

PRIO

EARNINGS RELEASE

2Q22



2Q22 Conference Call

Aug 4, 2022

Portuguese

3 pm (BRA)

English

2 pm (NYC)

Webinar: [click here](#)

The link for the Webinar is also available on the Investor Relations website:
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The conference call will be held in Portuguese with simultaneous translation to English.




Investor Relations

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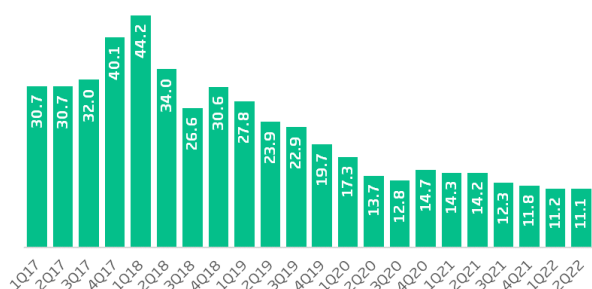
Rio de Janeiro, August 03, 2022 – Petro Rio S.A. ("PRIO" or "Company") (B3: PRIO3) presents its results for the second quarter of 2022 ("2Q22"). The financial and operating information described below, unless otherwise stated, is presented on a consolidated basis and in US dollars (US\$), in accordance with International Financial Reporting Standards (IFRS), and includes the Company's direct subsidiaries: Petro Rio O&G Exploração e Produção de Petróleo Ltda., Petro Rio Internacional S.A., PetroRioUSA Inc., and their respective subsidiaries and branches.

Stock Information			12M Stock Price: PRIO3 x Ibovespa	
Ticker (B3)	PRIO3			
# Shares issued ex-Treasury	843,893,615			
Market Cap (06/30/2022) ex-Treasury stocks	R\$	18,557,220,594		
Last Price (06/30/2022)	R\$	21.99		
12-month Low - High	13%			
90-day average trading volume	R\$	472,765,744		

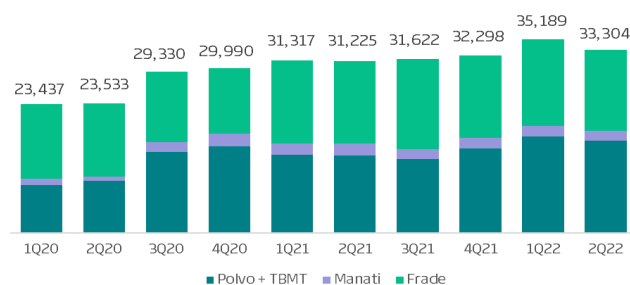
HIGHLIGHTS FOR THE PERIOD

- Net revenue of US\$ 377 million (+95% vs 2Q21)
- Net income (ex-IFRS 16) of US\$ 140 million
- Adjusted EBITDA (ex-IFRS 16) of US\$ 269 million (vs. US\$ 121 million in 2Q21)
- Sales of approximately 3.3 million barrels and average production of 33.3 Mboepd
- Lifting cost of \$11.1, the lowest ever recorded
- Signing of the acquisition of Albacora Leste in April
- Acquisition of the West Capricorn drilling rig
- First oil of the ODP4 and MUP3A wells in Frade in July, with production totaling 18.5 kbpd
- Several new ESG initiatives

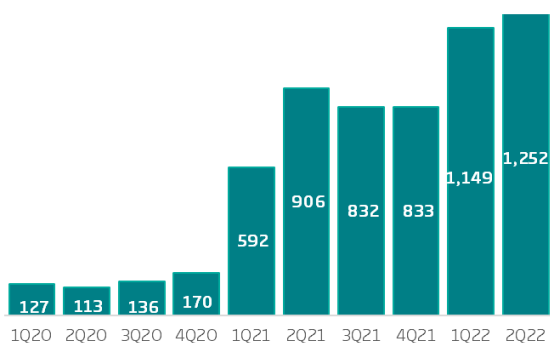
Lifting Cost (US\$/bbl)



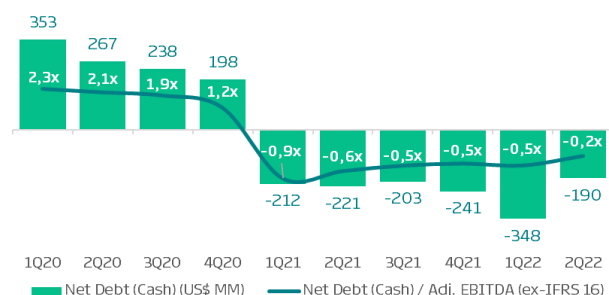
Production (bpd)



Cash Position (US\$ million)



Net Debt (Cash) / Adjusted EBITDA



MESSAGE FROM MANAGEMENT

2Q22 was marked by great work by our team, achieving stellar performance, with the highest standards of operational safety and care for society and the environment. Once again, we demonstrated effective cost control, which, in addition to the sale of 3.3 million barrels of oil and high commodity prices, led PRIO to record revenues of US\$ 377 million and record adjusted EBITDA of US\$269 million.

In April, we started the Frade Revitalization Plan, which has been carried out in a safe and efficient manner, leading to an increase of over 50% of PRIO's consolidated production.

The first well of the Revitalization Plan, the ODP4 well, was constructed in 68 days, including drilling, completion and connection to the Valente FPSO. This brought a significant decrease in the well's cost, with a reduction of about 30% compared to the original forecast. The results were even better: 15,000 bpd of initial production, stable throughout July, practically doubling the Field's output. Then, in less than 30 days, we constructed the MUP3A well, with initial production of 3,500 bpd and the lowest well cost in Frade, using the existing borehole of a well that was not producing.

Consequently, PRIO's current oil production reached 52,000 bpd and we expect a significant decrease in lifting cost over the next few quarters.

During the period we also signed the contract for the acquisition of 90% of the Albacora Leste Field from Petrobras, adding 244 million barrels of 1P reserves. The transaction was approved by the Brazilian antitrust entity (CADE) on June 20th, when we started the transition process. The field will initially add around 27,000 bpd for PRIO, in addition to a significant schedule of investments to increase production and efficiency throughout 2023 to 2025.

In June, we acquired the West Capricorn rig, which will fulfill PRIO's rig needs for the next few years. The acquisition guarantees the availability of a sixth-generation rig, with operating costs significantly below what we currently see practiced in the market. With the experience of operating the Kingmaker rig, we see this asset as another way to ensure lower costs and stability to our operations.

We also recently announced the issuance of R\$ 2 billion in debentures, which will be used to finance the Frade Revitalization Plan. The issuance will provide PRIO with another long-term source of capital, with a duration of over 5 years and at competitive costs. Therefore, we continue to strengthen our capital structure and cash position to fund our future investments.

On the environmental front, we engaged Witt O'Brien's to support us in measuring our carbon emissions, which will be later certified by KPMG, marking an important step in environmental monitoring and information transparency. At the same time, we started working with NINT to publish a sustainability report in early 2023, further disclosing more information on emissions, water use and waste treatment, as well as setting targets for improving environmental indicators. We are committed to demonstrating how we have reduced emissions over time through the efficiency of our operations, an integral part of the Company's strategy.

