Q1 2023

5 May, 2023

Unaudited

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RESULTS HIGHLIGHTS

1. RESULTS HIGHLIGHTS

First quarter 2023

Galp's 1Q23 results reflect a strong operating performance, namely on Industrial & Midstream and Commercial activities. Free cash flow generation was robust, at €352 m, enabling net debt to be reduced during the period by €214 m.

RCA Ebitda reached €864 m, flat YoY:

- Upstream: RCA Ebitda was €548 m, down YoY, reflecting the sale of the Angolan upstream assets, a less favourable oil price environment, as well as a negative contribution from Coral Sul, in Mozambique, still in commissioning phase.

  On a comparable basis, excluding Angolan assets, current portfolio working interest (WI) production was flat YoY, as the ramp-up of Coral Sul, was offset by increased maintenance and natural decline from some areas in Brazil.

- Renewables & New Businesses: RCA Ebitda was €35 m, reflecting higher renewable equity generation YoY, on the back of increased capacity installed and 100% ownership of Titan Solar, and supported by a realised sale price above market benchmark, leveraging on energy management short-term agreements to lock in prices.

- Industrial & Midstream: RCA Ebitda was €235 m, supported by the contribution from industrial activities, capturing the improved international cracks environment and despite increased costs due to planned maintenance. The strong performance from midstream activities benefited from higher flexibility given limited pre-sold and pre-hedged contracts, despite the reduction in sourced volumes and lower European natural gas prices.

- Commercial: RCA Ebitda was €71 m, up YoY, supported by an overall recovery in oil volumes, namely in the B2B aviation segment, which is already close to pre-pandemic levels.

Group RCA Ebit was €674 m, a 25% increase YoY, reflecting reduced DD&A from the exclusion of the Angolan upstream assets, and as 1Q22 included an impairment of €120 m related with exploration and appraisal assets in Brazil.

RCA net income was €250 m, reflecting taxes of €389 m, which includes €14 m related to the temporary Brazilian levy on oil exports and also the Iberian windfall taxes of €46 m. IFRS net income was €352 m, with an inventory effect of €-90 m and special items of €192 m.

Galp's adjusted operating cash flow (OCF[1]) was robust at €363 m, although reflecting a high concentration of tax payments (phasing effect) related to upstream activities in Brazil. Cash flow from operations (CFFO) reached €500 m, including an inventory effect of €-122 m and a €275 m working capital release, driven by the decrease in commodities prices and reduced inventories.

Net capex totalled €109 m, mostly directed towards Upstream projects, namely for the execution of Bacalhau, and considering €77 m of initial proceeds from the Angolan upstream assets disposal.

Considering the robust free cash flow and also the buyback programme execution, net debt decreased €214 m during the quarter. At the end of the period, Galp's financial position was sound, as net debt amounted to €1,341 m and net debt to RCA Ebitda was 0.4x.

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

Short Term Outlook

Key operating and financial guidance for 2023 is maintained, in accordance with the macro assumptions and sensitivities provided.

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

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

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**

2023 sensitivities (€ m)	Change	Ebitda	OCF
Brent price	**$5/bbl**	150	85
Galp refining margin	**$1/boe**	65	65
EUR:USD	**0.05**	120	80
Solar captured price	**€10/MWh**	30	25

Financial data

€m (RCA, except otherwise stated)

	Quarter			
	1Q22	4Q22	1Q23	% Var. YoY
RCA Ebitda	**869**	**951**	**864**	**(1%)**
Upstream	803	791	548	(32%)
Renewables & New Businesses	(1)	17	35	n.m.
Industrial & Midstream	2	118	235	n.m.
Commercial	56	42	71	26%
Others	10	(17)	(24)	n.m.
RCA Ebit	**538**	**475**	**674**	**25%**
Upstream	555	602	438	(21%)
Renewables & New Businesses	(1)	5	23	n.m.
Industrial & Midstream	(51)	(15)	199	n.m.
Commercial	31	(104)	45	44%
Others	5	(13)	(31)	n.m.
RCA Net income	**155**	**273**	**250**	**62%**
Special items	(320)	388	192	n.m.
Inventory effect	152	(206)	(90)	n.m.
IFRS Net income	(14)	455	352	n.m.
Adjusted operating cash flow (OCF)	**638**	**701**	**363**	**(43%)**
Upstream	576	529	74	(87%)
Renewables & New Businesses	(1)	19	37	n.m.
Industrial & Midstream	(1)	116	235	n.m.
Commercial	55	56	42	(24%)
Others	9	(19)	(24)	n.m.
Cash flow from operations (CFFO)	**193**	**1,107**	**500**	**n.m.**
Net Capex	**(122)**	**(342)**	**(109)**	**(10%)**
Free cash flow (FCF)	**30**	**737**	**352**	**n.m.**
Dividends paid to non-controlling interests	**(110)**	**(100)**	**-**	**n.m.**
Dividends paid to Galp shareholders	**-**	**-**	**-**	**n.m.**
Buybacks	**-**	**(34)**	**(77)**	**n.m.**
Net debt	**2,392**	**1,555**	**1,341**	**(44%)**
Net debt to RCA Ebitda[1]	**1.0x**	**0.4x**	**0.4x**	**n.m.**

[1] Ratio considers the LTM Ebitda RCA (€3,618 m), which includes the adjustment for the impact from the application of IFRS 16 (€225 m).

Operating data

	Quarter			
	1Q22	4Q22	1Q23	% Var. YoY
Working interest production (kboepd)	131.1	130.4	120.3	(8%)
Net entitlement production (kboepd)	129.5	128.6	120.1	(7%)
Upstream oil realisations indicator (USD/bbl)	102.2	84.4	75.6	n.m.
Upstream gas realisations indicator (USD/boe)	43.6	55.3	48.8	n.m.
Equity renewable power generation (GWh)	180	307	448	n.m.
Renewable realised sale price (EUR/MWh)	204.2	100.4	108.5	(47%)
Raw materials processed (mboe)	21.8	20.5	19.6	(10%)
Galp refining margin (USD/boe)	4.8	13.5	14.3	n.m.
Oil products supply[1] (mton)	3.9	3.8	3.6	(7%)
NG/LNG supply & trading volumes[1] (TWh)	14.8	12.7	10.7	(28%)
Sales of electricity from cogeneration (GWh)	113	166	162	44%
Oil Products - client sales (mton)	1.7	1.8	1.7	3%
Natural gas - client sales (GWh)	5,590	4,270	3,722	(33%)
Electricity - client sales (GWh)	1,139	940	933	(18%)

[1] Includes volumes sold to the Commercial segment.

Market indicators

	Quarter			
	1Q22	4Q22	1Q23	% Var. YoY
Exchange rate EUR:USD	1.12	1.02	1.07	(4%)
Exchange rate EUR:BRL	5.87	5.37	5.58	(5%)
Dated Brent price (USD/bbl)	102.2	88.9	81.2	(21%)
Iberian MIBGAS natural gas price (EUR/MWh)	97.1	75.2	52.2	(46%)
Dutch TTF natural gas price (EUR/MWh)	95.6	94.4	54.1	(43%)
Japan/Korea Marker LNG price (EUR/MWh)	93.7	101.8	52.7	(44%)
Iberian baseload pool price (EUR/MWh)	229.3	113.2	96.4	(58%)
Iberian solar captured price (EUR/MWh)	217.8	102.2	84.4	(61%)
Iberian oil market (mton)	14.8	16.0	14.6	(1%)
Iberian natural gas market (TWh)	126.9	98.6	104.8	(17%)

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

First quarter 2023

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

	Quarter			
	1Q22	4Q22	1Q23	% Var. YoY
Working interest production[1] (kboepd)	**131.1**	**130.4**	**120.3**	**(8%)**
By product				
Oil production (kbpd)	117.5	115.3	101.4	(14%)
Gas production (kboepd)	13.5	15.1	18.8	39%
By country				
Brazil	119.4	115.8	114.9	(4%)
Mozambique	-	2.0	5.4	n.m.
Angola	11.9	12.6	-	n.m.
Net entitlement production[1] (kboepd)	**129.5**	**128.6**	**120.1**	**(7%)**
Realisations indicators[2]				
Oil (USD/bbl)	102.2	84.2	75.6	(26%)
Gas (USD/boe)	43.6	55.3	48.8	12%
Royalties (USD/boe)	**8.5**	**6.8**	**6.7**	**(21%)**
Production costs (USD/boe)	**2.4**	**3.0**	**3.3**	**40%**
DD&A[3] (USD/boe)	**12.7**	**14.9**	**11.0**	**(14%)**
RCA Ebitda	**803**	**791**	**548**	**(32%)**
Depreciation, Amortisation and Impairments[3]	(248)	(190)	(110)	(56%)
Provisions	0	1	(0)	n.m.
RCA Ebit	**555**	**602**	**438**	**(21%)**
IFRS Ebit	**555**	**602**	**481**	**(13%)**
Adjusted operating cash flow	**576**	**529**	**74**	**(87%)**
Capex	**129**	**174**	**115**	**(11%)**

[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 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.
[3] Includes abandonment provisions. 2022 unit figures exclude impairments of €120 m related with exploration and appraisal assets.

Operations

WI production was 120.3 kboepd, lower YoY, as result of the Angolan upstream assets sale. On a comparable basis, current portfolio (Brazil and Mozambique) production was flat YoY, with Coral Sul contribution offsetting lower production in Brazil. Natural gas accounted for 16% of WI production.

In Brazil, production decreased 4% YoY to 114.9 kboepd reflecting increased maintenance and natural decline from the more mature areas in Brazil.

In Mozambique, the ramp-up of Coral Sul, which is still in commissioning phase, contributed 5.4 kboepd of LNG and condensates to WI production.

Group's net entitlement (NE) production followed WI production and amounted to 120.1 kboepd, with currently only Mozambique operating under a PSC regime.

Results

RCA Ebitda was €548 m, down YoY, reflecting the sale of Angolan upstream assets, a less favourable oil price environment pressuring realisations, as well as a negative contribution from Coral Sul, still in commissioning phase.

Production costs were €36 m, or $3.3/boe on a net entitlement basis, up YoY reflecting increased maintenance and now including Coral Sul operating costs. IFRS 16 lease costs accounted for €34 m during the period.

