

PETROBRAS DISTRIBUIDORA S.A
CNPJ 34.274.233/0001-02

Quarterly Information BR Distribuidora

AT MARCH 31, 2021



Contents

Individual and consolidated statements of financial position	2
Individual and consolidated statements of profit or loss	3
Individual and consolidated statements of comprehensive income	4
Individual and consolidated statements of changes in equity	5
Individual and consolidated statements of cash flows	6
Individual and consolidated statements of added value	7
1 General considerations	8
2 Basis of preparation of the interim financial information	9
3 Use of judgments and estimates	10
4 Description of significant accounting policies	10
5 Cash and cash equivalents	10
6 Net accounts receivable	11
7 Inventory	13
8 Advanced bonuses awarded to clients	14
9 Investment	15
10 Property, plant and equipment	17
11 Intangible assets	19
12 Trade payables	20
13 Loans and Borrowings	21
14 Leases	24
15 Taxes	26
16 Payroll, vacations, charges, bonuses and profit sharing	29
17 Employee benefits	31
18 Equity	32
19 Sales revenue	34
20 Cost and expenses by nature	36
21 Net finance income (cost)	38
22 Segment reporting	39
23 Judicial and administrative proceedings, judicial deposits and contingencies	43
24 Contractual commitments	52
25 Financial instruments	53
26 Risk management	53
27 Related-party transactions	62
28 Additional information to the statements of cash flow	67
29 Events after the reporting period	67
Representation of the officers about the interim financial statements and auditors' report	69
Members of the Board of Directors and Executive Board	70
Independent auditors' report	71

Petrobras Distribuidora S.A.
 Statements of financial position
 March 31, 2021 and December 31, 2020
 (In millions of reais)

Assets	Note	Consolidated		Parent Company		Liabilities	Note	Consolidated		Parent Company	
		3/31/2021	12/31/2020	3/31/2021	12/31/2020			3/31/2021	12/31/2020		
Current						Current					
Cash and cash equivalents	5	3,893	3,358	3,746	3,196	Trade accounts payable	12	1,551	2,196	1,577	2,226
Net accounts receivable	6	4,062	3,997	4,458	4,336	Loans and financing	13	715	2,082	578	1,980
Inventories	7	3,561	3,545	3,561	3,545	Leases	14	125	115	234	232
Advances to suppliers		22	55	21	54	Customer advances		592	666	592	666
Income tax and social contribution		126	126	126	126	Income and social contribution taxes		419	-	419	-
Taxes and contributions recoverable	15.1	2,098	1,417	2,098	1,417	Taxes and contributions payable	15	300	355	300	354
Bonuses advanced to clients	8	593	592	593	592	Dividends and interest on shareholders' equity	18.2	501	942	501	942
Prepaid expenses		94	60	94	60	Payroll, vacations, charges, bonuses and profit	16	154	233	153	232
Derivative financial instruments	25	108	19	108	19	Redundancy program and restructuring		-	1	-	1
Assets held for sale		11	11	11	11	Pension and health plan	17	102	102	102	102
Other current assets		122	171	129	177	Derivative financial instruments	25	30	81	30	81
		14,690	13,351	14,945	13,533	Provision for decarbonization credits		50	-	50	-
						Other accounts and expenses payable		161	169	149	151
								4,700	6,942	4,685	6,967
Noncurrent						Noncurrent					
Long-term						Loans and financing	13	8,299	5,675	7,808	5,007
Net accounts receivable	6	747	752	747	752	Leases	14	709	681	1,054	1,106
Judicial deposits	23.2	1,153	1,164	1,152	1,163	Pension and health plan	17	1,765	1,768	1,765	1,768
Taxes and contributions recoverable	15.1	595	1,422	595	1,422	Provision for judicial and administrative	23	918	899	918	899
Deferred income and social contribution tax	15.3	1,871	1,705	1,871	1,705	Other accounts and expenses payable		168	155	168	155
Bonuses advanced to clients	8	1,682	1,753	1,682	1,753			11,859	9,178	11,713	8,935
Prepaid expenses		133	139	133	139			16,559	16,120	16,398	15,902
Derivative financial instruments	25	739	498	739	498						
Other noncurrent assets		12	14	7	9	Equity	18				
		6,932	7,447	6,926	7,441	Paid-in capital		6,353	6,353	6,353	6,353
Investments	9	479	448	603	565	Revenue reserves		7,547	7,055	7,547	7,055
Property, plant and equipment	10	6,720	6,723	6,186	6,212	Capital reserves		5	4	5	4
Intangible assets	11	438	358	438	358	Asset and liability valuation adjustments		(1,205)	(1,205)	(1,205)	(1,205)
		14,569	14,976	14,153	14,576			12,700	12,207	12,700	12,207
		29,259	28,327	29,098	28,109			29,259	28,327	29,098	28,109

The notes are an integral part of these interim financial statements.

Petrobras Distribuidora S.A.
 Statements of profit or loss
 Periods ended March 31, 2021 and 2020
 (In millions of reais, except for earnings per share)

	Note	Consolidated		Parent Company	
		Three-month period ended March 31		Three-month period ended March 31	
		2021	2020	2021	2020
Revenue from goods sold and services rendered	19	26,133	21,188	26,128	20,975
Cost of goods sold and services rendered	20.1	(24,260)	(20,242)	(24,258)	(20,055)
Gross profit		1,873	946	1,870	920
Operating expenses					
Sales	20.2	(556)	(590)	(558)	(583)
Allowance for credit loss	20.2	(173)	(33)	(173)	(29)
General and administrative	20.3	(149)	(145)	(148)	(139)
Tax		(65)	(41)	(65)	(41)
Other net income (expenses)	20.4	(60)	364	(59)	364
		(1,003)	(445)	(1,003)	(428)
Net income before finance income / (expense), results in equity-accounted investments, and income tax		870	501	867	492
Finance income / (expenses)	21				
Expenses		(91)	(99)	(101)	(109)
Income		116	77	116	74
Foreign exchange and inflation indexation, net		(143)	(74)	(138)	(70)
		(118)	(96)	(123)	(105)
Results in equity-accounted investments	9	7	(1)	15	16
Income before tax		759	404	759	403
Income tax and social contribution	15.3				
Current		(433)	(29)	(433)	(27)
Deferred		166	(141)	166	(142)
		(267)	(170)	(267)	(169)
Net income for the period		492	234	492	234
Basic result per share - R\$	18.3	0.4223	0.2009	0.4223	0.2009
Diluted result per share - R\$	18.3	0.4223	0.2009	0.4223	0.2009

The notes are an integral part of these interim financial statements.

Petrobras Distribuidora S.A.
 Statements of comprehensive income
 Periods ended March 31, 2021 and 2020
 (In millions of reais)

	Consolidated		Parent Company	
	Three-month period ended		Three-month period ended	
	March 31		March 31	
	2021	2020	2021	2020
Profit for the period	492	234	492	234
Other comprehensive income	-	-	-	-
Comprehensive income for the period	492	234	492	234

The notes are an integral part of these interim financial statements.

Petrobras Distribuidora S.A.
Statement of changes in equity
Periods ended March 31, 2021 and 2020
(In millions of reais)

	Consolidated									Parent Company	
	Share capital subscribed and paid in	Capital reserves / Options awarded	Revenue reserves				Additional dividends proposed / Interest on shareholders' equity	Retained earnings	Other comprehensive income	Total equity	Total equity
			Legal	Statutory	Retention reserves	Asset and liability valuation adjustments					
At December 31, 2019	6,353	-	1,136	270	2,741	534	-	(2,268)	8,766	8,766	
Net income for the period	-	-	-	-	-	-	234	-	234	234	
At March 31, 2020	6,353	-	1,136	270	2,741	534	234	(2,268)	9,000	9,000	
At December 31, 2020	6,353	4	1,272	270	4,205	1,308	-	(1,205)	12,207	12,207	
Options awarded	-	1	-	-	-	-	-	-	1	1	
Net income for the period	-	-	-	-	-	-	492	-	492	492	
At March 31, 2021	6,353	5	1,272	270	4,205	1,308	492	(1,205)	12,700	12,700	

The notes are an integral part of these interim financial statements.

Petrobras Distribuidora S.A.
 Statements of cash flows
 Periods ended March 31, 2021 and 2020
 (In millions of reais)

	Note	Consolidated		Parent Company	
		Three-month period ended March 31		Three-month period ended March 31	
		2021	2020	2021	2020
Cash flows from operating activities					
Net income for the period		492	234	492	234
Adjustments to:					
Income tax and social contribution		267	170	267	169
Depreciation and amortization	20	139	135	140	135
Income on the sale/derecognition of assets		(54)	(3)	(54)	(3)
Expected credit losses, net of reversal	6	178	39	178	35
Earnings on material interests		(7)	1	(15)	(16)
Appropriation of early bonuses awarded to customers	8	194	152	194	152
Appropriation of insurance, rent and other		25	14	25	13
Net monetary and exchange variance		497	619	502	629
Gain at fair value, financial instruments, net		(143)	(908)	(143)	(908)
Expenses on pension and health plans	17	39	110	39	110
Provision for legal proceedings	23.1	32	26	32	26
Provision Discount due to salary renegotiation		-	12	-	12
Provision for decarbonization credits (CBIOS)		50	-	50	-
ICMS credits - End of permanent status "Tax Substitution"		(128)	-	(128)	-
Other adjustments		4	(3)	4	(3)
Decrease (increase) in assets and increase (decrease) in liabilities					
Trade and other receivables		(150)	838	(208)	806
Inventories		17	435	17	435
Advanced bonuses awarded to clients	8	(124)	(103)	(124)	(103)
Prepaid expenses		(54)	(18)	(54)	(17)
Judicial Deposits		-	(5)	-	(5)
Acquisition for decarbonization credits (CBIOS)	11	(41)	-	(41)	-
Trade accounts payable		(705)	(907)	(708)	(921)
Income and social contribution taxes paid		-	(71)	-	(71)
Taxes, fees and contributions		203	(220)	202	(226)
Pension and health plan		(42)	(44)	(42)	(44)
Voluntary redundancy incentivization plan		-	(1)	-	(1)
Redundancy program and restructuring		(1)	(106)	(1)	(106)
Payments of legal proceedings		(10)	(12)	(10)	(12)
Customer advances		(75)	143	(75)	140
Other assets and liabilities, net		(252)	229	(246)	241
Net cash provided by operations		351	756	293	701
Investment activities					
Acquisitions of PPE and intangible assets		(110)	(106)	(92)	(92)
Contributions to investments		(31)	-	(31)	-
Receipt from the sale of assets		43	2	43	2
Investments in securities		2	-	2	-
Receipt of loans awarded		13	-	13	-
Net cash (used) in investment activities		(83)	(104)	(65)	(90)
Financing activities					
Financing					
Loans and financing	13.1	2,800	3,213	2,800	3,213
Amortization of principal	13.1	(1,911)	(123)	(1,780)	(4)
Amortization of interest	13.1	(137)	(69)	(97)	(23)
Dividends and interest on shareholders' equity paid	18.2	(444)	-	(444)	-
Leases					
Payments of principal	14.2	(23)	(20)	(138)	(131)
Interest payments	14.2	(17)	(18)	(18)	(20)
Others		(1)	-	(1)	-
Net cash generated in financing activities		267	2,983	322	3,035
Net change in cash and cash equivalents in the period		535	3,635	550	3,646
Cash and cash equivalents at beginning of period		3,358	2,362	3,196	2,114
Cash and cash equivalents at end of period		3,893	5,997	3,746	5,760

The notes are an integral part of these interim financial statements.

Petrobras Distribuidora S.A.
 Statements of added value
 Periods ended March 31, 2021 and 2020
 (In millions of reais)

	Consolidated		Parent Company	
	Three-month period ended		Three-month period ended	
	March 31		March 31	
	2021	2020	2021	2020
Revenue				
Sales of products and services and other revenues	32,917	26,945	32,911	26,668
Expected credit losses	(178)	(39)	(178)	(35)
Revenue relating to construction of assets for use	89	89	67	73
	32,828	26,995	32,800	26,706
Inputs acquired from third parties				
Raw materials and resale goods	24,239	19,749	24,239	19,567
Materials, energy, third-party services and others	685	592	667	566
Tax credits on consumables acquired	1,038	950	1,038	888
	25,962	21,291	25,944	21,021
Gross value added	6,866	5,704	6,856	5,685
Retentions				
Depreciation and amortization	139	135	140	135
Added value produced by the Company	6,727	5,569	6,716	5,550
Transferred added value				
Equity earnings	7	(1)	15	16
Financial revenue - includes monetary and exchange variance	190	288	190	285
Rental and royalties	91	60	91	60
	288	347	296	361
Added value to be distributed	7,015	5,916	7,012	5,911
Personnel and management				
Direct compensation				
Salaries	129	75	127	71
Performance bonus and others incentives	14	-	14	-
Discount due to salary renegotiation	-	9	-	9
	143	84	141	80
Benefits				
Advantages	21	15	21	15
Retirement and pension plan	42	55	42	55
Redundancy program and restructuring	-	(3)	-	(3)
Health care plan	14	66	14	66
	77	133	77	133
FGTS	11	42	11	41
	231	259	229	254
Taxes				
Federal	807	839	806	837
State	5,110	4,133	5,110	4,133
Municipal	19	23	19	22
	5,936	4,995	5,935	4,992
Financial institution and trade payables				
Interest, monetary and exchange variance	313	387	313	390
Commercial rental / leases	43	41	43	41
	356	428	356	431
Shareholders				
Retained earnings	492	234	492	234
	492	234	492	234
Added value distributed	7,015	5,916	7,012	5,911

The notes are an integral part of these interim financial statements.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

1 General considerations

1.1 Reporting Entity

Petrobras Distribuidora S.A. (“Company” or “BR”) is a publicly-traded corporation whose shares are traded on the Novo Mercado segment of B3 S.A. – Brasil. Incorporated on November 12, 1971, its core activities are the distribution, transportation, trading, processing and manufacturing of oil-based products and other fuels, the production, transportation, distribution and trading of all energy forms, chemical products, the provision of related services and the importing and exporting of items related to said products and activities. The company's head office is located in Rio de Janeiro, Rio de Janeiro state.

1.2 Events in the period

Acquisition of equity interests

On 11/25/2020, BR signed the Share Purchase and Sale Agreement for the companies Targus Comercializadora de Energia Ltda. and Targus Serviços de Energia Ltda. (“Targus Energia”) in order to operate in the electricity trading across Brazil.

Following performance of all precedent conditions, including approval from Brazil’s anti-trust authority (“CADE”), on February 01, 2021 the Company closed the Transaction with Targus Comercializadora de Energia S.A, acquiring 48.82883% of its shares and, following the subscription of new shares, increasing its interest to 53.9% on the same date (note 9.1).

Sale of interest in thermal power plants

On February 05, 2021, the Company signed the purchase and sale agreement to sell its entire equity interest in the companies Pecém Energia S.A.(Pecém) and Energética Camaçari Muricy II S.A. (Muricy) to CH4 ENERGIA LTDA, a Brazilian subsidiary of NEW FORTRESS ENERGY INC. (“NFE”), a limited liability company organized and operating pursuant to the laws of Delaware, USA, with head office in New York.

The Company’s Board of Directors approved the transaction and the interim financial statements as of March 31, 2021 recognized revenue of R\$ 51 and wrote off investment of R\$ 5 (note 20.4).

Borrowing

In the quarter ended March 31, 2021, the Company raised funds from various institutions amounting to R\$ 2,800, at an average cost of CDI + 1.65% p.a. and an average term of 5 years. All foreign-currency loans (R\$ 1,740) were fully hedged by swaps taken out with respective counterparties (Note 13 and note 26.1.1).

1.3 Impacts caused by COVID-19 on our interim financial statements

Due to the worsening of the COVID-19 pandemic, the Company maintained the practices adopted last year and disclosed in note 1.3 to the financial statements as of December 31, 2020, maintaining the home office routine for employees whose activities can be carried out remotely and reducing staffing levels employees whose activities require them to be physically present to minimize the circulation of personnel at our operating plants. All security protocols widely disclosed are being followed. All business travel and customer visits in regions classified as high risk are being avoided and essential travel has to be approved by the Executive Board or Team leader, depending on the type of trip.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Effect on the interim financial statements

In the first quarter of 2021, BR's revenue from sales of diesel, gasoline and ethanol, the main products used in urban mobility, was 26% higher than in the 1st quarter of 2020, a revenue increase of R\$ 5,587 for this group.

Aviation kerosene sales are continuing to make a sluggish recovery, and were down by 12% in relation to the same period of 2020 (from R\$ 2,350 in 1Q20 to R\$ 2,077 in 1Q21).

In the aviation fuel segment, where we have an overarching footprint, the worsening of the pandemic in 2021 has disrupted the recovery of this sector due to the ongoing travel and circulation restrictions. The sharp downturn in demand in this segment is continuing to affect consolidated margins in the period.

In light of this situation, the Company raised expected losses for the end of 2020 for this group of clients (note 26.3). The balance of expected credit losses for this segment as of March 31, 2021 is therefore R\$ 163 compared with R\$ 137 as of December 31, 2020.

Management believes that the deferred tax assets and non-current assets can be economically recovered, and there is therefore no need to recognize additional provisions for non-financial assets impairment. There are also no adverse material effects on the Company's operations casting doubt on its future as a going concern.