On the social area, we would also like to highlight the success of one of the projects we are most proud to support, called Reação Offshore, the program established by the Reação and Todos na Luta Institutes to train technicians and high school graduates to work in the offshore market. The program had almost 5,000 applicants and is already past the first phase, with almost 200 candidates selected.

Internally, we are bolstering initiatives to support physical and mental health, promoting and encouraging our employees to participate in initiatives such as the first Rio Night Run of 2022, treks, stretching and physical therapy sessions, meditation and yoga classes and shiatsu sessions both offshore and at headquarters, in addition to improvements in the offshore wellness facilities. We believe that our employees' holistic well-being is a key component of their superior performance and of the Company's culture, and we will continue our efforts to assure that these initiatives are at everyone's disposal.

Finally, we would like to thank all our employees and stakeholders for their effort and discipline in achieving these important milestones, and we are very excited about the next steps of these projects.

OPERATING PERFORMANCE

	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22 X 2Q21	2Q22 X 1Q22
Avg. Brent	\$ 69.08	\$ 73.23	\$ 79.66	\$ 97.90	\$ 111.98	62.1%	14.4%
Avg. Sales Price	\$ 66.85	\$ 74.41	\$ 83.19	\$ 110.28	\$ 108.37	62.1%	-1.7%
Avg. Exchange Rate	5.29	5.23	5.59	5.22	4.92	-7.0%	-5.8%
Final Exchange Rate	5.00	5.44	5.58	4.74	5.26	5.1%	10.9%
Offtakes (kbbl)							
Frade Field (100%)	1,530	986	2,000	1,649	1,503	-1.7%	-8.9%
Polvo + TBMT Cluster (95%) ¹	1,307	1,498	1,827	1,149	1,844	41.1%	60.5%
Total PRIO	2,837	2,485	3,827	2,798	3,347	18.0%	19.6%
Production (boepd)							
Frade Field (100%)	14,941	16,398	15,028	15,739	14,759	-1.2%	-6.2%
Polvo + TBMT Cluster (95%) ¹	14,093	13,356	15,347	17,537	16,762	18.9%	-4.4%
Manati Field (10%)	2,191	1,868	1,924	1,913	1,783	-18.6%	-6.8%
Total PRIO	31,225	31,622	32,299	35,189	33,304	6.7%	-5.4%
Lifting Cost (US\$/bbl)							
PRIO	14.2	12.3	11.8	11.2	11.1	-21.7%	-0.8%

² With the completion of the tieback on July 14, 2021, PRIO's interest in the **Polvo** and **Tubarão Martelo** fields increased from 100% and 80%, respectively, to 95% in the two fields.

The main operating highlights for the quarter include: (i) lifting cost, which once again reached the lowest level ever recorded, with a decrease of 22% compared to 2Q21 and practically stable compared to the previous quarter; and (ii) the amount of offtakes for the period, 18% higher than those recorded in 2Q21, which, coupled with the increase in Brent prices, significantly contributed to the increase in the Company's revenue in the quarter.

In the quarter, PRIO sold 3.3 million barrels, an increase of 18% when compared to 2Q21, in five offtakes, one in April, two in May (in a co-load regime, a blend of **Frade** and **Polvo + TBMT** oils) and two in June, totaling 1.5 million barrels sold in **Frade** and 1.8 million barrels in the **Polvo and TBMT** cluster, with average gross sales price of US\$ 108.37, close to 1Q22.

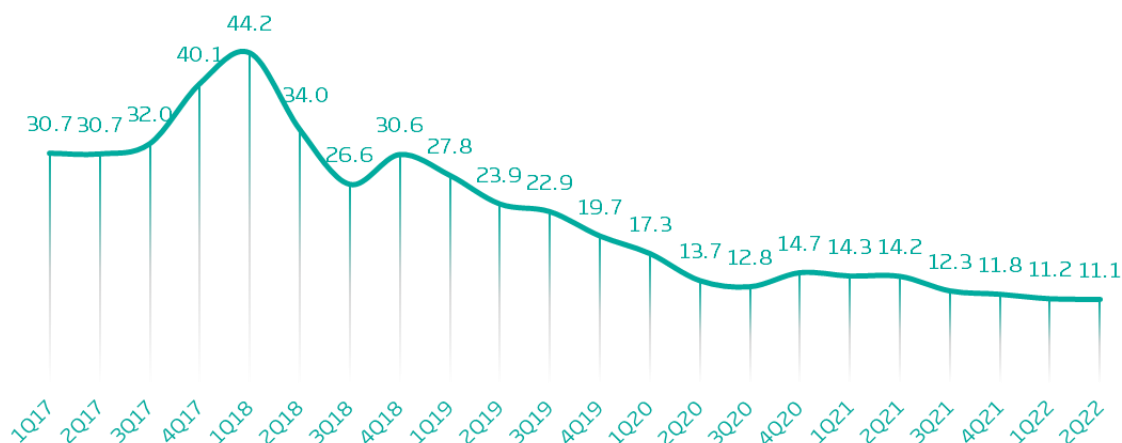
In the **Polvo** and **TBMT** cluster, the volume produced in the quarter was 19% higher than that recorded in the same period of the previous year, due to the start of production of the TBMT-10H well in October 2021.

The volume produced in **Frade** was 1.2% lower when compared to 2Q21 and 6.2% lower than in the immediately previous quarter. The decrease is mainly explained by scheduled subsea activities and the interruption of the OUP1, OUP2 and OUP3 wells, during the connection of the ODP4 well, the first producing well of the **Frade** Revitalization Plan.

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

PRIORIO Lifting Cost

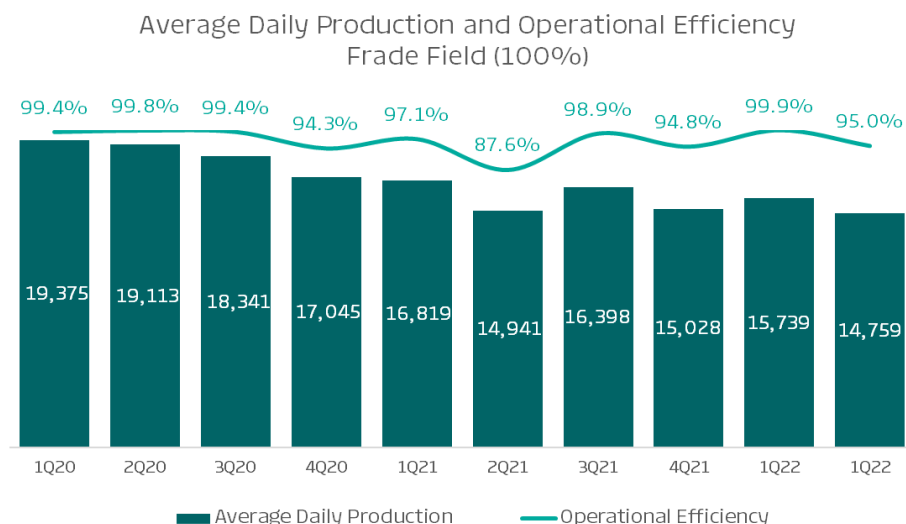
(US\$/bbl)



The lifting cost in 2Q22, the lowest ever recorded by the Company, presented a decrease of approximately 22% when compared to the same quarter of the previous year. Despite the decrease in production when compared to 1Q22, the lifting cost was 1% lower, demonstrating PRIORIO's pursuit of cost optimization each quarter. The main driver for this was the start of production of the TBMT-10H well in October 2021, which added a daily production of approximately 3 kbpd. The Company expects that the lifting cost will continue to be reduced in the future, with the start of production of the new Frade producing wells.



