4th QUARTER AND FULL YEAR 2023

12 February, 2024

Unaudited

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Financial information by business segment is reported in accordance with the Galp management reporting policies and shows internal segment information that is used to manage and measure the Group's performance. In addition to IFRS measures, certain alternative performance measures are presented, such as performance measures adjusted for special items (adjusted operational cash flow, adjusted earnings before interest, taxes, depreciation and amortisation, adjusted earnings before interest and taxes, and adjusted net income), return on equity (ROE), return on average capital employed (ROACE), investment return rate (IRR), equity investment return rate (eIRR), gearing ratio, cash flow from operations and free cash flow. These indicators are meant to facilitate the analysis of the financial performance of Galp and comparison of results and cash flow among periods. In addition, the results are also measured in accordance with the replacement cost method, adjusted for special items. This method is used to assess the performance of each business segment and facilitate the comparability of the segments' performance with those of its competitors.

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RESULTS HIGHLIGHTS

1. RESULTS HIGHLIGHTS

Fourth quarter 2023

Galp delivered a robust set of results, driven by solid Upstream operating performance and continued supportive Midstream contribution, although limited in refining by the large planned turnaround executed in Sines. At the end of the period, Galp maintained a strong financial position with net debt to RCA Ebitda at 0.4x.

RCA Ebitda reached €720 m:

- Upstream: RCA Ebitda was €599 m, down YoY, reflecting the de-recognition of the Angolan upstream assets and a less favourable oil and gas pricing environment.

  On a comparable basis, in Brazil and Mozambique, working interest (WI) production was up 8% YoY, supported by the ramp-up of Coral Sul FLNG, in Mozambique, and by the continued increased availability and efficiency from the operating units in Brazil.

- Renewables & New Businesses: RCA Ebitda was €21 m in a seasonally low generation quarter, reflecting a lower market price environment YoY, but benefitting from added operating capacity.

- Industrial & Midstream: RCA Ebitda was €63 m, with a robust contribution from Midstream across oil, gas and power trading, more than offsetting a negative contribution from Industrial as result of the planned large turnaround in the Sines refinery.

- Commercial: RCA Ebitda was €54 m, in a seasonally lower demand quarter in Iberia, although reflecting a YoY increased contribution of non-fuel and lower carbon business, namely on convenience and gas & power activities.

Group RCA Ebit was €411 m, mostly following RCA Ebitda. RCA net income was €284 m.

Galp's adjusted operating cash flow (OCF) was €488 m, reflecting sound operating performance. Cash flow from operations (CFFO), including working capital and inventory effects, reached €457 m.

Net capex totalled €382 m, with investments mostly directed towards Upstream projects under development in the Brazilian pre-salt and the exploration campaign in Namibia, as well as to the start of construction of the advanced biofuels plant and the 100MW electrolyser unit in Sines.

After payment to non-controlling interests and share buybacks, net debt increased by €189 m during the period.

Full year 2023

Galp's RCA Ebitda was €3,558 m, while OCF was €2,269 m, reflecting a robust operating performance across all business units.

Economic capex amounted to €1,052 m, mostly directed towards Upstream's growth, downstream transformation and renewables capacity construction. Investments in Portugal represented 1/3 of total spending, mostly allocated to the FID of two world-class projects in Sines, namely 100 MW electrolysers for green hydrogen and an advanced biofuels unit (HVO/SAF), growth in electric mobility and modernization of the retail network.

Net capex totalled €859 m, considering €209 m of down payment and other inflows related to the ongoing disposal of the Angolan upstream assets (completion now expected during 1H24).

Free Cash Flow amounted to €1,373 m, more than covering dividends to non-controlling interests of €169 m, dividends paid to shareholders of €422 m and €500 m of share buybacks.

Net debt was reduced to €1.4 bn, further strengthening Galp's financial position whilst executing an ambitious growth and transformational investment plan.

Following the capital allocation guidelines in place, Galp's Board of Directors will propose to the Annual General Shareholders Meeting a dividend increase of 4% in 2024 to €0.54 per share and, based on 2023 performance, a €350 m share repurchase programme with the purpose of share capital reduction, planned to be executed in 2024.

Subsequent events

Galp initiated the exploration campaign in PEL 83, offshore Namibia, on November 17, 2023.

Already in 2024, drilling and logging activities in the first exploration well, Mopane-1X, confirmed the discovery of two significant columns of light oil in reservoir-bearing sands of high quality.

The rig was relocated to the second exploration well location, Mopane-2X, to evaluate the extent of the Mopane prospects, after which a Drill Stem Test (DST) is expected to be performed in Mopane-1X.

No impact on the Group financial position, income statement or cashflow statement as at 31 December 2023.

Short Term Outlook

Galp is providing key operating and financial guidance for 2024, in accordance with its updated views and macro assumptions.

Assumptions for 2024

Brent	$/bbl	80
Realised refining margin	$/boe	c.8
Iberian PVB natural gas price	€/MWh	c.30
Iberian solar price	€/MWh	c.50
Average exchange rate	EUR:USD	1.10

Financial indicators

RCA Ebitda	**€ bn**	**c.3.1**
Upstream	€ bn	c.2.1
Renewables & NB	€ m	c.60
Industrial & Midstream	€ m	>700
Commercial	€ m	c.300
OCF	**€ bn**	**c.2.0**
Net capex (avg. 2023-25)	**€ bn**	**c.1.0**

Financial data

€m (RCA, except otherwise stated)