2 Basis of preparation of the interim financial information

The consolidated interim financial statements have been prepared in accordance with the accounting practices adopted in Brazil for interim statements (Technical Pronouncement - CPC 21 (R1) - Interim Financial Reporting) and IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

The individual interim financial statements are being presented in accordance with the accounting practices adopted in Brazil for interim statements (Technical Pronouncement - CPC 21 (R1) - Interim Financial Reporting).

These interim financial statements are being presented with the material changes made in the period, without repeating certain notes disclosed previously. These interim financial statements should therefore be read in conjunction with the Company's annual financial statements for the financial year ended December 31, 2020, which include the full set of notes.

The Company's Board of Directors approved the disclosure of these interim financial statements at a meeting held on May 11, 2021.

2.1 Statement of added value

Brazilian corporate legislation requires listed companies prepare Statements of Added Value - DVAs and disclose them as an integral part of their financial reporting package. These statements have been prepared in accordance with CPC 09 – Statement of Added Value, as approved by CVM Resolution 557/08. IFRS does not require the presentation of this statement, which, therefore, are disclosed as additional information.

This statement aims to present information about the wealth created by the Company and the way in which this wealth was distributed.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

2.2 Basis of measurement

The interim individual and consolidated financial statements have been prepared on the historical cost basis, except for financial statements at fair value through profit or loss and the defined-benefit actuarial liability, recognized as the present value of the obligations less the fair value of the plan's assets.

3 Use of judgments and estimates

In preparing these interim financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Significant judgments made by management in the application of the accounting policies and the main sources of estimate uncertainties were the same as those applied and disclosed in note 3 to the consolidated financial statements for the financial year ended December 31, 2020.

4 Description of significant accounting policies

The accounting practices and calculation methods adopted in the preparation of these interim financial statements are the same as those used in the preparation of the Company's annual financial statements for the year ended December 31, 2020.

5 Cash and cash equivalents

	Consolidated		Parent Company	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Cash and bank deposits	174	50	173	50
Short-term investments				
Domestic	3,670	3,283	3,524	3,121
Foreign	49	25	49	25
Total	3,893	3,358	3,746	3,196

The short-term investments consist of domestic investment funds whose funds are invested mainly securities subject to repurchase agreements indexed to Brazilian federal public securities and Bank Deposit Certificates (CDB) at tier-one banks. All investments have immediate liquidity. Overseas short-term investments consist of overnight funds.

The Company bolstered its financial position by concluding new funding in this quarter (note 13).

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

The balance of tax credit rights (R\$ 23) and the amount receivable under the earn out of the sale of the equity interest in Stratara (R\$ 61) and the Pecém and Muricy thermoelectric plants (R\$ 30) are measured at fair value through profit or loss.

Change in expected credit losses

In the first quarter of 2021 Samarco S.A. filed for judicial reorganization, which was accepted by the court. As a consequence, and in line with the accounting policy adopted by the Company in similar situations, an expected credit loss of R\$ 154 restated through March 31, 2021 was recognized in profit or loss. Note that the loss has been recognized here to consistently apply our accounting practices, but does not mean that the Company has stopped pursuing its rights, especially given its position as a material supplier of products to Samarco S.A., and that these debits have been subject to negotiations between the parties regarding the payment terms.

6.1 Breakdown of the accounts receivable balances – past due and not yet due

	Consolidated					
	3/31/2021			12/31/2020		
	Gross accounts receivable	Allowance for credit loss	Accounts receivable net	Gross accounts receivable	Allowance for credit loss	Accounts receivable net
Overdue by						
Up to 3 months	203	(48)	155	61	(17)	44
3 to 6 months	10	(4)	6	76	(71)	5
6 to 12 months	114	(83)	31	82	(25)	57
Over 12 months	3,276	(3,122)	154	3,263	(3,129)	134
Total	3,603	(3,257)	346	3,482	(3,242)	240
Neither past due nor impaired	4,647	(184)	4,463	4,535	(26)	4,509
Total	8,250	(3,441)	4,809	8,017	(3,268)	4,749

	Parent Company					
	3/31/2021			12/31/2020		
	Gross accounts receivable	Allowance for credit loss	Accounts receivable net	Gross accounts receivable	Allowance for credit loss	Accounts receivable net
Overdue by						
Up to 3 months	203	(48)	155	61	(17)	44
3 to 6 months	10	(4)	6	76	(71)	5
6 to 12 months	114	(83)	31	82	(25)	57
Over 12 months	3,276	(3,122)	154	3,263	(3,129)	134
Total	3,603	(3,257)	346	3,482	(3,242)	240
Neither past due nor impaired	5,043	(184)	4,859	4,874	(26)	4,848
Total	8,646	(3,441)	5,205	8,356	(3,268)	5,088

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

6.2 Breakdown – Electric sector (Insulated system)

	Neither past due nor impaired	Overdue	Gross accounts receivable	Allowance for credit losses	Accounts receivable net
Eletrobras group					
Eletrobras	99	-	99	-	99
Centrais Elétricas do Norte do Brasil	-	1	1	(1)	-
	99	1	100	(1)	99
Third parties					
Cia de Eletricidade do Amapá - CEA	-	826	826	(826)	-
Rio Amazonas Energia S/A	-	103	103	(103)	-
Cia Energética de Roraima	-	47	47	(47)	-
Other	24	7	31	(7)	24
	24	983	1,007	(983)	24
Balance as of March 31, 2021	123	984	1,107	(984)	123
Balance as of December 31, 2020	230	984	1,214	(984)	230

6.3 Changes in Trade receivables – Electric sector (Islanded system - Eletrobras Group and third parties)

	Current supply	ICD (*) 2014 and 2013	ICD 2018	Total
Balance as of December 31, 2019	38	83	545	666
Billing	389	-	-	389
Receipt	(402)	(16)	(425)	(843)
Monetary restatement / interest	-	2	15	17
Reversal of expected credit losses	-	-	1	1
Balance as of December 31, 2020	25	69	136	230
Billing	125	-	-	125
Receipt	(126)	(4)	(103)	(233)
Monetary restatement / interest	-	-	1	1
Balance as of March 31, 2021	24	65	34	123

(*) Debt Acknowledgment Agreement

7 Inventory

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

	Consolidated		Parent Company	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Products for sale				
Petroleum derivatives				
Gasoline	586	461	586	461
Diesel fuel	1,105	1,165	1,105	1,165
Fuel oil	286	179	286	179
Aviation fuel	308	166	308	166
Lubricant	207	165	207	165
Other	103	106	103	106
Biofuels (*)	715	924	715	924
	3,310	3,166	3,310	3,166
Other products	251	379	251	379
Total	3,561	3,545	3,561	3,545

(*) comprises the balances of ethanol and biodiesel inventory.

No net realizable value reduction in inventory was recorded as of March 31, 2021 and December 31, 2020.

Guarantees

The Company has inventory submitted as security in legal proceedings amounting to R\$ 204 as of March 31, 2021 and December 31, 2020.

8 Advanced bonuses awarded to clients

12/31/2019	Additions	Write-off / appropriation	12/31/2020	Additions	Write-off / appropriation	3/31/2021
2,530	467	(652)	2,345	124	(194)	2,275
Current			592	593		
Noncurrent			1,753	1,682		

Early bonuses awarded to clients are subject to terms and targets to be performed, especially the consumption of volumes established in supply contracts (note 19).

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

9 Investment

9.1 Changes to investments made in subsidiaries, joint arrangements and associates

	Parent Company							Percentage of equity participation - % (*)	
	12/31/2020	Acquisition of equity interest	Additions	Equity income	Dividends	Amortization of asset appreciation	Derecognition on the sale		3/31/2021
Subsidiaries									
Fil	41	-	-	6	-	-	-	47	99,01%
	41	-	-	6	-	-	-	47	
Joint operation									
Brasil Carbonos (a)	76	-	-	2	-	(1)	-	77	49,00%
Joint ventures									
Camaçari Muricy II	2	-	-	-	-	-	(2)	-	50,00%
Pecém Energia	2	-	-	-	-	-	(2)	-	45,00%
Gas ES (b)	393	-	-	7	(3)	-	-	397	60,02%
Navegantes	21	-	-	-	-	-	-	21	33,33%
Nordeste I	1	-	-	-	-	-	-	1	33,33%
Nordeste II	8	-	-	-	-	-	-	8	33,33%
Nordeste III	10	-	-	-	-	-	-	10	33,33%
Targus	-	21	10	-	-	-	-	31	53,90%
	437	21	10	7	(3)	-	(4)	468	
Associate									
BRF Biorefinos	11	-	-	-	-	-	-	11	49,00%
Total	565	21	10	15	(3)	(1)	(4)	603	

	Parent Company							Percentage of equity participation - %	
	12/31/2019	Additions	Reduction of share capital (c)	Equity income	Dividends	Amortization of asset appreciation	Derecognition on the sale		12/31/2020
Subsidiaries									
Stratura	222	-	(7)	3	(1)	-	(217)	-	
Fil	9	-	-	41	(9)	-	-	41	99,01%
	231	-	(7)	44	(10)	-	(217)	41	
Joint operation									
Brasil Carbonos (a)	78	-	-	13	(14)	(1)	-	76	49,00%
Joint ventures									
Camaçari Muricy II	1	2	-	(1)	-	-	-	2	50,00%
Pecém Energia	1	2	-	(1)	-	-	-	2	45,00%
Gas ES (b)	2	379	-	12	-	-	-	393	60,02%
Navegantes	22	-	-	(1)	-	-	-	21	33,33%
Nordeste I	1	-	-	-	-	-	-	1	33,33%
Nordeste II	4	4	-	-	-	-	-	8	33,33%
Nordeste III	5	5	-	-	-	-	-	10	33,33%
	36	392	-	9	-	-	-	437	
Associate									
BRF Biorefinos	11	-	-	-	-	-	-	11	49,00%
Total	356	392	(7)	66	(24)	(1)	(217)	565	

(*) The participation in the total capital is the same as in the voting capital except for ES GÁS whose participation in the voting capital is 51%.

(a) Asset appreciation of R\$ 28 was determined on the acquisition of an interest in Brasil Carbonos S.A. in December 2010, which is being amortized over the assets' useful lives. As of March 31, 2021, the balance of R\$ 18 (R\$ 19 as of December 31, 2020) is classified in consolidated property, plant and equipment.

(b) Contribution to compensation for returnable assets.

(c) Stratura's capital decrease in exchange for the Company receiving assets.

Acquisition of Targus Comercializadora de Energia S.A.

On February 01, 2021, the Company acquired 48.82883% of the common shares of Targus Energia S.A., and on the same date subscribed new common shares amounting to 53.9% of the share capital. By the completion of all the contributions expected to be made by December 31, 2021, BR will hold 70% of Targus' share capital. On this occasion, BR also entered into the Shareholders' Agreement with its current partners, effective for 15 years. The

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

rights and obligations it creates include purchase and sale options for acquisition of the remaining 30% equity interest. The purchase and sale options can be exercised from 2026 through December 31, 2031.

Targus is a corporation with the core activity of purchasing, selling, importing and exporting electricity and providing engineering, advisory, consultancy and other services related to energy processes.

The acquisition will allow the Company to engage in the purchase and sale of electricity, expanding its current portfolio of products, and enabling it to secure new clients in the market, offering management services in the free market and distributed generation products, drawing on its extensive commercial footprint and financial structure coupled with the expertise and delivery capacity of its partners at Targus Energia, who will continue operating.

The operation to acquire the partners' shares and to subscribe for new shares has, so far, resulted in a total disbursement of R\$ 31.

The amount of the contingent consideration, the price adjustments, the portion of the goodwill generated on the acquisition of the interest in Targus, as well as the fair value of the purchase and sale options provided for in the SPA (Share Purchase Agreement), are being evaluated and will have their impacts reflected in the second quarter.

Petrobras Distribuidora S.A.
Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

10 Property, plant and equipment

Consolidated						
Cost of property, plant and equipment	Land	Buildings and Improvements	Equipment and Other Assets	Assets under Construction	Rights of use (a)	Total
Balance as of December 31, 2019	380	3,843	5,411	953	897	11,484
Additions	-	2	157	300	116	575
Write-offs	(2)	-	(96)	(1)	(48)	(147)
Transfers (b)	1	83	134	(207)	-	11
Capitalized interest	-	-	-	14	-	14
Termination of ES Gas Agreement	-	(1)	(4)	-	(1)	(6)
Write-off under sale of Stratura	-	(22)	(41)	(1)	-	(64)
Balance as of December 31, 2020	379	3,905	5,561	1,058	964	11,867
Additions	10	-	16	59	73	158
Write-offs	(2)	(5)	(25)	-	(15)	(47)
Transfers (b)	1	38	105	(164)	-	(20)
Capitalized interest	-	-	-	5	-	5
Balance as of March 31, 2021	388	3,938	5,657	958	1,022	11,963
Accumulated depreciation						
Balance as of December 31, 2019	-	(1,362)	(3,297)	-	(122)	(4,781)
Depreciation	-	(134)	(252)	-	(111)	(497)
Write-offs	-	-	87	-	15	102
Transfers (b)	-	(1)	(7)	-	-	(8)
Termination of ES Gas Agreement	-	-	4	-	-	4
Write-off under sale of Stratura	-	8	28	-	-	36
Balance as of December 31, 2020	-	(1,489)	(3,437)	-	(218)	(5,144)
Depreciation	-	(33)	(65)	-	(30)	(128)
Write-offs	-	2	20	-	7	29
Balance as of March 31, 2021	-	(1,520)	(3,482)	-	(241)	(5,243)
Balance of property, plant and equipment						
At December 31, 2020	379	2,416	2,124	1,058	746	6,723
At March 31, 2021	388	2,418	2,175	958	781	6,720
Estimated useful life	-	01 to 60 years	02 to 31 years	-	01 to 125 years	

(a) See details of the right-of-use assets in note 14.

Petrobras Distribuidora S.A.
Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Parent Company						
Cost of property, plant and equipment	Land	Buildings and Improvements	Equipment and Other Assets	Assets under Construction	Rights of use (a)	Total
Balance as of December 31, 2019	373	3,462	5,324	510	1,299	10,968
Additions	-	1	156	237	123	517
Write-offs	(2)	-	(95)	(2)	(49)	(148)
Transfers (b)	1	90	132	(206)	-	17
Termination of ES Gas Agreement	-	(1)	(4)	-	(1)	(6)
Balance as of December 31, 2020	372	3,552	5,513	539	1,372	11,348
Additions	10	-	16	41	73	140
Write-offs	(2)	(5)	(24)	-	(15)	(46)
Transfers (b)	1	37	105	(163)	-	(20)
Balance as of March 31, 2021	381	3,584	5,610	417	1,430	11,422
Accumulated depreciation						
Balance as of December 31, 2019	-	(1,306)	(3,258)	-	(171)	(4,735)
Depreciation	-	(127)	(248)	-	(126)	(501)
Write-offs	-	-	86	-	15	101
Transfers (b)	-	(2)	(3)	-	-	(5)
Termination of ES Gas Agreement	-	-	4	-	-	4
Balance as of December 31, 2020	-	(1,435)	(3,419)	-	(282)	(5,136)
Depreciation	-	(31)	(64)	-	(34)	(129)
Write-offs	-	2	20	-	7	29
Balance as of March 31, 2021	-	(1,464)	(3,463)	-	(309)	(5,236)
Balance of property, plant and equipment						
At December 31, 2020	372	2,117	2,094	539	1,090	6,212
At March 31, 2021	381	2,120	2,147	417	1,121	6,186
Estimated useful life	-	01 to 60 years	02 to 31 years	-	01 to 60 years	

(a) See details of the right-of-use assets in note 14.

(b) Essentially consists of transfers between other groups such as intangible assets, held for sale and others.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Assets under construction recorded in the consolidated statements mainly comprise the expansion, modernization and improvements of terminals and fuel distribution bases, airports and the lubricant plant.

The usage rights assets primarily consist of land used by fuel stations, administrative offices and buildings (note 14).

Guarantees

A portion of the Company's property, plant and equipment has been pledged as guarantees for judicial proceedings in which the Company is a defendant, with R\$ 18 on March 31, 2021 and R\$ 13 on December 31, 2020.

11 Intangible assets

Cost of intangible assets	Consolidated				Total
	Rights and Concessions	Decarbonization credits	Software (a)	Goodwill (b)	
Balance as of December 31, 2019	388	-	555	29	972
Additions (c)	6	190	141	-	337
CBIOS retirement	-	(190)	-	-	(190)
Transfers	(1)	-	(1)	-	(2)
Write-offs	(7)	-	-	-	(7)
Termination of ES Gas Agreement	(376)	-	-	-	(376)
Write-off under sale of Stratura	(4)	-	-	-	(4)
Balance as of December 31, 2020	6	-	695	29	730
Additions (c)	-	41	25	-	66
Transfers	10	-	15	-	25
Balance as of March 31, 2021	16	41	735	29	821
Accumulated amortization					
Balance as of December 31, 2019	(116)	-	(336)	-	(452)
Amortization	(7)	-	(33)	-	(40)
Transfers	2	-	-	-	2
Write-offs	1	-	-	-	1
Termination of ES Gas Agreement	116	-	-	-	116
Write-off under sale of Stratura	1	-	-	-	1
Balance as of December 31, 2020	(3)	-	(369)	-	(372)
Amortization	-	-	(11)	-	(11)
Balance as of March 31, 2021	(3)	-	(380)	-	(383)
Balance of intangible assets					
At December 31, 2020	3	-	326	29	358
At March 31, 2021	13	41	355	29	438
Estimated useful life	10 to 20 years	Indeterminate	5 to 9 years	Indeterminate	

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Cost of intangible assets	Parent Company				Total
	Rights and Concessions	Decarbonization credits	Software (a)	Goodwill (b)	
Balance as of December 31, 2019	383	-	554	29	966
Additions (c)	6	190	141	-	337
CBIOS retirement	-	(190)	-	-	(190)
Write-offs	(7)	-	-	-	(7)
Termination of ES Gas Agreement	(376)	-	-	-	(376)
Balance as of December 31, 2020	6	-	695	29	730
Additions (c)	-	41	25	-	66
Transfers	10	-	15	-	25
Balance as of March 31, 2020	16	41	735	29	821
Accumulated amortization					
Balance as of December 31, 2019	(113)	-	(336)	-	(449)
Amortization	(7)	-	(33)	-	(40)
Termination of ES Gas Agreement	116	-	-	-	116
Write-offs	1	-	-	-	1
Balance as of December 31, 2020	(3)	-	(369)	-	(372)
Amortization	-	-	(11)	-	(11)
Balance as of March 31, 2021	(3)	-	(380)	-	(383)
Balance of intangible assets					
At December 31, 2020	3	-	326	29	358
At March 31, 2021	13	41	355	29	438
Estimated useful life	10 to 20 years	Indeterminate	9 years	Indeterminate	

(a) The Company has a balance of software under development of R\$ 177 (R\$ 179 as of December 31, 2020).

