Q4 and FY 2022

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Unaudited

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Index

Table of Contents

1.	**Results highlights**	**5**
2.	**Upstream**	**10**
3.	**Renewables & New Businesses**	**13**
4.	**Industrial & Midstream**	**16**
5.	**Commercial**	**19**
6.	**Financial Data**	**22**
6.1	Income Statement	23
6.2	Capital Expenditure	25
6.3	Cash Flow	25
6.4	Condensed Financial Position	26
6.5	Financial Debt	29
6.6	Share Repurchase Programme	30
6.7	Reconciliation of IFRS and RCA figures	31
6.8	Special Items	32
6.9	IFRS Consolidated Income Statement	33
6.10	Consolidated Financial Position	34
7.	**Basis of Reporting**	**36**
8.	**Definitions**	**38**

01

RESULTS HIGHLIGHTS

1. RESULTS HIGHLIGHTS

Fourth quarter 2022

Galp's 4Q22 results reflect a robust operating performance, capturing the supportive macro environment, namely on Upstream and Industrial activities. Free cash flow generation was strong, at €737 m, also supported by a large working capital release, enabling net debt to be reduced during the period by €541 m.

RCA Ebitda reached €951 m, 48% higher YoY:

- Upstream: RCA Ebitda was €791 m, up YoY, supported by the improved operational performance and benefitting from the favourable oil price environment.

  Working Interest (WI) production was up 5% YoY, reflecting reduced maintenance interventions and the ramp-up of Berbigão / Sururu and Sépia in Brazil, as well as the start-up of Coral FLNG, in Mozambique.

- Renewables & New Businesses: RCA Ebitda was €17 m, with all renewables' projects in operation now consolidated into Galp's accounts.

  Renewables installed capacity reached 1.4 GW, following the commercial start-up at year-end of c.100 MW of solar projects in Iberia.

- Industrial & Midstream: RCA Ebitda was €118 m, supported by the contribution from industrial activities, capturing the improved international refining environment, although partially offset by the natural gas trading activities performance, pressured by persisting natural gas sourcing restrictions and pricing differentials.

- Commercial: RCA Ebitda was €42 m, with oil products demand pressured by the high price environment, as well as higher development costs on transformational businesses and adjustments from previous quarters' costs.

Group RCA Ebit was €475 m, a 14% increase YoY including a €108 m impairment related with retail distribution assets and a €60 m provision for the Matosinhos' site transformation project.

RCA net income was €273 m, also benefiting from positive financial results, namely mark-to-market swings, mostly related with Brent and refining margin hedges. IFRS net income was €455 m, with an inventory effect of €-206 m and special items for €388 m, mostly from maturing gas hedges.

Galp's adjusted operating cash flow (OCF[1]) was €701 m following the improved RCA Ebitda, whilst cash flow from operations (CFFO) reached €1,107 m, including a €700 m working capital release driven by the decrease in commodities prices and the roll off of all gas derivatives margin account balances.

Net debt decreased €541 m during the quarter, after dividends paid to minorities of €100 m and €34 m related with the buyback programme concluded in the quarter.

Full year 2022

Galp's RCA Ebitda was €3,849 m, while OCF was €2,788 m.

Net capex totalled €1,266 m, mostly directed towards Upstream projects, namely for the execution of Bacalhau and Tupi & Iracema maintenance, and the expansion of the Renewables' portfolio, including Titan Solar's stake acquisition.

[1] The OCF indicator represents a proxy of Galp's operational performance excluding inventory effects, working capital changes and special items.

FCF amounted to €1,681 m, with the strong cash generation driven by the operating performance under a supportive macro environment, as well as by the expected working capital release from the roll off of all gas derivatives margin account balances.

Net debt decreased €802 m compared to the end of last year, also considering dividends paid to shareholders of €420 m and the €150 m share repurchase programme executed throughout the year, as well as dividends to non-controlling interests of €245 m.

At the end of the period, net debt amounted to €1,555 m and net debt to RCA Ebitda was at 0.4x.

Subsequent events

Galp to divest from Angolan upstream assets

Galp has signed an agreement with SOMOIL - Sociedade Petrolífera Angolana S.A. for the sale of its upstream assets in Angola.

Proceeds are expected to reach c.$830 m, already net of capital gain taxes, including c.$655 m to be received until completion and $175 m in contingent payments due in 2024 and 2025 dependent on Brent price.

The transaction is subject to customary terms and conditions, with completion expected during the second half of 2023.

Short Term Outlook

Galp is providing key operating and financial guidance for 2023, in accordance with its updated views and macro assumptions.

Assumptions for 2023		2023
Brent	$/bbl	85
Realised refining margin	$/boe	9
Iberian PVB natural gas price	€/MWh	60
Iberia solar capture price	€/MWh	120
Average exchange rate	EUR:USD	1.15

Operational indicators (full year 2023)		
Upstream[1]		
WI production	kboepd	>110
Production costs	$/boe	c.3
Renewables		
Renewable capacity by YE	GW	1.6
Industrial & Midstream		
Sines refining throughput	mboe	c.75
Sines refining cash costs[2]	$/boe	3-4
Commercial		
Oil products sales to direct clients	mton	7.4
Convenience Ebitda growth YoY (from €70 m)	%	10%
EV charging points by YE	#	>5 k
Decentralised energy installations by YE	#	>25 k

Financial indicators		
RCA Ebitda	**€ bn**	**3.2**
Upstream	€ bn	>2
Renewables & NB	€ m	>180
Industrial & Midstream	€ m	>550
Commercial	€ m	c.300
OCF	**€ bn**	**2.2**
Upstream	€ bn	>1.1
Renewables & NB	€ m	>160
Industrial & Midstream	€ m	>550
Commercial	€ m	c.230
Net capex (avg. 2023-25)	**€ bn**	**c.1**

[1] Already excluding Angola asset.
[2] 2023 Sines refining costs reflect concentration of cyclical maintenance during the period.

Financial data

€m (RCA, except otherwise stated)

