Repsol, S.A. and investees comprising the Repsol Group

Report on limited review of condensed consolidated interim financial statements and consolidated interim management report as at 30 June 2022

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Report on limited review of condensed consolidated interim financial statements

To the shareholders of Repsol, S.A. at the request of the Board of Directors

Introduction

We have performed a limited review of the accompanying condensed consolidated interim financial statements (hereinafter, the interim financial statements) of Repsol, S.A. (hereinafter, the Parent company) and investees comprising the Repsol Group (hereinafter, the Group), which comprise the balance sheet as at 30 June 2022, and the income statement, the statement of recognized income and expense, the statement of changes in equity, the statement of cash flows and related notes, all condensed and consolidated, for the six-month period then ended. The Parent company's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standards (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with legislation governing the Audit practice in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2022 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, as provided in Article 12 of Royal Decree 1362/2007, for the preparation of condensed interim financial statements.

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Emphasis of matter

We draw attention to note 1.3.1, in which it is mentioned that these interim financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying condensed consolidated interim financial statements should be read together with the consolidated annual accounts of the Group for the year ended 31 December 2021. Our conclusion is not modified in respect of this matter.

Other matters

Consolidated interim management report

The accompanying consolidated interim management report for the six-month period ended 30 June 2022 contains the explanations which the Parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this management report is in agreement with that of the interim financial statements for the six-month period ended 30 June 2022. Our work as auditors is limited to checking the consolidated interim management report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Repsol, S.A. and investees comprising the Repsol Group´s accounting records.

Preparation of this review report

This report has been prepared at the request of the Board of Directors of Repsol, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of Royal Legislative Decree 4/2015 of 23 October, approving the revised text of the Securities Market Law developed by Royal Decree 1362/2007, of 19 October.

PricewaterhouseCoopers Auditores, S.L.

Iñaki Goiriena Basualdu

28 July 2022

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REPSOL Group

Interim consolidated financial statements
1st Half

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

Repsol, S.A. and Investees comprising the Repsol Group
Balance sheet at June 30, 2022 and December 31, 2021

		€ Million	
ASSETS	Note	**06/30/2022**	**12/31/2021**
Intangible assets		3,137	3,497
Property, plant and equipment	3.1.1	22,114	21,726
Investments accounted for using the equity method	3.1.2	4,204	3,554
Non-current financial assets		1,360	1,249
Deferred tax assets		2,872	2,878
Other non-current assets		1,039	908
NON-CURRENT ASSETS		**34,726**	**33,812**
Non-current assets held for sale	3.1.9	—	605
Inventories	3.1.9	9,019	5,227
Trade and other receivables	3.1.9	11,837	8,238
Other current assets		509	326
Other current financial assets	3.1.6	2,955	2,451
Cash and cash equivalents	3.1.6	4,332	5,595
CURRENT ASSETS		**28,652**	**22,442**
TOTAL ASSETS		**63,378**	**56,254**

		€ Million	
EQUITY AND LIABILITIES	Note	**06/30/2022**	**12/31/2021**
Shareholders' equity		23,484	22,320
Other cumulative comprehensive income		1,436	94
Non-controlling interests		426	380
EQUITY	3.1.4	**25,346**	**22,794**
Non-current provisions		3,662	3,264
Non-current financial liabilities	3.1.5	9,215	10,185
Deferred tax liabilities and other tax items		2,434	2,022
Other non-current liabilities		914	671
NON-CURRENT LIABILITIES		**16,225**	**16,142**
Liabilities associated with non-current assets held for sale	3.1.9	—	460
Current provisions		1,258	1,024
Current financial liabilities	3.1.5	4,664	4,611
Trade and other payables	3.1.9	15,885	11,223
CURRENT LIABILITIES		**21,807**	**17,318**
TOTAL EQUITY AND LIABILITIES		**63,378**	**56,254**

Notes 1 to 7 are an integral part of the balance sheet.

Repsol, S.A. and Investees comprising the Repsol Group
Income statement for the interim periods ending June 30, 2022 and 2021

	Note	€ Million 06/30/2022	06/30/2021
Sales		38,182	20,742
Income from services rendered and other income		149	148
Changes in inventories of finished goods and work in progress		980	527
Other operating income		883	627
Procurements		(28,202)	(15,396)
Amortization of non-current assets		(1,113)	(982)
(Provision for)/Reversal of impairment provisions	3.2.2	(1,730)	(21)
Personnel expenses		(909)	(890)
Transport and freights		(777)	(530)
Supplies		(616)	(285)
Gains/(Losses) on disposal of assets		7	6
Other operating expenses		(3,190)	(2,222)
OPERATING INCOME	3.2.1	**3,664**	**1,724**
Net interest		(57)	(83)
Change in fair value of financial instruments		1,013	302
Exchange gains (losses)		(659)	63
Impairment of financial instruments		(22)	(6)
Other financial income and expenses		(165)	(106)
FINANCIAL RESULT	3.2.3	**110**	**170**
NET INCOME FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD [1]	3.1.2	544	117
NET INCOME BEFORE TAX		**4,318**	**2,011**
Income tax	3.2.4	(1,731)	(767)
CONSOLIDATED NET INCOME / (LOSS) FOR THE PERIOD		**2,587**	**1,244**
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		(48)	(9)
NET INCOME / (LOSS) ATTRIBUTABLE TO THE PARENT	2	**2,539**	**1,235**
EARNINGS PER SHARE ATTRIBUTABLE TO THE PARENT	3.2.5	**Euros / share**	
Basic		1.74	0.80
Diluted		1.74	0.80

[1] Net of taxes.

Notes 1 to 7 are an integral part of the income statement.

Repsol S.A. and Investees comprising the Repsol Group
Statement of recognized income and expense for the interim periods ending June 30, 2022 and 2021

	€ Million	
	06/30/2022	**06/30/2021**
CONSOLIDATED NET INCOME FOR THE PERIOD	**2,587**	**1,244**
Due to actuarial gains and losses	25	6
Investments in joint ventures and associates	23	11
Tax effect	(1)	—
OTHER COMPREHENSIVE INCOME. ITEMS NOT RECLASSIFIABLE TO INCOME	47	17
Cash flow hedging:	**(274)**	**6**
Valuation gains / (losses)	(336)	2
Amounts transferred to the income statement	62	4
Translation differences:	**1,486**	**332**
Valuation gains / (losses)	1,514	418
Amounts transferred to the income statement	(28)	(86)
Participation of investments in joint ventures and associates:	7	—
Valuation gains/(losses)	7	—
Tax effect	**123**	**24**
OTHER COMPREHENSIVE INCOME. ITEMS RECLASSIFIABLE TO INCOME	1,342	362
TOTAL OTHER COMPREHENSIVE INCOME	**1,389**	**379**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**3,976**	**1,623**
a) Attributable to the parent	3,928	1,613
b) Attributable to non-controlling interests	48	10

Notes 1 to 7 are an integral part of the statement of recognized income and expense.

Repsol S.A. and Investees comprising the Repsol Group
Statement of changes in equity for the interim periods ending June 30, 2022 and 2021

	Equity attributable to the parent and other equity instrument holders							
	Shareholders' equity							
€ Million	Share capital	Share premium and reserves	Treasury shares and own equity investments	Profit for the year attributable to the parent	Other equity instruments	Other cumulative comprehensive income	Non-controlling interests	Equity
Closing balance at 12/31/2020	**1,568**	**21,132**	**(162)**	**(3,289)**	**1,936**	**(890)**	**244**	**20,539**
Total recognized income/(expenses)	**—**	**17**	**—**	**1,235**	**—**	**361**	**10**	**1,623**
Transactions with partners or owners								
Share capital increase/(reduction)	(41)	(386)	427	—	—	—	—	—
Dividends and shareholder remuneration	—	(916)	—	—	—	—	—	(916)
Transactions with treasury shares and own equity investments (net)	—	28	(614)	—	—	—	—	(586)
Other equity variations								
Transfers between equity-line items	—	(3,289)	—	3,289	—	—	—	—
Subordinated perpetual obligations	—	(30)	—	—	336	—	—	306
Other variations	—	(5)	—	—	—	—	1	(4)
Closing balance at 6/30/2021	**1,527**	**16,551**	**(349)**	**1,235**	**2,272**	**(529)**	**255**	**20,962**
Total recognized income/(expenses)		**3**		**1,264**		**625**	**19**	**1,911**
Transactions with partners or owners								
Share capital increase/(reduction)	—	—	—	—	—	—	—	—
Dividends and shareholder remuneration	—	—	—	—	—	—	—	—
Transactions with treasury shares and own equity investments (net)	—	18	(292)	—	—	—	—	(274)
Other equity variations								
Transfers between equity-line items	—	—	—	—	—	—	—	—
Subordinated perpetual obligations	—	(33)	—	—	4	—	—	(29)
Other variations	—	1	—	—	4	(2)	2	5
Closing balance at 12/31/2021	**1,527**	**16,655**	**(641)**	**2,499**	**2,280**	**94**	**380**	**22,794**
Total recognized income/(expenses)		**47**		**2,539**		**1,342**	**48**	**3,976**
Transactions with partners or owners								—
Share capital increase/(reduction)	(75)	(723)	798	—	—	—	—	—
Dividends and shareholder remuneration	—	(951)	—	—	—	—	—	(951)
Transactions with treasury shares and own equity investments (net)	—	29	(500)	—	—	—	—	(471)
Increases/(reductions) due to scope changes	—	36	—	—	—	—	29	65
Other changes in equity								
Transfers between equity-line items	—	2,499	—	(2,499)	—	—	—	—
Subordinated perpetual obligations	—	(30)	—	—	(7)	—	—	(37)
Other variations	—	(1)	—	—	2	—	(31)	(30)
Closing balance at 6/30/2022	**1,452**	**17,561**	**(343)**	**2,539**	**2,275**	**1,436**	**426**	**25,346**

Notes 1 to 7 are an integral part of the statement of changes in equity.

Repsol S.A. and Investees comprising the Repsol Group
Statement of cash flows for the interim periods ending June 30, 2022 and 2021

	€ Million	
	06/30/2022	06/30/2021
Net Income before tax	**4,318**	**2,011**
Adjustments to net income:	**2,448**	**1,019**
Depreciation and amortization of non-current assets	1,113	982
Other (net)	1,335	37
Changes in working capital	**(3,630)**	**(1,030)**
Other cash flows from operating activities:	**(804)**	**(460)**
Dividends received	237	49
Income tax refunded/(paid)	(838)	(316)
Other proceeds from/(payments for) operating activities	(203)	(193)
CASH FLOWS FROM OPERATING ACTIVITIES	**2,332**	**1,540**
Payments for investments:	**(1,542)**	**(1,412)**
Group companies and associates	(122)	(246)
Property, plant and equipment, intangible assets and investment property	(1,209)	(648)
Other financial assets and others	(211)	(518)
Proceeds from divestments:	**139**	**455**
Group companies and associates	104	128
Property, plant and equipment, intangible assets and investment property	29	28
Other financial assets	6	299
Other cash flows from investment activities	**16**	**12**
CASH FLOWS FROM INVESTMENT ACTIVITIES	**(1,387)**	**(945)**
Proceeds from and (payments for) equity instruments:	**(383)**	**(107)**
Issuance	—	746
Repayment and redemption	—	(406)
Acquisition	(536)	(766)
Disposal	153	319
Changes in ownership interest in companies without loss of control:	**124**	**—**
Acquisition	—	—
Disposal	**124**	—
Proceeds from and (payments for) financial liability instruments:	**(1,264)**	**731**
Issuance	6,490	5,099
Return and amortization	(7,754)	(4,368)
Payments on shareholder remuneration and other equity instruments	**(508)**	**(146)**
Other cash flows from financing activities:	**(214)**	**(500)**
Interest payments	(193)	(180)
Other proceeds from/(payments for) financing activities	(21)	(320)
CASH FLOWS FROM FINANCING ACTIVITIES	**(2,245)**	**(22)**
EXCHANGE RATE FLUCTUATIONS EFFECT	**37**	**20**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,263)**	**593**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**5,595**	**4,321**
CASH AND CASH EQUIVALENTS AT END OF PERIOD:	**4,332**	**4,914**
Cash and banks	2,401	2,081
Other financial assets	1,931	2,833

Notes 1 to 7 are an integral part of the statement of cash flows.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(1) GENERAL INFORMATION

1.1 About these interim financial statements

The accompanying interim condensed consolidated Financial Statements of Repsol, S.A. and its investees, comprising the Repsol Group (hereinafter, "*Repsol,*" "*Repsol Group*", "*Group*" or "*Company*"), present fairly the Group's equity and financial position at June 30, 2022, as well as the Group's earnings performance, changes in equity and cash flows for the six-month period ending on the above date.

The interim consolidated Management Report for the first half of the year is published together with the interim financial statements. Both were approved by the Board of Directors of Repsol, S.A. at its meeting on July 27, 2022 and are available at www.repsol.com.

1.2 About Repsol

Repsol is a group of companies with a presence worldwide that, with a vision of being a multi-energy efficient, sustainable and competitive company, performs activities in the hydrocarbon sector throughout its entire value chain (exploration, development and production of crude oil and natural gas, refining, production, transportation and sale of a wide range of oil and petrochemical products, oil derivatives and natural gas), as well as activities for the generation and sale of electricity.[1]

The Group operates in several business segments, the main metrics of which are summarized below (metrics calculated according to the Group's reporting model, see Note 2.1):

	Revenue from ordinary activities[(1)]		Operating income		Adjusted net income		Free cash flow		Capital employed	
€ Million	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Exploration and Production	3,795	2,142	2,932	1,182	1,678	678	1,688	963	13,103	12,742
Industrial	19,676	10,478	1,898	307	1,393	239	(377)	55	13,130	10,368
Commercial and Renewables	16,748	9,366	316	312	215	228	353	137	4,238	4,347
Corporate and other	—	1	(252)	(122)	(109)	(186)	(210)	(200)	(94)	(109)
TOTAL	**40,219**	**21,987**	**4,894**	**1,679**	**3,177**	**959**	**1,454**	**955**	**30,377**	**27,348**

(1) Corresponds to the sum of the "Sales" and "Services rendered and other income."

Appendix IA of the consolidated financial statements for 2021 details the main companies that form part of the Repsol Group and that formed part of its scope of consolidation at that date. Appendix I of these interim financial statements contains the changes in the composition of the Group that have taken place during the first six months of 2022, the most significant of which are included in the next section.

The activities of Repsol, S.A. and its subsidiaries are subject to extensive regulation, as described in Appendix III to the consolidated financial statements for 2021. Appendix IV of these interim financial statements contains the main changes.

1.3 Criteria for preparing these interim financial statements

1.3.1 General principles

These interim financial statements have been prepared using the accounting records of the investee companies within the Group under the International Financial Reporting Standards adopted by the European Union (IFRS-EU) as of June 30, 2022, and, specifically, pursuant to the requirements set out in International Accounting Standard (IAS) 34 — *Interim Financial Reporting*, in addition to the other provisions of the applicable regulatory framework.

In accordance with the provisions of IAS 34, these interim financial statements are prepared exclusively to update the content of the most recent annual consolidated financial statements published, placing an emphasis on new activities, events and circumstances to have taken place during the first six months of the year, without duplicating the information published in the annual consolidated financial statements for the preceding year. To facilitate the correct understanding of information contained in these interim financial statements and given that they do not contain information required by comprehensive financial statements prepared pursuant to IFRS-EU, they must be read in conjunction with the Repsol

[1] For further information, see section 2.1 "Value chain" and business segments of the 2021 consolidated Management Report, available at www.repsol.com.

Group's 2021 consolidated financial statements, which were approved at the Annual General Meeting of Repsol, S.A. on May 6, 2022 and are available at www.repsol.com.

The Repsol Group prepares its interim financial statements to include its investments in all its subsidiaries, joint arrangements and associates, presenting them in millions of euros unless otherwise indicated.

1.3.2 Comparative information

Seasonality

The Group's activities comprise a range of different businesses and are carried out in an international environment. Therefore, the effect of the seasonality of some of its businesses (the most significant being effects related to liquefied petroleum gas (LPG), residential natural gas and electricity in Spain) is not material.

1.3.3 Future application of new accounting standards

The new accounting standards applied by the Group as of January 1, 2022 have had no significant impact on the financial statements, given their nature and scope.[2]

The following table breaks down the standards and amendments to standards issued by the IASB that will be mandatory in the future:

Standards and amendments to standards	
Adopted by the European Union	**Date of first application**
IFRS 17 *Insurance Contracts* (1)	January 1, 2023
Amendments to IAS 1 — *Disclosure of Accounting Policies*	January 1, 2023
Amendments to IAS 8 — *Definition of Accounting Estimates*	January 1, 2023
Pending adoption by the European Union	
Amendments to IAS 12 — *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	January 1, 2023
Amendments to IAS 1 — *Classification of Liabilities as Current and Non-Current*	January 1, 2023
Amendments to IFRS 17 — *Application of IFRS 17 and IFRS 9 — Comparative Information*	January 1, 2023
Amendments to IFRS 10 and IAS 28 — *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Undefined

(1) Includes the Amendments to IFRS 17 published by the IASB on June 25, 2020

The Group is analyzing the potential impact that these regulatory changes may have on its consolidated financial statements, although no significant impacts have been identified to date.

1.3.4 Accounting estimates and judgments

The preparation of interim financial statements calls for estimates and judgments to be made that affect the measurement of recognized assets and liabilities, the presentation of contingent assets and liabilities, and income and expenses recognized over the period. The results may be significantly affected depending on the estimates made.

These estimates are made on the basis of the best information available, as described in Note 3.5 "Accounting estimates and judgments" to the consolidated financial statements for 2021. In the first six months of 2022, there were no significant changes in the methodology for making estimates with regard to those made at 2021 year-end. However, certain assumptions used in these estimates and significant judgements have been revised and the assumptions regarding demand, margins and discount rates used to calculate the recoverable amount of the Group's refineries in Spain and Peru have also been updated (see Note 3.2.2).

[2] The standards applied from January 1, 2022 are as follows: i) Amendments to IFRS 3 — Reference to the Conceptual Framework; (ii) Amendments to IAS 16 — Sales of goods from assets under construction during the test period; (iii) Amendments to IAS 37 — Onerous Contracts: Costs of Fulfilling a Contract; and (iv) Annual Improvements to IFRS 2018-2020.

(2) SEGMENT INFORMATION

The segment information disclosed by the Group in this Note is presented in accordance with the disclosure requirements of IFRS 8 — Operating segments.

2.1 The Group's reporting model and definition of segments

The information provided in this Note, unless stated otherwise, has been prepared pursuant to the Group's reporting model and is reconciled with the IFRS-EU financial statements in Appendix III.

Some of these figures are classified as Alternative Performance Measures (APMs) in accordance with European Securities and Markets Authority (ESMA) guidelines (for further information, see Appendix I of the interim consolidated Management Report for the first half of 2022 and www.repsol.com).

Regarding the definition of segments, see the section "Report information" in the interim consolidated Management Report for the first half of 2022 and Note 4 of the 2021 consolidated financial statements (www.repsol.com).

2.2 Information by business segments

	€ Million	
Net Income/(loss) for the period	**06/30/2022**	**06/30/2021**
Exploration and Production	1,678	678
Industrial	1,393	239
Commercial and Renewables	215	228
Corporate and other	(109)	(186)
ADJUSTED NET INCOME	**3,177**	**959**
Inventory effect	1,206	489
Special items	(1,844)	(213)
NET INCOME	**2,539**	**1,235**

	€ Million									
	Operating Income		Operating cash flow		Free cash flow		Operating investments (1)		Capital employed	
Other figures	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Exploration and Production	2,932	1,182	2,458	1,287	1,688	963	746	418	13,103	12,742
Industrial	1,898	307	63	254	(377)	55	372	203	13,130	10,368
Commercial and Renewables	316	312	581	570	353	137	278	413	4,238	4,347
Corporate and other	(252)	(122)	(172)	(179)	(210)	(200)	39	27	(94)	(109)
TOTAL	**4,894**	**1,679**	**2,930**	**1,932**	**1,454**	**955**	**1,435**	**1,061**	**30,377**	**27,348**

(1) Includes investments accrued during the period.

2.3 Key events in the period

– Thanks to the favorable course that COVID-19 has taken over the first half of the year, we have witnessed a gradual recovery in both economic activity and mobility. However, the growing geopolitical tension stemming from **Russia's invasion of Ukraine** has exacerbated inflationary pressures by creating bottlenecks along the supply chain and triggering extraordinary volatility in financial and commodity markets. Although the Group successfully completed the sale of the last assets in Russia in January of this year (see Notes 4.3 and 3.1.8), the ongoing conflict has continued to affect the activities and results of the company's businesses, albeit unevenly (see section 3 "Results" of the Management Report for the first half of 2022). While the rise in hydrocarbon and derivative product prices has pushed up Exploration and Production realization prices and Refining margins, margins at the Mobility businesses in Spain (see Note 3.2.1) have been affected by the policy of discounting the sales prices of our products. Repsol has demonstrated its firm commitment to being there for its customers by offering, prior to the publication of Royal Decree-Law 6/2022, a discount of at least 10 cents per liter on the price of fuels sold via its distribution network to Repsol customers, employees and individuals who hold the Solred card or use the Waylet app. This measure was complemented by a discount of 5 cents per liter for other customers. These discounts, which are mutually compatible with the discount of 20 cents per liter offered by the Spanish Government on fuel retail prices, have been extended beyond 30 June 2022.

– During the first half of the year, further progress was made on various **divestment processes** which, in line with the 2021-2025 Strategic Plan, will enable us to focus our activities on the geographical areas that offer the greatest competitive advantages, accelerate the decarbonization of our operations and, in the case of renewables, support the asset rotation strategy. At the Exploration & Production segment, divestments in Malaysia, Ecuador, Russia and Greece have been completed. At Renewables, the sale of a 49% stake in the Valdesolar photovoltaic project (Badajoz) to The Renewables Infrastructure Group (TRIG) was completed (see Note 3.1.4) and an agreement was announced in May for the sale to Crédit Agricole Assurance and Energy Infrastructure Partners of a 25% stake in Repsol Renovables in exchange for €905 million (see Note 5), which will be completed in the second half of the year. The inclusion of partners reinforces the Strategic Plan's goal of achieving 6 GW by 2025 and new plans, including entry into new markets and technologies (offshore wind).

– As for the progress made in **transforming our businesses**, as envisioned in the 2021-2025 Strategic Plan, the Group has increased its low-emission generation capacity and achieved further internationalization of the Renewables business by following the acquisition of the Frye Solar photovoltaic project in Texas (USA), which will be the Group's largest installation to date (637 MW); the entry into operation of the Jicarillas photovoltaic project, also in the United States (63 MW); and, in Spain, the entry into operation of the first wind farms of the Delta II wind project (60 MW). The Commercial businesses have continued to drive digitalization on the path to achieving 8 million digital customers by 2025. The Waylet app, thanks to discount campaigns, has added one million new users during the half year to end June with 4.5 million users. To cement its status as a relevant player in the electricity and gas market in Spain, Repsol has continued to increase the number of customers to 1.4 million. For more information, see section 4.3 of the Management Report for the first half of 2022.

  At the Industrial segment, Repsol made further progress in transforming its industrial facilities into energy hubs, capable of generating products with a low, zero or even negative carbon footprint. In early March, work began on Spain's first advanced biofuels plant, which is being built at the Cartagena refinery, and a stake was acquired in the Canadian company Enerkem, a world leader in the production of renewable fuels and chemical products through the gasification of non-recyclable waste, for €54 million. Another of the pillars identified by the company to achieve a more sustainable industry is renewable hydrogen, where Repsol has been leading the SHYNE (Spanish Hydrogen Network) project, a Spanish consortium made up of 33 entities from different sectors that will deploy projects expected to generate more than 13,000 jobs. For more information, see section 4.2 of the Management Report for the first half of 2022.

– Turning to Repsol's financial structure, during the first half of the year: (i) the outstanding bonds issued by Repsol Oil & Gas Canada Inc. were **repurchased** for a nominal amount of $412 million; (ii) a bond issued by RIF for a nominal amount of €500 million was canceled at maturity; and (iii) the financial debt (project finance) associated with the Saint John LNG regasification plant was canceled for €586 million. The main credit rating agencies have confirmed Repsol's **investment grade** rating, with Standard & Poor's upgrading its outlook from stable to positive (see Note 3.1.5. and section 3.3 of the Management Report for the first half of 2022).

– Under the 2021-2025 Strategic Plan, shareholder **remuneration** in the first half of the year consisted of the payment in January of a cash dividend of €0.30 gross per share, for a total amount of €439 million, charged to voluntary reserves from retained earnings, and a capital reduction through the redemption of 75 million own shares (see Note 3.1.4). In July, an additional dividend of €0.33 gross per share was paid to shareholders out of 2021 earnings, for a total of €471 million.

(3) MAIN CHANGES IN THE FINANCIAL STATEMENTS

This section outlines the most significant changes affecting the balance sheet, the income statement and the statement of cash flows headings in the period.

3.1 Balance Sheet

3.1.1 Property, plant and equipment

Investments in "*Property, plant and equipment*" largely relate to Exploration & Production assets in the US (Eagle Ford, Marcellus and Gulf of Mexico), Norway and Peru, at Industrial (in the Refining and Chemical businesses for the maintenance and improvement of the activities of the industrial complexes, while significant investments and decarbonization projects are being implemented), and at Renewables, in the organic development of projects and in the acquisition of a 100% stake in the companies Jicarilla Solar 1 LLC, Jicarilla Storage 1 and Hecate Energy Frye Solar LLC, which include solar projects such as Jicarilla 1 and Frye solar, respectively.

The change in this heading compared to December 2021 is also down to the recognition of impairment and dismantling provisions (see Note 3.2.2), as well as an increase in translation differences following the appreciation of the dollar against the euro compared to the end of 2021.

Investment commitments

During the first half of the year, several investment commitments for property, plant and equipment were signed for the construction of facilities for the supply and assembly of renewable technology equipment for the development of wind power generation projects in Spain and photovoltaic projects in the United States, for a total of €351 million to be paid out between 2022 and 2024.

3.1.2 Investments accounted for using the equity method

Repsol accounts for investments in joint ventures and associates in which it has a stake using the equity method. Note 13 to the consolidated financial statements for 2021 describes the Group's most significant investments. The breakdown of the balance at June 30 is as follows:

	€ Million	
	Carrying amount	
	06/30/2022	12/31/2021
Joint ventures	3,823	3,349
Associates [1]	381	205
TOTAL	**4,204**	**3,554**

[1] Includes mainly the stake in Hecate Energy LLC, in Enerkem Inc., in Oleoductos de Crudos Pesados (OCP) and in Salamanca Infrastructure LLC.

The changes in this heading during the period were as follows:

	€ Million	
	06/30/2022	06/30/2021
Balance at December 31	**3,554**	**5,897**
Net investments	8	13
Changes in scope of consolidation [1]	76	163
Net income from investments accounted for using the equity method [2]	544	117
Dividends paid out [3]	(301)	(62)
Translation differences	297	87
Reclassifications and other movements [4]	26	(2,700)
Balance at June 30	**4,204**	**3,515**

[1] In 2022, this heading includes the acquisition of 11.07% of Enerkem (a Canadian leader in gasification technology, producing renewable methanol and ethanol from municipal solid waste and other materials). In 2021, it includes the acquisition of 40% of Hecate Energy LLC, a company operating in the US renewable energy market.

(2) The increase is mainly due to those businesses that benefited from the rise in hydrocarbon prices during the period. This heading does not include "Other comprehensive income" amounting to €275 million at June 30, 2022 (€236 million for joint ventures and €39 million for associates) and €98 million at June 30, 2021 (€94 million for joint ventures and €4 million for associates).
(3) In 2022, mainly Repsol Sinopec Brasil (RSB), YPFB Andina, S.A. and Sierracol. In 2021, mainly Oleoductos de Crudos Pesados (OCP) and Sierracol.
(4) In 2021, it included the assignment of financial assets of Repsol Sinopec Brasil, B.V. to its owners.

