

PETROBRAS DISTRIBUIDORA S.A.
CNPJ 34.274.233/0001-02

Quarterly Information BR Distribuidora

AT JUNE 30, 2021



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Petrobras Distribuidora S.A.
Statements of financial position
June 30, 2021 and December 31, 2020
(In millions of Reais)

Assets	Note	Consolidated		Parent Company		Liabilities	Note	Consolidated		Parent Company	
		6/30/2021	12/31/2020	6/30/2021	12/31/2020			6/30/2021	12/31/2020		
Current						Current					
Cash and cash equivalents	5	2,311	3,358	2,182	3,196	Trade accounts payable	12	2,394	2,196	2,420	2,226
Net accounts receivable	6	4,620	3,997	5,016	4,336	Loans and financing	13	657	2,082	515	1,980
Inventories	7	4,637	3,545	4,637	3,545	Leases	14	131	115	246	232
Advances to suppliers		16	55	16	54	Customer advances		616	666	616	666
Income tax and social contribution		126	126	126	126	Income and social contribution taxes		262	-	262	-
Taxes and contributions recoverable	15.1	1,857	1,417	1,857	1,417	Taxes and contributions payable	15	190	355	189	354
Bonuses advanced to clients	8	658	592	658	592	Dividends and interest on shareholders' equity payable	18.2	717	942	717	942
Prepaid expenses		100	60	100	60	Payroll, vacations, charges, bonuses and profit sharing	16	171	233	171	232
Derivative financial instruments	25	41	19	41	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		80	171	92	177	Derivative financial instruments	25	23	81	23	81
		14,457	13,351	14,736	13,533	Provision for decarbonization credits		100	-	100	-
						Other accounts and expenses payable		207	169	193	151
								5,570	6,942	5,554	6,967
Noncurrent						Noncurrent					
Long-term						Loans and financing	13	7,642	5,675	7,134	5,007
Net accounts receivable	6	636	752	636	752	Leases	14	698	681	1,057	1,106
Judicial deposits	23.2	1,174	1,164	1,173	1,163	Pension and health plan	17	1,736	1,768	1,736	1,768
Taxes and contributions recoverable	15.1	610	1,422	610	1,422	Derivative financial instrument	25	190	-	190	-
Deferred income and social contribution tax	15.3	1,935	1,705	1,935	1,705	Provision for judicial and administrative proceedings	23	834	899	834	899
Bonuses advanced to clients	8	1,540	1,753	1,540	1,753	Other accounts and expenses payable		119	155	119	155
Prepaid expenses		124	139	124	139			11,219	9,178	11,070	8,935
Derivative financial instruments	25	332	498	332	498			16,789	16,120	16,624	15,902
Other noncurrent assets		12	14	7	9						
		6,363	7,447	6,357	7,441	Equity	18				
Investments	9	524	448	649	565	Paid-in capital		6,353	6,353	6,353	6,353
Property, plant and equipment	10	6,693	6,723	6,131	6,212	Revenue reserves		6,621	7,055	6,621	7,055
Intangible assets	11	527	358	526	358	Capital reserves		6	4	6	4
		14,107	14,976	13,663	14,576	Asset and liability valuation adjustments		(1,205)	(1,205)	(1,205)	(1,205)
								11,775	12,207	11,775	12,207
		28,564	28,327	28,399	28,109			28,564	28,327	28,399	28,109

See the accompanying notes to the interim financial statements.

Petrobras Distribuidora S.A.
 Statements of profit or loss
 Periods ended June 30, 2021 and 2020
 (In millions of Reais, except for earnings per share)

		Consolidated				Parent Company			
		Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020
Revenue from goods sold and services rendered	19	29,023	55,156	14,882	36,070	29,022	55,150	14,642	35,617
Cost of goods sold and services rendered	20.1	(27,750)	(52,010)	(14,286)	(34,528)	(27,747)	(52,005)	(14,072)	(34,127)
Gross profit		1,273	3,146	596	1,542	1,275	3,145	570	1,490
Operating expenses									
Sales	20.2	(585)	(1,141)	(520)	(1,110)	(588)	(1,146)	(512)	(1,095)
Allowance for credit loss	20.2	10	(163)	(65)	(98)	10	(163)	(60)	(89)
General and administrative	20.3	(168)	(317)	(138)	(283)	(167)	(315)	(133)	(272)
Tax		(22)	(87)	(17)	(58)	(22)	(87)	(16)	(57)
Other net income (expenses)	20.4	165	105	400	764	164	105	402	766
		(600)	(1,603)	(340)	(785)	(603)	(1,606)	(319)	(747)
Net income before finance income / (expense), results in equity-accounted investments, and income tax		673	1,543	256	757	672	1,539	251	743
Finance income, net	21								
Expenses		(95)	(186)	(103)	(202)	(104)	(205)	(120)	(229)
Income		105	221	95	172	104	220	91	165
Foreign exchange and inflation indexation, net		(83)	(226)	85	11	(78)	(216)	97	27
		(73)	(191)	77	(19)	(78)	(201)	68	(37)
Results in equity-accounted investments	9	2	9	(1)	(2)	7	22	12	28
Income before tax		602	1,361	332	736	601	1,360	331	734
Income tax and social contribution	15.3								
Current		(284)	(717)	(242)	(271)	(283)	(716)	(241)	(268)
Deferred		64	230	98	(43)	64	230	98	(44)
		(220)	(487)	(144)	(314)	(219)	(486)	(143)	(312)
Net income for the period		382	874	188	422	382	874	188	422
Basic result per share - R\$	18.3	0.3279	0.7502	0.1600	0.3622	0.3279	0.7502	0.1600	0.3622
Diluted result per share - R\$	18.3	0.3277	0.7501	0.1600	0.3622	0.3277	0.7501	0.1600	0.3622

See the accompanying notes to the interim financial statements.

Petrobras Distribuidora S.A.
 Statements of comprehensive income
 Periods ended June 30, 2021 and 2020
 (In millions of Reais)

	Consolidated				Parent Company			
	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020
Profit for the period	382	874	188	422	382	874	188	422
Other comprehensive income								
Items that are not reclassified to profit or loss								
Pension plan								
Actuarial gains	-	-	556	556	-	-	556	556
Deferred income and social contribution taxes	-	-	(189)	(189)	-	-	(189)	(189)
	-	-	367	367	-	-	367	367
Health care plan								
Actuarial gains	-	-	258	258	-	-	258	258
	-	-	258	258	-	-	258	258
	-	-	625	625	-	-	625	625
Comprehensive income for the period	382	874	813	1,047	382	874	813	1,047

See the accompanying notes to the interim financial statements.

Petrobras Distribuidora S.A.
 Statements of changes in equity
 Periods ended June 30, 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	-	-	-	-	-	-	422	-	422	422	
Actuarial gains	-	-	-	-	-	-	-	625	625	625	
At June 30, 2020	6,353	-	1,136	270	2,741	534	422	(1,643)	9,813	9,813	
At December 31, 2020	6,353	4	1,272	270	4,205	1,308	-	(1,205)	12,207	12,207	
Options awarded	-	2	-	-	-	-	-	-	2	2	
Net income for the period	-	-	-	-	-	-	874	-	874	874	
Additional dividends proposed	-	-	-	-	-	(1,308)	-	-	(1,308)	(1,308)	
At June 30, 2021	6,353	6	1,272	270	4,205	-	874	(1,205)	11,775	11,775	

See the accompanying notes to the interim financial statements.

Petrobras Distribuidora S.A.
Statements of cash flows
Periods ended June 30, 2021 and 2020
(In millions of Reais)

	Note	Consolidated		Parent Company	
		Six-month period ended		Six-month period ended	
		june 30		june 30	
		2021	2020	2021	2020
Cash flows from operating activities					
Net income for the period		874	422	874	422
Adjustments to:					
Income tax and social contribution		487	314	486	312
Depreciation and amortization	20	279	271	282	273
Income on the sale/derecognition of assets		(89)	5	(89)	5
Expected credit losses, net of reversal	6	175	106	175	97
Earnings on material interests		(9)	2	(22)	(28)
Appropriation of early bonuses awarded to customers	8	435	309	435	309
Appropriation of insurance, rent and other		52	29	52	28
Net monetary and exchange variance		(171)	819	(162)	835
Gain at fair value, financial instruments, net		631	(1,162)	631	(1,162)
Expenses on pension and health plans	17	79	236	79	236
Provision for legal proceedings	23.1	(22)	(42)	(22)	(43)
Provision Discount due to salary renegotiation		-	25	-	25
Provision for decarbonization credits (CBIOS)		100	-	100	-
Recovery of PIS and Cofins - exclusion of ICMS from the calculation base		-	(376)	-	(376)
ICMS credits - End of permanent status - Tax Substitution		(203)	-	(203)	-
Other adjustments		(53)	-	(53)	2
Decrease (increase) in assets and increase (decrease) in liabilities					
Trade and other receivables		(558)	996	(616)	979
Inventories		(1,053)	1,065	(1,053)	1,069
Advanced bonuses awarded to clients	8	(288)	(207)	(288)	(207)
Prepaid expenses		(78)	(27)	(78)	(25)
Judicial Deposits		(11)	(8)	(11)	(8)
Acquisition for decarbonization credits (CBIOS)	11	(110)	-	(110)	-
Trade accounts payable		144	(1,247)	142	(1,265)
Income and social contribution taxes paid		(1)	(71)	-	(71)
Taxes, fees and contributions		28	(173)	28	(130)
Pension and health plan		(111)	(114)	(111)	(114)
Voluntary redundancy incentivization plan		-	(2)	-	(2)
Redundancy program and restructuring		(1)	(112)	(1)	(112)
Payments of legal proceedings		(39)	(20)	(39)	(20)
Customer advances		(50)	125	(50)	124
Other assets and liabilities, net		(298)	421	(295)	390
Net cash provided by operations		139	1,584	81	1,543
Investment activities					
Acquisitions of PPE and intangible assets		(235)	(223)	(194)	(193)
Investments in equity interestes		(52)	(1)	(52)	(1)
Receipt from the sale of assets		92	8	92	8
Investments in securities		2	-	2	-
Dividends received		11	-	11	7
Receipt of loans awarded		25	-	25	-
Net cash used in in investment activities		(157)	(216)	(116)	(179)
Financing activities					
Financing					
Loans and financing	13.1	2,800	4,713	2,800	4,713
Amortization of principal	13.1	(2,036)	(2,891)	(1,905)	(2,773)
Amortization of interest	13.1	(159)	(165)	(119)	(119)
Dividends and interest on shareholders' equity paid	18.2	(1,550)	-	(1,550)	-
Leases					
Payments of principal	14.2	(46)	(40)	(164)	(151)
Interest payments	14.2	(35)	(35)	(38)	(39)
Others		(3)	(5)	(3)	(5)
Net cash generated in financing activities		(1,029)	1,577	(979)	1,626
Net change in cash and cash equivalents in the period		(1,047)	2,945	(1,014)	2,990
Cash and cash equivalents at beginning of period		3,358	2,362	3,196	2,114
Cash and cash equivalents at end of period		2,311	5,307	2,182	5,104

See the accompanying notes to the interim financial statements.

