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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.

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](http://www.repsol.com).

### 1. Financial performance measures

#### **Adjusted net income**

**Adjusted net income** is the key financial performance measure that Management (the Executive Committee) consults when making decisions.

Repsol presents its segment results 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.

Adjusted net income is calculated as **Net income from continuing operations at Current Cost of Supply** (or CCS) net of taxes and non-controlling interests. It excludes certain income and expenses (**Special items**) and the **Inventory effect**. **Financial income** is allocated to the adjusted net income of the "Corporate and others" segment.

**Adjusted net income** is a useful APM for investors in evaluating the performance of operating segments while enabling increased comparability with Oil & Gas sector companies that use different inventory measurement methods (see the following section).

#### **Inventory effect**

For current cost of supply (CCS) earnings, the cost of volumes sold is calculated on the basis of procurement and production costs<sup>1</sup> incurred during the period in question and not based on weighted average cost (WAC), which is the accepted methodology under European accounting law and regulations. The difference between CCS earnings and WAC earnings is included in the so-called **Inventory Effect**, which also includes other adjustments to the valuation of inventories (write-offs, economic hedges, etc.) and is presented net of taxes and minority interests. This Inventory Effect largely affects the Industrial segment. Repsol management considers that this measurement is useful for investors, considering the significant variations arising in the prices of inventories between periods.

WAC is a generally accepted European accounting method for measuring inventories. It factors in purchase prices and historic production costs, valuing inventory at the lower between this cost and its market value.

#### **Special items**

Significant items for which separate presentation is considered desirable to facilitate the task of monitoring the ordinary management of business operations. This heading includes capital gains/losses arising from divestment, restructuring costs, impairments, provisions for risks and expenses and other major income or expense items outside the ordinary management of the businesses. Special items are presented net of taxes and minority interests.

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<sup>1</sup> Cost of supplies is calculated on the basis of international quoted prices in the reference markets in which the Company operates. The relevant average monthly price is applied to each quality of distilled crude. Quoted prices are obtained from daily crude oil publications according to Platts, while freight rates are estimated by Worldscale (which publishes global reference prices for freight costs from one port to another). All other production costs (fixed and variable costs) are valued at the cost recognized in the accounts.

## **EBITDA**

**EBITDA**, or “Earnings Before Interest, Taxes, Depreciation, and Amortization,” is a financial indicator which determines the operating margin of a company prior to deducting interest, taxes, impairment, restructuring costs, and amortization. Since it does not include financial and tax indicators or accounting expenses not involving cash outflow, it is used by Management to evaluate the company’s results over time, for a more straightforward exercise in making comparisons with peers within the Oil & Gas sector.

**EBITDA** is calculated as Operating Income + Amortization + Impairment as well as other items which do not represent cash inflows or outflows from transactions (restructuring, capital gains/losses from divestment, provisions etc.). Operating income corresponds to the result from continuing operations at weighted average cost (WAC). Where **Net income from continuing operations at Current Cost of Supply** (CCS) is used, it is known as **CCS EBITDA**.

## **ROACE**

This APM is used by Repsol Management to evaluate the capacity of its operating assets to generate profit, and therefore measures the efficiency of capital employed (equity and debt).

**ROACE** ("Return on average capital employed") is calculated as: (Adjusted Net Income before non-controlling and excluding Finance Income + Inventory Effect + Special Items) / (**Average capital employed** for the period in continuing operations, which measures own and external capital employed by the company, and comprises Total Equity + **Net debt**). This includes capital employed in joint ventures or other companies managed operationally as joint ventures. If the Inventory Effect is not used in the calculation process, it is known as CCS ROACE.

## **2. Cash flow measurements**

### **Cash flow from operations**

**Cash flow from operations** measures the generation of cash flow corresponding to operations and is calculated as: EBITDA +/- Changes in working capital + Collection of dividends + Collection / - payment of income tax + Other collections / - payments relating to operating activities. For its usefulness and to show how cash flow evolves between periods by isolating changes in working capital, cash flow from operations can be presented excluding working capital (cash flow from operations "ex working capital" or "OCF exWC").

