

## **Webcast - 4<sup>th</sup> Quarter Results 2022**

### **March 2, 2023**

#### **Carla Albano:**

Good afternoon, everyone. Welcome to Petrobras' webcast with analysts and investors about the 4Q22 Results. It's great to have you join us today.

We would like to inform you that all participants will follow the transmission via Internet as listeners. After an introduction, a Q&A session will begin. You can send us questions by e-mail at [petroinvest@petrobras.com.br](mailto:petroinvest@petrobras.com.br).

Today, we have with us Jean Paul Prates, Petrobras' CEO; Claudio Mastella, Chief Trading and Logistics Officer; Fernando Borges, Chief Exploration and Production Officer; Joao Henrique Rittershausen, Chief Production Development Officer; Paulo Palaia, Chief Digital Trading and Innovation Officer; Rafael Chaves, Chief Institutional Relations and Sustainability Officer; Rodrigo Araujo, Chief Financial and Investor Relations Officer; Rodrigo Costa, Chief Refining and Natural Gas Officer; and Salvador Dahan, Chief Governance and Compliance Officer.

To initiate, I will pass the floor to Petrobras' CEO, Jean Paul Prates. Please Jean, go ahead.

#### **Jean Paul Prates:**

Hello to all of you. It is an honor to speak to you as CEO of Petrobras at a time when we are disclosing such an expressive and symbolic results for the Company.

At the same time, we met all our production targets. We advanced in the prospecting of new reserves and in the decarbonization of our operations. We maintain our competitiveness, raising the utilization factor of our refineries, while launching new products with renewable content.

All these achievements are extremely important in the complex scenario we live today. As global consumption of fossil fuel hits record highs, we must prepare ourselves for the inevitable energy transition.

While no one can say precisely how long the traditional oil and gas industry will be dominant, it is indisputable that this moment is getting closer and closer. We will maintain our leading role in oil and gas production, while working to build a new future.

Our main goal in the new management that starts now is to make Petrobras an increasingly balanced company, strong and prepared to be the protagonist of the energy transition, drawing on its unique knowledge of Brazil's potential for this growing market.

Investment in the renewable energy sources such as hydrogen and offshore wind are already foreseen in the current strategic plan. Our operations in deep and ultra-deepwater put us in a privileged position for the generation of offshore wind energy, even integrated with oil and gas production.

We are major producers of natural gas, the transition fuel for hydrogen. We will continue and in responsible and transparent manner, seeking more opportunities to diversify our operation attentive to the society demands for a fair energy transition, guaranteeing energy that is available, accessible and sustainable for all.

I reiterate our ambition to neutralize our operational emissions within a timeframe compatible with that established by the Paris agreement.

To this end, we have invested in the decarbonization of our operations. We already operate the world's largest offshore carbon reinjection program, and we are implementing a series of state-of-the-art technologies to reduce emissions.

We are a company in permanent transformation. We are working every day to make Petrobras a company that is increasingly stronger, more responsible and connected to the future, because we believe this is the best way to fulfill our responsibility to society and to our investors.

Thank you very much. Welcome.

**Carla Albano:**

Thank you, Jean. Now I will pass the floor to Petrobras' CFO, Rodrigo Araujo. Please, Rodrigo, go ahead.

**Rodrigo Araujo:**

Thank you, Carla. Thank you, Jean. Thanks, everyone, for being with us today and joining our earnings call for the 4Q22. I am very glad to be here and to report the important and strong results that we have for the fiscal year 2022 and for the 4Q22.

First, I would like to just show my respect with my colleagues of the Executive Board and with the important work that has been done in terms of deleveraging the Company, keeping our capital structure optimized, delivering the relevant projects that we have on time and within cost.

As we all know, about 90% of the results and the returns from projects come from the FID and also from being able to deliver the projects on time. So I am very glad about the work that has been done in terms of well drilling, time reduction, delivering, contracting on time, delivering efficient platforms and projects on time.

We have also managed to have important operational results in 2022. We, of course, have reached the highest incorporation of reserves in the history of the Company. So that's very important in terms of looking for the Company's future.

We have also reached the highest utilization factor of our refineries in the last five years. In a year, in which we had relevant scheduled stoppages that were quite challenging to deal with, especially that we are still in an environment where we still facing the impact of covid-19, not only on the teams, but also on the supply chain.

We have also a very important result in terms of our commercial and trading operations in 2022. We were able to diversify our export base not only for the US market, but also for Europe and other Asian markets. We have been able to deliver the pre-salt oil that is quite competitive in terms of cost and in terms of emissions in new markets in this environment, in which the Russia Ukraine war has significantly impacted the industry.

We also have relevant highlights that we are going to share in terms of reducing emissions of our operations and also in terms of digital transformation and governance. So, I am going to start with the earnings presentation.

