

2025 Repsol Group Main Alternative Performance Measures (APM)

*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 amounts and measures prepared in accordance with applicable accounting standards, as well as other measures prepared in accordance with the Group's reporting model known as Alternative Performance Measures (APMs). The APMs are considered "adjusted" figures with respect to those presented in accordance with IFRS-EU or with the Information on oil and gas exploration and production activities, and, therefore, should be considered by the reader as complementary, rather than as substitutes for them.

APMs are highly useful for users of financial information as they are the measures employed by Repsol's Management to evaluate its financial performance, cash flows, or its financial position when making operational or strategic decisions for the Group.

For quarterly historical information on the APMs, see www.repsol.com.

1. Repsol's business segment reporting model

In the fourth quarter of 2025, in the context of the growing importance of partner participation in the E&P and GBC businesses and the expansion of the joint business model, the Group has changed the way it manages and evaluates its segments and has therefore modified the financial and performance measures that are reviewed internally for decision-making. Specifically, the results and financial figures of the joint ventures are now integrated by the equity method¹ into its segment results presentation model, and the measurement of segment results is modified to reflect the result attributable to the parent company. In this way, in addition, the Group's financial information is provided with greater clarity, aligning it with the presentation of the financial statements prepared under IFRS-EU and with common practice in the sector.

Additionally, and in line with the change implemented in the last quarter of 2025, the 2026 budget, the update of the projections to be presented at the Capital Markets Day following the publication of the annual results in February, and the update of employee remuneration targets and plans have all been prepared in accordance with the new reporting model.

The information reported on segments corresponding to previous periods has been modified to reflect these changes to allow adequate comparability between periods.

The result metric for each segment is known as **Adjusted Net Income**, which contains the income from continuing operations at (**Current Cost of Supply or CCS**), net of taxes, the result of investments accounted for by the equity method (**Profit from investees**) and the result attributed to minority interests (**Non-controlling interests**) and excluding certain income and expenses ("*Special items*") described below. The financial result of the consolidated companies and the inter-segment consolidation adjustments are assigned to the Corporation and other results.

More precisely, the operating results at CCS considers the cost of volumes sold to be that corresponding to the costs of Supplies and production for the same period. It is the criterion commonly used in the sector to present the earnings of the businesses of the Industrial or Customer segments, which must work with significant inventories subject to constant price fluctuation. This facilitates comparability with other companies and the monitoring of the businesses, regardless of the impact of price variations on their inventories. However, for accounting purposes, in accordance with EU-IFRS, the weighted average cost method is used.

The **Inventory effect** reflects the difference between the the results at CCS and the result at weighted average cost. It is presented independently, net of taxes and minority interests.

Special items includes certain material items whose separate presentation is considered appropriate in order to facilitate analysis of the ordinary business performance. This includes gains/losses on disposals, restructuring costs, impairments (provisions/reversions) of assets, provisions for risks and expenses and other relevant income/expenses outside the ordinary management of the businesses. These results, which include those relating to investments accounted for using the equity method, are presented separately, net of taxes and non-controlling interests.

For more information, see Note 4 "Business segments" to the 2025 consolidated Financial Statements.

¹ Previously, the earnings and other financial figures of each segment were presented considering the economic figures of the joint ventures, according to their percentage of ownership, with the same methodology and level of detail as the consolidated entities.

2. Financial performance metrics

Adjusted net income

Adjusted net income is the primary measure of financial performance that the Chief Operating Decision Maker (CODM) reviews when making decisions². It is a useful APM as it allows investors to evaluate the performance of the operating segments and allow better comparability with other companies operating in our sector.

It contains income from continuing operations at current cost of supply (CCS) and net of taxes; earnings corresponding to investments accounted for using the equity method (**Earnings of investees**), and those attributable to non-controlling interests (**Non-controlling interests**), and do not include certain income and expenses (**Special items**) described below. The financial result of the consolidated companies and inter-segment consolidation adjustments are assigned to Corporation and other results.