Quarter					Twelve Months		
4Q21	3Q22	4Q22	% Var. YoY		2021	2022	% Var. YoY
644	**784**	**951**	**48%**	**RCA Ebitda**	**2,322**	**3,849**	**66%**
593	612	791	33%	Upstream	2,020	3,083	53%
2	38	17	n.m.	Renewables & New Businesses	(13)	50	n.m.
5	48	118	n.m.	Industrial & Midstream	64	451	n.m.
59	103	42	(29%)	Commercial	288	298	4%
(14)	(17)	(17)	18%	Others	(38)	(34)	(12%)
415	**408**	**475**	**14%**	**RCA Ebit**	**1,372**	**2,345**	**71%**
456	420	602	32%	Upstream	1,434	2,229	55%
1	32	5	n.m.	Renewables & New Businesses	(13)	32	n.m.
(55)	(86)	(15)	72%	Industrial & Midstream	(173)	66	n.m.
30	77	(104)	n.m.	Commercial	179	75	(58%)
(18)	(34)	(13)	28%	Others	(56)	(57)	(1%)
130	**187**	**273**	**n.m.**	**RCA Net income**	**457**	**881**	**93%**
(89)	223	388	n.m.	Special items	(737)	560	n.m.
65	(103)	(206)	n.m.	Inventory effect	284	35	(88%)
106	307	455	n.m.	IFRS Net income	4	1,475	n.m.
470	**484**	**701**	**49%**	**Adjusted operating cash flow (OCF)**	**1,852**	**2,788**	**50%**
426	320	529	24%	Upstream	1,527	2,022	32%
1	35	19	n.m.	Renewables & New Businesses	(4)	49	n.m.
12	57	116	n.m.	Industrial & Midstream	98	459	n.m.
47	88	56	20%	Commercial	266	290	9%
(17)	(17)	(19)	(13%)	Others	(35)	(33)	(5%)
61	**1,024**	**1,107**	**n.m.**	**Cash flow from operations (CFFO)**	**1,052**	**3,071**	**n.m.**
(273)	**(558)**	**(342)**	**25%**	**Net Capex**	**(525)**	**(1,266)**	**n.m.**
(236)	**427**	**737**	**n.m.**	**Free cash flow (FCF)**	**397**	**1,681**	**n.m.**
(120)	**(34)**	**(100)**	**(17%)**	**Dividends paid to non-controlling interests**	**(198)**	**(245)**	**24%**
-	**(213)**	**-**	**n.m.**	**Dividends paid to Galp shareholders**	**(498)**	**(420)**	**(16%)**
-	**(77)**	**(34)**	**n.m.**	**Buyback**	**-**	**(150)**	**n.m.**
2,357	**2,096**	**1,555**	**(34%)**	**Net debt**	**2,357**	**1,555**	**(34%)**
1.1x	**0.6x**	**0.4x**	**n.m.**	**Net debt to RCA Ebitda[1]**	**1.1x**	**0.4x**	**n.m.**

[1] Ratio considers the LTM Ebitda RCA (€3,631 m), which includes the adjustment for the impact from the application of IFRS 16 (€217 m).

Operating data

Quarter					Twelve Months		
4Q21	3Q22	4Q22	% Var. YoY		2021	2022	% Var. YoY
124.8	127.7	130.4	5%	Working interest production (kboepd)	126.7	127.1	0%
123.0	126.1	128.6	5%	Net entitlement production (kboepd)	124.9	125.5	0%
-	99.4	84.4	n.m.	Upstream oil realisations indicator (USD/bbl)	-	98.9	n.m.
-	55.5	54.6	n.m.	Upstream gas realisations indicator (USD/boe)	-	52.7	n.m.
213	693	307	44%	Gross renewable power generation (GWh)	1,288	1,930	50%
197.5	126.1	100.9	(49%)	Galp average solar generation sale price (EUR/MWh)	98.9	144.1	46%
13.6	22.9	20.5	51%	Raw materials processed (mboe)	76.6	88.0	15%
5.5	7.7	13.5	n.m.	Galp refining margin (USD/boe)	3.3	11.6	n.m.
3.7	4.3	3.8	2%	Oil products supply[1] (mton)	14.8	15.8	7%
14.3	13.1	12.7	(11%)	NG/LNG supply & trading volumes[1] (TWh)	67.2	54.6	(19%)
119	177	166	39%	Sales of electricity from cogeneration (GWh)	980	630	(36%)
1.8	2.0	1.8	(1%)	Oil Products - client sales (mton)	6.5	7.4	14%
4,509	4,180	4,270	(5%)	Natural gas - client sales (GWh)	18,282	19,046	4%
1,121	979	940	(16%)	Electricity - client sales (GWh)	4,178	4,148	(1%)

[1] Includes volumes sold to the Commercial segment.

Market indicators

Quarter					Twelve Months		
4Q21	3Q22	4Q22	% Var. YoY		2021	2022	% Var. YoY
1.14	1.01	1.02	(11%)	Exchange rate EUR:USD	1.18	1.05	(11%)
6.38	5.28	5.37	(16%)	Exchange rate EUR:BRL	6.38	5.44	(15%)
79.8	100.8	88.9	11%	Dated Brent price (USD/bbl)	70.9	101.3	43%
94.2	138.5	75.4	(20%)	Iberian MIBGAS natural gas price (EUR/MWh)	47.9	99.9	n.m.
92.0	196.2	94.4	3%	Dutch TTF natural gas price (EUR/MWh)	47.1	120.5	n.m.
104.9	152.3	100.1	(5%)	Japan/Korea Marker LNG price (EUR/MWh)	53.9	108.2	n.m.
211.1	146.3	113.2	(46%)	Iberian baseload pool price (EUR/MWh)	111.9	167.5	50%
202.2	129.4	102.2	(49%)	Iberian solar captured price (EUR/MWh)	104.8	149.8	43%
15.7	16.4	15.6	(1%)	Iberian oil market (mton)	57.2	62.7	10%
130.5	104.1	98.6	(24%)	Iberian natural gas market (TWh)	442.3	426.2	(4%)

Source: Platts for commodities prices; MIBGAS for Iberian natural gas price; APETRO and CORES for Iberian oil market; REN and Enagás for Iberian natural gas market; OMIE and REE for Iberian pool price and solar captured price.

02

UPSTREAM

2. UPSTREAM

€m (RCA, except otherwise stated; unit figures based on total net entitlement production)

Quarter					Twelve Months		
4Q21	3Q22	4Q22	% Var. YoY		2021	2022	% Var. YoY
124.8	**127.7**	**130.4**	**5%**	**Working interest production[1] (kboepd)**	**126.7**	**127.1**	**0%**
111.2	114.8	115.3	4%	Oil production (kbpd)	114.0	113.8	(0%)
13.6	12.9	15.1	11%	Gas production (kboepd)	12.7	13.3	5%
123.0	**126.1**	**128.6**	**5%**	**Net entitlement production[1] (kboepd)**	**124.9**	**125.5**	**0%**
				By product			
109.4	113.3	113.6	4%	Oil production (kbpd)	112.2	112.2	(0%)
13.6	12.9	15.0	10%	Gas production (kboepd)	12.7	13.3	4%
				By country			
10.7	10.3	10.8	1%	Angola	11.1	10.4	(6%)
112.3	115.7	115.8	3%	Brazil	113.8	114.6	1%
-	0.1	1.9	n.m.	Mozambique	-	0.5	n.m.
				Realisations indicators[2]			
-	99.4	84.4	n.m.	Oil (USD/bbl)	-	98.9	n.m.
-	55.5	54.6	n.m.	Gas (USD/boe)	-	52.7	n.m.
6.3	**7.8**	**6.8**	**8%**	**Royalties (USD/boe)**	**5.7**	**7.9**	**40%**
1.4	**3.2**	**3.0**	**n.m.**	**Production costs (USD/boe)**	**1.6**	**2.8**	**75%**
13.7	**13.4**	**14.9**	**9%**	**DD&A[3] (USD/boe)**	**14.0**	**13.6**	**(3%)**
593	**612**	**791**	**33%**	**RCA Ebitda**	**2,020**	**3,083**	**53%**
(145)	(192)	(190)	31%	Depreciation, Amortisation and Impairments[3]	(596)	(855)	44%
9	(0)	1	(92%)	Provisions	10	1	(93%)
456	**420**	**602**	**32%**	**RCA Ebit**	**1,434**	**2,229**	**55%**
457	**420**	**602**	**32%**	**IFRS Ebit**	**1,461**	**2,229**	**53%**
426	**320**	**529**	**24%**	**Adjusted operating cash flow**	**1,527**	**2,022**	**32%**
145	**205**	**174**	**20%**	**Capex**	**616**	**640**	**4%**

[1] Includes natural gas exported; excludes natural gas used or reinjected.
[2] Oil realisation indicator is estimated based on the differential to the average Brent price of the period when each of Galp's oil cargoes were negotiated, deducted of logistic costs associated with its delivery. Gas realisation indicator represents the revenues collected from the equity gas sold during the period net of all gas delivery and treatment costs.
[3] Includes abandonment provisions. 2021 and 2022 unit figures exclude impairments of €48 m and €265 m, respectively, related with exploration and appraisal assets.

