



EARNINGS RELEASE

4Q20 & 2020

Conference Call 4Q20 & 2020

March 2, 2021

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The conference call will be
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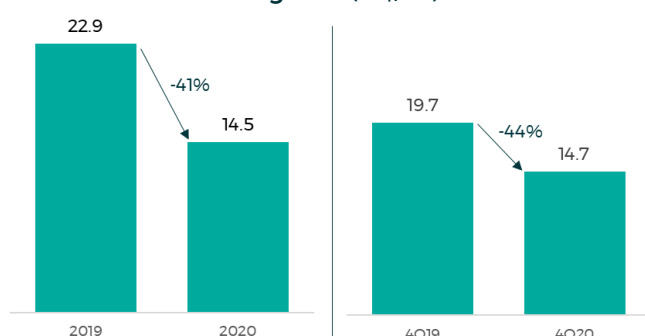
Rio de Janeiro, March 1, 2021 – Petro Rio S.A. ("PetroRio" or "Company") (B3: PRIO3) presents its results for the fourth quarter of 2020 ("4Q20") and the year of 2020. The financial and operational information described below, except where indicated otherwise, is presented on a consolidated basis and in Brazilian Reals (R\$) in accordance with International Financial Reporting Standards (IFRS) and includes the Company's direct subsidiaries: Petro Rio O&G Exploração e Produção de Petróleo Ltda., Petro Rio Internacional SA, PetroRio USA Inc., and its 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\$	14,032,418,972		
Last Price (02/26/2021)	R\$	83.61		
12-month Low - High	R\$	10.35 - 92.19		
90-day average trading volume	R\$	370,895,682		

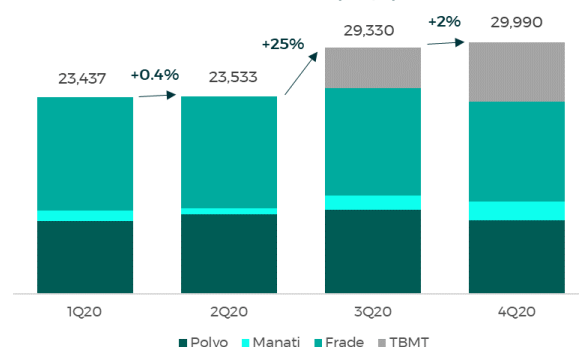
HIGHLIGHTS FOR THE YEAR

- Net revenue of R\$ 1,9 billion, 16% higher in comparison to 2019
- Adjusted EBITDA of R\$ 876,7 MM and a net increase of R\$ 528 MM (ex-IFRS 16)
- 9 million of barrels sold and production of 26 Mboepd in the year
- Reduction of Net Debt/adjusted EBITDA to 1.2x
- Acquisition of **FPSO OSX-3** (renamed to **FPSO Bravo**) and **Tubarão Martelo** Field
- Polvo** Drilling Campaign in the Eocene, initial production of 2,500 bbbpd
- Acquisition of 35.7% of **Wahoo**
- Reduction of lifting cost per barrel from US\$ 22.9 (2019) to US\$ 14.5 (2020)
- Completion of the follow-on on Jan/21, increasing cash position to approximately R\$ 3 bn

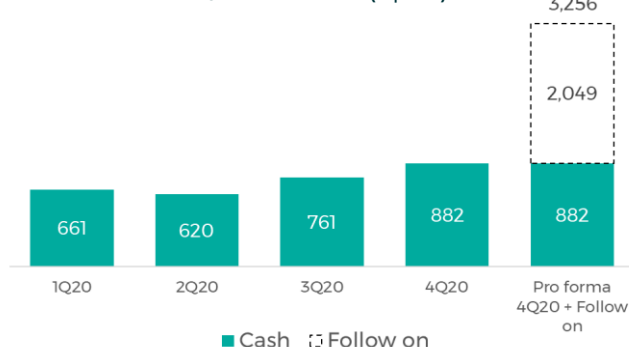
Lifting Cost (US\$/bbl)



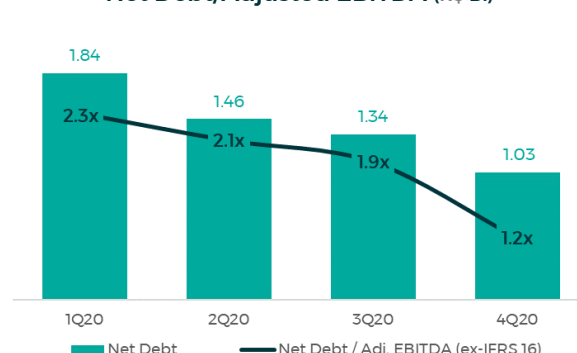
Production (bbl/d)



Cash Position (R\$ MM)



Net Debt/Adjusted EBITDA (R\$ B)



MESSAGE FROM THE MANAGEMENT

"We thank all our employees for your dedication, resilience and optimism in such a challenging year. We met this trial and remained healthy. You have achieved much in an uncertain scenario, maintaining the highest standards of safety and efficiency, and you deserve our gratitude. The same message is valid for society as a whole, and we hope that all of you remain resilient in the face of the challenges from COVID-19 that are yet to be faced."

PetroRio has always undertaken the best efforts to take care of its employees – during the pandemic we have introduced on-line classes for yoga, meditation, physical therapy, gym, psychological therapy and other measures of emotional and physical well-being. We have implemented weekly COVID-19 tests, as well as tests before boarding our platforms. Accordingly, we take care of the health of our employees to the maximum extent possible.

2020 was marked by challenges and achievements. In PetroRio, we faced this period with consistency and excellence. Despite the unprecedented drop in oil prices, the Company delivered record production and per barrel costs, maintaining its solid financial and operational conditions, as well as implementing important measures to continue its value creation.

Overall, we were able to deliver a year of records. Due to our work in 2020, the Company's production increased by 30% between the end of 2019 and the end of 2020, from 24.5 thousand barrels per day to 31.7 thousand. Our sales increased by 40%, from approximately 6 million barrels to almost 9 million. The lifting cost decreased by 37% in the year compared to 2019, decreasing to US\$ 14.5/bbl.

*We began the year with the announcement of the acquisitions of **FPSO OSX-3** (renamed to **FPSO Bravo**) and the operating interest in **Tubarão Martelo** Field, as well as the results from the successful Drilling Campaign in **Polvo** Field, which delivered an additional well in the Eocene, increasing the Field's production by 2,500 barrels per day.*

Balancing optimism and caution, we took the opportunity to hedge most of our sales in the first half of the year at a floor of US\$ 65/bbl. When we were surprised by the pandemic that impacted global demand for fuel, this hedge gave us the security to maintain our efforts in reducing costs. The lessons learned during the oil crisis from 2014 to 2017, at the beginning of PetroRio's operations, helped us in 2020 and we were able to maintain operating cash generation during the worst period of the crisis, protecting our cash flow.

In the first half of the year, we continued the process of improving corporate governance, by renewing our Board of Directors, bringing new independent members with extensive experience in the sector, capital markets and business management, protecting the interests of our shareholders. In addition, we changed our independent auditors and hired a "Big Four" auditor, reinforcing our commitment to transparency.

*In August, after ANP's approval, we concluded the acquisition of 80% of the **Tubarão Martelo** Field, which increased our production by approximately 8,000 barrels per day and further reduced the Company's lifting cost, with expressive cost reductions in the Field paying off immediately, when we reproduced our operational and management model already implemented in **Polvo** and **Frade**.*

*In 2020, we began investments in the tieback between **Tubarão Martelo** and **Polvo**, expected to be concluded in the middle of 2021. The project, widely utilized in other regions, will create the first cluster of private Fields in Brazil and may deliver another relevant reduction of operational costs of the assets. Another important benefit of the project is uniting the production of both fields with less operational assets, reducing risks and emissions while increasing safety.*

*In November, we announced the acquisition of the operation of **Wahoo**, an important step for the Company's expansion. We conceived the project to integrate the **Wahoo** and **Frade** Fields, again based on the strategy of creating production clusters. We expect to significantly increase the Company's production with low additional operating costs. The geological risks involving the project are very low, aligned with our strategy to reduce our exploratory exposure.*

Also, at the end of 2020, we began the effort to issue shares, which was concluded in 2021. We raised approximately US\$ 370 million, allocated to organic investments and potential new acquisitions. In addition to

establishing a new stage for PetroRio, with access to capital markets, the issuance also reinforces the Company's cash balance in preparation of accelerating growth. Moreover, we would like to thank our new shareholders for the trust they placed with us.

