

2023

REPSOL Group

Alternative
Performance
Measures
reconciliations
3rd Quarter
2023

*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.

In 2023, following the entry of certain non-controlling interests in our Upstream and LCG businesses, Repsol has revised the way it presents its results. As of this year, the "Adjusted income" of the businesses does not include the stakes held by non-controlling interests and therefore reflects solely the results managed by the Company. For the same reason, non-controlling interests are not taken into account either in the "Inventory effect" or in "Special items". The impact of "Non-controlling interests" is shown in a separate line immediately before "Net income". Although the amount of non-controlling interests in previous years was not significant, Repsol has restated the information for 2022 to allow readers to track the figures over time and compare periods. Repsol also updated the definitions of its reporting segments in 2023, in response to the performance of its businesses and changes in its organizational structure. For more information, see Note 2 Segment information of the 1H23 interim financial statements.

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 income

Results	Cumulative nine months													
	Adjusted income		ADJUSTMENTS										IFRS-EU profit/loss	
			Reclassification of joint ventures		Inventory effect ⁽²⁾		Special items		Non-controlling interest		Total adjustments			
Million euros	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operating income	5,609 ⁽¹⁾	7,655 ⁽¹⁾	(384)	(1,454)	(214)	896	(820)	(1,950)	—	—	(1,418)	(2,508)	4,191	5,147
Financial result	34	(57)	119	141	—	—	(10)	(110)	—	—	109	31	143	(26)
Net income of companies accounted for using the equity method - net of tax	12	3	7	717	—	—	(5)	(3)	—	—	2	714	14	717
Adjusted income before tax	5,655	7,601	(258)	(596)	(214)	896	(835)	(2,063)	—	—	(1,307)	(1,763)	4,348	5,838
Income tax	(1,839)	(2,866)	258	596	56	(226)	104	(69)	—	—	418	301	(1,421)	(2,565)
Consolidated net income	3,816	4,735	—	—	(158)	670	(731)	(2,132)	—	—	(889)	(1,462)	2,927	3,273
Net income attributed to non-controlling interests	—	—	—	—	—	—	—	—	(142)	(51)	(142)	(51)	(142)	(51)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	3,816	4,735	—	—	(158)	670	(731)	(2,132)	(142)	(51)	(1,031)	(1,513)	2,785	3,222

⁽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.

Results	Third quarter													
	ADJUSTMENTS													
	Adjusted income		Reclassification of joint ventures		Inventory effect ⁽¹⁾		Special items		Non-controlling interest		Total adjustments		IFRS-EU profit/loss	
Million euros	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operating income	1,675 ⁽¹⁾	2,761 ⁽¹⁾	(124)	(523)	465	(765)	(134)	10	—	—	207	(1,278)	1,882	1,483
Financial result	53	(157)	28	36	—	—	(10)	(15)	—	—	18	21	71	(136)
Net income of companies accounted for using the equity method - net of tax	(6)	(3)	(37)	173	—	—	1	3	—	—	(36)	176	(42)	173
Adjusted income before tax	1,722	2,601	(133)	(314)	465	(765)	(143)	(2)	—	—	189	(1,081)	1,911	1,520
Income tax	(624)	(1,090)	133	314	(118)	194	79	(252)	—	—	94	256	(530)	(834)
Consolidated net income	1,098	1,511	—	—	347	(571)	(64)	(254)	—	—	283	(825)	1,381	686
Net income attributed to non-controlling interests	—	—	—	—	—	—	—	—	(16)	(3)	(16)	(3)	(16)	(3)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	1,098	1,511	—	—	347	(571)	(64)	(254)	(16)	(3)	267	(828)	1,365	683

⁽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

Special Items	Cumulative nine months		Third quarter	
	2023	2022	2023	2022
Million euros				
Divestments	(19)	61	(19)	53
Workforce restructuring	(43)	(17)	(20)	(1)
Impairment of assets ⁽¹⁾	369	(1,490)	15	(228)
Provisions and others	(1,038)	(686)	(40)	(78)
TOTAL	(731)	(2,132)	(64)	(254)

