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COMPANY PROFILE

PRIO S.A.

B3: PRIO3 · Oil and gas exploration and production · Brazil

Brazil's largest independent oil producer, by its own description, cut its lifting cost to US$8.90 a barrel. In the same quarter, a new export tax took US$7.30 a barrel back.

Prepared	16 September 2026
Data through	Q2 2026 results (4 August 2026); monthly operating data through August 2026
Reserves as of	31 December 2025 (DeGolyer and MacNaughton certification)
Litigation as of	16 September 2026
Basis	Audited and reviewed IFRS consolidated statements, US dollars

Executive summary

PRIO S.A. — independent oil and gas producer, Campos Basin, Brazil

The operational turnaround is real and measurable. Average production reached 172.0 thousand barrels of oil equivalent per day in the second quarter of 2026, up 72% year on year, and 196.3 thousand in July — the highest month in the series. Lifting cost fell to US$8.90 a barrel from US$17.40 in the third quarter of 2025, as the Wahoo development was completed and the company took over operation of Peregrino.

A tax introduced in March took back most of that gain. PRIO recognised US$111.3 million of crude oil export tax in the second quarter of 2026. Against 15.25 million barrels sold, that is US$7.30 a barrel — against a lifting cost of US$8.90. Nine months of cost reduction, matched by a single quarter of a tax that did not exist in February.

That tax is legally unsettled. The measure that created it lapsed on 9 July 2026 without a congressional vote. The same rate was re-imposed the next day by resolution of the Foreign Trade Chamber's executive committee, suspended by a federal court in Brasília on 27 August, reinstated on appeal on 31 August, and extended again from 8 September. A foreign investor modelling PRIO at a stable 12% export levy is modelling a rate that no court has yet definitively upheld.

Leverage peaked and is falling. Net debt reached US$4,309 million at the end of 2025 after three consecutive acquisition years, rose to US$4,372 million in March, and fell to US$4,046 million by 30 June 2026. The company reports leverage of 1.5 times on its covenant measure. Apart from US$10.9 million distributed in 2023, capital returns in the period reviewed have run through share buybacks.

The reserve base supports roughly twelve more years at current rates. Net proved reserves stood at 757.3 million barrels of oil at 31 December 2025, with a present worth of US$16.4 billion discounted at 10% — calculated on a flat US$62 Brent and before income taxes. Proved-plus-probable reserves are 1,022.4 million barrels.

What to watch

The export tax litigation is the single variable that most changes this company's cash generation, and it is being decided in court rather than in the oil price. A definitive ruling against the government would return roughly seven dollars a barrel to the producer. A ruling for it makes a temporary emergency measure a permanent feature of Brazilian upstream economics — and one that applies to every oil exporter in the country, not only to PRIO.

Company snapshot

Identity, ownership and governance

Field	Detail
Legal name	PRIO S.A. (formerly Petro Rio S.A.)
Listing	B3: PRIO3 — Novo Mercado, B3's highest corporate governance tier
Headquarters	Praia de Botafogo 370, Rio de Janeiro
Reporting	IFRS, consolidated, in US dollars — the functional currency
Auditor	KPMG Auditores Independentes since 2025; Ernst & Young for 2020–2024
Employees	1,115 (Reference Form 2026)
Share capital	872,495,263 common shares since 2 January 2026; preferred shares prohibited by the bylaws
Free float	85.7% per the Reference Form, which states there is no controlling shareholder or control group
Largest holder	BlackRock, Inc. at 7.5%; the only holder disclosed above 5%. Treasury stock 8.9% (31 August 2026)
Board	Eight directors, four of them independent; two-year terms, elected 17 April 2026
Chair	Nelson de Queiroz Sequeiros Tanure — not independent; co-led the 2014 strategic review
Chief executive	Roberto Bernardes Monteiro — also investor relations officer and a board member
Chief financial officer	Milton Salgado Rangel Neto

Ownership is dispersed, but the company is not easily taken over

The combination is unusual and worth stating plainly for a reader accustomed to Brazilian companies with identified controllers. There is no control group, and the largest disclosed holder owns well under a tenth of the company. Yet the bylaws carry three layered defences: no shareholder or group may cast more than 15% of the votes at a general meeting regardless of how many shares it owns; a shareholder that competes with PRIO has its voting rights capped at 10% of the share capital; and anyone reaching 20% ownership must launch a tender offer for the entire company, priced at no less than the highest quotation of the preceding eighteen months, updated by the SELIC rate, plus a 15% premium.