(b) Goodwill on fuel distribution assets, originated under the acquisition of Liquigás S.A., the liquefied petroleum gas (LPG) distribution company. This investee was transferred to Petrobras, in 2012, although the operation related to the goodwill remained at the Company.

(c) R\$ 15 of the total software additions of R\$ 25 (R\$ 141 at December 31, 2020) was developed in-house (R\$ 65 at December 31, 2020).

Intangible assets consist of expenses on rights and concessions, goodwill, software and decarbonization credits.

12 Trade payables

	Consolidated		Parent Company	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Trade accounts payable				
Domestic market	1,240	1,784	1,266	1,814
Foreign market	311	412	311	412
Total	1,551	2,196	1,577	2,226

The balance of domestic trade payables is mainly comprised (i) of invoices payable to Petrobras for the acquisition of oil products and (ii) services (including freight). The balance of overseas payables primarily consists the obligations related of diesel oil and gasoline imports.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

13 Loans and Borrowings

	Contract currency	Contract index and interest rates	Maturity	Consolidated		Parent Company	
				3/31/2021	12/31/2020	3/31/2021	12/31/2020
NCE Santander (a)	R\$	CDI + 4.50% p.a.	mar-21	-	211	-	211
NCE Santander (a)	R\$	CDI + 4.65% p.a.	mar-21	-	85	-	85
NCE Itaú (a)	R\$	CDI + 4.05% p.a.	mar-21	-	203	-	203
CCB itaú (a)	R\$	CDI + 4.00% p.a.	apr-21	-	1,013	-	1,013
NCE Santander (a)	R\$	CDI + 3.85% p.a.	apr-21	-	314	-	314
Bank of China	R\$	CDI + 2.50% p.a.	apr-22	87	86	87	86
CRA - Series 9 (*)	R\$	98% of CDI p.a.	jul-22	479	481	479	481
CRI 73 (**)	R\$	IPCA + 6.84% p.a.	feb-23	167	250	-	-
CRA - Series 10 (*)	R\$	100% of CDI p.a.	jul-24	203	204	203	204
CRI 99 (**)	R\$	IPCA + 4.09% p.a.	feb-25	149	181	-	-
Banco Itaú - Debêntures	R\$	CDI + 0.89% p.a.	apr-25	759	753	759	753
CRA - Series 11 (*)	R\$	IPCA + 5.59% p.a.	jul-25	320	309	320	309
Loan 4131 Santander (b)	R\$	CDI + 1.67% p.a.	mar-26	1,066	-	1,066	-
CRI 100 (**)	R\$	IPCA + 4.98% p.a.	feb-32	312	339	-	-
Total domestic				3,542	4,429	2,914	3,659
NCE MUFG	Yen	2.08% p.a.	apr-21	129	125	129	125
Loan 4131 JP Morgan	US\$	0.91% p.a.	mar-22	356	325	356	325
Loan 4131 JP Morgan	US\$	0.92% p.a.	mar-23	356	325	356	325
NCE Citibank	US\$	1.22% p.a.	feb-25	1,140	1,040	1,140	1,040
NCE MUFG	US\$	2.18% p.a.	mar-25	376	350	376	350
Loan 4131 Scotiabank	US\$	2.19% p.a.	mar-25	1,268	1,163	1,268	1,163
Loan 4131 Scotiabank (c)	US\$	1.5258% p.a.	feb-26	571	-	571	-
Loan 4131 BNP (d)	US\$	2.023% p.a.	feb-26	857	-	857	-
Loan 4131 BOFA (e)	US\$	2.27% p.a.	mar-26	419	-	419	-
Total international				5,472	3,328	5,472	3,328
Total financing				9,014	7,757	8,386	6,987
Current				715	2,082	578	1,980
Noncurrent				8,299	5,675	7,808	5,007

(*) Debentures - Agribusiness Receivables Certificates

(**) Realty Receivables Certificates

Main movements occurred in the period

(a) Settlement of funds raised during COVID-19 pandemic:

In March 2021, the Company settled R\$ 1,780 out of a total of R\$ 1,980 of NCEs - Export credit notes and CCB – Bank Credit Notes taken out in April 2020 at the start of the pandemic.

(b) On February 12, 2021, a loan was taken out from Banco Santander under Resolution 4131 in the amount of R\$ 1,060, incurring CDI + 1.67% p.a., semiannual interest and amortization upon maturity in February 2026. On this occasion there was a negotiation for the prepayment in February 2021 of the three NCEs maturing in March and April 2021, amounting to a liability management of R\$ 580 by replacing the NCEs with an average cost of CDI + 4.19% by the aforesaid loan.

(c) On February 26, 2021, we took out a 4131 Loan from Scotiabank for USD 100 million equal to R\$ 537, at a rate of USD + 1.53% p.a. and amortization upon maturity in February 2026, in addition to the swap contract taken out with the same institution to fully hedge the USD debt at the cost of CDI + 1.55% p.a.

(d) On February 12, 2021, we took out a 4131 Loan from BNP Paribas for USD 150 million equal to R\$ 803, at a rate of USD + 2.02% p.a. and amortization upon maturity in February 2026, in addition to the swap contract taken out with the same institution to fully hedge the USD debt at the cost of CDI + 1.69% p.a.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

(e) On March 12, 2021, we took out a 4131 Loan from Bank of America for USD 73 million equal to R\$ 400, at a rate of USD + 2.27% p.a. and amortization upon maturity in March 2026, in addition to the swap contract taken out with the same institution to fully hedge the USD debt at the cost of CDI + 1.67% p.a.

13.1 Changes and reconciliation against financing cash flows

	Consolidated		Parent Company
	Banking Market	Capital Market (CRIs and Debentures)	Total
Domestic			
Opening balance at January 01, 2020	551	5,406	5,957
Additions (new borrowings)	1,865	-	1,865
Amortization of principal	(510)	(2,886)	(3,396)
Amortization of interest	(69)	(190)	(259)
Write-off under sale of Stratura	(30)	-	(30)
Noncash changes			
Provision for interest	104	101	205
Inflation indexation	-	87	87
Closing balance at December 31, 2020	1,911	2,518	4,429
Additions (new borrowings)	1,060	-	1,060
Amortization of principal	(1,780)	(131)	(1,911)
Amortization of interest	(67)	(47)	(114)
Noncash changes			
Provision for interest	29	13	42
Inflation indexation	-	36	36
Total Domestic at March 31, 2021	1,153	2,389	3,542
Overseas			
Opening balance at January 01, 2020	-	-	-
Additions (new borrowings)	2,848	-	2,848
Amortization of interest	(38)	-	(38)
Noncash changes			
Provision for interest	51	-	51
Exchange variation	467	-	467
Total Overseas at December 31, 2020	3,328	-	3,328
Additions (new borrowings)	1,740	-	1,740
Amortization of interest	(23)	-	(23)
Noncash changes			
Provision for interest	18	-	18
Exchange variation	409	-	409
Total Overseas at March 31, 2021	5,472	-	5,472
Closing balance at March 31, 2021	6,625	2,389	9,014

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

13.2 Summarized information on financing maturities

	Consolidated							Parent Company
	2021	2022	2023	2024	2025	2026 onwards	Total	Total
Domestic Financing:	32	700	445	564	523	1,278	3,542	2,914
Indexed to floating rates	32	700	445	564	523	1,278	3,542	2,914
Overseas Financing:	545	53	919	563	1,549	1,843	5,472	5,472
Indexed to floating rates	361	10	833	477	506	1,843	4,030	4,029
Indexed to fixed rates	184	43	86	86	1,043	-	1,442	1,443
Total as of March 31, 2021	577	753	1,364	1,127	2,072	3,121	9,014	8,386
Total as of December 31, 2020	2,082	1,095	1,255	1,138	1,920	267	7,757	6,987

The fair value of domestic financing as of March 31, 2021 is R\$ 3,550 (R\$ 2,826 at the Parent Company) and of overseas financing is R\$ 5,155 (Consolidated and Parent Company).

The fair values of domestic financing are determined by the cash flow method discounted by the interpolated spot rates of indexes (or proxies) of the respective financing and the Company's credit risk (Level 2). Foreign-currency financing is calculated by projecting the exchange rate for each maturity and the fair values are determined by the discounted cash flow method at the spot rates interpolated by the DI index and the Company's credit risk (Level 2).

The financial instruments sensitivity analysis can be seen in note 26.1.2.1.

13.3 Transaction costs

Costs incurred on borrowing were deducted from the balance of the corresponding liability and appropriated to profit or loss at the effective rate. The amount appropriated in 2020 and the balances to be appropriated in the years ahead are as follows:

	12/31/2020	Amortization	3/31/2021	2022	2023	2024	2025 onwards	Total
Debentures	(1)	-	(1)	-	-	-	1	1
CRA (*)	(9)	1	(8)	3	2	1	2	8
CRI (**)	(54)	12	(42)	12	12	4	14	42
	(64)	13	(51)	15	14	5	17	51

(*) Debentures - Agribusiness Receivables Certificates

(**) Realty Receivables Certificates

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

14 Leases

The Company is a lessee in several contracts with different natures, mainly entailing the leasing of land for fuel stations, fuel distribution bases, administrative offices and buildings. Part of these leases are taken out with the subsidiary FII FCM, administrated by Rio Bravo Investimentos DTVM Ltda.

The Company recognizes a right-of-use asset and a corresponding lease liability at the commencement date of the contract.

The right-of-use assets are depreciated over the contractual terms.

14.1 Right-of-use assets – Change by asset type

	Consolidated				Parent Company			
	Land	Buildings and Improvements	Equipment	Total	Land	Buildings and Improvements	Equipment	Total
Balance as of December 31, 2019	338	426	11	775	413	702	13	1,128
Additions	103	12	1	116	109	13	1	123
Write-offs	(28)	(5)	-	(33)	(28)	(6)	-	(34)
Depreciation	(67)	(41)	(3)	(111)	(75)	(48)	(3)	(126)
Termination of ES Gas Agreement	(1)	-	-	(1)	(1)	-	-	(1)
Balance as of December 31, 2020	345	392	9	746	418	661	11	1,090
Additions	73	-	-	73	73	-	-	73
Write-offs	(8)	-	-	(8)	(8)	-	-	(8)
Depreciation	(16)	(13)	(1)	(30)	(19)	(14)	(1)	(34)
Balance as of March 31, 2021	394	379	8	781	464	647	10	1,121
Contract term	01 to 25 years	01 to 24 years	01 to 05 years		01 to 25 years	01 to 60 years	01 to 20 years	

14.2 Lease Liability – Changes and reconciliation against financing cash flows

	Consolidado		Controladora	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Adjusted opening balance	796	818	1,338	1,386
Payments of principal	(23)	(20)	(138)	(131)
Interest payments	(17)	(18)	(18)	(20)
Noncash changes				
Rights of use acquisitions	73	12	73	12
Provision for interest	17	18	26	30
Inflation indexation	-	-	19	14
Write-offs	(12)	-	(12)	-
Closing balance	834	810	1,288	1,291

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

14.3 Payment flows

Estimated commitments	Consolidated			Parent Company
	Future value	Annual interest	Present value	Present value
2021	138	(45)	93	99
2022	153	(64)	89	199
2023	139	(60)	79	114
2024	117	(53)	64	103
2025	106	(47)	59	103
2026 onwards	610	(160)	450	670
At March 31, 2021	1,263	(429)	834	1,288
Current			125	234
Noncurrent			709	1,054
At March 31, 2021			834	1,288
Current			115	232
Noncurrent			681	1,106
At December 31, 2020			796	1,338

The payment of variable portions of the leases and payment of the short-term leases not comprising the liabilities was recognized in profit and loss amounting to R\$ 36 and R\$ 8 respectively (Consolidated and Parent Company). Payments of variable portions account for 4% in the consolidated statement and 3% in the parent company statement of fixed payments made.

The Company is therefore also potentially exposed to future cash outlays in addition to variable payments of leases, primarily associated with changes in sales volumes. This flow is as follows:

Consolidated						
2021	2022	2023	2024	2025	2026 onwards	Total
175	285	136	133	122	553	1,404

14.4 Average nominal discount rates

Contractual term	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years
Average discount rate (% p.a.)	7.59%	9.57%	9.79%	10.02%	8.29%

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

14.5 Official Circular CVM/SNC/SEP/nº2/2019

14.5.1 Leases and rights-of-use

Official Circular CVM/SNC/SEP/nº2/2019 determines the presentation of balances of lease liabilities, rights-of-use, finance costs and depreciation based on the discounted cash flow, including projected future inflation, unlike CPC 06 (R2), which stipulates the calculation should use a cash flow not corrected for inflation. See below the table comparing both measurements for compliance with the CVM Circular, in order to ensure investors have access to reliable figures.

	Consolidated			
	Lease Liability (*)	Right-of-use	Financial Expense	Depreciation
CPC 06 (R2)	821	783	16	28
CVM Official Letter	1,193	1,030	27	37

(*) Denotes contracts impacted by the revision of IFRS16, i.e. contracts existing before the revision that were already classified as financial leases have not been included in this presentation.

14.5.2 Potential right to recoverable PIS/COFINS

Lease payments can generate a right to PIS and COFINS credits, providing they meet the conditions established in the tax legislation. The table below presents the potential recoverable PIS and COFINS credits embedded in the payments, including nominal payment flows and flows discounted to present value.

	Consolidated	
	Consideration	PIS/COFINS
Nominal cash flow	784	73
Presente value flow	365	37

15 Taxes

15.1 Taxes and contributions

	Consolidated						
	Assets			Liabilities			
	3/31/2021			3/31/2021			
	Current	Noncurrent	Total	12/31/2020	Current	Total	12/31/2020
ICMS	819	595	1,414	1,469	205	205	187
IPI	3	-	3	4	-	-	-
PIS / COFINS (*)	1,238	-	1,238	1,318	43	43	-
Income and social contribution taxes withheld at source	-	-	-	-	36	36	70
Other	38	-	38	48	16	16	98
Total	2,098	595	2,693	2,839	300	300	355

(*) Includes the credits resulting from exclusion of ICMS from the PIS and COFINS calculation base.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

The Company expects to receive and/or offset the amounts presented.

15.2 State Amnesty Programs

On March 31, 2021 and December 31, 2020, the Company settled various state ICMS tax debts, through Amnesty Programs.