Petrobras Distribuidora S.A.
 Statements of added value
 Periods ended June 30, 2021 and 2020
 (In millions of Reais)

	Consolidated		Parent Company	
	Six-month period ended june 30		Six-month period ended june 30	
	2021	2020	2021	2020
Revenue				
Sales of products and services and other revenues	69,180	45,971	69,174	45,382
Expected credit losses	(175)	(106)	(175)	(97)
Revenue relating to construction of assets for use	200	182	150	150
	69,205	46,047	69,149	45,435
Inputs acquired from third parties				
Cost of goods, products and services sold	53,001	33,312	53,001	32,925
Materials, energy, third-party services and others	299	1,665	256	1,604
Tax credits on consumables acquired	2,616	1,639	2,616	1,503
	55,916	36,616	55,873	36,032
Gross value added	13,289	9,431	13,276	9,403
Retentions				
Depreciation and amortization	279	271	282	273
Added value produced by the Company	13,010	9,160	12,994	9,130
Transferred added value				
Equity earnings	9	(2)	22	28
Financial revenue - includes monetary and exchange variance	296	581	295	574
Rental and royalties	190	92	190	92
	495	671	507	694
Added value to be distributed	13,505	9,831	13,501	9,824
Personnel and management				
Direct compensation				
Salaries	249	177	246	169
Performance bonus and others incentives	32	-	32	-
Discount due to salary renegotiation	-	21	-	21
	281	198	278	190
Benefits				
Advantages	42	31	42	31
Retirement and pension plan	84	126	84	126
Redundancy program and restructuring	-	(2)	-	(2)
Health care plan	26	134	26	133
	152	289	152	288
FGTS	25	28	24	28
	458	515	454	506
Taxes				
Federal	633	1,002	632	997
State	10,944	7,201	10,944	7,201
Municipal	20	23	20	23
	11,597	8,226	11,596	8,221
Financial institution and trade payables				
Interest, monetary and exchange variance	495	604	496	611
Commercial rental / leases	81	64	81	64
	576	668	577	675
Shareholders				
Retained earnings	874	422	874	422
	874	422	874	422
Added value distributed	13,505	9,831	13,501	9,824

See the accompanying notes to the interim financial statements.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of Reals, 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 in Rio de Janeiro, Rio de Janeiro state.

1.2 Impacts caused by COVID-19 on our financial statements

Given the advance of the COVID-19 pandemic, the Company maintained the practices adopted in the previous year and disclosed in note 1.3 to the financial statements as of December 31, 2020. This included keeping employees working at home who were able to, and minimizing staffing levels for employees who have to be on site to carry out their work, to minimize the circulation of people on our premises. All the widely disclosed safety protocols are being followed. All travel and visits to clients in high-risk regions are being avoided and essential travel must be approved by the Executive Board or Team leader, depending on the type of trip.

Effects on the interim financial statements

Despite the pandemic and the continuation of certain restrictions on trips and the circulation of people, in the 1st half of 2021 BR's sales revenue from diesel, gasoline and ethanol, the main products for urban mobility, was R\$ 20,194 more than in the 1st half of 2020. Aviation kerosene sales also rose, and were 49% more than in same period of 2020 (from R\$ 2,677 in 2020 to R\$ 3,983 in 2021).

Despite BR's sales growth, the aviation segment continues to be under pressure and credit risk is monitored as per note 26.3. The balance of expected credit losses for this segment as of June 30, 2021 is therefore R\$ 149 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 statements

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 Parent company 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.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of Reais, unless stated otherwise)

The Company's Board of Directors approved the disclosure of these interim financial statements at a meeting held on August 10, 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 do not require the presentation of this statement and it is therefore being 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.

2.2 Basis of measurement

The interim Parent company and consolidated financial statements have been prepared on the historical cost basis, except for financial instruments 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, revenue 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

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 financial year ended December 31, 2020.

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of Reais, unless stated otherwise)

5 Cash and cash equivalents

	Consolidated		Parent Company	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Cash and bank deposits	345	50	345	50
Short-term investments				
Domestic	1,850	3,283	1,721	3,121
Foreign	116	25	116	25
Total	2,311	3,358	2,182	3,196

The short-term investments consist of domestic investment funds whose funds are invested primarily in repos 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.

6 Net accounts receivable

	Consolidated		Parent Company	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Related parties (note 27)				
Electric sector - Isolated system (6.2)	62	206	62	206
Federal government receivables	109	89	109	89
Related parties and Petrobras group	336	301	732	640
Total related parties	507	596	903	935
Third parties				
Trade accounts and other receivables	7,155	6,413	7,155	6,413
Electric sector - isolated system - third parties (note 6.2)	993	1,008	993	1,008
Total third parties	8,148	7,421	8,148	7,421
Total accounts receivable (note 6.1)	8,655	8,017	9,051	8,356
Client contract receivables	7,533	6,511	7,533	6,511
Other accounts receivable	1,122	1,506	1,518	1,845
Financing receivable	991	1,398	991	1,398
Advances	-	-	396	339
Receivables from divestments	92	69	92	69
Others	39	39	39	39
Allowance for credit losses				
Third parties	(3,339)	(3,241)	(3,339)	(3,241)
Related-party transactions	(60)	(27)	(60)	(27)
Total allowance for credit losses	(3,399)	(3,268)	(3,399)	(3,268)
Net accounts receivable	5,256	4,749	5,652	5,088
Net accounts receivable (current)	4,620	3,997	5,016	4,336
Net trade receivables (noncurrent)	636	752	636	752

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of Reais, unless stated otherwise)

	Consolidated		Parent Company	
	Six-month period ended		Six-month period ended	
	June 30		June 30	
	2021	2020	2021	2020
Change in allowance for credit losses				
Opening balance	(3,268)	(3,284)	(3,268)	(3,225)
Net (Additions)/Reversals	(175)	(106)	(175)	(97)
Write-offs	11	8	11	8
Derecognition (*)	33	-	33	-
Closing balance	(3,399)	(3,382)	(3,399)	(3,314)
Allowance for credit losses (current)	(2,415)	(2,391)	(2,415)	(2,330)
Allowance for credit losses (noncurrent)	(984)	(991)	(984)	(984)

The Company has R\$ 3,137 in trade receivables undergoing judicial collection in the consolidated statement and parent company statement (R\$ 3,141 in the consolidated statement and parent company statement as of December 31, 2020). The company reduces to zero the expectation of recovering all its receivables under judicial collection.

Movement in expected credit losses

In the first quarter of 2021, Samarco S.A. applied for judicial reorganization, which was accepted by the court. Consequently, and in line with the accounting policy adopted by the Company in similar situations, an expected credit loss was recognized in profit to loss of R\$ 158, restated through June 30, 2021; 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					
	6/30/2021			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	135	(41)	94	61	(17)	44
3 to 6 months	78	(24)	54	76	(71)	5
6 to 12 months	59	(40)	19	82	(25)	57
Over 12 months	3,259	(3,108)	151	3,263	(3,129)	134
Total	3,531	(3,213)	318	3,482	(3,242)	240
Neither past due nor impaired	5,124	(186)	4,938	4,535	(26)	4,509
Total	8,655	(3,399)	5,256	8,017	(3,268)	4,749

Petrobras Distribuidora S.A.

Notes to the interim financial statements

(In millions of Reais, unless stated otherwise)

	Parent Company					
	6/30/2021			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	135	(41)	94	61	(17)	44
3 to 6 months	78	(24)	54	76	(71)	5
6 to 12 months	59	(40)	19	82	(25)	57
Over 12 months	3,259	(3,108)	151	3,263	(3,129)	134
Total	3,531	(3,213)	318	3,482	(3,242)	240
Neither past due nor impaired	5,520	(186)	5,334	4,874	(26)	4,848
Total	9,051	(3,399)	5,652	8,356	(3,268)	5,088

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	61	-	61	-	61
Centrais Elétricas do Norte do Brasil	-	1	1	(1)	-
	61	1	62	(1)	61
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	10	7	17	(7)	10
	10	983	993	(983)	10
Balance as of June 30, 2021	71	984	1,055	(984)	71
Balance as of December 31, 2020	230	984	1,214	(984)	230

7 Inventory

	Consolidated		Parent Company	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Products for sale				
Petroleum derivatives				
Gasoline	724	461	724	461
Diesel fuel	1,544	1,165	1,544	1,165
Fuel oil	310	179	310	179
Aviation fuel	208	166	208	166
Lubricant	263	165	263	165
Other	226	106	226	106
Biofuels (*)	973	924	973	924
	4,248	3,166	4,248	3,166
Other products	389	379	389	379
Total	4,637	3,545	4,637	3,545

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

No net realizable value reduction in inventory was recorded as of June 30, 2021 and December 31, 2020.

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Notes to the interim financial statements

(In millions of Reais, unless stated otherwise)

Guarantees

The Company has inventory submitted as collateral for legal proceedings in the amount of R\$ 196 as of June 30, 2021 and R\$ 204 as of December 31, 2020.

8 Bonuses advanced to clients

	12/31/2019	Additions	Write-off / appropriation	12/31/2020	Additions	Write-off / appropriation	6/30/2021
	2,530	467	(652)	2,345	288	(435)	2,198
Current				592			658
Noncurrent				1,753			1,540

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).

9 Investment

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

	Parent Company						6/30/2021	Percentage of equity participation - % (*)
	12/31/2020	Acquisition and additions	Equity income	Dividends	Amortization of asset appreciation	Derecognition on the sale		
Subsidiaries								
Fil	41	-	14	(5)	-	-	50	99,01%
	41	-	14	(5)	-	-	50	
Joint operation								
Brasil Carbonos (a)	76	-	-	-	(1)	-	75	49,00%
Joint ventures								
Camaçari Muricy II	2	-	-	-	-	(2)	-	50,00%
Pecém Energia	2	-	-	-	-	(2)	-	45,00%
Gas ES (b)	393	-	18	(11)	-	-	400	60,02%
Navegantes	21	4	(1)	-	-	-	24	33,33%
Nordeste I	1	-	-	-	-	-	1	33,33%
Nordeste II	8	6	-	-	-	-	14	33,33%
Nordeste III	10	-	(4)	-	-	-	6	33,33%
Targus	-	73	6	-	-	-	79	70,00%
	437	83	19	(11)	-	(4)	524	
Associate								
BRF Biorefinos	11	-	(11)	-	-	-	-	49,00%
Total	565	83	22	(16)	(1)	(4)	649	

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(In millions of Reais, unless stated otherwise)

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 interests in the total capital are the same as the voting capital except for ES GÁS, whose interest 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 June 30, 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, accounting for 53.9% of the share capital. Following the completion of all the projected contributions, with the last one taking place in May following the subscription of new shares, BR then held 70% of Targus' share capital. The 15-year Shareholders' Agreement entered into with the current partners sets out a number of rights and obligations including call and put options for the acquisition of 30% of the remaining equity interest. The windows for exercising the call and put options will open in 2026, and close on December 31, 2031.

Targus is a joint-stock company founded to buy, sell, import and export electricity and to provide engineering, advisory, consultancy and other services related to energy processes.

The acquisition will allow the Company to buy and sell electricity, expanding its current portfolio of products, and it will be able to obtain 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 the Targus Energia partners that will remain in the operation.

The 70% interest in Targus was acquired for R\$ 73, generating goodwill of R\$ 47.

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Notes to the interim financial statements

(In millions of Reals, 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	11	-	33	137	93	274
Write-offs	(4)	(7)	(53)	-	(22)	(86)
Transfers (b)	1	48	218	(288)	-	(21)
Capitalized interest	-	-	-	8	-	8
Balance as of June 30, 2021	387	3,946	5,759	915	1,035	12,042
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	-	(67)	(132)	-	(60)	(259)
Write-offs	-	3	39	-	12	54
Transfers (b)	-	-	(2)	-	2	-
Balance as of June 30, 2021	-	(1,553)	(3,532)	-	(264)	(5,349)
Balance of property, plant and equipment						
At December 31, 2020	379	2,416	2,124	1,058	746	6,723
At June 30, 2021	387	2,393	2,227	915	771	6,693
Estimated useful life	Indeterminate	01 to 60 years	02 to 31 years	-	01 to 24 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 and held-for-sale assets, amongst others.

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(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	11	-	33	96	93	233
Write-offs	(4)	(7)	(52)	-	(22)	(85)
Transfers (b)	1	47	218	(287)	-	(21)
Balance as of June 30, 2021	380	3,592	5,712	348	1,443	11,475
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	-	(65)	(130)	-	(67)	(262)
Write-offs	-	3	39	-	12	54
Transfers (b)	-	-	(2)	-	2	-
Balance as of June 30, 2021	-	(1,497)	(3,512)	-	(335)	(5,344)
Balance of property, plant and equipment						
At December 31, 2020	372	2,117	2,094	539	1,090	6,212
At June 30, 2021	380	2,095	2,200	348	1,108	6,131
Estimated useful life	Indeterminate	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 and held-for-sale assets, amongst others.

