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REPSOL Group

Alternative
Performance
Measures
reconciliations

1st Half
and 2nd 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

Million euros	First half											
	Adjusted net income		ADJUSTMENTS									
			Reclassifications of joint ventures		Special items		Inventory effect ⁽²⁾		Total adjustments		IFRS-EU profit/loss	
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
Operating income	4,894 ⁽¹⁾	1,679 ⁽¹⁾	(931)	(155)	(1,960)	(475)	1,661	675	(1,230)	45	3,664	1,724
Financial result	100	(111)	105	75	(95)	206	—	—	10	281	110	170
Net income of companies accounted for using the equity method - net of tax	6	4	544	113	(6)	—	—	—	538	113	544	117
Net income before tax	5,000	1,572	(282)	33	(2,061)	(269)	1,661	675	(682)	439	4,318	2,011
Income tax	(1,776)	(619)	282	(33)	183	56	(420)	(171)	45	(148)	(1,731)	(767)
Consolidated net income for the year	3,224	953	—	—	(1,878)	(213)	1,241	504	(637)	291	2,587	1,244
Net income attributed to non-controlling interests	(47)	6	—	—	34	—	(35)	(15)	(1)	(15)	(48)	(9)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	3,177	959	—	—	(1,844)	(213)	1,206	489	(638)	276	2,539	1,235

⁽¹⁾ Net 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.

	Second quarter											
	ADJUSTMENTS											
	Adjusted net income		Reclassifications of joint ventures		Special items		Inventory effect ⁽²⁾		Total adjustments		IFRS-EU profit/loss	
<i>Million euros</i>	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Operating income	3,080 ⁽¹⁾	917 ⁽¹⁾	(624)	(45)	(1,486)	(379)	733	233	(1,377)	(191)	1,703	726
Financial result	84	(138)	33	57	(66)	218	—	—	(33)	275	51	137
Net income of companies accounted for using the equity method - net of tax	5	4	389	99	(1)	—	—	—	388	99	393	103
Net Income before tax	3,169	783	(202)	111	(1,553)	(161)	733	233	(1,022)	183	2,147	966
Income tax	(1,005)	(296)	202	(111)	16	92	(187)	(60)	31	(79)	(974)	(375)
Consolidated net income for the year	2,164	487	—	—	(1,537)	(69)	546	173	(991)	104	1,173	591
Net income attributed to non-controlling interests	(43)	1	—	—	31	—	(14)	(5)	17	(5)	(26)	(4)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	2,121	488	—	—	(1,506)	(69)	532	168	(974)	99	1,147	587

⁽¹⁾ Net 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

<i>Million euros</i>	First half		Second quarter	
	2022	2021	2022	2021
Divestments	8	1	2	(5)
Indemnities and workforce restructuring	(15)	(54)	(12)	(31)
Impairment of assets	(1,230)	(5)	(1,064)	(15)
Provisions and others	(607)	(155)	(432)	(18)
TOTAL	(1,844)	(213)	(1,506)	(69)

EBITDA

<i>Million euros</i>	First half					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽²⁾	
	2022	2021	2022	2021	2022	2021
Upstream	3,689	1,845	(1,256)	(595)	2,433	1,250
Industrial	3,933	1,355	(34)	(30)	3,899	1,325
Commercial and Renewables	596	519	(11)	(6)	585	513
Corporate and others	(199)	(84)	48	26	(151)	(58)
EBITDA	8,019	3,635	(1,253)	(605)	6,766	3,030
Upstream						
Industrial	(1,587)	(642)	9	—	(1,578)	(642)
Commercial and Renewables	(74)	(33)			(74)	(33)
Corporate and others						
Inventory effect ⁽¹⁾	(1,661)	(675)	9	—	(1,652)	(675)
CCS EBITDA	6,358	2,960	(1,244)	(605)	5,114	2,355

⁽¹⁾ Before tax.