Looking to the future, we will continue investing in our assets to increase production at low costs and looking for acquisitions, maintaining discipline in the evaluation of new fields.

The current moment PetroRio enjoys makes us believe that we are still at the beginning of our story and that we are well placed to benefit from the opportunities we see. We expect that 2021, and the following years, will be even better. We continue working with the same ambition and discipline to make the Company's dream come true, emphasizing the safety of operations, value generation for our shareholders and social well-being."

OPERATING PERFORMANCE

	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020	2020 x 2019	4Q20 X 4Q19	4Q20 x 3Q20
Avg. Brent	\$ 62.42	\$ 64.16	\$ 50.82	\$ 33.39	\$ 43.34	\$ 45.26	\$ 43.21	-32.6%	-27.5%	4.4%
Avg. Sales Price	\$ 62.88	\$ 64.68	\$ 31.79	\$ 35.09	\$ 42.71	\$ 46.26	\$ 41.69	-35.5%	-26.4%	8.3%
Avg. Exchange Rate	4.12	3.94	4.47	5.39	5.38	5.40	5.16	30.9%	31.1%	0.3%
Final Exchange Rate	4.02	4.02	5.21	5.47	5.61	5.19	5.19	29.2%	29.0%	-7.4%
Offtakes (kbbl)										
Frade Field (70%)	1,398	3,368	982	950	993	1,943	4,867	44.5%	39.0%	95.7%
Polvo Field (100%)	930	3,008	470	447	1,002	988	2,907	-3.4%	6.2%	-1.4%
Tubarão Martelo Field (80%)	-	-	-	-	403	794	1,196	n/a	n/a	97.2%
Total PetroRio	2,328	6,376	1,452	1,396	2,397	3,724	8,970	40.7%	60.0%	55.4%
Production (boepd)										
Frade Field (70%) ¹	13,639	8,533	13,563	13,380	12,838	11,928	12,926	51.5%	-12.5%	-7.1%
Polvo Field (100%)	7,478	8,403	8,620	9,446	9,965	8,747	9,191	9.4%	17.0%	-12.2%
Tubarão Martelo Field (80%)	-	-	-	-	4,787	7,030	2,954	n/a	n/a	46.9%
Manati Field (10%)	2,859	2,273	1,254	707	1,740	2,285	1,498	-34.1%	-20.1%	31.3%
Total PetroRio	23,976	19,209	23,437	23,533	29,330	29,990	26,569	38.3%	25.1%	2.3%
Lifting Cost (US\$/bbl)										
PetroRio	19.7	22.9	17.3	13.7	12.8	14.7	14.5	-36.5%	-25.2%	14.7%

¹Between April and September 2019, PetroRio held a 52% interest in the Operation of the Field. After the completion of the acquisition of Inpex in the 4Q19, such percentage increased to 70%.

As the main highlight for the year, the Company's total production increased 38% when compared to 2019. The increase is the result of the acquisition of 80% of the **Tubarão Martelo** Field, completed on August 3, 2020, and the successful **Polvo** Drilling Campaign, which increased the Field's production by 2,500 barrels per day since its completion in March 2020.

In the year, the Company sold approximately 9 million barrels, an increase of approximately 41% compared to the previous year, of which 4.9 million barrels were sold from **Frade**, 2.9 million from **Polvo** and 1.2 million from **Tubarão Martelo**. In the last quarter of the year, PetroRio carried out six offtakes, one in October, two in November and three in December, totaling approximately 3.7 million barrels in the quarter, an increase of 60% in the volume sold compared to the 4Q19. The significant increase in the volume sold in 4Q20 resulted from the successful strategy to postpone sales in the initial phase of the pandemic, during the 2Q20 and 3Q20.

The volume produced in **Frade** in 2020 increased by 51.5% compared to 2019, mainly due to the increase in interest in the concession, after the completion of the acquisition of 18.26% interest in the Field as of December 2020. Year-

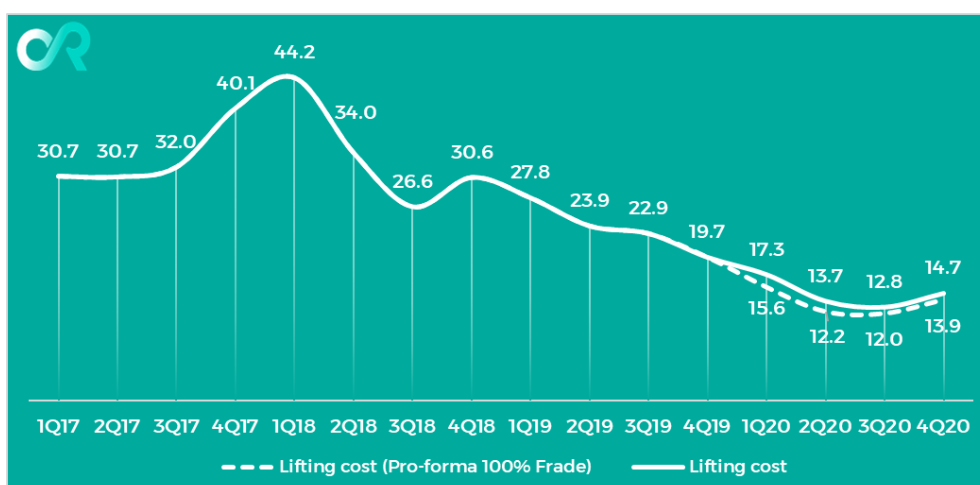
over-year, the volume produced in the Field decreased by 12.5%, after a well stoppage in October due to hydrate formation.

In the **Polvo** Field, annual production was 9.4% above 2019, while quarterly year-over-year production increased by 17%, due to the successful Drilling Campaign in 2020, which increased production by approximately 2,500 bbl/d through a new well, beginning March 2020.

In **Tubarão Martelo**, production in 4Q20 compared to 3Q20 increased by 47%, due to the incorporation of the interest in the Field beginning in August. Average production of 100% of the Field as of August is approximately 8.8 thousand barrels per day.

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 levels of production and rationalize its costs, always maintaining high levels of excellence in environmental responsibility, safety and operational efficiency. PetroRio believes that the best protection against oil price volatility is the reduction of its lifting cost per barrel and this will continue to be a pillar of current and future projects. Below, the Company presents the evolution of its lifting cost per barrel since the beginning of 2017 and its pro-forma lifting cost considering 100% interest in **Frade** Field since the beginning of 2020.

PetroRio Lifting Cost (US\$/boe)



Lifting cost per barrel in 4Q20 was negatively impacted by (i) the shutdown in **Polvo** in November, due to a problem in the boiler of the FPSO operated by BW and chartered to the Field; and (ii) stoppage of the MUP3 well in **Frade** (whose production was resumed) due to hydrate formation, reducing the daily production of the Field by approximately 500 bbl/d in the quarter, which impacted the lifting cost.

Compared to the previous year, the Company's lifting cost per barrel increased significantly, representing a decrease of 36.5% compared to the previous year, which was positively impacted by the (i) increased production in **Polvo** Field; (ii) measures adopted in 2020 to review the costs and adjustment due to the decrease in oil prices; and (iii) depreciation of the Brazilian real against the US dollar, taking into account that approximately 50% of the operational costs are denominated in Brazilian Real.