So, our usual disclaimer with respect to forward-looking statements and forecasts.

As we always do we start discussing safety, which is our number one value. We are very concerned about safety, about being able to deliver and create strong value, but always maintaining the highest degree of safety standards in the industry.

As you well know, we are well-positioned in terms of comparison with our peers. But as the result of 2022 show safety is always a substantial challenge. We have to be continuously looking for safety metrics and ways of improving and reducing the impact of incidents and occurrences that happen within the Company.

We have the ambition of zero fatalities. Unfortunately, in 2022, we had five fatalities on course of operations. So, of course, we are very sorry about that and focused on improving our safety conditions so that we are always performing better and more focused on delivering our results with more safety.

So, starting with our ESG results and agenda, I would like to highlight what we had in terms of carbon intensity, not only in the Upstream segment in which we delivered results that were substantially below the acceptable limit that we set for 2022, but also in the downstream segment where we already see the results of our energy efficiency program called RefTOP on our refineries, reducing the energy intensity of our refineries, and of course, the overall carbon intensity of our operations.

It's always important to remember that the pre-salt oil and we highlight, of course, the Tupi and Búzios fields in which we have between 9 and 9.5 kilos of CO2 per barrel equivalent of emissions. It's quite competitive. It's one of the top-notch frontiers in the world. So, we are very glad with the results that we have been finding and focused, of course, on continually reducing our carbon footprint and also on delivering substantial technology to help that happen.

We reinforce our commitment with the targets that we set for carbon intensity for 2025 and 2030 and we have been able to comply with all the targets that we have been setting and to continue to challenge ourselves in terms of the future results.

Looking at our absolute emissions for 2022, it's important to highlight that we had a substantial decrease in total operational emissions when we compare to 2021. We should remember that in the end of 2021, we had the hydro crisis in Brazil that made us have a substantial increase in terms of thermal power plant generation, increasing the consumption of natural gas and of course, increasing the operational emissions. So, that impacted substantially in 2021.

As you can see, it was mostly an outlier and we have managed to continue the downward trend that we have for total operational emissions. And also, when we look at oil and gas operational emissions, we have been continually reducing our oil and gas operational emissions basically since 2008. And we can see that, that downward trend continues to happen, and we continue to be focused on improving our results in terms of lower emissions.

Looking at the carbon capture results, as you know, we have the largest offshore carbon capture program in the world. Since 2008, we have been able to range about 41 million

tons of CO2. For 2022, we had about 11 million tons reinjected. It was the best result that we have, and it reinforces our commitment and our capability to deal with carbon intense reservoirs reinjecting and having a lot of technology to support that process and to reduce the carbon footprint of the pre-salt oil.

Also, in terms of highlights, we also reduced methane emissions in 2022, a 60% reduction when we compare to 2015. Just to remind you that we always look at 2015 as the initial baseline for the targets that we set for methane reduction. We have also joined the UN initiative focusing on methane mission reduction, and we are very glad to be part of an important group that is focused on delivering even better results that we have up to now.

We have also been, again, nominated as one of the members of the Dow Jones Sustainability Index. It's always a very important achievement. We do have targets for the executive teams to maintain our presence in the Index. It's an important external acknowledgment, and it's relevant to highlight that we got top marks for environmental reporting, social reporting, water-related risks. We also stood out in terms of operational ecoefficiency, labor practices and human rights as well. It was a second consecutive year that were part of the Index, and we are very glad to have achieved that result once again.

In terms of governance, it's important to highlight that, we continue to join our efforts in terms of digital transformation and governance risk and control. So we have a strong internal controls automation process that is ongoing. We already have more than 30% of internal controls automated, and we continue to be focused on increasing that level. We are one of the best performers in the industry.

The bylaws follows the SOEs in Brazil, once again, with their top-tier governance certification. We have also updated our code of ethical conduct that is one of the most important guidelines that we have. We have that in our website, and you can check as well.

Also, we have been awarded in terms of transparency of our financial statements once again, and we have recently approved now in January 2023, our tax policy that reinforces our commitment to fair taxation, transparency and also accountability. We have alongside with the financial results for the year, we have also released our tax report yesterday as well. I welcome everyone to look at it. We have important reports in terms of the Company contribution to Brazil and to the Brazilian society as an important taxpayer and how the contribution of the Company to several different Brazilian states is also quite relevant.

So in terms of tax payments for 2022, we have paid R\$ 279 billion in taxes for 2022, record level taxation. We have also paid R\$ 72 billion in dividends to the controlling group to the federal government and the federal government related, and it is also important to remember that more than 60% of our cash flow generation returns to the Brazilian society, including taxes and also dividends that we paid to the Brazilian state as the Company's controlling shareholder.