### **Free cash flow**

**Free cash flow** measures cash flow generation from operating and investment activities, and is useful for evaluating the funds available for paying shareholder dividends and servicing debt.

### **Cash flow generation**

**Cash generation** is **free cash flow** less dividend payments, payment of remuneration for other equity instruments (coupons on perpetual bonds), transactions with non-controlling interests, net interest payments, and payments for leases and treasury shares. This APM measures the funds generated by the Company before financial transactions (mainly debt issuance and repayments).

### **Liquidity**

The Group measures **liquidity** as the sum of “Cash and cash equivalents” on-demand cash deposits at financial institutions, and short and long-term credit facilities that remain undrawn at the end of the period, i.e., credit facilities granted by financial institutions that may be drawn on by the Company on the terms, in the amount and subject to the other conditions agreed in the contract.

### **Operating investments**

Group Management uses this APM to measure each period’s investment effort and allocation by business segment, reflecting operating investments by the various Group business units (including accrued and unpaid investments). The figure includes joint ventures or other companies managed operationally as joint ventures.

Investments may be presented as organic (funds invested in the development or maintenance of the Group's projects and assets) or inorganic (acquisition of projects, assets or companies for the expansion of the Group's activities). This distinction is useful in understanding how the Group's Management allocates its resources and allows for a more reliable comparison of investment between periods.

### 3. Financial position measures

#### ***Debt and financial position ratios<sup>2</sup>***

**Net Debt** is the main APMs used by Management to measure the Company's level of debt. The figure is made up of financial liabilities less financial assets, cash and cash equivalents, and the effect arising from the mark-to-market of financial derivatives. It also includes the net debt of joint ventures and other companies operationally managed as such.

**Gross Debt** is the measure used to analyze the Group's solvency and includes financial liabilities and the mark-to-market value of derivatives. It also includes the net debt of joint ventures and other companies operationally managed as such.

The following ratios are used by Group Management to evaluate leverage ratios and Group solvency.

- The **Leverage ratio** is **Net debt** divided by **Capital employed** at the end of the period. This ratio can be used to examine financial structure and degree of indebtedness in relation to capital contributed by shareholders and financing entities. Leverage is the chief measure used to evaluate and compare the Company's financial position with respect to its peers in the Oil & Gas industry.
- The **Solvency ratio** is calculated as **Liquidity** (section 2 of this Appendix) divided by **Current Gross debt** and is used to determine the number of times the Group may service its current debt using its existing liquidity.

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<sup>2</sup> In order to facilitate the monitoring of the previous Strategic Plan, until 2020 the measures for net debt and return on equity were further broken down, excluding the effect of lease liabilities.

## ALTERNATIVE PERFORMANCE MEASURES

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### 1. Financial performance measures

#### Adjusted net income

Million euros	Cumulative twelve months											
	Adjusted net income		ADJUSTMENTS								IFRS-EU profit/loss	
	2021	2020	Reclassification of joint ventures		Special items		Inventory effect <sup>(2)</sup>		Total adjustments		2021	2020
Operating income	4,372 <sup>(1)</sup>	1,135 <sup>(1)</sup>	(541)	682	(1,173)	(3,017)	1,099	(1,354)	(615)	(3,689)	3,757	(2,554)
Financial result	(315)	(238)	137	60	449	37	—	—	586	97	271	(141)
Net income of companies accounted for using the equity method - net of tax	(3)	6	314	(618)	(10)	3	—	—	304	(615)	301	(609)
<b>Income before tax</b>	<b>4,054</b>	<b>903</b>	<b>(90)</b>	<b>124</b>	<b>(734)</b>	<b>(2,977)</b>	<b>1,099</b>	<b>(1,354)</b>	<b>275</b>	<b>(4,207)</b>	<b>4,329</b>	<b>(3,304)</b>
Income tax	(1,590)	(299)	90	(124)	(22)	63	(279)	344	(211)	283	(1,801)	(16)
<b>Consolidated net income for the year</b>	<b>2,464</b>	<b>604</b>	<b>—</b>	<b>—</b>	<b>(756)</b>	<b>(2,914)</b>	<b>820</b>	<b>(1,010)</b>	<b>64</b>	<b>(3,924)</b>	<b>2,528</b>	<b>(3,320)</b>
Net income attributed to non-controlling interests	(10)	(4)	—	—	4	3	(23)	32	(19)	35	(29)	31
<b>TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>2,454</b>	<b>600</b>	<b>—</b>	<b>—</b>	<b>(752)</b>	<b>(2,911)</b>	<b>797</b>	<b>(978)</b>	<b>45</b>	<b>(3,889)</b>	<b>2,499</b>	<b>(3,289)</b>

