

# RESULTS 1<sup>st</sup> QUARTER 2021

APRIL 26, 2021





# INDEX

## Cautionary Statement

This document may include forward-looking statements, including, without limitation, regarding future results, namely cash flows, dividends, and shareholder returns; liquidity; capital and operating expenditures; performance levels, operational or environmental goals, targets or commitments and project plans, timing, and outcomes; production rates; developments of Galp's markets; and impacts of the COVID-19 pandemic on Galp's businesses and results; any of which may significantly differ depending on a number of factors, including supply and demand for oil, gas, petroleum products, power and other market factors affecting them; the outcome of government policies and actions, including actions taken to address COVID-19 and to maintain the functioning of national and international economies and markets; the impacts of the COVID-19 pandemic on people and economies; the impact of Galp's actions to protect the health and safety of its employees, customers, suppliers and communities; actions of Galp's competitors and commercial counterparties; the ability to access short- and long-term debt markets on a timely and affordable basis; the actions of consumers; other legal and political factors, including changes in law and regulations and obtaining necessary permits; unexpected operating events or technical difficulties; the outcome of commercial negotiations, including negotiations with governments and private entities; and other factors discussed in Galp's Management Report & Accounts filed with the Portuguese Securities Market Commission (CMVM) for the year ended December 31, 2020 and available on our website at galp.com. This document may also contain statements regarding the perspectives, objectives, and goals of Galp, including with respect to energy transition, carbon intensity reduction or carbon neutrality. An ambition expresses an outcome desired or intended by Galp, it being specified that the means to be deployed may not depend solely on Galp. All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements express future expectations that are based on management's expectations and assumptions as of the date they are disclosed and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such those statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Galp to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections, and assumptions. These forward-looking statements may generally be identified by the use of the future or conditional tense or the use of terms and phrases such as "aim", "ambition", "anticipate", "believe", "consider", "could", "envision", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "schedule", "seek", "should", "target", "think", "will" or the negative of these terms and similar terminology.

Financial information by business segment is reported in accordance with the Galp's management reporting policies and shows internal segment information that is used to manage and measure the Group's performance. In addition to IFRS measures, certain alternative performance measures are presented, such as performance measures adjusted for special items (adjusted earnings before interest, taxes, depreciation and amortisation, adjusted earnings before interest and taxes, and adjusted net income), return on equity (ROE), return on average capital employed (ROACE), gearing ratio, cash flow from operations and free cash flow. These indicators are meant to facilitate the analysis of the financial performance of Galp and comparison of results and cash flow among periods. In addition, the results are also measured in accordance with the replacement cost method, adjusted for special items. This method is used to assess the performance of each business segment and facilitate the comparability of the segments' performance with those of its competitors. This document also contains non-financial performance indicators, including a carbon intensity indicator for energy products sold by Galp, that measures the amount of greenhouse gas emissions of those products, from their production to their end use, per unit of energy delivered. This indicator covers the direct GHG emissions of production and processing facilities (scope 1) and their indirect emissions associated with energy purchased (scope 2), as well as the emissions associated with the use of products by Galp's costumers (scope 3). The same emissions are considered for products purchased from third parties and sold or transformed by Galp. For a complete definition of scopes 1, 2 and 3 and the methodology used by Galp for this indicator please refer to Galp's website at galp.com.

Galp and its respective representatives, agents, employees or advisers do not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this document to reflect any change in events, conditions or circumstances. This document does not constitute investment advice nor forms part of and should not be construed as an offer to sell or issue or the solicitation of an offer to buy or otherwise acquire securities of Galp or any of its subsidiaries or affiliates in any jurisdiction or an inducement to engage in any investment activity in any jurisdiction.

# INDEX

## Table of Contents

<b>1. Results highlights</b>	<b>4</b>
<b>2. Upstream</b>	<b>8</b>
<b>3. Commercial</b>	<b>11</b>
<b>4. Refining &amp; Midstream</b>	<b>13</b>
<b>5. Renewables &amp; New Businesses</b>	<b>16</b>
<b>6. Financial Data</b>	<b>19</b>
6.1 Income Statement	20
6.2 Capital Expenditure	22
6.3 Cash flow	23
6.4 Financial position	25
6.5 Financial debt	26
6.6 IFRS consolidated income statement	29
6.7 Consolidated financial position	30
<b>7. Basis of reporting</b>	<b>32</b>
<b>8. Appendices</b>	<b>40</b>
<b>9. Definitions</b>	<b>72</b>





## RESULTS HIGHLIGHTS

# 1. RESULTS HIGHLIGHTS

## First quarter 2021

Galp's adjusted operating cash flow<sup>1</sup> reached €445 m, up 46% YoY, driven by an improved Upstream macro context, which more than offset the weaker downstream environment. CFFO was up 54% YoY, to €377 m including changes in working capital and inventory effect, as well as special items registered during the period.

FCF generation reached €175 m, or €518 m including proceeds of €343 m from the GGND (Galp Gás Natural Distribuição, S.A.) stake sale, which was completed during the quarter.

Net debt at the end of the period was €1,552 m, leading to a net debt to RCA Ebitda ratio of 1.1x.

RCA Ebitda was €499 m, with the following highlights:

- Upstream: RCA Ebitda was €438 m, a 53% increase YoY, reflecting higher oil prices, which offset the lower production and the depreciation of the USD against the Euro.

Working Interest (WI) production was down 5% YoY to 125 kboepd, impacted by offshore operational and logistics constraints.

- Commercial: RCA Ebitda of €69 m, down 23% YoY, driven by the decline in oil products and natural gas sales during the quarter, reflecting the weak Iberian demand conditions resulting from the continuing lockdowns.

- Refining & Midstream: RCA Ebitda was -€6 m, a €96 m decrease YoY, impacted by a negative Refining contribution, reflecting the pressured refining margins environment, and a weak Midstream contribution, impacted by gas sourcing restrictions, a negative swing in pricing lag effects and higher regasification costs in Portugal.
- Renewables & New Businesses: All solar plants have resumed normal operations by the end of the quarter, with no relevant Ebitda in the quarter

RCA Ebit was up 30% YoY to €284 m, supported by the stronger operational contribution and lower DD&A.

RCA net income was €26 m. IFRS net income was €161 m, with an inventory effect of €101 m and special items of €34 m.

## Other highlights

### GGND stake sale conclusion

In October 2020, Galp agreed with Allianz the sale of 75.01% of GGND for a total consideration of €368 m. Completion of the deal occurred in 1Q21 and Galp received €343 m, with the remaining €25 m expected to be received in 2Q21.

<sup>1</sup>The adjusted operating cash flow indicator represents a proxy of Galp's operational performance excluding inventory effects, working capital changes and special items. The reconciliation of this indicator with CFFO using IFRS is in chapter 6.3 Cash Flow.



## Financial data

€m (IFRS, except otherwise stated)

	Quarter				
	1Q20	4Q20	1Q21	Var. YoY	% Var. YoY
<b>RCA Ebitda</b>	469	410	499	30	6%
Upstream	286	319	438	153	53%
Commercial	90	71	69	(20)	(23%)
Refining & Midstream	90	17	(6)	(96)	n.m.
Renewables & New Businesses	(1)	(3)	(2)	1	n.m.
<b>RCA Ebit</b>	217	159	284	66	30%
Upstream	145	161	314	168	n.m.
Commercial	68	47	44	(24)	(35%)
Refining & Midstream	9	(51)	(67)	(76)	n.m.
Renewables & New Businesses	(7)	(1)	(3)	(4)	(62%)
<b>RCA Net income</b>	29	3	26	(4)	(13%)
<b>IFRS Net income</b>	(257)	(35)	161	418	n.m.
Special items	(8)	(60)	34	42	n.m.
Inventory effect	(278)	22	101	379	n.m.
<b>Capex</b>	144	173	178	33	23%
<b>Adjusted operating cash flow</b>	305	373	445	140	46%
Upstream	132	241	390	258	n.m.
Commercial	90	70	67	(24)	(26%)
Refining & Midstream	84	42	(9)	(94)	n.m.
Renewables & New Businesses	(1)	(3)	(2)	2	n.m.
<b>Cash flow from operations</b>	244	231	377	133	54%
<b>Free cash flow</b>	90	95	518	427	n.m.
<b>Dividends paid to non-controlling interests</b>	(108)	(2)	-	108	n.m.
<b>Dividends paid to shareholders</b>	-	-	-	-	n.m.
<b>Net debt</b>	1,496	2,066	1,552	56	4%
<b>Net debt to RCA Ebitda<sup>1</sup></b>	0.7x	1.5x	1.1x	0.4x	n.m.

<sup>1</sup> Ratio considers the LTM Ebitda RCA (€1,601 m on 31 March 2021), which includes the adjustment for the impact from the application of IFRS 16 (€186 m on 31 March 2021).

## Operational data

	Quarter				
	1Q20	4Q20	1Q21	Var. YoY	% Var. YoY
Average working interest production (kboepd)	131.4	122.8	125.2	(6.2)	(5%)
Average net entitlement production (kboepd)	129.6	121.1	123.5	(6.1)	(5%)
Oil & gas realisations - Dif. to Brent (USD/boe)	(5.6)	(5.0)	(6.5)	0.9	17%
Raw materials processed (mboe)	26.8	23.5	19.7	(7.1)	(26%)
Galp refining margin (USD/boe)	1.9	1.6	2.0	0.2	9%
Oil products supply <sup>1</sup> (mton)	4.1	3.7	3.6	(0.5)	(13%)
NG/LNG supply & trading volumes <sup>1</sup> (TWh)	17.7	24.1	25.7	8.0	45%
Sales of electricity from cogeneration (GWh)	339	351	331	(8)	(2%)
Oil Products - client sales (mton)	1.8	1.5	1.3	(0.4)	(25%)
Natural gas - client sales (TWh)	6.7	5.8	4.9	(1.7)	(26%)
Electricity - client sales (GWh)	901	881	950	50	6%
Gross renewable power generation (GWh)	8.3	169.8	191.5	183.2	n.m.
Galp average solar generation sale price (EUR/MWh)	-	39.2	42.3	n.m.	n.m.

<sup>1</sup> Includes volumes sold to the Commercial segment.

## Market indicators

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 capture price. <sup>1</sup>Urals NWE dated for heavy

	Quarter				
	1Q20	4Q20	1Q21	Var. YoY	% Var. YoY
Average exchange rate EUR:USD	1.10	1.19	1.20	0.10	9%
Average exchange rate EUR:BRL	4.92	6.44	6.60	1.68	34%
Dated Brent price (USD/bbl)	50.1	44.2	61.1	11.0	22%
Heavy-light crude price spread <sup>1</sup> (USD/bbl)	(2.4)	(0.1)	(1.5)	(0.9)	(38%)
Iberian MIBGAS natural gas price (EUR/MWh)	10.1	15.3	20.5	10.4	n.m.
Dutch TTF natural gas price (EUR/MWh)	9.5	14.8	18.5	9.0	94%
Japan/Korea Marker LNG price (USD/mbtu)	3.6	7.9	10.0	6.3	n.m.
Iberian baseload pool price (EUR/MWh)	34.9	40.1	45.2	10.4	30%
Iberian solar captured price (EUR/MWh)	33.7	39.6	42.6	8.9	26%
Iberian oil market (mton)	14.7	13.4	12.1	(2.6)	(18%)
Iberian natural gas market (TWh)	119	114	114	(5)	(4%)

<sup>1</sup> crude; dated Brent for light crude.