As I mentioned at the beginning, our focus on project management and our solid project implementation governance has been delivering substantial results over the course of the last years. In 2022, we had the start-up of FPSO Guanabara in Mero field. We have also anticipated P-71, which was expected to start production in 2023 and we started production in the end of 2022 in the Atapu field.

Also, we have reached the full production capacity of P-68 in Berbigão and Sururu fields, and we have been achieving important results in terms of efficiency in the new production units that we have started over the last couple of years.

We also have FPSO in Anna Nery that has arrived at the Marlim field. And we also have Almirante Barroso and Anita Garibaldi arriving at the shipyard in Brazil.

So when we look at units that are expected to come online in 2023, we maintain our forecast that we expect to have all the four units that were expected for 2023 coming online.

We have also done the contracting of three-owned platforms for the Búzios field, a very important result in terms of continuing with the development of the Búzios field and have also initiated contracting for other relevant FPSOs, like Atapu and Sépia too. As you remember, we have 17 units coming online in the course of the business plan, and we will continue to be highly focused on achieving that substantial challenge.

So looking at our key financial highlights for 2022, several of the metrics were Petrobras' best historical results. We had very solid EBITDA in 2022, US\$ 66 billion, US\$ 50 billion of cash flow from our operations. Our highest net income ever, US\$ 36.6 billion. During the course of the year, we have paid about US\$ 3 per share in terms of dividends. During the course of 2022 on a cash basis, we have also been able, alongside with creating and distributing value, we have also managed to keep our capital structure close to what we think is optimal. We reduced our net debt by US\$ 6.1 billion when we compare to 2021. We have also reduced gross debt.

As I mentioned before, R\$ 279 billion paid in taxes over the course of the year. And also another important milestone, we have reached double-digits return on capital employed for the first time for a very, very long time, and it's an important result of the focus on value creation and profitability of the relevant projects that we have been implementing over time. And as I mentioned in the beginning, the highest incorporation of reserves in the history of the Company, 2 billion barrels of oil equivalent incorporating the year 2022.

When we look at production KPIs, we have more than delivered the production target for the year. We were about 3% above the midpoint of the year's target for the oil production, for the commercial production and also for the total production. We have increased production without jeopardizing our cost conscience, the lifting cost for the year was lower than US\$ 6 per barrel. So, very competitive lifting cost.

Of course, as you know, the lifting cost is a very small part of the equation. We have a substantial taxation. We have other costs associated and the return on capital employed that is necessary for an industry that has such a substantial risk as the oil industry. So we are focused on being more efficient over time as well.

We have also a record level of 10 ppm diesel sales. We have been phasing out of the 500 ppm diesel to the 10 ppm diesel. And over the course of 2022, it's also important to highlight that alongside with delivering record levels of 10 ppm diesel, we were also able to maintain competitive prices aligned with the international market over the course of the year.

It was a very challenging year. The Russia-Ukraine war substantially impacted the crack spreads. They were quite volatile over the course of the year. So we were also able to maintain the healthy competitive environment in Brazil, without passing through all the volatility that was seen in the international market.

We have also had record of patents registered in Brazil for the second consecutive year. The Company has more than 1,000 active patents focusing on innovation and being able to create value with our innovation system.

I have already mentioned the start-up production of P-71 FPSO Guanabara and the full production capacity of P-68.

In terms of portfolio of natural gas selling contracts, we have been able to diversify and to improve the benchmarks of our contracts. You will probably remember that we had important impacts on 4Q21. And since then, we have been improving the quality of our natural gas commercial portfolio by indexing more and more contracts to crude and to spot prices of natural gas, such as the JKM, and we are going to talk a little bit about this later on. Very solid results in the natural gas segment as well coming from a lot of work in terms of commercial diversification.

I have already talked about decarbonization and the important reinjection project that we have, but it's also relevant to highlight that we had the first batch of renewable diesel being produced, and the first test of a batch of bunker also with renewable content, reinforcing our commitment to diversifying our sources and diversifying our products in terms of Scope 3 as well.

As I have mentioned, it was a very challenging year for the Refining segment with a lot of scheduled stoppages. But even though those stoppages were successfully handled during the year, and we delivered the highest utilization factor in the last five years, 88% of utilization with healthy margins and optimizing the use of our refineries. So it's a very healthy and sustainable results as well. And again, the important results with respect to the Dow Jones Index.

Of course, we had a positive external environment in 2022. We saw much higher prices when we compare to 2021, but it's always important to highlight that we have seen similar crude prices in the past and the results that the Company achieved were completely different from the results that we have had now.

So it's important to highlight that the results that we achieved in 2022 are also substantially associated to an important management process that has happened and with the important turnaround story of the Company over the last six to seven years. So basically, we have had very important and very solid results in 2022. And when we compare the 4Q with 3Q, we had lower Brent prices in 4Q, so that's going to show up also in terms of the financial results for the different segment.