⁽¹⁾ The difference with the heading "(Charges for)/reversal of impairment" 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

EBITDA	Cumulative nine months					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽²⁾	
	2023	2022	2023	2022	2023	2022
<i>Million euros</i>						
Upstream	3,481	5,844	(1,100)	(1,969)	2,381	3,875
Industrial	2,918	4,267	4	(47)	2,922	4,220
Customer	859	683	(26)	(15)	833	668
LCG	136	240	—	—	136	240
Corporate and others	(200)	(171)	40	26	(160)	(145)
EBITDA	7,194	10,863	(1,082)	(2,005)	6,112	8,858
Upstream	—	—	—	—	—	—
Industrial	147	(836)	(20)	11	127	(825)
Customer	67	(60)	—	—	67	(60)
LCG	—	—	—	—	—	—
Corporate and others	—	—	—	—	—	—
Inventory effect ⁽¹⁾	214	(896)	(20)	11	194	(885)
CCS EBITDA	7,408	9,967	(1,102)	(1,994)	6,306	7,973

⁽¹⁾ Before tax.

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

EBITDA	Cumulative nine months					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽¹⁾	
	2023	2022	2023	2022	2023	2022
<i>Million euros</i>						
Net income before tax	4,606	6,434	(258)	(596)	4,348	5,838
(-) Financial result	(24)	167	(119)	(141)	(143)	26
(-) Net income from investments accounted for	(6)	—	(8)	(717)	(14)	(717)
Operating income	4,576	6,601	(385)	(1,454)	4,191	5,147
Depreciation of property, plant and equipment	2,169	2,159	(425)	(435)	1,744	1,724
Operating provisions	486	2,159	(273)	(114)	213	2,045
(Provision for) / Reversal of impairment	(233)	2,032	(257)	(276)	(490)	1,756
(Provision for) / Reversal of provisions for risks	719	127	(16)	162	703	289
Other provisions	—	—	—	—	—	—
Other items	(37)	(56)	1	(2)	(36)	(58)
EBITDA	7,194	10,863	(1,082)	(2,005)	6,112	8,858

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

EBITDA	Third quarter					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽²⁾	
	2023	2022	2023	2022	2023	2022
<i>Million euros</i>						
Upstream	1,163	2,155	(369)	(713)	794	1,442
Industrial	967	334	6	(13)	973	321
Customer	320	226	(10)	(4)	310	222
LCG	28	101	—	—	28	101
Corporate and others	413	28	9	(22)	422	6
EBITDA	2,891	2,844	(364)	(752)	2,527	2,092
Upstream	—	—	—	—	—	—
Industrial	(458)	751	(9)	2	(467)	753
Customer	(7)	14	—	—	(7)	14
LCG	—	—	—	—	—	—
Corporate and others	—	—	—	—	—	—
Inventory effect ⁽¹⁾	(465)	765	(9)	2	(474)	767
CCS EBITDA	2,426	3,609	(373)	(750)	2,053	2,859

⁽¹⁾ Before tax.

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

EBITDA	Third quarter					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU ⁽¹⁾	
	2023	2022	2023	2022	2023	2022
<i>Million euros</i>						
Net income before tax	2,044	1,833	(133)	(313)	1,911	1,520
(-) Financial result	(44)	172	(27)	(36)	(71)	136
(-) Net income from investments accounted for using	7	1	35	(174)	42	(173)
Operating income	2,007	2,006	(125)	(523)	1,882	1,483
Depreciation of property, plant and equipment	720	771	(150)	(160)	570	611
Operating provisions	222	131	(91)	(68)	131	63
(Provision for) / Reversal of impairment provisions	(51)	170	(117)	(144)	(168)	26
(Provision for) / Reversal of provisions for risks	273	(39)	26	76	299	37
Other provisions	—	—	—	—	—	—
Other items	(58)	(64)	2	(1)	(56)	(65)
EBITDA	2,891	2,844	(364)	(752)	2,527	2,092