The operational efficiency of the field reached 95.0%, a decrease from the the first quarter of 2022 mainly due to well interruptions to connect the ODP4 well, the first producing well of the **Frade** Revitalization Plan. Field production closed the quarter at an average of 14.8kbpd, and the decrease can be mainly explained by the following factors: (i) scheduled subsea activities, and (ii) the interruption of the OUP1, OUP2 and OUP3 wells, during the commissioning of the ODP4 well. The chart below illustrates the history of average daily production and operational efficiency in recent quarters:



On July 7, PRIO informed the market of the start of production at the ODP4 well in the **Frade** Field, with initial production of approximately 15,000 barrels of oil per day, significantly above original projections, doubling the Field's production and increasing the Company's production by 45%, to 48,500 barrels of oil per day.

The ODP4 well, the first of **Frade's** Revitalization Plan, was concluded in 68 days, substantially lower than the expected time, resulting in a 30% cost reduction for the well's construction and subsea connection.

Due to the lower cost and execution time of the ODP4 well, PRIO decided to anticipate the drilling of a second producing well that was scheduled for the second phase of the **Frade** Revitalization Plan, the MUP3A well. Although this new well has lower production (approximately 3,500 bpd), it also had significantly lower CAPEX (US\$ 22 million), since the MUP3 well's subsea structure, which no longer produces, was used.

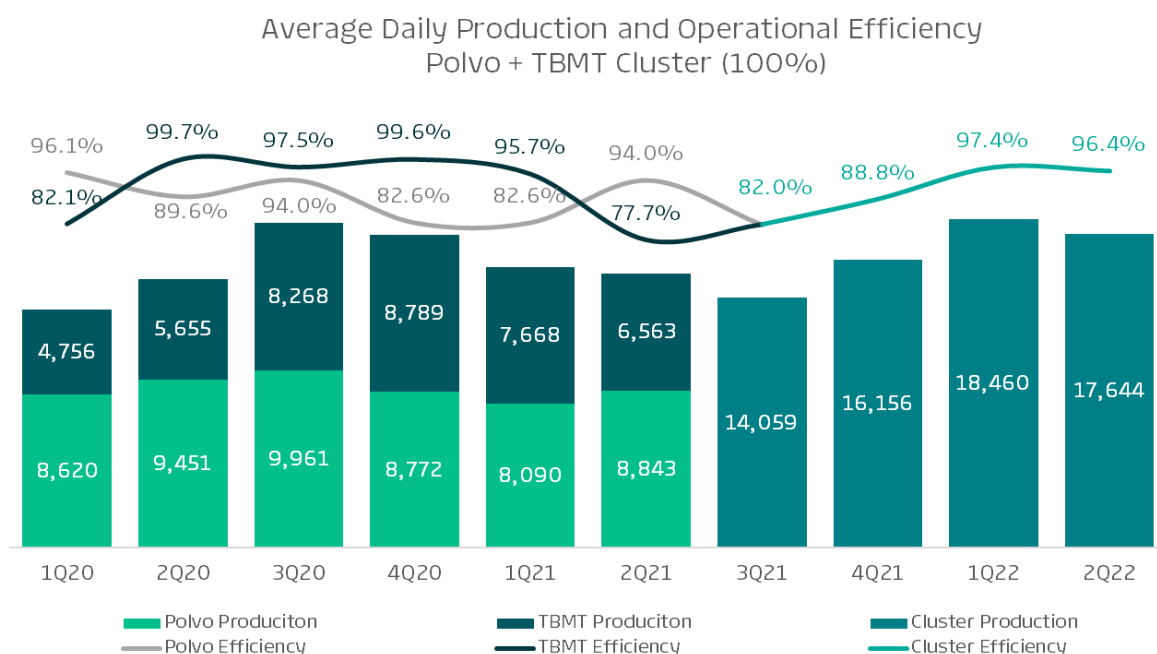
Therefore, the first phase of **Frade's** Revitalization Plan now includes 4 wells (2 producers and 2 injectors), and the CAPEX relating to this phase will remain the same as initial estimates.

The **Frade** Field Revitalization Plan seeks to increase the asset's recovery factor and meets the ANP's conditions for the extension of the concession until 2041, as disclosed in the ANP's approval of the Field's Development Plan. The overall project considers the drilling of four production wells and three injectors, selected to maximize the field's recovery factor.



In 2Q22, the **Polvo and TBMT** cluster recorded average daily production 19% higher than in 2Q21. However, when compared to 1Q22, the cluster presented 4% lower production, which can be explained by: (i) a two-day shutdown of the TBMT-8H well; and (ii) a failure in the energy generation system, which is still undergoing adjustments to seek maximum efficiency.

The cluster's operational efficiency quarter was approximately 96%, which although lower than the previous quarter, is still within expected standards for the cluster. The cluster's high efficiency in the quarter reinforces the Company's commitment to maintaining high operational standards. The chart below illustrates field production and efficiency as of 2020:



On June 17 and July 8, 2021, PRIO announced the completion of the acquisitions of 35.7% and 28.6% interests in the **Wahoo** Field, respectively.

With the transactions, PRIO currently holds 64.3% of the Field, and aims to create a second production cluster through the tieback of **Wahoo** to **Frade**, thus continuing the strategy of operational optimization of its assets. **Wahoo's** first oil is planned for early 2024.

Wahoo, with oil discovery in 2008 and formation testing performed in 2010, has the potential to produce approximately 126 million 1P barrels (100% of the field), according to the DeGolyer & MacNaughton ("D&M") Reserve Certification Report. The Company estimated an initial average productivity of approximately 10,000 barrels per day per well, and a total production that will reach 40,000 barrels per day, according to the results of the formation test performed in an exploratory well.

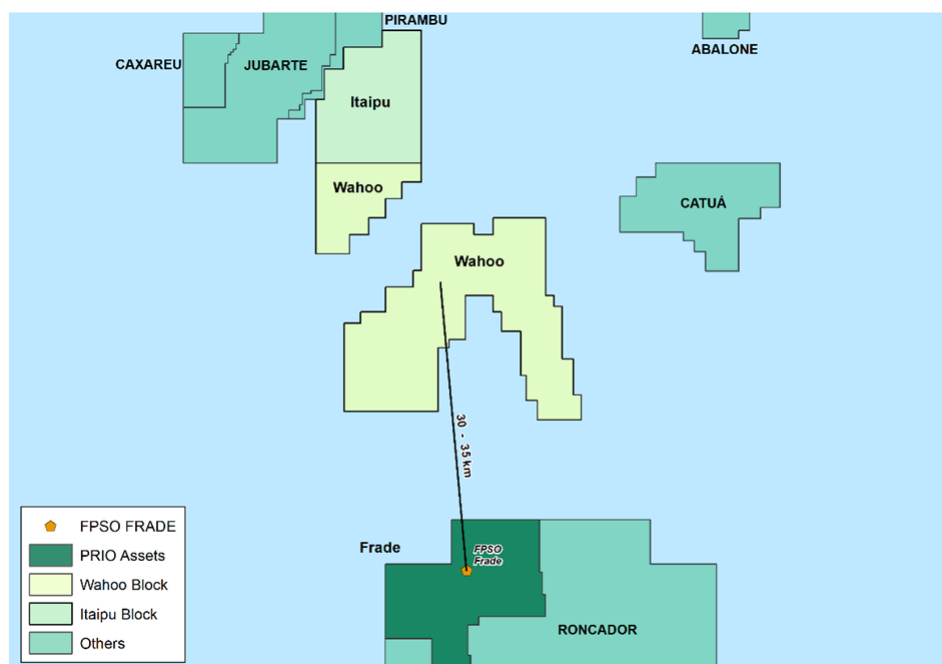
The **Wahoo** base project covers the drilling of four production wells and two injection wells, as well as the tieback between the wells and the **Frade** FPSO. The initially estimated CAPEX for the whole project is broken down into US\$ 300 million for the tieback, US\$ 360 million for well drilling,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

