



# Conference Call **Earnings 1Q21**

May 19th, 2021



***PetroReconcavo***

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# Our actions derive from our Mission, Vision and Values

We seek to inspire our workforce with our mission.

## » Mission

We develop opportunities in the oil and gas industry, turning resources into value and dreams into reality.

## » Vision 2025

To be the safest, most efficient and profitable independent oil and gas operator and to lead the transformation of the onshore industry in Brazil.

## » Values

Resilience

Enthusiasm

Entrepreneurship

Austerity

Respect and trust in people

Integrity

**PetroReconcavo**

**Pen.**



We are on our way to be the safest, most efficient and most profitable independent Oil and Gas operator and lead the transformation of the onshore industry in Brazil.

## 1Q21 Highlights and Subsequent Events

Realization of the Initial Public Offering (IPO) in May 2021, raising more than R\$1 billion in gross funding

Signing of the acquisition of the Miranga Cluster in February 2021, with approval at CADE in April 2021



Growth of 25.7% and 25.0%, respectively, in Net Revenue and EBITDA in 1Q21, when compared to 1Q20;

**8.6% reduction in net debt and reduction in the indebtedness ratio;**

8.2% reduction in average production cost in US\$/BOE;

**ANP approval for assignment of change of the operator in the Sabiá-da-Mata and Sabiá-Bico-de-Osso fields for our subsidiary Potiguar E&P**

Approval in CADE of the acquisition of the Remanso Cluster and beginning of the process of the assignment of concessions with the ANP;

We increased the volume of hours worked and kept zero lost time incident rate.

# What Differentiates PetroReconcavo's Story

Interesting Sector Opportunity...

...For an Experienced Onshore Operator

**BR PETROBRAS**  
Divestiture Program  
&  
Market Liberalization

**anp** **NOVO MERCADO DE GÁS**

&  
Attractive Contractual  
Terms for Oil and Gas



- 1** One of the Leading Independent Brazilian Onshore Operator  
*+20 years*
- 2** Proven Track Record  
*Historical increase in reserves of 4.7x over 20 years*
- 3** Know-How in Mature Fields  
*+1,000 successful workovers; vertical structure*
- 4** Strong Financial Performance  
*EBITDA margin: 53%; EBITDA increase: 25%*
- 5** Seasoned Management  
*C-Level average tenure at PetroReconcavo of 15 years*

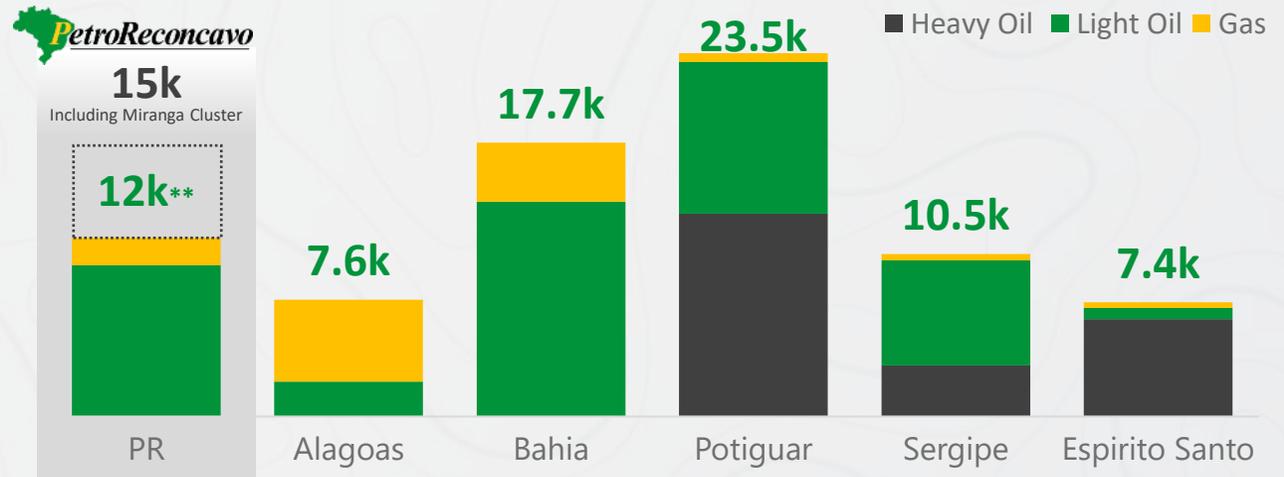


# Petrobras Assets for Sale Are All Potential Company-Makers

Large, diversified, and including major midstream assets



Divestiture Production Profile - Gross Production (boepd)\*



Asset	Refinery	Gas Plant	Maritime Terminal	Commercial Tankage	Offshore Concessions
PR					
Alagoas		✓	✓		✓
Bahia		✓		✓	
Potiguar	✓	✓	✓	✓	✓
Sergipe		✓	✓	✓	
Espirito Santo			✓	✓	

