

REPSOL Group

Alternative
Performance
Measures
reconciliations
3rd Quarter
2021

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



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 historical quarterly information regarding APMs, see www.repsol.com.

1. Financial performance measures

Adjusted net income

| Million euros | Cumulative nine months | | | | | | | | | | | |
|--|------------------------|--------------------|------------------------------------|--------------|---------------|----------------|---------------------------------|----------------|-------------------|----------------|---------------------|----------------|
| | Adjusted net income | | ADJUSTMENTS | | | | | | | | | |
| | 2021 | 2020 | Reclassification of joint ventures | | Special items | | Inventory effect ⁽²⁾ | | Total adjustments | | IFRS-EU profit/loss | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Operating income | 2,766 ⁽¹⁾ | 671 ⁽¹⁾ | (332) | 866 | (585) | (1,643) | 867 | (1,453) | (50) | (2,230) | 2,716 | (1,559) |
| Financial result | (139) | (264) | 93 | 44 | 351 | (55) | — | — | 444 | (11) | 305 | (275) |
| Net income of companies accounted for using the equity method - net of tax | 2 | 4 | 158 | (1,019) | — | 4 | — | — | 158 | (1,015) | 160 | (1,011) |
| Income before tax | 2,629 | 411 | (81) | (109) | (234) | (1,694) | 867 | (1,453) | 552 | (3,256) | 3,181 | (2,845) |
| Income tax | (1,049) | (211) | 81 | 109 | (39) | (34) | (219) | 369 | (177) | 444 | (1,226) | 233 |
| Consolidated net income for the year | 1,580 | 200 | — | — | (273) | (1,728) | 648 | (1,084) | 375 | (2,812) | 1,955 | (2,612) |
| Net income attributed to non-controlling interests | 2 | (4) | — | — | 2 | 2 | (20) | 36 | (18) | 38 | (16) | 34 |
| TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY | 1,582 | 196 | — | — | (271) | (1,726) | 628 | (1,048) | 357 | (2,774) | 1,939 | (2,578) |

⁽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.

| Million euros | Third quarter | | | | | | | | | | | |
|--|----------------------|--------------------|------------------------------------|-----------|---------------|--------------|---------------------------------|-----------|-------------------|--------------|---------------------|-------------|
| | Adjusted net income | | ADJUSTMENTS | | | | | | | | | |
| | 2021 | 2020 | Reclassification of joint ventures | | Special items | | Inventory effect ⁽²⁾ | | Total adjustments | | IFRS-EU profit/loss | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Operating income | 1,087 ⁽¹⁾ | 177 ⁽¹⁾ | (177) | 23 | (110) | (143) | 192 | 54 | (95) | (66) | 992 | 111 |
| Financial result | (28) | (128) | 18 | 22 | 145 | (4) | — | — | 163 | 18 | 135 | (110) |
| Net income of companies accounted for using the equity method - net of tax | (2) | (3) | 45 | (33) | — | 3 | — | — | 45 | (30) | 43 | (33) |
| Income before tax | 1,057 | 46 | (114) | 12 | 35 | (144) | 192 | 54 | 113 | (78) | 1,170 | (32) |
| Income tax | (430) | (39) | 114 | (12) | (95) | 2 | (48) | (14) | (29) | (24) | (459) | (63) |
| Consolidated net income for the year | 627 | 7 | — | — | (60) | (142) | 144 | 40 | 84 | (102) | 711 | (95) |
| Net income attributed to non-controlling interests | (4) | — | — | — | 2 | 1 | (5) | — | (3) | 1 | (7) | 1 |
| TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY | 623 | 7 | — | — | (58) | (141) | 139 | 40 | 81 | (101) | 704 | (94) |

⁽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 | 9M | | Q3 | |
|---|--------------|----------------|-------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Divestments | 15 | 70 | 14 | (2) |
| Indemnities and workforce restructuring | (66) | (73) | (12) | (32) |
| Impairment of assets | (32) | (1,299) | (27) | (3) |
| Provisions and others | (188) | (424) | (33) | (104) |
| TOTAL | (271) | (1,726) | (58) | (141) |