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

ROACE

NUMERATOR (<i>Million euros</i>)	9M 2023	9M 2022
Operating income (IFRS-EU)	4,191	5,147
Reclassification of joint ventures	384	1,454
Income tax ⁽¹⁾	(1,679)	(3,190)
Net income of companies accounted for using the equity method - net of tax	7	—
ROACE result at weighted average cost	2,903	3,411
DENOMINATOR (<i>Millions euros</i>)	9M 2023	9M 2022
Total equity	29,369	27,688
Net debt	1,855	2,181
Capital employed at period-end	31,224	29,869
II. Average capital employed ⁽²⁾	29,726	29,213
ROACE (I/II) ⁽³⁾	9.8%	11.7%

⁽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⁾ In the third quarter of 2022, ROACE on CCS (without taking into account the Inventory Effect) amounts to 10.3%.

2. Cash flow measures

Free cash flow and Cash generation

Cash flow measurements	Cumulative nine months					
	Adjusted cash flow		Reclassifications of joint ventures and others		IFRS-EU statement of cash flow	
	2023	2022	2023	2022	2023	2022
<i>Million euros</i>						
I. Cash flows from / (used in) operating activities (cash flow from operations)	4,820	6,119	(450)	(713)	4,370	5,406
II. Cash flows from / (used in) investing activities	(4,454)	(1,969)	(214)	326	(4,649)	(1,643)
Free cash flow (I+II)	366	4,150	(664)	(387)	(279)	3,763
Cash generation	231	3,140	(651)	(357)	(420)	2,783
III. Cash flows from / (used in) financing activities and others ⁽¹⁾	(2,515)	(2,106)	533	299	(2,001)	(1,807)
Net increase / (decrease) in cash and cash equivalents (I+II+III)	(2,149)	2,044	(131)	(88)	(2,280)	1,956
Cash and cash equivalents at the beginning of the period	6,945	5,906	(433)	(311)	6,512	5,595
Cash and cash equivalents at the end of the period	4,796	7,950	(564)	(399)	4,232	7,551

⁽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, transactions with non-controlling interests (dilutions, contributions, dividends...) and the exchange rate fluctuations effect.

Cash flow measurements	Third quarter					
	Adjusted cash flow		Reclassifications of joint ventures and others		IFRS-EU statement of cash flow	
	2023	2022	2023	2022	2023	2022
<i>Million euros</i>						
I. Cash flows from / (used in) operating activities (cash flow from operations)	1,298	3,189	(182)	(115)	1,116	3,074
II. Cash flows from / (used in) investing activities	(1,400)	(493)	181	237	(1,200)	(256)
Free cash flow (I+II)	(102)	2,696	(1)	122	(84)	2,818
Cash generation	(1,068)	2,668	(9)	130	(1,077)	2,798
III. Cash flows from / (used in) financing activities and others ⁽¹⁾	(689)	528	(227)	(127)	(935)	401
Net increase / (decrease) in cash and cash equivalents (I+II+III)	(791)	3,224	(228)	(5)	(1,019)	3,219
Cash and cash equivalents at the beginning of the period	5,587	4,726	(336)	(394)	5,251	4,332
Cash and cash equivalents at the end of the period	4,796	7,950	(564)	(399)	4,232	7,551

⁽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, transactions with non-controlling interests (dilutions, contributions, dividends...) and the exchange rate fluctuations effect.

Liquidity

Liquidity	Cumulative nine months					
	Group Reporting Model		Reclassification of joint ventures and others		IFRS-EU	
	Sep-2023	Dec-2022	Sep-2023	Dec-2022	Sep-2023	Dec-2022
<i>Million euros</i>						
Cash and banks	2,787	3,021	(417)	(345)	2,370	2,676
Other cash equivalents	2,011	3,924	(149)	(88)	1,862	3,836
Cash and cash equivalents	4,798	6,945	(566)	(433)	4,232	6,512
Deposits with immediate availability ⁽¹⁾	3,212	2,389	—	—	3,212	2,389
Undrawn credit lines	2,640	2,681	(25)	(7)	2,615	2,674
Liquidity	10,650	12,015	(591)	(440)	10,059	11,575