Quarter					Twelve Months		
4Q22	3Q23	4Q23	% Var. YoY		2022	2023	% Var. YoY
951	**1,057**	**720**	**(24%)**	**RCA Ebitda**	**3,849**	**3,558**	**(8%)**
791	594	599	(24%)	Upstream	3,083	2,263	(27%)
17	43	21	24%	Renewables & New Businesses	50	131	n.m.
118	342	63	(46%)	Industrial & Midstream	451	929	n.m.
42	111	54	29%	Commercial	298	303	2%
(17)	(32)	(17)	4%	Others	(34)	(69)	n.m.
475	**741**	**411**	**(13%)**	**RCA Ebit**	**2,345**	**2,469**	**5%**
602	469	428	(29%)	Upstream	2,229	1,739	(22%)
5	(27)	(1)	n.m.	Renewables & New Businesses	32	18	(44%)
(15)	258	19	n.m.	Industrial & Midstream	66	693	n.m.
(104)	78	19	n.m.	Commercial	75	145	94%
(13)	(37)	(54)	n.m.	Others	(57)	(126)	n.m.
273	**210**	**284**	**4%**	**RCA Net income**	**881**	**1,002**	**14%**
388	24	45	(88%)	Special items	560	278	(50%)
(206)	69	6	n.m.	Inventory effect	35	(38)	n.m.
455	**303**	**336**	**(26%)**	**IFRS Net income**	**1,475**	**1,242**	**(16%)**
701	**716**	**488**	**(30%)**	**Adjusted operating cash flow (OCF)**	**2,788**	**2,269**	**(19%)**
529	363	417	(21%)	Upstream	2,022	1,179	(42%)
19	43	3	(83%)	Renewables & New Businesses	49	138	n.m.
116	252	29	(75%)	Industrial & Midstream	459	764	66%
56	79	54	(4%)	Commercial	290	218	(25%)
1,107	**686**	**457**	**(59%)**	**Cash flow from operations (CFFO)**	**3,071**	**2,376**	**(23%)**
(342)	**(161)**	**(382)**	**12%**	**Net Capex**	**(1,266)**	**(859)**	**(32%)**
737	**497**	**22**	**(97%)**	**Free cash flow (FCF)**	**1,681**	**1,373**	**(18%)**
(100)	(2)	(80)	(19%)	Dividends paid to non-controlling interests	(245)	(169)	(31%)
-	(213)	-	n.m.	Dividends paid to Galp shareholders	(420)	(422)	1%
(34)	(72)	(192)	n.m.	Share buybacks	(150)	(500)	n.m.
1,555	**1,211**	**1,400**	**(10%)**	**Net debt**	**1,555**	**1,400**	**(10%)**
0.4x	**0.3x**	**0.4x**	**n.m.**	**Net debt to RCA Ebitda**[1]	**0.4x**	**0.4x**	**n.m.**

[1] Ratio considers the LTM Ebitda RCA (€3,301 m), which includes the adjustment for the impact from the application of IFRS 16 (€257 m).

Operating data

Quarter					Twelve Months		
4Q22	3Q23	4Q23	% Var. YoY		2022	2023	% Var. YoY
130.4	125.1	126.8	(3%)	Working interest production (kboepd)	127.1	122.3	(4%)
128.6	124.7	126.4	(2%)	Net entitlement production (kboepd)	125.5	122.0	(3%)
84.2	84.1	81.6	(3%)	Upstream oil realisations indicator (USD/bbl)	98.9	78.7	(20%)
54.6	40.8	43.8	(20%)	Upstream gas realisations indicator (USD/boe)	52.7	44.1	(16%)
307	760	355	16%	Equity renewable power generation (GWh)	1,629	2,338	44%
100	77	84	(17%)	Renewables' realised sale price (EUR/MWh)	144	80	(44%)
20.5	22.4	15.4	(25%)	Raw materials processed in refinery (mboe)	88.0	78.9	(10%)
13.5	14.6	6.1	(54%)	Galp refining margin (USD/boe)	11.6	11.0	(5%)
3.8	3.9	3.4	(11%)	Oil products supply[1] (mton)	15.8	14.8	(6%)
12.7	13.1	10.0	(21%)	NG/LNG supply & trading volumes[1] (TWh)	54.6	46.5	(15%)
166	159	111	(33%)	Sales of electricity from cogeneration (GWh)	630	590	(6%)
1.8	1.8	1.7	(4%)	Oil Products - client sales (mton)	7.4	7.1	(4%)
4.3	3.4	3.4	(21%)	Natural gas - client sales (GWh)	19.0	13.8	(28%)
0.9	0.9	1.4	47%	Electricity - client sales (GWh)	4.1	4.1	(1%)

[1] Includes volumes sold to the Commercial segment.

Market indicators

Quarter					Twelve Months		
4Q22	3Q23	4Q23	% Var. YoY		2022	2023	% Var. YoY
1.02	1.09	1.08	5%	Exchange rate EUR:USD	1.05	1.08	3%
5.37	5.31	5.33	(1%)	Exchange rate EUR:BRL	5.44	5.40	(1%)
88.9	86.7	84.3	(5%)	Dated Brent price (USD/bbl)	101.3	82.6	(18%)
75.2	33.7	38.8	(48%)	Iberian MIBGAS natural gas price (EUR/MWh)	99.8	39.4	(61%)
94.4	33.0	40.6	(57%)	Dutch TTF natural gas price (EUR/MWh)	120.5	40.7	(66%)
101.8	39.5	47.5	(53%)	Japan/Korea Marker LNG price (EUR/MWh)	108.6	43.5	(60%)
394.8	249.4	223.0	(44%)	Diesel 10 ppm CIF NWE Crack (USD/ton)	309.4	217.0	(30%)
159.1	283.9	137.8	(13%)	EuroBob NWE FOB BG Crack (USD/ton)	212.1	213.1	0%
113.2	96.5	75.4	(33%)	Iberian power baseload price (EUR/MWh)	167.5	87.1	(48%)
102.2	79.2	66.3	(35%)	Iberian solar market price (EUR/MWh)	149.8	72.2	(52%)
16.0	16.1	15.9	(1%)	Iberian oil market (mton)	62.7	62.9	0%
98.6	91.0	91.2	(7%)	Iberian natural gas market (TWh)	426.2	373.0	(12%)

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.

UPSTREAM

2.
UPSTREAM

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

Quarter					Twelve Months		
4Q22	3Q23	4Q23	% Var. YoY		2022	2023	% Var. YoY
130.4	**125.0**	**126.8**	**(3%)**	**Working interest production[1] (kboepd)**	**127.1**	**122.3**	**(4%)**
				By product			
115.3	102.9	104.1	(10%)	Oil production (kbpd)	113.8	101.9	(10%)
15.1	22.2	22.7	50%	Gas production (kboepd)	13.3	20.4	54%
				By country			
115.8	116.2	117.2	1%	Brazil	114.6	115.0	0%
2.0	8.9	9.6	n.m.	Mozambique	0.5	7.4	n.m.
12.6	-	-	n.m.	Angola	12.0	-	n.m.
117.9	125.0	126.8	8%	Working interest production excluding Angola[2]	115.1	122.3	6%
128.6	**124.7**	**126.4**	**(2%)**	**Net entitlement production[1] (kboepd)**	**125.5**	**122.0**	**(3%)**
				Realisations indicators[3]			
84.2	84.0	81.6	(3%)	Oil (USD/bbl)	98.9	78.7	(20%)
54.6	40.8	43.8	(20%)	Gas (USD/boe)	52.7	44.1	(16%)
6.8	**7.1**	**7.1**	**4%**	**Royalties (USD/boe)**	**7.9**	**6.8**	**(14%)**
3.0	**2.9**	**2.1**	**(31%)**	**Production costs (USD/boe)**	**2.8**	**2.6**	**(8%)**
14.9	**11.9**	**15.9**	**6%**	**DD&A[4] (USD/boe)**	**13.6**	**12.7**	**(6%)**
791	**594**	**599**	**(24%)**	**RCA Ebitda**	**3,083**	**2,263**	**(27%)**
(189)	(125)	(171)	(9%)	Depreciation, Amortisation, Impairments and Provisions	(854)	(524)	(39%)
602	**469**	**428**	**(29%)**	**RCA Ebit**	**2,229**	**1,739**	**(22%)**
602	**532**	**466**	**(23%)**	**IFRS Ebit**	**2,229**	**1,960**	**(12%)**
529	**363**	**417**	**(21%)**	**Adjusted operating cash flow**	**2,022**	**1,179**	**(42%)**
174	**160**	**174**	**0%**	**Capex**	**640**	**562**	**(12%)**