# 02

UPSTREAM



## 2. UPSTREAM

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

	Quarter				
	1Q20	4Q20	1Q21	Var. YoY	% Var. YoY
<b>Average working interest production<sup>1</sup> (kboepd)</b>	<b>131.4</b>	<b>122.8</b>	<b>125.2</b>	<b>(6.2)</b>	<b>(5%)</b>
Oil production (kbpd)	118.1	111.1	112.2	(5.9)	(5%)
<b>Average net entitlement production<sup>1</sup> (kboepd)</b>	<b>129.6</b>	<b>121.1</b>	<b>123.5</b>	<b>(6.1)</b>	<b>(5%)</b>
Angola	14.1	11.3	11.3	(2.8)	(20%)
Brazil	115.6	109.8	112.2	(3.4)	(3%)
<b>Oil and gas realisations - Dif. to Brent (USD/boe)</b>	<b>(5.6)</b>	<b>(5.0)</b>	<b>(6.5)</b>	<b>0.9</b>	<b>17%</b>
<b>Royalties (USD/boe)</b>	<b>4.0</b>	<b>3.7</b>	<b>4.8</b>	<b>0.9</b>	<b>22%</b>
<b>Production costs (USD/boe)</b>	<b>2.4</b>	<b>2.2</b>	<b>1.8</b>	<b>(0.6)</b>	<b>(25%)</b>
<b>DD&amp;A<sup>2</sup> (USD/boe)</b>	<b>13.1</b>	<b>15.9</b>	<b>13.7</b>	<b>0.5</b>	<b>4%</b>
<b>RCA Ebitda</b>	<b>286</b>	<b>319</b>	<b>438</b>	<b>153</b>	<b>53%</b>
Depreciation, Amortisation and Impairments <sup>2</sup>	(140)	(159)	(126)	(14)	(10%)
Provisions	-	1	1	1	n.m.
<b>RCA Ebit</b>	<b>145</b>	<b>161</b>	<b>314</b>	<b>168</b>	<b>n.m.</b>
<b>IFRS Ebit<sup>3</sup></b>	<b>181</b>	<b>159</b>	<b>340</b>	<b>159</b>	<b>88%</b>
<b>Adjusted operating cash flow</b>	<b>132</b>	<b>241</b>	<b>390</b>	<b>258</b>	<b>n.m.</b>
<b>Capex</b>	<b>104</b>	<b>69</b>	<b>149</b>	<b>45</b>	<b>43%</b>

<sup>1</sup> Includes natural gas exported; excludes natural gas used or reinjected.

<sup>2</sup> Includes abandonment provisions. 2020 figures exclude impairments related with exploration assets.

<sup>3</sup> Includes unitisation impacts.

## First quarter

### Operations

WI production was down 5% YoY to 125.2 kboepd, impacted by operational constraints, namely due to the pandemic circumstances which continued to restrict offshore activities. Natural gas accounted for 10% of Galp's total production.

In Brazil, production was 3% lower YoY, at 112.2 kboepd, as the continued ramp-up of the Berbigão/Sururu and Atapu FPSOs was more than offset by the offshore constraints. Angola net entitlement production decreased YoY, from 14.1 kbpd to 11.3 kbpd, following the lower contribution from Kaombo and Block 14's natural decline.

The Group's NE production followed the production WI decrease to 123.5 kboepd.

### Results

RCA Ebitda was €438 m, a 53% increase YoY, reflecting the higher oil price environment, which offset the lower production and the depreciation of the USD against the Euro. Adjusted operating cash flow was €390 m, compared to €132 m in 1Q20, which also includes €48 m of dividends from associates, related with Tupi BV.

Production costs were €17 m, 36% lower YoY, excluding costs related with IFRS 16 leases of €30 m. In unit terms, and on a net entitlement basis, production costs were \$1.8/boe.

Amortisation and depreciation charges (including abandonment provisions) were down YoY to €126 m, reflecting the USD dollar depreciation against the Euro. In unit terms and on a net entitlement basis, DD&A and Provisions were slightly higher YoY, at \$13.7/boe, reflecting a lower production dilution.

RCA Ebit was €314 m, up €168 m YoY. IFRS Ebit amounted to €340 m.





COMMERCIAL

### 3. COMMERCIAL

€m (RCA, except otherwise stated)

	Quarter				
	1Q20	4Q20	1Q21	Var. YoY	% Var. YoY
<b>Commercial sales to clients</b>					
Oil products (mton)	1.8	1.5	1.3	(0.4)	(25%)
Natural Gas (TWh)	6.7	5.8	4.9	(1.7)	(26%)
Electricity (GWh)	901	881	950	50	6%
<b>RCA Ebitda</b>	<b>90</b>	<b>71</b>	<b>69</b>	<b>(21)</b>	<b>(23%)</b>
Depreciation, Amortisation and Impairments	(22)	(25)	(25)	2	11%
Provisions	0	1	(1)	(1)	n.m.
<b>RCA Ebit</b>	<b>68</b>	<b>47</b>	<b>44</b>	<b>(24)</b>	<b>(35%)</b>
<b>IFRS Ebit</b>	<b>66</b>	<b>50</b>	<b>45</b>	<b>(21)</b>	<b>(32%)</b>
<b>Adjusted operating cash flow</b>	<b>90</b>	<b>70</b>	<b>67</b>	<b>(24)</b>	<b>(26%)</b>
<b>Capex</b>	<b>24</b>	<b>49</b>	<b>4</b>	<b>(20)</b>	<b>(84%)</b>

## First quarter

### Operations

Total oil products' sales decreased 25% YoY to 1.3 mton, reflecting the lower market demand in Iberia, namely in the aviation, marine bunkers and retail segments, as a result of lockdowns and weaker economic environment.

Natural gas volumes sold declined 26% YoY to 4.9 TWh, driven by the lower volumes sold to B2B segment in Iberia.

Sales of electricity were 950 GWh, 6% up YoY, driven by a supportive contribution from both B2B and B2C segments, with a higher number of customers.

### Results

RCA Ebitda for the Commercial business was €69 m, down 23% YoY, driven by the decline in oil products and natural gas sales during the quarter. Adjusted operating cash flow was €67 m, down 26% YoY.

RCA Ebit was €44 m, while IFRS Ebit was €45 m.





04

REFINING &  
MIDSTREAM

## 4. REFINING & MIDSTREAM

€m (RCA, except otherwise stated)

	Quarter				
	1Q20	4Q20	1Q21	Var. YoY	% Var. YoY
<b>Raw materials processed (mboe)</b>	<b>26.8</b>	<b>23.5</b>	<b>19.7</b>	<b>(7.1)</b>	<b>(26%)</b>
Crude processed (mbbl)	25.2	20.8	16.8	(8.3)	(33%)
<b>Galp refining margin (USD/boe)</b>	<b>1.9</b>	<b>1.6</b>	<b>2.0</b>	<b>0.2</b>	<b>9%</b>
<b>Refining cost (USD/boe)</b>	<b>3.0</b>	<b>2.7</b>	<b>2.0</b>	<b>(1.0)</b>	<b>(33%)</b>
<b>Refining margin hedging<sup>1</sup> (USD/boe)</b>	<b>0.4</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.4)</b>	<b>n.m.</b>
<b>Oil products supply<sup>2</sup> (mton)</b>	<b>4.1</b>	<b>3.7</b>	<b>3.6</b>	<b>(0.5)</b>	<b>(13%)</b>
<b>NG/LNG supply &amp; trading volumes<sup>2</sup> (TWh)</b>	<b>17.7</b>	<b>24.1</b>	<b>25.7</b>	<b>8.0</b>	<b>45%</b>
Trading (TWh)	5.3	11.3	15.8	10.5	n.m.
<b>Sales of electricity from cogeneration (GWh)</b>	<b>339</b>	<b>351</b>	<b>331</b>	<b>(8)</b>	<b>(2%)</b>
<b>RCA Ebitda</b>	<b>90</b>	<b>17</b>	<b>(6)</b>	<b>(96)</b>	<b>n.m.</b>
Depreciation, Amortisation and Impairments	(80)	(67)	(61)	(19)	(24%)
Provisions	(1)	0	(0)	(0)	(40%)
<b>RCA Ebit</b>	<b>9</b>	<b>(51)</b>	<b>(67)</b>	<b>(76)</b>	<b>n.m.</b>
<b>IFRS Ebit</b>	<b>(369)</b>	<b>(308)</b>	<b>49</b>	<b>419</b>	<b>n.m.</b>
<b>Adjusted operating cash flow</b>	<b>84</b>	<b>42</b>	<b>(9)</b>	<b>(94)</b>	<b>n.m.</b>
<b>Capex</b>	<b>14</b>	<b>26</b>	<b>7</b>	<b>(7)</b>	<b>(49%)</b>

Note: Following Galp's decision to discontinue refining activities in Matosinhos, 2021 refining indicators only reflect Sines refinery operations.

<sup>1</sup> Impact on Ebitda.

<sup>2</sup> Includes volumes sold to the Commercial segment.



## First quarter

Following Galp's decision to discontinue refining activities in Matosinhos, and for purposes of better evaluating Galp's operating performance going forward, all 2021 Refining & Midstream indicators exclude Matosinhos refining contribution. The 2020 figures were kept as reported, including Matosinhos' contribution.

### Operations

Raw materials processed were 19.7 mboe, 26% lower YoY, also impacted by some operational restrictions in the system.

Crude oil accounted for 85% of the raw materials processed, of which 86% corresponded to medium and heavy crudes. All crudes processed were sweet grades.

Middle distillates (diesel and jet) accounted for 46% of the production and gasoline for 24%. Fuel oil yield was 20%, entirely very low sulphur fuel oil. Consumption and losses represented 8% of the raw materials processed.

Total supply of oil products decreased 13% YoY to 3.6 mton, considering only Sines refinery throughput and reflecting the lower demand environment.

Supply & trading volumes of NG/LNG increased 45% YoY to 25.7 TWh, driven by increased network trading of natural gas.

Sales of electricity to the grid from the cogeneration plants were 331 GWh, 2% lower YoY.

## Results

RCA Ebitda for the Refining & Midstream business was -€6 m, compared to €90 m in 1Q20. Adjusted operating cash flow amounted -€9 m, down from €84 m in 1Q20.

Galp's refining margin was up YoY to \$2.0/boe, only considering Sines refinery performance and mostly reflecting more supportive gasoline cracks.

Refining costs were €33 m, or \$2.0/boe, down YoY, now only reflecting Sines operational costs.

Midstream contribution decreased, impacted by gas sourcing restrictions and a negative swing in oil pricing lag formulas, following the increase in commodities prices. Ebitda also includes the one-off increased regasification costs in Portugal for 2021.

