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

# Quarterly Information BR Distribuidora

***At June 30, 2020 and report on review of Quarterly information***



**Summary**


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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, 2020, which comprises the statement of financial position as of June 30, 2020 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, 2020, 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 11, 2020

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

# Petrobras Distribuidora S.A.
# Statements of financial position
**June 30, 2020 and December 31, 2019**
*(In millions of reais)*

| Assets | Note | Consolidated | | Parent Company | |
|---|---|---|---|---|---|
| | | 6/30/2020 | 12/31/2019 | 6/30/2020 | 12/31/2019 |
| **Current** | | | | | |
| Cash and cash equivalents | 5 | 5,307 | 2,362 | 5,104 | 2,114 |
| Net accounts receivable | 6 | 3,696 | 4,475 | 3,891 | 4,649 |
| Inventories | 7 | 2,347 | 3,412 | 2,321 | 3,390 |
| Advances to suppliers | | 34 | 29 | 34 | 29 |
| Income tax and social contribution | | 227 | 224 | 222 | 221 |
| Taxes and contributions recoverable | 16 | 1,529 | 906 | 1,404 | 821 |
| Bonuses advanced to clients | 8 | 601 | 604 | 601 | 604 |
| Prepaid expenses | | 65 | 56 | 65 | 56 |
| Derivative financial instruments | 28 | 16 | 9 | 16 | 9 |
| Assets held for sale | | 14 | 38 | 12 | 36 |
| Other current assets | | 108 | 110 | 123 | 117 |
| | | **13,944** | **12,225** | **13,793** | **12,046** |
| **Noncurrent** | | | | | |
| **Long-term** | | | | | |
| Net accounts receivable | 6 | 415 | 592 | 411 | 588 |
| Judicial deposits | 26.2 | 1,197 | 1,173 | 1,172 | 1,148 |
| Taxes and contributions recoverable | 16 | 588 | 607 | 522 | 520 |
| Deferred income and social contribution tax | 16 | 1,673 | 1,905 | 1,657 | 1,890 |
| Bonuses advanced to clients | 8 | 1,819 | 1,926 | 1,819 | 1,926 |
| Prepaid expenses | | 142 | 153 | 142 | 153 |
| Loans made to related parties | 29.1.1 | - | - | 147 | 144 |
| Derivative financial instruments | 28 | 631 | - | 631 | - |
| Other noncurrent assets | | 15 | 15 | 10 | 10 |
| | | **6,480** | **6,371** | **6,511** | **6,379** |
| **Investments** | 9 | 47 | 47 | 361 | 356 |
| **Property, plant and equipment** | 10 | 6,651 | 6,703 | 6,153 | 6,233 |
| **Intangible assets** | 11 | 547 | 520 | 544 | 517 |
| | | **13,725** | **13,641** | **13,569** | **13,485** |
| **Total Assets** | | **27,669** | **25,866** | **27,362** | **25,531** |

The notes are an integral part of these financial statements.

# Petrobras Distribuidora S.A.
# Statements of financial position
**June 30, 2020 and December 31, 2019**
*(In millions of reais)*

| | | Consolidated | | Parent Company | |
|---|---|---|---|---|---|
| **Liabilities** | **Note** | **6/30/2020** | **12/31/2019** | **6/30/2020** | **12/31/2019** |
| **Current** | | | | | |
| Trade accounts payable | 12 | 1,313 | 2,307 | 1,320 | 2,331 |
| Loans and financing | 13 | 2,629 | 4,254 | 2,502 | 4,104 |
| Leases | 14 | 103 | 87 | 208 | 199 |
| Customer advances | 15 / 21.2 | 409 | 285 | 403 | 279 |
| Income and social contribution taxes | | 166 | 1 | 162 | - |
| Taxes and contributions payable | 16 | 284 | 315 | 275 | 305 |
| Dividends and interest on shareholders' equity payable | 20.2 | 536 | 525 | 536 | 525 |
| Payroll, vacations, charges, bonuses and profit sharing | 17 | 211 | 309 | 208 | 306 |
| Voluntary redundancy incentivization plan | 18.1 | - | 2 | - | 2 |
| Redundancy program and restructuring | 18.2 / 18.3 | 3 | 115 | 3 | 115 |
| Pension and health plan | 19 | 210 | 192 | 210 | 192 |
| Derivative financial instruments | 28 | 35 | 41 | 35 | 41 |
| Other accounts and expenses payable | | 181 | 166 | 163 | 157 |
| | | **6,080** | **8,599** | **6,025** | **8,556** |
| **Noncurrent** | | | | | |
| Loans and financing | 13 | 5,795 | 1,703 | 5,165 | 962 |
| Leases | 14 | 693 | 731 | 1,080 | 1,187 |
| Pension and health plan | 19 | 4,309 | 5,019 | 4,303 | 5,013 |
| Provision for judicial and administrative proceedings | 26 | 970 | 1,040 | 968 | 1,039 |
| Other accounts and expenses payable | | 9 | 8 | 8 | 8 |
| | | **11,776** | **8,501** | **11,524** | **8,209** |
| | | **17,856** | **17,100** | **17,549** | **16,765** |
| **Equity** | 20 | | | | |
| Paid-in capital | | 6,353 | 6,353 | 6,353 | 6,353 |
| Revenue reserves | | 5,103 | 4,681 | 5,103 | 4,681 |
| Asset and liability valuation adjustments | | (1,643) | (2,268) | (1,643) | (2,268) |
| | | **9,813** | **8,766** | **9,813** | **8,766** |
| **Total Liabilities** | | **27,669** | **25,866** | **27,362** | **25,531** |

The notes are an integral part of these financial statements.

# Petrobras Distribuidora S.A.

## Statements of income

**Periods ended June 30, 2020 and 2019**

*(In millions of reais, except for net income per share)*

| | | Consolidated | | | | Parent Company | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Current quarter (4/1/2020 to 6/30/2020) | Six-month period ended June 30, 2020 | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | Six-month period ended June 30, 2019 | Current quarter (4/1/2020 to 6/30/2020) | Six-month period ended June 30, 2020 | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | Six-month period ended June 30, 2019 |
| **Revenue from goods sold and services rendered** | 21 | 14,882 | 36,070 | 24,045 | 46,477 | 14,642 | 35,617 | 23,863 | 46,134 |
| Cost of goods sold and services rendered | 23 | (14,286) | (34,528) | (22,756) | (43,598) | (14,072) | (34,127) | (22,587) | (43,279) |
| **Gross profit** | | **596** | **1,542** | **1,289** | **2,879** | **570** | **1,490** | **1,276** | **2,855** |
| **Operating expenses** | | | | | | | | | |
| Sales | 23 | (585) | (1,208) | (722) | (1,455) | (572) | (1,184) | (717) | (1,441) |
| General and administrative | 23 | (138) | (283) | (190) | (385) | (133) | (272) | (181) | (372) |
| Tax | 23 | (17) | (58) | (13) | (50) | (16) | (57) | (13) | (49) |
| Other net income (expenses) | 22 / 23 | 400 | 764 | (64) | (201) | 402 | 766 | (65) | (202) |
| | | **(340)** | **(785)** | **(989)** | **(2,091)** | **(319)** | **(747)** | **(976)** | **(2,064)** |
| **Net income before finance income / (expense), results in equity-accounted investments, and income tax** | | **256** | **757** | **300** | **788** | **251** | **743** | **300** | **791** |
| Finance income / (expenses) | 24 | | | | | | | | |
| Expenses | | (103) | (202) | (118) | (230) | (120) | (229) | (129) | (254) |
| Income | | 95 | 172 | 397 | 794 | 91 | 165 | 396 | 787 |
| Foreign exchange and inflation indexation, net | | 85 | 11 | (91) | (104) | 97 | 27 | (84) | (86) |
| | | **77** | **(19)** | **188** | **460** | **68** | **(37)** | **183** | **447** |
| **Results in equity-accounted investments** | 9 | **(1)** | **(2)** | - | **1** | **12** | **28** | **7** | **15** |
| **Income before tax** | | **332** | **736** | **488** | **1,249** | **331** | **734** | **490** | **1,253** |
| Income tax and social contribution | | | | | | | | | |
| Current income tax and social contribution | | (242) | (271) | (49) | (351) | (241) | (268) | (49) | (351) |
| Deferred income tax and social contribution | | 98 | (43) | (137) | (119) | 98 | (44) | (139) | (123) |
| | | **(144)** | **(314)** | **(186)** | **(470)** | **(143)** | **(312)** | **(188)** | **(474)** |
| **Net income for the period** | | **188** | **422** | **302** | **779** | **188** | **422** | **302** | **779** |
| **Basic and diluted earnings per common share - R$** | | 0.16 | 0.36 | 0.26 | 0.67 | 0.16 | 0.36 | 0.26 | 0.67 |

*Share capital consists of 1,165,000,000 common shares*

The notes are an integral part of these financial statements.

# Petrobras Distribuidora S.A.

## Statements of comprehensive income

**Periods ended June 30, 2020 and 2019**

*(In millions of reais)*

| | Consolidated | | | | Parent Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Current quarter (4/1/2020 to 6/30/2020) | Six-month period ended June 30, 2020 | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | Six-month period ended June 30, 2019 | Current quarter (4/1/2020 to 6/30/2020) | Six-month period ended June 30, 2020 | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | Six-month period ended June 30, 2019 |
| **Profit for the period** | 188 | 422 | 302 | 779 | 188 | 422 | 302 | 779 |
| **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** | **813** | **1,047** | **302** | **779** | **813** | **1,047** | **302** | **779** |

The notes are an integral part of these financial statements.

# Petrobras Distribuidora S.A.

## Statements of changes in equity

**Periods ended June 30, 2020 and 2019**

*(In millions of reais)*

| | Consolidated | | | | | | | | | Parent Company |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Revenue reserves | | | | | | Other comprehensive income | | |
| | Share capital subscribed and paid in | Legal | Statutory | Retention reserves | Additional dividends proposed / Interest on shareholders' equity | Tax incentives | Retained earnings (accum. losses) | Asset and liability valuation adjustments | Total equity | Total equity |
| **At December 31, 2018** | **6,353** | **1,025** | **270** | **1,765** | **2,199** | **-** | **-** | **(1,926)** | **9,686** | **9,686** |
| Net income for the period | - | - | - | - | - | - | 779 | - | 779 | 779 |
| Additional dividends proposed | - | - | - | - | (2,199) | - | - | - | (2,199) | (2,199) |
| **At June 30, 2019** | **6,353** | **1,025** | **270** | **1,765** | **-** | **-** | **779** | **(1,926)** | **8,266** | **8,266** |
| | | | | | | | | | | |
| **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** |

The notes are an integral part of these financial statements.

# Petrobras Distribuidora S.A.

## Statements of cash flows

**Periods ended June 30, 2020 and 2019**

*(In millions of reais)*

| | Note | Consolidated Six-month period ended June 30 | | Parent Company Six-month period ended June 30 | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| **Cash flows from operating activities** | | | | | |
| Net income for the period | | 422 | 779 | 422 | 779 |
| **Adjustments to:** | | | | | |
| Income tax and social contribution | | 314 | 470 | 312 | 474 |
| Depreciation and amortization | 23 | 271 | 255 | 273 | 256 |
| Income on the sale/derecognition of assets | | 5 | (10) | 5 | (8) |
| Expected credit losses, net of reversal | 6 | 106 | 36 | 97 | 34 |
| Earnings on material interests | | 2 | (1) | (28) | (15) |
| Appropriation of early bonuses awarded to customers | | 309 | 243 | 309 | 243 |
| Appropriation of insurance, rent and other | | 29 | 30 | 28 | 25 |
| Net monetary and exchange variance | | 819 | (424) | 835 | (417) |
| Gain at fair value, financial instruments, net | | (1,162) | - | (1,162) | - |
| Expenses on pension and health plans | 19 | 236 | 241 | 236 | 240 |
| Provision for legal proceedings | 26.1 | (42) | 86 | (43) | 86 |
| Provision for voluntary redundancy incentivization | | - | (16) | - | (16) |
| Provision Discount due to salary renegotiation | | 25 | - | 25 | - |
| Recovery of PIS and Cofins - exclusion of ICMS from the calculation base | | (376) | - | (376) | - |
| Other adjustments | | - | (2) | 2 | (1) |
| **Decrease (increase) in assets and increase (decrease) in liabilities** | | | | | |
| Trade and other receivables | | 996 | 1,157 | 979 | 1,092 |
| Inventories | | 1,065 | (104) | 1,069 | (100) |
| Advanced bonuses awarded to clients | | (207) | (441) | (207) | (441) |
| Prepaid expenses | | (27) | (24) | (25) | (19) |
| Judicial Deposits | | (8) | (59) | (8) | (59) |
| Trade accounts payable | | (1,247) | (186) | (1,265) | (191) |
| Income and social contribution taxes paid | | (71) | (393) | (71) | (393) |
| Taxes, fees and contributions | | (173) | (62) | (130) | (53) |
| Pension and health plan | | (114) | (522) | (114) | (522) |
| Voluntary redundancy incentivization plan | | (2) | (53) | (2) | (53) |
| Redundancy program and restructuring | | (112) | - | (112) | - |
| Payments of legal proceedings | | (20) | (24) | (20) | (24) |
| Other assets and liabilities, net | | 546 | (18) | 514 | (18) |
| **Net cash provided by operations** | | **1,584** | **958** | **1,543** | **899** |
| **Investment activities** | | | | | |
| Additions of PPE and intangible assets | | (223) | (260) | (193) | (243) |
| Additions to investments | | (1) | (2) | (1) | (2) |
| Receipt from the sale of assets | | 8 | 10 | 8 | 10 |
| Receipt from FIDC | | - | 54 | - | 23 |
| Dividends received | | - | - | 7 | 3 |
| Interest earnings on related-party loans | | - | - | - | 1 |
| **Net cash used in investment activities** | | **(216)** | **(198)** | **(179)** | **(208)** |
| **Financing activities** | | | | | |
| Financing | | | | | |
| Loans and financing | 13.1.1 | 4,713 | - | 4,713 | - |
| Amortization of principal | 13.1.1 | (2,891) | (115) | (2,773) | (5) |
| Amortization of interest | 13.1.1 | (165) | (198) | (119) | (147) |
| Dividends and interest on shareholders' equity paid | 20.2 | - | (1,518) | - | (1,518) |
| Leases | | | | | |
| Payments of principal | 14.4 | (40) | (38) | (151) | (109) |
| Interest payments | 14.4 | (35) | (39) | (39) | (78) |
| Assignment of credit receivables - FIDC-NP | | - | (24) | - | - |
| Others | | (5) | - | (5) | - |
| **Net cash generated (used) in financing activities** | | **1,577** | **(1,932)** | **1,626** | **(1,857)** |
| **Net change in cash and cash equivalents in the period** | | **2,945** | **(1,172)** | **2,990** | **(1,166)** |
| **Cash and cash equivalents at beginning of period** | | **2,362** | **3,057** | **2,114** | **2,830** |
| **Cash and cash equivalents at end of period** | | **5,307** | **1,885** | **5,104** | **1,664** |
| **Transactions not involving cash** | | | | | |
| Use of judicial deposits in the payment of contingencies | | 8 | 7 | 8 | 7 |

The notes are an integral part of these financial statements.

# Petrobras Distribuidora S.A.

## Statements of added value

**Periods ended June 30, 2020 and 2019**

*(In millions of reais)*

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Six-month period ended June 30 | | Six-month period ended June 30 | |
| | 2020 | 2019 | 2020 | 2019 |
| **Revenue** | | | | |
| Sales of products and services and other revenues | 45,971 | 58,015 | 45,382 | 57,562 |
| Expected credit losses | (106) | (36) | (97) | (34) |
| Revenue relating to construction of assets for use | 182 | 195 | 150 | 174 |
| | **46,047** | **58,174** | **45,435** | **57,702** |
| **Inputs acquired from third parties** | | | | |
| Raw materials and resale goods | 33,312 | 43,604 | 32,925 | 43,300 |
| Materials, energy, third-party services and others | 1,665 | 1,486 | 1,604 | 1,444 |
| Tax credits on consumables acquired | 1,639 | 1,893 | 1,503 | 1,785 |
| | **36,616** | **46,983** | **36,032** | **46,529** |
| **Gross value added** | **9,431** | **11,191** | **9,403** | **11,173** |
| **Retentions** | | | | |
| Depreciation and amortization | 271 | 255 | 273 | 256 |
| **Added value produced by the Company** | **9,160** | **10,936** | **9,130** | **10,917** |
| **Transferred added value** | | | | |
| Equity earnings | (2) | 1 | 28 | 15 |
| Financial revenue - includes monetary and exchange variance | 581 | 858 | 574 | 851 |
| Rental and royalties | 92 | 123 | 92 | 123 |
| | **671** | **982** | **694** | **989** |
| **Added value to be distributed** | **9,831** | **11,918** | **9,824** | **11,906** |
| **Personnel and management** | | | | |
| **Direct compensation** | | | | |
| Salaries | 177 | 369 | 169 | 358 |
| Profit sharing | - | 13 | - | 13 |
| Performance bonus | - | 27 | - | 27 |
| Career and salaries plan | - | 49 | - | 49 |
| Discount due to salary renegotiation | 21 | - | 21 | - |
| | **198** | **458** | **190** | **447** |
| **Benefits** | | | | |
| Advantages | 31 | 41 | 31 | 40 |
| Retirement and pension plan | 126 | 127 | 126 | 127 |
| Voluntary redundancy incentivization plan | - | (16) | - | (16) |
| Redundancy program and restructuring | (2) | - | (2) | - |
| Health care plan | 134 | 148 | 133 | 147 |
| | **289** | **300** | **288** | **298** |
| FGTS | **28** | **29** | **28** | **28** |
| | **515** | **787** | **506** | **773** |
| **Taxes** | | | | |
| Federal | 1,002 | 884 | 997 | 886 |
| State | 7,201 | 8,955 | 7,201 | 8,953 |
| Municipal | 23 | 21 | 23 | 21 |
| | **8,226** | **9,860** | **8,221** | **9,860** |
| **Financial institution and trade payables** | | | | |
| Interest, monetary and exchange variance | 604 | 403 | 611 | 405 |
| Commercial rental / leases | 64 | 89 | 64 | 89 |
| | **668** | **492** | **675** | **494** |
| **Shareholders** | | | | |
| Retained earnings | 422 | 779 | 422 | 779 |
| | **422** | **779** | **422** | **779** |
| **Added value distributed** | **9,831** | **11,918** | **9,824** | **11,906** |

The notes are an integral part of these financial statements.

# 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 and asphalt, the provision of related services and the importing and exporting of items related to said products and activities. The company's head office is located in Rio de Janeiro, Rio de Janeiro state.

## 1.2 Operation Car Wash and its impacts on the Company

The Company took into account all the information available and monitored the "Operation Car Wash (Lava Jato)" investigations when preparing its financial statements for the period ended June 30, 2020. No new information has been identified which would change the write-off of additional unduly capitalized expenditure recognized in third quarter of 2014 (R$ 23). The Company will continue to monitor the investigations to obtain any additional information and assess its impact on the adjustments made.

From January to June 2020, no reimbursements were made under leniency agreements with companies (R$ 3 in 2019).

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

In January 2020 China reported it had identified a novel strain of the coronavirus, COVID-19, which was spreading through its population at an alarming rate. Following the announcement by the World Health Organization on March 11, 2020 that the COVID-19 outbreak was a pandemic, the Company convened its Crisis Committee which interacts with crisis committees in industry, regulatory agencies and the government, monitoring the disease's spread and possible impacts on the Company's operations.

Despite all the important progress made in our value agenda, the first half also presented major business and operational challenges as a result of the fallout from the COVID-19 pandemic.

Our response to this challenge was underpinned by the principles of Awareness, Responsibility and Solidarity, recognizing the essential nature of our activities for society and that we are a central part of an ecosystem that comprises producers, carriers, service providers, retailers and consumers. We immediately set up a crisis room and adopted mitigation measures to stabilize our operations, ensure normal provision of services to customers and to preserve the health and well-being of direct and indirect employees.

