Supplementary Information - to accompany 26 February 2025 capital market update investor presentation

The information below has been provided to enhance understanding of the terminology and performance measures that have been used in the accompanying presentations.

Group measures

Capital expenditure

Capital expenditure is total cash capital expenditure as stated in the condensed group cash flow statement. Capital expenditure for a subset of businesses or a segment and is presented on the same basis.

Inorganic capital expenditure is a subset of capital expenditure on a cash basis and a non-IFRS measure.

Inorganic capital expenditure comprises consideration in business combinations and certain other significant investments made by the group. It is reported on a cash basis. bp believes that this measure provides useful information as it allows investors to understand how bp's management invests funds in projects which expand the group's activities through acquisition. The nearest equivalent measure on an IFRS basis is capital expenditure on a cash basis.

Organic capital expenditure is a non-IFRS measure. Organic capital expenditure comprises capital expenditure on a cash basis less inorganic capital expenditure. bp believes that this measure provides useful information as it allows investors to understand how bp's management invests funds in developing and maintaining the group's assets. The nearest equivalent measure on an IFRS basis is capital expenditure on a cash basis.

We are unable to present reconciliations of forward-looking information for cash capital expenditure, because without unreasonable efforts, we are unable to forecast accurately the adjusting item, inorganic capital expenditure, that is difficult to predict in advance in order to derive the nearest IFRS estimate.

Return on average capital employed (ROACE)

Return on average capital employed (ROACE) is a non-IFRS measure and is defined as underlying replacement cost profit, which is defined as profit or loss attributable to bp shareholders adjusted for inventory holding gains and losses, adjusting items and related taxation on inventory holding gains and losses and adjusting items total taxation, after adding back non-controlling interest and interest expense net of tax, divided by the average of the beginning and ending balances of total equity plus finance debt, excluding cash and cash equivalents and goodwill as presented on the group balance sheet over the periods presented. Interest expense before tax is finance costs as presented on the group income statement, excluding lease interest, the unwinding of the discount on provisions and other payables and other adjusting items reported in finance costs.

bp believes it is helpful to disclose the ROACE because this measure gives an indication of the company's capital efficiency. The nearest IFRS measures of the numerator and denominator are profit or loss for the period attributable to bp shareholders and total equity respectively.

We are unable to present forward-looking information of the nearest IFRS measures of the numerator and denominator for ROACE, because without unreasonable efforts, we are unable to forecast accurately certain adjusting items required to calculate a meaningful comparable IFRS forward-looking financial measure. These items include inventory holding gains or losses and interest net of tax, that are difficult to predict in advance in order to include in an IFRS estimate.

$ million	**Year 2024**
Profit (loss) for the year attributable to bp shareholders	381
Inventory holding (gains) losses*, net of tax	369
Net (favourable) adverse impact of adjusting items*, after taxation	8,165
Underlying replacement cost (RC) profit*	8,915
Interest expense, net of tax[(a)]	2,709
Non-controlling interests	848
Adjusted underlying RC profit	12,472
Total equity	78,318
Finance debt	59,547
Capital employed	137,865
Less: Goodwill	14,888
Cash and cash equivalents	39,204
	83,773
Average capital employed (excluding goodwill and cash and cash equivalents)	87,859
ROACE	14.2%

(a) Finance costs, as reported in the Group income statement, were $4,683 million. Interest expense which totals $3,113 million on a pre-tax basis is finance costs excluding lease interest of $441 million, unwinding of discount on provisions and other payables of $1,013 million and other adjusting items related to finance costs of $116 million. Interest expense included above is calculated on a post-tax basis.

Adjusted free cash flow

Adjusted free cash flow is a non-IFRS measure. It is defined as adjusted operating cash flow (see below) less capital expenditure.

bp believes the measure provides useful information to investors. Adjusted free cash flow enables investors to measure our progress on delivering growth and improving our performance. The nearest IFRS measures are net cash provided by (used in) operating activities and total cash capital expenditure.

We are unable to present reconciliations of forward-looking information for adjusted free cash flow to net cash provided by operating activities, because without unreasonable efforts, we are unable to forecast accurately certain adjusting items required to present a meaningful comparable IFRS forward-looking financial measure. These items include inventory holding gains or losses, fair value accounting effects and other adjusting items, that are difficult to predict in advance in order to include in an IFRS estimate.

