

2023

REPSOL Group

Alternative
Performance
Measures
reconciliations
1st Quarter
2023

*Translation of a report
originally issued in Spanish.
In the event of a discrepancy,
the Spanish language
version prevails*



The Repsol Commitment
Net Zero Emissions
by 2050



REPSOL

ALTERNATIVE PERFORMANCE MEASURES

Repsol's financial information contains indicators and measures prepared in accordance with applicable financial reporting standards and regulations, as well as other measures prepared in accordance with the Group's Reporting Model, defined as Alternative Performance Measures (APMs). APMs are measures that are "adjusted" compared to those presented in accordance with IFRS-EU or with Supplementary Information on Oil and Gas Upstream Activities, and the reader should therefore consider them in addition to, but not instead of, the latter.

Repsol presents its segment performance measures including joint ventures or other companies which are jointly managed in accordance with the Group's investment percentage, considering its operational and economic indicators within the same perspective and degree of detail as those for companies consolidated under the full consolidation method. Thus, the Group considers that the nature of its businesses and the way in which results are analyzed for decision-making purposes is adequately reflected.

Following the entry of non-controlling interest into our E&P and LCB businesses, Repsol has reviewed the way it presents its results. Starting this year, the "Adjusted Income" of the businesses does not consider the participation of non-controlling interest, so that it fully reflects the result managed by the company; with the same philosophy, non-controlling interest is not considered either in the "Inventory Effect" or in the "Special Items". The impact of the "Non-controlling interest" is reflected in a separate line, immediately before the "Net Income". Although the amount of "Non-controlling interests" in previous years has not been significant, Repsol has restated the information for the 2022 financial year to facilitate monitoring and guarantee its comparability. Also in 2023, as a consequence of the evolution of its businesses and the changes in its organizational structure, Repsol has reviewed the definition of its Reporting segments. For additional information, see the Basis of Presentation section of the Q1 2023 Results Report available at www.repsol.com.

APMs are useful for users of financial information as they are the measures employed by Repsol's Management to evaluate its financial performance, cash flows or financial position when making operational or strategic decisions for the Group.

For more historical quarterly APM information, see www.repsol.com.

1. Financial performance measures

Adjusted income

Results	First quarter													
	ADJUSTMENTS													
	Adjusted income		Reclassifications of joint ventures		Inventory effect ⁽²⁾		Special items		Non-controlling interest		Total adjustments		IFRS-EU profit/loss	
Million euros	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operating income	2,802 ⁽¹⁾	1,814 ⁽¹⁾	(121)	(307)	(365)	928	(464)	(474)	—	—	(950)	147	1,852	1,961
Financial result	—	16	33	72	—	—	(25)	(29)	—	—	8	43	8	59
Net income of companies accounted for using the equity method - net of tax	1	1	(34)	155	—	—	—	(5)	—	—	(34)	150	(33)	151
Adjusted income before tax	2,803	1,831	(122)	(80)	(365)	928	(489)	(508)	—	—	(976)	340	1,827	2,171
Income tax	(912)	(771)	—	—	94	(233)	47	167	—	—	263	14	(649)	(757)
Consolidated net income for the year	1,891	1,060	—	—	(271)	695	(442)	(341)	—	—	(713)	354	1,178	1,414
Net income attributed to non-controlling interests	—	—	—	—	—	—	—	—	(66)	(22)	(66)	(22)	(66)	(22)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	1,891	1,060	—	—	(271)	695	(442)	(341)	(66)	(22)	(779)	332	1,112	1,392

⁽¹⁾ Income from operations at current cost of supply (CCS).

⁽²⁾ The Inventory effect represents an adjustment to "Procurements" and "Changes in inventory of finished goods and work in progress" on the IFRS-EU income statement.

Special items

SPECIAL ITEMS	First quarter	
	2023	2022
<i>Million euros</i>		
Divestments	16	6
Workforce restructuring	(12)	(3)
Impairment of assets ⁽¹⁾	361	(168)
Provisions and others	(807)	(176)
TOTAL	(442)	(341)

⁽¹⁾ The difference with the heading “(Charges for)/reversal of impairment provisions” in the IFRS-EU income statement is largely down to the fact that the latter includes impairment of credit risk and dry wells and impairment of exploratory wells in the normal course of business and excludes the tax effect of impairment, impairment of deferred tax assets and impairment of joint ventures.