Many of our employees are now working remotely (home office). A gradual plan of return is being assessed, always in line with our principles of Conscience, Responsibility and Solidarity. To guarantee safe operations at our bases we have adopted additional precautions, such as the use of masks, temperature checks, distancing measures, access controls and other actions. We have ramped up hygiene and cleaning measures at our facilities and at our carriers and suppliers. We have begun monitoring and providing full support to people with symptoms of the disease; we have severely restricted domestic travel and canceled international travel; we have provided masks and hand sanitizer for use by the professionals involved in serving consumers; we are providing remote psychological and medical consultations, extendable to our clients; in short, we quickly adapted to a new

operational business reality and remain alert to new requirements that could emerge as a result of this unprecedented crisis for humanity.

Guided by the principles of Awareness, Responsibility and Solidarity, we are combating COVID-19 and its consequences alongside various parts of society, as per the information presented in note 1.3 to the Interim Financial Statements as of March 31, 2020.

## Resilience measures

After a sharp contraction in April, preliminary data suggests the economy is making a recovery amid a gradual relaxation of constraints on the circulation of people, although there is still uncertainty about the future progression of the pandemic.

Our sales performance in the 2nd quarter of 2020 showed signs of a recovery on the second half of March, but physical sales are still 20% lower than in the 2nd quarter of 2019 on average. The worst performances were reported by the Retail and Aviation segments, with B2B (Major Consumers Market) sales volumes holding up better.

In light of the uncertainty created by the situation and in the knowledge that we are unable to reliably predict all possible consequences of the crisis triggered by the pandemic, we rapidly implemented several contingency measures to preserve cash and bolster liquidity. These measures included additional contingency measures for expenses and capex, in addition to proposing to postpone the payment of interest on equity and minimum dividends until December 2020 and creating a special reserve for additional dividends, with the intention of distributing them as soon as our future cash flow outlook permits. Despite having secured all the funding necessary in the first quarter to roll forward the debt settled in April, in the second quarter we deemed it necessary to add some R$ 1,500 to our cash position (note 13), not as part of our ongoing “liability management”, but rather an additional liquidity reinforcement precaution, given the crisis, which we completed in April.

## Effects on the interim financial statements

The pandemic has also presented additional challenges around its impacts on short-term liquidity for some of our clients. In this period, we introduced several measures in order to help them, by postponing rent payments for our retail stations, temporarily suspending royalties and marketing fund payments, providing favorable terms for factoring receivables, amongst many other measures. We also individually analyzed the situation of each client and renegotiated commercial and payment terms in order to adjust them to the market situation.

In specific relation to the aviation segment and immediately after the worsening of the crisis and significant downturn in operations by the main airlines and given the increase in the credit risk of this segment’s receivables portfolio, the Company raised its expected losses in relation to the 4th quarter of 2019 for this group of clients (note 28.4).

A major client in the aviation segment entering judicial reorganization also worsened expected credit losses in the second quarter of 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.

We continue to follow closely the evolution of demand and the dynamics of each market as well as adapting to the new tendencies in consumers' habits.

The Company will maintain investors, shareholders, the market and all stakeholders informed of any future development and impacts of the COVID-19 pandemic on our operations and business.

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

These interim financial statements are being presented with the material changes made in the period, without repeating certain notes disclosed previously. These interim financial statements should therefore be read in conjunction with the Company’s annual financial statements for the financial year ended December 31, 2019, which include the full set of notes.

The Company's Board of Directors approved the disclosure of these financial statements at a meeting held on August 11, 2020.

### 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. The presentation of this statement is not mandatory under IFRS, and said statement is being presented as additional information for the purpose of IFRS.

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

## 3 Use of judgments and estimates

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

Significant judgments made by management in the application of the accounting policies and the main sources of estimate uncertainties were the same as those applied and disclosed in note 3 to the consolidated financial

statements for the financial year ended December 31, 2019,

## 4 Description of significant accounting policies

Accounting practices and calculation methods adopted in the preparation of these consolidated quarterly statements are the same as those used in the preparation of the Company's annual financial statements for the financial year ended December 31, 2019.

### 4.1 Commodity hedges

In the course of 2020, the huge importance of imports in the Company's operations combined with sharp contractions in international commodity prices, due to the mismatch between supply and demand, intensified by the effects of the COVID-19 pandemic on global consumption levels. This combined effect meant hedge transactions acquired greater importance in the Company's results.

These operations essentially follow a business model aiming to protect operating margins with no speculative intent, thus constituting an economic hedge used to reduce risks posed by the volatility in commodities prices (economic protection from exposure), without taking into account any impact caused by the accounting mismatch in the financial statements.

The result of these operations is consequently presented under Other Revenue (Expenses), net (note 22). The 2019 expense balances of R$ 21 (Consolidated and Parent Company) were accordingly reclassified from Financial Income/Expense to Other Net Operating Expenses, to facilitate a comparative analysis, consequently impacting the presentation of the Statements of Added Value.

## 5 Cash and cash equivalents

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | 6/30/2020 | 12/31/2019 | 6/30/2020 | 12/31/2019 |
| Cash and bank deposits | 113 | 239 | 113 | 238 |
| Short-term investments | | | | |
| Domestic | 5,113 | 2,010 | 4,910 | 1,763 |
| Foreign | 81 | 113 | 81 | 113 |
| **Total** | **5,307** | **2,362** | **5,104** | **2,114** |

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

The Company bolstered its financial position by concluding negotiations in the period for funding (note 13.1).

## 6 Net accounts receivable

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | 6/30/2020 | 12/31/2019 | 6/30/2020 | 12/31/2019 |
| **Related parties (note 29)** | | | | |
| Electric sector - Isolated system | 421 | 632 | 421 | 632 |
| Federal government receivables | 81 | 93 | 81 | 93 |
| Companies of Company and Petrobras group | 220 | 216 | 559 | 500 |
| **Total related parties** | **722** | **941** | **1,061** | **1,225** |
| **Third parties** | | | | |
| Trade accounts and other receivables | 5,768 | 6,390 | 5,552 | 6,217 |
| Electric sector - isolated system - third parties (note 6.2) | 1,003 | 1,020 | 1,003 | 1,020 |
| **Total third parties** | **6,771** | **7,410** | **6,555** | **7,237** |
| **Total accounts receivable (note 6.1)** | **7,493** | **8,351** | **7,616** | **8,462** |
| | | | | |
| **Client contract receivables** | 5,840 | 7,061 | 5,624 | 6,889 |
| **Other accounts receivable** | 1,653 | 1,290 | 1,992 | 1,573 |
| Government securities | 23 | 23 | 23 | 23 |
| Lease receivables (note 14) | 18 | 20 | 18 | 20 |
| Advances | - | - | 339 | 283 |
| Receivables from divestments | 25 | - | 25 | - |
| Financing receivable | 1,587 | 1,247 | 1,587 | 1,247 |
| | | | | |
| **Allowance for credit losses** | | | | |
| Third parties | (3,339) | (3,259) | (3,271) | (3,200) |
| Related-party transactions | (43) | (25) | (43) | (25) |
| **Total allowance for credit losses** | **(3,382)** | **(3,284)** | **(3,314)** | **(3,225)** |
| | | | | |
| **Net accounts receivable** | **4,111** | **5,067** | **4,302** | **5,237** |
| | | | | |
| Net accounts receivable (current) | 3,696 | 4,475 | 3,891 | 4,649 |
| Net trade receivables (noncurrent) | 415 | 592 | 411 | 588 |

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Six-month period ended June 30 | | Six-month period ended June 30 | |
| **Change in allowance for credit losses** | 2020 | 2019 | 2020 | 2019 |
| **Opening balance** | **(3,284)** | **(3,371)** | **(3,225)** | **(3,307)** |
| Net (Additions)/Reversals | (106) | (36) | (97) | (34) |
| Write-offs (*) | 8 | 154 | 8 | 154 |
| **Closing balance** | **(3,382)** | **(3,253)** | **(3,314)** | **(3,187)** |
| | | | | |
| Allowance for credit losses (current) | (2,391) | (2,261) | (2,330) | (2,203) |
| Allowance for credit losses (noncurrent) | (991) | (992) | (984) | (984) |

(*) Accounts receivable of R$ 139 was derecognized in 2019 under the settlement reached with Bolognesi Group, without impacting profit or loss.

The additions, write-offs and reversals of expected credit losses were recognized in selling expenses (note 23).

The Company has R$ 3,168 in trade accounts receivable undergoing judicial recovery in the consolidated statement and R$ 3,089 in the parent company statement (R$ 3,148 in the consolidated statement and R$ 3,073

in the parent company statement as of December 31, 2019). The Company made a provision for all of its receivables undergoing judicial collection.

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

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | 6/30/2020 | | | 12/31/2019 | | |
| | Gross accounts receivable | Allowance for credit loss | Accounts receivable net of allowance for credit loss | Gross accounts receivable | Allowance for credit loss | Accounts receivable net of allowance for credit loss |
| **Overdue by** | | | | | | |
| Up to 3 months | 120 | 41 | 79 | 179 | 28 | 151 |
| 3 to 6 months | 72 | 7 | 65 | 49 | 18 | 31 |
| 6 to 12 months | 83 | 37 | 46 | 59 | 29 | 30 |
| Over 12 months | 3,336 | 3,204 | 132 | 3,337 | 3,188 | 149 |
| **Total** | **3,611** | **3,289** | **322** | **3,624** | **3,263** | **361** |
| **Neither past due nor impaired** | 3,882 | 93 | 3,789 | 4,727 | 21 | 4,706 |
| **Total** | **7,493** | **3,382** | **4,111** | **8,351** | **3,284** | **5,067** |

| | Parent Company | | | | | |
|---|---|---|---|---|---|---|
| | 6/30/2020 | | | 12/31/2019 | | |
| | Gross accounts receivable | Allowance for credit loss | Accounts receivable net of allowance for credit loss | Gross accounts receivable | Allowance for credit loss | Accounts receivable net of allowance for credit loss |
| **Overdue by** | | | | | | |
| Up to 3 months | 108 | 40 | 68 | 167 | 26 | 141 |
| 3 to 6 months | 69 | 6 | 63 | 48 | 18 | 30 |
| 6 to 12 months | 81 | 36 | 45 | 57 | 27 | 30 |
| Over 12 months | 3,276 | 3,145 | 131 | 3,276 | 3,135 | 141 |
| **Total** | **3,534** | **3,227** | **307** | **3,548** | **3,206** | **342** |
| **Neither past due nor impaired** | 4,082 | 87 | 3,995 | 4,914 | 19 | 4,895 |
| **Total** | **7,616** | **3,314** | **4,302** | **8,462** | **3,225** | **5,237** |

## 6.2 Breakdown – Electric sector (Insulated system)

| | Neither past due nor impaired | Overdue | Gross accounts receivable | Allowance for credit losses | Total |
|---|---|---|---|---|---|
| Eletrobras group | | | | | |
| Eletrobras | 417 | - | 417 | - | 417 |
| Other | - | 2 | 2 | (2) | - |
| | **417** | **2** | **419** | **(2)** | **417** |
| Petrobras group | **1** | **1** | **2** | - | **2** |
| 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 | 20 | 7 | 27 | (7) | 20 |
| | **20** | **983** | **1,003** | **(983)** | **20** |
| **Balance as of June 30, 2020** | **438** | **986** | **1,424** | **(985)** | **439** |
| **Balance as of December 31, 2019** | **667** | **985** | **1,652** | **(985)** | **667** |

## 6.3 Changes in trade accounts receivable – Electric sector (Islanded system - Eletrobras Group and third parties)

| | Current supply | CCD 2014 and 2013 | CCD 2018 | Total |
|---|---|---|---|---|
| **Balance as of December 31, 2018** | 14 | 94 | 1,010 | 1,118 |
| Billing | 336 | - | - | 336 |
| Receipt | (327) | (19) | (2,676) | (3,022) |
| Monetary restatement / interest | - | 5 | 56 | 61 |
| Reversal of expected credit losses | 15 | 3 | 1 | 19 |
| Credit recovery | - | - | 2,154 | 2,154 |
| **Balance as of December 31, 2019** | **38** | **83** | **545** | **666** |
| Billing | 180 | - | - | 180 |
| Receipt | (197) | (8) | (217) | (422) |
| Monetary restatement / interest | - | 1 | 12 | 13 |
| **Balance as of June 30, 2020** | **21** | **76** | **340** | **437** |

## 7 Inventory

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | 6/30/2020 | 12/31/2019 | 6/30/2020 | 12/31/2019 |
| Products for sale | | | | |
| Petroleum derivatives | | | | |
| Gasoline | 302 | 452 | 302 | 452 |
| Diesel fuel | 751 | 1,265 | 751 | 1,265 |
| Fuel oil | 207 | 242 | 207 | 242 |
| Aviation fuel | 152 | 218 | 152 | 218 |
| Lubricant | 150 | 158 | 150 | 158 |
| Other | 107 | 151 | 104 | 147 |
| Biofuels | 463 | 663 | 463 | 663 |
| | 2,132 | 3,149 | 2,129 | 3,145 |
| Other products | 215 | 263 | 192 | 245 |
| **Total** | **2,347** | **3,412** | 2,321 | **3,390** |

No net realizable value reduction in inventory was recorded in June 30, 2020.

The company has inventory submitted as security as per note 26.1.2.

## 8 Advanced bonuses awarded to clients

| 12/31/2018 | Additions | Write-off / appropriation to profit or loss | 12/31/019 | Additions | Write-off / appropriation to profit or loss | 6/30/2020 |
|---|---|---|---|---|---|---|
| 2,058 | 991 | (519) | 2,530 | 207 | (317) | 2,420 |

| | |
|---|---|
| Current | **604** | **601** |
| Noncurrent | **1,926** | **1,819** |

# 9 Investments

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

| | 12/31/2019 | Additions | Reduction of share capital | Equity income | Dividends | 6/30/2020 | Percentage of participation in voting capital - % |
|---|---|---|---|---|---|---|---|
| **Subsidiaries** | | | | | | | |
| Stratura (c) | 222 | - | (7) | 2 | (1) | 216 | 100,00% |
| FII | 9 | - | - | 21 | (4) | 26 | 99,01% |
| **Joint operation** | | | | | | | |
| Brasil Carbonos (a) | 78 | - | - | 6 | (12) | 72 | 49,00% |
| **Joint ventures** | | | | | | | |
| Camaçari Muricy II | 1 | 1 | - | - | - | 2 | 50,00% |
| Pecém Energia | 1 | - | - | - | - | 1 | 45,00% |
| Gas ES (b) | 2 | - | - | (1) | - | 1 | 49,00% |
| Navegantes | 22 | - | - | - | - | 22 | 33,33% |
| Nordeste I | 1 | - | - | - | - | 1 | 33,33% |
| Nordeste II | 4 | - | - | - | - | 4 | 33,33% |
| Nordeste III | 5 | - | - | - | - | 5 | 33,33% |
| **Associate** | | | | | | | |
| BRF Biorefinos | 11 | - | - | - | - | 11 | 49,00% |
| **Total** | **356** | **1** | **(7)** | **28** | **(17)** | **361** | |

(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, 2020, the balance of R$ 19 (R$ 20 as of December 31, 2019) is classified in consolidated property, plant and equipment.

(b) 60.07% percentage equity in the total capital.

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

## 10 Property, plant and equipment

| | Consolidated | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Rights of use | | | |
| Cost of property, plant and equipment | Land | Buildings and Improvements | Equipment and Other Assets | Assets under Construction | Land | Buildings and Improvements | Equipment | Total |
| **Balance as of December 31, 2018** | **313** | **3,764** | **5,168** | **837** | **65** | **20** | **33** | **10,200** |
| Initial Adoption CPC 06 (R2) - IFRS 16 | - | - | - | - | 330 | 441 | - | 771 |
| **Balance at January 01, 2019** | **313** | **3,764** | **5,168** | **837** | **395** | **461** | **33** | **10,971** |
| Additions | - | 1 | 141 | 370 | 77 | 25 | 12 | 626 |
| Write-offs | (1) | (2) | (115) | (1) | - | - | - | (119) |
| Transfers | 68 | 80 | 217 | (262) | (65) | (11) | (30) | (3) |
| Capitalized interest | - | - | - | 9 | - | - | - | 9 |
| **Balance as of December 31, 2019** | **380** | **3,843** | **5,411** | **953** | **407** | **475** | **15** | **11,484** |
| Additions | - | 1 | 41 | 133 | 24 | 3 | 1 | 203 |
| Write-offs | - | - | (22) | - | (13) | - | - | (35) |
| Transfers | - | 31 | 43 | (64) | - | - | - | 10 |
| Capitalized interest | - | - | - | 4 | - | - | - | 4 |
| **Balance as of June 30, 2020** | **380** | **3,875** | **5,473** | **1,026** | **418** | **478** | **16** | **11,666** |
| | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | |
| **Balance as of December 31, 2018** | **-** | **(1,230)** | **(3,146)** | **-** | **-** | **(12)** | **(15)** | **(4,403)** |
| Depreciation | - | (129) | (245) | - | (69) | (42) | (3) | (488) |
| Write-offs | - | 1 | 107 | - | - | - | - | 108 |
| Transfers | - | (4) | (13) | - | - | 5 | 14 | 2 |
| **Balance as of December 31, 2019** | **-** | **(1,362)** | **(3,297)** | **-** | **(69)** | **(49)** | **(4)** | **(4,781)** |
| Depreciation (b) | - | (66) | (124) | - | (37) | (21) | (1) | (249) |
| Write-offs | - | - | 18 | - | 3 | - | - | 21 |
| Transfers | - | (1) | (5) | - | - | - | - | (6) |
| **Balance as of June 30, 2020** | **-** | **(1,429)** | **(3,408)** | **-** | **(103)** | **(70)** | **(5)** | **(5,015)** |
| | | | | | | | | |
| **Balance of property, plant and equipment** | | | | | | | | |
| **At December 31, 2019** | **380** | **2,481** | **2,114** | **953** | **338** | **426** | **11** | **6,703** |
| **At June 30, 2020** | **380** | **2,446** | **2,065** | **1,026** | **315** | **408** | **11** | **6,651** |

| | Parent Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Rights of use | | | |
| Cost of property, plant and equipment | Land | Buildings and Improvements | Equipment and Other Assets | Assets under Construction | Land | Buildings and Improvements | Equipment | Total |
| **Balance as of December 31, 2018** | **307** | **3,380** | **5,080** | **438** | **66** | **338** | **33** | **9,642** |
| Initial Adoption CPC 06 (R2) - IFRS 16 | - | - | - | - | 406 | 441 | - | 847 |
| **Balance at January 01, 2019** | **307** | **3,380** | **5,080** | **438** | **472** | **779** | **33** | **10,489** |
| Additions | - | 1 | 140 | 334 | 81 | 25 | 12 | 593 |
| Write-offs | (1) | (1) | (113) | (1) | - | - | - | (116) |
| Transfers | 67 | 82 | 217 | (261) | (64) | (10) | (29) | 2 |
| **Balance as of December 31, 2019** | **373** | **3,462** | **5,324** | **510** | **489** | **794** | **16** | **10,968** |
| Additions | - | - | 41 | 104 | 24 | 3 | 1 | 173 |
| Write-offs | - | - | (21) | - | (13) | - | - | (34) |
| Transfers | - | 37 | 44 | (65) | - | - | - | 16 |
| **Balance as of June 30, 2020** | **373** | **3,499** | **5,388** | **549** | **500** | **797** | **17** | **11,123** |
| | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | |
| **Balance as of December 31, 2018** | **-** | **(1,182)** | **(3,105)** | **-** | **-** | **(48)** | **(14)** | **(4,349)** |
| Depreciation (a) | - | (121) | (242) | - | (76) | (49) | (3) | (491) |
| Write-offs | - | 1 | 104 | - | - | - | - | 105 |
| Transfers | - | (4) | (15) | - | - | 5 | 14 | - |
| **Balance as of December 31, 2019** | **-** | **(1,306)** | **(3,258)** | **-** | **(76)** | **(92)** | **(3)** | **(4,735)** |
| Depreciation (a) | - | (62) | (123) | - | (41) | (25) | (1) | (252) |
| Write-offs | - | - | 17 | - | 3 | - | - | 20 |
| Transferências | - | - | (3) | - | - | - | - | (3) |
| **Balance as of June 30, 2020** | **-** | **(1,368)** | **(3,367)** | **-** | **(114)** | **(117)** | **(4)** | **(4,970)** |
| | | | | | | | | |
| **Balance of property, plant and equipment** | | | | | | | | |
| **At December 31, 2019** | **373** | **2,156** | **2,066** | **510** | **413** | **702** | **13** | **6,233** |
| **At June 30, 2020** | **373** | **2,131** | **2,021** | **549** | **386** | **680** | **13** | **6,153** |

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

The usage rights assets primarily consist of land used by fuel stations, administrative offices and buildings. Note 14 contains information about lease liabilities.

