3rd QUARTER AND NINE MONTHS 2022

24 October, 2022
Unaudited

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Index

Table of Contents

1.	**Results highlights**	**5**
2.	**Upstream**	**10**
3.	**Commercial**	**14**
4.	**Industrial & Energy Management**	**17**
5.	**Renewables & New Businesses**	**21**
6.	**Financial Data**	**24**
6.1	Income Statement	24
6.2	Capital Expenditure	26
6.3	Cash Flow	27
6.4	Condensed Financial Position	29
6.5	Financial Debt	30
6.6	Share Repurchase Programme	31
6.7	Reconciliation of IFRS and RCA figures	32
6.8	Special Items	33
6.9	IFRS Consolidated Income Statement	34
6.10	Consolidated Financial Position	35
7.	**Basis of Reporting**	**38**
8.	**Definitions**	**40**

01

RESULTS HIGHLIGHTS

1. RESULTS HIGHLIGHTS

Third quarter 2022

Galp's 3Q22 results reflect a strong operational performance across the business segments, with Upstream and Industrial activities capturing the strong macro environment. Free cash flow generation was robust, enabling net debt to be reduced during the period.

Excluding inorganic moves related with the Titan Solar deal, net debt would have been reduced by c.€390 m.

RCA Ebitda reached €784 m, 29% higher YoY:

- Upstream: RCA Ebitda was €612 m, up YoY, reflecting improved oil differentials and gas realisations, although including a €138 m impact from the Berbigão/Sururu unitisation agreement and increased in-transit volumes.

  Working Interest (WI) production was in line YoY, but up 7% from last quarter reflecting a lower concentration of maintenance activities in the period.

- Commercial: RCA Ebitda was €103 m, mostly supported by a continued recovery of the aviation and maritime bunkers activities within the B2B segment. Sales of natural gas and electricity were impacted by a reduction in industrial activity.

- Industrial & Energy Management: RCA Ebitda was €48 m, with the robust contribution from the industrial activity partially offset by the natural gas supply and trading activities, mostly given persistent natural gas sourcing restrictions.

- Renewables & New Businesses: RCA Ebitda was €38 m, reflecting the consolidation of Titan Solar from August onwards, following the acquisition of the remaining 25% stake.

  During the quarter, equity renewable power generation more than doubled YoY, driven by the higher capacity installed, now including the first project located in Portugal.

Group RCA Ebit was €408 m, including an impairment of €34 m in Upstream, related with the exploration well in São Tomé and Principe, and the booking as recurring of all 2022 provisions related to the decommissioning and transformation project of the Matosinhos site, amounting to €88 m.

RCA net income was €187 m, also benefiting from a positive effect of €114 m from mark-to-market swings on Brent and refining margin hedges, under financial results. IFRS net income was €307 m, with an inventory effect of €-103 m and special items for €223 m.

Galp's adjusted operating cash flow (OCF[1]) was €484 m, whilst cash flow from operations (CFFO) reached €1,024 m, with a €693 m working capital release driven by the decrease in commodities prices and which includes a roll off in natural gas derivatives exposure of €306 m, as planned. FCF was positive at €427 m.

Net debt decreased €89 m since the end of the second quarter, after accounting for the €140 m expenditure related with Titan Solar's stake acquisition and the consolidation of the respective net debt of €157 m, and also €289 m in shareholder distributions, of which €213 m in dividends and €77 m within the share buyback programme in place since May.

Nine months of 2022

Galp's RCA Ebitda was €2,897 m, while OCF was €2,087 m.

Net Capex totalled €924 m, mostly directed towards Upstream's developments and Renewables's portfolio execution and acquisition of Titan Solar's remaining stake.

[1] Adjusted operating cash flow (OCF) indicator represents a proxy of Galp's operational performance excluding inventory effects, working capital changes and special items. The reconciliation of OCF with CFFO using IFRS is in chapter 6.3 Cash Flow.

FCF amounted to €944 m, with the strong cash generation supported by the operational performance and margin account roll-off being partially offset by a working capital outflow resulting from the increased commodity price environment.

Considering distributions of €536 m (cash dividends and buybacks) and dividends to non-controlling interests of €145 m, as well as other adjustments, net debt decreased €261 m, compared to the end of last year.

At the end of the period, net debt amounted to €2,096 m and net debt to RCA Ebitda was at 0.6x.

Short Term Outlook

Galp is adjusting its key financial guidance for the full year 2022, mostly to reflect the first nine months results while keeping the operational guidance unchanged.

Assumptions for 4Q22		4Q22
Brent	$/bbl	90
Realised refining margin	$/boe	15
Iberia solar capture price	€/MWh	130
Average exchange rate	EUR:USD	1

Operational indicators (full year 2022)		
Upstream		
WI production	kboepd	Flat YoY
Upstream production costs	$/boe	<3
Commercial		
Oil products sales to direct clients	mton	c.7.0
EV charging points	#	2k
Industrial & Energy Management		
Sines refining throughput	mboe	c.90
Sines refining cash costs	$/boe	c.2.0
Renewables		
Renewable generation capacity by YE (@100%)	GW	1.4
Renewable generation (@100%)	TWh	2.0

Financial indicators		
RCA Ebitda	**€ bn**	**c.3.8**
Upstream	€ bn	c.3.0
Commercial	€ m	>300
Industrial & Energy Management	€ m	c.500
Renewables & NB	€ m	c.60
OCF	**€ bn**	**c.2.8**
Upstream	€ bn	c.1.9
Commercial	€ m	c.230
Industrial & Energy Management	€ m	c.500
Renewables & NB	€ m	c.50
Net capex	**€ bn**	**1.1-1.2**
Net debt to RCA Ebitda by YE	-	<1
Total expected distributions	**-**	**1/3 OCF**

Financial data

€m (RCA, except otherwise stated)

Quarter						Nine Months			
3Q21	2Q22	3Q22	Var. YoY	% Var. YoY		2021	2022	Var. YoY	% Var. YoY
607	**1,244**	**784**	**177**	**29%**	**RCA Ebitda**	**1,678**	**2,897**	**1,219**	**73%**
522	878	612	89	17%	Upstream	1,428	2,292	864	61%
87	97	103	16	18%	Commercial	229	256	27	12%
15	283	48	33	n.m.	Industrial & Energy Management	60	333	273	n.m.
(6)	(4)	38	45	n.m.	Renewables & New Businesses	(14)	34	48	n.m.
(11)	(10)	(17)	6	54%	Others	(24)	(17)	(7)	(29%)
369	**924**	**408**	**40**	**11%**	**RCA Ebit**	**957**	**1,870**	**913**	**95%**
375	653	420	45	12%	Upstream	978	1,627	649	66%
58	71	77	19	33%	Commercial	149	179	29	20%
(43)	219	(86)	43	n.m.	Industrial & Energy Management	(119)	82	200	n.m.
(6)	(4)	32	38	n.m.	Renewables & New Businesses	(14)	27	41	n.m.
(15)	(15)	(34)	19	n.m.	Others	(38)	(44)	6	15%
161	**265**	**187**	**26**	**16%**	**RCA Net income**	**327**	**608**	**281**	**86%**
(545)	269	223	768	n.m.	Special items	(648)	172	819	n.m.
50	192	(103)	(153)	n.m.	Inventory effect	219	241	22	10%
(334)	**727**	**307**	**641**	**n.m.**	**IFRS Net income**	**(102)**	**1,020**	**1,122**	**n.m.**
468	**964**	**484**	**16**	**3%**	**Adjusted operating cash flow (OCF)**	**1,383**	**2,087**	**704**	**51%**
364	597	320	(44)	(12%)	Upstream	1,100	1,493	393	36%
84	91	88	5	5%	Commercial	220	234	14	6%
31	288	57	26	83%	Industrial & Energy Management	86	343	257	n.m.
(2)	(4)	35	37	n.m.	Renewables & New Businesses	(6)	30	36	n.m.
(10)	(7)	(17)	7	75%	Others	(18)	(14)	(4)	(21%)
175	**747**	**1,024**	**849**	**n.m.**	**Cash flow from operations (CFFO)**	**992**	**1,964**	**972**	**98%**
(261)	**(244)**	**(558)**	**297**	**n.m.**	**Net Capex**	**(253)**	**(924)**	**671**	**n.m.**
(113)	**488**	**427**	**540**	**n.m.**	**Free cash flow (FCF)**	**633**	**944**	**311**	**49%**
-	**(1)**	**(34)**	**(34)**	**n.m.**	**Dividends paid to non-controlling interests**	**(78)**	**(145)**	**67**	**86%**
(207)	**(207)**	**(213)**	**5**	**3%**	**Dividends paid to Galp shareholders**	**(498)**	**(420)**	**(78)**	**(16%)**
-	**(40)**	**(77)**	**(77)**	**n.m.**	**Buybacks[1]**	**-**	**(116)**	**(116)**	**n.m.**
2,028	**2,185**	**2,096**	**68**	**3%**	**Net debt**	**2,028**	**2,096**	**68**	**3%**
1.1x	**0.7x**	**0.6x**	**-0.4x**	**-42%**	**Net debt to RCA Ebitda[2]**	**1.1x**	**0.6x**	**-0.4x**	**-42%**

