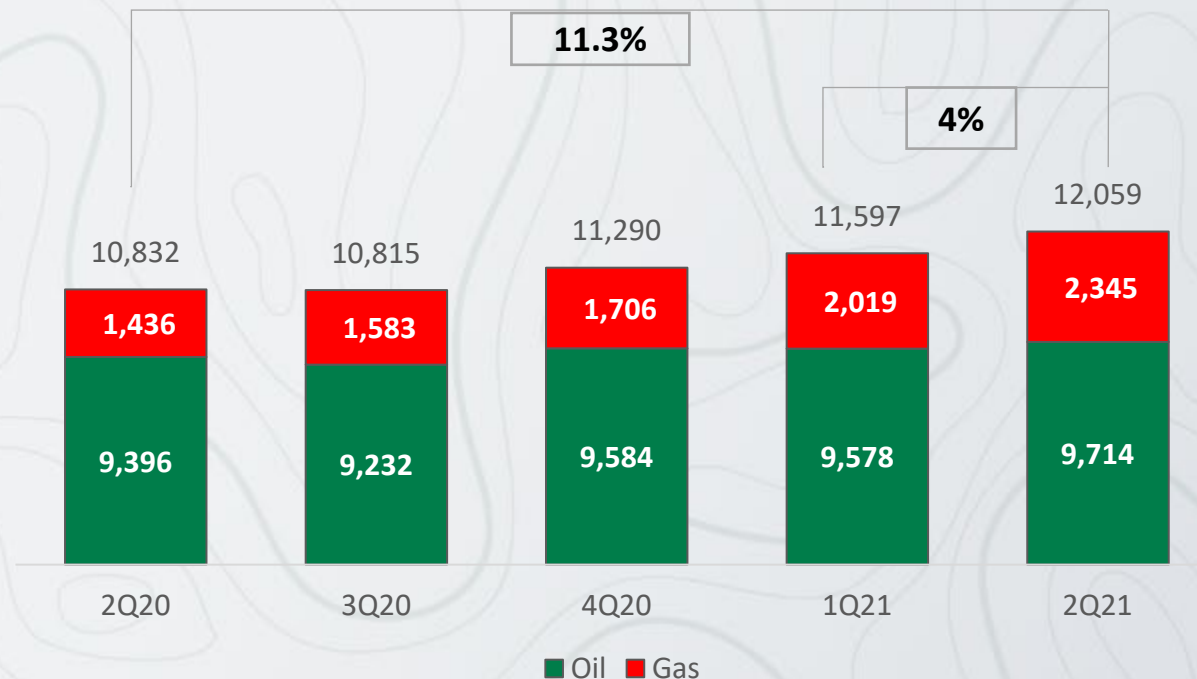


# Continued production ramp up with an average of 12,059 BOED in 2Q21



Gross Daily Production	In Barrels of Oil Equivalent per day - BOED		
	2Q21	2Q20	Δ%
RECONCAVO DISTRICT	3,694	4,128	-10.5%
POTIGUAR DISTRICT	8,364	6,704	24.8%
GROSS DAILY PRODUCTION	12,059	10,832	11.3%

Total PetroReconcavo Production (boed)



Resumption of investments after activity reduction due to pandemic impact and Brent recovery.



# Potiguar District

## Increase of 24.8% in 2Q21 vs 2Q20 production and 7% when compared to 1Q21



Potiguar E&P Total Production	In Barrels of Oil Equivalent per day - BOED		
	2Q21	2Q20	Δ%
Oil	6,580	5,735	14.7%
Gas	1,784	968	84.2%
<b>Total Potiguar E&amp;P</b>	<b>8,364</b>	<b>6,704</b>	<b>24.8%</b>