The reduction in lifting cost was decisive for the Company to continue generating operating cash flow throughout 2020, since average brent of US\$ 43.21 was 33% lower than the average of 2019 (US\$ 64.16). PetroRio will maintain its strategy to reduce lifting cost over the next months, with the tieback of **Tubarão Martelo** with **Polvo** and the incorporation of the 30% interest in **Frade**, in February 2021, adding approximately 5.5 thousand barrels per day to total production.



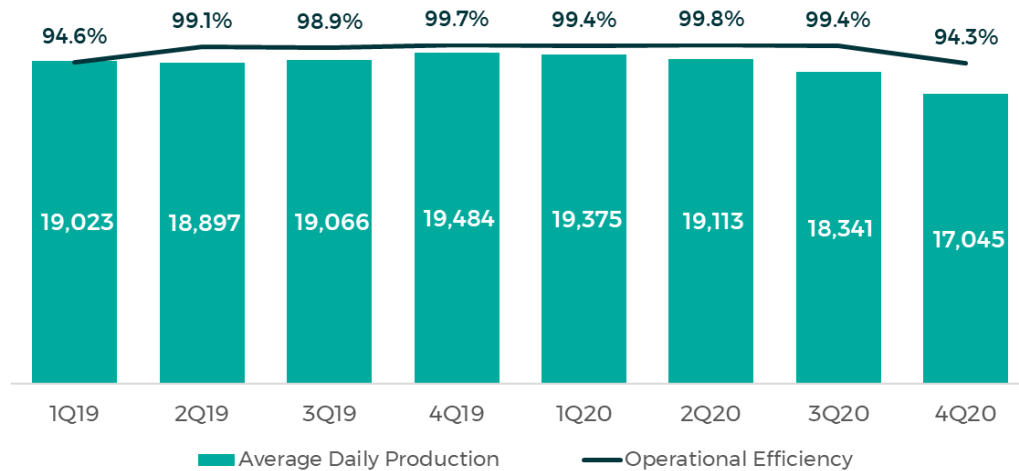
FRADE FIELD

The Company has implemented, since the completion of the acquisition of **Frade** operations (in March 2019), cost reduction measures through operational and logistics synergies with the **Polvo** Field and, more recently, **Tubarão Martelo**. In October 2019, PetroRio announced the completion of the acquisition of the 18% in **Frade**, which added about 3.5 thousand barrels to the Company's daily production. In addition, **Frade** continued to benefit from operational synergies and the renegotiation of maritime, air and land logistics contracts as part of the expected cost reductions.

In February 2021, the Company announced the completion of the acquisition of the remaining 30% interest in **Frade**, and now owns 100% of the Field. The acquisition adds approximately 5.5 thousand barrels per day to PetroRio's total production, further reducing lifting cost.

Regarding the Field's operations, operational efficiency in the quarter was 94.3%, due to the (i) stoppage of the MUP3 well in October due to hydrate formation and (ii) a failure in the compressor during the internal inspection of the heat exchangers of the gas dehydration system in November, impacting production. Operational efficiency for the year totaled 98.2%, which reflected the Company's historical levels of operational excellence. The chart below illustrates the average daily production and operational efficiency of the last quarter, PetroRio having operated the asset since March 26, 2019:

Average Daily Production and Operational Efficiency Frade Field (100%)



PetroRio maintains in its project portfolio the **Frade** Field Revitalization, which seeks to increase oil recovery rates and meet ANP conditions for the extension of the concession until 2041. The project consists of drilling four producer wells and three injection wells. The reservoirs of the Revitalization were selected based on the low individual recovery factors (approximately 10% in September 2020).

Finally, the Company informs the recent resumption of production in the MUP3 well, after studies carried out during its closure.

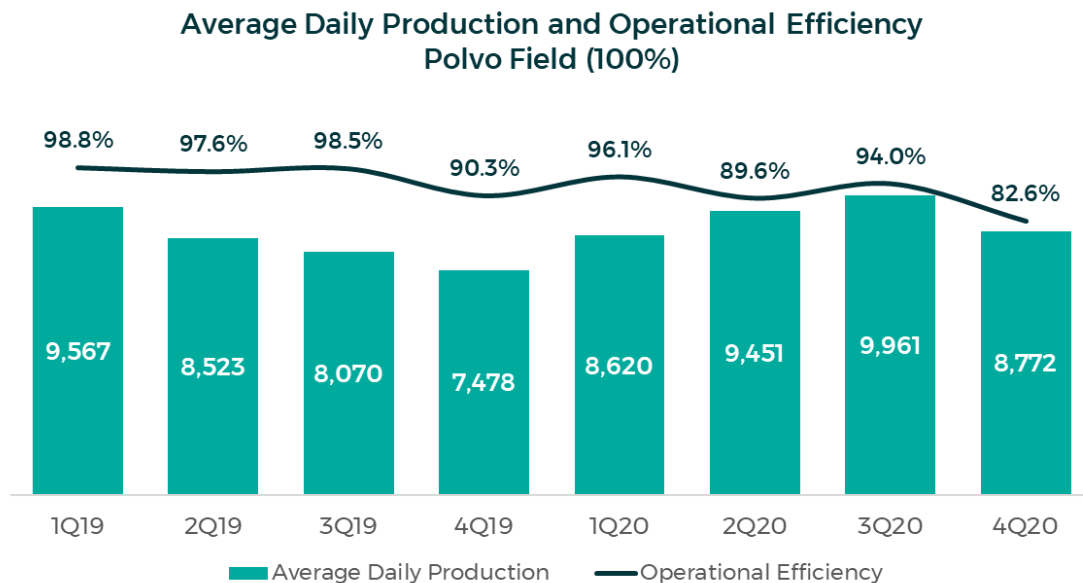


POLVO FIELD

The success of the 2020 Drilling Campaign in **Polvo** can be seen in the production levels reached, despite the shutdown of the leased FPSO. The **Polvo** Field achieved an average daily production of 17% above 4Q19 and 12% below 3Q20, mainly due to the shutdown caused by the boiler of the FPSO operated by BW and chartered to the Field, which resulted in interrupted operations for 9 days for maintenance.

Polvo's operational efficiency in the quarter was 82.6%, a decrease of 7.7 p.p. compared to 4Q19. In November, specifically, the Field's operational efficiency was 64.3%, negatively impacted by the abovementioned shutdown, while in October and December, efficiency remained stable compared to the previous years, at 91% and 92%, respectively.

The average of the operational efficiency of **Polvo** Field in 2020 was 90.5%, a decrease of 5.8 p.p. compared to the average of 2019, due to the operational issues faced in 2020, such as the shutdown after the identification of Covid-19 cases in the chartered FPSO and the shutdown for maintenance of the boiler of the chartered FPSO.



As part of the successful 2019/2020 Drilling Campaign, PetroRio started in March the production of the POL-L well, in the Eocene of **Polvo**, which had an initial flow of 2,500 barrels per day, representing an increase of almost 30% in the Field's production.

The Company considers that production in this first reservoir, of geological age from the Eocene, 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 is considering the drilling of new wells in this area and will keep the market updated with respect to the new developments.