⁽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 nine months									
	Operating investments						Reclassification of joint ventures and others		IFRS-EU ⁽¹⁾	
	2023			2022			2023	2022	2023	2022
	Organic	Inorganic	Total	Organic	Inorganic	Total				
<i>Million euros</i>										
Upstream	1,745	129	1,874	1,349	—	1,349	(417)	(88)	1,457	1,261
Industrial	693	—	693	495	54	549	(15)	(15)	678	534
Customer	204	49	253	129	7	136	(45)	—	208	136
LCG	741	756	1,497	250	45	295	(13)	(58)	1,484	237
Corporate and others	45	—	45	68	—	68	(1)	(12)	44	56
TOTAL	3,428	934	4,362	2,291	106	2,397	(491)	(173)	3,871	2,224

⁽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”.

Investments	Third quarter									
	Operating investments						Reclassification of joint ventures and others		IFRS-EU ⁽¹⁾	
	2023			2022			2023	2022	2023	2022
	Organic	Inorganic	Total	Organic	Inorganic	Total				
<i>Million euros</i>										
Upstream	602	—	602	603	—	603	(178)	(63)	424	540
Industrial	263	—	263	177	—	177	(6)	(9)	257	168
Customer	72	49	121	52	—	52				
LCG	259	59	318	96	5	101	48	13	366	114
Corporate and others	11	—	11	29	—	29	(1)	(11)	10	18
TOTAL	1,207	108	1,315	957	5	962	(153)	(70)	1,162	892

⁽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

Net Debt	Net debt	Reclassification of joint ventures	IFRS-EU balance sheet
	Sep-2023	Sep-2023	Sep-2023
<i>Million euros</i>			
Non-current assets			
Non-current financial instruments ⁽¹⁾	1,427	673	2,100
Current assets			
Other current financial assets	3,760	(16)	3,744
Cash and cash equivalents	4,796	(564)	4,232
Non-current liabilities			
Non-current financial liabilities ⁽²⁾	(9,528)	(492)	(10,020)
Current liabilities			
Current financial liabilities ⁽²⁾	(2,310)	(92)	(2,402)
NET DEBT ⁽³⁾	(1,855)	(491)	(2,346)

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

⁽²⁾ Includes net non-current and current leases amounting to €(3,126) and €(631) million, respectively, according to the Reporting model and €(2,529) and €(497) million, respectively, according to the IFRS-EU balance sheet.

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

Gross debt

Gross Debt	Gross debt	Reclassification of joint ventures and others	IFRS - EU balance sheet
	Sep-2023	Sep-2023	Sep-2023
<i>Million euros</i>			
Current financial liabilities	(2,142)	(90)	(2,232)
Net mark to market valuation of current exchange rate financial derivatives	57	—	57
Current gross debt	(2,085)	(90)	(2,175)
Non-current financial liabilities (ex derivatives)	(9,526)	(494)	(10,020)
Net mark to market valuation of non-current exchange rate financial derivatives	—	—	—
Non-current gross debt	(9,526)	(494)	(10,020)
GROSS DEBT ⁽¹⁾	(11,611)	(584)	(12,195)

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

Leverage ratio

Leverage	Group Reporting Model		Reclassifications of joint ventures		IFRS - EU Balance sheet	
	Sep-2023	Dec-2022	Sep-2023	Dec-2022	Sep-2023	Dec-2022
<i>Million euros</i>						
Net debt	1,855	2,256	491	495	2,346	2,751
Capital employed	31,224	28,229	491	495	31,715	28,724
Leverage	5.9%	8.0%			7.4%	9.6%

Solvency ratio

Solvency	Group Reporting Model		Reclassifications of joint ventures		IFRS - EU Balance sheet	
	Sep-2023	Dec-2022	Sep-2023	Dec-2022	Sep-2023	Dec-2022
<i>Million euros</i>						
Liquidity	10,650	12,014	(591)	(440)	10,059	11,575
Current Gross debt	2,085	2,997	90	48	2,175	3,045
Solvency	5.1%	4.0%			4.6%	3.8%