

EARNINGS RELEASE

Second Quarter 2021

2Q21 Results Conference Call

Tuesday, August 17th, 2021

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 **PetroReconcavo**

2Q21 Highlights

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Mata de São João, August 16, 2021 – PetroReconcavo S.A. ("PetroReconcavo" or "Company") (B3: RECV3) today announces its results for the second quarter of 2021 (2Q21). The following information is presented in a consolidated manner in thousands of Reais (R\$) in accordance with international standards of financial statements (IFRS) and in accordance with accounting practices adopted in Brazil, except where otherwise specified.

2Q21 Highlights

- Growth of 34.3% and 10.4%, respectively, in net revenues and EBITDA in the second quarter of 2021, when compared to the same period of 2020. Net income in the quarter of R\$94.5 million;
- Growth of 11.3% in total production in the second quarter of 2021, when compared to the same period of 2020 and 4.0% when compared to 1Q21;
- On May 22, we reached a historic milestone of 1.000 days without lost time accidents in the Recôncavo District;
- Net cash position of more than R\$450 million, after the completion of the Initial Public Offering of primary distribution of common shares issued by the Company;
- In May 2021, the ANP approved the assignment of the concession contracts of Remanso Cluster. For the closing of the transaction, the title of environmental licenses must still be transferred;
- In June 2021, the subsidiary Potiguar E&P took over the operations of the Sabiá da Mata and Sabiá Bico-de-Osso fields, located in the Potiguar District, which were previously operated by Sonangol Hidrocarbonetos do Brasil. The subsidiary participates in these fields under consortium with a 70% stake in these concessions;
- In June 2021, the concession contract for the POT-T-702 exploratory block in the Potiguar District was signed;
- As a subsequent event, the subsidiary Potiguar E&P was declared the winner of the Process of Public Call for Supply of Natural Gas – 2022/2023 of Potigás – Companhia Potiguar de Gás, for having presented a more competitive proposal and better commercial conditions; and
- Also, as a subsequent event, the Company began its 2021 Drilling Campaign in the Potiguar District, having drilled, until the date of this release, three wells, not yet completed.



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Key Indicators (in thousands of R\$, except as otherwise noted)

	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Net revenue	249,110	185,488	34.3%	494,898	381,036	29.9%
Net Income (Loss) for the period	94,566	(15,156)	n.m.	81,676	(151,197)	n.m.
Net margin ¹	37.96%	-8.17%	n.m.	16.50%	-39.68%	n.m.
EBITDA ²	131,354	118,967	10.4%	262,986	224,296	17.2%
EBITDA Margin ³	52.73%	64.14%	-17.8%	53.14%	58.86%	-9.7%
(Net Cash) Net Debt ⁴	(469,531)	869,164	n.m.	(469,531)	869,164	n.m.
Net Debt/ EBITDA last 12 months ⁵	-0.92 x	2.76 x	n.m.	-0.92 x	2.76 x	n.m.
Average gross production (boe per day)	12,059	10,832	11.3%	11,829	11,244	5.2%
Average production cost per boe in R\$ ⁶	R\$ 67.22	R\$ 51.63	30.2%	R\$ 67.83	R\$ 56.36	20.3%
Gross production (in boe)	1,097,332	985,711	11.3%	2,141,060	2,046,333	4.6%
Average Brent Oil Spot Price ⁷	\$68.83	\$29.20	135.7%	\$64.86	\$39.73	63.3%
Average exchange rate R\$/US\$ average ⁸	R\$ 5.29	R\$ 5.39	-1.7%	R\$ 5.38	R\$ 4.92	9.4%
Average production cost per boe at US\$ ⁹	\$12.70	\$9.58	32.5%	\$12.60	\$11.45	10.0%

Notes:

(1) Net margin corresponds to net income/(net loss) for the period, divided by net income for the period.

(2) We calculate EBITDA in accordance with the Securities and Exchange Commission Instruction ("CVM") No. 527 of October 4, 2012, as amended ("CVM Instruction 527") and consists of adjusted net income (loss) (plus) for financial income, income tax and social contribution on income and depreciation, amortization and depletion ("EBITDA"). EBITDA is not an accounting measure recognized by the Accounting Practices Adopted in Brazil ("BRGAAP") or by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") are not audited or reviewed by the Company's independent auditors, and does not represent cash flow for the periods presented and should not be considered as substitutes for net profit (loss) as indicators of the Company's operating performance and, therefore, are not substitutes for cash flow, indicator of our liquidity or as a basis for the distribution of dividends. EBITDA has no standardized meaning, and our definition of EBITDA may not be comparable to those used by other companies.

(3) EBITDA margin corresponds to EBITDA for the period divided by net revenue for the period. The EBITDA Margin is not a measure of financial performance according to the Accounting Practices Adopted in Brazil or the International Financial Reporting Standards (IFRS) nor should it be considered in isolation, as a measure of operating performance, or an alternative to operating cash flows as a measure of liquidity or as an indicator of financial returns.

(4) Represents total bank indebtedness, represented by loan and financing balances in current and non-current liabilities, minus cash balances and cash equivalents and financial investments present in current and non-current assets.

(5) Represents the balance of the debt at the end of the period divided by the accumulated EBITDA of the last twelve months in each period. Net Debt/EBITDA is not an accounting measure recognized by accounting practices adopted in Brazil ("BR GAAP") or by the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") is not audited or reviewed by the Company's independent auditors. The net Debt/EBITDA has no standardized meaning, the various companies may calculate differently from the Company.

(6) Represents the total costs of the services provided and sales, excluding royalties to depreciation, amortization and depletion, divided by total gross production in boe in the period. In the second quarter of 2020, due to the Covid-19 pandemic, the Company reduced non-critical activities, resulting in cost reduction in that period. More detailed explanations of cost variations can be found in topic "5. Consolidated Financial Performance".

(7) Brent is quoted in dollar per barrel. Source: U.S. Energy Information Administration (EIA).

(8) The average exchange rate for the period corresponds to the average exchange rate on each business day in the periods presented, disclosed by the Central Bank of Brazil.

(9) Represents the total costs of the services provided and sales, excluding royalties, depreciation, amortization and depletion, divided by the total gross production in boe in the period, divided by the average exchange rate of the period.



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Message from the Administration



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In this second quarter of 2021 we continue to pursue with effort our vision of leading the transformation of the onshore industry in Brazil.

As of June 1st, 2021, we took over the operation of the Fields of Sabiá da Mata and Sabiá Bico de Osso, both in the Potiguar Basin, in which we hold a 70% (seventy percent) stake. Resulting from more recent discoveries than the other 30 fields already operated by the Company in this basin and still with good potential for primary development, these assets should receive a significant portion of our investment in the coming months, including drilling of new wells, workover interventions and facilities projects that will allow the proper processing and delivery of the expected additional volumes of oil and gas.

After the IPO implementation and with the proximity of the closing of the Remanso and Miranga Clusters, we have dedicated ourselves to creating the necessary capabilities and structures for an acceleration in the pace of development of the operated fields. In the coming months we will mobilize and put into operation two new workover rigs and a light rig, in addition to contracting two other workover rigs with service providers.

In July 2021, we started our drilling campaign in the Potiguar district, using our internalized equipment and teams. Also in July, we were declared winners in the process of Public Call for Supply of Natural Gas - 2022/2023 of Potigás - Companhia Potiguar de Gás, for having presented a more competitive proposal and better commercial conditions. With this contract, once again demonstrating the Company's pioneering role, we have the prospect of significantly expanding the monetized value of the gas molecule produced by the Company, validating our business model, and generating expectations of higher returns for our projects to expand the production, treatment, and commercialization of natural gas. This is a first step towards diversifying the Company's customer base.

We also continue to focus our attention on evaluating opportunities for acquisitions of new assets in mature onshore basins and expanding our operations in the natural gas chain. Externally, we see a more positive scenario with the expansion of vaccination against Covid-19 and forecasts of significant economic growth in the country and in the world that will boost demand for oil and gas in the coming months and years.

Once again, we thank the trust of investors and the dedication of our employees. Together we will continue to develop opportunities in the oil and gas industry, turning resources into value and dreams into reality.



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Covid-19

The Company continues to operate following the rules defined by the committee set up to manage the health crisis. The main objectives of the committee are to maintain the health of employees and contractors, to maintain the Company's activities without impacts on operational safety or the environment, and, at the same time, to evaluate the consequences of the crisis in the business plan.

The Company recommended that its employees and contractors not essential to the operation work remotely, in addition to increasing the spacing of people in the work environment and temporarily suspending non-essential trips, visits, face-to-face training and commuting. At this time, employees may voluntarily return to the offices adapted to the protection measures recommended by the committee, among them the performance of frequent tests. Employees of the risk groups continue to work remotely.

The Company revised its projection for operating income and cash flows for 2021 and did not verify the need to recognize a loss on recoverable value in fixed assets, deferred taxes and accounts receivable. Considering the unpredictability of the evolution of the outbreak and its impacts, the current estimate of the financial effect of the outbreak on projected operating revenues and cash flows may be revised according to new events related to this pandemic.