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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 right-of-use assets primarily consist of land used by fuel stations, administrative offices and buildings (note 14).

Guarantees

Part of the Company's property, plant and equipment is guaranteeing legal proceedings in which the Company is defendant, in the amount of R\$ 18 as of June 30, 2021 and R\$ 13 as of 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)	-	110	54	-	164
Transfers	10	-	15	-	25
Balance as of June 30, 2021	16	110	764	29	919
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	(1)	-	(19)	-	(20)
Balance as of June 30, 2021	(4)	-	(388)	-	(392)
Balance of intangible assets					
At December 31, 2020	3	-	326	29	358
At June 30, 2021	12	110	376	29	527
Estimated useful life	10 to 20 years	Indeterminate	5 to 9 years	Indeterminate	

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(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)	-	110	54	-	164
Transfers	10	-	14	-	24
Balance as of June 30, 2020	16	110	763	29	918

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	(1)	-	(19)	-	(20)
Balance as of June 30, 2021	(4)	-	(388)	-	(392)

Balance of intangible assets					
At December 31, 2020	3	-	326	29	358
At June 30, 2021	12	110	375	29	526
Estimated useful life	10 to 20 years	Indeterminate	9 years	Indeterminate	

(a) The Company has a balance of software under development of R\$ 198 (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\$ 29 of the total software additions of R\$ 54 (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 accounts payable

	Consolidated		Parent Company	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Trade accounts payable				
Domestic market	1,614	1,784	1,640	1,814
Foreign market	780	412	780	412
Total	2,394	2,196	2,420	2,226

The balance of domestic market trade payables primarily consists of (i) invoices payable to Petrobras on the acquisition of oil products and (ii) procurement of services (including shipping). The balance of foreign market payables essentially consists of obligations on the import of diesel oil and gasoline.

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13 Loans and Financing

	Contract currency	Contract index and interest rates	Maturity	Consolidated		Parent Company	
				6/30/2021	12/31/2020	6/30/2021	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	86	86	86	86
CRA - Series 9 (*)	R\$	98% of CDI p.a.	jul-22	485	481	485	481
CRI 73 (**)	R\$	IPCA + 6.84% p.a.	feb-23	173	250	-	-
CRA - Series 10 (*)	R\$	100% of CDI p.a.	jul-24	204	204	204	204
CRI 99 (**)	R\$	IPCA + 4.09% p.a.	feb-25	154	181	-	-
Banco Itaú - Debêntures	R\$	CDI + 0.89% p.a.	apr-25	755	753	755	753
CRA - Series 11 (*)	R\$	IPCA + 5.59% p.a.	jul-25	331	309	331	309
Loan 4131 Santander (b)	R\$	CDI + 1.67% p.a.	mar-26	1,078	-	1,078	-
CRI 100 (**)	R\$	IPCA + 4.98% p.a.	feb-32	323	339	-	-
Total domestic market				3,589	4,429	2,939	3,659
NCE MUFG (a)	Yen	2.08% p.a.	apr-21	-	125	-	125
Loan 4131 JP Morgan	US\$	0.91% p.a.	mar-22	313	325	313	325
Loan 4131 JP Morgan	US\$	0.92% p.a.	mar-23	313	325	313	325
NCE Citibank	US\$	1.22% p.a.	feb-25	1,001	1,040	1,001	1,040
NCE MUFG	US\$	2.18% p.a.	mar-25	337	350	337	350
Loan 4131 Scotiabank	US\$	2.19% p.a.	mar-25	1,119	1,163	1,119	1,163
Loan 4131 Scotiabank (c)	US\$	1.5258% p.a.	feb-26	503	-	503	-
Loan 4131 BNP (d)	US\$	2.023% p.a.	feb-26	756	-	757	-
Loan 4131 BOFA (e)	US\$	2.27% p.a.	mar-26	368	-	367	-
Total foreign market				4,710	3,328	4,710	3,328
Total loans and financing				8,299	7,757	7,649	6,987
Current				657	2,082	515	1,980
Noncurrent				7,642	5,675	7,134	5,007

(*) Debentures - Agribusiness Receivables Certificates

(**) Realty Receivables Certificates

Principal changes occurring in the period

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

In March 2021 the Company repaid R\$ 1,780 of a total of R\$ 1,980 of NCEs - Export credit notes and CCB - Bank Credit Notes procured in April 2020 at the onset of the pandemic.

In April 2021, the Company settled R\$ 128, including R\$ 125 of amortization and R\$ 3 of interest, of the NCE - Export credit notes contracted in April 2020 from the bank MUFG in foreign currency (JPY), this being the settlement of the latest amount raised during the COVID-19 pandemic.

(b) Loan taken out on February 12, 2021 from Banco Santander via Resolution 4131 in the amount of R\$ 1,060, incurring CDI rate + 1.67% p.a., semiannual interest and amortizing upon maturity in February 2026. On this occasion, the parties negotiated prepayment for February 2021 of the 3 NCEs maturing in March and April 2021, totaling a liability management of R\$ 580 by replacing the NCEs with an average cost of CDI + 4.19% with the aforesaid loan.

(c) Loan taken out on February 26, 2021 from Scotiabank via Loan 4131 of 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 entered into with the same institution to fully hedge the dollar debt, at the cost of CDI + 1.55% p.a.

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(d) Loan taken out on February 12, 2021 from BNP Paribas via Loan 4131 of 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 entered into with the same institution to fully hedge the dollar debt, at the cost of CDI + 1.69% p.a.

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

13.1 Movement and reconciliation against financing cash flows

			Consolidated	Parent Company
	Banking Market	Capital Market (CRIs and Debentures)	Total	Total
Domestic				
Opening balance at January 01, 2020	551	5,406	5,957	5,066
Additions	1,865	-	1,865	1,865
Amortization of principal	(510)	(2,886)	(3,396)	(3,278)
Amortization of interest	(69)	(190)	(259)	(213)
Write-off under sale of Stratura	(30)	-	(30)	-
Noncash changes				
Provision for interest	104	101	205	205
Inflation indexation	-	87	87	14
Closing balance at December 31, 2020	1,911	2,518	4,429	3,659
Additions	1,060	-	1,060	1,060
Amortization of principal	(1,780)	(131)	(1,911)	(1,780)
Amortization of interest	(69)	(58)	(127)	(87)
Noncash changes				
Provision for interest	42	32	74	74
Inflation indexation	-	64	64	13
Total Domestic at June 30, 2021	1,164	2,425	3,589	2,939
International				
Opening balance at January 01, 2020	-	-	-	-
Additions	2,848	-	2,848	2,848
Amortization of interest	(38)	-	(38)	(38)
Noncash changes				
Provision for interest	51	-	51	51
Exchange variation	467	-	467	467
Total International at December 31, 2020	3,328	-	3,328	3,328
Additions	1,740	-	1,740	1,740
Amortization of principal	(125)	-	(125)	(125)
Amortization of interest	(32)	-	(32)	(32)
Noncash changes				
Provision for interest	39	-	39	39
Exchange variation	(240)	-	(240)	(240)
Total International at June 30, 2021	4,710	-	4,710	4,710
Closing balance at June 30, 2021	5,874	2,425	8,299	7,649

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(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:	135	621	451	566	531	1,285	3,589	2,939
Indexed to floating rates	135	621	451	566	531	1,285	3,589	2,939
International Financing:	380	48	808	496	1,361	1,617	4,710	4,710
Indexed to floating rates	323	5	722	410	318	1,617	3,395	3,395
Indexed to fixed rates	57	43	86	86	1,043	-	1,315	1,315
Total as of June 30, 2021	515	669	1,259	1,062	1,892	2,902	8,299	7,649
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 June 30, 2021 is R\$ 3,866 (R\$ 3,084 at the Parent Company) and of overseas financing is R\$ 4,702 (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 financing were deducted from the balance of the corresponding liability and appropriated to profit or loss at the effective rate. The amount appropriated in 2021 and the balances to be appropriated in the years ahead are as follows:

	12/31/2020	Amortization	6/30/2021	2022	2023	2024	2025 onwards	Total
Debentures	(1)	-	(1)	-	-	-	1	1
CRA (*)	(9)	2	(7)	2	2	1	2	7
CRI (**)	(54)	38	(15)	3	3	2	7	15
	(64)	40	(23)	5	5	3	10	23

(*) Debentures - Agribusiness Receivables Certificates

(**) Realty Receivables Certificates

14 Leases

The Company is a lessee in several contracts with different natures, mainly entailing the leasing of land for use in 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.

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

14.1 Right-of-use assets – Movement 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	93	-	-	93	93	-	-	93
Write-offs	(10)	-	-	(10)	(10)	-	-	(10)
Depreciation	(36)	(22)	(2)	(60)	(40)	(25)	(2)	(67)
Transfers	-	2	-	2	-	2	-	2
Balance as of June 30, 2021	392	372	7	771	461	638	9	1,108
Contract term	01 to 20 years	01 to 24 years	01 to 05 years		01 to 20 years	01 to 60 years	01 to 20 years	

14.2 Lease liability - Movement and reconciliation against financing cash flows

	Consolidated		Parent Company	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Adjusted opening balance	796	818	1,338	1,386
Payments of principal	(46)	(40)	(164)	(151)
Interest payments	(35)	(35)	(38)	(39)
Noncash changes				
Rights of use acquisitions	93	29	93	28
Provision for interest	34	35	53	66
Inflation indexation	1	-	35	9
Write-offs	(14)	(11)	(14)	(11)
Closing balance	829	796	1,303	1,288

14.3 Payment flows

Estimated commitments	Consolidated			Parent Company
	Future value	Annual interest	Present value	Present value
2021	98	(30)	68	71
2022	168	(62)	106	222
2023	140	(61)	79	119
2024	118	(54)	64	106
2025	107	(48)	59	105
2026 onwards	613	(160)	453	680
At June 30, 2021	1,244	(415)	829	1,303
Current			131	246
Noncurrent			698	1,057
At June 30, 2021			829	1,303
Current			115	232
Noncurrent			681	1,106
At December 31, 2020			796	1,338

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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\$ 58 and R\$ 24 respectively (Consolidated and Parent Company).

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
172	281	137	133	126	529	1,378

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.)	7.64%	9.83%	9.79%	9.93%	8.29%

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)	815	771	16	30
CVM Official Letter	965	812	22	32

(*) 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.

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	Consolidated	
	Consideration	PIS/COFINS
Nominal cash flow	763	71
Presente value flow	349	36

15 Taxes

15.1 Taxes and contributions

	Consolidated						
	Assets			Liabilities			
	6/30/2021			6/30/2021			
	Current	Noncurrent	Total	12/31/2020	Current	Total	12/31/2020
ICMS	1,001	610	1,611	1,469	164	164	187
IPI	4	-	4	4	-	-	-
PIS / COFINS (*)	814	-	814	1,318	7	7	-
Income and social contribution taxes withheld at source	-	-	-	-	8	8	70
Other	38	-	38	48	11	11	98
Total	1,857	610	2,467	2,839	190	190	355

(*) Includes credits resulting from the exclusion of ICMS from the PIS and COFINS calculation base (note 16.1 of December 2020).

As of June 30, 2021 there is no indication that the amounts will not be recoverable.

15.2 State Amnesty Programs

On June 30, 2021 and December 31, 2020, the Company settled various state ICMS tax debts, through Amnesty Programs.