The practical effect is that a hostile accumulation is expensive and a friendly one is capped. For a fund considering a meaningful stake, the 20% trigger is the number that matters.

Dividend policy is discretionary by design

Brazilian corporate law sets the mandatory dividend at half of adjusted net income where a company's bylaws are silent (Law 6,404/76, article 202). PRIO's bylaws are not silent: they set the statutory minimum at 0.001% of adjusted net income — effectively zero. Distribution is therefore a matter for the board and shareholders. Apart from US$10.9 million distributed in 2023, the company returned capital through buybacks across the period reviewed, repurchasing 5.5 million shares in the first quarter of 2026 and 9.3 million in the second.

The business

Four producing assets, one strategy

PRIO buys producing offshore fields from majors and state operators, redevelops them, and drives the cost per barrel down. Since its 2014–15 restructuring it has abandoned an exploration-led strategy. Every field it produces from was discovered by another company, and in several cases the previous owner had decided it was no longer worth the investment. The investment case rests on whether the company can keep buying mature assets and making them cheap to run.

Producing assets

Asset	Fields	Stake	2Q26 kboe/d	Status
Cluster Valente	Frade + Wahoo	100%	61.1	Wahoo first oil 18 March 2026; fourth and final well opened 16 June, completing PRIO's first self-executed development
Peregrino	Peregrino field	80%	74.5	Heavy oil. PRIO took over operation in November 2025 after acquiring a further 40%; first Isolado reservoir well online 30 May 2026
Albacora Leste	Albacora Leste	90%	22.1	Lowest operational efficiency in the quarter (85.9%), after a well shut by hydrate formation
Cluster Bravo	Polvo + Tubarão Martelo	100%	14.3	Smallest cluster; well OGX-44HP down for a pump failure (March–May) and production-line repairs (July, August)

Source: second-quarter 2026 earnings release (S-02). Production in barrels of oil equivalent, including gas; the four assets sum to 172.0.

Revenue is concentrated in two assets, and the balance shifted in one quarter

Share of total revenue	1Q26	2Q26
Peregrino	44.7%	37.5%
Cluster Valente (Frade + Wahoo)	22.0%	35.2%
Albacora Leste	24.4%	16.2%
Cluster Bravo	8.9%	11.2%

Wahoo changed the shape of the company in a single quarter. Cluster Valente went from 22.0% of revenue to 35.2% as the Wahoo wells came online between March and June, while Peregrino's share fell from 44.7% to 37.5% despite producing 74.5 thousand barrels a day. Albacora Leste, the oldest asset, dropped from a quarter of revenue to a sixth. The concentration risk is easing, but two assets still generate roughly three-quarters of revenue.

Production has stepped up twice, not gradually

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26
Average production (kboe/d)	109.3	100.1	88.2	127.9	155.4	172.0
Volume sold (million barrels)	10.22	8.17	8.84	10.61	14.85	15.25
Lifting cost (US$/bbl)	12.8	13.8	17.4	12.5	9.4	8.9
Realised reference price (US$/bbl)	74.68	65.84	68.32	63.22	83.50	94.60
Average Brent (US$/bbl)	74.98	66.71	68.17	63.08	78.38	96.68

Source: quarterly earnings releases (S-01, S-02). Lifting cost is the company's own measure and excludes royalties and taxes.

The third quarter of 2025 is the reference point for how much has changed. Lifting cost hit US$17.40 a barrel, the highest in the series shown, while the Peregrino floating production unit remained shut in under a regulatory interdiction lifted only on 17 October 2025, and production fell to 88.2 thousand barrels a day. Nine months later the company produced 172.0 thousand barrels a day at US$8.90. Monthly data published since the quarter closed shows 196.3 thousand in July and 186.1 thousand in August, when planned maintenance at Albacora Leste and a pump failure at Peregrino held output back — so the second quarter was not the peak.