<sup>(1)</sup> Net income from continuing operations at current cost of supply (CCS).

<sup>(2)</sup> 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.

Million euros	Fourth quarter											
	Adjusted net income		ADJUSTMENTS								IFRS-EU profit/loss	
	2021	2020	Reclassification of joint ventures		Special items		Inventory effect <sup>(1)</sup>		Total adjustments		2021	2020
Operating income	1,606 <sup>(1)</sup>	464 <sup>(1)</sup>	(209)	(184)	(588)	(1,374)	232	99	(565)	(1,459)	1,041	(995)
Financial result	(176)	26	44	16	98	92	—	—	142	108	(34)	134
Net income of companies accounted for using the equity method - net of tax	(5)	2	156	401	(10)	(1)	—	—	146	400	141	402
<b>Income before tax</b>	<b>1,425</b>	<b>492</b>	<b>(9)</b>	<b>233</b>	<b>(500)</b>	<b>(1,283)</b>	<b>232</b>	<b>99</b>	<b>(277)</b>	<b>(951)</b>	<b>1,148</b>	<b>(459)</b>
Income tax	(541)	(88)	9	(233)	17	97	(60)	(25)	(34)	(161)	(575)	(249)
<b>Consolidated net income for the year</b>	<b>884</b>	<b>404</b>	<b>—</b>	<b>—</b>	<b>(483)</b>	<b>(1,186)</b>	<b>172</b>	<b>74</b>	<b>(311)</b>	<b>(1,112)</b>	<b>573</b>	<b>(708)</b>
Net income attributed to non-controlling interests	(12)	—	—	—	2	1	(3)	(4)	(1)	(3)	(13)	(3)
<b>TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>872</b>	<b>404</b>	<b>—</b>	<b>—</b>	<b>(481)</b>	<b>(1,185)</b>	<b>169</b>	<b>70</b>	<b>(312)</b>	<b>(1,115)</b>	<b>560</b>	<b>(711)</b>

<sup>(1)</sup> Net income from continuing operations at current cost of supply (CCS).

<sup>(2)</sup> 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	12M		Q4	
	2021	2020	2021	2020
Divestments	13	174	(2)	104
Indemnities and workforce restructuring	(93)	(124)	(27)	(51)
Impairment of assets	(699)	(2,812)	(667)	(1,513)
Provisions and others	27	(149)	215	275
<b>TOTAL</b>	<b>(752)</b>	<b>(2,911)</b>	<b>(481)</b>	<b>(1,185)</b>

## EBITDA

Million euros	Cumulative twelve months							
	Group Reporting Model		Reclassification of joint ventures and others		Inventory effect <sup>(1)</sup>		IFRS-EU <sup>(2)</sup>	
	2021	2020	2021	2020	2021	2020	2021	2020
Upstream	4,429	2,090	(1,385)	(930)	—	—	3,044	1,160
Industrial	2,654	(161)	(54)	(32)	1,030	(1,332)	2,600	(193)
Commercial and Renewables	1,219	970	(19)	(10)	69	(22)	1,200	960
Corporate and others	(132)	(169)	7	12	—	—	(125)	(157)
<b>EBITDA</b>	<b>8,170</b>	<b>2,730</b>	<b>(1,451)</b>	<b>(960)</b>	<b>—</b>	<b>—</b>	<b>6,719</b>	<b>1,770</b>
Inventory effect <sup>(1)</sup>	(1,099)	1,354	—	—	—	—	—	—
<b>CCS EBITDA</b>	<b>7,071</b>	<b>4,084</b>	<b>(1,451)</b>	<b>(960)</b>	<b>1,099</b>	<b>(1,354)</b>	<b>6,719</b>	<b>1,770</b>

<sup>(1)</sup> Before tax.