EBITDA

| Million euros | Cumulative nine months | | | | | | | |
|---------------------------------|------------------------|--------------|---|--------------|---------------------------------|----------------|------------------------|------------|
| | Group Reporting Model | | Reclassification of joint ventures and others | | Inventory effect ⁽¹⁾ | | IFRS-EU ⁽²⁾ | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Upstream | 2,927 | 1,447 | (934) | (684) | | | 1,993 | 763 |
| Industrial | 1,864 | (524) | (49) | (23) | 817 | (1,425) | 1,815 | (547) |
| Commercial and Renewables | 872 | 676 | (13) | (5) | 50 | (28) | 859 | 671 |
| Corporate and other | (77) | (128) | 25 | 35 | | | (52) | (93) |
| EBITDA | 5,586 | 1,471 | (971) | (677) | | | 4,615 | 794 |
| Inventory effect ⁽¹⁾ | (867) | 1,453 | | | | | | |
| EBITDA at CCS | 4,719 | 2,924 | (971) | (677) | 867 | (1,453) | 4,615 | 794 |

⁽¹⁾ Before tax.

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

| | Cumulative nine months | | | | | |
|---|------------------------|--------------|---|--------------|------------------------|------------|
| | Group Reporting Model | | Reclassification of joint ventures and others | | IFRS-EU ⁽¹⁾ | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Net income before tax | 3,262 | (2,735) | (81) | (110) | 3,181 | (2,845) |
| Adjusted result: | | | | | | |
| Depreciation of property, plant and equipment | 1,898 | 2,203 | (409) | (530) | 1,489 | 1,673 |
| Operating provisions | 646 | 1,738 | (239) | (1,017) | 407 | 721 |
| Other items | (220) | 265 | (242) | 980 | (462) | 1,245 |
| EBITDA | 5,586 | 1,471 | (971) | (677) | 4,615 | 794 |

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

| Million euros | Third quarter | | | | | | | |
|---------------------------|-----------------------|------------|---|--------------|------------------|-----------|------------------------|------------|
| | Group Reporting Model | | Reclassification of joint ventures and others | | Inventory effect | | IFRS-EU ⁽¹⁾ | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Upstream | 1,082 | 459 | (339) | (196) | | — | 743 | 263 |
| Industrial | 509 | 146 | (19) | (8) | 175 | 53 | 490 | 138 |
| Commercial and Renewables | 353 | 316 | (7) | (3) | 17 | 1 | 346 | 313 |
| Corporate and other | 7 | (39) | (1) | 28 | | — | 6 | (11) |
| EBITDA | 1,951 | 882 | (366) | (179) | 192 | 54 | 1,585 | 703 |
| Inventory effect | (192) | (54) | | | — | | | |
| EBITDA at CCS | 1,759 | 828 | (366) | (179) | 192 | 54 | 1,585 | 703 |

⁽¹⁾ Before tax.

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

| | Third quarter | | | | | |
|---|-----------------------|------------|---|--------------|------------------------|------------|
| | Group Reporting Model | | Joint venture reclassification and others | | IFRS-EU ⁽¹⁾ | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Net income before tax | 1,284 | (43) | (114) | 12 | 1,170 | (31) |
| Adjusted result: | | | | | | |
| Depreciation of property, plant and equipment | 644 | 656 | (137) | (129) | 507 | 527 |
| Operating provisions | 144 | 124 | (51) | (78) | 93 | 46 |
| Other items | (121) | 145 | (64) | 16 | (185) | 161 |
| EBITDA | 1,951 | 882 | (366) | (179) | 1,585 | 703 |

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

ROACE

| NUMERATOR (Million euros) | 9M 2021 | 9M 2020 |
|--|----------------|----------------|
| Operating income IFRS-EU | 2,716 | (1,559) |
| Reclassification of joint ventures | 332 | (866) |
| Income tax ⁽¹⁾ | (1,235) | 88 |
| Net income of companies accounted for using the equity method - net of tax | 2 | 8 |
| I. ROACE result at weighted average cost | 1,815 | (2,329) |
| DENOMINATOR (Million euros) | 9M 2021 | 9M 2020 |
| Total equity | 21,752 | 22,046 |
| Net debt | 6,136 | 7,188 |
| Capital employed at period-end | 27,888 | 29,234 |
| II. Average capital employed ⁽²⁾ | 27,603 | 31,263 |
| ROACE (I/II) ⁽³⁾ | 6.6 | (7.4) |

⁽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 4.2%.