Fourth quarter 2022

Operations

WI production was 130.4 kboepd, up 5% YoY, reflecting an improved performance from Brazil, as well as the start-up of Coral Sul FLNG, in Mozambique. Natural gas accounted for 12% of WI production.

In Brazil, production increased YoY to 115.8 kboepd, considering reduced maintenance interventions and the ramp-up of Berbigão/Sururu and Sépia in Brazil.

In Mozambique, Coral Sul FLNG started to deliver LNG cargoes in November, contributing 1.9 kboepd in the quarter, and is currently in commissioning phase.

The Group's net entitlement (NE) production followed the WI production and was up 5% YoY at 128.6 kboepd.

Results

RCA Ebitda was €791 m, up 33% YoY, supported by the improved operating performance and benefiting from the favourable oil price environment and gas realisations.

Production costs were €34 m, or $3.0/boe on a net entitlement basis, up YoY following a more normalised operational and maintenance performance as well as the start-up of Coral Sul FLNG. IFRS 16 lease costs accounted for €46 m during the period.

Upstream hedging operations covered 1.6 mbbl of Galp's oil production in the period, resulting in a €-11 m impact in RCA Ebitda.

Amortisation and depreciation charges (including abandonment provisions) were €190 m. On a net entitlement basis, DD&A was $14.9/boe.

RCA Ebit was €602 m, up €145 m YoY. IFRS Ebit amounted to €602 m.

Full year 2022

Operations

Average WI production during 2022 was 127.1 kboepd, whilst NE production stood at 125.5 kboepd, both flat YoY.

The natural production decline from more mature fields in Brazil and Angola was offset by the ramp-up of the units developing Berbigão/Sururu, Sépia and Atapu, together with the initial contribution from Coral Sul FLNG, in Mozambique.

Natural gas accounted for 10% of the WI production.

Results

RCA Ebitda was €3,083 m, up 53% YoY, with the robust operational performance capturing increased oil realisations from the favourable macro conditions, as well as improved gas realisations also supported by new contracts firmed in Brazil.

OCF followed Ebitda and reached €2,022 m.

Production costs were €122 m, excluding IFRS 16 leases of €142 m. In unit terms, and on a net entitlement basis, production costs were $2.8/boe.

Realised hedging operations covered 6.0 mbbl of Galp's oil production in the period, resulting in a €-114 m impact to RCA Ebitda.

Amortisation and depreciation charges (including abandonment provisions) amounted to €855 m, including impairments of €265 m related with exploration and appraisal assets in Brazil and São Tomé and Principe. On a net entitlement basis, and excluding the impairments, unit DD&A was $13.6/boe.

RCA Ebit and IFRS Ebit both amounted to €2,229 m.

03

RENEWABLES & NEW BUSINESSES

3. RENEWABLES & NEW BUSINESSES

€m (RCA, except otherwise stated)

Quarter					Twelve Months		
4Q21	3Q22	4Q22	% Var. YoY		2021	2022	% Var. YoY
				Renewable power generation (GWh)			
213	693	307	44%	Gross	1,288	1,930	50%
157	627	307	95%	Net to Galp	958	1,629	70%
198	**126**	**101**	**(49%)**	**Galp average solar generation sale price (EUR/MWh)**	**99**	**144**	**46%**
				Consolidated Indicators			
2	**38**	**17**	**n.m.**	**RCA Ebitda**	**(13)**	**50**	**n.m.**
1	**32**	**5**	**n.m.**	**RCA Ebit**	**(13)**	**32**	**n.m.**
1	**32**	**5**	**n.m.**	**IFRS Ebit**	**(13)**	**32**	**n.m.**
1	**35**	**19**	**n.m.**	**Adjusted operating cash flow**	**(4)**	**49**	**n.m.**
27	**265**	**47**	**73%**	**Capex**	**142**	**402**	**n.m.**
				Renewables pro-forma - equity to Galp[1]			
28	68	19	(0.3)	Ebitda	75	180	n.m.
21	53	(2)	n.m.	Ebit	52	131	n.m.
28	**68**	**8**	**(72%)**	**Renewables pro-forma adjusted operating cash flow[1]**	**75**	**168**	**n.m.**

[1] Pro-forma considers all Renewables projects as if they were consolidated according to Galp's equity stakes.

Fourth quarter 2022

Operations

Renewable installed capacity, on a 100% basis, increased to 1,363 MW by the end of the quarter, after the start-up of c.100 MW of new solar capacity in Iberia, from the Alco and Pitarco portfolio.

Renewable energy generation, on a 100% basis, amounted to 307 GWh, a 44% increase YoY, driven by the new capacity online and overall improvement in operational performance.

Results

Galp's average solar generation sale price was €101/MWh during the quarter, following the YoY decrease registered in the Iberian wholesale market prices driven by the introduction of price caps.

Renewables & New Businesses RCA Ebitda was €17 m, with all renewables' projects in operation now consolidated into Galp's accounts. The temporary Spanish clawback mechanism had an impact of €2 m in Ebitda.

OCF was €19 m, also reflecting higher dividends received from associated companies.

Full year 2022

Operations

Renewable energy generation, on a 100% basis, reached 1,930 GWh, a 50% increase YoY, reflecting the new capacity brought online and the overall improvement in operational performance.

Results

All renewable generation is exposed to merchant conditions. Galp's average solar generation sale price was €144/MWh, up YoY from €99/MWh, reflecting the increased Iberian wholesale market prices.

Renewables & New Businesses RCA Ebitda was €50 m, including 100% Titan Solar portfolio consolidation from August onwards, G&A and corporate expenses.

Pro-forma Ebitda related to the Renewables business was €180 m, up €104 m YoY, supported by higher power prices in Iberia and increased renewable power generation. Of the total installed capacity, c.0.3 GW is subject to the application of the Spanish government's temporary clawback mechanism, with an impact of €22 m in pro-forma Ebitda. Pro-forma OCF was €168 m.