Three onshore production Rigs operating in the district in 2Q21



Workovers 2Q21 with a focus on the **Lorena** and **Riacho da Forquilha** fields

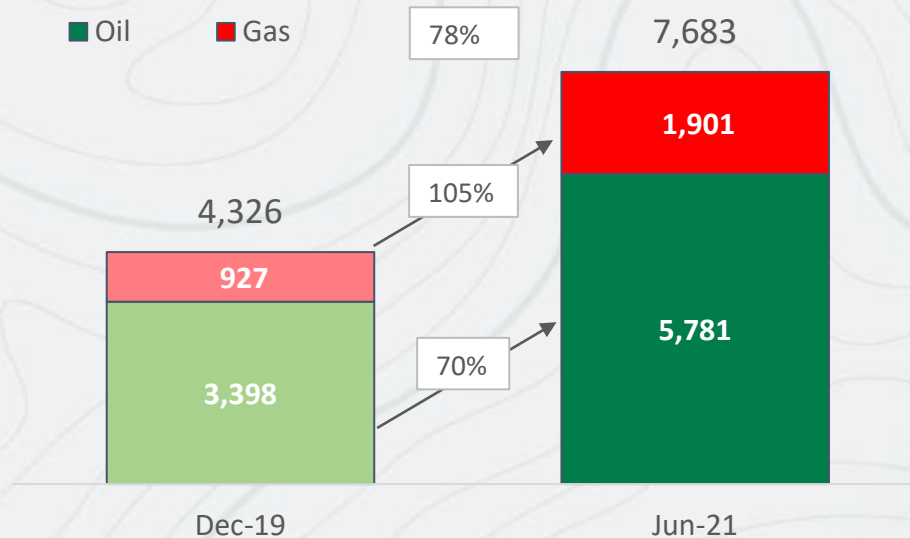


Increase in natural gas production aligned with improved marketing conditions

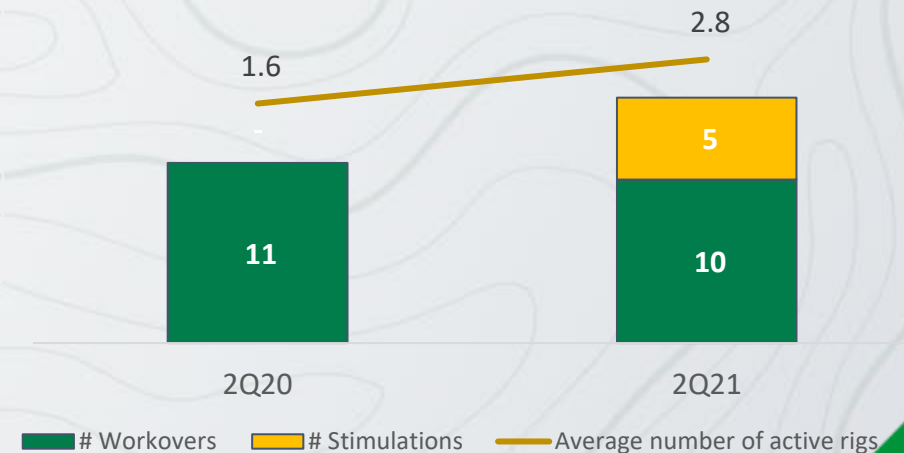


Additionally, start of the **drilling** campaign

Potiguar E&P 30 fields Production (boed)



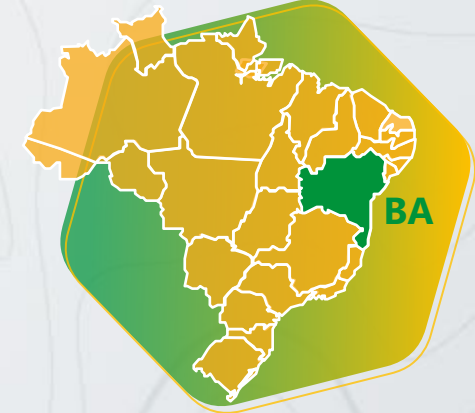
Potiguar District – Average Number of Active Rigs, Workovers and Stimulations