3.1.3 Financial structure

The determination of the target financial structure takes into account a leverage ratio that ensures the Group's financial strength, defined as the relationship between net debt and capital employed. These ratios, as calculated on June 30, 2022 and December 31, 2021, are detailed below (for more information see section 3.3 of the interim consolidated Management Report for the first half of 2022):

€ Million	**06/30/2022**	**12/31/2021**
Equity	25,346	22,794
Net financial debt [1]	5,031	5,762
Capital employed [1]	30,377	28,556
Leverage ratio (%)	**16.6**	**20.2**

(1) Alternative Performance Measure. Regarding the reconciliation of these figures with those established in IFRS-EU, see Appendix II of the interim consolidated Management Report for the first half of 2022.

3.1.4 Equity

	€ Million	
	06/30/2022	**12/31/2021**
Shareholders' equity:	**23,484**	**22,320**
Share capital	1,452	1,527
Share premium and reserves:	17,561	16,655
Share premium	4,038	4,038
Legal reserve	314	314
Retained earnings and other reserves [1]	13,209	12,303
Treasury shares and own equity investments	(343)	(641)
Profit for the year attributable to the parent	2,539	2,499
Other equity instruments	2,275	2,280
Other cumulative comprehensive income	**1,436**	**94**
Equity instruments with changes through other comprehensive income	(5)	(4)
Hedging transactions	(155)	51
Translation differences	1,596	47
Non-controlling interests	**426**	**380**
TOTAL EQUITY	**25,346**	**22,794**

(1) This heading includes the transfer from income for the year attributable to the Parent for 2021 and 2020. It includes a reserve for retired capital amounting to €355 million, which is equivalent to the nominal value of the shares retired in the capital reductions for the 2021–2018 period carried out under the "Repsol Flexible Dividend" program (see the "*Shareholder remuneration*" section of this Note).

Share Capital

Following the capital reduction carried out in May through the redemption of 75 million own shares described in the following section of this note on "*Shareholder remuneration*", the share capital of Repsol, S.A. at June 30 amounted to €1,452,396,053, all fully subscribed for and paid up, and represented by 1,452,396,053 shares with a par value of 1 euro each. According to the latest available information, the significant shareholders of Repsol, S.A. are:

	% of voting rights attributed to shares		**% of voting rights through financial instruments**	**% of total voting rights**
Significant shareholders	**Direct**	**Indirect**		
BlackRock, Inc. [1]	—	5.306	0.169	5.475
Amundi, S.A. [2]	—	3.203	—	3.203
Norges Bank	3.017	—	—	3.017

(1) BlackRock, Inc. holds its stake through various controlled entities. The information is based on the declaration filed by this company with the CNMV on May 2, 2022 regarding the share capital figure of 1,527,396,053 shares.
(2) Amundi, S.A. holds its stake through various controlled entities. The information is based on the declaration filed by this company with the CNMV on February 14, 2022 regarding the share capital figure of 1,567,890,563 shares.

Treasury shares and own equity investments

The main transactions undertaken by the Repsol Group involving treasury shares[3] were as follows:

	No. of shares	Amount (€M)	% capital
Balance at 12/31/2021	**64.110.571**	**641**	**4.20 %**
Market purchases (1)	46.890.181	643	3.23 %
Market sales (1)	(10.594.684)	(143)	0.73 %
Capital reduction (2)	(75.000.000)	(798)	5.16 %
Balance at 06/30/2022	**25,406,068**	**343**	**1.75 %**

(1) Includes transactions within the framework of discretionary treasury stock transactions described in the Repsol Group's Internal Code of Conduct in the securities market.
(2) Includes the redemption approved by the Annual General Meeting of 75,000,000 treasury shares (see section on "*Shareholder remuneration*" of this Note).

Additionally, there are derivatives on treasury shares described in Note 3.1.7

Shareholder remuneration

Shareholder remuneration at Repsol, S.A. during the six-month period ended June 30, 2022 is as follows:

- In January, a cash dividend of €0.30 gross per share was paid out of voluntary reserves from retained earnings for a total amount of €439[4] million.
- In May, the capital reduction approved at the Annual General Meeting for 2022, under agenda item seven, was carried out through the redemption of 75,000,000 own shares, with a par value of one euro each. The share capital resulting from the reduction was set at 1,452,396,053 shares (see previous section of this note on "*Share capital*").

In addition, in July, a cash dividend of €0.33 gross per share was paid out of 2021 earnings, for a total amount of €471[4] million.

The Annual General Meeting held on 6 May approved the distribution of a further dividend of €0.325 gross per share charged to unrestricted reserves, to be paid in January 2023, on a date to be determined by the Board of Directors, as recorded under "*Trade and other payables*" in the balance sheet.

Lastly, the Board of Directors, at its meeting on July 27 this year, approved another capital reduction through the redemption of 75 million treasury shares with a par value of one euro each.

Non-controlling interests

In March 2022, the 49% stake in the Valdesolar photovoltaic farm was sold to The Renewables Infrastructure Group (TRIG) in exchange for €117 million. The facility has been fully operational since the third quarter of 2021 and has a total installed capacity of 264 megawatts (MW).

[3] The Annual General Meeting held on May 6, 2022 granted authorization to the Board of Directors, for a term of five years, to acquire Repsol shares, whether directly or through subsidiaries, up to a maximum number of shares which, once added to the number of shares already held by Repsol and any of its subsidiaries, does not exceed 10% of the Company's capital and for a price or value of consideration that may not be less than the par value of the shares or exceed their quoted price.

[4] Remuneration paid to outstanding shares of Repsol, S.A. conferring the right to receive the dividend.

3.1.5 Financial resources

	€ Million	
	06/30/2022	**12/31/2021**
Non-current financial liabilities:		
Non-current financial liabilities [(1)]	9,215	10,185
Non-current trade operation derivatives [(2)]	354	180
Current financial liabilities:		
Current financial liabilities [(1)]	4,664	4,611
Current trade operation derivatives [(3)]	1,350	871
Total financial liabilities	**15,583**	**15,847**

[(1)] The change is mainly down to the maturity of bonds and the early cancellation of bonds and banks borrowings.
[(2)] Recognized under "*Other non-current liabilities*" on the balance sheet.
[(3)] Recognized under "*Trade and other payables*" in the balance sheet.

Bank borrowings

During the first half of 2022, the loans (principal and interest) arranged to finance the investment in the Saint John LNG project in Canada and the associated financial derivatives were repaid, leading to the derecognition of bank borrowings for a total of $586 million.

Key issue in the first half of 2022[5]

In May 2022, the bond issued by Repsol International Finance B.V. (RIF) in May 2017 under the EMTN Program for a nominal amount of €500 million and a fixed annual coupon of 0.500% was redeemed.

In the first half of the year, all outstanding bonds issued by Repsol Oil & Gas Canada Inc. (ROGCI) were repurchased, for a total nominal amount of $412 million, as follows:

ISIN	Issuer	Date of issue	Currency	Nominal amount (millions)	Average rate %	Maturity
US87425EAE32	Repsol Oil & Gas Canadá Inc.	Oct-97	Dollar	50	7.250%	Oct-27
US87425EAH62	Repsol Oil & Gas Canadá Inc.	May-05	Dollar	88	5.750%	May-35
US87425EAJ29	Repsol Oil & Gas Canadá Inc.	Jan-06	Dollar	102	5.850%	Feb-37
US87425EAK91	Repsol Oil & Gas Canada Inc.	Nov-06	Dollar	115	6.250%	Feb-38
US87425EAN31	Repsol Oil & Gas Canada Inc.	May-12	Dollar	57	5.500%	May-42

Meanwhile, Repsol Europe Finance, S.à.r.l. (REF) runs a Euro Commercial Paper (ECP) program, secured by Repsol, S.A., for a maximum total of €3,000 million. Commercial paper was issued and redeemed under this program during the period, with the outstanding balance at June 30, 2022 being €1,481 million (€1,418 million at December 31, 2021).

At the date of authorization for issue of these interim consolidated financial statements, the Repsol Group is not in default of any type of obligation that might trigger the acceleration or early maturity of its financial commitments.

For further details on financial liabilities (including the outstanding balance of obligations and negotiable securities), see Appendix II.

Sustainable finance framework

In March 2022, the sustainable finance framework (or "Framework", available at www.repsol.com) was updated to include the new transition pathway published on "Low Carbon Day". For further information, see section 3.3 of the consolidated Management Report for the first half of the year.

[5] Main issues in the first half of 2021: In May 2021, RIF issued bonds guaranteed by Repsol S.A. under the EMTN Program worth a total of €300 million, maturing in May 2023 and paying a variable coupon equivalent to Euribor 3M plus 70 basis points.

3.1.6 Financial assets

	€ Million	
	06/30/2022	**12/31/2021**
Non-current assets		
Non-current financial assets	1,360	1,249
Non-current trade operation derivatives (1)	219	133
Current assets		
Other current financial assets	2,955	2,451
Current trade operation derivatives (2)	927	1,027
Cash and cash equivalents (3)	4,332	5,595
Total financial assets	**9,793**	**10,455**

(1) Recognized under "*Other non-current liabilities*" on the balance sheet.
(2) Recognized under "*Trade and other receivables*" on the balance sheet.
(3) The variation is explained by the change in cash and cash equivalents in the period (see the consolidated statement of cash flows and Note 3.3).

For further details on financial assets, see Appendix II.

3.1.7 Derivatives

Derivatives on own shares

At 30 June 2022, the Group had arranged options on a total of 75 million Repsol shares (50 million from the acquisition of call options and 25 million from the sale of put options). The main features of these options, which are measured at fair value with changes in the heading "*Changes in fair value of financial instruments*" in the income statement, are described in Note 9.2 to the consolidated financial statements for 2021. The impact on the income statement for the half-year period amounted to €177 million.

During the first half of 2022, equity swaps arranged in 2021 on a volume of 25 million shares were settled early, at an average exercise price of €10.50 per share and originally due to mature in July and August 2022. Additionally, equity swaps were arranged on a total of 10 million shares at an average exercise price of €14.44 per share and with contractual maturity in September 2022. Repsol has the option to settle them by physical delivery or by differences. These instruments are measured at fair value with changes in the heading "*Changes in fair value of financial instruments*" in the income statement. The impact on the income statement for the first half of the year amounted to €112 million.

3.1.8 Financial risks

As described in Note 10 to the 2021 consolidated financial statements, the Group's own activities are exposed to several types of financial risk: market risk, liquidity risk and credit risk and which have been affected to a greater or lesser extent by the international crisis caused by the war in Ukraine and the ensuing market volatility. The information at June 30 is updated as follows:

Market risk

Exchange rate risk

The Group's profit and equity are exposed to fluctuations in the exchange rates of the currencies in which it transacts, with the US dollar generating the greatest level of exposure. The US dollar-euro exchange rate at June 30, 2022 and at December 31, 2021 , with a stronger dollar due to the impact that the war has had on the money markets, was as follows:

	June 30, 2021		June 30, 2021		December 31, 2021	
	Closing rate	**Accumulated average rate**	**Closing rate**	**Accumulated average rate**	**Closing rate**	**Accumulated average rate**
US dollar	1.04	1.09	1.19	1.21	1.13	1.18

The sensitivity of net income and equity to exchange rate risk, as a result of the effect on the financial instruments held by the Group at June 30, due to the appreciation or depreciation of the euro against the dollar, is illustrated below:

	Appreciation (+) / depreciation (-) in exchange rate	€ Million	
		06/30/2022	12/31/2021
Effect on net income after tax	5%	1	4
	(5)%	(1)	(3)
Effect on equity	5%	(144)	234
	(5)%	130	(211)

At 30 June 2022, the Group had no exposure to the ruble.

Interest rate risk

The Group's results and equity are exposed to changes in interest rates in the markets in which it operates. Amid the ongoing war in Ukraine, the European Central Bank has decided to reduce its bond-buying stimulus plan initiated in March 2020 in response to rising inflation and to raise interest rates, which may increase the cost of debt and limit access to capital markets.

The sensitivity of net income and equity, as a result of the effect of fluctuations in interest rates on the financial instruments held by the Group at June 30, is shown in the following table:

	Increase (+) / decrease (-) in interest rates (basis points)	€ Million	
		06/30/2022	12/31/2021
Effect on net income after tax	50 b.p.	13	19
	-50 b.p.	(13)	(18)
Effect on equity	50 b.p.	2	38
	-50 b.p.	(2)	(39)

NOTE: Changes at 30 June 2022 have been annualized for financial assets and liabilities.

In connection with the process of transitioning to new benchmark interest rates currently underway in various jurisdictions worldwide, the Group has carried out a review of the contracts reached in accordance with the timetable foreseen for the reform, mainly affecting loans and credit lines. For more information, see Appendix II.

Commodity price risk

During the first half of the year, the price of commodities rose sharply amid the energy crisis and shortage of commodities due to the international sanctions imposed on Russia following the outbreak of the war in Ukraine.

At June 30, 2022 an increase or decrease of 10% in commodity prices would have approximately led to the following changes in net income and in equity as a result of changes in value in the financial derivatives:

	Increase (+) / decrease (-) in commodity prices	€ Million	
		06/30/2022	12/31/2021
Effect on net income after tax	+10%	(106)	(69)
	(10)%	106	69
Effect on equity	+10%	(125)	(35)
	(10)%	127	35

NOTE: A +/-50% change in commodity prices would have had an estimated impact of €(527) million and €527 million on net income, respectively, and €(620) million and €661 million on equity, respectively.

The sensitivity of the derivatives to increases in commodity prices partially offsets the adverse exposure of Repsol's physical operations -in inventories- inherent to its activity.

Liquidity risk

At June 30, 2022, cash and other liquid financial instruments[6] and credit lines were sufficient to cover short-term debt maturities by 2.4 times (2.3 times at December 31, 2021).

There were also undrawn credit lines for an amount of €2,747 million (€2,664 million at December 31, 2021). At the end of the period, liquidity stood at €8,975 million (€10,283 million at December 31, 2021), including undrawn committed credit facilities.

In an international environment heavily affected by the war in Ukraine, and within the framework of the Group's financial policy, Repsol has ensured the ready availability of funds so as to be able to honor its obligations and see its business plans through to completion, guaranteeing at all times the optimum level of liquid resources and seeking absolute efficiency in the management of funds.

Credit risk

The Company updated its customer credit risk management model using economic forecasts for the main countries where it operates, without this having a significant impact on the Group's financial statements from a change in the payment behavior of debtors.

For credit risk arising from financial instruments relating to operations in Venezuela, see Note 21.3 to the consolidated financial statements for 2021.

The Group's credit risk on trade receivables is not significantly concentrated as it is spread out among a large number of customers and other counterparties. The maximum net exposure to a third party after its trade receivables have become impaired, including official bodies and public sector entities, does not exceed 4.8%.

3.1.9 Current assets and liabilities

The heading "*Assets held for sale and related liabilities*" shows the derecognition of assets and liabilities following the sale of producing assets in Malaysia (including the interests in the PM3 CAA, Kinabalu and PM305/314 blocks) and in Ecuador (blocks 16 and 67) of the Exploration and Production segment, whose sale was pending certain conditions precedent at 31 December 2021.

The increases reported under "*Inventories*" are largely down to the increase in average Brent crude oil prices (+78.6% / +51.5€/bbl) and, to a lesser extent, by the increase in crude oil and product inventories to meet higher levels of demand and ensure adequate supply levels in the current environment.

"*Trade and other receivables*" increased mainly as a result of increased activity across all businesses (higher sales) in response to higher demand following the easing of mobility restrictions and prices increases.

"*Trade and other payables*" was also up due to increased activity (higher purchases).

3.2 Income Statement

On the same date as these interim consolidated Financial Statements, Repsol published its interim consolidated Management Report for the first half of 2022, which contains a detailed explanation of these results and other performance figures, available at www.repsol.com.

3.2.1 Operating net income

Revenue from ordinary activities

The distribution, by country, of revenue from ordinary activities ("*Sales*" and "*Income from services rendered*" headings) by country in the first six months is as follows:

[6] Includes immediately available time deposits recorded under "Other current financial assets" amounting to €1,334 million.

€ Million	06/30/2022	06/30/2021
Spain	23,930	9,766
Peru	2,452	1,198
United States	1,894	1,555
Portugal	1,661	1,040
Other	8,394	7,331
Total [(1)]	**38,331**	**20,890**

[(1)] The distribution by geographical area has been drawn up based on the markets to which the sales or services rendered are destined.

Ordinary income by business segment for the first six months is shown below:

€ Million	06/30/2022	06/30/2021
Exploration and Production	2,333	1,321
Industrial	19,376	10,305
Commercial and Renewables	16,622	9,264
Total	**38,331**	**20,890**

The increase in revenue in the first half is explained by: (i) an increase in realization of crude and gas prices at the Exploration and Production businesses, (ii) increased demand and higher prices for oil and petrochemical products at Refining, (iii) at Commercial and Renewables due to an increase in sales and in the number of customers in the retail supply of gas and electricity and increased power generation at Renewables, in an environment of high electricity prices.

Pursuant to Royal Decree-Law 6/2022 of March 29, adopting urgent measures within the framework of the National Plan to respond to the economic and social consequences of the war in Ukraine, an extraordinary and temporary rebate was approved, which has been in force from April 1 to June 30 (having been subsequently extended until December 31, under the terms of Royal Decree-Law 11/2022 of June 26), on the retail price of certain energy products and additives. The Group has offered discounts of €0.30/liter (which includes the Government rebate of €0.20/liter and an additional discount of €0.10/liter provided by Repsol on all refueling paid through the Waylet app or using the Solred card) and of €0.25/liter (Government discount of €0.20/liter and an additional discount of €0.05/liter for other customers). As a result, sales revenue was recorded for both the amount collected from customers and the credit receivable from the tax authorities of €0.20/liter (in accordance with Consultation 4 of BOICAC 129), but reduced to reflect the €0.10/liter or €0.05/liter as an additional discount. These additional discounts, excluding the rebate – which is neutral in the Group's income statement –, had a negative impact on the results of the Commercial and Renewables segment in the first half of the year and, in particular, on those of the Mobility business as a result of the more than €150 million of discounts applied by Repsol on the sale price of fuels at service stations in Spain (see section 3.1 – Results of the Management Report for the first half of 2022) and were extended as of July 1 and throughout the summer, when the roads are very busy.

Changes in inventories of finished goods and work in progress

The income recognized under this heading is explained by the rise in prices in the period for finished goods and work in progress at the industrial complexes, and the unsold inventories in the hydrocarbon exploration and production businesses.

Procurement

In the first half of 2022, the higher costs of "*Procurement*" were mainly due to higher purchase volumes because of higher activity and the rise in prices of raw materials of industrial complexes.

Asset impairment provisions/(reversals)

Impairment totaling -€1,730 million was recognized in the first half of 2022, relating mainly to impairment of the Group's refineries in Spain and Peru and, to a lesser extent, exploratory assets at the Exploration and Production segment and mobility assets at the Commercial and Renewables segment (see Note 3.2.2).

Transport and freight

The increase in "*Transport and freight*" is a product of higher prices in the freight market.

Gains/(loss) on disposal of assets

In the first half of 2022, gains (€47 million) and losses (-€40 million) on disposal of assets related mainly to the sale of production assets in Malaysia (including the interests in the PM3 CAA, Kinabalu and PM305/314 blocks) and in Ecuador (blocks 16 and 67), respectively, at the Exploration and Production segment.

Other operating expenses

The increase in expenses is mainly explained by the reduction in the value of derivatives and commitments over commodities, (mainly at the wholesale businesses and at Gas Trading in North America) and higher expenses for CO_2 consumption (higher prices and activity at industrial complexes).

3.2.2 **Asset impairment**

Russia's invasion of Ukraine and the ensuing war between the two nations (see Notes 2.3 and 4.3) has led to significant changes both in public energy policies and in the dynamics of crude oil and product markets, not only in the short term but also in the medium and long run. In this new context, the Group has reviewed the recoverable amount of those cash-generating units where indications of impairment have been identified.

Provisions during the period amounted to €1,730 million before tax (€1,230 million after tax) and mainly relate to:

– Refineries in Spain at the Industrial segment. An impairment loss of -€1,162 million before tax was recorded.

  In the short term, the war and the sanctions imposed on Russia have caused disruptions along supply chains, making raw materials more expensive and reducing the supply of products, which has led to a widespread rise in prices and a strengthening of industrial margins. However, in its longer-term projection, during 2022 the new dynamics to have arisen from the conflict would appear to be conducive to an acceleration of the energy transition in Europe and other public policies that could reduce the competitiveness of the traditional refining industry in Spain, notably the new *RePowerEU* roadmap for decarbonization, the decision to bring forward the ban on the sale of combustion engine vehicles and the announcement of fiscal measures that will increase the taxation of fossil fuel consumption or the profits of Oil&Gas companies. In addition, the restructuring of supply chains in the crude oil and oil derivatives markets -especially in the supply of heavy crude oil- could have an impact on refinery supply alternatives. All of these factors have dampened expectations as to future use and profitability of certain traditional units and facilities present at our industrial refining complexes, which, as already envisioned in Repsol's strategic plan, will have to undergo a profound transformation to ensure their sustainability.

  Given this outlook, the activity, utilization ratios and profitability forecasts for certain refining units were downgraded at June 30, 2022. In addition, the decommissioning obligations associated with those production units that are not expected to be reconverted have been consistently reassessed, in accordance with the best estimate of the expected cost at the corresponding settlement dates.

  Lastly, as a result of the general increase in risk and interest rates, there has been an increase in the WACC rate (7.9%[7]) we use to discount the future cash flows that we expect to obtain from the operation of the assets, which has also negatively affected the valuation of our Refining business.

– La Pampilla refinery (Peru), at the Industrial segment: An impairment loss of -€300 million before tax was recognized.

  In Peru, wholesale margins have been downgraded, bringing them in line with those likely to be seen amid an international context of high prices, a complex political-social landscape and increased competition from all operators, including importers from the Gulf of Mexico. In addition, and for the reasons explained previously, the WACC discount rate has increased (9%[7]).

– Mobility business assets in Mexico at the Commercial and Renewables segment were affected not only by the worsening situation within the international commodity markets, but also by recent developments in the local political and regulatory environment, leading to impairment charges of -€61 million before tax.

[7] The pre-tax WACC rates are 10.2% and 11.7% after tax for Refining Spain and Peru, respectively.

– Various exploration assets in South East Asia and Latin America at the Exploration and Production segment: Impairment of -€136 million before tax was recognized. These assets are unlikely to be commercially viable, given the new productivity forecasts and delays in implementing the development plans needed to bring these assets into production.

  The recoverable value of the impaired assets comes to roughly €9,000 million.

3.2.3 Financial results

Repsol's financial result was down on the first half of 2021. The increased gains from one-off dollar/euro exchange rate positions and derivatives on treasury stock (see Note 3.1.7), as recognized under "*Change in fair value of financial instruments*" and, to a lesser extent, lower interest on debt, were offset by an increase in negative "*Translation differences*" and the impacts of the early cancellation of the ROGCI bonds, as recognized under "*Other financial income and expenses*".

3.2.4 Income tax

The effective tax rate[8] applicable to income before taxes and before the results of entities accounted for using the equity method was 46% (income tax expense of -€1,731 million). In 2021, the effective tax rate on such income was -40% (income tax expense of -€767 million).

3.2.5 Earnings per share

Earnings per share in the first six months of 2022 and 2021 are detailed below:

EARNINGS PER SHARE	06/30/2022	06/30/2021
Profit attributable to the parent (€ million)	2,539	1,235
Adjustment for perpetual subordinated bond (€ million) (1)	(30)	(34)
Weighted average number of shares outstanding on June 30 (millions of shares)	1,446	1,502
Basic and diluted earnings per share (euros/share)	**1.74**	**0.80**

(1) At June 30, 2021, reflects the costs of amortization of a bond issued in March 2015 (see Note 6.4 to the 2021 consolidated Financial Statements).

3.3 Cash Flows

In the first half of the year, **cash flows from operating activities** amounted €2,332 million, compared to €1,540 million in the first half of 2021. The increase is largely due to higher revenues from rising hydrocarbon and derivative product prices – due to the volatile environment to have arisen from the war in Ukraine – and increased demand for products, as economic activity picks up following the easing of mobility restrictions; partially offset, however, by the impact of higher inventory costs (due to both prices and volumes of inventories at the industrial and commercial businesses) and higher taxes.

In the first half of 2021, **net cash flow from investing activities** resulted in a net outflow of €-1,387 million. "*Payments for/ receipts from investments in property, plant and equipment, intangible assets and investment property"* (€-1,209 million) increased when compared with the comparison period, reflecting increased investments at Exploration and Production – notably the payment made for the producing gas assets acquired from Rockdale Marcellus in 2021 and the development of new wells and installations in the United States – as well as refinery and petrochemical plant upgrades. "*(Payments)/ proceeds from investments in Group entities and associates*" (-18 million) mainly reflects the payment made to acquire a stake in Enerkem (leader in fuel technology and renewable chemical products), the acquisition of renewable energy projects in the United States (Jicarilla and Frye Solar), and the proceeds received from the divestments in Malaysia and Russia. For further information, see sections 3.1, 4.1 and 4.2 of the Management Report for the first half of 2022.

During the first half of 2022, **net cash flow from financing activities** resulted in a net payment of €-2,245 million compared to a net payment of € -22 million in 2021, which is explained by the net redemptions of issuances and the early cancellation of debt instruments (ROGCI bonds – project finance – for Saint John) (see Note 3.1.5), investment in treasury stock (share repurchase programs), higher dividend payouts (*"Flexible Dividend"* in 2021), and the cash obtained from the sale of 49% of the Valdesolar renewable energy asset.

In short, *Cash and cash equivalents* was down €-1,263 million on December 31, 2021 to reach €4,332 million, which forms part of the Group's liquidity (see Note 3.1.8).

8 To estimate the income tax accrued for interim periods, the estimated annual effective tax rate is applied. However, the tax effects resulting from one-off events of transactions in the period are considered as an integral part thereof.

(4) RISKS

4.1 Disputes

The information provided in this section updates the following disputes set out in Note 15.2 to the consolidated financial statements for 2021:

Peru

On May 13, 2022, the Peruvian National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI) announced the filing of a civil lawsuit against Repsol, S.A., Refinería La Pampilla, S.A.A. (RELAPASAA), Repsol Comercial, S.A.C (RECOSAC), among other defendants, seeking compensation of $4.500 million for causing the oil spill at the Pampilla Refinery facilities (see Note 4.4), of which $3.000 million would correspond to direct damages and $1.500 million to moral damages suffered by consumers, users and third parties affected by the spill.

Repsol has immediately responded by describing the lawsuit as unfounded, unjustified and incongruent, because it fails to address the causes of the accident, nor the clean-up and remediation work that Repsol has already carried out, nor the channels that have been set up with alongside the Peruvian government to provide support and compensation to those affected by the spill. Ultimately, the figures being sought in the lawsuit have absolutely no basis or founding and INDECOPI has no legal standing to bring the action. Notably, it had previously declared itself as having no standing to pursue the claim.

In addition to Repsol, S.A., RELAPASAA and RECOSAC, the lawsuit has been filed against the insurance company Mapfre, the shipping company Transtotal Marítima and Fratelli d'amico Armatori as operators of the vessel.

The lawsuit filed has yet to be admitted by the corresponding judge and therefore notice of commencement of proceedings has yet to be served on Repsol.

4.2 Government and legal proceedings with tax implications

The information contained in Note 23.4 to the consolidated financial statements for 2021 is presented below, with the following changes and developments:

In Spain, in the case partially estimated by the Audiencia Nacional (relating to the treatment of losses from foreign investments for tax years 2007 to 2009), finally no appeal in cassation was lodged with the Supreme Court, meaning that the decision is now final.

In Brazil, Repsol Sinopec Brasil, S.A. received corporate income tax (known as "CSLL") assessments for the 2017 fiscal year, in which the tax authorities questioned the way in which the company had calculated the deduction of income tax paid abroad. These assessments have been appealed and are currently awaiting the decision of the first administrative instance. The Company believes that its actions were lawful and in line with general industry practice.

In Canada, the tax authorities have closed corporate income tax inspection proceedings for fiscal year 2016 without any significant adjustments made, and have initiated inspection proceedings for international transactions carried out over the period 2016 to 2018.

In Peru, in relation to the lawsuit ongoing with the tax office (SUNAT) for the 2014 income tax of RELAPASAA, in which the authorities questioned the transfer prices for certain sales and purchases, a favorable ruling has been handed down, annulling almost in its entirety the amount originally sought by SUNAT. The company also plans to appeal the ruling in relation to the part not annulled.

4.3 Geopolitical risks

The information in this section updates the content of Note 21.3 to the consolidated financial statements for 2021.