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

<i>Million euros</i>	First half					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽¹⁾	
	2022	2021	2022	2021	2022	2021
Net income before tax	4,601	1,978	(283)	34	4,318	2,012
(-) Financial result	(5)	(96)	(105)	(74)	(110)	(170)
(-) Net income from investments accounted for using the equity method	(1)	(4)	(543)	(113)	(544)	(117)
Operating income	4,595	1,878	(931)	(154)	3,664	1,724
Depreciation of property, plant and equipment	1,388	1,254	(275)	(272)	1,113	982
Operating provisions	2,028	502	(46)	(188)	1,982	314
(Provision for) / Reversal of impairment provisions	1,862	179	(132)	(158)	1,730	21
(Provision for) / Reversal of provisions for risks	166	323	86	(30)	252	293
Other items	8	1	(1)	9	7	10
EBITDA	8,019	3,635	(1,253)	(605)	6,766	3,030

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

<i>Million euros</i>	Second quarter					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽²⁾	
	2022	2021	2022	2021	2022	2021
Upstream	2,004	918	(743)	(289)	1,261	629
Industrial	2,501	647	(20)	(17)	2,481	630
Commercial and Renewables	299	277	(7)	(4)	292	273
Corporate and others	(169)	(44)	49	2	(120)	(42)
EBITDA	4,635	1,798	(721)	(308)	3,914	1,490
Upstream						
Industrial	(685)	(223)	8	—	(677)	223
Commercial and Renewables	(48)	(10)			(48)	10
Corporate and others						
Inventory effect ⁽¹⁾	(733)	(233)	8	—	(725)	233
CCS EBITDA	3,902	1,565	(713)	(308)	3,189	1,723

⁽¹⁾ Before tax.

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

<i>Million euros</i>	Second quarter					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽¹⁾	
	2022	2021	2022	2021	2022	2021
Net income before tax	2,350	855	(203)	112	2,147	967
(-) Financial Result	(18)	(81)	(33)	(56)	(51)	(137)
(-) Net Income from Investments Accounted for using the Equity Method	(5)	(4)	(388)	(99)	(393)	(103)
Operating Income	2,327	770	(624)	(44)	1,703	726
Depreciation of property, plant and equipment	683	611	(140)	(133)	543	478
Operating provisions	1,618	401	43	(130)	1,661	271
(Provision for) / Reversal of impairment provisions	1,600	153	(29)	(113)	1,571	40
(Provision for) / Reversal of provisions for risks	18	248	72	(17)	90	231
Other items	7	16	—	(1)	7	15
EBITDA	4,635	1,798	(721)	(308)	3,914	1,490

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

ROACE

NUMERATOR (Million euros)	1H 2022	1H 2021
Operating income IFRS-EU	3,664	1,724
Reclassification of joint ventures	931	155
Income tax ⁽¹⁾	(1,990)	(658)
Net income of companies accounted for using the equity method - net of tax	—	4
I. ROACE result at weighted average cost	2,605	1,225
DENOMINATOR (Million euros)	1S 2022	1S 2021
Total equity	25,346	20,962
Net debt	5,031	6,386
Capital employed at period-end	30,377	27,348
II. Average capital employed ⁽²⁾	29,467	27,333
ROACE (I/II) ⁽³⁾	8.8%	4.5%

⁽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 period.

⁽³⁾ ROACE on CCS (without taking into account the Inventory Effect) amounts to 4.5%.

2. Cash flow measurements

Free cash flow and Cash generation

Million euros	First half					
	Adjusted cash flow		Reclassification 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)	2,930	1,932	(598)	(392)	2,332	1,540
II. Cash flows from / (used in) investing activities	(1,476)	(977)	89	32	(1,387)	(945)
Free cash flow (I+II)	1,454	955	(509)	(360)	945	595
Cash generation	472	163	(487)	(341)	(15)	(178)
III. Cash flows from / (used in) financing activities and others ⁽¹⁾	(2,634)	(286)	426	284	(2,208)	(2)
Net increase / (decrease) in cash and cash equivalents (I+II+III)	(1,180)	669	(83)	(76)	(1,263)	593
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	4,726	5,247	(394)	(333)	4,332	4,914

⁽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.