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

[2] Ratio considers the LTM Ebitda RCA (€3,340 m), which includes the adjustment for the impact from the application of IFRS 16 (€201 m).

Operating data

Quarter						Nine Months			
3Q21	2Q22	3Q22	Var. YoY	% Var. YoY		2021	2022	Var. YoY	% Var. YoY
128.23	119.61	127.6	(0.6)	(0%)	Working interest production (kboepd)	127.28	126.1	(1.2)	(1%)
126.6	118.1	126.1	(0.5)	(0%)	Net entitlement production (kboepd)	125.6	124.6	(1.0)	(1%)
-	110.6	99.4	n.m.	n.m.	Upstream oil realisations indicator (USD/bbl)	-	103.8	n.m.	n.m.
-	51.9	55.5	n.m.	n.m.	Upstream gas realisations indicator (USD/boe)	-	51.4	n.m.	n.m.
22.3	22.9	22.9	0.6	3%	Raw materials processed (mboe)	63.0	67.5	4.5	7%
4.1	22.3	7.7	3.6	89%	Galp refining margin (USD/boe)	2.8	12.4	9.6	n.m.
3.9	4.1	4.3	0.5	12%	Oil products supply[1] (mton)	11.1	12.1	1.0	9%
16.6	14.0	13.1	(3.5)	(21%)	NG/LNG supply & trading volumes[1] (TWh)	53.0	42	(11.1)	(21%)
261	174	177	(84)	(32%)	Sales of electricity from cogeneration (GWh)	861	463.7	(396.9)	(46%)
1.8	1.9	2.0	0.2	12%	Oil Products - client sales (mton)	4.6	5.5	0.9	19%
4,363	5,006	4,180	(182)	(4%)	Natural gas - client sales (GWh)	13,773	14,776	1,004	7%
1,086	1,088	979	(107)	(10%)	Electricity - client sales (GWh)	3,057	3,207	150	5%
408	687	693	285	70%	Gross renewable power generation (GWh)	1,074	1,624	549	51%
110.6	151.5	126.1	15.5	14%	Galp average solar generation sale price (EUR/MWh)	80.3	152.1	71.8	89%

[1] Includes volumes sold to the Commercial segment.

Market indicators

Quarter						Nine Months			
3Q21	2Q22	3Q22	Var. YoY	% Var. YoY		2021	2022	Var. YoY	% Var. YoY
1.18	1.06	1.01	(0.17)	-15%	Exchange rate EUR:USD	1.20	1.06	(0.13)	-11%
6.16	5.24	5.28	(0.88)	-14%	Exchange rate EUR:BRL	6.38	5.46	(0.91)	-14%
73.4	113.9	100.8	27.5	37%	Dated Brent price (USD/bbl)	67.9	105.5	37.6	55%
48.7	88.4	138.5	89.8	n.m.	Iberian MIBGAS natural gas price (EUR/MWh)	31.5	108.0	76.5	n.m.
47.4	95.6	196.2	148.8	n.m.	Dutch TTF natural gas price (EUR/MWh)	30.8	129.1	98.4	n.m.
53.9	86.6	152.3	98.4	n.m.	Japan/Korea Marker LNG price (EUR/MWh)	36.9	110.9	74.0	n.m.
117.8	182.8	146.3	28.5	24%	Iberian baseload pool price (EUR/MWh)	78.5	185.8	107.2	n.m.
110.9	160.8	129.4	18.6	17%	Iberian solar captured price (EUR/MWh)	80.7	159.9	79.1	98%
15.2	15.9	16.5	1.2	8%	Iberian oil market (mton)	41.5	47.2	5.7	14%
100.6	96.9	104.1	3.5	3%	Iberian natural gas market (TWh)	311.8	327.9	16.1	5%

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

02

UPSTREAM

2. UPSTREAM

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

Quarter						Nine Months			
3Q21	2Q22	3Q22	Var. YoY	% Var. YoY		2021	2022	Var. YoY	% Var. YoY
128.2	**119.6**	**127.6**	**(0.6)**	**(0%)**	**Working interest production[1] (kboepd)**	**127.3**	**126.1**	**(1.2)**	**(1%)**
117.5	107.7	114.8	(2.7)	(2%)	Oil production (kbpd)	114.9	113.4	(1.5)	(1%)
10.7	11.9	12.8	2.1	19%	Gas production (kboepd)	12.4	12.7	0.3	3%
126.6	**118.1**	**126.1**	**(0.5)**	**(0%)**	**Net entitlement production[1] (kboepd)**	**125.6**	**124.6**	**(1.0)**	**(1%)**
					By product				
115.9	106.3	113.3	(2.6)	(2%)	Oil production (kbpd)	113.2	111.9	(1.3)	(1%)
10.7	11.9	12.8	2.1	19%	Gas production (kboepd)	12.4	12.7	0.3	3%
					By country				
10.9	10.1	10.3	(0.6)	(5%)	Angola	11.3	10.3	(1.0)	(9%)
115.7	108.0	115.7	0.0	0%	Brazil	114.3	114.3	0.0	0%
					Realisations indicators[2]				
-	110.6	99.4	n.m.	n.m.	Oil (USD/bbl)	-	103.8	n.m.	n.m.
-	51.9	55.5	n.m.	n.m.	Gas (USD/boe)	-	51.4	n.m.	n.m.
6.0	**8.7**	**7.8**	**1.8**	**29%**	**Royalties (USD/boe)**	**5.5**	**8.3**	**2.8**	**52%**
2.0	**2.6**	**3.2**	**1.2**	**61%**	**Production costs (USD/boe)**	**1.7**	**2.7**	**1.1**	**64%**
15.3	**13.1**	**13.4**	**(2.0)**	**(13%)**	**DD&A[2] (USD/boe)**	**14.1**	**13.1**	**(1.1)**	**(8%)**
522	**878**	**612**	**89**	**17%**	**RCA Ebitda**	**1,428**	**2,292**	**864**	**61%**
(147)	(225)	(192)	45	30%	Depreciation, Amortisation and Impairments[3]	(451)	(665)	214	48%
-	(0)	(0)	(0)	n.m.	Provisions	1	0	(1)	(99%)
375	**653**	**420**	**45**	**12%**	**RCA Ebit**	**978**	**1,627**	**649**	**66%**
375	**653**	**420**	**45**	**12%**	**IFRS Ebit**	**1,005**	**1,627**	**623**	**62%**
364	**597**	**320**	**(44)**	**(12%)**	**Adjusted operating cash flow**	**1,100**	**1,493**	**393**	**36%**
187	**133**	**205**	**18**	**10%**	**Capex**	**470**	**466**	**(4)**	**(1%)**

[1] Includes natural gas exported; excludes natural gas used or reinjected.
[2] Oil realisation indicator is estimated based on the differential to the average Brent price of the period when each of Galp's oil cargoes were negotiated, deducted of logistic costs associated with its delivery. Gas realisation indicator represents the revenues collected from the equity gas sold during the period net of all gas delivery and treatment costs.
[3] Includes abandonment provisions. 2021 and 2022 unit figures exclude impairments of €48 m and €245 m, respectively, related with exploration and appraisal assets.