	Year
$ million	**2024**
Net cash provided by operating activities (operating cash flow)	27,297
Adjusted working capital:	
Working capital as stated in the group cash flow statement	3,975
Adjusted for inventory holding gains (losses)	(488)
Adjusted for FVAEs relating to subsidiaries	(2,018)
Other adjusting items	(661)
Working capital release after adjusted for inventory holding losses, FVAEs and other adjusting items	808
Adjusted operating cash flow	26,489
Less:	
Total cash capital expenditure	(16,237)
Adjusted free cash flow	10,252

Adjusted free cash flow compound annual growth rate (CAGR)

Adjusted free cash flow CAGR is a non-IFRS measure. It is annualized growth rate of adjusted free cash flow (defined above) at $70/bbl Brent, $4/mmBtu Henry Hub, and $17/bbl refining marker margin, all 2024 real.

bp believes the measure provides useful information to investors. Adjusted free cash flow CAGR enables investors to measure our progress on delivering growth and improving our performance. The nearest IFRS measure is the annualized growth rate of net cash provided by (used in) operating activities.

We are unable to present reconciliations of forward-looking information for adjusted free cash flow to net cash provided by operating activities, because without unreasonable efforts, we are unable to forecast accurately certain adjusting items required to present a meaningful comparable IFRS forward-looking financial measure. These items include inventory holding gains or losses, fair value accounting effects and other adjusting items, that are difficult to predict in advance in order to include in an IFRS estimate.

Adjusted operating cash flow

Adjusted operating cash flow is a non-IFRS measure. It is defined as net cash provided by (used in) operating activities as presented in the group cash flow statement, excluding movements in inventories and other current and non-current assets and liabilities as presented in the group cash flow statement, adjusted for inventory holding gains/losses, fair value accounting effects (FVAEs) relating to subsidiaries and other adjusting items relating to the non-cash movement of US emissions obligations carried as a provision that will be settled by allowances held as inventory. When used in the context of a segment or subset of businesses rather than the group, the terms refer to the segment or business' estimated share thereof.

bp believes the measure provides useful information to investors. Adjusted operating cash flow enables investors to measure our progress on delivering growth and improving our performance. The nearest IFRS measure is net cash provided by (used in) operating activities.

We are unable to present reconciliations of forward-looking information for adjusted operating cash flow to net cash provided by operating activities, because without unreasonable efforts, we are unable to forecast accurately certain adjusting items required to present a meaningful comparable IFRS forward-looking financial measure. These items include inventory holding gains or losses, FVAEs and other adjusting items, that are difficult to predict in advance in order to include in an IFRS estimate.

Net debt

Net debt is a non-IFRS measure. Net debt is calculated as finance debt, as shown in the balance sheet, plus the fair value of associated derivative financial instruments that are used to hedge foreign currency exchange and interest rate risks relating to finance debt, for which hedge accounting is applied, less cash and cash equivalents. Net debt does not include accrued interest, which is reported within other receivables and other payables on the balance sheet and for which the associated cash flows are presented as operating cash flows in the group cash flow statement.

bp believes the measure provides useful information to investors. Net debt enables investors to see the economic effect of finance debt, related hedges and cash and cash equivalents in total. The derivatives are reported on the balance sheet within the headings 'Derivative financial instruments'. The nearest equivalent measure to net debt on an IFRS basis is finance debt.

We are unable to present reconciliations of forward-looking information for net debt to finance debt, because without unreasonable efforts, we are unable to forecast accurately certain adjusting items required to present a meaningful comparable IFRS forward-looking financial measure. These items include fair value asset (liability) of hedges related to finance debt and cash and cash equivalents, that are difficult to predict in advance in order to include in an IFRS estimate.