Also, very solid EBITDA for 4Q, US\$14 billion when we compare to 3Q, we had lower prices and lower margins, and we are going to talk about that. And another important aspect is that the results for quite in line with what was expected and being able to deliver solid and predictable and stable results is also one of our main targets, the main difference between what was expected in terms of results and what we delivered was basically related to non-cash expenses that are very difficult for the analyst community to forecast such as the write-offs of exploratory expenses.

We have advanced with the development stage of the SEAP area, and some of the exploratory wells that were built in the past were written off in 4Q. We also have provisions for legal contingencies that are also very difficult to forecast.

So I think that is a part of those one-offs that we do not consider nonrecurring, because they always potentially impact the Company's results. The results were quite consistent with what we have been delivering over time.

In terms of the results per business segment, in the upstream segment, we have had an important impact of the lower Brent prices, and also, as I have mentioned, the non-cash write-offs of exploratory costs that were capitalized. We also had solid results in the downstream segment as well.

4Q in Brazil, we really have lower diesel sales because of the seasonality. It's partially offset by higher gasoline sales, and it was also partially offset by higher exports. But on 4Q, it's important to highlight that, as we have been managing the Company's pricing policy, we avoid passing through all the volatility, and 3Q prices came down fast and sharply.

So, basically, we did not pass through all the volatility. So we were able to capture higher margins on 3Q. On 4Q, our prices were closer to alignment to international markets, still with positive margins, but closer when we compare to 3Q. So we, of course, manage to keep our prices aligned, but we had lower margins when we compare it to 3Q.

And in terms of the Gas & Power segment, I have already mentioned that we had important impact in terms of improving our contract mix, but we had nonrecurring gains that were recorded in 3Q and that reduce the comparison between 3Q and 4Q. But when we compare 4Q22, with 4Q21, we already see important results of our improvements in terms of commercial policy for our natural gas contracts.

Looking at our cash flow generation, US\$ 15 billion of cash flows from operations. Interesting to see that companies paying income tax. Once again, we have used all the income tax credits that we have from prior periods where the Company incurred in losses. Basically, we also had US\$ 10 billion of investments over the course of the year.

We can see that, on 4Q, we had important impacts of advancements for the new platforms that were contracted, but we also see a ramp-up in terms of investments for 4Q, especially considering that when we compare 2023 and 2022, in 2023, we expect to invest US\$15 billion compared to US\$10 billion in 2022. So this 50% increase has already reflected in terms of a ramp-up of investments for 2022.

After divestments and the cash inflow from the transfer of rights surplus auction, we had US\$ 52 billion of free cash flow in the year. This was basically used to maintain our capital structure at the optimum level and to distribute the value that we have created to our shareholders.

Looking at our leverage, as I have mentioned in the beginning, we reduced gross debt from US\$ 59 billion to around US\$ 54 billion. This was already expected since we had FPSOs coming online in 2022, and we expect our leverage to increase accordingly. So we have prepared ourselves for a certain leverage increase that's going to occur in 2023.

When we look at the maturity profile, also quite healthy. If we look at the maturity schedule for the next couple of years, quite manageable, and leverage is expected to be kept stable.

In terms of portfolio management, we have highlighted the transactions that were closed in 4Q. Basically, the Reman and SIX refineries, the onshore fields of Carmópolis and Papa-Terra, offshore and also Albacora Leste; those transactions were closed over the course of 4Q22.

In terms of net income, I mentioned the record level net income for 2022, and also very solid results on 4Q. As I have mentioned, we had lower Brent prices, lower margins on

oil products as well. We also had our business plan that was released on 4Q. So we update our forecast, and we had some impacts in terms of impairment of assets over the course of 4Q. Nothing that jeopardized the Company's results or concerns in terms of future results. And this was also partially offset by financial gains coming from the S epia, Atapu and B uzios transfer of rights auctions, and also from the appreciation of the end-period BRL that impacts favorably our financial results.

So in terms of dividend payments, the Executive Board proposed to the Board of Directors the payment in two installments of R\$ 1.37 per share, totaling R\$ 2,75. This is basically the 60% of free cash flow formula and the distribution of the remaining part of the net income of 2022.

The Board of Directors approved the suggestion of the Executive Board, but also recommended to the shareholders the creation of a statutory reserve to retain R\$ 0.50 per share. And also, if the shareholders do not agree with the suggestion that was made by the Board of Directors, they have suggested that this payment of R\$ 0.50 per share occur by the end of 2023.

So here I conclude my presentation, once again, thanking you all for being with us today for our earnings call. We are very proud of the results that we have achieved, once again, thanking and congratulating my peers at the Executive Board level for the important work that they have done over the course of the last 2 years that we have been together, and also thanking all of the investors and shareholders for the trust that you gave us over the last two years.

