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REPSOL Group

Alternative
Performance
Measures
reconciliations

3rd Quarter
2022

*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



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.

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 net income

	Cumulative nine months											
	Adjusted net income		ADJUSTMENTS								IFRS-EU profit/loss	
			Reclassifications of joint ventures		Special items		Inventory effect ⁽²⁾		Total adjustments			
<i>Million euros</i>	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Operating income	7,655 ⁽¹⁾	2,766 ⁽¹⁾	(1,454)	(332)	(1,950)	(585)	896	867	(2,508)	(50)	5,147	2,716
Financial result	(57)	(139)	141	93	(110)	351	—	—	31	444	(26)	305
Net income of companies accounted for using the equity method - net of tax	3	2	717	158	(3)	—	—	—	714	158	717	160
Net Income before tax	7,601	2,629	(596)	(81)	(2,063)	(234)	896	867	(1,763)	552	5,838	3,181
Income tax	(2,866)	(1,049)	596	81	(69)	(39)	(226)	(219)	301	(177)	(2,565)	(1,226)
Consolidated net income for the year	4,735	1,580	—	—	(2,132)	(273)	670	648	(1,462)	375	3,273	1,955
Net income attributed to non-controlling interests	(81)	2	—	—	46	2	(16)	(20)	30	(18)	(51)	(16)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	4,654	1,582	—	—	(2,086)	(271)	654	628	(1,432)	357	3,222	1,939

⁽¹⁾ Net income from continuing 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.

	Third quarter											
	ADJUSTMENTS											IFRS-EU profit/ loss
	Adjusted net income		Reclassifications of joint ventures		Special items		Inventory effect ⁽¹⁾		Total adjustments			
Million euros	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Operating income	2,761 ⁽¹⁾	1,087 ⁽¹⁾	(523)	(177)	10	(110)	(765)	192	(1,278)	(95)	1,483	992
Financial result	(157)	(28)	36	18	(15)	145	—	—	21	163	(136)	135
Net income of companies accounted for using the equity method - net of tax	(3)	(2)	173	45	3	—	—	—	176	45	173	43
Income before tax	2,601	1,057	(314)	(114)	(2)	35	(765)	192	(1,081)	113	1,520	1,170
Income tax	(1,090)	(430)	314	114	(252)	(95)	194	(48)	256	(29)	(834)	(459)
Consolidated net income for the year	1,511	627	—	—	(254)	(60)	(571)	144	(825)	84	686	711
Net income attributed to non-controlling interests	(34)	(4)	—	—	12	2	19	(5)	31	(3)	(3)	(7)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	1,477	623	—	—	(242)	(58)	(552)	139	(794)	81	683	704

⁽¹⁾ Net income from continuing 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

Million euros	Cumulative nine months		Third quarter	
	2022	2021	2022	2021
Divestments	61	15	53	14
Indemnities and workforce restructuring	(16)	(66)	(1)	(12)
Impairment of assets	(1,447)	(32)	(217)	(27)
Provisions and others	(684)	(188)	(77)	(33)
TOTAL	(2,086)	(271)	(242)	(58)

EBITDA

Million euros	Cumulative nine months					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽²⁾	
	2022	2021	2022	2021	2022	2021
Upstream	5,844	2,927	(1,969)	(934)	3,875	1,993
Industrial	4,267	1,864	(47)	(49)	4,220	1,815
Commercial and Renewables	923	872	(15)	(13)	908	859
Corporate and others	(171)	(77)	26	25	(145)	(52)
EBITDA	10,863	5,586	(2,005)	(971)	8,858	4,615
Upstream	—	—	—	—	—	—
Industrial	(836)	(817)	11	—	(825)	(817)
Commercial and Renewables	(60)	(50)	—	—	(60)	(50)
Corporate and others	—	—	—	—	—	—
Inventory effect⁽¹⁾	(896)	(867)	11	—	(885)	(867)
CCS EBITDA	9,967	4,719	(1,994)	(971)	7,973	3,748

⁽¹⁾ Before tax.