The Company has property, plant and equipment submitted as security as per note 26.1.2.

## 11 Intangible assets

| | Consolidated | | | |
|---|---|---|---|---|
| **Cost of intangible assets** | **Rights and Concessions** | **Software (a)** | **Goodwill (b)** | **Total** |
| **Balance as of December 31, 2018** | **377** | **482** | **29** | **888** |
| Additions (c) | 10 | 73 | - | 83 |
| Transfers | 1 | - | - | 1 |
| **Balance as of December 31, 2019** | **388** | **555** | **29** | **972** |
| Additions (c) | 6 | 42 | - | 48 |
| Transfers | (1) | - | - | (1) |
| **Balance as of June 30, 2020** | **393** | **597** | **29** | **1,019** |
| | | | | |
| **Accumulated amortization** | | | | |
| **Balance as of December 31, 2018** | **(104)** | **(308)** | - | **(412)** |
| Amortization | (12) | (28) | - | (40) |
| **Balance as of December 31, 2019** | **(116)** | **(336)** | - | **(452)** |
| Amortization | (6) | (16) | - | (22) |
| Transfers | 2 | - | - | 2 |
| **Balance as of June 30, 2020** | **(120)** | **(352)** | - | **(472)** |
| | | | | |
| **Balance of intangible assets** | | | | |
| **At December 31, 2019** | **272** | **219** | **29** | **520** |
| **At June 30, 2020** | **273** | **245** | **29** | **547** |

| | Parent Company | | | |
|---|---|---|---|---|
| **Cost of intangible assets** | **Rights and Concessions** | **Software (a)** | **Goodwill (b)** | **Total** |
| **Balance as of December 31, 2018** | **372** | **482** | **29** | **883** |
| Additions (c) | 10 | 72 | - | 82 |
| Transfers | 1 | - | - | 1 |
| **Balance as of December 31, 2019** | **383** | **554** | **29** | **966** |
| Additions (c) | 6 | 42 | - | 48 |
| **Balance as of June 30, 2020** | **389** | **596** | **29** | **1,014** |
| | | | | |
| **Accumulated amortization** | | | | |
| **Balance as of December 31, 2018** | **(101)** | **(308)** | - | **(409)** |
| Amortization | (12) | (28) | - | (40) |
| **Balance as of December 31, 2019** | **(113)** | **(336)** | - | **(449)** |
| Amortization | (6) | (15) | - | (21) |
| **Balance as of June 30, 2020** | **(119)** | **(351)** | - | **(470)** |
| | | | | |
| **Balance of intangible assets** | | | | |
| **At December 31, 2019** | **270** | **218** | **29** | **517** |
| **At June 30, 2020** | **270** | **245** | **29** | **544** |

(a) The Company has a balance of software under development of R$ 110 (R$ 83 as of December 31, 2019).
(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$ 18 of the total software additions of R$ 42 (R$ 73 at December 31, 2019) was developed in-house (R$ 22 at December 31, 2019).

## 11.1 Concession for the exploration and marketing of natural gas in the state of Espírito Santo

The Company and Espírito Santo State Government have signed a concession agreement for the exclusive provision of public piped-gas distribution service, as explained in note 12.1 to the financial statements for the financial year ended December 31, 2019.

The General Meeting took place on July 22, 2019 to create Companhia de Gás do Espírito Santo ("ES Gás"), a mixed capital company owned by Espírito Santo state and the Company. The company ES GÁS, which will succeed the Company in the Concession, was preoperational at June 30, 2020 and will start operating on August 01, 2020 (note 30).

The assets, net of amortization, related to the gas concession and recorded as intangible assets as of June 30, 2020 are worth R$ 267 (R$ 267 as of December 31, 2019).

## 12 Trade payables

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | 6/30/2020 | 12/31/2019 | 6/30/2020 | 12/31/2019 |
| Trade accounts payable | | | | |
| Domestic market | 989 | 1,676 | 996 | 1,700 |
| Foreign market | 324 | 631 | 324 | 631 |
| **Total** | **1,313** | **2,307** | **1,320** | **2,331** |

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

The change in the period is primarily due to the lower volume of oil and ethanol product purchases, along with the lower cost for acquiring these products.

## 13 Financing

| | Contract currency | Contract index and interest rates | Maturity | Consolidated | | Parent Company | |
|---|---|---|---|---|---|---|---|
| | | | | 6/30/2020 | 12/31/2019 | 6/30/2020 | 12/31/2019 |
| Banco Rendimento | R$ | CDI + 0.60% p.m. | jan-21 | 31 | 30 | - | - |
| Banco IBM | R$ | CDI - 0.37% p.a. | sept-20 | 9 | 19 | 9 | 19 |
| Banco Itaú - Debentures | R$ | CDI + 0.89% p.a. | apr-25 | 756 | 3,557 | 756 | 3,557 |
| CRI 73 (*) | R$ | IPCA + 6.84% p.a. | feb-23 | 233 | 309 | - | - |
| CRI 99 (*) | R$ | IPCA + 4.09% p.a. | feb-25 | 175 | 208 | - | - |
| CRI 100 (*) | R$ | IPCA + 4.98% p.a. | feb-32 | 318 | 344 | - | - |
| CRA - Series 9 (**) | R$ | 98% of CDI p.a. | jul-22 | 483 | 487 | 483 | 487 |
| CRA - Series 10 (**) | R$ | 100% of CDI p.a. | jul-24 | 204 | 206 | 204 | 206 |
| CRA - Series 11 (**) | R$ | IPCA + 5.59% p.a. | jul-25 | 306 | 294 | 306 | 294 |
| NCE Santander | R$ | CDI + 0.85% p.a. | nov-20 | 513 | 503 | 513 | 503 |
| NCE Santander | R$ | CDI + 4.50% p.a. | mar-21 | 204 | - | 204 | - |
| NCE Santander | R$ | CDI + 4.65% p.a. | mar-21 | 82 | - | 82 | - |
| NCE Itaú | R$ | CDI + 4.05% p.a. | mar-21 | 204 | - | 204 | - |
| CCB itaú | R$ | CDI + 4.00% p.a. | apr-21 | 1,015 | - | 1,015 | - |
| NCE Santander | R$ | CDI + 3.85% p.a. | apr-21 | 305 | - | 305 | - |
| Bank of China | R$ | CDI + 2.50% p.a. | apr-22 | 86 | - | 86 | - |
| **Total domestic** | | | | **4,924** | **5,957** | **4,167** | **5,066** |
| NCE Citibank | US$ | Libor + 0.94% p.a. | feb-25 | 1,097 | - | 1,097 | - |
| NCE MUFG | US$ | 2.08% p.a. up to 2021 and 2.18% p.a up to 2025 | mar-25 | 369 | - | 369 | - |
| Loan 4131 JP Morgan | US$ | Libor + 0.7% p.a. | mar-22 | 342 | - | 342 | - |
| Loan 4131 JP Morgan | US$ | Libor + 0.7% p.a. | mar-23 | 342 | - | 342 | - |
| Loan 4131 Scotiabank | US$ | 2.1866% p.a. | mar-25 | 1,225 | - | 1,225 | - |
| NCE MUFG | Yen | 2.08% p.a. | apr-21 | 125 | - | 125 | - |
| **Total international (***)** | | | | **3,500** | **-** | **3,500** | **-** |
| **Total financing** | | | | **8,424** | **5,957** | **7,667** | **5,066** |
| Current | | | | 2,629 | 4,254 | 2,502 | 4,104 |
| Noncurrent | | | | 5,795 | 1,703 | 5,165 | 962 |

(*) Realty Receivables Certificates
(**) Debentures - Agribusiness Receivables Certificates
(***) All foreign-currency loans (NCEs and direct loans) were fully hedged for both value and maturity by swaps taken out with respective counterparties (note 28.2.1.1). The amounts presented are not net of their derivatives.

**Extension and settlement of part of the debentures**

In April 2020 the Company secured the approvals for the amendment to the Deed of the Company's first debentures issuance, maturing on 4/15/2020, resolved at the general debenture holders meeting (AGD) held 2/28/2020, in order to roll forward the maturity of a part of the principal to 4/15/2025 and to change the formula used to calculate compensatory interest. On 4/15/2020 the Company therefore settled R$ 2,768 at maturity of the Debentures' principal of R$ 3,518, with R$ 750 being renegotiated and reclassified to noncurrent liabilities. The interest payable on the loan was changed from 111.57% p.a. of the CDI rate to CDI + 0.89% p.a. on 4/15/2020 and only for the part of the principal that was renegotiated.

## 13.1 Transactions

| | Consolidated | | | Parent Company |
|---|---|---|---|---|
| | Banking Market | Capital Market (CRIs and Debentures) | Total | Total |
| **Domestic** | | | | |
| **Opening balance at January 01, 202019** | **41** | **5,483** | **5,524** | **4,580** |
| Additions (new borrowings) | 530 | - | 530 | 500 |
| Provision for interest | 6 | 293 | 299 | 298 |
| Amortization of principal | (15) | (107) | (122) | (10) |
| Amortization of interest | (11) | (350) | (361) | (308) |
| Inflation indexation | - | 87 | 87 | 6 |
| **Closing balance at December 31, 2019** | **551** | **5,406** | **5,957** | **5,066** |
| Additions (new borrowings) | 1,865 | - | 1,865 | 1,865 |
| Provision for interest | 42 | 75 | 117 | 115 |
| Amortization of principal | (5) | (2,886) | (2,891) | (2,773) |
| Amortization of interest | (4) | (151) | (155) | (109) |
| Inflation indexation | - | 31 | 31 | 3 |
| **Total Domestic** | **2,449** | **2,475** | **4,924** | **4,167** |
| **Overseas** | | | | |
| **Opening balance at January 01, 2020** | - | - | - | - |
| Additions (new borrowings) | 2,848 | - | 2,848 | 2,848 |
| Provision for interest | 21 | - | 21 | 21 |
| Amortization of interest | (10) | - | (10) | (10) |
| Exchange variation | 641 | - | 641 | 641 |
| **Total Overseas** | **3,500** | - | **3,500** | **3,500** |
| **Closing balance at June 30, 2020** | **5,949** | **2,475** | **8,424** | **7,667** |

### 13.1.1 Reconciliation of financing against cash flows deriving from financing activities

| | Consolidated | |
|---|---|---|
| | 6/30/2020 | 6/30/2019 |
| **Opening balance** | **5,957** | **5,524** |
| Cash flow | | |
| Additions | 4,713 | - |
| Amortization of principal | (2,891) | (115) |
| Amortization of interest | (165) | (198) |
| Noncash changes | | |
| Interest and inflation indexation | 169 | 201 |
| Exchange variation | 641 | - |
| **Closing balance** | **8,424** | **5,412** |

### 13.2 Summarized information on financing maturities

| | | | | | | | Consolidated | | Parent Company |
|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 onwards | Total | Total |
| **Domestic Financing:** | **603** | **1,891** | **664** | **108** | **316** | **1,092** | **250** | **4,924** | **4,167** |
| Indexed to floating rates | 603 | 1,891 | 664 | 108 | 316 | 1,092 | 250 | 4,924 | 4,167 |
| **Overseas Financing (*):** | **11** | **125** | **447** | **885** | **543** | **1,489** | **-** | **3,500** | **3,500** |
| Indexed to floating rates | 2 | - | 361 | 799 | 457 | 446 | - | 2,065 | 2,065 |
| Indexed to fixed rates | 9 | 125 | 86 | 86 | 86 | 1,043 | - | 1,435 | 1,435 |
| **Total as of June 30, 2020** | **614** | **2,016** | **1,111** | **993** | **859** | **2,581** | **250** | **8,424** | **7,667** |

(*) All foreign-currency loans were fully hedged for both value and maturity by swaps (note 28.2.2.1). The amounts presented are not net of their derivatives.

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 fair value of domestic financing as of June 30, 2020 is R$ 5,122 (R$ 4,146 at the Parent Company) and of overseas financing is R$ 3,239 (Consolidated and Parent Company).

The financial instruments sensitivity analysis can be seen in note 28.2.2.1.

## 13.3 Transaction costs

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

| | 12/31/2019 | Costs incurred | Amortization | 6/30/2020 | 2021 | 2022 | 2023 | 2024 onwards | Total |
|---|---|---|---|---|---|---|---|---|---|
| Debentures | (1) | (1) | 1 | (1) | - | - | - | 1 | 1 |
| CRA (*) | (12) | - | 1 | (11) | 4 | 4 | 1 | 2 | 11 |
| | **(13)** | **(1)** | **2** | **(12)** | **4** | **4** | **1** | **3** | **12** |

(*) Debentures - Agribusiness Receivables Certificates

## 13.4 Contractual obligations (covenants)

The Company's financing agreements contain covenants (nonfinancial), all of which had been fully met as of June 30, 2020. These include the requirement to present financial statements by the deadlines agreed with the institutions; the requirement not to incur protests for payables in previously determined amounts; the requirement not to default to any lender or any financial or credit institution, as per the agreed amounts; and other clauses.

## 14 Leases

The Company is a lessee in several contracts with different natures, mainly entailing the leasing of land for fuel stations, fuel distribution bases, administrative offices and buildings. Part of these leases are taken out with the subsidiary FII FCM, administrated by Rio Bravo Investimentos DTVM Ltda. The Company also leases equipment from the investee CDGN, and leases this equipment to the customers Suzano Papel S.A. and Fiat Automóveis Ltda.

The right-of-use assets deriving from lease operations can be seen in note 10.

See below flows of lease receipts and payments:

| | Consolidated | | | | | | Parent Company | |
|---|---|---|---|---|---|---|---|---|
| | Receipts | | | Payments | | | Receipts | Payments |
| Estimated commitments | Future value | Annual interest | Present value | Future value | Annual interest | Present value | Present value | Present value |
| 2020 | 3 | (2) | 1 | 80 | (30) | 50 | 3 | 55 |
| 2021 | 8 | (2) | 6 | 160 | (60) | 100 | 4 | 205 |
| 2022 | 7 | (3) | 4 | 143 | (60) | 83 | 4 | 123 |
| 2023 | 7 | (3) | 4 | 123 | (55) | 68 | 4 | 110 |
| 2024 | 3 | (1) | 2 | 97 | (49) | 48 | 2 | 91 |
| 2025 onwards | 2 | (1) | 1 | 640 | (193) | 447 | 1 | 704 |
| **At June 30, 2020** | **30** | **(12)** | **18** | **1,243** | **(447)** | **796** | **18** | **1,288** |
| Current | | | 4 | | | 103 | 4 | 208 |
| Noncurrent | | | 14 | | | 693 | 14 | 1,080 |
| **At June 30, 2020** | | | **18** | | | **796** | **18** | **1,288** |
| Current | | | 4 | | | 87 | 4 | 199 |
| Noncurrent | | | 16 | | | 731 | 16 | 1,187 |
| **At December 31, 2019** | | | **20** | | | **818** | **20** | **1,386** |

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$ 49 and R$ 16 respectively (Consolidated and Parent Company). Payments of variable portions account for 6% in the consolidated statement and 4% in the parent company statement of fixed payments made.

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

| Consolidated | | | | | | |
|---|---|---|---|---|---|---|
| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 onwards | Total |
| 38 | 35 | 34 | 80 | 29 | 807 | **1,023** |

## 14.1 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 |
|---|---|---|---|---|---|
| Avarage discount rate (% p.a.) | 7.91% | 10.20% | 10.07% | 9.88% | 8.29% |

## 14.2 Potential right to recoverable PIS/COFINS embedded in the consideration

| | Consolidated 6/30/2020 | |
|---|---|---|
| | Nominal cash flow | Presente value flow |
| Consideration | 784 | 365 |
| PIS/COFINS | 72 | 37 |

## 14.3 Transactions

| | Consolidated Total | Parent Company Total |
|---|---|---|
| **Closing balance at December 31, 2018** | **48** | **563** |
| Initial Adoption IFRS 16 | 771 | 847 |
| **Opening balance at January 01, 2019** | **819** | **1,410** |
| Additions (entry of new contracts) | 104 | 110 |
| Additions/write-offs via transfer | 2 | 3 |
| Provision for interest | 78 | 137 |
| Principal and interest payment | (187) | (305) |
| Inflation indexation | 2 | 31 |
| **Closing balance at December 31, 2019** | **818** | **1,386** |
| Additions (entry of new contracts) | 29 | 28 |
| Additions/write-offs via transfer | (11) | (11) |
| Provision for interest | 35 | 66 |
| Principal and interest payment | (75) | (190) |
| Inflation indexation | - | 9 |
| **Closing balance at June 30, 2020** | **796** | **1,288** |

## 14.4 Reconciliation of leases against cash flows deriving from financing activities

| | Consolidated | |
|---|---|---|
| | 6/30/2020 | 6/30/2019 |
| **Opening balance** | **818** | **48** |
| Initial Adoption IFRS 16 | - | 771 |
| Payments of principal | (40) | (38) |
| Interest payments | (35) | (39) |
| Noncash changes | | |
| Rights of use acquisitions | 29 | 40 |
| Interest and inflation indexation | 35 | 40 |
| Write-offs via transfer | (11) | (79) |
| **Closing balance** | **796** | **743** |

## 14.5 Official Circular CVM/SEP/n°2/2019

Official Circular CVM/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 | |
|---|---|---|
| | 6/30/2020 | |
| | CPC 06 (R2) | CVM Official Letter |
| Lease Liability (*) | 778 | 943 |
| Right-of-use | 735 | 851 |
| Financial Expense | 16 | 23 |
| Depreciation | 30 | 33 |

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

## 15 Customer advances

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | 6/30/2020 | 12/31/2019 | 6/30/2020 | 12/31/2019 |
| Marketing funds (a) | 112 | 113 | 112 | 113 |
| Customer advances (note 21.2) | 285 | 161 | 279 | 155 |
| Other | 12 | 11 | 12 | 11 |
| **Total** | **409** | **285** | **403** | **279** |

(a) Advances received from accredited customers, such as retailers, franchisees and business partners, for advertising and promotional initiatives carried out by the Company.

## 16 Taxes

### 16.1 Taxes and contributions

| | Consolidated | | | | | | |
|---|---|---|---|---|---|---|---|
| | Assets | | | | Liabilities | | |
| | 6/30/2020 | | | | 6/30/2020 | | |
| | Current | Noncurrent | Total | 12/31/2019 | Current | Total | 12/31/2019 |
| ICMS | 877 | 565 | 1,442 | 1,425 | 102 | 102 | 186 |
| IPI | 6 | - | 6 | 9 | - | - | - |
| PIS / COFINS | 542 | 20 | 562 | 29 | 147 | 147 | 71 |
| Income and social contribution taxes withheld at source | - | - | - | - | 9 | 9 | 30 |
| Other | 104 | 3 | 107 | 50 | 26 | 26 | 28 |
| **Total** | **1,529** | **588** | **2,117** | **1,513** | **284** | **284** | **315** |

The Company's legal proceeding to recognize the right to exclude ICMS from the PIS and COFINS calculation base and to offset unduly paid amounts received a favorable final and unappealable decision in June 2020, ordering ICMS be excluded from the calculation base for these contributions. R$ 526 was calculated and recognized in the Company's profit and loss, with R$ 376 for the principal (note 22) and R$ 150 for monetary restatement by the Selic base interest rate (note 24), as per the methodology stipulated by RFN Normative Directive 1.911/19.

