Repsol, S.A.
C/Méndez Alvaro, 44
28045 Madrid

Tlf.:+34 917 538 100
+34 917 538 000
Fax:+34 913 489 494
repsol.com

Other Relevant Information

Madrid, December 11, 2020

Repsol discloses information in connection with the paid-up capital increase approved by the 2020 Annual Shareholders' Meeting under item seven on the Agenda, as part of the shareholder remuneration program "*Repsol Flexible Dividend*" (scrip dividend). The informative document required by Article 1.5.(g) of Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017 is enclosed.

Informative Document

Capital increase charged to share issue premium reserves

Repsol, S.A.

December 11, 2020

This document has been prepared in accordance with article 1.5.(g) of Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017.

1. Background and purpose

The Annual Shareholders' Meeting of Repsol S.A. ("**Repsol**" or the "**Company**") held on May 8, 2020, under item seven on the agenda, approved an increase in the share capital of Repsol, with full charge to reserves set forth in article 303.1 of the Spanish Companies Act, in an amount to be determined in accordance with the terms and conditions set out in the resolution (the **"Capital Increase"**), and delegated the execution of such Capital Increase to the Board of Directors of Repsol, with authority to delegate further, pursuant to article 297.1.a) of the Companies Act.

In exercise of said delegation, the Company's Board of Directors, at its meeting held on May 8, 2020 approved, among other matters, to delegate to the Delegate Committee and the CEO Mr. Josu Jon Imaz San Miguel, each acting severally, all the powers granted to it by the Annual Shareholders' Meeting in relation to the Capital Increase, and in particular the power to execute the Capital Increase, to fix the date of its execution and all other aspects not contemplated in the resolution of the Annual Shareholders' Meeting.

In order to inform to the market properly and in advance, on October 28, 2020 the Company announced an estimated timetable for the execution of the Capital Increase, registering the corresponding communication of inside information.

In addition, the Board of Directors, at its meeting held on November 25, 2020, fixed the market value of the Capital Increase (ie the "**Amount of the Alternative Option**") at 458,218,816 euros, registering the corresponding communication of inside information on November 26, 2020.

According to the resolutions of May 8, 2020, the Company's CEO approved the commencement of the Capital Increase on December 11, 2020, pursuant to the terms approved by the Annual Shareholders' Meeting, as reflected in this document.

This document is issued in accordance with article 1.5.(g) of Regulation (EU) 2017/1129 of the European Parliament and the Council, of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, which is directly applicable in the Member States of the European Union from July 21, 2019, by virtue of which the preparation and publication of a prospectus related to the listing of the shares issued as a result of the Capital Increase will not be necessary "*if the aforementioned shares are of the same class as the shares already admitted to trading on the same regulated market and a document is made available containing information on the number and nature of the shares and the reasons for and details of the offer",* the purpose of this Informative Document. This document is available on the Company's website (www.repsol.com) and on the website of the Spanish Securities Market Commission (www.cnmv.es).

The purpose of this document is, therefore, to provide all the information in relation to the Capital Increase that is available as at this date.

2. Purpose of the Increase: Repsol Flexible Dividend Program

The Capital Increase serves as an instrument to implement the shareholder remuneration "Repsol Flexible Dividend" program, in substitution of the payment of the 2020 interim dividend. The purpose of this remuneration system is to offer all of the Company's shareholders the option, at their election, to receive new paid-up shares of the Company, or an amount in cash by selling their free allocation rights to the Company (if not sold on the market), as explained herein.

The "Repsol Flexible Dividend" program operates as follows. Each shareholder will receive a free allocation right for every Repsol share held on the date mentioned in section 3.1 below. These rights will be listed and may be traded on the Spanish Stock Exchanges during a 23 calendar day period. Following the end of this period, the rights will be automatically converted into new Repsol shares. Each shareholder may elect one of the following alternatives:

(a) Not to sell their free allocation rights. In this case, once the Capital Increase is declared subscribed and paid up, the shareholder will receive the corresponding number of new paid-up shares.

(b) To sell all or part of their free allocation rights to the Company under the Purchase Commitment at a guaranteed fixed price, mentioned in this document. Shareholders choosing this option would monetize their rights and would receive a remuneration in cash, as in previous years. The Purchase Commitment will only be applicable with respect to those rights freely received by the shareholders, not to those purchased or otherwise acquired on the market, and will be in force and may be accepted during such time, within the trading period of the rights, mentioned in section 3.4 below.