[1] Includes natural gas exported; excludes natural gas used or reinjected.
[2] Excludes Angola's contribution for comparison purposes.
[3] 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 from 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.
[4] Includes abandonment provisions. 2022 and 2023 unit figures exclude impairments of €265 m and €27 m, respectively, related with exploration and appraisal assets in Brazil and São Tomé e Principe (2022).

Fourth quarter 2023

Operations

WI production was 126.8 kboepd, lower YoY, as a result of the Angolan upstream assets de-recognition. On a comparable basis, current portfolio (Brazil and Mozambique) production was 8% higher YoY, supported by the contribution at plateau from Coral Sul, in Mozambique, and sustained production from the units operating in Brazil. Natural gas accounted for 18% of WI production.

In Brazil, production was higher YoY at 117.2 kboepd, with higher units' availabilities and efficiencies offsetting the natural decline rates of the portfolio.

In Mozambique, WI production was 9.6 kboepd as, following the end of commissioning activities in the third quarter, Coral Sul FLNG produced at plateau levels throughout the period.

Net entitlement (NE) production followed WI production and amounted to 126.4 kboepd.

Results

RCA Ebitda was €599 m, down YoY, given the de-recognition of the Angolan upstream assets, as well as the less favourable environment in oil and gas prices.

Production costs were €22 m, or $2.1/boe on a net entitlement basis, down YoY. IFRS 16 lease costs accounted for €57 m during the period, now also reflecting the lease of the FLNG unit in Coral Sul, in Mozambique.

Amortisation and depreciation charges (including right-of-use of assets) were €171 m. On a net entitlement basis, DD&A was $15.9/boe, already incorporating the effects of the right-of-use of assets depreciation related with Coral FLNG.

RCA Ebit was €428 m. IFRS Ebit amounted to €466 m, considering the special item related to the Angolan upstream business held for sale.

Full year 2023

Operations

Average WI production was 122.3 kboepd, lower YoY, as result of the Angolan upstream assets de-recognition. On a comparable basis, current portfolio production is up 6% YoY, supported by the gradual ramp-up of Coral Sul FLNG in Mozambique and robust production levels in Brazil.

NE production followed WI at 122.0 kboepd, with currently only Mozambique operating under a Production Sharing Contract (PSC) regime.

Results

RCA Ebitda was €2,263 m, down 27% YoY, excluding any contribution from Angolan upstream assets and also reflecting the lower oil and gas pricing context.

Production costs were €105 m, excluding IFRS 16 leases, or $2.6/boe on a net entitlement basis. IFRS 16 leases during the period amounted to €158 m.

Amortisation and depreciation charges (including right-of-use of assets) amounted to €524 m, lower YoY, following the de-recognition of the Angolan assets, and considering the exploration and appraisal impairments booked throughout 2022. On a net entitlement basis, unit DD&A was $12.7/boe.

RCA Ebit was €1,739 m, down 22% YoY, while IFRS Ebit amounted to €1,960 m, with special items mostly related to the Angolan upstream assets, booked under "non-current assets held for sale" until completion of the transaction.

RENEWABLES & NEW BUSINESSES

3. RENEWABLES & NEW BUSINESSES

€m (RCA, except otherwise stated)

Quarter					Twelve Months		
4Q22	3Q23	4Q23	% Var. YoY		2022	2023	% Var. YoY
				Renewable power generation (GWh)			
307	760	355	16%	Net to Galp	1,629	2,338	44%
100	**77**	**84**	**(17%)**	**Galp realised sale price (EUR/MWh)**	**144**	**80**	**(44%)**
				Consolidated Indicators			
17	43	21	24%	RCA Ebitda	50	131	n.m.
5	(27)	(1)	n.m.	RCA Ebit[1]	32	18	(44%)
5	(27)	(1)	n.m.	IFRS Ebit[1]	32	18	(44%)
19	**43**	**3**	**(83%)**	**Adjusted operating cash flow[2]**	**49**	**138**	**n.m.**
47	**40**	**38**	**(19%)**	**Capex**	**402**	**142**	**(65%)**
				Renewables pro-forma - equity to Galp[3]			
19	46	25	32%	RCA Ebitda	180	143	(20%)
9	(24)	7	(25%)	RCA Ebit	148	35	(77%)
8	46	7	(6%)	Adjusted operating cash flow	168	129	(23%)

[1] 2023 includes €59 m of impairments related to renewables portfolio under development in Brazil.

[2] Includes dividends from vegetable oil business in Brazil (BBB).

[3] Renewables Pro-forma excludes all other New Businesses and considers all renewables projects consolidated according to Galp's equity stakes. Titan Solar, which includes most of the operating portfolio in Spain, has been 100% owned and consolidated since August 2022.

Fourth quarter 2023

Operations

Renewable installed capacity was 1.4 GW by the end of the quarter, 4% higher YoY, following additional 50 MW capacity brought online in Spain during the period.

Renewable energy generation amounted to 355 GWh, a 16% increase YoY, supported by the added capacity.

Results

Galp's realised sale price was €84/MWh, following the lower price environment in Iberia, but above the average solar market prices registered during the period, given short term hedge agreements.

Renewables & New Businesses RCA Ebitda was €21 m, higher YoY given the increased installed capacity and despite the lower prices.

	In Operation	Under Construction	Under Development[1]	Total
Galp Renewable capacity (GW)	**1.4**	**0.2**	**5.5**	**7.1**
Spain	1.3	0.2	2.0	3.5
Portugal	0.2	0.0	0.8	1.0
Brazil	-	-	2.5	2.5

[1] Considers a portfolio of projects in very early stages of development and without significant commitments, with the development up to the construction phase dependent on the Company's assessment. Despite the impairment booked in 3Q23 related to the Brazil portfolio, Galp maintains part of this pipeline and might pursue its development at a later stage, depending on the evolution of the projects' returns assessment.