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

### 16.2 State Amnesty Programs

On June 30, 2020 and December 31, 2019, the Company settled various state ICMS tax debts, through Amnesty Programs.

| | | | 6/30/2020 | | |
|---|---|---|---|---|---|
| State | State Law / Decree | Incentives secured | Existing debts | Reduction incentive | Amount paid after the benefit |
| Mato Grosso do Sul | Law 5.457 of 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 |
| **Total** | | | **55** | **38** | **17** |

| | | | 12/31/2019 | | |
|---|---|---|---|---|---|
| State | State Law / Decree | Incentives secured | Existing debts | Reduction incentive | Amount paid after the benefit |
| Mato Grosso | Law 10.977/19 and Decree 216/19 | Discount of 75% on total interest, arrears fine and penalty incurred due to breach and/or nonperformance of principal obligation and 75% of the total penalty for not performing the auxiliary obligation. | 11 | 5 | 6 |
| Other amnesties | | | 1 | - | 1 |
| **Total** | | | **12** | **5** | **7** |

## 16.3 Deferred income and social contribution taxes

| | Consolidated | | | | | | | Parent Company |
|---|---|---|---|---|---|---|---|---|
| | | Recognized in | | | Recognized in | | | |
| Source of the recorded deferred taxes | 12/31/2018 | Net income | Equity | 12/31/2019 | Net income | Equity | 6/30/2020 | 6/30/2020 |
| Accounts receivable | 75 | (37) | - | 38 | (8) | - | 30 | 13 |
| Bonuses advanced to clients | 727 | 98 | - | 825 | 57 | - | 882 | 882 |
| Property, plant and equipment | (36) | (43) | - | (79) | (16) | - | (95) | (91) |
| Leases | (72) | (1) | - | (73) | (15) | - | (88) | (88) |
| PIDV (*) | 28 | (27) | - | 1 | (1) | - | - | - |
| Judicial proceedings | 340 | 13 | - | 353 | (24) | - | 329 | 329 |
| Post-employment benefits | 801 | (43) | 120 | 878 | 15 | (189) | 704 | 703 |
| Tax loss carryforwards | 1 | (1) | - | - | - | - | - | - |
| Judicial deposits | (123) | (13) | - | (136) | (8) | - | (144) | (144) |
| Hedge | 24 | 15 | - | 39 | (33) | - | 6 | 6 |
| Profit sharing | 23 | (23) | - | - | - | - | - | - |
| Other | 75 | (16) | - | 59 | (10) | - | 49 | 47 |
| **Total** | **1,863** | **(78)** | **120** | **1,905** | **(43)** | **(189)** | **1,673** | **1,657** |
| | | | | | | | | |
| **Deferred income tax** | 1,369 | | | 1,401 | | | 1,230 | 1,218 |
| **Deferred social contributions** | 494 | | | 504 | | | 443 | 439 |
| | | | | | | | | |
| **Deferred tax assets** | 2,398 | | | 2,357 | | | 2,169 | 2,150 |
| **Deferred tax liabilities** | (535) | | | (452) | | | (496) | (493) |

(*) Voluntary Redundancy Incentivization Plan

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

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Six-month period ended June 30 | | Six-month period ended June 30 | |
| | 2020 | 2019 | 2020 | 2019 |
| **Net income before tax** | 736 | 1,249 | 734 | 1,253 |
| Income and social contribution taxes at nominal rates (34%) | (250) | (425) | (249) | (426) |
| **Adjustments to determine effective rate:** | | | | |
| • Net permanent additions/exclusions | (25) | (12) | (17) | (10) |
| • Tax incentives | 3 | 8 | 3 | 8 |
| • Expenses on A.M.S. health benefit for retirement | (42) | (46) | (42) | (46) |
| • Other items | - | 5 | (7) | - |
| **Income tax and social contribution** | **(314)** | **(470)** | **(312)** | **(474)** |
| Current IR and CSLL | (271) | (351) | (268) | (351) |
| Deferred IR and CSLL | (43) | (119) | (44) | (123) |
| | **(314)** | **(470)** | **(312)** | **(474)** |
| Effective income and social contribution tax rate | 42.7% | 37.6% | 42.5% | 37.8% |

## 17 Payroll, vacations, charges, bonuses and profit sharing

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

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | 6/30/2020 | 12/31/2019 | 6/30/2020 | 12/31/2019 |
| Provision for vacations | 79 | 104 | 78 | 103 |
| Salaries, charges and other provisions | 51 | 96 | 50 | 95 |
| Discount due to salary renegotiation | 25 | 55 | 25 | 55 |
| Performance bonus | 55 | 53 | 55 | 53 |
| Profit sharing | 1 | 1 | - | - |
| **Total** | **211** | **309** | **208** | **306** |

## 17.1 Discount due to salary renegotiation

As of June 30, 2020 the Company provisioned for R$ 21 as payment of discounts as result of implementing new positions and salaries, due to the pay cuts through individual negotiations, as set out in article 444 of the CLT (R$ 55 in December 2019). The performance-related remainder will be paid in 2021.

## 17.2 Performance bonus

### 17.2.1 Payment of employee bonuses

In December 2019 the Company provisioned for R$ 49 based on its best estimates for payment of the performance bonus to employees for FY 2019.

As of June 30, 2020 the Company had not resolved the premiums for employees for FY 2020, but has defined the short-term incentive and long-term incentive multiples (target) for leaders (managers, coordinators and managing directors). Therefore, until June 30, the Company did not recognize any provision for the year 2020.

### 17.2.2 Payment of bonuses to executive board members

In December 2019 the Company provisioned for R$ 3 as a bonus for Executive Board members, to be paid based on the percentage performance of corporate and business unit targets. The provision has been made for the part of the program payable at sight (60%), in 2020. The remainder (40%) will be paid in four deferred installments in subsequent years (2021 to 2024).

As of June 30, 2020 the Company had not resolved the premiums for Executive Board members. Therefore, until June 30, the Company did not recognize any provision for the year 2020.

The Extraordinary General Meeting held July 28, 2020 approved the new variable compensation programs for the Company's executives: the Long-Term Incentive Plan for Stock Options, and Restricted Shares Plan - Matching Shares Program (note 30).

## 18 Redundancy plans

## 18.1 Voluntary Redundancy Incentivization Program - PIDV

The change in the provision in 2020 is as follows:

| | |
|---|---|
| **Balance at December 31, 2018** | **83** |
| Withdrawals | (38) |
| Retained indemnities | 3 |
| Restatement / adjustments | (3) |
| Use through dismissal | (60) |
| Additional PIDV BR 2018 Provision | 17 |
| **Balance at December 31, 2019** | **2** |
| Use through dismissal | (2) |
| **Balance at June 30, 2020** | **-** |

## 18.2 Voluntary Severance Program – PDO

The Company rolled out a voluntary severance program (PDO) in November 2019.

The PDO BR 2019 ended on May 12, 2020 with a total of 907 severances.

## 18.3 Company Restructuring

The Company's organizational structure shed some 140 management positions in 2019 as a result of restructuring. Severances under this restructuring have not been included in the programs mentioned in items 18.1 and 18.2, because they were not voluntary or optional. Accounts payable of R$ 91 million accordingly provisioned for, with R$ 64 million having been paid in December 2019, leaving a balance payable of R$ 3 as of June 30, 2020.

## 19 Employee benefits

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | 6/30/2020 | 12/31/2019 | 6/30/2020 | 12/31/2019 |
| **Liabilities** | | | | |
| Renegotiated Petros pension plan | 1,192 | 1,764 | 1,192 | 1,764 |
| Non-renegotiated Petros pension plan | 493 | 576 | 493 | 576 |
| Petros 2 pension plan | 4 | 18 | - | 15 |
| AMS health care plans | 2,675 | 2,850 | 2,675 | 2,850 |
| Other Plans | 2 | 3 | - | - |
| **Total** | **4,366** | **5,211** | **4,360** | **5,205** |
| **Financial Commitments** | | | | |
| Renegotiated Petros pension plan | 111 | - | 111 | - |
| Non-renegotiated Petros pension plan | 42 | - | 42 | - |
| **Total** | **153** | - | **153** | - |
| **Total obligations pension and health plans** | **4,519** | **5,211** | **4,513** | **5,205** |
| **Current** | 210 | 192 | 210 | 192 |
| **Noncurrent** | 4,309 | 5,019 | 4,303 | 5,013 |

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

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | Pension Plan | | | | | |
| | Petros Renegotiated | Petros Not Renegotiated | Petros 2 | Other | AMS Health Care Plans | Total |
| **Balance at 1 January 2019** | 1,575 | 694 | 70 | 1 | 2,569 | 4,909 |
| (+) Effects of remeasurement recognized in OCI | 495 | (79) | (63) | - | 109 | 462 |
| (+) Service cost | 18 | 3 | 7 | - | 39 | 67 |
| (-) Payment of contributions | (446) | (97) | - | - | (98) | (641) |
| (+) Net interest on net liability | 122 | 55 | 6 | - | 231 | 414 |
| **Balance as of December 31, 2019** | **1,764** | **576** | **20** | **1** | **2,850** | **5,211** |
| (+) Cost / (reversal) of past service | (28) | (15) | 2 | 1 | 123 | 83 |
| (-) Payment of contributions | (11) | (5) | - | - | (40) | (56) |
| (-) Deficit Repaid - Petros Plan | (21) | (10) | - | - | - | (31) |
| (-) Payment of financial commitments | (27) | - | - | - | - | (27) |
| (+/-) Effects of remeasurement recognized in OCI | (485) | (53) | (18) | - | (258) | (814) |
| **Total actuarial obligations** | **1,192** | **493** | **4** | **2** | **2,675** | **4,366** |
| (+) Obligation with financial commitments | 111 | 42 | - | - | - | 153 |
| **Balance as of June 30, 2020** | **1,303** | **535** | **4** | **2** | **2,675** | **4,519** |
| | | | | | | |
| **Current** | 76 | 34 | - | - | 100 | 210 |
| **Noncurrent** | 1,227 | 501 | 4 | 2 | 2,575 | 4,309 |
| | **1,303** | **535** | **4** | **2** | **2,675** | **4,519** |

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

| | Period ended June 30, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Consolidated | | | | | | Parent Company |
| | Pension Plan | | | | | | |
| **Obrigações atuariais** | Petros Renegotiated | Petros Not Renegotiated | Petros 2 | Other | AMS Health Care Plans | Total | Total |
| Service cost | - | - | 2 | - | 8 | 10 | 10 |
| Cost / (reversal) of past service | (92) | (36) | - | - | - | (128) | (128) |
| Net interest on net liability | 64 | 21 | - | 1 | 115 | 201 | 201 |
| **Net cost in Jan-Jun/2020** | **(28)** | **(15)** | **2** | **1** | **123** | **83** | **83** |
| **Relating to active employees:** | | | | | | | |
| Absorbed in the cost of activities | 1 | - | - | - | 1 | 2 | 2 |
| Directly to income | (8) | (2) | 2 | 1 | 18 | 11 | 11 |
| **Relating to inactive members:** | (21) | (13) | - | - | 104 | 70 | 70 |
| **Net cost in Jan-Jun/2020** | **(28)** | **(15)** | **2** | **1** | **123** | **83** | **83** |
| **Net cost in Jan-Jun/2019** | **70** | **29** | **7** | **-** | **135** | **241** | **240** |
| | | | | | | | |
| Financial Commitments | 111 | 42 | - | - | - | 153 | 153 |
| **Expense in Jan-Jun/2020** | **111** | **42** | **-** | | **-** | **153** | **153** |
| **Relating to active employees:** | | | | | | | |
| Absorbed in the cost of activities | **2** | - | - | - | - | 2 | 2 |
| Directly to income | 17 | 2 | - | - | - | 19 | 19 |
| **Relating to inactive members (*):** | 92 | 40 | - | - | - | 132 | 132 |
| **Expense in Jan-Jun/2020** | **111** | **42** | **-** | **-** | **-** | **153** | **153** |
| **Total obligations pension and health plans** | **83** | **27** | **2** | **1** | **123** | **236** | **236** |

(*) Other net income (expenses)

| | Current quarter (4/1/2020 a 6/30/2020) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Consolidated | | | | | | Parent Company |
| | Pension Plan | | | | | | |
| Obrigações atuariais | Petros Renegotiated | Petros Not Renegotiated | Petros 2 | Other | AMS Health Care Plans | Total | Total |
| Service cost | - | - | 1 | - | 3 | 4 | 5 |
| Cost / (reversal) of past service | (92) | (36) | - | - | - | (128) | (128) |
| Net interest on net liability | 29 | 10 | - | - | 58 | 97 | 96 |
| **Net cost in Apr-Jun/2020** | **(63)** | **(26)** | **1** | **-** | **61** | **(27)** | **(27)** |
| **Relating to active employees:** | | | | | | | |
| Directly to income | (14) | (3) | 1 | - | 9 | (7) | (7) |
| **Relating to inactive members:** | (49) | (23) | - | - | 52 | (20) | (20) |
| **Net cost in Apr-Jun/2020** | **(63)** | **(26)** | **1** | **-** | **61** | **(27)** | **(27)** |
| **Net cost in Apr-Jun/2019** | **35** | **15** | **4** | **-** | **67** | **121** | **120** |
| | | | | | | | |
| Financial Commitments | 111 | 42 | - | - | - | 153 | 153 |
| **Expense in Apr-Jun/2020** | **111** | **42** | **-** | | **-** | **153** | **153** |
| **Relating to active employees:** | | | | | | | |
| Absorbed in the cost of activities | 2 | - | - | - | - | 2 | 2 |
| Directly to income | 17 | 2 | - | - | - | 19 | 19 |
| **Relating to inactive members (*):** | 92 | 40 | - | - | - | 132 | 132 |
| **Expense in Apr-Jun/2020** | **111** | **42** | **-** | **-** | **-** | **153** | **153** |
| **Total obligations pension and health plans** | **48** | **16** | **1** | **-** | **61** | **126** | **126** |

(*) Other net income (expenses)

The Petros 2 Plan has a defined-contribution portion whose payments are recognized in profit or loss. As of June 2020 the Company's contribution to the defined-contribution portion of the Petros 2 Plan was R$ 12 (R$ 20 up to June 2019).

**Settlement of Financial Commitments (TCFs)**

On June 28, 2019 the Company made the prepayment of R$ 424 for the Financial Commitments (TCFs) resulting from the Mutual Obligations Settlement (AOR) between Petros, Petrobras and several trade unions in 2006. The amount paid in 2019 was R$ 436. This settlement was made to pursue a solution to repair the Petros plan of Petrobras group. The TCFs were signed in 2008, establishing the total debt will be paid over to 20 years (through 2028), restated by the IPCA price index + 6% p.a.

Notwithstanding its settlement, the TCF – Pension Difference stipulates the Company pay any actuarial adjustments, as per the annual actuarial calculation. The actuarial adjustment for 2019 owed by the Company was paid on April 30, 2020 in the amount of R$ 27.

**Repairing the deficit accumulated in 2015 (2015 PED)**

In March 2018 the Deficit Repair Plan (PED) of the Petrobras Group Petros Plan (PPSP) started to address the deficit accumulated in 2015, by collecting extraordinary proportional contributions by active and assisted participants and the sponsor. PED 2015 payments are effective through May/2020. The New PED came into force in June/2020, as explained below.

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

Because the deficits accumulated in 2018 have breached the legal limit, Petros needed to implement a new deficit repair plan. Known as the new PED, this repair was approved by PREVIC and published in the DOU (Official Government Journal) on May 05, 2020, where the new rates for the extraordinary contribution was deducted in the accrual period June/2020.

Petros implemented the new PED to seek an alternative to restore the balance of the Petros Plan of Petrobras Group – renegotiated (PPSP-R) and Petros Plan of Petrobras Group – Not Renegotiated (PPSP-NR), which includes the 2015 and 2018 deficits, in addition to reducing the financial impact of the participants' extraordinary monthly contributions.

The solution includes changing certain rights and changes to the regulations of both plans, intended for active and assisted participants not belonging to the Pre-70 Group, especially in the calculation of Lump sum benefit on death and 13$^{th}$ additional payment, and the calculation of the benefit for future ineligible retirees, as per the regulatory criteria for defining the assured right. The proposed amendment includes adopting the average of the thirty-six participating salaries as a basis for calculating the real additional retirement benefit. disassociating the adjustment of assisted participant's benefits from the adjustment awarded by the sponsor to its employees, with consequent indexing of the assisted participant's benefits to the plan's index - IPCA price index, applicable to PPSP-NR; and disassociating the additional retirement payments from the benefit paid by the INSS, consequently associating the additional retirement amounts to the hypothetical INSS (Reference Unit – UR), amongst others. The proposed New PED was fully signed off by PREVIC in May and began to be implemented in June.

The New PED's obligations included the requirement for the sponsors to make extraordinary contributions in exchange for reducing the Lump sum benefit on death applicable to participants and assisted participants. The Company's total obligation was established in a debt financing instrument of R$ 150 million subject to the following terms: 15-year term, with a grace period of until 12/31/2020, and the semi-annual payments of principal and interest commencing January 2021, restated by the actuarial target calculated annually in accordance with the plans' premises, plus prepayment option. The amount of R$ 150 million was updated to the base date of June 30, 2020. The Company submitted promissory notes as security in the amount of R$ 342.

Because of the changes to the regulations of the PPSP-R and PPSP-NR plans deriving from the New PED, the Company conducted an interim actuarial appraisal, with a base date of May 31, 2020, to adjust the actuarial liabilities, net of guaranteeing assets, to the new rules. Because of the importance of the calculation, the financial premises were also revised for the Petros II and Health (AMS) plans.

**Guaranteeing assets**

The balance of guaranteeing assets is shown below:

| | 6/30/2020 | | 12/31/2019 | |
|---|---|---|---|---|
| | PPSP-R | PPSP-NR | PPSP-R | PPSP-NR |
| Plan assets | 2,554 | 747 | 2,879 | 894 |

**Actuarial assumptions**

Regarding the intermediary actuarial review carried out in May 2020, only the assumptions regarding the discount rate have changed, as shown below:

| | 6/30/2020 | | | | 12/31/2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | PPSP-R | PPSP-NR | Petros 2 | AMS | PPSP-R | PPSP-NR | Petros 2 | AMS |
| Real discount rate | 4.40% | 4.31% | 4.62% | 4.51% | 3.69% | 3.66% | 3.78% | 3.74% |

In the first half of 2020, the Company disbursed R$ 31 as extraordinary contributions from PED – employers' share (PED 2015 until May/2020 e New PED in June/2020).

# 20 Equity

## 20.1 Capital

As of June 30, 2020 the fully subscribed and paid-in share capital of R$ 6,353 (R$ 6,353 at December 31, 2019) consists of 1,165,000,000 book-entered common shares with no par value.

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).

