

Earnings Release

1Q21

Conference Call 1Q21

May 4, 2021

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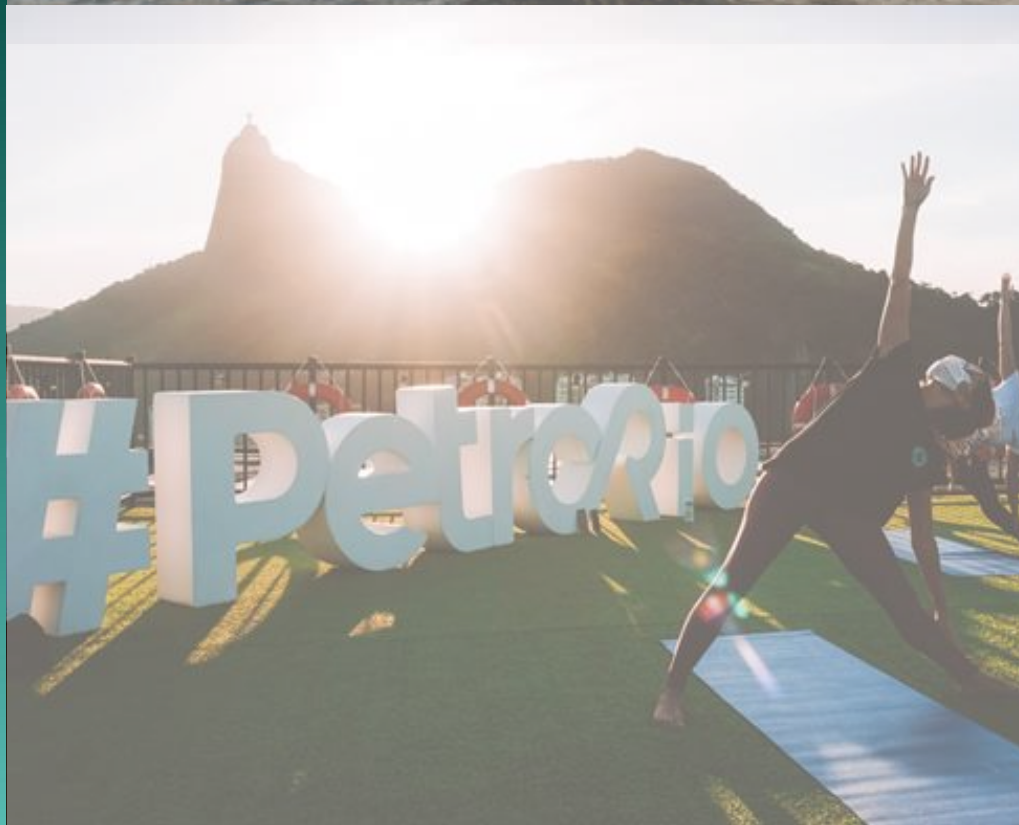
The conference call will be in Portuguese with simultaneous translation to English.

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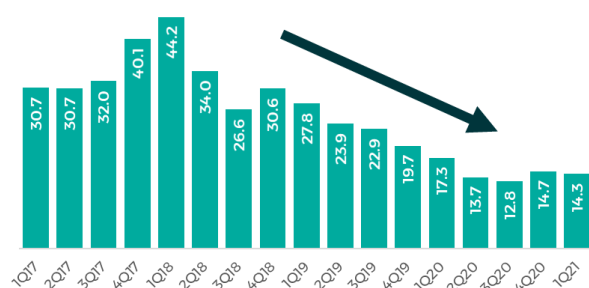
Rio de Janeiro, May 03, 2021 – Petro Rio S.A. ("PetroRio" or "Company") (B3: PRIO3) presents its results for the first quarter of 2021 ("1Q21"). The financial and operating information described below, except where otherwise indicated, is presented on a consolidated basis and in Brazilian Reals (R\$) in accordance with international financial reporting standards (IFRS), and include the Company's direct subsidiaries: Petro Rio O&G Exploração e Produção de Petróleo Ltda., Petro Rio Internacional S.A., PetroRioUSA Inc., and their respective subsidiaries and affiliates.

Stock Information		12M Stock Price: PRIO3 x Ibovespa	
Ticker (B3)	PRIO3		
# Shares issued ex-Treasury	167,831,826		
Market Cap (02/26/2021) ex-Treasury stocks	R\$ 15,415,353,218		
Last Price (02/26/2021)	R\$ 91.85		
12-month Low - High	R\$ 18.55 - R\$ 101.80 (+449%)		
90-day average trading volume	R\$ 534,318,748		

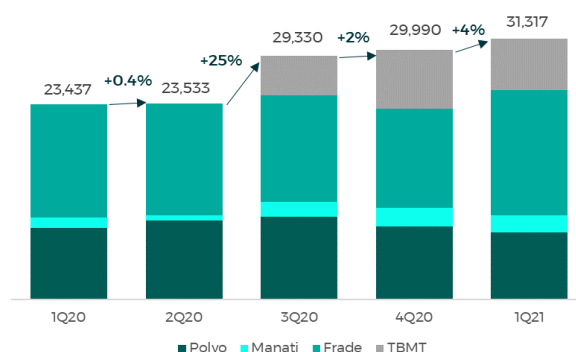
HIGHLIGHTS FOR THE QUARTER

- Net revenue of R\$ 665 million, an increase of 194% vs. 1Q20
- Adjusted EBITDA (ex-IFRS 16) of R\$ 427 million in the quarter (vs. R\$ 33 million in 1Q20)
- Approximately 2 million barrels sold and average production of 31 Mboepd
- Reduction of the net debt / adjusted EBITDA from 1.2x to -1x
- Acquisition of additional 28.6% interest in **Wahoo**
- Approval of the acquisition of 30% of **Frade** by ANP
- Lifting cost of US\$ 14.3 (1Q21), 3% lower than 4Q20 and 17% lower than 1Q20
- R\$ 2 billion follow-on on Jan/21, with a 3x oversubscribed book.

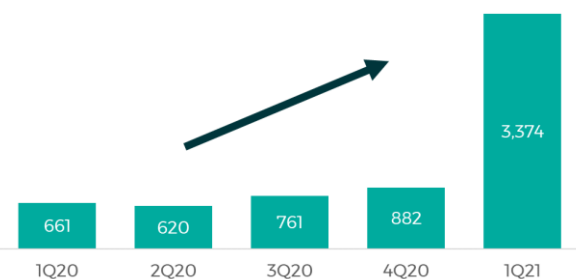
Lifting Cost (US\$/bbl)



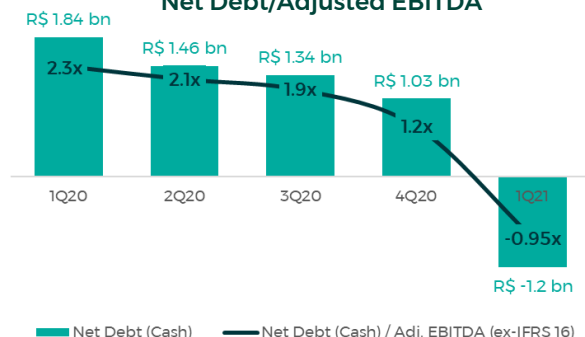
Production (bbl/d)



Cash Position (R\$ MM)



Net Debt/Adjusted EBITDA



MESSAGE FROM THE MANAGEMENT

"2021 started with good news for PetroRio and for society as a whole. The beginning of the vaccination efforts against COVID-19 began to bring relief to the world and the oil market, which saw Brent prices reach levels of US\$ 65/barrel.

We maintained our operations at the highest safety standards, ensuring the well-being of our employees and of the environment. The initiative to apply tests to all boardings on our platforms, and weekly at the office, continued to protect our people and operations. Likewise, we did not slow the pace of physical and mental health initiatives for our teams.

In this context, PetroRio managed to achieve some important milestones, starting with the follow-on offer at the end of January, with a book more than 3 times oversubscribed. We are grateful to the investors who participated in the process, allowing us to raise almost US\$ 400 million, increasing our cash position, making us net cash, and creating room for us to invest more in our current assets and new acquisitions.