The adjustments included between the **Adjusted net income** and profit attributable to the parent are therefore as follows:

- Inventory effect. In profit at CCS, the cost of volumes sold is determined according to the supply and production³ costs for the same period. The difference between profit at CCS and profit at WAC⁴ is reflected in the so-called **Inventory effect**, which also includes other adjustments to the valuation of inventories (provisions, economic hedges, etc.) and is presented net of taxes, excluding the effect of **Non-controlling interests**, which are not attributable to the parent company. This effect mainly affects the Industrial segment.
- Special items. These correspond to significant items whose separate presentation is considered convenient to facilitate the monitoring of the day-to-day management of business operations and allow for a reliable comparison between financial years and companies operating within the sector. It includes capital gains/losses due to divestments (capital gains and losses due to transfers or disposals of assets), restructuring costs (severance costs, etc.), impairment (provisions and reversals resulting from the impairment test on fixed assets, tax credits, etc.), provisions for risks and expenses (provisions and reversals of provisions for fiscal, legal, environmental, geopolitical risks, etc.) and other relevant income/expenses unrelated to the day-to-day running of business (provisions for dismantling and remediation; exchange rate impacts on tax positions in foreign currency; costs and indemnities arising from claims; penalties and fines; valuation of derivative financial instruments due to accounting asymmetries, etc.). Specific results, which include those pertaining to investments accounted for using the equity method, are presented net of taxes, excluding the effect of non-controlling interests, which are not attributable to the parent company.

Adjusted EBITDA

Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation, Amortization and Others) is an indicator that measures the company's operating margin before deducting interest, taxes, impairments, amortization and other items that do not involve cash inflows or outflows from operations. By stripping out financial and tax figures, as well as accounting expenses that do not involve cash outflows, it is used by the CODM to evaluate the Company's performance over time⁵.

Adjusted EBITDA is calculated as operating profit + amortization + impairment and other items that do not involve cash inflows or outflows from operations (restructuring, gains/losses on disposals, provisions, etc.). Operating income relates to the result from operations at weighted average cost (WAC). Where **Operating result at current cost of replacement (CCS)** is used, it is known as **EBITDA at CCS**.

² Prior to the change in the reporting model described in section 1 above, the measure of business results was called Adjusted Earnings and included the Income from continuing operations at current cost of supply ("Current Cost of Supply" (CCS), net of taxes (including the percentage corresponding to joint businesses) and not including results attributable to minority interests ("minority interests"). The new measure of business results "Adjusted Net Earnings" adequately reflects the nature of its businesses and the way in which their results are analyzed for decision-making by the Chief Operating Decision Maker, in addition to aligning it with the presentation of the financial statements prepared under International Financial Reporting Standards - European Union and with common practice in the sector".

³ To calculate the cost of supply, international quotations on the benchmark markets in which the Company operates are used. The relevant average monthly price is applied to each quality of distilled crude. Quotations are obtained from daily crude oil publications according to Platts, plus freight costs estimated by Worldscale (an association that publishes world reference prices for freight costs between specific ports). All other production costs (fixed and variable costs) are valued at the cost recognized in the accounts.

⁴ The CMP is an accounting method of stock valuation accepted by European accounting standards, which takes into account purchase prices and historical production costs, valuing inventories at the lower of this cost and their market value.

⁵ Prior to the change in the reporting model described in section 1 above, the performance measure was called EBITDA and included the figure pertaining to joint businesses based on their percentage of participation. The new "Adjusted EBITDA" indicator corresponds to the measure used by the CODM and more reliably reflects the performance of our businesses. It is also aligned with the presentation of the financial statements prepared under IFRS-EU and with common practice within the sector.

ROACE

This APM is used by Repsol's CODM to assess the capacity of operating assets to generate profits. It is therefore a measure of the efficiency of the capital invested (equity and debt).

