

REPSOL Group

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Alternative
Performance
Measures
reconciliations
1st Quarter
2021

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



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.

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

Million euros	First quarter											
	Adjusted net income		ADJUSTMENTS								IFRS-EU profit/loss	
	2021	2020	Reclassification of joint ventures		Special items		Inventory effect ⁽¹⁾		Total adjustments		2021	2020
Operating income	762 ⁽¹⁾	663 ⁽¹⁾	(110)	(104)	(96)	50	442	(1,106)	236	(1,160)	998	(497)
Financial result	27	(11)	18	(6)	(12)	(13)	—	—	6	(19)	33	(30)
Net income of companies accounted for using the equity method - net of tax	—	5	14	(42)	—	—	—	—	14	(42)	14	(37)
Income before tax	789	657	(78)	(152)	(108)	37	442	(1,106)	256	(1,221)	1,045	(564)
Income tax	(323)	(206)	78	152	(36)	(182)	(111)	283	(69)	253	(392)	47
Consolidated net income for the year	466	451			(144)	(145)	331	(823)	187	(968)	653	(517)
Net income attributed to non-controlling interests	5	(4)			—	1	(10)	33	(10)	34	(5)	30
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	471	447			(144)	(144)	321	(790)	177	(934)	648	(487)

⁽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	First quarter	
	2021	2020
Divestments	6	69
Indemnities and workforce restructuring	(23)	(6)
Impairment of assets	10	—
Provisions and others	(137)	(207)
TOTAL	(144)	(144)

EBITDA

Million euros	First quarter							
	Group Reporting Model		Reclassification of joint ventures and others		Inventory effect ⁽¹⁾		IFRS-EU ⁽²⁾	
	2021	2020	2021	2020	2021	2020	2021	2020
Upstream	927	657	(306)	(302)	—	—	621	355
Industrial	708	(514)	(13)	—	419	(1,099)	695	(514)
Commercial and Renewables	242	242	(2)	(11)	23	(7)	240	231
Corporate and other	(40)	(36)	24	3	—	—	(16)	(33)
EBITDA	1,837	349	(297)	(310)			1,540	39
Inventory effect ⁽¹⁾	(442)	1,106	—					
CCS EBITDA	1,395	1,455	(297)	(310)	442	(1,106)	1,540	39

⁽¹⁾ Before tax.

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

Million euros	First quarter					
	Group Reporting Model		Joint venture reclassification and others		IFRS-EU ⁽¹⁾	
	2021	2020	2021	2020	2021	2020
Net income before tax	1,123	(412)	(78)	(152)	1,045	(564)
Adjusted result:					—	—
Depreciation of property, plant and equipment	643	785	(139)	(205)	504	580
Operating provisions	101	23	(58)	(2)	43	21
Other items	(30)	(47)	(22)	49	(52)	2
EBITDA	1,837	349	(297)	(310)	1,540	39

⁽¹⁾ Corresponds to “Net income before tax” and “Adjustments to income” in the consolidated Statement of Cash Flows prepared under IFRS-EU.

ROACE

NUMERATOR (Million euros)	Q1 2021	Q1 2020
Operating income (IFRS-EU)	998	(497)
Reclassification of joint ventures	110	104
Income tax ⁽¹⁾	(455)	(107)
Net income of companies accounted for using the equity method - net of tax	—	5
ROACE result at weighted average cost	653	(495)
DENOMINATOR (Millions euros)		
Total equity	20,802	24,548
Net debt	6,452	8,364
Capital employed at period-end	27,254	32,912
II. Average capital employed ⁽²⁾	27,286	33,101
ROACE (I/II) ⁽³⁾	2.4	(1.5)

⁽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 1,2%.

2. Cash flow measures

Free cash flow and cash flow generated

	First quarter					
	Adjusted cash flow		Reclassification of joint ventures and others		IFRS-EU statement of cash flow	
	2021	2020	2021	2020	2021	2020
<i>Million euros</i>						
I. Cash flows from / (used in) operating activities (cash flow from operations)	1,030	596	(215)	(282)	815	314
II. Cash flows from / (used in) investing activities	(523)	(207)	303	755	(220)	548
Free cash flow (I+II)	507	389	88	473	595	862
Cash flow generated	(188)	(22)	97	484	(91)	462
III. Cash flows from / (used in) financing activities and others ⁽¹⁾	(559)	(173)	(158)	(504)	(717)	(677)
Net increase / (decrease) in cash and cash equivalents (I+II+III)	(52)	216	(70)	(31)	(122)	185
Cash and cash equivalents at the beginning of the period	4,578	3,218	(257)	(239)	4,321	2,979
Cash and cash equivalents at the end of the period	4,526	3,434	(327)	(270)	4,199	3,164