Venezuela

In 2022, the political and economic[9] situation described in Note 21.3 of the 2021 consolidated financial statements remained very much present. However, the outlook has improved somewhat following the incipient easing of the U.S. Government's coercive measures[10] against Venezuela.

Repsol continues to adopt the necessary measures to continue its activities in Venezuela in full compliance with applicable international sanctions, including U.S. policies in relation to Venezuela, and is constantly monitoring changes and developments and, therefore, the possible effects they may have on such activities.

Repsol's total equity exposure[11] to Venezuela at June 30, 2022 amounted to €399 million (€298 million at December 31, 2021), mainly comprising the financing extended to the Venezuelan affiliates.

Libya

The deep east-west institutional divide in Libya has been rekindled, sparking rising tensions that have spilled over into the oil sector. Following the failure of the UN-led presidential elections on December 24, 2021, the parliament of Tobruk (a city in the east of the country) appointed a new government on February 9, 2022. Fathi Bashagha was appointed interim prime minister. Meanwhile, Dbeibah, who remains in power in Tripoli, has rejected the appointment, stating that he will not hand over power without a vote. So far Bashagha and his cabinet have not been able to enter Tripoli and remain in the east of the country, due to militia support for Dbeibah.

The Libyan Political Dialogue Forum (United Nations Support Mission in Libya – UNSMIL) ended on June 22, 2022, without having achieved its main objective, i.e. the holding of elections. This situation may aggravate the crisis of legitimacy and the danger of a new military escalation.

Production was halted on April 18, 2022 over safety concerns and resumed on June 2. Repsol's net crude oil production in 2022 amounted to 24.3 thousand barrels of oil per day (vs. 35.7 thousand barrels of oil per day during the same period in 2021).

Repsol's equity exposure in Libya at June 30, 2022 was around €416 million, including mainly property, plant and equipment at that date (€344 million at December 31, 2021).

Algeria

In June, the Algerian government, through the Association of Banks and Financial Institutions, ordered the country's financial institutions to freeze direct debits on all foreign trade transactions involving products to and from Spain, and broke the Treaty of Friendship, Good Neighborliness and Cooperation signed between the two countries. So far, Repsol has carried out banking operations normally and it would appear that the measure does not affect energy supply contracts.

Repsol's equity exposure in Algeria as at June 30, 2022 amounted to some €569 million (mainly property, plant and equipment at that date).

Average net production in Algeria in the first half of the year reached 12.9 thousand barrels of oil equivalent per day (vs. 25.7 thousand barrels of oil per day during the same period in 2021, which included production from the *Tin Fouyé Tabankort* (TFT) asset sold in June 2021).

[9] The Venezuelan bolivar fell heavily against the euro in the first half of the year (€5.693/BsS vs. €1.359/BsS at December 31, 2021), though with no significant impact on the Group's financial statements, since the functional currency of its subsidiaries in the country is mainly the U.S. dollar.

[10] Various analysts are predicting a progressive easing of the coercive measures, following the progress made at the negotiation table between the Venezuelan government and the opposition. However, in relation to the international sanctions levied against the Venezuelan government and PDVSA and its subsidiaries, the extension granted by the U.S. Government on May 27, 2022 in relation to General License 8I (now 8J) of the Office of Foreign Assets Control with respect to five US companies operating in the hydrocarbons sector maintains the same scope as License 8I. Therefore, under the extension, these companies may continue to carry out only essential activities to maintain and preserve their assets until December 1, 2022.

[11] Equity exposure relates to the value on the Group's balance sheet of consolidated net assets exposed to risks specific to the countries for which they are reported.

Russia's invasion of Ukraine

Following Russia's invasion of Ukraine that began on February 24, 2022, economies around the world, including the United States, the European Union and the United Kingdom, have announced successive volleys of trade sanctions targeting Russian individuals, companies and institutions. These sanctions, as well as the counter-sanctions imposed by Russia, have led to a significant reduction in trade between these economies and Russia, thus driving up commodity prices in global markets for oil, natural gas and wheat, among other commodities, and sparking inflationary pressures, supply chain bottlenecks and volatility in financial and commodity markets.

Although the Group has no equity exposure, nor any significant business position, in Russia or Ukraine following the divestment of all its assets in Russia in 2021, there is a risk that lower business and consumer confidence and activity and an energy-driven inflationary shock could lead to higher unemployment rates and lower global economic growth at a time when the global economy is still recovering from the effects of the COVID-19 pandemic. The European Central Bank (ECB) has raised its inflation projections and cut its growth outlook, as the conflict is likely to keep commodity prices high, thus weakening purchasing power among households and investment capacity among companies. In response to rising inflation, the ECB has also decided to adjust its stimulus plan launched in March 2020 by paring back its bond purchase program and raising interest rates.

In relation to financial risks, see Note 3.1.8. For the extraordinary temporary rebate on the retail price of certain energy products and additives, as part of the package of urgent measures rolled out by the Spanish Government in response to the economic and social consequences of the war in Ukraine, see Note 3.2.1.

It is difficult to predict how long the war will rage on and how it will affect the future. Lower global demand for crude oil, gas and petroleum products as a result of reduced economic activity may negatively affect prices and business production and sales levels; the steady worsening of global financial conditions may affect the cost of financing, available liquidity or the creditworthiness of our customers and joint venture partners, etc. The course of the war, along with the financial and fiscal policies adopted to mitigate the social and economic impacts of the crisis, will shape the scope and duration of both the crisis and the subsequent recovery process.

4.4 **Environmental risks**

On January 15, 2022, an oil spill occurred at the Multiboyas Terminal No. 2 of La Pampilla Refinery, S.A.A. while the crude oil was being unloaded from the vessel *Mare Doricum* due to an anomalous movement of the vessel.

The spill has impacted populations and the natural environment, as well as on marine species along the Peruvian coastline, although the first clean-up operation of the affected areas has now been completed.

It is estimated that some $200 million will have to be paid out as a result of the incident to cover containment, clean-up and remediation activities and to provide compensation to affected parties and meet other related costs. These payments may vary due to various circumstances affecting the progress made toward the planned activities. They will also depend on how the administrative sanctioning proceedings pan out, the outcome of which will hinge on the conclusions obtained from the investigations still in progress.

Repsol has insurance policies in place that provide coverage for the claims and damages suffered, and it is currently liaising with the insurance companies' loss adjusters on how to move forward.

Without prejudice to the action that may be pursued against whomever is responsible for the spill, Refinería La Pampilla, S.A.A. has reasserted its absolute commitment to continue mitigating and remediating its effects, while working with the authorities and the affected communities and disclosing information to the public with the utmost transparency.

For more information on the environmental impacts of the spill and the actions to mitigate them, see section 5 of the consolidated Management Report for the first half of the year.

(5) OTHER INFORMATION

Entry of new shareholders at Repsol Renovables, S.L.U.

In line with the 21–25 Strategic Plan, an agreement has been reached with Crédit Agricole Assurances and Energy Infrastructure Partners to acquire 25% of Repsol Renovables, S.L.U. in exchange for €905 million, thus pricing Repsol's renewables business at €4,383 million. The transaction is expected to be completed in 2022, once the necessary regulatory clearance has been obtained. The agreement ultimately strengthens the Company's financial position and will enable it to accomplish the strategic objective of reaching an installed capacity of 6 GW by 2025 and 20 GW by 2030.

Cenyt

The Central Court of Instruction number 6 of the National Court (Audiencia Nacional) issued two judicial decrees on July 29 and September 20, 2021, in the "Separate Piece 21" regarding the hiring of Cenyt, SA ("Cenyt"), ruling the provisional dismissal and filing of the proceeding with respect to Repsol, SA ("Repsol" or "the Company") and its Chairman, as well as the provisional dismissal and filing of the investigation into the Secretary Director and two former executives.

Both rulings were overturned after being appealed, given that the Court considered that additional evidence should be taken before the proceeding could be dismissed and closed. These investigative proceedings included, among others, the testimony of Repsol´s CCO, as well as the submission of the documentation referred to in KPMG´s expert report, which served to support the suitability of Repsol´s compliance program.

Once the investigative measures ordered by the Court had been carried out, as well as other additional proceedings agreed by the investigating judge (such as the KPMG expert´s testimony), on June 2, 2022, the Central Court of Instruction number 6 of the National Court (Audiencia Nacional) decided to dismiss and file the proceeding again with respect to Repsol, its Chairman, the Secretary Director and two other former executives of the company. In his ruling, the investigating judge considers without doubt that, at the time of Cenyt´s hiring, Repsol had an effective Compliance Program with efficient controls in place for the prevention of crimes and, furthermore, complied with its obligations of supervision and control in accordance with the strictest national and international standards. With respect to the aforementioned natural persons, the investigating judge also concludes that none of them had any involvement in the events under investigation. This new ruling has been appealed by the Public Prosecutor's Office and the prosecution before the Criminal Court of the Audiencia Nacional, which has yet to deliver its decision.

As for the other investigated parties – a former director and a former employee – it should be noted that no formal charges have yet been brought against them.

Repsol reaffirms the absolute correctness of its actions and that there has been no illicit conduct or contrary to the company's Code of Ethics and Conduct by any current or former company director, manager, or employee, reiterating its support and confidence in those among them who remain under investigation and maintaining its commitment to fully cooperate with the justice system and its confidence in the work of the Spanish courts.

(6) SUBSEQUENT EVENTS

No significant events have occurred since the end of the interim period.

(7) EXPLANATION ADDED FOR THE TRANSLATION INTO ENGLISH

These interim consolidated financial statements are prepared on the basis of the IFRS, as endorsed by the European Union, and Article 12 of Spanish Royal Decree 1362/2007. Consequently, certain accounting principles applied by the Group may not conform to other generally accepted accounting principles in other countries.

APPENDIX I. MAIN CHANGES IN THE COMPOSITION OF THE GROUP

The companies that comprise the Repsol Group are set out in Appendix I of the 2021 consolidated financial statements. The main changes in the composition of the Group during the first six months of 2022 are as follows:

a) Business combinations, other acquisitions and increased interests in subsidiaries, joint ventures and/or associates:

					06/30/2022		
Name	**Country**	**Parent company**	**Item**	**Date**	**Method of consolidation** [1]	**% voting rights acquired**	**% total voting rights in entity following acquisition**[2]
Repsol Shale Oil & Gas LLC	United States	Repsol E&P USA Holdings Inc	Incorporation	January 2022	F.C.	100.00 %	100.00 %
Jicarilla Solar 2 Holdings LLC	United States	Jicarilla Solar 2 Class B LLC	Incorporation	February 2022	F.C.	100.00 %	100.00 %
Jicarilla Solar 2 Class B LLC	United States	Repsol Renewables North America, Inc	Incorporation	February 2022	F.C.	100.00 %	100.00 %
Medusa Alternativas Suministro Eléctrico, S.L.	Spain	Repsol Customer Centric, S.L. [3]	Acquisition	February 2022	E.M.	33.00 %	33.00 %
Jicarilla Solar 1 LLC	United States	Repsol Renewables Development Company LLC	Acquisition	March 2022	F.C.	100.00 %	100.00 %
Jicarilla Storage 1 LLC	United States	Repsol Renewables Development Company LLC	Acquisition	March 2022	F.C.	100.00 %	100.00 %
Jicarilla Solar 1 Bond Purchaser LLC	United States	Jicarilla Solar 1 LLC	Acquisition	March 2022	F.C.	100.00 %	100.00 %
Jicarilla Storage Bond Purchaser LLC	United States	Jicarilla Storage 1 LLC	Acquisition	March 2022	F.C.	100.00 %	100.00 %
Enerkem Inc.	Canadá	Repsol Química, S.A.	Acquisition	March 2022	E.M.	14.21 %	14.21 %
Hecate Energy Frye Solar LLC	United States	Repsol Renewables Development Company LLC	Acquisition	April 2022	F.C.	100.00 %	100.00 %
Repsol Renewables Italia S.R.L.	Italy	Repsol Renovables, S.A.U. [4]	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Repsol Nughedu S.R.L.	Italy	Repsol Renovables, S.A.U. [4]	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Repsol Uta S.R.L.	Italy	Repsol Renovables, S.A.U. [4]	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Repsol Venosa S.R.L.	Italy	Repsol Renovables, S.A.U. [4]	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Repsol San Mauro S.R.L.	Italy	Repsol Renovables, S.A.U. [4]	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Repsol Salamanca Midstream, LLC	United States	Repsol Oil & Gas Gulf of México, LLC	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Salamanca Infrastructure, LLC	United States	Repsol Salamanca Midstream, LLC	Incorporation	May 2022	E.M.	22.50 %	22.50 %
Basque Hydrogen, S.L	Spain	Alba Emission free Energy, SA	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Repsol Financiera Renovables, S.A	Spain	Repsol Renovables, S.A.U. [4]	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Ampere Power Energy S.L.	Spain	Repsol Energy Ventures, S.A.	Shareholding increase	May 2022	E.M.	0.46 %	7.10 %
Arcos 400 Renovables, A.I.E.	Spain	Arco Energía 1, S.L.U.	Acquisition	June 2022	E.M.	49.05 %	49.05 %
Nesa Vento Galego 1, S.L.	Spain	Repsol Renovables, S.A.U. [4]	Acquisition	June 2022	F.C.	100.00 %	100.00 %
Nesa Vento Galego 2, S.L.	Spain	Repsol Renovables, S.A.U. [4]	Acquisition	June 2022	F.C.	100.00 %	100.00 %
Nesa Vento Galego 3, S.L.	Spain	Repsol Renovables, S.A.U. [4]	Acquisition	June 2022	F.C.	100.00 %	100.00 %
Solar 360 de Repsol y Movistar, S.L.	Spain	Repsol Customer Centric, S.L. [3]	Acquisition	June 2022	E.M.(J.V.)	50.00 %	50.00 %
Solar 360 Soluciones de Instalación y Mantenimiento, S.L.	Spain	Repsol Customer Centric, S.L. [3]	Acquisition	June 2022	E.M.	49.00 %	49.00 %
Vento Continuo Galego, S.L.U.	Spain	Repsol Renovables, S.A.U. [4]	Acquisition	June 2022	F.C.	100.00 %	100.00 %
Cartagena Hydrogen Network, S.L.	Spain	Repsol Industrial Transformation, S.L	Incorporation	June 2022	F.C.	100.00 %	100.00 %
Tarragona Hydrogen Network, S.L.	Spain	Repsol Industrial Transformation, S.L	Incorporation	June 2022	F.C.	100.00 %	100.00 %

[1] Method of consolidation:
F.C.: Full consolidation.
E.M.: Equity method. Joint ventures are identified as “JV”.
[2] Percentage corresponding to the direct and indirect stake of the next higher parent company in the subsidiary.
[3] Company formerly known as Repsol Customer Centric, S.L.U. Name changed in February 2022.
[4] Company formerly known as Repsol Renovables, S.L.U. Named changed in February 2022.

b) Reduction in interest in subsidiaries, joint ventures, and/or associates and other similar transactions:

					06/30/2022		
Name	**Country**	**Parent Company**	**Item**	**Date**	**Method of consolidation** [(1)]	**% voting rights disposed of or derecognized**	**% total voting rights in entity following disposal**
Nanogap Sub N-M Powder	Spain	Repsol Energy Ventures S.A.	Shareholding reduction	January 2022	E.M.	2.67 %	9.85 %
Repsol Oil & Gas Malaysia (PM3), Ltd.	Barbados	Fortuna International Petroleum Corporation	Disposal	January 2022	F.C.	100.00 %	0.00 %
Repsol Oil & Gas Malaysia, Ltd.	Barbados	Fortuna International Petroleum Corporation	Disposal	January 2022	F.C.	100.00 %	0.00 %
Fortuna International Petroleum Corporation	Barbados	Repsol Exploración, S.A.	Disposal	January 2022	F.C.	100.00 %	0.00 %
Talisman Vietnam, Ltd.	Barbados	Fortuna International Petroleum Corporation	Disposal	January 2022	F.C.	100.00 %	0.00 %
Repsol Ecuador, S.A.	Spain	Repsol Exploración, S.A.	Disposal	January 2022	F.C.	98.36 %	0.00 %
JSC Eurotek - Yugra	Russia	Repsol Exploración Karabashsky, B.V.	Disposal	January 2022	E.M. (J.V.)	67.40 %	0.00 %
ASB GEO	Russia	Repsol Exploración, S.A.	Disposal	February 2022	E.M. (J.V.)	50.01 %	0.00 %
Valdesolar Hive, S.L.	Spain	Repsol Renovables, S.A.U.	Shareholding reduction	March 2022	F.C.	49.00 %	51.00 %
Nanogap Therapeutics, S.L.U.	Spain	Nanogap Sub n-m Powder, S.A.	Shareholding reduction	May 2022	E.M.	36.77 %	63.23 %
Sorbwater Technology A.S	Norway	Repsol Energy Ventures, S.A.	Disposal	May 2022	E.M.	30.78 %	0.00 %
Talisman (Sumatra), Ltd.	Canada	Repsol Oil & Gas Canada, Inc.	Winding-up	May 2022	F.C.	100.00 %	0.00 %
Begas Motor, S.L.	Spain	Repsol Energy Ventures S.A.	Shareholding reduction	June 2022	E.M.	1.79 %	17.12 %

(1) Method of consolidation:
F.C.: Full consolidation.
E.M.: Equity method. Joint ventures are identified as “JV”.

APPENDIX II. OTHER DETAILED INFORMATION

Financial instruments

Financial assets

The breakdown of the Group's financial assets, categorized by asset type, is as follows:

	June 30, 2022 and December 31, 2021							
	At FV through profit or loss		At fair value through other comprehensive income		At amortized cost [5]		Total	
€ Million	2022	2021	2022	2021	2022	2021	2022	2021
Equity instruments [1]	29	27	94	89	—	—	123	116
Derivatives	181	203	41	22	—	—	222	225
Loans	—	—	—	—	1,059	913	1,059	913
Time deposits	—	—	—	—	141	85	141	85
Other financial assets	21	24	—	—	13	19	34	43
Non-current	**231**	**254**	**135**	**111**	**1,213**	**1,017**	**1,579**	**1,382**
Derivatives	1,813	860	101	319	—	—	1,914	1,179
Loans	—	—	—	—	54	57	54	57
Time deposits	—	—	—	—	1,897	2,232	1,897	2,232
Cash and cash equivalents [3]	4	4	—	—	4,328	5,591	4,332	5,595
Other financial assets	1	1	—	—	16	9	17	10
Current	**1,818**	**865**	**101**	**319**	**6,295**	**7,889**	**8,214**	**9,073**
TOTAL [4]	**2,049**	**1,119**	**236**	**430**	**7,508**	**8,906**	**9,793**	**10,455**

[1] Includes non-controlling financial investments in certain companies over which it does not have management influence.
[2] Corresponds mainly to liquid financial assets, deposits or liquid financial investments needed to meet payment obligations in the short term that can be converted into a known amount of cash within a period usually shorter than three months and that are subject to an insignificant risk of changes in value.
[3] Does not include "*Other non-current assets*" and "*Trade and other receivables*" in the consolidated balance sheet, which at June 30, 2022 and December 31, 2021 amounted to €790 million and €745 million non-current, and €10,910 million and €7,211 million current, respectively, corresponding to trade receivables net of the corresponding provisions for impairment.
[4] Relates to cash flow hedging derivatives.
[5] Items that do not bear explicit interest are recognized at their nominal value whenever the effect of not discounting the related cash flows is not significant.

Financial liabilities

The breakdown of the Group's financial liabilities, categorized by liability type, is as follows:

	June 30, 2022 and December 31, 2021									
	At fair value through profit or loss [1]		At fair value through other comprehensive income [1]		At amortized cost		Total		Fair value [3]	
€ Million	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Bonds and obligations	—	—	—	—	5,920	6,584	5,920	6,584	5,561	6,970
Loans	—	—	—	—	—	—	—	—	—	—
Lease liabilities	—	—	—	—	2,560	2,441	2,560	2,441	n/a	n/a
Bank borrowings	—	—	—	—	617	983	617	983	648	852
Derivatives [2]	153	207	201	51	—	—	354	258	—	—
Other financial liabilities	—	—	—	—	118	99	118	99	117	102
Non-current	**153**	**207**	**201**	**51**	**9,215**	**10,107**	**9,569**	**10,365**		
Bonds and obligations	—	—	—	—	1,823	1,986	1,823	1,986	1,860	1,977
Loans	—	—	—	—	1,468	1,087	1,468	1,087	1,468	1,087
Lease liabilities	—	—	—	—	537	507	537	507	n/a	n/a
Bank borrowings	—	—	—	—	456	904	456	904	456	904
Derivatives [1]	1,319	747	411	244	—	—	1,730	991	—	—
Other financial liabilities	—	—	—	—	—	7	—	7	1	6
Current	**1,319**	**747**	**411**	**244**	**4,284**	**4,491**	**6,014**	**5,482**		
TOTAL	**1,472**	**954**	**612**	**295**	**13,499**	**14,598**	**15,583**	**15,847**		

[1] "*Fair value of financial instruments*" in this appendix sets out the classification of financial instruments according to their level in the fair value hierarchy.

The outstanding balance of bonds and marketable securities at June 30 is as follows:

ISIN	Issuer	Date of issue	Currency	Nominal amount (millions)	Average rate %	Maturity	Listed [3]
XS1148073205 [1]	Repsol International Finance, B.V.	Dec-14	Euro	500	2.250%	Dec-26	LuxSE
XS1207058733 [2]	Repsol International Finance, B.V.	Mar-15	Euro	1,000	5%	Mar-75	LuxSE
XS1352121724 [1]	Repsol International Finance, B.V.	Jan-16	Euro	100	5.375%	Jan-31	LuxSE
XS2035620710 [1]	Repsol International Finance, B.V.	Aug-19	Euro	750	0.250%	Aug-27	LuxSE
XS2156581394 [1]	Repsol International Finance, B.V.	Apr-20	Euro	750	2.000%	Dec-25	LuxSE
XS2156583259 [1]	Repsol International Finance, B.V.	Apr-20	Euro	750	2.625%	Apr-30	LuxSE
XS2241090088 [1]	Repsol International Finance, B.V.	Oct-20	Euro	850	0.125%	Oct-24	LuxSE
XS2343835315 [1]	Repsol International Finance, B.V.	May-21	Euro	0.0003	EUR 3m + 0.7%	May-23	LuxSE
XS2361358299 [1] [4]	Repsol Europe Finance, S.à.r.l.	Jul-21	Euro	650	0.375%	Jul-29	LuxSE
XS2361358539 [1] [5]	Repsol Europe Finance, S.à.r.l.	Jul-21	Euro	600	0.875%	Jul-33	LuxSE

Note: Excludes perpetual subordinated bonds, which qualify as equity instruments (see Note 6.4 of the 2021 consolidated financial statements), issued by RIF in June 2020 and March 2021 for an outstanding nominal amount at December 31 of €1,500 million and €750 million, respectively.

[1] Issues made under the EMTN Program.

[2] Subordinated bond (does not correspond to any open-ended or shelf program) with a coupon that will be revised on March 25, 2025 and March 25, 2045.

[3] LuxSE (Luxembourg Stock Exchange). Multilateral trading systems or other trading centers or non-official OTC markets are not considered.

[4] Bond linked to a target of a 12% reduction in the Carbon Intensity Indicator (CII) by 2025. If the Group fails to meet these targets, the coupon on the bonds will be increased by 0.25% (payable in 2027, 2028 and 2029).

[5] Bond linked to a target of a 25% reduction in the CII by 2030. If the Group fails to meet these targets, the coupon on the bonds will be increased by 0.375% (payable in 2032 and 2033). For information on the performance of the CII, see section 6.1 of the 2021 consolidated Management Report and the CII verification report (available at www.repsol.com).

Fair value of financial instruments

The financial instruments recorded in the interim financial statements at fair value at June 30, 2022 and December 31, 2021 are classified as follows:

	June 30, 2022 and December 31, 2021							
€ Million	Level 1		Level 2		Level 3		Total	
Financial liabilities	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
At FV through profit or loss	1,180	647	226	301	66	7	1,472	955
At FV through other comprehensive income	58	96	326	132	228	66	612	294
Total	**1,238**	**743**	**552**	**433**	**294**	**73**	**2,084**	**1,249**

The reconciliation between the opening and closing balances of financial liabilities classified as level 3 is as follows:

€ Million	06/30/2022
Opening balance	**73**
Income and expenses recognized in profit and loss	59
Income and expenses recognized in equity	162
Closing balance	**294**

NOTE: None of the foreseeable scenarios of the assumptions used would result in significant changes in the fair value of the instruments classified under value hierarchy 3.

€ Million	June 30, 2022 and December 31, 2021							
	Level 1		Level 2		Level 3		Total	
Financial assets	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
At FV through profit or loss	656	567	1,337	496	56	56	2,049	1,119
At FV through other comprehensive income	94	294	7	2	135	134	236	430
Total	**750**	**861**	**1,344**	**498**	**191**	**190**	**2,285**	**1,549**

The reconciliation between the opening and closing balances of financial assets classified as level 3 is as follows:

€ Million	06/30/2022
Opening balance	190
Income and expenses recognized in profit or loss	—
Income and expenses recognized in equity	1
Reclassifications and other	
Closing balance	191

NOTE: None of the foreseeable scenarios of the assumptions used would result in significant changes in the fair value of the instruments classified under value hierarchy 3.

During the first half of the year there were no transfers between hierarchy levels in financial instruments. For further details of the calculation methodology and the fair value hierarchy, see Apendix II of the 2021 consolidated financial statements.

Interest rate reform

Repsol has reviewed the arranged contracts according to the schedule set for the reform, mainly affecting loans and credit facilities.

In relation to the transition process, the new contracts incorporate the reference to risk free rates, except where the rates so allow (renewals of contracts entered into prior to January 1, 2022 referenced to USD LIBOR), and in any case, specific clauses are included to regulate the event of permanent discontinuation. In relation to the previously existing contracts, which will remain in effect after the final discontinuation dates (GBP LIBOR in late 2022 and USD LIBOR in mid-2023), the transition to the new rates is proceeding in accordance with the company's rolling plan for their completion within the required timeframe.

This reform has not led a change in the Group's interest rate financial risk management policy.

The main financial assets and liabilities pegged to LIBOR rates as at June 30, 2022, in which the rate is a main element of the contract, are itemized below:

	06/30/2022
€ Million	**Amount /Notional**
Financial assets [(1)]:	
USD LIBOR	1088
GBP LIBOR	3
Financial liabilities [(2)]:	
USD LIBOR	568

NOTE: Does not include assets and liabilities of a commercial nature.
[(1)] Includes mainly current accounts, deposits and loans, net of impairment, tied to financing in Venezuela (see Note 8 of the 2021 consolidated financial statements).
[(2)] Includes mainly loans.

Related party transactions

Repsol carries out transactions with related parties on an arm's length basis. The transactions between Repsol, S.A. and the companies of its Group, and between these, form part of the company's usual business as regards purpose and conditions.

At June 30, 2022, for the purposes of presenting this information, the following are considered to be related parties:

a. Sacyr, S.A.: following the sale of the entire stake, it is classified under "*Other related parties*" due to the presence on Repsol's Board of Directors of its Chairman and CEO, Manuel Manrique Cecilia (at June 30, 2021 it qualified as a "*Significant shareholder*").

b. Directors and executive personnel: Includes members of the Board of Directors as well as members of the Executive Committee, whose members are considered "*key management personnel*" for the purposes of the following section (see section "*Remuneration of the members of the Board of Directors and executives***"**).

c. People, companies or entities within the Group: Includes transactions with Group companies or entities for the part not eliminated in the consolidation process, corresponding mainly to transactions undertaken with companies consolidated using the equity method (see Note 13 to the 2021 consolidated financial statements).