EBITDA

EBITDA	First quarter					
	Group Reporting Model		Reclassification of joint ventures and others		IFRS-EU ⁽²⁾	
	2023	2022	2023	2022	2023	2022
<i>Million euros</i>						
Upstream	1,311	1,685	(411)	(513)	900	900
Industrial	1,563	1,432	(1)	(14)	1,562	1,562
Customer	288	245	(7)	(4)	281	241
LCG	64	52	—	—	64	64
Corporate and others	(530)	(30)	29	(1)	(501)	(501)
EBITDA	2,696	3,384	(390)	(532)	2,306	2,306
Upstream	—	—	—	—	—	—
Industrial	334	334	(8)	1	326	326
Customer	31	(26)	—	—	31	(26)
LCG	—	—	—	—	—	—
Corporate and others	—	—	—	—	—	—
Inventory effect ⁽¹⁾	365	(928)	(8)	1	357	357
CCS EBITDA	3,061	2,456	(398)	(531)	2,663	2,663

⁽¹⁾ Before tax.

⁽²⁾ Corresponds to “Income before tax” and “Adjustments to profit” on the consolidated statement of cash flows under IFRS-EU.

EBITDA	First quarter					
	Group Reporting Model		Joint venture reclassification and others		IFRS-EU ⁽¹⁾	
	2023	2022	2023	2022	2023	2022
<i>Million euros</i>						
Net income before tax	1,948	2,250	(121)	(79)	1,827	2,171
(-) Financial result	25	13	(33)	(72)	(8)	(59)
(-) Net income from investments accounted for using the equity method	(1)	5	34	(156)	33	(151)
Operating income	1,972	2,268	(120)	(307)	1,852	1,961
Depreciation of property, plant and equipment	711	705	(134)	(135)	577	570
Operating provisions	15	410	(134)	(89)	(119)	321
(Provision for) / Reversal of impairment provisions	(264)	263	(108)	(104)	(372)	159
(Provision for) / Reversal of provisions for risks	279	147	(26)	15	253	162
Other items	(2)	1	(2)	(1)	(4)	—
EBITDA	2,696	3,384	(390)	(532)	2,306	2,852

⁽¹⁾ Corresponds to “Income before tax” and “Adjustments to income” on the consolidated statement of cash flows under IFRS-EU.

ROACE

NUMERATOR (Million euros)	Q1 2023	Q1 2022
Operating income IFRS-EU	1,852	1,961
Reclassification of joint ventures	121	307
Income tax ⁽¹⁾	(802)	(831)
Net income of companies accounted for using the equity method - net of tax	1	(4)
I.ROACE result at weighted average cost	1,172	1,433
DENOMINATOR (Millions euros)		
Total equity	28,758	24,343
Net debt	880	5,900
Capital employed at period-end	29,638	30,243
II.Average capital employed ⁽²⁾	28,933	29,400
I/II ROACE (%) ⁽³⁾	4.1	4.9

⁽¹⁾ Does not include income tax corresponding to financial results.

⁽²⁾ Corresponds to the average balance of capital employed at the beginning and end of the year.

⁽³⁾ In the first quarter of 2022, ROACE on CCS (without taking into account the Inventory Effect) amounts to 5.0%.

2. Cash flow measures

Free cash flow and cash flow generated

Cash metrics	First quarter					
	Adjusted cash flow		Reclassifications of joint ventures and others		IFRS-EU statement of cash flow	
	2023	2022	2023	2022	2023	2022
<i>Million euros</i>						
I. Cash flows from / (used in) operating activities (cash flow from operations)	1,827	1,091	(219)	(386)	1,608	705
II. Cash flows from / (used in) investing activities	(1,751)	(722)	(329)	(89)	(2,080)	(811)
Free cash flow (I+II)	76	369	(548)	(475)	(472)	(106)
Cash generation	1,166	(220)	(554)	(466)	612	(686)
III. Cash flows from / (used in) financing activities and others ⁽¹⁾	(1,231)	(918)	681	382	(550)	(536)
Net increase / (decrease) in cash and cash equivalents (I+II+III)	(1,155)	(549)	133	(93)	(1,022)	(642)
Cash and cash equivalents at the beginning of the period	6,945	5,906	(433)	(311)	6,512	5,595
Cash and cash equivalents at the end of the period	5,790	5,357	(300)	(404)	5,490	4,953

⁽¹⁾ Includes payments for dividends and returns on other equity instruments, interest payments, other proceeds from/(payments for) financing activities, proceeds from/(payments for) the issue/(return) of equity instruments, proceeds from/(payments for) financial liabilities and the exchange rate fluctuations effect.