*We concluded the acquisition of the last 30% of the **Frade** Field, which also came with the reduction of the Field's abandonment expense estimate, from US\$ 393 million to US\$ 179 million, emphasizing the cost optimization measures that we seek to implement in our assets, while prioritizing operational safety. With this transaction, we now own 100% of the **Frade** Field, where in the future we will undertake a Revitalization Campaign.*

*We acquired another 28.6% interest in the **Wahoo** Field from Total and now we hold a 64.3% interest in the Field, pending the necessary approvals. Our expectation is to receive such approvals during the second semester so that we can declare commerciality and start the tieback with **Frade** Field.*

*We continue to carry out investments in the tieback of **Polvo** and **Tubarão Martelo**, with expected conclusion in July, which will reduce PetroRio's operating costs by approximately US\$ 50 million per year. Just as important, the tieback will also provide a strong reduction in our CO₂ emissions. Next, we intend to perform the completion of Well 10 in **Tubarão Martelo**, completing the project that we started with the acquisition of **FPSO Bravo** in 2020.*

*Finally, during the first quarter we started drilling another well in **Polvo's** Eocene, which is expected to start production in the second quarter.*

We are excited about the future, especially in view of an improvement in global health with the acceleration of vaccination initiatives. We thank our employees for their perseverance and discipline, and we wish much health to all our stakeholders so that everyone can continue overcoming the challenges ahead."

OPERATING PERFORMANCE

	1Q20	2Q20	3Q20	4Q20	1Q21	1Q21 X 1Q20	1Q21 X 4Q20
Avg. Brent	\$ 50.82	\$ 33.39	\$ 43.34	\$ 45.26	\$ 61.32	20.7%	35.5%
Avg. Sales Price	\$ 31.79	\$ 35.09	\$ 42.71	\$ 46.26	\$ 62.19	95.6%	34.4%
Avg. Exchange Rate	4.47	5.39	5.38	5.40	5.48	22.6%	1.6%
Final Exchange Rate	5.21	5.47	5.61	5.19	5.70	9.5%	9.7%
Offtakes (kbbbl)							
Frade Field (70%)	982	950	993	1,943	1,021	3.9%	-47.5%
Polvo Field (100%)	470	447	1,002	988	515	9.5%	-47.9%
Tubarão Martelo Field (80%)	-	-	403	794	392	n/a	-50.6%
Total PetroRio	1,452	1,396	2,397	3,724	1,928	32.7%	-48.2%
Production (boepd)							
Frade Field (70%) ¹	13,563	13,380	12,838	11,928	15,086	11.2%	26.5%
Polvo Field (100%)	8,620	9,446	9,965	8,747	8,019	-7.0%	-8.3%
Tubarão Martelo Field (80%)	-	-	4,787	7,030	6,128	n/a	-12.8%
Manati Field (10%)	1,254	707	1,740	2,285	2,084	66.2%	-8.8%
Total PetroRio	23,437	23,533	29,330	29,990	31,317	33.6%	4.4%
Lifting Cost (US\$/bbl)							
PetroRio	17.3	13.7	12.8	14.7	14.3	-17.5%	-3.1%

¹ Until February 05, 2021, PetroRio held 70% of the Field. After the completion of the acquisition of 30% interest of Petrobras in 1Q21, this percentage increased to 100%.

As the main highlight of the quarter, the Company's total production increased by 34% when compared to the same period in 2020. The increase is result of the acquisition of 80% of the **Tubarão Martelo** Field, completed on August 3rd, 2020 and the acquisition of interest of 30% of Petrobras in **Frade** Field, completed in February 2021.

In the first quarter of the year, PetroRio performed three offtakes, all in February, totaling approximately 2 million barrels sold, of which 515 thousand were sold in the **Polvo** Field, 1 million barrels in **Frade** and 392 thousand barrels in **TBMT**, an increase of approximately 33% compared to the same period of last year. The 48% drop in the number of barrels sold compared to the last quarter is due to the sales postponement strategy used throughout the year 2020 and the subsequent increase in inventory that was sold in 4Q20.

The volume produced in **Frade** in the first quarter of 2021 increased by 26% compared to the previous quarter, due to the increase of ownership in the concession, after the completion of the acquisition of the remaining 30% in February 2021. The increase of only 11% in production compared to the same period of last year is due to the shutdown of the MUP3 well.

In the **Polvo** Field, the quarter's production was 7% lower than the same period in 2020 and presented a reduction of 8% compared to 4Q20. The impact on production is directly due to the 10-day shutdown in production that occurred in February, caused by corrective maintenance of the boiler of the FPSO chartered to Field and operated by BW.

In **Tubarão Martelo**, production in 1Q21 was 13% lower than in 4Q20, impacted by the production restriction of well OGX-44HP in February and production interruption of well TBMT-8H in March due to failure of the electrical submersible pump (ESP). The OGX-44HP well resumed production in early March and the ESP of the TBMT-8H well, which had been in operation since the beginning of the Field's operation, is awaiting the mobilization of the Atlantic Zephyr rig (now called Kingmaker) for a workover, scheduled to be completed in May/June.

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

Lifting Cost PetroRio (US\$/boe)



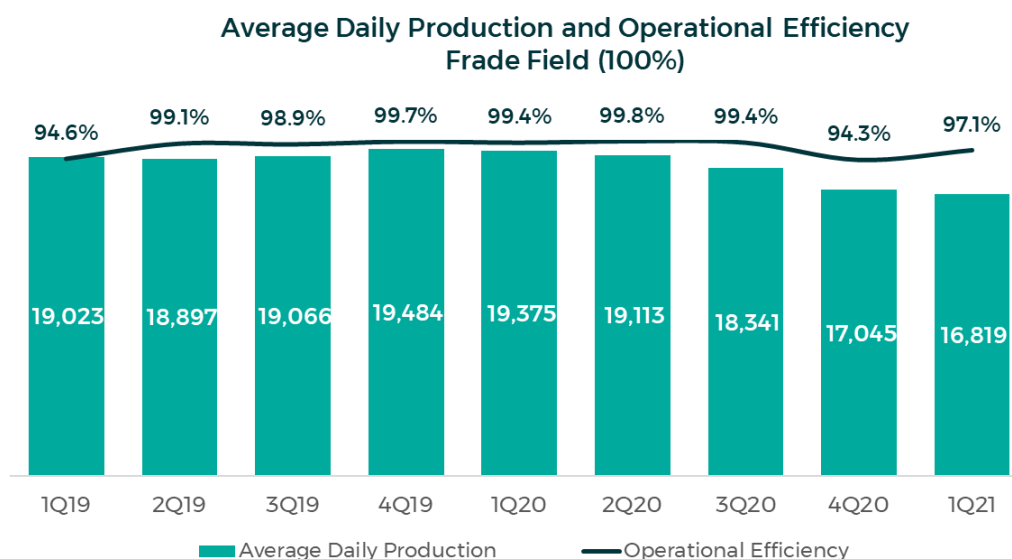
The 1Q21 lifting cost was negatively impacted by the shutdown in **Polvo** in February that caused production to stop for 10 days, due to a problem in the FPSO's boiler operated by BW and chartered to the field.

Compared to the same period last year, the Company's lifting cost showed an improvement, with a reduction of 17.5%, being positively impacted (i) by the incorporation of the production of the **Tubarão Martelo** Field, (ii) by the measures adopted throughout the year 2020, aiming at the revision of expenses and the adjustment against the drop in oil prices, and (iii) the devaluation of the Brazilian Real against the U.S. Dollar, considering that approximately 50% of operating expenses are in Brazilian Reals.

PetroRio will continue with its lifting cost reduction strategy over the next few months, with the **Tubarão Martelo** Field tieback with **Polvo** Field scheduled to be completed in July 2021.