And I will pass the floor back to Carla.

**Carla Albano:**

Thank you, Rodrigo. We can move to our Q&A session.

**Bruno Montanari, Morgan Stanley (via webcast):**

I would like to give you a very warm welcome to Mr. Jean Paul Prates and hope that Petrobras can perpetuate the government's standard design and strengthen over the past years.

It would be great to hear your thoughts about the Company fuel pricing policies. How do you think Petrobras can balance its financial targets and its social role in Brazil? Can the import parity policy be sustained?

Still on this topic, I understand you are a strong supporter of the creation of a fuel stabilization fund. Should we expect this option to be the number one choice for Brazil to manage fuel prices and to avoid volatility to the final consumer?

**Jean Paul Prates:**

Bruno, first, by the last question. I cannot speak as a policymaker or a minister or as a legislator anymore at my new position. The fuel stabilization fund, or account, was a proposition made in a very critical crisis period of the latest hikes of oil and gas and fuel prices worldwide and also in Brazil and especially, in Brazil during electoral period, et cetera, et cetera.



I still believe it would be part of the solution. It's not the whole solution when you talk about government policy, about sectorial policy, about economics, macroeconomics in the country.

So, this would be to the Congress to decide, if this is a part of the solution. That bill of law that is still in the Congress was approved on the Senate and went to Chamber of Deputies and is there, still for voting. If that can be enhanced or if it should sleep forever, whatever.

But in terms of import policy and in terms of what Petrobras would see as pricing policy, again, I should emphasize what I always said to the domestic market, to the press in general here, even before being where I am.

Petrobras sells fuels majoritarily in the Brazilian market. So, it has to go with the best, the more competitive, the more, if necessary, aggressive policy of price and commercial terms as it can make effective to retain its market shares and its position, wherever it wants to stay or whatever it wants or understands as important to be in the Brazilian market, mostly.

So, it's not up to us to command, to lead, to strongly suggest or anything like that, the pricing policy for the country. We have to deal with our own policy, with our own clients, with our own markets of selection or preference. And this is basically what we will do.

We can help in government policy, we can give suggestions, yes. We can participate in study groups for that. No problem with that, as any other company would do, through entities, directly. But our role is to take care of our own policy, and this is what we will do.

Import parity policy is the best price for our competitors. It's not necessarily our best product price. We have refineries here. We compete in different conditions because we can. And if we need to use these weapons, if we need to use these strategies or tools, we will use them. I think that answers pretty much the question.

#### **Bruno Montanari:**

About the temporary taxation of oil exports, do you see risks of such tax to become permanent in the industry? And even if temporary, does it jeopardize the investment climate in the oil and gas industry, especially on foreign direct investments?

#### **Jean Paul Prates:**

Especially when we are oil companies, we have to be resilient and accustomed to government rules, to changes in perspectives, especially when we have changes by democratic elections. So the risks are there. Nowadays, I would believe that the risk is more on the government side than in ours.

The risk of not having this approved, the risk of not having enough votes to pass this temporary tax, I believe the origin of this is in the in the issue of the reestablishment of taxes in gasoline that was recently discussed. So it may have been used as a type of compensation, or temporary compensation for that kind of division in the timing of the taxes to come back.

They divided it into two periods: 75% of the burden would be coming back at first time, and the rest of the burden would be delayed. So this may have been born as a compensation for that. But for us, we have to deal with it. We are not necessarily in favor

of that because, even in Congress, that was clear, me and the Company, that's a position that we mutually understand about that. In Congress, this was not an initiative that I liked. As a legislator, I had the opportunity to take this out of one of the propositions of legal documents in which that was included.

But anyway, we have to deal with it. The Government has a challenge, which is to get support to have this approved. I prefer the expectation of inducing domestic market or domestic sales in other ways. And also, there are certainly other ways for the oil sector to contribute with the state government.

The contribution of Petrobras in the last year, for instance, which was pretty much high, and maybe record, R\$ 280 billion were paid in tributes in general, not only taxes but also tributes regarding the concession agreements.

In dividends, R\$ 70 billion. That adds to R\$ 350 billion, which in USD translates around US\$ 63 billion in one year contribution, only by Petrobras, to the Brazilian state and similar entities, state governments, municipalities, et cetera.

This export tax represents around US\$ 9 million per day, maybe 120 days, US\$ 1 billion. So, it's kind of disproportional. So it may be much more an interest of the government to compensate what I said about gasoline taxes rather than a consistent policy to tax exports of oil.

But if it becomes by any chance, we will have to understand the reasons, and we will have to deal with it. We should remind that we are exporting at this point, 1.3 million barrels a day. And we need to do it sometimes. Maybe not everything, but we need to do exports somehow.

