

REPSOL Group  

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Alternative  
Performance  
Measures  
reconciliations  
1st Half  
and 2nd 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 historical quarterly APM information, see [www.repsol.com](http://www.repsol.com).

### 1. Financial performance measures

#### Adjusted net income

Million euros	First half											
	ADJUSTMENTS										IFRS-EU profit/ loss	
	Adjusted net income		Reclassification of joint ventures		Special items		Inventory effect <sup>(2)</sup>		Total adjustments			
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Operating income	1,679 <sup>(1)</sup>	494 <sup>(1)</sup>	(155)	843	(475)	(1,500)	675	(1,507)	45	(2,164)	1,724	(1,670)
Financial result	(111)	(136)	75	22	206	(51)	—	—	281	(29)	170	(165)
Net income from entities accounted for using the equity method	4	7	113	(986)	—	1	—	—	113	(985)	117	(978)
<b>Income before tax</b>	<b>1,572</b>	<b>365</b>	<b>33</b>	<b>(121)</b>	<b>(269)</b>	<b>(1,550)</b>	<b>675</b>	<b>(1,507)</b>	<b>439</b>	<b>(3,178)</b>	<b>2,011</b>	<b>(2,813)</b>
Income tax	(619)	(172)	(33)	121	56	(36)	(171)	383	(148)	468	(767)	296
<b>Consolidated net income for the year</b>	<b>953</b>	<b>193</b>	<b>—</b>	<b>—</b>	<b>(213)</b>	<b>(1,586)</b>	<b>504</b>	<b>(1,124)</b>	<b>291</b>	<b>(2,710)</b>	<b>1,244</b>	<b>(2,517)</b>
Net income attributed to non-controlling interests	6	(4)	—	—	—	1	(15)	36	(15)	37	(9)	33
<b>TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>959</b>	<b>189</b>	<b>—</b>	<b>—</b>	<b>(213)</b>	<b>(1,585)</b>	<b>489</b>	<b>(1,088)</b>	<b>276</b>	<b>(2,673)</b>	<b>1,235</b>	<b>(2,484)</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	Second quarter											
	ADJUSTMENTS										IFRS-EU profit/ loss	
	Adjusted net income		Reclassification of joint ventures		Special items		Inventory effect <sup>(2)</sup>		Total adjustments			
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Operating income	917	(169) <sup>(1)</sup>	(45)	947	(379)	(1,550)	233	(401)	(191)	(1,004)	726	(1,173)
Financial result	(138)	(125)	57	28	218	(38)	—	—	275	(10)	137	(135)
Net income from entities accounted for using the equity method	4	2	99	(944)	—	1	—	—	99	(943)	103	(941)
<b>Net Income before tax</b>	<b>783</b>	<b>(292)</b>	<b>111</b>	<b>31</b>	<b>(161)</b>	<b>(1,587)</b>	<b>233</b>	<b>(401)</b>	<b>183</b>	<b>(1,957)</b>	<b>966</b>	<b>(2,249)</b>
Income tax	(296)	34	(111)	(31)	92	146	(60)	100	(79)	215	(375)	249
<b>Consolidated net income for the year</b>	<b>487</b>	<b>(258)</b>	<b>—</b>	<b>—</b>	<b>(69)</b>	<b>(1,441)</b>	<b>173</b>	<b>(301)</b>	<b>104</b>	<b>(1,742)</b>	<b>591</b>	<b>(2,000)</b>
Net income attributed to non-controlling interests	1	—	—	—	—	—	(5)	3	(5)	3	(4)	3
<b>TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>488</b>	<b>(258)</b>	<b>—</b>	<b>—</b>	<b>(69)</b>	<b>(1,441)</b>	<b>168</b>	<b>(298)</b>	<b>99</b>	<b>(1,739)</b>	<b>587</b>	<b>(1,997)</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	1H		2Q	
	2021	2020	2021	2020
Divestments	1	72	(5)	3
Indemnities and workforce restructuring	(54)	(41)	(31)	(35)
Impairment of assets	(5)	(1,296)	(15)	(1,296)
Provisions and others	(155)	(320)	(18)	(113)
<b>TOTAL</b>	<b>(213)</b>	<b>(1,585)</b>	<b>(69)</b>	<b>(1,441)</b>