Liquidity

Liquidity	First quarter					
	Group Reporting Model		Reclassifications of joint ventures and others		IFRS-EU	
	Mar-2023	Dec-2022	Mar-2023	Dec-2022	Mar-2023	Dec-2022
<i>Million euros</i>						
Cash and banks	2,994	3,021	(208)	(345)	2,786	2,676
Other financial assets	2,797	3,924	(92)	(88)	2,705	3,836
Cash and cash equivalents	5,790	6,945	(300)	(433)	5,491	6,512
Deposits of immediate availability ⁽¹⁾	2,259	2,389	—	—	2,259	2,389
Undrawn credit lines	2,674	2,681	(10)	(7)	2,664	2,674
Liquidity	10,724	12,014	(310)	(440)	10,414	11,575

⁽¹⁾ Repsol contracts on-demand cash deposits, which are recorded under “Other current financial assets” and which do not meet the accounting criteria for classification as cash and cash equivalents.

Operating investments

Investments	First quarter								IFRS-EU ⁽¹⁾	
	Operating investments						Reclassifications of joint ventures and others			
	2023			2022			2023	2022	2023	2022
	Organic	Inorganic	Total	Organic	Inorganic	Total				
<i>Million euros</i>										
Upstream	612	129	741	119	177	296	(119)	110	622	406
Industrial	157	—	157	112	54	166	(4)	(3)	153	163
Customer	54	—	54	32	4	36	(16)	—	38	36
LCG	156	605	761	46	20	66	(11)	(4)	750	62
Corporate and other	13	—	13	12	—	12	1	—	14	12
TOTAL	992	734	1,726	321	255	576	(149)	103	1,577	679

⁽¹⁾ This corresponds to “Payments on investments” on the consolidated statement of cash flows prepared under IFRS-EU, and does not include items corresponding to “Other financial assets”.

3. Financial position measures

Net debt

Net Debt	First quarter		
	Net debt	Reclassifications of joint ventures	IFRS-EU balance sheet
	Mar-2023	Mar-2023	Mar-2023
<i>Million euros</i>			
Non-current assets			
Non-current financial instruments ⁽¹⁾⁽²⁾	1,243	680	1,923
Current assets			
Other current financial assets ⁽²⁾	3,677	(191)	3,486
Cash and cash equivalents	5,790	(300)	5,490
Non-current liabilities			
Non-current financial liabilities ⁽²⁾	(9,486)	326	(9,160)
Current liabilities			
Current financial liabilities ⁽²⁾	(2,104)	(978)	(3,082)
NET DEBT ⁽³⁾	(880)	(463)	(1,343)

⁽¹⁾ Amounts included under “Non-current financial assets” in the consolidated balance sheet.

⁽²⁾ Includes net non-current and current leases amounting to €(3,025) and €(634) million, respectively, according to the Reporting model and €(2,404) and €(506) million, respectively, according to the IFRS-EU balance sheet.

⁽³⁾ The reconciliations in previous period are available at www.repsol.com.

Gross debt

Gross Debt	Gross debt	Reclassifications of joint ventures and others	IFRS - EU balance sheet
	Mar-2023	Mar-2023	Mar-2023
<i>Million euros</i>			
Current financial liabilities (ex derivatives)	(1,946)	(933)	(2,879)
Net mark to market valuation of current financial derivatives	(42)	—	(42)
Current gross debt	(1,988)	(933)	(2,921)
Non-current financial liabilities (ex derivatives)	(9,485)	281	(9,204)
Net mark to market valuation of non-current derivatives	—	—	—
Non-current gross debt	(9,485)	281	(9,204)
GROSS DEBT ⁽¹⁾	(11,473)	(652)	(12,125)

⁽¹⁾ The reconciliations in previous periods for this figure are available at www.repsol.com.

Leverage ratio

Leverage	First quarter					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU balance sheet	
	2023	2022	2023	2022	2023	2022
<i>Million euros</i>						
Net debt	880	5,900	463	218	1,343	6,118
Capital employed	29,638	30,243	463	218	30,101	30,461
Leverage	3.0%	19.5%			4.5%	20.1%

Solvency ratio

Solvency	First quarter					
	Group Reporting Model		Reclassifications of joint ventures		IFRS - EU Balance sheet	
	2023	2022	2023	2022	2023	2022
<i>Million euros</i>						
Liquidity	10,724	9,823	(310)	(413)	10,414	9,410
Current Gross debt	1,988	2,798	933	1,110	2,921	3,908
Solvency	5.4	3.5			3.6	2.4