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Asset Portfolio

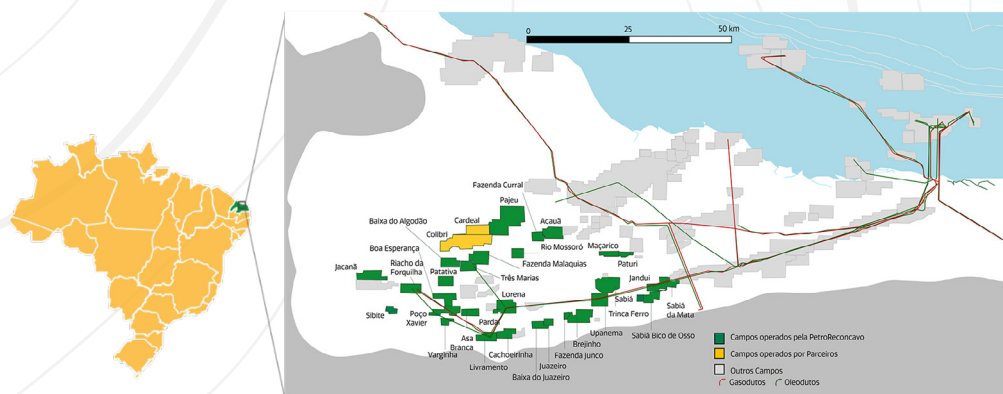
Oil and gas production assets operated or where the Company holds economic interests.

On June 30th, 2021, we operated or were concessionary of the following oil and gas producing assets:

Potiguar District

On December 9th, 2019, PetroReconcavo, through the subsidiary Potiguar E&P, carried out the acquisition of Petrobras' stake in the Riacho da Forquilha fields, the first transaction completed involving land fields in mature basins of Petrobras' diinvest-ment plan. The Cluster, located in the state of Rio Grande do Norte, is composed of 34 concessions, of which 30 are 100% owned by Potiguar E&P and operated by Potiguar E&P, two in partnership with Sonangol Hidrocarbonetos Brasil Ltda, which began to be operated by Potiguar E&P from June 2021, and two with Partex Brasil Ltda and operated by them.

The map below represents the location of the Potiguar Basin, with an emphasis on the fields operated by PetroReconcavo its subsidiary Potiguar E&P.



Of the 34 current concession agreements, 22 expire in 2025 and the other 12 between 2032 and 2039, all with the possibility of extension for an additional 27 years, as provided for in the concession contracts with the ANP. Potiguar E&P has already submitted to the ANP the extension request and the new development plans, including the proposal to reduce royalties on incremental production, to 12 fields from the round zero and awaits the statement of the Regulatory Agency.



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Potiguar E&P signed on June 28th, 2021, a concession contract for the exploration and production of oil and natural gas, related to the POT-T-702 exploratory block, leased in the 2nd Cycle of Permanent Offer held by the National Agency of Petroleum, Natural Gas and Biofuels. The concession contract comprises an area of 17,178 km², and a Minimum Exploratory Program ("MEP") composed of 1,000 Units of Work, corresponding to a value of R\$ 6,000,000.00 (six million reais), which has a period of five years for its execution and will consist of a single period. The MEP value was guaranteed by means of Warranty Insurance issued in favor of the ANP effective during the exploratory period and will be returned as soon as the exploratory commitment is fulfilled. The acquired area is adjacent to blocks already operated by Potiguar E&P, and its exploratory program will consist of drilling at least one well in order to evaluate the existence of accumulations in reservoirs similar to those existing in the neighboring concessions of the Block.



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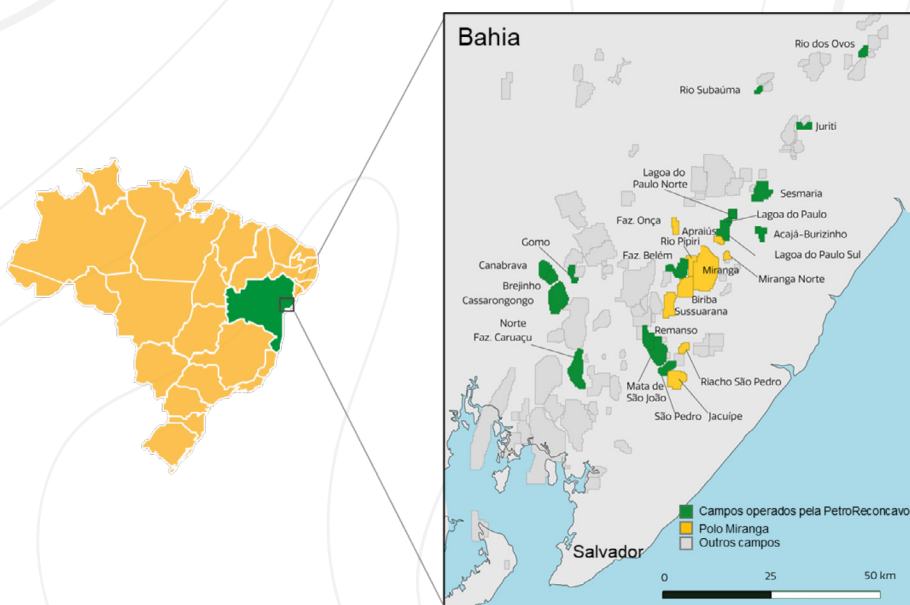


Recôncavo District

On December 23rd, 2020, we signed a contract for the purchase of Petrobras' entire stake in the 12 onshore fields of Brejinho, Canabrava, Cassarongongo, Gomo, Fazenda Belém, Mata de São João, Norte Fazenda Caruaçu, Remanso, Rio dos Ovos, Rio Subaúma, São Pedro and Sesmaria, which constitute the Remanso Cluster, in the Recôncavo basin, Bahia state. The value of the acquisition is \$30.0 million. Of this amount: (I) US\$4.0 million, equivalent to R\$20.6 million, were paid on the day of signature, on December 23rd, 2020; (II) US\$21.0 million will be due and paid at the close of the transaction, adjusted by the cash generation of the asset and other conditions of price adjustment, to be presented by Petrobras, from July 2020 until the closing date; and (III) \$5.0 million will be paid in twelve months after the closing of the transaction, which is expected to occur throughout 2021.

The National Agency of Petroleum, Natural Gas and Biofuels ("ANP") unanimously approved, at a Board Meeting No. 1050, held on May 27th, 2021, the assignment of concession contracts of Remanso Cluster from Petróleo Brasileiro S.A – Petrobras to the Company. For the closing of the transaction with Petrobras ("Closing"), ANP must still approve the proposal for the constitution of the instruments of the deactivation and abandonment guarantees presented by the Company and the transition schedule of the operation, and the title of the environmental licenses, must be transferred by the environmental agency. The Company currently believes that the Closing of this transaction may take place by the end of September 2021.

The map below represents the location of the Recôncavo Basin, with emphasis on the Fields Operated by PetroReconcavo and the fields of the Miranga Cluster, which acquisition was signed by the Company on February 24th, 2021:



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We operate the fields of this Cluster through a Risk Production Agreement signed with Petrobras, their concessionaire, since February 1st, 2000. Thus, this agreement, which is valid until August 2025, shall be terminated on the date of Closing the purchase transaction of Remanso Cluster, when these fields will be operated as own concessions. The concessions of this Cluster are the so-called "round zero" that currently expire in August 2025 and can be extended the period of the same for up to 27 additional years, upon specific request to the ANP and submission of a Development Plan, and this extension is subject to the approval of the regulatory agency.

In addition, between 2003 and 2007, Recôncavo E&P, a subsidiary of PetroReconcavo, acquired, through ANP Bidding Rounds, five areas in the northern part of the Recôncavo Basin, corresponding to the Fields of Lagoa do Paulo, Lagoa do Paulo Sul, Lagoa do Paulo Norte, Juriti and Acará-Burizinho. The concessions of these fields expire between the years 2029 and 2031 and may also be subject to the extension request.

Acquisition of Miranga Cluster

On February 24, the Company, through the subsidiary SPE Miranga, signed a contract for the purchase of all Petrobras' stake in the nine land fields of Apraiús, Biriba, Fazenda Onça, Jacuípe, Miranga, Miranga Norte, Rio Pipiri, Riacho de São Pedro and Sussuarana that constitute the Miranga Cluster, in the Recôncavo basin, in Bahia.

The value of the acquisition is up to US\$220.1 million, of which: (i) US\$11.0 million has already been paid on the signing day of subscription, on February 24, 2021; (ii) \$44.0 million will be paid on the closing date of the transaction, without price adjustment; (iii) \$20.0 million that will be paid in twelve months after the transaction closes; (iv) \$20.0 million that will be paid in twenty-four months after the transaction closes; (v) \$40.1 million to be paid in thirty-six months after the transaction closes; and (vi) up to US\$85.0 million in contingent payments provided for in the contract, linked to different possible bands of the oil reference price (Brent) in the period between the calendar years 2022, 2023 and 2024.

The average production of the Miranga Cluster in 2020 was approximately 899 barrels of oil per day (bopd) and 377,000 m³ of gas per day. As in the other fields, there is the possibility of extending the term of the concessions, which currently expire in 2025, for 27 additional years, which will be requested through a protocol of a development plan before the ANP and will be subject to the approval of the regulatory agency.