Third quarter 2022

Operations

WI production at 127.6 kboepd, flat YoY, but 7% up QoQ on the back of lower concentration of maintenance activities and higher uptime across the units. Natural gas accounted for 10% of WI production.

In Brazil, production was flat YoY at 115.7 kboepd, as expected, given the planned maintenance programme scheduling. Angola WI production decreased 5% YoY, to 11.9 kbpd.

The Group's net entitlement (NE) production followed the WI production being flat YoY at 126.1 kboepd.

Results

RCA Ebitda was €612 m, up YoY from €522 m, reflecting the favourable macro environment and increased oil and gas realisations, although not fully capturing the production in the period given the increased number of cargoes in transit. RCA Ebitda includes a €138 m non-cash impact from the unitisation agreement[1] related with Berbigão/Sururu, in Brazil.

Despite the process being still ongoing, Galp recognised in its financial statements the best estimate, as of September 30, 2022, for past income adjustments on its Brazilian subsidiary from the stake dilution in Berbigão / Sururu, resulting in a €-138 m adjustment in RCA Ebitda and €-61 m in RCA net income. The net equalisation payable position estimated as of September 30, 2022, also considering past investments adjustments, was c.€40 m.

Production costs were €37 m, higher YoY reflecting improved maintenance performance. In unit terms, and on a net entitlement basis, production costs were $3.2/boe. Production costs exclude the amounts related with IFRS 16 leases, which accounted for €32 m during the period.

Upstream realised hedging operations covered 1.6 mbbl of Galp's oil production in the period, resulting in a €-29 m impact in RCA Ebitda.

Amortisation and depreciation charges (including abandonment provisions) were €192 m, which also includes an impairment of €34 m related with the exploration well in São Tomé and Principe, which revelead no evidences of a commercial discovery. On a net entitlement basis, and excluding the impairment, DD&A was $13.4/boe.

RCA Ebit was €420 m, up €45 m YoY. IFRS Ebit amounted to €420 m.

[1]Galp, through its subsidiary Petrogal Brasil, owns a 10% stake in the BM-S-11A consortium, which holds the Berbigão / Sururu accumulations, currently under development. As the accumulations extend outside the BM-S-11A licence towards the adjacent Transfer of Rights area, a unitisation process is required, according to the Brazilian legislation. The unitisation agreements were already established, and now awaits for the final approval by the Brazilian authorities. Unitisation processes require equalisations among the parties, based on past capital expenditures carried by partners for their original interest and the net profits received thereunder. These equalisations should therefore lead to reimbursements among partners as per the terms and conditions agreed between themselves.

Nine months of 2022

Operations

Average WI production in the period was 126.1 kboepd, whilst NE production stood at 124.6 kboepd, both flat YoY, despite the natural decline in production from Angola.

Results

OCF was €1,493 m, up from €1,100 m last year, driven by the increased realisations in a higher oil and natural gas price environment.

Production costs were €88 m, excluding IFRS 16 leases of €97 m. In unit terms, and on a net entitlement basis, production costs were $2.7/boe.

Realised hedging operations covered 4.5 mbbl of Galp's oil production in the period, resulting in a €-109 m impact to RCA Ebitda.

Amortisation and depreciation charges (including abandonment provisions) amounted to €665 m, including impairments of €245 m related with exploration and appraisal assets in Brazil, as well as the exploration well in São Tomé and Principe, none with any impact on the 2022-25 business plan production. On a net entitlement basis, and not considering the impacts from impairments, unit DD&A was $13.1/boe.

RCA Ebit was €1,627 m, up €649 m YoY, and IFRS Ebit also amounted to €1,627 m.

03

COMMERCIAL

3. COMMERCIAL

€m (RCA, except otherwise stated)

Quarter						Nine Months			
3Q21	2Q22	3Q22	Var. YoY	% Var. YoY		2021	2022	Var. YoY	% Var. YoY
					Commercial sales to clients				
1.8	1.9	2.0	0.2	12%	Oil products (mton)	4.6	5.5	0.9	19%
4,363	5,006	4,180	(182)	(4%)	Natural Gas (GWh)	13,773	14,776	1,004	7%
1,086	1,088	979	(107)	(10%)	Electricity (GWh)	3,057	3,207	150.4	5%
87	**97**	**103**	**16**	**18%**	**RCA Ebitda**	**229**	**256**	**27**	**12%**
(29)	(26)	(26)	(3)	(9%)	Depreciation, Amortisation and Impairments	(79)	(77)	(2)	(2%)
(0)	-	-	0	n.m.	Provisions	(0)	(0)	(0)	n.m.
58	**71**	**77**	**19**	**33%**	**RCA Ebit**	**149**	**179**	**29**	**20%**
62	**93**	**70**	**9**	**14%**	**IFRS Ebit**	**156**	**194**	**38**	**25%**
84	**91**	**88**	**5**	**5%**	**Adjusted operating cash flow**	**220**	**234**	**14**	**6%**
21	**18**	**23**	**2**	**7%**	**Capex**	**47**	**47**	**(0)**	**(0%)**

Third quarter 2022

Operations

Oil products' sales increased 12% YoY to 2.0 mton, reflecting the gradual recovery in the demand of oil products, namely in the aviation and marine sectors, within the B2B activities.

Natural gas volumes sold decreased 4% YoY to 4.2 TWh and sales of electricity were 1.0 TWh, down 10% YoY, impacted by a reduction in industrial activity.

Results

RCA Ebitda was €103 m, 18% higher YoY, supported by the gradual recovery in demand of oil products, with a stronger performance from the B2B segment, whilst the contribution from B2C activities, namely the retail segment, were still pressured by discount campaigns to reduce the impact from high prices on clients. OCF was €88 m, up from €84 m YoY.

RCA Ebit was €77 m, a 33% increase YoY, whilst IFRS Ebit was €70 m.

Nine months of 2022

Operations

Total oil products' sales were 5.5 mton, up 19% YoY, reflecting higher demand of oil products, both on B2B and B2C, following a post-pandemic gradual recovery.

Natural gas and electricity amounted to 14.8 TWh and 3.2 TWh, up 7% and 5% YoY respectively, driven by an increased contribution from the B2B segment in Spain.

At the end of September, a total of 1,743 charging points were operating in Portugal and Spain, a 47% increase since the end of 2021.

Galp Solar, the decentralised energy subsidiary, reached 8,037 installations at the end of September, an addition of 5,035 installations compared to the end of 2021.

Results

RCA Ebitda increased 12% YoY to €256 m, reflecting the recovery in volumes sold during the period and despite the pressure from discount campaigns to reduce the impact of the price environment on clients. OCF was €234 m, up 6% YoY.

RCA Ebit was €179 m, up 20% YoY. IFRS Ebit was €194 m.