Income, expenses and other transactions and balances recorded at June 30 with related parties are as follows:

Expenses and revenues

€ Million	06/30/2022				06/30/2021			
EXPENSES AND REVENUE	**Directors and executives [1]**	**People, companies or entities within the Group**	**Other related parties**	**Total**	**Significant shareholders**	**Directors and executives [1]**	**People, companies or entities within the Group**	**Total**
Finance costs	—	6	—	6	—	—	14	14
Leases	—	1	1	2	1	—	—	1
Service receptions	—	38	4	42	11	—	18	29
Purchase of goods [2]	—	982	2	984	—	—	446	446
Other expenses [3]	—	33	—	33	—	—	18	18
TOTAL EXPENSES	**—**	**1,060**	**7**	**1,067**	**12**	**—**	**496**	**508**
Finance income	—	38	—	38	—	—	34	34
Service provisions	—	1	—	1	—	—	1	1
Sale of assets [4]	—	434	9	443	8	—	123	131
Other revenue	—	24	—	24	—	—	25	25
TOTAL REVENUE	**—**	**497**	**9**	**506**	**8**	**—**	**183**	**191**

Other transactions

€ Million	06/30/2022				06/30/2021			
OTHER TRANSACTIONS	**Directors and executives [1]**	**People, companies or entities within the Group**	**Other related parties**	**Total**	**Significant shareholders**	**Directors and executives [1]**	**People, companies or entities within the Group**	**Total**
Funding agreements: credit and capital contributions (creditor)[4]	—	324	—	324	—	—	119	119
Funding agreements: loans and capital contributions (borrower)[5]	—	572	—	572	—	—	185	185
Guarantees and sureties given[6]	—	546	—	546	—	—	498	498
Guarantees and sureties received	—	3	8	11	10	—	10	20
Commitments assumed [7]	—	2	—	2	16	—	1	17
Dividends and other profits distributed [8]	1	—	14	15	28	—	—	28
Other operations [9] [10]	—	384	3	387	8	—	2,603	2,611

Closing balances

€ Million	06/30/2022				06/30/2021			
CLOSING BALANCES	Directors and executives (1)	People, companies or entities within the Group	Other related parties	Total	Significant shareholders	Directors and executives (1)	People, companies or entities within the Group	Total
Customers and trade receivables	—	292	3	295	2	—	93	95
Loans and credits granted	—	1,114	—	1,114	—	—	947	947
Other receivables	—	104	—	104	—	—	89	89
TOTAL RECEIVABLES BALANCES	**—**	**1,510**	**3**	**1,513**	**2**	**—**	**1,129**	**1,131**
Suppliers and trade payables	—	309	2	311	8	—	16	24
Loans and credits received	—	1,468	—	1,468	—	—	1,015	1,015
TOTAL PAYABLE BALANCES	**—**	**1,777**	**2**	**1,779**	**8**	**—**	**1,031**	**1,039**

(1) Includes any transactions performed with executives and directors not included in the following section "*Remuneration of the members of the Board of Directors and executives*", which correspond to the outstanding balance at the reporting date of the loans granted to members of senior management and the corresponding accrued interest, as well as dividends and other remuneration received as a result of holding shares of the Company.

(2) The column headed *"People, companies or entities within the Group"* primarily includes products purchased with Repsol Sinopec Brasil (RSB) and from BPRY Caribbean Ventures LLC (BPRY).

(3) Includes mainly supplies and provisions for credit risks of accounts receivable and financial instruments.

(4) In 2022 and 2021, *"People, companies or entities within the Group"* includes mainly sales of products to Iberian Lube Base Oil, S.A. (ILBOC) and Dynasol Group, for €295 million and €91 million in 2022 and €101 million and €49 million in 2021.

(5) Includes loans granted and new drawdowns of credit facilities in the period, as well as capital contributions to Group companies with companies accounted for using the equity method.

(6) Includes primarily guarantees granted to joint ventures in the United Kingdom, issued in the ordinary course of business to cover obligations to dismantle offshore platforms in the North Sea.

(7) Corresponds to purchase, investment or expense commitments acquired in the period.

(8) In 2022. the amounts shown as "*Dividends and other benefits distributed*" include the amounts relating to the cash dividend paid in January 2022 and, in 2021, the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of the bonus share rights derived from the bonus share capital increase finalized in January 2022, in the framework of the "Repsol Flexible Dividend" remuneration program.]

(9) In 2022 and 2021, *"People, companies or entities within the Group"* includes mainly the cancellation of guarantees and/or loan repayments provided to joint ventures in the UK and financing agreements.

(10) In 2021, it included the allocation of financial assets of Repsol Sinopec Brasil, B.V. to its shareholders.

Remuneration of the members of the Board of Directors and executives[12]

The information in this section is provided by way of an update on the contents of Notes 28 and 29 to the consolidated financial statements for 2021.

During the first half of 2022, a total of 15 people sat on the Board of Directors and 10 people on the Executive Committee.

The table below details the remuneration accrued during the first half of 2022 by the people who, at some point during the six-month period and during the time they occupied such positions, were members of the Board of Directors, and by the people who, similarly for the same period and with the same criterion, were members of the Executive Committee.

	€ Thousand	
Directors	**1H 2022**	**1H 2021**
Remuneration for membership of the Board and/or Board committees	3,397	3,474
Wages	600	600
Variable remuneration in cash	908	761
Share-based remuneration systems	308	163
Long-term savings systems (1)	127	127
Other items (2)	150	124
Total remunerations received by the Directors	**5,490**	**5,249**
Total remunerations received by the Executive personnel (3)(4)(5)	**6,799**	**5,726**

(1) Corresponds to the contributions to pension plans and savings plans for executive personnel.

(2) Includes the accrued cost of the retirement, disability, and life insurance policies for Board of Directors members, including the corresponding tax payments on account in the amount of €14 thousand in the first half of 2022 (first half of 2021: €11 thousand).

[12] For reporting purposes in this section, Repsol considers "*key management personnel*" to be the members of the Executive Committee. This definition of "*key management personnel*", made purely for reporting purposes, neither substitutes nor comprises a benchmark for interpreting other senior management pay concepts applicable to the Company under prevailing legislation (e.g. Royal Decree 1382/1985), nor does it have the effect of creating, recognizing, amending or extinguishing any existing legal or contractual rights or obligations.

(3) Includes contributions to pension plans, contributions to savings plans and life and accident insurance premiums (including in the latter instance the corresponding payments on account) totaling €616 thousand (€647 thousand in 2021).
(4) Excludes executives who are also directors of Repsol, S.A., who are instead included in the remuneration paid to directors.
(5) Includes the settlement of outstanding long-term incentive programs as consideration for the non-compete covenant..

Share Purchase Program aimed at beneficiaries of employee Long-term Incentive Programs and Plans for Share Acquisition and Purchase

i.) "Share purchase program for beneficiaries of Long-term Incentive Programs (LIP)"

A total of 214 employees and executive personnel have been included in the twelfth cycle of the 2022-2025 Plan, acquiring a total of 120,880 shares on June 1, 2022, at an average price of €15.10982 per share. Additionally, the 13,184 shares delivered to the CEO as a partial payment of the 2018-2021 Incentive Program have been included in the calculation of the expected investment in this current Share Acquisition Plan by the Beneficiaries of the Long-term Incentive Programs. Therefore, the total amount of shares under this Plan amounted to 134,064 shares. Thus, the maximum commitment to deliver shares under the twelfth cycle of the Plan, by the Group to those employees who meet the relevant requirements after the three-year vesting period, amounts to 44,652 shares.

In this twelfth cycle, the current members of the Executive Committee are set to acquire a total of 48,756 shares.

In addition, the ninth cycle of the Plan vested on 3 June, 2022. As a result, 166 beneficiaries of this cycle vested rights to a total of 60,793 shares (receiving a total of 44,653 shares after deducting the payment of income tax on account made by the Company). The members of the Executive committee, together with the other Executive Directors, vested rights to 26,915 shares (after deducting the payment of income tax on account made by the Company, they received a total of 18,416 shares).

ii.) *"Share Acquisition Plan"*

During the first half of 2022, the Group purchased 386,847 own shares for €4,930,531.15, which were delivered to employees. The members of the Executive Committee acquired a total of 3,934 shares in accordance with the plan terms and conditions during the first-half of the year.

iii.) *"Global Share Purchase Plan to reward employees: TU REPSOL"*

In 2020, the TU REPSOL Plan was launched, whereby all employees may set aside part of their remuneration to purchase shares in the Company and receive one bonus share for every two shares initially acquired, provided the shares are then held for two years and the employees continue to meet the other terms and conditions of the Plan.

In 2020, the current members of the Executive Committee acquired a total of 1,540 shares under the TU REPSOL Plan. Under the terms of the Plan, these shares will entitle them to receive a further 770 shares in February 2023.

The shares to be delivered under plans i), ii) and iii) above may be taken from Repsol's direct or indirect treasury shares, newly issued shares or via third parties with whom agreements are entered into to ensure satisfaction of the commitments assumed.

Average headcount

The average headcount at June 30, 2022 and 2021 can be seen below:

	06/30/2022	06/30/2021
Men	14,343	14,758
Women	9,123	8,924
Average headcount	**23,466**	**23,682**

APPENDIX III. SEGMENT INFORMATION AND RECONCILIATION WITH IFRS-EU FINANCIAL STATEMENTS

The reconciliation of adjusted net income/(loss) to IFRS-EU net income/(loss) for the first half of 2022 and 2021 is as follows:

	First half											
			ADJUSTMENTS									
	Adjusted income		**Reclassification of joint ventures**		**Special items**		**Inventory effect [2]**		**Total adjustments**		**IFRS-EU income**	
€ Million	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Operating net 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 from 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)
Net income	**3,224**	**953**	**—**	**—**	**(1,878)**	**(213)**	**1,241**	**504**	**(637)**	**291**	**2,587**	**1,244**
Net income attributable to non-controlling interests	(47)	6	—	—	34	—	(35)	(15)	(1)	(15)	(48)	(9)
Net income attributable to the parent	**3,177**	**959**	**—**	**—**	**(1,844)**	**(213)**	**1,206**	**489**	**(638)**	**276**	**2,539**	**1,235**

[1] Profit from continuing operations at current cost of supply (CCS).
[2] The inventory effect represents an adjustment to "*Procurement*" and "*Changes in inventory of finished goods*" on the IFRS-EU income statement.

Revenue from ordinary activities by segments between customer and inter-segment revenue is displayed below:

	€ Million					
	Customers		**Inter-segment**		**Total**	
Segments	**06/30/2022**	**06/30/2021**	**06/30/2022**	**06/30/2021**	**06/30/2022**	**06/30/2021**
Exploration and Production	3,795	2,142	1,478	846	5,273	2,988
Industrial	19,676	10,478	12,844	5,895	32,520	16,373
Commercial and Renewables	16,748	9,366	(46)	69	16,702	9,435
Corporate	—	1	3	—	3	1
(-) Adjustments and eliminations of operating income between segments	—	—	(14,279)	(6,810)	(14,279)	(6,810)
TOTAL	**40,219**	**21,987**	**—**	**—**	**40,219**	**21,987**

The reconciliation of other figures shown in Note 3 to those under IFRS-EU during the first six months of 2022 and 2021 is as follows:

	€ Million	
	06/30/2022	**06/30/2021**
Revenue from ordinary activities [(1)]	**40,219**	**21,987**
Adjustments		
Exploration and Production	(1,462)	(821)
Industrial	(300)	(174)
Commercial and Renewables	(126)	(102)
Revenue from ordinary activities IFRS-EU (2)	**38,331**	**20,890**
Operating net income [(1)]	**4,894**	**1,679**
Adjustments		
Exploration and Production	(1,153)	(386)
Industrial	(77)	595
Commercial and Renewables	(39)	27
Corporate	39	(191)
Operating net income IFRS-EU	**3,664**	**1,724**
Capital employed [(1)]	**30,377**	**27,348**
Adjustments		
Exploration and Production	359	(144)
Industrial	(34)	—
Commercial and Renewables	—	3
Capital employed	**30,702**	**27,207**

(1) Figures drawn up according to the Group's reporting model described in Note 2.1 "*The Group's reporting model and definition of segments*".
(2) Corresponds to the sum of "*Sales"* and "*Income from services rendered and other income"* in the income statement (IFRS-EU).

Appendix II to the consolidated Management Report for the first half of 2022 shows the balance sheet, income statement and statement of cash flows prepared under the Group's reporting model.

APPENDIX IV. REGULATORY FRAMEWORK

The activities of Repsol, S.A. and its subsidiaries are heavily regulated. The main aspects of this regulatory framework are described in Appendix IV to the 2021 consolidated financial statements, which is updated below, though including only those sections to have undergone changes during the six-month period.

Spain

Oil products

The price of oil derivatives is deregulated, with the exception of LPG.

In the retail side of the business, exclusive supply contracts for the distribution of motor fuels have a maximum term of one year, though they may be automatically rolled over for additional one-year periods at the sole discretion of the distributor, up to a maximum of three years. Clauses that fix, recommend or influence, directly or indirectly, the price at which fuel is sold to the public are prohibited. Likewise, exclusive supply contracts are prohibited from containing exclusivity clauses with regard to the provision of charging services to electric vehicles.

There are also limits on growth in the number of fuel supply facilities of wholesalers with provincial markets shares of over 30%. Law 8/2015 stipulates that this market share shall no longer be measured in terms of points of sale but rather based on sales figures for the previous year, allowing the government to revise this percentage threshold in three years' time or even lift the restriction altogether, market trends and the sector's business structure so permitting. This period has now elapsed, without the government having reviewed the above measure for the time being.

Lastly, Law 8/2015 allows retail distributors of oil products to supply products to other retail distributors, simply by registering in advance with the excise tax registry.

In order to mitigate the impact on businesses and households of the escalation in fuel prices caused by the military aggression against Ukraine, Royal Decree-Law 6/2022, of March 29, ushered in an extraordinary and temporary rebate of 20 cents per liter/kilogram on the price of certain energy products from April 1, 2022 through to June 30, 2022, which has since been extended until December 31, 2022 by Royal Decree-Law 11/2022, of June 25[13]. To help implement this relief measure, wholesale operators of oil products with refining capacity in Spain and an annual turnover of more than €750 million must now pay a non-tax public contribution. These operators, including Repsol, may be exempted from this obligation if they undertake to unequivocally provide a discount of at least €0.05 per liter/kilogram on sales to end consumers of the energy products covered by the rebate. This commitment was assumed by Repsol and has been renewed prior to July 1, 2022. The National Markets and Competition Commission is responsible for verifying effective compliance with the rebate commitment.

LPG

Under certain circumstances, LPG prices are subject to retail price ceilings. The prices of bulk LPG and bottled LPG in cylinders with capacity of under 8 kg or over 20 kg are deregulated. Law 18/2014, of October 15, has had the effect of also deregulating the prices of containers with capacity of more than 8 kg or less than 20 kg with a tare weight of no more than 9 kg, with the exception of LPG mixes intended for use for fuel purposes; this measure favors certain players over others as a function of the tare weight of the containers sold and, in practice, does not constitute full sector deregulation.

Ministerial Order IET/389/2015, of March 5, 2015, updates the system for automatically determining the maximum price at which regulated bottled LPG (LPG bottles weighing between 8 and 20 kilograms and whose tare weight is above 9 kg) can be retailed and for determining the price of piped LPG, adjusting the formulae used to calculate raw material costs in order to, as per the wording of the Order, adapt them "to the supply reality in the Spanish market in recent years". Adaptation of these formulae does not apply to sales costs, thereby resulting in a reduction in maximum bottled LPG retail prices and piped LPG retail prices.

Additionally, Law 18/2014 consolidates users' right to home delivery of containers weighing between 8 and 20 kilograms by obliging the LPG wholesalers with the biggest market shares in the corresponding mainland and island territories to perform this home delivery service. The list of LPG wholesalers so obliged is determined by a resolution issued by the General Directorate of Energy Policy and Mining every three years. Every five years, the Spanish government is entitled to revise the terms of this obligation and has the power to lift it. The current list of mandatory home suppliers is as follows: Repsol Butano on the mainland and in the Balearic Islands, DISA in the Canary Islands and Atlas in Ceuta and Melilla.

In short, the regulatory framework described above particularly affects Repsol Butano, which is the majority operator on the mainland and the Balearic Islands, and whose LPG inventories consist mainly of heavy containers with a tare weight of more than 9 kg.

Lastly, Royal Decree-Law 11/2022 of June 25 once again updates the maximum selling price of containers until December 31.

Natural gas

Law 12/2007, of July 2, which amended the Hydrocarbon Sector Law, incorporated measures for achieving a completely liberalized market. This legislation establishes the framework for eliminating the tariff system and creates the role of the supplier of last resort with ultimate liability for supplying customers lacking sufficient bargaining power. Moreover, these suppliers are subject to a price cap ("last resort tariff"), set by MITECO. Business operations in the natural gas sector can be classified into: i) regulated activities: transport (including storage, regasification and transport per se) and distribution of natural gas; and ii) deregulated activities: production, acquisition and sale of natural gas. The Natural Gas System Operator, Enagás S.A., is responsible for coordinating and ensuring that the system works properly.

Law 8/2015 creates an official natural gas hub with a view to facilitating entry into the market of new suppliers and increasing competition, creating a new single hub operator, tasked with management of the gas hub, the MIBGAS (which stands for Iberian Gas Market in Spanish), which ensures that all participating entities comply with the rules in place.

Under the scope of the redistribution of competences regulated by Royal Decree Law 1/2019, the CNMC approved Circular 6/2020, of July 22, establishing the methodology for calculating transmission, local network and natural gas regasification tariffs. In particular, the methodology for determining access tariffs to regasification facilities, with the exception of the tariff for other regasification costs, entered into force on October 1, 2020. The methodologies for the remaining tariffs took effect as of October 1, 2021.

The Royal Decree establishing the methodologies for calculating gas system charges, the regulated remuneration of basic underground storage facilities and the tariffs applied for their use is still being processed.

On December 10, 2020, the CNMC approved the resolution establishing the list of dominant operators in the energy sectors, including the Repsol Group among the dominant operators in the natural gas market. Subsequently, the Resolution of the Council of Ministers dated February 2, 2021 established Repsol's obligation to act as a market maker in the Spanish Organized Gas Market. The conditions for the participation of the Repsol Group were established in the Resolution dated July 9, 2021 of the Secretary of State for Energy, which establishes the terms and

[13] Royal Decree-Law 11/2022 of June 25, adopting and extending certain measures in response to the economic and social consequences of the war in Ukraine, to address situations of social and economic vulnerability and to ensure the economic and social recovery of the island of La Palma.

conditions governing the service making it mandatory for dominant operators to act as market makers in the natural gas market.

The CNMC issued a further resolution on December 16, 2021, updating the information on the dominant operators in the energy sectors based on 2020 data, with the Repsol Group once again appearing as the dominant operator in the natural gas market.

Minimum security stocks

Law 34/1998 of October 7, 1998, on the hydrocarbons sector (LSH for its acronym in Spanish), imposes obligations to maintain minimum security stocks of petroleum products and natural gas, given their particular importance to the life of the economy.

With regard to petroleum products, Royal Decree-Law 15/2013, of December 13, 2013, introduced an amendment to the LSH, stating that regulations must be enacted to establish the administrative procedures and obligations necessary to permanently guarantee a level of minimum security stocks equivalent, at least, to either 90 days of average daily net imports, or 61 days of average daily domestic consumption corresponding to the reference year, in equivalent oil, whichever is the highest.

Royal Decree 1766/2007, as per its drafting under Royal Decree 1766/2007, regulates the obligation to maintain minimum stocks in the oil and natural gas sectors and the obligation to diversify the supply of oil and natural gas, and the activities of the Corporation of Strategic Reserves of Oil Products (CORES for its acronym in Spanish). The obligation to maintain minimum security stocks of petroleum products in Spain, excluding LPG, currently amounts to 92 days equivalent of sales for the previous 12 months. Of this computable consumption, which must be maintained at all times, Repsol must maintain an inventory equivalent to 50 days of sales, while the remainder, until the obligation is met, is held by CORES itself on behalf of the various operators (strategic stocks).

In relation to petroleum products, the minimum stocks obligation has been eased following Russia's invasion of Ukraine. The last update was made through Order TED/553/2022, of June 16, whereby minimum security stocks of oil products are released within the framework of a coordinated action of the International Energy Agency, thus being temporarily set at 86.4 days.

With respect to natural gas, Royal Decree-Law 6/2022 has modified the security stock obligations provided for in Royal Decree 1716/2004 by extending the minimum stockholding obligation of agents involved in the natural gas sector from 20 days to 27.5 days of their firm sales or consumption in the previous calendar year.

Of these stocks, minimum security stocks of a strategic nature equivalent to 10 days of the agents' firm sales or consumption in the previous calendar year shall be kept in underground storage facilities within the basic network. In addition to the strategic stocks, all agents required to hold minimum security stocks of natural gas must have, in underground storage facilities, operating stocks: at all times for a volume of gas equivalent to 10 days of their firm sales or consumption in the previous calendar year, plus at least during November 1, a volume of gas equivalent to 7.5 days of their firm sales or consumption in the previous calendar year.

Electricity sector regulation in Spain

Remuneration system for marketing activity

Marketing activity is based on the principles of freedom of contract and choice of supplier by the customer. Marketing, as a deregulated activity, has a freely agreed remuneration between the parties.

Of note is Law 24/2013, as subsequently developed by Royal Decree 216/2014, of March 28, which establishes the methodology for calculating voluntary prices for small electricity consumers and their legal contracting regime. These prices are defined, in line with those previously known as last resort tariffs, as the maximum prices that reference resellers may charge to consumers who use them (consumers of less than a certain contracted power, 10 kW, who wish to use this modality as opposed to a bilateral negotiation with a free reseller). These prices will be unique throughout the entire Spanish territory. The term last resort tariffs is reserved for two groups of consumers: the so-called vulnerable consumers (which also includes the new categories of severely vulnerable and at risk of social exclusion) and those consumers who, without being entitled to voluntary prices for the small consumer, temporarily do not have a supply contract with a marketer. These voluntary prices for small consumers shall include in an additive manner, by analogy with the tariff of last resort, the concepts of electricity production cost, the corresponding access tolls and charges and the corresponding marketing costs. In addition, this Royal Decree provides as an alternative that the consumer can contract a fixed price of energy for one year with the reference reseller. It also sets out the criteria for designating reference resellers and their obligations in relation to supply to certain consumer groups.

Royal Decree 469/2016, of November 18, amending Royal Decree 216/2014, establishes the methodology for calculating the marketing costs of the reference resellers to be included in the calculation of the voluntary price for small consumers. Ministerial Order ETU/1948/2016, of December 22, established the values of the marketing costs of the reference resellers to be included in the calculation of the voluntary price for small electricity consumers in the 2014-2018 period, which result from applying the new approved methodology. In turn, Royal Decree Law 7/2016 and Royal Decree 897/2017, are the current frame of reference for everything relating to the rate subsidy and the vulnerable consumer.

Royal Decree Law 17/2021, of September 14, on urgent measures to mitigate the impact of rising natural gas prices on the retail gas and electricity markets, passed extraordinary measures in view of the high electricity prices and their effects on consumers during the autumn and winter months, which included fiscal measures eliminating the tax on the value of electricity production in the fourth quarter of 2021 and reducing the special tax on electricity; established a mechanism to reduce the excess remuneration that certain facilities receive as a result of the marginal operation of the market until March 2022; and created a minimum vital supply to combat energy poverty, among other measures. Royal Decree Law 23/2021, of 26 October, on urgent energy measures to protect consumers and ensure transparency in the wholesale and retail electricity and natural gas markets, introduces a clarification with regard to Royal Decree Law 17/2021 regarding the mechanism for reducing the excess remuneration of the electricity market caused by the quoted price of natural gas, indicating that it will not apply to energy produced by electricity generation facilities that is covered by a forward contracting instrument, when the hedging price is fixed, and provided that the forward contracting instrument was entered into prior to the entry into force of the Royal Decree Law or when, having been entered into after the entry into force of the Royal Decree Law, its hedging period is longer than one year.

In particular, Royal Decree Law 30/2020, of September 29, has expanded the consideration of vulnerable consumers in their principal residence and, therefore, extended the possibility of receiving the subsidized electricity tariff (*bono social*) to consumers who are unemployed, subject to a temporary redundancy procedure, or, being entrepreneurs, have reduced their working hours as a result of having to care for others or that are enduring similar circumstances that entail a substantial loss of income. Royal Decree Law 23/2021 increased the discounts of the subsidized electricity tariff until the first quarter of 2022.

Royal Decree-Law 6/2022, of March 29, on urgent measures within the framework of the national response plan to the economic and social consequences of the war in Ukraine, extends until June 30, 2022 the discounts of the *bono social* applicable to vulnerable and severely vulnerable consumers and introduces, as beneficiaries, both families and people living together in the same household, by extending its application to all recipients of the minimum wage with a supply contract in effect – taking as a reference the co-living unit rather than the family unit. The Law also ushers in a support mechanism for the electrointensive industry, consisting of a reduction in the electricity bill of 80% of the cost corresponding to the access tariffs to the electricity transmission and distribution networks, with this support to remain in effect from January 1 through to December 31, 2022.

Royal Decree-Law 11/2022 of June 25 has extended until December 31, 2022 the discounts of the *bono social* applicable to vulnerable and severely vulnerable consumers – vulnerable consumer as defined under Article 5 of Royal Decree-Law 8/2021 – as well as the prohibition on suspending the supply of electricity, natural gas and water to vulnerable or severely vulnerable consumers or those at risk of social exclusion.

Order TED/517/2022, of June 8, determining the date of entry into operation of the production cost adjustment mechanism for the reduction of the price of electricity in the wholesale market regulated in Royal Decree-Law 10/2022, dated May 13, publicizes the European Commission's decision authorizing that mechanism. According to the decision, the adjustment mechanism provided for in Royal Decree-Law 10/2022, which affects matching in the wholesale electricity market, will take effect from June 14. What the Royal Decree-Law is seeking to do is reduce the marginal price of electricity in the wholesale markets of the Iberian peninsula (Spain and Portugal) and, ultimately, to achieve a reduction in the retail prices borne by all end electricity consumers. The measure will apply for 12 months.

The measure relies on a mathematical formula to limit the price of gas consumed by thermal power plants that is passed on in the bids that set the wholesale electricity market price. The gas reference price set under the mechanism will be variable, starting at €40/MWh over the first six months and then increasing in successive monthly steps of €5/MWh until reaching a value of €70/MWh in the last month. The adjustment mechanism will only be applicable to the energy traded in energy sale offer units as before the market operator (not to energy declared under bilateral contracts).

The facilities covered by the law are electricity production facilities in the form of: (a) natural gas combined cycle plants; (b) conventional generation technologies that use coal as fuel; (c) facilities that include a cogeneration plant; (d) facilities covered by the first transitional provision of Royal Decree 413/2014 that had previously been covered by the second transitional provision of Royal Decree 661/2007 (facilities that use slurry and oil sludge), provided that these are not subject to any of the remuneration frameworks provided for in Article 14 of the Electricity Sector Law; or (e) cogeneration plants that use natural gas as their primary energy source and that are covered by the general remuneration regime, under the terms provided in Article 4, paragraph B of Portuguese Decree-Law No. 23/2010, of March 25 (Diário da República, No. 59/2010, Série I, of March 25, 2010).

Contributions to the National Energy Efficiency Fund

Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency makes it binding on member states to justify a quantity of energy savings by 2020, obliging each state to establish energy efficiency obligation schemes such that energy distributors and/or retailers are obliged to achieve a cumulative quantity of energy savings by year-end 2020 means of annual savings between 2014 and 2020 equivalent to 1.5% of their annual energy sales. Royal Decree Law 8/2014 and Law 18/2014 transposed this EU Directive into Spanish law by establishing a National Energy Efficiency Fund (NEEF) by virtue of which gas and electricity distributors, oil product wholesalers and liquid petroleum gas wholesalers are allocated an annual energy saving target at the national level known as savings obligations, which can be quantified in financial terms.

Royal Decree Law 23/2020, of June 23, extended the Spanish energy efficiency obligation scheme until December 31, 2030, thus complying with Directive (EU) 2018/2002 of the European Parliament and of the Council of December 11, which calls on Member States to achieve new annual savings of 0.8% of annual final energy consumption from January 1, 2021 to December 31, 2030.

Climate change

Following the Paris Agreement, the commitments assumed by the signatories under their respective National Determined Contributions had a significant impact on the development of new climate policies and on the approval of new regulations. The European Union (EU), also a signatory of the Paris Agreement, has made a commitment to climate neutrality by 2050. To this end, in December 2019 the European Commission presented the "European Green Deal", which constitutes the new EU growth strategy, and which aims to completely transform the European economy, highlighting the following proposals for 2021: (i) European Climate Law (which entered into force on July 29, 2021), which includes a legally binding target of net zero greenhouse gas emissions by 2050; and (ii) the "Fit for 55" package of proposals presented in July 2021 to reduce greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. These proposals are interconnected and stretch across a variety of policy areas and economic sectors.