(c) To sell all or part of their free allocation rights on the market, during the trading period mentioned in section 3.4 below. Shareholders choosing this option would also monetize their rights, although in this case they would not receive a guaranteed fixed price, as in option (b) above, but instead the consideration payable for the rights would depend on market conditions in general and the quotation price of those rights in particular.

In consideration of their own needs, Company's shareholders may combine any or all of the alternatives mentioned above.

Note that the tax treatment of the aforementioned options is different. A summary of the tax regime applicable to the operation in Spain can be found in section 6 below.

3. Details of the offer

3.1. Number of free allocation rights needed to receive a new share, maximum number of new shares to be issued and face value of the Capital Increase.

In application of the formulas approved by the Annual Shareholders' Meeting, the CEO has established the following terms of the Capital Increase:

(i) The number of free allocation rights needed to receive one new share ("**No. Rights per share**") is 29. Free allocation rights will be allocated to shareholders whose shares were acquired up until December 16, 2020 (last trading date), so long as such acquired shares are settled by December 18, 2020 (record date), according to *Sociedad de Gestión de los Sistemas de Registro, Compensación and Liquidación de Valores, S.A. Unipersonal* (**Iberclear**), on the basis of one free allocation right for each share held in the Company at that time. Accordingly, such shareholders shall be entitled to receive one new share for every 29 old shares that they hold on the mentioned date.

"**No. Rights per share**" have been calculated as described below, taking into account that the number of Company shares at the date of this report is 1,527,396,053 ("**NES**").

No. Rights per share = NES / Provisional no. shares = 1,527,396,053 / 52,979,398 = 28.83 = 29 rights (rounded up);

where

"Provisional no. shares" = Amount of the Alternative Option / Share Price = 458,218,816 / 8.649 = 52,979,398; and

"Share Price" = 8.649 euros, is the arithmetic mean of the weighted average prices of the Company's shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges over the five (5) trading sessions prior to the date of the CEO´s approval to commence the Capital Increase (days 4, 7, 8, 9 and 10 of December 2020), rounded up or down to the nearest thousandth of a euro and, in the event of half a thousandth of a euro, rounded up to the nearest thousandth of a euro.

(ii) The maximum number of new shares to be issued in the Capital Increase ("**MNNS**") is 52,668,829 resulting from the formula approved by the Annual Shareholder's Meeting of Repsol, which is reproduced below, rounded down to the nearest whole number:

MNNS = NES / No. Rights per share = 1,527,396,053 / 29 = 52,668,829 new shares (rounded down to the nearest whole number)

where, "NES", "No. Rights per share" and "Share Price" have the meanings specified in paragraph (i) above.

The final number of shares to be issued will depend on the number of shareholders who elect to receive their remuneration in cash at the fixed price of the Company's undertaking to acquire rights.

Repsol will waive the rights acquired by virtue of the undertaking to acquire rights, such that the capital will increase only by the amount corresponding to free allocation rights not acquired by Repsol pursuant to this undertaking[1]. The final number of shares to be issued in the Capital Increase will be promptly published in the official notice regarding the closing of the Capital Increase, which is expected to occur on January 12, 2021.

(iii) Consequently, the face value amount of the Capital Increase is 52,668,829 euros. However, as already mentioned, the final amount of the share capital increase will be calculated by multiplying the number of final shares by 1 euro.

Due to the number of free allocation rights required for the allocation of one new share (29, according to the previous calculations), multiplied by the maximum number of new shares to be issued (52,668,829, according to the previous calculations), is 1,527,396,041 (lower than the number of shares issued and outstanding (1,527,396,053), Repsol has waived a number of free allocation rights equal to the difference between the two figures (12 rights) for the sole purpose of ensuring that the maximum number of new shares to be issued is a whole number and not a fraction.

3.2. Price of the purchase commitment of free allocation rights

The guaranteed fixed price of Repsol's purchase commitment of rights (the "**Purchase Commitment**") is 0.288 euros gross per right, which results from the following formula of the Capital Increase:

Purchase Price = Share Price / (No. Rights per share + 1) = 8.649 / (29 + 1) = 0.2883 = 0.288 (rounded up or down to the nearest thousandth of a euro and, in the event of half a thousandth of an euro, rounded up to the nearest thousandth of an euro).

Shareholders who wish to receive their remuneration in cash, may sell their rights to Repsol at a guaranteed fixed price of 0.288 euros gross.