04

INDUSTRIAL & ENERGY MANAGEMENT

4. INDUSTRIAL & ENERGY MANAGEMENT

€m (RCA, except otherwise stated)

Quarter						Nine Months			
3Q21	2Q22	3Q22	Var. YoY	% Var. YoY		2021	2022	Var. YoY	% Var. YoY
22.3	**22.9**	**22.9**	**0.6**	**3%**	**Raw materials processed (mboe)**	**63.0**	**67.5**	**4.5**	**7%**
19.2	19.6	19.5	0.2	1%	Crude processed (mbbl)	54.7	56.8	2.1	4%
4.1	**22.3**	**7.7**	**3.6**	**89%**	**Galp refining margin (USD/boe)**	**2.8**	**12.4**	**9.6**	**n.m.**
1.6	**1.5**	**1.8**	**0.2**	**15%**	**Refining cost (USD/boe)**	**1.6**	**1.8**	**0.2**	**10%**
3.9	**4.1**	**4.3**	**0.5**	**12%**	**Oil products supply[1] (mton)**	**11.1**	**12.1**	**1.0**	**9%**
16.6	**14.0**	**13.1**	**(3.5)**	**(21%)**	**NG/LNG supply & trading volumes[1] (TWh)**	**53.0**	**41.9**	**(11.1)**	**(21%)**
7.5	6.0	5.6	(1.9)	(25%)	Trading (TWh)	25.0	17.7	(7.3)	(29%)
261	**174**	**177**	**(84)**	**(32%)**	**Sales of electricity from cogeneration (GWh)**	**861**	**464**	**(397)**	**(46%)**
15	**283**	**48**	**33**	**n.m.**	**RCA Ebitda**	**60**	**333**	**273**	**n.m.**
(58)	(65)	(84)	25	44%	Depreciation, Amortisation and Impairments	(179)	(199)	21	12%
0	1	(51)	(51)	n.m.	Provisions	(0)	(52)	52	n.m.
(43)	**219**	**(86)**	**43**	**n.m.**	**RCA Ebit**	**(119)**	**82**	**200**	**n.m.**
(0)	**480**	**(207)**	**207**	**n.m.**	**IFRS Ebit**	**110**	**396**	**286**	**n.m.**
31	**288**	**57**	**26**	**83%**	**Adjusted operating cash flow**	**86**	**343**	**257**	**n.m.**
15	**16**	**20**	**5**	**36%**	**Capex**	**32**	**43**	**11**	**33%**

[1] Includes volumes sold to the Commercial segment.

Third quarter 2022

Operations

Raw materials processed in the quarter were 22.9 mboe, higher 3% YoY, reflecting the full availability of the refining system during the period.

Total supply of oil products increased 12% YoY to 4.3 mton, following the gradual increase in demand in Iberia.

Supply & trading volumes of NG/LNG decreased 21% YoY to 13.1 TWh, still limited by natural gas sourcing restrictions and the challenging European natural gas environment.

Results

RCA Ebitda was €48 m, increasing €33 m YoY, considering a robust contribution from refining activities, although partially offset by a negative performance on natural gas supply and trading activities. OCF was €57 m.

Refining margin was up YoY, from $4.1/boe to $7.7/boe, with the refining activities capturing the increase in international oil products' cracks, namely on middle distillates, and despite the higher costs of energy and CO_2 emissions. In order to better reflect the significant widening of gas prices, from 3Q22, Galp's refining margin considers natural gas consumption valued at Iberian spot market conditions. Electricity and CO_2 costs were already valued according to merchant conditions.

Refining costs were €41 m, or $1.8/boe in unit terms. Realised refining margin hedging operations had a €-70 m impact to RCA Ebitda, covering 5.6 mboe during the period,given the significant basis differential between Galp's refining margin and the indicator hedged.

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

RCA Ebit was €-86 m, whilst IFRS Ebit was €-207 m, with an inventory effect of €153 m.

Nine months of 2022

Operations

Raw materials processed were 67.5 mboe during the period, 7% higher YoY, reflecting the full availability of the refining system during the period.

Crude oil accounted for 83% of raw materials processed, of which 86% corresponded to medium and heavy crudes. The majority of the crudes processed were sweet grades.

Middle distillates (diesel and jet) accounted for 46% of production, gasoline for 24% and fuel oil for 20%. Consumption and losses accounted for 9% of raw materials processed.

Total oil products supplied increased 9% YoY to 12.1 mton, driven by increased market demand in Iberia.

Supply & trading volumes of NG/LNG were 41.9 TWh, down 21% YoY, limited by natural gas sourcing restrictions and the international context of high prices.

Results

RCA Ebitda for Industrial & Energy Management increased €333 m YoY, following the higher contribution from the refining activities. OCF was €343 m.

Galp's refining margin was up YoY, to $12.4/boe, following the strong improvement in the international refining environment. Refining unit cash costs slightly increased YoY from $1.6/boe to $1.8/boe. Industrial results followed the improved performance of the refining activities.

Energy Management contribution decreased YoY, impacted by the lag in pricing formulas for oil products' supply, namely during the first half of 2022, and the persistent restrictions on natural gas sourcing within the trading activities. RCA Ebit was €82 m and IFRS Ebit was €396 m.

Other Highlights

Nigeria LNG declares Force Majeure

On October 17, Galp informed that it had received from Nigeria LNG Limited, its main natural gas supplier, a force majeure notice based on the extensive flooding being experienced in Nigeria, causing a substantial reduction in the production and supply of liquefied natural gas.

At this stage, no information was provided to support an assessment of potential impacts from this event, which may however result in additional sourcing disruptions to Galp.

05

RENEWABLES & NEW BUSINESSES

5. RENEWABLES & NEW BUSINESSES

€m (RCA, except otherwise stated)

Quarter						Nine Months			
3Q21	2Q22	3Q22	Var. YoY	% Var. YoY		2021	2022	Var. YoY	% Var. YoY
					Renewable power generation (GWh)				
408	687	693	285	70%	Gross	1,074	1,624	549	51%
304	515	627	323	n.m.	Net to Galp	801	1,323	522	65%
110.6	**151.5**	**126.1**	15.5	**14%**	**Galp average solar generation sale price (EUR/MWh)**	**80.3**	**152.1**	**71.8**	**89%**
(6)	**(4)**	**38**	**45**	**n.m.**	**RCA Ebitda**	**(14)**	**34**	**48**	**n.m.**
(6)	**(4)**	**32**	**38**	**n.m.**	**RCA Ebit**	**(14)**	**27**	**41**	**n.m.**
(6)	**(4)**	**32**	**38**	**n.m.**	**IFRS Ebit**	**(14)**	**27**	**41**	**n.m.**
(2)	**(4)**	**35**	**37**	**n.m.**	**Adjusted operating cash flow**	**(6)**	**30**	**36**	**n.m.**
52	**51**	**265**	**213**	**n.m.**	**Capex**	**118**	**355**	**237**	**n.m.**
					Renewables pro-forma - equity to Galp[1]				
28	62	68	39	n.m.	Ebitda	47	161	113	n.m.
23	56	43	20	0.9	Ebit	31	123	93	n.m.
28	**62**	**92**	**64**	**n.m.**	**Renewables pro-forma adjusted operating cash flow**	**47**	**185**	**138**	**n.m.**

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

Third quarter 2022

Operations

Renewable installed capacity, on a 100% basis, increased to 1,268 MW during the quarter, after the start-up of 106 MW of new solar capacity in Portugal, from the Alco portfolio.

Renewable energy generation, on a 100% basis, amounted to 693 GWh, a 70% increase YoY, driven by the new capacity online and overall improvement on operational performance. Equity renewable generation more than doubled compared to last year.