\*Source: ANP, average Jan-Dec 2020

\*\*Including recently acquired fields from the Remanso acquisition



# New Regulation is Promoting the Market for Natural Gas

More opportunities to capture value on the gas value chain



## PREVIOUS SITUATION



## NEW GAS MARKET



Lack of Access to Existing Infrastructure

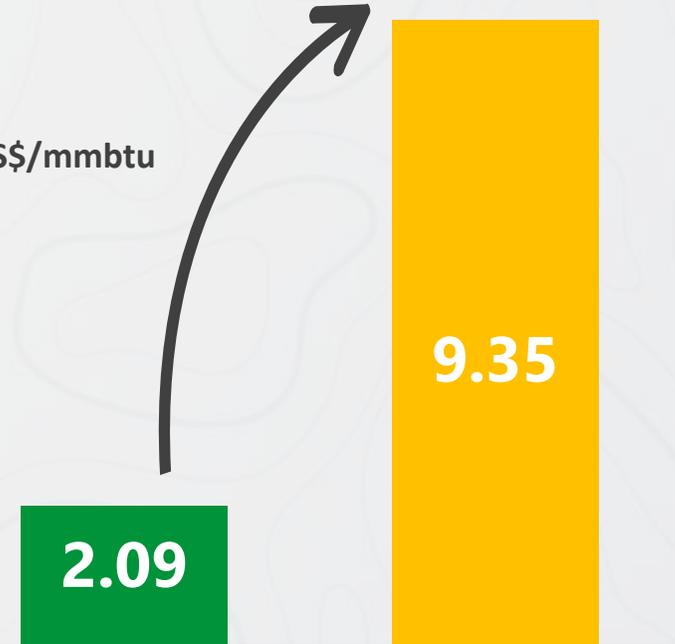
Promotion of competitiveness and free market  
Improved Regulation

Market Brazilian Gas Consumers never contracted natural gas outside LDCs and PBR

Consumers will have the flexibility and optionality to define gas supplier and negotiate contracts

Gas Prices\* (molecule)

US\$/mmbtu



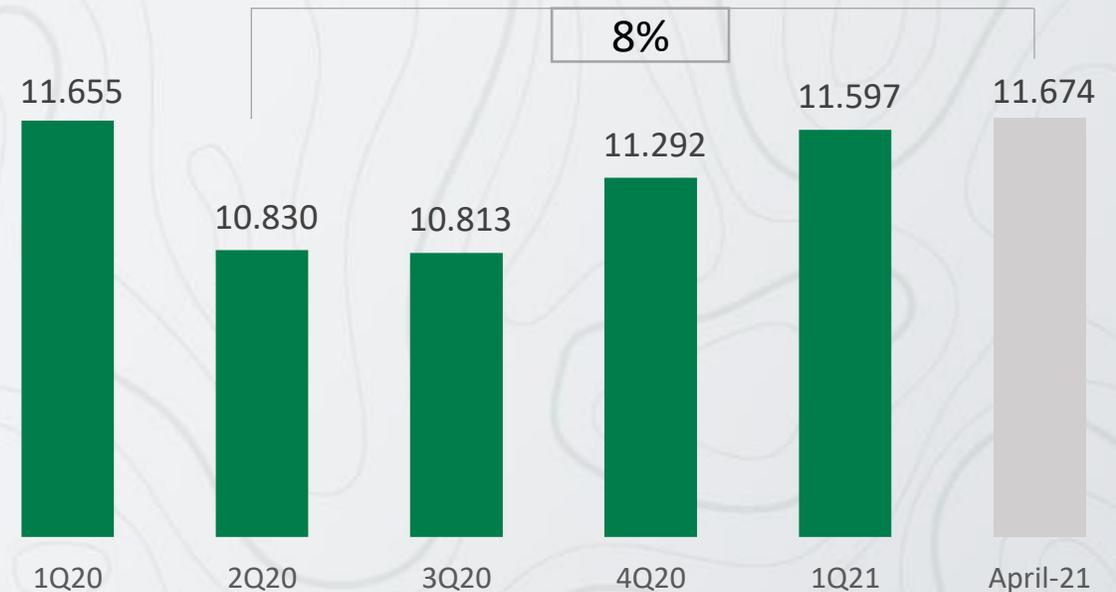
Petrobras avg. Acquisition Cost Bahiagas Price to Consumer