In Spain, the "Strategic Framework for Energy and Climate" includes the following fundamental pillars: (i) the National Energy and Climate Plan (the Ministry for the Ecological Transition and the Demographic Challenge began to review the plan in the first quarter of 2022 in accordance with Regulation (EU) 2018/1999); (ii) the Strategy for a Just Transition; and (iii) Law 7/2021, of May 20, on climate change and the energy transition (published in May 2021), which establishes, at the country level, minimum targets for reducing greenhouse gas emissions, the penetration of renewable energies and improving energy efficiency by 2030 with a commitment to achieve climate neutrality by 2050 or in the shortest possible time frame.

In relation to mobility, this Law establishes:

i. the introduction of annual targets for the integration of renewable energies and the supply of sustainable alternative fuels in transport, focusing on advanced biofuels and other renewable fuels of non-biological origin;

ii. the obligation of public authorities to adopt the necessary measures, in accordance with that established in EU regulations, so as to: (i) ensure that passenger cars and light commercial vehicles no longer generate direct CO_2 emissions by 2050, and (ii) gradually reduce the emissions of new passenger cars and light commercial vehicles, excluding those registered as historic vehicles, not intended for commercial uses, so that these vehicles have emissions of 0 g CO_2/ km no later than 2040;

iii. the obligation to install an alternative fuels infrastructure for those operators of facilities supplying fuels for vehicles (for more information, see "Alternative fuels") below.

The following are also noteworthy: (i) the Hydrogen Roadmap (published in October 2020), which focuses on the development of renewable hydrogen, with the aim of positioning Spain as a technological benchmark in the production and use of renewable hydrogen, while at the same time contributing to achieving objectives such as reaching climate neutrality, the use of surplus renewable energy or the decarbonization of sectors where electrification is not viable or profitable; and (ii) the 2050 Long Term Decarbonization Strategy (published on November 3, 2020), to move towards climate neutrality by 2050, with milestones in 2030 and 2040.

Meanwhile, Royal Decree-Law 6/2002 transposes Article 7 bis of Directive 98/70/EC of the European Parliament and of the Council, of October 13, 1998, relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (Fuel Quality Directive, or FQD), establishing a new mandatory target of a 6% reduction in the intensity of greenhouse gas emissions during the life cycle in transport per unit of fuel and energy supplied in transport. This measure applies to (i) wholesale operators and retail distributors of petroleum products; (ii) consumers of petroleum products for the part of consumption not covered by the above; (iii) wholesale operators and retail marketers of LPG; (iv) consumers of LPG for the part of consumption not covered by the above; (v) retailers of natural gas; and (vi) direct consumers on the market for the part of consumption not covered by the above.

Alternative fuels

Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources provides that, in order to integrate the use of renewable energies in the transport sector, each Member State must impose an obligation on fuel suppliers to ensure that the share of renewable energies in final energy consumption in the transport sector is at least 14% by 2030. This Directive is partially transposed into the laws of Spain through Royal Decree 376/2022, of May 17, regulating sustainability and reduction criteria for greenhouse gas emissions of biofuels, bioliquids and biomass fuels, as well as the system of guarantees of origin of renewable gases (which amends Royal Decree 1085/2015 of December 4, 2015 on the promotion of biofuels), establishing mandatory minimum targets for the sale or consumption of biofuels for the years 2023, 2024, 2025 and 2026 of 10.5%, 11%, 11.5% and 12% in energy content, respectively. The 2026 biofuels and biogas target for transport purposes will continue to apply in subsequent years to the extent that no new targets are established.

Royal Decree 639/2016, of December 9, established a framework of measures for the implementation of infrastructure for alternative fuels, including charging points for electric vehicles and refueling points for natural gas and hydrogen. To ensure that there are sufficient electric charging points, the Climate Change and Energy Transition Law introduces obligations that require service stations with annual sales of gasoline and diesel exceeding 5 million liters to install infrastructure for charging electric vehicles. This charging infrastructure must have a power output equal to or greater than 150 kW or 50 kW in direct current depending on the sales volume (greater than 10 or 5 million liters sold in 2019). The minimum power for new installations as of 2021, or those that undertake a reform of their installation that requires the administrative title to be reviewed, will be direct current of 50 kW. Last but not least, Decree 184/2022, of March 8, regulating the provision of energy recharging services for electric vehicles, is another significant legislative development.

REPSOL Group

Management Report 1st Half

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2050

REPSOL

The company

Repsol's ***mission*** (its reason for being) is to provide energy to society in an efficient and sustainable way.

Our ***vision*** (where Repsol is heading) is to be a global energy company that relies on innovation, efficiency and respect to create sustainable value in the service of societal progress.

Repsol has laid down ***principles of action*** —Efficiency, Respect, Anticipation and Value Creation— and company behaviors —Results Orientation, Accountability, Cooperation, Entrepreneurial Attitude and Inspiring Leadership— to make this mission a reality and our vision an attainable challenge.

Further information available at www.repsol.com.

The Management Report

The ***Interim Management Report*** of the Repsol Group[1], should be read in conjunction with the consolidated Management Report for 2021. In conjunction with this report, Repsol has published condensed interim consolidated financial statements for the first half of 2022 (hereinafter, "interim financial statements for the first half"). The Board of Directors of Repsol, S.A. approved both reports of Repsol, S.A. at its meeting of July 27, 2022.

Report information

The ***financial information*** contained in this document, unless expressly indicated otherwise, has been prepared in accordance with the Group's reporting model, as described below:

Repsol presents its segment results including joint ventures and other companies that are jointly managed in accordance with the Group's investment percentage, considering 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 are adequately reflected in this report.

Given the nature of its business and in order to make its disclosures more readily comparable with those of its peers, the Group relies on Adjusted Net Income when measuring the results of each business segment. Adjusted Net Income means the current cost of supply (CCS), net of taxes and minority interests and excluding certain specific items of income and expense ("Special items").

For current cost of supply (CCS) earnings, the cost of volumes sold is calculated on the basis of procurement and production costs incurred during the period in question and not based on weighted average cost, which is the accepted methodology under European accounting law and regulations. The difference between CCS earnings and earnings at weighted average cost is included in the so-called Inventory Effect, which also includes other adjustments to the valuation of inventories (write-offs, economic hedges, etc.) and is presented net of taxes and minority interests. This Inventory Effect largely affects the Industrial segment.

Furthermore, Adjusted Net Income does not include Special Items, i.e. certain material items that are presented separately to provide a more reliable view of the ordinary management of the businesses.

This standard report uses Alternative Performance Measures (APMs), meaning measures that are "adjusted" to those presented under IFRS-EU. The information, breakdowns and reconciliations are included in Appendix II — Alternative Performance Measures of this report and are updated quarterly on the Repsol website (www.repsol.com). The balance sheet, income statement and statement of cash flows prepared under the Group's reporting model are presented in Appendix III.

The ***non-financial information*** regarding the sustainability indicators included in this document has been calculated in accordance with the corporate rules that set out the standard criteria and methodology to be applied in each case. For more information, see section 6 – Sustainability of the Group's 2021 Management Report.

[1] Henceforth, the names "Repsol," "Repsol Group" or "the Company" are used interchangeably to refer to the company group consisting of Repsol, S.A. and its subsidiaries, associates and joint arrangements.

Contents

Good performance of businesses in a volatile environment of growing uncertainty

- International context marked by coming out of the covid-19 crisis and the war in Ukraine.
- Improvement in results of businesses, especially Upstream and Refining.
- Future uncertainty due to possible developments in the energy crisis, the economic situation and regulatory measures.

Commitment to customers and shareholders

- Optimization of our industrial facilities to meet demand, in the face of disruptions in supply chains.
- Leaders in applying fuel price discounts at service stations in Spain to alleviate the effects of the crisis.
- Improved shareholder remuneration.

1. First half of 2022 overview

Complex international context

Still in the recovery phase from the COVID-19 crisis, the first half of 2022 was affected by the war in Ukraine. Disruptions in supply chains, increases in energy prices and, in general, sharpening of inflationary processes, and toughening of financial conditions have continually affected the period, which ends with concern about how the energy crisis will develop in Europe and about the economic situation in general.

In this context, which is volatile and uncertain, demand for our products increased, following the relaxation of mobility restrictions imposed by the pandemic, and international reference rose for a large proportion of our products.

For more information, see section 2. Environment

Improved results and financial position

The measures defined in the Strategic Plan and our management oriented to efficiency and transformation of the businesses allowed Repsol to take advantage of the opportunities in the economic context to improve on the results for the previous year, which were still marked by the negative impact of the pandemic.

In particular, the significant investments made in past years in the refining industrial complexes in Spain - when a good part of our international competitors reduced their capacity- mean we can now increase and optimize the use of our facilities to respond to supply tensions in the international fuel market. And the management of our portfolio of international oil and gas production assets, begun in the previous context of very low prices, has allowed us to improve profitability in the new cycle of high prices.

Adjusted net income, which seeks to show the Company's performance from the normal course of its businesses, amounted to 3,177 million euros (959 million euros in 2021), driven by the Upstream and Industrial businesses.

Results for the period

(Million euros)	1H 2022	1H 2021	Δ
Upstream	1,678	678	147 %
Industrial	1,393	239	483 %
Commercial and Renewables	215	228	(6)%
Corporate and others	(109)	(186)	41 %
Adjusted net income	**3,177**	**959**	**231 %**
Inventory effect	1,206	489	147 %
Special items	(1,844)	(213)	(766)%
Net income	**2,539**	**1,235**	**106 %**

The good results in *Upstream* (1,678 million euros) were influenced by the rise in crude oil and gas prices. In the *Industrial* segment, the improved results (1,393 million euros) are explained by higher production and margins in the Refining business and by opportunities taken advantage of in Trading on the international markets.

Conversely, the restrained results in the *Commercial and Renewables* businesses (215 million euros) reflect the drop in margins in Service Stations in Spain as a result of the more than 150 million euros of discounts applied by Repsol to fuel sale prices, despite a notable increase in sales after the restrictions associated with the pandemic were lifted. This negative trend in the fuel trading businesses was mitigated by better results in the low-carbon electricity generation businesses, by a notable increase in production and by high electricity prices.

The ***inventory effect*** (1,206 million euros) reflects the accounting impact of the higher value of inventories due to the rise in international prices of crude oil and products, which required high investment in working capital.

Lastly, ***special items*** (-1,844 million euros) importantly include provisions for impairment in the accounting values of the Group's refineries, mainly in Spain. This reflects the toughening of the business environment in Europe and its impact on the profitability and competitiveness of our facilities, which, as foreseen in our strategic plan, need to undergo a profound industrial transformation to guarantee their future sustainability.

Our businesses seize opportunities in a complex environment

- Increased use of refining and chemical facilities.
- Higher sales in commercial businesses.
- Increase in electricity production.

Transformation and promotion of decarbonization

- New partners to grow in Renewables and international expansion (United States).
- New projects and commitment to Hydrogen to transform and guarantee the future sustainability of our industrial businesses...
- Shareholders approve the climate change strategy.

As a result, ***net income*** obtained in the period came to 2,539 million euros (1,235 million euros in 2021).

This net result includes a corporate income tax expense of 2,014 million euros (effective rate of 44%). Repsol has paid a total of 7,566 million euros in taxes in the first half of the year, including 5,324 million euros in Spain.

The steady recovery of economic activity and prices led to an increase in ***EBITDA*** (8,019 million euros), which in turn allowed Repsol to improve ***cash flow from operations*** (2,930 million euros), despite the increase in working capital (3,963 million euros due to higher inventories). The ***free cash flow***, net of investments, was 1,454 million euros, which allowed ***net debt*** to be reduced significantly to 5,031 million euros (leverage ratio of 16.6%) and ***liquidity*** to be increased (9,380 million euros). This robust financial position has been appreciated by the rating agencies, which confirmed Repsol's investment grade rating, with Standard & Poor's upgrading its outlook from stable to positive.

The ***share price*** recovered significantly (+33%) and the ***shareholder remuneration*** in this half went up to 0.30 euros per share. Good business progress made it possible to make a capital reduction through the redemption of treasury shares, which improves earnings per share.

For more information, see section 3. Financial performance and shareholder remuneration

Business performance and transformation

Repsol continued with its transformation process throughout 2022. Key actions in the period included the process of making business management more efficient and agile to be able to adapt to the new situation in the markets, the incorporation of new technologies and the digitalization of operations, as well as the drive to build new businesses and transform traditional ones to achieve the decarbonization targets and align with the energy transition environment, which strongly influenced the Company's actions in the first half of the year.

At ***Upstream***, the cost reduction plans and the redefinition of the asset production plans, under the premise of prioritizing value over volume, made it possible to take advantage of the better price environment (a rise of the realization price of 68% for the crude oil and of 106% for gas). Production (549 Kbep/d) was lower than in the same period in 2021, mainly because of asset divestments and interruptions due to security conditions in Libya and the natural decline of fields. A dynamic management of the asset portfolio was maintained to concentrate on strategic assets and in countries that offer competitive advantages. Thus, assets were sold that represent our exit from countries such as Russia, Vietnam, Malaysia and Ecuador, and the exploratory activity in Greece was ended. Additionally, progress was made in the development of key projects in the United States (Marcellus, Eagle Ford and the Gulf of Mexico), Colombia and Norway.

At ***Industrial***, Refining adjusted its production, logistics and commercial schemes to the prevailing environment characterized by a recovery in demand and high margins (compared to the exceptionally low margins and demand in the first half of 2021, as a result of the pandemic). Meanwhile, the Chemicals businesses continued to operate efficiently and without any significant operational incidents. The Group also continued to focus heavily on innovation and digitalization by launching a number of significant investment and industrial projects (renewable hydrogen, circular economy and use of differentiated materials and production of advanced biofuels) to demonstrate how decarbonization, approached from a technology-neutral perspective, can guarantee the future and profitability of our industrial complexes.

At ***Commercial***, the increase in fuel sales in Spain Mobility and Aviation businesses (due to the lifting of mobility restrictions) stands out, as well as the necessary adaptation to the current context of high prices in the electricity and gas commercialization businesses. Repsol has shown its commitment to its customers by being the first operator in Spain to establish voluntary discounts at service stations, sacrificing its margins to mitigate the impact on consumers of the rise in fuel prices caused by the war in Ukraine. The customer-centric business strategy has been driven by the growth of the Waylet application (to reach 4.8 million digital customers, almost 50% more than at the end of 2021), the increase in electricity and gas customers (up to 1.4 million) and the development of new solutions for customers to improve sustainability in their homes and in mobility.

At ***Renewables***, the Jicarillas photovoltaic project was launched in the United States (63 MW) and the first wind farms of the Delta II wind project in Spain (60 MW). Expansion continued in the United States with the Frye Solar photovoltaic project in Texas, which will be the Group's largest facility to date, with 637 MW, and an agreement was signed with Ørsted to identify and, where appropriate, jointly develop floating offshore wind projects in Spain. The second rotation of assets in Spain was completed, with the sale of a 49% stake in the Valdesolar photovoltaic project (Badajoz) to *The Renewables Infrastructure Group* (TRIG). Finally, reinforcing Repsol's objectives for building this business, an agreement was reached with Crédit Agricole Assurances and funds managed by Energy Infrastructure Partners (EIP) for the sale of a 25% stake in Repsol Renovables. The incorporation of partners entails a greater ambition for investment (6 GW in 2025) and for the business, including entry into new markets and the incorporation of complementary technologies such as offshore wind.

Repsol continued its ***progress toward decarbonization*** to achieve the goal of zero net emissions in 2050. At Industrial, in March, the last phase of construction of the first advanced biofuels plant in Spain at the Cartagena refinery began, and a stake was acquired in the Canadian company Enerkem, a world leader in the production of renewable fuels and chemical products through gasification of non-recyclable waste. Repsol continued to develop its renewable hydrogen strategy. It will lead the recently created SHYNE consortium made up of 33 entities from different sectors, expected to create more than 13,000 jobs. Also worthy of mention is an agreement that was reached with Navantia for the installation of an electrolyzer factory in its shipyards in Ferrol.

In the Upstream segment, a permit was obtained to evaluate the geothermal potential of the island of Gran Canaria.

In the calls for expressions of interest for ***Next Generation European funds*** launched by the Government of Spain, in the first half 2022 Repsol presented a portfolio of 34 projects that combine technology, decarbonization and circular economy, the creation of quality jobs and territorial balance, for an initial associated investment of 3,089 million euros.

For more information, see section 4. Performance of our businesses.

Sustainability

In February 2022, the sixth edition was approved of the ***Global Sustainability Plan***, which defines around 50 medium-term objectives on the six axes of the company's sustainability model and explains how these are linked to the United Nations 2030 Agenda.

The General Shareholders' Meeting of Repsol, S.A., held on May 6, 2022, approved for the first time, through a consultative vote, the Company's ***climate change strategy***.

As part of its commitment to the energy transition, Repsol led in creating a Quantum Computing Consortium (CUCO), applied to energy, and signed important agreements on carbon reduction in energy infrastructure, transport and construction materials.

Regrettably, two ***safety*** events occurred in the half year. In January, during the unloading of crude oil in Ventanilla, Peru, an uncontrolled movement of the *Mare Doricum* tanker caused an oil spill in the sea, giving rise to one of the worst events experienced by the company in its more than 26 years operating in the country. Although the cause of the accident is still under investigation, the company has made available all the economic, technological and human resources to remedy, in the shortest time possible, the effects of the spill. Although Repsol considers itself not to have been the cause, at this date it has completed the first-response cleanup actions in the affected areas. In March, an accident occurred at the A Coruña industrial complex as a result of which a contractor died due to hydrogen sulfide inhalation.

For more information, see section 5. Sustainability and corporate governance.

Key figures and indicators

Financial indicators[1][2]	1H 2022	1H 2021
Results		
EBITDA	8,019	3,635
Operating income	4,894	1,679
Adjusted net income	3,177	959
Net income	2,539	1,235
Earnings per share (€/share)	1.74	0.80
ROACE (%)	8.8	4.5
Cash and liquidity		
Cash flow from operations	2,930	1,932
Free cash flow	1,454	955
Cash generation	472	163
Liquidity	9,380	9,448
Operating investment	1,435	1,061
Available capital and debt		
Capital employed (CE)	30,377	27,348
Net Debt (ND)	5,031	6,386
Leverage ratio (ND / CE) (%)	16.6	23.4
Shareholders remuneration		
Shareholder remuneration (€/share)	0.300	0.288

Sustainability indicators[3]	1H 2022	1H 2021
People		
No. of employees	24,309	24,542
New employees	2,421	1,476
Safety		
Tier 1 process safety events	1	—
Tier 2 process safety events	5	4
Total Recordable Injury Rate (TRIR)[4]	1.30	0.89
Environment		
Annual CO2e emissions reduction (Mt)	0.194	0.176
No. of spills [4]	15	5
Taxes paid (€ million)	**7,566**	**5,094**

Stock market indicators	1H 2022	1H 2021
Share price at year-end (€/share)	14.05	10.55
Average share price (€/share)	12.76	10.15
Market capitalization at year-end (million €)	20,406	16,120

Our business performance[1]	1H 2022	1H 2021
Upstream		
Liquids production (kbbl/d)	184	221
Gas production (kboe/d)	365	378
Hydrocarbon production (kboe/d)	549	599
Crude oil realization price ($/bbl)	97.1	57.7
Gas realization price ($/bscf)	7.4	3.6
EBITDA	3,689	1,845
Adjusted net income	1,678	678
Cash flow from operations	2,458	1,287
Investments	746	418
Industrial		
Refining capacity (kbbl/d)	1,013	1,013
Crude oil processed (Mt)	20.9	18.2
Conversion utilization Spanish refinery (%)	88.9	77.3
Distillation utilization Spanish refinery (%)	87.0	73.4
Refining margin indicator in Spain ($/Bbl)	15.5	0.9
Sales of petrochemical products (kt)	1,371	1,382
EBITDA	3,933	1,355
Adjusted net income	1,393	239
Cash flow from operations	63	254
Investments	372	203
Commercial and Renewables		
Service stations (No.)[6]	4,649	4,950
Own marketing sales Spain diesel and gasoline (km^3)	7,892	6,502
LPG sales (kt)	666	650
Electricity generation (GWh)	4,245	2,052
Electricity generation capacity in operation (MW)	3,860	3,386
EBITDA	596	519
Adjusted net income	215	228
Cash flow from operations	581	570
Investments	278	413

Macroeconomic environment	1H 2022	1H 2021
Brent ($/bbl) average	107.9	65.0
WTI ($/bbl) average	101.8	62.2
Henry Hub ($/MBtu) average	6.1	2.8
Electricity Pool – OMIE (€/MWh)[7]	205.6	58.3
Exchange rate ($/€) average	1.09	1.21
CO2 (€/Tn)	83.6	43.8

[1] In millions of euros, where applicable.
[2] For more information, see section 3. and Appendix II. Alternative performance measurements
[3] Figures and indicators calculated in accordance with the Group's management policies and guidelines. For more information, see section 6. of the 2021 Integrated Management Report.
[4] The data for 2021 is that of the year end
[5] Number of hydrocarbon spills greater than 1 bbl that reach the average. In 2022, this includes the oil spill at the facilities of the Multibuoy Terminal No. 2 of the Pampilla Refinery; see section 4.2 and 5.
[6] The number of service stations includes those controlled and licensed.
[7] Iberian Energy Market Operator.

2. Environment

2.1 Macroeconomic outlook

At a glance:

World growth forecast in 2022 **+3,6%**	Brent price in 1H 2022 **+66%**
HH price in 1H 2022 **+118%**	Electric Pool price in 1H 2022 **+253%**

Russian invasion in Ukraine

In 2021, the progress made in vaccinations allowed the economic recovery to be consolidated (the speed of recovery varying with the appearance of new strains) with expectations of relatively low structural damage.

However, in 2022, following the Russian invasion of Ukraine that began on February 24, 2022, economies around the world have been significantly affected by the imposition of trade sanctions directed at Russian individuals, companies and institutions. This has triggered a significant reduction in commercial operations between the West and Russia, and has led to an increase in the prices of raw materials on the world markets for products including oil, natural gas and wheat, and has exacerbated inflationary pressures, bottlenecks in the supply chain and volatility in the financial and commodity markets.

For more information on the risks and uncertainty arising from the war, see section 6.3 Russian invasion of Ukraine and other risks

Recent economic trends

The global economy started 2022 showing high growth, in a context of recovery after the enormous shock caused by the COVID-19 pandemic. The global economy has been estimated to have grown by 6.1% in 2021, following the negative growth of -3.1% in 2020 as a whole.

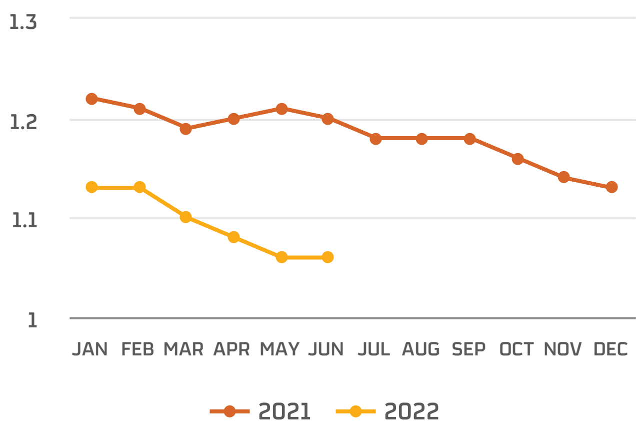
However, although the recovery was rapid, it was incomplete and heterogeneous across geographical areas and branches of activity. While in the United States the level of activity prior to the pandemic was surpassed in the first half of 2021, in the euro area as a whole this did not happen until the end of the year, and in Spain GDP in the first quarter of 2022 was still 4% below the prepandemic level. Some emerging economies lag furthest behind due to the relative slowness of the vaccination process.

The economic environment has become more adverse in recent months because of: i) greater geopolitical tensions and rising raw material prices, both as a result of the war in Ukraine; and ii) supply chain disruptions, aggravated by company and factory closures in China under the "COVID zero" policy. All this has increased inflationary pressures, directly reducing income and spending in real terms and so hampering recovery. In addition, this environment puts pressure on monetary policy for it to be more intensely tightened than expected. In this context, in July, the European Central Bank (ECB) increased its official interest rate by 50 basis points, marking the end of negative policy rates in the Eurozone.

According to the latest forecasts of the International Monetary Fund (IMF, World Economic Outlook April 2022), growth of 3.6% is expected in 2022. But the risks are biased towards lower growth and fears have recently arisen that there could finally be much a more abrupt. slowdown. This could happen if inflationary pressures become persistent, forcing central banks to hike reference interest rates sharply.

As for the exchange rate, the environment of high uncertainty and high liquidity needs during the first months of the pandemic intensified the appreciation of the dollar to reach 1.078 euro/dollar in early April 2020. Since then, however, the dollar has tended to depreciate, especially against the euro reaching levels of 1.22 euros/dollar at the beginning of 2021. The reason for this was the reduction in risk aversion, which made interest rate spreads and fundamentals more relevant in shaping the exchange rate. But as of the last quarter of 2021, greater progress in the US economic recovery along with increased risks of rising inflation have led to a further appreciation of the dollar against the euro. This situation has intensified recently in the context of greater monetary tightening by the FED, which at its June meeting already raised reference rates by 75 basis points. The average rate for the year as at June 2022 was 1.09 euros/dollar.

EUR/USD exchange rate performance (monthly average)



Source: Bloomberg and Repsol Research Unit.

For more information, see section 6.1, Outlook for the energy sector

2.2 Energy landscape

Crude oil - Brent

The Brent crude benchmark went from trading at around $75/bbl at the end of 2021 to reach levels of $139/bbl in March. On February 23, a day before Russia invaded Ukraine, The Brent crude oil price went from $75/bbl at the end of 2021 to $139/bbl in March. On February 23, one day before Russia invaded Ukraine, a barrel of Brent was quoted at $96.8/bbl. After the invasion, prices soared, with a barrel of Brent rising more than 20% in ten days, reaching levels not seen since 2008.

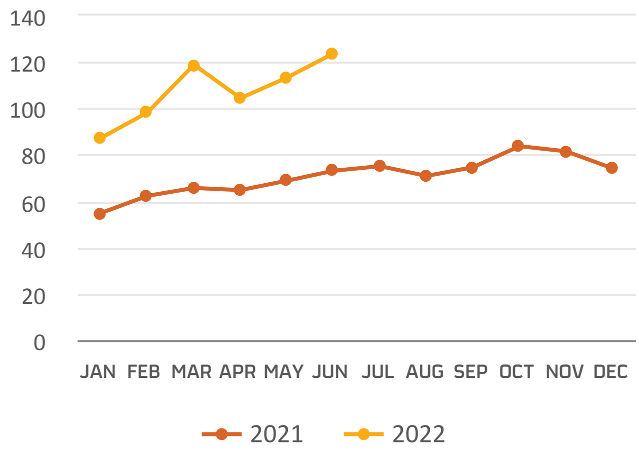
During the first six months of the year, the price of a barrel of Brent averaged 107.9 $/bbl, representing an increase of more than 66% % compared to the same period in the previous year. The war in Ukraine has been a determining factor for prices, with direct sanctions being imposed by some governments on the import of Russian oil and a self-imposed embargo by companies that previously imported crude oil and oil products from Russia. But the war is not the only factor that explains the rise in prices. Since last year, progress in vaccination processes and the progressive end of confinements have supported economic development and mobility, resulting in increased demand for crude oil and petroleum products.

Additionally, this solid demand for oil was met with a situation of supply in the short term controlled by the OPEC+ group and in the medium/long term affected by the low investment in recent years. The result has been a tight balance in the oil markets, increased by indirect factors such as the strong increase in natural gas prices at the end of 2021, which has had a positive effect on demand for oil instead of natural gas in electricity generation.

The most obvious impact of the war in Ukraine on oil markets relates to the fall in supply. To give an idea of the importance of Russia in global energy markets, it should be noted that it is the third largest oil producer in the world, after the United States and Saudi Arabia (in January 2022, it produced 11.3 mbbl/d of oil; 10 mb/d of crude oil; 0.96 mbbl/d of condensates; 0.34 mbbl/d of natural gas liquids) and the world's largest exporter of oil to global markets (in December 2021, it exported 7.8 mbbl/d, of which 5 mbbl/d, or 64%, were crude oil and condensates, and 2.8 mbbl/d were oil products, mainly diesel (1.1 mbbl/d), fuel oil (650 kbbl/d), naphta (500 kbbl/d) and vacuum gas oil (280 kbbl/d)).