State	State Law / Decree	Incentives secured	3/31/2021		
			Existing debts	Reduction incentive	Amount paid after the benefit
Rio de Janeiro	Supplementary Law 189 dated 12/29/2020 and Decree 47.488 issued 02/12/2021	90%(ninety percent) reduction in legal penalty amounts and moratorium accruals.	118	89	29
Amazonas	Diário Oficial do Estado (DOE) issued 12/21/2020, Law 5.320 dated 11/23/2020 and Decree 43.130/2020	95% reduction (ninety-five percent) of interest and moratorium and punitive fines	39	25	14
Total			157	114	43

State	State Law / Decree	Incentives secured	12/31/2020		
			Existing debts	Reduction incentive	Amount to be paid after the benefit
Mato Grosso do Sul	Law 5457 dated 12/18/2019	Decrease of 95% (ninety-five percent) on total punitive or arrears fines, and 80% (eighty percent) of corresponding arrears interest	55	38	17
Distrito Federal	Decree 41,463 issued November 13, 2020	Decrease of 95% (ninety-five percent) on total fines and interest at sight in a lump sum, or financed with a decrease of up to 60% (sixty percent) on the total fines and interest.	29	20	9
Sergipe	Law 8.763/202 and Decree 40.691/2020	Decrease of up to 95% (ninety-five percent) on total fines and interest at sight in a lump sum, providing the payment is made by 11/30/2020.	22	17	5
Alagoas	Decree 71.800 issued 10/23/2020	Decrease of 95% on total punitive fines, interest and other legal charges.	4	3	1
Mato Grosso	Decree MT 578/2020	Decrease of up to 75% on total fines and interest at sight in a lump sum, providing the payment is made by 12/30/2020.	2	1	1
Rio Grande do Norte	Law 10.874/20 and Decree 30.084/20	Decrease of 95% (ninety-five percent) on total fines and interest at sight in a lump sum, or financed with a decrease of up to 60% (sixty percent) on the total fines and interest.	1	1	-
Piauí	State Law 7404 dated 11/09/2020	Decrease of 95% (ninety-five percent) on total fines and interest at sight in a lump sum, or financed with a decrease of up to 60% (sixty percent) on the total fines and interest.	1	1	-
Total			114	81	33

Petrobras Distribuidora S.A.
Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

15.3 Deferred income tax and social contribution

Source of the recorded deferred taxes	Consolidated				Parent Company			
	Recognized in	Recognized		Recognized	Recognized			
	12/31/2019	Net income	Equity	Write-off under sale of Stratura	12/31/2020	Net income	3/31/2021	3/31/2021
Accounts receivable	38	27	-	(17)	48	58	106	106
Bonuses advanced to clients	825	102	-	-	927	26	953	953
Property, plant and equipment	(79)	(28)	-	3	(104)	(6)	(110)	(110)
Leases	(73)	12	-	-	(61)	(27)	(88)	(88)
PIDV (*)	1	(1)	-	-	-	-	-	-
Judicial proceedings	353	(48)	-	-	305	7	312	312
Post-employment benefits	878	(36)	(189)	(2)	651	5	656	656
Judicial deposits	(136)	(11)	-	-	(147)	3	(144)	(144)
Hedge	39	(33)	-	-	6	90	96	96
Other	59	22	-	(1)	80	10	90	90
Total	1,905	6	(189)	(17)	1,705	166	1,871	1,871
Deferred income tax	1,401				1,253		1,376	1,376
Deferred social contributions	504				452		495	495
	1,905				1,705		1,871	1,871
Deferred tax assets	2,357				2,167		2,362	2,362
Deferred tax liabilities	(452)				(462)		(491)	(491)
	1,905				1,705		1,871	1,871

(*) Voluntary Redundancy Incentivization Plan

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

The reconciliation of taxes determined at the statutory rates and the amount of taxes recognized are shown below:

	Consolidated			
	Three-month period ended March 31		Three-month period ended March 31	
	2021	2020	2021	2020
Net income before tax	759	404	759	403
Income and social contribution taxes at nominal rates (34%)	(258)	(137)	(258)	(137)
Adjustments to determine effective rate:				
• Net permanent additions/exclusions	(13)	(10)	(11)	(5)
• Tax incentives	4	1	4	1
• Expenses on health benefit for retirement	(2)	(21)	(2)	(21)
• Other items	2	(3)	-	(7)
Income tax and social contribution	(267)	(170)	(267)	(169)
Current IR and CSLL	(433)	(29)	(433)	(27)
Deferred IR and CSLL	166	(141)	166	(142)
	(267)	(170)	(267)	(169)
Effective income and social contribution tax rate	35.2%	42.1%	35.2%	41.9%

16 Payroll, vacations, charges, bonuses and profit sharing

The balances for the main short-term benefits awarded to employees are shown below:

	Consolidated		Parent Company	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Provision for vacations	64	64	64	64
Salaries, charges and other provisions	66	46	65	45
Discount due to salary renegotiation (note 16.1)	7	68	7	68
Performance bonus/short-term incentives (note 16.2)	17	55	17	55
Total	154	233	153	232

16.1 Discount due to salary renegotiation

Consists of the discount due to the contractual renegotiation with salary decreases through individual negotiations, as permitted by article 444 of the CLT labor legislation in an agreement made with the Superior Labor Court.

On December 31, 2020 the Company provisioned for a discount of R\$ 68, with R\$ 61 having been paid by March 31, leaving a balance payable of R\$ 7.

16.2 Bonuses and short-term incentives

16.2.1 Payment of short-term bonuses and incentives to employees

As of December 31, 2020, the Company had provisioned for the amount of R\$ 45 for payment of the short-term incentives to employees for FY 2020. As of March 31, 2021, the Company had paid R\$ 41 and reversed R\$ 2, leaving a balance of R\$ 2.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

As of March 31, 2021, the Company had provisioned for the amount of R\$ 13 for payment of the short-term incentives to employees for FY 2021.

16.2.2 Payment of short-term incentives to Executive Board members

On December 31, 2020 the Company accordingly provisioned for the amount of R\$ 10 for payment of the short-term incentive program. R\$ 10 had been paid by March 31, 2021.

As of March 31, 2021 the Company had provisioned for R\$ 2 for payment of the short-term incentives to Executive Board members for FY 2021.

16.3 Share-based remuneration plan

The Extraordinary General Meeting held July 28, 2020 approved the Long-Term Incentive Plan for Stock Options and Restricted Shares Plan - Matching Shares Program, with the latter only applicable to Statutory Officers.

These plans aim to: (i) align the interests of the shareholders and the executives (ii) recognize successful execution of the Company's Business Plan (iii) bolster the long-term vision in relation to the Company's decisions and (iv) retain talent and share the organization's success.

Under the Long-Term Incentive Plan for Stock Options, the executive receives options in the Company that may be converted into shares for a period of three years (exercise period) following a specified vesting period of three years counting from the moment they are awarded. In the Restricted Shares Plan - Matching Shares Plan, the executive receives shares as consideration for the investment made to buy the Company shares in the market, using part of their short-term incentive, also after a determined grace period of three years starting on the date the investment is made.

The Phantom Shares plan was also rolled out in the first quarter of 2021, as an executive attraction and retention strategy. The program awards a specific amount of shares with the respective receipt in cash after the two-year vesting period has occurred. The grant was made on March 16, 2021.

The initial grant under the Long-Term Share Purchase Incentive Plan occurred on July 31, 2020, with R\$ 1 being recognized as of March 31, 2021 as a personnel expense, including payroll charges.

The first grant under the Matching Shares plan is scheduled to take place in the first half of 2021.

See below information about the programs:

Program	Grant date	End of grace period	Date of expiration	Amount awarded in the period	Amount canceled	Assets under grace period at 3/31/2021	Strike price at grant	Restated strike price	Fair value at grant	Restarted fair value
2020 Stock Options	7/31/2020	7/31/2023	7/31/2026	3,417,133	608,003	2,809,130	R\$ 21.81	R\$ 21.81	R\$ 7.36	-
2021 Phantom Shares	3/16/2021	3/16/2023	3/16/2023	228,311	-	228,311	-	-	R\$ 21.90	21,19

2020 Stock Options: The options' fair value was calculated by the Binomial method. The variables used were: Risk-free rate of 4.25% p.a.; Dividend Yield of 1.90% (excluding the 2019 yield as it was above the historic average) and Volatility of the share for 2 years, which was 34.03%, in addition to the vesting and exercise terms.

2021 Phantom Shares: The fair value is calculated based on the weighted average for the 30 trading sessions before the last day of the month of March.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

17 Employee benefits

The Company's obligations regarding pension and health plans are as follows:

	Consolidated		Parent Company	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Liabilities				
Renegotiated Petros pension plan	1,203	1,194	1,203	1,194
Non-renegotiated Petros pension plan	449	446	449	446
Petros 2 pension plan	49	47	49	47
Health plan	166	183	166	183
Total obligations pension and health plans	1,867	1,870	1,867	1,870
Current	102	102	102	102
Noncurrent	1,765	1,768	1,765	1,768

The change in benefits awarded to employees can be seen below:

	Consolidated					
	Pension Plan					
	Petros Renegotiated	Petros Not Renegotiated	Petros 2	Other	Health Plan	Total
Balance at 1 January 2020	1,764	576	20	1	2,850	5,211
(+) Effects of remeasurement recognized in OCI	(483)	(101)	27	-	(695)	(1,252)
(+) Service cost	-	-	4	1	18	23
(-) Cost of past service	(92)	(36)	-	-	(2,132)	(2,260)
(-) Payment of contributions	(94)	(28)	-	-	(87)	(209)
(+) Net interest on net liability	99	35	-	1	229	364
(-) Write-off under sale of Stratura	-	-	(4)	(3)	-	(7)
Balance as of December 31, 2020	1,194	446	47	-	183	1,870
(+) Service cost	24	9	2	-	4	39
(-) Payment of contributions	(6)	(2)	-	-	(21)	(29)
(-) Deficit Repaid - Petros Plan	(9)	(4)	-	-	-	(13)
Balance as of March 31, 2021	1,203	449	49	-	166	1,867
Current	72	30	-	-	-	102
Noncurrent	1,131	419	49	-	166	1,765
	1,203	449	49	-	166	1,867

The net expense on pension and health care plans includes the following components:

	Period ended March 31, 2021						
	Consolidated						Parent Company
	Pension Plan						
	Petros Renegotiated	Petros Not Renegotiated	Petros 2	Other	Health Plan	Total	Total
Actuarial liabilities							
Service cost	1	-	1	-	1	3	3
Net interest on net liability	23	9	1	-	3	36	36
Net cost in Jan-Mar/2021	24	9	2	-	4	39	39
Relating to active employees:							
Absorbed in the cost of activities	-	-	-	-	-	-	-
Directly to income	5	1	1	-	2	9	9
Relating to inactive members (*):	19	8	1	-	2	30	30
Net cost in Jan-Mar/2021	24	9	2	-	4	39	39
Net cost in Jan-Mar/2020	35	11	1	1	62	110	110

(*): Other net income (expenses)

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Health plan

As described in note 19.3 to the financial statements as of December 31, 2020, in the 4th quarter of 2020 the Company took out a market plan administrated by Bradesco Seguros, offering health benefits (dental and medical) to its employees, former employees and their dependents instead of the self-managed plan (AMS).

The decreased seen in actuarial expenses projected for 2021 reflects the adjustment to the actuarial liability remeasured as of December 31, 2020, due to the self-managed plan (AMS) being replaced by the market plan.

Pension plan

The Petros 2 Plan has a defined-contribution portion whose payments are recognized in profit or loss. As of March 2021 the Company's contribution to the defined-contribution portion of the Petros 2 Plan was R\$ 7 (R\$ 7 up to March 2020).

New Deficit Repair Plan (New PED) – PPSP-R and PPSP-NR

The new PED was approved by PREVIC and published in the DOU (Official Government Journal) on May 05, 2020, where the new rates for the extraordinary contribution were introduced in the accrual period June/2020, as stated in note 19.1 to the financial statements as of December 31, 2020.

The New PED's obligations included the requirement for the sponsors to make extraordinary contributions in exchange for reducing the Lump sum benefit on death applicable to participants and assisted participants. The Company's total obligation was established in a debt financing instrument of R\$ 150 subject to the following terms: 15-year term, with a grace period of until 12/31/2020, and the semi-annual payments of principal and interest commencing January 2021, restated by the actuarial target calculated annually in accordance with the plans' premises, in addition to a prepayment option.

On 12/18/2020 the Company exercised its contractual prepayment option, fully settling the debt in the amount of R\$ 162 (restated), consisting of the financing program BR entered under the new PED.

In 2020 the Company disbursed R\$ 224 as extraordinary PED contributions - employee's part (PED 2015 through May/2020 and New PED from June/2020). The Company disbursed R\$ 13 related to this in the first quarter of 2021.

18 Equity

18.1 Capital

As of March 31, 2021 the fully subscribed and paid-in share capital of R\$ 6,353 (R\$ 6,353 at December 31, 2020) consists of 1,165,000,000 book-entered common shares with no par value. Petrobras holds 37.5% of the shares, with the remaining 62.5% held by Other Shareholders, without significant concentrations.

Regardless of an amendment to the bylaws, by resolution of the board of directors and on the terms established by it may increase its share capital via the issuance of common shares up to the limit of R\$ 7,000 (seven billion reais).

18.2 Dividends and interest on shareholders' equity

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Shareholders are entitled to a mandatory dividend of 25% of adjusted net income for the year, under Article 44 of the Company's Bylaws and article 202 of Brazilian Corporation Law.

	Consolidated	
	Three-month period ended	
	March 31	
	2021	2020
Opening balance	942	525
Payment	(444)	-
Interest indexation	3	6
Closing balance	501	531

On January 12, 2021, the Company paid shareholders interest on equity for the year 2020 in the amount of R\$444, net of withholding income tax.

The dividend proposal, presented in note 20.3 of the financial statements of December 31, 2020, was approved at the Annual General Meeting (AGM) on 04/15/2021. On April 30, 2021, the Company paid the first installment of dividends in the amount of R\$ 1,1 billion.

18.3 Earnings per share

	Consolidated	
	Three-month period ended	
	March 31	
	2021	2020
Numerator		
Net income	492	234
Denominator		
Weighted average number of common shares held by shareholders	1,165,000,000	1,165,000,000
Basic earnings per share	0.4223	0.2009
Dilutive earnings per share	0.4223	0.2009

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

19 Sales revenue

	Consolidated		Parent Company	
	Three-month period ended		Three-month period ended	
	March 31		March 31	
	2021	2020	2021	2020
Products, services and energy				
Petroleum derivatives				
Diesel	14,359	11,374	14,359	11,374
Gasoline	9,895	7,854	9,895	7,854
Fuel oil	1,985	984	1,985	984
Aviation fuel	2,077	2,350	2,077	2,350
Lubricant	712	501	712	501
Asphalt	-	269	-	-
Coke	517	521	517	521
Other products	374	280	374	280
Ethanol	2,812	2,251	2,812	2,251
Natural gas	131	494	131	494
Supply-House products (a)	377	343	377	343
Services, energy and other	13	24	8	16
	<u>33,252</u>	<u>27,245</u>	<u>33,247</u>	<u>26,968</u>
Interest embedded in products prices	(59)	(63)	(59)	(63)
Advanced bonuses awarded to clients	(193)	(150)	(193)	(150)
Performance bonus (b)	(101)	(63)	(101)	(63)
Sales prizes and discounts	(78)	(55)	(78)	(55)
Gross revenue	32,821	26,914	32,816	26,637
Sales charges	(6,688)	(5,726)	(6,688)	(5,662)
Sales revenue	26,133	21,188	26,128	20,975

(a) This derives from the sale of chemical products and services to the exploration and production sector, supplying platforms, drill rigs, FPSOs and onshore facilities with the essential products required by operations and other activities, with the main client being Petrobras.

(b) Amounts awarded to customers in exchange for meeting contractually agreed deadline and performance targets.

The variation in revenues of R\$ 5 billion is due to successive increases in product price at Petrobras refineries in 1st quarter of 2021.

The main contracts with the company's clients involve marketing fuels such as gasoline, diesel, aviation fuel, ethanol, natural gas, fuel oil and lubricants, among others. These products are mainly purchased from the related party Petrobras (which holds 37.5 % of the Company's capital) and are resold to service stations, industries, airlines, governments, transportation companies, thermal power plants and retail dealers, among other consumers.

19.1 Remaining performance obligations

The Company has product or service sales agreements in force and signed up to March 31, 2021, with terms in excess of 1 year, where each party's rights in relation to the goods and services to be transferred have been defined, i.e., there is a preestablished number of goods or services promised to the client for the coming years, with the respective payment terms.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

See below the total values of prices allocated to performance allegations not satisfied at March 31, 2021, based on sales volumes committed to by the parties, and prices practiced in recent sales, which are subject to variance in the value of commodities, exchange rate and other market factors.

	Consolidated
Total contracts	341,119
Diesel	145,209
Automotive gasoline	148,178
Fuel oil	10,206
Other petroleum products	4,374
Subtotal derivate products	307,967
Natural gas	2,889
Ethanol, nitrogen and renewable products	29,962
Services and other	43
Domestic sales	340,861
Exports	258
Overseas	258

The table above does not include information about contracts with clients lasting one year or less, such as spot market sales, in addition to contracts that do not establish volumes.

19.2 Contract liabilities

Contractual liabilities consist of contractual obligations under advance payments received from clients for future product sales, primarily clear fuel, aviation products, solvents and special products and heavy fuels, which will be recognized as revenue against effective delivery.

These balances are classified under Customer Advances and as of March 31, 2021 amount to R\$ 405 (Consolidated and Parent Company). As of December 31, 2020 these balances were R\$ 494 in the consolidated and parent company statements.

The amount of R\$ 336 was recognized as revenue in 2021 and was included in the balance of contract liabilities at the start of the year (R\$ 126 as of March 31, 2020).

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

20 Cost and expenses by nature

20.1 Cost of goods sold and services rendered

	Consolidated		Parent Company	
	Three-month period ended		Three-month period ended	
	March 31		March 31	
	2021	2020	2021	2020
Resale goods	(24,239)	(19,749)	(24,239)	(19,567)
Outsourced services, freight and rental expenses	(17)	(29)	(17)	(28)
Personnel expenses	(10)	(9)	(9)	(7)
Depreciation and amortization	(3)	(3)	(2)	(2)
Change in inventory (*)	16	(416)	16	(416)
Other	(7)	(36)	(7)	(35)
Total	(24,260)	(20,242)	(24,258)	(20,055)

(*) This is the result of the difference in the final inventory over the initial inventory presented in the Statement of Financial Position.

The cost of goods sold and services rendered increased by R\$4 billion due to the increase in the average acquisition cost, due to increase prices.