## 20.2 Dividends and interest on shareholders' equity

Shareholders are entitled to a mandatory dividend of 25% of adjusted net income for the year, under Article 46 of the Company's Bylaws and article 202 of Brazilian Corporation Law.

| | Consolidated | |
|---|---|---|
| | Six-month period ended June 30 | |
| | 2020 | 2019 |
| **Opening balance** | 525 | 758 |
| Addition | - | 2,199 |
| Payment | - | (1,518) |
| Income tax withheld at source | - | (8) |
| Interest indexation | 11 | 83 |
| **Closing balance** | **536** | **1,514** |

## 20.3 Earnings per share

| | Consolidated | |
|---|---|---|
| | Six-month period ended June 30 | |
| | 2020 | 2019 |
| Net income | 422 | 779 |
| Weighted average free float - (no. of shares) | 1,165,000,000 | 1,165,000,000 |
| **Basic and diluted net income per common share** | **0.36** | **0.67** |

## 21 Sales revenue

| | Consolidated | | | | Parent Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Current quarter (4/1/2020 to 6/30/2020) | Six-month period ended June 30, 2020 | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | Six-month period ended June 30, 2019 | Current quarter (4/1/2020 to 6/30/2020) | Six-month period ended June 30, 2020 | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | Six-month period ended June 30, 2019 |
| **Products, services and energy** | | | | | | | | |
| Petroleum derivatives | | | | | | | | |
| Diesel | 9,295 | 20,669 | 13,373 | 25,431 | 9,295 | 20,669 | 13,373 | 25,431 |
| Gasoline | 5,515 | 13,369 | 8,738 | 16,608 | 5,515 | 13,369 | 8,738 | 16,608 |
| Fuel oil | 696 | 1,680 | 989 | 2,019 | 696 | 1,680 | 989 | 2,019 |
| Aviation fuel | 327 | 2,677 | 2,444 | 4,953 | 327 | 2,677 | 2,444 | 4,953 |
| Lubricant | 455 | 956 | 529 | 1,065 | 455 | 956 | 529 | 1,065 |
| Asphalt | 307 | 576 | 233 | 440 | - | - | - | - |
| Coke | 492 | 1,013 | 585 | 1,214 | 492 | 1,013 | 585 | 1,214 |
| Other products | 204 | 484 | 258 | 535 | 204 | 484 | 258 | 535 |
| Ethanol | 1,247 | 3,498 | 2,348 | 4,535 | 1,247 | 3,498 | 2,348 | 4,535 |
| Natural gas | 401 | 895 | 572 | 1,163 | 401 | 895 | 572 | 1,163 |
| Supply-House products (a) | 380 | 723 | 287 | 587 | 380 | 723 | 287 | 587 |
| Services, energy and other | 20 | 44 | 20 | 38 | 16 | 32 | 13 | 26 |
| | 19,339 | 46,584 | 30,376 | 58,588 | 19,028 | 45,996 | 30,136 | 58,136 |
| Interest embedded in products prices | (48) | (111) | (73) | (143) | (48) | (111) | (73) | (143) |
| Advanced bonuses awarded to clients | (157) | (307) | (115) | (239) | (157) | (307) | (115) | (239) |
| Performance bonus (b) | (80) | (143) | (74) | (148) | (80) | (143) | (74) | (148) |
| Sales prizes and discounts | (58) | (113) | (75) | (125) | (58) | (113) | (75) | (125) |
| **Gross revenue** | **18,996** | **45,910** | **30,039** | **57,933** | **18,685** | **45,322** | **29,799** | **57,481** |
| Sales charges | (4,114) | (9,840) | (5,994) | (11,456) | (4,043) | (9,705) | (5,936) | (11,347) |
| **Sales revenue** | **14,882** | **36,070** | **24,045** | **46,477** | **14,642** | **35,617** | **23,863** | **46,134** |

(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.

### 21.1 Remaining performance obligations

The Company has product or service sales agreements in force and signed up to June 30, 2020, with terms in excess of 1 year, where each party's rights in relation to the goods and services to be transferred have been defined, i.e. there is a preestablished number of goods or services promised to the client for the coming years, with the respective payment terms.

See below the total values of prices allocated to performance allegations not satisfied at June 30, 2020, based on sales volumes committed to by the parties, and prices practiced in recent sales, which are subject to variance in the value of commodities, exchange rate and other market factors.

| | Consolidated |
|---|---|
| **Total contracts** | **278,012** |
| Diesel | 120,015 |
| Automotive gasoline | 122,435 |
| Fuel oil | 7,662 |
| Other petroleum products | 5,167 |
| **Subtotal derivate products** | **255,279** |
| Natural gas | 2,713 |
| Ethanol, nitrogen and renewable products | 19,808 |
| Services and other | 23 |
| **Domestic sales** | **277,823** |
| Exports | 189 |
| **Overseas** | **189** |

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.

### 21.2 Contract liabilities

The balances of contract liabilities, presented as Customer Advances (note 15), primarily denotes the advances for future clear fuel, solvents and special products and aviation products, which will be recognized as revenue after the effective delivery.

Total revenue recognized in 2020 included in the balance of contract liabilities at the start of the year was R$ 135.

## 22 Other net revenue (expenses)

| | Consolidated | | | |
|---|---|---|---|---|
| | Current quarter (4/1/2020 to 6/30/2020) | Six-month period ended June 30, 2020 | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | Six-month period ended June 30, 2019 |
| Discount due to salary renegociation | (12) | (21) | - | - |
| Tax credits - ICMS in the PIS and COFINS calculation base | 376 | 376 | - | - |
| Rental expenses | (14) | (23) | (13) | (26) |
| Profit sharing | - | - | - | (13) |
| Losses and provisions for judicial proceedings (note 26.1) | 68 | 42 | (31) | (86) |
| Pension and health plan - inactive members | (112) | (202) | (83) | (167) |
| Career and salaries plan | - | - | (49) | (49) |
| Voluntary Redundancy Incentivization Program (PIDV) (note 18.1) | - | - | 13 | 16 |
| Redundancy program and restructuring (note 18.2 / 18.3) | (1) | 2 | - | - |
| Franchise, rental and royalties revenue | 32 | 92 | 74 | 123 |
| Joint storage revenue | 19 | 37 | 27 | 55 |
| Recovery of tax credits - PIS and COFINS | 2 | 22 | 8 | 26 |
| Institutional relations and cultural projects | (19) | (24) | (22) | (34) |
| Income on the sale / derecognition of non-current assets | (8) | (5) | 4 | 10 |
| Commodity hedge result - open operations | (308) | (16) | 59 | (5) |
| Commodity hedge result - closed operations | 327 | 451 | (35) | (16) |
| Performance bonus (note 17.2) | - | - | (14) | (27) |
| Other | 50 | 33 | (2) | (8) |
| **Total** | **400** | **764** | **(64)** | **(201)** |

| | Parent Company | | | |
|---|---|---|---|---|
| | Current quarter (4/1/2020 to 6/30/2020) | Six-month period ended June 30, 2020 | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | Six-month period ended June 30, 2019 |
| Discount due to salary renegociation | (12) | (21) | - | - |
| Tax credits - ICMS in the PIS and COFINS calculation base | 376 | 376 | - | - |
| Rental expenses | (14) | (23) | (13) | (26) |
| Profit sharing | - | - | - | (13) |
| Losses and provisions for judicial proceedings (note 26.1) | 69 | 43 | (31) | (86) |
| Pension and health plan - inactive members | (112) | (202) | (83) | (167) |
| Career and salaries plan | - | - | (49) | (49) |
| Voluntary Redundancy Incentivization Program (PIDV) (note 18.1) | - | - | 13 | 16 |
| Redundancy program and restructuring (note 18.2 / 18.3) | (1) | 2 | - | - |
| Franchise, rental and royalties revenue | 32 | 92 | 74 | 123 |
| Joint storage revenue | 19 | 37 | 27 | 55 |
| Recovery of tax credits - PIS and COFINS | 2 | 22 | 8 | 26 |
| Institutional relations and cultural projects | (19) | (24) | (22) | (34) |
| Income on the sale / derecognition of non-current assets | (8) | (5) | 2 | 8 |
| Commodity hedge result - open operations | (308) | (16) | 59 | (5) |
| Commodity hedge result - closed operations | 327 | 451 | (35) | (16) |
| Performance bonus (note 17.2) | - | - | (14) | (27) |
| Other | 51 | 34 | (1) | (7) |
| **Total** | **402** | **766** | **(65)** | **(202)** |

## 23 Expenses by nature

| | Consolidated | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Six-month period ended June 30, 2020 | | | | | | Six-month period ended June 30, 2019 | | | | | |
| | Cost of goods sold and services rendered | Sales expenses | General and administrative expenses | Other net revenue (expenses) | Tax expenses | Total | Cost of goods sold and services rendered | Sales expenses | General and administrative expenses | Other net revenue (expenses) | Tax expenses | Total |
| Raw materials and resale goods | (33,312) | - | - | - | - | (33,312) | (43,604) | - | - | - | - | (43,604) |
| Outsourced services, freight and rental expenses | (54) | (641) | (88) | (25) | - | (808) | (44) | (778) | (83) | (30) | - | (935) |
| Personnel expenses | (18) | (170) | (133) | (225) | - | (546) | (24) | (339) | (241) | (243) | - | (847) |
| Impairment losses on receivables | - | (106) | - | - | - | (106) | - | (36) | - | - | - | (36) |
| Depreciation and amortization | (6) | (230) | (35) | - | - | (271) | (6) | (218) | (31) | - | - | (255) |
| Change in inventory (*) | (1,065) | - | - | - | - | (1,065) | 107 | - | - | - | - | 107 |
| Institutional relations and cultural projects | - | - | - | (24) | - | (24) | - | - | - | (34) | - | (34) |
| Tax | (1) | 2 | - | 393 | (58) | 336 | (1) | - | - | 26 | (50) | (25) |
| Judicial losses and provisions | - | - | - | 42 | - | 42 | - | - | - | (86) | - | (86) |
| Franchise, rental and royalties revenue | - | - | - | 92 | - | 92 | - | - | - | 123 | - | 123 |
| Commodity hedge result (closed / open operations) | - | - | - | 435 | - | 435 | - | - | - | (21) | - | (21) |
| Other | (72) | (63) | (27) | 76 | - | (86) | (26) | (84) | (30) | 64 | - | (76) |
| **Total** | **(34,528)** | **(1,208)** | **(283)** | **764** | **(58)** | **(35,313)** | **(43,598)** | **(1,455)** | **(385)** | **(201)** | **(50)** | **(45,689)** |

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

| | Consolidated | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current quarter (4/1/2020 to 6/30/2020) | | | | | | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | | | | | |
| | Cost of goods sold and services rendered | Sales expenses | General and administrative expenses | Other net revenue (expenses) | Tax expenses | Total | Cost of goods sold and services rendered | Sales expenses | General and administrative expenses | Other net revenue (expenses) | Tax expenses | Total |
| Raw materials and resale goods | (13,563) | - | - | - | - | (13,563) | (22,863) | - | - | - | - | (22,863) |
| Outsourced services, freight and rental expenses | (25) | (294) | (46) | (15) | - | (380) | (23) | (392) | (42) | (14) | - | (471) |
| Personnel expenses | (9) | (76) | (62) | (122) | - | (269) | (12) | (165) | (115) | (134) | - | (426) |
| Impairment losses on receivables | - | (67) | - | - | - | (67) | - | (13) | - | - | - | (13) |
| Depreciation and amortization | (3) | (116) | (17) | - | - | (136) | (3) | (107) | (17) | - | - | (127) |
| Change in inventory (*) | (649) | - | - | - | - | (649) | 152 | - | - | - | - | 152 |
| Institutional relations and cultural projects | - | - | - | (19) | - | (19) | - | - | - | (22) | - | (22) |
| Tax | - | 1 | - | 377 | (17) | 361 | - | - | - | 7 | (13) | (6) |
| Judicial losses and provisions | - | - | - | 68 | - | 68 | - | - | - | (31) | - | (31) |
| Franchise, rental and royalties revenue | - | - | - | 32 | - | 32 | - | - | - | 74 | - | 74 |
| Commodity hedge result (closed / open operations) | - | - | - | 19 | - | 19 | - | - | - | 24 | - | 24 |
| Other | (37) | (33) | (13) | 60 | - | (23) | (7) | (45) | (16) | 32 | - | (36) |
| **Total** | **(14,286)** | **(585)** | **(138)** | **400** | **(17)** | **(14,626)** | **(22,756)** | **(722)** | **(190)** | **(64)** | **(13)** | **(23,745)** |

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

| | Parent Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Six-month period ended June 30, 2020 | | | | | | Six-month period ended June 30, 2019 | | | | | |
| | Cost of goods sold and services rendered | Sales expenses | General and administrative expenses | Other net revenue (expenses) | Tax expenses | Total | Cost of goods sold and services rendered | Sales expenses | General and administrative expenses | Other net revenue (expenses) | Tax expenses | Total |
| Raw materials and resale goods | (32,925) | - | - | - | - | (32,925) | (43,300) | - | - | - | - | (43,300) |
| Outsourced services, freight and rental expenses | (51) | (629) | (84) | (25) | - | (789) | (42) | (769) | (78) | (30) | - | (919) |
| Personnel expenses | (14) | (167) | (129) | (225) | - | (535) | (20) | (335) | (235) | (243) | - | (833) |
| Impairment losses on receivables | - | (97) | - | - | - | (97) | - | (34) | - | - | - | (34) |
| Depreciation and amortization | (5) | (234) | (34) | - | - | (273) | (4) | (221) | (31) | - | - | (256) |
| Change in inventory (*) | (1,069) | - | - | - | - | (1,069) | 103 | - | - | - | - | 103 |
| Institutional relations and cultural projects | - | - | - | (24) | - | (24) | - | - | - | (34) | - | (34) |
| Tax | (1) | 2 | - | 393 | (57) | 337 | (1) | - | - | 26 | (49) | (24) |
| Judicial losses and provisions | - | - | - | 43 | - | 43 | - | - | - | (86) | - | (86) |
| Franchise, rental and royalties revenue | - | - | - | 92 | - | 92 | - | - | - | 123 | - | 123 |
| Commodity hedge result (closed / open operations) | - | - | - | 435 | - | 435 | - | - | - | (21) | - | (21) |
| Other | (62) | (59) | (25) | 77 | - | (69) | (15) | (82) | (28) | 63 | - | (62) |
| **Total** | **(34,127)** | **(1,184)** | **(272)** | **766** | **(57)** | **(34,874)** | **(43,279)** | **(1,441)** | **(372)** | **(202)** | **(49)** | **(45,343)** |

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

| | Parent Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current quarter (4/1/2020 to 6/30/2020) | | | | | | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | | | | | |
| | Cost of goods sold and services rendered | Sales expenses | General and administrative expenses | Other net revenue (expenses) | Tax expenses | Total | Cost of goods sold and services rendered | Sales expenses | General and administrative expenses | Other net revenue (expenses) | Tax expenses | Total |
| Raw materials and resale goods | (13,358) | - | - | - | - | (13,358) | (22,707) | - | - | - | - | (22,707) |
| Outsourced services, freight and rental expenses | (23) | (289) | (44) | (15) | - | (371) | (22) | (388) | (39) | (14) | - | (463) |
| Personnel expenses | (7) | (74) | (60) | (122) | - | (263) | (10) | (163) | (113) | (134) | - | (420) |
| Impairment losses on receivables | - | (62) | - | - | - | (62) | - | (12) | - | - | - | (12) |
| Depreciation and amortization | (3) | (118) | (17) | - | - | (138) | (2) | (110) | (15) | - | - | (127) |
| Change in inventory (*) | (653) | - | - | - | - | (653) | 153 | - | - | - | - | 153 |
| Institutional relations and cultural projects | - | - | - | (19) | - | (19) | - | - | - | (22) | - | (22) |
| Tax | - | 1 | - | 377 | (16) | 362 | - | - | - | 7 | (13) | (6) |
| Judicial losses and provisions | - | - | - | 69 | - | 69 | - | - | - | (31) | - | (31) |
| Franchise, rental and royalties revenue | - | - | - | 32 | - | 32 | - | - | - | 74 | - | 74 |
| Commodity hedge result (closed / open operations) | - | - | - | 19 | - | 19 | - | - | - | 24 | - | 24 |
| Other | (28) | (30) | (12) | 61 | - | (9) | 1 | (44) | (14) | 31 | - | (26) |
| **Total** | **(14,072)** | **(572)** | **(133)** | **402** | **(16)** | **(14,391)** | **(22,587)** | **(717)** | **(181)** | **(65)** | **(13)** | **(23,563)** |

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

## 24 Net financial income

| | Consolidated | | | |
|---|---|---|---|---|
| | Current quarter (4/1/2020 to 6/30/2020) | Six-month period ended June 30, 2020 | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | Six-month period ended June 30, 2019 |
| **Expenses** | | | | |
| Loans and borrowings | (73) | (138) | (78) | (154) |
| Leases | (17) | (35) | (28) | (39) |
| Absorption of cash reimbursable financing | (1) | (4) | (1) | (9) |
| Bank commission | (8) | (15) | (12) | (24) |
| Tax | 3 | - | - | (1) |
| Other | (7) | (10) | 1 | (3) |
| | **(103)** | **(202)** | **(118)** | **(230)** |
| **Revenue** | | | | |
| FIDC | - | - | 21 | 47 |
| Customer arrears interest | 18 | 39 | 30 | 64 |
| Customer financing | 16 | 26 | 20 | 31 |
| Judicial deposits | 12 | 24 | 12 | 19 |
| Income of financial instrument - commodities | - | - | 16 | 28 |
| Credit recovery - Electric sector - Islanded system | - | - | 265 | 533 |
| Short-term investments | 37 | 60 | 23 | 43 |
| Other | 12 | 23 | 10 | 29 |
| | **95** | **172** | **397** | **794** |
| **Inflation indexation** | | | | |
| Asset | | | | |
| Indexation of receivables - Electric sector - Isolated system | 4 | 13 | 2 | 3 |
| Deposits | 1 | 2 | 2 | 2 |
| Taxes | 149 | 151 | 2 | 2 |
| Other | 1 | 1 | - | 2 |
| | **155** | **167** | **6** | **9** |
| Liability | | | | |
| Leases | - | - | (1) | (1) |
| Indexation of dividends payable | (5) | (11) | (70) | (83) |
| Loans and borrowings | (4) | (27) | (23) | (42) |
| Taxes | - | 1 | - | - |
| Other | (1) | (1) | - | - |
| | **(10)** | **(38)** | **(94)** | **(126)** |
| **Foreign exchange gains / (losses)** | | | | |
| Derivative financial instrument income | 234 | 726 | 3 | 14 |
| Cash and banks | (1) | (3) | - | - |
| Trade receivables | 5 | 35 | (1) | (2) |
| Trade payables | (111) | (252) | (6) | (3) |
| Loans and financing | (179) | (641) | - | - |
| Short-term investments | 6 | 30 | (1) | 1 |
| Other | (14) | (13) | 2 | 3 |
| | **(60)** | **(118)** | **(3)** | **13** |
| **Foreign exchange gains / (losses) and indexation, net** | **85** | **11** | **(91)** | **(104)** |
| **Total finance income (expenses)** | **77** | **(19)** | **188** | **460** |

Financing charges (interest, monetary variance and exchange variance) amounted to R$ 810 (note 13.1) in the period, with R$ 806 recognized in profit or loss and R$ 4 as capitalized interest.

| | Parent Company | | | |
|---|---|---|---|---|
| | Current quarter (4/1/2020 to 6/30/2020) | Six-month period ended June 30, 2020 | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | Six-month period ended June 30, 2019 |
| **Expenses** | | | | |
| Loans and borrowings | (71) | (136) | (78) | (154) |
| Leases | (36) | (66) | (39) | (65) |
| Absorption of cash reimbursable financing | (1) | (4) | (1) | (9) |
| Bank commission | (8) | (15) | (12) | (24) |
| Tax | 3 | - | (1) | (2) |
| Other | (7) | (8) | 2 | - |
| | **(120)** | **(229)** | **(129)** | **(254)** |
| **Revenue** | | | | |
| FIDC | - | - | 21 | 47 |
| Customer arrears interest | 14 | 33 | 32 | 62 |
| Customer financing | 16 | 26 | 20 | 31 |
| Judicial deposits | 13 | 24 | 11 | 18 |
| Income of financial instrument - commodities | - | - | 16 | 28 |
| Credit recovery - Electric sector - Islanded system | - | - | 265 | 533 |
| Short-term investments | 36 | 57 | 20 | 37 |
| Other | 12 | 25 | 11 | 31 |
| | **91** | **165** | **396** | **787** |
| **Inflation indexation** | | | | |
| Asset | | | | |
| Indexation of receivables - Electric sector - Isolated system | 4 | 13 | 2 | 3 |
| Deposits | 1 | 2 | 2 | 2 |
| Taxes | 149 | 151 | 2 | 2 |
| Other | 2 | 2 | 1 | 2 |
| | **156** | **168** | **7** | **9** |
| Liability | | | | |
| Leases | 5 | (9) | (14) | (22) |
| Indexation of dividends payable | (5) | (11) | (70) | (83) |
| Loans and borrowings | 1 | (3) | (4) | (3) |
| Taxes | - | 1 | - | - |
| Other | 1 | - | - | - |
| | **2** | **(22)** | **(88)** | **(108)** |
| **Foreign exchange gains / (losses)** | | | | |
| Derivative financial instrument income | 234 | 726 | 3 | 14 |
| Cash and banks | (1) | (3) | - | - |
| Trade receivables | 5 | 35 | (1) | (2) |
| Trade payables | (111) | (252) | (6) | (3) |
| Loans and financing | (179) | (641) | - | - |
| Short-term investments | 6 | 30 | (1) | 1 |
| Other | (15) | (14) | 2 | 3 |
| | **(61)** | **(119)** | **(3)** | **13** |
| **Foreign exchange gains / (losses) and indexation, net** | **97** | **27** | **(84)** | **(86)** |
| **Total finance income (expenses)** | **68** | **(37)** | **183** | **447** |

## 25 Segment reporting

The Company is undergoing an organizational restructuring in order to steer its focus towards the set of initiatives being implemented since privatization in July 2019. Valid from January 01, 2020, the new structure transferred business management which until 2019 was organized in the operational segment of the Special Markets to B2B.