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Operational Performance

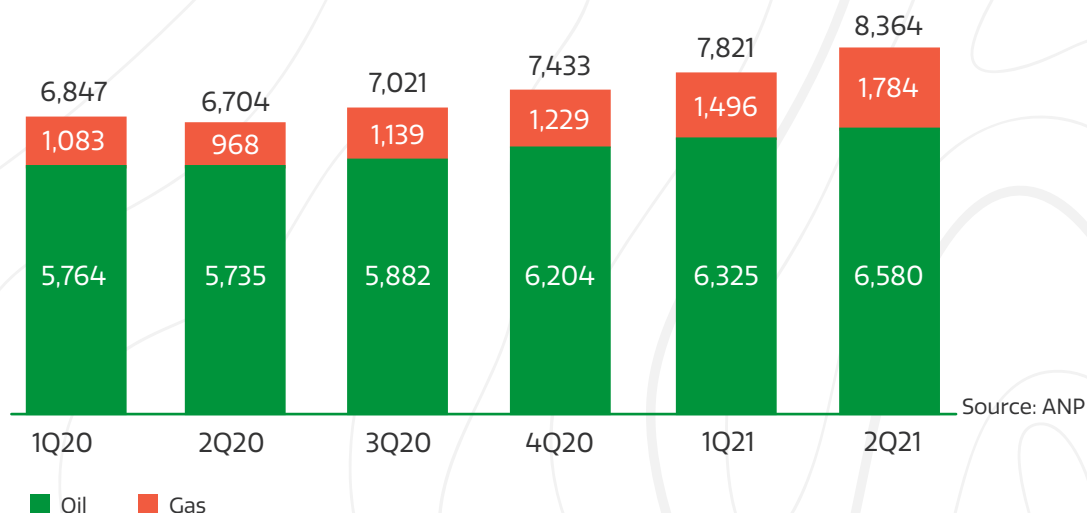
Average daily production increased 11.3% in the second quarter of 2021 when compared to the same period of 2020, from 10,832 boe in 2Q20 to 12,059 boe in 2Q21, being: (i) the average daily production of the Potiguar District increased 24.8% from 6,704 boe in 2Q20 to 8,364 boe in 2Q21; and (ii) the average daily production in the Recôncavo District reduced 10.5%, from 4,128 boe in 2Q20 to 3,694 boe in 2Q21.

Average Daily Gross Production (in barrels of oil equivalent per day – BOED)

	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Recôncavo District	3,694	4,128	-10.5%	3,735	4,468	-16.4%
Potiguar District	8,364	6,704	24.8%	8,094	6,776	19.5%
Average Daily Gross Production	12,059	10,832	11.3%	11,829	11,244	5.2%

Potiguar District

In the second quarter of 2021, the Production of the Potiguar District followed its upward trajectory, which has been observed since we took over operations in December 2019, having grown 24.8%, compared to the second quarter of 2020, 14.8% growth in oil production and 84.2% growth in natural gas production. The chart below shows the production history of the Potiguar District.

Potiguar District – Average production in barrels of oil equivalent per day (boed)


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The volumes shown in the table above represent the total production of the Potiguar District, including the 30 fields operated by the Company and PetroReconcavo's participation in the four fields operated by partners until May 2021. From June, the Company also started operating the fields of Sabiá da Mata and Sabiá Bico-de-Osso, previously operated by the partner Sonangol Hidrocarbonetos do Brasil.

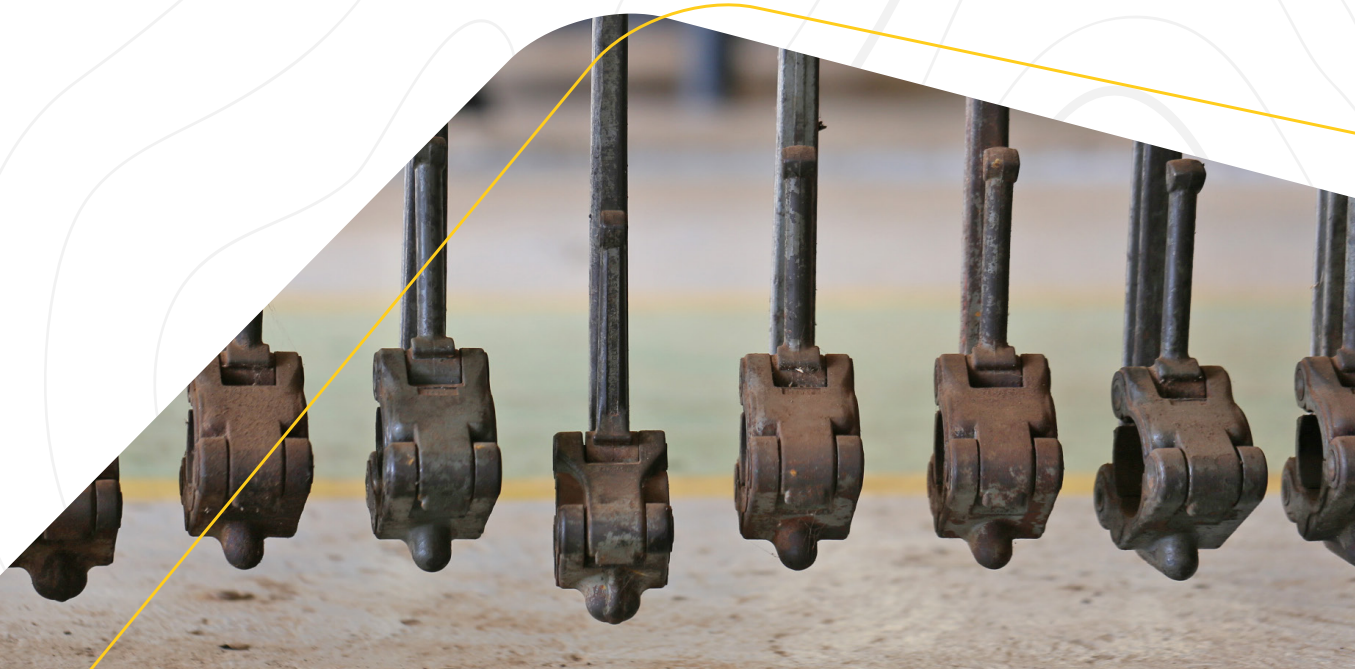
The gradual increase in natural gas production is aligned with the improvement in the commercialization conditions reported in the 1Q21 Earnings Release and in the Company's strategy for monetization of the product. As a subsequent event, the Company through its subsidiary, Potiguar E&P, informed the market on July 31st, 2021, that it was declared the winner in the Public Call for Natural Gas Supply – 2022/2023 from Potigás – Companhia Potiguar de Gás. The contract for the sale of natural gas with POTIGÁS is expected to last two years for delivery of 236,000 m³/day, starting January 2022.

For Potiguar E&P, the contract represents an important step towards enabling its strategy of monetizing its gas production, with an increase of approximately 150% on the value of the gas molecule. The Company, which concludes its first contract with a state gas distributor, must also contract with Petrobras the flow and processing of its gas in UPGN Guamaré, as well as contract access to the transporting network operated by TAG, allowing the transportation of natural gas from UPGN Guamaré to the delivery points (city gates) determined by Potigás.

The indicated processing enables the specification of natural gas for sale according ANP regulations (dry gas). As a result of the processing, the Company will also be entitled to the natural gas liquids extracted at the plant, which are Liquefied Petroleum Gas (LPG) and C5+, also known as natural gasoline. The commercialization of these products will add even more value to the natural gas monetization strategy.



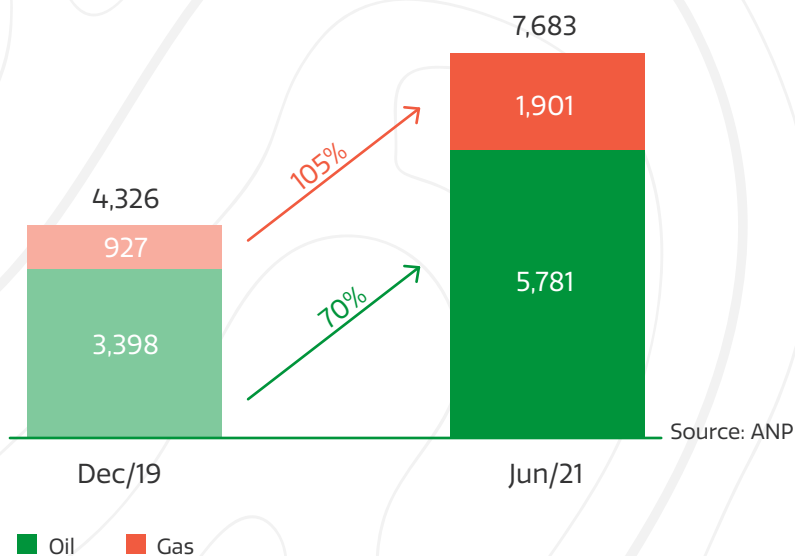
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It should also be emphasized that the contract with Potigás is the first step taken by the Company in its strategy of maximizing the value of its commodity, but the Company is currently participating in other Public Call processes in progress, as well as following the movements associated with the creation of Free Consumer of Natural Gas figure realization in the states covered by the TAG transportation network.

Making zoom in production only for the 30 fields operated by the Company since December 2019, the production increases are even more significant. The average daily production of oil and gas in boe in June 2021 was 78% higher than the volume that was produced when we assumed the operation of these fields, being 70% higher in oil and 105% in natural gas.

30 Fields Potiguar – Average daily production of oil and natural gas (boed)



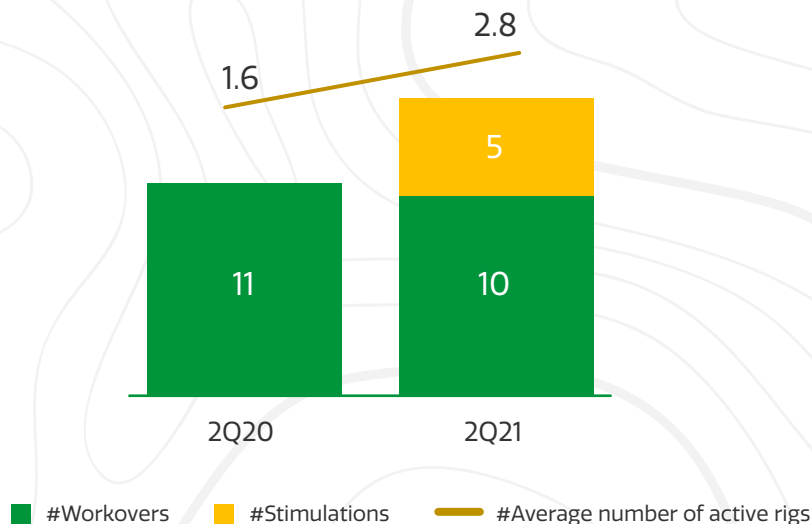
The Company continues with its verticalization strategy with efforts to expand the amount of active assets of Rigs and other Oilfield, expanding its execution capacity. In the second quarter of 2021 we had a 76% increase in active rigs, compared to the same period a year earlier. In April, one of the rigs underwent scheduled for annual maintenance for about 15 days.