Amortisation and depreciation charges (including abandonment provisions) were €110 m, down YoY, since 1Q22 included an impairment of €120 m related with exploration and appraisal assets in Brazil. On a net entitlement basis, DD&A was $11/boe, also reflecting the exclusion of Angolan upstream assets.

RCA Ebit was €438 m, down €117 m YoY. IFRS Ebit amounted to €481 m, with special items related to the Angolan upstream assets, currently booked under "non-current assets held for sale" until the transaction is completed.

RENEWABLES & NEW BUSINESSES

3. RENEWABLES & NEW BUSINESSES

First quarter 2023

€m (RCA, except otherwise stated)

	Quarter			
	1Q22	4Q22	1Q23	% Var. YoY
Renewable power generation (GWh)				
Net to Galp	180	307	448	n.m.
Galp realised sale price (EUR/MWh)	**204.2**	**100.4**	**108.5**	**(47%)**
Consolidated Indicators				
RCA Ebitda	**(1)**	**17**	**35**	**n.m.**
RCA Ebit	**(1)**	**5**	**23**	**n.m.**
IFRS Ebit	**(1)**	**5**	**23**	**n.m.**
Adjusted operating cash flow	**(1)**	**19**	**37**	**n.m.**
Capex	**39**	**47**	**32**	**(17%)**
Renewables pro-forma - equity to Galp[1]				
Ebitda	31	19	38	0.2
Ebit	24	9	27	0.1
Renewables pro-forma adjusted operating cash flow[1]	**31**	**8**	**38**	**23%**

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

Operations

Renewable installed capacity amounted to 1.4 GW by the end of the quarter, a c.355 MW increase YoY.

Renewable energy generation amounted to 448 GWh, more than doubling YoY, reflecting the increased capacity installed and Titan Solar's contribution at 100%, following the acquisition of the remaining 25% stake in August 2022.

Results

Galp's realised sale price was €108/MWh during the quarter, following the YoY decrease registered in the Iberian wholesale market prices driven by the introduction of price caps. During the quarter, the realised price was above market benchmark, leveraging on energy management short-term agreements to lock in prices.

Renewables & New Businesses RCA Ebitda was €35 m. The temporary Spanish clawback mechanism had an impact of €3 m in Ebitda. OCF was €37 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

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INDUSTRIAL & MIDSTREAM

4. INDUSTRIAL & MIDSTREAM

First quarter 2023

€m (RCA, except otherwise stated)

	Quarter			
	1Q22	4Q22	1Q23	% Var. YoY
Raw materials processed (mboe)	**21.8**	**20.5**	**19.6**	**(10%)**
Crude processed (mbbl)	17.7	17.8	18.2	3%
Galp refining margin (USD/boe)	**4.8**	**13.5**	**14.3**	**n.m.**
Refining cost (USD/boe)	**2.1**	**3.1**	**5.1**	**n.m.**
Refining margin hedging[1] (USD/boe)				**n.m.**
Oil products supply[1] (mton)	**3.9**	**3.8**	**3.6**	**(7%)**
NG/LNG supply & trading volumes[1] (TWh)	**14.8**	**12.7**	**10.7**	**(28%)**
Trading (TWh)	6.1	5.5	3.9	(36%)
Sales of electricity from cogeneration (GWh)	**113**	**166**	**162**	**44%**
RCA Ebitda	**2**	**118**	**235**	**n.m.**
Depreciation, Amortisation and Impairments	(50)	(67)	(36)	(30%)
Provisions	(2)	(67)	(0)	(96%)
RCA Ebit	**(51)**	**(15)**	**199**	**n.m.**
IFRS Ebit	**124**	**(310)**	**69**	**(44%)**
Adjusted operating cash flow	**(1)**	**116**	**235**	**n.m.**
Capex	**7**	**29**	**20**	**n.m.**

[1] Includes volumes sold to the Commercial segment.

Operations

Raw materials processed in the quarter were 19.6 mboe, 10% lower YoY, reflecting the large planned maintenance activity performed in the hydrocracker.

Crude oil accounted for 93% of raw materials processed, of which 76% corresponded to medium and heavy crudes. All crudes processed were sweet grades.

Middle distillates (diesel and jet) accounted for 45% of production, light destillates, mostly gasolines, acounted for 21% and fuel oil for 23%. Consumption and losses accounted for 9% of raw materials processed.

Total supply of oil products were down 7% YoY to 3.6 mton, following the decrease in availability of the refinery, given the hydrocracker planned maintenance.

Supply & trading volumes of NG/LNG decreased 27% YoY to 10.7 TWh, still impacted by natural gas sourcing restrictions.

Results

RCA Ebitda and OCF at €235 m.

Refining margin increased to $14.3/boe, capturing the international oil products' cracks and reduced natural gas input costs, with all energy consumptions priced at spot market conditions in Iberia.

Planned maintenance activities in the quarter increased refining costs to €93 m, or $5.1/boe in unit terms. Realised refining margin hedging operations covered 1.7 mboe during the period, with a €-24 m impact to RCA Ebitda.

Midstream strong performance driven by the Trading Gas activities, supported on the higher flexibility, considering limited pre-sold and pre-hedged contracts in 2023, and despite reduced sourced volumes and lower European natural gas prices.

RCA Ebit was €199 m. IFRS Ebit was €69 m, with an inventory effect of €130 m.

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COMMERCIAL

5. COMMERCIAL

First quarter 2023

€m (RCA, except otherwise stated)

	Quarter			
	1Q22	4Q22	1Q23	% Var. YoY
Commercial sales to clients				
Oil products (mton)	1.7	1.8	1.7	3%
Natural Gas (GWh)	5,590	4,270	3,722	(33%)
Electricity (GWh)	1,139	940	933	(18%)
RCA Ebitda	**56**	**42**	**71**	**26%**
Depreciation, Amortisation and Impairments	(25)	(139)	(26)	5%
Provisions	(0)	(7)	0	n.m.
RCA Ebit	**31**	**(104)**	**45**	**44%**
IFRS Ebit	**31**	**(103)**	**52**	**70%**
Adjusted operating cash flow	**55**	**56**	**42**	**(24%)**
Capex	**6**	**66**	**(2)**	**n.m.**

Operations

Oil products' sales increased YoY, to 1.7 mton, with an overall recovery in oil volumes demand, namely in the B2B aviation segment, which is already at close to pre-pandemic levels.

Natural gas and electricity sales reflecting an optimisation of the clients' portfolio and a reduction in activity within the B2B segment.

At the end of the quarter, a total of 2,526 charging points were operating in Portugal and Spain, an increase of 6% QoQ.

Galp Solar, the decentralised energy subsidiary, reached c.13.7 k cumulative installations by the end of the quarter, an addition of c. 3.0 k installations compared to the end of 2022.

Results

RCA Ebitda was €71 m, reflecting the YoY recovery of oil products' volumes and a positive contribution from gas and power activities, whilst the convenience segment contributed with €17 m, an increase of 12% YoY. OCF was €42 m.

RCA Ebit was €45 m, up 44% YoY. IFRS Ebit was €52 m.

FINANCIAL DATA

6. FINANCIAL DATA

6.1 Income Statement

€m (RCA, except otherwise stated)

	Quarter			
	1Q22	4Q22	1Q23	% Var. YoY
Turnover	5,661	6,188	5,146	(9%)
Cost of goods sold	(4,326)	(4,691)	(3,571)	(17%)
Supply & Services	(458)	(498)	(569)	24%
Personnel costs	(81)	(122)	(98)	21%
Other operating revenues (expenses)	79	74	(10)	n.m.
Impairments on accounts receivable	(6)	(0)	(34)	n.m.
RCA Ebitda	**869**	**951**	**864**	**(1%)**
IFRS Ebitda	**1,048**	**657**	**790**	**(25%)**
Depreciation, Amortisation and Impairments	(329)	(404)	(190)	(42%)
Provisions	(2)	(72)	0	n.m.
RCA Ebit	**538**	**475**	**674**	**25%**
IFRS Ebit	**709**	**181**	**596**	**(16%)**
Net income from associates	26	54	23	(11%)
Financial results	(31)	134	(7)	(76%)
Net interests	(8)	(1)	(2)	(70%)
Capitalised interest	4	12	11	n.m.
Exchange gain (loss)	1	15	18	n.m.
Mark-to-market of derivatives	-	136	-	n.m.
Interest on leases (IFRS 16)	(19)	(25)	(22)	16%
Other financial costs/income	(10)	(3)	(12)	18%
RCA Net income before taxes and minority interests	**532**	**663**	**689**	**30%**
Taxes	(330)	(313)	(389)	18%
Taxes on oil and natural gas production[1]	(222)	(158)	(150)	(33%)
Non-controlling interests	(48)	(76)	(50)	5%
RCA Net income	**155**	**273**	**250**	**62%**
Special items	(320)	388	192	n.m.
RC Net income	**(165)**	**661**	**442**	**n.m.**
Inventory effect	152	(206)	(90)	n.m.
IFRS Net income	(14)	455	352	n.m.

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

First quarter 2023

RCA Ebitda was €864 m, reflecting the strong operating performance in the quarter, namely on Industrial & Midstream and Commercial activities. IFRS Ebitda amounted to €790 m, considering an inventory effect of €-122 m and special items of €48 m, related to the Angolan upstream assets, which are excluded from RCA figures.

Group RCA Ebit was €674 m, a 25% increase YoY, reflecting the reduced DD&A from the exclusion of the Angolan upstream assets and as 1Q22 included an impairment of €120 m related with upstream exploration and appraisal assets in Brazil. IFRS Ebit was €596 m.

Income from associated companies was €23 m, considering also an increased contribution from vegetable oil activities in Brazil. During its commissioning phase, Coral Sul contribution on associates is treated as a special item.

Financial results[2] were €-7 m, with net interests partially offset by exchange gains.

RCA taxes increased YoY, from €330 m to €389 m, leading to an implicit tax rate of 56%, following the higher earnings before taxes, and also reflecting the inclusion of €14 m related to the temporary Brazilian levy on oil exports, the €14 m contribution in Spain for the Fondo Nacional de Eficiencia Energética (FNEE), and the Iberian windfall taxes of €46 m (booked as special item in 4Q22).