## EBITDA

	First half							
	Group Reporting Model		Joint venture reclassification and others		Inventory effect <sup>(1)</sup>		IFRS-EU <sup>(2)</sup>	
	2021	2020	2021	2020	2021	2020	2021	2020
Upstream	1,845	988	(595)	(488)	—	—	1,250	500
Industrial	1,355	(670)	(30)	(15)	642	(1,478)	1,325	(685)
Commercial and Renewables	519	360	(6)	(2)	33	(29)	513	358
Corporate and other	(84)	(89)	26	7	—	—	(58)	(82)
<b>EBITDA</b>	<b>3,635</b>	<b>589</b>	<b>(605)</b>	<b>(498)</b>			<b>3,030</b>	<b>91</b>
Inventory effect <sup>(1)</sup>	<b>675</b>	<b>(1,507)</b>	—	—				—
<b>CCS EBITDA</b>	<b>2,960</b>	<b>2,096</b>	<b>(605)</b>	<b>(498)</b>	<b>675</b>	<b>(1,507)</b>	<b>3,030</b>	<b>91</b>

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

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

	First half					
	Group Reporting Model		Joint venture reclassification and others		IFRS-EU <sup>(1)</sup>	
	2020	2019	2020	2019	2020	2019
<b>Net income before tax</b>	1,978	(2,692)	33	(121)	2,011	(2,813)
<b>Adjusted result:</b>					—	—
Depreciation of property, plant and equipment	1,254	1,547	(272)	(401)	982	1,146
Operating provisions	502	1,614	(188)	(939)	314	675
Other items	(99)	120	(178)	963	(277)	1,083
<b>EBITDA</b>	<b>3,635</b>	<b>589</b>	<b>(605)</b>	<b>(498)</b>	<b>3,030</b>	<b>91</b>

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

	Second quarter							
	Group Reporting Model		Joint venture reclassification and others		Inventory effect <sup>(1)</sup>		IFRS-EU <sup>(2)</sup>	
	2021	2020	2021	2020	2021	2020	2021	2020
Upstream	918	331	(289)	(186)	—	—	629	145
Industrial	647	(156)	(17)	(6)	223	(379)	630	(162)
Commercial and Renewables	277	118	(4)	—	10	(22)	273	118
Corporate and other	(44)	(53)	2	4	—	—	(42)	(49)
<b>EBITDA</b>	<b>1,798</b>	<b>240</b>	<b>(308)</b>	<b>(188)</b>	<b>—</b>	<b>—</b>	<b>1,490</b>	<b>52</b>
Inventory effect <sup>(1)</sup>	(233)	401	—	—	—	—	—	—
<b>CCS EBITDA</b>	<b>1,565</b>	<b>641</b>	<b>(308)</b>	<b>(188)</b>	<b>233</b>	<b>(401)</b>	<b>1,490</b>	<b>52</b>

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

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

	Second quarter					
	Group Reporting Model		Joint venture reclassification and others		IFRS-EU <sup>(1)</sup>	
	2021	2020	2021	2020	2021	2020
Net income before tax	855	(2,280)	111	31	966	(2,249)
<b>Adjusted result:</b>					—	—
Depreciation of property, plant and equipment	611	762	(133)	(198)	478	564
Operating provisions	401	1,591	(130)	(937)	271	654
Other items	(69)	167	(156)	916	(225)	1,083
<b>EBITDA</b>	<b>1,798</b>	<b>240</b>	<b>(308)</b>	<b>(188)</b>	<b>1,490</b>	<b>52</b>

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

## ROACE

NUMERATOR (Million euros)	1S 2021	1S 2020
<b>Operating income IFRS-EU</b>	<b>1,724</b>	<b>(1,670)</b>
Reclassification of joint ventures	155	(843)
Income tax <sup>(1)</sup>	(658)	150
Net income of companies accounted for using the equity method - net of tax	4	8
<b>I. ROACE result at weighted average cost</b>	<b>1,225</b>	<b>(2,355)</b>
<b>DENOMINATOR (Million euros)</b>	<b>1S 2020</b>	<b>1S 2020</b>
Total equity	20,962	22,940
Net debt	6,386	8,026
<b>Capital employed at period-end</b>	<b>27,348</b>	<b>30,966</b>
<b>II. Average capital employed <sup>(2)</sup></b>	<b>27,333</b>	<b>32,128</b>
<b>ROACE (I/II) <sup>(3)</sup></b>	<b>4.5%</b>	<b>(7.3)%</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 period.