	In Operation	Under Construction	Under Development	Total
Galp Renewable capacity (GW)	**1.4**	**0.2**	**7.4**	**9.0**
Spain	1.2	0.2	2.0	3.5
Portugal	0.2	0.0	0.4	0.5
Brazil	0.0	0.0	5.0	5.0

04

INDUSTRIAL & MIDSTREAM

4. INDUSTRIAL & MIDSTREAM

€m (RCA, except otherwise stated)

Quarter					Twelve Months		
4Q21	3Q22	4Q22	% Var. YoY		2021	2022	% Var. YoY
13.6	**22.9**	**20.5**	**51%**	**Raw materials processed (mboe)**	**76.6**	**88.0**	**15%**
10.2	19.5	17.8	74%	Crude processed (mbbl)	64.9	74.6	15%
5.5	**7.7**	**13.5**	**n.m.**	**Galp refining margin (USD/boe)**	**3.3**	**11.6**	**n.m.**
3.8	**2.0**	**3.1**	**(18%)**	**Refining cost (USD/boe)**	**2.0**	**2.2**	**7%**
3.7	**4.3**	**3.8**	**2%**	**Oil products supply[1] (mton)**	**14.8**	**15.8**	**7%**
14.3	**13.1**	**12.7**	**(11%)**	**NG/LNG supply & trading volumes[1] (TWh)**	**67.2**	**54.6**	**(19%)**
6.6	5.6	5.5	(17%)	Trading (TWh)	31.6	23.2	(27%)
119	**177**	**166**	**39%**	**Sales of electricity from cogeneration (GWh)**	**980**	**630**	**(36%)**
5	**48**	**118**	**n.m.**	**RCA Ebitda**	**64**	**451**	**n.m.**
(56)	(84)	(67)	19%	Depreciation, Amortisation and Impairments	(235)	(266)	13%
(3)	(51)	(67)	n.m.	Provisions	(3)	(119)	n.m.
(55)	**(86)**	**(15)**	**(72%)**	**RCA Ebit**	**(173)**	**66**	**n.m.**
(17)	**(207)**	**(310)**	**n.m.**	**IFRS Ebit**	**93**	**86**	**(7%)**
12	**57**	**116**	**n.m.**	**Adjusted operating cash flow**	**98**	**459**	**n.m.**
34	**20**	**29**	**(16%)**	**Capex**	**67**	**72**	**8%**

[1] Includes volumes sold to the Commercial segment.

Fourth quarter 2022

Operations

Raw materials processed in the quarter were 20.5 mboe, 51% higher YoY, as last year's performance reflected a planned maintenance activity and unplanned events in the atmospheric distillation unit.

Total supply of oil products increased 2% YoY to 3.8 mton, following the increased availability of the refinery.

Supply & trading volumes of NG/LNG decreased 11% YoY to 12.7 TWh, impacted by natural gas sourcing restrictions.

Results

RCA Ebitda was €118 m, supported by the contribution from industrial activities, capturing the improved international refining environment, although partially offset by the natural gas sourcing restrictions and pricing differentials. OCF was €116 m.

Refining margin was up YoY, from $5.5/boe to $13.5/boe, driven by the supportive international refining environment, despite the increased costs of energy and CO_2 emissions licenses.

Planned maintenance activities in the quarter increased refining costs to €62 m, or $3.1/boe in unit terms. Realised refining margin hedging operations had a €-81 m impact to RCA Ebitda, covering 5.6 mboe during the period, reflecting the widening between Galp's refining margin and the indicator hedged.

Midstream was impacted by a negative contribution from the natural gas supply and trading activities, given persistent sourcing restrictions, namely from Galp's main long term LNG supplier, as well as natural gas pricing differentials (Mibgas vs. TTF) in Iberia.

RCA Ebit was €-15 m, including a provision of €60 m related with the Matosinhos' site transformation project. IFRS Ebit was €-310 m, with an inventory effect of €295 m.

Full year 2022

Operations

Raw materials processed were 88.0 mboe during the year, 15% higher YoY, reflecting the near full availability of the refinery during the year.

Crude oil accounted for 83% of raw materials processed, of which 84% corresponded to medium and heavy crudes. The majority of the crudes processed were sweet grades.

Middle distillates (diesel and jet) accounted for 46% of production, gasoline for 24% and fuel oil for 19%. Consumption and losses accounted for 9% of raw materials processed.

Total oil products supplied increased 7% YoY to 15.8 mton, driven by increased market demand in Iberia and improved availability of the refinery.

Supply & trading volumes of NG/LNG were 54.6 TWh, down 19% YoY, limited by natural gas sourcing restrictions and the international context of high prices.

Results

RCA Ebitda for Industrial & Midstream was €451 m, following the higher contribution from the refining activities. OCF was €459 m.

Galp's refining margin was up YoY, to $11.6/boe, following the stronger international refining environment and despite the increased costs of energy and CO_2 emissions licenses. Following the sharp widening of natural gas prices against Brent during 2022, the refinery gas input costs were priced at the prevailing spot market conditions in Iberia (PVB) throughout the full year. All 2022 refining margin indicators were updated accordingly. Electricity and CO_2 purchases already followed merchant conditions.

Refining unit cash costs slightly increased YoY from $2.0/boe to $2.2/boe.

Midstream contribution was negative, impacted by persistent gas sourcing restrictions throughout the year and the widening of European to Iberian gas price differentials.

RCA Ebit was €66 m and IFRS Ebit was €86 m.

05

COMMERCIAL

5. COMMERCIAL

€m (RCA, except otherwise stated)

Quarter					Twelve Months		
4Q21	3Q22	4Q22	% Var. YoY		2021	2022	% Var. YoY
				Commercial sales to clients			
1.8	2.0	1.8	(1%)	Oil products (mton)	6.5	7.4	14%
4,509	4,180	4,270	(5%)	Natural Gas (GWh)	18,282	19,046	4%
1,121	979	940	(16%)	Electricity (GWh)	4,178	4,148	(1%)
59	**103**	**42**	**(29%)**	**RCA Ebitda**	**288**	**298**	**4%**
(27)	(26)	(139)	n.m.	Depreciation, Amortisation and Impairments	(106)	(217)	n.m.
(2)	-	(7)	n.m.	Provisions	(2)	(7)	n.m.
30	**77**	**(104)**	**n.m.**	**RCA Ebit**	**179**	**75**	**(58%)**
29	**70**	**(103)**	**n.m.**	**IFRS Ebit**	**185**	**91**	**(51%)**
47	**88**	**56**	**20%**	**Adjusted operating cash flow**	**266**	**290**	**9%**
45	**23**	**66**	**48%**	**Capex**	**92**	**113**	**23%**

Fourth quarter 2022

Operations

Oil products' sales slightly declined YoY to 1.8 mton, halting the post pandemic recovery trend with demand pressured by the high price environment.

Natural gas and electricity sales were impacted by activity reduction, especially in the B2B segment, as well as by lower consumption in the B2C segment given the milder temperatures.

Results

RCA Ebitda was €42 m, with oil products demand pressured by the high price environment, as well as by development costs related to transformational businesses (e.g. decentralised energy and EV charging) and adjustments from previous quarters and project's charges. OCF was €59 m, up from €47 m YoY.

RCA Ebit was €-104 m, also considering a €108 m impairment related with the retail distribution assets.

Full year 2022

Operations

Total oil products' sales were 7.4 mton, up 14% YoY, reflecting higher demand of oil products, both on B2B and B2C, driven by a post-pandemic gradual recovery, despite a softening in demand observed towards the end of the year.