On December 22, 2021, PRIO filed the Declaration of Commerciality of the **Wahoo** discovery (located in Block CM-101) and the Development Plan under an exclusive operation regime with the ANP, which are currently under analysis.

In the second quarter of 2022, PRIO advanced in the final negotiations for the purchase of the structures that will be used in the project. As of August, the acquisition of equipment for wells, topside and subsea should begin, aiming to comply with the schedule for the **Wahoo** first oil at the beginning of 2024.

Finally, the next steps in **Wahoo's** development are as follows:

- 1) Approval of the Development Plan;
- 2) Start of the drilling and tieback project;
- 3) **Wahoo** first oil.





On April 28, PRIO signed a Sale and Purchase Agreement with Petróleo Brasileiro S.A. (“Petrobras”) for the acquisition of a 90% interest and operation of **Albacora Leste** Field.

Thus, the new consortium will be formed by PRIO, operator of the Field with a 90% interest, and Repsol Sinopec Brasil (“RSB”), with a 10% interest. The deal is subject to the usual precedent conditions for this type of operation, such as approval by the National Agency of Petroleum, Natural Gas and Biofuels (“ANP”).

The payment will have a fixed price of US\$ 1,951 million, of which US\$ 293 million was paid upon execution of the agreement, and a further US\$ 1,658 million will be paid upon completion of the acquisition and transfer of the operation to the Company, subject to adjustments until the closing of the transaction (counted from October 1, 2022) and to the fulfillment of precedent conditions.

The deal also includes the possibility of (cumulative) additional payments of up to US\$ 250 million, depending on the annual average price of a barrel of Brent oil for the years 2023 and 2024, as presented in the table below:

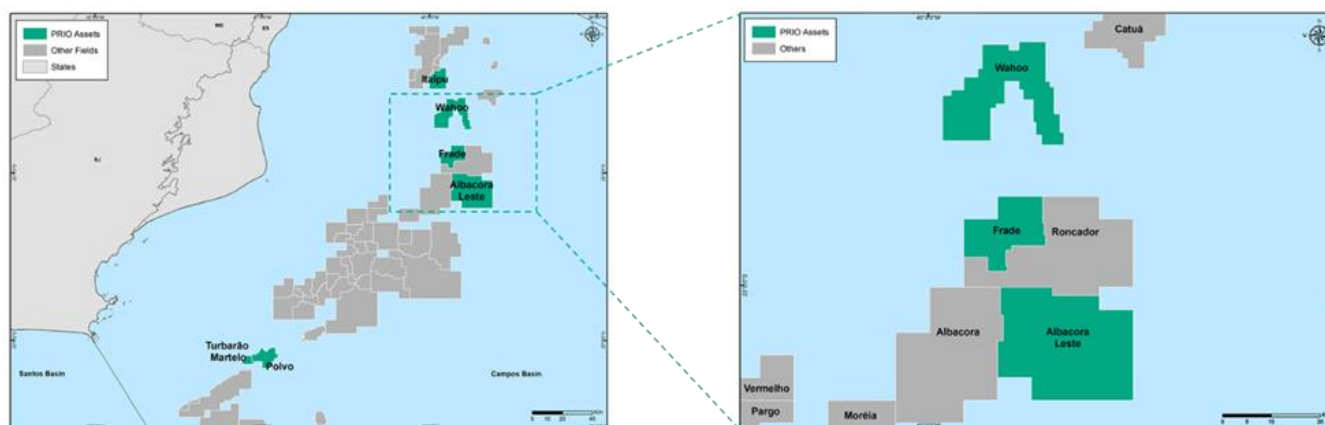
	2023			Total	2024		Total
Brent (US\$/bbl)	70	80	90	-	65	70	-
Payment (US\$ MM)	10	45	45	100	75	75	150

All amounts will be paid using currently on hand, as well as the Company’s cash generation until the closing of the transaction. Leverage levels will remain within healthy and conservative ranges, close to 0.5x Net debt / EBITDA.

Albacora Leste is located at a water depth of 1,200 meters, in the north of the Campos Basin, 23 km from the **Frade** field.

The **Albacora Leste** Field has 1P reserves of 279 million barrels, with a net reserve to PRIO of 244 million barrels, and is expected to be abandoned after 2050, according to the reserves certification report, prepared by DeGolyer & MacNaughton (“D&M”), dated October 1, 2022. Estimates consider a long-term price of US\$ 62 per barrel of oil.

On May 30, 2022, the Company received the waiver from Repsol Sinopec Brasil (“Repsol”), one of the precedent conditions for the conclusion of the deal, and on June 20, 2022, the Brazilian antitrust entity (CADE) approved the transaction, initiating the transition process.



MANATI NATURAL GAS FIELD

The volume of liquid gas sold in 2Q22 was 1,783 boepd, 19% lower than in the same quarter of 2021 and 5% lower than in 1Q21. This decrease was due to a scheduled shutdown in the field in June.

Operating cost, comprising direct costs, net of depreciation, was US\$ 0.9 million in 2Q22, accounting for a decrease of 27% (from US\$ 1.3 million in 2Q21 to US\$ 0.9 million in 2Q22) in costs. Other US\$ 0.5 million were paid as royalties and special interests for the rights to explore the asset in the first quarter of 2022.

The investment in the acquisition of **Manati**, carried out in 2017 for approximately R\$ 116 million (US\$ 37 million at the time), had a payback of 2 years. On November 5, 2020, the sale of the 10% interest held by the Company in the **Manati** Field for R\$ 144.4 million was announced. However, in a Material Fact published on April 19, 2022, The Company announced the termination of the SPA, once the long stop date had been reached with no satisfaction of the conditions precedent.

PRIO remains confident on the Field's future, especially given the recent gas market outlook. Nevertheless, it does not preclude possible further transactions involving **Manati**.



The Company has always believed in a strong alignment between reducing its carbon footprint and its operational strategy, involving increasing efficiency, asset consolidation and postponing field abandonment expectations.

This is why PRIO has taken an important step, beginning the project that will help to structure, certify and endorse environmental indicators, with the support of consulting firms. The Company has hired Witt O'Brien's to help correctly measure emissions and subsequently certifying those emissions with KPMG. Furthermore, the Company is also actively working with the consulting firm NINT to prepare its Sustainability Report, which is expected to be published in the first quarter of 2023, which will comply with the highest market standards and practices.