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

Million euros	Cumulative twelve months					
	Group Reporting Model		Joint venture reclassification and others		IFRS-EU <sup>(1)</sup>	
	2021	2020	2021	2020	2021	2020
<b>Net income before tax</b>	4,419	(3,428)	(90)	124	4,329	(3,304)
<b>Adjusted result:</b>						
Depreciation of property, plant and equipment	2,562	2,880	(558)	(673)	2,004	2,207
Operating provisions	1,348	3,177	(413)	(973)	935	2,204
Other items	(159)	101	(390)	562	(549)	663
<b>EBITDA</b>	<b>8,170</b>	<b>2,730</b>	<b>(1,451)</b>	<b>(960)</b>	<b>6,719</b>	<b>1,770</b>

<sup>(1)</sup> Corresponds to "Income before tax" and "Adjustments to income" on the consolidated statement of cash flows under IFRS-EU.

Million euros	Fourth quarter							
	Group Reporting Model		Reclassification of joint ventures and others		Inventory effect <sup>(1)</sup>		IFRS-EU <sup>(2)</sup>	
	2021	2020	2021	2020	2021	2020	2021	2020
Upstream	1,502	643	(451)	(246)	—	—	1,051	397
Industrial	790	363	(5)	(9)	213	93	785	354
Commercial and Renewables	347	294	(6)	(5)	19	6	341	289
Corporate and others	(55)	(41)	(18)	(23)	—	—	(73)	(64)
<b>EBITDA</b>	<b>2,584</b>	<b>1,259</b>	<b>(480)</b>	<b>(283)</b>	<b>232</b>	<b>99</b>	<b>2,104</b>	<b>976</b>
Inventory effect <sup>(1)</sup>	(232)	(99)	—	—	—	—	—	—
<b>CCS EBITDA</b>	<b>2,352</b>	<b>1,160</b>	<b>(480)</b>	<b>(283)</b>	<b>232</b>	<b>99</b>	<b>2,104.0020</b>	<b>976</b>

<sup>(1)</sup> Before tax.

<sup>(2)</sup> 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		Joint venture reclassification and others		IFRS-EU <sup>(1)</sup>	
	2021	2020	2021	2020	2021	2020
<b>Net income before tax</b>	1,157	(693)	(9)	234	1,148	(459)
<b>Adjusted result:</b>						
Depreciation of property, plant and equipment	664	677	(149)	(143)	515	534
Operating provisions	702	1,439	(174)	44	528	1,483
Other items	<b>61</b>	<b>(164)</b>	<b>(148)</b>	<b>(418)</b>	<b>(87)</b>	<b>(582)</b>
<b>EBITDA</b>	<b>2,584</b>	<b>1,259</b>	<b>(480)</b>	<b>(283)</b>	<b>2,104</b>	<b>976</b>

<sup>(1)</sup> Corresponds to "Income before tax" and "Adjustments to income" on the consolidated statement of cash flows under IFRS-EU.

## ROACE

<b>NUMERATOR</b> ( <i>Million euros</i> )	2021	2020
<b>Operating income IFRS-EU</b>	<b>3,757</b>	<b>(2,554)</b>
Reclassification of joint ventures	541	(682)
Income tax <sup>(1)</sup>	(1,994)	97
Net income of companies accounted for using the equity method - net of tax	(13)	9
<b>I. ROACE result at weighted average cost</b>	<b>2,291</b>	<b>(3,130)</b>
<b>DENOMINATOR</b> ( <i>Millions euros</i> )	<b>2021</b>	<b>2020</b>
Total equity	22,794	20,539
Net debt	5,762	6,778
<b>Capital employed at period-end</b>	<b>28,556</b>	<b>27,317</b>
<b>II. Average capital employed</b> <sup>(2)</sup>	<b>27,937</b>	<b>30,304</b>
<b>ROACE (I/II)</b> <sup>(3)</sup>	<b>8.2</b>	<b>(10.3)</b>

<sup>(1)</sup> Does not include income tax corresponding to financial results.