TUBARÃO MARTELO FIELD

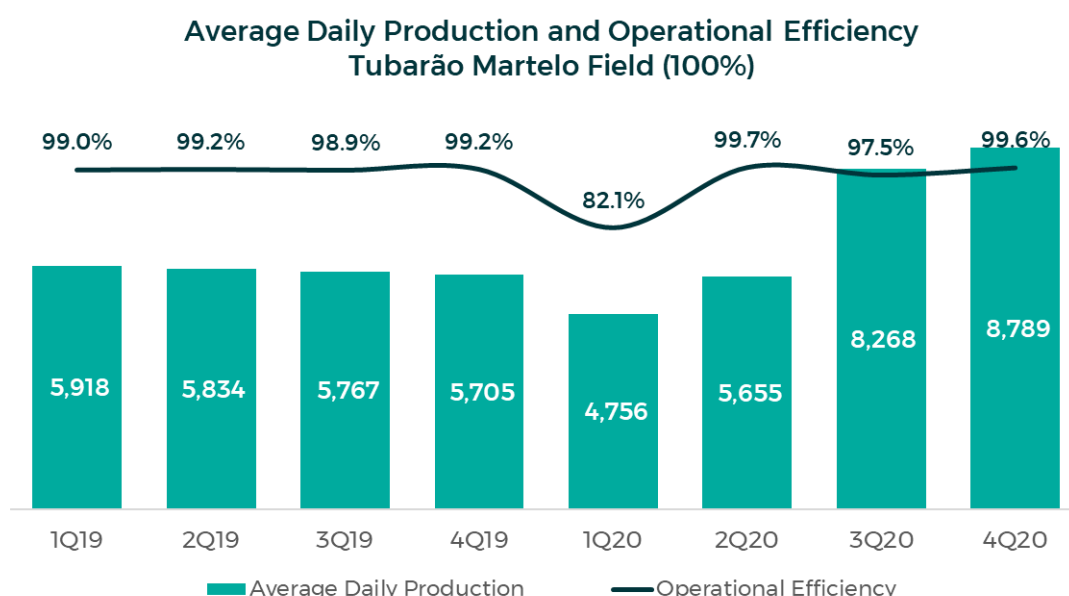
On February 3, 2020, the Company signed contracts for the acquisition (i) of the **FPSO OSX-3** (renamed to **FPSO Bravo**), for US\$ 140 million; and (ii) 80% ("farm-in") of **Tubarão Martelo** Field ("**TBMT**"), where the **OSX-3** vessel is chartered.

These acquisitions will allow the Company to tieback the **Polvo** and **TBMT** fields, simplifying production and creating a private cluster in the region, which will generate significant synergies, reductions in lifting cost and the extension of the economic life of the fields.

After the tieback, the Company estimates that the combined operating cost of the **Polvo** and **TBMT** cluster, which in 2019, if added together, reached approximately US\$ 200 million per year (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.

ANP's approval of the **Tubarão Martelo** acquisition was concluded on August 03, 2020, all precedent conditions having been met. In the same vein, the Individual Emergency Program ("PEI"), which determines the minimum number of vessels to operate in the new **Polvo + TBMT** cluster, was approved by IBAMA in July 2020. Thus, PetroRio started capturing logistics synergies related to support vessels during the third quarter.

Operational efficiency in **Tubarão Martelo** in the quarter reached 99.6%, maintaining Dommo Energia's operating standards in the Field. The first phase of the **TBMT** Revitalization Campaign was completed on August 18, with the start of production of the TBMT-4HP well. The results of the first stage of this Revitalization Campaign was an increase in production of 40% in **TBMT**, totaling an average of approximately 8.8 thousand barrels per day after the commencement of the well's production. The graph below illustrates daily production and operational efficiency of the last quarters:

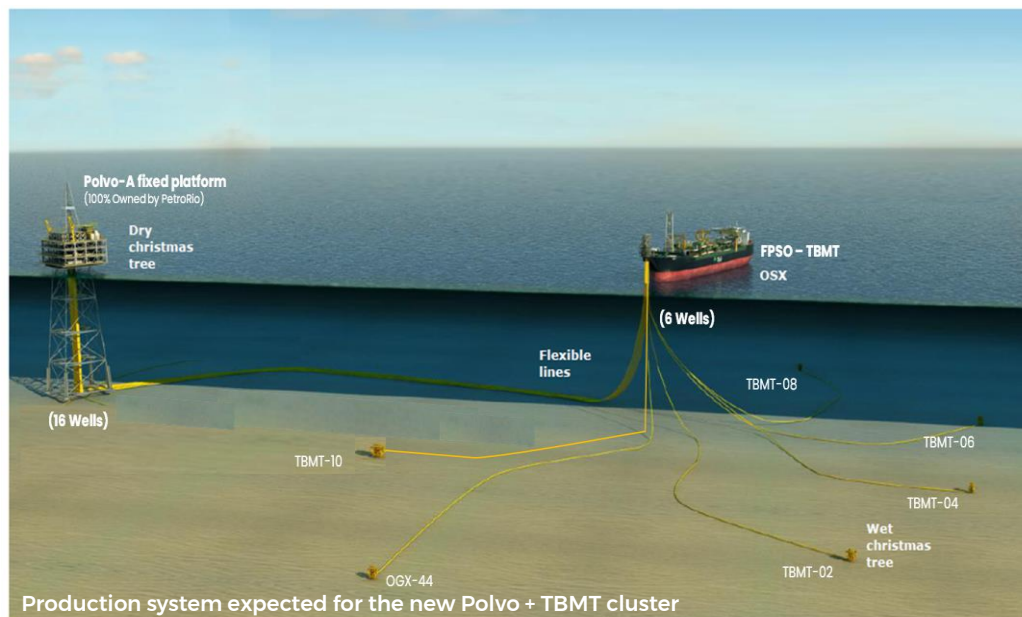


Between April 20 and August 02, **FPSO OSX-3** (renamed to **FPSO Bravo**), PetroRio's asset operating in the field, contributed US\$ 129 thousand per day to the Company, recorded as Other Income and Expenses (detailed in the section FINANCIAL PERFORMANCE of this report). This income was factored into the price adjustment with Dommo Energia, the former operator of **TBMT**, at the time of the conclusion of the acquisition of the interest in the Field on August 03, 2020.

Finally, the high efficiency of **FPSO OSX-3** (renamed to **FPSO Bravo**) shows that the Company adopted the correct strategy in carrying out the tieback between the Fields, and discontinuing the operations of the **Polvo** FPSO in the middle of 2021.

TIEBACK BETWEEN POLVO AND TUBARÃO MARTELO

PetroRio informs that it began the project to connect **Polvo + TBMT** fields in August 2020 and the connection of the TBMT-10H-RJS well, given the significant value creation foreseen.



Up to the date of this report, the physical progress of the project was 42%, including, mainly, the design, order and initial manufacturing of flexible pipelines, risers, umbilicals and equipment to connect the fixed platform of **Polvo** to **FPSO OSX-3** (renamed to **FPSO Bravo**).

Task name	% completed	Duration	Start date (dd/mm/aaaa)	End date (dd/mm/aaaa)	<div> <div>Tri 2/2020</div> <div>Tri 3/2020</div> <div>Tri 4/2020</div> <div>Tri 1/2021</div> <div>Tri 2/2021</div> <div>Tri 3/2021</div> </div>											
Fênix Project	42%	340 days	03/08/2020	08/07/2021												
Tieback	42%	340 days	03/08/2020	08/07/2021												
Project Development	0%	340 days	03/08/2020	08/07/2021												
Project Kick Off	100%	0 days	03/08/2020	03/08/2020	◆ 03/08											
Delivery - Flexible Pipe and Risers	0%	0 days	04/06/2021	04/06/2021	◆ 04/06											
Delivery - Umbilicals	0%	0 days	08/06/2021	08/06/2021	◆ 08/06											
Start - Tieback (Pull in/out)	0%	0 days	03/06/2021	03/06/2021	◆ 03/06											
Project Conclusion	0%	0 days	08/07/2021	08/07/2021	● 08/07											
SMS	97%	233 days	03/08/2020	23/03/2021												
Licensing/Regulatory	91%	304 days	03/08/2020	02/06/2021												
Onshore	62%	328 days	03/08/2020	26/06/2021												
Offshore	7%	285 days	27/09/2020	08/07/2021												

Project stages and its respective progress (%)



Manufacture of the spool of the new production line (Polvo A)