Other companies export much more than us. At this time, if I am not mistaken, we have around 65% of the exports of oil in Brazil from other companies rather than Petrobras. So this is in the interest of other companies as well to deal with, to discuss with the government, and to survive with this or not.

**Regis Cardoso, Credit Suisse (via webcast):**

Congratulations to all Petrobras' team for another quarter of excellent results. I also take the opportunity to congratulate Jean Paul on his new position and wish him much success.

The recent discussions about fuel tax hikes have once again put Petrobras pricing policy in the spotlight. The Company reduced prices this week, but remains aligned with international parity. Does Petrobras intend to change the way it prices products in domestic market? If so, what would be the conditions that this new price policy would need to meet?

**Jean Paul Prates:**

Regis, I think I pretty much started to answer your question before. But one expression you use is very important to enhance: international parity is one thing, import parity is another thing. They are very different.

I believe nobody is crazy enough today in the world, being big in oil and gas, to get out of international reference. That is pretty much impossible, unless you are a big exporter and you have a small market at your country, and you want to give gasoline or diesel almost for free for other reasons in the country, because you have so much to export

that it does not make any difference for you, or you are a state company that are not aligned or does not need investment partners from the private sector. Otherwise, you have to be consistent with whatever happens in the world with the commodities related to oil and gas.

That being said, in Brazil for the domestic market import parity, which is apart from outside, the price from outside plus the freight and all the cost to put this at the door of our refineries, to me, this price is the best price for our competitors, not necessarily for us. Maybe the maximum you can reach in a market where you are not disturbed by your competitors.

But once we are disturbed by any competitor, we must move and we must use our competitiveness, our investment, which was made here and has to be paid and remunerated, which is our refineries, our domestic logistics, our competitive advantages in being the leading company; not the monopolistic, not hegemonic, but the leading company in Brazil in the market sector of fuels.

So we will operate at our best domestic market price, the most competitive price per region, per point of delivery, per good client, or even bad client, we need to do price differentiation for that. That is Petrobras' policy of price. It is not a government affair, it's a company affair. And this is up to us to decide.

Another thing is the government to decree anything different from that. That may happen in two levels: the government acting as government, and this decree or whatever it is, will be valid to all the agents, including Petrobras, but all the agents; and as a second instance, it may be an order to Petrobras as a majority shareholder, or a dominant shareholder.

And then we will discuss with the government. If whatever command is given, if that is viable, if that is suitable for the Company, what are the consequences of that. But I do not believe we will have a problem with that. Again, we will go back to practice the best domestic price for our products, using all our tools to be the most competitive, most attractive price to our clients. That is our policy.

**Regis Cardoso:**

What are your impressions of these first few weeks leading Petrobras? Is it possible to outline what the new management strategy priorities will be for the Company? Which aspects of the current strategic plan should be maintained, and which should be revised?

**Jean Paul Prates:**

Regis, I am not coming to Petrobras for a first time. I am returning to Petrobras. I know the Company. I was here more than 30 years ago, in the end of the 80s, beginning of the 90s. So this is a return for me. And the return to the Company, and to be back with this exceptional staff, technical, managerial teams, the workforce in general, puts in me, and in them, I think, great expectations, with great pride and great energy to deliver great news for you and for the Brazilian people, for our consumers, for our clients in the near future.

We will discuss the new strategic priorities together, including with you, which are managers of the money of our investors. So we will do these discussions openly, transparently.

Certainly, in a big company like this, we do not give big switches. So we do have things in the current strategic plan that will stay there. I would risk say, the majority of them. But we will have our own suggestions as well to implement, and we will discuss that together in the due time.

We will start this after the stress of these first weeks. We are establishing our teams; we are changing the Board of Directors. We will have changes in the Board of Administration, the *Conselho de Administração*.

So each thing at it's time. We already have the teams together. The Company is one only company, one only team. So we will work with them, we will deliver some ideas, put some suggestions at the table, discuss with you and others, and then we will build together this new strategic plan.

**Luiz Carvalho, UBS (via webcast):**

First, we would like to congratulate the Company's management and team on the solid results. We also would like to congratulate Mr. Prates and wish you good luck in the new role.

As CEO, how to avoid conflict of interest between the controlling shareholder minorities, politicians and the Company's best interest in the decision-making process?

**Jean Paul Prates:**

This question is very good, because it's very common, Luiz. Because of the recent past and the not so recent past as well, it is fair to have this kind of impression, or conclusion, that Petrobras would be subject to politicians, et cetera. Not that it was not subject to this in the recent years as well.

We had and we have to remember that. We have very recently, 2019-2020, politicians and government making Petrobras to surrender market share in fuels and leaving refineries at half of the capacity. So this is not something that does not happen here and there.