20.2 Sales expenses and expected credit losses

	Consolidated		Parent Company	
	Three-month period ended		Three-month period ended	
	March 31		March 31	
	2021	2020	2021	2020
Outsourced services, freight and rental expenses	(314)	(347)	(314)	(340)
Personnel expenses	(91)	(94)	(91)	(93)
Allowance for credit loss (*)	(173)	(33)	(173)	(29)
Impairment losses on receivables	(5)	(6)	(5)	(6)
Depreciation and amortization	(119)	(114)	(121)	(116)
Other	(27)	(29)	(27)	(28)
Total	(729)	(623)	(731)	(612)

(*) The increase in estimated credit losses was due to the judicial reorganization of Samarco (note 6), which led to the recognition in 1st quarter of 2021 of R\$ 154 of credit losses, without correspondence with the previous period.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

20.3 General and administrative expenses

	Consolidated		Parent Company	
	Three-month period ended		Three-month period ended	
	March 31		March 31	
	2021	2020	2021	2020
Outsourced services, freight and rental expenses	(33)	(42)	(33)	(40)
Personnel expenses	(87)	(71)	(86)	(69)
Depreciation and amortization	(17)	(18)	(17)	(17)
Other	(12)	(14)	(12)	(13)
Total	(149)	(145)	(148)	(139)

20.4 Other net income (expenses)

	Consolidated		Parent Company	
	Three-month period ended		Three-month period ended	
	March 31		March 31	
	2021	2020	2021	2020
Discount due to salary renegotiation	-	(9)	-	(9)
ICMS credits - End of permanent status (b)	128	-	128	-
Rental expenses	(11)	(9)	(11)	(9)
Losses and provisions for judicial proceedings (note 23.1)	(32)	(26)	(32)	(26)
Pension and health plan - inactive members (note 17)	(30)	(90)	(30)	(90)
Provision for decarbonization credits	(50)	-	(50)	-
Redundancy program and restructuring	-	3	-	3
Franchise, rental and royalties revenue	91	60	91	60
Joint storage revenue	28	18	28	18
Recovery of tax credits - PIS and COFINS	17	20	17	20
Institutional relations and cultural projects	(23)	(5)	(23)	(5)
Income on the sale / derecognition of non-current assets (*)	54	3	54	3
Commodity hedge result - open operations (a)	61	292	61	292
Commodity hedge result - closed operations(a)	(273)	124	(273)	124
Performance bonus and other incentives	(13)	-	(13)	-
Other	(7)	(17)	(6)	(17)
Total	(60)	364	(59)	364

(*) Includes a result of R\$ 46 related to the sale of the Pecém and Muricy thermoelectric plants.

- (a) The increase in commodity hedge expenses (from revenue of R\$ 416 in 2020 to an expense of R\$ 212 in 2021) is primarily due to the loss of hedge in prices practiced by Petrobras compared with the price paid on imported oil products (R\$ 629). This loss was offset by the gains observed in gross trading margins between comparison periods.
- (b) ICMS credits were recognized in 2021 of R\$ 128 deriving from the end of the definitive tax substitution, entailing the charging of additional amounts or generation of reimbursements on sales of diesel oil and gasoline to Bulk Customers, in addition to aviation kerosene to airlines. These credits are recognized as they are formally granted by the state tax authorities.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

21 Net finance income (cost)

	Consolidated		Parent Company	
	Three-month period ended March 31		Three-month period ended March 31	
	2021	2020	2021	2020
Expenses				
Loans and borrowings	(60)	(65)	(60)	(65)
Leases	(17)	(18)	(26)	(30)
Absorption of cash reimbursable financing	(1)	(3)	(1)	(3)
Bank commission	(5)	(7)	(5)	(7)
Tax	(2)	(3)	(2)	(3)
Other	(6)	(3)	(7)	(1)
	(91)	(99)	(101)	(109)
Revenue				
Customer arrears interest	18	21	18	19
Customer financing	45	10	45	10
Judicial deposits	26	12	26	11
Short-term investments	16	23	16	21
Other	11	11	11	13
	116	77	116	74
Inflation indexation				
Asset				
Indexation of receivables - Electric sector - Isolated system	1	9	1	9
Deposits	(17)	1	(17)	1
Taxes	5	2	5	2
Other	2	-	1	-
	(9)	12	(10)	12
Liability				
Leases	-	-	(19)	(14)
Indexation of dividends payable	(3)	(6)	(3)	(6)
Loans and borrowings	(31)	(23)	(7)	(4)
Taxes	-	1	-	1
Other	(13)	-	(12)	(1)
	(47)	(28)	(41)	(24)
Foreign exchange gains / (losses)				
Derivative financial instrument income	355	492	355	492
Cash and banks	-	(2)	-	(2)
Trade receivables	5	30	5	30
Trade payables	(64)	(141)	(64)	(141)
Loans and financing	(409)	(462)	(409)	(462)
Short-term investments	5	24	5	24
Other	21	1	21	1
	(87)	(58)	(87)	(58)
Foreign exchange gains / (losses) and indexation, net	(143)	(74)	(138)	(70)
Total finance income (expenses)	(118)	(96)	(123)	(105)

Financing charges (interest, monetary variance and exchange variance) amounted to R\$ 505 (note 13.1) in the year (R\$ 553 as of March 31, 2020), with R\$ 500 (R\$ 550 as of March 31, 2020) recognized in profit or loss and R\$ 5 (R\$ 3 as of March 31, 2020) as capitalized interest.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

22 Segment reporting

Operating segments are reported consistently with the internal reports provided to the main operating decision takers. The main taker of operating decisions, responsible for allocating funds and evaluating the performance of operating segments, is the Executive Board.

This information is prepared based on the items directly attributable to the segment, as well as those that can be allocated to it on a reasonable basis. There are no transfers between the business areas.

Retail

This chain markets the Company's oil products, lubricants, compressed natural gas, biofuels and convenience store products for the purpose of achieving established market and profitability goals, as well as creating favorable conditions for sustainable growth.

B2B

This area markets oil-based fuels and lubricants and provides associated services to all operating segments of the Company's major consumers market.

Aviation Market

This area markets aviation products and services at the country's airport facilities for airlines operating transportation services abroad and the domestic market.

Items not allocated to segments are grouped in Corporate and are mainly related to corporate financial management, overheads related to Central Management and other expenses, including actuarial expenses related to pension and health plans for retirees and beneficiaries.

Revenue from Brazilian customers before adjustments, as per the table below, is R\$ 26,130 (R\$ 20,988 for January to March 2020), and total revenue from foreign customers, based on the country where the sale was made, is R\$ 196 (R\$ 350 for January to March 2020).

The Company's assets, notably the bases, terminals and other fixed assets, are not reported by segment to the Executive Board, since they are used by all of the business units without segmentation. Similarly, liabilities are not reported by segment, since they are managed by the central treasury.

See below the core financial information assessed by the Executive Board:

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Consolidated statement of Net Income by Business Sector - mar/21

	Retail	B2B	Aviation Market	Total segments	Corporate	Total	Reconciliation with financial statements	Consolidated total
Sales Revenue	16,142	8,330	1,854	26,326	-	26,326	(193) (a)	26,133
Cost of goods sold	(15,024)	(7,599)	(1,634)	(24,257)	-	(24,257)	(3) (b)	(24,260)
Gross profit	1,118	731	220	2,069	-	2,069	(196) -	1,873
Expenses								
General, administrative and sales	(239)	(365)	(116)	(720)	(23)	(743)	(135) (c)	(878)
Tax	(12)	-	(1)	(13)	(3)	(16)	(49) (d)	(65)
Other net revenue (expenses)	(146)	(95)	3	(238)	103	(135)	75 (e)	(60)
Equity earnings	-	7	-	7	-	7	- -	7
Net finance income	-	-	-	-	-	-	(118) (f)	(118)
Adjusted EBITDA	721	278	106	1,105	77	1,182	(423)	759
Net income (loss) before tax								

Consolidated statement of Net Income by Business Sector - Mar/20

	Retail	B2B	Aviation Market	Total segments	Corporate	Total	Reconciliation with financial statements	Consolidated total
Sales Revenue	12,601	6,580	2,157	21,338	-	21,338	(150) (a)	21,188
Cost of goods sold	(12,119)	(6,158)	(1,962)	(20,239)	-	(20,239)	(3) (b)	(20,242)
Gross profit	482	422	195	1,099	-	1,099	(153) -	946
Expenses								
General, administrative and sales	(294)	(217)	(110)	(621)	(15)	(636)	(132) (c)	(768)
Tax	(8)	(2)	(2)	(12)	(9)	(21)	(20) (d)	(41)
Other net revenue (expenses)	125	64	3	192	(88)	104	260 (e)	364
Equity earnings	-	-	-	-	(1)	(1)	- -	(1)
Net finance income	-	-	-	-	-	-	(96) (f)	(96)
Adjusted EBITDA	305	267	86	658	(113)	545	(141)	404
Net income (loss) before tax								

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Reconciliation with financial statements	<u>3/31/2021</u>	<u>3/31/2020</u>
(a) Sales Revenue		
<u>Appropriation of early bonuses awarded to customers</u>		
Sales revenue is adjusted by the early bonuses granted to resellers of service stations to which the Company distributes fuels and lubricants corresponding to the portion provided mainly in kind and held under the terms established in advance with such parties, which once completed, become nonreturnable, being absorbed as expenses by the Company. This corresponds to a target scheme which, once met, exempt the customers – resellers of service stations – from returning to the Company these amounts advanced as bonuses. They are classified in profit or loss in proportion to their due dates.	(193)	(150)
(b) Cost of goods sold		
Depreciation and amortization	(3)	(3)
(c) General, administrative and sales		
Depreciation and amortization	(136)	(132)
<u>Impairment losses on receivables</u>		
The adjusted values refer to the provisions relating to receivables owed to the Company by the thermal companies of islanded and interconnected power systems, a segment for which the Company substantially provides service.	1	-
(d) Taxes		
<u>Tax adjustments denote tax amnesties and tax charges on financial revenue.</u>		
<u>Tax amnesties:</u> payment provisions for joining the amnesty programs established by State Laws.	(41)	(11)
<u>Tax charges:</u> the adjustments refer to expenditure on IOF, PIS and COFINS, levied on the Company's financial revenue and on compensation revenue under the ES gas concession and which are classified as tax expenses.	(6)	(9)
Tax charges on sales revenue - Pecém e Muricy	(2)	-

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Reconciliation with financial statements	3/31/2021	3/31/2020
(e) Other net revenue (expense)		
<u>Judicial losses and provisions</u>		
The adjusted amounts consist of losses incurred in final and unappealable lawsuits, as well as the provisions made on the basis of the opinions obtained from the lawyers responsible for handling the lawsuits or by the Company's Legal Department.	(32)	(26)
<u>Severance pay for redundancy plans</u>		
The adjustment denotes amounts that affected the Company's earnings given from accounts payable and the provision for the estimated expenditure on indemnities related to the plan, the reversal of the provision due to the withdrawal from the plan, which took place in the respective periods, as well as expenditure on severances under this company restructuring.	-	3
Discount due to salary renegotiation - Organizational Transformation Plan	-	(9)
Commodity hedge operations in progress	61	292
Income on the sale - Pecém and Muricy	46	-
(f) Net financial income	(118)	(96)
Total	(423)	(141)

22.1 Revenue Breakdown

	Consolidated			
	Three-month period ended March 31, 2021			
	Retail	B2B	Aviation Market	Total
Domestic				
North	1,393	1,060	174	2,627
Northeast	3,903	1,621	381	5,905
Midwest	1,845	751	189	2,785
Southeast	6,362	3,725	858	10,945
South	2,639	1,137	92	3,868
Foreign	-	36	160	196
Total	16,142	8,330	1,854	26,326

	Consolidated			
	Three-month period ended March 31, 2020			
	Retail	B2B	Aviation Market	Total
Domestic				
North	1,089	860	148	2,097
Northeast	2,964	987	413	4,364
Midwest	1,413	447	222	2,082
Southeast	4,894	3,292	922	9,108
South	2,241	971	125	3,337
Foreign	-	23	327	350
Total	12,601	6,580	2,157	21,338

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

23 Judicial and administrative proceedings, judicial deposits and contingencies

23.1 Judicial and administrative proceedings provisioned for

The Company and its investees establish sufficient provisions to cover reliably estimated probable losses. The main proceedings concerns the following events:

Tax Claims

(i) alleged underpayment of ICMS - Tax Substitution in aviation product resales (R\$ 92 at March 31, 2021 and R\$ 28 at December 31, 2020); and

(ii) nonratification of federal tax offsets (except IPI) (R\$ 57 at March 31, 2021 and R\$ 57 as of December 31, 2020).

Civil Proceedings

(i) a lawsuit filed by Valpar claiming that the Company failed to comply with the Transportation and Loan Agreement, resulting in losses and impairing the operations of the plaintiff's fueling stations (R\$ 110 as of March 31, 2021 and R\$ 104 as of December 31, 2020).

Labor Claims

(i) Joint liability – claims filed seeking joint liability of the Company for payment of labor amounts owed to employees of service providers (R\$ 87 at March 31, 2021 and R\$ 83 at December 31, 2020);

(ii) RMNR/Risk premium - a claim for payment of additional RMNR without deducting the risk premium from the RMNR, for which there is a final and unappealable decision against the Company (R\$ 55 at March 31, 2021 and R\$ 36 at December 31, 2020); and

(iii) Retirement supplementation – labor claims involving BR and Petros filed by former employees seeking differences in amounts received in their retirement supplementation (R\$ 54 at March 31, 2021).

Expenses related to judicial and administrative proceedings, including restatements, are classified under other net revenue (expenses).

In the preparation of the interim financial statements for the period ended March 31, 2021, the Company took into account all the information available regarding the proceedings to which it is party in order to estimate the obligations and the probability of an outflow of funds. However, given the nature of long-term legal provisions, we cannot estimate when these funds will be disbursed.

The provisions are presented according to the nature of the underlying proceedings:

	Consolidated									
	Three-month period ended March 31									
	2021					2020				
	Tax	Labor	Civil	Environmental	Total	Tax	Labor	Civil	Environmental	Total
Opening balance	221	362	294	22	899	299	370	352	19	1,040
Addition, net of reversal	(4)	-	15	-	11	(11)	7	2	-	(2)
Use (*)	(1)	(2)	(10)	-	(13)	-	(10)	(5)	-	(15)
Indexation	4	4	13	-	21	2	7	15	4	28
Closing balance	220	364	312	22	918	290	374	364	23	1,051

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

	Parent Company									
	Three-month period ended March 31									
	2021					2020				
	Tax	Labor	Civil	Environmental	Total	Tax	Labor	Civil	Environmental	Total
Opening balance	221	362	294	22	899	299	369	352	19	1,039
Addition, net of reversal	(4)	-	15	-	11	(10)	7	2	-	(1)
Use (*)	(1)	(2)	(10)	-	(13)	-	(10)	(5)	-	(15)
Indexation	4	4	13	-	21	1	7	15	4	27
Closing balance	220	364	312	22	918	290	373	364	23	1,050

(*) The judicial deposits written off amount to R\$ 3 as of March 31, 2021 (Consolidated and Parent Company), as per note 23.2 (R\$ 3 as of March 31, 2020 Consolidated and Parent Company).

23.1.1 Provisioned for judicial proceedings and related judicial deposits

	Consolidated					
	3/31/2021			12/31/2020		
	Provision for judicial proceedings	Judicial deposits	Proceedings net of judicial deposits	Provision for judicial proceedings	Judicial deposits	Proceedings net of judicial deposits
Labor claims	364	125	239	362	125	237
Tax claims	220	137	83	221	97	124
Civil claims	312	63	249	294	62	232
Environmental claims	22	1	21	22	1	21
Total	918	326	592	899	285	614

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

23.2 Judicial deposits

	Consolidated					Parent Company
	Tax	Labor	Civil	Environmental	Total	Total
Balance as of December 31, 2019	863	205	104	1	1,173	1,148
Addition, net of reversal	12	6	3	-	21	21
Usage (a)	(10)	(23)	(4)	-	(37)	(37)
Monetary indexation / interest (b)	24	4	3	-	31	30
Write-off under sale of Stratara	(25)	-	-	-	(25)	-
Other	-	2	(1)	-	1	1
Balance as of December 31, 2020	864	194	105	1	1,164	1,163
Addition, net of reversal	(7)	1	6	-	-	-
Usage (a)	(1)	(1)	(1)	-	(3)	(3)
Monetary indexation / interest (b)	(10)	2	-	-	(8)	(8)
Balance as of March 31, 2021	846	196	110	1	1,153	1,152

(a) For payment of legal proceedings.

(b) Includes adjustment to estimated restatement and interest on the deposits recovered.

The Company has R\$ 326 (R\$ 285 as of December 31, 2020) in judicial deposits for provisioned lawsuits (note 23.1.1); R\$ 570 (R\$ 597 as of December 31, 2020) associated with possible contingencies; R\$ 131 (R\$ 158 as of December 31, 2020) associated with remote contingencies; R\$ 93 (R\$ 91 as of December 31, 2020) consists of deposits related to proceedings in which the Company and its investees are plaintiffs and R\$ 33 (R\$ 33 as of December 31, 2020) consists of other.