<i>Million euros</i>	Second quarter					
	Adjusted cash flow		Reclassification 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)	1,839	902	(212)	(177)	1,627	725
II. Cash flows from / (used in) investing activities	(754)	(454)	178	(271)	(576)	(725)
Free cash flow (I+II)	1,085	448	(34)	(448)	1,051	—
Cash generation	692	351	(21)	(438)	671	(87)
III. Cash flows from / (used in) financing activities and others ⁽¹⁾	(1,716)	273	44	442	(1,672)	715
Net increase / (decrease) in cash and cash equivalents (I+II+III)	(631)	721	10	(6)	(621)	715
Cash and cash equivalents at the beginning of the period	5,357	4,526	(404)	(327)	4,953	4,199
Cash and cash equivalents at the end of the period	4,726	5,247	(394)	(333)	4,332	4,914

⁽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

<i>Million euros</i>	First half					
	Group Reporting Model		Reclassification of joint ventures and others		IFRS-EU	
	Jun-2022	Dec-2021	Jun-2022	Dec-2021	Jun-2022	Dec-2021
Cash and cash equivalents	4,726	5,906	(394)	(311)	4,332	5,595
Undrawn credit lines	2,758	2,675	(11)	(12)	2,747	2,664
On-demand cash deposits ⁽¹⁾	1,896	2,025	—	—	1,896	2,024
Liquidity	9,380	10,606	(405)	(323)	8,975	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)

<i>Million euros</i>	First half					
	Operating investments		Reclassification of joint ventures and others		IFRS-EU ⁽¹⁾	
	2022	2021	2022	2021	2022	2021
Upstream	746	418	(25)	(162)	721	256
Industrial	372	203	(6)	(3)	366	200
Commercial and Renewables	278	413	(72)	(2)	206	411
Corporate and others	39	27	(1)	—	38	27
TOTAL	1,435	1,061	(104)	(167)	1,331	894

⁽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.”

<i>Million euros</i>	Second quarter					
	Operating investments		Reclassification of joint ventures and others		IFRS-EU ⁽¹⁾	
	2022	2021	2022	2021	2022	2021
Upstream	450	212	(135)	(78)	315	134
Industrial	206	129	(4)	(2)	202	127
Commercial and Renewables	176	200	(67)	(22)	109	178
Corporate and others	27	19	(1)	—	26	19
TOTAL	859	560	(207)	(102)	652	458

⁽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
	Jun-2022	Jun-2022	Jun-2022
Non-current assets			
Non-current financial instruments ⁽¹⁾	457	778	1,236
Current assets			
Other current financial assets	3,074	(119)	2,955
Cash and cash equivalents	4,726	(394)	4,332
Non-current liabilities			
Non-current financial liabilities ⁽²⁾	(9,895)	681	(9,215)
Current liabilities			
Current financial liabilities ⁽²⁾	(3,393)	(1,271)	(4,664)
NET DEBT ⁽³⁾	(5,031)	(325)	(5,356)

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

⁽²⁾ Includes net non-current and current leases amounting to €(3,219) and €(673) million, respectively, according to the Reporting model and €(2,547) and €(527) million, respectively, according to the IFRS-EU balance sheet.

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

Gross debt

<i>Million euros</i>	Gross debt	Reclassifications of joint ventures	IFRS-EU balance sheet
	Jun-2022	Jun-2022	Jun-2022
Current financial liabilities	(3,013)	(1,272)	(4,285)
Net mark to market valuation of current exchange rate financial derivatives	611	—	611
Current gross debt	(2,402)	(1,272)	(3,674)
Non-current financial liabilities	(9,896)	682	(9,214)
Net mark to market valuation of non-current exchange rate derivatives	—	—	—
Non-current gross debt	(9,896)	682	(9,214)
GROSS DEBT ⁽¹⁾	(12,298)	(590)	(12,888)

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

Leverage ratio

<i>Million euros</i>	First half					
	Group Reporting Model		Reclassifications of joint ventures		IFRS - EU balance sheet	
	2022	2021	2022	2021	2022	2021
Net debt	(5,031)	(6,386)	(325)	141	(5,356)	(6,245)
Capital employed	30,377	27,348	325	(141)	30,702	27,207
Leverage	16.6%	23.4%			17.4%	23.0%

⁽¹⁾ In the first half of 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 annual financial statements 2021).

Solvency ratio

	First half					
	Group Reporting Model		Reclassification of joint ventures		IFRS - EU balance sheet	
	2022	2021	2022	2021	2022	2021
<i>Million euros</i>						
Liquidity	9,380	10,606	(405)	(323)	8,975	10,283
Current Gross debt	2,402	3,592	1,272	862	3,674	4,454
Solvency	3.9	3.0			2.4	2.3