Non-controlling interests of €-50 m, mostly attributed to Sinopec's stake in Petrogal Brasil.

RCA net income was €250 m. IFRS net income was €352 m, with an inventory effect of €-90 m and special items of €192 m.

[2] All mark-to-market swings related with derivative hedges, including refining, are now registered as special items.

6.2 Capital Expenditure

€m

	Quarter			
	1Q22	4Q22	**1Q23**	% Var. YoY
Upstream	129	174	115	(11%)
Renewables & New Businesses	39	47	32	(17%)
Industrial & Midstream	7	29	20	n.m.
Commercial	6	66	(2)	n.m.
Others	7	13	7	3%
Capex (economic)[1]	**188**	**329**	**172**	**(9%)**

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

First quarter 2023

Capex totalled €172 m, with Upstream accounting for 67% of total investments, whilst the downstream activities represented 10% and Renewables & New Businesses 19%.

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

Capex within the Renewables & New Businesses segment was mostly deployed towards the continued execution of the solar portfolio.

Industrial & Midstream capex was mostly directed to new industrial projects and logistics, with all maintenance costs registered as operating costs.

Commercial capex was mainly allocated to the transformation of the retail business, both in Portugal and Spain, although offset by an adjustment on previous investments in associated subsidiaries related to logistic activities in Africa.

6.3 Cash Flow

€m (IFRS figures)

	Quarter		
	1Q22	4Q22	1Q23
RCA Ebitda	869	951	864
Dividends from associates	-	13	3
Taxes paid	(231)	(264)	(504)
Adjusted operating cash flow	**638**	**701**	**363**
Special items	(9)	-	(16)
Inventory effect	188	(294)	(122)
Changes in working capital	(625)	700	275
Cash flow from operations	**193**	**1,107**	**500**
Net capex[1]	(122)	(342)	(109)
o.w. Divestments	-	-	77
Net financial expenses	(23)	(3)	(17)
IFRS 16 leases interest	(18)	(25)	(22)
Free cash flow	**30**	**737**	**352**
Dividends paid to non-controlling interest[2]	(110)	(100)	-
Dividends paid to Galp shareholders	-	-	-
Buybacks[3]	-	(34)	(77)
Reimbursement of IFRS 16 leases principal	(27)	(41)	(36)
Others	73	(21)	(24)
Change in net debt	**35**	**(541)**	**(214)**

[1] 2023 includes proceeds from the Angolan upstream assets sale.

[2] Mainly dividends paid to Sinopec.

[3] Share repurchase amounts related to programmes for the sole purpose of the cancellation of own shares.

First quarter 2023

Galp's OCF was €363 m, reflecting a high concentration of taxes payments (phasing effect) related to upstream activities in Brazil. CFFO reached €500 m, including an inventory effect of €-122 m and a €275 m working capital release.

Net capex totalled €109 m, also considering €77 m of initial proceeds from the Angolan upstream assets disposal.

FCF was robust at €352 m and, considering the buyback programme execution of €77 m, net debt decreased €214 m during the quarter.

6.4 Financial Position

€m (IFRS figures)

	31 Dec. 2022	31 Mar. 2023	Var. vs 31 Dec. 2022
Net fixed assets	6,876	6,957	80
Rights of use (IFRS 16)	1,116	1,149	33
Working capital	1,632	1,357	(275)
Other assets/liabilities	(2,089)	(1,856)	233
Assets/liabilities held for sale	413	419	6
Capital employed	**7,948**	**8,026**	**77**
Short term debt	800	242	(558)
Medium-Long term debt	3,187	3,134	(53)
Total debt	**3,987**	**3,376**	**(611)**
Cash and equivalents	2,432	2,035	(397)
Net debt	**1,555**	**1,341**	**(214)**
Leases (IFRS 16)	1,277	1,310	33
Equity	5,117	5,375	259
Equity, net debt and leases	**7,948**	**8,026**	**77**

On March 31, 2023, net fixed assets were €7.0 bn, including work-in-progress of c.€2.1 bn, mostly related to the Upstream business. Assets/liabilities held for sale are entirely related to the net position of the Angola upstream portfolio.

By quarter end, capital employed amounted to €8.0 bn, of which c.€1.2 bn associated with renewables businesses.

Other assets / liabilities decreased €233 m compared to end of the year, mostly reflecting impacts from the mark-to-market of derivatives. Equity was up €259 m QoQ, supported by the IFRS net income and results attributed to minorities in the period, although partially offset by buybacks and the USD depreciation against the Euro.

6.5 Financial Debt

€m (except otherwise stated)

	31 Dec. 2022	**31 Mar. 2023**	Var. vs 31 Dec. 2022
Cash and equivalents	2,432	2,035	(397)
Undrawn credit facilities	1,484	1,584	100
Bonds	2,467	1,865	(602)
Bank loans and other debt	1,520	1,511	(9)
Net debt	1,555	1,341	(214)
Leases (IFRS 16)	1,277	1,310	33
Net debt to RCA Ebitda [1]	0.4x	0.4x	-0.1x

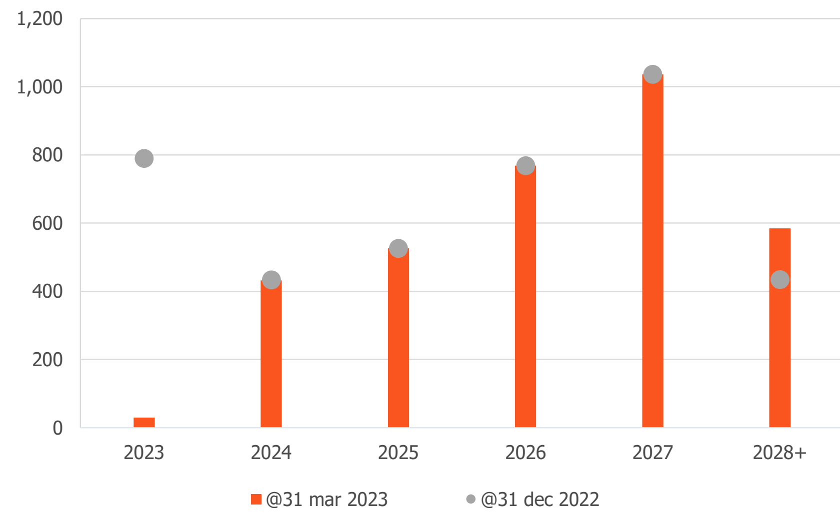
[1] Ratio considers the LTM Ebitda RCA (€3,618 m), which includes the adjustment for the impact from the application of IFRS 16 (€225 m).

On March 31, 2023, net debt was €1,341 m, down €214 m from year-end 2022. Net debt to RCA Ebitda stands at 0.4x.

During the period, after both refinancing and repayment of debt, Galp's gross debt position decreased by €611 m.

At the end of the period, cash and equivalents reached €2.0 bn, whilst unused credit lines were €1.6 bn, of which 79% were contractually guaranteed. The average cost of funding for the period, including charges for credit lines, was 2.7%.

Debt maturity profile (€ m)



6.6 Share Repurchase Programme

	Programme Amount	Start Date	Duration	Status	Amount Invested	Total Shares Bought
2022 Fiscal Year[1]	€500 m	15/02/2023	Throughout 2023	Ongoing	€77 m	7,177,748

[1]All figures as of 31st of March 2023.

Buyback Programmes

Related to the 2022 fiscal year, a share repurchase programme of €500 m started in February 2023 and is currently ongoing.

As of March 31, Galp had acquired 7,177,748 shares (equivalent to 0.88% of the share capital), for an aggregate amount of €77 m.

6.7 Reconciliation of IFRS and RCA Figures

Ebitda by segment

€m

1Q23						1Q22				
Ebitda IFRS	Inventory effect	RC Ebitda	Special items	RCA Ebitda		Ebitda IFRS	Inventory effect	RC Ebitda	Special items	RCA Ebitda
790	**122**	**912**	**(48)**	**864**	Galp	**1,048**	**(188)**	**860**	**9**	**869**
596	-	596	(48)	548	Upstream	803	-	803	-	803
35	-	35	-	35	Renewables & New Businesses	(1)	-	(1)	-	(1)
105	130	235	-	235	Industrial & Midstream	185	(193)	(8)	9	2
78	(8)	71	-	71	Commercial	56	0	56	-	56
(24)	-	(24)	-	(24)	Others	5	4	10	-	10

Ebit by segment

€m

1Q23					2022	1Q22				
Ebit IFRS	Inventory effect	RC Ebit	Special items	RCA Ebit		Ebit IFRS	Inventory effect	RC Ebit	Special items	RCA Ebit
596	**122**	**718**	**(44)**	**674**	Galp	**709**	**(188)**	**520**	**18**	**538**
481	-	481	(44)	438	Upstream	555	-	555	-	555
23	-	23	-	23	Renewables & New Businesses	(1)	-	(1)	-	(1)
69	130	199	-	199	Industrial & Midstream	124	(193)	(69)	18	(51)
52	(8)	45	-	45	Commercial	31	0	31	-	31
(31)	-	(31)	-	(31)	Others	0	4	5	-	5

6.8 Special Items

	Quarter		
	1Q22	4Q22	1Q23
Items impacting Ebitda	**9**	**-**	**(48)**
Matosinhos Refinery	9	-	-
Ebitda - Assets/liabilities held for sale (Angola)	-	-	(48)
Items impacting non-cash costs	**9**	**-**	**4**
Matosinhos Refinery	9	-	-
DD&A-Assets/liabilities held for sale (Angola)	-	-	4
Items impacting financial results	**421**	**(615)**	**(161)**
(Gains)/losses on financial investments (GGND)	-	7	(44)
(Gains)/losses on financial investments (Coral)[1]	-	-	(42)
Mark-to-Market of derivatives	421	(654)	(76)
FX differences from natural gas derivatives	1	32	0
Items impacting taxes	**(136)**	**216**	**(3)**
Taxes on special items	(93)	195	39
BRL/USD FX impact on deferred taxes in Brazil	(56)	(38)	(54)
Windfall Taxes	-	53	-
Energy sector contribution taxes	13	6	12
Non-controlling interests (FX on deferred taxes Brazil)	**17**	**11**	**16**
Total special items	**320**	**(388)**	**(192)**

[1]One-off impact from transition to IFRS 16.