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



In the second quarter of 2020, return-to-production work was carried out, which consists of reactivating wells with economic potential. In the second quarter of 2021, projects of greater complexity were carried out, which require higher capex and execution time, with emphasis on the campaign of conventional hydraulic fracturing in Riacho da Forquilha field (RFQ).

It is currently underway the evaluation of the production potential of deeper areas with low permeability of the Pendencia Formation in the RFQ field, which, despite presenting some historical tests, were never adequately developed in the region. In order to map and develop this accumulation, the initial potential of a well available in the RMU was evaluated, which we designated "deep RFQPD" which presented gas and condensate production. The next step in the evaluation of this RMU consists in conducting technical studies to design a conventional hydraulic fracturing work and replacement of lifting equipment.

Glossary

Reservoir Management Unit – RMU: Is an assigned reservoir management unit defined to centralize the studies of a group of wells in a field. The information generally considered for the grouping and definition of an RMU is the geographical location of the wells, the structural geology of the reservoirs, the production profile of the wells and the history of reservoir pressure, with the possibility of an RMU characterizing a hydraulically isolated block from the other ones in the field or being just a management tool.

It is from an initial visualization of all this information from the RMU that a preliminary diagnosis of the production behavior is made, the main events that affected production during the evaluation period are mapped and, consequently, the water injection guidelines for pressure revitalization in the reservoirs are defined and the need for adjustment of the production/injection mesh is identified to increase the reservoir drainage efficiency.

Stimulation: Increases the productivity of an oil and gas producing well or the efficiency of the injectors by changing the original permeability of the reservoir-rock. This allows the oil to reach the surface more easily by eliminating heavy particles of oil, sand, paraffin, calcifications etc.

Conventional fracturing: Stimulation technique that allows the rupture of low permeability rocks, increasing the productivity of the field. PetroReconcavo has its own hydraulic fracturing unit that injects fluid usually containing sand or bauxite at high pressures, thus breaking the rock.



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Recôncavo District

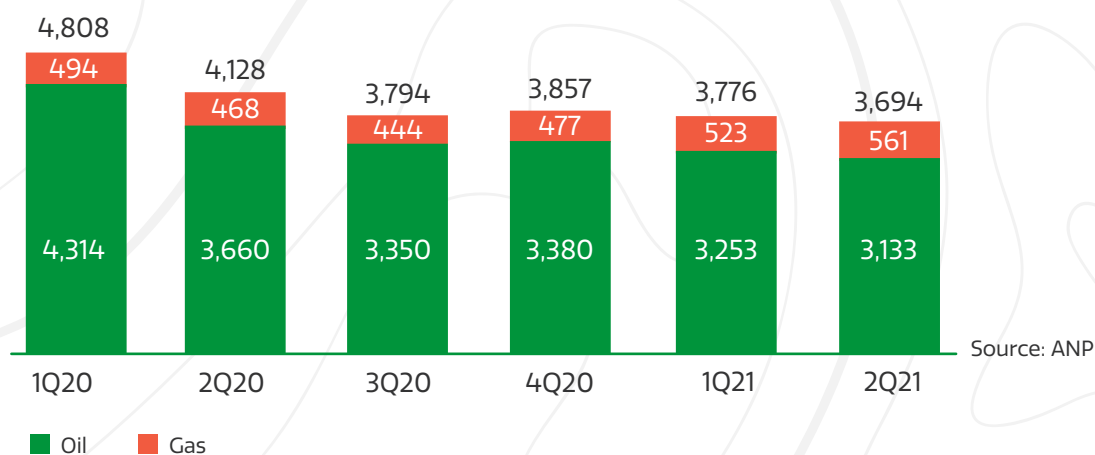
In the second quarter of 2021, production in the Recôncavo District decreased by 10.5% compared to the second quarter of 2020.

The investment strategy in 2Q21 focused on the realization of some projects aimed at increasing production by conventional hydraulic fractures in some wells in the Norte Fazenda Caruaçu field and some return-to-production projects totaling a CAPEX of about R\$6.1 million and an estimated daily production increase from these projects of 156 boed.

In contrast, in the second quarter of 2021, the district's production was mainly impacted by the failure of some high-flow wells that totaled an average of 215 boed in production losses. These well failure and subsequent repairs, also affected the costs of the period.

The chart below shows the production history of the Recôncavo District.

Recôncavo District – Average daily oil and natural gas production (boed)



Regarding equipment availability, in the second quarter of 2021 we had the average number of active rigs 129% higher than the same period of 2020, even with the stop of PR 02 for 36 days for annual maintenance between the months of April and May 2021.

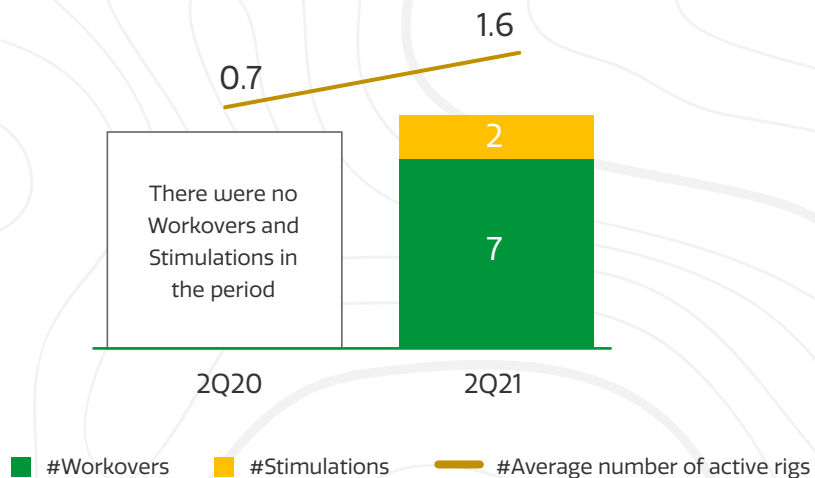
We are gradually resuming our investment program in the District, which in the second quarter of 2020 did not record workover interventions due to the low economic attractiveness of projects because of the low price of Brent in the period. During this period, the rig worked exclusively on well-service projects.



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



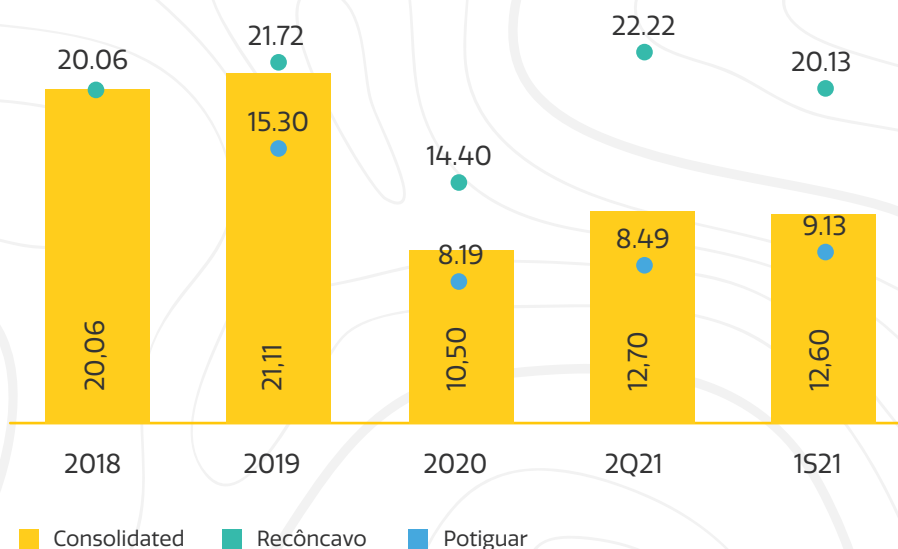
The average consolidated production cost in the quarter was \$12.70/boe. Despite representing an increase, when compared to 2020, the costs are much lower than those observed in the years 2018 and 2019. It should be noted that, due to the Covid-19 pandemic, and its impacts on international Brent oil prices, the Company significantly reduced non-critical activities, especially in the second quarter of 2020, so that the comparison base is not very representative. More details on cost variations in the quarter can be obtained in the topic "Consolidated Financial Performance" below.



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Average production cost of PetroReconcavo Consolidated (in US\$/boe)



The large difference in average production costs between districts stems mainly from the differences in reservoir maturity between districts. For example, the Recôncavo District is already in a more advanced phase of secondary recovery from water injection, which can be verified by the differences in Water/Oil Ratio ("WOR") produced. In the Recôncavo, the WOR is approximately 30 while in Potiguar it is approximately 8. This means that for each barrel of oil produced in the Recôncavo District, approximately 30 barrels of water are produced, while Potiguar produces 8 barrels of water for each barrel of oil. The main costs impacted by this higher production of fluid (water + oil) are electricity and cost with chemical additives. In addition, the higher volume of oil production in Potiguar provides a greater dilution of fixed costs.

With the start of the Miranga Cluster operations in the Recôncavo Basin, which will be operated in an integrated manner with the Remanso Cluster, we aim to capture operational and financial synergies, with potential reduction of average production costs.



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Consolidated Financial Performance

Consolidated DRE (in thousands of R\$)

	2Q21	2Q20	Δ%	1S21	1S20	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%
EBITDA	131,354	118,967	10.4%	262,986	224,296	17.2%
Depreciation, amortization and depletion	(68,381)	(53,107)	28.8%	(129,433)	(106,377)	21.7%
Operating profit	62,973	65,860	-4.4%	133,553	117,919	13.3%
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%
Net income	94,566	(15,156)	n.m.	81,676	(151,197)	n.m.