RCA Ebit was -€67 m, while IFRS Ebit was €49 m, considering an inventory effect of €132 m.



**RENEWABLES &  
NEW BUSINESSES**

## 5. RENEWABLES & NEW BUSINESSES

€m (RCA, except otherwise stated)

	Quarter				
	1Q20	4Q20	1Q21	Var. YoY	% Var. YoY
<b>Renewable power generation (GWh)</b>					
Gross	8	170	191	183	n.m.
Net to Galp	4	125	141	137	n.m.
<b>Galp average solar generation sale price (EUR/MWh)</b>	-	39.2	42.3	n.m.	n.m.
RCA Ebitda	(1)	(3)	(2)	1	n.m.
RCA Ebit	(7)	(1)	(3)	(4)	(0.6)
IFRS Ebit	(7)	(1)	(3)	(4)	(0.6)
<b>Adjusted operating cash flow</b>	<b>(1)</b>	<b>(3)</b>	<b>(2)</b>	<b>2</b>	<b>n.m.</b>
<b>Capex</b>	<b>0</b>	<b>20</b>	<b>15</b>	<b>14</b>	<b>n.m.</b>

	Quarter				
	1Q20	4Q20	1Q21	Var. YoY	% Var. YoY
<b>Pro-forma - equity to Galp<sup>1</sup></b>					
Ebitda	(0)	1	1	1	n.m.
Ebit	(7)	(6)	(6)	(1)	-16%

<sup>1</sup> Pro-forma considers all projects as if they were consolidated according to Galp's equity stakes.



## First quarter

### Operations

Galp's current installed generation capacity consists of 926 MW, on a 100% basis, of which 914 MW from solar PV projects and the remaining from a 12 MW wind farm in Portugal.

Renewable energy generation, on a 100% basis, was up 13% QoQ to 191 GWh, supported by slightly higher sunlight hours. Considering Galp's equity stake in these businesses, renewable generation was 141 GWh.

During most of the quarter, 375 MW of installed solar capacity was restricted due to an upset on transformers. By the end of 1Q21, the solar plants resumed operations under normal conditions.

### Results

Renewables & New Businesses Ebitda of -€2 m mostly includes G&A and corporate expenses.

Renewables & New Businesses pro-forma Ebitda, considering all projects as if they were consolidated according to Galp's equity stakes, was €1 m, flat QoQ.

Galp's average sale price was €42/MWh, up 8% QoQ, supported by a stronger power demand in Iberia.

	Operating	Under Development	Total
<b>Galp Renewable capacity (MW)</b>			
<b>Gross</b>	926	2,865	3,791
Spain	914	2,370	3,284
Portugal	12	495	507
<b>Equity to Galp (pro-forma)</b>	692	2,362	3,054
Spain	686	1,867	2,553
Portugal	6	495	501



06



FINANCIAL  
DATA

## 6. FINANCIAL DATA

### 6.1 Income Statement

€m (RCA, except otherwise stated)

	Quarter				
	1Q20	4Q20	1Q21	Var. YoY	% Var. YoY
Turnover	3,689	2,828	3,338	(351)	(10%)
Cost of goods sold	(2,573)	(2,129)	(2,411)	(162)	(6%)
Supply & Services	(450)	(298)	(356)	(94)	(21%)
Personnel costs	(82)	(79)	(70)	(12)	(14%)
Other operating revenues (expenses)	(113)	88	(0)	(113)	(100%)
Impairments on accounts receivable	(1)	(0)	0	2	n.m.
<b>RCA Ebitda</b>	<b>469</b>	<b>410</b>	<b>499</b>	<b>30</b>	<b>6%</b>
<b>IFRS Ebitda</b>	<b>125</b>	<b>418</b>	<b>644</b>	<b>519</b>	<b>n.m.</b>
Depreciation, Amortisation and Impairments	(246)	(253)	(216)	(30)	(12%)
Provisions	(6)	2	0	6	n.m.
<b>RCA Ebit</b>	<b>217</b>	<b>159</b>	<b>284</b>	<b>66</b>	<b>30%</b>
<b>IFRS Ebit</b>	<b>(127)</b>	<b>(80)</b>	<b>427</b>	<b>554</b>	<b>n.m.</b>
Net income from associates	19	8	(0)	(19)	n.m.
Financial results	(60)	(19)	(55)	(4)	(7%)
Net interests	(5)	(19)	(9)	4	71%
Capitalised interest	5	12	3	(2)	(43%)
Exchange gain (loss)	(56)	34	(16)	(40)	(71%)
Mark-to-market of derivatives	(84)	59	-	84	n.m.
Interest leases (IFRS 16)	(21)	(19)	(19)	(2)	(10%)
Other financial costs/income	101	(86)	(14)	(115)	n.m.
<b>RCA Net income before taxes and minority interests</b>	<b>177</b>	<b>147</b>	<b>228</b>	<b>51</b>	<b>29%</b>
Taxes	(146)	(120)	(181)	35	24%
Taxes on oil and natural gas production <sup>1</sup>	(99)	(72)	(109)	10	10%
Non-controlling interests	(1)	(25)	(22)	21	n.m.
<b>RCA Net income</b>	<b>29</b>	<b>3</b>	<b>26</b>	<b>(4)</b>	<b>(13%)</b>
Special items	(8)	(60)	34	42	n.m.
<b>RC Net income</b>	<b>22</b>	<b>(57)</b>	<b>60</b>	<b>38</b>	<b>n.m.</b>
Inventory effect	(278)	22	101	379	n.m.
<b>IFRS Net income</b>	<b>(257)</b>	<b>(35)</b>	<b>161</b>	<b>418</b>	<b>n.m.</b>

<sup>1</sup> Includes income taxes and taxes on oil and natural gas production, such as SPT payable in Brazil and IRP payable in Angola.



## First quarter

RCA Ebitda increased 6% YoY to €499 m, supported by a robust upstream performance, despite the constrained production, which more than offset lower contributions from the downstream business segments. IFRS Ebitda amounted to €644 m, considering €133 m of inventory effect.

RCA Ebit was up 30% YoY, to €284 m, supported by the RCA Ebitda increase and benefiting from lower DD&A, mainly related to an amortisation rate (UOP) decrease in the Upstream and to the Matosinhos discontinuity. IFRS Ebit was €427 m.

Income from associated companies was neutral, after GGND stake sale and as the contribution from Galp's equity stake in the international pipelines was offset by the negative income from the Spanish renewable joint venture, given its early development stage.

Financial results were -€55 m, reflecting operating leases interests and negative FX differences registered in the period (BRL depreciation on cash positions and the USD appreciation on USD debt).

RCA taxes increased YoY, from €146 m to €181 m, following the higher operating results in the upstream.

Non-controlling interests of -€22 m, mostly attributed to Sinopec's stake in Petrogal Brasil.

RCA net income was €26 m and IFRS net income was €161 m, positively impacted by €101 m of inventory effect and €34 m of special items.

Note: for the purpose of better assessing Galp's recurrent performance, from 1Q21 onwards mark-to-market swings related with derivative hedges to cover client positions, as well as the FX impacts related with natural gas risk coverage, which have no direct translation into operational results, are considered as special items and not included in the RCA financial statements. No adjustments were done in the reported figures from previous periods.

## 6.2 Capital Expenditure

€m

	Quarter				
	1Q20	4Q20	1Q21	Var. YoY	% Var. YoY
Upstream	104	69	149	45	43%
Exploration and appraisal activities	1	-	-	(1)	n.m.
Development and production activities	103	69	149	46	44%
Commercial	24	49	4	(20)	(84%)
Refining & Midstream	14	25	7	(7)	(49%)
Renewables & New Businesses	0	20	15	14	n.m.
Others	3	10	3	1	24%
<b>Capex<sup>1</sup></b>	<b>144</b>	<b>173</b>	<b>178</b>	<b>33</b>	<b>23%</b>

<sup>1</sup>Capex figures based in change in assets during the period.

### First quarter

Capex totalled €178 m during the quarter.

Investments in Upstream were mostly directed to projects under development in the Brazilian pre-salt, namely Bacalhau.

Commercial capex was mainly directed to the retail segment in Portugal, benefiting as well from an adjustment related with 4Q20, whilst Refining & Midstream capex was allocated towards initiatives to improve the system efficiency.

Investments within the Renewables & New Businesses segment were mostly deployed towards the execution of the solar photovoltaic projects' pipeline.

## 6.3 Cash Flow

€m (IFRS figures)

	Quarter		
	1Q20	4Q20	1Q21
RCA Ebitda	469	410	499
Dividends from associates	1	38	48
Taxes paid	(165)	(74)	(102)
<b>Adjusted operating cash flow</b>	<b>305</b>	<b>373</b>	<b>445</b>
Special items	36	(14)	11
Inventory effect	(380)	23	133
Changes in working capital	283	(151)	(212)
<b>Cash flow from operations</b>	<b>244</b>	<b>231</b>	<b>377</b>
Net capex	(211)	(117)	195
Net financial expenses	(25)	(1)	(36)
IFRS 16 leases interest	(23)	(19)	(19)
Realised income from derivatives	105	2	-
Proceeds from equalisation	-	-	-
<b>Free cash flow</b>	<b>90</b>	<b>95</b>	<b>518</b>
Dividends paid to non-controlling interest <sup>1</sup>	(108)	(2)	-
Dividends paid to Galp shareholders	-	-	-
Reimbursement of IFRS 16 principal leases	(27)	(27)	(27)
Others <sup>2</sup>	(16)	(41)	22
<b>Change in financial net debt</b>	<b>61</b>	<b>(25)</b>	<b>(513)</b>

<sup>1</sup> Mainly dividends paid to Sinopec.

<sup>2</sup> Others include carries related to Sonangol and exchange rate variations on cash positions.



## First quarter

Galp's adjusted operating cash flow<sup>2</sup> reached €445 m, up 46% YoY, following the improved Upstream macro context, which more than offset the weaker downstream environment. In 1Q21, adjusted operating cash flow also includes €48 m of dividends from associates related with the Upstream business.

CFFO was €377 m, a 54% increase YoY, reflecting a positive inventory effect, which was more than offset by a working capital build, following the impact from the commodity prices' increase on inventories and receivables.

Net capex disbursed in the quarter of €195 m includes the partial receipt related to the GGND stake sale of €343 m, as well as €35 m in partial proceeds related to the sale of FPSO P-71 to Petrobras.

FCF was €518 m. Change in net debt also reflects the principal repayment on leases and cash balances appreciation following the USD and BRL exchange rate evolutions against the Euro (registered under Others).

---

<sup>2</sup> The adjusted operating cash flow indicator represents a proxy of Galp's operational performance excluding inventory effects, working capital changes and special items.