State	State Law / Decree	Incentives secured	6/30/2021		
			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
Goiás	Diário Oficial do Estado de Goiás (DOE-GO) issued 1/20/2021, da Instrução Normativa (IN) 1489/2021	90% discount (ninety percent) without punitive and moratorium fines and without interest	173	107	66
Other			2	1	1
Total			332	222	110

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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

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15.3 Deferred income and social contribution taxes

Source of the recorded deferred taxes	Consolidated					Parent Company		
	Recognized in	Write-off under sale			Recognized			
	12/31/2019	Net income	Equity	of Stratura	12/31/2020	Net income	6/30/2021	6/30/2021
Accounts receivable	38	27	-	(17)	48	51	99	99
Bonuses advanced to clients	825	102	-	-	927	63	990	990
Property, plant and equipment	(79)	(28)	-	3	(104)	(13)	(117)	(117)
Leases	(73)	12	-	-	(61)	(16)	(77)	(77)
PIDV (*)	1	(1)	-	-	-	-	-	-
Judicial proceedings	353	(48)	-	-	305	(22)	283	283
Post-employment benefits	878	(36)	(189)	(2)	651	5	656	656
Judicial deposits	(136)	(11)	-	-	(147)	(1)	(148)	(148)
Derivative financial instruments	39	(33)	-	-	6	131	137	137
Other	59	22	-	(1)	80	32	112	112
Total	1,905	6	(189)	(17)	1,705	230	1,935	1,935
Deferred income tax	1,401				1,253		1,423	1,423
Deferred social contributions	504				452		512	512
	1,905				1,705		1,935	1,935
Deferred tax assets	2,357				2,167		2,424	2,424
Deferred tax liabilities	(452)				(462)		(489)	(489)
	1,905				1,705		1,935	1,935

(*) Voluntary Redundancy Incentivization Plan

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

	Consolidated				Parent Company			
	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020
Net income before tax	602	1,361	332	736	601	1,360	331	734
Income and social contribution taxes at nominal rates (34%)	(205)	(463)	(113)	(250)	(204)	(462)	(112)	(249)
Adjustments to determine effective rate:								
• Net permanent additions/exclusions	(13)	(26)	(15)	(25)	(10)	(21)	(12)	(17)
• Tax incentives	2	6	2	3	2	6	2	3
• Expenses on health benefit for retirement	(1)	(3)	(21)	(42)	(1)	(3)	(21)	(42)
• Other items	(3)	(1)	3	-	(6)	(6)	-	(7)
Income tax and social contribution	(220)	(487)	(144)	(314)	(219)	(486)	(143)	(312)
Current IR and CSLL	(284)	(717)	(242)	(271)	(283)	(716)	(241)	(268)
Deferred IR and CSLL	64	230	98	(43)	64	230	98	(44)
	(220)	(487)	(144)	(314)	(219)	(486)	(143)	(312)
Effective income and social contribution tax rate	36.5%	35.8%	43.4%	42.7%	36.4%	35.7%	43.2%	42.5%

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16 Payroll, vacations, charges, bonuses and profit sharing

The balances for the main short-term benefits awarded to employees are as follows:

	Consolidated		Parent Company	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Provision for vacations	66	64	66	64
Salaries, charges and other provisions	66	46	66	45
Discount due to salary renegotiation (note 16.1)	7	68	7	68
Performance bonus/short-term incentives (note 16.2)	32	55	32	55
Total	171	233	171	232

16.1 Discount due to salary renegotiation

This was a discount due to the individual contract renegotiations with salary reductions pursuant to article 444 of the CLT and the agreement reached with the Superior Labor Court.

As of December 31, 2020 the Company provisioned R\$ 68, with R\$ 61 having been paid by June 30, leaving a payable balance of R\$ 7.

16.2 Bonus and short-term incentives

16.2.1 Payment of premiums and short-term 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. The Company had paid R\$ 41 and reversed R\$ 2 by June 30, 2021, leaving a balance of R\$ 2.

As of June 30, 2021 the Company had provisioned for the amount of R\$ 26 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 June 30, 2021.

On June 30, 2021 a provision was made of R\$ 5 for the payment of 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.

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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 introduced in the first quarter of 2021, as an executive attraction and retention strategy. The program awards a specific number of shares and the respective receipt in cash after performance of the 2 (two) year vesting period.

Personnel expenses had been recognized of R\$ 3 by June 30, 2021, including payroll charges referring to share-based payment programs.

See information about the programs:

Program	Grant date	End of grace period	Date of expiration	Amount awarded in the period	Amount canceled	Outstanding assets - released for exercise / redemption	Assets under grace period at 6/30/2021	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	831,733	4,560	2,580,840	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	R\$ 26.65
2020 Matching	4/14/2021	4/14/2024	4/14/2024	35,769	-	-	35,769	-	-	R\$ 22.98	-
2021 Stock Options	4/15/2021	4/15/2024	4/15/2027	3,057,227	29,761	-	3,027,466	R\$ 21.73	R\$ 21.73	R\$ 6.39	-
2021 Stock Options CA	4/15/2021	4/15/2023	4/15/2026	1,277,779	-	-	1,277,779	R\$ 21.73	R\$ 21.73	R\$ 6.48	-

Stock Options 2020: 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.

Stock Options 2021: The options' fair value was calculated by the Binomial method. The variables used were: Risk-free rate of 2% p.a.; Dividend Yield of 9.01% (excluding the 2019 yield as it was above the historic average) and Volatility (March/2019 to Mar/2021), which was 48.64%, in addition to the vesting and exercise terms.

Matching Shares 2020: the fair value of the shares is equal to the closing price on the award date.

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

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17 Employee benefits

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

	Consolidated		Parent Company	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Liabilities				
Renegotiated Petros pension plan	1,204	1,194	1,204	1,194
Non-renegotiated Petros pension plan	448	446	448	446
Petros 2 pension plan	50	47	50	47
Health plan	136	183	136	183
Total obligations pension and health plans	1,838	1,870	1,838	1,870
Current	102	102	102	102
Noncurrent	1,736	1,768	1,736	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	49	18	3	-	9	79
(-) Payment of contributions	(13)	(6)	-	-	(56)	(75)
(-) Deficit Repaid - Petros Plan	(26)	(10)	-	-	-	(36)
Balance as of June 30, 2021	1,204	448	50	-	136	1,838
Current	72	30	-	-	-	102
Noncurrent	1,132	418	50	-	136	1,736
	1,204	448	50	-	136	1,838

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

	Period ended June 30, 2021						
	Consolidated						Parent Company
	Pension Plan						Total
	Petros Renegotiated	Petros Not Renegotiated	Petros 2	Other	Health Plan	Total	Total
Actuarial liabilities							
Service cost	3	1	1	-	1	6	7
Net interest on net liability	46	17	2	-	8	73	72
Net cost in Jan-jun/2021	49	18	3	-	9	79	79
Relating to active employees:							
Absorbed in the cost of activities	1	-	-	-	-	1	1
Directly to income	9	2	2	-	4	17	17
Relating to inactive members (*):	39	16	1	-	5	61	61
Net cost in Jan-jun/2021	49	18	3	-	9	79	79
Net cost in Jan-jun/2020	(28)	(15)	2	1	123	83	83

(*) Other net income (expenses)

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	Current quarter (4/1/2021 a 6/30/2021)					Parent Company
	Consolidated					
	Pension Plan					
	Petros Renegotiated	Petros Not Renegotiated	Petros 2	Health Plan	Total	
Obrigações atuariais						Total
Service cost	2	1	-	-	3	4
Net interest on net liability	23	8	1	5	37	36
Net cost in Abr-Jun/2021	25	9	1	5	40	40
Relating to active employees:						
Absorbed in the cost of activities	1	-	-	-	1	1
Directly to income	4	1	1	2	8	8
Relating to inactive members:	20	8	-	3	31	31
Net cost in Abr-Jun/2021	25	9	1	5	40	40
Net cost in Abr-Jun/2020	(63)	(26)	1	61	(27)	(27)

(*) Other net income (expenses)

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 the health benefit (medical and dental) to its employees, former employees and their dependents in lieu of the self-managed plant (AMS).

The decrease observed in actuarial expenses projected for FY 2021 reflects the adjustment to the actuarial liability remeasured at December 31, 2020, as a result of replacing the self-management plan (AMS) 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 June 2021 the Company's contribution to the defined-contribution portion of the Petros 2 Plan was R\$ 13 (R\$ 12 up to June 2020).

PPSP-R and PPSP-NR – BR contributions

In respect of the contributions for the PPSP-R plans, the amount accumulated through June 2021 for normal contributions was R\$ 13 (R\$ 11 through June 2020). The total under the same plan until June 2021 for extraordinary contributions (referring to the deficit repair plan - PED in force) was R\$ 26 (R\$ 22 through June 2020).

In respect of the contributions for the PPSP-NR plans, the amount accumulated through June 2021 for normal contributions was R\$ 5 (R\$ 5 through June 2020). The total under the same plan until June 2021 for extraordinary contributions (referring to the deficit repair plan - PED in force) was R\$ 10 (R\$ 10 through June 2020).

18 Equity

18.1 Capital

As of June 30, 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.

On July 1, 2021, the public offering of the Company's shares was registered with the CVM, through which Petrobras sold its entire stake in BR. The offer ended on July 5, 2021.

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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 equity

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

	Consolidated	
	Six-month period ended	
	June 30	
	2021	2020
Opening balance	942	525
Addition	1,308	-
Payment	(1,550)	-
Income tax withheld at source	(1)	-
Interest indexation	18	11
Closing balance	717	536

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

The dividend proposal presented in note 20.3 to the financial statements as of December 31, 2020 was approved at the Annual General Meeting (AGM) held 04/15/2021. On April 30, 2021 the Company paid out the first tranche of dividends of R\$ 1.1 billion.

18.3 Earnings per share

	Consolidated	
	Six-month period ended	
	June 30	
	2021	2020
Numerator		
Net income	874	422
Denominator		
Weighted average number of common shares held by shareholders	1,165,000,000	1,165,000,000
Basic earnings per share	0.7502	0.3622
Numerator		
Net income	874	422
Denominator		
Weighted average number of common shares held by shareholders	1,165,000,000	1,165,000,000
Potential increase in shares considering the incentive plan	245,331	-
Weighted average of adjusted shares	1,165,245,331	1,165,000,000
Dilutive earnings per share	0.7501	0.3622

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19 Sales revenue

	Consolidated				Parent Company			
	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020
Products, services and energy								
Petroleum derivatives								
Diesel	16,462	30,821	9,295	20,669	16,462	30,821	9,295	20,669
Gasoline	11,447	21,342	5,515	13,369	11,447	21,342	5,515	13,369
Fuel oil	2,219	4,204	696	1,680	2,219	4,204	696	1,680
Aviation fuel	1,906	3,983	327	2,677	1,906	3,983	327	2,677
Lubricant	721	1,433	455	956	721	1,433	455	956
Asphalt	-	-	307	576	-	-	-	-
Coke	202	719	492	1,013	202	719	492	1,013
Other products	444	818	204	484	444	818	204	484
Ethanol	2,755	5,567	1,247	3,498	2,755	5,567	1,247	3,498
Natural gas	142	273	401	895	142	273	401	895
Supply-House products (a)	355	732	380	723	355	732	380	723
Services, energy and other	20	33	20	44	18	26	16	32
	36,673	69,925	19,339	46,584	36,671	69,918	19,028	45,996
Interest embedded in products prices	(65)	(124)	(48)	(111)	(65)	(124)	(48)	(111)
Advanced bonuses awarded to clients	(240)	(433)	(157)	(307)	(240)	(433)	(157)	(307)
Performance bonus (b)	(93)	(194)	(80)	(143)	(93)	(194)	(80)	(143)
Sales prizes and discounts	(82)	(160)	(58)	(113)	(82)	(160)	(58)	(113)
Gross revenue	36,193	69,014	18,996	45,910	36,191	69,007	18,685	45,322
Sales charges	(7,170)	(13,858)	(4,114)	(9,840)	(7,169)	(13,857)	(4,043)	(9,705)
Sales revenue	29,023	55,156	14,882	36,070	29,022	55,150	14,642	35,617

(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 R\$ 19 billion change in revenue from 1st half of 2020 to 1st half of 2021 was due to successive rises in product prices 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, fuel oil and lubricants, among others 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 June 30, 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 quantity of goods or services promised to the client for the coming years, with the respective payment terms.

See below the total values of prices allocated to performance obligations not satisfied at June 30, 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.

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	Consolidated
Total contracts	346,586
Diesel	151,093
Automotive gasoline	144,818
Fuel oil	8,977
Other petroleum products	4,763
Subtotal derivate products	309,651
Natural gas	3,351
Ethanol, nitrogen and renewable products	33,286
Services and other	37
Domestic sales	346,325
Exports	261
International sales	261

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

The contract liabilities consist of contractual obligations from advances for future product sales, primarily clear fuel, aviation products, solvents and special products, natural gas and energy which will be recognized as revenue after effective delivery.