To reduce its dependency, the European Union agreed to impose an embargo on two-thirds of its imports of Russian oil. The initial proposal for the sixth package of sanctions against Russia was for a total embargo, but it was met with strong opposition from countries highly dependent on Russian oil, such as Hungary. As a result, the agreement prohibits the purchase of Russian oil delivered by sea but for the time being excludes purchases by of oil delivered by pipeline. Thus, it will eliminate 90% of its imports of Russian oil by the end of the year (excluding Hungary). The effect of this decision on prices is uncertain, although some analysts point to a high price environment both in the remainder of the year and in 2023. Any additional future sanctions to those already implemented would generate upward risks for prices.

Brent price performance (USD/bbl)

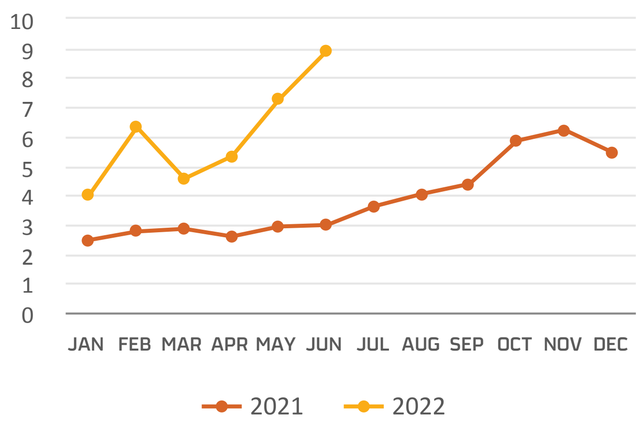


Source: Bloomberg and Repsol Research Unit

Natural Gas - Henry Hub (HH)

During the first half of 2022, US Henry Hub natural gas prices averaged $6.1/MBtu, twice the price for the same period in 2021 ($2.8/MBtu), and occasionally exceeded $9/MBtu, marking all-time highs for this period of the year. This increase in the price of gas responded fundamentally to the dynamics of the domestic market. Demand remained high due to the surge in consumption in the residential, commercial and power generation sectors and to high LNG exports, which repeatedly exceeded 13 Bcf/d in much of the second quarter of 2022. However, on the supply side there were no significant changes, with dry gas production standing at an average of 94 Bcf/d. Despite high prices, the capital discipline previously imposed on companies in the sector acted as a limiting factor on a potential increase in production. All this has translated into low inventory levels, which ended the first half of 2022 at levels around 15% below the average for the last 5 years, providing solid support for the price of gas.

Henry Hub price performance (USD/MBtu)



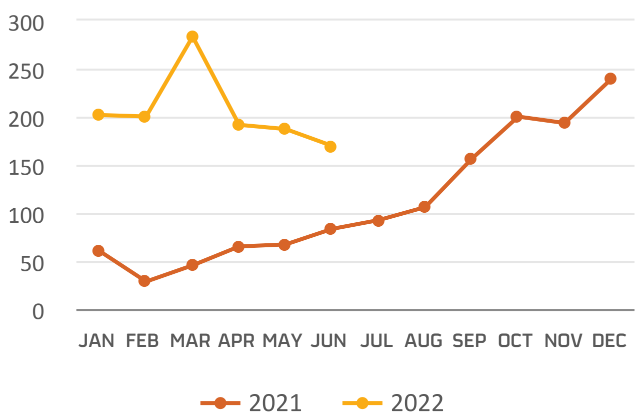
Source: Bloomberg and Repsol Research Unit

Additionally, the situation in the gas market after the outbreak of the war in Ukraine caused uncertainty in the global market and kept price volatility high. The need for gas in Europe and Asia ensures the market niche for LNG coming from the United States, which should keep prices high in the short term.

Electricity prices

The average wholesale price of electricity in the first half of 2022 was €206/MWh, well above the €59/MWh for the same period in the previous year. Adding to this price the adjustment made to consumers in the market following implementation of the electricity price adjustment mechanism (known as the "cap" on gas), the effective average would be close to €215/MWh. The generation mix in Spain has increased to compensate for lower renewable generation and the increase in exports. This means that the price of electricity has not been able to detach itself from the price of gas other than at specific times. All these factors have led to an hourly maximum of €700/MWh and a daily maximum of €545/MWh being registered during this half year.

Electricity Price Performance (€/MWh)



Source: Bloomberg and Repsol Research Unit

Generation in Spain in this period has been notably affected by the weather, with lower hydraulic generation and a strong increase in photovoltaic generation. The new capacity commissioned in recent months has not only caused new peaks to be recorded in generation, but has also caused the daily price profile to change, with the lowest prices currently being in the first hours of the afternoon, instead of in the early hours, as was usual.

CO_2 emissions

Despite fluctuations in the first days of the war in Ukraine due to uncertainty about the effect on the economy, the price of CO2 emission rights remained relatively stable during the first half of 2022, averaging 84 €/t , although this was well above the price of €43/t for the same period in 2021.

Despite the fuel price and supply security situation, the European Union has made it clear that decarbonization is a priority objective, which has continued to support prices. Despite this institutional support, at the end of the half year, the European Parliament voted against the reform of the CO2 market (the well-known "Fit for 55") due to discrepancies about an amendment to the extension of the period for granting free rights. With this negative vote, other related initiatives are also delayed, such as the new carbon border tax and the fund against energy poverty. Another of the factors causing increases in emissions prices is the forecast of higher coal generation in countries that may see their supply of gas from Russia reduced, especially Germany.

3. Financial performance and shareholder remuneration

3.1 Results

Million euros	1H 2022	1H 2021	Δ
Upstream	1,678	678	147 %
Industrial	1,393	239	483 %
Commercial and Renewables	215	228	(6)%
Corporate and others	(109)	(186)	41 %
Adjusted net income	**3,177**	**959**	**231 %**
Inventory effect	1,206	489	147 %
Special items	(1,844)	(213)	(766)%
Net income	**2,539**	**1,235**	**106 %**

The performance in the first half of 2022 is marked by the complex ***global geopolitical, macroeconomic and energy context***.

The improvement in results reflects the good use made of the opportunities the current environment offers to some businesses (recovery of fuel demand due to the easing of mobility restrictions, increase in crude oil and gas prices, improvement in the international refining margin). This has been possible thanks to the strong policy of industrial investment pursued by the Company in previous years and the optimization of the international portfolio of crude oil and gas production assets undertaken in the previous environment of very low prices.

Conversely, the tightening of future conditions (as a consequence of the medium and long term impact of the current exceptional circumstances) has led to provisions for impairments in the refining businesses value and in some exploratory investments.

Adjusted net income for the year amounted to 3,177 million euros, much higher than in the previous year, driven by the outstanding performance of Upstream (price increases and efficiency measures captured), Refining and Trading (high margins) and Renewables and Low Carbon Generation (high prices and increased production).

Recovering prices at the Upstream segment and margins at the Industrial segment, coupled with increased sales at the commercial businesses, combined to push up **EBITDA** for the period (8,019 million euros vs. 3,635 million euros in 2021).

EBITDA *(Million euros)*	1H 2022	1H 2021
Upstream	3,689	1,845
Industrial	3,933	1,355
Commercial and Renewables	596	519
Corporate and others	(199)	(84)
TOTAL	**8,019**	**3,635**

Upstream

Average **production** in the period was 8% lower than in 2021 (it stands at 549 Kboe/d) and **exploratory activity and investment** reduced notably.

For more information on the activities in the segment, see section 4.1 *Upstream*

Adjusted net income at Upstream amounted to 1,678 million euros, up 1,000 million on 2021.

The improvement in results is explained by the positive impact of the increased realization prices for crude oil (+68%) and gas(+106%), notably driving results in the United States, Trinidad and Tobago, Norway, Libya, Brazil, Peru, Canada and the United Kingdom and by appreciation of the dollar.

These positive impacts have been partially offset by:

- the lower volume of sales compared to the previous year, mainly due to interruptions in Libya due to security conditions and the natural decline of fields, despite the increase in production and sales in Peru (maintenance and incidents in 2021) and in Venezuela (greater demand for gas);
- higher production costs due to the start-up of strategic projects (YME in Norway and new investments and wells in Marcellus), contractual penalties (Trinidad and Tobago) and the increase in the cost of transport (Brazil) and CO_2 allowances (United Kingdom), among other contributing factors;
- higher taxes on production and hydrocarbon royalties, in line with the rise in prices; as well as higher tax on profits (effective tax rate of 43%), in line with the better results of the operations; and
- the absence of results of the countries in which divestment has occurred (Malaysia, Ecuador, Vietnam and Russia).

Operating **investments** in the half year (746 million euros) were up on 2021 (+78%). Investment activity centered on assets in production and/or under development in the United States, Trinidad and Tobago, the United Kingdom, Norway, Brazil and Bolivia. Exploratory investment took place mainly in the Gulf of Mexico (United States), Guyana, Mexico, Bolivia, Colombia and Indonesia.

Industrial

Adjusted net income in the first half of 2022 amounted to 1,393 million euros, compared to 239 million euros for the same period in 2021.

The main reasons for this change are as follows:

- ***Refining*** businesses, which had negative results in the previous year, improved their results to 1,276 million euros in an environment of international margins driven by the rise in prices of products and raw materials (see section 4.2) and a progressive recovery in demand levels. This improvement was partially offset by higher energy and CO_2 costs.
- ***Chemicals,*** with sales in line with those of the first half of 2021, the results were down by -160 million euros, reflecting a comparison with the extraordinarily high international margins in the previous year and due to higher raw material (naphtha) and energy costs. Conversely, the results obtained by the cogeneration plants stand out in a favorable environment of electricity pool prices.
- In ***Trading*** and in ***Wholesale and Trading Gas***, the results improved compared to the previous year (+54 million euros), mainly due to operations in the international markets for crude, heavy crude, biofuels and middle distillates.

Operating **investment** in Industrial in the first half of 2022 stood at 372 million euros, 83% higher than in the same period in 2021, mainly due to the purchase of 14% of the Canadian company Enerkem and an increase in investment in refineries. The investments were made principally in the maintenance and improvement of activities in the industrial complexes, while important investments and decarbonization projects are being launched.

For more information on the activities in the segment, see section 4.2 Industrial

Commercial and Renewables

Adjusted net income in the first half of 2022 came to 215 million euros, compared to 228 million euros in the same period in 2021

These lower results are mainly explained by:

- The results in the ***Mobility*** businesses fell due to the drop in margins in Service Stations Spain, as a result of the more than 150 million euros of discounts applied to mitigate the effects of the war. This negative impact was partially offset by the increase in volumes sold, following the progressive lifting of mobility restrictions, and by higher discounts.
- The results of ***Lubricants, Aviation, Asphalts and Specialized Products*** stay in line with those of the previous year as they are compensated by higher margins in lubricants and higher volumes sold in aviation, The worst trend is seen in Asphalts.
- The results in ***LPG*** improved due to higher volumes sold as a result of the recovery in the restaurant, hotel, service and automotive sectors, despite lower margins in operations subject to regulated prices in Spain.
- The results in ***Electricity and Gas commercialization*** also fell due to the negative impact of high electricity and gas pool prices (see section 2.2), despite higher sales, especially of electricity. The number of customers increased by 18% to over 1.4 million.
- At ***Renewables and Low Carbon Generation***, results were higher than in the first half of 2021, due to the favorable price environment and higher production from combined cycles and from new projects in the renewables portfolio.

Operating **investments** in the first half of 2022 were for an amount of 278 million euros (33% less than in 2021). These investments were used mainly for renewables expansion in the United States (Jicarilla and Frye solar), as well as for the development and commercial start-up of new renewable energy projects in Spain.

For more information on the activities in the segment, see section 4.3 Commercial and Renewables.

Corporate and others

The results of the first half of 2022 amounted to -109 million euros (compared to -186 million euros in 2021). The financial result improved mainly due to higher results from treasury stock and exchange rate positions.

Meanwhile, Repsol has continued its efforts to reduce corporate costs, in line with the objectives envisaged in the 21-25 Strategic Plan, while continuing to promote digitalization and technology initiatives.

Net income

Adjusted net income is affected by the following factors:

- There was a positive **inventory effect** of 1,206 million euros, compared to 489 million euros in the first half of 2021, due to the increase in the prices of crude oil and petroleum products during the half year as a consequence of the geopolitical tensions resulting from the war.
- There were **special items** for an amount of -1,844 million euros in the first half of 2022 corresponding, mainly to impairments in the Group's refineries in Spain and Peru, and to a lesser extent, to update provisions for credit risk (Venezuela), environmental (spill in Peru) and others.

(Million euros)

Special items (after tax)	1H 2022	1H 2021
Divestments	8	1
Indemnities and workforce restructuring	(15)	(54)
Impairment of assets	(1,230)	(5)
Provisions and others(1)	(607)	(155)
TOTAL	**(1,844)**	**(213)**

(1) Mainly shows provisions for credit risk, legal and tax litigation and extraordinary exchange rate gains/losses on tax positions.

The Russian invasion of Ukraine has worsened the environment in which some of our businesses are expected to operate. Specifically, the Refining business in Spain has revised its medium and long-term forecasts downward as a result of the new European measures to accelerate the energy transition, the announcement of fiscal measures and the negative impact (beyond the short term) of market dynamics driven by the war in Ukraine. These new circumstances will affect the profitability and competitiveness of some facilities and have led to the recording of provisions for value impairment and dismantling of units that cannot be reconverted. The impact on the income statement amounts to 1,162 million euros (845 million euros after taxes).

In Peru wholesale margins have been revised downward, in an international context of higher prices, a more complex political-social environment and a local market with greater competition. As a result of this review, and the higher discount rates, impairments have been recognized for an amount of 300 million euros (210 million euros after tax).

For more information about impairments, see Note 3.2.2 of the Financial Statements of the first half 2022

As a result of all these factors, the Group's ***net income*** in the first half of 2022 amounted to 2,539 million euros, compared with 1,235 million euros reported in 2021, and with a significant improvement in profitability indicators and earnings per share versus the previous year:

Profitability indicators	1H 2022	1H 2021
ROACE- Return on average capital employed (%)	8.8	4.5
Earnings per share (€/share)	1.74	0.80

3.2 Cash generation

Cash flow from operations (2,930 million euros) was much higher than the figure reported in the first half of 2021, following a significant increase in EBITDA across almost all businesses except for Chemicals, Wholesale and Trading Gas and Mobility.

This positive impact was partially countered by the effect of higher cost of inventories on working capital (higher prices and volumes of inventories at the industrial businesses, an increase in taxes paid and higher investments.

Cash flows *(Million euros)*	**1H 2022**	**1H 2021**
EBITDA	8,019	3,635
Changes in working capital	(3,965)	(1,158)
Income taxes received/(paid)	(885)	(343)
Other collections/(payments)	(257)	(213)
Dividends received	18	11
I. Cash flow from operations	**2,930**	**1,932**
Payments on investments	(1,617)	(1,107)
Proceeds from investments	141	130
II. Cash flow from investments	**(1,476)**	**(977)**
Free cash flow (I + II)	**1,454**	**955**
Dividends and other (1)	(384)	(146)
Net interests and leases	(215)	(199)
Treasury shares	(383)	(447)
Cash generated	**472**	**163**

(1) Others refers to the remuneration of "other equity instruments" (perpetual bonds) and transactions with minority interests (in 2022 the sale of 49% of Valdesolar stands out and in 2021 the sale of 25% of Delta I).

The increase in investments resulted in a lower **cash flow from investing activities** (-1,476 million euros). The most important investments in the first half of 2022 were those made in the Exploration and Production segment (especially those made in the United States, including the disbursement for the acquisition of Rockdale in Marcellus) and in Industrial (stoppages of industrial complexes and acquisition of 14% of Enerkem) and, to a lesser extent, the investment in Renewables in order to continue the international expansion in the United States and the development of projects in Spain.

The **free cash flow** for the half year was 1,454 million euros, higher than the 955 in 2021.

As a result of all the factors described above, and after honoring shareholder remuneration (increased cash dividend, replacing the traditional *Scrip Dividend*) and holders of perpetual bonds (-47 million euros), the acquisition of treasury shares (-383 million euros, which include Repurchase Plans for stock redemption) and payment of financing costs and leases (-215 million euros), and considering also the cash obtained from the dilution of 49% —operation with non-controlling interests— in the stake in the Valdesolar wind farm (117 million euros obtained from the sale), the **cash generated** amounted to 472 million euros, which was higher than in 2021.

3.3 Financial overview

During the first half of 2022, in line with the commitment to strengthen the Group's financial structure, the different measures continued to be applied that have allowed solid debt and leverage levels to be achieved.

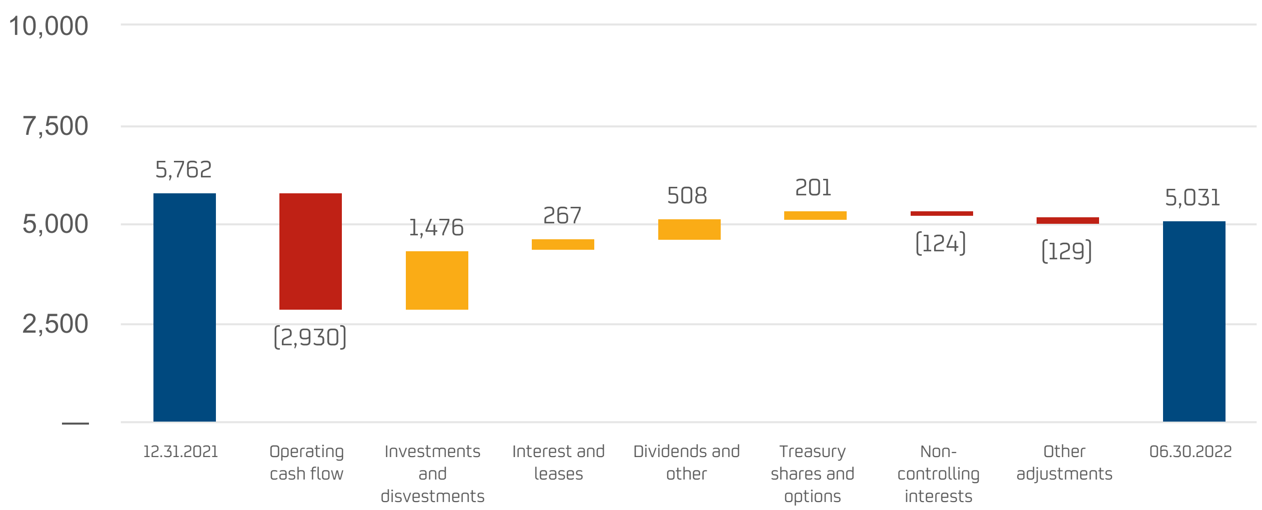
Maintaining our policy of financial prudence and our commitment to maintain a high degree of liquidity, the liquid resources held by the Group at the end of the year (in the form of cash and available lines of credit) cover debt maturities up to the third quarter of the year 2029, without the need for refinancing, which makes it possible to deal with the scenario of volatility and uncertainty in the financial markets impacted by the war in Ukraine.

Indebtedness

Net debt (5,031 million euros) was down compared to December 2021, mainly due to higher cash flow from operations (driven by a significant improvement in EBITDA).

For more information see Note 3.1.5 of the Interim Financial Statements for the first half of 2022

Net debt performance (M€)



The **leverage** ratio (16.6%)increased compared to the levels of December 2021 (23.4%), but it remains at healthy levels.

Gross debt amounted to 12.298 million euros (14.314 at December 31, 2021) and its maturity at June 30, 2022 is broken down below:

	2022	2023	2024	2025	2026	2027	2028 and beyond	TOTAL
Bonds[1]	—	301	848	1,747	499	746	2,079	6,220
Leases	288	434	358	318	291	288	1,945	3,922
ECP	1,481	—	—	—	—	—	—	1,481
Loans and credits	469	62	95	305	61	38	182	1,212
Others[2]	(325)	(238)	—	4	4	4	14	(537)

Note: the amounts shown in the table are the accounting balances recognized in the balance sheet.
(1) The maturity of the subordinated bonds is presented as occurring on the first call date.
(2) Includes mainly institutional financing and interest, derivatives and others.

Main financing transactions

The main financial operations in the first half of 2022 were as follows:

- In May, a Repsol International Finance, B.V. (RIF) bond was canceled at maturity for a nominal amount of 500 million euros and a 0.5% fixed annual coupon.
- Between March and June, Repsol canceled all the bonds issued by Repsol Oil & Gas Canada Inc. (ROGCI) for a total nominal amount of 412 million dollars.
- In April, loans linked to financing of the investment in the LNG project, Saint John LNG, in Canada, were canceled. This meant there was a cash outflow of 586 million dollars.

Sustainable financing framework

In June 2021, the new comprehensive sustainable financing strategy was published to accompany the energy transition process, offering flexibility and transparency in the issuance of financial instruments. It is implemented through a framework (available at www.repsol.com), which was updated in March 2022 with the new transition path published in the "Low Carbon day" and incorporates both instruments aimed at financing specific projects (green and transitional) and instruments linked to the company's sustainable commitments (Sustainability-Linked Bonds, or SLBs).

Liquidity

Group liquidity, including committed and undrawn credit facilities, stood at 9,380 million euros at June 30, 2022, which is enough to cover its short-term debt maturities by a factor of 3.9. Repsol had undrawn credit facilities amounting to 2,758 million euros at June 30, 2022 (2,675 million euros at December 31, 2021).

Credit ratings

The credit ratings assigned to Repsol, S.A. by the various ratings agencies are currently as follows:

	Standard & Poor's	Moody's	Fitch
Term	Repsol, S.A.	Repsol, S.A.	Repsol, S.A.
Long-term	BBB	Baa2	BBB
Short-term	A-2	P-2	F-2
Outlook	positive	stable	stable
Date of latest modification	02/25/2022	06/16/2021	04/02/2020

Treasury shares

At June 30, 2022, the balance of treasury shares is 25,406,068 shares representing 1.75% of the capital stock at that date. For more information see Note 3.1.4 of the Interim Financial Statements for the first half of 2022.

3.4 Shareholder remuneration

During the first half of 2022, a gross dividend of 0.30 euros per share was paid, charged to voluntary reserves from undistributed profits, for a total amount of 439 million euros.

In May, the capital reduction approved by the 2022 Ordinary General Shareholders' Meeting, under item seven on the Agenda, was carried out with the redemption of 75 million own shares. This contributes to shareholder remuneration through the increase in earnings per share

In July 2022, a gross cash dividend of 0.33 euros per share was paid, charged against the 2021 profits, for a total amount of 471 million euros.

The 2022 General Shareholders' Meeting also approved the distribution of a gross dividend of 0.325 euros per share, charged to free reserves. Its distribution will be made effective in January 2023, on the date specified by the Board of Directors.

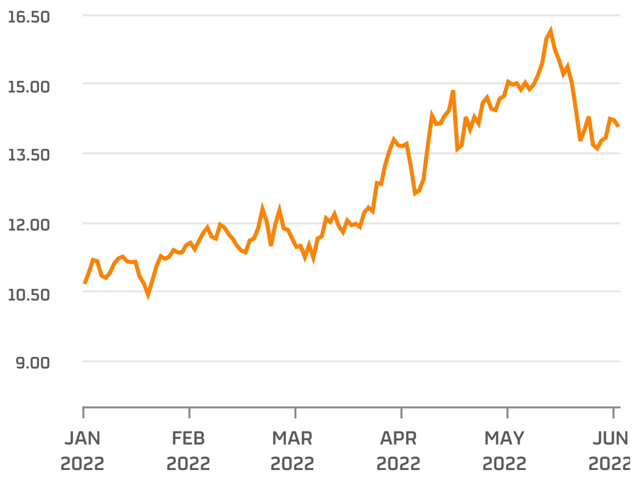
Lastly, the Board of Directors, at its meeting on July 27 this year, approved another capital reduction through the redemption of 75 million treasury shares with a par value of one euro each.

For more information see Note 3.1.4 of the Interim Financial Statements for the first half of 2022

Our shares

The Repsol share price during the first half of the year recorded a significant recovery compared to the levels at the beginning of the year (+33%), beating the average of the IBEX-35 (-7%) and comparable companies (+17%) in the Oil & Gas sector[1] which has been positively impacted by the recovery in demand and crude oil prices, as well as by the recovery in refining margins.

Share price over time (€/share)



The Group's main stock market indicators in 2022 and 2021 were as follows:

Main stock market indicators	1H 2022	1H 2021
Shareholder remuneration (€/share)	0.300	0.288
Share price at end of period(1) (euros)	14.05	10.55
Period average share price (euros)	12.76	10.15
Period high (euros)	16.12	11.47
Period low (euros)	10.42	7.98
Number of shares outstanding at end of the period (million)	1,452	1,527
Market capitalization at end of period(2) (million euros)	20,406	16,120

(1) Share price at year-end in the continuous market of the Spanish stock exchanges.
(2) Year-end closing market price per share, times the number of outstanding shares.

[1] Comparable companies considered in the Oil & Gas sector: Royal Dutch Shell, Total Energies, British Petroleum, Equinor, ENI, OMV and Galp.

4. Performance of our businesses

4.1 Upstream

At a glance

Divestments in Russia, Ecuador, Malaysia, Vietnam and Greece	Asset acquisitions in the Marcellus priority area	Positive result of the Monument-2 appraisal survey in Gulf of Mexico	Successful dismantling of 2 fields in the UK	Decision to invest in GoM (Castile and Leon)	Production increase in Bolivia (MGR-10 well connection)
January	February	March	April	May	June

Our performance in 1H 2022

Million euros	1H 2022	1H 2021	Δ
Operating income	2,932	1,182	1,750
Income tax	(1,268)	(510)	(758)
Investees and non-controlling interests	14	6	8
Adjusted Net Income	**1,678**	**678**	**1,000**
Special Items	(393)	(164)	(229)
Net income	**1,285**	**514**	**771**
Effective tax rate (%)	(43)	(43)	—
EBITDA	**3,689**	**1,845**	**1,844**
Operating investments	**746**	**418**	**328**

Main operating figures	1H 2022	1H 2021
Net production of liquids (kbbl/d)	184	221
Net production of gas (kboe/d)	365	378
Net hydrocarbon production (kboe/d)	549	599
Crude oil realization price ($/bbl)	97.1	57.7
Gas realization price ($/kscf)	7.4	3.6

(1) Proven reserves replacement ratio: (quotient between total additions of proven reserves in the period and production in the period)

Main events of the period

Repsol considers its Exploration and Production business, including its long-term maintenance and consolidation, to be strategic. In the context of dynamic and permanent management of the business portfolio, various opportunities and proposals have been analyzed.

Average production

The average production in Exploration and Production in the first half of the year was 549 Kboe/d, 8% Kboe/d lower than the same period in 2021, mainly due to the sale of the productive assets of TFT in Algeria, Bragge in Norway and all the productive assets in Malaysia, Ecuador, Russia and Vietnam, the intermittent stoppages of the fields in Libya due to security conditions and natural decline of the fields in Indonesia and Canada, and in Bolivia natural decline of the fields, operational problems and the effect of higher prices on operating contracts. All of this was partially offset by higher volumes in Peru and Cardón (Venezuela) and the commissioning of new wells in the unconventional assets of Eagle Ford and Marcellus in the United States and the entry into production of the YME project in Norway.

Management of the asset portfolio

In 2022, divestments and exit from the country were completed in Malaysia (35% share in PM3 CAA, 60% in Kinabalu, 60% in PM305/314), Russia (exploratory activities - Karabashsky - through the partnership with Gazprom Neft), Ecuador (sale of 35% of blocks 16 and 67) and in Greece (sale of 50% of the Ionian exploration block).

In order to focus on priority geographic areas, additional investments were completed in Marcellus, with the assets acquired from Rockdale Marcellus LLC and Abarta.

Exploration campaign

In 2022, drilling was completed of 4 exploratory wells (1 negative in Bolivia and 3 in Colombia, of which 2 had negative results and 1 is under evaluation); plus 1 appraisal well in the United States with a positive result. At June 30, an exploratory survey under way in Guyana and a delineation survey in the United States.