## 6.4 Financial Position

€m (IFRS figures)

	31 Dec. 2020	31 Mar. 2021	Var. vs 31 Dec. 2020
Net fixed assets <sup>1</sup>	6,308	6,472	164
Rights of use (IFRS 16)	1,002	1,033	31
Working capital	703	916	212
Other assets/liabilities <sup>1</sup>	(759)	(1,216)	(457)
<b>Capital employed</b>	<b>7,254</b>	<b>7,204</b>	<b>(50)</b>
Short term debt	539	84	(455)
Medium-Long term debt	3,204	3,207	3
<b>Total debt</b>	<b>3,743</b>	<b>3,291</b>	<b>(452)</b>
Cash and equivalents	1,678	1,739	61
<b>Net debt</b>	<b>2,066</b>	<b>1,552</b>	<b>(513)</b>
Leases (IFRS 16)	1,089	1,125	37
Equity	4,100	4,527	427
<b>Equity, net debt and leases</b>	<b>7,254</b>	<b>7,204</b>	<b>(50)</b>

<sup>1</sup> Net fixed assets and other assets/liabilities include the estimated impact from unitisations.

On March 31, 2021, net fixed assets were €6,472 m, including work-in-progress of €1,570 m, mostly related to the Upstream business. Other assets/liabilities change reflects the cash proceeds from the stake sale in GGND.

Equity was up €427 m QoQ, mostly reflecting the IFRS net income of the period of €161 m and the appreciation of the USD against the Euro at the end of the respective periods.

## 6.5 Financial debt

€m (except otherwise stated)

	31 Dec. 2020	31 Mar. 2021	Var. vs 31 Dec. 2020
Cash and equivalents	1,678	1,739	61
Undrawn credit facilities	1,262	1,263	1
Bonds	2,904	2,412	(492)
Bank loans and other debt	840	879	40
Net debt	2,066	1,552	(513)
Leases (IFRS 16)	1,089	1,125	37
Average life (years) <sup>1</sup>	2.8	3.0	0.2
Average funding cost <sup>1</sup>	1.7%	1.5%	(0 p.p.)
Debt at floating rate <sup>1</sup>	52%	60%	8 p.p.
Net debt to RCA Ebitda <sup>2</sup>	1.5x	1.1x	-0.4x

<sup>1</sup> Debt does not include IFRS 16 leases.

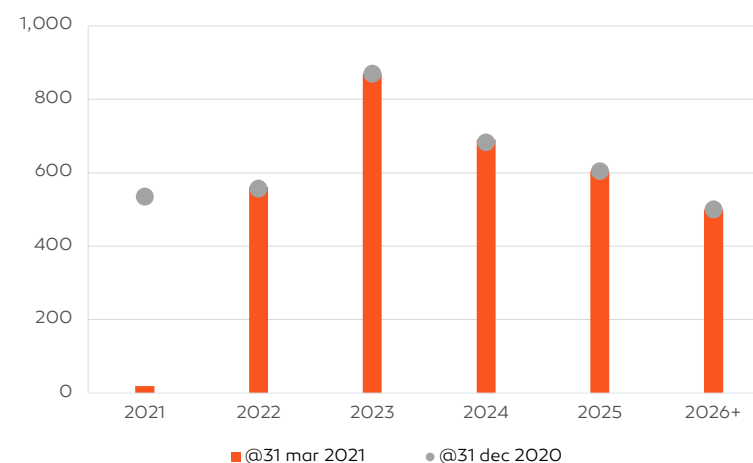
<sup>2</sup> Ratio considers the LTM Ebitda RCA (€1,601 m on 31 March 2021), which includes the adjustment for the impact from the application of IFRS 16 (€186 m on 31 March 2021).

On March 31, 2021, net debt was €1,552 m, down €513 m QoQ, supported by a robust FCF generation and considering the GGND stake sale. Net debt to RCA Ebitda decreased to 1.1x.

At the end of the period, Galp had unused credit lines of approximately €1.3 bn, of which c.75% were contractually guaranteed.

A Eurobond of €500 m was repaid in January 2021, with no new material redemptions until mid-2022.

### Debt maturity profile (€ m)





## Reconciliation of IFRS and RCA figures

## Ebitda by segment

€m

1Q21						1Q20				
IFRS Ebitda	Inventory effect	RC Ebitda	Special items	RCA Ebitda		IFRS Ebitda	Inventory effect	RC Ebitda	Special items	RCA Ebitda
<b>644</b>	<b>(133)</b>	<b>511</b>	<b>(11)</b>	<b>499</b>	Galp	<b>125</b>	<b>380</b>	<b>504</b>	<b>(35)</b>	<b>469</b>
465	-	465	(26)	438	Upstream	321	(0)	321	(36)	286
71	(1)	69	-	69	Commercial	89	1	90	0	90
111	(132)	(21)	15	(6)	R&Mid.	(289)	379	90	-	90
(2)	-	(2)	-	(2)	R&NB	(1)	-	(1)	-	(1)
(0)	-	(0)	0	(0)	Others	4	-	4	-	4

## Ebit by segment

€m

1Q21						1Q20				
IFRS Ebit	Inventory effect	RC Ebit	Special items	RCA Ebit		IFRS Ebit	Inventory effect	RC Ebit	Special items	RCA Ebit
<b>427</b>	<b>(133)</b>	<b>294</b>	<b>(11)</b>	<b>284</b>	Galp	<b>(127)</b>	<b>380</b>	<b>253</b>	<b>(35)</b>	<b>217</b>
340	-	340	(26)	314	Upstream	181	(0)	181	(36)	145
45	(1)	44	-	44	Commercial	66	1	68	0	68
49	(132)	(83)	16	(67)	R&Mid.	(369)	379	9	-	9
(3)	-	(3)	-	(3)	R&NB	(7)	-	(7)	-	(7)
(4)	-	(4)	-	(4)	Others	2	-	2	-	2

## Special items

€m

	Quarter		
	1Q20	4Q20	1Q21
<b>Items impacting Ebitda</b>	<b>(35)</b>	<b>14</b>	<b>(11)</b>
Headcount restructuring charges	0	13	-
Exchange rate differences related with Brazil unitisation processes	(36)	1	-
Termination agreement for service and equipment (P-71)	-	-	(26)
Matosinhos Refinery operations (under decomissioning)	-	-	15
<b>Items impacting non-cash costs</b>	<b>-</b>	<b>248</b>	<b>1</b>
Provisions for environmental charges and others (Matosinhos Refinery)	-	94	0
Asset impairments (Matosinhos Refinery)	-	153	1
<b>Items impacting financial results</b>	<b>7</b>	<b>(99)</b>	<b>(61)</b>
Gains/losses on financial investments (GGND) <sup>1</sup>	7	(99)	10
Gains/losses on financial investments - Unitisation	-	1	-
MTM of derivatives and FX from natural gas derivatives	-	-	(71)
<b>Items impacting taxes</b>	<b>29</b>	<b>(114)</b>	<b>31</b>
Taxes on special items	12	(82)	24
BRL/USD FX impact on deferred taxes in Brazil	-	(35)	(3)
Energy sector contribution taxes	17	4	10
<b>Non-controlling interests (Unitisation and FX on deferred taxes Brazil)</b>	<b>7</b>	<b>10</b>	<b>6</b>
<b>Total special items</b>	<b>8</b>	<b>60</b>	<b>(34)</b>

<sup>1</sup> Includes adjustments from the correspondent CESE, previously booked at GGND.

## 6.6 IFRS consolidated income statement

€m

	1Q20	Quarter 4Q20	1Q21
Sales	3,502	2,701	3,214
Services rendered	187	128	124
Other operating income	52	28	68
<b>Operating costs</b>	<b>3,741</b>	<b>2,856</b>	<b>3,406</b>
Inventories consumed and sold	(2,953)	(2,107)	(2,280)
Materials and services consumed	(450)	(298)	(362)
Personnel costs	(82)	(92)	(78)
Impairments on accounts receivable	(1)	(0)	0
Other operating costs	(129)	60	(42)
<b>Total operating costs</b>	<b>(3,616)</b>	<b>(2,438)</b>	<b>(2,762)</b>
<b>Ebitda</b>	<b>125</b>	<b>418</b>	<b>644</b>
Depreciation, Amortisation and Impairments	(246)	(407)	(217)
Provisions	(6)	(92)	(0)
<b>Ebit</b>	<b>(127)</b>	<b>(80)</b>	<b>427</b>
Net income from associates <sup>1</sup>	12	106	(10)
Financial results	(60)	(19)	15
Interest income	8	(6)	4
Interest expenses	(13)	(14)	(13)
Capitalised interest	5	12	3
Interest leases (IFRS 16)	(21)	(19)	(19)
Exchange gain (loss)	(56)	34	17
Mark-to-market of derivatives	(84)	59	37
Other financial costs/income <sup>2</sup>	101	(86)	(15)
<b>Income before taxes</b>	<b>(175)</b>	<b>7</b>	<b>433</b>
Taxes <sup>3</sup>	(47)	(3)	(225)
Energy sector contribution taxes <sup>4</sup>	(26)	(4)	(19)
<b>Income before non-controlling interests</b>	<b>(248)</b>	<b>0</b>	<b>189</b>
Income attributable to non-controlling interests	(8)	(35)	(28)
<b>Net income</b>	<b>(257)</b>	<b>(35)</b>	<b>161</b>

<sup>1</sup> Includes capital gains related to GGND stake sale in 4Q20.<sup>2</sup> 1Q20 and 4Q20 include realised gains or losses from derivatives.<sup>3</sup> Includes SPT payable in Brazil and IRP payable in Angola.<sup>4</sup> Includes €4 m, €5 m and €9 m related to CESE I, CESE II and FNEE, respectively, during 1Q21.



## 6.7 Consolidated financial Position

€m

	31 Dec. 2020	31 Mar. 2021
<b>Assets</b>		
Tangible fixed assets	4,878	5,102
Goodwill	85	86
Other intangible fixed assets	532	552
Rights of use (IFRS 16)	1,002	1,033
Investments in associates	483	355
Receivables	267	268
Deferred tax assets	509	548
Financial investments	402	459
<b>Total non-current assets</b>	<b>8,157</b>	<b>8,402</b>
Inventories <sup>1</sup>	708	798
Trade receivables	781	922
Other receivables	877	595
Financial investments	190	238
Current Income tax recoverable	101	47
Cash and equivalents	1,678	1,739
<b>Subtotal current assets</b>	<b>4,335</b>	<b>4,339</b>
Non-current assets held for sale		
<b>Total current assets</b>	<b>4,335</b>	<b>4,339</b>
<b>Total assets</b>	<b>12,492</b>	<b>12,741</b>

<sup>1</sup>Includes €43 m of stocks made on behalf of third parties on 31 March 2021.