The second quarter of 2022 was also important due to the positive result of the Reação Offshore project, of Reação and Todos na Luta Institutes, in partnership with SENAI, which will empower both technicians and non-technicians, in addition to providing socio-emotional support. The goal of the project is to qualify young people to work in the offshore oil and gas sector. There were 4,700 applications for the technical level, with the selection of 190 people, for the beginning of the four weeks of classes at the end of July.

Still in the social area, believing in the power of giving back to society, the Company supports several projects such as Casa Irmã Dulce, Neojiba Orchestra, the Favela Brass project and the restoration of Umberto Primo Hospital, in addition to Instituto Todos na Luta, an NGO which teaches boxing classes to children and young people in vulnerable situation, reinforcing PRIO's belief in the transformational power of education and sports in the training of future professionals.

Internally, PRIO is still promoting and encouraging its employees to participate in its extensive Wellness Program, strengthening even more the activities offered, such as the Night Run 2022, trekkings, stretching and physiotherapy sessions, meditation and yoga classes and shiatsu sessions both offshore and at the headquarters, improvements in the offshore wellness facilities, in addition to access to online nutritionists and psychologists.



FINANCIAL PERFORMANCE

PRIO presents below the financial performance with and without the impact of changes in IFRS 16, as well as statements of non-cash and non-recurring accounting entries and their impacts on the financial statements when presented in US Dollars.

In the quarter, the main factor that impacted PRIO's financial performance was the increase in revenue, reflecting the increase in sales and the rise in the Brent price, which reached US\$ 123.58 per barrel in June. As a result, PRIO recorded net revenue of US\$ 377 million in the quarter, accounting for an annual increase of 95% and an Adjusted EBITDA (ex-IFRS-16) of US\$ 269 million, 122% higher, both reflecting price and offtakes growth.

Income Statement

(In thousands of US\$)

	Ex IFRS-16			Accrued - Ex IFRS-16			Includes IFRS-16		
	2Q21	2Q22	Δ	6M21	6M22	Δ	2Q21	2Q22	Δ
Net Revenue	193,327	377,337	95%	312,942	687,012	120%	193,327	377,337	95%
Cost of goods sold	(47,410)	(62,884)	33%	(73,130)	(107,990)	48%	(32,010)	(55,444)	73%
Royalties	(15,537)	(31,598)	103%	(21,605)	(53,929)	150%	(15,537)	(31,598)	103%
Operating Income	130,381	282,855	117%	218,208	525,093	141%	145,781	290,295	99%
General and administrative expenses	(8,879)	(13,567)	53%	(18,592)	(27,016)	45%	(8,610)	(13,231)	54%
Other operating income (expenses)	(11,754)	(20,039)	70%	(15,450)	(23,445)	52%	(11,754)	(20,039)	70%
EBITDA	109,748	249,248	127%	184,166	474,632	158%	125,417	257,024	105%
EBITDA margin	57%	66%	+9 p.p.	59%	69%	+10 p.p.	65%	68%	+3 p.p.
Depreciation and amortization	(36,081)	(31,295)	-13%	(55,444)	(61,504)	11%	(45,763)	(37,350)	-18%
Financial Results	19,049	(35,737)	n/a	(39,520)	(37,185)	-6%	26,541	(36,124)	n/a
Financial Income	98,154	(23,208)	n/a	108,039	42,419	-61%	98,154	(23,208)	n/a
Financial Expenses	(79,106)	(12,529)	-84%	(147,558)	(79,604)	-46%	(71,613)	(12,916)	-82%
Income and social contribution taxes	(26,639)	(42,279)	59%	(30,384)	(7,710)	-75%	(26,639)	(42,279)	59%
Income (loss) for the period	66,076	139,936	112%	58,819	368,232	526%	79,555	141,270	78%
Adjusted* EBITDA	121,502	269,287	122%	199,616	498,077	150%	137,170	277,063	102%
Adjusted EBITDA margin	63%	71%	+8 p.p.	64%	72%	+8 p.p.	71%	73%	+2 p.p.

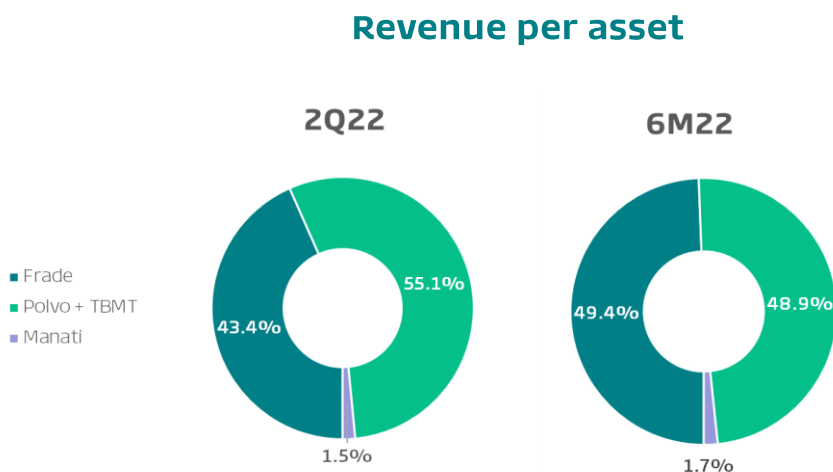
*Adjusted EBITDA is calculated similarly to EBITDA, excluding the line with non-recurring effects "Other Revenues and Expenses".

**For comparative purposes, results prior to January 1, 2022, when the Company's Functional Currency was replaced by the US dollar, were translated using the average quarterly exchange rate.

PRIO Revenue	2Q21	1Q22	2Q22	2Q22 X 2Q21	2Q22 X 1Q22
Avg Sales Price	\$ 66.85	\$ 110.28	\$ 108.37	62.1%	-1.7%
Production (boepd)	31,225	35,189	33,304	6.7%	-5.4%
Offtakes (MMbbl)	2,837	2,798	3,347	18.0%	19.6%

Oil Stock	2Q21	1Q22	2Q22	2Q22 X 2Q21	2Q22 X 1Q22
Balance (barrels)	2,235	1,439	970	-56.6%	-32.6%
Frade Field	756	453	287	-62.0%	-36.6%
Polvo and TBMT cluster	1,479	986	683	-53.8%	-30.7%
Stock cost (US\$ thousand)	72,688	38,753	27,741	-61.8%	-28.4%
Frade Field	23,626	12,377	7,666	-67.6%	-38.1%
Polvo and TBMT cluster	49,063	26,376	20,075	-59.1%	-23.9%

Analyzing the quarterly revenue, the **Frade** field and the **Polvo + TBMT** cluster accounted for 43.4% and 55.1% of the Company's total revenue, respectively. In turn, the **Manati** natural gas asset contributed net revenue representing 1.5% of the total, referring to PRIO's 10% interest in the natural gas consortium. The chart below shows each asset's share in the Company's total net revenue:



The Cost of Goods Sold ("COGS") totaled US\$ 63 million in the period, an increase of 33% in 2Q22 compared to 2Q21 (ex-IFRS 16), mainly influenced by (i) the increase in production and sales, which, compared to the same period of the previous year, showed 7% and 18% growth, respectively, and (ii) the volume of sales proportionally higher in the **Polvo + TBMT** cluster, which has slightly higher lifting cost than **Frade**.