6.9 IFRS Consolidated Income Statement

€m

	Quarter		
	1Q22	4Q22	1Q23
Sales	5,548	6,107	5,072
Services rendered	114	81	74
Other operating income	139	70	110
Operating income	**5,800**	**6,258**	**5,256**
Inventories consumed and sold	(4,142)	(4,985)	(3,688)
Materials and services consumed	(460)	(498)	(583)
Personnel costs	(82)	(122)	(98)
Impairments on accounts receivable	(6)	(0)	(34)
Other operating costs	(61)	4	(64)
Operating costs	**(4,752)**	**(5,601)**	**(4,466)**
Ebitda	**1,048**	**657**	**790**
Depreciation, Amortisation and Impairments	(338)	(404)	(194)
Provisions	(2)	(72)	0
Ebit	**709**	**181**	**596**
Net income from associates	26	46	109
Financial results	(453)	757	68
Interest income	7	21	25
Interest expenses	(15)	(22)	(27)
Capitalised interest	4	12	11
Interest on leases (IFRS 16)	(19)	(25)	(22)
Exchange gain (loss)	1	(16)	18
Mark-to-market of derivatives	(421)	791	76
Other financial costs/income	(10)	(3)	(11)
Income before taxes	**282**	**984**	**773**
Taxes[1]	(211)	(383)	(269)
Windfall Taxes	-	(53)	(60)
Energy sector contribution taxes[2]	(19)	(6)	(26)
Income before non-controlling interests	**52**	**542**	**418**
Income attributable to non-controlling interests	(65)	(87)	(66)
Net income	**(14)**	**455**	**352**

[1] Includes SPT payable in Brazil and IRP payable in Angola.
[2] Includes €7 m, €5 m and €14 m related to CESE I, CESE II and FNEE, respectively, during 1Q23.

6.10 Consolidated Financial Position

€m

	31 Dec. 2022	31 Mar. 2023
Assets		
Tangible fixed assets	5,700	5,657
Goodwill	70	69
Other intangible fixed assets	672	689
Rights of use (IFRS 16)	1,116	1,149
Investments in associates	417	478
Receivables	263	277
Deferred tax assets	559	468
Financial investments	256	218
Total non-current assets	**9,055**	**9,007**
Inventories[1]	1,361	1,239
Trade receivables	1,464	1,456
Other receivables	942	913
Financial investments	339	225
Current Income tax recoverable	3	0
Cash and equivalents	2,432	2,035
Non-current assets held for sale	500	512
Total current assets	**7,041**	**6,380**
Total assets	**16,096**	**15,387**

[1] Includes €60 m of inventories made on behalf of third parties as of 31 March 2023.

€m

	31 Dec. 2022	31 Mar. 2023
Equity		
Share capital	815	815
Buybacks	-	(77)
Share premium	82	82
Reserves	1,562	1,573
Retained earnings	226	1,625
Net income	1,475	352
Total equity attributable to equity holders of the parent	**4,161**	**4,370**
Non-controlling interests	956	1,005
Total equity	**5,117**	**5,375**
Liabilities		
Bank loans and overdrafts	1,470	1,361
Bonds	1,717	1,773
Leases (IFRS 16)	1,095	1,112
Other payables	99	124
Retirement and other benefit obligations	252	243
Deferred tax liabilities	555	380
Other financial instruments	48	29
Provisions	1,430	1,345
Total non-current liabilities	**6,666**	**6,367**
Bank loans and overdrafts	50	150
Bonds	750	92
Leases (IFRS 16)	182	198
Trade payables	1,005	935
Other payables	1,505	1,738
Other financial instruments	373	172
Income tax payable	361	266
Liabilities related to non-current assets held for sale	87	93
Total current liabilities	**4,313**	**3,644**
Total liabilities	**10,979**	**10,012**
Total equity and liabilities	**16,096**	**15,387**

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 March 31 and December 31, 2022, and March 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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APPENDIX

8. Appendix

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Interim Condensed Consolidated Statement of Financial Position

Galp Energia, SGPS, S.A.

Interim Condensed Consolidated Statement of Financial Position as of 31 March 2023 and 31 December 2022

(Amounts stated in million Euros - € m)

Assets	Notes	March 2023	December 2022
Non-current assets:			
Tangible assets	**4**	5,657	5,700
Goodwill and intangible assets	**5**	759	742
Right-of-use of assets	**6**	1,149	1,116
Investments in associates and joint ventures	**7**	478	417
Deferred tax assets	**14.1**	468	559
Other receivables	**9.2**	277	263
Other financial assets	**10**	218	256
Total non-current assets:		**9,007**	**9,055**
Current assets:			
Inventories	**8**	1,239	1,361
Other financial assets	**10**	225	339
Current income tax receivable		-	3
Trade receivables	**9.1**	1,456	1,464
Other receivables	**9.2**	913	942
Cash and cash equivalents	**11**	2,035	2,432
Non-current assets held for sale		512	500
Total current assets:		**6,380**	**7,041**
Total assets:		**15,387**	**16,096**

Equity and Liabilities	Notes	March 2023	December 2022
Equity:			
Share capital and share premium		897	897
Own shares		(77)	-
Reserves		1,573	1,562
Retained earnings		1,976	1,703
Total equity attributable to shareholders:		**4,370**	**4,161**
Non-controlling interests	**18**	1,005	956
Total equity:		**5,375**	**5,117**
Liabilities:			
Non-current liabilities:			
Financial debt	**12**	3,134	3,187
Lease liabilities	**6**	1,112	1,095
Other payables	**13**	124	99
Post-employment and other employee benefit liabilities	**15**	243	252
Deferred tax liabilities	**14.1**	380	555
Other financial instruments	**17**	29	48
Provisions	**16**	1,345	1,430
Total non-current liabilities:		**6,367**	**6,666**
Current liabilities:			
Financial debt	**12**	242	800
Lease liabilities	**6**	198	182
Trade payables	**13**	935	1,005
Other payables	**13**	1,738	1,505
Other financial instruments	**17**	172	373
Current income tax payable		266	361
Liabilities directly associated with non-current assets held for sale	**2.3**	93	87
Total current liabilities:		**3,644**	**4,313**
Total liabilities:		**10,012**	**10,979**
Total equity and liabilities:		**15,387**	**16,096**

The accompanying notes form an integral part of the interim condensed consolidated statement of financial position and should be read in conjunction.

Interim Condensed Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Galp Energia, SGPS, S.A.

Interim Condensed Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the three-month periods ended 31 March 2023 and 31 March 2022

(Amounts stated in million Euros - € m)

	Notes	March 2023	March 2022
Sales	19	5,072	5,547
Services rendered	19	74	114
Other operating income	19	110	91
Financial income	21	105	9
Earnings from associates and joint ventures	7/19	109	26
Total revenues and income:		**5,469**	**5,787**
Cost of sales	20	(3,688)	(4,142)
Supplies and external services	20	(583)	(460)
Employee costs	20	(98)	(82)
Amortisation,depreciation and impairments of fixed assets	20	(194)	(338)
Provisions and impairment losses on receivables	20	(34)	(9)
Other operating costs	20	(64)	(12)
Financial expenses	21	(36)	(462)
Total costs and expenses:		**(4,696)**	**(5,505)**
Profit/(Loss) before taxes and other contributions:		**773**	**282**
Taxes and SPT	14.1	(269)	(211)
Energy sector extraordinary contribution	14.2	(26)	(19)
Windfall tax	14.2	(60)	-
Consolidated net profit/(loss) for the period		**418**	**51**
Attributable to:			
Galp Energia, SGPS, S.A. Shareholders		**352**	**(14)**
Non-controlling interests	18	**66**	**65**
Basic and Diluted Earnings per share (in Euros)		**0.43**	**(0.02)**
Consolidated net profit/(loss) for the period		**418**	**51**
Items which will not be recycled in the future through net income:			
Remeasurements		-	4
Income taxes related to remeasurements		-	-
Items which may be recycled in the future through net income:			
Currency translation adjustments		(70)	13
Hedging reserves		(15)	(2)
Income taxes related to the above item		3	1
Total Comprehensive income for the period, attributable to:		**336**	**67**
Galp Energia, SGPS, S.A. Shareholders		**286**	**89**
Non-controlling interests		**49**	**(22)**

The accompanying notes form an integral part of the interim condensed consolidated income statement and consolidated statement of comprehensive income and should be read in conjunction.

Interim Condensed Consolidated Statement of Changes in Equity

Galp Energia, SGPS, S.A

Interim Condensed Consolidated Statement of changes in equity for the three-month periods ended 31 March 2023 and 31 March 2022

(Amounts stated in million Euros - € m)

	Share Capital and Share Premium			Reserves						
	Share Capital	Share Premium	Own shares	Currency Translation Reserves	Hedging Reserves	Other Reserves	Retained earnings	Sub-Total	Non-controlling interests	Total
As at 1 January 2022	**829**	**82**	**-**	**(232)**	**24**	**1,535**	**813**	**3,052**	**918**	**3,970**
Consolidated net profit for the period	-	-	-	-	-	-	(14)	(14)	65	51
Other gains and losses recognised in equity	-	-	-	104	(1)	-	-	103	(87)	16
Comprehensive income for the period	**-**	**-**	**-**	**104**	**(1)**	**-**	**(14)**	**89**	**(22)**	**67**
Dividends distributed	-	-	-	-	-	-	-	-	-	-
Decrease in reserves	-	-	-	-	-	-	-	-	-	-
As at 31 March 2022	**829**	**82**	**-**	**(128)**	**23**	**1,535**	**799**	**3,140**	**896**	**4,036**
Balance as at 1 January 2023	**815**	**82**	**-**	**13**	**14**	**1,535**	**1,701**	**4,161**	**956**	**5,117**
Consolidated net profit for the period	-	-	-	-	-	-	352	352	66	418
Other gains and losses recognised in equity	-	-	-	(54)	(12)	-	-	(65)	(17)	(82)
Comprehensive income for the period	**-**	**-**	**-**	**(54)**	**(12)**	**-**	**352**	**286**	**49**	**336**
Dividends distributed	-	-	-	-	-	-	-	-	-	-
Repurchases of shares	-	-	(77)	-	-	77	(77)	(77)	-	(77)
Increase/decrease in reserves	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023 – CTA with non-current assets held for sale	**-**	**-**	**-**	**149**	**-**	**-**		**149**	**-**	**149**
Balance as at 31 March 2023 – Other CTA's	**-**	**-**	**-**	**(190)**	**-**	**-**		**(190)**	**-**	**(190)**
Balance as at 31 March 2023	**815**	**82**	**(77)**	**(41)**	**2**	**1,612**	**1,976**	**4,370**	**1,005**	**5,375**

The accompanying notes form an integral part of the interim condensed consolidated statement of changes in equity and should be read in conjunction.

