

2022

REPSOL Group

Alternative Performance Measures reconciliations

*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.

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 twelve months											
	Adjusted net income		ADJUSTMENTS								IFRS-EU profit/loss	
			Reclassifications of joint ventures		Special items		Inventory effect ⁽²⁾		Total adjustments			
Million euros	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Operating income	10,648 ⁽¹⁾	4,372 ⁽¹⁾	(1,819)	(541)	(3,072)	(1,173)	103	1,099	(4,788)	(615)	5,860	3,757
Financial result	86	(315)	178	137	67	449	—	—	245	586	331	271
Net income of companies accounted for using the equity method - net of tax	(22)	(3)	1,030	314	(19)	(10)	—	—	1,011	304	989	301
Net Income before tax	10,712	4,054	(611)	(90)	(3,024)	(734)	103	1,099	(3,532)	275	7,180	4,329
Income tax	(3,938)	(1,590)	611	90	517	(22)	(25)	(279)	1,103	(211)	(2,835)	(1,801)
Consolidated net income for the year	6,774	2,464	—	—	(2,507)	(756)	78	820	(2,429)	64	4,345	2,528
Net income attributed to non-controlling interests	(113)	(10)	—	—	22	4	(3)	(23)	19	(19)	(94)	(29)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	6,661	2,454	—	—	(2,485)	(752)	75	797	(2,410)	45	4,251	2,499

⁽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.

	Fourth quarter											
	ADJUSTMENTS											IFRS-EU profit/ loss
	Adjusted net income		Reclassifications of joint ventures		Special items		Inventory effect ⁽²⁾		Total adjustments			
Million euros	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Operating income	2,993 ⁽¹⁾	1,606 ⁽¹⁾	(365)	(209)	(1,122)	(588)	(793)	232	(2,280)	(565)	713	1,041
Financial result	143	(176)	37	44	177	98	—	—	214	142	357	(34)
Net income of companies accounted for using the equity method - net of tax	(25)	(5)	313	156	(16)	(10)	—	—	297	146	272	141
Income before tax	3,111	1,425	(15)	(9)	(961)	(500)	(793)	232	(1,769)	(277)	1,342	1,148
Income tax	(1,072)	(541)	15	9	586	17	201	(60)	802	(34)	(270)	(575)
Consolidated net income for the year	2,039	884	—	—	(375)	(483)	(592)	172	(967)	(311)	1,072	573
Net income attributed to non-controlling interests	(32)	(12)	—	—	(24)	2	13	(3)	(11)	(1)	(43)	(13)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	2,007	872	—	—	(399)	(481)	(579)	169	(978)	(312)	1,029	560

⁽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 twelve months		Fourth quarter	
	2022	2021	2022	2021
Divestments	84	13	23	(2)
Indemnities and workforce restructuring	(63)	(93)	(47)	(27)
Impairment of assets ⁽¹⁾	(1,775)	(699)	(328)	(667)
Provisions and others	(731)	27	(47)	215
TOTAL	(2,485)	(752)	(399)	(481)

⁽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

Million euros	Cumulative twelve months					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽²⁾	
	2022	2021	2022	2021	2022	2021
Upstream	7,485	4,429	(2,527)	(1,385)	4,958	3,044
Industrial	5,223	2,654	(49)	(54)	5,174	2,600
Commercial and Renewables	1,248	1,219	(23)	(19)	1,225	1,200
Corporate and others	(143)	(132)	(7)	7	(150)	(125)
EBITDA	13,813	8,170	(2,606)	(1,451)	11,207	6,719
Upstream	—	—	—	—	—	—
Industrial	(74)	(1,030)	8	—	(66)	(1,030)
Commercial and Renewables	(29)	(69)	—	—	(29)	(69)
Corporate and others	—	—	—	—	—	—
Inventory effect ⁽¹⁾	(103)	(1,099)	8	—	(95)	(1,099)
CCS EBITDA	13,710	7,071	(2,598)	(1,451)	11,112	5,620