3.3. Reserves to which the purchase commitment will be charged

According to the resolution of Capital Increase, the acquisition of the free allocation rights by the Company, as a result of the purchase commitment, will be made against reserves set forth in article 303.1 of the Spanish Companies Act and, from among them, against the voluntary reserves from retained earnings, which was 8,646,637,521 euros as of December 31, 2019.

[1] Also, if the final number of shares to be issued (i.e, the number of outstanding free allocation rights at the end of the trading period divided into the number of free allocation rights needed to receive one new share) is not a whole number, the Company will waive the number of rights as necessary.

3.4. Timetable

The Capital Increase is expected to be executed in accordance with the following timetable:

(i) **December 16, 2020**: Publication of the announcement of the Capital Increase in the Official Gazette of the Commercial Registry. The last trading date of Repsol shares entitled to participate in the “Repsol Flexible Dividend” program.

(ii) **December 17, 2020**: Rights trading period begins. Also the period to elect payment in cash begins. Repsol shares are traded “ex-coupon”.

(iii) **December 18, 2020**: Effective settlement date for transactions made on December 16, 2020 (record date).

(iv) **December 31, 2020**: Deadline for requesting payment in cash (sale of rights to Repsol).

(v) **January 8, 2021**: Rights trading period ends. Repsol acquires rights of those shareholders who elected payment in cash (sale of rights to Repsol).

(vi) **January 12, 2021**: Repsol waives the rights so acquired. Closing of the Capital Increase. Official Notice announcing the final results.

(vii) **January 12, 2021**: Payment date to shareholders who elected payment in cash (sale of rights to Repsol).

(viii) **January 13 to 25, 2021**: Procedures for the registration of the Capital Increase and the admission to trading of the new shares on the Spanish Stock Exchanges.

(ix) **January 28, 2021**: Estimated first ordinary trading session of the new shares on the Spanish stock exchanges, subject to the receipt of all necessary approvals.

Note, however, that there are specific requirements related to the alternatives, schedule and procedures in respect of holders of American Depositary Shares which may differ from those contained herein.

3.5. Allocation of rights and procedure to elect cash or new shares

As noted above, free-of charge allocation rights will be allocated to shareholders whose shares were acquired up until December 16, 2020 (last trading date), so long as such acquired shares are settled by December 18, 2020 (record date), according to Iberclear. The trading period of the rights will begin on the next business day following the publication of the announcement of the closing of the Capital Increase on the BORME and will have a term of 23 calendar days (from December 17, 2020 to January 8, 2021, inclusive). During this period, the rights will be tradable in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

During the trading period of the rights, shareholders may elect cash or new shares as described above, and they may also acquire to free allocation rights to subscribe new shares in the market. However, those shareholders who wish to accept the undertaking to purchase rights offered by Repsol and receive cash at the guaranteed price must communicate their decision no later than December 31, 2020. The undertaking to purchase rights is limited to the rights allocated free to shareholders, and not to those purchased or otherwise acquired in the market. To choose among the alternatives offered by the "Repsol Flexible Dividend" program, shareholders must contact the entities where their Repsol shares and corresponding free allocation rights are deposited.

Those shareholders who wish to receive cash at the guaranteed fixed price shall need to communicate their decision no later than December 31, 2020. In the absence of an express communication, shareholders will receive new shares of Repsol[2].

The Capital Increase will be made free of charges and commissions with respect to the allocation of new shares issued. The Company will bear the costs of issuance, subscription, listing and any other charges or costs related to the Capital Increase.

Nevertheless, the Company's shareholders should bear in mind that the members of Iberclear at which they have deposited their shares may, under prevailing laws, establish such charges and commissions as they may freely determine for subscribing the new shares and maintaining the securities in the accounting records. In addition, these entities may, under prevailing laws, establish such charges and commissions as they may freely determine for handling purchase and sale orders in respect of free allocation rights.

4. Nature of the shares to be issued

4.1. Face value, issue price and representation of shares

The new shares to be issued in the Capital Increase will be ordinary shares with a face value of one (1) euro each, of the same class and series as those currently outstanding and already admitted for trading in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

The new shares will be issued at an issue price of one (1) euro, that is, without an issuance premium, and will be represented in book-entry form, the records of which will be kept by Iberclear and its participant entities.

[2] The holders of American Depositary Shares may have certain specialties with respect to those described herein.

