

Supplementary Information – Second quarter 2021

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

The following measures or associated adjustments are defined in Glossary on pages 38-43 of our second-quarter 2021 results announcement:

- Underlying earnings – see Underlying replacement cost profit.
- Underlying RC profit
- Net debt
- Adjusting items
- Capital expenditure
- Consolidation adjustment – UPII
- Surplus cash flow
- Convenience gross margin
- Cash costs
- Fair value accounting effects
- Adjusting EBITDA
- Adjusted EBIDA
- Underlying annual charge ob&c – see Underlying replacement cost profit before interest and tax for the segments.
- Underlying ETR

Earnings before interest, depreciation and amortization (EBIDA)

EBIDA is defined as underlying replacement cost (RC) profit before interest and tax, add back depreciation, depletion and amortization and exploration expenditure written-off (net of adjusting items), less taxation on an underlying RC basis. bp believes it is helpful to disclose EBIDA because it reflects how bp measures underlying business delivery.

Adjusted EBIDA – Group

\$ million	Year 2020	Year 2019
Profit (loss) before interest and tax	(21,740)	11,706
Inventory holding (gains) losses, before tax	2,868	(667)
RC profit before interest and tax	(18,872)	11,039
Net (favourable) adverse impact of adjusting items, before tax	16,024	7,752
Underlying RC Profit before interest and tax	(2,848)	18,791
Adjusted for:		
Taxation on an underlying RC basis	(743)	(5,596)
Depreciation, depletion and amortization	14,889	17,780
Exploration expenditure written off (EWO), net of adjusting items	7,946	631
Adjusted EBIDA	19,244	31,606

Adjusted EBIDA per share

Adjusted EBIDA per share is calculated based on the shares in issue at 31 December 2020 of 20.3 billion (2019 20.2 billion).

Return on average capital employed (ROACE)

Return on average capital employed (ROACE) is a non-GAAP measure and is underlying replacement cost profit, after adding back non-controlling interest and interest expense net of tax, divided by average capital employed (total equity plus finance debt), excluding cash and cash equivalents and goodwill. Interest expense is finance costs excluding lease interest and the unwinding of the discount on provisions and other payables before tax. bp believes it is helpful to disclose the ROACE because this measure gives an indication of the company's capital efficiency. The nearest GAAP measures of the numerator and denominator are profit or loss for the period attributable to bp shareholders and total equity respectively.

\$ million	Year 2020	Year 2019
Profit (loss) for the year attributable to bp shareholders	(20,305)	4,026
Inventory holding (gains) losses, net of tax	2,201	(511)
Adjusting items, after taxation	12,414	6,475
Underlying replacement cost (RC) profit	(5,690)	9,990
Interest expense, net of tax	1,402	1,744
Non-controlling interests	(424)	164
Adjusted underlying RC profit	(4,712)	11,898
Total equity	85,568	100,708
Finance debt	72,664	67,724
Capital employed (2020 average \$163,332 million, 2019 average \$167,556 million)	158,232	168,432
Less: Goodwill	12,480	11,868
Cash and cash equivalents	31,111	22,472
	114,641	134,092
Average capital employed (excluding goodwill and cash and cash equivalents)	124,367	133,050
ROACE	(3.8)%	8.9 %

gas & low carbon energy measures

Reconciliation of RC profit before interest and tax to adjusted EBITDA

\$ million	Second quarter 2021	First quarter 2021	Second quarter 2020
gas & low carbon energy			
RC profit before interest and tax	927	3,430	(7,752)
Less: Adjusting items gains (charges)	(313)	1,160	(6,938)
Underlying RC profit before interest and tax	1,240	2,270	(814)
Add back: Depreciation, depletion and amortization	1,115	854	952
Exploration write-offs, net of adjusting items	21	6	963
Adjusted EBITDA	2,376	3,130	1,101

oil production & operations measures

Reconciliation of RC profit before interest and tax to adjusted EBITDA

\$ million	Second quarter 2021	First quarter 2021	Second quarter 2020
oil production & operations			
RC profit (loss) before interest and tax	3,118	1,479	(14,314)
Less: Adjusting items gains (charges)	876	(86)	(6,601)
Underlying RC profit before interest and tax	2,242	1,565	(7,713)
Add back: Depreciation, depletion and amortization	1,559	1,574	2,070
Exploration write-offs, net of adjusting items	8	56	6,686
Adjusted EBITDA	3,809	3,195	1,043