These balances are classified under Customer Advances and as of June 30, 2021 amount to R\$ 412 (Consolidated and Parent Company). As of December 31, 2020 these balances were R\$ 494 in the consolidated and parent company statements.

R\$ 381 was recognized as revenue in 2021 and was recorded under the balance of contract liabilities at the start of the year (R\$ 135 as of June 30, 2020).

20 Cost and expenses by nature

20.1 Cost of goods sold and services rendered

	Consolidated				Parent Company			
	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020
Resale goods	(28,762)	(53,001)	(13,563)	(33,312)	(28,762)	(53,001)	(13,358)	(32,925)
Outsourced services, freight and rental expenses	(25)	(42)	(25)	(54)	(25)	(42)	(23)	(51)
Personnel expenses	(11)	(21)	(9)	(18)	(9)	(18)	(7)	(14)
Depreciation and amortization	(3)	(6)	(3)	(6)	(3)	(5)	(3)	(5)
Change in inventory (*)	1,076	1,092	(649)	(1,065)	1,076	1,092	(653)	(1,069)
Other	(25)	(32)	(37)	(73)	(24)	(31)	(28)	(63)
Total	(27,750)	(52,010)	(14,286)	(34,528)	(27,747)	(52,005)	(14,072)	(34,127)

(*) 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 changed by R\$ 17 billion from the 1st half of 2020 to the 1st half of 2021 as a result of the higher average acquisition cost due to price rises.

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20.2 Sales expenses and expected credit losses

	Consolidated				Parent Company			
	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020
Outsourced services, freight and rental expenses	(331)	(645)	(294)	(641)	(331)	(645)	(289)	(629)
Personnel expenses	(94)	(185)	(76)	(170)	(94)	(185)	(74)	(167)
Allowance for credit loss (*)	10	(163)	(65)	(98)	10	(163)	(60)	(89)
Impairment losses on receivables	(7)	(12)	(2)	(8)	(7)	(12)	(2)	(8)
Depreciation and amortization	(120)	(239)	(116)	(230)	(122)	(243)	(118)	(234)
Other	(33)	(60)	(32)	(61)	(34)	(61)	(29)	(57)
Total	(575)	(1,304)	(585)	(1,208)	(578)	(1,309)	(572)	(1,184)

(*) The increase in estimated credit losses was due to the judicial reorganization of Samarco (note 6), which led to the recognition in 2021 of R\$ 158 of credit losses, without correspondence with the previous period.

20.3 General and administrative expenses

	Consolidated				Parent Company			
	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020
Outsourced services, freight and rental expenses	(43)	(76)	(46)	(88)	(43)	(76)	(44)	(84)
Personnel expenses	(86)	(173)	(62)	(133)	(85)	(171)	(60)	(129)
Depreciation and amortization	(17)	(34)	(17)	(35)	(17)	(34)	(17)	(34)
Other	(22)	(34)	(13)	(27)	(22)	(34)	(12)	(25)
Total	(168)	(317)	(138)	(283)	(167)	(315)	(133)	(272)

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(In millions of Reais, unless stated otherwise)

20.4 Other net income (expenses)

	Consolidated				Parent Company			
	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020
Discount due to salary renegotiation	-	-	(12)	(21)	-	-	(12)	(21)
Tax credits - ICMS in the PIS and COFINS base	-	-	376	376	-	-	376	376
ICMS credits - End of permanent status	75	203	-	-	75	203	-	-
Recovery of tax credits - PIS and COFINS - Ninety	79	79	-	-	79	79	-	-
Rental expenses	(12)	(23)	(14)	(23)	(12)	(23)	(14)	(23)
Losses and provisions for judicial proceedings (note 23.1)	54	22	68	42	54	22	69	43
Pension and health plan - inactive members (note 17)	(31)	(61)	(112)	(202)	(31)	(61)	(112)	(202)
Provision for decarbonization credits	(50)	(100)	-	-	(50)	(100)	-	-
Redundancy program and restructuring	-	-	(1)	2	-	-	(1)	2
Franchise, rental and royalties revenue	99	190	32	92	99	190	32	92
Joint storage revenue	24	52	19	37	24	52	19	37
Recovery of tax credits - PIS and COFINS	4	21	2	22	4	21	2	22
Institutional relations and cultural projects	(22)	(45)	(19)	(24)	(22)	(45)	(19)	(24)
Income on the sale / derecognition of non-current assets	31	85	(8)	(5)	31	85	(8)	(5)
Commodity hedge result - open operations	5	66	(308)	(16)	5	66	(308)	(16)
Commodity hedge result - closed operations	(74)	(347)	327	451	(74)	(347)	327	451
Performance bonus and other incentives	(15)	(28)	-	-	(15)	(28)	-	-
Other	(2)	(9)	50	33	(3)	(9)	51	34
Total	165	105	400	764	164	105	402	766

(*) Includes R\$ 46 due to the sale of thermal power plants Pecém and Muricy.

- The increase in commodity hedge expenses (from revenue of R\$ 435 in the 1st half of 2020 to an expense of R\$ 281 in the 1st half of 2021) primarily derives from the loss on protecting the change in prices practiced by Petrobras compared with the price paid to import the oil products (R\$ 711). This loss was offset by the gains observed in the gross sales margins between the comparison periods.
- In the 1st half of 2021, R\$ 203 was recognized of ICMS credits originating from the end of the permanent status of ICMS tax substitution, relating to the collection of additional amounts or reimbursement on diesel oil and gasoline sales to Bulk Consumers, as well as Kerosene sales to Airlines. These credits are recognized as they are formally deferred by the state tax authorities.
- Gain in a case made final and unappealable June 2020 recognizing the right to exclude ICMS from the PIS and COFINS calculation base and the offsetting of amounts improperly paid. R\$ 526 was recognized in the Company's profit and loss, with R\$ 376 for the principal and R\$ 150 for monetary restatement.

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21 Net finance income (loss)

	Consolidated			
	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020
Expenses				
Loans and financing	(53)	(113)	(73)	(138)
Leases	(17)	(34)	(17)	(35)
Absorption of cash reimbursable financing	(3)	(4)	(1)	(4)
Bank commission	(6)	(11)	(8)	(15)
Tax	(6)	(8)	3	-
Other	(10)	(16)	(7)	(10)
	(95)	(186)	(103)	(202)
Revenue				
Customer arrears interest	18	36	18	39
Customer financing	21	66	16	26
Judicial deposits	14	40	12	24
Short-term investments	18	34	37	60
Recovery of credits - fair value	26	36	10	19
Other	8	9	2	4
	105	221	95	172
Inflation indexation				
Asset				
Indexation of receivables - Electric sector - Isolated system	-	1	4	13
Deposits	-	(17)	1	2
Taxes	19	24	149	151
Other	2	4	1	1
	21	12	155	167
Liability				
Leases	(1)	(1)	-	-
Indexation of dividends payable	(15)	(18)	(5)	(11)
Loans and financing	(25)	(56)	(4)	(27)
Taxes	(40)	(40)	-	1
Other	(9)	(22)	(1)	(1)
	(90)	(137)	(10)	(38)
Foreign exchange gains / (losses)				
Derivative financial instrument income	(700)	(345)	234	726
Cash and banks	(1)	(1)	(1)	(3)
Trade receivables	(9)	(4)	5	35
Trade payables	68	4	(111)	(252)
Loans and financing	649	240	(179)	(641)
Short-term investments	(11)	(6)	6	30
Other	(10)	11	(14)	(13)
	(14)	(101)	(60)	(118)
Foreign exchange gains / (losses) and indexation, net	(83)	(226)	85	11
Total finance income (expenses)	(73)	(191)	77	(19)

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(In millions of Reais, unless stated otherwise)

	Parent Company			
	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020
Expenses				
Loans and financing	(53)	(113)	(71)	(136)
Leases	(27)	(53)	(36)	(66)
Absorption of cash reimbursable financing	(3)	(4)	(1)	(4)
Bank commission	(6)	(11)	(8)	(15)
Tax	(6)	(8)	3	-
Other	(9)	(16)	(7)	(8)
	(104)	(205)	(120)	(229)
Revenue				
Customer arrears interest	18	36	14	33
Customer financing	21	66	16	26
Judicial deposits	14	40	13	24
Short-term investments	17	33	36	57
Recovery of credits - fair value	26	36	10	19
Other	8	9	2	6
	104	220	91	165
Inflation indexation				
Asset				
Indexation of receivables - Electric sector - Isolated system	-	1	4	13
Deposits	-	(17)	1	2
Taxes	19	24	149	151
Other	3	4	2	2
	22	12	156	168
Liability				
Leases	(16)	(35)	5	(9)
Indexation of dividends payable	(15)	(18)	(5)	(11)
Loans and financing	(6)	(13)	1	(3)
Taxes	(40)	(40)	-	1
Other	(9)	(21)	1	-
	(86)	(127)	2	(22)
Foreign exchange gains / (losses)				
Derivative financial instrument income	(700)	(345)	234	726
Cash and banks	(1)	(1)	(1)	(3)
Trade receivables	(9)	(4)	5	35
Trade payables	68	4	(111)	(252)
Loans and financing	649	240	(179)	(641)
Short-term investments	(11)	(6)	6	30
Other	(10)	11	(15)	(14)
	(14)	(101)	(61)	(119)
Foreign exchange gains / (losses) and indexation, net	(78)	(216)	97	27
Total finance income (expenses)	(78)	(201)	68	(37)

Finance charges (interest, monetary variance and exchange variance) amounted to R\$ 63 (note 13.1) in the year (R\$ 810 as of June 30, 2020), with R\$ 71 (R\$ 806 as of June 30, 2020) recognized in profit or loss and R\$ 8 (R\$ 4 as of June 30, 2020) as capitalized interest.

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22 Segment reporting

Operating segments are reported consistently with the internal reports provided to the main operating decision makers. 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

Segment related to the sale of 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.

The Company's consolidated revenue from Brazilian customers as per the table below is R\$ 55,143 (R\$ 35,969 January to June 2020), and total revenue from foreign customers, based on the country where the sale was made, is R\$ 446 (R\$ 408 January to June 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:

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Measure of profit or loss by segment – June 2021

	Retail	B2B	Aviation Market	Total segments	Corporate	Total	Reconciliation with financial statements	Consolidated total
Sales Revenue	34,387	17,608	3,594	55,589	-	55,589	(433) (a)	55,156
Cost of goods sold	(32,545)	(16,257)	(3,202)	(52,004)	-	(52,004)	(6) (b)	(52,010)
Gross profit	1,842	1,351	392	3,585	-	3,585	(439) -	3,146
Expenses								
General, administrative and sales	(492)	(593)	(180)	(1,265)	(85)	(1,350)	(271) (c)	(1,621)
Tax	(10)	(4)	(1)	(15)	-	(15)	(72) (d)	(87)
Other net revenue (expenses)	(185)	(125)	2	(308)	279	(29)	134 (e)	105
Equity earnings	-	13	-	13	(4)	9	- -	9
Net finance income	-	-	-	-	-	-	(191) (f)	(191)
Adjusted EBITDA	1,155	642	213	2,010	190	2,200		
Net income (loss) before tax							(839)	1,361

Measure of profit or loss by segment – Current quarter (4/1/2021 to 6/30/2021)

	Retail	B2B	Aviation Market	Total segments	Corporate	Total	Reconciliation with financial statements	Consolidated total
Sales Revenue	18,245	9,278	1,740	29,263	-	29,263	(240) (a)	29,023
Cost of goods sold	(17,521)	(8,658)	(1,568)	(27,747)	-	(27,747)	(3) (b)	(27,750)
Gross profit	724	620	172	1,516	-	1,516	(243) -	1,273
Expenses								
General, administrative and sales	(253)	(228)	(64)	(545)	(62)	(607)	(136) (c)	(743)
Tax	2	(4)	-	(2)	3	1	(23) (d)	(22)
Other net revenue (expenses)	(39)	(30)	(1)	(70)	176	106	59 (e)	165
Equity earnings	-	6	-	6	(4)	2	- -	2
Net finance income	-	-	-	-	-	-	(73) (f)	(73)
Adjusted EBITDA	434	364	107	905	113	1,018		
Net income (loss) before tax							(416)	602