2. Cash flow measures

Free cash flow and cash flow generated

| Million euros | Cumulative nine 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) | 3,371 | 2,122 | (558) | (388) | 2,813 | 1,734 |
| II. Cash flows from / (used in) investing activities | (1,516) | (810) | (122) | 2,174 | (1,638) | 1,364 |
| Free cash flow (I+II) | 1,855 | 1,312 | (680) | 1,786 | 1,175 | 3,098 |
| Cash flow generated | 428 | 460 | (651) | 1,814 | (223) | 2,274 |
| III. Cash flows from / (used in) financing activities and others ⁽¹⁾ | (529) | 692 | 619 | (1,800) | 90 | (1,108) |
| Net increase / (decrease) in cash and cash equivalents (I+II+III) | 1,326 | 2,004 | (61) | (14) | 1,265 | 1,990 |
| 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 | 5,904 | 5,222 | (318) | (253) | 5,586 | 4,969 |

⁽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> | Third quarter | | | | | |
|---|--------------------|--------------|---|--------------|--------------------------------|--------------|
| | 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) | 1,439 | 1,258 | (166) | (141) | 1,273 | 1,117 |
| II. Cash flows from / (used in) investing activities | (539) | (118) | (154) | 366 | (693) | 248 |
| Free cash flow (I+II) | 900 | 1,140 | (320) | 225 | 580 | 1,365 |
| Cash flow generated | 265 | 819 | (310) | 230 | (45) | 1,049 |
| III. Cash flows from / (used in) financing activities and others ⁽¹⁾ | (243) | (1,435) | 335 | (246) | 92 | (1,681) |
| Net increase / (decrease) in cash and cash equivalents (I+II+III) | 657 | (295) | 15 | (21) | 672 | (316) |
| Cash and cash equivalents at the beginning of the period | 5,247 | 5,517 | (333) | (232) | 4,914 | 5,285 |
| Cash and cash equivalents at the end of the period | 5,904 | 5,222 | (318) | (253) | 5,586 | 4,969 |

⁽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> | Cumulative nine months | | | | | |
|---|------------------------|--------------|---|--------------|--------------|--------------|
| | Group Reporting Model | | Reclassification of joint ventures and others | | IFRS-EU | |
| | Sep-2021 | Dic-2020 | Sep-2021 | Dic-2020 | Sep-2021 | Dic-2020 |
| Cash and cash equivalents | 5,904 | 4,578 | (318) | (257) | 5,586 | 4,321 |
| Undrawn credit lines | 2,765 | 3,436 | (12) | (11) | 2,753 | 3,425 |
| Deposits of immediate availability ⁽¹⁾ | 1,279 | 1,181 | — | — | 1,279 | 1,181 |
| Liquidity | 9,948 | 9,195 | (330) | (268) | 9,619 | 8,926 |

⁽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

| <i>Million euros</i> | Cumulative nine months | | | | | |
|---------------------------|------------------------|--------------|---|--------------|------------------------|--------------|
| | Operating investments | | Reclassification of joint ventures and others | | IFRS-EU ⁽¹⁾ | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Upstream | 689 | 766 | 247 | (145) | 442 | 621 |
| Industrial | 366 | 340 | 11 | (4) | 355 | 336 |
| Commercial and Renewables | 535 | 400 | 2 | (4) | 533 | 396 |
| Corporate and other | 44 | 33 | — | — | 44 | 33 |
| TOTAL | 1,634 | 1,539 | 260 | (153) | 1,374 | 1,386 |