Natural gas sales amounted to 19.0 TWh, up 4% YoY, supported by a strong contribution from the B2B segment in Spain.

Electricity sales were slightly down YoY, following a weaker contribution from both B2B and B2C, in Portugal.

At the end of the year, a total of 2,382 charging points were operating in Portugal and Spain, doubling the tally at the end of 2021.

Galp Solar, the decentralised energy subsidiary, reached 10.7 k installations by the end of the year, an addition of 7.7 k installations compared to the end of 2021.

Results

RCA Ebitda increased 4% YoY to €298 m, supported by the recovery in oil volumes sold during the period and despite the pressure from the high price environment. OCF was €290 m, up 9% YoY.

Convenience contribution margin increased 27% YoY, to €72 m.

RCA Ebit was €75 m, also considering the retail impairment registered in the fourth quarter. IFRS Ebit was €91 m.

06

FINANCIAL DATA

6. FINANCIAL DATA

6.1 Income Statement

€m (RCA, except otherwise stated)

Quarter					Twelve Months		
4Q21	3Q22	4Q22	% Var. YoY		2021	2022	% Var. YoY
4,779	7,761	6,188	29%	Turnover	16,117	26,840	67%
(3,769)	(6,349)	(4,691)	24%	Cost of goods sold	(12,129)	(20,956)	73%
(448)	(484)	(497)	11%	Supply & Services	(1,536)	(1,888)	23%
(81)	(91)	(122)	52%	Personnel costs	(297)	(370)	24%
164	(51)	74	(55%)	Other operating revenues (expenses)	173	232	34%
(2)	(2)	(0)	(89%)	Impairments on accounts receivable	(7)	(9)	32%
644	**784**	**951**	**48%**	**RCA Ebitda**	**2,322**	**3,849**	**66%**
755	**630**	**657**	**(13%)**	**IFRS Ebitda**	**2,698**	**3,885**	**44%**
(233)	(325)	(404)	73%	Depreciation, Amortisation and Impairments	(954)	(1,380)	45%
4	(51)	(72)	n.m.	Provisions	3	(124)	n.m.
415	**408**	**475**	**14%**	**RCA Ebit**	**1,372**	**2,345**	**71%**
452	**281**	**181**	**(60%)**	**IFRS Ebit**	**1,670**	**2,381**	**43%**
27	25	54	96%	Net income from associates	96	166	74%
(50)	89	134	n.m.	Financial results	(138)	(154)	12%
(7)	(2)	(1)	(81%)	Net interests	(31)	(16)	(46%)
4	10	12	n.m.	Capitalised interest	15	30	n.m.
(18)	(8)	15	n.m.	Exchange gain (loss)	(29)	10	n.m.
-	114	136	n.m.	Mark-to-market of derivatives	-	(80)	n.m.
(20)	(21)	(25)	22%	Interest on leases (IFRS 16)	(76)	(85)	12%
(8)	(4)	(3)	(63%)	Other financial costs/income	(17)	(13)	(24%)
392	**523**	**663**	**69%**	**RCA Net income before taxes and minority interests**	**1,329**	**2,358**	**77%**
(212)	(315)	(313)	48%	Taxes	(729)	(1,254)	72%
(160)	(265)	(158)	(1%)	Taxes on oil and natural gas production[1]	(560)	(843)	51%
(50)	(20)	(76)	51%	Non-controlling interests	(143)	(223)	56%
130	**187**	**273**	**n.m.**	**RCA Net income**	**457**	**881**	**93%**
(89)	223	388	n.m.	Special items	(737)	560	n.m.
41	**410**	**661**	**n.m.**	**RC Net income**	**(280)**	**1,440**	**n.m.**
65	(103)	(206)	n.m.	Inventory effect	284	35	(88%)
106	307	455	n.m.	IFRS Net income	4	1,475	n.m.

[1] Includes income taxes and taxes on oil and natural gas production, such as SPT payable in Brazil and IRP payable in Angola.

Fourth quarter 2022

RCA Ebitda increased €307 m YoY to €951 m, with Upstream and Industrial activities capturing the supportive macro environment. IFRS Ebitda amounted to €666 m, considering an inventory effect of €285 m.

Group RCA Ebit was €475 m, a 14% increase YoY including a €108 m impairment related the retail distribution assets and a €60 m provision for the Matosinhos' site transformation project. IFRS Ebit was €181 m.

Income from associated companies was €54 m, benefiting from the start-up of Coral FLNG, in Mozambique.

Financial results were €134 m, supported by €136 m in positive mark-to-market swings, mostly related with Brent and refining margin hedges, as well as the positive evolution from gas pricing differentials between Europe and Iberia.

RCA taxes increased YoY, from €212 m to €313 m, following the increased operational results, namely on the Upstream and Industrial & Midstream segment.

Non-controlling interests of €76 m, mostly attributed to Sinopec's stake in Petrogal Brasil.

RCA net income was €273 m. IFRS net income was €455 m, with an inventory effect of €-206 m and special items of €388 m. Special items mainly reflected the roll off of derivatives to cover client positions in the natural gas trading activities, and includes a €-53 m provision related with windfall taxes.

Full year 2022

RCA Ebitda of €3,849 m was 66% higher YoY, driven by the strong operational performance, supported by the improved market conditions during the period.

Following RCA Ebitda, the RCA Ebit was €2,349 m, up YoY from €1,372 m, although also including impairments of €265 m and €104 m in Upstream and Commercial, respectively, and the provisions related with the transformation of the Matosinhos site.

Financial results were €-154 m, considering net interests and interests on leases (IFRS 16), as well as mark-to-market swings mostly related with the fair value accounting of commodity derivatives in the Upstream and Refining segments.

RCA taxes increased YoY from €729 m to €1,254 m, following the increased operational results.

Non-controlling interests of €-223 m are related with Sinopec's stake in Petrogal Brasil.

RCA net income was €881 m.

6.2 Capital Expenditure

€m

Quarter					Twelve Months		
4Q21	3Q22	4Q22	% Var. YoY		2021	2022	% Var. YoY
145	205	174	20%	Upstream	616	640	4%
24	265	47	92%	Renewables & New Businesses	142	402	n.m.
34	20	29	(16%)	Industrial & Midstream	67	72	8%
45	23	66	48%	Commercial	92	113	23%
8	11	13	73%	Others	20	39	94%
256	**524**	**329**	**28%**	**Capex (economic)[1]**	**936**	**1,265**	**35%**

[1] Capex figures based in change in assets during the period.

Fourth quarter 2022

Capex totalled €329 m during the quarter.

Investments in the Upstream were mostly directed to projects under execution and development in the Brazilian pre-salt, namely Bacalhau and BM-S-11, as well as Coral South FLNG, in Mozambique.

Commercial capex was mostly allocated to the transformation of the retail business, both in Portugal and Spain. Industrial & Midstream capex was mosly directed to the refinery compliance and maintenance activities.

Investments within the Renewables & New Businesses segment were mostly deployed towards the continued execution of the solar portfolio, now at 100%.

Full year 2022

Capex totalled €1,265 m, with Upstream accounting for 50% of total investments, whilst the downstream activities represented 15% and Renewables & New Businesses 32%.