Measure of profit or loss by segment – June 2020

	Retail	B2B	Aviation Market	Total segments	Corporate	Total	Reconciliation with financial statements	Consolidated total
Sales Revenue	21,738	12,180	2,459	36,377	-	36,377	(307) (a)	36,070
Cost of goods sold	(20,955)	(11,331)	(2,236)	(34,522)	-	(34,522)	(6) (b)	(34,528)
Gross profit	783	849	223	1,855	-	1,855	(313) -	1,542
Expenses								
General, administrative and sales	(537)	(442)	(222)	(1,201)	(26)	(1,227)	(264) (c)	(1,491)
Tax	(8)	(5)	(2)	(15)	(7)	(22)	(36) (d)	(58)
Other net revenue (expenses)	350	180	7	537	220	757	7 (e)	764
Equity earnings	-	-	-	-	(2)	(2)	- -	(2)
Net finance income	-	-	-	-	-	-	(19) (f)	(19)
Adjusted EBITDA	588	582	6	1,176	185	1,361		
Net income (loss) before tax							(625)	736

Measure of profit or loss by segment – Quarter of the Prior Year (4/1/2020 to 6/30/2020)

	Retail	B2B	Aviation Market	Total segments	Corporate	Total	Reconciliation with financial statements	Consolidated total
Sales Revenue	9,137	5,600	302	15,039	-	15,039	(157) (a)	14,882
Cost of goods sold	(8,836)	(5,173)	(274)	(14,283)	-	(14,283)	(3) (b)	(14,286)
Gross profit	301	427	28	756	-	756	(160) -	596
Expenses								
General, administrative and sales	(243)	(225)	(112)	(580)	(11)	(591)	(132) (c)	(723)
Tax	-	(3)	-	(3)	2	(1)	(16) (d)	(17)
Other net revenue (expenses)	225	116	4	345	308	653	(253) (e)	400
Equity earnings	-	-	-	-	(1)	(1)	- -	(1)
Net finance income	-	-	-	-	-	-	77 (f)	77
Adjusted EBITDA	283	315	(80)	518	298	816		
Net income (loss) before tax							(484)	332

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	Current quarter (4/1/2021 to 6/30/2021)	Six-month period ended June 30, 2021	Quarter of the Prior Year (4/1/2020 to 6/30/2020)	Six-month period ended June 30, 2020
Reconciliation with financial statements				
(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.	(240)	(433)	(157)	(307)
(b) Cost of goods sold				
Depreciation and amortization	(3)	(6)	(3)	(6)
(c) General, administrative and sales				
Depreciation and amortization	(137)	(273)	(133)	(265)
<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	2	1	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.				
	(21)	(62)	-	(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.				
	(4)	(10)	(16)	(25)
Tax charges on sales revenue - Pecém e Muricy	2	-	-	-
(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.	54	22	68	42
<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.	-	-	(1)	2
Discount due to salary renegotiation - Organizational Transformation Plan	-	-	(12)	(21)
Commodity hedge operations in progress	5	66	(308)	(16)
Income on the sale - Pecém and Muricy	-	46	-	-
(f) Net financial income	(73)	(191)	77	(19)
Total	(416)	(839)	(484)	(625)

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22.1 Revenue Breakdown

Consolidated				
Six-month period ended June 30, 2021				
	Retail	B2B	Aviation Market	Total
Domestic				
North	3,009	2,199	341	5,549
Northeast	8,522	3,603	673	12,798
Midwest	3,878	1,582	375	5,835
Southeast	13,330	7,862	1,683	22,875
South	5,648	2,273	165	8,086
Foreign	-	89	357	446
Total	34,387	17,608	3,594	55,589

Consolidated				
Current quarter (4/1/2021 to 6/30/2021)				
	Retail	B2B	Aviation Market	Total
Domestic				
North	1,616	1,139	167	2,922
Northeast	4,619	1,982	292	6,893
Midwest	2,033	831	186	3,050
Southeast	6,968	4,137	825	11,930
South	3,009	1,136	73	4,218
Foreign	-	53	197	250
Total	18,245	9,278	1,740	29,263

Consolidated				
Six-month period ended June 30, 2020				
	Retail	B2B	Aviation Market	Total
Domestic				
North	2,000	1,525	190	3,715
Northeast	5,176	1,694	449	7,319
Midwest	2,392	861	254	3,507
Southeast	8,350	6,350	1,054	15,754
South	3,820	1,704	150	5,674
Foreign	-	46	362	408
Total	21,738	12,180	2,459	36,377

Consolidated				
Quarter of the Prior Year (4/1/2020 to 6/30/2020)				
	Retail	B2B	Aviation Market	Total
Domestic				
North	911	665	42	1,618
Northeast	2,212	707	36	2,955
Midwest	979	414	32	1,425
Southeast	3,456	3,058	132	6,646
South	1,579	733	25	2,337
Foreign	-	23	35	58
Total	9,137	5,600	302	15,039

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 concern the following events:

Tax Claims

(i) nonratification of federal tax offsets (except IPI) (R\$ 43 as of June 30, 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\$ 115 as of June 30, 2021 and R\$ 104 as of December 31, 2020).

Labor Claims

(i) Subsidiary liability – claims filed seeking subsidiary liability of the Company for payment of labor amounts owed to employees of service providers (R\$ 86 at June 30, 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\$ 51 at June 30, 2021 and R\$ 36 at December 31, 2020); and

(iii) Supplementary/additional retirement – labor claims involving BR and Petros filed by former employees claiming differences in amounts received as additional retirement payments (R\$ 55 as of June 30, 2021).

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

In the preparation of the interim financial statements for the period ended June 30, 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									
	Six-month period ended June 30									
	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	(69)	(4)	23	-	(50)	(3)	11	(83)	(1)	(76)
Use (*)	(21)	(8)	(14)	-	(43)	(3)	(19)	(6)	-	(28)
Indexation	4	(1)	25	-	28	3	14	16	1	34
Closing balance	135	349	328	22	834	296	376	279	19	970

Petrobras Distribuidora S.A.

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(In millions of Reais, unless stated otherwise)

	Parent Company									
	Six-month period ended June 30									
	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	(69)	(4)	23	-	(50)	(5)	11	(83)	(1)	(78)
Use (*)	(21)	(8)	(14)	-	(43)	(3)	(19)	(6)	-	(28)
Indexation	4	(1)	25	-	28	4	14	16	1	35
Closing balance	135	349	328	22	834	295	375	279	19	968

(*) The judicial deposits written off amount to R\$ 4 as of June 30, 2021 (Consolidated and Parent Company), as per note 23.2 (R\$ 8 as of June 30, 2020 Consolidated and Parent Company).

23.1.1 Provisioned for judicial proceedings and related judicial deposits

	Consolidated					
	6/30/2021			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	349	141	208	362	125	237
Tax claims	135	124	11	221	97	124
Civil claims	328	67	261	294	62	232
Environmental claims	22	1	21	22	1	21
Total	834	333	501	899	285	614

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 Stratura	(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	2	-	9	-	11	11
Usage (a)	(1)	(2)	(1)	-	(4)	(4)
Monetary indexation / interest (b)	(2)	4	1	-	3	3
Balance as of June 30, 2021	863	196	114	1	1,174	1,173

(a) For payment of legal proceedings.

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

The Company has R\$ 333 (R\$ 285 as of December 31, 2020) in judicial deposits for provisioned lawsuits (note 23.1.1); R\$ 582 (R\$ 597 as of December 31, 2020) associated with possible contingencies; R\$ 141 (R\$ 158 as of December 31, 2020) associated with remote contingencies; R\$ 92 (R\$ 91 as of December 31, 2020) consists of deposits related to proceedings in which the Company and its investees are plaintiffs and R\$ 26 (R\$ 33 as of December 31, 2020) consists of other.

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(In millions of Reais, unless stated otherwise)

23.3 Proceedings not provisioned for (possible losses)

Nature	Consolidated		Parent Company	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Tax	8,248	8,143	8,248	8,143
Civil	3,480	3,294	3,480	3,294
Labor	708	709	708	709
Environmental	146	145	146	145
Total	12,582	12,291	12,582	12,291

See below the main proceedings not provisioned for:

a) Tax proceedings

Description of tax proceedings	6/30/2021	12/31/2020
Plaintiffs: States of 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)	1,445	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.	1,375	1,364
Plaintiffs: States of Alagoas, Amazonas, Bahia, Ceará, Goiás, Maranhão, Mato Grosso, Pará, Paraíba, Pernambuco, Piauí, Rio de Janeiro, Rio Grande do Norte, 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.	1,034	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.	837	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.	721	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.	586	574

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Plaintiffs: State of Acre, Amazonas, Bahia, Ceará, Goiás, Paraíba, Piauí, Rondônia and São Paulo		
7) 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)	226	242
Plaintiffs: States of Amazonas, Bahia, Ceará, Goiás, Mato Grosso, Pará, Paraíba, Rio de Janeiro, Rondônia and São paulo, Distrito Federal and the Federal Government		
8) 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. (b) (c)	210	234
Plaintiffs: States of Amazonas, Ceará and Pernambuco		
9) Collection of ICMS on alleged aviation fuel sales, with no ICMS tax for national and foreign airlines, for flights to other states or abroad.	187	199
Plaintiff: Government		
10) Case where the Company is contesting the Social Security Contribution on profit shares and performance bonuses paid to employees and/or managers.	179	157
Plaintiff: Government		
11) 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.	123	110
Plaintiff: State of Rio de Janeiro		
12) Case disputing the appropriation of ICMS credit, considering that the State assessed the Company for allegedly duplicating recorded credits.	103	102
Plaintiffs: States of Mato Grosso, Pará and Pernambuco		
13) Cases where the Company was assessed by the tax authority, demanding ICMS on deliveries resulting from interestablishment transfers.	99	101
Plaintiff: States of Alagoas, Bahia, Ceará, Mato Grosso, Piauí and Roraima		
14) Cases in which BR was assessed by the tax authority, demanding differences (additional payments) in relation to the ICMS-ST calculation. (a)	99	4
Plaintiffs: States of Acre, Amazonas, Bahia, Ceará, Maranhão, Pará, 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.	82	77
Plaintiffs: States of Acre, Amazonas, Bahia, Ceará, Espírito Santo, Goiás, Maranhão, Mato Grosso, Pará, Pernambuco, Rio de Janeiro and Rondônia		
16) 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)	82	122
Plaintiffs: State of PA and government		
17) 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		
18) Tax war between states entailing tax incentives at source and the possibility of appropriating credits on interstate sales.	76	75
Plaintiff: Government		
19) Collecting one-off fines from the federal tax authorities as a result of not ratifying offsets made by BR.	75	75

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Notes to the interim financial statements

(In millions of Reais, unless stated otherwise)

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.	68	67
Plaintiff: States of Acre, Goiás, Maranhão, Mato Grosso, Pará, Paraíba, Pernambuco, Piauí, Rio de Janeiro, Rondônia, Santa Catarina and Tocantins			
21)	Cases demanding ICMS not classified in other existing profiles. (d)	64	28
Plaintiff: Government			
22)	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
Plaintiff: State of Rio de Janeiro			
23)	Cases where the Company has been assessed for using NCM classification (Mercosur Common Nomenclature) with which the State does not agree.	61	229
Plaintiff: States of Maranhão, 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 plants).	55	50
Plaintiff: Government			
25)	Cases where the Company is assessed as jointly liable for the payment of social security contributions.	19	52
	Various tax proceedings (d)	303	300
Total		8,248	8,143

Reclassifications between profiles have been made, as shown below:

- (a) reclassification of R\$ 95 from profile "1 - ICMS– Aviation Resale" to profile "14-ICMS – ST supplement".
- (b) reclassification of R\$ 85 from profile "8 - ICMS – Shipping credit" to the profiles "1 - ICMS - Aviation Resale" (R\$ 83) and "16 - ICMS- Scanc Omissions" (R\$ 2).
- (c) reclassification of R\$ 92 from profile "16 - ICMS – Scanc Omissions" to the profiles "1 - ICMS - Aviation Resale" (R\$ 83) and "8– ICMS - Shipping credit (R\$ 9).
- (d) reclassification of R\$ 25 from the profile "Recovery of Tax Credits (Other)" to profile "21 - ICMS– Other Collections".

b) Civil proceedings

Description of civil proceedings	6/30/2021	12/31/2020
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.		
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.	1,209	1,141

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Notes to the interim financial statements

(In millions of Reais, unless stated otherwise)

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.