The Company recorded Operating Income (ex-IFRS 16) in 2Q22 of US\$ 249 million, an increase of 127% when compared to the previous year, as a result of higher revenues from **Frade** and **Polvo and TBMT**, due to the increase in oil prices, production and sales.

General and administrative expenses, including expenses with M&A, personnel, projects, geology and geophysics, totaled US\$ 14 million in the quarter, accounting for an increase of 53% when compared to 2Q21, due to the increase in expenses with sponsorships of social projects and bonus payments.

Other operating revenues (expenses) totaled a negative US\$ 20 million in the quarter, 70% higher than in 2Q21, due to expenses with the return of the Cear  Block.

Adjusted EBITDA (ex-IFRS 16) reached US\$ 269 million, 122% higher than the previous year, driven by the expressive growth of the operating income.

The Company's financial result (ex-IFRS 16) was negative by US\$ 36 million vs. positive US\$ 19 million in 2Q21, negatively impacted by interest expenses on loans and financing, the exchange rate variations on cash, financial applications and taxes, as well as the impacts of interest and exchange rate changes on the provision for abandonment.

Net income (ex-IFRS 16) for the period was US\$ 140 million, accounting for an increase of 112% versus that recorded in 2Q21. Income was strongly impacted by the increase in income tax, as this is impacted by the increase in revenue.

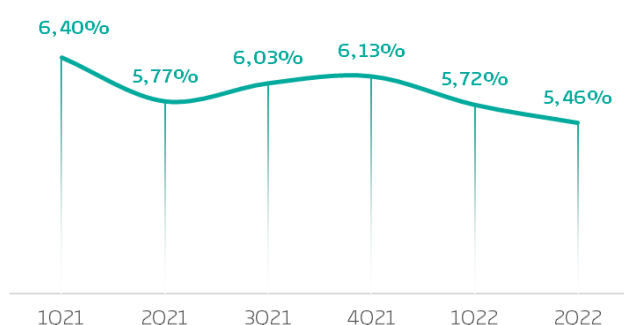


CASH, DEBT AND FINANCING

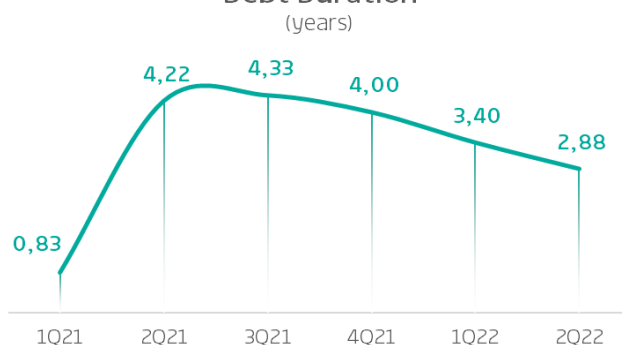
PRIO has been consistently monitoring its liquidity and leverage level. In the second quarter of 2022, the Company issued four new working capital debts. The objective of raising new debt was to reach a position of greater liquidity, considering the investments required for the **Frade** Redevelopment Plan, the **Wahoo** development and the already announced acquisition of **Albacora Leste** and potential new assets.

PRIO continues to reinforce its cash position and capital structure. The debt issued throughout 2Q22, with an average term of more than two years, helped to reduce the average cost of debt, keeping duration within an adequate term for PRIO's future projects. This financial planning strategy makes the Company more prepared for inorganic growth, an important growth pillar. The effort to issue debentures, to be completed in August 2022, provides funding of approximately US\$ 380 million, with a weighted average duration of 5.5 years and an average cost of 6.8% in dollars. Thus, the Company continues to reinforce its cash position for its future investments.

Debt Average Cost

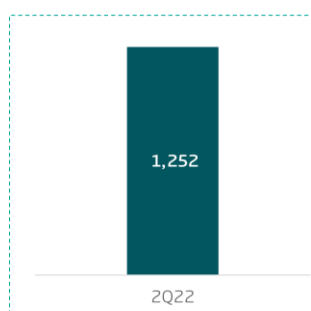


Debt Duration



Amortization schedule

(US\$ million)



■ Cash position



■ Others (Working Capital) ■ Bond



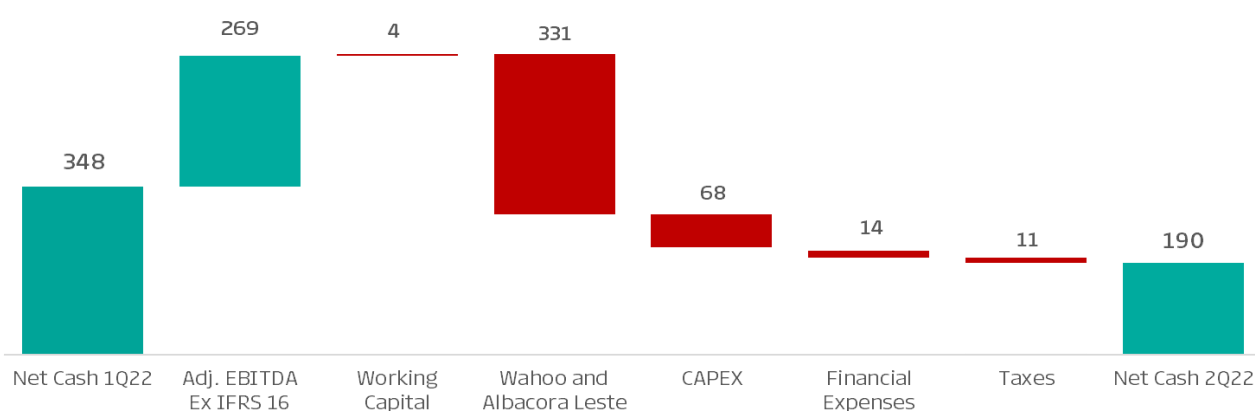
NET CASH AND LEVERAGE

In the second quarter of 2022, PRIO's net cash position decreased by US\$ 158 million, impacted by the following:

- **Wahoo and Albacora Leste:** payment of the last tranche of the **Wahoo** acquisition from BP (US\$ 37.5 million) and an advanced payment of **Albacora Leste** in the amount of US\$ 293 million to Petrobras;
- CAPEX: expenses with the **Frade** Revitalization Plan, inventory of materials in **Frade** and start of disbursement for the **Wahoo's** development.