How much of the production is exposed to the export tax

PRIO's monthly bulletins are headed *óleo e gás exportado*. In Brazilian upstream usage this means oil and gas exported from the production unit — lifted off the platform — and not necessarily exported from the country, and the bulletins do not split sales between domestic and foreign buyers. The company's Reference Form fills the gap at annual level: Petrobras, the only Brazil-based customer it discloses, accounted for about 2.6% of 2025 revenue. In practice, almost all of PRIO's crude is sold abroad and exposed to the export tax discussed below. The per-barrel figures in this report use the export tax PRIO itself recognised in its interim financial statements.

Financial performance

Audited consolidated statements, IFRS, US$ millions

	FY2023	FY2024	FY2025	1H2026
Net revenue	2,401.0	2,638.6	2,782.5	2,631.4
Costs of products sold	(849.6)	(1,314.5)	(2,230.3)	(1,475.0)
EBITDA	1,853.1	1,722.9	1,361.2	1,722.3
Depreciation and amortisation	(392.2)	(497.3)	(1,045.3)	(701.6)
Net financial result	(212.7)	(97.5)	(364.2)	(273.6)
Income tax (charge) / benefit	(189.1)	594.1	430.1	103.9
Net income	1,059.1	1,722.2	381.8	851.0
Operating cash flow	1,399.2	1,629.9	1,383.5	1,199.7
Capital expenditure	(864.1)	(643.8)	(952.0)	(595.5)
Cash and equivalents	482.4	644.9	617.6	713.5
Gross debt	1,527.1	2,971.7	4,927.1	4,759.7
Net debt	1,044.7	2,326.8	4,309.5	4,046.2
Shareholders' equity	2,866.6	4,186.5	4,685.2	5,450.3
Total assets	5,847.8	9,002.5	11,663.9	12,268.8
EBITDA margin	77.2%	65.3%	48.9%	65.5%

Source: audited annual financial statements and reviewed interim statements (S-03, S-04, S-07 to S-09); FY2023–2024 audited by Ernst & Young, FY2025 by KPMG. EBITDA is operating income before financial result plus depreciation and amortisation, on the audited basis including IFRS 16. The company's releases quote an adjusted EBITDA excluding IFRS 16 of US$1,730.9 million for the first half of 2026. Gross debt is loans and financing plus local debentures; net debt deducts cash, and excludes lease liabilities and swap fair values. On its own basis the company reported net debt of US$2,503 million at the end of 2024. Acquisitions of oil and gas assets are not included in capital expenditure: they were US$1,699.9 million in 2023, US$1,881.9 million in 2024, US$2,073.7 million in 2025 and nil in the first half of 2026.

Three observations a reader should not miss

2025 was a bad operating year inside a growing company. Revenue rose 5% and EBITDA fell 21%. The cause was operational, not commercial: the Peregrino unit was shut in for part of the year, lifting cost spiked, and depreciation more than doubled as three years of acquisitions worked through the accounts. Anyone reading the revenue line alone would reach the wrong conclusion.

Two of the four periods are flattered by tax. The income tax line is a net benefit of US$594.1 million in 2024 and US$430.1 million in 2025, driven by deferred tax credits — including recognised tax losses and the effect of exchange-rate movements on tax bases. Net income of US$1,722.2 million in 2024 is not an operating result and should not be treated as one. On a pre-tax basis, 2024 earned US$1,128.1 million and 2025 lost US$48.3 million.

The balance sheet expanded faster than the business. Total assets doubled between the end of 2023 and the end of 2025 and gross debt more than tripled, largely to fund US$5.7 billion of acquisitions over three years. That phase has paused: no oil and gas assets were acquired in the first half of 2026, and net debt fell in the second quarter from its March peak. The first half of 2026 alone generated 95% of the whole of 2025's revenue.