Net Revenue

The Company's net revenues grew 34.3%, from R\$185.488k in the second quarter of 2020 to R\$249,110k in the second quarter of 2021.

Net revenue (in thousands of R\$)

	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Recôncavo District	82,004	50,841	61.3%	164,881	127,500	29.3%
Revenue from the provision of services in oil production	68,918	42,447	62.36%	141,451	110,166	28.40%
Revenue from the provision of services in the production of natural gas	8,588	5,591	53.60%	14,909	11,956	24.70%
Oil sales revenue	3,663	1,576	132.42%	6,772	3,092	119.02%
Other revenue stemming from the provision of services	835	1,227	-31.95%	1,749	2,286	-23.49%
Potiguar District	258,066	77,248	234.1%	476,429	199,571	138.7%
Oil sales revenue	243,459	77,109	215.73%	452,178	199,160	127.04%
Natural gas sales revenue	14,607	139	10408.63%	24,251	411	5800.49%
Derivative financial instruments	(20,744)	78,827	-126.3%	(17,204)	109,161	-115.8%
Gross income	319,326	206,916	54.3%	624,106	436,232	43.1%
Revenue taxes	(70,216)	(21,428)	227.7%	(129,208)	(55,196)	134.1%
Net Revenue	249,110	185,488	34.3%	494,898	381,036	29.9%



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We highlight in net revenue the increase of 234.1% in sales from the Potiguar District, which went from R\$77,248k in the second quarter of 2020, to R\$258,066k in the second quarter of 2021. In addition to the 24.8% increase in production for the period, as seen in the topic "Operating Performance", the average value of a barrel of Brent oil was 135.7% higher in the second quarter of 2021, when compared to the same period of 2020. Additionally, although natural gas represents a lower percentage in the District's revenues, in 2021 we obtained a new sales contract, with an average price much higher than the values practiced in 2020.

It should be noted that in the second quarter of 2020, due to the Covid-19 pandemic, international oil prices reached the lowest point in the year, with the month with the lowest average price being April 2020, with an average price of US\$18.55 per barrel.

On the other hand, the appreciation of the value of the Brent crude barrel resulted in a loss in derivative financial instruments settled in the period. In the second quarter of 2021, we recorded a loss of R\$20,744k under this heading, while in the same period of 2020, the result was positive by R\$78,827k. During this quarter, hedging contracts with a volume of 504k barrels of oil were settled, at an average price of \$58.86/bbl. In the second quarter of 2020, the volume settled was 456k barrels, at an average price of US\$63.75/bbl. The average price of a barrel of Brent oil in the second quarters of 2021 and 2020, respectively, was \$68.83 and \$29.20.



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Operating costs and expenses

The table below presents some breakdown and comparisons of our costs and expenses in 2020 and 2021, which should be interpreted with caution, considering that, due to the Covid-19 pandemic and its impacts on international Brent oil prices, the Company significantly reduced non-critical activities as of the second quarter of 2020.

Costs and Expenses (in thousands of R\$)						
	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Recôncavo District	36,685	23,061	59.1%	81,580	59,303	37.6%
Personnel	10,267	7,223	42.14%	19,223	14,703	30.74%
Well repair costs	10,983	4,352	152.37%	23,194	15,778	47.00%
Electrical energy	8,407	7,308	15.04%	16,362	16,736	-2.23%
Royalties	323	132	144.70%	690	352	96.02%
Other costs and expenses	6,705	4,046	65.72%	22,111	11,734	88.44%
Potiguar District	61,280	33,238	84.4%	120,097	74,531	61.1%
Personnel	10,391	5,946	74.76%	19,355	13,306	45.46%
Well repair costs	6,444	5,579	15.52%	14,266	12,468	14.42%
Electrical energy	4,210	3,094	36.07%	8,522	7,661	11.24%
Environmental licensing	3,574	2,185	63.57%	7,460	5,478	36.18%
Royalties	23,861	7,748	207.96%	44,073	18,418	139.29%
Other costs and expenses	12,800	8,686	47.35%	26,421	17,200	53.61%
Corporate	19,791	10,222	93.6%	30,235	22,906	32.0%
Total	117,756	66,521	77.0%	231,912	156,740	48.0%

Costs and expenses grew 77.0%, or R\$51,235k from R\$ 66,521k in the second quarter of 2020 to R\$117,756k in the second quarter of 2021. The cost increase is explained in the topics below:



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Recôncavo District

Costs and expenses in the Recôncavo District grew 59.1%, from R\$23,061k in the second quarter of 2020 to R\$36,685k in the same period of 2021. The main points that explain these variations are:

- (a) Personnel costs increased 42.14%, from R\$7,223k in the second quarter of 2020 to R\$10,267k in the same period of 2021. This increase stems from the reduction of non-critical activities in the second quarter of 2020, due to the Covid-19 pandemic. Among the measures taken by the Company, in order to preserve jobs, we temporarily suspended the employment contract of some employees in the period, reducing personnel costs. Additionally, the Company is preparing to become a concessionaire of the Remanso Cluster fields and for the takeover of the Miranga Cluster;
- (b) Well repair costs grew 152.37%, from R\$4,352k in the second quarter of 2020 to R\$10,983k in the same period of 2021. With the Covid-19 pandemic, and the consequent fall in the price of a barrel of Brent-type oil seen in the second quarter of 2020, it became uneconomic to repair some wells that broke throughout the quarter. Thus, well repair costs were lower in the second quarter of 2020;
- (c) Electricity costs increased 15.04%, from R\$7,308k in the second quarter of 2020 to R\$8,407k in the same period of 2021. In 2020, due to the impacts generated by the Covid-19 pandemic, tariff impacts on electricity were postponed. This postponement was compensated in 2021. In addition, in 2020 we stopped the production of some wells in the district that had high production costs. With the recovery of Brent-type oil prices on international markets, we resumed production of some of these wells throughout 2021. As a consequence of the above, energy costs were lower in 2020 and increased in 2021.



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Potiguar District

Costs and expenses in the Potiguar District grew 84.4%, from R\$33,238k in the second quarter of 2020 to R\$61,280k in the same period of 2021. The main points that explain these variations are:

- (a) Personnel costs increased 74.76%, from R\$5,946k in the second quarter of 2020 to R\$10,391k in the same period of 2021. At the beginning of 2020, the Potiguar District was still in the process of structuring and mobilizing personnel to start the asset maintenance program. With the Covid-19 pandemic, we ended up postponing the mobilization of personnel, reflecting lower costs in the first months of 2020. In addition, the Company chose to internalize some functions that were initially contracted as external services;
- (b) Well repair costs grew 15.52%, from R\$5,579k in the second quarter of 2020 to R\$6,444k in the same period of 2021. With the Covid-19 pandemic, and the consequent fall in the price of a barrel of Brent-type oil seen in the second quarter of 2020, it became uneconomic to repair some wells that broke throughout the quarter. Thus, well repair costs were lower in the second quarter of 2020;
- (c) Electricity costs increased 36.07%, from R\$3,094k in the second quarter of 2020 to R\$4,210k in the same period of 2021. In addition to the tariff impacts, explained in the variations of the Recôncavo District, and this variation follows the increase in the level of production and active wells in the Potiguar District in the second quarter of 2021;
- (d) Environmental licensing costs increased 63.57%, from R\$2,185k in the second quarter of 2020 to R\$3,574k in the same period of 2021. With the Covid-19 pandemic, there was a postponement in the payment of environmental permits in the second quarter of 2020;
- (e) Royalty costs jumped 207.96%, from R\$7,748k in the second quarter of 2020 to R\$23,861k in the same period of 2021, following the evolution in district revenues; and
- (f) Finally, the other costs and expenses presented a variation of R\$ 4,113k, from R\$8,686k in the second quarter of 2020 to R\$12,800k in the same period of 2021. With the improvement in the prices of the gas contract for Petrobras from January 2021, we started a process of revitalization of gas compression and flow systems in the district in order to allow a reduction in gas production, impacting the production cost of the period. In addition, the line was impacted by the extraordinary payment of R\$ 3,000k to Sonangol Hidrocarbonetos do Brasil, as financial compensation for the transfer of operations in the Sabiá da Mata and Sabiá Bico-de-Osso fields.



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Corporate

Corporate costs and expenses grew 93.6%, from R\$10,222k in the second quarter of 2020 to R\$19,791k in the same period of 2021. In the second quarter of 2021, the Company paid approximately R\$4,919k, including social charges, referring to extraordinary bonuses to the Company's executives and strategic employees due to the opening of capital and approximately R\$2,000k was paid in consultancies related to mergers and acquisitions processes. Additionally, the Drilling Rig did not operate in the quarter, which resulted in a cost of R\$1,630k in the quarter. Finally, the increase in the corporate structure was expected and reflects the structure necessary to meet the new requirements that arise after the IPO.

Net financial result

Net financial results in the second quarter were positive at R\$63,670k, compared to a negative net result of R\$85,454k in the same period of 2020.

Financial result, net (in thousands of R\$)

	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Financial revenues	5,335	4,035	32.2%	20,878	4,437	370.5%
Financial expenses	(30,962)	(33,412)	-7.3%	(54,023)	(61,591)	-12.3%
Exchange variation on financing	118,579	(56,784)	-308.8%	31,280	(286,223)	-110.9%
Other exchange variations	(29,282)	707	-4241.7%	(29,250)	1,032	-2934.3%
Financial result, net	63,670	(85,454)	n.m.	(31,115)	(342,345)	-90.9%

The main reason for the observed changes in financial results is in the lines of exchange variation lines. The exchange rate on June 30, 2021, decreased 12.3% compared to March 31, 2021. In the same period of 2020, the exchange rate increased. The variations are shown in the table below.