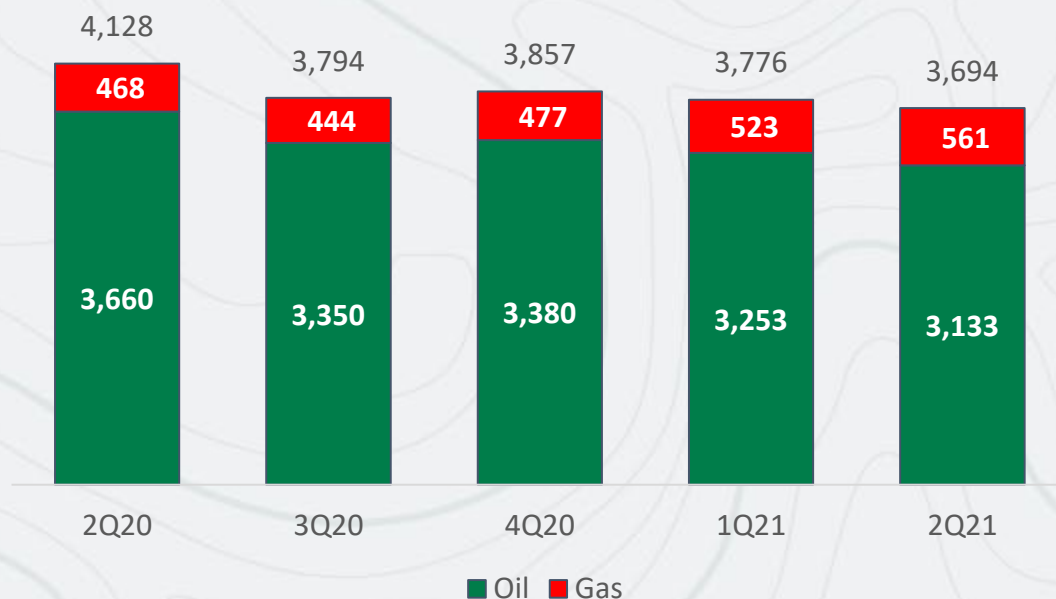


## Reconcavo District

Average production of 3,694 boed in 2Q21,  
10.5% lower than 2Q20



Total Reconcavo District Production (boed)



Resumption of  
Workover Projects  
in the District

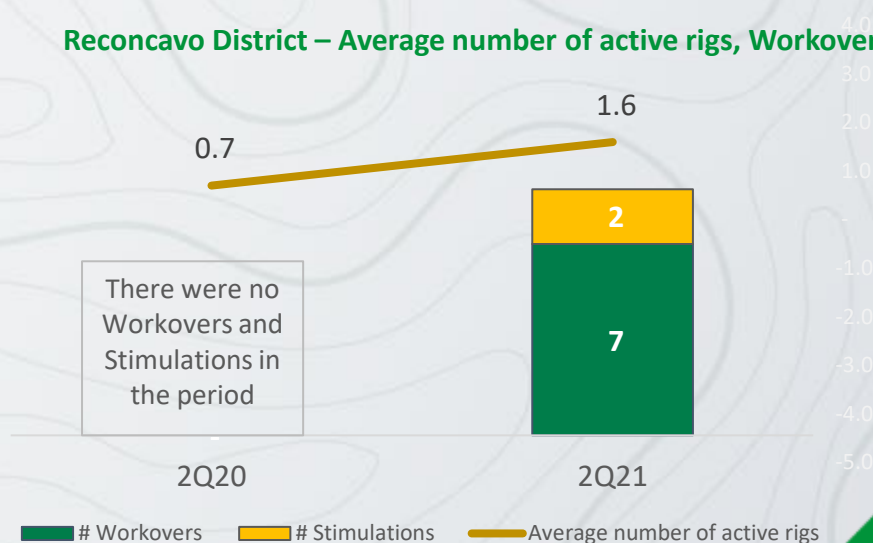


Backlog Reduction, but  
high production  
continue well failure



6 wells (160 boed)  
pending  
reconstruction of  
Satellite 01  
(landslide)