<sup>(3)</sup> ROACE on CCS (without taking into account the Inventory Effect) amounts to 2.6%

## 2. Cash flow measures

### Free cash flow and Cash generated

Million euros	First half					
	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)	1,932	864	(392)	(247)	1,540	617
II. Cash flows from / (used in) investing activities	(977)	(692)	32	1,808	(945)	1,116
<b>Free cash flow (I+II)</b>	<b>955</b>	<b>172</b>	<b>(360)</b>	<b>1,561</b>	<b>595</b>	<b>1,733</b>
<b>Cash flow generated</b>	<b>163</b>	<b>(359)</b>	<b>(341)</b>	<b>1,605</b>	<b>(178)</b>	<b>1,246</b>
III. Cash flows from / (used in) financing activities and others <sup>(1)</sup>	(286)	2,127	284	(1,554)	(2)	573
<b>Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>	<b>669</b>	<b>2,299</b>	<b>(76)</b>	<b>7</b>	<b>593</b>	<b>2,306</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	5,247	5,517	(333)	(232)	4,914	5,285

<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.

<i>Million euros</i>	Second quarter					
	Adjusted cash flow		Reclassification of joint ventures and others		IFRS-EU statement of cash flow	
	2020	2019	2020	2019	2020	2019
I. Cash flows from / (used in) operating activities (cash flow from operations)	902	268	(177)	35	725	303
II. Cash flows from / (used in) investing activities	(454)	(485)	(271)	1,053	(725)	568
<b>Free cash flow (I+II)</b>	<b>448</b>	<b>(217)</b>	<b>(448)</b>	<b>1,088</b>	<b>—</b>	<b>871</b>
<b>Cash flow generated</b>	<b>351</b>	<b>(337)</b>	<b>(438)</b>	<b>1,121</b>	<b>(87)</b>	<b>784</b>
III. Cash flows from / (used in) financing activities and others <sup>(1)</sup>	273	2,300	442	(1,050)	715	1,250
<b>Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>	<b>721</b>	<b>2,083</b>	<b>(6)</b>	<b>38</b>	<b>715</b>	<b>2,121</b>
Cash and cash equivalents at the beginning of the period	4,526	3,434	(327)	(270)	4,199	3,164
Cash and cash equivalents at the end of the period	5,247	5,517	(333)	(232)	4,914	5,285

<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

<i>Million euros</i>	First half					
	Group Reporting Model		Reclassification of joint ventures and others		IFRS-EU	
	Jun - 2021	Dec - 2020	Jun - 2021	Dec - 2020	Jun - 2021	Dec - 2020
Cash and cash equivalents	5,247	4,578	(333)	(257)	4,914	4,321
Undrawn credit facilities	2,867	3,436	(11)	(11)	2,856	3,425
Deposits of immediate availability <sup>(1)</sup>	1,334	1,181	—	—	1,334	1,181
<b>Liquidity</b>	<b>9,448</b>	<b>9,195</b>	<b>(344)</b>	<b>(268)</b>	<b>9,104</b>	<b>8,926</b>

<sup>(1)</sup> 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

<i>Million euros</i>	First half					
	Operating investments		Reclassification of joint ventures and others		IFRS-EU <sup>(1)</sup>	
	2021	2020	2021	2020	2021	2020
Upstream	418	603	(162)	(99)	256	504
Industrial	203	227	(3)	(1)	200	226
Commercial and Renewables	413	259	(2)	(13)	411	246
Corporate and others	27	24	—	—	27	24
<b>TOTAL</b>	<b>1,061</b>	<b>1,113</b>	<b>(167)</b>	<b>(113)</b>	<b>894</b>	<b>1,000</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.”