Acreage

In the Gulf of Mexico of the United States, the final investment decision has been made on the *Castille and Leon* projects, meaning that all the blocks in the *Keathly Canyon* area that made up both projects have now passed from the exploration phase to the development phase. In Alaska, the *Quoka* and *Alignment Agreement* areas have been unitized, meaning that Repsol has entered with a 49% stake in 46 blocks that belonged 100% to *Oil Search*.

North America

United States: new acquisitions in Marcellus, final investment decision in the Gulf of Mexico (Castile and Leon) and appraisal drilling with positive results in the Gulf of Mexico.

In January and February, in the United States, new assets were acquired at Marcellus, adding approximately 45,000 net acres in Tioga, Bradford and Lycoming counties (Pennsylvania), including additional production of approximately 80 million cubic feet per day and future drilling locations.

In February, the stake in Blacktip in the Gulf of Mexico was increased to 11.3%, a portion of Chevron's stake having been absorbed following its exit from the project.

In March, an agreement was signed with the non-profit foundation MiQ (the main market standard for methane emissions performance in the United States) to obtain certification for the Marcellus Shale production in Pennsylvania. The Monument-2 delineation drilling in the Walker Ridge 271 block in the Gulf of Mexico was also completed with a positive result.

In May, the final investment decision was made to develop the *Castille and Leon* projects (previously *Mocasin*) located in the Keathley Canyon extension area of the Gulf of Mexico (partners Llog and Beacon).

Mexico: partial return of exploratory Block 12.

In March, the Comisión Nacional de Hidrocarburos authorized Repsol to start the procedure to return 50% of exploratory block CNH-R03-L01-G-BG-07/2018 (Block 12), of which it owns 100%.

Latin America

Bolivia: increase in production.

In the framework of development works in the Caipipendi area, in Bolivia, an important milestone was reached in June, when early connection of the MGR-10 well was completed. This resulted in an increase in production of more than 2 Mm3/d earlier than originally planned. Drilling of the well in 2021 reached a depth of 4,550 meters, passing through 2 reservoirs with a thickness 50% greater than expected. The production test results confirmed the production volumes, leading to the project being approved, with initial flows of more than 2 Mm3/d and 2,600 boe/d.

Brazil: seismic survey in Albacora Leste.

In May, Repsol Sinopec Brazil and its partners Petrobras and Equinor began 4D seismic acquisition operations (892 km2 spanning the neighboring Roncador field in the deep waters of the Campos basin).

Ecuador: end of productive activity.

In January, the sale to New Stratus Energy of Repsol's 35% operating stake in heavy crude blocks 16 and 67 was completed .

Venezuela: improved prospects for the operation

The political and economic situation remained the same but the prospects for the operation improved as a result of the incipient relaxation of the coercive measures of the United States Government against Venezuela] (see section 6.2).

Europe, Africa and rest of the world

Norway: extension of license and cease of production

In February, an extension of the Blane field production license to July 8, 2027 was obtained and production in the Veslefrikk field (24 wells) ceased.

UK: dismantling and Pre-FEED Marigold study.

In April, the dismantling of the Buchan and Hannay fields was completed, achieving a recycling rate and reuse of recovered materials of 99%. New agreements were also signed to export the oil produced at *Golden Eagle, Piper and Claymore* to Repsol's Flotta terminal at *Scarpa Flow, Orkney*, until the end of the field's life in the 2030s.

In May, a team was created to begin design studies and preliminary engineering for the development of the Marigold field, owned by Ithaca and Hibiscus, with the Piper Bravo platform operated by Repsol Sinopec (estimated maximum production of 40 Kboe/d and 12 Mscf/d).

Greece: exit from the country

In January, the sale of 50% of the Ionian block to Hellenic Petroleum was approved, putting an end to activities in the country.

Libya: interruptions due to security conditions.

In April, production at El Sharara Field was interrupted due to security conditions (see section 6.2).

Algeria: diplomatic conflict with Spain.

Operations have continued normally despite the diplomatic conflict (see section 6.2).

Russia: exit from the country.

In January, the last exploration assets were sold to Gazprom Neft.

Malaysia and Vietnam: exit from the countries.

In January, the sale, to a Hibiscus Petroleum subsidiary, of the PM3 CAA, Kinabalu, and PM305/314 assets in Malaysia and block 46 CN in Vietnam (an asset connected to the PM3 CAA production facilities) was completed.

In May, government approval was received for the transfer of exploration blocks 133-134 and 156-159 to Petrovietnam, which means the cessation of Repsol's activities in Vietnam.

Guyana: start of exploratory campaign

In June, drilling began on the Beebei-1 exploratory well (Kanuku block), which Repsol operates with a 37.5% stake.

Geothermal energy: progress toward decarbonization

Geothermal energy is a renewable source with continuous and stable production that avoids external energy dependency.

In January, Repsol participated in the launch of the Texas Geothermal Energy Alliance (TxGEA), created to promote geothermal energy in Texas with the support of large oil and service companies.

In Spain, the company is studying the feasibility of developing geothermal energy in the Canary Islands.

For more information see www.repsol.com

4.2 Industrial

At a glance

January	February	March	April	May	June
Spill in Peru		Start of construction of advanced biofuels plant in Cartagena	Acquisition of Enerkem	Advances in Petronor's decarbonization projects	Announcement of the first polyethylene plant in Puertollano

Our performance in 1H 2022

Million euros	1H 2022	1H 2021	Δ
Operating income	1,898	307	1,591
Income tax	(472)	(77)	(395)
Investees and non-controlling interests	(33)	9	(42)
Adjusted Net Income	**1,393**	**239**	**1,154**
Inventory effect	1,154	464	690
Special Items	(1,160)	(21)	(1,139)
Net income	**1,387**	**682**	**705**
Effective tax rate (%)	(25)	(25)	—
EBITDA	**3,933**	**1,355**	**2,578**
Operating Investments	**372**	**203**	**169**

Main operating figures	1H 2022	1H 2021
Refining capacity (kbbl/d)	**1,013**	**1,013**
Europe	896	896
Rest of the world	117	117
Conversion rate in Spain (%)	**63**	**63**
Conversion utilization Spanish Refining (%)	**89**	**77**
Distillation utilization Spanish Refining (%)	**87.0**	**73.4**
Crude oil processed (millions of t)	**20.9**	**18.2**
Europe	19.3	16.3
Rest of the world	1.6	1.9
Refining margin indicator ($/Bbl)		
Spain	15.5	0.9
Peru	19.2	5.4
Petrochemical production capacity (kt)		
Basic petrochemicals	2,656	2,656
Petrochemical derivatives	2,243	2,243
Sales of petrochemical products (kt)	**1,371**	**1,382**
Gas sales in North America (Tbtu)	**318**	**397**

Refining

In an international context influenced by volatility in the markets for raw materials and products, the refining margin indicator in Spain in the first half of 2022 was 15.5 dollars per barrel (0.9 $/bbl in 2021). The average distillation utilization was 87.00% in Spain, compared to 73.40% in the previous year, driven by the recovery in demand.

The margin indicator has been conditioned by the particular circumstances of the environment in both comparison periods. In 2022, in addition to the impact on prices of the rise of the dollar against the euro and the increase in prices on the international markets for crude oil, gasoline and diesel, there is the effect of the war in Ukraine, with the partial veto on the import of raw materials and finished products, especially diesel, from Russia, and the reduced refining capacity in the EU (due to its dependence on the Russian market, in the last decade the capacity has been reduced by more than 10%). This mismatch between supply and demand has caused a rise in world reference prices, based on international prices that are governed by global dynamics that go beyond the actual increase in the cost of the raw material, crude oil. In the first half of 2021, margins were at historical lows, very negatively affected by the reduction in fuel demand as a result of the mobility restrictions imposed by COVID-19.

Development of cutting-edge decarbonization projects

In March, the last phase of construction began on the first advanced biofuels plant in Spain, at the Cartagena refinery. Repsol will invest 200 million euros in this project, which will come into operation in the first half of 2023 with capacity to produce 250,000 tons per year of advanced biofuels, such as hydro-biodiesel, biojet, bionaphtha and biopropane. These can be used in aircraft, boats, trucks or cars, allowing a reduction of 900,000 tons of CO_2 per year.

In May, the start was announced of construction of the synthetic fuel plant and of the urban waste recovery project in Bilbao. CO_2 captured in Petronor will be used to feed the synthetic fuel plant, and a 10 MW electrolyzer will be installed to produce green hydrogen. The urban waste recovery facility will transform the waste into biofuels or biogas, which will be used as raw material substitutes at Petronor and so reduce its environmental footprint.

Spill in Peru

On January 15, there was an oil spill caused by an uncontrolled movement of a ship that was unloading crude oil at the Pampilla refinery.

For more information, see section 5 and Note 4.4. Environmental risks in the condensed consolidated financial statements for the first half year.

The average distillation utilization in the half-year, which was affected by the incident and recovered progressively throughout the period, stood at 68.78% compared to 108.16% in the previous year.

Chemicals

In global terms, demand has remained steady in the half-year, allowing the occupation of the plants to be maintained. However, the rise in costs (both raw materials and energy) caused a certain deterioration in margins, which were lower than in the same period in the previous year.

Commitment to differentiation and the Circular Economy

In March, Repsol entered into a partnership with Ravago, a global compounds manufacturer and recycler and distributor of polymers, under a long-term agreement for a new polypropylene compound plant for automotive applications, in Morocco. The plant, which is scheduled to start up in mid-2023, will have a manufacturing capacity of 18.5 kt/year of polypropylene compounds. It will be located in the duty free zone of Tangier and will cover local demand.

In April, following an investment of 54 million euros in shares and an additional 69 million euros in a subscription of convertible bonds, Repsol became a shareholder in Enerkem, a leader in gasification technology to obtain renewable fuels and chemical products from non-recyclable waste.

In April, the DYNASOL Group, Repsol's JV with the KUO group in the rubber sector, announced that it will increase its production capacity in Santander with the installation of a new line to produce styrene-butadiene rubber (SSBR). The investment will mean a 20 kt/year increase in production of SSBR in Spain (with the potential to reach 25 kt/year) and the line is expected to be operational in the first quarter of 2024.

In May, an investment of 18 million euros in the production of high-quality polymeric polyols in Tarragona was announced, with the goal of expanding the Alcupol® range, aimed at the bedding, furniture and automotive markets. The production line, expected to be in production in the last quarter of 2023, will use in-house technology developed by Repsol.

In June, investment of 105 million was announced for construction of the first ultra-high-molecular-weight polyethylene plant in Spain. The plant, scheduled for commissioning at the end of 2024 in Puertollano, will use DSM technology and will have an annual production capacity of up to 15 kt. In the same month, Repsol announced that it will invest in a cross-linked polyethylene (XLPE) plant in Tarragona for the manufacture of high and very high-voltage cables. With an investment of 35 million euros, the plant will have a manufacturing capacity of up to 27 kt/year (commissioning scheduled for mid-2024). Finally, Repsol has inaugurated a new production line for fiberglass-reinforced compounds at the Polidux Monzón plant, Huesca, specially designed for the automotive sector.

Trading

Very good results in the half year in the main businesses, both in Crude Oil and Products, as well as in Maritime transport and Bunker, supported by the strength of our value chain and the opportunities of the volatile environment.
In the first half of 2022, 696 ships were chartered (660 in the same period of 2021) and 184 fleet voyages were made in Time Charter (186 in 2021).

Technological development and decarbonization

In March, Repsol and Navantia signed a collaboration agreement to develop innovative solutions jointly to decarbonize maritime transport. The behavior of the new liquid fuels with a low carbon footprint to be supplied by Repsol (advanced biofuels produced from waste and synthetic fuels) will be jointly evaluated in both the propulsion and generation engines manufactured by Navantia, The project will focus on evaluating the technical and economic feasibility of the technology.

Gas Wholesale and Trading

In the first half of 2022, marketing activity in the United States took place in a context characterized by extraordinary price volatility and was approximately 78.9 TBtu lower than in the same period in 2021.

The LNG activity and marketing and trading of natural gas in Spain was also impacted by the volatility and high prices of gas and LNG in all markets, especially in Spain and Europe. Optimization of the gas and LNG portfolio was carried out through swap operations with third parties, logistics optimizations and trading in the gas system.

Liquefaction projects in Canada

The invasion of Ukraine created the need for many Central European countries to increase their supplies of liquefied natural gas as a form of diversification. The Canadian authorities have shown interest in developing a liquefied natural gas project on their east coast to supply Europe, considering very feasible the possibility of adding liquefaction capacity to Saint John LNG (a regasification plant owned 100% by Repsol). Repsol continuously explores all options to maximize the value of Saint John, focusing particularly on new decarbonization opportunities to support the energy transition.

Renewable hydrogen: sustainable industry

In January, the SHYNE (Spanish Hydrogen Network) project was presented, the largest renewable hydrogen consortium in Spain. It is made up of 35 companies from different sectors and will develop projects expected to create more than 13,000 jobs. Repsol is leading this initiative in line with its renewable hydrogen strategy, presented in October 2021, in which it plans to invest 2,549 million euros by 2030.

In April, creation of the Ebro Hydrogen Corridor was announced, a benchmark for developing this renewable energy that brings together the Basque Hydrogen Corridor (BH2C), the Catalonia Hydrogen Valley (H2ValleyCat), the Aragon Hydrogen Valley "GetHyGA Initiative" and the Green Hydrogen Agenda of Navarre. The basic objective is to contribute to a rapid and efficient deployment of the hydrogen economy, creating a leading geographical area for the development of hydrogen in Spain.

SHYNE is a significant driver of this new industrial ecosystem that will support projects and promote efficient knowledge management and research into pioneering technologies to position Spain at the forefront of this new energy vector.

It is also worth mentioning that an agreement has been reached with Navantia for the installation of an electrolyzer factory at its Ferrol shipyard.

For more information see www.repsol.com

4.3 Commercial and Renewables

At a glance

January	February	March	April	May	June
Acquisition of 21,000 electricity customers from Capital Energy		1st operator to apply fuel discounts	Waylet reaches 4 million users	Start of renewable production in the United States	Agreement to grow in Renewables

Our performance in 1H 2022

Million euros	1H 2022	1H 2021	Δ
Operating income	316	312	4
Income tax	(80)	(78)	(2)
Investees and non-controlling interests	(21)	(6)	(15)
Adjusted net income	**215**	**228**	**(13)**
Inventory effect	52	25	27
Special items	(104)	(5)	(99)
Net income	**163**	**248**	**(85)**
Effective tax rate (%)	(25)	(25)	—
EBITDA	**596**	**519**	**77**
Operating investments	**278**	**413**	**(135)**

Main operating figures

Main operating figures	1H 2022	1H 2021
Own marketing sales - Spain diesel and gasoline (km³)	**7,892**	**6,502**
Number of service stations	**4,649**	**4,950**
Europe	3,815	4,094
Rest of the world	834	856
Sales of lubricants, asphalts and specialized products (kt)	**2,006**	**2,054**
Europe	1,440	1,471
Rest of the world	566	583
Aviation Sales (km³)	**1,747**	**752**
Europa	1,511	555
Rest of the world	236	196
LGP Sales (kt)	**666**	**650**
Europa	654	638
Rest of the world	12	11
Electric generation capacity in operation (MW)(1)	**3,860**	**3,386**
Electric generation (GWh)(2)	**4,245**	**2,052**

(1) Installed capacity under development amounts to 1,537 MW (includes 995 MW corresponding to joint ventures).
(2) Does not include electricity generated by cogeneration plants

Incorporation of partners to grow in the renewables business

On June 9, the Board of Directors approved the sale of a 25% stake in Repsol Renovables, for 905 million euros, to the consortium formed by the French insurer Crédit Agricole Assurances and funds managed by Energy Infrastructure Partners (EIP). The operation, which is expected to be completed before the end of the year, marks a new milestone in fulfilling the 2021-2025 Strategic Plan and demonstrates the soundness of Repsol's business and growth model in this segment created just over three years ago.

The incorporation of these partners involves an investment commitment to strengthen growth of Repsol Renovables in line with the ambitious goals of the Plan to reach 6 GW of installed renewable generation capacity by 2025, plus new plans that include entry into new markets and the incorporation of complementary technologies such as offshore wind power.

For more information see www.repsol.com

Mobility

Fuel sales in the first half-year in Service Stations in Spain were 11% higher than in the same period in 2021, although they were still 9% lower than in 2019, while Direct Sales (gasoline + automotive diesel) increased by 59% (34% higher than in 2019).

Commitment to customers and digitalization

In March, Repsol became the first operator to apply a discount of 10 cents on the price of fuel to its customers through the Waylet payment application. This discount was applied to all fuels up to June 30 and was in addition to the 20-cent rebate approved by the Government, also up to June 30. In these cases, a price reduction was applied of at least 30 euro cents per liter of fuel.

These discounts will continue to be applied from July 1 and throughout the summer, a period in which a large number of trips are concentrated.

Carriers with a Solred card, regardless of whether they use Waylet, and also including the Government rebate, had a discount of at least 30 cents.

Customers who did not use Waylet, had an additional discount of 5 cents, which, together with the government rebate, meant a discount of at least 25 cents.

With these measures, Repsol mitigates the impact on its customers of an environment of a sharp increase in fuel prices.

In April, the Waylet payment application reached 4 million users, standing at number 1 in the ranking of the most downloaded free applications for three consecutive weeks. At June 30, there were 4.5 million users of the application.

In May, an alliance was signed with Burger King, through which each payment with Waylet in these establishments generates a benefit for the user of a minimum of 1.5% of the accumulated balance in their digital wallet, to be applied as a discount on future purchases.

Electric mobility

In January, the Company signed an agreement with Uber, making Repsol an Uber-approved energy supplier for its drivers of VTC vehicles and taxis that are 100% electric or plug-in hybrids.

In April, the supply of biofuel began to the French Formula 4 championship, the first single-seater competition in the world to use fuel from 100% renewable sources throughout the season.

In May, the Fleet Management project was launched. This cloud-based product helps professional customers make their processes more robust and efficient, centralizing all the information generated by their fleet of vehicles on a single platform and so saving on administrative and operational costs and reducing management times).

In June, Wible (a *carsharing* service promoted jointly with Kia), reached an agreement with AENA to operate at the Adolfo Suárez Madrid-Barajas airport.

During the half-year, a new fast-charging point for electric vehicles, located at the Elche service station, was inaugurated with Nissan. With a power of 50 kW, it allows an electric vehicle to be recharged in about 25-30 minutes, depending on the size of the vehicle's battery. The first ultra-fast charging point in the Madrid region was also inaugurated. Located at the Venturada service station (kilometer 49 on the A-1), it has four 350kW charging points, allowing vehicles to be recharged in about 5-10 minutes. At June 30, 2022, Repsol had a network of 840 public charging points.

Lubricants, Aviation, Asphalts and Specialized Products

Aviation fuel sales maintained the rapid recovery that began in the second half of 2021, 132% higher than in the first half of 2021 (-5% lower than in 2019)).

New collaboration agreements

In April, a collaboration agreement was signed with the Air Force. The agreement includes aspects such as improving sustainable mobility in the air sector, analysis and drafting of proposals to promote the development and consumption of new fuels with low environmental impact, and joint R&D&i actions.

In June, the first three long-haul flights, from Madrid to the United States, were made using biofuels produced in Spain from waste at the Petronor refinery, within the framework of the agreement signed with Iberia.

LPG

This year and the previous ones, LPG continued with its commitment to digitization and a customer focus, developing digital tools for more personalized offers and a customer-focused strategy.

New products

In March, ISCC-Plus certification was obtained for the Puertollano factory, which will allow the marketing of Bio LPG produced by sustainably sourced refineries.

The first photovoltaic self-consumption plant completed its first six months of operation in Puertollano (219,010 kWh; avoiding emission of 104 tons of CO_2), and will now be replicated in three other Green factories (Montornés, Pinto and Algeciras).

Electricity and gas commercialization

Performance in the first half of 2022 was influenced by a very complex market scenario, with high energy prices never seen before. The volumes sold were 2,186 GWh of electricity (1,904 GWh in 2021) and 1,008 of gas (922 GWh).

Customer portfolio acquisition and promotion of self-consumption

In January, Capital Energy's portfolio of residential and SME electricity customers was acquired, thus adding 21,000 customers and reaching a total of 1.47 million electricity and gas customers (including those of Gana Energía).

In March, a 50% *joint venture* was created with Telefónica to develop photovoltaic self-consumption. The strategic agreement, approved by European Competition in June, offers innovative services for private customers, neighborhood communities and companies. An agreement was also signed with the real estate brokerage network Century 21 Spain to offer its customers personalized home electricity and gas services at stable prices during a year.

Low carbon and renewables generation

In the first half of 2022, electricity production was 4,245 GWh, compared to 2,052 GWh in the same period in 2021 (excluding production by cogeneration plants). The total installed capacity in operation at June 30, 2022 was 3,860 MW.

In March, the Cometa I and Cometa II wind farms (60 MW total capacity), belonging to the Delta II project, began to operate.

In April, an agreement was signed with Ørsted to identify and, where appropriate, jointly develop floating offshore wind projects in Spain.

Asset turnover and expansion in the United States

In March, an agreement was reached with The Renewables Infrastructure Group (TRIG) for it to acquire a 49% stake in the Valdesolar photovoltaic project (Badajoz) for 117 million euros.

In the United States, in April, Repsol began electricity production at Jicarilla 2, in New Mexico, the first photovoltaic renewable project built and operated by Repsol (62.5 MW). Another photovoltaic plant, Jicarilla 1, is being developed there with an installed capacity of 62.5 MWp and 20 MW of battery storage, which will come into operation in the coming months. In April, the intention to invest in the 637 MW Frye Solar photovoltaic project (Texas) was announced. This will become Repsol's largest solar installation when it goes into operation at the end of 2023.

5. Sustainability and corporate governance

In the information published in section 6 (Sustainability) and 2.4 (Corporate Governance) of the 2021 Management Report, the following updates are most noteworthy:

Sustainability model

In the first half of 2022, a new Global Sustainability Plan (sixth edition) was approved. This Plan is aligned with the 2030 Agenda and incorporates increased ambition in the area of climate change, including new objectives for renewable Hydrogen, reduced absolute CO_2 emissions and increased renewable energy capacity. In addition, objectives for talent management have been included to allow us to carry out a fair energy transition. Based on the provisions of the Global Sustainability Plan, during these first months of 2022, 18 local plans were updated in different countries and industrial complexes, with annual initiatives responding to the Company's objectives and the needs of local interest groups.

For more information on the Global Sustainability Plan and local Sustainability Plans, see www.repsol.com

Climate change

The General Meeting of Shareholders of Repsol, S.A., held on May 6, 2022, approved for the first time, through a consultative vote, the Company's climate change strategy. As every year, verifications of greenhouse gas (GHG) inventories were carried out, under the ISO14064 standard, in the industrial centers and assets operated, without any changes to the information published in the 2021 Management Report being identified.
Finally, in relation to the issuance in 2021 of *Sustainability Linked Bonds* (1,250 million euros) linked to the reduction of the Carbon Intensity Indicator (CII), the first IIC report was published(available at www.repsol.com), with the objectives set in the issuance having been met.

Environment

On January 15, 2022, an oil spill occurred at sea, at the facilities of the Multibuoy Terminal No. 2 at the La Pampilla Refinery, in Peru, while crude oil was being unloaded from the Mare Doricum tanker, with an impact on the natural environment and on neighboring towns.

At present, the authorities still continue to investigate the causes of the incident and the potential responsible. Despite not being the cause, Repsol deployed from the outset all the human, technical and financial resources required to speed up the process of containment and cleanup, and to meet the needs of the affected local population.

The first response cleanup actions in the affected areas have already been completed. Water, soil and sediments have been monitored and the Company is now waiting for the pertinent organizations to deliver the results since these are needed to determine what further steps should be taken. The urgent needs of the affected populations were met and economic aid is being given in advance of conclusion of the definition of total compensation amounts.

Without prejudice to any initiatives that could be directed against those responsible for it, Repsol reaffirms its commitment to continue mitigating and remedying the effects of the spill, to work with the authorities and affected communities, and to respond in the most effective way to citizens with total transparency, while collaborating with the authorities to clarify the facts.

For more information on the impacts of the spill, see Note 4.4. of the Financial Statements for the first half of 2022, and for information on the mitigation measures, see www.compromisorepsol.pe

Noteworthy, Repsol's Circular Economy strategy received the AENOR 100% Circular Strategy certificate. AENOR highlights Repsol's alignment with the circular economy principles of sharing, optimizing, virtualizing, exchanging, regenerating, innovation and transparency.

Technologies for decarbonization

Repsol Technology Lab is one of the most cutting-edge private models of R&D in Spain, which complements its research work with a Corporate Venturing investment fund and an open innovation strategy. The following are the highlights in this area in the first half:

(i) leadership in the quantum computing consortium (CUCO) applied to energy and climate change solutions, made up of top-tier companies and supported by important research centers.

(ii) agreements have been signed with Navantia, to work together in the field of decarbonization of maritime transport, with LafargeHolcim, to accelerate the reduction of carbon in energy infrastructure, transport and construction materials, plus an agreement within the Horizon Europe consortium (Plastic2Olefins) to develop a process for the production of circular olefins from plastic waste.

(iii) together with Suma Capital, a new venture capital fund, called *SC Net Zero Tech Ventures*, is launched. It will have capital of up to 150 million euros to accompany companies in the development of decarbonization, energy transition and circular economy technologies, and promote their growth and international expansion.

In parallel, the *Corporate Venturing* fund has started a new phase and is now called Repsol *Deep Tech*. It will invest in technology *startups* in the more incipient stages of development and is endowed with 50 million euros. These two funds, complementary to each other, become Repsol's new model for promoting the entrepreneurial ecosystem and for detecting technologies to accelerate its energy transition.

Digitalization

Repsol continues to commit to digitalization as a lever to achieve the goal of zero net emissions in 2050. Of particular note are the Solmatch initiatives, solar communities to promote the generation of renewable energy, or *Smart Energy*, applying advanced analytics to reduce energy consumption in refineries. The bond with its customers continues to be strengthened with a multi-energy offer, through transversal loyalty initiatives.

During the first half, the definition of a new *roadmap* for a digital "second wave" in the 2023-2025 period began, and

Repsol's digital model was recently recognized by Gartner in its Case Study on *Operating Model Transformation for Digital Innovation*.

People

In the first half of 2022, Repsol continues to work on achieving the Strategic Plan's objectives, with the organization's people playing a key role in accelerating the energy transition in an efficient and sustainable manner.

Repsol's priority continues to be new ways of working and retention and hiring of strategic talent in a diverse, stable environment with opportunities for professional growth. Putting emphasis on reinforcing a sustainable work life, favoring healthy work environments with a focus on well-being, responding to the new reality where the company's culture must be aligned with the business strategy.

Operational safety

In March, at the A Coruña Industrial Complex in Spain, two workers of a contractor suffered an accident of hydrogen sulfide inhalation . Both workers were immediately treated and taken to the hospital where, sadly, one of them died.

The Company set up an Investigation Commission comprising Repsol personnel, prevention officers and worker representatives, which issued the corresponding report on causes and actions for improvement.

Repsol has taken the appropriate measures to prevent a similar accident from occurring at its facilities in the future..

The Company's Safety policy is being reviewed. It has been added to with the principles of Fair Culture, such as promoting consideration of human factors as a determining factor for improvement.

Additionally, a first Fair Culture pilot is being developed at the LPG factory in Castellón to allow these principles to be tested and implemented in a Company production center.

Fiscal responsibility

Repsol has maintained its commitment to responsible tax compliance, good tax practices and public transparency regarding its tax contribution in the countries where it operates.

In the first half of 2022, Repsol paid 7,566 million euros in taxes and similar public charges. In Spain alone, these taxes were for an amount of 5,324 million euros. In particular, Repsol's tax contribution related to environmental protection was 3,186 million euros[1] (2,662 million euros in Spain).

Regarding good tax practices and cooperative relations with tax administrations, it should be noted that Repsol has submitted its 2021 Voluntary Tax Transparency Report to the Spanish National Tax Agency and continues to support actively the development of voluntary and multilateral processes, between companies and governments, for the evaluation and prevention of fiscal risks. In this regard, continuing the line set by its participation in the International Compliance Assurance Program of the OECD (ICAP), Repsol is now participating in the European Trust and Cooperation Approach of the European Union (ETACA).