\* All cost of molecule including taxes; Petrobras average acquisition price between producers for Camamu, Recôncavo, Potiguar, Santos and Campos basins, as of November 2020; Bahiagas price for industrial consumer 20.001-35.000 m3/d, as per 01/11/2020



# Continued production uptrend with an average of 11,597 BOED in 1Q21

Total PetroReconcavo Production (boed)



Recovery of BRENT prices allowed a resumption of investments after activities were reduced due to the impact of the pandemic

**Recent focus on Potiguar District operations**



Daily Gross Production	In Barrels of Oil Equivalent - BOED		
	1Q21	1Q20	Δ%
Recôncavo District	3.776	4.808	-21,5%
Potiguar District	7.821	6.847	14,2%
<b>Total PetroReconcavo</b>	<b>11.597</b>	<b>11.655</b>	<b>-0,5%</b>

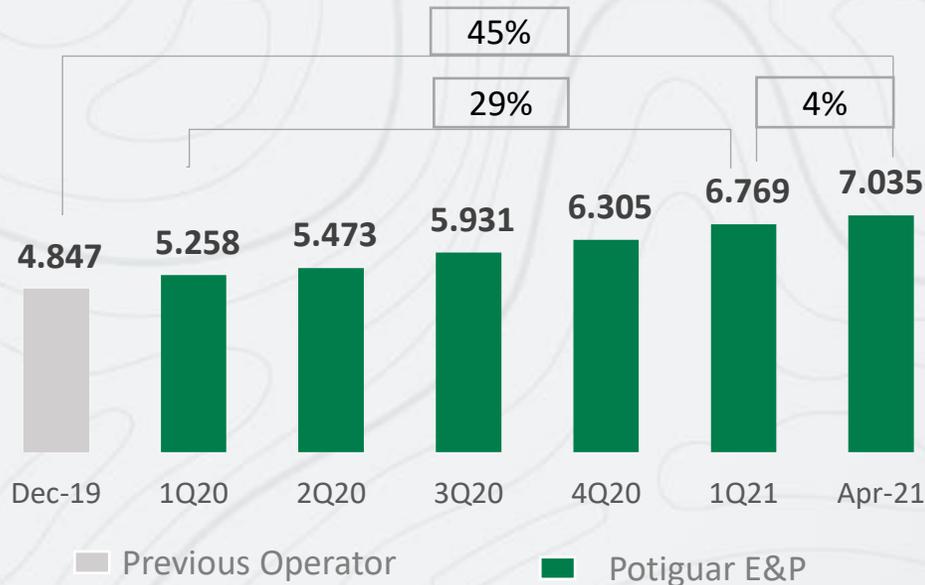


# Potiguar District

29% production increase in 1Q21 vs 1Q20 and 45% since we took over the operations of the 30 fields



Potiguar E&P Total Production	In Barrels of Oil Equivalent- BOED		
	1Q21	1Q20	Δ%
30 Operated Fields	6.769	5.258	29%
Working interests in non-operated fields	1.052	1.591	-34%
<b>Total Potiguar E&amp;P</b>	<b>7.821</b>	<b>6.849</b>	<b>14%</b>



We started 2021 with **three workover rigs** operating in the district



Workovers in 1Q21 focused on the **Lorena** field; and **Riacho da Forquilha** in April



Production drop in non-operated fields **due to gas burning limit**



Begging of **drilling** in Sabiá Bico de Osso and Sabiá da Mata fields estimated for the end of 2Q21