R\$/US\$ exchange rate	30/06/2021	Δ%	31/03/2021	30/06/2020	Δ%	31/03/2020
	5.00	-12.3%	5.70	5.48	5.4%	5.20



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Therefore, the Company showed a positive exchange rate variation of R\$118,579k in financing balances in foreign currency, while in the second quarter of 2020 this change was negative by R\$56,784k.

On the other hand, the Company maintains financial investments in foreign exchange funds in order to track the change in the dollar against the real, since much of the Company's liabilities are in dollars, thus aiming to protect itself from exchange variation.

Income tax and social contribution on net income

Income tax and social contribution (in thousands of R\$)						
	2Q21	2Q20	Δ%	1S21	1S20	Δ%
Currents	(17,986)	(5,316)	238.3%	(20,149)	(12,670)	59.0%
Deferred	(14,091)	9,754	-244.5%	(613)	85,899	-100.7%
Income tax and social contribution	(32,077)	4,438	-822.8%	(20,762)	73,229	-128.4%

Because of the higher result observed in the second quarter of 2021, current taxes were 238.3% higher than in the same period of 2020, from R\$5,316k to R\$17,986k.

In the deferred tax line, the main variation is observed in the line of accumulated tax losses. The subsidiary Potiguar E&P used part of its accumulated tax losses, resulting in a negative change of R\$ 12,568k in deferred taxes for the period.



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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%
Gold 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%
Cash generated by operating activities	120,588	94,118	28.1%	258,246	177,420	45.6%
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%
Cash invested in investment activities	(933,846)	(84,309)	1007.6%	(1,057,626)	(191,661)	451.8%
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%
Cash generated (applied) in financing activities	1,038,168	(6,661)	-15685.8%	1,037,474	(7,410)	-14101.0%
Increase (decrease) in cash balance and cash equivalents	224,910	3,148	7044.5%	238,094	(21,651)	-1199.7%



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The cash generated from operating activities increased R\$26,470,000, or 28.1%, in the second quarter of 2021, influenced not only by higher EBITDA, which was R\$12,387k higher in the period, but also by the reduction in the balance of accounts receivable by R\$12,055k in the period, because of receipts that were outstanding as of march 2021 and were received during current quarter.

The cash invested in investment activities increased by 1,007.6%, or R\$849,538k, in the second quarter of 2021, as a combination of the following factors:

- (I) The Company invested R\$61,073k in additions to the fixed assets and intangible assets, generating an increase of R\$50,721k, when compared to the second quarter of 2020, mainly due to the resumption of the Company's investment program, which was reduced in the second quarter of 2020 due to the Covid-19 pandemic;
- (II) In the second quarter of 2021, we made financial investments of R\$872,773k, a number of R\$798,816k higher than that applied in the same period of 2020. This variation stems from the application of part of the resources obtained from the company's IPO, which occurred in May 2021.

The cash generated in the financing activities was R\$1,044,829k in the second quarter of 2021, while in the same period of 2020 R\$6,661k was invested. This variation is mainly due to the resources raised at the Company's IPO, which occurred in May 2021.

Because of the items listed above, the increase in cash balance and cash equivalents in the second quarter of 2021 was R\$224,910 million, while in the second quarter of 2020 there was an increase of R\$ 3,148k.



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Other Highlights of the Balance Sheet

Cash position (cash and cash equivalents and financial investments)

On June 30th, 2021, the Company recorded a cash position, which represents the sum of cash and equivalent balances and financial investments, of R\$1,274,514k, an increase of 668.4% when compared to the balances at December 31st, 2020.

Most of the Company's resources were invested in foreign exchange funds (56%), because the Administration chose to invest part of the funds raised in its Initial Public Offering in this type of investment as a way to protect itself from exchange variation, considering that its bank debts (and its Subsidiaries debts) and remaining payments to Petrobras related to asset acquisitions are denominated in U.S. dollars. The other financial investments refer to fixed income transactions (CDB - Bank Deposit Certificate), maintained with first-tier banks.

Net indebtedness (in thousands of R\$)			
	2Q21	2Q20	Δ%
FINEP	2,307	3,320	-30.5%
Bank loans	831,307	1,084,034	-23.3
Costs to be amortized	(28,631)	(42,803)	-33.1%
Gross debt	804,983	1,044,551	-22.9%
Cash and cash equivalents	268,955	34,614	677.0%
Financial investments	1,005,559	140,773	614.3%
(Net cash) Net debt	(469,531)	869,164	n.m.
EBITDA of the last 12 months	513,095	314,611	63.1%
(Net cash) Net Debt/EBITDA last 12 months	-0.92 x	2.76 x	-3.68 x

The Company had net cash of R\$469,531k in the second quarter of 2021, compared to a net debt of R\$869,164k in the same period of 2020. This variation is basically due to the resources obtained from the IPO, explained in previous topics.



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The movements of loans and financing balances in the semester are shown below:

Movement of loans and financing (in thousands of R\$)	
Balance at December 31, 2020	894,040
Borrowing	60,479
Principal payments	(123,437)
Interest paid	(31,331)
Accrued interest	29,716
Amortization of acquisition cost	6,796
Exchange variation	(31,280)
Balance at June 30, 2021	804,983

Considering the outstanding payments to Petrobras related to the assets acquired and to the assets which are in the transition phase between signing and closing, excluding the effects of the purchase price adjustments, the Company has a balance of \$291.3 million in payments to be made distributed over the next 4 years, of which US\$ 85.0 million are contingents depending on the average value of Brent.



Earn-outs Miranga (US\$ MM)

Average Brent	2022	2023	2024	Total
Below \$50	-	-	-	-
Between \$50 and \$55	10.0	10.0	5.0	25.0
Between \$55 and \$60	15.0	15.0	10.0	40.0
Between \$60 and \$65	20.0	20.0	15.0	55.0
Above \$65	27.5	27.5	30.0	85.0

Contingent payments according to the average value of Dated Brent ICE oil in each year as per table, payable in March of the following year.

Derivative financial instruments

The Company constantly evaluates the possibility of carrying out hedging operations of future oil production in order to increase predictability and protect future cash flow. The Company contracted commodity forward contracts to manage commodity price risk associated with future transactions of up to 36 months.

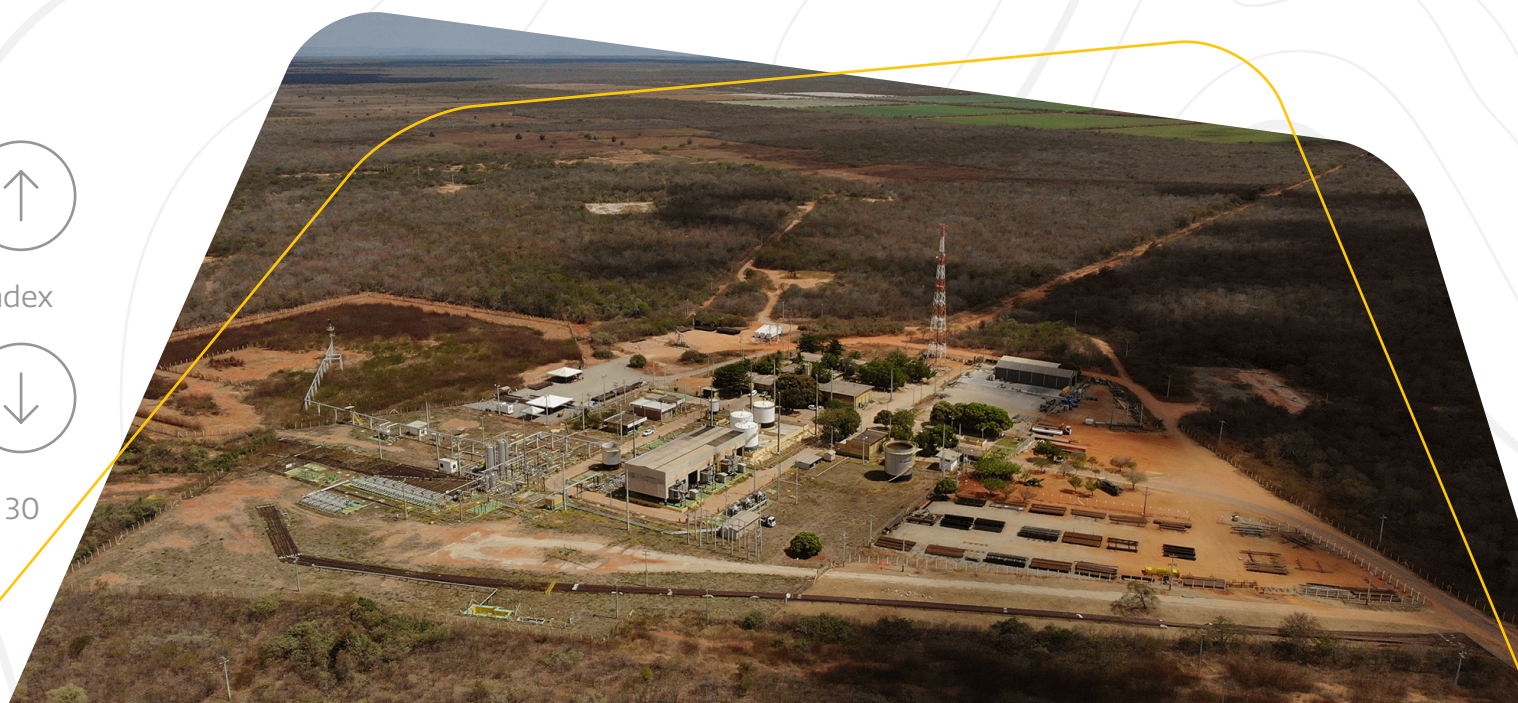
The following table describes the commodity forward contracts outstanding as of June 30th, 2021, as well as the information related to their corresponding hedged items:

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)
Total	54.32*	5,143,867	(348,329)

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



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Reserves certification

This section contains a summary of the Reserve Reports prepared by independent expert Netherland, Sewell & Associates, Inc. (NSAI). The Reserve Reports were prepared based on an analysis of our concessions and of some Petrobras' fields located in the Recôncavo basin in the State of Bahia, and in the Potiguar basin in the State of Rio Grande do Norte, as of December 31st, 2020. The evaluation of the Company's Reserves and Resources was completed on January 20th, 2021, for the Company and its subsidiary, Potiguar E&P S.A. The Miranga contingent resources assessment was completed on February 22nd, 2021.

