Press release
Madrid, July 29, 2021

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Repsol posts net income of €1.235 billion for the first half of 2021

- Repsol has posted **net income of €1.235 billion** for the first half of 2021, a period in which the company has advanced towards the decarbonization objectives laid out in its Strategic Plan, supported by an efficiency-oriented management of the company.
- **Adjusted net income**, specifically measuring the performance of the businesses, was **€959 million** and positive in all business segments, especially in Exploration and Production.
- Repsol's integrated business model and the implementation of its 2021–2025 Strategic Plan have helped the company respond successfully to a complex environment, while taking advantage of increasing demand and raw material prices as they have recovered from the lows of 2020. This has enabled Repsol to obtain **positive cash flow** in all business segments and a **net debt reduction** of 6%.
- In line with its decarbonization objectives, Repsol has in the last six months launched various important **industrial transformation initiatives** and further consolidated its **renewable generation assets portfolio**. Repsol has boosted its **international expansion** in renewables through a deal with Hecate Energy in the U.S. and the beginning of operations at two photovoltaic (PV) solar farms in Spain.
- On July 7, Repsol shareholders received **€0.30 gross per share in cash**, from 2020 profits in addition to the dividend payout in January, following approval at the Annual General Meeting on March 26. On that same occasion, shareholders also approved the distribution of **€0.30 gross per share**, corresponding to the payment charged to 2021.

Josu Jon Imaz, CEO of Repsol:

- "The steps we've taken have allowed us to obtain the **maximum possible value** in this complex scenario, taking immediate advantage of the recovery indicators that we see, with signals that bring us closer to pre-pandemic levels. At the same time, we are **responding to society's needs** and moving decidedly towards our goal of **zero net emissions by 2050**."

€959 M

Adjusted net income has risen significantly from the same period in 2020

€1.932 B

Positive operating cash flow in all business segments

- €392 M

Net debt reduced by 6% in the first half, down to €6.386 billion

40 GW

Deal to participate in an extensive U.S.-based renewables and energy storage portfolio

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Repsol has posted net income of €1.235 billion for the first half of 2021. In this period, the company has advanced towards the decarbonization objectives laid out in its 2021–2025 Strategic Plan and carried out an efficiency-oriented management of the company. The plan and related actions have enabled the company to benefit from the incipient recovery of demand, still below 2019 levels, and the improvements in raw materials prices.

Adjusted net income was €959 million with positive results in all business segments, especially in Exploration and Production.

Adjusted net income, which specifically measures the performance of the businesses, was €959 million with positive results in all business segments, especially in Exploration and Production. The Chemicals business stood out among the Industrial area results, while the Mobility business in the Commercial and Renewables area has improved its numbers significantly following the end of Spain's lockdown and the mobility restrictions of 2020.

These first-half net earnings mark an improvement from the same period in 2019 — one year before the pandemic — which totaled €1.133 billion. The €959 million in adjusted net income for the first semester, which excludes the book value of inventory and specific earnings to clearly measure business performance, brings the company closer to the €1.115 billion reached in 2019.

The global health crisis has continued to hobble the world economy throughout the first half of the year, though the situation has improved from the unprecedented scenario of 2020. Indicators of crude oil price recovery appeared in the second quarter, with Brent surpassing $76 per barrel at the end of June, its highest since October 2018. The Brent average for the first half of 2021 sits at $65 per barrel, as opposed to $40 during the same period in 2020. The Henry Hub natural gas benchmark reached an average of $2.8 per MBtu, up from $1.8 in the first half of last year.

Demand has also increased, thanks in large part to vaccination rollout. In its report published in June, the International Energy Agency (IEA) predicted that global oil demand will return to pre-pandemic levels by the fourth quarter of 2022.

Repsol has achieved positive operating cash flow in all its business segments, totaling €1.932 B

From the very start of the health crisis — in addition to prioritizing its role as a provider of essential services — Repsol implemented a series of measures that, together with its 2021–2025 Strategic Plan and integrated business model, have enabled the company to successfully weather the crisis while obtaining the maximum possible value. Consequently, between January and June, Repsol achieved positive operating cash flow in all its business segments, totaling €1.932 billion. Free cash flow also remained positive in all businesses, totaling €955 million. Both figures mark improvements from the same period in 2020, when the company also managed to ensure positive results during the most challenging moments of the pandemic.