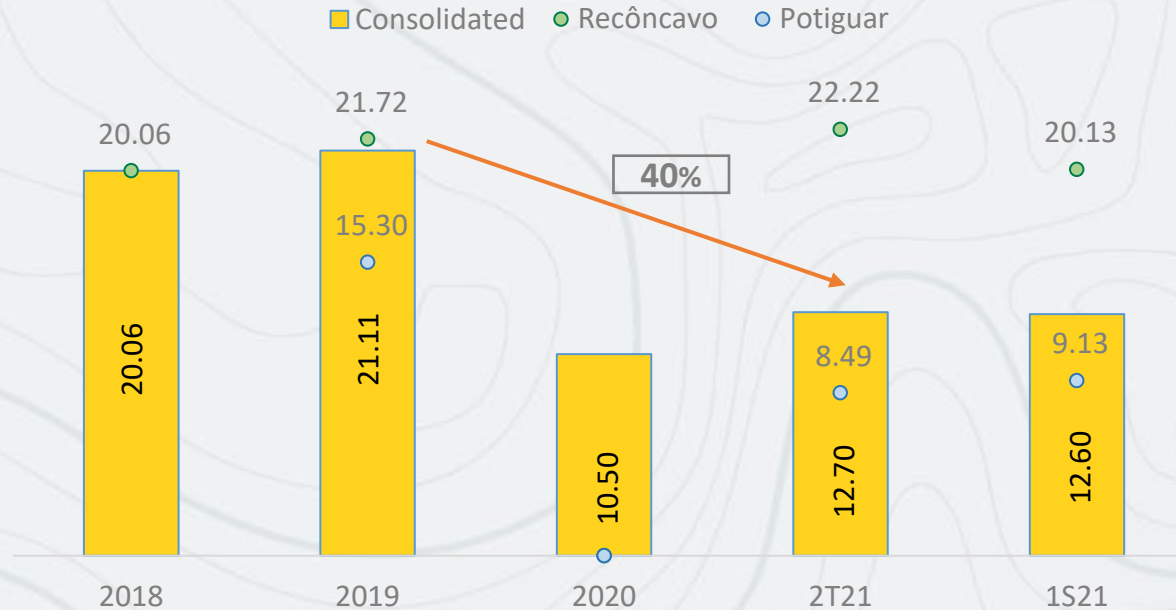
Reconcavo District – Average number of active rigs, Workovers and Stimulations





## Average production cost of \$12.70/boe in 2Q21, 40% reduction when compared to 2019

Consolidated Average Production Cost (US\$/boe)



- Costs associated with the **resumption of production** and **acceleration of asset maintenance**;
- With the **improvement of the gas sales contract prices**, we started a process of **revitalization of gas compression and pipeline network**;
- Approximately R\$5 million of extraordinary costs related to the transfer of Sonangol's operations.
- With the start of **Miranga Cluster operations in the Recôncavo Basin**, we aim to **capture operational and financial synergies**, with potential reduction of average production costs.
- In 2020, due to the pandemic, and impact on Brent prices, the Company significantly reduced non-critical activities

# Significant Results in the Quarter Financial Statements - DRE

## Consolidated DRE (in thousands of R\$)

	2Q21	2Q20	Δ%	1521	1520	Δ%
Net revenue	249,110	185,488	34.3%	494,898	381,036	29.9%
Costs and expenses	(117,756)	(66,521)	77.0%	(231,912)	(156,740)	48.0%
<b>EBITDA</b>	<b>131,354</b>	<b>118,967</b>	<b>10.4%</b>	<b>262,986</b>	<b>224,296</b>	<b>17.2%</b>
Depreciation, amortization and depletion	(68,381)	(53,107)	28.8%	(129,433)	(106,377)	21.7%
<b>Operating profit</b>	<b>62,973</b>	<b>65,860</b>	<b>-4.4%</b>	<b>133,553</b>	<b>117,919</b>	<b>13.3%</b>
Net financial result	63.670	(85.454)	n.m.	(31.115)	(342.345)	n.m.
Current taxes	(17,986)	(5,316)	238.3%	(20,149)	(12,670)	59.0%
Deferred taxes	(14,091)	9,754	-244.5%	(613)	85,899	-100.7%
<b>Net income</b>	<b>94,566</b>	<b>(15,156)</b>	<b>n.m.</b>	<b>81,676</b>	<b>(151,197)</b>	<b>n.m.</b>

### Net Revenue: 34% increase vs 2Q20

Increase in Production and appreciation of the commodity price, net of derivative financial instruments (hedge);

### Costs and Expenses: 77% increase vs 2Q20

Royalties; Costs associated with resumption of production, increase in corporate structure and non-recurring expenses;