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

<i>Million euros</i>	Cumulative nine months					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽¹⁾	
	2022	2021	2022	2021	2022	2021
Net income before tax	6,434	3,262	(596)	(81)	5,838	3,181
(-) Financial result	167	(212)	(141)	(93)	26	(305)
(-) Net income from investments accounted for	—	(2)	(717)	(158)	(717)	(160)
Operating income	6,601	3,048	(1,454)	(332)	5,147	2,716
Depreciation of property, plant and equipment	2,159	1,898	(435)	(409)	1,724	1,489
Operating provisions	2,159	646	(114)	(239)	2,045	407
(Provision for) / Reversal of impairment provisions	2,032	646	(276)	(239)	1,756	407
(Provision for) / Reversal of provisions for risks	127	—	162	—	289	—
Other provisions	—	—	—	—	—	—
Other items	(56)	(6)	(2)	9	(58)	3
EBITDA	10,863	5,586	(2,005)	(971)	8,858	4,615

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

<i>Million euros</i>	Third quarter					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽²⁾	
	2022	2021	2022	2021	2022	2021
Upstream	2,155	1,082	(713)	(339)	1,442	743
Industrial	334	509	(13)	(19)	321	490
Commercial and Renewables	327	353	(4)	(7)	323	346
Corporate and others	28	7	(22)	(1)	6	6
EBITDA	2,844	1,951	(752)	(366)	2,092	1,585
Upstream	—	—	—	—	—	—
Industrial	751	(175)	2	—	753	(175)
Commercial and Renewables	14	(17)	—	—	14	(17)
Corporate and others	—	—	—	—	—	—
Inventory effect ⁽¹⁾	765	(192)	2	—	767	(192)
CCS EBITDA	3,609	1,759	(750)	(366)	2,859	1,393

⁽¹⁾ Before tax.

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

<i>Million euros</i>	Third quarter					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽¹⁾	
	2022	2021	2022	2021	2022	2021
Net income before tax	1,833	1,284	(313)	(114)	1,520	1,170
(-) Financial result	172	(117)	(36)	(18)	136	(135)
(-) Net income from investments accounted for using	1	2	(174)	(45)	(173)	(43)
Operating income	2,006	1,169	(523)	(177)	1,483	992
Depreciation of property, plant and equipment	771	644	(160)	(137)	611	507
Operating provisions	131	144	(68)	(51)	63	93
(Provision for) / Reversal of impairment provisions	170	144	(144)	(51)	26	93
(Provision for) / Reversal of provisions for risks	(39)	—	76	—	37	—
Other provisions	—	—	—	—	—	—
Other items	(64)	(6)	(1)	(1)	(65)	(7)
EBITDA	2,844	1,951	(752)	(366)	2,092	1,585

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

ROACE

NUMERATOR (Million euros)	9M 2022	9M 2021
Operating income (IFRS-EU)	5,147	2,716
Reclassification of joint ventures	1,454	332
Income tax ⁽¹⁾	(3,190)	(1,235)
Net income of companies accounted for using the equity method - net of tax	—	2
ROACE result at weighted average cost	3,411	1,815
DENOMINATOR (Millions euros)	9M 2022	9M 2021
Total equity	27,688	21,752
Net debt	2,181	6,136
Capital employed at period-end	29,869	27,888
II. Average capital employed ⁽²⁾	29,213	27,603
ROACE (I/II) ⁽³⁾	11.7%	6.6%

⁽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 third quarter of 2022, ROACE on CCS (without taking into account the Inventory Effect) amounts to 9.3%.

2. Cash flow measures

Free cash flow and cash flow generated

Million euros	Cumulative nine months					
	Adjusted cash flow		Reclassifications of joint ventures and others		IFRS-EU statement of cash flow	
	2022	2021	2022	2021	2022	2021
I. Cash flows from / (used in) operating activities (cash flow from operations)	6,119	3,371	(713)	(558)	5,406	2,813
II. Cash flows from / (used in) investing activities	(1,969)	(1,516)	326	(122)	(1,643)	(1,638)
Free cash flow (I+II)	4,150	1,855	(387)	(680)	3,763	1,175
Cash generation	3,140	428	(357)	(651)	2,783	(223)
III. Cash flows from / (used in) financing activities and others ⁽¹⁾	(2,106)	(529)	299	(619)	(1,807)	90
Net increase / (decrease) in cash and cash equivalents (I+II+III)	2,044	1,326	(88)	(61)	1,956	1,265
Cash and cash equivalents at the beginning of the period	5,906	4,578	(311)	(257)	5,595	4,321
Cash and cash equivalents at the end of the period	7,950	5,904	(399)	(318)	7,551	5,586

⁽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, transactions (proceeds from/(payments for)) with non-controlling interests and the exchange rate fluctuations effect.