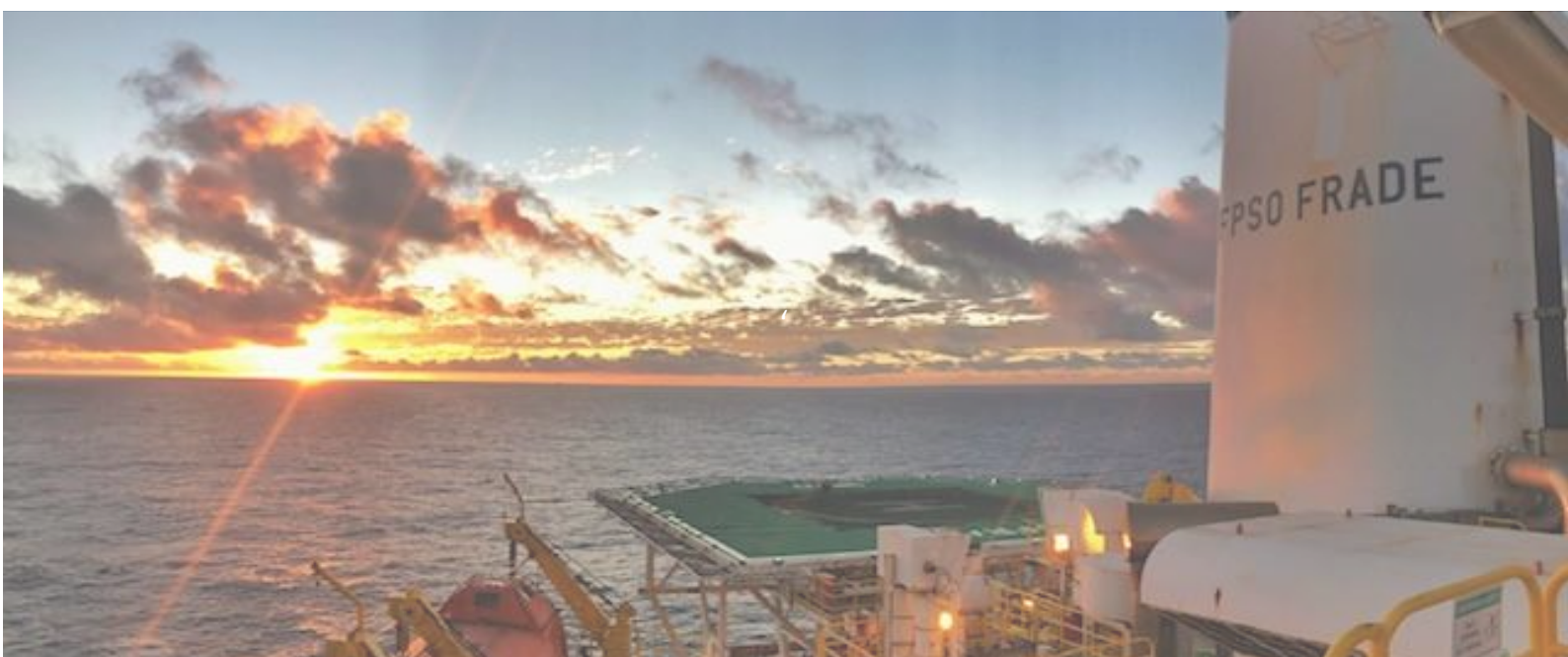
In February 2021, PetroRio announced the closing of the acquisition of the remaining 30% of the **Fraze** Field, and is now the owner of 100% of the Field. This acquisition adds approximately 5.5 thousand barrels per day to PetroRio's total production.

Regarding the Field's operation, operational efficiency in the quarter was 97.1%, due to the shutdown of the MUP3 well. The chart below shows historical average daily production and the operational efficiency of the last quarters, with PetroRio operating the asset since March 26, 2019:



Additionally, the Company informs that on April 26th, a scheduled maintenance shutdown at **Fraze** FPSO was initiated, with expected duration of 8 days.

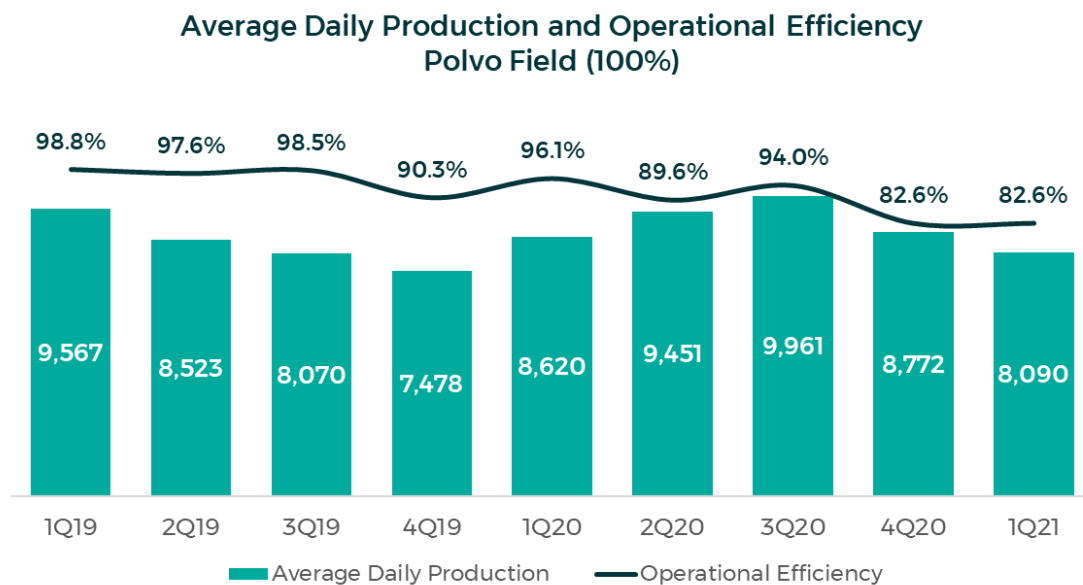
PetroRio maintains in its project portfolio the **Fraze** Field Revitalization, which seeks to increase the asset recovery factor and meet ANP's conditions for the extension of the concession until 2041. The global project considers the drilling of four producing wells and three injection wells. The reservoirs of the Revitalization Plan were selected based on the maximization of the Field's recovery factor.



POLVO FIELD

The **Polvo** Field presented an average daily production 7% lower than 1Q20, due to the interruption of production for 10 days for corrective maintenance of the boiler of the FPSO operated by BW and chartered to the Field.

Polvo's operational efficiency in the quarter was 82.6%, in line with that of the last quarter, when the FPSO also suffered a production interruption due to boiler problems. In the month of February specifically, the Field had operational efficiency of 60.1%, negatively impacted by the shutdown mentioned above, whereas in the months of January and March efficiency remained at normal levels, at 94% and 91.5%, respectively.



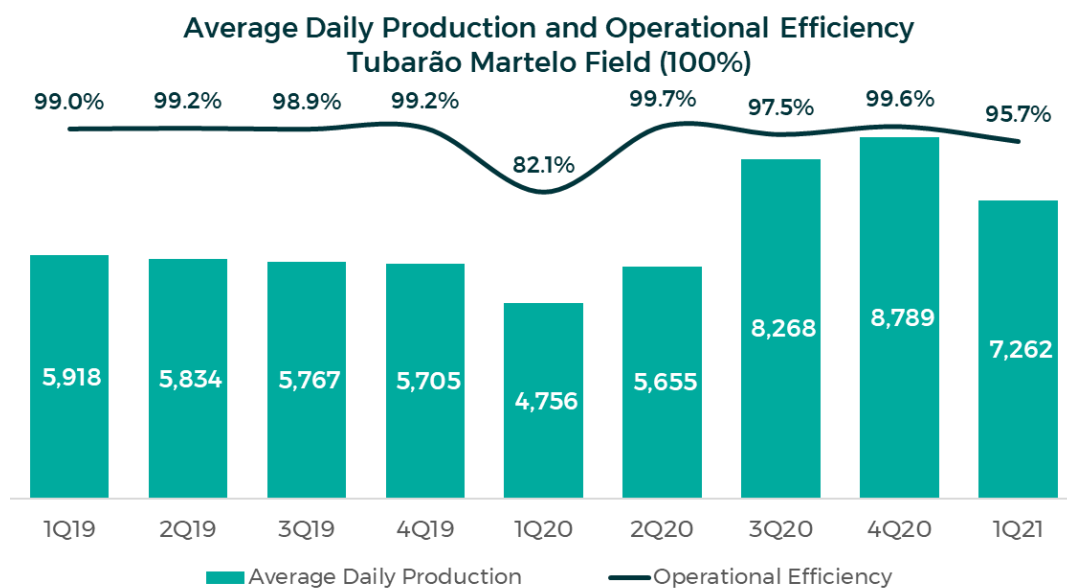
The successful 2020 Drilling Campaign, which took place in the reservoir of geological age from the Eocene and completed on March 2020, opens a new frontier of development in sandstones in the region, both in **Polvo** and in **Tubarão Martelo** in prospects of similar characteristics and for producing wells (infill drilling) in the reservoir. PetroRio began the drilling of a new well in this area in the second quarter of the year.