Upstream investments were mainly directed to Brazil, namely the execution of Bacalhau and maintenance in BM-S-11 projects, and Mozambique.

Commercial investments were allocated to business transformation whilst Industrial & Midstream investments were directed to refining activities.

Investments within the Renewables & New Businesses segment supported the continued execution of the solar projects and include the Titan Solar stake acquisition in 3Q22.

6.3 Cash Flow

€m (IFRS figures)

Quarter				Twelve Months	
4Q21	3Q22	4Q22		2021	2022
644	784	951	RCA Ebitda	2,322	3,849
8	3	13	Dividends from associates	132	26
(182)	(303)	(264)	Taxes paid	(602)	(1,087)
470	**484**	**701**	**Adjusted operating cash flow**	**1,852**	**2,788**
19	5	-	Special items	(11)	-
92	(159)	(294)	Inventory effect	387	36
(520)	693	700	Changes in working capital	(1,176)	247
(161)	306	401	o.w. gas derivatives margin accounts	(605)	682
61	**1,024**	**1,107**	**Cash flow from operations**	**1,052**	**3,071**
(273)	(558)	(342)	Net capex[1]	(525)	(1,266)
(4)	(18)	(3)	Net financial expenses	(54)	(39)
(20)	(21)	(25)	IFRS 16 leases interest	(76)	(85)
(236)	**427**	**737**	**Free cash flow**	**397**	**1,681**
(120)	(34)	(100)	Dividends paid to non-controlling interest[2]	(198)	(245)
-	(213)	-	Dividends paid to Galp shareholders	(498)	(420)
-	(77)	(34)	Buybacks[3]	-	(150)
(31)	(30)	(41)	Reimbursement of IFRS 16 leases principal	(115)	(132)
57	15	(21)	Others	122	69
330	**(89)**	**(541)**	**Change in net debt**	**292**	**(802)**

[1] 2021 includes the proceeds from the GGND stake sale of €368 m and 2022 includes Titan Solar stake acquisition of €140 m.
[2] Mainly dividends paid to Sinopec.
[3] Share repurchase amounts related to programmes for the sole purpose of the cancellation of own shares.

Fourth quarter 2022

Galp's adjusted operating cash flow (OCF) was €701 m, following the improved RCA Ebitda, whilst cash flow from operations (CFFO) reached €1,107 m, including a €692 m working capital release driven by the decrease in commodities prices and the unwind of all gas derivatives margin account balances.

FCF was positive at €737 m.

Net debt decreased €541 m during the quarter, after dividends paid to minorities of €100m and €34 m related with the buyback programme concluded in the quarter.

Full year 2022

Galp's OCF was €2,788 m, with the strong cash generation driven by the operational performance under a supportive macro environment. CFFO amounted to €3,071 m, including the expected working capital release from the the unwind of all gas derivatives margin account balances.

FCF amounted to €1,681 m.

Net debt decreased €802 m compared to the end of last year, also considering dividends paid to shareholders of €420 m and the €150 m share repurchase programme executed throughout the year, as well as dividends to non-controlling interests of €245 m.

6.4 Condensed Financial Position

€m (IFRS figures)

	31 Dec. 2021	30 Sep. 2022	31 Dec. 2022	Var. vs 31 Dec. 2021	Var. vs 30 Sep. 2022
Net fixed assets	6,667	7,780	6,876	210	(904)
Rights of use (IFRS 16)	1,079	1,119	1,116	37	(3)
Working capital	1,879	2,333	1,632	(247)	(700)
Other assets/liabilities	(2,119)	(2,627)	(2,089)	30	537
Assets/liabilities held for sale	-	-	413	413	413
Capital employed	**7,506**	**8,605**	**7,948**	**443**	**(657)**
Short term debt	1,305	1,517	800	(505)	(717)
Medium-Long term debt	2,995	2,992	3,187	193	195
Total debt	**4,300**	**4,509**	**3,987**	**(313)**	**(522)**
Cash and equivalents	1,942	2,413	2,432	490	19
Net debt	**2,357**	**2,096**	**1,555**	**(802)**	**(541)**
Leases (IFRS 16)	1,179	1,248	1,277	98	29
Equity	3,970	5,262	5,117	1,147	(145)
Equity, net debt and leases	**7,506**	**8,606**	**7,948**	**443**	**(657)**

On December 31, 2022, net fixed assets were €6,876 m, including work-in-progress of c.€2.0 bn, mostly related to the Upstream business. This represents a €904 m reduction against end of September, reflecting the reclassification of the Angolan upstream assets as available for sale, as well as the impact from the USD depreciation against the Euro by year end. Assets/labilities held for sale are entirely related to the net position of the Angola upstream portfolio.

By 2022 year end, capital employed amounted to €7.9 bn, of which c.€1.2 bn associated with renewables businesses.

Other assets / liabilities decreased €537 m compared to end of September, mostly reflecting impacts from the mark-to-market of derivatives. Equity was up €1,147 m YoY, supported by the IFRS net income in the period, although partially offset by distributions to shareholders and dividends to minorities.

6.5 Financial Debt

€m (except otherwise stated)

	31 Dec. 2021	30 Sep. 2022	31 Dec. 2022	Var. vs 31 Dec. 2021	Var. vs 30 Sep. 2022
Cash and equivalents	1,942	2,413	2,454	512	41
Undrawn credit facilities	816	837	1,484	669	648
Bonds	2,421	2,577	2,467	46	(111)
Bank loans and other debt	1,879	1,932	1,542	(337)	(390)
Net debt	2,357	2,096	1,555	(802)	(541)
Leases (IFRS 16)	1,179	1,248	1,277	98	29
Net debt to RCA Ebitda [1]	1.1x	0.6x	0.4x	-0.7x	-0.2x

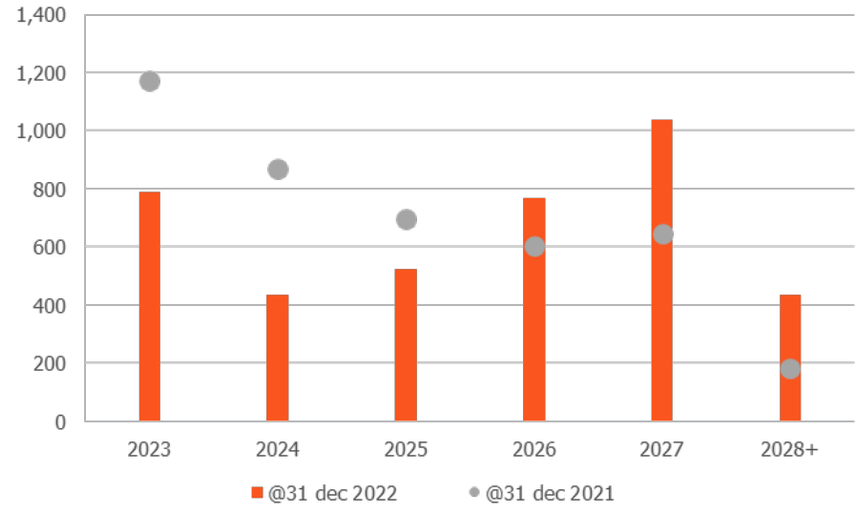
[1] Ratio considers the LTM Ebitda RCA (€3,631 m), which includes the adjustment for the impact from the application of IFRS 16 (€217 m).