€m

	31 Dec. 2020	31 Mar. 2021
<b>Equity</b>		
Share capital	829	829
Share premium	82	82
Reserves	967	1,168
Retained earnings	1,832	1,281
Net income	(551)	161
<b>Total equity attributable to equity holders of the parent</b>	<b>3,160</b>	<b>3,521</b>
Non-controlling interests	940	1,006
<b>Total equity</b>	<b>4,100</b>	<b>4,527</b>
<b>Liabilities</b>		
Bank loans and overdrafts	801	795
Bonds	2,404	2,412
Leases (IFRS 16)	923	938
Other payables	111	100
Retirement and other benefit obligations	381	374
Deferred tax liabilities	479	597
Other financial instruments	37	44
Provisions	1,008	1,054
<b>Total non-current liabilities</b>	<b>6,144</b>	<b>6,315</b>
Bank loans and overdrafts	39	84
Bonds	500	-
Leases (IFRS 16)	166	187
Trade payables	650	715
Other payables	763	798
Other financial instruments	130	114
Income tax payable	0	-
<b>Total current liabilities</b>	<b>2,248</b>	<b>1,899</b>
<b>Total liabilities</b>	<b>8,392</b>	<b>8,214</b>
<b>Total equity and liabilities</b>	<b>12,492</b>	<b>12,741</b>



## 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, 2021 and 2020 and December 31, 2020.

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.

Another factor that may affect the Company's results, without being an indicator of its true performance, is the set of special items considering the Group's activities.

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.

Following the decision to discontinue the Matosinhos refinery, the Company is now booking all Matosinhos related activities as a special item, in order to provide a better proxy of Galp's refining operations going forward.

From 1Q21 onwards, mark-to-market swings related with derivatives hedges, as well as the FX impacts related with natural gas risk coverage, which have no direct translation into operational results, are to be considered as special items.

With regards to risks and uncertainties, please read Part I – C. III Internal control and risk management of Corporate Governance Report 2020.



## APPENDICES

## 8. APPENDIX

### INDEX

Unaudited Condensed Consolidated Statement of Financial Position	36
Unaudited Condensed Consolidated Income Statement and Consolidated Statement of Comprehensive Income	38
Unaudited Condensed Consolidated Statement of Changes in Equity	39
Unaudited Condensed Consolidated Statement of Cash Flow	40
Notes to the Unaudited Condensed Consolidated Financial Statements	41
1. Corporate information	41
2. Basis for preparation, changes to the Group's accounting policies and matters related to the condensed consolidated financial statements	41
3. Segment reporting	42
4. Tangible assets	45
5. Goodwill and intangible assets	46
6. Leases	47
7. Investments in associates and joint ventures	49
8. Inventories	51
9. Trade and other receivables	52
10. Other financial assets	53
11. Cash and cash equivalents	54
12. Financial debt	54
13. Trade payables and other payables	57
14. Taxes and other contributions	58
15. Post-employment benefits	60
16. Provisions	61
17. Other financial instruments	62
18. Non-controlling interests	63
19. Revenue and income	64
20. Costs and expenses	65
21. Financial results	66
22. Subsequent Events	66
23. Approval of the financial statements	67
24. Explanation regarding translation	68

## Unaudited Condensed Consolidated Statement of Financial Position

Galp Energia, SGPS, S.A.

(Amounts stated in million Euros - € m)

Assets	Notes	March 2021	December 2020
<b>Non-current assets:</b>			
Tangible assets	4	5,102	4,878
Goodwill and intangible assets	5	638	617
Right-of-use of assets	6	1,033	1,002
Investments in associates and joint ventures	7	355	483
Deferred tax assets	14.1	548	509
Other receivables	9.2	267	266
Other financial assets	10	460	402
<b>Total non-current assets:</b>		<b>8,402</b>	<b>8,157</b>
<b>Current assets:</b>			
Inventories	8	798	708
Other financial assets	10	238	190
Current income tax receivable		47	101
Trade receivables	9.1	922	781
Other receivables	9.2	595	877
Cash and cash equivalents	11	1,739	1,678
<b>Total current assets:</b>		<b>4,339</b>	<b>4,335</b>
<b>Total assets:</b>		<b>12,741</b>	<b>12,492</b>



## FIRST QUARTER 2021 RESULTS

April 2021

Equity and Liabilities	Notes	March 2021	December 2020
<b>Equity:</b>			
Share capital and share premium		911	911
Reserves		1,168	967
Retained earnings		1,442	1,281
<b>Total equity attributable to shareholders:</b>		<b>3,521</b>	<b>3,160</b>
Non-controlling interests	18	1,006	940
<b>Total equity:</b>		<b>4,527</b>	<b>4,100</b>
<b>Liabilities:</b>			
<b>Non-current liabilities:</b>			
Financial debt	12	3,207	3,204
Lease liabilities	6	938	923
Other payables	13	100	111
Post-employment and other employee benefit liabilities	15	374	381
Deferred tax liabilities	14.1	597	479
Other financial instruments	17	44	37
Provisions	16	1,054	1,008
<b>Total non-current liabilities:</b>		<b>6,315</b>	<b>6,144</b>
<b>Current liabilities:</b>			
Financial debt	12	84	539
Lease liabilities	6	187	166
Trade payables	18	715	650
Other payables	13	798	763
Other financial instruments	17	114	130
<b>Total current liabilities:</b>		<b>1,899</b>	<b>2,248</b>
<b>Total liabilities:</b>		<b>8,214</b>	<b>8,392</b>
<b>Total equity and liabilities:</b>		<b>12,741</b>	<b>12,492</b>

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

## Unaudited Condensed Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Galp Energia, SGPS, S.A.

(Amounts stated in million Euros - € m)

	Notes	March 2021	March 2020
Sales	19	3,214	3,502
Services rendered	19	124	187
Other operating income	19	68	52
Financial income	21	33	113
Earnings from associates and joint ventures	7/19	(10)	12
<b>Total revenues and income:</b>		<b>3,429</b>	<b>3,866</b>
Cost of sales	20	(2,280)	(2,953)
Supplies and external services	20	(362)	(450)
Employee costs	20	(78)	(82)
Amortisation and depreciation on fixed assets	20	(217)	(246)
Provisions and impairment losses on receivables	20	-	(8)
Other operating costs	20	(42)	(129)
Financial expenses	21	(17)	(173)
<b>Total costs and expenses:</b>		<b>(2,996)</b>	<b>(4,041)</b>
<b>Profit/(Loss) before taxes and other contributions:</b>		<b>433</b>	<b>(175)</b>
Taxes and SPT	14.1	(225)	(47)
Energy sector extraordinary contribution	14.2	(19)	(26)
<b>Consolidated net profit/(loss) for the period</b>		<b>189</b>	<b>(248)</b>
<b>Attributable to:</b>			
Galp Energia, SGPS, S.A. Shareholders		161	(257)
Non-controlling interests	18	28	8
<b>Basic and Diluted Earnings per share (in Euros)</b>		<b>0.19</b>	<b>0.31</b>
<b>Consolidated net profit/(loss) for the period</b>		<b>189</b>	<b>(248)</b>
<b>Items which will not be recycled in the future through net income:</b>		<b>-</b>	<b>-</b>
<b>Items which may be recycled in the future through net income:</b>			
Currency translation adjustments		238	129
Hedging reserves		8	(23)
Income taxes related to the above items		(2)	5
<b>Total Comprehensive income for the period, attributable to:</b>		<b>433</b>	<b>(138)</b>
Galp Energia, SGPS, S.A. Shareholders		361	(185)
Non-controlling interests		72	48

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

## Unaudited Condensed Consolidated Statement of Changes in Equity

Galp Energia, SGPS, S.A

(Amounts stated in million Euros - € m)

	Share Capital and Share Premium		Currency Translation Reserves	Hedging Reserves	Reserves	Retained earnings	Sub-Total	Non-controlling interests	Total
	Share Capital	Share Premium			Other Reserves				
As at 1 January 2020	829	82	(169)	(10)	1,535	2,153	4,420	1,237	5,657
Consolidated net loss for the period	-	-	-	-	-	(257)	(257)	8	(248)
Other gains and losses recognised in equity	-	-	90	(19)	-	-	71	39	111
Comprehensive income for the period	-	-	90	(19)	-	(257)	(185)	48	(138)
Dividends distributed	-	-	-	-	-	-	-	(83)	(83)
Decrease in reserves	-	-	-	-	-	-	-	(77)	(77)
As at 31 March 2020	829	82	(79)	(29)	1,535	1,898	4,236	1,124	5,360
	-	-	-	-	-	-	-	-	-
Balance as at 1 January 2021	829	82	(570)	3	1,535	1,281	3,160	940	4,100
Consolidated net profit for the period	-	-	-	-	-	161	161	28	189
Other gains and losses recognised in equity	-	-	194	6	-	-	200	44	244
Comprehensive income for the period	-	-	194	6	-	161	361	72	433
Dividends distributed	-	-	-	-	-	-	-	(6)	(6)
Increase/decrease in reserves	-	0	-	-	-	-	0	-	0
Balance as at 31 March 2021	829	82	(376)	9	1,535	1,442	3,521	1,006	4,527

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

## Unaudited Condensed Consolidated Statement of Cash Flow

Galp Energia, SGPS, S.A.

(Amounts stated in million Euros - €m)

	Notes	March 2021	March 2020
<b>Income/(Loss) before taxation for the period</b>		<b>433</b>	<b>(175)</b>
<b>Adjustments for:</b>			
Depreciation, depletion and amortisation	20	217	246
Adjustment to net realisable value of inventories	20	5	216
Interest expense, net	21	(15)	60
Underlifting and/or overlifting	19;20	10	142
Share of profit/(loss) of joint ventures and associates	19	10	(12)
Others		(6)	4
<b>Increase / decrease in assets and liabilities:</b>			
(Increase) in inventories		(95)	(39)
(Increase)/decrease in current receivables		(153)	121
(Decrease)/increase in current payables		64	(160)
(Increase)/decrease in other receivables, net		(41)	6
Dividends from associates	7	48	-
Taxes paid		(100)	(165)
<b>Cash flow from operating activities</b>		<b>377</b>	<b>244</b>
Capital expenditure in tangible and intangible assets		(244)	(254)
Investments in associates and joint ventures, net		438	66
Other investment cash outflows, net		(11)	(9)
<b>Cash flow from/(used in) investing activities</b>		<b>183</b>	<b>(197)</b>
Loans obtained	12	1.940	552
Loans repaid	12	(2.456)	(475)
Interest paid		(36)	(32)
Leases repaid	6	(27)	(26)
Interest on leases paid	18	(19)	(23)
Change in non-controlling interest		-	(78)
Dividends paid to non-controlling interest		-	(30)
Realised income on derivative financial instruments	21	-	105
<b>Cash flow used in financing activities</b>		<b>(597)</b>	<b>(8)</b>
(Decrease)/increase in cash and cash equivalents		(37)	40
Currency translation differences in cash and cash equivalents		47	(17)
Cash and cash equivalents at the beginning of the period		1.675	1.431
<b>Cash and cash equivalents at the end of the period</b>	<b>11</b>	<b>1.685</b>	<b>1.454</b>

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



## Notes to the Unaudited 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 2021 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 are 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 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 2020.

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. Cash Flow statement – indirect method

As permitted by IAS 7 – Cash Flow Statement, Galp has decided to change the method of presenting the condensed consolidated statement of cash flow from direct to indirect method. For better comparison, the condensed consolidated statement of cash flows for the period of three-months ended as of 31 March 2020 had been restated.