Net Financial Results: Positive at R\$63,67 million in the quarter. Impact of the appreciation of the Real on Dollar debt;

Taxes: Increase in Taxes due to the increase in Results; Accumulated tax loss impacting deferred taxes;

Net Income: Profit of R\$94,566 million in the quarter and R\$81,676 million annually cumulative to date

# Hedge Contracts

Instruments of hedge open contracts	Average strike price 30/06/2021	Quantity 30/06/2021	Fair value of the hedging instruments 30/06/2021
	US\$/barrel	In barrels	R\$ thousand
Less than 3 months	58.52	527,860	(41,914)
From 3 to 6 months	57.82	557,240	(40,252)
From 6 to 12 months	56.10	993,200	(69,518)
From 1 to 2 years	51.85	1,784,567	(132,766)
From 2 to 3 years	53.13	1,281,000	(63,879)
<b>Total</b>	<b>54.32*</b>	<b>5,143,867</b>	<b>(348,329)</b>

\* Average strike of fixed-term contracts not yet settled as of June 30, 2021.

**In the quarter, hedging contracts with a net volume of 504k barrels of oil were settled at an average price of \$58.86/bbl**

The Company shall maintain a portion of its projected net production hedge (1P) for the next 36 months based on its Reserve Report, in the following proportions:

- 80% of production (1P) or 90% of production (PDP), the lower number between the 2 options, for the first 12 months;
- 60% of production (1P) from the 13th to the 24th month;
- 40% of production (1P) from the 25th to the 36th month.



# Financial Statements - Summarized Cash Flow

Consolidated cash flow statement (in thousands of R\$)						
	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Profit (loss) before taxes	126,643	(19,594)	-746.3%	102,438	(224,426)	-145.6%
Depreciation, amortization and depletion	68,381	53,107	28.8%	129,433	106,377	21.7%
Interest and exchange variations, net	(102,997)	77,641	-232.7%	872	326,270	-99.7%
Asset and rental losses	24,470	3,044	703.9%	56,740	23,521	141.2%
Good adjustments and variations	2,830	(813)	-448.1%	8,586	9,787	-12.3%
Change in assets and liabilities	16,825	2,877	484.8%	(8,492)	(31,980)	-73.4%
Interest paid	(15,564)	(22,144)	-29.7%	(31,331)	(32,129)	-2.5%
<b>Cash generated by operating activities</b>	<b>120,588</b>	<b>94,118</b>	<b>28.1%</b>	<b>258,246</b>	<b>177,420</b>	<b>45.6%</b>
Additions to property, plant and equipment	(61,073)	(10,352)	490.0%	(187,078)	(61,070)	206.3%
Financial investments	(872,773)	(73,957)	1080.1%	(870,548)	(130,591)	566.6%
<b>Cash invested in investment activities</b>	<b>(933,846)</b>	<b>(84,309)</b>	<b>1007.6%</b>	<b>(1,057,626)</b>	<b>(191,661)</b>	<b>451.8%</b>
Borrowings	-	-	n.a.	60,479	-	n.a.
Amortization of financing and market leases	(73,480)	(7,676)	857.3%	(134,653)	(10,785)	1148.5%
Increase in share capital, net of cost for issuance	1,111,648	1,015	109422.0%	1,111,648	3,375	32837.7%
<b>Cash generated (applied) in financing activities</b>	<b>1,038,168</b>	<b>(6,661)</b>	<b>-15685.8%</b>	<b>1,037,474</b>	<b>(7,410)</b>	<b>-14101.0%</b>
<b>Increase (decrease) in cash balance and cash equivalents</b>	<b>224,910</b>	<b>3,148</b>	<b>7044.5%</b>	<b>238,094</b>	<b>(21,651)</b>	<b>-1199.7%</b>

## Cash generated by operating activities: 28% increase vs 2Q20

Higher operating income in the period and gains in working capital;