On December 31, 2022, net debt was €1,555 m, down €802 m from year-end 2021. Net debt to RCA Ebitda stands at 0.4x.

Following Titan Solar's stake acquisition during the quarter, Galp started to fully consolidate the Renewables business.

At the end of the period, cash and equivalents reached €2.5 bn, whilst unused credit lines were €1.5 bn, of which c.80% were contractually guaranteed. The average cost of funding for the period, including charges for credit lines, was 1.68%.

Debt maturity profile (€ m)



6.6 Share Repurchase Programme

	Programme Amount	Start Date	Duration	Status	Amount Spent	Total Shares Bought
2022 Fiscal Year[1]	€150 m	12/05/2022	132 days	Completed	€150 m	14,139,087

[1] All figures as of 31st of December 2022.

Buyback Programmes

Related to the 2021 fiscal year, a €150 m share repurchase programme was executed, which started in May 2022.

In November 11, Galp concluded this share repurchase programme. Pursuant to the conclusion of the programme, Galp's Board of Directors approved the reduction of the Company's share capital through the extinction of 14,139,087 own-shares, representative of approximately 1.71% of its initial share capital.

6.7 Reconciliation of IFRS and RCA figures

Ebitda by segment

€m

Fourth Quarter					2022	Twelve Months				
Ebitda IFRS	Inventory effect	RC Ebitda	Special items	RCA Ebitda		Ebitda IFRS	Inventory effect	RC Ebitda	Special items	RCA Ebitda
657	**294**	**951**	**-**	**951**	Galp	**3,885**	**(36)**	**3,849**	**-**	**3,849**
791	-	791	-	791	Upstream	3,083	-	3,083	-	3,083
17	-	17	-	17	Renewables & New Businesses	50	-	50	-	50
(176)	295	118	-	118	Industrial & Midstream	471	(20)	451	-	451
43	(1)	42	-	42	Commercial	314	(16)	298	-	298
(17)	-	(17)	-	(17)	Others	(34)	(0)	(34)	-	(34)

Ebit by segment

€m

Fourth Quarter					2022	Twelve Months				
Ebit IFRS	Inventory effect	RC Ebit	Special items	RCA Ebit		Ebit IFRS	Inventory effect	RC Ebit	Special items	RCA Ebit
181	**294**	**475**	**-**	**475**	Galp	**2,381**	**(36)**	**2,345**	**-**	**2,345**
602	-	602	-	602	Upstream	2,229	-	2,229	-	2,229
5	-	5	-	5	Renewables & New Businesses	32	-	32	-	32
(310)	295	(15)	-	(15)	Industrial & Midstream	86	(20)	66	-	66
(103)	(1)	(104)	-	(104)	Commercial	91	(16)	75	-	75
(13)	-	(13)	-	(13)	Others	(57)	(0)	(57)	-	(57)

6.8 Special Items

€m

Quarter				Twelve Months	
4Q21	3Q22	4Q22		2021	2022
(19)	**(5)**	**-**	**Items impacting Ebitda**	**11**	**-**
(0)	-	-	Termination agreement for service and equipment (P-71)	(27)	-
(19)	(5)	-	Matosinhos Refinery	38	-
74	**(26)**	**-**	**Items impacting non-cash costs**	**78**	**-**
71	0	-	Provisions for environmental charges and others (Matosinhos Refinery)	71	-
4	(26)	-	Matosinhos Refinery	7	-
44	**(304)**	**(615)**	**Items impacting financial results**	**785**	**(852)**
1	-	7	Gains/losses on financial investments (GGND)	12	15
(0)	(0)	-	Financial costs - Others	0	-
46	(337)	(654)	Mark-to-Market of derivatives	832	(885)
(3)	33	32	FX differences from natural gas derivatives	(60)	19
(8)	**117**	**216**	**Items impacting taxes**	**(140)**	**265**
(24)	98	195	Taxes on special items	(179)	274
8	12	(38)	BRL/USD FX impact on deferred taxes in Brazil	8	(91)
-	-	53	Windfall Taxes	-	53
8	6	6	Energy sector contribution taxes	31	30
(2)	(4)	11	Non-controlling interests (FX on deferred taxes Brazil)	3	27
89	**(223)**	**(388)**	**Total special items**	**737**	**(560)**

6.9 IFRS Consolidated Income Statement

€m

Quarter				Twelve Months	
4Q21	3Q22	4Q22		2021	2022
4,641	7,678	6,107	Sales	15,618	26,485
138	83	81	Services rendered	499	355
170	(27)	70	Other operating income	324	321
4,949	**7,734**	**6,258**	**Operating income**	**16,442**	**27,160**
(3,657)	(6,512)	(4,985)	Inventories consumed and sold	(11,752)	(20,920)
(456)	(477)	(497)	Materials and services consumed	(1,563)	(1,888)
(75)	(88)	(122)	Personnel costs	(310)	(370)
(2)	(2)	(0)	Impairments on accounts receivable	(7)	(9)
(5)	(24)	4	Other operating costs	(111)	(88)
(4,194)	**(7,104)**	**(5,601)**	**Operating costs**	**(13,744)**	**(23,275)**
755	**630**	**657**	**Ebitda**	**2,698**	**3,885**
(237)	(299)	(404)	Depreciation, Amortisation and Impairments	(961)	(1,380)
(66)	(51)	(72)	Provisions	(67)	(124)
452	**281**	**181**	**Ebit**	**1,670**	**2,381**
27	25	46	Net income from associates	83	152
(93)	393	757	Financial results	(911)	713
5	15	21	Interest income	18	53
(13)	(16)	(22)	Interest expenses	(49)	(70)
4	10	12	Capitalised interest	15	30
(20)	(21)	(25)	Interest on leases (IFRS 16)	(76)	(85)
(15)	(41)	(16)	Exchange gain (loss)	31	(9)
(46)	451	791	Mark-to-market of derivatives	(832)	806
(8)	(4)	(3)	Other financial costs/income	(18)	(13)
385	**699**	**984**	**Income before taxes**	**843**	**3,246**
(223)	(370)	(383)	Taxes[1]	(652)	(1,434)
-	-	(53)	Windfall Taxes	-	(53)
(8)	(6)	(6)	Energy sector contribution taxes[2]	(41)	(34)
154	**324**	**542**	**Income before non-controlling interests**	**150**	**1,726**
(48)	(16)	(87)	Income attributable to non-controlling interests	(146)	(251)
106	**307**	**455**	**Net income**	**4**	**1,475**

[1] Includes SPT payable in Brazil and IRP payable in Angola.
[2] Includes €12 m, €19 m and €4 m related to CESE I, CESE II and FNEE, respectively, during 2022.