### 3. Segment reporting

The Group operates across four different operating segments based on the types of products sold and services rendered: (i) Upstream, (ii) Refining and Midstream; (iii) Commercial and (iv) Renewable 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, Mozambique and Angola.

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

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 also extends to certain countries in Africa.

The Renewables & New Businesses segment encompasses renewables power generation, 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 2021 and 2020, is as follows:

## FIRST QUARTER 2021 RESULTS

April 2021

	Unit: € m													
	Consolidated		Upstream		Refining and Midstream		Commercial		Renewable and New businesses		Others		Consolidation adjustments	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Sales and services rendered	3,338	3,689	681	684	1,481	1,473	1,445	1,885	11	9	48	39	(329)	(401)
Cost of sales	(2,413)	(2,573)	(86)	(74)	(1,384)	(1,189)	(1,192)	(1,598)	(7)	(7)	-	-	255	295
of which Variation of Production	(7)	(77)	(68)	(76)	61	(0)	-	-	-	-	-	-	-	-
Other revenue & expenses	(413)	(611)	(131)	(289)	(118)	(194)	(184)	(197)	(6)	(3)	(49)	(35)	73	106
of which Under & Overlifting	(10)	(142)	(10)	(142)	-	-	-	-	-	-	-	-	-	-
EBITDA at Replacement Cost	511	504	465	321	(21)	90	69	90	(2)	(1)	(0)	4	(0)	-
Amortisation, depreciation and impairment losses on fixed assets	(217)	(246)	(126)	(140)	(61)	(80)	(25)	(22)	(0)	(0)	(4)	(3)	-	-
Provisions (net)	-	(6)	1	-	(0)	(1)	(1)	-	-	(6)	-	-	-	-
EBIT at Replacement Cost	294	253	340	181	(83)	9	44	68	(3)	(7)	(4)	2	-	-
Earnings from associates and joint ventures	(10)	12	-	(1)	1	17	-	(3)	(11)	(0)	-	-	-	-
Financial results	15	(60)	-	-	-	-	-	-	-	-	-	-	-	-
Taxes at Replacement Cost	(193)	(149)	-	-	-	-	-	-	-	-	-	-	-	-
Energy Sector Extraordinary Contribution	(19)	(26)	-	-	(6)	(7)	(9)	(9)	-	-	(3)	(10)	-	-
Consolidated net income at Replacement Cost, of which:	88	30	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to non-controlling interests	(28)	(8)	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to shareholders of Galp Energia SGPS SA	60	22	-	-	-	-	-	-	-	-	-	-	-	-

## OTHER INFORMATION

Segment Assets <sup>(1)</sup>

Financial investments <sup>(2)</sup>	355	483	194	329	44	32	16	16	99	104	2	2	-	-
Other assets	12,386	12,009	6,958	6,223	2,500	2,335	2,431	2,310	332	316	1,179	1,348	(1,014)	(524)
<b>Segment Assets</b>	<b>12,741</b>	<b>12,492</b>	<b>7,152</b>	<b>6,552</b>	<b>2,544</b>	<b>2,367</b>	<b>2,447</b>	<b>2,326</b>	<b>430</b>	<b>420</b>	<b>1,181</b>	<b>1,350</b>	<b>(1,014)</b>	<b>(524)</b>
of which Rights of use of assets	1,033	1,002	615	606	190	195	170	141	0	0	73	74	(15)	(15)

Investment in Tangible and Intangible Assets	233	192	213	167	7	14	4	8	6	0	3	3	-	-
--	-----	-----	-----	-----	---	----	---	---	---	---	---	---	---	---

<sup>(1)</sup> Net amount<sup>(2)</sup> 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 <sup>1</sup>		Tangible and intangible assets		Financial investments	
	2021	2020	2021	2020	2021	2020
	3.338	3.689	5.740	5.494	355	483
Africa	81	112	873	1.021	7	168
Latin America	434	363	3.060	2.808	38	209
Europe	2.823	3.214	1.807	1.665	309	105

<sup>1</sup> Net consolidation operation

The reconciliation between the segment reporting and the Condensed Consolidated Income Statement for the periods ended 31 March 2021 and 31 March 2020 was as follows:

	Unit: € m	
	2021	2020
Sales and services rendered	3,338	3,689
Cost of sales	(2,280)	(2,953)
Replacement cost adjustments (1)	(133)	380
Cost of sales at Replacement Cost	(2,413)	(2,573)
Other revenue and expenses	(413)	(611)
Depreciation and amortisation	(217)	(246)
Provisions (net)	-	(6)
Earnings from associates and joint ventures	(10)	12
Financial results	15	(60)
<b>Profit before taxes and other contributions at Replacement Cost</b>	<b>300</b>	<b>205</b>
Replacement Cost adjustments	133	(380)
<b>Profit before taxes and other contributions at IFRS</b>	<b>433</b>	<b>(175)</b>
Income tax	(225)	(47)
Income tax on Replacement Cost Adjustment (2)	32	(101)
Energy Sector Extraordinary Contribution	(19)	(26)
<b>Consolidated net income for the period at Replacement Cost</b>	<b>88</b>	<b>29</b>
Replacement Cost (1) +(2)	101	(278)
<b>Consolidated net income for the period based on IFRS</b>	<b>189</b>	<b>(248)</b>



## 4. Tangible assets

	Unit: € m				
	Land, natural resources and buildings	Plant and machinery	Other equipment	Assets under construction	Total
<i>As at 31 March 2021</i>					
Acquisition cost	1,259	10,958	500	1,624	14,342
Impairment	(92)	(1,200)	(22)	(160)	(1,473)
Accumulated depreciation and depletion	(713)	(6,627)	(427)	-	(7,767)
<b>Net Value</b>	<b>455</b>	<b>3,131</b>	<b>52</b>	<b>1,464</b>	<b>5,102</b>
<b>Balance as at 1 January 2021</b>	<b>454</b>	<b>2,955</b>	<b>52</b>	<b>1,417</b>	<b>4,878</b>
Additions	-	3	-	262	265
Depreciation, depletion and impairment	(5)	(168)	(6)	2	(176)
Disposals/Write-offs	(1)	(0)	-	(7)	(8)
Transfers	5	242	5	(252)	(1)
Currency exchange differences and other adjustments	1	99	1	42	143
<b>Balance as at 31 March 2021</b>	<b>455</b>	<b>3,131</b>	<b>52</b>	<b>1,464</b>	<b>5,102</b>

During the period under review the Group has made investments mostly in the Upstream business unit, in the amount of €265 m, essentially related to projects in Brazil (€239 m), Angola (€10 m), Mozambique (€7 m) and Refining & Midstream (€8 m). The additions to tangible assets for the three-month period ended 31 March 2021 also include the capitalisation of financial charges amounting to €3 m (Note 21).

## 5. Goodwill and intangible assets

	Unit: € m			
	Industrial properties and other rights	Intangible assets in progress	Goodwill	Total
<i>As at 31 March 2021</i>				
Acquisition cost	988	74	88	1,150
Impairment	(18)	(22)	(2)	(42)
Accumulated amortisation	(470)	-	-	(470)
<b>Net value</b>	<b>500</b>	<b>52</b>	<b>86</b>	<b>638</b>
<b>Balance as at 1 January 2021</b>	<b>482</b>	<b>49</b>	<b>85</b>	<b>617</b>
Additions	5	6	-	11
Amortisation and impairment	(9)	-	-	(9)
Write-offs/Disposals	-	-	-	-
Transfers	5	(4)	-	1
Currency exchange differences and other adjustments	16	-	1	17
<b>Balance as at 31 March 2021</b>	<b>499</b>	<b>52</b>	<b>86</b>	<b>638</b>

## 6. Leases

### Right-of-use assets

						Unit: € m
	FPSO <sup>1</sup>	Buildings	Service stations	Vessels	Other usage rights	Total
<i>As at 31 March 2021</i>						
Acquisition cost	619	91	204	183	212	1,308
Accumulated amortisation	(92)	(12)	(39)	(96)	(36)	(275)
<b>Net value</b>	<b>527</b>	<b>79</b>	<b>165</b>	<b>87</b>	<b>175</b>	<b>1,033</b>
<b>As at 1 January 2020</b>						
	<b>513</b>	<b>80</b>	<b>135</b>	<b>94</b>	<b>179</b>	<b>1,002</b>
Additions	-	-	34	-	-	34
Amortisation	(10)	(1)	(5)	(11)	(4)	(32)
Currency exchange differences and other adjustments	24	-	1	4	-	29
<b>Balance as at 31 March 2021</b>	<b>527</b>	<b>79</b>	<b>165</b>	<b>87</b>	<b>175</b>	<b>1,033</b>

<sup>1</sup> Floating, production, storage and offloading unit.

### Lease liabilities

	Unit: € m	
	March 2021	December 2020
<b>Maturity analysis – contractual undiscounted cash flow</b>	<b>1,649</b>	<b>1,709</b>
Less than one year	176	180
One to five years	529	545
More than five years	944	984
<b>Lease liabilities included in the statement of financial position</b>	<b>1,125</b>	<b>1,089</b>
Non current	938	923
Current	187	166

## FIRST QUARTER 2021 RESULTS

April 2021

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

	Unit: € m	
	March 2021	March 2020
	96	161
Interest on lease liabilities	19	21
Expenses related to short term, low value and variable payments of operating leases <sup>1</sup>	77	140

<sup>1</sup> Includes variable payments and short term leases recognised under the heading of transport of goods.

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

	Unit: € m	
	March 2021	March 2020
<b>Financing activities</b>	<b>45</b>	<b>49</b>
Leases paid	27	26
Interest on leases paid	19	23



## 7. Investments in associates and joint ventures

	Unit: € m	
	March 2021	December 2020
	355	483
Joint ventures	268	405
Associates	86	78

## 7.1. Investments in joint ventures

	As at 31 December 2020	Share capital increase/ decrease	Equity Method	Other adjustments	Dividends	As at 31 March 2021
	405	(104)	(9)	24	(48)	268
Coral FLNG, S.A.	161	-	-	12	-	173
Zero -E-Euro Assets, S.A.	58	-	(9)	6	-	54
Tupi B.V.	168	(105)	-	6	(48)	21
CLC - Companhia Logistica de Combustíveis, S.A.	8	-	-	-	-	8
Galp Disa Aviacion, S.A.	5	-	-	-	-	5
Other joint ventures	4	1	-	1	-	6

In addition, Tupi B.V. repaid share premium contributions to their shareholders in the amount of €105 m, which includes a result of a cash surplus arising from the sale of equipment to the E&P operations in Brazil.

During the three-month period under review, the amount of €48 m was declared and paid in dividends from investments in joint ventures (Tupi BV).