## Recôncavo District

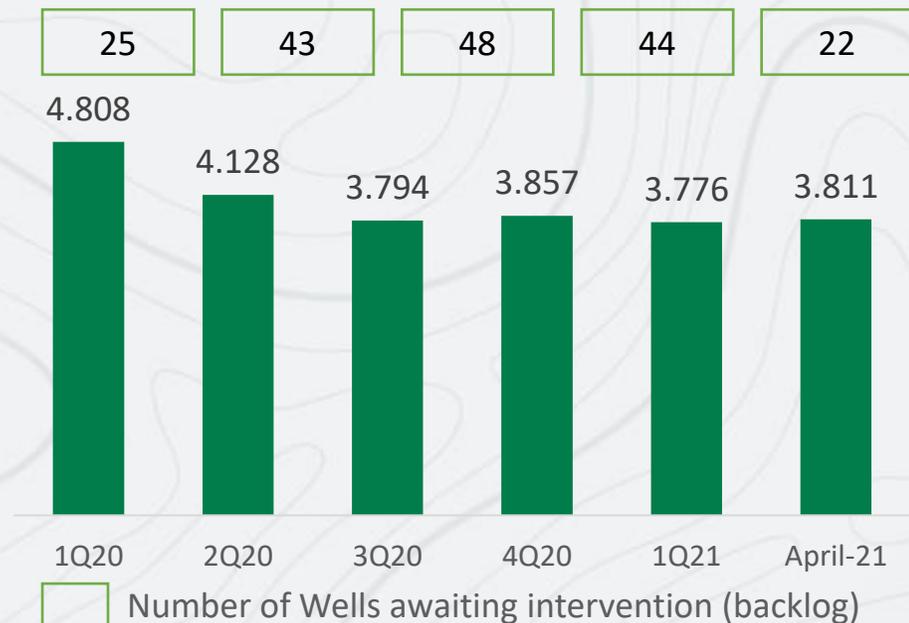
### Average production of 3,776 boed in 1Q21

Capex reduction in the last 12 months due to COVID-19, low brent prices and negotiation for the acquisition of Remanso Cluster

We shut-in the production of some high cost wells in 2020, returning most of them to production since 4Q20