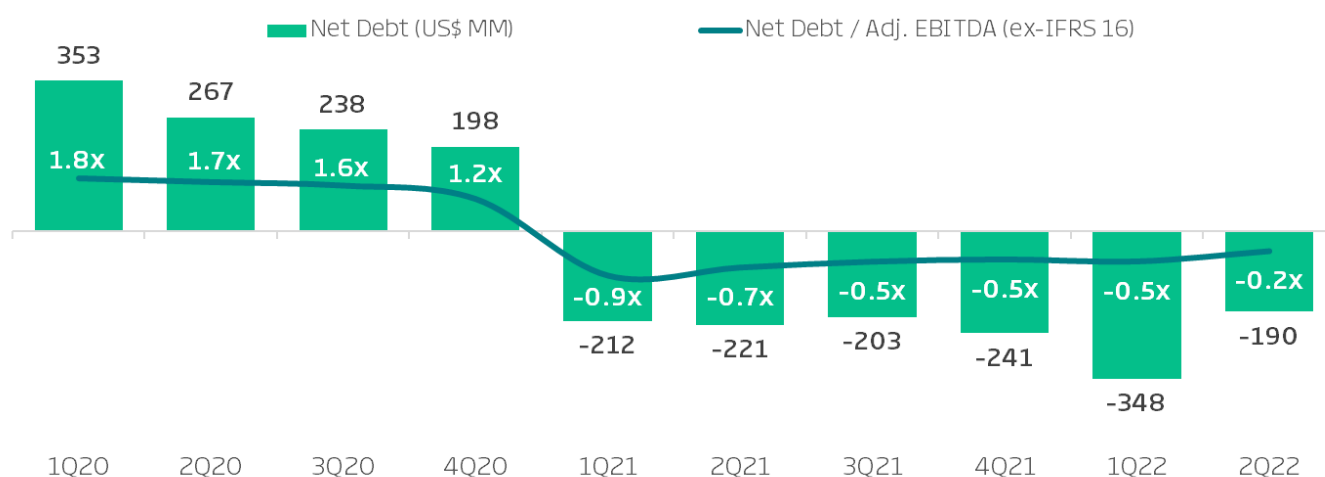
Changes in net cash

(US\$ MILLION)



Net Debt (Cash) / Adjusted EBITDA (ex-IFRS 16)

(US\$ million)



ANNEX 1

IFRS 16

The Company incorporated the rule change provided for in IFRS 16 on January 1, 2019. The change unifies the treatment of operating and finance leases, significantly impacting the Company's balance sheet, mainly through the chartering of support vessels used in operations, which represents the largest lease agreement:

Right-of-use assets	Balance
FPSO	-
Support Vessels	139.505
Helicopters	8.126
Buildings/Support Bases	15.672
Equipment	13.908
Total	177.211

As announced on February 2, 2020, the Company acquired the FPSO **Bravo**, which is used in the production system of the **Polvo** and **Tubarão Martelo** fields, in place of the FPSO that was chartered and used before the tieback project between the two fields was completed. The dollar-denominated contracts in force since the beginning were discounted at rates of 5.63% p.a., recalculated to 5.90% p.a. when the useful life of the Polvo Field increased. Contracts in reais are discounted at the rate of 10% p.a. For a dollar-denominated contract for a vessel that entered 2020, in dollars, the discount rate used was 8.95% p.a., and for two contracts that entered in the first quarter of 2022, both in dollars, the rate used was 4.45% p.a., the average of loans contracted in the period.

	Assets	Liabilities
Balance at December 31, 2021	76.313	(106.330)
Additions/Reversals	108.926	(105.429)
Currency adjustment	-	(1.378)
Price-level restatement	-	(4.615)
Payments made	-	11.223
Amortization	(8.028)	-
Balance at June 30, 2022	177.211	(206.529)
Current	-	(28.779)
Non-current	177.211	(177.750)

*Translation factor: closing exchange rate of the periods for balances and average for the period for changes

Further details can be found in Note 17 of the Financial Statements for 2Q22.

BALANCE SHEET

(In thousands of US\$)

ASSETS	Dec/21	Jun/22
Cash and cash equivalents	173,942	609,657
Securities	659,472	642,610
Accounts receivable	163,970	169,717
Oil inventories	33,953	27,741
Consumable inventories	5,028	24,892
Derivative Financial Instruments	6,274	-
Recoverable taxes	15,382	8,468
Advances to suppliers	15,055	24,672
Advances to partners	5,952	9,791
Prepaid expenses	1,749	4,974
Other receivables	92	27
Total Current assets	1,080,869	1,522,549
Non-current assets available for sale	13,351	-
	1,094,220	1,522,549
Advances to suppliers	-	-
Deposits and pledges	1,908	2,038
Recoverable taxes	1,534	8,481
Deferred taxes	67,858	127,274
Right-of-use (Lease CPC 06.R2 IFRS)	76,313	177,211
Property, plant and equipment	635,973	682,535
Intangible assets	312,217	590,311
Total non-current assets	1,095,802	1,587,850
Total Assets	2,190,022	3,110,399

LIABILITIES	Dec/21	Jun/22
Suppliers	52,362	60,469
Labor obligations	23,560	24,380
Taxes and Social Contribution	32,914	57,015
Loans and financing	99	4,794
Debentures	-	-
Contractual Charges (Lease IFRS 16)	18,978	28,779
Accounts Payable - Wahoo Acquisition	67,500	-
Other liabilities	-	10,276
Total current liabilities	195,412	185,713
Liabilities kept for sale	(807)	-
	194,606	185,713
Suppliers	72	97
Loans and financing	592,665	1,057,485
Debentures	-	-
Provision for abandonment (ARO)	124,055	122,949
Provision for contingencies	4,889	6,044
Deferred taxes and social contributions	-	-
Contractual Charges (Lease IFRS 16)	87,352	177,750
Other liabilities	65	295
Total non-current liabilities	809,098	1,364,620
Minority Interest	-	-
Realized capital	950,389	953,485
Capital reserves	62,519	66,889
Other comprehensive income	127,648	129,257
Profit Reserves	45,763	45,763
Income (loss) for the period	-	364,672
Income (loss) for the period	-	-
Total shareholders' equity	1,186,318	1,560,066
Total liabilities and shareholders' equity	2,190,022	3,110,399

INCOME STATEMENT

(In thousands of US\$)

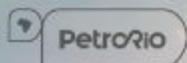
	2Q21	2Q22
Net Revenue	193,327	377,337
Cost of goods sold	(32,010)	(55,444)
Depreciation and amortization	(45,763)	(37,350)
Royalties	(15,537)	(31,598)
Gross Profit	100,017	252,944
Operating income (expenses)	(20,364)	(33,271)
Geology and geophysics expenses	(177)	(1,414)
Personnel expenses	(5,303)	(7,199)
General and administrative expenses	(1,391)	(3,013)
Expenses with thir party services	(2,226)	(460)
Taxes and fees	487	(1,145)
Other operating income (expenses)	(11,754)	(20,039)
Financial Results	26,541	(36,124)
Financial income	98,154	(23,208)
Financial expenses	(71,613)	(12,916)
Income before income and social contribution taxes	106,194	183,549
Income and social contribution taxes - Current	(11,334)	(37,797)
Income and social contribution taxes - Deferred	(15,305)	(4,481)
Income (loss) for the period	79,555	141,270