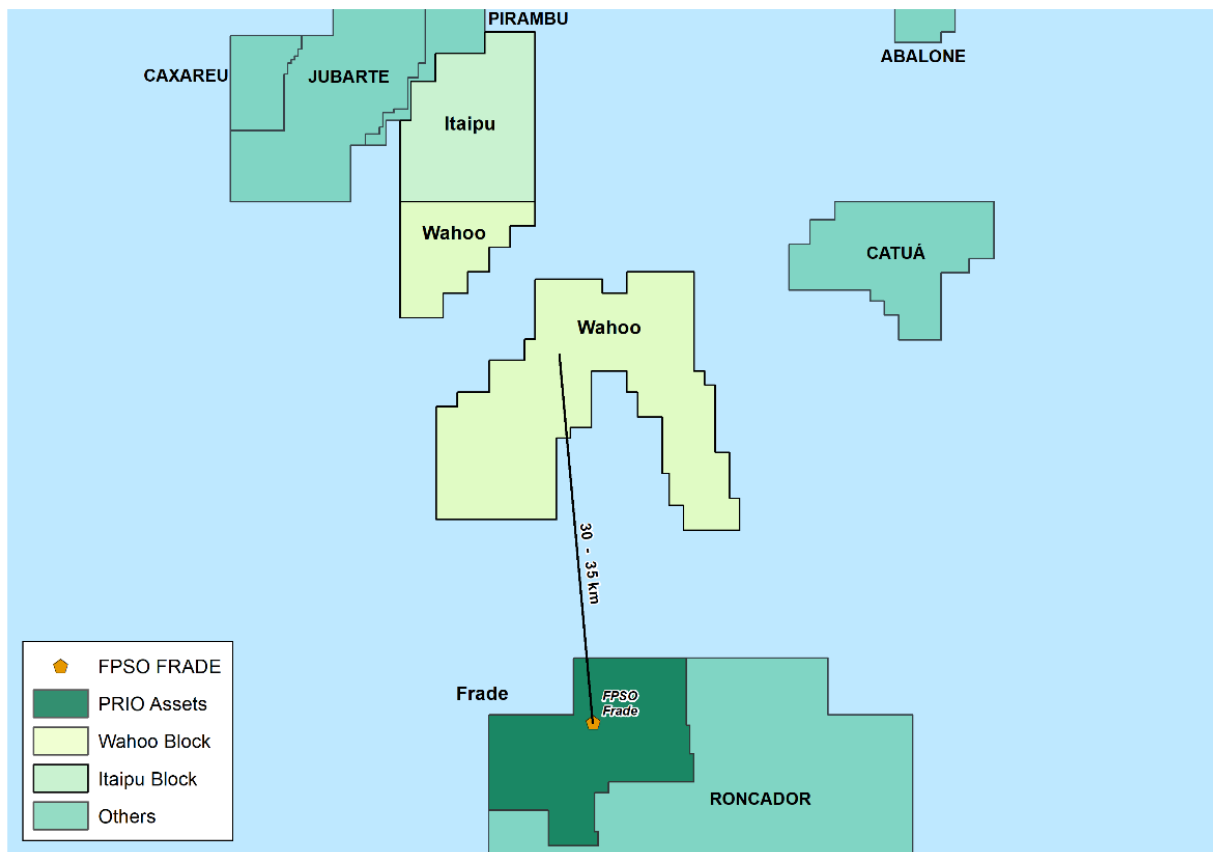
ACQUISITION OF INTEREST IN WAHOO AND ITAIPU

On November 19, 2020, PetroRio announced the acquisition of the 35.7% interest in Block BM-C-30 (**Wahoo** Field) and the 60% interest in Block BM-C-32 (**Itaipu** Field) thus, subject to the necessary approvals, becoming the operator of both pre-salt fields.

Wahoo, with production potential of over 140 million barrels (100% of Wahoo), had oil discoveries in 2008 and carried out formation tests in 2010, and fits precisely in the Company's value generation strategy. The **Wahoo** development will allow the Company to create another production cluster, which will share all infrastructure with **Frade** Field (including the FPSO), enabling the capture of synergies, resulting in significant and sustainable lifting cost reduction, while maintaining high levels of safety and efficiency.

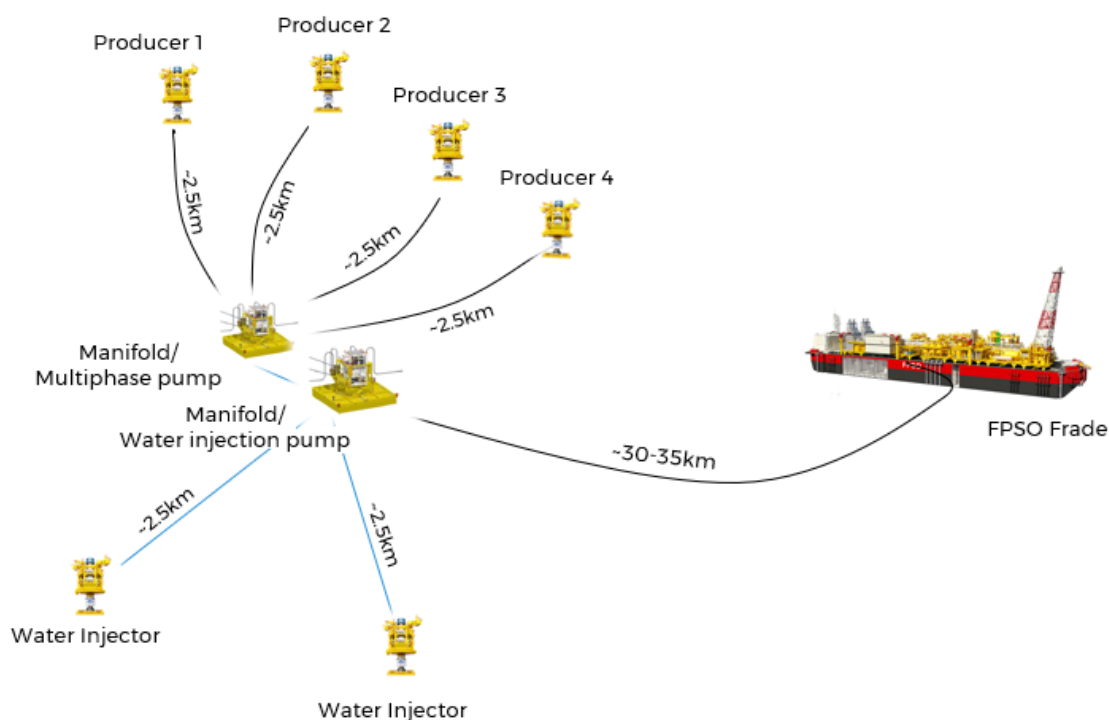
The Field is located 30-35 km north of **Frade**, with a water depth of 1,400 m, and has a carbonate reservoir at the pre-salt layer at a depth of 5 to 7 meters. The oil in the field is of excellent quality, with 30° API, low viscosity, and associated gas that will be used to generate energy from the FPSO **Frade**.

Itaipu, discovered in 2009, with three drilled pilot wells, is close to the Parque das Baleias cluster, and preliminary studies indicate that the accumulation is potentially shared with the Southeast region of the cluster. Accordingly, the development of this area may be exposed to the unification process.



During the evaluation of the investment opportunity, PetroRio considered the possible connection between **Wahoo** and **Frade** and developed, therefore, the new development project, supported by the existing infrastructure, fully aligned with the value generation strategy.

The **Wahoo** Field connection base project covers the drilling of four producer wells, two injector wells, the deployment of a submarine manifold with multiphase pumps for the flow of produced oil and injected water, and the tieback between the manifold and the **FPSO Frade**. This project may be adjusted, depending on the conditions after the beginning of the operations. For example, if there is an aquifer in Wahoo, the injector wells may become unnecessary, reducing the total planned investment.