Results

Galp's average solar generation sale price was €126/MWh during the quarter, following the YoY increase registered in the Iberian wholesale market prices.

Renewables & New Businesses RCA Ebitda was €38 m, with all renewables' projects in operation now consolidated into Galp's accounts (from August onwards).

Renewables pro-forma Ebitda, which considers all renewable projects according to Galp's equity stakes, was €68 m, reflecting the increased capacity installed and Titan Solar's contribution at 100% since August. Of the total installed capacity, c.0.3 GW is subject to the application of the Spanish government's temporary clawback mechanism, with an impact on pro-forma Ebitda of €6 m.

Pro-forma OCF was €92 m.

Nine months of 2022

Operations

Renewable energy generation, on a 100% basis, amounted to 1,624 GWh, a 51% increase YoY, reflecting the new capacity brought online and the overall improvement in the operational performance.

Results

All renewable generation is exposed to merchant conditions. Galp's average solar generation sale price was €152/MWh, up YoY from €80/MWh, driven by the higher Iberian wholesale market prices.

Renewables & New Businesses RCA Ebitda was €34 m, including 100% Titan portfolio consolidation from August onwards, G&A and corporate expenses.

Renewables pro-forma Ebitda, was €161 m, up €113 m YoY, supported by higher power prices in Iberia and increased renewable power generation. The temporary Spanish clawback mechanism had an impact of €20 m in pro-forma Ebitda.

Pro-forma OCF was €185 m.

	In Operation	Under Construction	Under Development	Total
Galp Renewable capacity (GW)	**1.3**	**0.3**	**7.8**	**9.4**
Spain	1.1	0.3	2.1	3.5
Portugal	0.1	0.0	0.4	0.5
Brazil	0.0	0.0	5.4	5.4

06

FINANCIAL DATA

6. FINANCIAL DATA

6.1 Income Statement

€m (RCA, except otherwise stated)

Quarter						Nine Months			
3Q21	2Q22	3Q22	Var. YoY	% Var. YoY		2021	2022	Var. YoY	% Var. YoY
4,365	7,229	7,761	3,397	78%	Turnover	11,338	20,651	9,313	82%
(3,254)	(5,590)	(6,349)	3,095	95%	Cost of goods sold	(8,359)	(16,265)	7,906	95%
(380)	(449)	(484)	104	27%	Supply & Services	(1,088)	(1,391)	302	28%
(78)	(76)	(91)	13	17%	Personnel costs	(216)	(248)	31	14%
(43)	130	(51)	8	17%	Other operating revenues (expenses)	9	158	149	n.m.
(2)	(0)	(2)	0	6%	Impairments on accounts receivable	(5)	(9)	4	72%
607	**1,244**	**784**	**177**	**29%**	**RCA Ebitda**	**1,678**	**2,897**	**1,219**	**73%**
655	**1,549**	**630**	**(25)**	**(4%)**	**IFRS Ebitda**	**1,943**	**3,227**	**1,285**	**66%**
(238)	(322)	(325)	87	37%	Depreciation, Amortisation and Impairments	(720)	(976)	256	36%
(1)	2	(51)	50	n.m.	Provisions	(1)	(51)	50	n.m.
369	**924**	**408**	**40**	**11%**	**RCA Ebit**	**957**	**1,870**	**913**	**95%**
415	**1,211**	**281**	**(135)**	**(32%)**	**IFRS Ebit**	**1,218**	**2,200**	**982**	**81%**
42	62	25	(17)	(39%)	Net income from associates	68	113	45	65%
(28)	(346)	89	117	n.m.	Financial results	(88)	(288)	200	n.m.
(7)	(5)	(2)	(5)	(74%)	Net interests	(23)	(15)	(8)	(35%)
4	4	10	6	n.m.	Capitalised interest	11	19	8	71%
(2)	2	(8)	6	n.m.	Exchange gain (loss)	(11)	(5)	(5)	(51%)
0	(331)	114	114	n.m.	Mark-to-market of derivatives	-	(216)	(216)	n.m.
(18)	(20)	(21)	2	11%	Interest on leases (IFRS 16)	(55)	(60)	4	8%
(5)	4	(4)	(0)	(8%)	Other financial costs/income	(10)	(10)	1	8%
382	**640**	**523**	**140**	**37%**	**RCA Net income before taxes and minority interests**	**937**	**1,695**	**758**	**81%**
(184)	(295)	(315)	131	71%	Taxes	(518)	(940)	423	82%
(149)	(198)	(265)	116	78%	Taxes on oil and natural gas production[1]	(400)	(685)	286	71%
(37)	(79)	(20)	(17)	(46%)	Non-controlling interests	(93)	(147)	54	58%
161	**265**	**187**	**26**	**16%**	**RCA Net income**	**327**	**608**	**281**	**86%**
(545)	269	223	768	n.m.	Special items	(648)	172	819	n.m.
(384)	**534**	**410**	**794**	**n.m.**	**RC Net income**	**(321)**	**779**	**1,100**	**n.m.**
50	192	(103)	(153)	n.m.	Inventory effect	219	241	22	10%
(334)	**727**	**307**	**641**	**n.m.**	**IFRS Net income**	**(102)**	**1,020**	**1,122**	**n.m.**

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

Third quarter 2022

RCA Ebitda increased €177 m YoY to €784 m, reflecting a solid operational performance, successfully capturing the favourable market conditions across the business segments, although partially offset by gas sourcing issues. IFRS Ebitda amounted to €630 m, considering an inventory effect of €-159 m and special items of €5 m.

Group RCA Ebit was €408 m, including an impairment of €34 m in Upstream, related with the exploration well in São Tomé and Principe, and the booking as recurring of all 2022 provisions related to the transformation project of the Matosinhos site, amounting to €88 m. IFRS Ebit was €281 m.

Income from associated companies was €25 m, down YoY, given the effects of Titan full consolidation from August onwards.

Financial results were €89 m, supported by €114 m in mark-to-market swings in the quarter, mostly related with Brent and refining margin hedges although partially offset by gradual gas pricing differentials in Iberia.

RCA taxes increased YoY, from €184 m to €315 m, following the increased operational results, namely on the Upstream segment.

Non-controlling interests of €-20 m, mostly attributed to Sinopec's stake in Petrogal Brasil.

RCA net income was €187 m. IFRS net income was €307 m, with an inventory effect of €-103 m and special items of €223 m, which includes positive mark-to-market swings, mostly from derivatives to cover client positions in the natural gas trading activities.

Nine months of 2022

RCA Ebitda of €2,897 m was 73% higher YoY, driven by the stronger operational performance, supported by the improved market conditions during the period.

Following RCA Ebitda, the RCA Ebit was €1,870 m, up YoY from €957 m, although also including impairments in Upstream of €245 m and the provisions related with the transformation of the Matosinhos site.

Financial results were €-288 m, mainly reflecting mark-to-market swings mostly related with the fair value accounting of commodity derivatives in the Upstream and Refining segments.

RCA taxes increased YoY from €518 m to €940 m, following the increased operational results.

Non-controlling interests of €-147 m are related with Sinopec's stake in Petrogal Brasil.

RCA net income was €608 m.

6.2 Capital Expenditure

€m

Quarter						Nine Months			
3Q21	2Q22	3Q22	Var. YoY	% Var. YoY		2021	2022	Var. YoY	% Var. YoY
187	133	205	18	10%	Upstream	470	466	(4)	(1%)
21	18	23	2	7%	Commercial	47	47	(0)	(0%)
15	16	20	5	36%	Industrial & Energy Management	32	43	11	33%
52	51	265	213	n.m.	Renewables & New Businesses	118	355	237	n.m.
4	7	11	8	n.m.	Others	12	25	13	n.m.
278	**224**	**524**	**246**	**89%**	**Capex (economic)[1]**	**680**	**937**	**257**	**38%**

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

Third quarter 2022

Capex totalled €524 m during the quarter.