Full year 2023

Operations

Renewable energy generation, net to Galp, amounted to 2,338 GWh, a 44% increase YoY, mostly supported by new capacity online and the acquisition of the remaining stake on Titan during 2022.

Galp's current renewable generation is almost entirely from solar PV projects and fully exposed to merchant conditions, with no fixed price long term power sale contracts established with third parties.

Results

During the period, Galp's realised sale price was €80/MWh, down from €143/MWh in 2022, mostly reflecting the lower Iberian market wholesale prices.

Renewables & New Businesses RCA Ebitda was €131 m.

RCA Ebit was €18 m, including €59 m of impairments related to renewables portfolio under development in Brazil, in light of the challenging market conditions in the country.

OCF amounted to €138 m. On a last 12 months basis, a 14% return was achieved on a €0.9 bn invested capital (on operating assets as of 31 December 2023).

INDUSTRIAL & MIDSTREAM

4. INDUSTRIAL & MIDSTREAM

Quarter					Twelve Months		
4Q22	3Q23	4Q23	% Var. YoY		2022	2023	% Var. YoY
20.5	**22.4**	**15.4**	**(25%)**	**Raw materials processed (mboe)**	**88.0**	**78.9**	**(10%)**
13.5	**14.6**	**6.1**	**(54%)**	**Galp refining margin (USD/boe)**	**11.6**	**11.0**	**(5%)**
3.1	**2.6**	**8.7**	**n.m.**	**Refining cost (USD/boe)**	**2.2**	**4.5**	**n.m.**
3.8	**3.9**	**3.4**	**(11%)**	**Oil products supply[1] (mton)**	**15.8**	**14.8**	**(6%)**
12.7	**13.1**	**10.0**	**(21%)**	**NG/LNG supply & trading volumes[1] (TWh)**	**54.6**	**46.5**	**(15%)**
5.5	5.4	3.4	(39%)	Trading (TWh)	23.1	18.4	(21%)
166	**159**	**111**	**(33%)**	**Sales of electricity from cogeneration (GWh)**	**630**	**590**	**(6%)**
118	**342**	**63**	**(46%)**	**RCA Ebitda**	**451**	**929**	**n.m.**
(134)	(84)	(44)	(67%)	Depreciation, Amortisation, Impairments and Provisions	(385)	(236)	(39%)
(15)	**258**	**19**	**n.m.**	**RCA Ebit**	**66**	**693**	**n.m.**
(310)	**356**	**51**	**n.m.**	**IFRS Ebit**	**86**	**650**	**n.m.**
116	**252**	**29**	**(75%)**	**Adjusted operating cash flow**	**459**	**764**	**66%**
29	**40**	**110**	**n.m.**	**Capex**	**72**	**196**	**n.m.**

[1] Includes volumes sold to the Commercial segment.

Fourth quarter 2023

Operations

Sines refinery raw materials processed amounted to 15.4 mboe, lower YoY, reflecting the lower availability and utilisation of all the units involved in the planned large turnaround of the refinery, which occurred during October and November.

Total supply of oil products decreased 11% YoY to 3.4 mton, reflecting the lower availability of the refining system.

Supply and trading volumes sold of natural gas and LNG reached 10.0 TWh, lower than previous periods, as result of persistent sourcing limitations.

Results

RCA Ebitda was €63 m, down YoY, reflecting the continued robust midstream contribution, across gas, oil and power trading, which more than offset the negative contribution from the refining business, impacted by the planned turnaround executed during the period.

Galp's refining margin was $6.1/boe, down YoY, following the lower international oil cracks environment and reflecting the sub-optimal operations in the refinery during most of the quarter, given the planned maintenance stoppages in key units, such as the Atmospheric Distillation unit, the Fluid Catalytic Cracking unit and the Hydrocracker unit.

Refining costs were €124 m, or $8.7/boe in unit terms, up YoY, as it includes costs associated with the planned maintenance. Refining hedging operations had a €-18 m impact on RCA Ebitda, covering 1.7 mboe during the period. No hedges in place for 2024.

RCA Ebit was €19 m, including €16 m increased provisions related to Matosinhos retrofitting, whilst IFRS Ebit followed suit at €51 m, with an inventory effect of €-32 m.

Full year 2023

Operations

Raw materials processed in the Sines refinery were 78.9 mboe during the period, 10% lower YoY, reflecting extensive planned maintenance activities performed during 1Q23 and 4Q23.

Crude oil accounted for 85% of raw materials processed, of which 75% corresponded to medium and heavy crudes. All crudes processed were sweet grades.

On the refinery yields during the period, middle distillates (diesel, bio-diesel and jet) accounted for 44% of production, light distillates (gasolines and naphtha) accounted for 27% and fuel oil for 20%, with consumption and losses representing 9%.

Total oil products supplied decreased 6% YoY to 14.8 mton, following the refining availability during the period.

Supply & trading volumes of NG/LNG were 46.5 TWh, down 15% YoY, as per the overall optimisation of the portfolio and reflecting continued sourcing constraints.

Results

RCA Ebitda for Industrial & Midstream was €929 m, €478 higher YoY, mostly reflecting the improved contribution from Midstream trading activities. OCF was €764 m.

Galp's refining margin was down 5% YoY, to $11.0/boe, as the less supportive international oil products' cracks was partially offset by the normalisation of energy costs. Refining unit cash costs increased YoY to $4.5/boe, reflecting the planned maintenance activities performed in Sines during 1Q23 and 4Q23, and impacted by inflation.

Midstream was supported by the robust performance of natural gas trading activities, after significant unplanned impacts driven by the gas market context in 2022, as well as by the positive contribution from supply and trading of oil and power.

RCA Ebit was €693 m, although including impairments and provisions of €116 m during the year. IFRS Ebit was €650 m.