ROACE (short for Return on average capital employed) is calculated as: (Profit from operations after tax + Profit from investments accounted for using the equity method) / (Average **capital employed** during the period of operations, which measures the capital invested in the Company from internal and external sources and which corresponds to Total equity + Net debt). If the inventory effect is not considered in its calculation, it is known as **ROACE at CCS**.

3. Cash metrics⁶

Free cash flow

Free cash flow measures cash generation from operating and investing activities, and is used by the CODM to assess the funds available within the Group to pay dividends to shareholders and to service debt.

Cash generated by the businesses

The **cash generated** by the businesses corresponds to **Free cash flow** +/- collections or payments arising from transactions mainly with non-controlling interests (dilutions, contributions, dividends, etc.). This APM measures the funds generated by the businesses before certain financial transactions (mainly issuances and redemptions).

Liquidity

The CODM measures **Liquidity** as the sum of "cash and other cash equivalents", immediately available cash deposits arranged with financial institutions, and unused short- and long-term credit facilities at the end of the period that correspond to loans granted by financial institutions that may be drawn down by the Company in the terms, amount and other conditions agreed in the contract.

Payments for investments (investments)

This CODM uses this APM to measure the investment effort in each period, as well as its allocation by business. Due to its usefulness in understanding how the CODM allocates its resources and to enable more reliable comparisons between periods, investments can 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).

4. Financial measures

Debt and financial position ratios⁷

Net debt and **Net debt without leases** are the main APMs used by the CODM to measure the Company's level of indebtedness. It consists of financial liabilities (excluding lease liabilities where applicable) less financial assets, cash and other cash equivalents.

On certain occasions, and due to the significance of non-controlling interests within the subgroups of the Upstream and GBC segments, this metric may be presented based on the corresponding corporate perimeter.

Gross debt is the amount used to analyze the Group's solvency, and includes financial liabilities and the net market valuation of derivatives.

⁶ Prior to the change in the reporting model described in section 1 above, the cash measures of the segments included those corresponding to the joint ventures by their percentage of participation (cash flow from operations and investments of each segment and free cash flow, liquidity and cash generated by the Group). The new measures exclude cash corresponding to joint ventures, except for dividends received or capital contributions or financing granted, mainly, and correspond to the measures used by the CODM, reflect more clearly the funds available to the Group and, in addition, are aligned with the presentation of the financial statements prepared under IFRS-EU and with common practice in the sector.

⁷ Prior to the change in the reporting model described in section 1 above, the Group's debt measures included those corresponding to joint ventures by their percentage of participation (Net debt, Gross debt, leverage and solvency). The new measures exclude the indebtedness corresponding to the joint ventures and correspond to the measures used by the CODM, reflect more clearly the Company's level of indebtedness and, in addition, are aligned with the presentation of the financial statements prepared under IFRS-EU and with common practice in the sector.

The ratios indicated below are used by the CODM to assess both the degree of leverage and the solvency of the Group.

- **Leverage** equals net debt divided by **Capital employed** at the end of the period. This ratio can be used to determine the financial structure and degree of indebtedness with regard to capital contributed by shareholders and entities which provide financing.

It is the main measure to evaluate and compare the Company's financial position with other companies in the sector.

- The **Solvency** ratio is calculated as **Liquidity** (see section 3. "Cash metrics") divided by gross short-term debt, and is used to determine the number of times the Group could meet its short-term debt maturities with current liquidity.

5. Other measures

Net investment or **net Capex** is used to measure the investment effort in the period, net of the resources obtained from the divestment operations that finance the group's growth and transition projects. Its measure most directly comparable to the IFRS-EU financial statements is the cash flow used in investing activities, net of certain financing transactions.

It comprises investments and divestments (excluding investing activities in financial assets), cash receipts/(payments) from transactions with non-controlling interests (divestments without loss of control – asset rotations –, financing, etc.), and changes in net debt resulting from changes in the consolidation perimeter (project financing and portfolio management transactions, etc.).

Net free cash flow is calculated as **cash flow from operations** less **net capex**.