23.3 Proceedings not provisioned for (possible losses)

Nature	Consolidated		Parent Company	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Tax	8,117	8,143	8,117	8,143
Civil	3,389	3,294	3,389	3,294
Labor	711	709	711	709
Environmental	146	145	146	145
Total	12,363	12,291	12,363	12,291

See below the main proceedings not provisioned for:

a) Tax proceedings

Description of tax proceedings	03/31/2021	12/31/2020
Plaintiffs: States of Santa Catarina, Goiás, Pará, Rio de Janeiro, São Paulo and Tocantins		
Recovery of ICMS-ST on consignment and symbolic return of jet fuel for resale;		
1) consideration of establishment as wholesaler retailer, blacklisting of tax documents. (a) (b) (c)	1,413	1,509
Plaintiff: State of Rio de Janeiro		
Collection of the rate difference in internal operations involving aviation fuel. Rio de Janeiro state awarded a tax incentive, reducing the rate of ICMS payable on kerosene. This decrease was considered to be unconstitutional. Rio de Janeiro state is presently demanding this difference from distribution companies for sales made to airlines.	1,367	1,364

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Plaintiffs: States of Alagoas, Amazonas, Bahia, Ceará, Goiás, Maranhão, Mato Grosso, Pará, Paraíba, Pernambuco, Piauí, Rio de Janeiro, Sergipe, São Paulo and Tocantins		
	Cases where the company is contesting the lack of ICMS incidence on the variation in fuel volumes due to leftovers and inventory shortages arising from the operation and transportation of products. The Company receives products from the oil refinery invoiced based on a temperature of 20° C. When sold to customers, the Company sells the product at room temperature, resulting in a variation in inventory due to natural volumetric variations caused by temperature.	
3)		
		963
		928
Plaintiffs: States of Amapá, Bahia and São Paulo and Discom		
	Cases where the Company is contesting who is liable for the payment of ICMS not withheld through tax substitution based on injunctions obtained by the buyers, but which now is due because the buyers eventually lost the lawsuits filed against the State.	
4)		
		827
		722
Plaintiff: State of Pernambuco		
	Cases where the tax authority is accusing the Company of having appropriated/use credit in operations in which credits are not entitled. Disputes whether the regulations set out in art. 32 (3) of State Law 10259/1989 and art. 34 (21) of Decree 14876/1991, which provide for the possibility of appropriating and maintaining ICMS tax credits, were or were not tacitly revoked by State Law 11408/1996.	
5)		
		687
		684
Plaintiff: Government		
	Processes under which Company is disputing the incidence of IPI on oil products and the possibility of maintaining IPI credits on the acquisition of inputs used in the production of oil products.	
6)		
		539
		574
Plaintiffs: States of Acre, Amazonas, Bahia, Ceará, Goiás, Maranhão, Mato Grosso, Pará, Paraíba, Rio de Janeiro, Rondônia and São Paulo, Distrito Federal and the Federal Government		
	Punishment applied for non-compliance with auxiliary obligations related to collection and crediting of ICMS, IRPJ, CSLL, PIS and COFINS payable on operations in general by the Company.	
7)		
		245
		234
Plaintiffs: State of Acre, Amazonas, Bahia, Ceará, Goiás, Minas Gerais, Paraíba, Piauí, Rondônia and São Paulo		
	Cases where the company is contesting whether or not there is a right to credit the ICMS paid when the CIF freight in interstate operations is tax exempt. Distinction between transportation operation and service. (a) (b)	
8)		
		220
		242
Plaintiffs: States of Amazonas, Ceará and Pernambuco		
	Collection of ICMS on alleged aviation fuel sales, with no ICMS tax for national and foreign airlines, for flights to other states or abroad.	
9)		
		200
		199
Plaintiff: Government		
	Case where the Company is contesting the Social Security Contribution on profit shares and performance bonuses paid to employees.	
10)		
		178
		157
Plaintiff: Government		
	Dispute about the quantitative and qualitative feasibility of offsets made by BR, where the DCOMPs have not been ratified by the federal tax authorities - except IPI credits, which are addressed elsewhere.	
11)		
		148
		110
Plaintiffs: States of Mato Grosso, Pará and Pernambuco		
	Cases where the Company was assessed by the tax authority, demanding ICMS on deliveries resulting from interestablishment transfers.	
12)		
		108
		101
Plaintiff: State of Rio de Janeiro		
	Case disputing the appropriation of ICMS credit, considering that the State assessed the Company for allegedly duplicating recorded credits.	
13)		
		102
		102

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Plaintiff: State of Alagoas, Bahia, Ceará, Mato Grosso, Piauí and Roraima			
14)	Cases in which BR was assessed by the tax authority demanding ICMS / ST differences (additional amounts). (a)	98	4
Plaintiffs: States of Acre, Amazonas, Bahia, Ceará, Maranhão, Mato Grosso, Paraíba, Pernambuco, Piauí, Rio de Janeiro, Rio Grande do Sul and São Paulo			
15)	Cases where the tax authority is accusing the Company of having appropriated/use credit in operations in which credits are not entitled, such as the improper application of the noncumulative principle.	78	77
Plaintiffs: State of Pará, Government and Municipality of Sorocaba			
16)	Case where the Company was assessed for untimely payment without restating the amounts as required by the Audit.	76	75
Plaintiffs: States of Paraná and São Paulo			
17)	Tax war between states entailing tax incentives at source and the possibility of appropriating credits on interstate sales.	76	75
Plaintiff: Government			
18)	Collecting one-off fines from the federal tax authorities as a result of not ratifying offsets made by BR.	75	75
Plaintiff: State of Rio de Janeiro			
19)	Cases where the Company has been assessed for using NCM classification (Mercosur Common Nomenclature) with which the State does not agree.	69	229
Plaintiff: Government			
20)	Cases where the Company has been assessed for amounts paid as management fees, given the alleged employment relationship between them and the Company.	67	67
Plaintiff: Government			
21)	Cases in which the Company is disputing the incidence of social security contributions on compensation paid to freelancers providing services to the Company.	63	63
Plaintiffs: States of Acre, Amazonas, Bahia, Ceará, Espírito Santo, Goiás, Maranhão, Mato Grosso, Mato Grosso do Sul, Pará, Piauí Rio de Janeiro and Rondônia			
22)	Cases where the Company is charged for alleged omissions in the provision of information via SCANC, which allegedly resulted in non-payment or insufficient payment of ICMS to the assessing federal authority. (b) (c)	61	122
Plaintiff: Government			
23)	Cases where the Company is assessed as jointly liable for the payment of social security contributions.	52	52
Plaintiff: States of Mato Grosso and São Paulo			
24)	Proceedings in which the state is charging BR for taxes withheld and not paid by the selling party (ethanol plant).	52	50
	Various tax proceedings	353	328
	Total	8,117	8,143

Reclassifications between profiles have been made, as shown below:

- (a) reclassification of R\$ 102 from profile "1 - ICMS – Aviation Resale" to the profiles "8 - ICMS – Shipping credit" (R\$ 8) and "14 - ICMS - ST addition" (R\$ 94).
- (b) reclassification of R\$ 185 from profile "8 - ICMS – Shipping credit" to the profiles "1 - ICMS – Aviation Resale" (R\$ 183) and "22 - ICMS - Scanc Omissions" (R\$ 2).
- (c) reclassification of R\$ 121 from profile "22 - ICMS – Scanc Omissions" to profile "1 - ICMS - Aviation Resale".

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

b) Civil proceedings

Description of civil proceedings	03/31/2021	12/31/2020
<p>Plaintiff: WTorre Engenharia E Construção S.A.. Arbitration procedure filed by the plaintiffs arising from alleged fraud to the unenforceability of bidding for contracting atypical lease (BTS) for the operation of the Rondonópolis Terminal.</p> <p>1) Status: Decision staying the arbitration while the injunction order favorable to the company under the Public Civil Action filed against W. Torre. is in force.</p>	1,176	1,141
<p>Plaintiff: CADE - Administrative Council for Economic Defense Inquiry converted into Administrative Proceeding in a decision published on 7/2/2020. The Administrative Proceeding was filed to investigate the alleged concerted practices in the automobile fuel resale and distribution sector in Distrito Federal.</p> <p>2) Status: Technical Note converting the Administrative Inquiry into an Administrative Proceeding against BR, Adão e Sanches. Violations against the economic order to be investigated include: 284. SG/CADE understands that BR Distribuidora, by way of Adão do Nascimento Pereira and Luiz Cláudio Caseira Sanches, participated in an agreement to set ethanol prices and share clients in Distrito Federal/DF, and adopted a policy of discrimination against domestic buyers, affecting the market in Distrito Federal/DF. We are waiting for the term to commence for submitting defenses.</p>	344	343
<p>Plaintiff: Forte Comércio, Importação, Exportação e Administração Civil suit before the courts of the São Paulo state, with an application for the termination of contracts and indemnity for losses and damages, based on the allegation that the Company failed to comply with the obligations undertaken for the recovery of Forte Group.</p> <p>3) Status: The Federal Government filed a request for resolution against this appeal ruling which rejected its motion for clarification (RESP no. 1.265.625). The dispute is worth a restated R\$ 1.6 billion, as per the proposed agreement presented by Rede Forte in 2017. At the end of 2017, Rede Forte announced it had estimated the award at R\$8 billion – emphasizing it had informed the court of its poor liquidity. In July 2018, it made a new announcement estimating the award at R\$ 10.6 billion – where provisional enforcement of the award had begun for this amount. The claim was rejected by the court and the decision upheld by the Sao Paulo Court of Appeal (TJSP) after the plaintiff file an interlocutory appeal, due to the need for a new trial at the TJSP, amongst other reasons, which could change the award and the bases thereof. Plaintiff did not further appeal this decision. In the opinion of Company management and the attorneys handling the case, the contingency's case amount is stated in this document. This difference exists because the award has not been calculated yet, meaning the current risk cannot be precisely determined.</p>	301	294
<p>Plaintiff: DISCOM Distribuidora de Combustíveis e Comércio Ltda. DISCOM claims that since October 1997 the Company has entered into a purchase and sale commitment, which includes the Company's obligation to supply products. It alleges that the Company had failed to perform the agreement without cause, suspending the delivery of products on May 25, 2000, thus violating the agreement signed, causing numerous losses for DISCOM. It is claiming indemnification for losses and damages and the loss of profits and indemnification for moral damages.</p> <p>4) Status: Pending judgment of the Company's appeal and DISCOM's adhesive appeal.</p>	234	230

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Plaintiff: Francisco Messias Cameli		
Civil action before the courts of the State of Amazonas for collection of rent, due to the demurrage of vessels at the Secondary Distribution Base of Cruzeiro do Sul (BASUL).		
5)	Status: The appeal decision was published on 6/23/2020 denying BR's appeal by majority opinion, with the Reporting Justice's opinion to accept the appeal being defeated. On 6/29/2020 BR filed a Motion for Clarification, which was rejected. Special Appeal filed by BR, which was entertained at the court of origin. Distribution of the appeal to the Superior Court of Justice (STJ) is pending	206
		201
Plaintiff: Dislub Distribuidora De Lubrificantes Ltda.		
Plaintiff filed suit against BR with a view to terminating the distribution contract, the payment of constant compensation as losses and damages for a series of alleged losses and payment of a contractual fine. BR was ordered only to reparate the material damages in the form of lost earnings. However, the expert's calculation was made based on monthly sales of products by Dislub without deducting operating costs and taxes. This calculation methodology raised Dislub's credit to today's values..		
6)	Status: BR was ordered to compensate lost earnings, calculated by an expert analysis ratified by the court and upheld by the Court of Appeal on gross sales, without adopting operating costs. BR accordingly appealed to the STJ and had the appeal decision overturned to instruct the Court to stipulate the need to make the discount from the lost earnings - in line with its case law. We accordingly maintained the size of the financial risk, but rated as probable the legal risk of paying the amount calculated by BR's technical assistant based on STJ case law and the grounds of the decision, reclassifying as possible the difference in the restated amount claimed by DISLUB and the provisioned for amount. When the case returned to the Court of Appeal, the Motion for Clarification was accepted to recognize the omissions pointed out by BR, without modifications, thus upholding the award. A new special appeal has been filed and is pending examination by TJPR.	104
		99
Plaintiff: CADE - Administrative Council for Economic Defense		
Administrative investigation into alleged anti-trust practices abusing a dominant position, with a request to adopt a preventive measure, filed by GRAN PETRO against the companies comprising the aviation pool at Guarulhos airport-SP.		
7)	Status: On 09/10/2020 SG/CADE issued an opinion via Technical Note 31/2020/CGAA4/SGA1/SG/CADE stating the Defendants should be convicted for, in its opinion, having violated the economic order by artificially imposing obstacles on the entry into the material Aviation Kerosene trading market ("QAv") at Guarulhos Airport. On 12/22/2020, the Public Prosecutions Department issued an opinion stating the case should be filed as there were no grounds to the alleged violations of the economic order.	85
		84
Plaintiff: Único Combustíveis Ltda.		
The plaintiff filed suit claiming compensation due to the Company's liability in the severance of the fuel supply agreement. The Company presented a defense stating that the plaintiff and not it caused the severance.		
8)	Status: Final and unappealable decision against the Company now being enforced. The Company appealed on the grounds that the gross/net margin criteria used to determine the lost earnings was mistakenly used by the expert, which was accepted in a recent decision delivered by the Superior Court of Justice. After re-examining the Motion for Clarification, the TJPR denied it once again. This new negative decision was contested by BR through a Special Appeal, which was entertained by TJPR with a stay against the decision and will be forwarded to the STJ for judgment.	76
		75

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Plaintiff: CADE - Administrative Council for Economic Defense

Consists of the annulment action seeking to overturn CADE's administrative decision resulting from the investigation into alleged cartels engaged in the resale and distribution of fuel in Belo Horizonte and surrounding areas.

- 9) **Status:** On April 10, 2019 the CADE Collegiate Court finalized its judgment and by majority vote (3 to 2) acquitted the Company of the charge of forming a cartel. By unanimous vote, however, the Company and IPP were found guilty by CADE of exerting negative influence on the resale chain. In September 2019 the Company filed an annulment action regarding the debit before the federal courts of Distrito Federal, submitting collateral. A decision in this case awarded a stay on BR's interlocutory appeal, staying the administrative fine resulting from the CADE decision until subsequent decision by the presiding court. This decision also ruled that CADE refrain from blacklisting PETROBRAS DISTRIBUIDORA S.A. at CADIN and any other credit protection agency. On 10/22/2020 BR filed its rebuttal.

72

70

Plaintiff: Viação Ouro Verde et al

- 10) Plaintiffs assert that BR did not follow a volume proportion clause required in contracts related to the provision of fuel and transportation (shipping). They claim that BR never used the transportation services in the contracted amount, which resulted in losses for them.

Status: BR was ordered to reimburse shipping costs and to pay losses and damages to the Plaintiffs. After payment of the award had begun, Plaintiffs submitted a petition stating the amount they believed they were entitled to; R\$1,041 as compensation for shipping not conducted and R\$83 for lost earnings.

The Company requested the production of technical forensic evidence to determine the volumes and contractual period serving as a basis for payment of the award amounts. With the support of its technical assistants, the Company believes that R\$ 83 is equivalent to the net income to be obtained based on gross sales of R\$1,041, for the shipping volume that should have been conducted as informed by Plaintiffs. The Company therefore rated the loss as probable, estimated based on the proportions established in the contract, and the loss specified in this document to be possible.

68

75

Plaintiff: Carrefour Comércio E Indústria Ltda

Monition action seeking amounts disallowed by BR under disputes about clauses in the fuel provision agreement between the parties.

11)

Status: Case at the evidence production phase.

67

63

Plaintiff: Posto Pau de Vela Bahia Ltda.

Plaintiff is claiming compensation for losses caused to the gas station due to practices (prices and terms) that make it impossible for the plaintiff to make a profit, in addition to claiming investment expenses and moral damages. Invoking objective responsibility, this case is seeking reimbursement of losses caused by nonperformance of contracts entered into with the Company, primarily in respect of profits, in order to cover its operating costs and thereby generating the agreed profit.

12)

Status: An expert report was submitted to the case records stating that a number of the commercial terms imposed by the Company were one of the factors that contributed to the losses suffered by the plaintiff. However, no settlement was reached, as it is not yet possible to precisely quantify the alleged damages. The report prepared by the Company's technical assistant contests the conclusions reached by the court-appointed expert. This case is pending judgment.

55

53

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Plaintiff: Rrf Participações E Administração De Empresas S.A.

13)

RRF (as the procedural substitute) filed a civil reparation claim against BR for alleged losses inflicted on BRF, the company in which both parties are partners. RRF is basing its claim on BR's failure to perform its corporate duties.

Status: BR submitted an answer.	54	51
Various civil proceedings	547	515
Total	3,389	3,294

c) Labor proceedings

Description of labor proceedings	03/31/2021	12/31/2020
Plaintiffs: Other		
1) Judicial proceedings in which the Company's employees/former employees are claiming payment of the additional RMNR without deducting the risk premium.	356	236
Plaintiffs: Other		
2) Labor claims filed by former employees/employees of transportation firms contracted by the Company to carry fossil fuels.	78	67
Plaintiffs: Other		
3) Judicial proceedings in which the former employees of the companies hired by the company are claiming the companies are jointly liable for paying its labor rights.	60	58
Plaintiffs: Other		
4) Judicial proceedings in which BR's employees/former employees are claiming the risk premium on the grounds they were working in hazardous conditions, being exposed to harmful agents, in due accordance with Ministry of Labor Prosecutor's Department Regulatory Standard 16.	60	41
Various labor proceedings	157	307
Total	711	709

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

d) Environmental proceedings

Description of environmental proceedings	3/31/2021	12/31/2020
Plaintiff: Goiás State Public Prosecutions Office		
1) Public Civil Action by which the Goiás State Public Prosecutor's Office (MP-GO) is seeking the conviction of the Company, the hauler Transportadora ITA and the Goiânia municipal government for environmental damages resulting from the spill of 12,000 liters of asphalt into rivers in Goiás state, due to an accident that took place during the unloading of the tanker truck at the Goiânia Works Office, which is the Company's client.		
Status: Case at the forensic evidence phase. Conciliation hearing held in February/21 failed to reach an agreement. Given the problems facing experts in the district, the judge asked the parties to nominate assistants and experts who could work on the case. BR and ITA (joint defendant) made their nominations.		
Various environmental proceedings	116	116
	30	29
Total	146	145

24 Contractual commitments

a) Take or pay purchase agreements

The Company has purchase commitments for oil products for the period of 3 years, amounting to an estimated total of R\$ 97 with Petrobras and R\$ 53 with Refinaria de Petróleo Riograndense.