Polvo Fixed Platform

TUBARÃO MARTELO FIELD

In **Tubarão Martelo**, production in 1Q21 was 13% lower than in 4Q20, impacted by the lower production of the OGX-44HP and TBMT-8H wells. The production of the OGX-44HP well was already normalized in early March, and the ESP of the TBMT-8H well, which had been in operation since the beginning of Field's production, is awaiting the deployment of the Atlantic Zephyr rig (now called Kingmaker) to carry out a workover, scheduled to be completed in May/June.



Despite the reduction in the operational efficiency of the field, due to the interruptions mentioned above, the efficiency of FPSO **Bravo** remained high, showing that the Company adopted the correct strategy in carrying out the tieback between **Polvo** and **Tubarão Martelo** Fields, and discontinuing the operations of the Polvo FPSO in the middle of 2021.

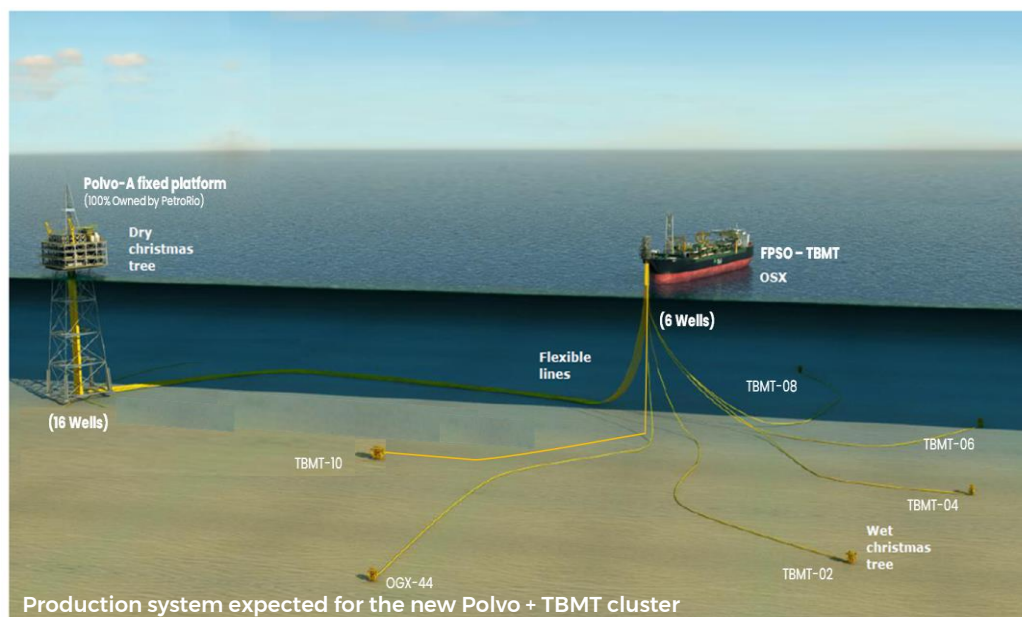


FPSO Bravo operating in Tubarão Martelo

TIEBACK BETWEEN POLVO AND TUBARÃO MARTELO

PetroRio started the project to connect the **Polvo** and **TBMT** fields and the completion of **TBMT-10H-RJS** well in August 2020, given the great value creation provided by them.

After the tieback, the Company estimates that the combined operating cost of the Polvo and TBMT cluster, which, if added together, was approximately US\$ 200 million per year before the acquisition (US\$ 100 million from Polvo + US\$ 100 million from TBMT), will be reduced to US\$ 70-80 million per year, as a result of air, sea and land synergies and the decommissioning of the FPSO currently leased to Polvo. Currently, the cost of the two fields, before the completion of the tieback, is around US\$ 120 million per year.



Up to the date of this report, the physical progress of the project was 60.6%, mainly comprising engineering, beginning of the manufacture of flexible lines, risers, umbilicals and equipment that will connect the fixed platform of **Polvo** to **FPSO Bravo**.

Task name	% completed	Duration	Start date (dd/mm/aaaa)	End date (dd/mm/aaaa)	Tr 2/2020 Abr	Tr 2/2020 Maio	Tr 2/2020 Jun	Tr 3/2020 Jul	Tr 3/2020 Ago	Tr 3/2020 Set	Tr 4/2020 Out	Tr 4/2020 Nov	Tr 4/2020 Dez	Tr 1/2021 Jan	Tr 1/2021 Fev	Tr 1/2021 Mar	Tr 2/2021 Abr	Tr 2/2021 Maio	Tr 2/2021 Jun	Tr 3/2021 Jul	Tr 3/2021 Ago
Fênix Project	61%	340 days	03/08/20	08/07/21																	
Tieback	61%	340 days	03/08/20	08/07/21																	
Project Development	0%	340 days	03/08/20	08/07/21																	
Project Kick Off	100%	0 days	03/08/20	03/08/20																	
Delivery - Flexible Pipe and Risers	0%	0 days	04/06/21	04/06/21																	
Delivery - Umbilicals	0%	0 days	02/06/21	02/06/21																	
Start - Tieback (Pull in/out)	0%	0 days	03/06/21	03/06/21																	
Project Conclusion	0%	0 days	08/07/21	08/07/21																	
SMS	97%	304 days	03/08/20	02/06/21																	
Licensing/Regulatory	91%	304 days	03/08/20	02/06/21																	
Onshore	91%	320 days	03/08/20	18/06/21																	
Offshore	16%	285 days	27/09/20	08/07/21																	

Stages of the project and its and their respective % of completion



Manufacturing of the flexible lines

ACQUISITION OF ADDITIONAL INTEREST IN WAHOO

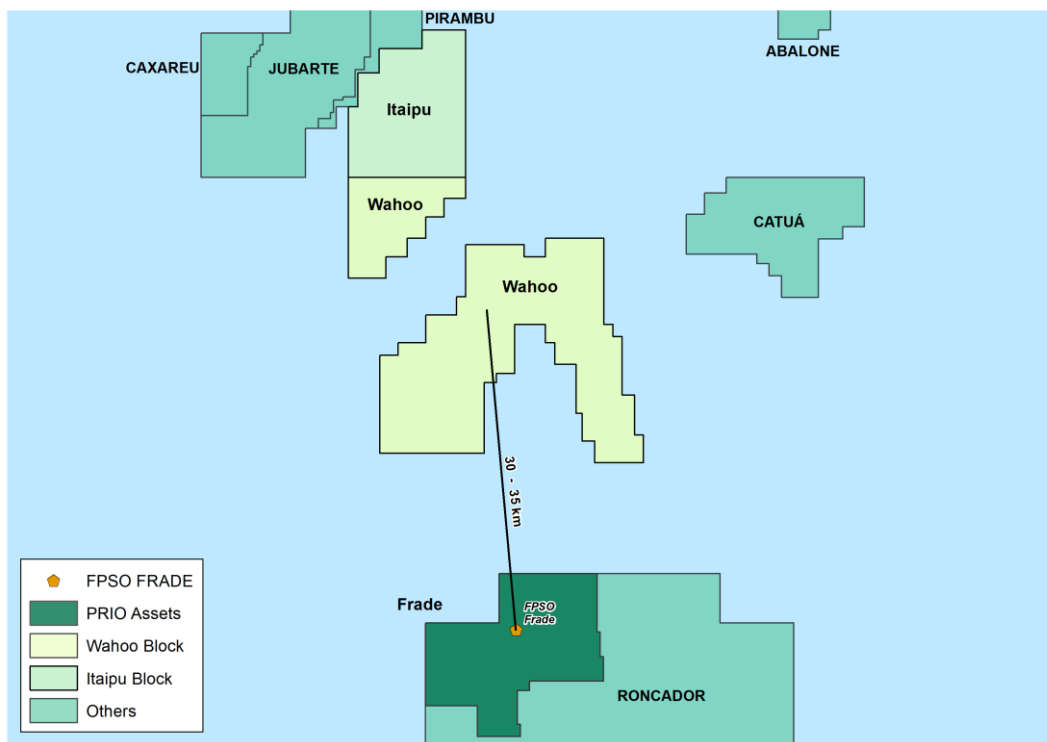
On March 4, 2021, PetroRio announced the signing of an agreement with Total E&P do Brasil for the acquisition of additional interest of 28.6% in Block BM-C-30 (**Wahoo** Field).