Debt profile

The average cost of debt stood at 6.40% a year at 30 June 2026 with a duration of 2.70 years. During the second quarter the company repaid in full the remaining US$168.7 million of a bond issued in 2021 — its last secured debt — and rolled US$354.1 million of bilateral facilities originally maturing in 2027 into 2028 and 2029. The cost of debt rose for two reasons: the repaid bond carried 6.125%, below the floating-rate bilateral facilities that remain, and SOFR increased. The heaviest maturity years are now 2027 and 2028. The company reports leverage of 1.5 times net debt to adjusted EBITDA, down from 2.3 times at the end of 2025, on its covenant measure, which includes IFRS 16 and a full twelve months of the additional Peregrino stake.

The export tax

Why a Brazilian emergency measure is the main variable in this company's economics

On 12 March 2026 the federal government published Medida Provisória nº 1.340, an instrument with immediate force of law under Article 62 of the Constitution. Article 10 established a 12% export tax on crude oil under Mercosur tariff heading 2709, levied on the total value of exports. Article 11 allowed the rate to be reduced by act of the executive committee of the Foreign Trade Chamber (Gecex).

The measure followed an oil shock. Brent had closed at about US$71 a barrel on 27 February, the day before the war with Iran began, and peaked at US$119.50 on 9 March. The exposition of motives, dated 11 March, described the aim as to "capture and transfer to society part of the extraordinary gain generated by the abrupt appreciation" of the international oil price. It also estimated revenue of R$15.6 billion over four months at a Brent of US$90, part of which could offset cuts to PIS/Cofins on diesel imports. The same instrument funded a diesel subsidy of R$0.32 a litre, capped at R$10 billion; a second measure, MP 1.349 of 7 April, added R$0.80 a litre until 31 May.

What it cost this company

	2Q25	1Q26	2Q26
Internal sales and export taxes (US$m)	7.1	3.7	114.0
of which crude oil export tax (US$m)	nil	n/d *	111.3
Volume sold (million barrels)	8.17	14.85	15.25
Export tax per barrel sold (US$)	nil	<0.25 *	7.30
Lifting cost per barrel (US$)	13.8	9.4	8.9
Royalties and special participation (US$m)	54.3	71.6	179.4

Source: quarterly earnings releases (S-01, S-02); export tax from note 23 of the second-quarter interim financial statements (S-04); per-barrel figure calculated. 2Q25: the tax did not exist. * 1Q26 covers only nineteen days of the tax, and PRIO disclosed no separate amount; total sales-tax deductions of US$3.7 million (below the US$7.1 million of 2Q25, before the tax) cap it at under US$0.25 a barrel.

The comparison that matters is the shaded row against the one beneath it. PRIO spent nine months driving its cost of lifting a barrel out of the sea from US$17.40 to US$8.90, through well interventions, the Wahoo start-up and taking over operatorship at Peregrino. In the second quarter of 2026 it paid US$7.30 a barrel in export tax. The company's own management commentary is direct about the effect: the tax limited its ability to capture the full appreciation in Brent.

The tax is in litigation, and its legal basis is contested

This is where a reader relying on press summaries will be seriously misinformed, because the position has changed repeatedly since March.

When	What happened
12 March 2026	MP 1.340 published; 12% rate in force
April 2026	Shell, TotalEnergies, Repsol Sinopec, Petrogal and Equinor obtain an injunction in the 1st Federal Court of Rio de Janeiro. On 17 April the president of the regional appeals court (TRF-2) suspends it at the request of the National Treasury's attorneys (PGFN)
9 July 2026	MP 1.340 lapses without a congressional vote
9–10 July 2026	Gecex Resolution 938/2026, adopted on 9 July, re-establishes the identical 12% rate for 60 days from 10 July
27 August 2026	In a collective suit by the producers' association ABEP, the 17th Federal Court in Brasília bars collection from its members and pre-emptively bars further extensions, holding that re-imposing by administrative act a rate whose enabling measure had lapsed circumvents the constitutional ban on reissuing a lapsed provisional measure
31 August 2026	A judge of the regional appeals court (TRF-1) reverses the injunction at the request of the Attorney General's Office (AGU), holding that collection alone is not irreparable harm, since the tax can be deposited in court, and citing risk to the economic order
1–8 September 2026	Gecex Resolution 957/2026 extends the 12% rate for a further 60 days from 8 September

The 2023 precedent is unsettled. Medida Provisória 1.163/2023 imposed a 9.2% crude export tax from March to June 2023. In February 2025 the TRF-2 held it illegal by three votes to two, in a case brought by Sinochem, CNODC and PRIO itself, on the ground that it breached the constitutional requirement of prior notice; that ruling remains subject to appeal. Other decisions upheld collection, and in May 2026 ABEP asked the Supreme Court to review them (ADPF 1.325).