⁽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 twelve months					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽¹⁾	
	2022	2021	2022	2021	2022	2021
Net income before tax	7,791	4,419	(611)	(90)	7,180	4,329
(-) Financial result	(153)	(134)	(178)	(137)	(331)	(271)
(-) Net income from investments accounted for using the equity method	41	13	(1,030)	(314)	(989)	(301)
Operating income	7,679	4,298	(1,819)	(541)	5,860	3,757
Depreciation of property, plant and equipment	2,935	2,562	(596)	(558)	2,339	2,004
Operating provisions	3,288	1,348	(189)	(413)	3,099	935
(Provision for) / Reversal of impairment provisions	3,005	1,348	(332)	(413)	2,673	663
(Provision for) / Reversal of provisions for risks	283	—	143	—	426	272
Other items	(89)	(159)	(2)	(390)	(91)	(549)
EBITDA	13,813	8,170	(2,606)	(1,451)	11,207	6,719

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

<i>Million euros</i>	Fourth quarter					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽²⁾	
	2022	2021	2022	2021	2022	2021
Upstream	1,641	1,502	(558)	(451)	1,083	1,051
Industrial	956	790	(2)	(5)	954	785
Commercial and Renewables	325	347	(8)	(6)	317	341
Corporate and others	28	(55)	(33)	(18)	(5)	(73)
EBITDA	2,950	2,584	(601)	(480)	2,349	2,104
Upstream	—	—	—	—	—	—
Industrial	762	(213)	(3)	—	759	(213)
Commercial and Renewables	31	(19)	—	—	31	(19)
Corporate and others	—	—	—	—	—	—
Inventory effect ⁽¹⁾	793	(232)	(3)	—	790	(232)
CCS EBITDA	3,743	2,352	(604)	(480)	3,139	1,872

⁽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>	Fourth quarter					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽¹⁾	
	2022	2021	2022	2021	2022	2021
Net income before tax	1,357	1,157	(15)	(9)	1,342	1,148
(-) Financial result	(320)	78	(37)	(44)	(357)	34
(-) Net income from investments accounted for using the equity method	41	15	(313)	(156)	(272)	(141)
Operating income	1,078	1,250	(365)	(209)	713	1,041
Depreciation of property, plant and equipment	776	664	(161)	(149)	615	515
Operating provisions	1,129	702	(75)	(174)	1,054	528
(Provision for) / Reversal of impairment provisions	973	702	(56)	(174)	917	528
(Provision for) / Reversal of provisions for risks	156	—	(19)	—	137	—
Other items	(33)	61	—	(148)	(33)	(87)
EBITDA	2,950	2,584	(601)	(480)	2,349	2,104

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

ROACE

NUMERATOR (Million euros)	2022	2021
Operating income IFRS-EU	5,860	3,757
Reclassification of joint ventures	1,819	541
Income tax ⁽¹⁾	(3,594)	(1,994)
Net income of companies accounted for using the equity method - net of tax	(41)	(13)
I.ROACE result at weighted average cost	4,044	2,291
DENOMINATOR (Millions euros)	2022	2021
Total equity	25,973	22,794
Net debt	2,256	5,762
Capital employed at period-end	28,229	28,556
II.Average capital employed ⁽²⁾	28,393	27,937
I/II ROACE (%) ⁽³⁾	14.2 %	8.2 %

⁽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⁾ ROACE on CCS (without taking into account the Inventory Effect) amounts to 13.9%.

2. Cash flow measurements

Free cash flow and Cash generation

<i>Million euros</i>	Cumulative twelve 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)	8,923	5,453	(1,091)	(776)	7,832	4,677
II. Cash flows from / (used in) investing activities	(3,712)	(2,614)	(391)	(319)	(4,103)	(2,933)
Free cash flow (I+II)	5,211	2,839	(1,482)	(1,095)	3,729	1,744
Cash generation	3,228	1,293	(1,450)	(1,052)	1,778	241
III. Cash flows from / (used in) financing activities and others ⁽¹⁾	(4,172)	(1,511)	1,360	1,041	(2,812)	(470)
Net increase / (decrease) in cash and cash equivalents (I+II+III)	1,039	1,328	(122)	(54)	917	1,274
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	6,945	5,906	(433)	(311)	6,512	5,595

⁽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.