05

COMMERCIAL

5. COMMERCIAL

€m (RCA, except otherwise stated)

Quarter					Twelve Months		
4Q22	3Q23	4Q23	% Var. YoY		2022	2023	% Var. YoY
				Commercial sales to clients			
1.8	1.8	1.7	(4%)	Oil products (mton)	7.4	7.1	(4%)
4.3	3.4	3.4	(21%)	Natural Gas (GWh)	19.0	13.8	(28%)
0.9	0.9	1.4	47%	Electricity (GWh)	4.1	4.1	(1%)
42	**111**	**54**	**29%**	**RCA Ebitda**	**298**	**303**	**2%**
(146)	(33)	(35)	(76%)	Depreciation, Amortisation, Impairments and Provisions	(223)	(158)	(29%)
(104)	**78**	**19**	**n.m.**	**RCA Ebit**	**75**	**145**	**94%**
(103)	**79**	**(8)**	**(92%)**	**IFRS Ebit**	**91**	**117**	**28%**
56	**79**	**54**	**(4%)**	**Adjusted operating cash flow**	**290**	**218**	**(25%)**
66	**19**	**72**	**10%**	**Capex**	**113**	**111**	**(2%)**

Fourth quarter 2023

Operations

Oil products' sales decreased 4% YoY to 1.7 mton, mostly reflecting a deliberate retraction in the Spanish B2B segment.

Natural gas volumes sold decreased 21% YoY to 3.4 TWh, resulting from natural gas sourcing limitations, while sales of electricity were 1.4 TWh, up 47% YoY.

Results

RCA Ebitda was €54 m, 29% higher YoY, following the increased contribution of non-fuel and lower carbon business, namely on convenience and gas & power activities.

As a result of the ongoing transformation of its operations, aiming to improve the customer experience, non-fuel contribution to Ebitda increased by 9% YoY to €18 m.

In addition, during the quarter, a relevant discount campaign was introduced on the retail network to support clients.

OCF was €54 m. RCA Ebit was €19 m, whilst IFRS Ebit was €-8 m.

Full year 2023

Operations

Total oil products' sales decreased 4% YoY, to 7.1 mton, with the more pressured environment in some B2B segments in Spain offsetting the improved demand in Portugal, namely in the aviation sector.

Natural gas sales were down 28% to 13.8 TWh, mainly impacted by the moderate winter temperatures. Electricity sales amounted to 4.1 TWh, flattish YoY.

During the period, Galp continued its business transformation to leverage convenience and expand regional leadership in Electric Vehicles charging. At the end of the period, Galp had close to 5,000 charging points installed in Portugal and Spain, up 105% from year-end 2022.

Results

RCA Ebitda increased 2% YoY to €303 m, driven by increased contribution of non-fuel and lower carbon businesses, already representing 33% of the Commercial Ebitda, benefitting from a record-high performance in segments such as convenience, gas and power.

RCA Ebit was €145 m, up 94% YoY, considering the impairments registered in 4Q22. IFRS Ebit was €117 m.

Overall Commercial results have been key to support the ongoing significant transformation of its operations, and to accelerate projects to integrate lower carbon solutions and promote the transition to a cleaner Iberian energy system. Nonetheless, these activities have been heavily impacted by discriminatory taxes targeting energy companies, namely in Spain.

FINANCIAL DATA

6.
FINANCIAL DATA

6.1 Income Statement

€m (RCA, except otherwise stated)

Quarter					Twelve Months		
4Q22	3Q23	4Q23	% Var. YoY		2022	2023	% Var. YoY
6,188	5,391	5,128	(17%)	Turnover	26,840	20,679	(23%)
(4,691)	(3,724)	(3,683)	(21%)	Cost of goods sold	(20,956)	(14,439)	(31%)
(497)	(539)	(585)	18%	Supply & Services	(1,888)	(2,167)	15%
(122)	(103)	(147)	20%	Personnel costs	(370)	(449)	22%
74	37	(47)	n.m.	Other operating revenues (expenses)	232	(75)	n.m.
(0)	(6)	52	n.m.	Impairments on accounts receivable	(9)	10	n.m.
951	**1,057**	**720**	**(24%)**	**RCA Ebitda**	**3,849**	**3,558**	**(8%)**
657	**1,220**	**763**	**16%**	**IFRS Ebitda**	**3,885**	**3,710**	**(4%)**
(404)	(262)	(261)	(36%)	Depreciation, Amortisation and Impairments	(1,380)	(983)	(29%)
(72)	(54)	(48)	(34%)	Provisions	(124)	(105)	(15%)
475	**741**	**411**	**(13%)**	**RCA Ebit**	**2,345**	**2,469**	**5%**
181	**903**	**454**	**n.m.**	**IFRS Ebit**	**2,381**	**2,618**	**10%**
54	4	(25)	n.m.	Net income from associates	166	2	(99%)
134	(58)	(14)	n.m.	Financial results	(154)	(62)	(60%)
(1)	(1)	13	n.m.	Net interests	(16)	6	n.m.
12	4	15	34%	Capitalised interest	30	49	62%
15	(34)	11	(32%)	Exchange gain (loss)	10	30	n.m.
136	-	-	n.m.	Mark-to-market of derivatives	(80)	-	n.m.
(25)	(22)	(36)	43%	Interest on leases (IFRS 16)	(85)	(102)	21%
(3)	(5)	(17)	n.m.	Other financial charges/income	(13)	(44)	n.m.
663	**687**	**372**	**(44%)**	**RCA Net income before taxes and minority interests**	**2,358**	**2,409**	**2%**
(313)	(434)	(48)	(85%)	Taxes	(1,254)	(1,227)	(2%)
(158)	(140)	(173)	9%	Taxes on oil and natural gas production[1]	(843)	(615)	(27%)
(76)	(43)	(40)	(47%)	Non-controlling interests	(223)	(180)	(19%)
273	**210**	**284**	**4%**	**RCA Net income**	**881**	**1,002**	**14%**
388	24	45	n.m.	Special items	560	278	(50%)
661	**234**	**330**	**(50%)**	**RC Net income**	**1,440**	**1,280**	**(11%)**
(206)	69	6	n.m.	Inventory effect	35	(38)	n.m.
455	**303**	**336**	**(26%)**	**IFRS Net income**	**1,475**	**1,242**	**(16%)**

[1] Includes taxes on oil and natural gas production, such as SPT payable in Brazil (also IRP payable in Angola until 2022).

Fourth quarter 2023

RCA Ebitda decreased 24% YoY, to €720 m, following the commodities price macro environment as well as the de-recognition of the Angolan upstream assets, now booked as a special item. IFRS Ebitda amounted to €763 m, considering €-18 m of inventory effect and €-25 m of special items.

Group RCA Ebit was €411 m, already incorporating the effects of the rights-of-use depreciation related with Coral FLNG. IFRS Ebit was €454 m.

Financial results[1] were negative at €-14 m, driven by IFRS 16 interest payments.

Taxes amounted to €48 m, materially lower YoY, following a 2023 inter-quarter allocation adjustments related to corporate income and windfall taxes.