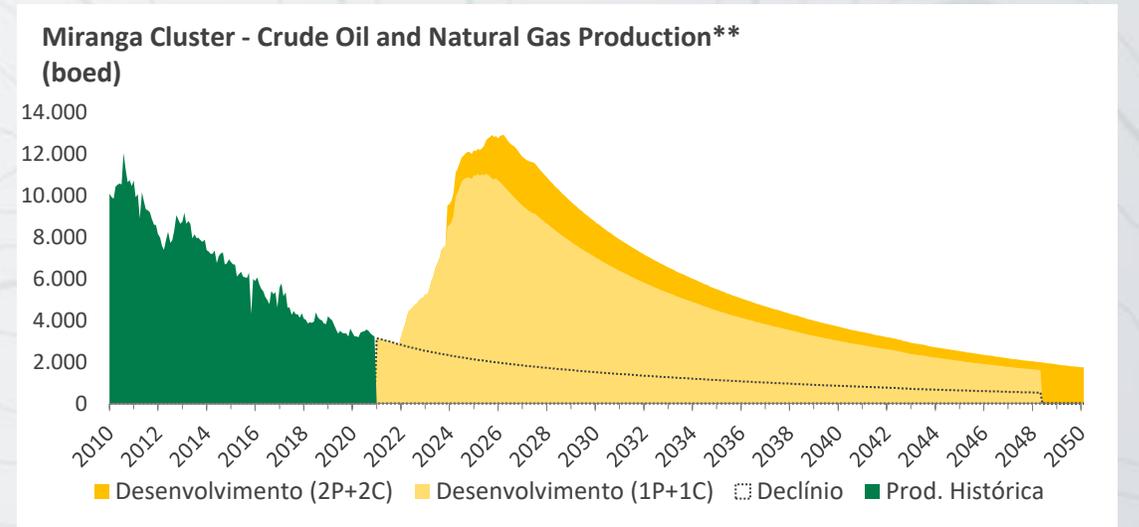
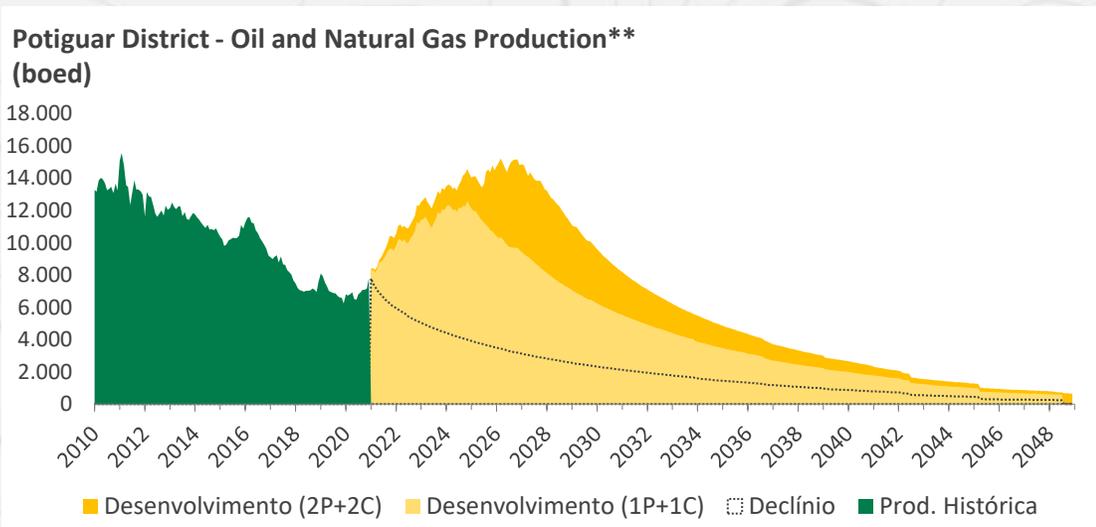
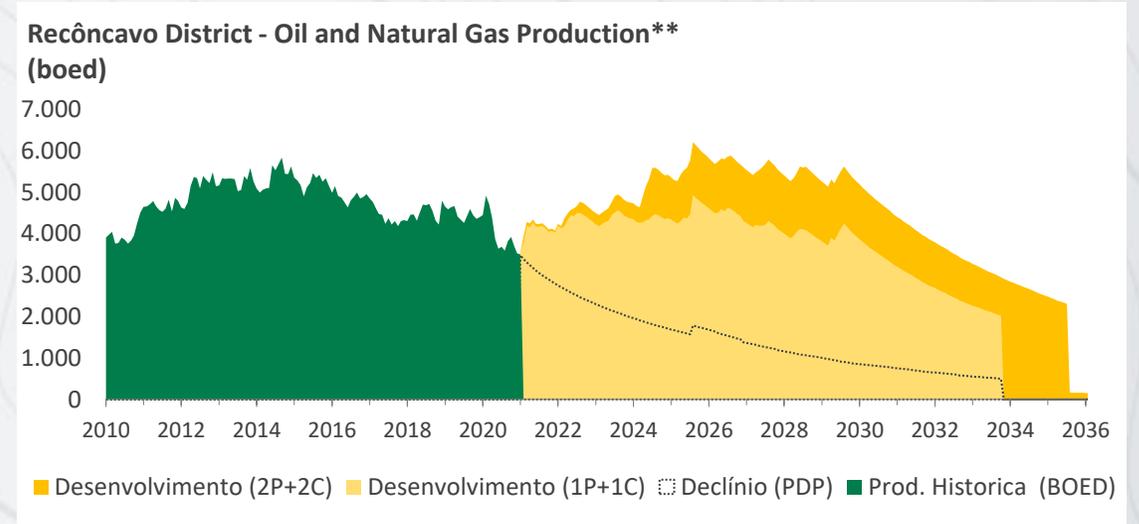
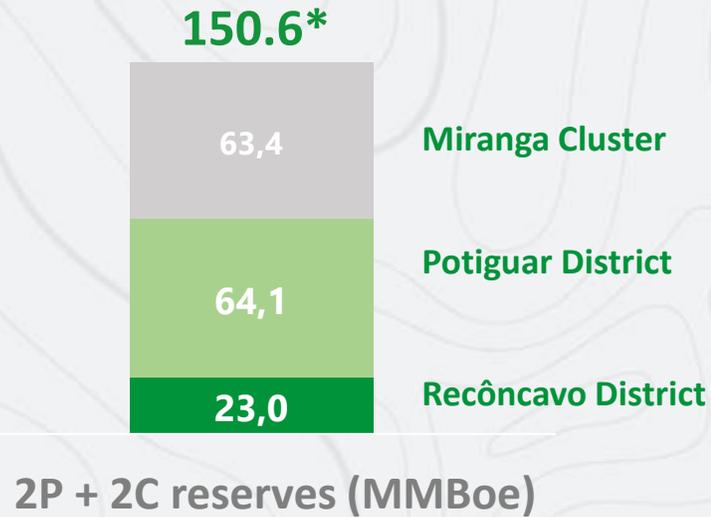