The Company has commitments for natural gas acquisitions for the two-year period in an estimated R\$ 46 towards Companhia de Gás de Santa Catarina (SCGAS).

b) Take or pay service agreements

The Company has commitments towards Logum Logística S.A. for the transportation by pipeline of ethanol, worth an estimated total of R\$ 848 through March 2029. The contract involves supplies for the bases in São Paulo and Rio de Janeiro and establishes a take-or-pay volume for each section.

Processing services provided by Brasil Carbonos, at the Taubaté/SP and Cosmópolis plants, where the remaining contractual balance denotes approximately 15.1 thousand of green petroleum coke, for the estimated price of R\$ 415, until October 2033.

The Company has commitments to Ageo Terminais for storage services for the period of 1 year, worth an estimated R\$ 44.

The Company has commitments to VLI Multimodal S.A. for railroad transportation the period of 2 years, worth an estimated R\$ 83.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

25 Financial instruments

See below the main financial instruments included in the statement of financial position and their respective categories:

	Notes	Fair value hierarchy level	Consolidated		Parent Company	
			3/31/2021	12/31/2020	3/31/2021	12/31/2020
Amortized cost						
Assets						
Cash and bank deposits	5		174	50	173	50
Short-term investments	5		3,719	3,308	3,573	3,146
Accounts receivable	6		4,695	4,665	5,091	5,004
NTN-P (Other noncurrent assets)			-	3	-	3
Total assets at amortized cost			8,588	8,026	8,837	8,203
Liabilities						
Trade payables	12		1,551	2,196	1,577	2,226
Borrowing	13		9,014	7,757	8,386	6,987
Total liabilities at amortized cost			10,565	9,953	9,963	9,213
Fair value through profit or loss						
Accounts receivable	6	2	114	84	114	84
Derivative financial instruments - commodities contracts		1	21	11	21	11
Derivative financial instruments - swap contracts and NDFs		2	826	506	826	506
Total assets at Fair value through profit or loss			961	601	961	601
Liabilities						
Derivative financial instruments - commodities contracts		1	26	77	26	77
Derivative financial instruments - NDF's contracts		2	4	4	4	4
Total liabilities at Fair value through profit or loss			30	81	30	81

26 Risk management

Financial instruments held by the Company are managed through internal controls and operational strategies, focusing on liquidity, regarding the choice of counterparties, the profitability and security of commercial areas for which such transactions are made.

The control policy consists of continuous monitoring of contracted rates versus current market rates, with the ultimate goal of preserving the margins obtained through the hedging policy jointly established with the commercial areas. The Company does not invest in derivatives or any other risky assets on a speculative basis. The Company uses derivative financial instruments for the sole purpose of mitigating risks posed by exchange variance.

The main forum to discuss the Company's credit risk management is the Credit Committee, which sets the main parameters and guidelines for the credit policy. Credit application analyses have specific procedures and growing requirements depending on the level of exposure and the amount of credit requested, and certain cases are referred to the decision of the Executive Board.

The Company's risk management factors in the risk posed by obligations assumed by third-party towards the Company (credit risk) and the risk generated by variables traded in the financial market (market risk) amongst others.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

The policy for managing foreign exchange exposure is set by the Executive Board, with joint management of the financial and commercial departments responsible for international billing.

26.1 Market risks

26.1.1 Exchange risk

The foreign exchange risk is one of the risks to which the Company is exposed as result of making sales to overseas customers, importing products and borrowing in foreign currencies.

26.1.1.1 Exchange risk management

SWAP contracts

Between January and March this year, the Company took out the first swap operations as a result of the funds secured under Loan 4131 to hedge against the exchange variance of the foreign-currency debt. These new operations have a total notional value of R\$ 1,740.

As of March 31, 2021, the Company's loans and financing indexed to exchange variance have been fully hedged, both for term and amounts, by swap contracts. The Company records the swap contracts gains and losses in profit or loss.

USD vs CDI

The Company has eight such contracts, with a notional aggregate value of USD 938 million with various maturities through 3/12/2026, with a long position in US dollars indexed to a fixed rate and a short position in Reais indexed to the CDI rate + spread, amounting to a notional R\$ 4,473.

YEN vs CDI

The Company has one such contract, with a notional value of ¥ 2,449 million (R\$ 129 as of March 31, 2021) maturing on 4/9/2021, with a long position in YEN indexed to a fixed rate and a short position in Reais indexed to the CDI rate + spread, amounting to a notional R\$ 115.

	Swap agreements	Reference Value (Notional) (R\$ Million)		Fair Value (R\$ Million)	
		3/31/2021	12/31/2020	3/31/2021	12/31/2020
Long Position	USD	\$ 938	\$ 614	R\$ 5,476	R\$ 3,307
Long Position	JPY	¥2,449	¥2,449	R\$ 129	R\$ 125
Short Position	CDI	R\$ 4,588	R\$ 2,848	R\$ 4,781	R\$ 2,927
				Swap Earnings	R\$ 824
				Swap Earnings	R\$ 821
				(Post credit risk discount)	

On March 31 the SWAP result for these nine operations was priced at R\$ 821.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

The swap's fair value is calculated based on the present value of the future estimated cash flows. The estimates of the floating future cash flows are based on quoted swap rates, futures prices and interbank loan interest rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value of the Yen x CDI SWAP is calculated by the yen – dollar parity. The estimated fair value of the SWAP result is subject to a credit risk analysis that reflects the counterparty's credit risk, i.e. calculated based on the CDS (Credit Default Swap), using Bloomberg as a source.

Swap operations taken out and in force as of March 31, 2021 are as follows:

Currencies	SWAP type	Counterparties				Average SWAP rates			
		Debt	SWAP	Total Debt	Long position	% Cover	Long position	Short position	
USD	Pre x DI	4131 JP	JP Morgan	356	356	100%	1.07059% p.a	CDI + 0.64% p.a	
USD	Pre x DI	4131 JP	JP Morgan	356	356	100%	1.08235% p.a	CDI + 0.64% p.a	
USD	Pre x DI	NCE Citi	Citi Bank	1,141	1,141	100%	1.216% p.a.	CDI + 0.79% p.a	
USD	Pre x DI	4131 Scotia	Scotia Bank	1,268	1,268	100%	2.5725% p.a.	CDI + 0.78% p.a	
USD	Pre x DI	NCE MUFG	MUFG Bank	382	382	100%	2.18% p.a.	CDI + 0.694% p.a	
JPY	Pre x DI	NCE MUFG	MUFG Bank	129	129	100%	2.08% p.a.	CDI + 2.75% p.a	
USD	Pre x DI	4131 BNP	BNP	857	857	100%	2.38% p.a.	CDI + 1.69% p.a	
USD	Pre x DI	4131 Scotia	Scotia Bank	571	571	100%	1.795% p.a.	CDI + 1.55% p.a	
USD	Pre x DI	4131 BofA	BofA	419	419	100%	2.6706% p.a.	CDI + 1.67% p.a	

Swap adjustment payments were made in the first quarter of 2021 of R\$ 4 and receipts of R\$ 3.

Sensitivity analysis - effect of change in fair value of swaps

The Company has reported liabilities indexed to foreign currency as of March 31, 2021, and in order to identify possible misstatements from operations involving consolidated derivative financial instruments currently in force, a sensitivity analysis was carried out. For dollar-indexed debts and the respective hedge instruments (Dollar x DI SWAPs), the probable scenario was the exchange rate projected by the Focus report published on 03/26/2021. For Yen-indexed debts and the respective hedge instrument (Yen x DI SWAP), the probable scenario was the future JPYUSD contract and the USDBRL exchange rate projected by the Focus report published on 03/31/2021.

The sensitivity analyses presented considered changes in relation to the risk variables assumed, maintaining the others unchanged.

USD Sensitivity Analysis

Operation		3/31/2021	Probable Scenario
Derivative SWAP US Dollar vs. CDI	PA (+)	5,476	5,335
	PP (-)	4,661	4,661
	Swap Result	815	674
SWAP Result post credit risk discount		812	671
Δ SWAP Result post credit risk discount			(141)

	3/31/2021	Probable Scenario
USDBRL	R\$ 5.6973	R\$ 5.55

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Yen Sensitivity Analysis

Operation		3/31/2021	Probable Scenario
Derivative SWAP	PA	129	127
	PP	120	121
Yen x CDI	Swap Result	9	6
Result post Credit Risk discount		9	6
Δ SWAP Result post credit risk discount			(3)

	3/31/2021	Probable Scenario
JPYUSD	R\$ 0.009032	R\$ 0.0091
USDBRL	R\$ 5.6973	R\$ 5.55

Non Deliverable Forward - NDF

The Company takes out forex hedges to: (i) to cover commercial margins on aviation fuel sales made to foreign customers (ii) to hedge against exchange variance on fuel imports (iii) to hedge inventory (iv) to guarantee the price of Cartão Caminhoneiro [Prepaid Trucker's Card]. In the first case the hedge is used to ensure the commercial margins agreed with customers are maintained while the negotiated prices are in force and during the commercial payment term. In the second case, the hedge is used to protect the cost of the imported products. In the third case the aim is to align the inventory cost to the market level. In the fourth case, which is still at the initial stage, this is the guarantee for the price of the Prepaid Trucker's Card.

The hedges procured accounted for 100% of the US dollar export revenue grossed from the aviation segment between January and March 2021. The Company procured forex hedges for imports between January and March 2021 for the entire cargo presenting foreign exchange exposure.

The Company's financial risk management policy stipulates the procurement of forex hedges to cover approximately 100% of both exports and imports.

The settlement of all forex hedges using NDFs between January and March 2021 led to a positive flow to the Company of R\$ 35.

Note that the Company did not use any other derivative instruments in relation to forex hedges besides NDFs and Swaps.

None of these hedges required guarantee margin deposits.

NDFs	Reference Value (notional)		Fair value		Maturity
	USD (Millions)		R\$ (Millions)		
	3/31/2021	12/31/2020	3/31/2021	12/31/2019	
Long Position	-	64	-	(1)	1Q21
Long Position	56	-	5	-	2Q21
Short Position	-	13	-	-	1Q21
Short Position	40	-	(4)	-	2Q21

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

The following sensitivity analysis was conducted for the fair value of the foreign currency derivatives. The probable scenario is the fair value as of March 31, 2021, which is calculated based on the selling PTAX rate on the last working date restated by the free coupon obtained from the B3 site, which adjusts the value according to the maturity of each contract. Intermediate dates are interpolated.

Foreign Exchange	Risk	Probable Scenario as of 3/31/2021
NDFs (*)	Appreciation of Dollar over Real	(2)

(*) The Company has more long positions than short positions in USD.

See below the sensitivity analysis of the other financial instruments subject to exchange variance:

Consolidated			
	Exposure at 3/31/2021	Risk	Scenario probable
Assets			
Cash and banks	50	US dollars / Real	(1)
Accounts receivable	56	US dollars / Real	(1)
Liabilities			
Trade payables	(311)	US dollars / Real	8
Borrowing	(5,343)	US dollars / Real	138
Borrowing	(129)	Yen / Real	2
Net financial income, as per estimates			
Gain/(loss)			146

Criteria

Probable scenario - Change of -2.585% of Real against US Dollar and -1.852% against the Yen. Source: Focus.

26.1.2 Interest rate risk

The Company's interest rate risk is mainly associated with the CDI rate and IPCA price index, the indexes for the main financing agreements (Debentures, Realty Receivable Certificates-CRI, Export Credit Notes-NCE, Loan 4131 and Debentures of the Agribusiness Receivables Certificates-CRA).

26.1.2.1 Interest rate risk management

The Company and its consolidated investees are not currently using derivative financial agreements to manage its exposure to interest rate fluctuations.

See below the sensitivity analysis on the main financial assets and liabilities subject to floating interest rates as of March 31, 2021.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

			Consolidated Scenario probable
	Book at March 31 2021	Risk	
		CDI	4.17%
		IPCA	4.54%
		SELIC	4.33%
		IGPM	7.96%
		INPC	3.37%
Financial instrument assets			
CDI Short-term investments - 100%	3,524	CDI	147
Short-term investments - SELIC	130	SELIC	6
CDI financing receivable - 100%	316	CDI	13
IGPM financing receivable - 100%	354	IGPM	28
Financing receivable - INPC	97	INPC	3
Financing receivable - SELIC	64	SELIC	3
Payable financial instruments			
CDI Debentures	(759)	CDI	(32)
CDI 9 th Series debentures (collateral for CRAs) - 98%	(479)	CDI	(20)
CDI 10 th Series debentures (collateral for CRAs) - 100%	(203)	CDI	(8)
11 th Series debentures (collateral for CRAs) - IPCA	(320)	IPCA	(15)
Real estate receivables certificates (CRI) - IPCA	(628)	IPCA	(29)
Bank loans - CDI - 100%	(1,153)	CDI	(48)
Net financial income, as per estimates			
Gain/(loss)			48

Criteria

Probable scenario - includes the projected rates for 2021, as per the market forecast system of the Brazilian Central Bank. CETIP was used as the source for the CDI.

26.1.3 Price risk management

Petrobras' current price policy for diesel and gasoline. In addition to taking into account factors such as productive refining capacity, this policy intended to bring oil product prices in line with international prices. As a result, domestic fuel prices have experienced changes.

International oil and oil products sale prices are influenced by several factors related to the macroeconomy, geopolitics, OPEC production levels, environmental impacts and the development of new technologies and alternative energy sources, amongst others. On account of these various factors which are beyond the Company's control and in order to mitigate the commodity risk and avoid revenue and expense mismatches, the Company began hedging international purchases. The company therefore believes that its costs and revenue are more aligned with its plans, thereby preserving cash flow and profitability.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

In accordance with the risk management policy, all commodity derivative transactions are secured by commercial supply activities.

The sensitivity analysis uses the highest percentage variation occurring in the future Heating Oil and Rbob contracts (1st maturity) in the last 6 months for the period of 21 working days (average time of exposure) and is presented as follows:

Type	Contracts (in cents per gallon)			(in millions of reais)	
	Quantity	Average Sale Price	Closed on 3/31/2021	MTM (Contract value)	Possible Scenario (Δ of 19%)
RBOB (Gasoline)	377	1,107	1,117	(1)	(35)
HO (Diesel)	1,079	1,051	1,008	19	(68)

The Ptax sale rate at 03/31/2021 (5.6973) was used to calculate the aforesaid figures.

26.2 Liquidity risk

The Company's liquidity risk is posed by difficulties to settle its financial obligations on their due dates, due to possible cash or financial asset shortages. To monitor this risk the Company centralizes cash management in the financial department, working with cash flow projections that are reviewed monthly and discussed in representative executive committees and forums.

The Company's main liquidity sources are (a) cash flow produced by operations, (b) the balance of cash and short-term investments and (c) any loans and borrowings. The Company believes that these sources are suitable to meet the use of its current sources, which include but are not limited to working capital, investment capital, amortization of debt and payment of dividends.

The flow not discounted to present value of principal and interest on financing by maturity is as follows:

Period	Consolidated							Total
	2021	2022	2023	2024	2025	2026	2027 onwards	
Principal	126	1,189	1,480	1,256	2,591	3,600	296	10,538
Interest	128	278	270	250	193	91	51	1,261
Total	254	1,467	1,750	1,506	2,784	3,691	347	11,799

The flow of payments from leases is presented in note 14.

The remaining financial assets are expected to be realized in the short term and have therefore been classified in current liabilities.

26.3 Credit risk

The Company's exposure to credit risk arises from the forward sale of products, resulting from usual commercial operations, short-term investments and hedging instruments and financial hedging instruments.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

26.3.1 Credit risk management

Credit Risk of Commercial Counterparties

The Company's Credit and Collection Policy establishes approval limits for each customer based on the amount requested, and establishes limit terms, thereby enabling the periodic reassessment of each customer's status in terms of the risk they may pose.

The analysis includes the payments track record of the customer and its economic group, market constraints, guarantees (mortgages), personal guarantees (sureties) and balance sheet analyses. The Company uses the competence limit table, approved by Management, to grant credit.

Credit granted to financial institutions in relation to derivative activities is distributed among the main international banks rated by international risk rating agencies as Investment Grade, and all major Brazilian banks. See the rating below:

Bank Name	Country of bank branch	National Scale Rating	Risk Agency	Global Scale Rating	Risk Agency
Citigroup	Americas	-	-	BBB+	S&P
Banco Bradesco	Brazil	AAA	S&P	BB-	S&P
Banco do Brasil	Brazil	AA	Ficht	BB-	S&P
Banco Itau Unibanco	Brazil	AAA	S&P	BB-	S&P
Banco Safra	Brazil	AAA	S&P	BB-	S&P
Banco Santander S.A. - Brazil	Brazil	AAA	S&P	BB-	S&P
Caixa Econômica Federal	Brazil	AAA	S&P	BB-	S&P
Citibank	Brazil	AAA	S&P	-	S&P
Banrisul	Brazil	AA+	S&P	BB-	S&P
JP Morgan	Brazil	AAA	S&P	-	-
JP Morgan	United States	-	-	A-	S&P
Scotia bank	Canada	-	S&P	A+	S&P
MUFG	United States	-	S&P	A-	S&P
MUFG	Brazil	AAA	S&P	-	-
BTG Pactual	Brazil	brAAA+	S&P	BB-	S&P
BRAZIL (Sovereign)		AAA	S&P	BB-	S&P
Petrobras Distribuidora S.A.		Aaa	Moody's	Ba1	Moody's

Credit risk commercial portfolio

The Company's commercial loans portfolio is highly diversified, serving customers from the automotive sector and major consumers, consisting mainly of industries, carriers, government clients and the air sector. Credit risk exposure is mainly represented by the balance of accounts receivable. The expected settlement of these receivables is detailed in note 6.