⁽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> | Third quarter | | | | | |
|---------------------------|-----------------------|------------|---|-------------|------------------------|------------|
| | Operating investments | | Reclassification of joint ventures and others | | IFRS-EU ⁽¹⁾ | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Upstream | 271 | 163 | 85 | (46) | 186 | 117 |
| Industrial | 163 | 113 | 8 | (3) | 155 | 110 |
| Commercial and Renewables | 122 | 141 | — | 9 | 122 | 150 |
| Corporate and other | 17 | 9 | — | — | 17 | 9 |
| TOTAL | 573 | 426 | 93 | (40) | 480 | 386 |

⁽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 |
|---|----------------|------------------------------------|-----------------------|
| | Sep-2021 | Sep-2021 | Sep-2021 |
| Non-current assets | | | |
| Non-current financial instruments ⁽¹⁾ | 263 | 778 | 1,041 |
| Current assets | | | |
| Other current financial assets | 1,829 | 180 | 2,009 |
| Cash and cash equivalents | 5,904 | (318) | 5,586 |
| Non-current liabilities | | | |
| Non-current financial liabilities | (10,431) | 664 | (9,767) |
| Current liabilities | | | |
| Current financial liabilities | (4,078) | (885) | (4,963) |
| Items not included on the balance sheet | | | |
| Net mark to market financial derivatives (excl. exchange rate) ⁽²⁾ | 377 | (330) | 47 |
| NET DEBT ^{(3) (4)} | (6,136) | 89 | (6,047) |

⁽¹⁾ Corresponds to “Non-current financial assets” in the consolidated balance sheet, without including equity instruments.

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

⁽³⁾ Includes net non-current and current leases amounting to €3,062 and €555 million, respectively, according to the Reporting model and €2,408 and €456 million, respectively, according to the IFRS-EU balance sheet.

⁽⁴⁾ The reconciliations in previous period are available at www.repsol.com.

Gross debt

| <i>Million euros</i> | Gross debt | Reclassification of joint ventures and others | IFRS - EU balance sheet |
|---|-----------------|---|-------------------------|
| | Sep-2021 | Sep-2021 | Sep-2021 |
| Current financial liabilities | (3,939) | (885) | (4,824) |
| Net mark to market valuation of current exchange rate financial derivatives | 75 | — | 75 |
| Current gross debt | (3,864) | (885) | (4,749) |
| Non-current financial liabilities | (10,368) | 664 | (9,704) |
| Net mark to market valuation of non-current exchange rate derivatives | 129 | — | 129 |
| Non-current gross debt | (10,239) | 664 | (9,575) |
| GROSS DEBT ⁽¹⁾ | (14,103) | (221) | (14,324) |

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

Leverage ratio

| <i>Million euros</i> | Cumulative nine months | | | | | |
|----------------------|------------------------|--------------|------------------------------------|------------|-------------------------|--------------|
| | Group Reporting Model | | Reclassification of joint ventures | | IFRS - EU balance sheet | |
| | Sep - 2021 | Dec - 2020 | Sep - 2021 | Dec - 2020 | Sep - 2021 | Dec - 2020 |
| Net debt | 6,136 | 7,188 | (89) | 2,731 | 6,047 | 9,919 |
| Capital employed | 27,888 | 29,234 | (89) | 2,731 | 27,799 | 31,965 |
| Leverage | 22.0 % | 24.6% | | | 21.8 % | 31.0% |

Solvency ratio

| <i>Million euros</i> | Cumulative nine months | | | | | |
|----------------------|------------------------|------------|------------------------------------|------------|-------------------------|------------|
| | Group Reporting Model | | Reclassification of joint ventures | | IFRS - EU balance sheet | |
| | Sep - 2021 | Dec - 2020 | Sep - 2021 | Dec - 2020 | Sep - 2021 | Dec - 2020 |
| Liquidity | 9,948 | 9,195 | (330) | (268) | 9,619 | 8,926 |
| Current Gross debt | 3,864 | 3,440 | (885) | 259 | 4,749 | 3,699 |
| Solvency | 2.6 | 2.7 | | | 2.0 | 2.4 |