	Third quarter					
	Adjusted cash flow		Reclassifications of joint ventures and others		IFRS-EU statement of cash flow	
	2022	2021	2022	2021	2022	2021
<i>Million euros</i>						
I. Cash flows from / (used in) operating activities (cash flow from operations)	3,189	1,439	(115)	(166)	3,074	1,273
II. Cash flows from / (used in) investing activities	(493)	(539)	237	(154)	(256)	(693)
Free cash flow (I+II)	2,696	900	122	(320)	2,818	580
Cash generation	2,668	265	130	310	2,798	(45)
III. Cash flows from / (used in) financing activities and others ⁽¹⁾	528	(243)	(127)	335	401	(92)
Net increase / (decrease) in cash and cash equivalents (I+II+III)	3,224	657	(5)	15	3,219	(672)
Cash and cash equivalents at the beginning of the period	4,726	5,247	(394)	(333)	4,332	4,914
Cash and cash equivalents at the end of the period	7,950	5,904	(399)	(318)	7,551	5,586

⁽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, transactions (proceeds from/ (payments for)) with non-controlling interests and the exchange rate fluctuations effect.

Liquidity

	Group Reporting Model		Reclassifications of joint ventures and others		IFRS-EU	
	sep-2022	dec-2021	sep-2022	dec-2021	sep-2022	dec-2021
	<i>Million euros</i>					
Cash and cash equivalents	7,950	5,906	(399)	(311)	7,551	5,595
Undrawn credit lines	2,743	2,675	(5)	(12)	2,739	2,663
On-demand cash deposits ⁽¹⁾	1,732	2,025	—	—	1,732	2,025
Liquidity	12,426	10,606	(404)	(323)	12,021	10,283

⁽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

	Cumulative nine months					
	Operating investments		Reclassifications of joint ventures and others		IFRS-EU ⁽¹⁾	
	2022	2021	2022	2021	2022	2021
<i>Million euros</i>						
Upstream	1,349	689	(88)	(247)	1,261	442
Industrial	549	366	(15)	(11)	534	355
Commercial and Renewables	431	535	(58)	(2)	373	533
Corporate and others	68	44	(12)	—	56	44
TOTAL	2,397	1,634	(173)	(260)	2,224	1,374

⁽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".

	Third quarter					
	Operating investments		Reclassifications of joint ventures and others		IFRS-EU ⁽¹⁾	
	2022	2021	2022	2021	2022	2021
<i>Million euros</i>						
Upstream	603	271	(63)	(85)	540	186
Industrial	177	163	(9)	(8)	168	155
Commercial and Renewables	153	122	13	—	166	122
Corporate and others	29	17	(11)	—	18	17
TOTAL	962	573	(70)	(93)	892	480

⁽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

<i>Million euros</i>	Net debt	Reclassification of joint ventures	IFRS-EU balance sheet
	Sep 2022	Sep 2022	Sep 2022
Non-current assets			
Non-current financial instruments ⁽¹⁾	414	739	1,153
Current assets			
Other current financial assets	3,514	(121)	3,393
Cash and cash equivalents	7,950	(399)	7,551
Non-current liabilities			
Non-current financial liabilities ⁽²⁾	(10,058)	716	(9,342)
Current liabilities			
Current financial liabilities ⁽²⁾	(4,001)	(1,320)	(5,321)
NET DEBT ^{(3) (4)}	(2,181)	(385)	(2,566)

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

⁽²⁾ Includes net non-current and current leases amounting to €(3,314) and €(695) million, respectively, according to the Reporting model and €(2,614) and €(533) million, respectively, according to the IFRS-EU balance sheet.

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

Gross debt

<i>Million euros</i>	Gross debt	Reclassification of joint ventures and others	IFRS - EU balance sheet
	Sep-2022	Sep-2022	Sep-2022
Current financial liabilities (ex derivatives)	(3,318)	(1,320)	(4,638)
Net mark to market valuation of current financial derivatives	736	—	736
Current gross debt	(2,582)	(1,320)	(3,902)
Non-current financial liabilities (ex derivatives)	(10,058)	716	(9,342)
Net mark to market valuation of non-current financial derivatives	—	—	—
Non-current gross debt	(10,058)	716	(9,342)
GROSS DEBT ⁽¹⁾	(12,639)	(604)	(13,244)

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

Leverage ratio

<i>Million euros</i>	Group Reporting Model		Reclassifications of joint ventures		IFRS - EU Balance sheet	
	sep-2022	dec-2021	sep-2022	dec-2021	sep-2022	dec-2021
Net debt	2,181	5,762	(385)	145	2,566	5,617
Capital employed	29,869	28,556	385	(145)	30,254	28,411
Leverage	7.3%	20.2%			8.5%	19.8%

Solvency ratio

<i>Million euros</i>	Group Reporting Model		Reclassifications of joint ventures		IFRS - EU Balance sheet	
	sep-2022	dec-2021	sep-2022	dec-2021	sep-2022	dec-2021
Liquidity	12,426	10,606	(404)	(323)	12,021	10,283
Current Gross debt	2,582	3,592	(1,320)	862	3,902	4,454
Solvency	4.8	3.0			3.1	2.3