Following the restructuring, responsible for making operating decisions, the Executive Board views the business from the perspective of the profile/market of its customers, resulting in the segregation of Service Station; B2B; Aviation Market; and Corporate activities, as shown below:

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

**B2B**
This area markets oil-based fuels and lubricants and provides associated services to all operating segments of the Company's major consumers market.

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

**Corporate**
Items that cannot be attributed to other areas are allocated, especially those 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 income from Brazilian customers is R$ 35,969 (R$ 45,885 from January to June 2019), and total revenue from foreign customers, based on the country where the sale was made, is R$ 408 (R$ 831 from January to June 2019).

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.

As a result of transferring the management of the business portfolio formally organized in the operational segment of the Special Markets to B2B, the 2019 data is being presented in this new vision, to facilitate a comparative analysis.

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

**Consolidated statement of Net Income by Business Sector - jun/20**

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

**Consolidated statement of Net Income by Business Sector - Current quarter (4/1/2020 to 6/30/2020)**

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

**Consolidated statement of Net Income by Business Sector - Jun/19**

| | Retail | B2B | Aviation Market | Corporate | Total segments | Reconciliation with financial statements | | Total |
|---|---|---|---|---|---|---|---|---|
| **Sales Revenue** | 27,329 | 15,008 | 4,379 | - | 46,716 | (239) | (a) | 46,477 |
| Cost of goods sold | (25,798) | (13,813) | (3,981) | - | (43,592) | (6) | (b) | (43,598) |
| **Gross profit** | **1,531** | **1,195** | **398** | **-** | **3,124** | **(245)** | **-** | **2,879** |
| Expenses | | | | | | | | |
| General, administrative and sales | (772) | (524) | (229) | (77) | (1,602) | (238) | (c) | (1,840) |
| Tax | (6) | (4) | (2) | (19) | (31) | (19) | (d) | (50) |
| Other net revenue (expenses) | 107 | 5 | 13 | (251) | (126) | (75) | (e) | (201) |
| Equity earnings | - | - | - | 1 | 1 | - | - | 1 |
| Net finance income | - | - | - | - | - | 460 | (f) | 460 |
| **Adjusted EBITDA** | **860** | **672** | **180** | **(346)** | **1,366** | | | |
| **Net income (loss) before tax** | | | | | | **(117)** | | **1,249** |

**Consolidated statement of Net Income by Business Sector - Quarter of the Prior Year (4/1/2019 to 6/30/2019)**

| | Retail | B2B | Aviation Market | Corporate | Total segments | Reconciliation with financial statements | | Total |
|---|---|---|---|---|---|---|---|---|
| **Sales Revenue** | 14,268 | 7,729 | 2,163 | - | 24,160 | (115) | (a) | 24,045 |
| Cost of goods sold | (13,626) | (7,179) | (1,948) | - | (22,753) | (3) | (b) | (22,756) |
| **Gross profit** | **642** | **550** | **215** | **-** | **1,407** | **(118)** | **-** | **1,289** |
| Expenses | | | | | | | | |
| General, administrative and sales | (383) | (265) | (106) | (38) | (792) | (120) | (c) | (912) |
| Tax | 4 | (1) | (1) | (6) | (4) | (9) | (d) | (13) |
| Other net revenue (expenses) | 34 | (11) | 3 | (131) | (105) | 41 | (e) | (64) |
| Equity earnings | - | - | - | - | - | - | - | - |
| Net finance income | - | - | - | - | - | 188 | (f) | 188 |
| **Adjusted EBITDA** | **297** | **273** | **111** | **(175)** | **506** | | | |
| **Net income (loss) before tax** | | | | | | **(18)** | | **488** |

| **Reconciliation with financial statements** | Current quarter (4/1/2020 to 6/30/2020) | Six-month period ended June 30, 2020 | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | Six-month period ended June 30, 2019 |
|---|---|---|---|---|
| **(a) Sales Revenue** | | | | |
| Appropriation of early bonuses awarded to customers | | | | |
| 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. | (157) | (307) | (115) | (239) |
| **(b) Cost of goods sold** | | | | |
| Depreciation and amortization | (3) | (6) | (3) | (6) |
| **(c) General, administrative and sales** | | | | |
| Depreciation and amortization | (133) | (265) | (124) | (249) |
| Impairment losses on receivables | | | | |
| 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 | 1 | 4 | 11 |
| **(d) Taxes** | | | | |
| Tax adjustments denote tax amnesties and tax charges on financial revenue. | | | | |
| Tax amnesties: payment provisions for joining the amnesty programs established by State Laws and the Special Tax Regularization Program (PERT) from the Federal Government concerning tax liabilities related to ICMS and federal taxes with the State and Federal Government, respectively. | - | (11) | - | - |
| Tax charges on revenue: the adjustments refer to expenditure on IOF PIS and COFINS, levied on the Company's revenue and which are classified as tax expenses. | (16) | (25) | (9) | (19) |

| Reconciliation with financial statements | Current quarter (4/1/2020 to 6/30/2020) | Six-month period ended June 30, 2020 | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | Six-month period ended June 30, 2019 |
|---|---|---|---|---|
| **(e) Other net revenue (expense)** | | | | |
| Judicial losses and provisions | | | | |
| 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. | 68 | 42 | (31) | (86) |
| Severance pay for redundancy plans (note 18) | | | | |
| 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 | 13 | 16 |
| Discount due to salary renegotiation - Organizational Transformation Plan | (12) | (21) | - | - |
| Commodity hedge operations in progress | (308) | (16) | 59 | (5) |
| **(f) Net financial income** | 77 | (19) | 188 | 460 |
| **Total** | **(484)** | **(625)** | **(18)** | **(117)** |

## 25.1 Revenue Breakdown

| | 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 | | | |
|---|---|---|---|---|
| | Current quarter (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** |

| | Consolidated | | | |
|---|---|---|---|---|
| | Six-month period ended June 30, 2019 | | | |
| | Retail | B2B | Aviation Market | Total |
| **Domestic** | | | | |
| North | 2,361 | 1,444 | 287 | 4,092 |
| Northeast | 6,672 | 2,662 | 703 | 10,037 |
| Midwest | 3,138 | 1,129 | 520 | 4,787 |
| Southeast | 10,375 | 7,515 | 1,742 | 19,632 |
| South | 4,783 | 2,217 | 337 | 7,337 |
| **Foreign** | - | 41 | 790 | 831 |
| **Total** | **27,329** | **15,008** | **4,379** | **46,716** |

| | Consolidated | | | |
|---|---|---|---|---|
| | Quarter of the Prior Year (4/1/2019 to 6/30/2019) | | | |
| | Retail | B2B | Aviation Market | Total |
| **Domestic** | | | | |
| North | 1,263 | 769 | 140 | 2,172 |
| Northeast | 3,521 | 1,320 | 329 | 5,170 |
| Midwest | 1,603 | 571 | 266 | 2,440 |
| Southeast | 5,430 | 3,900 | 868 | 10,198 |
| South | 2,451 | 1,150 | 158 | 3,759 |
| **Foreign** | - | 19 | 402 | 421 |
| **Total** | **14,268** | **7,729** | **2,163** | **24,160** |

## 26 Judicial and administrative proceedings, judicial deposits and contingencies

### 26.1 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) alleged underpayment of ICMS-ST in aviation product resales (R$ 61 at June 30, 2020 and R$ 31 at December 31, 2019);

(ii) nonperformance of auxiliary tax obligations (R$ 58 as of June 30, 2020 and R$ 59 as of December 31, 2019);

(iii) collection of ICMS as a result of not including ICMS – Tax substitution in its calculation base (R$ 47 as of June 30, 2020 and R$ 49 as of December 31, 2019); and

(iv) alleged underpayment of ICMS by using ICMS credits acquired on freight services associated with exempt operations (R$ 39 at June 30, 2020 and R$ 38 at December 31, 2019).

**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$ 95 as of June 30, 2020 and R$ 92 as of December 31, 2019).

**Labor Claims**

(i) Joint liability – claims filed seeking joint liability of the Company for payment of labor amounts owed to employees of service providers (R$ 83 at June 30, 2020 and R$ 83 at December 31, 2019); and

(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$ 36 at June 30, 2020 and R$ 51 at December 31, 2019).

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

In the preparation of the financial statements for the period ended June 30, 2020, 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 | | | | | | | | | |
| | 2020 | | | | | 2019 | | | | |
| | Tax | Labor | Civil | Environmental | Total | Tax | Labor | Civil | Environmental | Total |
| **Opening balance** | **299** | **370** | **352** | **19** | **1,040** | **213** | **323** | **453** | **12** | **1,001** |
| Addition, net of reversal | (3) | 11 | (83) | (1) | (76) | 89 | 40 | (53) | - | **76** |
| Use (*) | (3) | (19) | (6) | - | (28) | (1) | (10) | (20) | - | **(31)** |
| Indexation | 3 | 14 | 16 | 1 | 34 | 13 | (5) | 2 | - | **10** |
| **Closing balance** | **296** | **376** | **279** | **19** | **970** | **314** | **348** | **382** | **12** | **1,056** |

| | Parent Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Six-month period ended June 30 | | | | | | | | | |
| | 2020 | | | | | 2019 | | | | |
| | Tax | Labor | Civil | Environmental | Total | Tax | Labor | Civil | Environmental | Total |
| **Opening balance** | **299** | **369** | **352** | **19** | **1,039** | 213 | 323 | 453 | 12 | **1,001** |
| Addition, net of reversal | (5) | 11 | (83) | (1) | (78) | 89 | 40 | (53) | - | **76** |
| Use (*) | (3) | (19) | (6) | - | (28) | (1) | (10) | (20) | - | **(31)** |
| Indexation | 4 | 14 | 16 | 1 | 35 | 13 | (5) | 2 | - | **10** |
| **Closing balance** | **295** | **375** | **279** | **19** | **968** | **314** | **348** | **382** | **12** | **1,056** |

(*) The judicial deposits written off amount to R$ 8 as of June 30, 2020 (Consolidated and Parent Company), as per note 26.2 (R$ 7 as of June 30, 2019).

### 26.1.1 Provisioned for judicial proceedings and related judicial deposits

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | 6/30/2020 | | | 12/31/2019 | | |
| | Provision for judicial proceedings | Judicial deposits | Proceedings net of judicial deposits | Provision for judicial proceedings | Judicial deposits | Proceedings net of judicial deposits |
| Labor claims | 376 | 145 | 231 | 370 | 135 | 235 |
| Tax claims | 296 | 97 | 199 | 299 | 93 | 206 |
| Civil claims | 279 | 62 | 217 | 352 | 61 | 291 |
| Environmental claims | 19 | 1 | 18 | 19 | 1 | 18 |
| **Total** | **970** | **305** | **665** | **1,040** | **290** | **750** |

### 26.1.2 Guarantees

A portion of the Company's inventory and property, plant and equipment has been pledged as guarantees for judicial proceedings in which the Company is a defendant.

| | Consolidated | |
|---|---|---|
| | 6/30/2020 | 12/31/2019 |
| Inventories | 207 | 209 |
| Property, plant and equipment | 13 | 16 |
| | **220** | **225** |

### 26.2 Judicial deposits

| | Consolidated | | | | | Parent Company |
|---|---|---|---|---|---|---|
| | Tax | Labor | Civil | Environmental | Total | Total |
| **Balance as of December 31, 2018** | **768** | **184** | **98** | **1** | **1,051** | **1,027** |
| Addition, net of reversal | 61 | 30 | 7 | - | 98 | 98 |
| Usage (a) | (1) | (14) | (2) | - | (17) | (17) |
| Monetary indexation / interest (b) | 35 | 5 | - | - | 40 | 39 |
| Other | - | - | 1 | - | 1 | 1 |
| **Balance as of December 31, 2019** | **863** | **205** | **104** | **1** | **1,173** | **1,148** |
| Addition, net of reversal | 4 | 3 | 1 | - | 8 | 8 |
| Usage (a) | - | (6) | (2) | - | (8) | (8) |
| Monetary indexation / interest (b) | 18 | 4 | 1 | - | 23 | 23 |
| Other | - | 1 | - | - | 1 | 1 |
| **Balance as of June 30, 2020** | **885** | **207** | **104** | **1** | **1,197** | **1,172** |

(a) For payment of legal proceedings.
(b) Includes adjustment to estimated restatement and interest on the deposits recovered.

The Company has R$ 305 (R$ 290 as of December 31, 2019) in judicial deposits for provisioned lawsuits (note 26.1.1); R$ 625 (R$ 575 as of December 31, 2019) associated with possible contingencies; R$ 85 (R$ 88 as of December 31, 2019) associated with remote contingencies; R$ 156 (R$ 185 as of December 31, 2019) consists of deposits related to proceedings in which the Company and its investees are plaintiffs and R$ 26 (R$ 35 as of December 31, 2019) consists of other.

## 26.3 Proceedings not provisioned for (possible losses)

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| **Nature** | **6/30/2020** | **12/31/2019** | **6/30/2020** | **12/31/2019** |
| Tax | 8,478 | 8,480 | 8,417 | 8,420 |
| Civil | 2,773 | 2,532 | 2,766 | 2,525 |
| Labor | 723 | 695 | 723 | 695 |
| Environmental | 165 | 154 | 165 | 153 |
| **Total** | **12,139** | **11,861** | **12,071** | **11,793** |

See below the main proceedings not provisioned for:

### a) Tax proceedings

| | **Description of tax proceedings** | **6/30/2020** | **12/31/2019** |
|---|---|---|---|
| | **Plaintiff: State of Rio de Janeiro** | | |
| **1)** | 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. | 1,351 | 1,329 |
| | **Plaintiffs: States of Goiás, Rio de Janeiro, Roraima, Santa Catarina, São Paulo and Tocantins** | | |
| **2)** | Recovery of ICMS-ST on consignment and symbolic return of jet fuel for resale; consideration of establishment as wholesaler retailer, blacklisting of tax documents. (*) | 1,456 | 1,569 |
| | **Plaintiffs: States of Amazonas, Bahia, Ceará, Goiás, Maranhão, Mato Grosso, Pará, Paraíba, Pernambuco, Piauí, Rio de Janeiro, Rio Grande do Norte, Sergipe and São Paulo and Distrito Federal** | | |
| **3)** | 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 20º 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. | 946 | 918 |
| | **Plaintiffs: States of Amapá, Bahia and São Paulo and Discom** | | |
| **4)** | 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. | 853 | 851 |
| | **Plaintiffs: States of Amazonas, Ceará and Pernambuco** | | |
| **5)** | Collection of ICMS on alleged aviation fuel sales, with no ICMS tax for national and foreign airlines, for flights to other states or abroad. | 548 | 519 |
| | **Plaintiff: State of Pernambuco** | | |
| **6)** | 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. | 537 | 522 |
| | **Plaintiffs: States of Amazonas, Bahia, Ceará, Goiás, Mato Grosso, Pará, Paraiba, Piauí, Rio de Janeiro, Rio Grande do Norte, Rondônia and Santa Catarina, Distrito Federal and the Federal Government** | | |
| **7)** | 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. (*) | 399 | 371 |

| | | | |
|---|---|---|---|
| | **Plaintiff: Government** | | |
| **8)** | 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. | 655 | 664 |
| | **Plaintiff: State of Rio de Janeiro** | | |
| **9)** | Cases where the Company has been assessed for using NCM classification (Mercosur Common Nomenclature) with which the State does not agree. | 222 | 292 |
| | **Plaintiff: State of Rio de Janeiro** | | |
| **10)** | Case disputing the appropriation of ICMS credit, considering that the State assessed the Company for allegedly duplicating recorded credits. | 110 | 108 |
| | **Plaintiff: Government** | | |
| **11)** | Case where the Company is contesting the Social Security Contribution on profit shares and performance bonuses paid to employees. | 160 | 170 |
| | **Plaintiffs: State of Acre, Bahia, Ceará, Goiás, Minas Gerais, Paraíba, Piauí, Rondônia and São Paulo** | | |
| **12)** | 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. (*) | 111 | 81 |
| | **Plaintiffs: States of Acre, Amazonas, Bahia, Ceará, Goiás, Maranhão, Paraíba, Pernambuco, Piauí, Rio de Janeiro, Rondônia, Rio Grande do Sul and São Paulo** | | |
| **13)** | 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. | 91 | 113 |
| | **Plaintiff: Government** | | |
| **14)** | Cases in which the Company is disputing the incidence of social security contributions on compensation paid to freelancers providing services to the Company. | 43 | 38 |
| | **Plaintiffs: States of Acre, Amazonas, Ceará, Espírito Santo, Goiás, Maranhão, Mato Grosso, Pará, Pernambuco and Rio de Janeiro** | | |
| **15)** | 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. | 58 | 60 |
| | **Plaintiffs: States of Mato Grosso and Pará** | | |
| **16)** | Cases where the Company was assessed by the tax authority, demanding ICMS on deliveries resulting from interestablishment transfers. | 90 | 81 |
| | **Plaintiff: Government** | | |
| **17)** | Cases where the Company is assessed as jointly liable for the payment of social security contributions. | 55 | 54 |
| | **Plaintiffs: State of Para, Government and Municipality of Sorocaba** | | |
| **18)** | Case where the Company was assessed for untimely payment without restating the amounts as required by the Audit. | 158 | 155 |
| | **Plaintiffs: States of Paraná and São Paulo** | | |
| **19)** | Tax war between states entailing tax incentives at source and the possibility of appropriating credits on interstate sales. | 75 | 73 |
| | **Plaintiff: State of Mato Grosso** | | |
| **20)** | Case discussing the incidence of ICMS as a result of the company selling to the customer formerly located in Pará State an amount of produce greater than its consumption capacity. As a result of the state, the product therefore remained in Mato Grosso. | 56 | 50 |
| | **Plaintiffs: States of Amazonas, Goias, Mato Grosso and Santa Catarina** | | |
| **21)** | Non-payment or underpayment of ICMS on the Company's sales for industrial buyers using fuel as a manufacturing input. | 41 | 43 |
| | **Plaintiff: Government** | | |
| **22)** | Cases where the Company has been assessed for amounts paid as management fees, given the alleged employment relationship between them and the Company. | 57 | 56 |

| | | | |
|---|---|---|---|
| **Plaintiffs: States of Acre, Goiás, Minas Gerais, Pará, Paraíba, Pernambuco, Rio de Janeiro, Rondônia, Roraima and Tocantins** | | | |
| **23)** | Cases demanding ICMS not classified in other existing profiles. | 63 | 55 |
| **Plaintiff: Government** | | | |
| **24)** | Proceedings regarding offsetting of credit balance and/or overpayment of Federal Taxes not ratified by the federal tax authorities. | 53 | 45 |
| | Various tax proceedings (*) | 290 | 263 |
| | **Total** | **8,478** | **8,480** |

(*) R$ 112 was reclassified from profile "2 - ICMS – Aviation Resale" to the profiles "7-Nonperformance of auxiliary obligations", "12-ICMS – Carriage credit" and ICMS ST out of state (Others), with R$ 37 for each of them.