In addition to the **Wahoo** interest acquired from BP, PetroRio's interest in the concession will increase to 64.3%, when the two transactions are completed, subject to conditions precedent.

Wahoo, with oil discovery in 2008 and formation test carried out in 2010, has the potential to produce more than 140 million of barrels (100% of the field). The Company estimated an initial average productivity of more than 10,000 barrels per day per well and a production that may exceed 40,000 barrels per day in **Wahoo**, based on the results of the formation test carried out in an exploratory well.

Wahoo's base project includes the drilling of four production wells and two injection wells, as well as the connection between the wells and **Frade** FPSO. The estimated CAPEX initially for the project as a whole is divided into US\$ 300 million for tieback, US\$ 360 million for drilling wells, US\$ 100 million for subsea equipment and US\$ 40 million for adjustments to **Frade** FPSO and other items.

With this acquisition, PetroRio makes another important strategic move and further consolidates its business model (already established in other countries) which include the formation of production clusters through tieback, new development of fields, and operational optimization, always within the most high levels of efficiency and safety.



MANATI NATURAL GAS FIELD

The volume of liquid gas sold in the quarter was 2,084 boepd, 9% below the last quarter and 66% above the recorded in the same period last year. This drop is due to the reduction in gas demand by the client (Petrobras) and the increase year over year is due to the stoppage of gas purchases and production shutdown occurred during 1Q20, as a result of the pandemic.

The operation costs, consisting of direct costs excluding depreciation, was R\$ 6.4 million, 6% below the R\$ 6.7 million recorded in 4Q20 and 21% above that recorded in 1Q20. Another R\$ 2 million was paid as royalties and special stakes for the rights to explore the asset.

The **Manati** acquisition carried out in 2017 for approximately R\$ 116 million (US\$ 37 million at the time), had a 2-year payback and a nominal IRR of 66% for the project. On November 5, 2020, the Company announced the sale of the 10% interest in **Manati** Field for R\$ 144.4 million. The transaction is subject to conditions precedent, including the successful performance of Gas Bridge in the acquisition of the operation of **Manati** from Petrobras. The effective sales date was December 31, 2020 and the transaction has a retroactive economic effectiveness since January 1, 2021.

This move is part of the Company's value generation strategy through dynamic management of its asset portfolio and reinforces PetroRio's focus on operated assets that composes the core of its business.

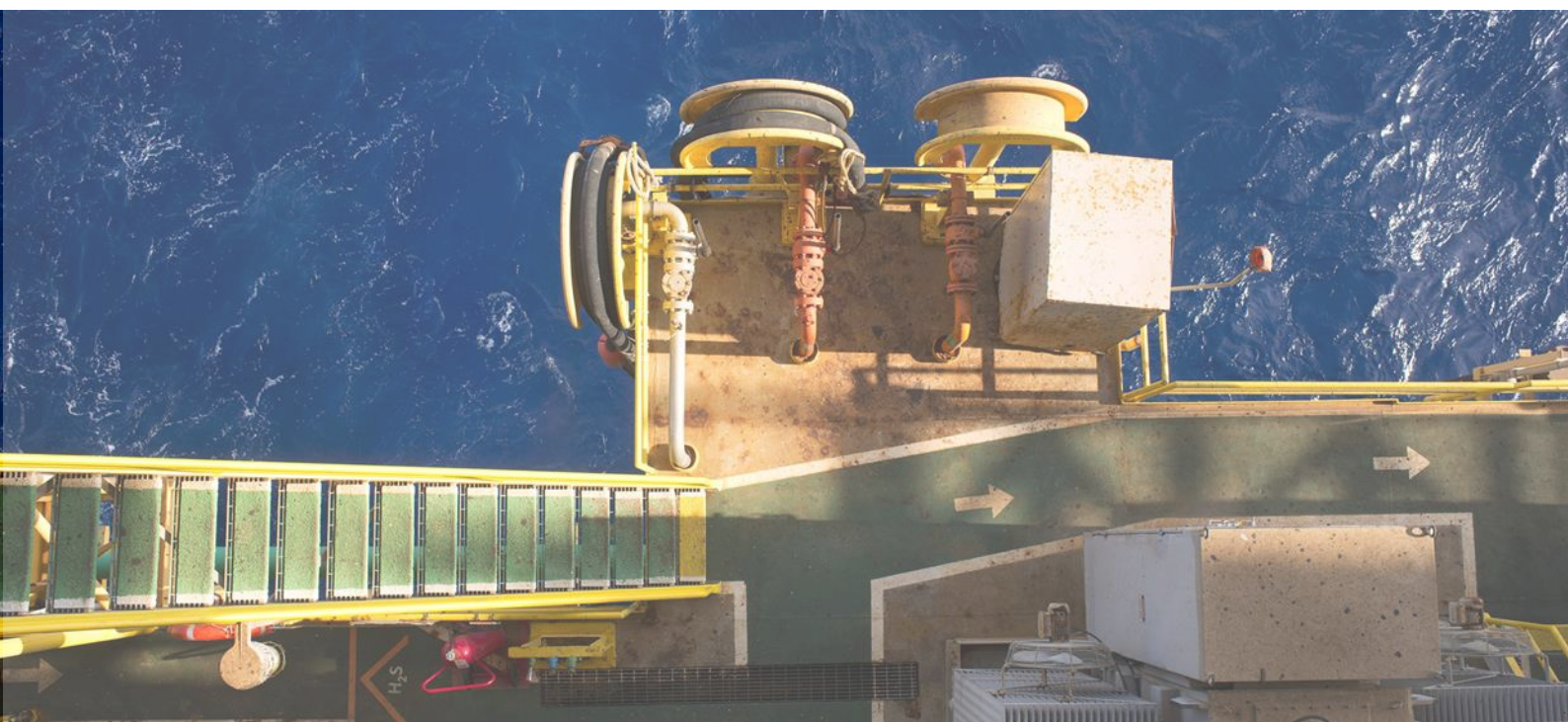
RESERVES CERTIFICATION

PetroRio has published a new reserve and resource certifications, prepared by DeGolyer & MacNaughton (D&M), with reference date of January 01, 2021, which includes the reserves of **Polvo**, **Tubarão Martelo**, **Frade** and **Manati** Fields, in addition to the contingent resources of **Wahoo**, where PetroRio currently holds a 64.3% interest. The table below describes the reserves arising from the new report compared to the report published on April 2020:

Oil (MMbbl)					Gas (MMboe)					Oil and gas (MMboe)				
Field	Apr/20 1P	Prod. May-Dec	Apr/20 Adj.	Jan/21 1P + 1C	Field	Apr/20 1P	Prod. May-Dec	Apr/20 Adj.	Jan/21 1P + 1C	Field	Apr/20 1P	Prod. May-Dec	Apr/20 Adj.	Jan/21 1P + 1C
Frade (100%)	60.2	4.4	55.8	55.7	Frade (100%)	1.0	0.3	0.7	0.5	Frade (100%)	61.2	4.7	56.5	56.1
Polvo + TBMT (95%)	50.7	4.0	46.7	62.9	Polvo + TBMT (95%)	0.0	0.0	0.0	0.0	Polvo + TBMT (95%)	50.7	4.0	46.7	62.9
Manati (10%)	0.05	0.01	0.04	0.03	Manati (10%)	2.77	0.43	2.33	2.37	Manati (10%)	2.82	0.44	2.38	2.40
Total 1P Reserves	110.9	8.4	102.5	118.6	Total 1P Reserves	3.7	0.7	3.0	2.8	Total 1P Reserves	114.7	9.1	105.5	121.5
Wahoo (64,3%)	-	-	-	80.8	Wahoo (64,3%)	-	-	-	18.3	Wahoo (64,3%)	-	-	-	99.0
Frade extension	-	-	-	6.6	Frade extension	-	-	-	0.5	Frade extension	-	-	-	7.1
Total 1P + 1C	110.9	8.4	102.5	206.0	Total 1P + 1C	3.7	0.7	3.0	21.6	Total 1P + 1C	114.7	9.1	105.5	227.6

Considering only the oil reserves of **Polvo**, **TBMT** and **Frade** Fields, PetroRio had an increase of 7.7 MMbbl in 1P reserves compared to the last report (with reference date of April 30, 2020), and, after the relevant adjustments for equalization of reports by production between reference dates, the Company observed an increase of 16.1 MMbbl in 1P reserves.