CASH FLOW STATEMENT

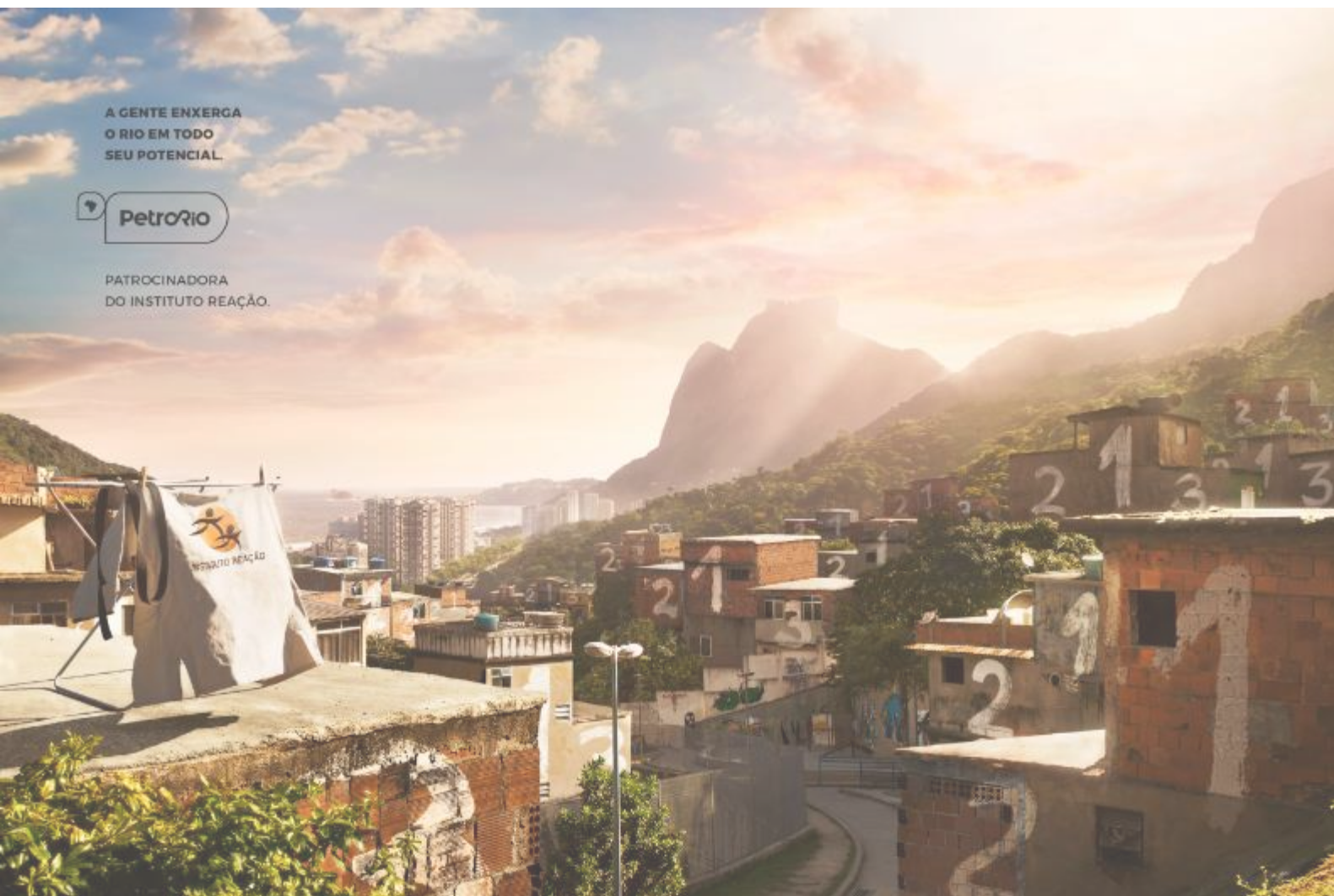
(In thousands of US\$)

	2Q21	2Q22
Cash flows from operating activities		
Income (loss) for the period (before taxes)	106,135	183,549
Depreciation and amortization	44,615	37,350
Financial income	(51,576)	36,945
Financial expenses	(31,541)	(12,777)
Share-based compensation	153	1,015
Equity equivalence result	-	-
Provision for contingencies/losses/P&D	8,161	10,981
Reduction of provision for abandonment	-	1,723
Provision for impairment	-	5,619
	75,947	264,405
(Increase) decrease in assets		
Accounts receivable	(62,021)	8,303
Recoverable taxes	8,024	(475)
Prepaid expenses	1,234	576
Advances to suppliers	(4,419)	(6,830)
Oil inventories	(3,956)	10,556
Consumables inventory	1,170	(4,298)
Related parties	-	-
Advance to partners in oil and gas operations	166	616
Deposits and pledges	4	230
Other receivables	(91)	200
Increase (decrease) in liabilities	-	-
Suppliers	9,972	10,963
Labor obligations	6,389	5,325
Taxes and social contributions	(17,060)	(18,193)
Related parties	-	-
Contingencies	-	-
Advance to partners in oil and gas operations	-	-
Other obligations	66	(6)
Net cash from operating activities	15,424	271,372
Cash flow from investing activities		
(Investment) Redemption of securities	(200,093)	(148,510)
(Investment) Restricted cash redemption	13,761	-
(Investment) Redemption in abandonment fund	295	(1,249)
Non-current assets available for sale	634	-
(Acquisition) of Property, plant and equipment	(36,536)	(70,213)
(Acquisition) of intangible assets	344	(292,650)
(Increase) decrease in investments	-	-
(Acquisition) of oil and gas asset	663	(37,500)
Net cash from investing activities	(220,932)	(550,122)
Cash flows from financing activities		
Loans and financing	684,328	265,000
Payment of principal on loans	(375,197)	-
Interest paid on loans	(22,382)	(18,375)
Contractual charges (Lease IFRS 16 - Principal)	(11,776)	(5,598)
Contractual charges (Lease IFRS 16 - Interest)	(1,425)	(2,616)
Derivative transactions	(8,792)	(2,615)
(Purchase) Sale of shares of the Company (held in treasury)	-	-
(Decrease) Paid-up capital	(402)	-
Minority interest	-	-
Net cash (invested in) from financing activities	264,353	235,796
Translation adjustment	(147,369)	69
Net increase (decrease) in cash and cash equivalents	116,984	(42,885)
Cash and cash equivalents at the beginning of the period	559,042	652,542
Cash and cash equivalents at the end of the period	676,026	609,657
Net increase (decrease) in cash and cash equivalents	116,984	(42,885)

A GENTE ENXERGA
O RIO EM TODO
SEU POTENCIAL.



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About PRIO

PRIO is the largest independent oil and natural gas production company in Brazil. The Company's corporate culture seeks to increase production through the acquisition of new production assets, redevelopment, greater operational efficiency and reduction of production costs and corporate expenses. Its main objective is to create value for its shareholders by means of high financial discipline and preserving its liquidity, with full respect for safety and the environment. For more information, access the website: www.prio3.com.br.

Legal Notice

All statements, except those relating to historical facts contained herein, are forward-looking statements, including, but not limited to, statements about drilling plans and seismic acquisitions, operating costs, equipment acquisition, expected oil discoveries, the quality of the oil we hope to produce and our other plans and objectives. Readers can identify many of said statements by reading words such as "estimates", "believes", "expects" and "will" and similar words or denials thereof. Although management believes that the expectations represented in such statements are reasonable, it cannot assure that such expectations will happen. By their nature, forward-looking statements require us to make assumptions and, as such, such statements are subject to inherent risks and uncertainties. Readers of this document are cautioned not to place undue reliance on our forward-looking statements considering that certain factors could cause results, conditions, actions or events that could materially differ from the plans, expectations, estimates or intentions expressed in the forward-looking statements and the assumptions that support them. The forward-looking statements herein are based on the assumption that our plans and operations will not be affected by such risks, but that if our plans and operations are affected by said risks, the forward-looking statements may become inaccurate. The forward-looking statements included herein are expressly fully qualified by this legal notice. Such statements were made as of the date of this document. We do not undertake to update such forward-looking statements, except as required by applicable securities laws.