Interim Condensed Consolidated Statement of Cash Flow

Galp Energia, SGPS, S.A.

Condensed Consolidated Statement of Cash Flow for the three-month periods ended 31 March 2023 and 31 March 2022

(Amounts stated in million Euros - €m)

	Notes	March 2023	March 2022
Income/(Loss) before taxation for the period		**773**	**282**
Adjustments for:			
Depreciation, depletion and amortisation	20	194	338
Provisions	20	-	2
Adjustments to net realisable value of inventories	21	(47)	(16)
Financial derivatives mark-to-market	21	(76)	421
Other financial revenue/expenses		7	32
Underlifting and/or Overlifting		(24)	(41)
Share of profit/(loss) of joint ventures and associates		(109)	(26)
Others		15	11
Increase / decrease in assets and liabilities:			
(Increase) in inventories		169	(273)
(Increase)/decrease in current receivables		8	(532)
(Decrease)/increase in current payables		(107)	668
(Increase)/decrease in other receivables, net		212	(441)
Dividends from associates		3	-
Taxes paid		(520)	(231)
Cash flow from operating activities		**500**	**193**
Capital expenditure in tangible and intangible assets		(186)	(122)
Investments in associates and joint ventures, net		77	-
Other investment cash outflows, net		-	-
Cash flow from investing activities		**(109)**	**(122)**
Loans obtained	12	400	1,673
Loans repaid	12	(1,010)	(813)
Interest paid		(17)	(23)
Leases repaid	6	(36)	(27)
Interest on leases paid	6	(22)	(18)
Change in non-controlling interest		-	-
Dividends paid to Galp shareholders		-	-
Dividendos paid to non-controlling interests		-	(110)
Acquisition of own stocks		(77)	-
Cash flow from financing activities		**(762)**	**682**
(Decrease)/increase in cash and cash equivalents		(372)	753
Currency translation differences in cash and cash equivalents		(24)	73
Cash and cash equivalents at the beginning of the period	11	2,421	1,812
Cash and cash equivalents at the end of the period		**2,025**	**2,638**

The accompanying notes form an integral part of the condensed consolidated statement of Cash Flow and should be read in conjunction.

Notes to the Condensed Consolidated Financial Statements

1. Corporate information

Galp Energia SGPS, S.A. (the Company) has its Head Office in Lisbon, Portugal and its shares are listed on Euronext Lisbon.

2. Basis for preparation, changes to the Group's accounting policies and matters related to the condensed consolidated financial statements

2.1. Basis for preparation

The condensed consolidated financial statements for the three-month period ended 31 March 2023 were prepared in accordance with IAS 34 - Interim Financial Reporting.

The Galp Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Board of Directors considers that there no material uncertainties that may cast doubt over this assumption. The Board has formed a judgement that there is a reasonable expectation that the Galp Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These consolidated financial statements do not include all of the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the consolidated financial statements of the Galp Group for the year ended as of 31 December 2022.

The condensed consolidated financial statements have been prepared in millions of Euros, except where expressly indicated otherwise. Due to the effects of rounding, the totals and sub-totals of tables may not be equal to the sum of the individual figures presented.

2.2. Key accounting estimates and judgments

Future long-term commodity price assumptions and management's view on the future development of refining margins represent a significant estimate. Future long-term commodity price assumptions were not subject to change in the first quarter 2023.

The Group performed its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

We have not identified impairment indicators that lead us to a detailed impairment analysis as at 31 march 2023.

2.3. Non-current assets held for sale

Resulting from the sale of the assets and liabilities of the Angolan upstream companies, the assets and liabilities of these companies were classified as non-current assets and liabilities held for sale until the Angolan government approves the agreement's conclusion.

The assets, liabilities and accumulated conversion reserves in equity that make up the amounts presented in the financial statements on March 31, 2023 are as follows:

Unid: € m	March 2023
Assets	**512**
Intangible assets	6
Tangible assets	462
Right of use	1
Inventories	8
Other receivables	34
Clients	1
Liabilities	**(93)**
Deferred tax liabilities	(5)
Provision	(72)
Current income tax payable	7
Other payables	(23)
Equity – Accumulated conversion reserves	**(149)**

The net profit of the Angolan entities, which assets and liabilities are classified as non-current assets and liabilities directly associated with non-current assets held for sale, is consolidated in the income statement of Group Galp until the moment of approval of the Angolan government regarding the deal. However, since the tangible and intangible assets of these entities are for sale and not intended to be used by Group Galp, Galp has stopped to depreciate those tangible and intangible assets in consolidated accounts and therefore these depreciations are not reflected in the consolidated income statement of Group Galp.

2.4. Changes to the consolidation perimeter

During the three-month period Galp has acquired the following entities:

Legal Entity	Country	% Acquired	Transaction	Consolidation Method
Solar companies (8 companies)	Brazil	100%	Acquisition of control	Full consolidation

All entities in the table above were established in 2023.

2.5. Acquisition of owns shares

Own equity instruments that are reacquired (own shares or treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

On April 29 2022, Galp Shareholders approved the acquisition of own shares up to 9% of its Share capital. As such, Galp has initiated on the 15 February a programme to repurchase Galp Energia SGPS, S.A. own shares in the amount of €500m.

Until 31 March 2022, 7,177,748 shares were acquired at an average price of €10,68/share, totalizing €77m.

3. Segment reporting

The Group operates across four different operating segments based on the types of products sold and services rendered: (i) Upstream, (ii) Industrial & Midstream; (iii) Commercial and (iv) Renewables and New Businesses.

The Upstream segment represents Galp's presence in the upstream sector of the oil and gas industry, which involves the management of all activities relating to the exploration, development and production of hydrocarbons, mainly focused in Brazil and Mozambique.

The Industrial & Midstream segment incorporates the refining and logistics business, as well as the Group's oil, CO_2, gas and power supply and trading activities. This segment also includes co-generation.

The Commercial segment integrates the entire offering to Galp's clients - business to business (B2B) and business to consumer (B2C), of oil, gas, power and non-fuel products. This commercial activity is focused in Iberia but also extends to certain countries in Africa.

The Renewables & New Businesses segment encompasses renewables power generation, electric mobility and new businesses.

Besides these four business segments, the Group has also included within the category "Others" the holding company Galp Energia, SGPS, S.A. and companies with various other activities including Tagus Re, S.A. and Galp Energia, S.A., a reinsurance company and a provider of shared services at the corporate level, respectively.

Segmented reporting is presented on a replacement cost (RC) basis, which is the earnings metric used by the Chief Operating Decision Maker to make decisions regarding the allocation of resources and to assess performance. Based on the RC method, the current cost of sales measured under IFRS (the weighted average cost) is replaced by the crude reference price (i.e. Brent-dated) as at the balance sheet date, as though the cost of sales had been measured at the replacement cost of the inventory sold.

The replacement cost financial information for the segments identified above, for the three-month periods ended 31 March 2023 and 2022, is as follows:

Unit: € m

	Consolidated		Upstream		Industrial & Midstream		Commercial		Renewables & New businesses		Others		Consolidation adjustments	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sales and services rendered	**5,146**	**5,661**	**965**	**851**	**1,980**	**2,314**	**2,610**	**2,873**	**80**	**24**	**64**	**59**	**(553)**	**(460)**
Cost of sales	**(3,566)**	**(4,330)**	**(159)**	**212**	**(1,453)**	**(2,170)**	**(2,320)**	**(2,658)**	**(58)**	**(19)**	**(61)**	**2**	**484**	**302**
of which Variation of Production	(245)	115	(31)	54	(210)	(72)	-	133	(2)	-	-	-	(2)	-
Other revenue & expenses	**(668)**	**(471)**	**(211)**	**(260)**	**(292)**	**(152)**	**(220)**	**(159)**	**13**	**(6)**	**(27)**	**(51)**	**69**	**158**
of which Under & Overlifting	24	41	24	41	-	-	-	-	-	-	-	-	-	-
EBITDA at Replacement Cost	**912**	**860**	**596**	**803**	**235**	**(8)**	**71**	**56**	**35**	**(1)**	**(24)**	**10**	**-**	**-**
Amortisation, depreciation and impairment losses on fixed assets	**(194)**	**(338)**	**(114)**	**(248)**	**(35)**	**(59)**	**(26)**	**(25)**	**(12)**	**-**	**(6)**	**(5)**	**-**	**-**
Provisions (net)	**-**	**(2)**	**-**	**-**	**-**	**(2)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
EBIT at Replacement Cost	**718**	**520**	**481**	**555**	**199**	**(69)**	**45**	**31**	**23**	**(1)**	**(31)**	**5**	**-**	**-**
Earnings from associates and joint ventures	**109**	**26**	**41**	**-**	**49**	**-**	**1**	**2**	**17**	**24**	**-**	**-**	**-**	**-**
Financial results	**68**	**(453)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Taxes at Replacement Cost	**(301)**	**(175)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Energy Sector Extraordinary Contribution	**(26)**	**(19)**	**-**	**-**	**(6)**	**(5)**	**(14)**	**(6)**	**-**	**-**	**(6)**	**(7)**	**-**	**-**
Windfall tax	**(60)**	**-**	**(14)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(46)**	**-**	**-**	**-**
Consolidated net income at Replacement Cost, of which:	**508**	**(100)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Attributable to non-controlling interests	**66**	**65**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Attributable to shareholders of Galp Energia SGPS SA	**442**	**(165)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
				-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
OTHER INFORMATION														
Segment Assets (1)														
Financial investments (2)	478	417	319	283	19	18	36	35	103	81	-	-	-	-
Other assets	14,909	15,678	7,630	7,540	2,463	3,263	2,698	2,889	1,953	2,061	3,122	2,537	(2,958)	(2,611)
Segment Assets	**15,387**	**16,096**	**7,949**	**7,823**	**2,482**	**3,281**	**2,735**	**2,923**	**2,057**	**2,141**	**3,123**	**2,538**	**(2,958)**	**(2,611)**
of which Rights of use of assets	1,149	1,116	668	702	238	165	158	167	74	70	11	12	-	-
Investment in Tangible and Intangible Assets	**187**	**169**	**118**	**130**	**20**	**7**	**11**	**6**	**31**	**19**	**7**	**7**	**-**	**-**