Wahoo had its oil contingent resources (1C) estimated at 125.6 MMbbl (80.8 MMbbl for the 64.3% acquired by the Company so far and subject to ANP approval), with an additional 6.6 MMbbl being added due to the life extension of **Frade** Field with the project. The abandonment of the **Frade + Wahoo** cluster was postponed from 2034 to 2054.



FINANCIAL PERFORMANCE

PetroRio presents below the financial performance with and without the impact of changes in IFRS 16, and statements of non-cash and non-recurring accounting entries and their impacts on the statements when shown in Reais.

In the quarter, the main factors that impacted PetroRio's financial performance were (i) the completion of the acquisition of 30% interest of Petrobras in **Frade** Field, which added approximately 500 thousand barrels of oil to the Company's inventory, which were sold in February; and (ii) the recovery of Brent's price, which reached an average of US\$ 61.32 per barrel in the quarter, offsetting the drop observed throughout the year 2020.

It is important to highlight that the non-cash impact of the devaluation of the Brazilian Real on the finance income, in the first quarter, was R\$ 285 million, ex-IFRS 16 (R\$ 317 million with IFRS 16). Despite the accounting impact on the Company's net income, EBITDA (and the Company's free cash flow) is positively impacted by the devaluation of the local currency, as about half of the expenses is expressed in Brazilian Reais and 97% of the Company's revenues is expressed in U.S. Dollars.

Pro Forma Income Statements

(R\$ thousands)

	Ex IFRS-16			Includes IFRS-16		
	1Q20	1Q21	Δ	1Q20	1Q21	Δ
Net Revenue	223,162	655,334	194%	223,162	655,334	194%
Cost of goods sold	(117,917)	(140,905)	19%	(84,513)	(101,329)	20%
Royalties	(32,228)	(33,244)	3%	(32,228)	(33,244)	3%
Operating Income	73,017	481,184	559%	106,421	520,760	389%
General and administrative expenses	(40,311)	(53,210)	32%	(38,958)	(51,787)	33%
Other operating income (expenses)	115,103	(20,251)	n/a	115,103	(20,251)	n/a
EBITDA	147,809	407,724	176%	182,566	448,723	146%
EBITDA margin	66%	62%	164 p.p.	82%	68%	154 p.p.
Depreciation and amortization	(105,328)	(106,092)	1%	(131,655)	(131,950)	0%
Financial Results	12,615	(320,878)	n/a	(103,483)	(362,048)	250%
Hedge Income - Realized	207,231	(8,291)	n/a	207,231	(8,291)	n/a
Hedge Income - Marked to Market	134,572	-	-100%	134,572	-	-100%
Other financial income (expenses)	(329,187)	(312,587)	-5%	(445,286)	(353,756)	-21%
Income and social contribution taxes	(8,890)	(20,517)	131%	(8,890)	(20,517)	131%
Income (loss) for the period	46,207	(39,763)	n/a	(61,461)	(65,792)	7%
Adjusted* EBITDA	32,706	427,974	1209%	67,463	468,973	595%
Adjusted EBITDA margin	15%	65%	32 p.p.	30%	72%	23 p.p.

*Adjusted EBITDA is calculated similar to EBITDA, disregarding the compound line with non-recurring effects "Other Revenues and Expenses".

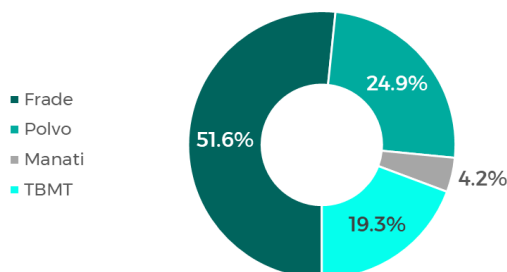
PetroRio recorded R\$ 655 million in Net Revenue in 1Q21, an annual increase of 194%, positively impacted (i) by the 33% increase in the amount of oil sold compared to 1Q20, due to the incorporation of **TBMT** in August 2020, and (ii) the rise in the price of Brent oil, which recorded an average of US\$ 61.32 per barrel, an increase of 21% year over year and 35% compared to the immediately previous quarter.

The natural gas asset **Manati**, in turn, contributed with Net Income of R\$ 27 million in the quarter, referring to PetroRio's 10% stake in the natural gas consortium. The asset generated revenue 12% higher than in the immediately previous quarter and 108% higher compared to the same period last year, offsetting the low volume of gas sold throughout 2020, as a consequence of the reduction in demand caused by the pandemic of COVID-19 in the period.

Thus, in the first quarter of 2021, 51.6% of the revenue came from **Frade**, 24.9% through the sale of **TBMT** oil and 19.3% from **Tubarão Martelo** offtakes.

Revenue per Asset

1Q21



Costs of Goods Sold ("COGS") increased by 19% in 1Q21 compared to 1Q20 (ex-IFRS 16), due to the higher volume of oil sold in the quarter, partially offset by cost reductions carried out throughout the year of 2020 and the lower cost of production with the incorporation of **Tubarão Martelo**.

For the quarter, the Company recorded Operational Result (ex-IFRS 16) of R\$ 481 million, 559% higher than that recorded in the same period of the last year, due to (i) the higher revenues of **Frade**, **Polvo** and **Tubarão Martelo**, due to the increase of the oil price; (ii) the impact on revenue from the higher sale volume; and (iii) the proportionally lower increase in costs.

General and administrative expenses include expenses with M&A, personnel, projects, geology and geophysics and totaled R\$ 53 million in the quarter. The 32% increase in the item is mainly due to the increase in expenses with geology and geophysics for the **Wahoo** development project and expenses with personnel, which increased in the quarter due to the payment of the annual bonus.

Adjusted EBITDA (ex-IFRS-16) of R\$ 428 million, 1,209% higher than the previous year, driven by the increase in the Operational Result.

The Company's financial result (ex-IFRS 16) was negative by R\$ 320 million, vs. R\$ 12 million positive in 1Q20, impacted by R\$ 285 million negative exchange rate (non-cash effect) on balance sheet items expressed in U.S. Dollar, as well as the Company's abandonment provisions and debts. This exchange variation has no direct impact on PetroRio's financial health, given that the Company's income and cash are mostly expressed in U.S. Dollars.

	Ex-IFRS 16	Incl. IFRS 16
Net Financial Result	(320,878)	(362,048)
Financial Result	(20,076)	(20,076)
Exchange Variation - Cash, Debt and Others	16,786	16,786
Exchange Variation - Intercompany	(211,585)	(211,585)
Exchange Variation - Provision for abandonment	(90,042)	(90,042)
Interests - Provision for abandonment	(15,962)	(15,962)
IFRS 16 Effects	-	(41,170)
Interests - IFRS 16	-	(9,175)
Exchange Variation - IFRS 16	-	(31,994)

Net income (ex-IFRS 16) for the year was negative by R\$ 40 million against a positive R\$ 46 million recorded in 1Q20. The result was negatively impacted by the accounting (non-cash) effect of the exchange rate and the depreciation and amortization of new assets.