The big challenge that we have altogether is to turn the participation of government in Petrobras into our favor, not against us. Make our investors have the certainty that to be a partner of the Brazilian state is not a disadvantage; on the contrary. It's good. It gives us good leads to things. It gives us good dialogues and less risk when we go to a new area, to a new horizon, when we discuss legislation, regulation, when we are present in regions, when we have to deliver new projects with the communities, with the mayors, with the city councils, et cetera.

This has to be an advantage since it's a reality, and it's not going to change. If somebody does not want to be a partner of the state of Brazil, they have other options. People have other options. Then you would be right to say 'sell.' But right now, this is a reality for us.

And it never changed. It did not change under Lula, under Dilma, under Bolsonaro, under Temer, and it will not change with Lula now, for sure. So Petrobras will still have the Brazilian state as a majority partner. That being said, we have to deal with that reality the best way we can.

So this is part of our business. Other companies have other vicissitudes. They have other problems. They have other natures. They have other difficulties. They are companies that are in oil and gas in countries that have no oil and gas anymore. Can you think of a

problem bigger than that? You have to deal with foreign governments every time to increase your reserves.

So let's kind of think out of the box a little bit and see advantages, and not only disadvantages, and whenever there are disadvantages, deal with them, go frankly and talk to the politicians, to the Government, to the President, and say, "this is not policy. This is not good for us. This is not good for Petrobras. Let me take this another way of doing this. Let me give you part, or the entire result that you are expecting in another way with my investors, with my employees, with my workers, with my team. I will bring something different, but with the same result, or almost."

This is possible. I believe that.

### **Luiz Carvalho:**

There has been a lot of comments on what Petrobras' focus will be, particularly with non-core investments. What is, in your view, the optimum portfolio for Petrobras? If we could list a few potential options, if you see the Company venturing into renewable power generation, offshore wind, fertilizers, biofuels, fuel distribution, new refineries or some other sector? Is there a target in your consideration of how much this could represent of the Company's future investment plan?

### **Jean Paul Prates:**

Luiz, one thing is not to be in the energy transition, or being late as we are now. The other thing is talking a lot about the subject, giving the impression, which is not true, that we will, all of a sudden, switch completely to another type of source or type of business.

We will not do that. We need to be focused not only on an operational point of view, but also in financial point of view and in terms of investment put in that, in our exploration and production of hydrocarbons sector.

So upstream oil and gas will keep being our main focus. This represents already 83% of our investment portfolio. So it may stay about that.

I could try to guess, and this is my responsibility individually, that we would not in the short term, not even in the midterm, go over 20% to 25% of that amount in investments into other things, including refineries transformed into biorefineries or natural gas into new segments, but also on offshore wind or bio, whatever components in fuels, et cetera. Renewables in general.

This will not be a transition that we will make very fast, but certainly has to be a transition that we effectively have to be doing. We cannot stop one day to think about the energy transition. That does not mean that we are going to do the transition, all of a sudden. There's a big difference between these two things.

We will look at a way of putting more bio components into our refineries, yes, that is the fastest way of merging the old oil and gas industry, or the traditional, conventional oil and gas industry into the future. We will search for new segments for natural gas production, yes, because burning natural gas is part of the energy transition. It's better than burning diesel, or burning fuel oil, or burning coal. It is better. We are evolving in doing that for the humanity, and for Brazil, for et cetera. And we know how to do it.

We can fuel trucks in Brazil instead of diesel with natural gas. We will go through that path. And also, we can evidently go to operational fields that are similar to ours in oil, but

to generate from renewable sources. That is the case of offshore wind. That's why we quote offshore wind as an example of that.

So it's natural for Petrobras, being the offshore company that it is, to go offshore for wind. It's much simpler to keep a windmill in the middle of the water, offshore, then doing dynamic position and standing a platform millimetrically precise stopped in the high seas of Brazil. So it should be something natural for us.

Fertilizers, we will have to analyze. Petrochemicals, we will have to analyze. They are not in the strategic plan big time right now. We will go and revisit the circumstances of the Brazilian market for that, and we will see how we can contribute with our raw materials to that.

But certainly, petrochemicals, bio-petrochemicals with gas as well are something we have to reflect about, because the oil area will start ending by the transportation sector, and the final phase of it will be petrochemical. So we can also prolong our cash flow in oil and gas business through that segment.

But this is something we will have to confirm with all our open and transparent discussions that I just mentioned.

**Frank McGann, Bank of America Merrill Lynch (via webcast):**

Petrobras is expected to continue to generate significant free cash flow. What should be the priorities in using that cash flow? If cash flow is sufficiently strong, should the payout above the legal minimums continue to be paid to shareholders?

**Jean Paul Prates:**

First of all, I have to say a special hello to Frank McGann because maybe he is the only one in this meeting that knows me for so many years. So, welcome back, my friend. I heard that you are living in Buenos Aires, or in Argentina anyway. So, congratulations, and welcome back.