Below is a summary table of the Company's net reserves and contingent resources, as of December 31st, 2020, prepared according to the reports on reserves and contingent resources. The net reserves and contingent resources represent the portions of the reserves and contingent resources of referred concessions owned by or contractually attributed to the Company, discounted by the participations of any third parties and the Government's royalties.

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	Petróleo e Líquidos de Gás Natural				Gás				Barris de Óleo Equivalentes ⁽¹⁾	(Petróleo como % do Total)	(Gás como % do Total)	Fluxo de Caixa Descontado - 10% (MUS\$) ⁽²⁾
	Reconcavo ⁽³⁾	Potiguar ⁽⁴⁾	Miranga ⁽⁵⁾	sub-total	Reconcavo ⁽³⁾	Potiguar ⁽⁴⁾	Miranga ⁽⁵⁾	sub-total	Total			
	(em milhares de barris)				(em milhões de pés cúbicos)				(em milhares de boes)			
Reservas Líquidas												
Reservas provadas em produção	2.739,1	7.626,1	n.a.	10.365,2	1.903,2	6.901,7	n.a.	8.804,9	11.832,7	87,6%	12,4%	153.131,9
Reservas provadas desenvolvidas, porém não em produção ("shut in" ou "behind pipe")	1.370,5	2.437,3	n.a.	3.807,8	590,0	6.725,3	n.a.	7.315,3	5.027,0	75,7%	24,3%	74.803,7
Reservas provadas não desenvolvidas	929,2	6.112,6	n.a.	7.041,8	266,7	2.328,7	n.a.	2.595,4	7.474,4	94,2%	5,8%	136.366,9
Total de reservas provadas (1P)	5.038,9	16.176,0	n.a.	21.214,9	2.760,0	15.955,7	n.a.	18.715,7	24.334,1	87,2%	12,8%	364.302,5
Total de reservas prováveis	438,1	5.468,1	n.a.	5.906,2	244,1	2.384,1	n.a.	2.628,2	6.344,2	93,1%	6,9%	99.947,6
Total de reservas provadas + prováveis (2P)	5.477,0	21.644,1	n.a.	27.121,0	3.004,1	18.339,8	n.a.	21.343,8	30.678,3	88,4%	11,6%	464.250,1
Total de reservas possíveis	391,2	2.139,5	n.a.	2.530,6	38,4	564,0	n.a.	602,4	2.631,0	96,2%	3,8%	34.946,3
Total de reservas provadas + prováveis + possíveis (3P)	5.868,1	23.783,5	n.a.	29.651,6	3.042,4	18.903,8	n.a.	21.946,2	33.309,3	89,0%	11,0%	499.196,5
Recursos Contingentes												
Menor Estimativa (1C)	9.041,7	19.181,2	18.639,9	46.862,8	4.029,0	28.963,0	175.918,7	208.910,7	81.681,2	57,4%	42,6%	438.136,1
Melhor Estimativa (2C)	13.918,9	26.097,3	22.309,6	62.325,8	5.694,1	37.304,8	217.971,7	260.970,7	105.821,0	58,9%	41,1%	531.636,2
Maior Estimativa (3C)	17.010,3	30.227,6	23.193,3	70.431,2	7.175,7	40.482,7	222.590,9	270.249,3	115.472,8	61,0%	39,0%	587.980,8
Total (1P + 1C)	14.080,5	35.357,2	18.639,9	68.077,6	6.789,0	44.918,7	175.918,7	227.626,4	106.015,4	64,2%	35,8%	802.438,7
Total (2P + 2C)	19.395,9	47.741,4	22.309,6	89.446,9	8.698,2	55.644,6	217.971,7	282.314,5	136.499,3	65,5%	34,5%	995.886,4
Total (3P + 3C)	22.878,4	54.011,2	23.193,3	100.082,9	10.218,1	59.386,4	222.590,9	292.195,5	148.782,1	67,3%	32,7%	1.087.177,2

Notes:

(1) Gas volumes were converted into boe at the ratio of 6k cubic feet of gas to 1 boe.

(2) Cash flow before financial expenses and income tax and social contribution discounted at an annual rate of 10%/p.a.

(3) Reconcavo's reserves include: (I) holdings (approximately 85%) company's company through the Risk Clause Production Agreement (CPCR) in the 12 fields of Remanso Cluster; and (II) 100% participation in the fields of Lagoa do Paulo, Lagoa do Paulo Sul, Lagoa do Paulo Norte, Juriti and Acará-Burizinho. All these fields located in the state of Bahia. Contingent resources refer to: (I) residual participation (approximately 15%) currently held by Petrobras in the CPCR; and (II) the volumes of oil and gas to be produced after the deadlines of the concessions currently in force. Such resources are contingent only on regulatory approvals of the acquisition of Remanso Cluster and its subsequent closure, and the extension of concessions.

(4) Potiguar's reserves are composed of the 34 fields of The Riacho da Forquilha, of which 30 are 100% owned by Potiguar E&P and operated by Potiguar, 2 in partnership with Sonangol Hidrocarbonetos Brasil Ltda (approximately 70% Potiguar E&P and 30% Sonangol) and 2 with Partex Brasil Ltda (50% Potiguar E&P and 50% Partex), all located in the state of Rio Grande do Norte. Contingent resources refer to the volumes of oil and gas to be produced after the concession deadlines currently in force. Such resources are contingent only on the extent of concessions. The values presented in the tables reflect only the participation (working interest) of the Company in these concessions.

(5) Miranga's contingent resources include a 100% stake in the 9 fields of the Miranga Cluster, all located in the state of Bahia. Such resources are contingent only on regulatory approvals of the acquisition of the Miranga Cluster and its subsequent closure, and the extension of concessions.

(6) The total values may not reflect the exact account due to possible rounding of numbers.

(7) The different classifications of oil accumulations have varying degrees of technical and commercial risk that are difficult to quantify; reserves, contingent resources and prospective resources should not be aggregated without a broad consideration of these factors. This table shows the sum of the reserves and contingent resources shown in the NSAI reports without adjustments to these factors; these somas are shown in this table for convenience purposes only.



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Safety, Health, Environment and Sustainability (SSMS)

For PetroReconcavo, safety is a non-negotiable value and a commitment made in our Strategic Planning, which guide our daily operations and those who relate to us. We develop our activities in accordance with applicable laws and regulations in the places where we operate, in addition to complying with our own internal guidelines and procedures based on best market practices

Our business requires an excellent performance based on responsible management of the impacts that our activity generates on people, communities, and the environment. To mitigate these impacts, we apply tools to identify the risks associated with the activities and verify if the barriers we adopt are sufficient to keep them under control. In the second quarter of 2021, we had 661,314 hours worked with zero lost time incidents.

To strengthen our HS&E culture, throughout the second quarter, we continued the Safe Leader Program, training our high and medium leadership. Through this Program, the Company seeks to develop its leaders to be the protagonists of the Safety Culture, stimulating its perception of risks, in order to interrupt the chain that generates the accident.

In April, the Company launched the "ABRIL VERDE" campaign, promoting awareness of continuous improvement in occupational safety and occupational health issues.

On May 22, we reached a historic milestone of 1. 000 days without Lost Time Incidents in the Recôncavo District. On this date we celebrate and recognize the main leaders who stood out in the themes of Health and Safety. As of June 30th, 2021, we continued without lost time incidents in the Recôncavo District.

We also carried out the "MAIO AMARELO" Campaign for the prevention of traffic accidents, involving the entire Company. During the campaign, theoretical and practical training was carried out, in which 197 workers participated, corresponding to a total of 1,182 hours of training.



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On the June 5th, at World Environment Day, the Company celebrated the date, by promoting environmental actions throughout the week with the participation of employees and surrounding communities.

Also in June, the project "Occupational Risk Control in The Dewaxing of Petroleum Pipes", carried out by PetroReconcavo Rigs&Service team, was chosen as one of the three winners in the Occupational Hygiene category of the Brazil Protection Award 2021, promoted by "REVISTA PROTEÇÃO", which highlights initiatives for the health and safety of workers.

Finally, we have recently begun studies and preparations for the Company to generate and issue in the first half of 2022 our first sustainability report according to the Global Reporting Initiative – "GRI" standard.

These actions demonstrate Company commitment to strengthening the culture of Safety, Health, Environment and Sustainability in alignment with the Company's values.