The Company's portfolio amounted to R\$ 14,991 as of March 31, 2021.

For the clients Retail and B2B without aviation, the Company assesses the estimated credit losses based on segments and the customer's payment history. The rates are calculated based on behavior in the last 3 years and are reassessed quarterly.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

For the electric sector the Company has a separate matrix given the history and specific nature of the sector.

In respect of the aviation segment, due to the heightened credit risk mentioned in note 1.3 as a result of the COVID-19 pandemic, the Company has incorporated the higher probability of default into the matrix used to calculate expected credit losses, relying on ratings published by risk rating agencies for the main airlines in terms of accounts receivable, extrapolating this impact to the entire aviation receivables portfolio.

See below the current matrix in force:

	Outstanding	1 to 30 days	31 to 60 days	61 to 90 days	91 to 365 days	Over 365 days
Trade receivables						
Retail	0.19%	65.21%	70.51%	75.09%	78.74%	100.00%
Aviation Market	3.26%	95.87%	95.87%	95.87%	95.87%	100.00%
B2B without aviation	0.11%	25.47%	44.00%	65.18%	75.27%	100.00%
Thermal power plants comprising the isolated power system						
Eletrobras group	0.11%	75.70%	99.99%	100.00%	100.00%	100.00%

Credit Risk of financial institutions

For operations involving cash and cash equivalents, securities and derivatives, the Company follows the provisions of its financial investment Policy and Credit Limits for Financial Counterparties which aims to mitigate the risk by diversifying amongst financial institutions with sound credit quality. It tracks the exposure of each counterparty, its credit quality and long-term ratings published by rating agencies through limits: (i) Minimum Rating on Local scale; (ii) Minimum Equity of the Financial Institution; (iii) % exposure to Equity of financial institution and (iv) % maximum exposure of Company to a financial institution.

26.3.2 Other financial assets

The credit quality of financial assets classified as cash and cash equivalents and securities is based on the risk rating assigned by the rating agencies Standard & Poor's, Moody's and Fitch. Information about these financial assets that are not overdue and have no evidence of impairment, can be seen below:

	Consolidated			
	Cash and cash equivalents		Securities	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
AAA	3,487	3,064	-	3
AA	306	268	-	-
BrAAA+	50	-	-	-
No rating (*)	50	26	-	-
	3,893	3,358	-	3

(*) The ratings listed in the table are on the national scale and a lack of rating means the respective financial institution has not been rated according to this criterion by the agencies S&P and Moody's. The global scale ratings in this case are BBB+ in 2021 and 2020.

26.4 Capital management

Capital management is the set of procedures that aims to ensure an adequate capital base for the Company to operate, allowing it to honor all of its financial commitments and risks, pursuing an adequate debt profile whilst guaranteeing a return for shareholders. The company can change its capital structure according to macroeconomic conditions.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

	Consolidated	
	3/31/2021	12/31/2020
Borrowing (note 13)	9,014	7,757
Leases (note 14)	834	796
Gross debt from borrowing and leases	9,848	8,553
Derivative financial instruments (Swap)	(821)	(504)
Gross debt after derivative instrument	9,027	8,049
Less: cash and cash equivalents (note 5)	(3,893)	(3,358)
Net debt	5,134	4,691

26.5 Fair value measurement

Fair value measurements are classified at different levels in a hierarchy, as described below, based on the degree to which the fair value measurement information can be observed:

- Level 1 – quoted prices (without adjustments) in active markets for identical assets or liabilities to which the entity could have access at the measurement date;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - inputs for the asset or liability that are not based on observable market data.

As of March 31, 2021, the estimated fair value for the Company's financing calculated at market rates in force is presented in note 13.2.

The fair values of cash and cash equivalents and other financial assets and liabilities are equal to or closely approximate their carrying amounts.

27 Related-party transactions

The Company has a policy for related-party transactions, approved by the Board of Directors, which establishes rules to ensure that all decisions involving related parties and potential conflict of interest situations comply with the law, including the laws of the countries where the Company operates and the parties involved in the transactions.

27.1 Commercial transactions and other transactions

27.1.1 By transaction

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

	Consolidated			Parent Company		
	3/31/2021			3/31/2021		
	Net income	Asset	Liabilities	Net income	Asset	Liabilities
Net income						
Revenue	704			704		
Net foreign exchange gains / (losses) and indexation	(7)			(27)		
Net financial revenue (expense)	(16)			(26)		
Other income and expenses	17			17		
Asset						
Account receivable (note 6)		590			986	
Cash and cash equivalents		357			343	
Dividends		3			10	
Judicial deposits		866			866	
Liabilities						
Trade payables			530			557
Dividends and interest on shareholders' equity payable			188			188
Advances from customers			140			140
Leases			51			504
Other accounts and expenses payable			159			159
As of 3/31/2021	698	1,816	1,068	668	2,205	1,548
January to March/2020	677			652		
As of 12/31/2020		1,775	1,447		2,111	2,022

Purchases made from Petrobras amounted to R\$ 17,343 (R\$ 11,372 through March 2020), with R\$ 108 from Refinaria de Petróleo Riograndense (R\$ 127 through March 2020) and R\$ 57 from Distribuidoras de Gás (R\$ 80 through March 2020).

The Company has minimum purchase agreements with Petrobras, as mentioned in note 24 (a). The Company also has 3-year contracts with Petrobras for the purchase of oil products, equal to a total estimated value of R\$ 31,792.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

27.1.2 By company

	Net income		Asset		Consolidated Liabilities	
	3/31/2021	3/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020
	Electric sector companies - Isolated system (Eletrobras group)	1	9	100	206	-
Subsidiaries of Petrobras Group						
Petrobras	460	455	275	192	878	1,200
Transpetro	7	7	18	18	44	44
Other	26	14	19	11	2	1
	493	476	312	221	924	1,245
Joint ventures of Company and Petrobras group						
Termocabo	16	-	3	15	-	-
Petrocoque	15	15	-	-	-	-
Logum Logística	-	-	-	-	-	1
CDGN (**)	-	(1)	-	-	-	-
ES GAS	4	-	54	65	-	-
Cia. Energética Manauara	10	8	-	-	1	1
Bretech Energia	19	-	-	-	-	-
Other	1	1	1	-	3	6
	65	23	58	80	4	8
Government entities						
Government securities	-	-	-	3	-	-
State-owned banks	(11)	37	1,223	1,176	-	-
Federal government receivables	150	132	123	89	140	194
	139	169	1,346	1,268	140	194
Total	698	677	1,816	1,775	1,068	1,447

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

	Net income		Asset		Parent Company Liabilities	
	3/31/2021	3/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Electric sector companies - Isolated system (Eletrobras group)	1	9	100	206	-	-
Subsidiaries of Company and Petrobras Group						
Petrobras	460	455	275	192	878	1,200
Stratura (*)	-	4	-	-	-	-
Transpetro	7	7	18	18	44	44
Fundo Invest.Imobiliário FCM	(29)	(26)	400	343	479	570
Other	26	11	19	11	2	-
	464	451	712	564	1,403	1,814
Joint operation						
Brasil Carbonos	-	-	3	3	1	6
Joint ventures of Company and Petrobras group						
Termocabo	16	-	3	15	-	-
Petrocoque	15	15	-	-	-	-
Logum Logística	-	-	-	-	-	1
CDGN (**)	-	(1)	-	-	-	-
ES GAS	4	-	54	65	-	-
Cia. Energética Manauara	10	8	-	-	1	1
Brentech Energia	19	-	-	-	-	-
Other	-	1	1	-	3	6
	64	23	58	80	4	8
Government entities						
Government securities	-	-	-	3	-	-
State-owned banks	(11)	37	1,209	1,166	-	-
Federal government receivables	150	132	123	89	140	194
	139	169	1,332	1,258	140	194
Total	668	652	2,205	2,111	1,548	2,022

(*) On August 18, 2020 the Company concluded the sale of its entire equity interest in Stratura.

(**) On June 05, 2020, the Company closed the sale of its entire equity interest in CDGN LOGÍSTICA S.A. to MDC I Fundo de Investimento em Participações Multiestratégia.

Transactions with state-controlled banks were mainly performed with Banco do Brasil.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

27.2 Key executive compensation

Compensation paid to all members of the Company's board of directors and executive board was as follows:

	Parent Company							
	Three-month period ended March 31							
	2021				2020			
Executive Board (statutory)	Board of Directors	Other members of the statutory committee	Total	Executive Board (statutory)	Board of Directors	Other members of the statutory committee	Total	
Short-term employee benefits	4.3	3.2	0.2	7.7	3.2	3.4	0.2	6.8
Post-employment benefits	0.2	-	-	0.2	0.2	-	-	0.2
Contractual severance benefits	0.5	-	-	0.5	-	-	-	-
Total	5.0	3.2	0.2	8.4	3.4	3.4	0.2	7.0

At March 31, 2021 the Company had five members on the Executive Board and nine members on the Board of Directors.

The consolidated expense on director and officer fees amounted to R\$ 9 (R\$ 8 as of March 31, 2020).

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

28 Additional information to the statements of cash flow

	Consolidated		Parent Company	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Investment and financing transactions not involving cash				
Leases	73	12	73	12
Other transactions				
Use of judicial deposit to pay contingency	3	3	3	3

It is Company practice to present interest paid as a financing activity and dividends received as an investment activity in the statement of cash flows.

29 Events after the reporting period

Following Board of Directors' approval, on May 11, 2021 the Company and its other creditors signed the Debt Renegotiation Agreement ("Agreement") with Companhia de Eletricidade do Amapá ("CEA").

The Agreement, in order to have an effective impact on the Company's results, will depend on the following conditions: (i) the bidding for the privatization of CEA until 06/30/2021; and (ii) the transfer of share control of CEA, resulting from the privatization, until 12/31/2021.

Given the contractual conditions, the Agreement will have a positive impact on the Company's results, estimated at R\$ 353, comprised as follows:

- R\$ 169 million through the receipt of a first installment of approximately R\$ 71.8 million and an additional 23 (twenty three) monthly installments in the amount of approximately R\$ 4.2 million, plus monetary restatement equivalent to the variation of the CDI + 2.7% per year, incidents on balance due and
- R\$ 184 million through the assignment of receivables from ANEEL, subject to monetary restatement, which are being paid monthly to CEA until December 2021 and will be the object of a total assignment to the Company, subject to the aforementioned resolution condition.

The Agreement, once fulfilled as contractual conditions, will also end tax litigation with the State of Amapá.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Correlation between the notes as of December 31, 2020 and March 31, 2021

Title of notes	Number of notes to the financial statements	
	2020 Annual	1 st ITR-2021
General considerations	1	1
Basis of presentation of the financial statements	2	2
Use of judgments and estimates	3	3
Description of significant accounting policies	4	4
Cash and cash equivalents	6	5
Net accounts receivable	7	6
Inventory	8	7
Advanced bonuses awarded to clients	9	8
Investment	10	9
Property, plant and equipment	11	10
Intangible assets	12	11
Trade payables	13	12
Financing	14	13
Leases	15	14
Taxes	16	15
Payroll, vacations, charges, bonuses and profit sharing	17	16
Employee benefits	19	17
Equity	20	18
Sales revenue	21	19
Cost and expenses by nature	22	20
Net finance income	23	21
Segment reporting	24	22
Judicial and administrative proceedings, judicial deposits and contingencies	25	23
Contractual commitments	26	24
Financial instruments	27	25
Risk management	28	26
Related-party transactions	29	27
Additional information to the statements of cash flow	30	28
Event after the reporting period	32	29

The notes to the 2020 annual report which have been removed from the ITR as of March 31, 2021 due to not presenting any material changes and not being applicable to the interim financial statements are as follows:

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of reais, unless stated otherwise)

Titles of notes	Number of notes to the financial statements
New standards and interpretations	5
Summary financials on subsidiaries, joint arrangements and associates	10.1
Description of the subsidiaries' activities	10.2
Description of the joint operation	10.3
Description of the activities of joint ventures and associate's activities	10.4
Deferred income and social contribution tax / Estimated realization	16.3.2
Redundancy plans	18
Pension plan assets	19.2
Healthcare Plan	19.3
Net actuarial obligations and expenses, calculated by independent actuaries, and the fair value of the plans' assets	19.4
Profit reserves	20.2
Asset and liability valuation adjustments	20.4
Insurance	31

Petrobras Distribuidora S.A.

Representation of the Officers about the Interim Financial Statements and Independent Auditors' Report

Pursuant to article 25 (V,VI) of CVM Directive 480 issued December 7, 2009, the CEO and officers of Petrobras Distribuidora S.A - BR, a listed company having its registered office at the address Rua Correia Vasques, 250, Rio de Janeiro, RJ, corporate taxpayer number (CNPJ) 34.274.233/0001-02, hereby represent that they have:

(i) reviewed, discussed and agree with the Company's interim financial statements for the financial period ended March 31, 2021;

(ii) reviewed, discussed and accept the opinions expressed in the report issued by KPMG Auditores Independentes relating to the Company's interim financial statements for the financial period ended March 31, 2021.

Rio de Janeiro, May 11, 2021.

WILSON PINTO FERREIRA JUNIOR
CEO

ANDRÉ CORRÊA NATAL
Executive Director Finances, Purchases and RI

FLAVIO COELHO DANTAS
Executive Officer for Commercial, Retail and Market Intelligence

MARCELO CRUZ LOPES
B2B Commercial Executive Officer

MARCELO FERNANDES BRAGANÇA
Executive Officer for Operations, Logistics and Sourcing

BOARD OF DIRECTORS

EDY LUIZ KOGUT
CEO

ALEXANDRE FIRME CARNEIRO
Director

CARLOS AUGUSTO LEONE PIANI
Director

CLAUDIO ROBERTO ELY
Director

LEONEL DIAS DE ANDRADE NETO
Director

MARIA CAROLINA FERREIRA LACERDA
Director

MATEUS AFFONSO BANDEIRA
Director

PEDRO SANTOS RIPPER
Director

RICARDO CARVALHO MAIA
Director

EXECUTIVE BOARD

WILSON PINTO FERREIRA JUNIOR
CEO

ANDRÉ CORRÊA NATAL
Executive Director Finances, Purchases and RI

FLAVIO COELHO DANTAS
Executive Officer for Commercial, Retail and Market Intelligence

MARCELO CRUZ LOPES
B2B Commercial Executive Officer

MARCELO FERNANDES BRAGANÇA
Executive Officer for Operations, Logistics and Sourcing

ACCOUNTANT

LUÍS CLÁUDIO SACRAMENTO BISPO
Accountant - CRC - RJ – 077.292/O-2

KPMG Auditores Independentes
Rua do Passeio, 38 - Setor 2 - 17º andar - Centro
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www.kpmg.com.br

Report on the review of interim financial statements

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting policies adopted in Brazil, CVM rules and the International Financial Reporting Standards - IFRS)

To the Members of the Board and Shareholders of
Petrobras Distribuidora S.A
Rio de Janeiro - RJ

Introduction

We have reviewed the interim accounting information, individual and consolidated, of Petrobras Distribuidora S.A. ("Company"), included in the quarterly information form – ITR for the quarter ended March 31, 2021, which comprises the individual and consolidated statement of financial position as of March 31, 2021 and the respective statements of income, comprehensive statements of income, the statements of changes in shareholder's equity and cash flows for the three months period then ended, including the explanatory notes.

The Company's Management is responsible for preparation of these individual interim accounting information in accordance with Technical Pronouncement CPC 21(R1) and these consolidated interim accounting information in accordance with Technical Pronouncement CPC 21(R1) and with the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as the presentation of these information in accordance with standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of quarterly information form - ITR. Our responsibility is to express our conclusion on this interim accounting information based on our review.

Scope of the review

We conducted our review in accordance with the Brazilian and International Standards for Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Information Performed by the Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than that of an audit conducted in accordance with Brazilian and International Auditing Standards and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim accounting information

Based on our review, we are not aware of any fact that might lead us to believe that the individual interim accounting information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with the CPC 21 (R1), applicable to preparation of quarterly information form – ITR and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Conclusion on the consolidated interim accounting information

Based on our review, we are not aware of any fact that might lead us to believe that the consolidated interim accounting information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with the CPC 21 (R1) and IAS 34, issued by the IASB, applicable to preparation of quarterly information form – ITR and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters**Statement of added value**

The interim accounting information, individual and consolidated, statements of added value (DVA) for the three-month period ended March 31, 2021, prepared under the responsibility of Company's management, presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's quarterly information form - ITR. In order to form our conclusion, we have evaluated whether these statements were reconciled to interim accounting information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on the Technical Pronouncement CPC 09 - Statement of Added Value. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of added value were not prepared, in all material respects, in accordance with the individual and consolidated interim accounting information taken as a whole.

Rio de Janeiro, May 11, 2021

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ
Original report in Portuguese signed by
Bruno Bressan Marcondes
Accountant CRC RJ-112835/O-7