- 2) **Status:** SG/CADE issued Technical Note converting the Administrative Inquiry into an Administrative Proceeding. Violations against the economic order to be investigated include: 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. BR's defense was presented on 7/05/2021.

346

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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 indemnification for losses and damages, based on the allegation that the Company failed to comply with the obligations undertaken for the recovery of Forte Group.

- 3) **Status:** The Federal Government filed a request for resolution against this appeal decision 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 São Paulo Court of Appeal (TJSP) after the plaintiff filed 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. In April 2021 it filed writs of prevention to determine the protection of the R\$ 304 million of dividends to be distributed to the shareholders and that the Company was forbidden from disposing of assets and rights, to guarantee payment of the award estimated in excess of R\$ 16,000 million. The dividend protection claim was withdrawn and the second claim was rejected by the judge, who emphasized the uncertainty and poor liquidity of the judicial instrument. 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.

308

294

Plaintiff: DISCOM Distribuidora de Combustíveis e Comércio Ltda.

DISCOM claims that since October 1997 it entered 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.

- 4) **Status:** In the decision reached on May 19, 2021, the Pernambuco State Court of Appeal upheld the decision, except for establishing the SELIC Base interest rate as the index for restating the award.

239

230

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 06/23/2020 denying BR's appeal by majority opinion, with the Reporting Justice's opinion to accept the appeal being defeated. On 06/29/2020 BR filed a Motion for Clarification, which was rejected. Special Appeal filed by BR, which was entertained at the court of origin, with the case records having been sent to the reporting justice at the Superior Court of Justice (STJ).

210

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Notes to the interim financial statements

(In millions of Reais, unless stated otherwise)

Plaintiff: Dislub Distribuidora De Lubrificantes Ltda.

Plaintiff filed suit against BR with a view to terminating the distribution contract, the payment of indemnification as losses and damages for a series of alleged losses and payment of a contractual fine. BR was ordered only to repair 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.

- 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 modifying effects, thus upholding the award. BR filed a new Special Appeal, rejected by the Paraná State Court of Appeal on 06/01/2021 – a decision BR appealed. Distribution to Brazil's Superior Court of Justice (STJ) is pending.
- 6) 109 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.

- Status:** Following the SG's opinion on September 10, 2020 recommending the companies comprising the Guarulhos airport pool be found guilty, the case was referred to the Public Prosecutions Department - MPF and the Department of Economic Studies - DEE. On December 22, 2020 and April 23, 2021 respectively both authorities issued opinions recommending the case be shelved as they could not find any conduct harmful to the competition. The case is still pending judgment by the Court.
- 7) 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.

- 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 the TJPR, issuing a stay until the final decision by the STJ.
- 8) 78 75
-

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.

- Status:** On February 05 a decision was made in which the judge stated it did not have jurisdiction and redistributed the case to the 4th Federal Circuit Court - DF due to the incidence of the same claim. The Company filed a Motion for Clarification.
- 9) 73 70
-

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(In millions of Reais, unless stated otherwise)

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.	
10)	Status: Case at the evidence production phase.	
		70 63
Plaintiff: Viação Ouro Verde et al		
	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 gross sales for shipping not provided to the Company and R\$ 83 for lost earnings.	
11)	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 therefore rated the net-income loss as probable, estimated based on the proportions established in the contract and the possible loss stated in this document, where the resulting net income was calculated based on the gross sales reported by the plaintiff.	
		68 75
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.	
		57 53
Plaintiff: Rrf Participações E Administração De Empresas S.A.		
	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.	
13)	Status: BR submitted an answer. Case at the evidence production phase.	
	Various civil proceedings	57 51
		571 515
	Total	3,480 3,294

c) Labor proceedings

Description of labor proceedings	6/30/2021	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.	355	236

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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 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.	62	41
Plaintiffs: Other			
4)	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.	58	58
	Various labor proceedings	155	307
	Total	708	709

d) Environmental proceedings

Description of environmental proceedings	6/30/2021	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. A reconciliation hearing took place in February 2021, with no agreement being made. Given the shortage of forensic experts in the district, the judge requested the parties recommend assistants and experts that could work on the case. BR and ITA (joint defendant) made their nominations. Case at the evidence production phase.	117	116
Various environmental proceedings	29	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 1 year, amounting to an estimated total of R\$ 100 with Petrobras and R\$ 58 with Refinaria de Petróleo Riograndense.

The Company has commitments for natural gas acquisitions for the three-year period in an estimated R\$ 54 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\$ 868 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.

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Processing services provided by Brasil Carbonos, at the Taubaté/SP plant, where the remaining contractual balance denotes approximately 14.6 thousand of green petroleum coke, for the estimated price of R\$ 401, until October 2033.

The company has commitments for storage services with Terminal Químico de Aratu for the period of 4 years, worth an estimated R\$ 144 and Ageo Terminais, for the period of 1 year, worth an estimated R\$ 44.

The Company has commitments to VLI Multimodal S.A. for railway transportation for the period of 2 years, worth an estimated R\$ 63.

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	
			6/30/2021	12/31/2020	6/30/2021	12/31/2020
Amortized cost						
Assets						
Cash and bank deposits	5		345	50	345	50
Short-term investments	5		1,966	3,308	1,837	3,146
Accounts receivable	6		5,140	4,665	5,536	5,004
NTN-P (Other noncurrent assets)			-	3	-	3
Total assets at amortized cost			7,451	8,026	7,718	8,203
Liabilities						
Trade payables	12		2,394	2,196	2,420	2,226
Financing	13		8,299	7,757	7,649	6,987
Total liabilities at amortized cost			10,693	9,953	10,069	9,213
Fair value through profit or loss						
Accounts receivable	6	2	116	84	116	84
Derivative financial instruments - commodities contracts		1	1	11	1	11
Derivative financial instruments - swap contracts, NDFs and options		2	372	506	372	506
Total assets at Fair value through profit or loss			489	601	489	601
Liabilities						
Accounts payable		2	12	-	12	-
Derivative financial instruments - commodities contracts		1	1	77	1	77
Derivative financial instruments - swap contracts, NDFs and options		2	212	4	212	4
Total liabilities at Fair value through profit or loss			225	81	225	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.

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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.

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 Foreign-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 financing 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 swap operations have a notional total of R\$ 1,740. There were no new operations in the second quarter, although in April 2021 the JPY x BRL SWAP signed with MUFG was settled, in conjunction with the hedged item, resulting in a receipt of R\$ 7.

As of June 30, 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.

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Swap agreements		Reference Value (Notional) (R\$ Million)		Fair Value (R\$ Million)	
		6/30/2021	12/31/2020	6/30/2021	12/31/2020
Long Position	USD	\$ 938	\$ 614	R\$ 4,866	R\$ 3,307
Long Position	JPY	¥ -	¥ 2,449	R\$ -	R\$ 125
Short Position	CDI	R\$ 4,473	R\$ 2,848	R\$ 4,683	R\$ 2,927
Swap Earnings				R\$	183
Swap Earnings (Post credit risk discount)				R\$	183

On June 30 the SWAP result for these eight operations was priced at R\$ 183.

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 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 June 30, 2021 are as follows:

Currencies	SWAP type	Counterparties		Total Debt	Long position	% Cover	Average SWAP rates	
		Debt	SWAP				Long position	Short position
USD	Pre x DI	4131 JP	JP Morgan	313	313	100%	1.07059% p.a	CDI + 0.64% p.a
USD	Pre x DI	4131 JP	JP Morgan	313	313	100%	1.08235% p.a	CDI + 0.64% p.a
USD	Pre x DI	NCE Citi	Citi Bank	1,002	1,002	100%	1.216% p.a.	CDI + 0.79% p.a
USD	Pre x DI	4131 Scotia	Scotia Bank	1,119	1,120	100%	2.5725% p.a.	CDI + 0.78% p.a
USD	Pre x DI	NCE MUFG	MUFG Bank	338	338	100%	2.18% p.a.	CDI + 0.694% p.a
USD	Pre x DI	4131 BNP	BNP	756	757	100%	2.38% p.a.	CDI + 1.69% p.a
USD	Pre x DI	4131 Scotia	Scotia Bank	503	503	100%	1.795% p.a.	CDI + 1.55% p.a
USD	Pre x DI	4131 BofA	BofA	368	368	100%	2.6706% p.a.	CDI + 1.67% p.a

In the first half of 2021 swap adjustment payments of R\$ 13 and receipts of R\$ 10 were made.

Sensitivity analysis - effect of change in fair value of swaps

The Company has reported liabilities indexed to foreign currency as of June 30, 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 three different scenarios. The potential value was estimated of the instruments in hypothetical scenarios by varying the risk factor impacting each position. The sensitivity analysis presented considered a change in relation to the risk variables assumed, maintaining the others unchanged.

- Probable: Fair value of derivatives as of June 30, 2021.
- Scenario 1: Estimate of the fair value considering a depreciation of the Brazilian real against the US dollar of 25%.
- Scenario 2: Estimate of the fair value considering a valuation of the Brazilian real against the US dollar of 25%.

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USD Sensitivity Analysis

Operation		Probable Scenario Fair value as of June 30, 2021	Scenario 1	Scenario 2
Derivative	PA (+)	4,866	6,082	3,649
SWAP	PP (-)	4,683	4,683	4,683
US Dollar vs. CDI	Swap Result	183	1,400	(1,033)
SWAP Result (post credit risk discount)		183	1,396	(1,030)
Δ SWAP Result post credit risk discount			1,213	(1,213)

	6/30/2021	+25%	-25%
USDBRL	R\$ 5.0022	R\$ 6.2528	R\$ 3.7517

The probable scenario is the fair value as of June 30, 2021, calculated based on the selling PTAX rate on the last working date.

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, 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 June 2021. The Company procured forex hedges for imports between January and June 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 June 2021 led to a negative flow to the Company of R\$ 6.

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)		
	6/30/2021	12/31/2020	6/30/2021	12/31/2019	
Long Position	-	64	-	(1)	1Q21
Long Position	150	-	(18)	-	3Q21
Long Position	7	-	(1)	-	4Q21
Short Position	-	13	-	-	1Q21
Short Position	9	-	2	-	3Q21

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The following sensitivity analysis was conducted for the fair value of the foreign currency derivatives. The probable scenario is the fair value as of June 30, 2021, 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 Derivatives	Probable Scenario as of 6/30/2020	
	Devaluation of the Brazilian Real against the US dollar (+25%)	Valuation of the Brazilian Real against the US dollar (+25%)
NDFs (*)	184	(184)

(*) 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 I	Scenario II
Assets				
Cash and banks	117	US dollars / Real	30	(29)
Accounts receivable	64	US dollars / Real	16	(16)
Liabilities				
Trade payables	(780)	US dollars / Real	(199)	193
Financing	(4,710)	US dollars / Real	(1,201)	1,164
Net financial income, as per estimates				
Gain/(loss)			(1,354)	1,312

Criteria

Probable scenario 1- Devaluation of the Brazilian Real against the US dollar (+25%). Scenario 2 - Valuation of the Brazilian Real against the US dollar (+25%).

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 June 30, 2021.