1) Net amount

2) Accounted for based on the equity method of accounting

The details of sales and services rendered, tangible and intangible assets and financial investments for each geographical region in which Galp operates were as follow:

Unit: € m

	Sales and services rendered [1]		Tangible and intangible assets		Financial investments	
	2023	2022	2023	2022	2023	2022
	5,146	**5,661**	**6,416**	**6,442**	**478**	**417**
Europe	4,314	4,850	2,522	2,514	47	39
Latin America	643	679	3,199	3,218	93	77
Africa	189	132	695	710	338	301

[1] Net consolidation operation

The reconciliation between the segment reporting and the Condensed Consolidated Income Statement for the periods ended 31 March 2023 and 31 March 2022 was as follows:

Unit: € m

	2023	2022
Sales and services rendered	5,146	5,661
Cost of sales	(3,688)	(4,142)
Replacement cost adjustments (1)	122	(188)
Cost of sales at Replacement Cost	(3,566)	(4,330)
Other revenue and expenses	(668)	(471)
Depreciation and amortisation	(194)	(338)
Provisions (net)	-	(2)
Earnings from associates and joint ventures	109	26
Financial results	68	(453)
Profit before taxes and other contributions at Replacement Cost	**895**	**93**
Replacement Cost adjustments	(122)	188
Profit before taxes and other contributions at IFRS	**773**	**282**
Income tax	(269)	(211)
Income tax on Replacement Cost Adjustment (2)	(32)	37
Energy Sector Extraordinary Contribution	(26)	(19)
Windfall tax	(60)	-
Consolidated net income for the period at Replacement Cost	**508**	**(100)**
Replacement Cost (1) + (2)	(90)	152
Consolidated net income for the period based on IFRS	**418**	**51**

4. Tangible assets

Unit: € m

	Land, natural resources and buildings	Plant and machinery	Other equipment	Assets under construction	Total
As at 31 March 2023					
Acquisition cost	1,301	11,160	518	2,235	15,214
Impairment	(39)	(227)	(3)	(275)	(543)
Accumulated depreciation and depletion	(806)	(7,751)	(456)	-	(9,013)
Net Value	**456**	**3,182**	**59**	**1,961**	**5,657**
Balance as at 1 January 2023	**459**	**3,267**	**64**	**1,910**	**5,700**
Additions	-	15	-	156	171
Depreciation, depletion and impairment	(5)	(128)	(5)	(5)	(142)
Disposals/Write-offs	-	-	-	-	-
Transfers	2	72	-	(74)	-
Currency exchange differences and other adjustments	-	(44)	-	(26)	(71)
Balance as at 31 March 2023	**456**	**3,182**	**59**	**1,961**	**5,657**

During the three-month period under review the Group has made Upstream investments in the amount of €118 m, essentially related to projects in Brazil (€109 m) and Mozambique (€8 m) and in the businesses units Industrial & Midstream (€20 m), Renewables (€24 m) and Commercial (€11 m). The additions to tangible assets for the three-month period ended 31 march e 2023 also include the capitalisation of financial charges amounting to €11 m (Note 21).

5. Goodwill and intangible assets

Unit: € m

	Industrial properties and other rights	Intangible assets in progress	Goodwill	Total
As at 31 March 2023				
Acquisition cost	1,274	125	88	1,487
Impairment	(154)	(23)	(18)	(196)
Accumulated amortisation	(531)	-	-	(531)
Net Value	**588**	**102**	**69**	**759**
Balance as at 1 January 2023	**571**	**102**	**70**	**743**
Additions	29	2	-	31
Amortisation and impairment	(11)	-	-	(11)
Write-offs/Disposals	(1)	-	-	(1)
Transfers	5	(5)	-	-
Currency exchange differences and other adjustments	(5)	3	(1)	(2)
Balance as at 31 March 2023	**588**	**102**	**69**	**759**

6. Leases

Right-of-use assets

Unit: € m

	FPSO's[1]	Buildings	Service stations	Vessels	Other usage rights	Total
As at 31 March 2023						
Acquisition cost	730	36	291	306	250	1,613
Accumulated amortisation	(199)	(22)	(51)	(91)	(68)	(431)
Impairment	-	-	(33)	-	-	(33)
Net Value	**531**	**14**	**206**	**216**	**182**	**1,149**
As at 1 January 2023	**510**	**16**	**215**	**151**	**224**	**1,116**
Additions	-	-	-	82	-	82
Amortisation	(12)	(1)	(8)	(15)	(5)	(41)
Write-offs/Disposals	-	-	-	-	-	-
Currency exchange differences and other adjustments	33	-	-	(3)	(38)	(8)
Balance as at 31 March 2023	**531**	**14**	**206**	**216**	**182**	**1,149**

[1] Floating, production, storage and offloading unit.

The €82 m increase in vessel leasing is due to a new long term charter agreement for a LNG transporter whose operations have initiated in January 2023. This leasing agreement has a minimum duration of 5 years and can be extended up to 11 years.

Lease liabilities

Unit: € m

	March 2023	December 2022
Maturity analysis – contractual undiscounted cash flow	**1,857**	**1,835**
Less than one year	220	209
One to five years	747	697
More than five years	890	929
Lease liabilities included in the statement of financial position	**1,310**	**1,277**
Non current	1,112	1,095
Current	198	182

The amounts recognised in consolidated profit or loss were as follows:

Unit: € m

	March 2023	March 2022
	195	**116**
Interest on lease liabilities	22	19
Expenses related to short term, low value and variable payments of operating leases [1]	173	97

[1] Includes variable payments and short term leases recognised under the heading of transport of goods.

The increase in expenses with short-term leases is essentially due to short-term charters resulting from the increase in activity verified in the transport of goods.

Amounts recognised in the consolidated statement of cash flow were as follows:

Unit: € m

	March 2023	March 2022
Financing activities	**59**	**91**
(Payments) relating to leasing (IFRS 16)	36	54
(Payments) relating to leasing (IFRS 16) interests	22	37

7. Investments in associates and joint ventures

Unit: € m

	March 2023	December 2022
	478	**417**
Joint ventures	335	292
Associates	143	125

7.1. Investments in joint ventures

Unit: € m

	As at 31 December 2022	Share capital increase/ decrease	Equity Method	Other adjustments	Dividends	As at 31 March 2023
	292	**(2)**	**42**	**3**	**-**	**335**
Coral FLNG, S.A.	279	-	41	(6)	-	315
Other joint ventures	13	(2)	1	9	-	20

7.2. Investments in associates

Unit: € m

	As at 31 December 2022	Share capital increase/ decrease	Equity Method	Other adjustments	Dividends	As at 31 March 2023
	125	**(10)**	**19**	**10**	**-**	**143**
Belém Bioenergia Brasil, S.A.	73	(7)	17	6	-	89
Sonangalp - Sociedade Distribuição e Comercialização de Combustíveis, Lda.	11	-	1	-	-	12
Floene Energias, S.A.	8	-	-	-	-	8
Geo Alternativa, S.L.	5	-	-	-	-	5
Other associates	28	(3)	-	4	-	29

8. Inventories

Unit: € m

	March 2023	December 2022
	1,239	**1,361**
Raw, subsidiary and consumable materials	**291**	**275**
Crude oil	139	103
Gas	3	-
Other raw materials	106	126
Raw materials in transit	43	46
Finished and semi-finished products	**600**	**811**
Goods	**416**	**390**
Adjustments to net realisable value	**(69)**	**(115)**

The movements in the adjustments to net realisable value balance for the three-month period ended 31 March 2023 were as follows:

Unit: € m

	Raw, subsidiary and consumable materials	Finished and semi-finished products	Goods	Adjustments	Total
Adjustments to net realisable value at 1 January 2023	**43**	**57**	**14**	**-**	**115**
Net reductions	(4)	(28)	(14)	(2)	(47)
Other adjustments	-	-	-	1	1
Adjustments to net realisable value at 31 March 2023	**39**	**29**	**-**	**(1)**	**69**

The reduction of €47 m was recognised in the caption cost of sales being part of the consolidated Profit or Loss. This reduction, which resulted on the application on the Net realizable Value (NRV), was caused by the price fluctuation in the markets during the period under analysis.

9. Trade and other receivables

9.1. Trade receivables

Unit: € m

	Notes	March 2023	December 2022
		Current	Current
		1,456	**1,464**
Trade receivables		1,621	1,595
Impairments	9.3	(164)	(131)

9.2. Other receivables

Unit: € m

	Notes	March 2023		December 2022	
		Current	Non-current	Current	Non-current
		913	**277**	**941**	**263**
State and other Public Entities		**40**	**-**	**82**	**-**
Other debtors		**388**	**183**	**320**	**167**
Non-operated oil blocks		64	-	65	-
Underlifting		122	-	90	-
Other receivables		203	183	165	167
Related Parties		**-**	**-**	**2**	**-**
Contract Assets		**325**	**64**	**401**	**64**
Sales and services rendered but not yet invoiced		225	-	323	-
Adjustments to tariff deviations - "pass through"		26	-	27	-
Other accrued income		74	64	51	64
Deferred charges		**168**	**30**	**146**	**32**
Energy sector extraordinary contribution (CESE II)	**14.2**	8	15	8	16
Deferred charges for services		11	12	4	13
Other deferred charges		149	3	134	3
Impairment of other receivables	**9.3**	**(9)**	**-**	**(10)**	**-**

Other debtors/Other non-current receivables include an amount of €180 m relating to court deposits regarding the lawsuit between BM-S-11 consortium and the ANP. The ANP claims that the oil fields of Lula and Cerbambi, which are located within the BM-S-11, should be unified for PE purposes. However, the consortium has a different understanding. Thus the judicial deposit represents part of the difference between the two criateria under discussion.