Total Production Recôncavo District (boed)



The acquisition of the Remanso Cluster will enable the **extension of concessions** and **reduction of royalties**, increasing the economic attractiveness of the projects in the Recôncavo District

# Significant volumes of certified Light Oil and Natural Gas reserves

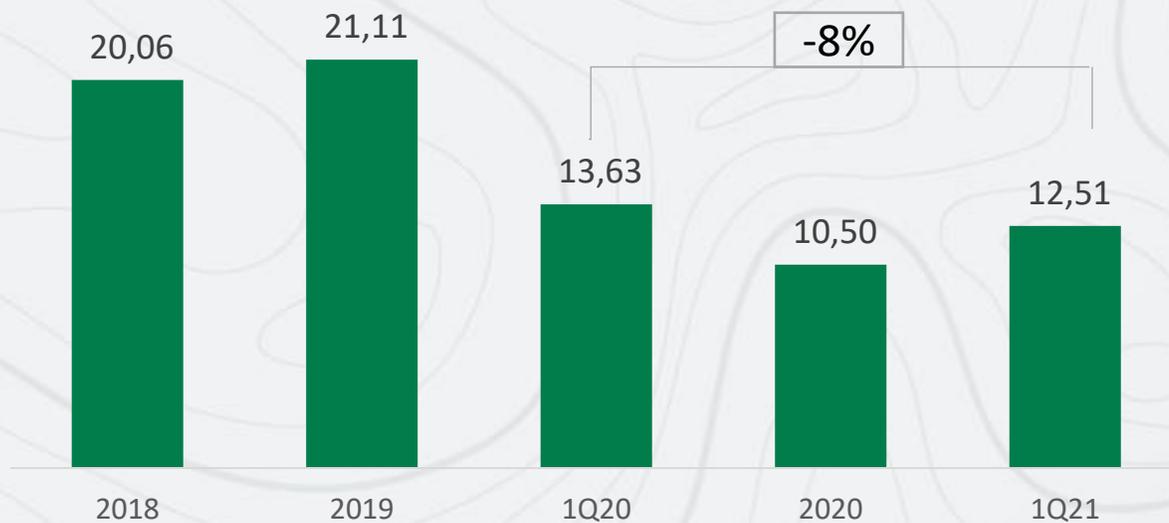


\*Gross Work Interests Reserves

\*\*Based on reserves report by NSAI, Dec-2020, gross of royalties

# 8% reduction in average US\$/boe production cost

Average Consolidated Production Cost (US\$/boe)



- Costs associated with the **resumption of production** of wells that were shut-in during 2020 and **acceleration of asset maintenance in the Potiguar District**
- With the **improvement in gas prices at Potiguar E&P**, we started a process of **revitalization of gas compression and flow systems**, impacting the average production cost for the period.
- **Acquisition of 2 Workover Rigs and 1 Light Rig**
- Evaluation for the acquisition of a **Light Drilling Rig** and a **Conventional Frack Unit**.

# Financial Performance – Income Statement

<b>Consolidated Income Statement</b>		<i>(in thousand of R\$)</i>	
	1Q21	1Q20	Δ %
Net revenue	245.788	195.548	25,7%
Costs and expenses	(175.208)	(143.489)	22,1%
<b>Operating profit</b>	<b>70.580</b>	<b>52.059</b>	<b>35,6%</b>
Depreciation, amortization and depletion	61.052	53.270	14,6%
<b>EBITDA</b>	<b>131.632</b>	<b>105.329</b>	<b>25,0%</b>
Net financial result	(94.785)	(256.891)	-63,1%
Current taxes	(2.163)	(7.354)	-70,6%
Deferred taxes	13.478	76.145	-82,3%
<b>Net income (losses)</b>	<b>(12.890)</b>	<b>(136.041)</b>	<b>-90,5%</b>

## Net Revenue: 25.7% increase

Exchange rate appreciation and commodity price; 1Q20 benefited by hedge

## Costs and Expenses: 22.1% increase

Royalties; DD&A; Costs associated with the resumption of production of wells shut-in throughout 2020 and acceleration of asset maintenance in the Potiguar District

## Net Financial Result: loss reduction by 63.1%

Impacted by the Real devaluation in the period which affected our Dollar denominated debt, mostly without cash effect.