$ million	**2019**	**Q1 2020**	**2020**	**2021**	**2022**	**2023**	**2024**
Finance debt	67,724	69,117	72,664	61,176	46,944	51,954	59,547
Fair value (asset) liability of hedges related to finance debt	190	426	(2,612)	118	3,673	1,988	2,654
	67,914	69,543	70,052	61,294	50,617	53,942	62,201
Less: cash and cash equivalents	22,472	18,139	31,111	30,681	29,195	33,030	39,204
Net debt	45,442	51,404	38,941	30,613	21,422	20,912	22,997

$ million	**2015**	**2016**	**2017**	**2018**
Finance debt	52,465	57,665	62,574	65,132
Fair value (asset) liability of hedges related to finance debt	379	697	175	813
	52,844	58,362	62,749	65,945
Less: cash and cash equivalents	26,389	23,484	25,586	22,468
Net debt	26,455	34,878	37,163	43,477

Structural cost reduction

Structural cost reduction is a non-IFRS measure. It is calculated as decreases in underlying operating expenditure (as defined below) as a result of operational efficiencies, divestments, workforce reductions and other cost saving measures that are expected to be sustainable compared with 2023 levels. The total change between periods in underlying operating expenditure will reflect both structural cost reductions and other changes in spend, including market factors, such as inflation and foreign exchange impacts, as well as changes in activity levels and costs associated with new operations. Estimates of cumulative annual structural cost reduction may be revised depending on whether cost reductions realized in prior periods are determined to be sustainable compared with 2023 levels. Structural cost reductions are stewarded internally to support management's oversight of spending over time.

bp believes this performance measure is useful in demonstrating how management drives cost discipline across the entire organization, simplifying our processes and portfolio and streamlining the way we work. The nearest IFRS measures are production and manufacturing expenses and distributions and administration expenses.

We are unable to present forward-looking information of the nearest IFRS measures, because without unreasonable efforts, we are unable to forecast accurately certain adjusting items required to calculate a meaningful comparable IFRS forward-looking financial measure.

Underlying operating expenditure

Underlying operating expenditure is a non-IFRS measure and a subset of production and manufacturing expenses plus distribution and administration expenses and excludes costs that are classified as adjusting items. It represents the majority of the remaining expenses in these line items but excludes certain costs that are variable, primarily with volumes (such as freight costs). Other variable costs are included in purchases in the income statement.

bp believes that underlying operating expenditure is a performance measure that provides investors with useful information regarding the company's financial performance because it considers these expenses to be the principal operating and overhead expenses that are most directly under their control although they also include certain foreign exchange and commodity price effects. The nearest IFRS measures are production and manufacturing expenses and distributions and administration expenses.

We are unable to present forward-looking information of the nearest IFRS measures, because without unreasonable efforts, we are unable to forecast accurately certain adjusting items required to calculate a meaningful comparable IFRS forward-looking financial measure.

	Year
$ million	**2023**
From group income statement	
Production and manufacturing expenses	25,044
Distribution and administration expenses	16,772
	41,816
Less certain variable costs:	
Transportation and shipping costs	10,752
Environmental costs	3,169
Marketing and distribution costs	2,430
Commission, storage and handling costs	1,633
Other variable costs and non-cash costs	743
Certain variable costs	18,727
Operating expenditure	23,089
Less certain adjusting items:	
Gulf of America oil spill	57
Environmental and related provisions	647
Restructuring, integration and rationalization costs	(37)
Fair value accounting effects – derivative instruments relating to the hybrid bonds	(630)
Other certain adjusting items	419
Certain adjusting items	456
Underlying operating expenditure	22,633

Working capital

Working capital is movements in inventories and other current and non-current assets and liabilities as reported in the group cash flow statement.

Change in working capital adjusted for inventory holding gains/losses, fair value accounting effects relating to subsidiaries and other adjusting items is a non-IFRS measure. It is calculated by adjusting for inventory holding gains/losses reported in the period; fair value accounting effects relating to subsidiaries reported within adjusting items for the period; and other adjusting items relating to the non-cash movement of US emissions obligations carried as a provision that will be settled by allowances held as inventory. This represents what would have been reported as movements in inventories and other current and non-current assets and liabilities, if the starting point in determining net cash provided by operating activities had been underlying replacement cost profit rather than profit for the period. The nearest equivalent measure on an IFRS basis for this is movements in inventories and other current and non-current assets and liabilities.

bp utilizes various arrangements in order to manage its working capital including discounting of receivables and, in the supply and trading business, the active management of supplier payment terms, inventory and collateral.

Upstream measures

Upstream operating cash flow

Upstream operating cash flow is a non-IFRS measure and a subset of businesses' estimated share of adjusted operating cash flow for the group as defined above.

Downstream measures

Downstream operating cash flow

Downstream operating cash flow is a non-IFRS measure and the customers & products' estimated share of adjusted operating cash flow for the group as defined above.