For a foreign reader the practical conclusions are three. First, the 12% rate should be modelled as contingent, not as a fixed cost — the amount at stake for PRIO is roughly seven dollars a barrel, which is the difference between a mediocre quarter and a very good one. Second, the rulings so far have turned on different questions — the tax's revenue-raising purpose, legislative procedure and interim harm — and none has settled whether the executive may keep the rate in force without Congress; the outcome will apply to every company exporting Brazilian crude. Third, the recurring use of emergency instruments for upstream taxation — twice in three years, both times litigated — is itself a datum about the jurisdiction, and one that matters more to a fund making a ten-year commitment than the rate in any given quarter.

Reserves and asset life

Independent certification by DeGolyer and MacNaughton, as of 31 December 2025

Net reserves attributable to PRIO	Oil (m bbl)	Sales gas (bcf)	PW10 (US$m)
Proved developed producing	322.2	21.6	6,537.5
Total proved developed	350.0	37.0	7,205.8
Total proved (1P)	757.3	257.3	16,426.9
Proved plus probable (2P)	1,022.4	323.3	22,533.4
Proved plus probable plus possible (3P)	1,324.5	401.6	27,221.7

Source: DeGolyer and MacNaughton certification (S-12). PW10 is future net revenue discounted at 10%. Probable and possible reserves have not been risk-adjusted to make them comparable with proved reserves, and should not be read as equivalent.

At the second quarter's production rate of 172.0 thousand barrels of oil equivalent a day — about 62.8 million barrels a year, including a small gas component — proved oil reserves of 757.3 million barrels imply roughly twelve years of production. On the proved-plus-probable case the figure is about sixteen years. For a company whose entire strategy is buying producing assets rather than exploring, reserve life is the clock: it measures how long before the next acquisition becomes necessary rather than optional.

Where the reserves sit

Proved reserves are spread across four asset groups, with Albacora Leste (273.4 million barrels net) and Peregrino (215.8 million) accounting for the largest shares, followed by Cluster Valente (232.5 million, of which 121.7 million sits in Wahoo) and Cluster Bravo (35.6 million). Wahoo contributes no proved developed producing reserves as of the certification date because it had not started production — first oil came in March 2026. The reserve report therefore understates the developed base as it stands today.

Read the present worth with three assumptions in mind

The certification deducts royalties, operating expenses, capital costs, abandonment costs and the special participation fee, but three of its assumptions cut in different directions. It uses a Brent reference price of US$62 a barrel, held flat and not escalated, well below the US$96.68 average of the second quarter of 2026. At PRIO's request, it excludes Brazilian income taxes. And it was prepared as of 31 December 2025 — before the export tax existed. The US$16.4 billion proved present worth is therefore neither a conservative nor a generous number, but a specific one.

Risks and watch items

Each with an event to watch rather than a general concern

#	Risk	Category	What to watch	Scale
1	Export tax litigation	Regulatory / tax	Appeals in the ABEP and oil-company cases; renewal or expiry of Gecex Resolution 957 in early November 2026	About US$7.30 a barrel sold — about 13% of quarterly adjusted EBITDA at second-quarter levels
2	Further emergency taxation	Political	Any new provisional measure or Gecex resolution following an oil price spike	Unquantified. Twice in three years is a pattern, not an accident
3	Selective Tax from 2027	Tax reform	Ordinary law setting the rate on mineral extraction under the 2023 constitutional amendment and Complementary Law 214/2025	Capped at 0.25% on extraction, charged whether the oil is sold at home or exported; small beside the export tax
4	Single-basin concentration	Operational	Any regulatory or environmental event affecting Campos Basin operations generally	All four producing assets sit in one basin
5	Equipment reliability	Operational	Pump and gas-lift failures — five disclosed in monthly bulletins between March and August 2026	Each has cost thousands of barrels a day for weeks at a time
6	Acquisition pipeline	Strategic	Any announcement of a new field purchase, or its absence through 2027	Reserve life of twelve years means the model requires a next deal eventually
7	Environmental licensing	Regulatory	IBAMA decisions on drilling permits at Frade and Peregrino	Gates the infill drilling that sustains production
8	Capital allocation	Governance	Announcement of a shareholder remuneration policy	Statutory minimum dividend is 0.001%; distribution is entirely discretionary