4.2. Reserves to which the shares will be charged and balance sheet used for the Increase

The balance sheet used for purposes of the Capital Increase is that corresponding to December 31, 2019, duly audited by PricewaterhouseCoopers Auditores, S.L. on February 20, 2020 and approved by the Annual Shareholders' Meeting on May 8, 2020 under item first of its agenda.

According to the resolution of Capital Increase approved by the Annual Shareholders´ Meeting, which establish that it will be made against reserves set forth in article 303.1 of the Spanish Companies Act, the Capital Increase will be made, from among those reserves, against share issue premium reserves, which was 6,278,236,113 euros as of December 31, 2019.

4.3. Shares on deposit

At the end of the trading period for the free allocation rights, any new share that have not been allocated for reasons beyond the Company's control will be held on deposit for any investors who can prove that they are the legitimate owners of the corresponding free allocation rights. If any new shares are still pending allocation three years after the end of the trading period of the free allocation rights, they may be sold, pursuant to Article 117 of the Companies Act, for the account and at the risk of interested parties. The net proceeds from such sale will be deposited at the Bank of Spain or Government Depository (*Caja General de Depósitos*) at the disposal of the interested parties.

4.4. Rights of the new shares

As from the date on which the Capital Increase is declared subscribed and paid up, expected on January 12, 2021, the new shares will confer upon their holders the same voting and economic rights as the Company's currently outstanding ordinary shares.

4.5. Listing of the new shares

The Company will apply for the listing of the new shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Spanish Automated Quotation System (Mercado Continuo). Subject to the granting of the relevant authorizations, it is expected that the ordinary trading of the new shares in the Spanish Stock Exchanges will begin on January 28, 2021.

5. Foreign jurisdictions where Repsol is listed

In consideration of the terms and conditions of their respective programs and the rules of the securities market where the American Depositary Shares are admitted for trading, the options, procedures and terms available for holders of American Depositary Shares may differ from those described herein.

6. Taxation

General comments

The most important tax implications associated with a Capital Increase are set forth below. They are based on the tax regulations in force in the national territory and on the interpretation made by the Directorate General of Taxes (DGT) through the reply to various binding queries.

Although the tax regime applicable to shareholders resident in Basque Country and Navarra, Ceuta and Melilla is similar to that of the common territory, certain differences may arise in the tax treatment.

Shareholders not resident in Spain, the holders of *American Depositary Shares* (ADRs) representing shares in the Company and the holders of Company shares listed on markets or stocks exchanges other than the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges should consult their tax advisers on the effects deriving from the different options for the Capital Increase, including the right to apply the provisions of double taxation treaties signed by Spain.

It should be borne in mind that the taxation of the different options for the Capital Increase set out herein does not cover all possible tax consequences nor future potential changes in the legislation that may affect the applicable taxation. Consequently, shareholders and holders of the free allocation rights are recommended to consult their tax advisers on the specific tax impact of the proposed operation and to pay attention to any changes or amendments that may be made in both the laws in place at the date of this operation and the interpretation criteria, as well as the specific circumstances of each shareholder or holder of free allocation rights.

Specific comments

- Shareholders that are resident and non-resident individuals without a permanent establishment in Spain

  For the type of shareholders indicated, the delivery of the new shares will be considered for tax purposes as the delivery of paid-up shares and, therefore, does not constitute income for the purposes of personal income tax ("**IRPF**" by its initials in Spanish) or non-resident income tax ("**IRNR**" by its initials in Spanish). In line with the above, the delivery of the new shares is not subject to any withholdings or prepayments.

  The acquisition cost of both the new shares and the shares from which they arise will be obtained from distributing the total acquisition cost over the number of shares (both outstanding and paid-up shares). The seniority of these paid-up shares will be that corresponding to the shares from which they arise.

Consequently, in the event of a subsequent transfer, the income obtained will be calculated by reference to this new value.

If the shareholders sell their free allocation rights on the market, the amount obtained from the transfer will qualify for the same regime established by the tax regulations as for pre-emption rights.

Consequently, this amount will be considered as capital gains for the transferor that is the IRPF or IRNR taxpayer without a permanent establishment in Spain. These capital gains will be subject to personal income tax withholdings at the rate applicable at that time. These personal income tax withholdings will be made by the corresponding custodian (and, failing this, by the financial intermediary or the notary public that took part in the transfer of these rights).