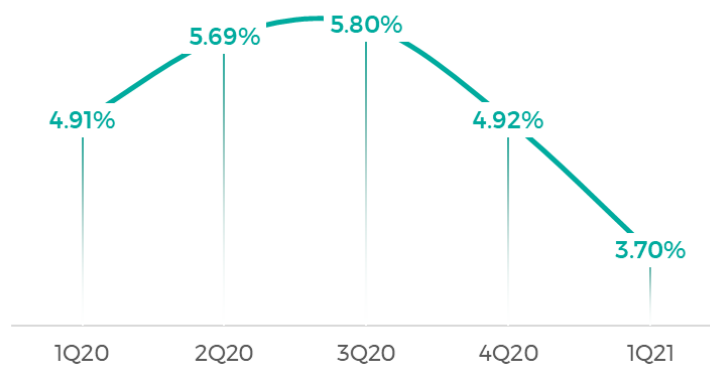


CASH, DEBT AND FINANCING

In January 2021, the Company carried out a Public Offering of Shares with Restricted Efforts ("Follow-on"). 29,700,000 shares were issued at R\$ 69.00, totaling approximately R\$ 2 billion, to be used in the organic growth of PetroRio, through the anticipation of the investment agenda in the existing assets, and in the inorganic growth, through of acquisitions of new assets.

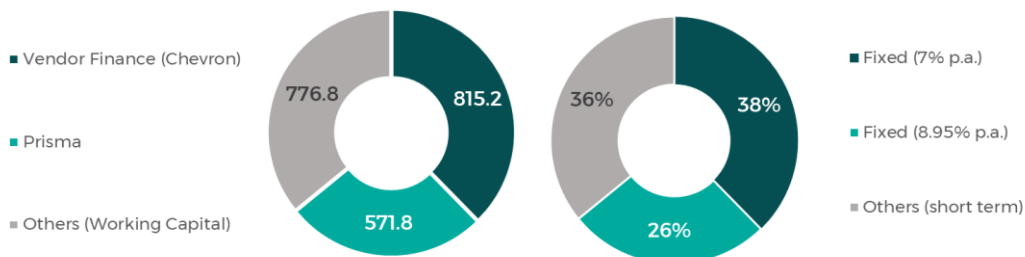
In addition to the increase of liquidity, the Offering also contributed to the reduction of the Company's cost of capital, allowing the replacement of short-term debts, taken to finance working capital, with instruments with lower rates, as shown below.

Debt cost - Working capital* (R\$ MM)

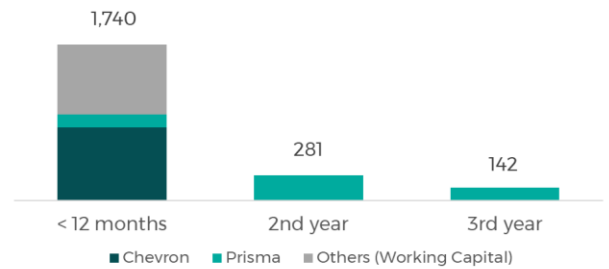
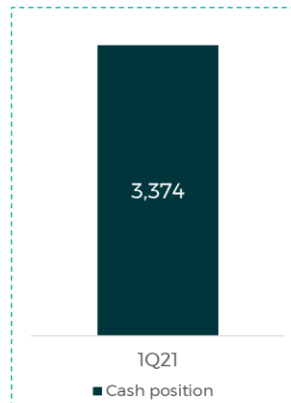
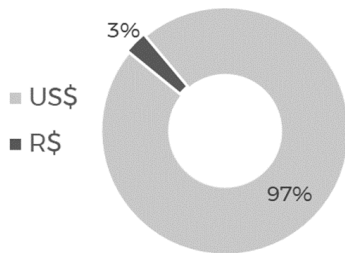


*Weighted average term < 12 months

Loans and Financing (R\$ MM)



Amortization schedule (R\$ MM)

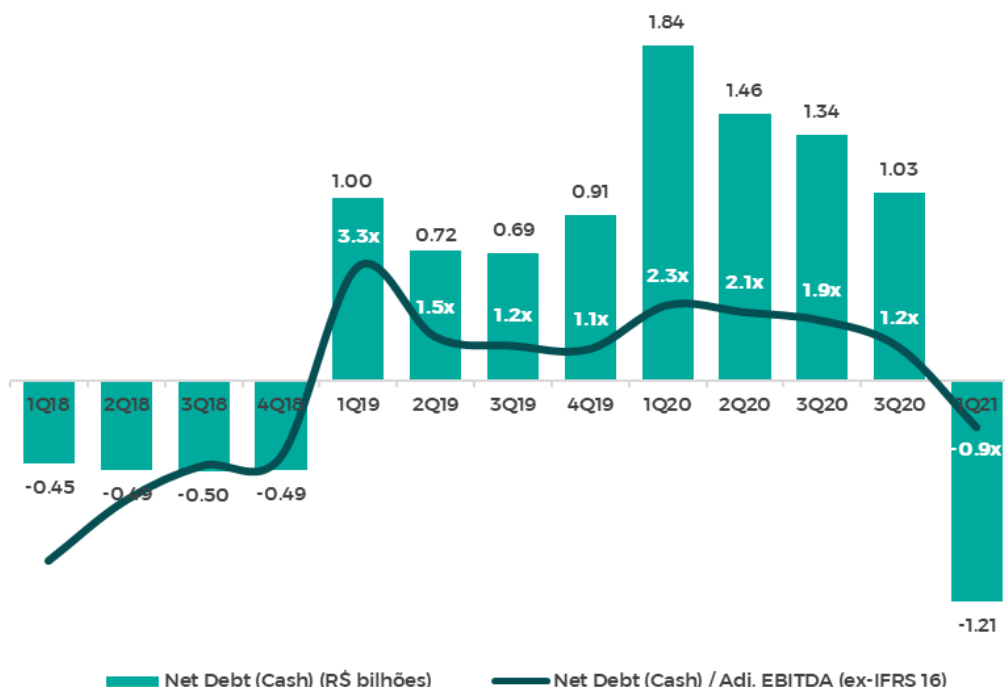


DELEVERAGING

The Company showed an improvement in the leverage indicator through (i) net cash position after the Offering and (ii) increasing operational income. To demonstrate the increase in results, disregarding the follow-on cash, the Net Debt/Adj. EBITDA would have decreased from 1.2x (4T20) to 0.6x (1T21).

Nevertheless, it is important to note that this improvement still does not portray the real picture, since the net cash position has the impacts of the acquisition of the **FPSO Bravo** and **TBMT** farm-in (August 2020), and the completion of the acquisition of **Frade's** 30% (February 2021), while the last 12-month Adjusted EBITDA does not include their total contribution.

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





ANNEX 1

IFRS 16

On January 01, 2019, the Company incorporated IFRS 16 rule change. The change unifies the treatment of operating and financial leases, significantly impacting the Company's balance sheet, mainly through the lease of **Polvo** FPSO, which represents the largest lease agreement:

Right of Use Assets	Balance
FPSO"	380,490
Support Vessels	181,853
Helicopters	37,764
Buildings/Support Bases	86,096
Equipment	89,366
Total	775,569

As disclosed on February 2, 2020, the Company acquired the **Bravo FPSO**, which will be used in the production system of **Polvo** Field, in place of the FPSO currently used, which is chartered. As a result, the projection made until the end of the Field's useful life was revised, reducing the amount of 433.631 of liabilities and lease assets, with only prospective effects. The other adjustments made during the year are due to the reduction in the number of support boats and to the change of logistics base, which occurred with the acquisition of Frade Field. The increase in 2020 is due to the increase in reserves and the extension of the useful life of the fields, which was reflected in the projected lease amounts.

	Assets	Liabilities
Balances as of January 01,2020	452,067	(612,482)
Additions/reversals	74,633	(86,025)
Currency restatement	-	(126,294)
Monetary restatement	-	(45,473)
Payments made	-	244,174
Depreciation	(156,864)	-
Balances as of December 31,2020	369,836	(626,100)
Additions/reversals	84,944	1,373
Currency restatement	-	(35,479)
Monetary restatement	-	(9,632)
Payments made	-	67,841
Depreciation	(41,248)	-
Balances as of March 31,2021	413,532	(601,997)
Current	-	(189,846)
Non-Current	413,532	(412,151)

Further details can be found in explanatory notes 16 of the 1Q21 ITR.