## b) Civil proceedings

| Description of civil proceedings | | 6/30/2020 | 12/31/2019 |
|---|---|---|---|
| **Plaintiff: WTorre Engenharia E Construção S.A..** | | | |
| **1)** | 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.<br><br>**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. | 1,035 | 962 |
| **Plaintiff: CADE - Administrative Council for Economic Defense** | | | |
| **2)** | 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.<br><br>**Status:** On April 10, 2019 the CADE Collegiate Court finalized its judgment and by majority vote (3 to 2) acquitted the Company of the charge of forming a cartel. By unanimous vote, however, the Company and IPP were found guilty by CADE of exerting negative influence on the resale chain. In September 2019 the Company filed an annulment action regarding the debit before the federal courts of Distrito Federal, submitting collateral. A decision in this case awarded a stay on BR's interlocutory appeal, staying the administrative fine resulting from the CADE decision until subsequent decision by the presiding judge. This decision also ruled that CADE refrain from blacklisting PETROBRAS DISTRIBUIDORA S.A. at CADIN and any other credit protection agency. BR summoned to set out its case and any evidence to be produced in a rebuttal. | 68 | 67 |
| **Plaintiff: Forte Comércio, Importação, Exportação e Administração** | | | |
| **3)** | Civil suit before the courts of the São Paulo state, with an application for the termination of contracts and indemnity for losses and damages, based on the allegation that the Company failed to comply with the obligations undertaken for the formation of the Forte Group.<br><br>**Status:** The 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. 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 the opinion of the lawyers handling the case on the Company's behalf, the amount should be R$ 284 (as of June 30, 2020). This difference exists because the award has not been calculated yet, meaning the current risk cannot be precisely determined by the independent lawyers. | 284 | 281 |

| | | | |
|---|---|---|---|
| | **Plaintiff: Francisco Messias Cameli**<br>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). | | |
| **4)** | **Status:** The appeal decision was published on 6/23/2020 denying BR's appeal by majority opinion, with the high court's opinion to accept the appeal being defeated. On 6/29/2020 BR filed a Motion for Clarification, which is still pending judgment by TJAM. | 194 | 191 |
| | **Plaintiff: DISCOM Distribuidora de Combustíveis e Comércio Ltda.**<br>DISCOM claims that since October 1997 the Company had entered into a purchase and sale commitment, which includes the Company's obligation to supply products. It alleges that the Company had failed to perform the agreement without cause, suspending the delivery of products on May 25, 2000, thus violating the agreement signed, causing numerous losses for | | |
| **5)** | DISCOM. It is claiming indemnification for losses and damages and the loss of profits and indemnification for moral damages.<br>**Status:** Pending judgment of the Company's appeal and DISCOM's adhesive appeal. | 215 | 206 |
| | **Plaintiff: Borborema Energética S.A.**<br>Plaintiff is claiming an error in the company's price formation when preparing the contract, which did not comply with the respective ANEEL Resolution. The Company claims its prices complied with the ANEEL Resolution and that its price formation included the restatement established in this resolution. | | |
| **6)** | **Status:** Decision ruling Borborema's claim to have grounds, thereby convicting the Company. Judgment of BR's appeal began, and the reporting justice voted partially in favor of the Company, which was then followed by a request to view the case records. Resumption of the judgment is pending. | 218 | 215 |
| | **Plaintiff: Único Combustíveis Ltda.**<br>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 | | |
| **7)** | not it caused the severance.<br>**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. Case records will be resent to the Paraná state Court of Appeal to reassess the calculation criteria used in the settlement contested by the Company. We are awaiting a new trial at the TJPR. | 72 | 71 |
| | **Plaintiff: Posto Pau de Vela Bahia Ltda.**<br>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. | | |
| **8)** | **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. | 48 | 45 |

| | | | |
|---|---|---|---|
| | **Plaintiff: CADE - Administrative Council for Economic Defense**<br><br>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. | | |
| **9)** | **Status:** On April 29, 2020 SG issued a decision determining Gran Petro be given access to some sections of certain documents held separately in files restricted to the Defendants, including sections from BR's Administrative Defense about the history of negotiations doing the Pool and Gran Petro. Currently with the judge at the SEI unit. | | |
| | | 83 | 82 |
| | **Plaintiff: Dislub Distribuidora De Lubrificantes Ltda.**<br>Plaintiff filed suit against BR with a view to terminating the distribution contract, the payment of constant compensation as losses and damages for a series of alleged losses and payment of a contractual fine. BR was ordered only to reparate the material damages in the form of lost earnings. However, the expert's calculation was made based on monthly sales of products by Dislub without deducting operating costs and taxes. This calculation methodology raised Dislub's credit to around R$ 95 million in today's prices. | | |
| **10)** | **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 R$ (5,307,361.64 - amount calculated by our technical assistant based on Superior Court of Justice - STJ case law and the grounds of the decision), reclassifying as possible the difference in the restated amount claimed by DISLUB (R$ 95,130,790.46) and the provisioned for amount. The value of this difference is recorded in the separate mirror master file (R$ 89,823,428.82). | 90 | - |
| | Various civil proceedings | 466 | 412 |
| | **Total** | **2,773** | **2,532** |

## c) Labor proceedings

| **Description of labor proceedings** | **6/30/2020** | **12/31/2019** |
|---|---|---|
| **Plaintiffs: Other**<br>**1)** Judicial proceedings in which the Company's employees/former employees are claiming payment of the additional RMNR without deducting the risk premium. | 223 | 305 |
| **Plaintiffs: Other**<br>**2)** 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. | 59 | 58 |
| **Plaintiffs: Other**<br>**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. | 41 | 60 |
| **Plaintiffs: Other**<br>**4)** Labor claims filed by former employees/employees of transportation firms contracted by the Company to carry fossil fuels. | 84 | 89 |

| | | | |
|---|---|---|---|
| **Plaintiffs: Other** | | | |
| **5)** | Labor claims filed by former employees/employees of service providers contracted claiming entitlement to salary parity in relation to other employees. | 18 | 41 |
| | Various labor proceedings | 298 | 142 |
| | **Total** | **723** | **695** |

### d) Environmental proceedings

| **Description of environmental proceedings** | | **6/30/2020** | **12/31/2019** |
|---|---|---|---|
| **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.<br><br>**Status:** Case at the forensic evidence phase, with discussions around the requisites and qualification of the court-appointed expert. Before deciding the expert analysis remit, the Judge scheduled a reconciliation hearing for March 2020, which has been canceled because of COVID-19 with no new date scheduled. | 108 | 100 |
| | Various environmental proceedings | 57 | 54 |
| | **Total** | **165** | **154** |

## 26.4 Legal proceedings – recovery of taxes

## 26.4.1 ICMS in the PIS and COFINS calculation base

Although the Company recorded R$ 526 million in profit or loss for the period (note 16.1) and legal disputes are still pending regarding the calculation methodology used to calculate credit, the portion regarding the exclusion of ICMS in each invoice has yet to be quantified, which will lead to substantially higher amounts.

## 27 Contractual commitments

### a) Take or pay purchase agreements

The Company has minimum purchase commitments towards Petrobras for the period June 30, 2020 to 2025 of approximately 751 million m³, equal to a total estimated remaining value of R$ 598. It also has commitments for the four-year period in an estimated R$ 76 towards Companhia de Gás de Santa Catarina (SCGAS).

Purchases of oil products for the period of 1 year, amounting to an estimated total of R$ 129 with Petrobras and R$ 54 with Refinaria de Petróleo Riograndense.

### 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$ 808 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.

Provision of processing services by Brasil Carbonos, at the Taubaté/SP and Cosmópolis plants, where the remaining contractual balance denotes approximately 16,620 thousand of green petroleum coke, for the estimated price of R$ 449, until October 2033.

Storage services for the period of 3 years, worth an estimated R$ 76 from Ageo Terminais.

## 28 Financial instruments and risk management

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

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

Due to the nature of its business, the Company is primarily exposed to credit risk and interest risk, with part of this exposure restated by applying interest rates to customer financing.

See below the main financial instruments included in the statement of financial position:

| | Notes | Fair value hierarchy level | Consolidated 6/30/2020 | Consolidated 12/31/2019 | Parent Company 6/30/2020 | Parent Company 12/31/2019 |
|---|---|---|---|---|---|---|
| **Amortized cost** | | | | | | |
| **Assets** | | | | | | |
| Cash and bank deposits | 5 | | 113 | 239 | 113 | 238 |
| Short-term investments | 5 | | 5,194 | 2,123 | 4,991 | 1,876 |
| Accounts receivable | 6 | | 4,088 | 5,044 | 4,279 | 5,214 |
| Loans awarded to related parties | 29.1.1 | | - | - | 147 | 144 |
| NTN-P (Other noncurrent assets) | | | 3 | 2 | 3 | 2 |
| | | | **9,398** | **7,408** | **9,533** | **7,474** |
| **Amortized cost** | | | | | | |
| **Liabilities** | | | | | | |
| Trade payables | 12 | | 1,313 | 2,307 | 1,320 | 2,331 |
| Borrowing | 13 | | 8,424 | 5,957 | 7,667 | 5,066 |
| | | | **9,737** | **8,264** | **8,987** | **7,397** |
| **Fair value through profit or loss** | | | | | | |
| **Assets** | | | | | | |
| Tax credit rights (Accounts receivable - Noncurrent) | 6 | 2 | 23 | 23 | 23 | 23 |
| Derivative financial instrument - commodities | | 1 | - | 3 | - | 3 |
| Derivative financial instrument - exchange | | 2 | 16 | 6 | 16 | 6 |
| Swap | | 2 | 631 | - | 631 | - |
| | | | **670** | **32** | **670** | **32** |
| **Fair value through profit or loss** | | | | | | |
| **Liabilities** | | | | | | |
| Derivative financial instrument - Commodities | | 1 | 32 | 19 | 32 | 19 |
| Derivative financial instrument - exchange | | 2 | 3 | 22 | 3 | 22 |
| | | | **35** | **41** | **35** | **41** |

## 28.1 Risk management objectives and strategies

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.

## 28.2 Market risk

### 28.2.1 Exchange risk

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

### 28.2.1.1 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 NCE and Loan 4131 to hedge against the exchange variance of the foreign-currency debt. Thee swap transactions were taken out in the total of R$ 2,848.

As of June 30, 2020 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 five such contracts, with a notional aggregate value of USD 614 million with various maturities through 3/31/2025, with a long position in US dollars indexed to a fixed rate or Libor + spread, and a short position in Reais indexed to the CDI rate, amounting to R$ 2,733.

**YEN vs CDI**

The Company has one such contract, with a notional value of ¥ 2,448 million maturing on 4/9/2021, with a long position in YEN indexed to a fixed rate and a short position in Reais indexed to the CDI rate, amounting to R$ 115.

| | Swap agreements | Reference Value (R$ Million) | | Fair Value (R$ Million) | |
|---|---|---|---|---|---|
| | | 6/30/2020 | 12/31/2020 | 6/30/2020 | 12/31/2020 |
| Long Position | USD | 614 | - | 3,456 | - |
| Long Position | JPY | 2,448 | - | 125 | - |
| Short Position | CDI | 2,848 | - | 2,946 | - |
| | | | Swap Earnings | 635 | |
| | | | Swap Earnings (Post credit risk discount) | 631 | |

On June 30, the Swap earnings of the six operations was priced at R$ 631.

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

Swap operations taken out and in force as of June 30, 2020 are as follows:

| | | Counterparties | | | | | Avarage SWAP rates | |
|---|---|---|---|---|---|---|---|---|
| Currencies | SWAP type | Debt | SWAP | Total Debt | Total SWAP (Long position) | % Cover | Long position | Short position |
| USD | Libor x DI | 4131 JP | JP Morgan | 342 | 342 | 100% | Libor 3M + 0.70% p.a | CDI + 0.64% p.a |
| USD | Libor x DI | 4131 JP | JP Morgan | 342 | 342 | 100% | Libor 3M + 0.70% p.a | CDI + 0.64% p.a |
| USD | Libor x DI | NCE Citi | Citi Bank | 1,097 | 1,097 | 100% | Libor 3M + 0.94% p.a. | CDI + 0.79% p.a |
| USD | Pre x DI | 4131 Scotia | ScotiaBank | 1,225 | 1,226 | 100% | 2.5725% p.a. | CDI + 0.78% p.a |
| USD | Pre x DI | NCE MUFG | MUFG | 369 | 369 | 100% | 2.08% p.a. | CDI + 0.694% p.a |
| JPY | Pre x DI | NCE MUFG | MUFG Bank | 125 | 125 | 100% | 2.08% p.a. | CDI + 2.75% p.a |

Interest payments had been made by June 30, 2020 on swap contracts in the amount of R$ 5.

Sensitivity analysis - effect of change in fair value of swaps

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 (probable, possible and remote) and their respective impacts on the results obtained. The gains presented due to the appreciation of the dollar, yen and libor, are offset against the losses recorded in financing.

USD Sensitivity Analysis

| | Probable Scenario | Possible Scenario | Remote Scenario |
|---|---|---|---|
| | Fair value as of 6/30/2020 | ( Δ 25%) | ( Δ 50%) |
| Fair value of long position of Swap (+) | 3,581 | 3,751 | 3,922 |
| Fair value of short position of Swap (-) | 2,946 | 2,946 | 2,946 |
| Swap Earnings | 635 | 805 | 976 |
| Swap Earnings (Post credit risk discount) | 631 | 800 | 970 |

CDI Sensitivity Analysis

| | Probable Scenario | Possible Scenario | Remote Scenario |
|---|---|---|---|
| | Fair value as of 6/30/2020 | ( Δ 25%) | ( Δ 50%) |
| Fair value of long position of Swap (+) | 3,581 | 3,581 | 3,581 |
| Fair value of short position of Swap (-) | 2,946 | 2,950 | 2,953 |
| Swap Earnings | 635 | 631 | 628 |
| Swap Earnings (Post credit risk discount) | 631 | 627 | 624 |

Libor Sensitivity Analysis

| | Probable Scenario | Possible Scenario | Remote Scenario |
|---|---|---|---|
| | Fair value as of 6/30/2020 | ( Δ 25%) | ( Δ 50%) |
| Fair value of long position of Swap (+) | 3,581 | 3,584 | 3,587 |
| Fair value of short position of Swap (-) | 2,946 | 2,946 | 2,946 |
| Swap Earnings | 635 | 638 | 641 |
| Swap Earnings (Post credit risk discount) | 631 | 634 | 637 |

Yen Sensitivity Analysis

| | Probable Scenario | Possible Scenario | Remote Scenario |
|---|---|---|---|
| | Fair value as of 6/30/2020 | ( Δ 25%) | ( Δ 50%) |
| Fair value of long position of Swap (+) | 3,581 | 3,651 | 3,737 |
| Fair value of short position of Swap (-) | 2,946 | 2,946 | 2,946 |
| Swap Earnings | 635 | 705 | 791 |
| Swap Earnings (Post credit risk discount) | 631 | 701 | 787 |

The sensitivity analyses for derivative financial instruments in force as of June 30, 2020 were carried out basically on the assumptions related to changes in market interest rates and the change in the US dollar spot price and spot dollar-yen parity to calculate the fair value. The sensitivity analyses presented considered changes in relation to the risk variables assumed, maintaining the others unchanged.

**Non Deliverable Forward - NDF**

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

Between January and June 2020 hedges were taken out through NDFs for: (i) exports totaling USD 104 million, (ii) for imports the contracted volume totaled USD 590 million, (iii) inventory hedge of USD 89 million, and (iv) fixed price set for import clients of USD 690 thousand. The hedges procured accounted for 100% of the US dollar export revenue grossed from the aviation segment in the same period. The Company procured forex hedges for imports between January and June 2020 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 2020 led to a positive flow to the Company of R$ 71.

Note that the Company did not use any other derivative instruments in relation to forex hedges besides NDFs and Swaps, pursuant to article 2 of CVM Resolution 550 issued in 2008.

None of these hedges required guarantee margin deposits.

| | Reference Value (notional) | | Fair value | | |
|---|---|---|---|---|---|
| | USD (Millions) | | R$ (Millions) | | |
| NDFs | 6/30/2020 | 12/31/2019 | 6/30/2020 | 12/31/2019 | Maturity |
| Long Position | - | 223 | - | (22) | 1Q20 |
| Long Position | - | 2 | - | - | 2Q20 |
| Long Position | 65 | - | 16 | - | 3Q20 |
| Short Position | - | 77 | - | 6 | 1Q20 |
| Short Position | - | 2 | - | - | 2Q20 |
| Short Position | 5 | - | (3) | - | 3Q20 |

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, 2020 and the possible and remote scenarios consider the deterioration in the risk variable of 25% and 50%, respectively, with respect to the same date. The fair value in the probable scenario is calculated based on the selling PTAX rate on the last working date restated by the free coupon obtained from the B3 site, which adjusts the value according to the maturity of each contract. Intermediate dates are interpolated.

| Foreign Exchange Derivatives | Probable Scenario | Scenario Δ 25% ( Dollar appreciation) | Scenario Δ 50% ( Dollar appreciation | Scenario Δ 25% (Depreciation of the dollar) | Scenario Δ 50% (Depreciation of the dollar) |
|---|---|---|---|---|---|
| NDFs (*) | as of 6/30/2020 | | | | |
| Total | 13 | 82 | 164 | (82) | (164) |

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

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

**In Reais millions**

| | | | Consolidated | | |
|---|---|---|---|---|---|
| | Exposure at 6/30/2020 | Risk | Scenario I - probable | Scenario II - possible (*) 25% | Scenario III - remote (*) 50% |
| **Assets** | | | | | |
| Cash and banks | 80 | US dollars / Real | (3) | 20 | 40 |
| Accounts receivable | 87 | US dollars / Real | (3) | 22 | 44 |
| Other current assets | 84 | US dollars / Real | (3) | 21 | 42 |
| **Liabilities** | | | | | |
| Trade payables | (324) | US dollars / Real | 10 | (81) | (162) |
| Borrowing | (3,500) | US dollars / Real | 112 | (875) | (1,750) |
| Other liabilities | (125) | US dollars / Real | 4 | (31) | (63) |
| **Net financial income, as per estimates** | | | | | |
| Gain/(loss) | | | 117 | (924) | (1,849) |

(*) Overseas financing is entirely hedged by swap operations. The amounts presented are not net of their derivatives.

Criteria
Probable scenario - Change of 3.21% of Real against US Dollar. Source: Focus.
(**) Scenarios II and III - consider impact on the probable scenario of 25% and 50%, respectively.
The sensitivity analysis only took into account the deterioration in the USD rate in relation to the outstanding balance as of June 30, 2020, considering it to be constant.

### 28.2.2 Interest rate risk

The Company's interest rate risk is mainly associated with Libor, 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).

### 28.2.2.1 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, 2020.

| | | | | | Consolidated |
|---|---|---|---|---|---|
| | Book at June 30 2020 | Risk | Scenario I - probable | Scenario II - possible (*) | Scenario III - remote (*) |
| | | CDI | 2.01% | 2.51% | 3.02% |
| | | IPCA | 3.22% | 4.02% | 4.82% |
| | | SELIC | 2.10% | 2.63% | 3.16% |
| | | IGPM | 3.86% | 4.82% | 5.78% |
| | | INPC | 3.61% | 4.51% | 5.41% |
| | | LIBOR | 0.27% | 0.34% | 0.40% |
| **Financial instrument assets** | | | | | |
| CDI Short-term investments - 100% | 4,910 | CDI | 99 | 123 | 148 |
| Short-term investments - SELIC | 148 | SELIC | 3 | 4 | 5 |
| CDI financing receivable - 100% | 590 | CDI | 12 | 15 | 18 |
| CDI financing receivable - 124.75% | 348 | CDI | 9 | 11 | 13 |
| IGPM financing receivable - 100% | 234 | IGPM | 9 | 11 | 14 |
| Financing receivable - INPC | 79 | INPC | 3 | 4 | 4 |
| Financing receivable - SELIC | 76 | SELIC | 2 | 2 | 2 |
| **Payable financial instruments** | | | | | |
| CDI Debentures - 111.57% | (756) | CDI | (17) | (21) | (25) |
| CDI 9th Series debentures (collateral for CRAs) - 98% | (483) | CDI | (10) | (12) | (14) |
| CDI 10th Series debentures (collateral for CRAs) - 100% | (204) | CDI | (4) | (5) | (6) |
| 11th Series debentures (collateral for CRAs) - IPCA | (306) | IPCA | (10) | (12) | (15) |
| Real estate receivables certificates (CRI) - IPCA | (726) | IPCA | (23) | (29) | (35) |
| Bank loans - CDI - 100% | (2,409) | CDI | (48) | (61) | (73) |
| Foreign loans (**) | (1,781) | LIBOR | (5) | (6) | (7) |
| **Net financial income, as per estimates** | | | | | |
| Gain/(loss) | | | 20 | 24 | 29 |

Criteria
Probable scenario - includes the projected rates for 2021, as per the market forecast system of the Brazilian Central Bank. CETIP was used as the source for the CDI.
(*) Scenarios II and III - consider deteriorations in the projected rate in the probable scenario of 25% and 50%, respectively.
The sensitivity analysis only took into account the deterioration in the interest rate in relation to the outstanding balance as of June 30, 2020, considering it to be constant.
(**) The Company has loans with floating rates indexed to Libor (London Interbank Offer Rate) in US dollars with the banks Citibank and JP Morgan whose payment flows have been completely hedged through the swaps entered into with the same counterparties, as shown in note 28.2.1.1.