The Company estimated an initial average production above 10,000 barrels per day and per well, with production possibly exceeding 40,000 barrels per day, based on the results of the formation test (TFR) conducted in the development well. Such estimates may be changed based on the collection of more information, such as seismic data and more detailed mapping of the reservoir, allowing the optimization of the location of the planned wells and the installation of the equipment.

In the base project, the CAPEX is divided into US\$ 300 million for the tieback, US\$ 360 million for the drilling of wells, US\$ 100 million for subsea equipment, and US\$ 40 million for adjustments to the **Frade FPSO** and other items.

With this acquisition, PetroRio makes another important strategic move, which once again highlights its business model, which includes the creation of production clusters through tiebacks, field redevelopment and operational optimization, with high efficiency and safety levels.

MANATI NATURAL GAS FIELD

Gas volumes sales amounted to 1,498 boepd, a decrease of 34% compared to the previous year. In April 2020, Petrobras referred to the *force majeure* clause of the Gas Sales Agreement of **Manati** Field and suspended field production between March and May, due to the reduction of the demand arising from the Covid-19 pandemic. In the quarter, the growth was 31% compared to 3Q20 in view of the greater demand by the client (Petrobras), in order to compensate the lower volume requested during the period of the Covid-19 pandemic.

Operational costs, composed of direct costs, excluding depreciation, was R\$ 6.8 million, an increase of 32% above the R\$ 5.1 million recorded in 4Q19 and an increase of 70% compared to 3Q20, which offsets the reduction of operational costs in 3Q20 due to the lower usage of the fixed platform. Another R\$ 1.8 million were 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.



FINANCIAL PERFORMANCE

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

In the year, the main factors that impacted PetroRio's financial development were (i) the increase in sales volume, due to the increase in the Company's production; (ii) the reduction of the operational costs in **Frade** and **Polvo**, which improved the lifting cost per barrel; (iii) the hedge contracts signed at the beginning of January, in order to protect the Company's cash flow against eventual decrease in Brent oil prices; and (iv) non-cash effects arising from the adjustment to the abandonment provision of the **Frade** Field.

It is important to highlight that the non-cash impact of the devaluation of the Brazilian Real on the income of the year, was R\$ 364 million, ex-IFRS 16 (R\$ 475 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 Real and 97% of the Company's income is expressed in U.S. Dollars.

Pro Forma Income Statements (R\$ thousands)

	Ex IFRS-16			Accrued - Ex IFRS-16			Includes IFRS 16		
	4Q19	4Q20	Δ	2019	2020	Δ	2019	2020	Δ
Net Revenue	557,995	880,035	58%	1,644,346	1,904,185	16%	1,644,346	1,904,185	16%
Cost of goods sold	(168,742)	(295,836)	75%	(572,199)	(724,924)	27%	(413,721)	(513,009)	24%
Royalties	(48,314)	(74,819)	55%	(143,780)	(152,552)	6%	(143,780)	(152,552)	6%
Operating Income	340,939	509,379	49%	928,367	1,026,709	11%	1,086,845	1,238,624	14%
General and administrative expenses	(39,876)	(44,291)	11%	(124,835)	(150,020)	20%	(119,637)	(144,430)	21%
Other operating income (expenses)	517,819	430,222	-17%	420,007	692,354	65%	420,007	692,354	65%
EBITDA	818,881	895,310	9%	1,223,539	1,569,044	28%	1,387,215	1,786,548	29%
EBITDA margin	147%	102%	-45 p.p.	74%	82%	8 p.p.	84%	94%	10 p.p.
Depreciation and amortization	(180,862)	(243,489)	35%	(370,754)	(702,088)	89%	(508,958)	(843,801)	66%
Financial Results	(28,546)	32,787	n/a	(252,713)	(307,692)	22%	(337,254)	(458,668)	36%
Hedge Income - Realized	772	(49,874)	-6562%	(3,902)	111,949	n/a	(3,902)	111,949	n/a
Hedge Income - Marked to Market	-	-	-	5,467	134,572	n/a	5,467	134,572	2362%
Other financial income (expenses)	(29,318)	82,661	-382%	(254,277)	(554,213)	118%	(338,819)	(705,190)	108%
Income and social contribution taxes	164,664	(8,789)	n/a	301,344	(31,167)	n/a	301,344	(31,167)	n/a
Income (loss) for the period	774,137	675,820	-13%	901,416	528,097	-41%	842,347	452,913	-46%
Adjusted* EBITDA	301,062	465,088	54%	803,532	876,689	9%	967,208	1,094,194	13%
Adjusted EBITDA margin	54%	53%	-1 p.p.	49%	46%	-3 p.p.	59%	57%	-2 p.p.

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

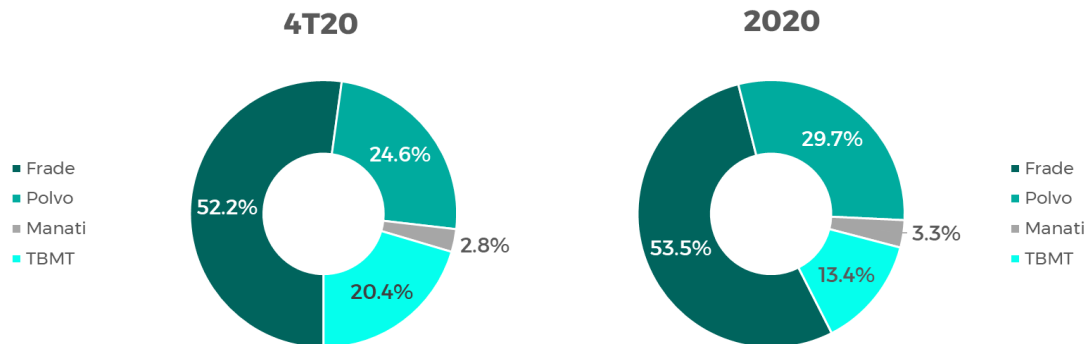
PetroRio recorded R\$1.9 billion in Net Income in 2020, due to the higher volume sold in **Frade** and **Tubarão Martelo**, an increase of 16% compared to 2019, which offset the decrease in Brent oil prices (average -33% year vs year).

The natural gas asset **Manati**, in turn, contributed with Net Income of R\$ 63 million in the quarter, referring to PetroRio's 10% stake in the natural gas consortium. Although in the 4Q20 the asset has generated income 32% above the immediately previous period, based on the annual comparison, the income was 29% lower compared to 2019, due to the lower volume generated in the Field in 2020, as a consequence of the demand reduction caused by COVID-19 pandemic in the period.

Thus, in 2020, 53.5% of the income came from **Frade**, 29.7% through the sale of **Polvo** oil and 13.4% from **Tubarão Martelo** offtakes.

Revenue per Asset

(R\$ thousands)



The Costs of Goods Sold (“COGS”) increased by 27% in 2020 compared to 2019 (ex-IFRS 16), mainly due to the incorporation of **Tubarão Martelo** beginning August 3, 2020 and the higher volume of barrels sold in **Frade**.

For the year, the Company registered Operational Result (ex-IFRS 16) of R\$ 1.027 million, about 11% higher than the one recorded in the previous year, due to the higher income of **Frade**, **Polvo** and **Tubarão Martelo**, despite the fall in oil prices.

General and administrative expenses include expenses with M&A, personnel, projects, geology and geophysics and closed the quarter at R\$ 150 million. The increase of 19% resulted main from the consulting costs for the new projects and success fees relating to the Company’s recent acquisitions.

Other operating income (expenses) totaled R\$ 692 million in the year, mainly benefited in R\$ 614 million by the reduction in **Frade**’s abandonment provision caused by the revaluation of the value approved by ANP in 2020, and due to the daily fee of US\$ 129 thousand generated from **FPSO OSX-3** (changed to **FPSO Bravo**) between April 20 and August 3.