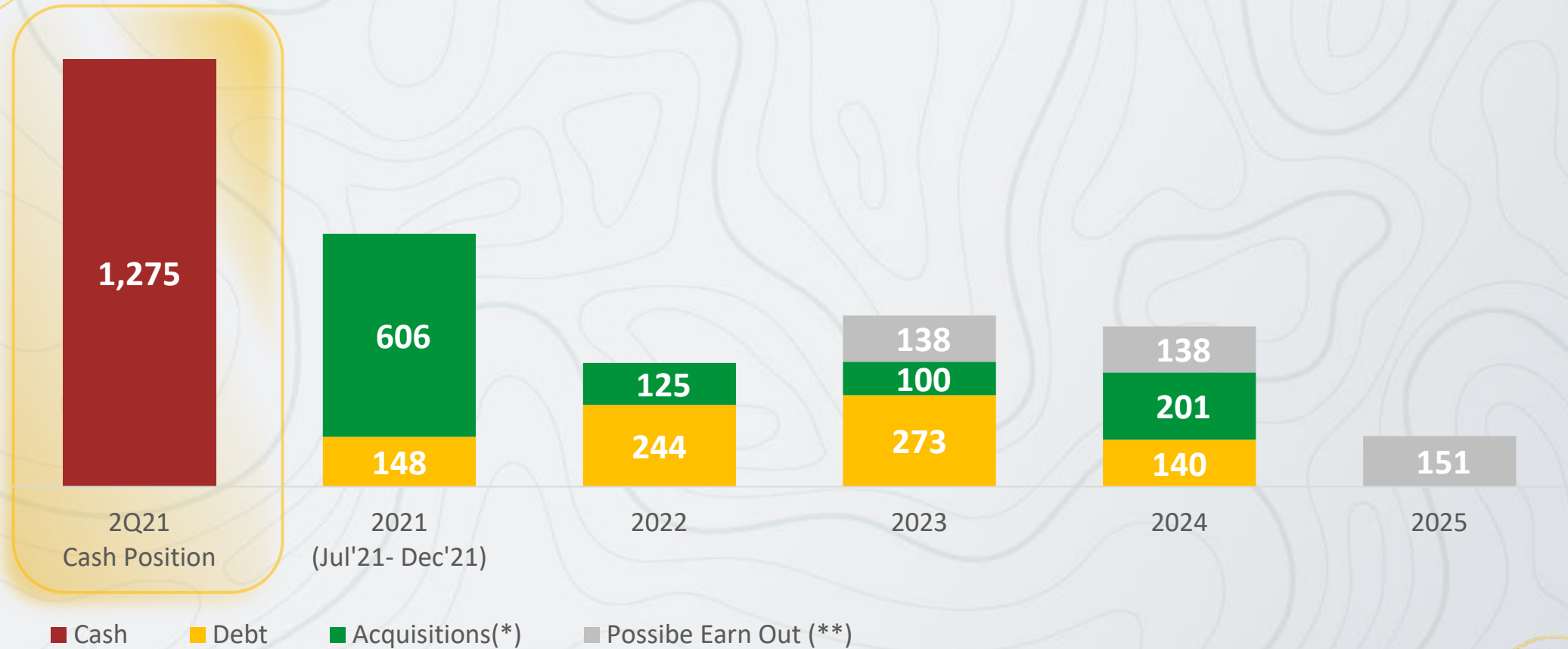
## Cash invested in investment activities: 1008% greater than 2Q20

Acceleration of the investment program; and financial investments of part of the resources obtained from the Company's IPO;

## Cash generated in financing activities: R\$ 1,038 million

Arising from the resources obtained from the Company's IPO and debt amortization spending according to existing schedule

# Estimated schedule of debt payments and acquisitions (R\$ MM)



(\*) Acquisitions consider the dollar rate of 06/30/2023

(\*\*) Contingent payments, linked to different possible bands of the oil reference price (Brent)

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TRANSFORMATION  
IN BRAZIL

## Next steps



Take over as **concessionaire** on the **Miranga and Remanso Clusters**



Accelerate the investment program to **increase production**, continue 2021 **drilling program**



Active search for new opportunities within the New Gas Market



Continue to explore and **develop M&A opportunities** including the remaining Petrobras onshore mature assets and other opportunities in the O&G business, with a long-term view seeking to add value thorough its superior field development and production expertise.