In relation to public transparency and accountability towards society, Repsol has voluntarily published reports on its website (www.repsol.com) detailing and explaining the taxes paid in the last year, as well as its activity in tax havens and other controversial territories, including the *country by country income tax* report that is submitted to the tax authorities. In recognition of its effort, Repsol has earned various awards during the period, including: best practice in transparency and fiscal responsibility in the IBEX35 in, according to the Corporate Social Responsibility Observatory[2]; international best practice in fiscal transparency, according to Norges Bank[3]; and highest quality of tax information, according to the Haz Foundation[4].

For more information
on fiscal responsibility, see *www.repsol.com*.

Taxes paid in the first half of 2022[(1)]

	Tax paid[(2)]		Tax borne			Tax collected			
Million euros	**1H 2022**	1H 2021	**Total**	CT	Other	**Total**	VAT	HT[(3)]	Other
Europe	**5,905**	4,066	**518**	163	355	**5,387**	2,244	2,866	277
Latam and Caribbean	**1,046**	492	**625**	297	328	**421**	282	120	19
Asia and Oceania	**139**	163	**135**	134	1	**4**	2	—	2
North America	**153**	98	**117**	8	109	**36**	8	—	28
Africa	**323**	276	**321**	297	24	**2**	—	—	2
TOTAL	**7,566**	5,094	**1,716**	899	817	**5,850**	2,536	2,986	328

(1) Information prepared in accordance with the Group's reporting model described in “Information” (page 2 of this document).
(2) The amount includes refunds from previous years of 112 million euros in 2022 and 133 million euros in 2021.
(3) Tax on hydrocarbons. Includes what is paid through logistics operators when the Company is ultimately responsible for payment.

[1] Includes both the tax burden borne (taxes on electricity, energy efficiency fund, cost of CO2 emission rights, etc.) and taxes collected from third parties (taxes on fuel and fuel consumption – according to Eurostat criteria –, some of which have a partial environmental component).

[2] “Corporate Social Responsibility of IBEX 35 companies” report by the Corporate Social Responsibility Observatory.

[3] Norges Bank “2021 Responsible investment” report.

[4] Seal of “t de transparent – three stars” Foundation (maximum recognition) awarded by the Haz for the quality of the tax information voluntarily published on the web.

Corporate governance

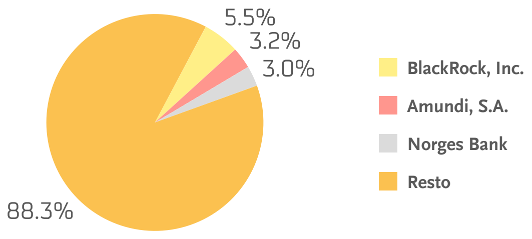
The General Meeting of Shareholders of Repsol, S.A.., held on May 6, 2022, approved the re-election, as directors, of Ms. Carmina Ganyet i Cirera and Mr. Ignacio Martín San Vicente, as well as the ratification and re-election, as Directors, of Mr. Emiliano López Achurra and Mr. Iván Martén Uliarte. All of them, for the statutory term of 4 years. In addition, the Board of Directors re-elected Mr. Manuel Manrique Cecilia as Independent director.

During the first half of the year Sacyr, S.A. sold its entire stake in the Group.

Repsol's commitment to sustainability is recognized in the market, as seen in the fact that 40% of the company's institutional investors today are socially and environmentally responsible investors.

Finally, in relation to the proceeding before the Central Court of Instruction number 6 of the National Court (Audiencia Nacional) regarding the hiring of Cenyt SA ("Cenyt"), see Note 5 of the Interim Financial Statements for the first half of 2022.

Shareholder composition (latest information available)



For more information in Repsol's shareholder composition, see Note 3.1.4 of Financial Statements for the first half 2022

6. Outlook

6.1 Outlook for the energy sector

Macroeconomic outlook

At the beginning of 2022, a slowdown in growth was expected due to the exhaustion of the easier earnings to be made following reopening after the COVID-19 crisis and to some reversal of the exceptional monetary and fiscal policy support provided in 2020 and 2021. Nevertheless, growth was still expected to be very strong and relatively high by historical standards. But subsequently the global economic outlook has suffered a serious setback, largely due to the Russian invasion of Ukraine.

Consequently, the base scenario of the IMF in April expects world GDP growth of 3.6% in both 2022 and 2023. This represents a notable downward revision for 2022 of 0.8 percentage points (p.p.) from the previous forecast in January. The forecast for 2023 was reduced by 0.2 p.p. compared to the previous forecast.

However, the adverse impact varies greatly between regions and countries. Europe is more negatively affected by the war, given its greater dependence on energy imports and refugee movements. Thus, the growth forecast for the euro area in 2022 has been cut from 3.9% to 2.8%.

IMF macroeconomic forecast

	Real GDP growth (%)		Average inflation (%)	
	2022	2021	2022	2021
Global economy	3.6	6.1	7.4	4.7
Advanced countries	3.3	5.2	5.7	3.1
Spain	4.8	4.9	5.3	3.1
Emerging countries	3.8	6.8	8.7	5.9

Source: IMF (*World Economic Outlook* January 2022) and Repsol Research Unit.

Against this backdrop, forecasts and projections will be fraught with uncertainty. And the risks to these growth forecasts are skewed to the downside.

Firstly, the emergence of Omicron is a timely reminder that the pandemic is not over and that new virus variants may emerge, carrying additional risks and possibly derailing the recovery process, either because they are highly infectious or otherwise able to evade the protection given by vaccines. Secondly, supply problems, coupled with the release of pent-up demand and the rebound in commodity prices, have caused a rapid rise in inflation, which could be more permanent than initially expected. Monetary tightening is most noticeable in the United States, while in Europe the ECB will need to find a delicate balance between tackling inflation, supporting activity and avoiding the risks of financial fragmentation. A sudden reassessment of the monetary policy outlook could tighten financial conditions and dampen recovery.

Energy sector outlook

According to the International Energy Agency (IEA) June estimate, China is expected to drive an acceleration in oil consumption in 2023, by which time global oil consumption is expected to keep 1 mb/d above pre-pandemic levels. Global oil demand is also expected to increase by 2.2 mb/d to 101.6 mb/d, after an estimated increase of 1.8 mb/d in 2022. Unlike this year, when most growth in oil demand is expected to come from advanced economies, the IEA expects non-OECD countries to account for 80% of consumption growth next year. Regarding oil supply, the IEA notes that supply could struggle to keep pace with demand in 2023, as the imposition of sanctions would force Russia to close more wells and some crude oil producers would face problems in increasing their output production capacity. Producers in the OPEC+ group could partially compensate, but it will be non-OPEC+ producers, led by the United States, that will dominate global supply growth in 2023. To prevent oil markets from falling into deficit, OPEC countries would have to produce more, cutting their production capacity to record lows of 1.5 mb/d. Meanwhile, global refinery input is expected to increase by 3.5 mb/d from May to August, as the refinery maintenance season ends in the United States, Europe and Asia. In 2023, refinery output is expected to expand by 1.9 mb/d, supported by the commissioning of new refineries in Africa, the Middle East and Asia.

Regarding the Henry Hub natural gas market, in 2022 the Henry Hub is expected to trade at higher averages than in 2021. In the short term, the price will be greatly influenced in the first place by the behavior of demand, which is expected to remain high as a result of higher consumption in all sectors. Regarding production, a moderate increase is expected in 2H22, in response to prices that stayed high in the first half of the year and that are expected to remain high during the coming months. Regarding exports, Europe has become the main destination for LNG exports from the United States and this situation is expected to continue until at least 2023, depending on the geopolitical context with Russia. The expansions of capacity to produce additional LNG that will come into operation in the short term, will promote a greater export flow with a guaranteed market, so exports are expected to continue to grow at a good pace.

Beyond the fundamentals, demand will also be crucially influenced by the energy/climate policies that the government pursues and the strength with which Asian demand can be met in the winter.

6.2 Outlook for our businesses

The group's business plans for the second half of 2022 are in the context of the provisions of the Strategic Plan 21-25, a roadmap for transforming the Company. The Group will continue to promote the energy transition, ensuring profitability and maximum value for shareholders. All this while prioritizing capital efficiency and discipline and a prudent financial policy, and maintaining caution in a particularly volatile environment.

The Renewables business will continue to be the basic pillar of the energy transition, with the aim of increasing renewable generation capacity through the start-up of development projects in Spain, Chile and the United States and advancing in new portfolio and international expansion projects.

The Exploration and Production business will continue to prioritize value creation, with a special focus on the efficiency and safety of operations and on cash generation.

At Industrial, progress will be made in the decarbonization program through plans to reduce CO2 emissions in our industrial centers, as well as through renewable hydrogen generation projects and low-carbon products, such as sustainable biofuels, biogas, eFuels and promotion of the Circular Economy. And at the same time, the focus will be on continuing to increase the reliability and flexibility of the plants, the differentiation of high-value products and the incorporation of energy efficiency measures.

The commercial businesses will continue to focus on optimizing operations and accompanying customers in the energy transition, to make Repsol their multi-energy supplier, putting the customer at the center of decisions based on the application of digital solutions, with an integrated and differentiated value proposition, and consolidating a competitive position at the service of society.

In the second half of 2022, the focus on efficiency will also be maintained in the corporate areas, automating processes and contributing to the profitability of the entire organization. The Digital Program will also continue to be promoted, going deeper into digital transformation as a key lever for energy transition and business efficiency, promoting the implementation of models, digital products and disruptive technology.

In the current environment, Repsol expects to be able to generate cash in 2022 to finance its investment needs and remunerate its shareholders.

For more information on the risks from the invasion of Ukraine and updating of the Group's exposure in Algeria, Libya and Venezuela, see Note 4.3 of the consolidated financial statements for the first half of 2022.

6.3 Russian invasion of Ukraine and other risks

The environment in the first half of 2022 was influenced by the change in the global economic and geopolitical situation, especially after the Russian invasion of Ukraine on February 24, 2022. Following the divestment of our assets in Russia in 2021, the Group's direct exposure to the war to date is limited, but the indirect risks arising from the new macroeconomic environment, the tightening of the trade sanctions regime, the monetary policy, cybersecurity and the risk of regulatory changes on our businesses all increase.

One of the most significant indirect impacts of the new macroeconomic environment is the uncertainty existing about the supply chain, which in 2021 was already heavily strained by the effects of the COVID-19 pandemic. This situation may impact the availability of certain materials and services as well as increasing supply prices, with a negative effect on businesses' operating costs and on the cost and term objectives of ongoing investment projects. With the aim of minimizing the consequences of this situation, Repsol is reinforcing the monitoring of awarded items to mitigate possible logistical restrictions on key materials and equipment and is monitoring closely to modify supply based on supplier and contractor market conditions.

The complex economic context characterized by high inflation and a reduction in the growth forecasts in the European environment may provide an incentive to introduce changes in the regulatory framework for the gas and electricity markets, in fuel marketing policies or in the tax framework for businesses (see Annex IV of the Financial Statements for the first half of 2022).

Cybersecurity risks that could affect the confidentiality, availability and integrity of critical systems and their information are increasingly significant worldwide. Repsol has not suffered any significant incident that required it to activate its business continuity plans. Monitoring and follow-up measures for this risk continue to be strengthened in collaboration with the responsible government authorities.

Lastly, as a consequence of the current geopolitical situation, the Group may be affected by a tightening of the sanctions regime and trade embargoes decreed by, among others, the European Union, its Member States and the United States, as well as by supranational organizations such as the United Nations, on certain countries in which it operates and/or on companies or persons linked to them.

Appendix I: Table of conversions and abbreviations

			Oil				Gas		Electricity
			Liters	Barrels	Cubic meters	toe	Cubic meters	Cubic feet	kWh
Oil	1 barrel[(1)]	bbl	158.99	1.00	0.16	0.14	162.60	5,615.00	1.7x103
	1 cubic meter[(1)]	m^3	1,000.00	6.29	1.00	0.86	1,033.00	36,481.00	10,691.50
	1 ton of oil equivalent[(1)]	toe	1,160.49	7.30	1.16	1.00	1,187.00	41,911.00	12,407.40
Gas	1 cubic meter	m^3	0.98	0.01	0.001	0.001	1.00	35.32	10.35
	1,000 cubic feet=1.04x10^6 Btu	f^{t3}	27.64	0.18	0.03	0.02	28.30	1,000.00	293.10
Electricity	1 megawatt hour	MWh	93.53	0.59	0.10	0.08	96.62	3,412.14	1,000.00

(1) Benchmark mean: 32,35 °API and relative density 0.8636.

			Meter	Inch	Foot	Yard
Length	Meter	m	1	39,37	3,281	1,093
	Inch	in	0.025	1	0.083	0.028
	Foot	ft	0.305	12	1	0.333
	Yard	yd	0.914	36	3	1

			Kilogram	Pound	Ton
Mass	Kilogram	kg	1	2.2046	0.001
	Pound	lb	0.45	1	0.00045
	Ton	t	1,000	22.046	1

			Cubic foot	Barrel	Liter	Cubic meter
Volume	Cubic foot	ft3	1	0.1781	28.32	0.0283
	Barrel	bbl	5,615	1	158.984	0.1590
	Liter	l	0.0353	0.0063	1	0.001
	Cubic meter	m3	35.3147	6.2898	1,000	1

Term	Description	Term	Description	Term	Description
bbl/bbl/d	Barrel/ Barrel per day	**kbbl**	Thousand barrels of oil	**Mm3/d**	Million cubic meters per day
bcf	Billion cubic feet	**kbbl/d**	Thousand barrels of oil per day	**Mscf/d**	Million standard cubic feet per day
bcm	Billion cubic meter	**kboe**	Thousand barrels of oil equivalent	**kscf/d**	Thousand standard cubic feet per day
boe	Barrel of oil equivalent	**kboe/d**	Thousand barrels of oil equivalent per day	**MW**	Megawatt (million watt)
Btu/MBtu	British thermal unit/ Btu/million Btu	**km2**	Square kilometer	**MWh**	Megawatts per hour
LPG	Liquefied petroleum gas	**Kt/Mt**	Thousand tons/ Million tons	**Tcf**	Trillion cubic feet
LNG	Liquefied natural gas	**Mbbl**	Million barrels	**toe**	Ton of oil equivalent
Gwh	Gigawatts per hour	**Mboe**	Million barrels of oil equivalent	**USD/Dollar/$**	US dollar

Appendix II. Alternative performance measurements

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

Adjusted net income is the key financial performance measure that Management (the Executive Committee) consults when making decisions.

Adjusted net income is calculated as ***Net income from operations at current cost of cupply*** (or CCS) net of taxes and non-controlling interests. It excludes certain income and expenses (***Special items***) and the ***Inventory effect***. ***Financial income*** is allocated to the adjusted net income of the "Corporate and others" segment.

Adjusted net income is a useful APM for investors in evaluating the performance of operating segments while enabling increased comparability with Oil & Gas sector companies that use different inventory measurement methods (*see the following section*).

Inventory effect

For current cost of supply (CCS) earnings, the cost of volumes sold is calculated on the basis of procurement and production costs[1] incurred during the period in question and not based on weighted average cost (WAC), which is the accepted methodology under European accounting law and regulations. The difference between CCS earnings and WAC earnings is included in the so-called ***Inventory effect***, which also includes other adjustments to the valuation of inventories (write-offs, economic hedges, etc.) and is presented net of taxes and minority interests. This Inventory effect largely affects the Industrial segment. Repsol management considers that this measurement is useful for investors, considering the significant variations arising in the prices of inventories between periods.

WAC is a generally accepted European accounting method for measuring inventories. It factors in purchase prices and historic production costs, valuing inventory at the lower between this cost and its market value.

Special items

Significant items for which separate presentation is considered desirable to facilitate the task of monitoring the ordinary management of business operations and for comparison between periods and companies in the sector. This heading includes capital gains/losses due to divestments (capital gains and losses due to transfers or disposals of assets), restructuring costs (compensation costs...), impairments (provisions and reversals resulting from the impairment test on fixed assets, recoverability of tax credits, etc.), provisions for risks and expenses (provisions and reversals of provisions for tax, legal, environmental, geopolitical risks, etc.) and other major income or expense items outside the ordinary management of the businesses (provisions for dismantling and remediation; exchange rate impacts on fiscal positions in foreign currency; costs and compensation due to claims; sanctions and fines; valuation of financial instruments resulting from accounting asymmetries, etc.). Special items are presented net of taxes and minority interests.

[1] Cost of supplies is calculated on the basis of international quoted prices in the reference markets in which the Company operates. The relevant average monthly price is applied to each quality of distilled crude. Quoted prices are obtained from daily crude oil publications according to Platts, while freight rates are estimated by Worldscale (which publishes global reference prices for freight costs from one port to another). All other production costs (fixed and variable costs) are valued at the cost recognized in the accounts.

Million euros	First half 2022	First half 2021	Second Quarter 2022	Second Quarter 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)**

The following is a reconciliation of the Adjusted Income under the Group's reporting model with the Income prepared according to IFRS-EU:

	Second quarter											
			Adjustments									
	Adjusted net income		Reclassifications of joint ventures		Special items		Inventory effect[2]		Total adjustments		IFRS-EU profit/ loss	
Million euros	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.

	First half											
			Adjustments									
	Adjusted net income		Reclassifications of joint ventures		Special items		Inventory effect[2]		Total adjustments		IFRS-EU profit/ loss	
Million euros	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.

EBITDA:

EBITDA, or "*Earnings Before Interest, Taxes, Depreciation and Amortization*", is a financial indicator which determines the operating margin of a company prior to deducting interest, taxes, impairment, restructuring costs, and amortization. Since it does not include financial and tax indicators or accounting expenses not involving cash outflow, it is used by Management to evaluate the company's results over time, for a more straightforward exercise in making comparisons with peers within the Oil & Gas sector.

EBITDA is calculated as Operating Income + Amortization + Impairment as well as other items which do not represent cash inflows or outflows from transactions (restructuring, capital gains/losses from divestment, provisions etc.). Operating income corresponds to the result from operations at weighted average cost (WAC). Where ***Net income from operations at current cost of supply*** (CCS) is used, it is known as ***CCS EBITDA***.

	Second quarter					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU(1)	
Million euros	**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.

	First half					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU(1)	
Million euros	**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.

	Second Quarter					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU(2)	
Million euros	**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 other	(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 other						
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 profit"* on the consolidated statement of cash flows under IFRS-EU.

	First half					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU[2]	
Million euros	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 other	(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 other						
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 profit"* on the consolidated statement of cash flows under IFRS-EU.

ROACE:

This APM is used by Repsol Management to evaluate the capacity of its operating assets to generate profit, and therefore measures the efficiency of Capital employed (equity and debt).

ROACE (*"Return on average capital employed"*) is calculated as: (Adjusted Net Income before non-controlling and excluding finance income + Inventory effect + Special items) / (a***verage capital employed*** for the period in continuing operations, which measures own and external capital employed by the company, and comprises total equity + ***Net debt***). This includes capital employed in joint ventures or other companies managed operationally as joint ventures. If the Inventory effect is not used in the calculation process, it is known as ***CCS 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)*	1H 2022	1H 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 year.
(3) ROACE on CCS (without taking into account the Inventory Effect) amounts to 4.5%.

2. Cash flow measurements

Cash flow from operations:

Cash flow from operations measures the generation of cash flow corresponding to operations and is calculated as: EBITDA +/- Changes in working capital + Collection of dividends + Collection / - payment of income tax + Other collections / - payments relating to operating activities. For its usefulness and to show how cash flow evolves between periods by isolating changes in working capital, cash flow from operations can be presented excluding working capital (cash flow from operations "ex working capital" or "OCF exWC".

Free cash flow measures cash flow generation from operating and investment activities, and is useful for evaluating the funds available for paying shareholder dividends and servicing debt.

Cash generation is ***free cash flow*** less dividend payments, payment of remuneration for other equity instruments (coupons on perpetual bonds), transactions with non-controlling interests, net interest payments, and payments for leases and treasury shares. This APM measures the funds generated by the Company before financial transactions (mainly debt issuance and repayments).

The following is a reconciliation of the ***Free cash flow*** and ***Cash generation*** under the Group's reporting model with the consolidated statement of cash flows under IFRS-EU:

	Second quarter					
	Adjusted cash flow		Reclassification of joint ventures and others		IFRS-EU statement of cash flow	
Million euros	**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

	First half					
	Adjusted cash flow		Reclassification of joint ventures and others		IFRS-EU statement of cash flow	
Million euros	**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.

The Group measures ***liquidity*** as the sum of "*cash and cash equivalents*" on-demand cash deposits at financial institutions, and short and long-term credit facilities that remain undrawn at the end of the period, i.e., credit facilities granted by financial institutions that may be drawn on by the Company on the terms, in the amount and subject to the other conditions agreed in the contract.

	First half					
	Group Reporting Model		Reclassification of joint ventures and others		IFRS-EU	
Million euros	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
Deposits of immediate availability (1)	1,896	2,025	—	—	1,896	2,024
Liquidity	**9,380**	**10,606**	**(405)**	**(323)**	**8,975**	**10,283**

(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 (investments):

Group Management uses this APM to measure each period's investment effort and allocation by business segment, reflecting operating investments by the various Group business units (including accrued and unpaid investments). The figure includes joint ventures or other companies managed operationally as joint ventures.

Investments may 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). This distinction is useful in understanding how the Group's Management allocates its resources and allows for a more reliable comparison of investment between periods.

	Second quarter					
	Operating investments		Reclassification of joint ventures and others		IFRS-EU(1)	
Million euros	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 other	27	19	(1)	—	26	19
Total	**859**	**560**	**(207)**	**(102)**	**652**	**458**

	First half					
	Operating investments		Reclassification of joint ventures and others		IFRS-EU(1)	
Million euros	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 other	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"*.

3. Financial position measures

Debt and financial position ratios[2]:

Net debt is the main APM used by Management to measure the Company's level of debt. The figure is made up of financial liabilities less financial assets, cash and cash equivalents, and the effect arising from the mark-to-market of financial derivatives. It also includes the net debt of joint ventures and other companies operationally managed as such.

[2] In order to facilitate the monitoring of the previous Strategic Plan, until 2020 the measures for net debt and return on equity were further broken down, excluding the effect of lease liabilities.

Million euros	Net debt Jun-2022	Reclassification of joint ventures Jun-2022	IFRS-EU balance sheet 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 period are available at www.repsol.com.

Gross debt is the measure used to analyze the Group's solvency and includes financial liabilities and the mark-to-market value of derivatives. It also includes the net debt of joint ventures and other companies operationally managed as such.

Million euros	Gross debt Jun-2022	Reclassifications of joint ventures Jun-2022	IFRS-EU balance sheet 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.

The following ratios are used by Group Management to evaluate Leverage ratios and Group Solvency.

- The ***Leverage ratio*** is ***Net debt*** divided by ***Capital employed*** at the end of the period. This ratio can be used to examine financial structure and degree of indebtedness in relation to capital contributed by shareholders and financing entities. Leverage is the chief measure used to evaluate and compare the Company's financial position with respect to its peers in the Oil & Gas industry.
- The ***Solvency ratio*** is calculated as ***Liquidity*** (section 2 of this Appendix) divided by current Gross debt and is used to determine the number of times the Group may service its current debt using its existing liquidity.

	First half					
	Group Reporting Model		Reclassifications of joint ventures (1)		IFRS-EU balance sheet	
Million euros	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).

	First half					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU balance sheet	
Million euros	2022	2021	2022	2021	2022	2021
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**

Appendix III. Consolidated Financial Statements – Repsol reporting model

Prepared in accordance with the Group's reporting policies (see About this report).

(Unaudited figures in millions of euros)

Balance Sheet

	06/30/2022	12/31/2021
NON-CURRENT ASSETS		
Intangible assets	3,243	3,607
Property, plant and equipment	27,257	26,547
Investments accounted for using the equity method	707	570
Non-current financial assets	291	294
Deferred tax assets	3,170	3,249
Other non-current assets	1,106	946
CURRENT ASSETS		
Non-current assets held for sale	7	641
Inventories	9,240	5,443
Trade and other receivables	13,133	9,608
Other current assets	527	343
Other current financial assets	3,074	2,459
Cash and cash equivalents	4,726	5,906
TOTAL ASSETS	**66,481**	**59,613**
TOTAL EQUITY		
Shareholders' equity	23,484	22,320
Other cumulative comprehensive income	1,436	94
Non-controlling interests	426	380
NON-CURRENT LIABILITIES		
Non-current provisions	5,299	4,742
Non-current financial liabilities	9,895	10,810
Deferred tax liabilities and other tax items	3,211	2,674
Other non-current liabilities	918	674
CURRENT LIABILITIES		
Liabilities related to non-current assets held for sale	—	463
Current provisions	1,294	1,140
Current financial liabilities	3,393	3,748
Trade and other payables	17,125	12,568
TOTAL EQUITY AND LIABILITIES	**66,481**	**59,613**

Income statement

	06/30/2022	06/30/2021
Revenue from operating activities	40,219	21,987
Operating income/loss	**4,894**	**1,679**
Financial result	100	(111)
Net income from investments accounted for using the equity method	6	4
Net income / loss before taxes	**5,000**	**1,572**
Income tax	(1,776)	(619)
Net Income / loss after taxes	**3,224**	**953**
Net income / loss attributable to non controlling interests	(47)	6
Adjusted net income	**3,177**	**959**
Inventory effect	1,206	489
Special Items	(1,844)	(213)
NET INCOME [(1)]	**2,539**	**1,235**

(1) Corresponds to "Net income/loss attributable to the parent" in the Income Statement IFRS-UE

Statement of cash flows

	06/30/2022	06/30/2021
I. CASH FLOWS FROM OPERATING ACTIVITIES		
EBITDA	8,019	3,635
Changes in working capital	(3,965)	(1,158)
Dividends received	18	11
Income taxes received/ (paid)	(885)	(343)
Other proceeds from/ (payments for) operating activities	(257)	(213)
	2,930	**1,932**
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES		
Payments for investment activities:	(1,617)	(1,107)
Organic investments	(1,253)	(873)
Inorganic investments	(364)	(234)
Proceeds from divestments:	141	130
	(1,476)	**(977)**
FREE CASH FLOW (I+II)	**1,454**	**955**
Payments for dividends and payments on other equity instruments:	(384)	(146)
Net interest and leases	(215)	(199)
Treasury shares	(383)	(447)
CASH GENERATED IN THE PERIOD	**472**	**163**
Financing activities and others	(1,652)	506
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,180)**	**669**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5,906**	**4,578**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4,726**	**5,247**

Group Financial information

First half

Consolidated Interim Management Report for the first half of 2022

Information on the progress of the businesses, performance (prepared under the Group's Reporting model), the financial and sustainability situation, and the main risks and uncertainties facing the Group.

Condensed Consolidated Interim Financial Statements for the first half of 2022

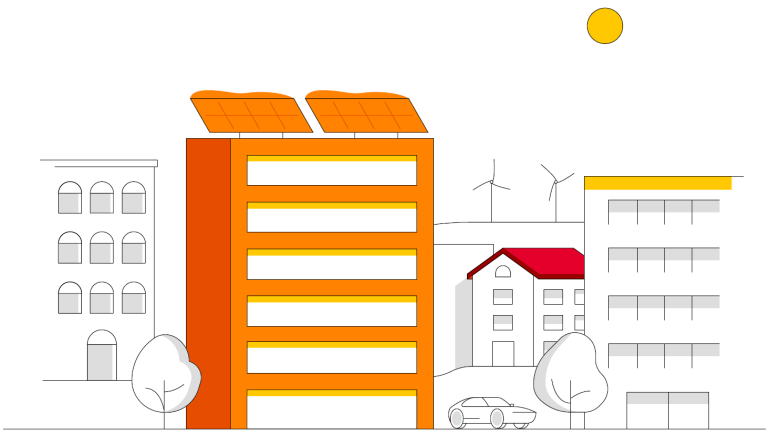
Prepared under the International Financial Reporting Standards adopted by the EU (IFRS-EU) with the intention of updating the content of the latest published Consolidated Annual Accounts, focusing on new activities, events and circumstances that occurred during the first six months of the year.

Periodic public information (PPI) for the first half of 2022

Statistical financial information, completed in accordance with the CNMV forms that can be downloaded and viewed (compared with other issuers) at CNMV.es.

Results of the second quarter of 2022

Information on changes in the results (prepared under the Group's Reporting model) and the financial situation in the second quarter (and a summary of the situation in the first half).



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