Non-controlling interests were €-40 m, attributed to Sinopec's stake in Petrogal Brasil.

RCA net income was €284 m. IFRS net income was €336 m, with an inventory effect of €6 m and special items of €45 m[2].

[1]All mark-to-market swings related with derivative hedges, including refining, are registered as special items and therefore not impacting RCA financial results.

[2] Refer to page 29 of this report for more details.

Full year 2023

RCA Ebitda of €3,558 m, down 8% YoY, with continued strong operating performance under a softer commodity price environment, as well as the effects of the de-recognition of the Angolan upstream contribution.

Following RCA Ebitda, RCA Ebit was €2,469 m, although including €265 m in impairments and provisions.

Financial results[1] were €-62 m, with interests on leases being partially offset by exchange gains.

RCA taxes was flattish YoY at €1,227 m, reflecting extraordinary taxes of €75 m applicable to Iberian activities (windfall, CESE and FNEE), as well as €64 m related with the temporary Brazilian levy on oil exports which was applicable from March to the end of June.

Non-controlling interests were €-180 m, related with Sinopec's stake in Petrogal Brasil.

RCA net income was €1,002 m, while IFRS net income was €1,242 m, considering an inventory effect of €-38 m and special items of €278 m[2].

6.2 Capital Expenditure

€m

Quarter					Twelve Months		
4Q22	3Q23	4Q23	% Var. YoY		2022	2023	% Var. YoY
174	160	174	0%	Upstream	640	562	(12%)
47	40	38	(19%)	Renewables & New Businesses	402	142	(65%)
29	40	110	n.m.	Industrial & Midstream	72	196	n.m.
66	19	72	10%	Commercial	113	111	(2%)
13	12	16	23%	Others	39	41	7%
329	**271**	**411**	**25%**	**Capex (economic)[1]**	**1,266**	**1,052**	**(17%)**

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

Fourth quarter 2023

Capex, not considering divestments, totalled €411 m during the quarter.

Investments in Upstream were mostly directed towards projects under execution and development in the Brazilian pre-salt, namely Bacalhau and BM-S-11, as well as to the exploration campaign in Namibia.

Investments within the Renewables & New Businesses segment were deployed towards the continued development and execution of the solar portfolio in Iberia.

Industrial & Midstream capex was directed towards refinery maintenance and the start of construction of the new industrial low carbon projects in Sines, namely the advanced biofuels unit and the 100 MW electrolysers for green hydrogen production.

Commercial capex was mostly allocated to the transformation of the retail business, both in Portugal and Spain, including the transformation of sites and development of new convenience stores.

Full year 2023

Capex, not considering divestments, totalled €1,052 m in 2023. Upstream accounted for 53% of total investments, whilst the downstream activities represented 29% and Renewables & New Businesses 13%.

Upstream investments were mainly directed to Brazil, namely Bacalhau and BM-S-11, as well as the start of the exploration campaign in Namibia.

Investments within the Renewables & New Businesses segment supported the execution of solar projects.

Industrial & Midstream investments were mostly directed to initiatives to improve the efficiency of the refining system and the execution of maintenance activities.

Commercial investments were allocated to the business' transformation.

During 2023, capex directed to developments in the low-to-no carbon energy space accounted for 22% of total investments, whilst about 1/3 of investments were deployed in Portugal.

6.3 Cash Flow

€m (IFRS figures)

Quarter				Twelve Months	
4Q22	3Q23	4Q23		2022	2023
951	1,057	720	RCA Ebitda	3,849	3,558
13	2	2	Dividends from associates	26	31
(264)	(344)	(233)	Taxes paid	(1,087)	(1,320)
701	**716**	**488**	**Adjusted operating cash flow[1]**	**2,788**	**2,269**
-	19	(40)	Special items	-	(13)
(294)	99	18	Inventory effect	36	(59)
700	(148)	(9)	Changes in working capital	247	179
1,107	**686**	**457**	**Cash flow from operations[1]**	**3,071**	**2,376**
(342)	(161)	(382)	Net capex	(1,266)	(859)
-	132	-	o.w. Divestments[2]	-	209
(3)	(7)	(17)	Net financial expenses	(39)	(42)
(25)	(22)	(36)	IFRS 16 leases interest	(85)	(102)
737	**497**	**22**	**Free cash flow**	**1,681**	**1,373**
(100)	(2)	(80)	Dividends paid to non-controlling interest[3]	(245)	(169)
-	(213)	-	Dividends paid to Galp shareholders	(420)	(422)
(34)	(72)	(192)	Share buybacks[4]	(150)	(500)
(41)	(33)	(51)	Reimbursement of IFRS 16 leases principal	(132)	(157)
(21)	(23)	113	Others	69	30
(541)	**(152)**	**189**	**Change in net debt**	**(802)**	**(155)**

[1] Considers adjustments to exclude contribution from Angolan assets held for sale.
[2] 2023 includes proceeds from the Angolan upstream assets' sale.
[3] Mainly dividends paid to Sinopec.
[4] Related to the 2022 fiscal year, share repurchase programme of €500 m started in February and completed in December 2023. At completion of the programme Galp had acquired the equivalent of 5.16% of its share capital at the time. All shares were repurchased with the sole purpose of cancellation.

Fourth quarter 2023

OCF was €488 m, supported by a solid operating performance during the period, with paid taxes of €233 m.

CFFO reached €457 m, with a €18 m inventory effect and minor working capital changes.

Net capex was €382 m and FCF was €22 m, with net debt going up during the period, also considering the share buyback execution of €192 m and dividends paid to non-controlling interests of €80 m.

Full year 2023

Galp's OCF was €2,269 m, considering the robust business performance and despite the increased tax payments, which include €207 m related to extraordinary taxes, namely Iberian windfall taxes, temporary Brazilian levy on oil exports and CESE.

CFFO amounted to €2,376 m, including a working capital release from the decrease in commodities price environment against year-end 2022.

Net capex totalled €859 m, including a €209 m inflow related to the Angolan upstream assets disposal agreement, namely its downpayment together with interim distributions from the subsidiaries held for sale (to be deducted to the agreed sale price at completion).

FCF amounted to €1,373 m. Dividends to shareholders and non-controlling interests amounted to €422 m and €169 m, respectively, and a €500 m share buyback programme was executed. Net debt decreased €155 m compared to the end of last year.