The adjusted EBITDA (ex-IFRS 16) totaled R\$ 876.7 million in 2020, an increase of 9% compared to the previous year, due to the incorporation of **Tubarão Martelo** and the cost reduction measures caused by the pandemic, which compensated the decrease in average Brent price.

The financial results (ex-IFRS 16) totaled negative R\$ 308 million compared to R\$ 253 million in 2019. In the year, the variation resulted mainly in view of the finance income of R\$ 112 million by virtue of the hedge recognized in the first quarter and the finance losses of R\$ 364 million from the exchange variation (non-cash effect) on the balance sheet items denominated in US dollars, such as the abandonment provisions and debts assumed by the Company. 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.

The net income (ex-IFRS 16) for the year totaled R\$ 528 million compared to R\$ 901 million in 2019. The variation was positively impacted by the acquisition of **Tubarão Martelo** and the increased volume of offtakes in the period; however, as a counterpart, the Company recognized depreciation and amortization losses from new assets and exchange variation (non-cash effect).



CASH, DEBT AND FINANCING

In June 2020, the Company signed instruments with some subsidiaries of Chevron Corporation ("Chevron") in order to establish a new amortization schedule for the vendor finance related to the acquisition of 51.74% of the concession in **Frade** Field and FPSO operating in the Field.

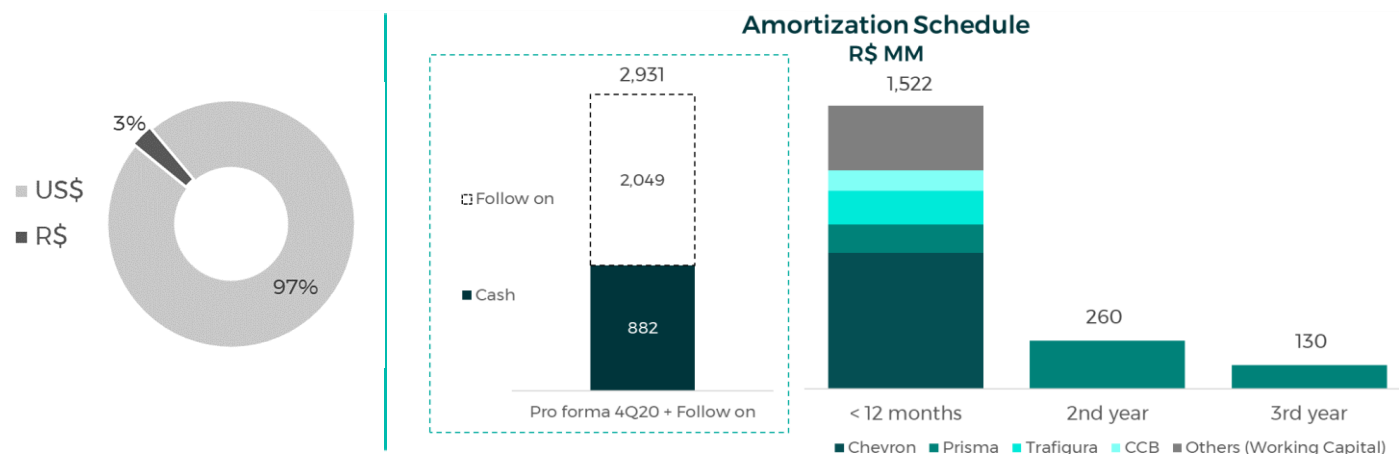
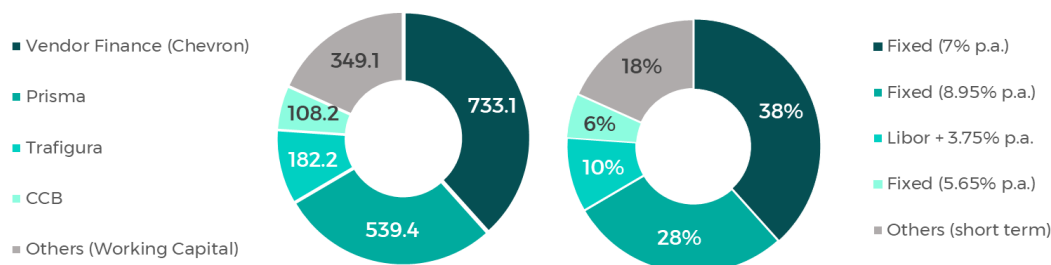
The new amortization profile provides, in addition to the US\$ 15 million of principal paid in November 2020, US\$ 30 million in May 2021 and US\$ 97 million in November 2021 at an interest rate of 7% per year.

The trading of these instruments, which took place in the context of the COVID-19 pandemic, enabled a substantial improvement in short- and medium-term liquidity and, consequently, a greater balance in the Company's cash management.

In December 2020, the Company entered into an agreement with Prisma Capital for the conversion of the bridge loan of US\$ 100 million into a Long-Term Financing Agreement, which increased, thus extending the dates of the debt amortizations. The purpose of the financing was to provide part of the funds for the **OSX-3 FPSO** (changed to **FPSO Bravo**) and **Tubarão Martelo** Field acquisitions, and had already foreseen this term extension, pending guarantee suitability and maintaining the same interest rate.

The long-term financing agreement maintains the principal outstanding and sets the amortizations in 4 equal tranches of US\$ 25 million in July 2021, January 2022, July 2022 and January 2023.

Loans and Funding (R\$ MM)



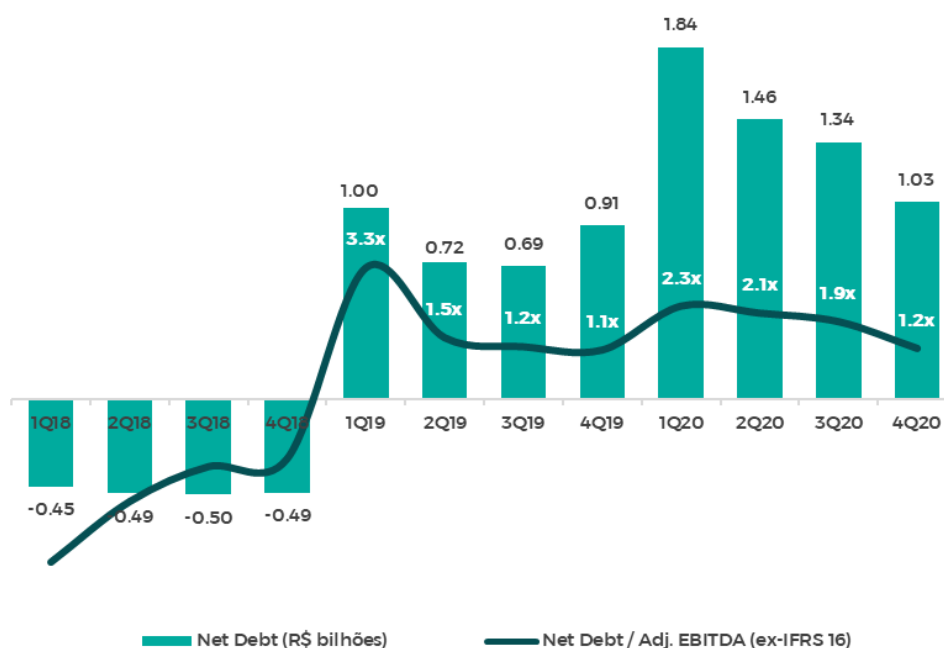


DELEVERAGING

Despite the adversities caused by the Covid-19 pandemic, PetroRio once again proved to be efficient in reducing the levels of indebtedness, ending 2020 with 1.2x net debt/EBITDA ratio. It is important to note that this reduction still does not portray the real picture, as part of the debt was impacted by the acquisition of **FPSO OSX-3** (changed to **FPSO Bravo**) and the farm-in of **Tubarão Martelo**, completed on August 03, 2020 and, therefore, did not have its EBITDA generation counterpart of the last 12 months registered.