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

Commercial capex was mostly allocated to the transformation of the retail business, both in Portugal and Spain. Industrial & Energy Management capex was directed to initiatives to improve the efficiency of the refining system.

Investments within the Renewables & New Businesses segment were mostly deployed towards the continued execution of the solar portfolio, now at 100%, although also including the €140 m investment for the acquisition of the remaining 25% of Titan.

Nine months of 2022

Capex totalled €937 m, with Upstream accounting for 50% of total investments, whilst the downstream activities represented 10% and Renewables & New Businesses 38%.

Upstream investments were mainly directed to Brazil, namely Bacalhau and BM-S-11 projects, and Mozambique.

Commercial investments were allocated to business transformation. Industrial & Energy Management investments were directed to refining activities.

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

6.3 Cash Flow

€m (IFRS figures)

Quarter				Nine Months	
3Q21	2Q22	3Q22		2021	2022
607	1,244	784	RCA Ebitda	1,678	2,897
35	9	3	Dividends from associates	125	13
(174)	(289)	(303)	Taxes paid	(420)	(823)
468	**964**	**484**	**Adjusted operating cash flow**	**1,383**	**2,087**
(21)	4	5	Special items	(30)	-
69	301	(159)	Inventory effect	295	330
(342)	(522)	693	Changes in working capital	(656)	(453)
(373)	199	306	o.w. gas derivatives hedges	(444)	282
175	**747**	**1,024**	**Cash flow from operations**	**992**	**1,964**
(261)	(244)	(558)	Net capex[1]	(253)	(924)
(8)	5	(18)	Net financial expenses	(50)	(36)
(19)	(21)	(21)	IFRS 16 leases interest	(56)	(60)
(113)	**488**	**427**	**Free cash flow**	**633**	**944**
-	(1)	(34)	Dividends paid to non-controlling interest[2]	(78)	(145)
(207)	(207)	(213)	Dividends paid to Galp shareholders	(498)	(420)
-	(40)	(77)	Buybacks[3]	-	(116)
(30)	(34)	(30)	Reimbursement of IFRS 16 leases principal	(84)	(91)
33	1	15	Others	64	90
317	**(207)**	**(89)**	**Change in net debt**	**(38)**	**(261)**

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

Third quarter 2022

Galp's adjusted operating cash flow (OCF[1]) was €484 m, whilst CFFO reached €1,024 m, with a €693 m working capital release driven by the decrease in commodities prices and including the unwinding of natural gas margin account exposure of €306 m. At the end of the quarter, the gas derivatives balance was c.€325 m.

FCF was positive at €427 m. Net debt decreased €89 m since the end of the second quarter, after accounting for the €140 m expenditure related with Titan´s stake acquisition and the consolidation of the respective net debt of €157 m, €213 m in dividends and €77 m within the share buyback programme in place since May.

Nine months of 2022

Galp's OCF[1] was €2,087 m, capturing the favourable market conditions, while CFFO amounted to €1,964 m, including a working capital build, driven mostly from the increased commodities price environment during the period.

FCF amounted to €944 m. Considering distributions of €536 m (cash dividends and buybacks) and dividends to non-controlling interests of €145 m, as well as other adjustments, net debt decreased €261 m compared to the end of last year.

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

6.4 Condensed Financial Position

€m (IFRS figures)

	31 Dec. 2021	30 Jun. 2022	30 Sep. 2022	Var. vs 31 Dec. 2021	Var. vs 30 Jun. 2022
Net fixed assets	6,667	6,625	7,780	1,113	1,154
Rights of use (IFRS 16)	1,079	1,088	1,119	40	31
Working capital	1,879	3,026	2,333	453	(693)
Other assets/liabilities	(2,119)	(2,490)	(2,627)	(507)	(137)
Capital employed	**7,506**	**8,250**	**8,605**	**1,100**	**355**
Short term debt	1,305	1,531	1,517	212	(14)
Medium-Long term debt	2,995	2,718	2,992	(3)	273
Total debt	**4,300**	**4,250**	**4,509**	**209**	**259**
Cash and equivalents	1,942	2,065	2,413	471	348
Net debt	**2,357**	**2,185**	**2,096**	**(261)**	**(89)**
Leases (IFRS 16)	1,179	1,202	1,248	69	46
Equity	3,970	4,863	5,261	1,292	399
Equity, net debt and leases	**7,506**	**8,250**	**8,605**	**1,100**	**355**

On September 30, 2022, net fixed assets were €7,780 m, including work-in-progress of €2,410 m, mostly related to the Upstream business.

Other assets / liabilities increased €507 m compared to year-end 2021, mostly reflecting impacts from the mark-to-market of derivatives. Equity was up €1,292 m, supported by the IFRS net income in the period and the USD appreciation against the Euro, although partially offset by distributions to shareholders and dividends to minorities.

6.5 Financial Debt

€m (except otherwise stated)

	31 Dec. 2021	30 Jun. 2022	30 Sep. 2022	Var. vs 31 Dec. 2021	Var. vs 30 Jun. 2022
Cash and equivalents	1,942	2,065	2,413	471	348
Undrawn credit facilities	816	1,760	837	21	(924)
Bonds	2,421	2,814	2,577	157	(237)
Bank loans and other debt	1,879	1,436	1,932	53	496
Net debt	2,357	2,185	2,096	(261)	(89)
Leases (IFRS 16)	1,179	1,202	1,248	69	46
Net debt to RCA Ebitda [1]	1.1x	0.7x	0.6x	-0.5x	-0.1x

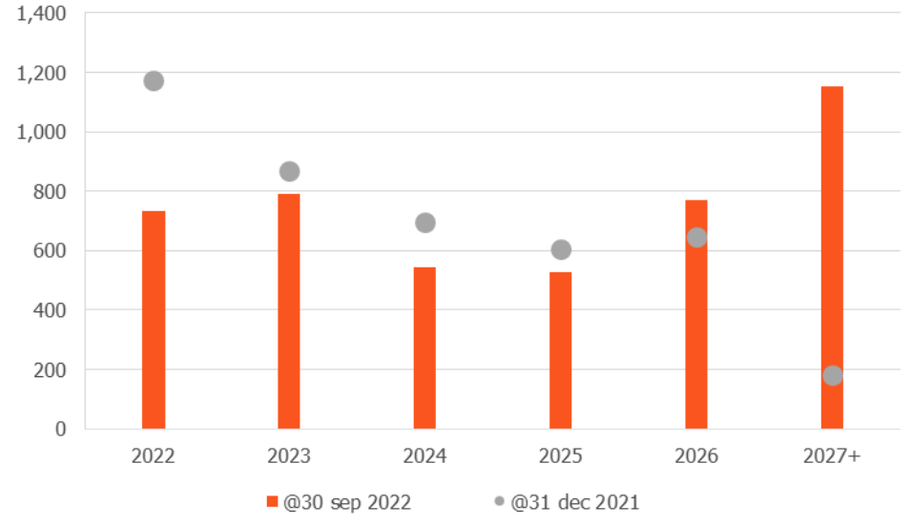
[1] Ratio considers the LTM Ebitda RCA (€3,340 m), which includes the adjustment for the impact from the application of IFRS 16 (€201 m).

On September 30, 2022, net debt was €2,096 m, down €261 m from year-end 2021. Net debt to RCA Ebitda stands at 0.6x.

Following Titan Solar's stake acquisition during the quarter, Galp started to fully consolidate the Renewables business. At the end of September, the gross debt associated to Renewables was €524 m.