Impact on the Company's financial health is mitigated by the fact that revenues are mostly denominated in dollars.

# Financial Statements – Summary Cash Flows

Consolidated cash flow statement		<i>(em milhares de R\$)</i>	
	1T21	1T20	Δ%
Losses before taxes	(24.205)	(204.832)	-88,2%
Depreciation, amortization and depletion	61.052	53.270	14,6%
Interest and exchange variations, net	103.869	248.629	-58,2%
Other adjustments and variations	(3.058)	(13.765)	-77,8%
<b>Cash generated by operating activities</b>	<b>137.658</b>	<b>83.302</b>	<b>65,3%</b>
Additions to property, plant and equipment	(126.005)	(50.718)	148,4%
(Investments) redemptions of financial investments	2.225	(56.634)	-103,9%
<b>Cash invested in investment activities</b>	<b>(123.780)</b>	<b>(107.352)</b>	<b>15,3%</b>
New Loans	60.479	-	n.a.
Amortization of financing and leases	(61.173)	(3.109)	1867,6%
Capital increase and AFAC	-	2.360	-100,0%
<b>Cash invested in financing activities</b>	<b>(694)</b>	<b>(749)</b>	<b>-7,3%</b>
<b>Increase (decrease) in cash balance and equivalents</b>	<b>13.184</b>	<b>(24.799)</b>	<b>-153,2%</b>

## Cash generated by operating activities

In 1Q20, we were building the working capital of the Potiguar E&P subsidiary

## Cash invested in investment activities

In 1Q20, we paid Petrobras a deposit of R\$60,549k to acquire the Miranga Cluster

## Cash invested in financing activities

R\$60,479k funding for the acquisition of the Miranga Cluster; R\$61,173k in amortizations

## Financial Statements – Indebtedness

<b>Net Debt</b>			
	<i>(in thousand of R\$)</i>		
	1Q21	1Q20	Δ %
FINEP	2.637	3.927	-32,8%
Bank loans	1.019.055	1.030.590	-1,1%
Costs to be amortized	(32.074)	(46.702)	-31,3%
<b>Gross debt</b>	<b>989.618</b>	<b>987.815</b>	<b>0,2%</b>
Cash and cash equivalents	44.045	31.466	40,0%
Financial investments	132.786	66.816	98,7%
<b>Net debt</b>	<b>812.787</b>	<b>889.533</b>	<b>-8,6%</b>
<b>EBITDA of the last 12 months</b>	<b>500.708</b>	<b>197.315</b>	<b>153,8%</b>
<b>Net Debt/EBITDA last 12 months</b>	<b>1.62 x</b>	<b>4.51 x</b>	<b>-2.88 x</b>

### Debt Amortization Schedule:

	Parent	Consolidated
2021	63.896	251.211
2022	1.315	292.299
2023	329	318.009
2024	0	160.174
<b>Total</b>	<b>65.540</b>	<b>1.021.692</b>

# Expected Payments Schedule of Outstanding Acquisition Costs Due to Petrobras (US\$ MM)

Potiguar

Remanso

Miranga

Miranga Earn-outs



Notes: (1) Expected closing dates. To be confirmed. (2) Price adjustment at closing

## Miranga Earn-outs (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.

# Social Initiatives aimed at Youth Education

Real impact on communities surrounding the operation



## Ciranda Reading

It promotes intellectual and cognitive development, with activities such as school tutoring, reading workshops and text production.



## Ciranda Sport

The program aims to develop socialization through interest in sports activities such as football, judo and volleyball.



## Ciranda Educational

It provides environmental education and sustainable development through recreational activities, such as the cultivation of vegetable gardens and vegetables.

Partnership with



AVSIBRASIL

LEADING THE ONSHORE  
TRANSFORMATION  
IN BRAZIL



## Next steps



**Great opportunity** to acquire onshore oil and gas production with **high growth potential**



Preparation to **take over the fields operated by Sonangol** and to start **the drilling campaign**



Acceleration of the investment program to **increase production**



Preparations for the **Remanso closing** and for the **Miranga closing and takeover**



Implementation of the **Social Project in the Potiguar District**