The first half of 2021 saw Repsol reduce its net debt by 6%, or €392 million, bringing it down to €6.386 billion. Meanwhile, liquidity stands at €9.448 billion, which is 2.2 times the value of short-term maturities. Further bolstering its financial position, in March, the company issued subordinated bonds that garnered €750 million and, in May, another issuance that picked up €300 million, both very competitively priced. Thanks to this attractive performance in recent months, the credit rating agency Moody's, in June, improved Repsol's outlook to “stable”.

On June 14, Repsol launched a comprehensive sustainable financing strategy to accompany its energy transition process. This has made Repsol the first company in its sector worldwide to present a comprehensive framework that incorporates both instruments aimed at financing specific projects (green and transition) as well as sustainability-linked bonds (SLB) tied to the company’s sustainability commitments. This approach offers flexibility and transparency in the issuance of financial instruments while integrating the company's sustainability roadmap into its financial strategy.

Days after launching this comprehensive sustainable financing framework, Repsol issued two Eurobonds linked to its sustainability objectives (SLB) worth €1.25 billion, receiving great acceptance from the market

In June, Repsol launched a comprehensive sustainable financing strategy to accompany its energy transition process

These financing tools will help the company continue its progress towards its ambitious decarbonization targets, as it has been doing without hesitation even in the adverse conditions caused by the COVID-19 crisis.

In accordance with its decarbonization roadmap, Repsol has responded to the Spanish government's call for expressions of interest with a portfolio of 31 projects eligible for Next Generation EU recovery funds, amounting to a total investment of €6.359 billion. The projects combine technology, decarbonization and the circular economy, creation of quality employment, and geographical balance. Eight of them are renewable hydrogen projects, nine are focused on the circular economy, four on renewable power generation and storage, another eight on distributed energy and electric mobility projects, one addresses the digital transformation in industrial applications, and yet another one is focused on transforming the energy value chain through artificial intelligence and the data economy.

As regards shareholder remuneration, on July 7, Repsol shareholders received €0.30 gross per share in cash, charged to 2020 profits in addition to the dividend payout in January, following approval at the Annual General Meeting on March 26. At the same occasion, shareholders also approved the distribution of €0.30 gross per share, corresponding to the traditional payment charged to 2021.

Making profitable progress in the energy transition

Over the first half of 2021, Repsol's business segments have delivered a solid performance in challenging social and economic conditions with indications of recovery that bring us closer to pre-pandemic levels. Relying on its competitive advantages and integrated business model, the company continued its energy transition and made a profit in the process, generating value for the entire corporate group and for society as a whole.

Exploration and Production obtained earnings of €678 million, thanks to its flexibility, increased efficiency, optimization of operations, and cost reductions

The **Exploration and Production area's** first-half earnings totaled €678 million. This contrasts with the €51 million loss marked down in the same period last year and even the €646 million earned in the first half of 2019. The flexibility demonstrated by this business, its focus on efficiency, the optimization of operations, and the cost reductions achieved made it possible to take advantage of the rise in the average hydrocarbon prices, compared to the same period in 2020: a 62% spike in Brent crude and 56% for Henry Hub.

Overall, average production has risen to around 599,300 barrels of oil equivalent per day. In exploration, the company has continued its successes with a discovery in the Boicobo Sur-X-1ST well in Bolivia, with a total volume of 1 Tcf of resources.

In the first six months of the year, the company agreed to sell its exploration and production assets in Malaysia and in block 46 CN in Vietnam, and it reached a deal in Russia to complete the sale of its stake in the Arog joint venture. Both operations, together with the end of oil production in Spain and exploration activities in several countries, fit within the company's 2021–2025 Strategic Plan that focuses on those

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locations where Repsol possesses the greatest competitive advantage, concentrating its presence in 14 countries and prioritizing value over volume.

Chemicals' excellent performance is driven by solid demand and the record highs reached by international margins in the 2nd quarter of 2021

In the **Industrial** segment, first-half earnings totaled €239 million, compared to €296 million in the first half of 2020. This business is still feeling the effects of both the pandemic and the energy transition. Major projects and investments will be necessary in the coming years for Repsol to meet its transformation and decarbonization goals. The company has continued to work along these lines at its industrial complexes where it has carried out shutdowns to optimize operations in a low margin scenario negatively affecting the Refining business.