6.10 Consolidated Financial Position

€m

	31 Dec. 2021	30 Sep. 2022	31 Dec. 2022
Assets			
Tangible fixed assets	5,169	6,563	5,700
Goodwill	85	92	70
Other intangible fixed assets	645	655	672
Rights of use (IFRS 16)	1,079	1,119	1,116
Investments in associates	389	437	417
Receivables	294	281	263
Deferred tax assets	485	554	559
Financial investments	559	500	256
Total non-current assets	**8,703**	**10,201**	**9,055**
Inventories[1]	1,007	1,805	1,361
Trade receivables	1,243	1,786	1,464
Other receivables	885	1,051	1,003
Financial investments	992	1,039	339
Current Income tax recoverable	139	1	3
Cash and equivalents	1,942	2,413	2,432
Non-current assets held for sale	-	-	500
Total current assets	**6,208**	**8,096**	**7,102**
Total assets	**14,912**	**18,297**	**16,157**

[1] Includes €84 m of stocks made on behalf of third parties as of 31 December 2022.

€m

	31 Dec. 2021	30 Sep. 2022	31 Dec. 2022
Equity			
Share capital	829	829	815
Buybacks	-	(116)	-
Share premium	82	82	82
Reserves	1,327	2,118	1,562
Retained earnings	810	253	226
Net income	4	1,020	1,475
Total equity attributable to equity holders of the parent	**3,052**	**4,186**	**4,161**
Non-controlling interests	918	1,075	956
Total equity	**3,970**	**5,262**	**5,117**
Liabilities			
Bank loans and overdrafts	824	1,164	1,470
Bonds	2,171	1,827	1,717
Leases (IFRS 16)	1,015	1,077	1,095
Other payables	95	109	99
Retirement and other benefit obligations	300	276	252
Deferred tax liabilities	653	632	555
Other financial instruments	136	335	48
Provisions	1,209	1,425	1,430
Total non-current liabilities	**6,403**	**6,845**	**6,666**
Bank loans and overdrafts	1,055	767	50
Bonds	250	750	750
Leases (IFRS 16)	164	171	182
Trade payables	811	1,226	1,005
Other payables	1,190	1,739	1,566
Other financial instruments	1,069	1,326	373
Income tax payable	-	211	361
Liabilities related to non-current assets held for sale	-	-	87
Total current liabilities	**4,539**	**6,191**	**4,375**
Total liabilities	**10,942**	**13,035**	**11,040**
Total equity and liabilities	**14,912**	**18,297**	**16,157**

07

BASIS OF REPORTING

7.
BASIS OF REPORTING

Galp's consolidated financial statements have been prepared in accordance with IFRS. The financial information in the consolidated income statement and in the consolidated financial position is reported for the quarters ended on September 30 and December 31, 2022, and 2021.

Galp's financial statements are prepared in accordance with IFRS, and the cost of goods sold is valued at weighted-average cost. When goods and commodity prices fluctuate, the use of this valuation method may cause volatility in results through gains or losses in inventories, which do not reflect the Company's operating performance. This is called the inventory effect.

Other factors that may affect the Company's results, without being an indicator of its true performance, are set as special items.

For the purpose of evaluating Galp's operating performance, RCA profitability measures exclude special items and the inventory effect, the latter because the cost of goods sold and materials consumed has been calculated according to the Replacement Cost (RC) valuation method.

Mark-to-market swings related with derivatives to cover client positions, which have no direct translation into operating results, are registered as special items.

With regards to risks and uncertainties, please read Part II – C. III Internal control and risk management (page 45) of Corporate Governance Report 2021, here.

08

DEFINITIONS

8. Definitions

Replacement cost (RC)

According to this method of valuing inventories, the cost of goods sold is valued at the cost of replacement, i.e. at the average cost of raw materials of the month when sales materialise irrespective of inventories at the start or end of the period. The Replacement Cost Method is not accepted by the IFRS and is consequently not adopted for valuing inventories. This method does not reflect the cost of replacing other assets.

Replacement cost adjusted (RCA)

In addition to using the replacement cost method, RCA items exclude special items such as mark-to-market of natural gas derivatives hedges, capital gains or losses on the disposal of assets, extraordinary taxes, impairment or reinstatement of fixed assets and environmental or restructuring charges which may affect the analysis of the Company's P&L metrics and do not reflect its operational performance.

Acronyms

%: Percentage
ACS: Actividades de Construccion Y Servicios SA
APETRO: Associação Portuguesa de Empresas Petrolíferas (Portuguese association of oil companies)
B2B: Business to business
B2C: Business to consumer
bbl: barrel of oil
bn: billion
boe: barrels of oil equivalent
BRL: Brazilian real
c.: circa
CO_2: Carbon dioxide
COD: Commercial Operation Date
Capex: Capital expenditure
CESE: Contribuição Extraordinária sobre o Sector Energético (Portuguese Extraordinary Energy Sector Contribution)
CFFO: Cash flow from operations
COD: Commercial Operation Date
COFINS: Contribution for the Financing of Social Security
CMVM: Portuguese Securities Market Commission
CORES: Corporación de Reservas Estratégicas de Produtos Petrolíferos (Spain)
d: day
DD&A: Depreciation, Depletion and Amortisation
Ebit: Earnings before interest and taxes
Ebitda: Ebit plus depreciation, amortisation and provisions
EMPL: Europe Magreb Pipeline, Ltd
EUR/€: Euro
FCC: Fluid Catalytic Cracker
FCF: Free Cash Flow
FID: Final Investment Decision
FLNG: Floating liquified natural gas
FNEE: Fondo Nacional de Eficiência Energética (Spain)
FPSO: Floating, production, storage and offloading unit
Galp, Company or Group: Galp Energia, SGPS, S.A., subsidiaries and participated companies
GGND: Galp Gás Natural Distribuição, S.A.
GSBV: Galp Sinopec Brazil Services
GW: Gigawatt
GWh: Gigawatt hour
I&EM: Industrial & Midstream
IAS: International Accounting Standards
IRC: Income tax
IFRS: International Financial Reporting Standards
IRP: Oil income tax (Oil tax payable in Angola)
ISP: Payments relating to tax on oil products
kboepd: thousands of barrels of oil equivalent per day
kbpd: thousands of barrels of oil per day
LNG: liquefied natural gas
LTM: last twelve months
m: million
MIBGAS: Iberian Market of Natural Gas
mbbl: million barrels of oil

mboe: million barrels of oil equivalent
mbtu: million British thermal units
mm³: million cubic metres
MTM: Mark-to-Market
mton: million tonnes
MW: Megawatt
MWh: Megawatt-hour
NE: Net entitlement
NG: natural gas
n.m.: not meaningful
NWE: Northwestern Europe
OCF: Adjusted Operating Cash Flow (RCA Ebitda + dividends associates – taxes paid)
PV: photovoltaic
p.p.: percentage point
Q: Quarter
QoQ: Quarter-on-quarter
R&NB: Renewables & New Businesses
REN: Rede Eléctrica Nacional
RC: Replacement Cost
RCA: Replacement Cost Adjusted
SPA: Sale and purchase agreement
SPT: Special participation tax
ton: tonnes
TTF: Title transfer facility
TWh: Terawatt-hour
UA: Unitisation Agreements
U.S.: United States
UOP: Units of production
USD/$: Dollar of the United States of America
Var.: Variation
WI: working interest
YoY: year-on-year

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