### 28.2.3 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.

See below the sensitivity analysis:

| Contracts (in cents per gallon) | | | | (in millions of reais) | | |
|---|---|---|---|---|---|---|
| Type | Quantity | Average Sale Price | Closed on 6/30/2020 | MTM (Contract value) | Possible Scenario (Δ of 25%) | Remote Scenario (Δ of 50%) |
| HO (Diesel) | 974 | 642 | 649 | (3) | (69) | (136) |

The Ptax sale rate at 6/30/2020 (5.476) was used to calculate the aforesaid figures.

### 28.3 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.

It intends to ensure sufficient cash flow to meet the Company's operating, funding and investment requirements, whilst always maintaining a minimum cash balance sufficient to cover the daily cash flow. Room is always maintained for financial structuring to enhance capital structure and cost, in addition to bolstering cash flow in specific situations.

Until the Follow On took place on July 25, 2019, the surplus cash was invested in quotas of FIDC-NP, an exclusive corporate fund of Petrobras Group that yields interest. After the Follow On, the Company looked for partnering banks to invest the cash surpluses to achieve CDI-based returns.

The nominal flow of principal and interest on financing by maturity is as follows:

| | Consolidated | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Period | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 onwards | Total |
| Principal | 505 | 2,062 | 1,164 | 1,420 | 1,208 | 2,471 | 434 | 9,264 |
| Interest | 118 | 231 | 158 | 134 | 115 | 65 | 113 | 934 |
| **Total** | **623** | **2,293** | **1,322** | **1,554** | **1,323** | **2,536** | **547** | **10,198** |

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.

## 28.4 Credit risk

The Company's exposure to credit risk arises from the forward sale of products, resulting from usual commercial transactions. This risk is caused by the possibility of not receiving payment for sales made.

### 28.4.1 Credit risk management

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 | Aa1 | Moody's | 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 | - | - |
| BRAZIL (Sovereign) | | AAA | S&P | BB- | S&P |
| Petrobras Distribuidora S.A. | Brazil | Aaa | Moody's | Ba1 | Moody's |

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 approximately R$ 11,200 as of June 30, 2020.

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.

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

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

See below the current matrix in force:

| | Outstanding | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 365 days | Over 365 days |
|---|---|---|---|---|---|---|
| **Trade receivables** | | | | | | |
| Retail | 0.24% | 71.28% | 77.50% | 82.01% | 85.24% | 100.00% |
| Aviation Market | 1.27% | 94.24% | 94.24% | 94.24% | 94.24% | 100.00% |
| B2B without aviation | 0.20% | 45.22% | 65.79% | 82.83% | 90.00% | 100.00% |
| **Thermal power plants comprising the isolated power system** | | | | | | |
| Eletrobras group | 0.12% | 13.88% | 99.99% | 100.00% | 100.00% | 100.00% |

## 28.4.2 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 | |
| | 6/30/2020 | 12/31/2019 | 6/30/2020 | 12/31/2019 |
| AAA | 5,110 | 1,442 | 3 | - |
| Aa1 | 114 | - | - | - |
| AA+ | 1 | - | - | - |
| BrAAA | - | 468 | - | 2 |
| Aa1.br | - | 338 | - | - |
| No rating (*) | 82 | 114 | - | - |
| | **5,307** | **2,362** | **3** | **2** |

(*) The ratings listed in the table are on the national scale and a lack of rating means the respective financial institution has not been rated according to this criterion by the agencies S&P and Moody's. The global scale ratings in this case are BBB+ in 2020 and BBB+ and A+ in 2019.

## 28.5 Capital management

Capital management is the set of procedures that aims to ensure an adequate capital base for the Company to operate, allowing it to honor all of its financial commitments and risks and pursuing an adequate debt profile.

| | Consolidated | |
|---|---|---|
| | 6/30/2020 | 6/30/2019 |
| Borrowing (note 13) | 8,424 | 5,412 |
| Leases (note 14) | 796 | 743 |
| Assignment of credit receivables | - | 8 |
| **Gross debt** | 9,220 | 6,163 |
| Swap | (631) | - |
| **Adjusted gross debt** | 8,589 | 6,163 |
| Less: cash and cash equivalents (note 5) | (5,307) | (1,885) |
| Less: Credit receivables investment fund - FIDC - NP | - | (187) |
| **Net debt** | **3,282** | **4,091** |

## 28.6 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, 2020 the estimated fair value for the Company's financing calculated at market rates in force is presented in note 13.4.

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

## 29 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.

## 29.1 Commercial transactions and other transactions

### 29.1.1 By transaction

| | Consolidated | | | Parent Company | | |
|---|---|---|---|---|---|---|
| | 6/30/2020 | | | 6/30/2020 | | |
| | Net income | Asset | Liabilities | Net income | Asset | Liabilities |
| **Net income** | | | | | | |
| Revenue | 1,241 | | | 1,248 | | |
| Net foreign exchange gains / (losses) and indexation | 39 | | | 31 | | |
| Net financial revenue (expense) | 25 | | | (4) | | |
| Other income and expenses | 16 | | | 15 | | |
| **Asset** | | | | | | |
| Account receivable (note 7), exc. FIDC | | 722 | | | 1,061 | |
| Securities (*) | | 3 | | | 3 | |
| Cash and cash equivalents | | 419 | | | 413 | |
| Dividends | | - | | | 17 | |
| Loans awarded to related parties | | - | | | 147 | |
| Judicial deposits | | 923 | | | 898 | |
| **Liabilities** | | | | | | |
| Trade payables | | | 415 | | | 428 |
| Dividends and interest on shareholders' equity payable | | | 195 | | | 195 |
| Advances from customers | | | 106 | | | 106 |
| Leases | | | 53 | | | 545 |
| **As of 6/30/2020** | **1,321** | **2,067** | **769** | **1,290** | **2,539** | **1,274** |
| **January to June/2019** | **1,641** | | | **1,602** | | |
| **As of 12/31/2019** | | **2,419** | **1,032** | | **2,824** | **1,628** |

(*) Classified in other Noncurrent Assets.

Purchases made from Petrobras amounted to R$ 19,309 (R$ 28,609 through June 2019), with R$ 207 from Refinaria de Petróleo Riograndense (R$ 303 through June 2019) and R$ 123 from Distribuidoras de Gás (R$ 175 through June 2019).

The Company has minimum purchase agreements with Petrobras, as mentioned in note 27 (a). The Company also has 2-year contracts with Petrobras for the purchase of oil products, equal to a total estimated value of R$ 26,124.

In 2018, the Company took out loans totaling R$ 133 from Stratura. This amount is restated at the rate of 115.8 % of the CDI rate.

The Company undertook the commitment to make capital contributions in the years 2020 and 2021 to the companies Muricy II and Pecém, in the amount of R$ 30 each.

## 29.1.2 By company

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | Net income | | Asset | | Liabilities | |
| | 6/30/2020 | 6/30/2019 | 6/30/2020 | 12/31/2019 | 6/30/2020 | 12/31/2019 |
| **Electric sector companies - Isolated system (Eletrobras group)** | **13** | **299** | **419** | **631** | - | - |
| **Subsidiaries of Petrobras Group** | | | | | | |
| Petrobras | 914 | 775 | 189 | 200 | 609 | 927 |
| Transpetro | 16 | 23 | 23 | 10 | 46 | 35 |
| Other | 29 | 36 | 9 | 6 | 2 | 2 |
| | **959** | **834** | **221** | **216** | **657** | **964** |
| **Joint ventures of Company and Petrobras group** | | | | | | |
| Termocabo | - | 12 | - | - | - | - |
| Petrocoque | 30 | 43 | - | - | - | - |
| Logum Logística | 1 | 1 | - | - | 1 | 1 |
| CDGN (**) | - | (1) | - | - | - | 21 |
| Other | 16 | 15 | 1 | 1 | 5 | 8 |
| | **47** | **70** | **1** | **1** | **6** | **30** |
| **Associated companies of Petrobras group (*)** | | | | | | |
| Suape II | - | 143 | - | - | - | - |
| Braskem | - | 10 | - | - | - | - |
| Other associated companies | - | 5 | - | - | - | - |
| | - | **158** | - | - | - | - |
| **Government entities** | | | | | | |
| Government securities | - | - | 3 | 2 | - | - |
| State-owned banks | 57 | 60 | 1,342 | 1,476 | - | - |
| Federal government receivables | 245 | 220 | 81 | 93 | 106 | 38 |
| | 302 | 280 | 1,426 | 1,571 | 106 | 38 |
| **Total** | **1,321** | **1,641** | **2,067** | **2,419** | **769** | **1,032** |

(*) These companies were no longer considered to be related parties on March 31, 2020.
(**) On June 05, 2020, the Company closed the sale of its entire equity interest in CDGN LOGÍSTICA S.A. to MDC I Fundo de Investimento em Participações Multiestratégia.

| | Parent Company | | | | | |
|---|---|---|---|---|---|---|
| | Net income | | Asset | | Liabilities | |
| | 6/30/2020 | 6/30/2019 | 6/30/2020 | 12/31/2019 | 6/30/2020 | 12/31/2019 |
| **Electric sector companies - Isolated system (Eletrobras group)** | **13** | **299** | **419** | **631** | - | - |
| **Subsidiaries of Company and Petrobras Group** | | | | | | |
| Petrobras | 914 | 775 | 189 | 200 | 591 | 922 |
| Stratura | 9 | 10 | 149 | 145 | - | - |
| Transpetro | 16 | 23 | 23 | 10 | 46 | 35 |
| Fundo Invest.Imobiliário FCM | (41) | (48) | 350 | 291 | 520 | 597 |
| Other | 31 | 36 | 9 | 6 | 1 | 2 |
| | **929** | **796** | **720** | **652** | **1,158** | **1,556** |
| **Joint operation** | | | | | | |
| Brasil Carbonos | - | - | **4** | - | **4** | **4** |
| **Joint ventures of Company and Petrobras group** | | | | | | |
| Termocabo | - | 12 | - | - | - | - |
| Petrocoque | 30 | 43 | - | - | - | - |
| Logum Logística | 1 | 1 | - | - | 1 | 1 |
| CDGN (**) | - | (1) | - | - | - | 21 |
| Other | 15 | 15 | 1 | 1 | 5 | 8 |
| | **46** | **70** | **1** | **1** | **6** | **30** |
| **Associated companies of Petrobras group (*)** | | | | | | |
| Suape II | - | 143 | - | - | - | - |
| Braskem | - | 10 | - | - | - | - |
| Other associated companies | - | 5 | - | - | - | - |
| | - | **158** | - | - | - | - |
| **Government entities** | | | | | | |
| Government securities | - | - | 3 | 2 | - | - |
| State-owned banks | 57 | 59 | 1,311 | 1,445 | - | - |
| Federal government receivables | 245 | 220 | 81 | 93 | 106 | 38 |
| | 302 | 279 | 1,395 | 1,540 | 106 | 38 |
| **Total** | **1,290** | **1,602** | **2,539** | **2,824** | **1,274** | **1,628** |

(*) These companies were no longer considered to be related parties on March 31, 2020.
(**) On June 05, 2020, the Company closed the sale of its entire equity interest in CDGN LOGÍSTICA S.A. to MDC I Fundo de Investimento em Participações Multiestratégia.

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

## 29.2 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 | | | | | | | |
| | 2020 | | | | 2019 | | | |
| | Executive Board (statutory) | Board of Directors (statutory) | Other members of the statutory committee | Total | Executive Board (statutory) | Board of Directors (statutory) | Other members of the statutory committee | Total |
| Short-term employee benefits | 6.0 | 6.9 | 0.4 | 13.3 | 4.1 | 0.7 | 0.2 | 5.0 |
| Post-employment benefits | 0.5 | - | - | 0.5 | 0.3 | - | - | 0.3 |
| **Total** | **6.5** | **6.9** | **0.4** | **13.8** | **4.4** | **0.7** | **0.2** | **5.3** |

At June 30, 2020 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$ 15 (R$ 6 as of June 30, 2019).

## 30 Subsequent events

**Natural gas concession**

On July 22, 2020 the Company's Executive Board approved the terms of the natural gas concession agreement between Companhia de Gás do Espírito Santo ("ES Gás") and Estado do Espírito Santo. ES GAS is the new state natural gas concession operator for a term of 25 years, taking control of the distribution services on August 01, 2020.

On the same date the compensation due to BR was also approved for the returnable assets and the conversion thereof into ES Gás shares in the amount of R$ 379 pursuant to Law 10.955/2018.

The company's ownership structure will be comprised of common shares, with ES government holding 51% and BR 49%. BR will hold 60.02% and ES state 39.98% of the total capital.

**Proposed dividend distribution**

The Annual General Meeting held July 28, 2020 approved the allocation of net income for FY 2019 differently to the proposal originally submitted by Management. Management had submitted a proposal to the Annual General Meeting to pay interest on equity and minimum dividends of R$ 590 by December 2020. However, because of the impacts of the COVID-19 pandemic it postponed the payment of additional dividends of R$ 534, which were used to form the special reserve, until the Company's financials allow the payment. By majority vote the Annual General Meeting decided the Company would pay the interest on equity and the minimum and additional dividends in the total amount of R$ 1,124 by December 2020. The Company therefore: (i) agrees with the General Meeting resolution, aligned with the press release issued July 14, 2020; (ii) reiterates that the proposal to create the special reserve aimed to create leeway to pay dividends over and above the mandatory minimum in due course, whilst protecting the Company's financial leverage and liquidity conditions; and (iii) informs that if the leverage and liquidity ratios deteriorate because of the uncertainty facing humanity as a result of the COVID-19 pandemic, Management will promptly inform shareholders so the matter can be reconsidered, in accordance with its fiduciary duties.

**Share-based Remuneration Plan and Restricted Shares Plan - Matching Program**

The Extraordinary General Meeting held July 28, 2020 approved the Long-Term Incentive Plan for Stock Options and Restricted Shares Plan - Matching Shares Program.

Under the Long-Term Incentive Plan for Stock Options, executives receive options in the Company that may be converted into shares following a specified period of three years counting from the moment they are awarded. In the Restricted Shares Plan - Matching Shares Plan, executives receive 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. These plans aim to: (i) align the interests of the shareholders and the executives (ii) recognize successful delivery 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.

The first award under the Long-Term Incentive Plan for Stock Options the schedule for the 3rd quarter of 2020, when the plan' expenses will begin to be recognized.

The first award under the Matching Shares Plan only takes place in 2021.

**Sale of interest in Stratura Asfaltos**

The Board of Directors consented to moving forward with the sale of the Company's entire interest in Stratura Asfaltos S.A., vesting the Executive Board with the powers to conclude the procedures necessary to seal the sale.

Stratura Asfaltos S.A. is a privately held company having its registered office in Paulínia – SP, engaged in the manufacturing and distribution of products for surfacing and maintaining highways and other roads and the provision of engineering services and specialist surfacing services.

In line with the Company's accounting policies on the matter, we have fully performed the conditions set out in items 6 to 8 of Accounting Pronouncement CPC 31 - Non-current assets held for sale and discontinued operations, so that the carrying amount of the interest is transferred to current assets and impacts recognized in profit and loss for the third quarter.

## Correlation between the notes as of December 31, 2019 and June 30, 2020

| Titles of notes | 2019 Annual | 2nd ITR-2020 |
|---|---|---|
| General considerations | 1 | 1 |
| Basis of presentation of the financial statements | 2 | 2 |
| Use of judgments and estimates | 3 | 3 |
| Significant accounting policies | 4 | 4 |
| Cash and cash equivalents | 6 | 5 |
| Net accounts receivable | 7 | 6 |
| Inventory | 8 | 7 |
| Advanced bonuses awarded to clients | 9 | 8 |
| Investment | 10 | 9 |
| Property, plant and equipment | 11 | 10 |
| Intangible assets | 12 | 11 |
| Trade payables | 13 | 12 |
| Financing | 14 | 13 |
| Leases | 15 | 14 |
| Advances from customers | 16 | 15 |
| Taxes | 17 | 16 |
| Payroll, vacations, charges, bonuses and profit sharing | 18 | 17 |
| Redundancy plans | 19 | 18 |
| Employee benefits | 20 | 19 |
| Equity | 21 | 20 |
| Sales revenue | 22 | 21 |
| Other net revenue (expenses) | 23 | 22 |
| Expenses by nature | 24 | 23 |
| Net finance income | 25 | 24 |
| Segment reporting | 26 | 25 |
| Judicial and administrative proceedings, judicial deposits and contingencies | 27 | 26 |
| Contractual commitments | 28 | 27 |
| Financial instruments and risk management | 29 | 28 |
| Related-party transactions | 30 | 29 |

The notes to the 2019 annual report which have been removed from the ITR as of June 30, 2020 due to not presenting any material changes and not being applicable to the interim financial statements are as follows:

| 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 | 10.4 |
| Description of the associate's activities | 10.5 |
| Breakdown by estimated useful life | 11.1 |
| Right of use over contractual term | 11.2 |
| Deferred income and social contribution tax / Estimated realization | 17.3.b |
| Profit sharing | 18.3 |
| New career and salaries plan (PCS) | 18.4 |
| Pension plan assets | 20.2 |
| Health care benefits - "Assistência Multidisciplinar de Saúde" (AMS) | 20.3 |
| Net actuarial obligations and expenses, calculated by independent actuaries, and the fair value of the plans' assets | 20.4 |
| Profit reserves | 21.2 |
| Asset and liability valuation adjustments | 21.4 |
| Non-standard credit receivables investment fund - FIDC-NP | 30.2 |
| Transactions involving the non-standard credit receivables investment fund - FIDC-NP | 30.2.1 |
| 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, 2020;

(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, 2020.

Rio de Janeiro, August 11, 2020.

RAFAEL SALVADOR GRISOLIA
CEO

ANDRÉ CORRÊA NATAL
Executive Director Finances, Purchases and RI

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

MARCELO CRUZ LOPES
B2B Commercial Executive Officer

MARCELO FERNANDES BRAGANÇA
Executive Officer for Operations, Logistics and Sourcing

## BOARD OF DIRECTORS

EDY LUIZ KOGUT
CEO

ALEXANDRE FIRME CARNEIRO
Director

CARLOS AUGUSTO LEONE PIANI
Director

CLAUDIO ROBERTO ELY
Director

LEONEL DIAS DE ANDRADE NETO
Director

MARIA CAROLINA FERREIRA
Director

MATEUS AFFONSO BANDEIRA
Director

PEDRO SANTOS RIPPER
Director

RICARDO CARVALHO MAIA
Director

## EXECUTIVE BOARD

RAFAEL SALVADOR GRISOLIA
CEO

ANDRÉ CORRÊA NATAL
Executive Director Finances, Purchases and RI

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

MARCELO CRUZ LOPES
B2B Commercial Executive Officer

MARCELO FERNANDES BRAGANÇA
Executive Officer for Operations, Logistics and Sourcing

## ACCOUNTANT

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