## 7.2. Investments in associates

	As at 31 December 2020	Share capital increase/ decrease	Equity Method	Foreign exchange rate differences	Dividends	Unit: € m As at 31 March 2021
	78	-	9	(1)	-	86
EMPL - Europe Magreb Pipeline, Ltd	14	-	10	1	-	25
Sonangal - Sociedade Distribuição e Comercialização de Combustíveis, Lda.	6	-	-	-	-	6
Gasoduto Al-Andaluz, S.A.	3	-	-	-	-	3
Tauá Brasil Palma, S.A.	42	-	(1)	(2)	-	38
Galp Gás Natural Distribuição, S.A. (GGND)	8	-	-	-	-	8
Other associates	6	-	-	-	-	6

The Earnings from associates and joint ventures for the three-month period ended as of 31 March 2021 in the Condensed Consolidated Income Statement was €(10) m. The amount had been impacted by the obligation assumed by Galp from GGND shareholders in relation to the CESE I liability. In accordance with the agreements made between Galp and GGND shareholders, Galp has assumed the responsibility to reimburse the GGND shareholders in the event the CESE I liability is settled.

## 8. Inventories

	Unit: € m	
	March 2021	December 2020
<b>Raw, subsidiary and consumable materials</b>	<b>798</b>	<b>708</b>
Crude oil	293	272
Other raw materials	64	166
Raw materials in transit	67	67
Raw materials in transit	162	40
<b>Finished and semi-finished products</b>	<b>402</b>	<b>339</b>
<b>Goods</b>	<b>122</b>	<b>111</b>
<b>Adjustments to net realisable value</b>	<b>(20)</b>	<b>(14)</b>

The movements in the adjustments to net realisable value balance for the three-month period ended 31 March 2021 were as follows:

	Unit: € m			
	Raw, subsidiary and consumable materials	Goods	Adjustments	Total
<b>Adjustments to net realisable value at 1 January 2021</b>	<b>13</b>	<b>1</b>	<b>-</b>	<b>14</b>
Net reductions	3	2	(1)	5
Other adjustments	-	-	1	1
<b>Adjustments to net realisable value at 31 March 2021</b>	<b>16</b>	<b>3</b>	<b>-</b>	<b>20</b>

The net reductions in the amount of €5 m were recorded in the income statement as part of cost of sales. These reductions are mainly related to adjustments to reflect expected market price movements during the period under review.

## 9. Trade and other receivables

### 9.1. Trade receivables

Unit: € m			
	Notes	March 2021	December 2020
		Current	Current
		922	781
Trade receivables		1,067	926
Impairments	9.3	(145)	(145)

### 9.2. Other receivables

Unit: € m				
	Notes	March 2021		December 2020
		Current	Non-current	Current Non-current
		595	267	877 266
<b>State and other Public Entities</b>		17	15	28 17
<b>Other debtors</b>		293	91	587 85
Non-operated oil blocks		72	-	77 -
Underlifting		78	-	85 -
Other receivables		143	91	425 85
<b>Related Parties</b>		1	-	1 -
<b>Contract Assets</b>		206	68	183 68
Sales and services rendered but not yet invoiced		79	-	57 -
Adjustments to tariff deviations - "pass through"		19	-	19 -
Other accrued income		108	68	108 68
<b>Deferred charges</b>		83	93	82 96
Energy sector extraordinary contribution (CESE II)	14.2	11	33	11 35
Deferred charges for services		8	14	3 14
Other deferred charges		65	46	68 46
<b>Impairment of other receivables</b>	9.3	(5)	-	(5) -

The balance of €72 m recorded under "Other debtors - Non-operated oil blocks" includes €45 m related to receivables from partners for payments made by the Group on their behalf, which will be recovered from the respective partners during the production period.

The balance of €78 m recorded in “Other debtors – Underlifting” corresponds to the amounts receivable by the Group as a result of the lifting of barrels of crude oil below the production quota, and is valued at the lower of the market price as at the sale date and the market price as at 31 March 2021.

Other deferred charges (non-current) include the amount of €45 m relating to post-employment benefits (Note 15).

In 2020, Galp agreed to sell 75.01% of Galp Gas Natural Distribuição, S.A. (GGND) for a total consideration of €368 m. From this transaction, a capital gain of €99 m was recognised in the Consolidated Income Statement for the year-ended 31 December 2020. During the period, the transaction has been completed and Galp received €343 m. The remainder €25 m will be received during the course of Q2.

### 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 2021, were as follow:

	Opening balance	Increase	Decrease	Others	Closing balance
	150	3	(3)	-	150
Trade receivables	145	2	(3)	1	145
Other receivables	5	-	-	-	5

Unit: € m

## 10. Other financial assets

As at 31 March 2021 and 31 December 2020, Other financial assets were as follow:

	Notes	March 2021		December 2020	
		Current	Non-current	Current	Non-current
Financial Assets at fair value through profit & loss	17	238	460	190	402
Financial Assets at fair value through comprehensive income		-	3	-	3
Financial Assets not measured at fair value - Loans and Capital subscription		41	338	42	330
Others		-	22	-	21

Unit: € m

Loans and capital subscription (current) in the amount of €41 m relate to the subscribed and unrealised capital increase made by Winland International Petroleum, S.A.R.L. (a Sinopec company) in Petrogal Brasil, S.A., which is considered as a financial asset given the terms established for this capital increase.

The balance in the non-current portion is predominantly related to a shareholder loan to Group Zero E Euro Assets, of €278 m, of which €254m related to the total consideration paid for the joint venture at acquisition date.



## 11. Cash and cash equivalents

		Unit: € m	
	Notes	March 2021	December 2020
		1,685	1,675
Cash at bank		1,739	1,678
Bank overdrafts	12	(54)	(2)

## 12. Financial debt

Unit: € m					
		March 2021		December 2020	
Notes		Current	Non-current	Current	Non-current
		84	3,207	539	3,204
Bank loans		84	795	39	801
Origination fees		-	-	-	-
Loans and commercial paper		30	795	37	801
Bank overdrafts	12	54	-	2	-
Bonds and notes		-	2,412	500	2,404
Origination fees		-	(9)	-	(9)
Bonds		-	1,421	-	1,413
Notes		-	1,000	500	1,000

Changes in financial debt during the period from 31 December 2020 to 31 March 2021 were as follows:

	Unit: € m					
	Opening balance	Loans obtained	Principal Repayment	Changes in Overdrafts	Foreign exchange rate differences and others	Closing balance
	3,743	1,940	(2,456)	51	13	3,291
<b>Bank Loans:</b>	840	1,940	(1,956)	51	4	879
Origination fees	-	-	-	-	-	-
Loans and commercial papers	837	1,940	(1,956)	-	4	826
Bank overdrafts	3	-	-	51	-	54
<b>Bond and Notes:</b>	2,904	-	-	-	9	2,412
Origination fees	(9)	-	-	-	1	(9)
Bonds	1,413	-	-	-	8	1,421
Notes	1,500	-	(500)	-	-	1,000

The average cost of financial debt for the period under review, including charges for the use of credit lines, amounted to 1.47%.

During the first three months of 2021, the Group repaid the following notes:

Issuance	Due amount	Interest rate	Maturity
	500		
GALP 3.00% 01.2021	500	Fixed Rate 3.0%	January '21

During this period, €16 m of other bank loans and project finance were repaid.

Financial debt, excluding origination fees and bank overdrafts, had the following repayment plan as at 31 March 2021:

Maturity	Unit: € m		
	Loans		
	Total	Current	Non-current
	3,245	30	3,215
2021	30	30	-
2022	557	-	557
2023	870	-	870
2024	683	-	683
2025	605	-	605
2026	500	-	500

## 13. Trade payables and other payables

Unit: € m				
	March 2021		December 2020	
	Current	Non-current	Current	Non-current
<b>Trade payables</b>	715	-	650	-
<b>Other payables</b>	798	100	763	111
<b>State and other public entities</b>	272	-	283	-
Payable VAT	144	-	157	-
Tax on oil products (ISP)	88	-	94	-
Other taxes	40	-	32	-
<b>Other payables</b>	136	51	128	65
Suppliers of tangible and intangible assets	104	51	96	65
Advances on sales	-	-	1	-
Other Creditors	32	-	30	-
<b>Related parties</b>	3	-	-	-
<b>Other accounts payable</b>	47	6	55	5
<b>Accrued costs</b>	305	32	284	29
External supplies and services	153	-	138	-
Holidays and corresponding contributions	50	4	38	4
Other accrued costs	102	27	108	25
<b>Contract liabilities</b>	34	-	12	-
<b>Other deferred income</b>	1	11	1	11

## 14. Taxes and other contributions

### 14.1. Taxes and Special Participation Tax (SPT)

The Group's 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 and the Netherlands, 31.5% in Portugal, and 34% for companies based 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..

Spanish tax resident companies, in which the percentage held by the Group exceeds 75%, have been 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 2021 and 31 March 2020 were as follows:

	March 2021			March 2020			Unit: € m
	Current tax	Deferred tax	Total	Current tax	Deferred tax	Total	
<b>Taxes for the period</b>	<b>159</b>	<b>66</b>	<b>225</b>	<b>34</b>	<b>13</b>	<b>47</b>	
Current income tax	50	67	117	(72)	21	(51)	
Oil income Tax (IRP)	8	(1)	6	12	(7)	4	
Special Participation Tax (SPT)	102	-	102	94	-	94	



As at 31 March 2021, the movements in deferred tax assets and liabilities were as follows:

	Unit: € m				
	As at 31 December 2020	Impact on the income statement	Impact on equity	Foreign exchange rate changes	As at 31 March 2021
<b>Deferred Taxes – Assets</b>	<b>509</b>	<b>29</b>	<b>(2)</b>	<b>12</b>	<b>548</b>
Adjustments to tangible and intangible assets	79	35	-	5	119
Retirement benefits and other benefits	110	(2)	-	-	108
Tax losses carried forward	69	-	-	2	71
Regulated revenue	6	-	-	-	6
Temporarily non-deductible provisions	179	(4)	-	3	178
Potential foreign exchange rate differences in Brazil	37	-	-	2	39
Others	28	-	(2)	1	27
<b>Deferred Taxes – Liabilities</b>	<b>(479)</b>	<b>(95)</b>	<b>-</b>	<b>(24)</b>	<b>(597)</b>
Adjustments to tangible and intangible assets	(441)	(104)	-	(24)	(569)
Adjustments to the fair value of tangible and intangible assets	(5)	(1)	-	-	(6)
Regulated revenue	(13)	-	-	-	(13)
Others	(20)	10	-	-	(10)

#### 14.2. Energy Sector Extraordinary Contribution

	Unit: € m				
	Statement of financial position				Income statement
	Provisions (Note 16)		"CESE II" Deferred Charges (Note 9.2)		Energy Sector Extraordinary Contribution
	CESE I	CESE II	Current	Non-current	
As at 1 January 2021	(114)	(229)	11	35	-
"CESE I" Increase	(4)	-	-	-	4
"CESE II" Increase	-	(3)	-	(3)	6
Fondo Nacional de Eficiencia Energética (FNEE)	-	-	-	-	9
As at 31 March 2021	(118)	(232)	11	33	19

## 15. Post-employment benefits

During the period under review there were no significant changes compared to 31 December 2020.