BALANCE SHEET

(R\$ thousands)

ASSETS	4Q20	1Q21
Cash and cash equivalents	809,273	3,185,031
Securities	22,793	77,820
Restricted cash	49,996	110,770
Accounts receivable	386,165	22,568
Oil inventories	186,160	375,890
Consumable inventories	8,506	19,891
Derivative Financial Instruments	14,926	10,994
Recoverable taxes	124,321	105,144
Advances to suppliers	58,245	62,647
Advances to partners	86,997	28,153
Prepaid expenses	25,594	23,233
Other receivables	-	613
Total Current assets	1,772,976	4,022,754
Non-current assets available for sale	68,439	74,533
	1,841,415	4,097,287
Advances to suppliers	12,596	12,596
Deposits and pledges	20,317	15,243
Recoverable taxes	32,848	32,203
Deferred taxes	199,942	258,998
Right-of-use (Lease CPC 06.R2 IFRS)	369,836	413,532
Property, plant and equipment	3,359,013	3,384,265
Intangible assets	956,866	1,127,624
Total non-current assets	4,951,418	5,244,461
Total Assets	6,792,833	9,341,748

LIABILITIES	4Q20	1Q21
Suppliers	236,889	119,524
Labor obligations	54,857	41,101
Taxes and social contributions	87,741	120,602
Loans and financing	1,519,966	1,882,524
Debentures	-	-
Advances from partners	-	-
Contractual Charges (Lease IFRS 16)	252,645	189,846
Other liabilities	-	-
Total current liabilities	2,152,098	2,353,597
	(2,649)	462
	2,149,449	2,354,059
Suppliers	13,640	13,448
Loans and financing	389,753	281,251
Debentures	-	-
Provision for abandonment (ARO)	638,504	853,359
Provision for contingencies	75,809	91,295
Deferred taxes and social contributions	-	-
Contractual Charges (Lease IFRS 16)	373,455	412,151
Other liabilities	960	960
Total non-current liabilities	1,492,121	1,652,464
Minority Interest	849	-
Realized capital	3,326,900	5,305,772
Capital reserves	321,359	321,483
Other comprehensive income	579,820	851,426
Accumulated losses	(1,530,431)	(1,077,664)
Income (loss) for the period	452,766	(65,792)
Total shareholders' equity	3,150,414	5,335,225
Total liabilities and shareholders' equity	6,795,482	9,341,286

INCOME STATEMENT (R\$ thousands)

	1Q20	1Q21
Net Revenue	223,162	655,334
Cost of goods sold	(84,513)	(101,329)
Depreciation and amortization	(90,084)	(101,957)
Royalties	(32,228)	(33,244)
Gross Profit	16,337	418,803
Operating income (expenses)		
Geology and geophysics expenses	(151)	(6,900)
Personnel expenses	(10,554)	(23,634)
General and administrative expenses	(9,495)	(3,364)
Expenses with third party services	(16,461)	(12,131)
Taxes and fees	(2,296)	(5,759)
Depreciation and amortization - G&A	(41,571)	(29,992)
Other operating income (expenses)	115,103	(20,251)
Financial Results	(103,483)	(362,048)
Income before income and social contribution taxes	(52,572)	(45,275)
<i>Income and social contribution taxes - Current</i>	<i>(12,142)</i>	<i>(79,573)</i>
<i>Income and social contribution taxes - Deferred</i>	<i>3,252</i>	<i>59,056</i>
Income (loss) for the period	(61,461)	(65,792)

CASH FLOW STATEMENT (R\$ thousands)

	4Q20	1Q21
Cash flows from operating activities		
Income (loss) for the period (before taxes)	484.080	(45.275)
Depreciation and amortization	843.800	146.163
Financial income	(1.170.919)	16.210
Financial expenses	1.841.303	390.652
Share-based compensation	7.545	124
	-	-
Loss/Write-off of non-current assets	-	-
Provision for contingencies/losses	(183)	6.067
Reduction of provision for abandonment	(602.310)	946
Gain on the acquisition of E&P assets	-	-
Provision for impairment	-	-
D&M Depreciation adjustment of Frade Field	-	-
	1.403.315	514.887
(Increase) decrease in assets		
Accounts receivable	31.557	377.597
Recoverable taxes	8.571	19.992
Prepaid expenses	(17.078)	3.117
Advances to suppliers	885	424
Oil inventories	(28.212)	(75.403)
Consumables inventory	(3.133)	(11.385)
Advance to partners in oil and gas operations	233.630	74.854
Deposits and pledges	(16.786)	5.082
Other receivables	139	(613)
Increase (decrease) in liabilities		
Suppliers	80.863	(103.950)
Labor obligations	15.912	(13.765)
Taxes and social contributions	(82.564)	(53.494)
Related parties	-	-
Contingencies	2.780	0
Advances from partners in oil and gas operations	4	-
Other obligations	(12.338)	-
Net cash from operating activities	1.617.545	737.344
Cash flow from investing activities		
(Investment) Redemption of securities	206.491	(50.613)
(Investment) Restricted cash redemption	65.950	(55.987)
(Investment) Redemption in abandonment fund	(1)	0
Non-current assets available for sale	-	(3.354)
(Acquisition) of Property, plant and equipment	(163.123)	(43.295)
(Acquisition) of intangible assets	(90.967)	(15.263)
(Increase) decrease in investments	-	-
(Acquisition) of oil and gas asset	(603.492)	(221.799)
Net cash from investing activities	(585.143)	(390.311)
Cash flows from financing activities		
Loans and financing	(409.437)	30.296
Contractual charges (Lease IFRS 16 - Principal)	(198.701)	(58.209)
Contractual charges (Lease IFRS 16 - Interest)	(45.473)	(9.632)
Debentures	-	-
Derivative transactions	(155.960)	-
(Purchase) Sale of shares of the Company (held in treasury)	85.787	-
(Decrease) Paid-up capital	10.489	1.978.872
Minority interest	-	(666)
Net cash (invested in) from financing activities	(713.295)	1.940.661
Translation adjustment	30.769	88.063
Net increase (decrease) in cash and cash equivalents	349.876	2.375.757
Cash and cash equivalents at the beginning of the year	459.397	809.273
Cash and cash equivalents at the end of the year	809.273	3.185.031
Net increase (decrease) in cash and cash equivalents	349.876	2.375.758



About PetroRio

PetroRio is one of the largest independent companies in the oil and gas production in Brazil. The Company's corporate culture seeks to increase production through the acquisition of new production assets, the re-exploration of assets, increased operational efficiency and reduction of production costs and corporate expenses. PetroRio's main objective is to create value for its shareholders with growing financial discipline and preserving its liquidity, with full respect for safety and the environment. For further information, please visit the Company's website: www.petroriososa.com.br.

Disclaimer

This news release contains forward-looking statements. All statements other than statements of historical fact contained in this news release are forward-looking statements, including, without limitation, statements regarding our drilling and seismic plans, operating costs, acquisitions of equipment, expectations of finding oil, the quality of oil we expect to produce and our other plans and objectives. Readers can identify these statements by reading several words such as "estimate," "believe," "expect" and "will" and similar words or their negative. Although management believes that the expectations represented in such statements are reasonable, it cannot ensure that such expectations will be confirmed. By their nature, forward-looking statements require us to make assumptions and, accordingly, said forward-looking statements are subject to inherent risks and uncertainties. We caution readers of this news release not to place undue reliance on our forward-looking statements because a number of factors may cause actual future circumstances, results, conditions, actions or events to differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements and the assumptions underlying the forward-looking statements. The forward-looking statements herein are made based on the assumption that our plans and operations will not be affected by such risks, but that, if our plans and operations are affected by such risks, the forward-looking statements may become inaccurate. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Such declarations were made on the date hereof. We do not undertake to update such forward-looking statements regarding future events, except as required by applicable securities legislation.