At the end of the period, cash and equivalents reached €2.4 bn, whilst unused credit lines were €0.8 bn, of which c.65% were contractually guaranteed. The average cost of funding for the period, including charges for credit lines, was 1.44%.

Debt maturity profile (€ m)



6.6 Share Repurchase Programme

	Programme Amount	Start Date	Duration	Status	Amount Spent	Total Shares Bought
2022 Fiscal Year[1]	€150 m	12/05/2022	120 to 150 days	Ongoing	€116 m	10,849,992

[1] All figures as of 30th of September 2022

Framework

The shareholder's remuneration framework considers a progressive base cash dividend, growing at 4% per year. The base dividend related to 2022 is expected to be €0.52/sh, paid semi-annually.

Additional supplementary distributions are planned to be made through buybacks, whenever Galp's Net Debt to RCA Ebitda remains below 1x. Total distributions to shareholders (cash dividend + buyback) are limited at 1/3 of the adjusted operational cash flows (OCF).

Buyback Programmes

Related to the 2021 fiscal year, a supplementary distribution of €150 m was decided to be executed through a buyback, which started in May 2022 and is currently ongoing.

As of September 30, Galp had acquired 10,849,992 shares (equivalent to 1.31% of the share capital), for an aggregate amount of €116 m.

6.7 Reconciliation of IFRS and RCA figures

Ebitda by segment

€m

Third Quarter					2022	Nine Months				
Ebitda IFRS	Inventory effect	RC Ebitda	Special items	RCA Ebitda		Ebitda IFRS	Inventory effect	RC Ebitda	Special items	RCA Ebitda
630	**159**	**789**	**(5)**	**784**	Galp	**3,227**	**(330)**	**2,897**	**-**	**2,897**
612	-	612	-	612	Upstream	2,292	-	2,292	-	2,292
97	6	103	-	103	Commercial	271	(15)	256	-	256
(99)	153	54	(5)	48	Ind. & Energy Management	648	(315)	333	-	333
38	-	38	-	38	Renewables & New Businesses	34	-	34	-	34
(17)	-	(17)	-	(17)	Others	(17)	(0)	(17)	-	(17)

Ebit by segment

€m

Third Quarter					2022	Nine Months				
Ebit IFRS	Inventory effect	RC Ebit	Special items	RCA Ebit		Ebit IFRS	Inventory effect	RC Ebit	Special items	RCA Ebit
281	**159**	**440**	**(31)**	**408**	Galp	**2,200**	**(330)**	**1,870**	**-**	**1,870**
420	-	420	-	420	Upstream	1,627	-	1,627	-	1,627
70	6	77	-	77	Commercial	194	(15)	179	-	179
(207)	153	(55)	(31)	(86)	Ind. & Energy Management	396	(315)	82	-	82
32	-	32	-	32	Renewables & New Businesses	27	-	27	-	27
(34)	-	(34)	-	(34)	Others	(44)	(0)	(44)	-	(44)

6.8 Special Items

€m

Quarter				Nine Months	
3Q21	2Q22	3Q22		2021	2022
21	**(4)**	**(5)**	**Items impacting Ebitda**	**30**	**-**
(0)	-	-	Termination agreement for service and equipment (P-71)	(26)	-
21	(4)	(5)	Matosinhos Refinery	56	-
1	**17**	**(26)**	**Items impacting non-cash costs**	**3**	**-**
(0)	(0)	0	Provisions for environmental charges and others (Matosinhos Refinery)	0	-
1	18	(26)	Matosinhos Refinery	3	-
617	**(354)**	**(304)**	**Items impacting financial results**	**741**	**(237)**
1	7	-	Gains/losses on financial investments (GGND)	11	7
0	0	(0)	Financial costs - Others	0	-
638	(315)	(337)	Mark-to-Market of derivatives	786	(231)
(22)	(47)	33	FX differences from natural gas derivatives	(57)	(13)
(88)	**69**	**117**	**Items impacting taxes**	**(132)**	**49**
(117)	73	98	Taxes on special items	(154)	78
24	(10)	12	BRL/USD FX impact on deferred taxes in Brazil	(1)	(54)
5	6	6	Energy sector contribution taxes	23	24
(7)	3	(4)	Non-controlling interests (FX on deferred taxes Brazil)	5	16
545	**(269)**	**(223)**	**Total special items**	**648**	**(172)**

6.9 IFRS Consolidated Income Statement

€m

Quarter				Nine Months	
3Q21	2Q22	3Q22		2021	2022
4,243	7,153	7,678	Sales	10,977	20,378
121	76	83	Services rendered	362	274
31	139	(27)	Other operating income	154	251
4,396	**7,368**	**7,734**	**Operating income**	**11,492**	**20,902**
(3,206)	(5,281)	(6,512)	Inventories consumed and sold	(8,096)	(15,935)
(387)	(453)	(477)	Materials and services consumed	(1,107)	(1,391)
(84)	(77)	(88)	Personnel costs	(235)	(248)
(2)	(0)	(2)	Impairments on accounts receivable	(5)	(9)
(61)	(8)	(24)	Other operating costs	(107)	(92)
(3,740)	**(5,819)**	**(7,104)**	**Operating costs**	**(9,550)**	**(17,675)**
655	**1,549**	**630**	**Ebitda**	**1,943**	**3,227**
(239)	(340)	(299)	Depreciation, Amortisation and Impairments	(723)	(976)
(1)	2	(51)	Provisions	(1)	(51)
415	**1,211**	**281**	**Ebit**	**1,218**	**2,200**
41	54	25	Net income from associates	57	105
(645)	16	393	Financial results	(817)	(44)
5	11	15	Interest income	13	32
(12)	(16)	(16)	Interest expenses	(36)	(47)
4	4	10	Capitalised interest	11	19
(19)	(20)	(21)	Interest on leases (IFRS 16)	(56)	(60)
20	48	(41)	Exchange gain (loss)	46	8
(638)	(15)	451	Mark-to-market of derivatives	(786)	15
(5)	4	(4)	Other financial costs/income	(10)	(10)
(188)	**1,281**	**699**	**Income before taxes**	**458**	**2,262**
(110)	(470)	(370)	Taxes[1]	(429)	(1,051)
(5)	(3)	(6)	Energy sector contribution taxes[2]	(33)	(28)
(304)	**809**	**324**	**Income before non-controlling interests**	**(3)**	**1,184**
(30)	(82)	(16)	Income attributable to non-controlling interests	(98)	(163)
(334)	**726**	**307**	**Net income**	**(102)**	**1,020**

[1] Includes SPT payable in Brazil and IRP payable in Angola.
[2] Includes €10 m, €14 m and €4 m related to CESE I, CESE II and FNEE, respectively, during 2022.

6.10 Consolidated Financial Position

€m

	31 Dec. 2021	30 Jun. 2022	30 Sep. 2022
Assets			
Tangible fixed assets	5,169	5,430	6,563
Goodwill	85	89	92
Other intangible fixed assets	645	545	655
Rights of use (IFRS 16)	1,079	1,088	1,119
Investments in associates	389	524	437
Receivables	294	259	281
Deferred tax assets	485	473	554
Financial investments	559	456	500
Total non-current assets	**8,703**	**8,865**	**10,201**
Inventories[1]	1,007	1,965	1,805
Trade receivables	1,381	2,279	1,786
Other receivables	885	1,217	1,051
Financial investments	992	1,849	1,039
Current Income tax recoverable	139	14	1
Cash and equivalents	1,942	2,065	2,413
Total current assets	**6,346**	**9,389**	**8,096**
Total assets	**15,050**	**18,254**	**18,297**

[1] Includes €89 m of stocks made on behalf of third parties as of 30 September 2022.