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

<sup>(3)</sup> ROACE on CCS (without taking into account the Inventory Effect) amounts to 5.2%.

## 2. Cash flow measurements

### Free cash flow and cash flow generation

<i>Million euros</i>	Cumulative twelve months					
	Adjusted cash flow		Reclassification of joint ventures and others		IFRS-EU statement of cash flow	
	2021	2020	2021	2020	2021	2020
I. Cash flows from / (used in) operating activities (cash flow from operations)	5,453	3,197	(776)	(459)	4,677	2,738
II. Cash flows from / (used in) investing activities	(2,614)	(1,218)	(319)	1,440	(2,933)	222
<b>Free cash flow (I+II)</b>	<b>2,839</b>	<b>1,979</b>	<b>(1,095)</b>	<b>981</b>	<b>1,744</b>	<b>2,960</b>
<b>Cash flow generation</b>	<b>1,293</b>	<b>811</b>	<b>(1,052)</b>	<b>1,008</b>	<b>241</b>	<b>1,819</b>
III. Cash flows from / (used in) financing activities and others <sup>(1)</sup>	(1,511)	(619)	1,041	(999)	(470)	(1,618)
<b>Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>	<b>1,328</b>	<b>1,360</b>	<b>(54)</b>	<b>(18)</b>	<b>1,274</b>	<b>1,342</b>
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	5,906	4,578	(311)	(257)	5,595	4,321

<sup>(1)</sup> 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		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)	2,082	1,075	(218)	(71)	1,864	1,004
II. Cash flows from / (used in) investing activities	(1,098)	(408)	(197)	(734)	(1,295)	(1,142)
<b>Free cash flow (I+II)</b>	<b>984</b>	<b>667</b>	<b>(415)</b>	<b>(805)</b>	<b>569</b>	<b>(138)</b>
<b>Cash flow generation</b>	<b>865</b>	<b>351</b>	<b>(401)</b>	<b>(806)</b>	<b>464</b>	<b>(455)</b>
III. Cash flows from / (used in) financing activities and others <sup>(1)</sup>	(982)	(1,311)	422	801	(560)	(510)
<b>Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>	<b>2</b>	<b>(644)</b>	<b>7</b>	<b>(4)</b>	<b>9</b>	<b>(648)</b>
Cash and cash equivalents at the beginning of the period	5,904	5,222	(318)	(253)	5,586	4,969
Cash and cash equivalents at the end of the period	5,906	4,578	(311)	(257)	5,595	4,321

<sup>(1)</sup> 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

	Cumulative twelve months					
	Group Reporting Model		Reclassification of joint ventures and others		IFRS-EU	
	2021	2020	2021	2020	2021	2020
<i>Million euros</i>						
Cash and cash equivalents	5,906	4,578	(311)	(257)	5,595	4,321
Undrawn credit lines	2,675	3,436	(12)	(11)	2,664	3,425
On-demand cash deposits <sup>(1)</sup>	2,025	1,181	—	—	2,024	1,181
<b>Liquidity</b>	<b>10,606</b>	<b>9,195</b>	<b>(323)</b>	<b>(268)</b>	<b>10,283</b>	<b>8,926</b>

<sup>(1)</sup> 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 twelve months					
	Operating investments		Reclassification of joint ventures and others		IFRS-EU <sup>(1)</sup>	
	2021	2020	2021	2020	2021	2020
<i>Million euros</i>						
Upstream	1,223	948	(493)	(230)	730	718
Industrial	859	565	(33)	(14)	826	551
Commercial and Renewables	829	739	19	(46)	848	693
Corporate and others	83	56	—	—	83	56
<b>TOTAL</b>	<b>2,994</b>	<b>2,308</b>	<b>(507)</b>	<b>(290)</b>	<b>2,487</b>	<b>2,018</b>