⁽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

	First quarter					
	Group Reporting Model		Reclassification of joint ventures and others		IFRS-EU	
	Mar-2021	Dec-2020	Mar-2021	Dec-2020	Mar-2021	Dec-2020
<i>Million euros</i>						
Cash and cash equivalents	4,526	4,578	(327)	(257)	4,199	4,321
Undrawn credit lines	3,001	3,436	(12)	(11)	2,989	3,425
Deposits of immediate availability ⁽¹⁾	930	1,181	—	—	930	1,181
Liquidity	8,457	9,195	(339)	(268)	8,118	8,927

⁽¹⁾ Repsol contracts time deposits but with immediate availability, 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

	First quarter					
	Operating investments		Reclassification of joint ventures and others		IFRS-EU ⁽¹⁾	
	2021	2020	2021	2020	2021	2020
<i>Million euros</i>						
Upstream	206	389	(290)	(57)	(84)	332
Industrial	74	123	(75)	2	(1)	125
Commercial and Renewables	213	118	(193)	(12)	20	106
Corporate and other	8	4	(8)	—	—	4
TOTAL	501	634	(566)	(67)	(65)	567

⁽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

Million euros	Net debt	Reclassification of joint ventures ⁽¹⁾	IFRS-EU balance sheet
	Mar-2021	Mar-2021	Mar-2021
Non-current assets			
Non-current financial instruments ⁽²⁾	80	805	885
Current assets			
Other current financial assets	1,327	161	1,488
Cash and cash equivalents	4,526	(327)	4,199
Non-current liabilities			
Non-current financial liabilities	(9,561)	(2,226)	(11,787)
Current liabilities			
Current financial liabilities	(3,193)	(837)	(4,030)
Items not included on the balance sheet			
Net mark to market financial derivatives (excl. exchange rate) ⁽³⁾	369	(311)	58
NET DEBT ^{(4) (5)}	(6,452)	(2,735)	(9,187)

⁽¹⁾ Mainly includes the net financing of the Repsol Sinopec Brazil Group, broken down in the following sections: Cash and cash equivalents of €132 million, current financial liabilities as a result of an intra-group loan of €2,909 million and €692 million for leases.

⁽²⁾ Corresponds to "Non-current financial assets" in the consolidated balance sheet, without including equity instruments.

⁽³⁾ The net market value of interest rate derivatives has been eliminated from this section.

⁽⁴⁾ Includes net non-current and current leases amounting to €3,151 and €564 million, respectively, according to the Reporting model and €2,481 and €462 million, respectively, according to the IFRS-EU balance sheet.

⁽⁵⁾ The reconciliations in previous period for this figure are available at www.repsol.com.

Gross debt

Million euros	Gross debt	Reclassification of joint ventures and others	IFRS - EU balance sheet
	Mar-2021	Mar-2021	Mar-2021
Current financial liabilities	(3,090)	(837)	(3,927)
Net mark to market valuation of current exchange rate financial derivatives	198	—	198
Current gross debt	(2,892)	(837)	(3,729)
Non-current financial liabilities	(9,492)	(2,226)	(11,718)
Mark-to-market of non-current exchange rate derivatives	102	—	102
Non-current gross debt	(9,390)	(2,226)	(11,616)
GROSS DEBT ⁽¹⁾	(12,282)	(3,063)	(15,345)

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

Leverage ratio

Million euros	First quarter					
	Group Reporting Model		Joint venture reclassification		IFRS - EU Balance sheet	
	2021	2020	2021	2020	2021	2020
Net debt	(6,452)	(8,364)	(2,735)	(2,857)	(9,187)	(11,221)
Capital employed	27,254	32,912	2,735	2,857	29,989	35,769
Leverage	-23,7%	-25,4%			-30,6%	-31,4%

Solvency ratio

<i>Million euros</i>	First quarter					
	Group Reporting Model		Joint venture reclassification		IFRS - EU Balance sheet	
	2021	2020	2021	2020	2021	2020
Liquidity	8,457	8,088	(338)	(279)	8,119	7,809
Current Gross debt	2,892	5,066	837	890	3,729	5,956
Solvency	2,9	1,6			2,2	1,3