<i>Million euros</i>	Second quarter					
	Operating investments		Joint venture reclassification and others		IFRS-EU <sup>(1)</sup>	
	2021	2020	2021	2020	2021	2020
Upstream	212	214	(78)	(42)	134	172
Industrial	129	104	(2)	(3)	127	101
Commercial and Renewables	200	141	(22)	(1)	178	141
Corporate and others	19	20	—	—	19	20
<b>TOTAL</b>	<b>560</b>	<b>479</b>	<b>(102)</b>	<b>(46)</b>	<b>458</b>	<b>433</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

<i>Million euros</i>	Net Debt	Reclassification of joint ventures <sup>(1)</sup>	IFRS-EU Balance sheet
	Jun - 2021	Jun - 2021	Jun - 2021
<b>Non-current assets</b>			
Non-current financial instruments <sup>(1)</sup>	52	802	854
<b>Current assets</b>			
Other current financial assets	1,524	173	1,697
Cash and cash equivalents	5,247	(333)	4,914
<b>Non-current liabilities</b>			
Non-current financial liabilities	(9,206)	659	(8,547)
<b>Current liabilities</b>			
Current financial liabilities	(4,371)	(848)	(5,219)
<b>Items not included on the balance sheet</b>			
Net mark to market financial derivatives (excl. exchange rate) <sup>(2)</sup>	368	(312)	56
<b>NET DEBT <sup>(3) (4)</sup></b>	<b>(6,386)</b>	<b>141</b>	<b>(6,245)</b>

<sup>(1)</sup> Corresponds to "Non-current financial assets" on the consolidated balance sheet, without including equity instruments.

<sup>(2)</sup> The net market value of interest rate derivatives has been eliminated from this section.

<sup>(3)</sup> Includes net non-current and current leases amounting to €3,066 and €560 million, respectively, according to the Reporting model and €2,417 and €464 million, respectively, according to the IFRS-EU balance sheet.

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

#### Gross debt

<i>Million euros</i>	Gross debt	Reclassification of joint ventures	IFRS-EU balance sheet
	Jun - 2021	Jun - 2021	Jun - 2021
Current financial liabilities	(4,304)	(846)	(5,151)
Net mark to market valuation of current exchange rate financial derivatives	1	—	1
<b>Current gross debt</b>	<b>(4,303)</b>	<b>(846)</b>	<b>(5,150)</b>
Non-current financial liabilities	(9,137)	659	(8,478)
Net mark to market valuation of non-current exchange rate derivatives	86	—	86
<b>Non-current gross debt</b>	<b>(9,051)</b>	<b>659</b>	<b>(8,392)</b>
<b>GROSS DEBT <sup>(1)</sup></b>	<b>(13,354)</b>	<b>(187)</b>	<b>(13,542)</b>

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

#### Leverage ratio

<i>Million euros</i>	First half					
	Group Reporting Model		Reclassification of joint ventures		IFRS - EU balance sheet	
	2021	2020	2021	2020	2021	2020
Net debt	(6,386)	(8,026)	141	(2,762)	(6,245)	(10,788)
Capital employed	27,348	30,966	(141)	2,762	27,207	33,728
<b>Leverage</b>	<b>23.4%</b>	<b>25.9%</b>			<b>23.0%</b>	<b>32.0%</b>

<sup>(1)</sup> In 2020, it mainly included the net financing of the Repsol Sinopec Brasil Group (joint venture owned 60% by Repsol and 40% by the Sinopec Group; see Note 13 to the 2020 consolidated financial statements). In the first half of 2021, the partial spin-off of Repsol Sinopec Brasil, B.V. was completed, whereupon the loans granted to its shareholders were transferred to the subsidiaries attached to each of them, thus reducing the value of the investment in this company and derecognizing the related loan from the consolidated balance sheet (see Note 3.1.2 to the interim financial statements for the first half of the year).

## Solvency ratio

<i>Million euros</i>	First half					
	Group Reporting Model		Reclassification of joint ventures		IFRS - EU balance sheet	
	Jun - 2021	Dec - 2020	Jun - 2021	Dec - 2020	Jun - 2021	Dec - 2020
Liquidity	9,448	9,195	(345)	(269)	9,103	8,926
Current Gross debt	4,303	2,850	847	822	5,150	3,213
<b>Solvency</b>	<b>2.2</b>	<b>3.2</b>			<b>1.8</b>	<b>2.8</b>