€m

	31 Dec. 2021	30 Jun. 2022	30 Sep. 2022
Equity			
Share capital	829	829	829
Buybacks	-	(40)	(116)
Share premium	82	82	82
Reserves	1,327	1,695	2,118
Retained earnings	810	582	253
Net income	4	713	1,020
Total equity attributable to equity holders of the parent	**3,052**	**3,862**	**4,186**
Non-controlling interests	918	1,001	1,075
Total equity	**3,970**	**4,863**	**5,262**
Liabilities			
Bank loans and overdrafts	824	854	1,164
Bonds	2,171	1,864	1,827
Leases (IFRS 16)	1,015	1,036	1,077
Other payables	95	105	109
Retirement and other benefit obligations	300	286	276
Deferred tax liabilities	653	550	632
Other financial instruments	136	305	335
Provisions	1,209	1,312	1,425
Total non-current liabilities	**6,403**	**6,312**	**6,845**
Bank loans and overdrafts	1,055	581	767
Bonds	250	950	750
Leases (IFRS 16)	164	166	171
Trade payables	811	2,059	1,226
Other payables	1,328	1,318	1,739
Other financial instruments	1,069	1,923	1,326
Income tax payable	-	80	211
Total current liabilities	**4,677**	**7,079**	**6,191**
Total liabilities	**11,080**	**13,391**	**13,035**
Total equity and liabilities	**15,050**	**18,254**	**18,297**

07

BASIS OF REPORTING

7.
BASIS OF REPORTING

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

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

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

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

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

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

08

DEFINITIONS

8. Definitions

Replacement cost (RC)

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

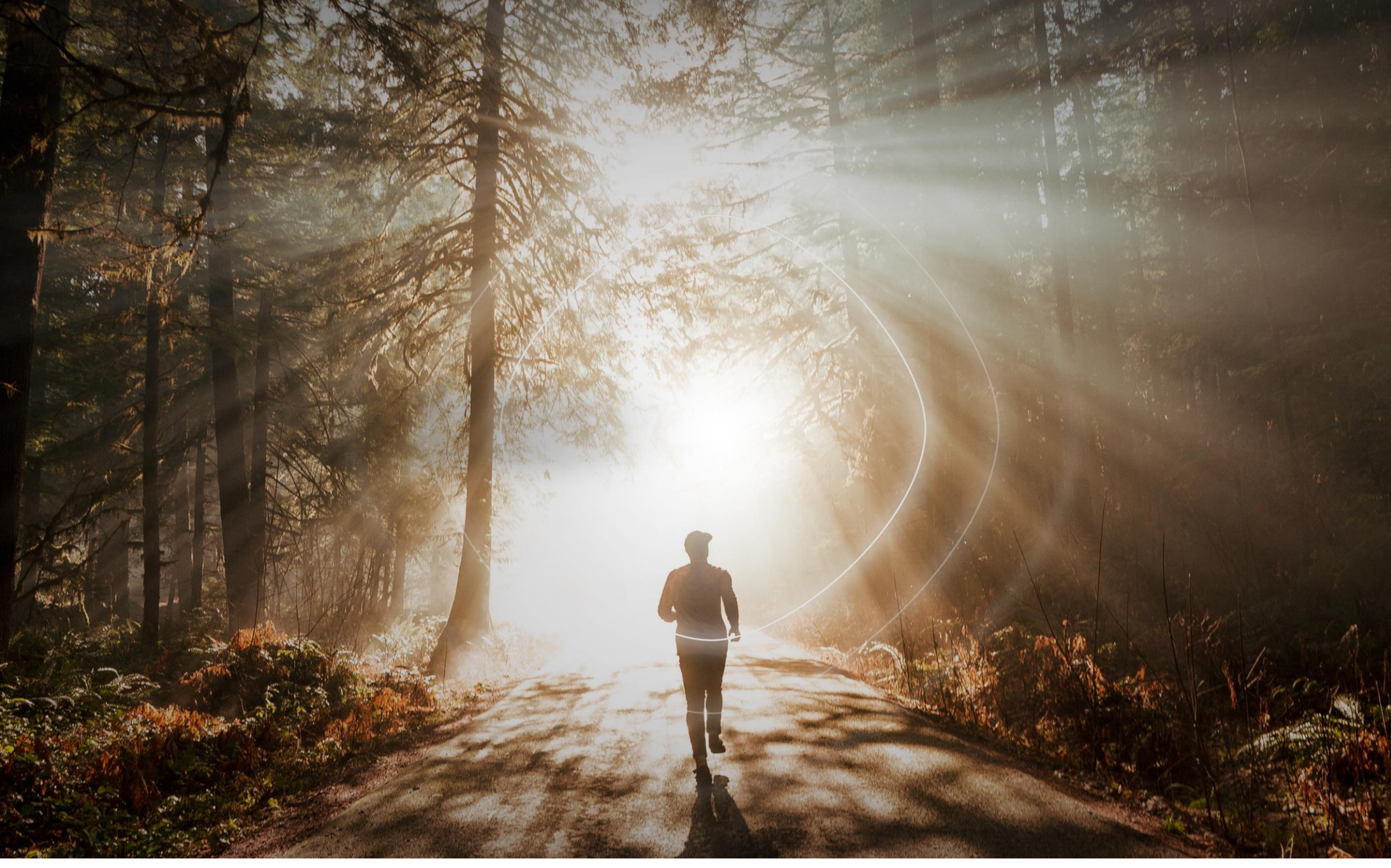
Replacement cost adjusted (RCA)

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

Acronyms

%: Percentage
ACS: Actividades de Construccion Y Servicios SA
APETRO: Associação Portuguesa de Empresas Petrolíferas (Portuguese association of oil companies)
B2B: Business to business
B2C: Business to consumer
bbl: barrel of oil
bn: billion
boe: barrels of oil equivalent
BRL: Brazilian real
c.: circa
CO_2: Carbon dioxide
COD: Commercial Operation Date
Capex: Capital expenditure
CESE: Contribuição Extraordinária sobre o Sector Energético (Portuguese Extraordinary Energy Sector Contribution)
CFFO: Cash flow from operations
COD: Commercial Operation Date
COFINS: Contribution for the Financing of Social Security
CMVM: Portuguese Securities Market Commission
CORES: Corporación de Reservas Estratégicas de Produtos Petrolíferos (Spain)
d: day
DD&A: Depreciation, Depletion and Amortisation
Ebit: Earnings before interest and taxes
Ebitda: Ebit plus depreciation, amortisation and provisions
EMPL: Europe Magreb Pipeline, Ltd
EUR/€: Euro
FCC: Fluid Catalytic Cracker
FCF: Free Cash Flow
FID: Final Investment Decision
FLNG: Floating liquified natural gas
FNEE: Fondo Nacional de Eficiência Energética (Spain)
FPSO: Floating, production, storage and offloading unit
Galp, Company or Group: Galp Energia, SGPS, S.A., subsidiaries and participated companies
GGND: Galp Gás Natural Distribuição, S.A.
GSBV: Galp Sinopec Brazil Services
GW: Gigawatt
GWh: Gigawatt hour
I&EM: Industrial & Energy Management
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
PV: photovoltaic
p.p.: percentage point
Q: Quarter
QoQ: Quarter-on-quarter
R&NB: Renewables & New Businesses
REN: Rede Eléctrica Nacional
RC: Replacement Cost
RCA: Replacement Cost Adjusted
SPA: Sale and purchase agreement
SPT: Special participation tax
ton: tonnes
TTF: Title transfer facility
TWh: Terawatt-hour
UA: Unitisation Agreements
U.S.: United States
UOP: Units of production
USD/$: Dollar of the United States of America
Var.: Variation
WI: working interest
YoY: year-on-year



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