6.4 Condensed Financial Position

€m (IFRS figures)

	31 Dec. 2022	30 Sep. 2023	31 Dec. 2023	Var. vs 31 Dec. 2022	Var. vs 30 Sep. 2023
Net fixed assets	6,876	7,185	7,273	397	88
Right-of-use of assets (IFRS 16)	1,116	1,191	1,630	514	439
Working capital	1,632	1,445	1,453	(179)	9
Other assets/liabilities	(2,089)	(2,288)	(2,257)	(167)	32
Assets held for sale	413	451	440	27	(11)
Capital employed	**7,948**	**7,983**	**8,540**	**592**	**557**
Short term debt	800	524	575	(225)	51
Medium-Long term debt	3,187	2,957	3,026	(162)	68
Total debt	**3,987**	**3,481**	**3,600**	**(387)**	**119**
Cash and equivalents	2,432	2,270	2,200	(232)	(70)
Net debt	**1,555**	**1,211**	**1,400**	**(155)**	**189**
Leases (IFRS 16)	1,277	1,370	1,810	533	440
Equity	5,117	5,402	5,330	214	(72)
Equity, net debt and leases	**7,948**	**7,983**	**8,540**	**592**	**557**

On December 31, 2023, net fixed assets were €7,273 m, including work-in-progress of €2.5 bn, mostly related to the Upstream business. Right-of-use of assets and leases increased following the recognition of IFRS 16 to the Coral Sul FLNG, amounting to €475 m (which also led to an increase in IFRS 16 leases obligations).

Assets/liabilities held for sale are entirely related to the net position of the Angola upstream portfolio.

Equity was up €214 m YoY, supported by the IFRS net income and results attributed to minorities in the period, although partially offset by dividends to shareholders and non-controlling interest, and the completed buyback programme.

6.5 Financial Debt

€m (except otherwise stated)

	31 Dec. 2022	30 Sep. 2023	31 Dec. 2023	Var. vs 31 Dec. 2022	Var. vs 30 Sep. 2023
Cash and equivalents	2,432	2,270	2,200	(232)	(70)
Undrawn credit facilities	1,484	1,665	1,645	(1,484)	(1,665)
Bonds	2,467	1,869	1,865	(601)	(3)
Bank loans and other debt	1,520	1,612	1,735	214	122
Net debt	1,555	1,211	1,400	(155)	189
Leases (IFRS 16)	1,277	1,370	1,810	533	440
Net debt to RCA Ebitda[1]	0.4x	0.3x	0.4x	0.0x	0.1x

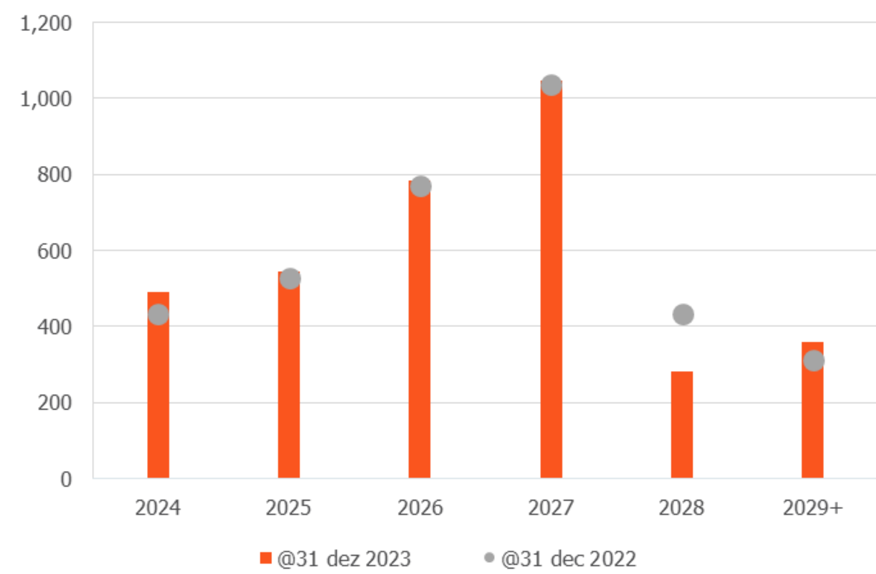
[1] Ratio considers the LTM Ebitda RCA (€3,301 m), which includes the adjustment for the impact from the application of IFRS 16 (€257 m).

On December 31, 2023, net debt was €1,400 m, down €155 m from year-end 2022. Net debt to RCA Ebitda stands robust at 0.4x.

At the end of the period, cash and equivalents reached €2,200 m, whilst unused credit lines were €1,645 m, of which c.82% were contractually guaranteed. The average cost of funding for the period, including the cost of credit lines, was 3.5%.

Leases increased following the recognition of IFRS 16 to the Coral Sul FLNG, amounting to €475 m.

Debt maturity profile (€ m)



6.6 Reconciliation of IFRS and RCA Figures

Ebitda by segment

€m

Fourth Quarter						Twelve Months				
Ebitda IFRS	Inventory effect	RC Ebitda	Special items	RCA Ebitda		Ebitda IFRS	Inventory effect	RC Ebitda	Special items	RCA Ebitda
763	**(18)**	**745**	**(25)**	**720**	Galp	**3,710**	**59**	**3,769**	**(211)**	**3,558**
637	-	637	(38)	599	Upstream	2,488	-	2,488	(225)	2,263
21	-	21	-	21	Renewables & New Businesses	131	-	131	-	131
95	(32)	63	-	63	Industrial & Midstream	886	43	929	-	929
26	14	40	13	54	Commercial	275	15	290	13	303
(17)	0	(17)	-	(17)	Others	(69)	(0)	(69)	-	(69)

Ebit by segment

€m

Fourth Quarter						Twelve Months				
Ebit IFRS	Inventory effect	RC Ebit	Special items	RCA Ebit		Ebit IFRS	Inventory effect	RC Ebit	Special items	RCA Ebit
454	**(18)**	**436**	**(25)**	**411**	Galp	**2,618**	**59**	**2,676**	**(207)**	**2,469**
466	-	466	(38)	428	Upstream	1,960	-	1,960	(221)	1,739
(1)	-	(1)	-	(1)	Renewables & New Businesses	18	-	18	-	18
51	(32)	19	-	19	Industrial & Midstream	650	43	693	-	693
(8)	14	6	13	19	Commercial	117	15	132	13	145
(54)	0	(54)	-	(54)	Others	(126)	(0)	(126)	-	(126)