<sup>(1)</sup> 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		Reclassification of joint ventures and others		IFRS-EU <sup>(1)</sup>	
	2021	2020	2021	2020	2021	2020
<i>Million euros</i>						
Upstream	534	182	(246)	(85)	288	97
Industrial	493	225	(22)	(10)	471	215
Commercial and Renewables	294	339	21	(42)	315	297
Corporate and others	39	23	—	—	39	23
<b>TOTAL</b>	<b>1,360</b>	<b>769</b>	<b>(247)</b>	<b>(137)</b>	<b>1,113</b>	<b>632</b>

<sup>(1)</sup> 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	IFRS-EU balance sheet
	Dic-2021	Dic-2021	Dic-2021
<b>Non-current assets</b>			
Non-current financial instruments <sup>(1)</sup>	431	702	1,133
<b>Current assets</b>			
Other current financial assets	2,459	(8)	2,451
Cash and cash equivalents	5,906	(311)	5,595
<b>Non-current liabilities</b>			
Non-current financial liabilities <sup>(2)</sup>	(10,810)	625	(10,185)
<b>Current liabilities</b>			
Current financial liabilities <sup>(2)</sup>	(3,748)	(863)	(4,611)
<b>NET DEBT</b> <sup>(3) (4)</sup>	<b>(5,762)</b>	<b>145</b>	<b>(5,617)</b>

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

<sup>(2)</sup> Includes net non-current and current leases amounting to €3,045 and €636 million, respectively, according to the Reporting model and €2,429 and €499 million, respectively, according to the IFRS-EU balance sheet.

<sup>(3)</sup> In 2020 it included the adjustment for the elimination of the net mark-to-market value of financial derivatives other than exchange rate derivatives, which the Group has decided to discontinue considering as from 2021 due to their low representativeness.

<sup>(4)</sup> The reconciliations in previous period are available at [www.repsol.com](http://www.repsol.com).

#### Gross debt

Million euros	Gross debt	Reclassification of joint ventures and others	IFRS - EU balance sheet
	Dic-2021	Dic-2021	Dic-2021
Current financial liabilities	(3,628)	(862)	(4,490)
Net mark to market valuation of current exchange rate financial derivatives	36	—	36
<b>Current gross debt</b>	<b>(3,592)</b>	<b>(862)</b>	<b>(4,454)</b>
Non-current financial liabilities	(10,731)	624	(10,107)
Net mark to market valuation of non-current exchange rate derivatives	9	—	9
<b>Non-current gross debt</b>	<b>(10,722)</b>	<b>624</b>	<b>(10,098)</b>
<b>GROSS DEBT</b> <sup>(1)</sup>	<b>(14,314)</b>	<b>(238)</b>	<b>(14,552)</b>

<sup>(1)</sup> The reconciliations in previous periods for this figure are available at [www.repsol.com](http://www.repsol.com).

#### Leverage ratio

Million euros	Cumulative twelve months					
	Group Reporting Model		Joint venture reclassification		IFRS - EU Balance sheet	
	2021	2020	2021	2020	2021	2020
Net debt	5,762	6,778	145	(2,462)	5,617	9,240
Capital employed	28,556	27,317	(145)	2,462	28,411	29,779
<b>Leverage</b>	<b>20.2%</b>	<b>24.8%</b>			<b>19.8%</b>	<b>31.0%</b>

<sup>(1)</sup> In 2020 it included mainly the net financing of the Repsol Sinopec Brasil Group (a joint venture owned 60% by Repsol and 40% by the Sinopec Group, see Note 13 to the 2020 consolidated Financial Statements). In 2021 the partial spin-off of Repsol Sinopec Brasil, B.V. was carried out, whereby the loans granted to its partners were transferred to each of their subsidiaries, thereby reducing the value of the investment in this company and derecognizing the related loan from the consolidated balance sheet (see Note 7.1 to the consolidated Financial Statements of 2021).

**Solvency ratio**

<i>Million euros</i>	Cumulative twelve months					
	Group Reporting Model		Joint venture reclassification		IFRS - EU Balance sheet	
	2021	2020	2021	2020	2021	2020
Liquidity	10,606	9,195	(323)	(268)	10,283	8,926
Current Gross debt	3,592	2,850	862	822	4,454	3,213
<b>Solvency</b>	<b>3.0</b>	<b>3.2</b>			<b>2.3</b>	<b>2.8</b>