This is without prejudice to the fact that double taxation treaties signed by Spain to which they may be entitled, as well as the exemptions established by IRNR regulations, may be applicable to IRNR taxpayers without a permanent establishment.

Lastly, if the holders of the free allocation rights decide to avail themselves of the Repsol Purchase Commitment, the tax regime applicable to the amount obtained in the transfer to Repsol of the free allocation rights received as shareholders will be equivalent to the regime applicable to the distribution of cash dividends and, therefore, they will be subject to the corresponding withholding and taxation.

- Shareholders that are resident and non-resident legal persons that operate in Spain through a permanent establishment (to the extent that one business cycle is complete)

  For this category of shareholders, the delivery of free allocation rights and paid-up shares will follow the treatment provided for in the accounting regulations, taking into account the specific features of the Spanish Accounting and Audit Institute (ICAC, by its initials in Spanish) Resolution of 5 March 2019[3] (ICAC Resolution). By virtue of this resolution and as from 1 January 2020, the delivery of the free allocation rights means that a collection right is recognised for the shareholder, in all cases, along with the related finance income to be included in the tax base for corporation tax or IRNR. This is without prejudice to the special valuation rules for the purpose of determining the tax base that may be applicable depending on the nature of the reserves to which the Capital Increases are charged or the application of possible exemptions to which shareholders may be entitled (e.g. those of section 21 of the Spanish Corporation Tax Act).

[3] Resolution of 5 March 2019 of the Spanish Accounting and Audit Institute, developing the submission criteria for financial instruments and other accounting aspects related to the trade regulation of capital companies, which entered into force on 1 January 2020.

The question has been raised about the delivery of free allocation rights or shares paid-up within the framework of this type of remuneration scheme being subject to withholding or payment on account (carried out by the issuing entity).

In an effort to clarify its possible obligations, the Company submitted a query to the DGT, receiving a reply on 12 May 2020 (CV 1358-20). In its reply, the DGT expressly confirms that, in the specific case of the "Repsol Flexible Dividend" program, the delivery of fully paid-up shares is not considered income subject to withholding or payment on account of corporation or IRNR taxes for this type of shareholder.

In the case of the transfer of the free allocation rights on the market, the taxpayers in this category will be taxed in accordance with the applicable accounting regulations (taking into consideration the ICAC Resolution) and, if applicable, the special regimes applied to shareholders subject to the above taxes.

Lastly, if the holders of the free allocation rights decide to avail themselves of the Repsol Purchase Commitment, the applicable tax regime is substantially identical to that of a cash dividend and, therefore, they are subject to the corresponding withholding and taxation (without prejudice to the possibility of applying special regimes or tax exemptions to which shareholders may be entitled by virtue of their shareholding).

Final considerations

Finally, it is important to note that the Financial Transactions Tax Act (*Ley del Impuesto sobre las Transacciones Financieras*, "LITF" and "ITF", respectively) was approved on 7 October 2020 and published in the Official State Gazette ("BOE") on 16 October de 2020. The ITF will enter into force three months after its publication in the BOE (that is, 16 January 2021).

In accordance with the LITF, the ITF taxes, at a fixed rate of 0.2%, the onerous acquisition of shares in Spanish companies that are admitted for trading on a Spanish market, a regulated EU market, or an equivalent third-country market, provided the capitalisation value of the company as of 1 December of the year prior to the acquisition is greater than one billion euros. In addition, ITF taxable events include, among other operations and contracts, the acquisition of shares deriving from the acquisition of depositary receipts representing these shares (ADRs, for example).

ITF taxpayers include individuals and entities that acquire these shares (or ADRs). However, ITF taxpayers are the investment services companies or credit institutions that carry out the acquisition of the shares (or ADRs) or, as substitutes for the taxpayer, the financial intermediaries that participate in the operation. In general, the ITF taxable base will be the amount of the consideration, excluding the costs associated with the transaction or, in the absence of price, the market value. Accrual will occur once the acquisition of shares (or ADRs) is registered.

Repsol, S.A.'s primary market transactions (such as the issue of shares or the delivery of paid-up shares) would be exempt from ITF. However, the tax would apply (at a fixed rate of 0.2%) to other financial transactions on Repsol, S.A. shares (or ADRs), regardless of the residence of the parties involved in the operation.

In any case, it is recommended that shareholders and the holders of free allocation rights consult their tax advisers about the impact of these tax measures (particularly the application of the ITF), taking into account the unique circumstances of each shareholder or holder of free allocation rights.