Other deferred charges (non-current) include the amount of €89 m relating to CO2 licences to satisfy the legal obligation regarding CO2 emissions occurring in April 2023.

Other revenue accruals include the amount of €67 m related to natural gas tariff deviations in the regulated market.

9.3. Impairment of Trade Receivables and Other Receivables

The movements in the impairment of trade receivables and other receivables, for the three-month period ended 31 March 2023, were as follow:

Unit: € m

	Opening balance	Increase	Decrease	Utilisation	Others	Closing balance
	141	**36**	**(3)**	**-**	**(1)**	**173**
Trade receivables	131	36	(2)	-	-	164
Other receivables	10	-	-	-	(1)	9

10. Other financial assets

As at 31 March 2023 and 31 December 2022 Other financial assets were as follow:

Unit: € m

	Notes	March 2023		December 2022	
		Current	Non-current	Current	Non-current
		225	**218**	**339**	**256**
Financial Assets at fair value through profit & loss	17	195	73	304	110
Financial Assets at fair value through comprehensive income		-	5	-	3
Financial Assets not measured at fair value - Loans and Capital subscription		30	103	34	102
Others		1	37	1	42

Financial assets at fair value through profit or loss refer to financial derivatives (note 17). The volume of financial derivatives has decreased from 2022 to 2023 which led to a reduction in Mark-to-Market.

11. Cash and cash equivalents

Unit: € m

	Notes	March 2023	December 2022
		2,025	**2,421**
Cash at bank		2,035	2,432
Bank overdrafts	12	(10)	(11)

12. Financial debt

Unit: € m

		March 2023		December 2022	
	Notes	Current	Non-current	Current	Non-current
		242	**3,134**	**800**	**3,187**
Bank loans		**150**	**1,361**	**50**	**1,470**
Origination fees		-	(6)	(0)	(6)
Loans and commercial paper		140	1,366	39	1,476
Bank overdrafts	12	10	-	11	-
Bonds and notes		**92**	**1,773**	**750**	**1,717**
Origination fees		-	(7)	-	(7)
Bonds		92	1,280	250	1,224
Notes		-	500	500	500

Changes in financial debt during the period from 31 December 2022 to 31 March 2023 were as follows:

Unit: € m

	Opening balance	Loans obtained	Principal Repayment	Changes in Overdrafts	Foreign exchange rate differences and others	Closing balance
	3,987	**400**	**(1,010)**	**(1)**	**-**	**3,376**
Bank Loans:	**1,520**	**250**	**(260)**	**(1)**	**1**	**1,511**
Origination fees	(6)	-	-	-	-	(6)
Loans and commercial papers	1,515	250	(260)	-	1	1,506
Bank overdrafts	11	-	-	(1)	-	10
Bond and Notes:	**2,467**	**150**	**(750)**	**-**	**(2)**	**1,865**
Origination fees	(7)	-	-	-	-	(7)
Bonds	1,474	150	(250)	-	(2)	1,372
Notes	1,000	-	(500)	-	-	500

The average cost of financial debt for the period under review, including charges for credit lines, amounted to 2.72%.

Financial debt, excluding origination fees and bank overdrafts, had the following repayment plan as at 31 March 2023:

Unit: € m

Maturity	Loans		
	Total	**Current**	**Non-current**
	3,378	**30**	**3,348**
2024	30	30	-
2025	432	-	432
2026	526	-	526
2027	769	-	769
2028	1,037	-	1,037
2029 and following	584	-	584

13. Trade payables and other payables

Unit: € m

	March 2023		December 2022	
	Current	**Non-current**	**Current**	**Non-current**
Trade payables	**935**	**-**	**1,005**	**-**
Other payables	**1,738**	**124**	**1,505**	**99**
State and other public entities	**393**	**-**	**346**	**-**
Payable VAT	198	-	246	-
Tax on oil products (ISP)	98	-	88	-
Other taxes	75	-	12	-
Other payables	**324**	**43**	**331**	**44**
Suppliers of tangible and intangible assets	220	43	196	44
Other Creditors	104	-	135	-
Related parties	**20**	**(3)**	**20**	**-**
Other accounts payable	**85**	**14**	**88**	**10**
Accrued costs	**803**	**60**	**701**	**36**
External supplies and services	634	-	515	-
Holiday, holiday subsidy and corresponding contributions	93	7	83	6
Other accrued costs	77	53	103	30
Contract liabilities	**30**	**-**	**17**	**-**
Other deferred income	**83**	**10**	**4**	**10**

"State and other public entities – other taxes" includes an amount of €73 m referring to estimated amounts payable related to the temporary solidarity contribution on the energy sector, c.€10 m relating to the energy sector extraordinary contribution and €14 m referring to amounts payable on crude oil exports (Brazil).

“Other deferred income” includes €80 m referring to the receipt of a down payment provided by the company Somoil for the purchase of Angolan companies in the upstream business.

14. Taxes and other contributions

14.1. Taxes and Special Participation Tax (SPT)

The Group operations take place in several regions and are carried out by various legal entities, subject to locally established income tax rates, varying between 25% in Spain, 25.8% in the Netherlands, 31.5% in Portugal (before Energy sector extraordinary contribution and Windfall tax) , and 34% in Brazil.

Group companies headquartered in Portugal in which the Group has an interest equal to or greater than 75%, if such participation grants voting rights of more than 50%, are taxed in accordance with the special regime for the taxation of groups of companies, with the taxable income being determined at the level of Galp Energia, SGPS, S.A.. The remaining are not consolidated.

Spanish tax resident companies, in which the percentage held by the Group exceeds 75%, are taxed on a consolidated basis in Spain since 2005. Currently, fiscal consolidation in Spain is performed by Galp Energia España S.A..

The Company and its subsidiaries’ income tax estimates are recorded based on the taxable income.

Taxes and SPT recognised in the condensed consolidated income statement for the three-month periods ended 31 March 2023 and 31 March 2022 were as follows:

Unit: € m

	March 2023			March 2022		
	Current tax	Deferred tax	Total	Current tax	Deferred tax	Total
Taxes for the period	**351**	**(83)**	**269**	**274**	**(63)**	**211**
Current income tax	195	(84)	111	51	(62)	(11)
Oil income Tax (IRP)	8	1	9	9	(1)	8
Special Participation Tax (SPT)	148	-	148	214	-	214

As at 31 March 2023, the movements in deferred tax assets and liabilities were as follows:

Unit: € m

	As at 31 December 2022	Impact on the income statement	Impact on equity	Foreign exchange rate changes	As at 31 March 2023
Deferred Taxes – Assets	**559**	**(97)**	**3**	**3**	**468**
Adjustments to tangible and intangible assets	126	(107)	-	-	19
Retirement benefits and other benefits	73	(2)	-	-	71
Tax losses carried forward	36	-	-	-	36
Regulated revenue	8	-	-	-	8
Temporarily non-deductible provisions	246	(9)	-	1	239
Others	70	21	3	1	96
Deferred Taxes – Liabilities	**(556)**	**180**	**-**	**(5)**	**(380)**
Adjustments to tangible and intangible assets	(540)	181	-	(5)	(365)
Regulated revenue	(14)	-	-	-	(14)
Others	(1)	(1)	-	-	(2)

14.2. Energy sector extraordinary contribution

Unit: € m

	Statement of financial position						Income statement	
	State and other public entities	Provisions (Note 16)			"CESE II" Deferred Charges (Note 9.2)		Energy Sector Extraordinary Contribution	Windfall tax
	Other taxes (Note 13)	Windfall tax	CESE I	CESE II	Current	Non-current		
As at 1 January 2023	**-**	**(53)**	**(133)**	**(247)**	**8**	**16**	**-**	**-**
Increase	(74)	-	(7)	-	-	-	26	60
Decrease	30	-	-	(3)	(1)	(1)	-	-
Utilisation	-	-	16	-	-	-	-	-
Other adjustments	(53)	53	-	-	-	-	-	-
As at 31 March 2023	**(97)**	**-**	**(124)**	**(250)**	**8**	**15**	**26**	**60**

In the caption "Energy Sector Extraordinary Contribution" the other adjustments are regarding to a reclassification to the caption "State and other public entities – Other taxes".

During the period a cost of €60 m was recognised as "Windfall tax", which was reflected on the financial position in the caption "State and other public entities – Other taxes". During the period an amount of €27 m was paid.

Additionally, a cost of €26 m was recognised as "Energy Sector Extraordinary Contribution", of which €14 m are reflected in the financial position in "State and other public entities – other taxes" and of these €3m were already paid.

15. Post-employment benefits

On 31 March 2023 and 31 December 2022, the assets of the Pension Funds of Petrogal, S.A. and Sacor Maritima, S.A., valued at fair value, were as follows, in accordance with the information provided by the pension plan management entity:

Unit: € m

	March 2023	December 2022
Total	**204**	**203**
Shares	37	37
Bonds	118	118
Real Estate	45	44
Liquidity	2	1
Others	3	3

As at 31 March 2023 and 31 December 2022, the details of post employment benefits were as follow:

Unit: € m

	March 2023	December 2022
Assets under the heading "Other Receivables"	1	1
Liabilities	(243)	(252)
Net responsibilities	**(242)**	**(250)**
Liabilities, of which:	**(446)**	**(453)**
Past service liabilities covered by the pension fund	(203)	(202)
Other employee benefit liabilities	(243)	(251)
Assets	**204**	**203**

16. Provisions

During the three-month period ended 31 March 2023, the movements in Provisions were as follows:

Unit: € m

	March 2023					December 2022
	Decomissioning/ environmental provisions	CESE (I and II)	Windfall tax	Other provisions	Total	
At the beginning of the period	**715**	**380**	**53**	**282**	**1,430**	**1,008**
Additional provisions and increases to existing provisions	18	10	-	14	42	219
Decreases of existing provisions	-	-	-	(47)	(47)	(2)
Amount used during the period	(3)	(16)	-	(2)	(5)	(30)
Adjustments during the period	(7)	-	(53)	-	(76)	35
At the end of the period	**722**	**374**	**-**	**249**	**1,345**	**1,430**

"Other provisions" amount of €249 m includes a €180 m provision relating to a dispute between the ANP and the BM-S-11 consortium, as explained in Note 9 and a €28 m provision related to the commitment to reimburse CESE I to the shareholders of Floene (former GGND) according to the agreement between the parties. During the three-month period ended 31 March 2023, a partial reversal of the obligation was carried out, in the amount of €44 m (note 19) resulting from the favourable decision of the constitutional court to an entity belonging to Floene Energias, S.A. Group regarding to the existing dispute with the tax authority.