The ratio also does not include the funds obtained from the issuance of shares in the beginning of 2021, which will be recognized in 1Q21 results. Upon adjustment considering such effect, the Company would have approximately R\$ 1 billion in net cash.

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



FOLLOW-ON

In December 2020, the Company announced it was considering a follow-on issue, which was concluded in January 2021. The Company issued 29,700,000 shares at the price of R\$ 69.00, totaling approximately R\$ 2 billion, to be allocated to the organic growth of PetroRio, through the advance of the agenda of investments in the existing assets, as well as to the inorganic growth, through the acquisitions of new assets.



ANNEX 1

IFRS 16

On January 1, 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	122,837
Support Vessels	109,020
Helicopters	28,145
Buildings	58,335
Equipment	42,537
Total	360,874

As disclosed on February 2, 2020, the Company acquired the **OSX-3 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.

The effects presented in the year were:

	Asset	Liability
Recognition on January 01, 2019	1,019,768	(1,061,452)
Additions/reversals	(403,776)	382,798
Price-level restatement	-	(32,825)
Currency adjustment	-	(64,309)
Payments made	-	163,306
Amortization	(163,925)	-
Balance as of December 31, 2019	452,067	(612,482)
Additions/reversals	64,775	(71,942)
Price-level restatement	-	(122,254)
Currency adjustment	-	(44,493)
Payments made	-	243,988
Amortization	(155,968)	-
Balance as of December 31, 2020	360,874	(607,183)
Current	-	(219,938)
Non-Current	360,874	(387,245)

Further details can be found in explanatory notes 17 of 2020 Financial Statements.

BALANCE SHEET

(R\$ thousands)

ASSETS	2019	2020
Cash and cash equivalents	459,396	809,273
Securities	226,301	22,793
Restricted cash	52,223	49,996
Accounts receivable	374,598	386,165
Oil inventories	120,101	186,160
Consumable inventories	5,373	8,506
Derivative Financial Instruments	9,354	14,926
Recoverable taxes	116,773	124,321
Advances to suppliers	52,171	58,245
Advances to partners	86,278	89,346
Prepaid expenses	10,333	25,594
Other receivables	189	-
Total Current assets	1,513,090	1,775,325
Non-current assets available for sale	-	-
	1,513,090	1,775,325
Advances to suppliers	12,596	12,596
Deposits and pledges	27,249	20,317
Recoverable taxes	32,384	32,848
Deferred taxes	160,313	414,549
Right-of-use (Lease CPC 06.R2 IFRS)	452,067	369,836
Property, plant and equipment	2,602,523	3,362,690
Intangible assets	689,529	1,019,279
Total non-current assets	3,976,661	5,232,116
Total Assets	5,489,751	7,007,440

LIABILITIES	2019	2020
Suppliers	87,232	236,890
Labor obligations	39,359	54,857
Taxes and social contributions	83,441	87,741
Loans and financing	1,224,306	1,519,966
Debentures	-	(0)
Advances from partners	40	-
Contractual Charges (Lease IFRS 16)	223,049	223,579
Other liabilities	12,356	(0)
Total current liabilities	1,669,783	2,123,032
Suppliers	13,233	13,640
Loans and financing	421,270	389,753
Debentures	-	-
Provision for abandonment (ARO)	763,633	635,112
Provision for contingencies	65,613	75,809
Deferred taxes and social contributions	-	214,607
Contractual Charges (Lease IFRS 16)	389,433	402,521
Other liabilities	1,685	1,703
Total non-current liabilities	1,654,867	1,733,145
Minority Interest	759	849
Realized capital	3,316,411	3,326,900
Capital reserves	228,027	321,359
Other comprehensive income	150,335	579,820
Accumulated losses	(2,372,777)	(1,530,431)
Income (loss) for the period	842,346	452,766
Total shareholders' equity	2,164,342	3,150,414
Total liabilities and shareholders' equity	5,489,751	7,007,440

INCOME STATEMENT (R\$ thousands)

	2019	2020
Net Revenue	1,644,346	1,904,185
Cost of goods sold	(413,721)	(513,009)
Depreciation and amortization	(382,878)	(650,284)
Royalties	(143,780)	(152,552)
Gross Profit	703,967	588,340
Operating income (expenses)		
Geology and geophysics expenses	(595)	(471)
Personnel expenses	(48,244)	(37,853)
General and administrative expenses	(25,150)	(43,487)
Expenses with third party services	(34,518)	(46,242)
Taxes and fees	(11,129)	(16,378)
Depreciation and amortization - G&A	(126,080)	(193,516)
Other operating income (expenses)	420,007	692,354
Financial Results	(337,254)	(458,668)
Income before income and social contribution taxes	541,003	484,080
<i>Income and social contribution taxes - Current</i>	<i>(55,658)</i>	<i>(77,140)</i>
<i>Income and social contribution taxes - Deferred</i>	<i>357,002</i>	<i>45,973</i>
Income (loss) for the period	842,347	452,913

CASH FLOW STATEMENT (R\$ thousands)

	2019	2020
<i>Cash flows from operating activities</i>		
Income (loss) for the period (before taxes)	541,002	484,080
Depreciation and amortization	508,958	843,800
Financial income	(343,457)	(1,170,919)
Financial expenses	666,539	1,841,303
Share-based compensation	13,333	7,545
	-	-
Loss/Write-off of non-current assets	-	-
Provision for contingencies/losses	19,545	(183)
Reduction of provision for abandonment	(13,201)	(602,310)
Gain on the acquisition of E&P assets	(568,370)	-
Provision for impairment	27,651	-
D&M Depreciation adjustment of Frade Field	(74,784)	-
	777,216	1,403,315
(Increase) decrease in assets		
Accounts receivable	(335,770)	31,557
Recoverable taxes	(25,354)	8,571
Prepaid expenses	(4,985)	(17,078)
Advances to suppliers	(13,213)	885
Oil inventories	62,754	(28,212)
Consumables inventory	(3,289)	(3,133)
Advance to partners in oil and gas operations	(12,604)	233,630
Deposits and pledges	(5,622)	(16,786)
Other receivables	1,292	139
Increase (decrease) in liabilities		
Suppliers	(35,543)	80,863
Labor obligations	13,080	15,912
Taxes and social contributions	3,147	(82,564)
Related parties	-	-
Contingencies	19,589	2,780
Advances from partners in oil and gas operations	1,214	4
Other obligations	(2,863)	(12,338)
Net cash from operating activities	439,049	1,617,545
<i>Cash flow from investing activities</i>		
(Investment) Redemption of securities	431,531	206,491
(Investment) Restricted cash redemption	(34,986)	65,950
(Investment) Redemption in abandonment fund	(1,472)	(1)
Non-current assets available for sale	-	-
(Acquisition) of Property, plant and equipment	(148,162)	(163,123)
(Acquisition) of intangible assets	(40,643)	(90,967)
(Increase) decrease in investments	-	-
(Acquisition) of oil and gas asset	(1,583,954)	(603,492)
Net cash from investing activities	(1,377,685)	(585,143)
<i>Cash flows from financing activities</i>		
Loans and financing	1,298,886	(409,437)
Contractual charges (Lease IFRS 16 - Principal)	(96,713)	(198,701)
Contractual charges (Lease IFRS 16 - Interest)	(61,782)	(45,473)
Debentures	(1,182)	-
Derivative transactions	(4,988)	(155,960)
(Purchase) Sale of shares of the Company (held in treasury)	43,480	85,787
(Decrease) Paid-up capital	12,055	10,489
Net cash (invested in) from financing activities	1,189,756	(713,295)
Translation adjustment	21,285	30,769
Net increase (decrease) in cash and cash equivalents	272,405	349,876
Cash and cash equivalents at the beginning of the year	186,993	459,397
Cash and cash equivalents at the end of the year	459,397	809,273
Net increase (decrease) in cash and cash equivalents	272,404	349,876

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.petrوريا.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.