In the Chemicals business, the excellent performance has been driven by solid demand and strong international margins that hit record highs in the second quarter of 2021. The business has continued banking on efficiency and products with a lower carbon footprint, high added value, and geared towards the circular economy. It strengthened its line of advanced materials for 3D printing, developed new circular materials and solutions for the food industry, and made significant investments in chemical projects.

Repsol's Sines complex will receive the largest industrial investment in Portugal in the last 10 years, making it one of the most advanced in Europe

On March 18, Repsol announced the construction of the first polyurethane foam chemical recycling plant in Spain, at its complex in Puertollano. Polyurethane foam is a principal component of mattresses, couches, car seats, and a variety of other products. Once operational, the plant will have a processing capacity of around 2,000 tons of polyurethane foam per year, equal to 380 kilometers of mattresses lined up one after the other. On April 27, Repsol joined the project to build the Ecoplanta Molecular Recycling Solutions waste-to-chemicals plant in Tarragona. The new plant will process around 400,000 tons of nonrecyclable solid urban waste to produce approximately 220,000 tons of methanol per year.

On July 9, just after the close of the first semester of the year, the company also announced the expansion of its Sines industrial complex in Portugal. Repsol will invest €657 million in two new plants to produce 100% recyclable polymeric materials for use in the pharmaceutical, automotive, and food industries. The new plants will be operational in 2025 and will make the Sines complex one of the most advanced in Europe.

Other industrial investments include the investment plans announced for the Tarragona Industrial Complex, which will focus primarily on circular economy projects. In January of 2021, the Tarragona facility produced Repsol's second batch of biojet fuel for the Spanish market, following the one produced last year in Puertollano. Through 2025, Repsol plans further investments in decarbonization and circular economy projects in Puertollano.

Repsol's investment in its industrial complexes shows how decarbonization, through technological neutrality, ensure their future and profitability

Also in the first half of the year, construction progressed on a new advanced biofuels plant in Cartagena, the first of its kind in Spain. Over the last few months, the 3D design of the facilities has begun, and progress has been made in engineering works and the purchase of new equipment.

Repsol's refinery in A Coruña started up its new polymer-grade propylene production unit during the first semester. The company has invested 29 million euros in the design and construction of this plant that will increase propylene production by 35% and upgrade the quality to polymer-grade propylene.

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To advance in the transformation of the industrial complexes into multi-energy hubs, Repsol has set out a renewable hydrogen strategy. It represents an upward revision of the ambition set out in the 2021-2025 Strategic Plan in relation to this growth vector.

In this area, important steps taken so far this year include projects such as the Basque Hydrogen Corridor, BH2C, led by Petronor-Repsol alongside 130 other organizations. Entailing an investment of more than €1.3 billion through 2026, the initiative will directly create more than 1,340 jobs, in addition to 6,700 jobs created indirectly. Repsol also promotes, alongside other entities, the Hydrogen Valley of Catalonia (H2ValleyCat) and the Green Hydrogen Valley in the Murcia region.

The investments in these projects come in addition to others that Repsol is carrying out to transform its industrial complexes into multi-energy hubs. This underlines how decarbonization, approached from a technology-neutral perspective, can help guarantee the future and profitability of these facilities, ensure employment, and promote wealth in the surrounding areas.

Commercial and Renewables improved its earnings based on increased sales at service stations and in aviation, as well as a greater contribution by renewables and low-carbon generation

The **Commercial and Renewables** unit earned €228 million, an increase of 40% from the €163 in the first half of 2020. Service station sales in Spain increased by 63% from the year-ago period marked by the lockdown and severe mobility restrictions imposed in Spain. Aviation also had positive returns for the same reasons in the last quarter, while renewables and low-carbon generation continued increasing their contribution.

Over this first half of the year, the company doubled down on its commitment to more sustainable mobility supported by digitalization and a customer-centric strategy. In electric vehicle charging, in February, Repsol and Nissan signed a collaboration agreement whose first action will be to install 15 fast charge points at Repsol service stations. Also in mobility, Repsol and its investee company IBIL announced the development of the first charging station in Spain for electric vehicles that incorporates energy storage, located at a Repsol service station.