In the caption "Windfall tax" the value in "Adjustments during the period" relates to a reclassification to the caption "State and other public entities – Other taxes".

17. Other financial instruments

Unit: € m

	March 2023					December 2022				
	Assets (Note 10)		Liabilities		Equity	Assets (Note 10)		Liabilities		Equity
	Current	Non current	Current	Non current		Current	Non current	Current	Non current	
	195	**73**	**(172)**	**(29)**	**-**	**304**	**110**	**(373)**	**(48)**	**18**
Commodity swaps	138	73	(172)	(29)	-	247	110	(370)	(48)	3
Options	-	-	-	-	-	-	-	-	-	-
Commodity futures	57	-	-	-	-	53	-	-	-	15
Forwards	-	-	-	-	-	4	-	(3)	-	-

The accounting impacts of gains and losses on derivative financial instruments on the income statement and comprehensive income as at 31 March 2023 and 2022 are presented below:

Unit: € m

	March 2023				March 2022			
	Income statement			Equity	Income statement			Equity
	MTM	Realised	MTM + Realised		MTM	Realised	MTM + Realised	
	76	**(12)**	**64**	**(15)**	**(421)**	**(54)**	**(475)**	**(3)**
Commodities	**78**	**(12)**	**66**	**(15)**	**(421)**	**(54)**	**(475)**	**(3)**
Swaps	68	(22)	45	-	(299)	59	(240)	2
Swaps - Fair value hedge	-	-	-	-	(5)	-	(5)	-
Options	-	-	-	-	1	(1)	(0)	-
Futures	11	10	21	(15)	(117)	(112)	(229)	(5)
Currency	**(2)**	**-**	**(2)**	**-**	**-**	**-**	**-**	**-**
Forwards	(2)	-	(2)	-	-	-	-	-

The variation registered in MTM is related to a reduction in the number of existing derivatives, as they reach their maturities during the year 2022. The realised results of derivative financial instruments are mainly recognised as part of the cost of sales (Note 21), financial income or expenses.

Also, the table above excludes the MTM, as well as the realised gains and losses on currency forwards which are registered in the exchange differences caption.

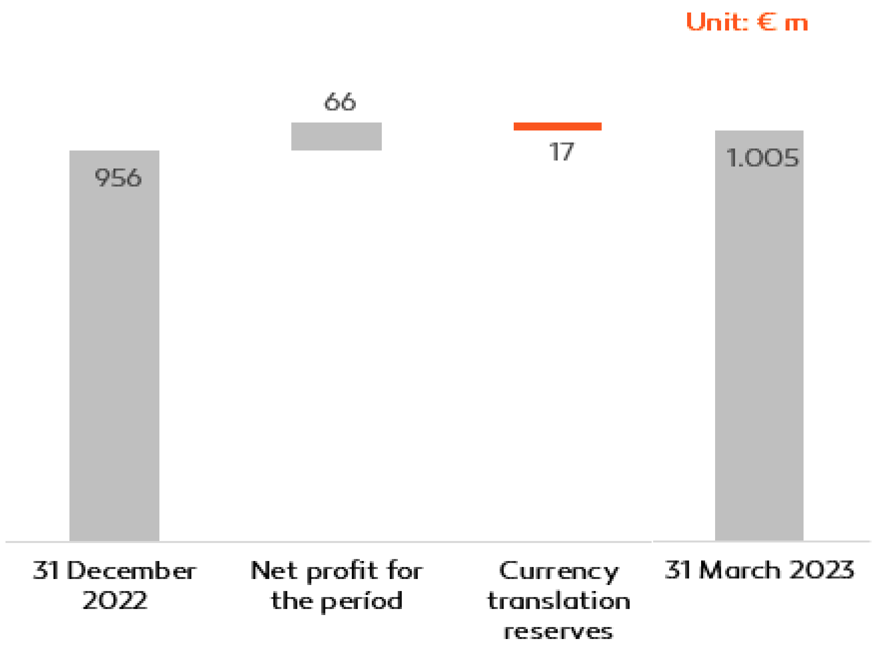
The breakdown of the financial results related to derivative financial instruments (Note 21) is as follows:

Unit: € m

	March 2023	March 2022
	78	**(421)**
Commodity Swaps	68	(304)
Options	-	1
Commodity Futures	11	(117)

The table above excludes MTM and gains or losses on FX Forwards which are reflected in the caption of Foreign exchange gains/losses.

18. Non-controlling interests



19. Revenue and income

The details of revenue and income for the three-month periods ended 31 March 2023 and 31 March 2022 were as follow:

Unit: € m

	Notes	March 2023	March 2022
		5,469	**5,787**
Total sales		**5,072**	**5,547**
Goods		2,556	3,197
Products		2,516	2,350
Services rendered		**74**	**114**
Other operating income		**110**	**91**
Underlifting income		24	17
Others		86	73
Earnings from associates and joint ventures	**7**	**109**	**26**
Financial income	**21**	**105**	**9**

In the caption of Earnings from associates and joint ventures in the Condensed Consolidated Income Statement is a result of €44 m (note 16), resulting from a partial reversion of the liability of CESE I assumed by Galp in relation to Floene Energias, S.A.. This reversion is a result of the decision of the constitutional court regarding an entity of that Group. Additionally, this caption includes a positive adjustment of €3m regarding the sale price of Galp Gás Natural Distribuição, S.A. in accordance with the agreement previously signed with Allianz.

20. Costs and expenses

The details of costs and expenses, for the three-month periods ended 31 March 2023 and 31 March 2022 were as follow:

Unit: € m

	Notes	March 2023	March 2022
Total costs and expenditure:		**4,696**	**5,505**
Cost of sales		**3,688**	**4,142**
Raw and subsidiary materials		801	1,311
Goods		2,104	2,259
Tax on oil products		553	630
Variations in production		245	(115)
Write downs on inventories	8	(47)	(16)
Costs related to CO_2 emissions		20	22
Financial derivatives	17	12	54
Exchange differences		-	(3)
External supplies and services		**583**	**460**
Subcontracts - network use		17	76
Transportation of goods		91	53
E&P - production costs		115	37
E&P - exploration costs		3	17
Royalties		67	89
Other costs		290	189
Employee costs		**98**	**82**
Amortisation, depreciation and impairment losses on fixed assets	**4 / 5 / 6**	**194**	**338**
Provision and impairment losses on receivables	**9.3 / 16**	**34**	**9**
Other costs		**64**	**12**
Other taxes		10	6
Overlifting costs		-	(24)
Other operating costs		53	30
Financial expenses	**21**	**36**	**462**

21. Financial results

The details of financial income and costs for the three-month periods ended 31 March 2023 and 31 March 2022 were as follow:

Unit: € m

	Notes	March 2023	March 2022
		69	**(453)**
Financial income		**105**	**9**
Interest on bank deposits		21	4
Interest and other income from related companies		4	3
Other financial income		4	2
Derivative inancial instruments	17	76	-
Financial expenses		**(36)**	**(462)**
Interest on bank loans, bonds, overdrafts and others		(25)	(13)
Interest capitalised within fixed assets	4	11	4
Interest on lease liabilities	6	(22)	(19)
Net interest on retirement benefits and other benefits		(1)	(1)
Charges related to loans and obligations		(3)	(2)
Derivative financial instruments	17	-	(421)
Exchange gains/(losses)		18	1
Other financial costs		(14)	(11)

22. Related party transactions

The Group had the following transactions with related parties:

Unit: € m

	March 2023		December 2022	
	Current	Non-current	Current	Non-current
Assets:	**53**	**29**	**53**	**29**
Associates	50	15	48	29
Joint ventures	1	14	3	-
Other related entities	2	-	2	-

Unit: € m

	March 2023		December 2022	
	Current	Non-current	Current	Non-current
Liabilities:	**(71)**	**(9)**	**(68)**	**(53)**
Associates	(2)	(9)	(3)	(53)
Joint Ventures	(49)	-	(44)	-
Winland International Petroleum, S.A.R.L.	(20)	-	(20)	-
Other related entities	-	-	(1)	-

Unit: € m

	March 2023			March 2022		
	Purchases	Operating cost/income	Financial costs/income	Purchases	Operating cost/income	Financial costs/income
Transactions:	**-**	**(2)**	**3**	**(7)**	**(15)**	**-**
Associates	-	(3)	3	(0)	(12)	-
Joint Ventures	-	(4)	-	(7)	(4)	-
Other related entities	-	5	-	-	-	-

23. Subsequent Events

No subsequent events that impact financial statements to disclose.

24. Approval of the financial statements

Chairperson:

Paula Amorim

Vice-chairman and Lead Independent Director:

Miguel Athayde Marques

Vice-chairman:

Filipe Silva

Members:

Thore Kristiansen

Teresa Abecasis

Georgios Papadimitriou

Marta Amorim

Francisco Teixeira Rêgo

Carlos Pinto

Luís Todo Bom

Jorge Seabra

Rui Paulo Gonçalves

Diogo Tavares

Edmar de Almeida

Cristina Fonseca

Adolfo Mesquita Nunes

Javier Cavada Camino

Claúdia Almeida e Silva

Lisbon, 3 May 2023

25. Explanation regarding translation

These English language financial statements are a translation of the financial statements prepared in Portuguese in accordance with IAS 34 – Interim Financial Reporting, and with the International Financial Reporting Standards adopted by the European Union. In the event of any discrepancy, the Portuguese language version shall prevail.

09

DEFINITIONS

9. 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
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

Galp Energia, SGPS, S.A.

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