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Annex 1 – Balance Sheet

PETRORECÔNCAVO S.A. AND CONTROLLED

Balance Sheet as at June 30, 2021

(in thousands of Brazilian reais – R\$)

ASSETS	Notes	Company		Consolidated		LIABILITIES AND EQUITY	Notes	Company		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020			06/30/2021	12/31/2020	06/30/2021	12/31/2020
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	3	217.910	11.663	268.955	30.861	Trade payables	9	51.175	49.022	81.808	80.089
Short-term investments	3	894.672	9.993	941.890	66.414	Payroll and related charges		17.579	12.002	23.028	16.065
Trade receivables	4	36.830	52.578	133.067	108.733	Taxes payable		2.739	14.083	54.253	22.762
Inventories		-	127	869	1.211	Loans and financing	10	45.253	1.355	261.795	212.931
Dividends receivable	16	304	304	-	-	Leases payable	22	9.272	5.995	17.098	15.241
Recoverable taxes	5	14.348	13.457	25.707	22.433	Derivative financial instruments	14	-	-	151.685	-
Derivative financial instruments	14	-	-	-	80.506	Dividends payable	15 f	2	2	2	2
Other assets		5.126	11.161	6.331	12.826	Provision for well abandonment	13	-	-	6.301	6.301
Total current assets		<u>1.169.190</u>	<u>99.283</u>	<u>1.376.819</u>	<u>322.984</u>	Other payables		51	1.168	76	1.170
						Total current liabilities		<u>126.071</u>	<u>83.627</u>	<u>596.046</u>	<u>354.561</u>
NONCURRENT ASSETS						NONCURRENT LIABILITIES					
Short-term investments	3	-	-	63.669	68.597	Loans and financing	10	904	1.379	543.188	681.109
Related parties	16	4.477	20.460	-	-	Leases payable	22	2.786	5.100	3.263	7.646
Recoverable taxes	5	493	14	7.686	562	Derivative financial instruments	14	-	-	196.645	17.886
Derivative financial instruments	14	-	-	-	56.576	Provision for tax, civil and labor contingency risks	12	5.180	4.965	5.180	4.965
Judicial deposits	6	2.514	2.237	2.588	2.311	Provision for well abandonment	13	11.729	10.914	37.248	33.810
Other assets		240	475	240	475	Total noncurrent liabilities		<u>20.599</u>	<u>22.358</u>	<u>785.524</u>	<u>745.416</u>
Deferred income tax and social contribution	11	32.767	2.482	187.162	3.070						
Investments	7	433.571	560.003	-	-	NET EQUITY					
Property, plant and equipment	8	378.297	386.092	1.610.695	1.599.890	Share capital	15	1.812.336	674.941	1.812.336	674.941
Lease right-of-use assets	22	11.557	10.528	18.743	20.680	Capital reserve		31.158	31.158	31.158	31.158
Intangible assets		4.262	4.607	4.666	5.028	Profit reserve		160.945	160.945	160.945	160.945
Total noncurrent assets		<u>868.178</u>	<u>986.898</u>	<u>1.895.449</u>	<u>1.757.189</u>	Retained earnings		81.676	-	81.676	-
						Equity variation adjustment		(229.898)	78.671	(229.898)	78.671
						Capital transactions		34.481	34.481	34.481	34.481
						Total net equity		<u>1.890.698</u>	<u>980.196</u>	<u>1.890.698</u>	<u>980.196</u>
TOTAL ASSETS		<u>2.037.368</u>	<u>1.086.181</u>	<u>3.272.268</u>	<u>2.080.173</u>	TOTAL LIABILITIES AND NET EQUITY		<u>2.037.368</u>	<u>1.086.181</u>	<u>3.272.268</u>	<u>2.080.173</u>

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



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Annex 2 – Income Statement

PETRORECONCAVO S.A. AND CONTROLLED

Statements of profit and loss for the three and six-month period ended June 30, 2021

(in thousands of Brazilian reais – R\$, except result per share)

	Notes	Company				Consolidated			
		04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
NET REVENUE	18	72.585	60.850	146.349	140.190	249.110	185.488	494.898	381.036
COSTS OF SERVICES AND SALES	19	(59.073)	(45.046)	(112.662)	(104.718)	(166.331)	(111.882)	(319.429)	(240.487)
GROSS PROFIT		13.512	15.804	33.687	35.472	82.779	73.606	175.469	140.549
REVENUE (EXPENSES)									
General and administrative	19	(16.166)	(6.667)	(25.732)	(19.200)	(18.188)	(8.311)	(29.471)	(23.193)
Other income (expenses), net	19	637	1.638	1.327	2.236	(1.618)	565	(12.445)	563
Equity in investments	7, 19	105.928	(17.764)	79.237	(157.062)	-	-	-	-
Total		90.399	(22.793)	54.832	(174.026)	(19.806)	(7.746)	(41.916)	(22.630)
OPERATING INCOME (LOSS)		103.911	(6.989)	88.519	(138.554)	62.973	65.860	133.553	117.919
FINANCIAL INCOME									
Financial income	20	5.276	412	11.241	652	5.335	4.035	20.878	4.437
Financial expenses	20	(2.412)	(1.339)	(4.103)	(2.953)	(30.962)	(33.412)	(54.023)	(61.591)
Exchange variation, net	20	(14.462)	(1.856)	(17.414)	(6.154)	89.297	(56.077)	2.030	(285.191)
		(11.598)	(2.783)	(10.276)	(8.455)	63.670	(85.454)	(31.115)	(342.345)
NET INCOME (LOSS) BEFORE TAXES		92.313	(9.772)	78.243	(147.009)	126.643	(19.594)	102.438	(224.426)
INCOME TAX AND SOCIAL CONTRIBUTION									
Current		788	(5.381)	(3.535)	(12.670)	(32.958)	(5.286)	(37.417)	(12.670)
Deferred		1.262	18	4.537	4.393	(14.091)	9.754	(613)	85.899
Reduction -tax incentive		203	-	2.431	-	14.972	(30)	17.268	-
	11	2.253	(5.363)	3.433	(8.277)	(32.077)	4.438	(20.762)	73.229
NET INCOME (LOSS) FOR THE PERIOD		94.566	(15.135)	81.676	(155.286)	94.566	(15.156)	81.676	(151.197)
Net earnings (loss) per common and preferred share - R\$	15.e	0.4374	(0.0903)	0.4254	(0.9267)				
Diluted earnings (loss) per common and preferred share - R\$	15.e	0.4350	(0.0897)	0.4227	(0.9202)				

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



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Annex 3 – Cash Flow Statement

PETRORECÔNCAVO S.A. AND CONTROLLED

Statement of cash flows for the six-month period ended June 30, 2021

(in thousands of Brazilian reais – R\$)

		Company		Consolidated	
	Notes	06/30/2021	06/30/2020	06/30/2021	06/30/2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) before taxes on income		78.243	(147.009)	102.438	(224.426)
Adjustments to reconcile profit (loss) for the year to cash generated by operating activities:					
Interest and exchange differences, net		(4.777)	202	(1.920)	324.910
Exchange differences on translating cash and cash equivalents	3	-	-	355	(565)
Interest and foreign exchange differences on leases	22	999	7.209	2.437	1.925
Depreciation and depletion of property, plant and equipment	8	36.264	36.432	119.186	97.343
Amortization of intangible assets		438	355	488	398
Depreciation of right-of-use assets	22	3.345	5.463	9.759	8.636
Amortization of borrowing costs	10	41	-	6.796	9.266
Allowance for inventory loss		-	-	-	(63)
Equity in investments	7, 19	(79.237)	157.062	-	-
Provision for tax, civil, labor and regulatory contingency risks	12	215	989	215	989
Adjustment of provision for well abandonment	13	815	870	3.438	2.544
Derecognition of property, plant and equipment and leases		23.801	21.658	56.740	23.521
CHANGES IN ASSETS					
Trade receivables		15.748	(8.009)	(24.334)	(16.121)
Inventories		127	-	342	130
Recoverable taxes		(1.370)	2.964	(10.398)	(4.176)
Judicial deposits		(277)	(20)	(277)	(20)
Other assets		6.270	(23)	6.730	(5.531)
CHANGES IN LIABILITIES					
Trade receivables		2.153	(9.383)	1.719	(10.009)
Payroll and related charges		5.577	5.598	6.963	8.214
Recoverable taxes		(12.180)	(7.966)	11.857	(4.095)
Other payables		(1.117)	(372)	(1.094)	(372)
Interest paid	10	(767)	(168)	(31.331)	(32.129)
Interest on leases paid	22	(421)	(1.080)	(1.348)	(1.525)
Income tax and social contribution paid		(268)	(135)	(515)	(1.424)
CASH GENERATED BY OPERATING ACTIVITIES		73.622	64.637	258.246	177.420
CASH FLOWS FROM INVESTING ACTIVITIES					
Loans with related parties		(13.167)	2.642	-	-
Interest on loans with related parties		-	7	-	-
Advance for future capital increase in subsidiaries		(13.200)	-	-	-
Investment in short-term investments		(884.679)	(14.441)	(870.548)	(130.591)
Additions to property, plant and equipment	8	(52.271)	(35.818)	(186.952)	(60.810)
Additions to intangible assets		(93)	(513)	(126)	(260)
Capital increase in subsidiaries	7	(60.550)	-	-	-
CASH USED IN INVESTMENT ACTIVITIES		(1.023.960)	(48.123)	(1.057.626)	(191.661)
CASH FLOW FROM FINANCING ACTIVITIES					
Financing raised	10	60.479	-	60.479	-
Repayment of financing	10	(11.554)	(950)	(123.437)	(950)
Repayment of leases - principal	22	(3.988)	(9.266)	(11.216)	(9.835)
Capital increase	15	1.187.375	3.375	1.187.375	3.375
Share issue cost	15 a	(75.727)	-	(75.727)	-
Cash generated (used) in financing activities		1.156.585	(6.841)	1.037.474	(7.410)
Increase (decrease) in cash and cash equivalents		206.247	9.673	238.094	(21.651)
Cash and cash equivalents at the beginning of the period	3	11.663	19.977	30.861	56.265
Cash and cash equivalents at the end of the period	3	217.910	29.650	268.955	34.614
Increase (decrease) in cash and cash equivalents		206.247	9.673	238.094	(21.651)

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



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