On April 14, Repsol agreed to sell its fuel business in Italy, in line with the strategy to focus on geographic areas with the greatest competitive advantages, as described in the 2021–2025 Strategic Plan.

In line with its strategy of offering digital solutions to its customers, in February, Repsol obtained full ownership of Klikin. The company has used the acquisition of this start-up to continue growing Waylet, its payment and customer loyalty app which now boasts over two million users. With Waylet, Repsol offers its customers a way to offset their CO_2 emissions when refueling.

In 2021, Repsol was the only major power retailer in Spain to obtain the A Label that certifies its electricity as 100% renewable

For customers using the company's energy services in their homes, in May, Repsol launched Vivit, a mobile app that centralizes management of home energy services with customized features to improve the efficiency of domestic consumption. It features breakdowns of energy use per appliance and comparisons with the average consumption in similar homes. Together with Waylet, Vivit will help Repsol attain its goal of reaching 8 million digital customers by 2025.

Vivit will serve Repsol's over 1.2 million power and gas customers in Spain. In 2021, Repsol was the only major power retailer in Spain (by customer volume) to obtain the A Label from Spain's National Commission of Markets and Competition (CNMC), certifying its electricity as 100% renewable.

In March, Repsol announced the acquisition of a majority share in the power and gas retailer Gana Energía, which operates exclusively online and currently markets 100% renewable power to its portfolio of

40,000 customers. In May, Repsol launched Ekiluz in collaboration with Krean. This project enables the creation of citizen cooperatives that get access to renewable generation infrastructures with capacities of between 1 and 5 MW, allowing the members to take advantage of economies of scale.

Additionally, on February 16, the joint venture between Repsol and the Ibereólica Renovables Group signed a power purchase agreement (PPA) for its Atacama wind farm in Chile, increasing the profitability of this renewable generation asset. This wind farm is under development and will have a total installed capacity of 180 MW.

Repsol entered the U.S. renewable generation market by acquiring 40% of Hecate Energy that boasts a portfolio of 40 GW

On May 13, Repsol strengthened its international presence in renewables with a deal to acquire 40% of the U.S. company Hecate Energy, specialized in PV solar and battery energy storage projects. Headquartered in Chicago, Hecate Energy has a portfolio of more than 40 GW of renewable and energy storage projects under development.

This first half of 2021 also saw various milestones for Repsol in renewable projects in Spain. Kappa, the company's first PV solar farm, came online on June 21. Located in the town of Manzanares in the central Spanish province of Ciudad Real, this solar farm boasts a total installed capacity of 126.6 MW and it represents an investment of €100 million.

The company also recently began energy production on a trial basis at Valdesolar, its largest PV solar farm in Spain. Located in the municipality of Valdecaballeros in the western province of Badajoz, Valdesolar presently has 264 MW of installed capacity. And, in May, Repsol broke ground on Delta II, its largest renewables project to date, with 860 MW, located in the northeastern region of Aragón.

In all, Repsol's total installed capacity currently stands at 3,386 MW, with another 2,549 MW in various stages of development. According to the company's 2021–2025 Strategic Plan, Repsol will continue increasing this portfolio of renewable energy assets with the goal of becoming a global operator and reaching a generation capacity of 7.5 GW by 2025 and 15 GW by 2030

Also, an agreement was reached with Microsoft to provide wind and solar power to the software giant's operations in Europe, including Spain, as well as collaborations in digitalization and the energy transition.

Repsol plans to market its big data and AI platform ARiA, which has directly contributed to the returns of up to €330 million obtained through the company's Digital Program

In digitalization, one of the main pillars of the company's transformation process, Repsol at the end of June announced it was partnering with Accenture to begin marketing its big data and artificial intelligence platform ARiA. Originally conceived for internal use by Repsol, the platform will assist other companies in accelerating the use of big data and deploying artificial intelligence at scale. ARiA has directly contributed to meeting a sizable portion of the objectives in Repsol's Digital Program. The program has obtained returns of up to €330 million through 2020, of which €150 million are specifically linked to the use of data, analytics, and artificial intelligence. In 2021, the returns from the program are expected to reach €500 million.

Additionally, Repsol, together with five other large companies, has created IndesIA, the first data economy and artificial intelligence consortium in the Spanish industry, with a European outlook and the will to integrate other companies and sectors.

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