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	Book at June 30 2021	Risk	Consolidated		
			Scenario probable	+25%	-25%
		CDI	4.15%	5.23%	3.08%
		IPCA	8.06%	10.24%	5.93%
		SELIC	4.25%	5.36%	3.15%
		IGPM	35.75%	47.88%	24.61%
		INPC	8.90%	11.32%	6.53%
Financial instrument assets					
CDI Short-term investments - 100%	1,721	CDI	71	90	53
Short-term investments - SELIC	113	SELIC	5	6	4
CDI financing receivable - 100%	169	CDI	7	9	5
IGPM financing receivable - 100%	337	IGPM	120	161	83
Financing receivable - INPC	91	INPC	8	10	6
Financing receivable - SELIC	61	SELIC	3	3	2
Payable financial instruments					
CDI Debentures	(755)	CDI	(31)	(44)	(26)
CDI 9 th Series debentures (collateral for CRAs) - 98%	(485)	CDI	(20)	(25)	(15)
CDI 10 th Series debentures (collateral for CRAs) - 100%	(204)	CDI	(8)	(11)	(6)
11 th Series debentures (collateral for CRAs) - IPCA	(331)	IPCA	(27)	(34)	(20)
Real estate receivables certificates (CRI) - IPCA	(650)	IPCA	(52)	(67)	(39)
Bank loans - CDI - 100%	(1,164)	CDI	(48)	(61)	(36)
Net financial income, as per estimates					
Gain/(loss)			28	37	11

Criteria

Probable scenario - considers the interest rate in force in the market as of June 30, 2021, based on the sources: Brazilian Central Bank and IBGE.

The sensitivity analysis only took into account the change in the interest rate in relation to the debtor balance as of June 30, 2021 and assumed no other changes.

The table demonstrates the net financial income (expense) of one year considering the criteria mentioned above.

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.

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

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See below the sensitivity analysis:

Type	Contracts (in cents per gallon)			(in millions of reais)	
	Quantity	Average Sale Price	Closed on 6/30/2021	MTM (Contract value)	Possible Scenario (Δ of 25%)
RBOB (Gasoline)	194	1,113	1,121	(1)	(24)
HO (Diesel)	1,643	1,065	1,065	-	(183)

The Ptax sale rate at 06/30/2021 (5.0022) 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 revenue sources derived from (a) the cash flow generated by its operations (b) the balance of cash and short-term investments and (c) any loans and financings: The Company believes that these sources are suitable for meeting its current sources, which includes but are not limited to working capital, investment capital, debt amortization and dividend payments.

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	-	1,136	1,366	1,176	2,347	3,294	295	9,614
Interest	107	325	305	266	195	92	50	1,340
Total	107	1,461	1,671	1,442	2,542	3,386	345	10,954

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 transactions, short-term investments, hedging instruments and financial instruments for hedging.

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26.3.1 Credit risk management

Commercial Counterparty Credit Risk

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	BB-	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
BNP	France	-	-	A+	S&P
BRAZIL (Sovereign)		AAA	S&P	BB-	S&P
Petrobras Distribuidora S.A.	Brazil	AAA	Moody's	-	-

Commercial portfolio credit risk

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\$ 13,105 as of June 30, 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.

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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 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	0.33%	78.74%	82.44%	85.60%	87.99%	100.00%
Aviation Market	3.37%	95.89%	95.89%	95.89%	95.89%	100.00%
B2B without aviation	0.09%	20.69%	37.20%	58.70%	67.99%	100.00%
Thermal power plants comprising the isolated power system						
Eletrobras group	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

Financial institutions credit risk

For operations involving cash and cash equivalents, securities and derivatives, the Company follows the provisions of its Financial Investment Policy and Financial Counterparts Credit Limits which aim to mitigate the risk via diversification among financial institutions with good credit quality. It also monitors the exposure to each counterparty, their credit quality and long-term ratings published by rating agencies through the limits: (i) Minimum Rating on the Local scale; (ii) Financial Institution's Minimum net assets; (iii) % exposure of the financial institution's net assets and (iv) % maximum exposure of the 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	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
AAA	1,649	3,064	-	3
AA	314	268	-	-
BrAAA	131	-	-	-
No rating (*)	217	26	-	-
	2,311	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 criteria by the agencies S&P and Moody's. The global scale ratings in this case are A+ and BBB+ in 2021 and BBB+ in 2020.

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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 cover its risks, seeking an adequate debt profile and guaranteeing a return for its shareholders. The Company can change its capital structure to suit macroeconomic conditions.

	Consolidated	
	6/30/2021	12/31/2020
Financing (note 13)	8,299	7,757
Lease liabilities (note 14)	829	796
Gross debt from borrowing and leases	9,128	8,553
Derivative financial instruments (Swap)	(183)	(504)
Gross debt after derivative instrument	8,945	8,049
Less: cash and cash equivalents (note 5)	(2,311)	(3,358)
Net debt	6,634	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 June 30, 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.

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27.1 Commercial transactions and other transactions

27.1.1 By transaction

	Consolidated			Parent Company		
	6/30/2021			6/30/2021		
	Net income	Asset	Liabilities	Net income	Asset	Liabilities
Net income						
Revenue	1,380			1,380		
Net foreign exchange gains / (losses) and indexation	(33)			(67)		
Net financial revenue (expense)	(16)			(35)		
Other income and expenses	37			37		
Asset						
Account receivable (note 6)		507			903	
Cash and cash equivalents		431			420	
Dividends		-			11	
Judicial deposits		884			883	
Liabilities						
Trade payables			874			901
Dividends and interest on shareholders' equity payable			269			269
Advances from customers			94			94
Leases			51			525
Other accounts and expenses payable			184			184
As of 6/30/2021	1,368	1,822	1,472	1,315	2,217	1,973
January to June/2020	1,321			1,290		
As of 12/31/2020		1,775	1,447		2,111	2,022

Purchases made from Petrobras amounted to R\$ 38,653 (R\$ 19,309 through June 2020), with R\$ 221 from Refinaria de Petróleo Riograndense (R\$ 207 through June 2020) and R\$ 120 from Distribuidoras de Gás (R\$ 123 through June 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\$ 19,529.

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27.1.2 By company

	Net income		Asset		Consolidated Liabilities	
	6/30/2021	6/30/2020	6/30/2021	12/31/2020	6/30/2021	12/31/2020
	Electric sector companies - Isolated system (Eletrobras group)	1	13	62	206	-
Subsidiaries of Petrobras Group						
Petrobras	925	914	242	192	1,320	1,200
Transpetro	16	16	19	18	48	44
Other	50	29	11	11	1	1
	991	959	272	221	1,369	1,245
Joint ventures of Company and Petrobras group						
Termocabo	37	-	21	15	-	-
Petrocoque	15	30	-	-	-	-
Logum Logística	-	1	-	-	-	1
ES GAS	7	-	42	65	-	-
Cia. Energética Manauara	21	15	-	-	1	1
Bretech Energia	19	-	-	-	-	-
Navegantes	-	-	-	-	4	-
Other	2	1	1	-	4	6
	101	47	64	80	9	8
Government entities						
Government securities	-	-	-	3	-	-
State-owned banks	(20)	57	1,315	1,176	-	-
Federal government receivables	295	245	109	89	94	194
	275	302	1,424	1,268	94	194
Total	1,368	1,321	1,822	1,775	1,472	1,447

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	Net income		Asset		Parent Company Liabilities	
	6/30/2021	6/30/2020	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Electric sector companies - Isolated system (Eletrobras group)	1	13	62	206	-	-
Subsidiaries of Company and Petrobras Group						
Petrobras	925	914	242	192	1,320	1,200
Stratura (*)	-	9	-	-	-	-
Transpetro	16	16	19	18	48	44
Fundo Invest.Imobiliário FCM	(53)	(41)	404	343	501	570
Other	50	31	11	11	1	-
	938	929	676	564	1,870	1,814
Joint operation						
Brasil Carbonos	-	-	3	3	-	6
Joint ventures of Company and Petrobras group						
Termocabo	37	-	21	15	-	-
Petrocoque	15	30	-	-	-	-
Logum Logística	-	1	-	-	-	1
ES GAS	7	-	42	65	-	-
Cia. Energética Manauara	21	15	-	-	1	1
Bretech Energia	19	-	-	-	-	-
Navegantes	-	-	-	-	4	-
Other	2	-	1	-	4	6
	101	46	64	80	9	8
Government entities						
Government securities	-	-	-	3	-	-
State-owned banks	(20)	57	1,303	1,166	-	-
Federal government receivables	295	245	109	89	94	194
	275	302	1,412	1,258	94	194
Total	1,315	1,290	2,217	2,111	1,973	2,022

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

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

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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							
	Six-month period ended June 30, 2021				Six-month period ended June 30, 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	6.9	6.4	0.5	13.8	6.0	6.9	0.4	13.3
Post-employment benefits	0.3	-	-	0.3	0.5	-	-	0.5
Contractual severance benefits	1.3	-	-	1.3	-	-	-	-
Share-based payments	1.2	-	-	1.2	-	-	-	-
Total	9.7	6.4	0.5	16.6	6.5	6.9	0.4	13.8

	Parent Company							
	Current quarter (4/1/2021 to 6/30/2021)				Quarter of the Prior Year (4/1/2020 to 6/30/2020)			
	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	2.6	3.2	0.3	6.1	2.8	3.5	0.2	6.5
Post-employment benefits	0.1	-	-	0.1	0.3	-	-	0.3
Contractual severance benefits	0.8	-	-	0.8	-	-	-	-
Share-based payments	1.2	-	-	1.2	-	-	-	-
Total	4.7	3.2	0.3	8.2	3.1	3.5	0.2	6.8

At June 30, 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\$ 17 (R\$ 15 as of June 30, 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	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Investment and financing transactions not involving cash				
Leases	93	28	93	28
Acquisition of equity interest	31	-	31	-
Other transactions				
Use of judicial deposit to pay contingency	4	8	4	8

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 Subsequent event

BR share buyback program

On July 28, 2021 the BR Board of Directors approved a buyback program for its common shares, effective from August 11, 2021, limited to the total amount of R\$ 1.5 billion over a term of up to 18 months.

The buyback aims to acquire the Company's own common shares to hold the shares in the Treasury or to cancel or dispose of them. At management discretion, the shares bought back and held in the Treasury can be used to honor obligations under share plans used to retain executives, as approved by the General Meeting and the Company's Board of Directors.

Payment of interest on equity

On July 28, the Board of Directors approved the distribution of advanced compensation to shareholders in the form of interest on equity for financial year 2021.

This advance should be computed in the 2021 minimum mandatory dividend, ad referendum of the (AGM), without prejudice to any other distributions to be determined at the Annual General Meeting that will examine the financial statements for the financial year ended December 31, 2021. We approve the payment of the total estimated amount of approximately R\$ 554, with an initial payment of R\$ 389, to be realized in September/2021 and an additional payment of approximately R\$ 166 to be made in December/2021.

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 June 30, 2021

Title of notes	Number of notes to the financial statements	
	2020 Annual	2nd 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
Bonuses advanced to clients	9	8
Investment	10	9
Property, plant and equipment	11	10
Intangible assets	12	11
Trade accounts 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
Subsequent event	32	29

The notes to the 2020 annual report which have been removed from the ITR as of June 30, 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' asset:	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 period ended June 30, 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 period ended June 30, 2021.

Rio de Janeiro, August 10, 2021.

WILSON PINTO FERREIRA JUNIOR
President

ANDRÉ CORRÊA NATAL
Executive Director Finances, Purchases and RI

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

MARCELO FERNANDES BRAGANÇA
Executive Officer for Operations, Logistics and Sourcing
Acting B2B Commercial Executive Officer

BOARD OF DIRECTORS

EDY LUIZ KOGUT
President

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
President

ANDRÉ CORRÊA NATAL
Executive Director Finances, Purchases and RI

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

MARCELO FERNANDES BRAGANÇA
Executive Officer for Operations, Logistics and Sourcing
Acting B2B Commercial Executive Officer

ACCOUNTANT

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

KPMG Auditores Independentes
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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 June 30, 2021, which comprises the individual and consolidated statement of financial position as of June 30, 2021 and the respective statements of income, comprehensive statements of income for the three-and-six month periods then ended, the statements of changes in shareholder's equity and cash flows for the six 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 six months period ended June 30, 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, August 10, 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