

Supplementary Information - to accompany 10-11 October 2023 capital market day 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 the strategic themes and transition growth engines 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.

Cash balance point

Cash balance point is defined as the implied Brent oil price 2021 real to balance bp's sources and uses of cash assuming an average bp refining marker margin around \$11/bbl and Henry Hub at \$3/mmBtu in 2021 real terms.

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.

Surplus cash flow

Surplus cash flow does not represent the residual cash flow available for discretionary expenditures. It is a non-IFRS financial measure that should be considered in addition to, not as a substitute for or superior to, net cash provided by operating activities, reported in accordance with IFRS. bp believes it is helpful to disclose the surplus cash flow because this measure forms part of bp's financial frame.

Surplus cash flow refers to the net surplus of sources of cash over uses of cash, after reaching the \$35 billion net debt target. Sources of cash include net cash provided by operating activities, cash provided from investing activities and cash receipts relating to transactions involving non-controlling interests. Uses of cash include lease liability payments, payments on perpetual hybrid bond, dividends paid, cash capital expenditure, the cash cost of share buybacks to offset the dilution from vesting of awards under employee share schemes, cash payments relating to transactions involving non-controlling interests and currency translation differences relating to cash and cash equivalents as presented on the condensed group cash flow statement.

Group – strategic themes

Adjusted EBITDA

Adjusted EBITDA is a non-IFRS measure presented for the group, strategic themes and transition growth engines, and is defined as profit or loss for the period, adjusting for finance costs and net finance (income) or expense relating to pensions and other post-retirement benefits and taxation, inventory holding gains or losses before tax, net adjusting items before interest and tax, and adding back depreciation, depletion and amortization (pre-tax) and exploration expenditure written-off (net of adjusting items, pre-tax). The calculation of adjusted EBITDA for transition growth engines includes some allocations of costs to individual growth engines and excludes fair value adjustments in respect of our Ventures investments. bp believes it is helpful to disclose adjusted EBITDA for the strategic themes, and oil and gas in the resilient focused hydrocarbon theme because it reflects how bp measures strategy delivery. The nearest equivalent measure on an IFRS basis for the group is profit or loss for the period.

We are unable to present reconciliations of forward-looking information for adjusted EBITDA for the group, strategic themes, oil and gas or transition growth engine, 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, adjusting items and exploration expenditure written off that are difficult to predict in advance in order to include in an IFRS estimate.

\$ billion	First half 2023	Year 2022	Year 2021
Profit (loss) for the period	10.4	(1.4)	8.5
Finance costs	1.8	2.7	2.9
Net finance (income) expense relating to pensions and other post-retirement benefits	(0.1)	(0.1)	—
Taxation	5.0	16.8	6.7
Profit before interest and tax	17.0	18.0	18.1
Inventory holding (gains) losses, before tax	1.3	(1.4)	(3.7)
	18.3	16.7	14.4
Net (favourable) adverse impact of adjusting items, before interest and tax	(3.5)	29.4	7.9
Underlying RC profit before interest and tax	14.8	46.0	22.3
Excluding underlying RC profit before interest and tax - Rosneft and earnings from other businesses in Russia	—	—	2.9
Underlying RC profit (loss) before interest and tax, excluding Rosneft	14.8	46.0	19.4
Add back:			
Depreciation, depletion and amortization	7.7	14.3	14.8
Exploration expenditure written off	0.3	0.4	0.2
Adjusted EBITDA	22.8	60.7	34.4
<i>Of which</i>			
Resilient and focused hydrocarbons		56.9	30.6
Convenience and mobility		4.3	4.4
<i>oil and gas, included in Resilient and focused hydrocarbons</i>			25.6
<i>bioenergy, included in Resilient and focused hydrocarbons</i>	0.4		

Net income per barrel of production for bp

Net income for bp in this measure is a non-IFRS measure and is underlying replacement cost (RC) profit before interest. It is calculated as RC profit before interest and tax for the gas & low carbon energy and oil production & operations segments, adjusted for net adjusting items before interest and tax. Taxation is then deducted on an underlying RC basis for the operating segments which is calculated through an allocation of taxation on an underlying RC basis to each segment.

Net income per barrel of production for oil and gas in bp is calculated as net income from upstream* divided by daily production in thousands of barrels of oil equivalent. Data rebased to 2014 =100 and plotted against average annual Brent oil price (\$/bbl).

- * upstream includes oil and natural gas field development and production within the gas & low carbon energy and oil production & operations segments.