6.7 Special Items

€m

Quarter				Twelve Months	
4Q22	3Q23	4Q23		2022	2023
-	**(63)**	**(25)**	**Items impacting Ebitda**	**-**	**(211)**
-	-	13	Regulated market (IFRS 9)	-	13
-	(63)	(65)	Ebitda - Assets/liabilities held for sale (Angola)	-	(225)
-	(0)	27	Compensation from Brazilian equity gas contracts	-	-
-	**(0)**	**0**	**Items impacting non-cash costs**	**-**	**4**
-	(0)	0	DD&A-Assets/liabilities held for sale (Angola)	-	4
(615)	**50**	**41**	**Items impacting financial results**	**(852)**	**(28)**
7	-	-	Gains/losses on financial investments (GGND)	15	(47)
-	0	39	Gains/losses on financial investments (Coral)[1]	-	-
-	(1)	(1)	Financial costs - Others	-	(3)
(654)	51	2	Mark-to-Market of derivatives	(885)	22
32	0	0	FX differences from natural gas derivatives	19	0
216	**(3)**	**(79)**	**Items impacting taxes**	**265**	**(71)**
195	(11)	(4)	Taxes on special items	274	25
(38)	26	(75)	BRL/USD FX impact on deferred taxes in Brazil	(91)	(96)
6	(18)	-	Energy sector contribution taxes	30	(0)
11	**(8)**	**17**	**Non-controlling interests**	**27**	**29**
(388)	**(24)**	**(45)**	**Total special items**	**(560)**	**(278)**

[1] Impact from transition to IFRS 16.

6.8 IFRS Consolidated Income Statement

€m

Quarter				Twelve Months	
4Q22	3Q23	4Q23		2022	2023
6,107	5,317	5,031	Sales	26,485	20,364
81	74	97	Services rendered	355	314
70	124	105	Other operating income	321	437
6,258	**5,515**	**5,233**	**Operating income**	**27,160**	**21,115**
(4,985)	(3,629)	(3,664)	Inventories consumed and sold	(20,920)	(14,497)
(498)	(552)	(596)	Materials and services consumed	(1,888)	(2,220)
(122)	(103)	(147)	Personnel costs	(370)	(450)
(0)	(6)	39	Impairments on accounts receivable	(9)	(4)
4	(6)	(102)	Other operating costs	(88)	(235)
(5,601)	**(4,295)**	**(4,471)**	**Operating costs**	**(23,275)**	**(17,405)**
657	**1,220**	**763**	**Ebitda**	**3,885**	**3,710**
(404)	(262)	(261)	Depreciation, Amortisation and Impairments	(1,380)	(987)
(72)	(54)	(48)	Provisions	(124)	(105)
181	**903**	**454**	**Ebit**	**2,381**	**2,618**
46	4	(64)	Net income from associates	152	49
757	(108)	(15)	Financial results	713	(81)
21	32	45	Interest income	53	127
(22)	(33)	(32)	Interest expenses	(70)	(122)
12	4	15	Capitalised interest	30	49
(25)	(22)	(36)	Interest on leases (IFRS 16)	(85)	(102)
(16)	(34)	11	Exchange gain (loss)	(9)	29
791	(51)	(2)	Mark-to-market of derivatives	806	(22)
(3)	(4)	(17)	Other financial charges/income	(13)	(40)
984	**799**	**374**	**Income before taxes**	**3,246**	**2,586**
(383)	(379)	(74)	Taxes[1]	(1,434)	(997)
(53)	(76)	99	Windfall Taxes	(53)	(95)
(6)	(6)	(5)	Energy sector contribution taxes[2]	(34)	(44)
542	**339**	**393**	**Income before non-controlling interests**	**1,726**	**1,451**
(87)	(36)	(57)	Income attributable to non-controlling interests	(251)	(209)
455	**303**	**336**	**Net income**	**1,475**	**1,242**

[1] Includes SPT payable in Brazil and IRP payable in Angola.
[2] Includes €10 m, €20 m and €14 m related to CESE I, CESE II and FNEE, respectively, during 2023.

6.9 Consolidated Financial Position

€m

	31 Dec. 2022	30 Sep. 2023	31 Dec. 2023
Assets			
Tangible fixed assets	5,700	5,942	6,029
Goodwill	70	45	44
Other intangible fixed assets	672	668	659
Rights of use (IFRS 16)	1,116	1,191	1,630
Investments in associates	417	238	255
Receivables	263	306	305
Deferred tax assets	559	609	616
Financial investments	256	418	351
Total non-current assets	**9,055**	**9,417**	**9,889**
Inventories[1]	1,361	1,452	1,447
Trade receivables	1,464	1,406	1,395
Other receivables	942	840	864
Financial investments	339	187	207
Current Income tax recoverable	3	0	0
Cash and equivalents	2,432	2,270	2,200
Non-current assets held for sale	500	557	537
Total current assets	**7,041**	**6,712**	**6,649**
Total assets	**16,096**	**16,129**	**16,539**

[1] Includes €37 m of inventories made on behalf of third parties as of 31 December 2023.

€m

	31 Dec. 2022	30 Sep. 2023	31 Dec. 2023
Equity			
Share capital	815	815	773
Treasury Stocks	-	(308)	-
Share premium	82	-	-
Reserves	1,562	1,889	1,449
Retained earnings	226	1,090	946
Net income	1,475	906	1,242
Total equity attributable to equity holders of the parent	**4,161**	**4,392**	**4,410**
Non-controlling interests	956	1,011	920
Total equity	**5,117**	**5,402**	**5,330**
Liabilities			
Bank loans and overdrafts	1,470	1,383	1,451
Bonds	1,717	1,574	1,575
Leases (IFRS 16)	1,095	1,230	1,595
Other payables	99	125	95
Retirement and other benefit obligations	252	235	225
Deferred tax liabilities	555	513	476
Other financial instruments	48	65	99
Provisions	1,430	1,430	1,437
Total non-current liabilities	**6,666**	**6,556**	**6,952**
Bank loans and overdrafts	50	229	284
Bonds	750	294	290
Leases (IFRS 16)	182	139	215
Trade payables	1,005	1,044	1,237
Other payables	1,505	1,759	1,722
Other financial instruments	373	134	100
Income tax payable	361	465	311
Liabilities related to non-current assets held for sale	87	106	97
Total current liabilities	**4,313**	**4,170**	**4,256**
Total liabilities	**10,979**	**10,727**	**11,208**
Total equity and liabilities	**16,096**	**16,129**	**16,539**

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 December 31, 2022, and on September 30 and December 31, 2023.

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.

All mark-to-market swings related with derivatives are registered as special items (starting from January 1, 2023).

With regards to risks and uncertainties, please read Part II – C. III Internal control and risk management (page 34) of Corporate Governance Report 2022, here.

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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 derivatives hedges, contributions from assets held for sale, capital gains or losses on the disposal of assets, 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
mm^3: 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
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
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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