On 31 March 2021 and 31 December 2020, the assets of the Pension Funds, valued at fair value, were as follows, in accordance with the report presented by the respective pension plan management company:

	Unit: € m	
	March 2021	December 2020
<b>Total</b>	<b>260</b>	<b>259</b>
Shares	54	52
Bonds	154	158
Real Estate	43	43
Liquidity	4	6
Others	5	-

As at 31 March 2021 and 31 December 2020, the details of post employment benefits were as follow:

	Unit: € m	
	March 2021	December 2020
Assets under the heading "Other Receivables"	45	45
Liabilities	(374)	(381)
<b>Net responsibilities</b>	<b>(329)</b>	<b>(336)</b>
<b>Liabilities, of which:</b>	<b>(589)</b>	<b>(595)</b>
Past service liabilities covered by the pension fund	(215)	(214)
Other employee benefit liabilities	(374)	(381)
<b>Assets</b>	<b>260</b>	<b>259</b>

## 16. Provisions

During the three-month period ended 31 March 2021, the movements in Provisions were as follows:

					Unit: € m
	March 2021				December 2020
	Decomissioning/ environmental provisions	CESE (I and II)	Other provisions	Total	
At the beginning of the period	513	343	152	1,008	819
Additional provisions and increases to existing provisions	6	7	11	24	212
Decreases of existing provisions	-	-	(1)	(1)	(3)
Amount used during the period	-	-	-	-	(12)
Regularization	-	-	10	10	31
Adjustments during the period	17	-	(2)	15	(38)
At the end of the period	536	350	169	1,054	1,008

## 17. Other financial instruments

	March 2021					December 2020				
	Assets (Note 10)		Liabilities		Equity	Assets (Note 10)		Liabilities		Equity
	Current	Non current	Current	Non current		Current	Non current	Current	Non current	
	197	98	(114)	(44)	11	149	49	(130)	(37)	12
Commodity swaps	140	96	(106)	(38)	(1)	98	49	(102)	(18)	(1)
Options	11	-	-	-	-	19	-	-	-	-
Commodity futures	43	-	-	-	12	29	-	-	-	12
Forwards	4	2	(8)	(6)	-	4	1	(29)	(19)	-

The accounting impacts of gains and losses on derivative financial instruments on the income statement and comprehensive income as at 31 March 2021 and 2020 are presented below:

	March 2021				March 2020			
	Income statement			Equity	Income statement			Equity
	MTM	Realised	MTM + Realised		MTM	Realised	MTM + Realised	
	71	29	100	(1)	(77)	88	11	(23)
<b>Commodities</b>	<b>37</b>	<b>34</b>	<b>71</b>	<b>(1)</b>	<b>(83)</b>	<b>85</b>	<b>2</b>	<b>(23)</b>
Swaps	70	42	112	(0)	(73)	(7)	(80)	3
Swaps - Fair value hedge	(9)	-	(9)	-	-	-	-	-
Options	(18)	(9)	(27)	-	(19)	105	86	-
Futures	(5)	1	(4)	(0)	9	(12)	(4)	(26)
<b>Currency</b>	<b>34</b>	<b>(5)</b>	<b>29</b>	<b>-</b>	<b>6</b>	<b>4</b>	<b>9</b>	<b>-</b>
Forwards	34	(5)	29	-	6	4	9	-

The table above has a negative MTM of Swaps derivatives (€10 m) related to Synthetic Power Purchase Agreements of solar projects in Spain, for which the fair value valuations were not based on observable market data (level 3). The derivatives commencement date occurred during 2020 and have a life span of approximate 12 years. With these Synthetic Power Purchase Agreements a fixed quantity of Guarantees of Origin will be transferred from the solar projects to Galp during the same time frame.

The inputs used by Galp to value the derivatives were as follows: Floating Price calculation was done by using a known market index as a proxy; For long term price predictions for which no previsible market data was available a flat price assumption was used; Credit risk mitigations of the counterparty was taken into account in the valuation model.

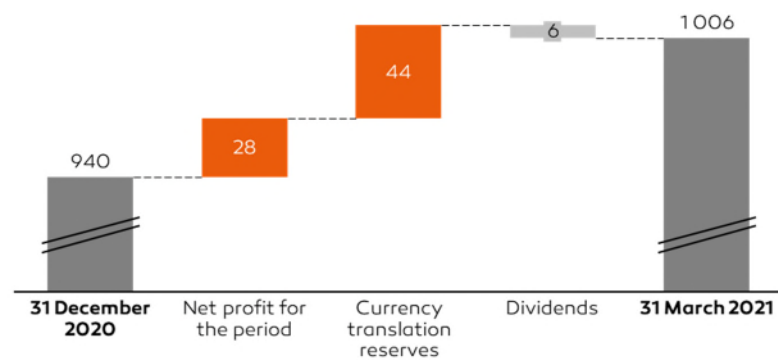
The realised results of derivative financial instruments are mainly recognised as part of the cost of sales (Note 21), financial income or expenses. The breakdown of the financial results related to derivative financial instruments (Note 21) is as follows:

	March 2021	March 2020
	28	(84)
Commodity Swaps	60	(74)
Options	(27)	(19)
Commodity Futures	(5)	9

Unit: € m

Table above excludes MTM and gains or losses on FX Forwards which are reflected in the caption of Exchange gains/losses.

## 18. Non-controlling interests



(a) Non-controlling interest dividends in the amount of €6 m were declared during the period, but still not paid.



## 19. Revenue and income

The details of revenue and income for the three-month periods ended 31 March 2021 and 31 March 2020 were as follow:

		Unit: € m	
	Notes	March 2021	March 2020
		3,429	3,866
<b>Total sales</b>		<b>3,214</b>	<b>3,502</b>
Goods		1,474	1,446
Products		1,738	2,058
Exchange differences		1	(2)
<b>Services rendered</b>		<b>124</b>	<b>187</b>
<b>Other operating income</b>		<b>68</b>	<b>52</b>
Underlifting income			(3)
Others		68	55
Earnings from associates and joint ventures	7	(10)	12
Financial income	21	33	113

The amount in the caption Earnings from associates and joint ventures of (€10 m) includes the Equity Method Value of associates and joint ventures, respectively (Note 7.1).

## 20. Costs and expenses

The details of costs and expenses, for the three-month periods ended 31 March 2021 and 31 March 2020 were as follow:

		Unit: € m	
	Notes	March 2021	March 2020
<b>Total costs and expenditure:</b>		<b>2,996</b>	<b>4,041</b>
<b>Cost of sales</b>		<b>2,280</b>	<b>2,953</b>
Raw and subsidiary materials		1,316	1,594
Goods		485	422
Tax on oil products		504	631
Variations in production		7	77
Write downs on inventories	8	5	216
Financial derivatives	17	(43)	19
Exchange differences		8	(5)
<b>External supplies and services</b>		<b>362</b>	<b>450</b>
Subcontracts - network use		98	90
Transportation of goods		62	110
E&P - production costs		28	36
E&P - exploration costs		6	8
Royalties		45	42
Other costs		123	165
<b>Employee costs</b>		<b>78</b>	<b>82</b>
<b>Amortisation, depreciation and impairment losses on fixed assets</b>	4/ 5/ 6	<b>217</b>	<b>246</b>
<b>Provision and impairment losses on receivables</b>	9,3 / 16	<b>-</b>	<b>8</b>
<b>Other costs</b>		<b>42</b>	<b>129</b>
Other taxes		6	4
Costs related to CO <sub>2</sub> emissions		12	6
Overlifting costs		10	139
Other operating costs		14	(21)
<b>Financial expenses</b>	21	<b>18</b>	<b>173</b>

## 21. Financial results

The details of financial income and costs for the three-month periods ended 31 March 2021 and 31 March 2020 were as follow:

		Unit: € m	
	Notes	March 2021	March 2020
		15	(60)
<b>Financial income</b>		<b>33</b>	<b>113</b>
Interest on bank deposits		2	7
Interest and other income from related companies		2	1
Other financial income		1	1
Derivative financial instruments	17	28	-
Premium options		-	105
<b>Financial expenses</b>		<b>(18)</b>	<b>(173)</b>
Interest on bank loans, bonds, overdrafts and others		(14)	(14)
Interest capitalised within fixed assets	4	3	5
Interest on lease liabilities	6	(19)	(21)
Derivative financial instruments	17	-	(84)
Exchange gains/(losses)		17	(56)
Other financial costs		(5)	(4)

## 22. Subsequent Events

No material subsequent events occurred between the reporting date and the date of approval of these statements.

## 23. Approval of the financial statements

The consolidated financial statements were approved by the Board of Directors on 23 April 2021.

**Chairman:**

Paula Amorim

**Vice-chair and Lead**

**Independent Director:**

Miguel Athayde Marques

**Vice-chair:**

Andrew Brown

**Members:**

Filipe Silva

Thore E. Kristiansen

Carlos Costa Pina

Carlos Silva

Sofia Tenreiro

Susana Quintana- Plaza

Marta Amorim

Francisco Rêgo

Carlos Pinto

Luís Todo Bom

Jorge Seabra

Rui Paulo Gonçalves

Diogo Tavares

Edmar de Almeida

Cristina Fonseca

Adolfo Mesquita Nunes

**Accountant:**

Paula de Freitas Gazul

## 24. 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, some of which may not comply with the generally accepted accounting principles in other countries. In the event of any discrepancy, the Portuguese language version shall prevail.



## 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 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 profit and do not reflect its operational performance.

### Acronyms

%: Percentage

**ACS:** Actividades de Construcción 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<sub>2</sub>:** Carbon dioxide

**Capex:** Capital expenditure

**CESE:** Contribuição Extraordinária sobre o Sector Energético (Portuguese Extraordinary Energy Sector Contribution)

**CFFO:** Cash flow from operations

**COFINS:** Contribution for the Financing of Social Security

**CMVM:** Portuguese Securities Market Commission

**CORES:** Corporación de Reservas Estratégicas de Productos 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

**FCF:** Free Cash Flow

**FID:** Final Investment Decision

**FLNG:** Floating liquified natural gas

**FNEE:** Fondo Nacional de Eficiencia 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

**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

**mdbl:** million barrels of oil

**mboe:** millions of barrels of oil equivalent

**mbtu:** million British thermal units

**mm<sup>3</sup>:** million cubic metres

**MTM - Mark-to-Market**



## FIRST QUARTER 2021 RESULTS

April 2021

**mton:** millions of tonnes

**MW:** Megawatt

**MWh:** Megawatt-hour

**NB:** New Businesses

**NG:** natural gas

**n.m.:** not meaningful

**NWE:** Northwestern Europe

**PV:** photovoltaic

**p.p.:** percentage point

**Q:** Quarter

**QoQ:** Quarter-on-quarter

**R&Mid:** Refining & Midstream

**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.**  
Investor Relations

Otelo Ruivo, Director  
Inês C. Santos  
João Antunes  
João G. Pereira  
Teresa Rodrigues

Contacts:  
+351 21 724 08 66

Address:  
Rua Tomás da Fonseca,  
Torre A, 1600-209 Lisbon  
Portugal

Website: [www.galp.com](http://www.galp.com)  
Email: [investor.relations@galp.com](mailto:investor.relations@galp.com)

Reuters: GALP.LS  
Bloomberg: GALP PL