Frank, I think the priorities to use cash flow must be, in any company, solid projects. If people wanted to stay with their money in their pockets, they will not invest in companies. So, they invest in companies because they believe companies are an excellent vehicle to multiply their money with something interesting being done for the society, for humanity and for the countries or for the markets they are interested in.

Of course, this may be sounding very obvious, but this is what sometimes people doubt about when they ask these questions to the new Government.

Solid projects, excellent and recognized partners together, and that's very important for us in the energy transition, because we may be the best company in oil and gas offshore and et cetera, but we are not necessarily yet recognized as the best company in other things.

So, in order to go into these new frontiers, we may be well accompanied by peer companies, not different companies, not smaller than us, but companies that are at the same level, doing the same type of quests into the future than us.

And above all, as I said already, we should continue doing what we know at best in our core areas. Because this is as essential as the transition. And more than that, this is a condition for the transition. Otherwise, we do not know how to do anything else than

getting oil out of the deepwater and ultra deepwaters of Brazil, for instance, or the Equatorial margin.

So we have to get more emphatic and get focused in what we know what to do to get good results and reinvest part of that at least in new areas to keep being alive for the next 70 years.

This year, we are celebrating 70 years of Petrobras. I want to deliver Petrobras when my term is ended, whenever it is, a company that has the certainty that will exist into 70 years ahead, and not become a company that is evaluated like a garage startup.

Petrobras is Petrobras. It's a huge vehicle of investment, and investors should look at Petrobras as a secure investment. It may not be the high heat of every day in the markets, but it must be the most secure destiny of the money of our investors. The one that people can trust. The one people can probably give shares to their sons and grandsons. A company that will be there in the future and will be following the tendencies and even the cutting-edge technologies and activities of energy generation, energy production, energy distribution in any type in the near future and in the long-term future. So that's what we expect.

**Frank McGann:**

Would Petrobras consider expanding in petrochemicals as a further expansion of its downstream segment?

**Jean Paul Prates:**

Why not? Maybe. Right now, to be strict with the rules in general, I would say that I need to approve a new strategic plan. But nothing is ruled out. When you think about the new strategic plan, after looking at what the strategic teams have as historical and as a base to think about, as I mentioned several times here, we will talk to people, we will revisit some points of view and we may go back to petrochemicals, yes.

There are some good opportunities in our screen right now. We have also fertilizers to look at. We have also international activities to look at. And I am taking this because I saw that Frank was asking this in the Portuguese questions here, talking about internationalization. I think, yes, why not? Again, solid projects with good or excellent recognized partners will make us go through that, but we will have to decide all this under a new strategic plan that we will start to discuss still.

So we will need a little more time to be precise, but nothing is excluded, except if something is so different that we never were present at or does not make at all part of our historic efforts, or visions of the future.

But things that were already in our portfolio, things that are complementary or supplementary to the activity of oil and gas or into the side of the energy transition with what we have in hands, offshore abilities, an excellent, super research center that can develop several things, and have already things in portfolio. All that will be used into the strategic plan.

We will never do crazy things or things out of nothing. This will all have origins in the Company, in the technical teams and in managerial decisions that we will taking, talking to the investors and talking to our shareholders.

**Carla Albano:**

Thank you, Jean. Thank you all. At this time, the Q&A session is over. If you have any further questions, you can send it to our Investor Relations team.

Petrobras' CFO, Rodrigo Araujo, will now make his final remarks. Please, Rodrigo.

**Rodrigo Araujo:**

Thank you, Carla. Thank you, Jean. Thanks, everyone, for being with us today, once again, for the results of the 4Q22. I would like once again to congratulate, to thank my peers at the Executive Board with the brilliant work that they have done, and also on behalf of the Executive Board, thank all the investors and shareholders for having placed your trust in us as executives of the Company. And I would also like to congratulate Carla for the brilliant work in conducting our earnings call.

Thank you once again, and have a great day.

**Carla Albano:**

Thank you, Rodrigo, very much. I will now pass the floor to Petrobras' CEO, Jean Paul Prates. Please, Jean.

**Jean Paul Prates:**

Thank you, Carla. I just asked to have a final voice here to welcome all to this kind of conversation. We will make this more often, not only at the announcement of results. I promised that to some of you some time ago, especially the ones that were representing shareholders in Brazil.

We hope to meet each one of you, of everyone that is here and others, in the next months around the corner or in other places. We were planning to go now to Houston, then another time, we will be in New York visiting some of these investors. So we will be together in person or by video, even before changing plans and projects, as I said.

So this will be very important, and we will be always with the channels open here as much as we are saying that to also our workers, our workforce. These are two things that we will have to have in mind: shareholders and workforce, they will help us to build this future.

Thank you.