	Fourth 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)	2,804	2,082	(378)	(218)	2,426	1,864
II. Cash flows from / (used in) investing activities	(1,743)	(1,098)	(717)	(197)	(2,460)	(1,295)
Free cash flow (I+II)	1,061	984	(1,095)	(415)	(34)	569
Cash generation	88	865	(1,093)	(401)	(1,005)	464
III. Cash flows from / (used in) financing activities and others ⁽¹⁾	(2,066)	(982)	1,061	422	(1,005)	(560)
Net increase / (decrease) in cash and cash equivalents (I+II+III)	(1,005)	2	(34)	7	(1,039)	9
Cash and cash equivalents at the beginning of the period	7,950	5,904	(399)	(318)	7,551	5,586
Cash and cash equivalents at the end of the period	6,945	5,906	(433)	(311)	6,512	5,595

⁽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

	Group Reporting Model		Reclassifications of joint ventures and others		IFRS-EU	
	2022	2021	2022	2021	2022	2021
	<i>Million euros</i>					
Cash and banks	3,021	2,786	(345)	(278)	2,676	2,508
Other financial assets	3,924	3,120	(88)	(33)	3,836	3,087
Cash and cash equivalents	6,945	5,906	(433)	(311)	6,512	5,595
Deposits of immediate availability ⁽¹⁾	2,389	2,025	—	—	2,389	2,024
Undrawn credit lines	2,681	2,675	(7)	(12)	2,674	2,664
Liquidity	12,014	10,606	(440)	(323)	11,575	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 (investments)

	Cumulative twelve months					
	Operating investments		Reclassifications of joint ventures and others		IFRS-EU ⁽¹⁾	
	2022	2021	2022	2021	2022	2021
<i>Million euros</i>						
Upstream	2,127	1,223	(236)	(493)	1,891	730
Industrial	1,025	859	(26)	(33)	999	826
Commercial and Renewables	925	829	(108)	19	817	848
Corporate and others	105	83	1	—	106	83
TOTAL	4,182	2,994	(369)	(507)	3,813	2,487

⁽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".

	Fourth quarter					
	Operating investments		Reclassifications of joint ventures and others		IFRS-EU ⁽¹⁾	
	2022	2021	2022	2021	2022	2021
<i>Million euros</i>						
Upstream	778	534	(148)	(246)	630	288
Industrial	476	493	(10)	(22)	466	471
Commercial and Renewables	494	294	(50)	21	444	315
Corporate and others	37	39	13	—	50	39
TOTAL	1,785	1,360	(194)	(247)	1,590	1,113

⁽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	Reclassifications of joint ventures	IFRS-EU balance sheet
	Dic-2022	Dic-2022	Dic-2022
Non-current assets			
Non-current financial instruments ⁽¹⁾⁽²⁾	688	667	1,355
Current assets			
Other current financial assets ⁽²⁾	3,148	(91)	3,058
Cash and cash equivalents	6,945	(433)	6,512
Non-current liabilities			
Non-current financial liabilities ⁽²⁾	(9,540)	(590)	(10,130)
Current liabilities			
Current financial liabilities ⁽²⁾	(3,497)	(48)	(3,546)
NET DEBT ⁽³⁾	(2,256)	(495)	(2,751)

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

⁽²⁾ Includes net non-current and current leases amounting to €(3,043) and €(643) million, respectively, according to the Reporting model and €(2,395) and €(511) 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	Reclassifications of joint ventures and others	IFRS - EU balance sheet
	Dic-2022	Dic-2022	Dic-2022
Current financial liabilities (ex derivatives)	(3,181)	(48)	(3,229)
Net mark to market valuation of current financial derivatives	184	—	184
Current gross debt	(2,997)	(48)	(3,045)
Non-current financial liabilities (ex derivatives)	(9,540)	(590)	(10,130)
Net mark to market valuation of non-current derivatives	—	—	—
Non-current gross debt	(9,540)	(590)	(10,130)
GROSS DEBT ⁽¹⁾	(12,537)	(637)	(13,175)

⁽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	
	2022	2021	2022	2021	2022	2021
Net debt	2,256	5,762	(495)	145	2,751	5,617
Capital employed	28,229	28,556	495	(145)	28,724	28,411
Leverage	8.0%	20.2%			9.6%	19.8%

Solvency ratio

<i>Million euros</i>	Group Reporting Model		Reclassifications of joint ventures		IFRS - EU Balance sheet	
	2022	2021	2022	2021	2022	2021
Liquidity	12,014	10,606	(440)	(323)	11,575	10,283
Current Gross debt	2,997	3,592	48	862	3,045	4,454
Solvency	4.0	3.0			3.8	2.3