The first item dominates the others by an order of magnitude. Items four and five are the ordinary operating risks of a single-basin producer and are visible every month in the company's own bulletins — a reader tracking this company should read those bulletins rather than waiting for quarterly results, because the interruptions are disclosed there first.

Sources and method

Every figure in this report is traceable to a document below

This profile was prepared exclusively from public sources: the company's own filings, an independent reserve certification, primary legislation and official gazette publications. No confidential information was used. Press reporting was used only to trace the court history of the export tax and the Brent price path; no financial figure in this report is taken from a press source.

Ref	Document	Origin
S-01	Quarterly earnings release, first quarter 2026	PRIO S.A., 5 May 2026
S-02	Quarterly earnings release, second quarter 2026	PRIO S.A., 4 August 2026
S-03	Interim financial information, first quarter 2026	PRIO S.A., reviewed, in US dollars
S-04	Interim financial information, second quarter 2026	PRIO S.A., reviewed, in US dollars — note 23 (export tax)
S-05	Consolidated bylaws (Estatuto Social)	PRIO S.A. — arts. 5, 6, 7, 17, 20, 40, 52, 53
S-06	Medida Provisória nº 1.340 and exposition of motives	Presidency of the Republic, 11–12 March 2026 — arts. 1, 2, 10, 11
S-07	Annual financial statements, year ended 31 December 2023	PRIO S.A., audited, in US dollars
S-08	Annual financial statements, year ended 31 December 2024	PRIO S.A., audited, in US dollars
S-09	Annual financial statements, year ended 31 December 2025	PRIO S.A., audited, in US dollars
S-10	Shareholder composition	PRIO S.A. investor relations website, as of 31 August 2026
S-11	Reference Form 2026, version 7, and Registration Form 2026	PRIO S.A. / CVM — items 1.1, 1.7, 6.3, 7.3, 10.1
S-12	Reserve certification as of 31 December 2025	DeGolyer and MacNaughton — summary tables and economic assumptions
S-13	Monthly operating data, January to August 2026	PRIO S.A., preliminary and unaudited
S-14	Material fact: capital increase on exercise of share options	PRIO S.A., 2 January 2026
S-15	MP 1.349/2026; Gecex Resolutions 938/2026 and 957/2026	Presidency of the Republic; Diário Oficial da União
S-16	Law 6,404/76 (art. 202); Constitutional Amendment 132/2023; Complementary Law 214/2025 (art. 422)	Presidency of the Republic

Ref	Document	Origin
S-17	Court history of the 2023 and 2026 export taxes	G1 (17 April 2026), eixos (27 August 2026), CNN Brasil (1 September 2026), Gazeta do Povo (26 February 2025), Migalhas (May 2026)
S-18	Brent prices, February–March 2026	ICE Brent futures as reported by Qazinform and Al Jazeera

Basis and limitations

Financial figures are stated on the audited and reviewed IFRS basis in US dollars, the company's functional and reporting currency. Where the company's earnings releases present an adjusted measure excluding IFRS 16, that difference is noted with the financial table. Half-year figures are not annualised, and leverage ratios calculated on a half-year of earnings are not comparable with the company's own trailing measure.

Two figures a reader might expect are absent because they are not in the public record at the necessary level of detail: a quarterly split of sales volumes between domestic and foreign buyers, and a directly comparable peer table on an identical reporting basis. Where a number could not be traced to a filing, it has been left out rather than estimated.

The court history of the export tax is current to 16 September 2026 and is, by its nature, subject to change. It should be verified before being relied upon for a transaction.