# REPSOL Group

# Management Report

1st Half

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Repsol Compromiso
Cero Emisiones Netas
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.

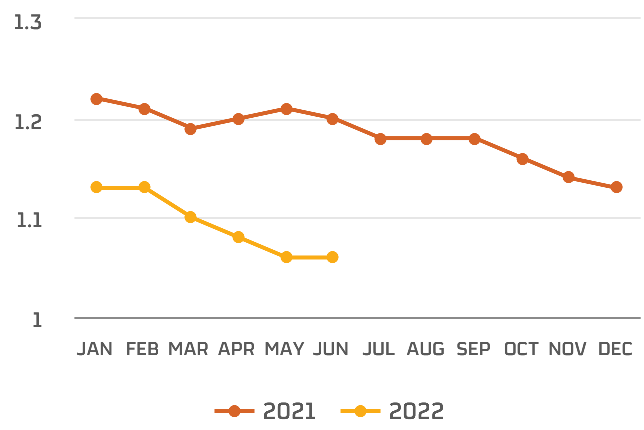
However, although the recovery was rapid, it was incomplete and heterogeneous across geographical areas and branches of activity. While in the United States the level of activity prior to the pandemic was surpassed in the first half of 2021, in the euro area as a whole this did not happen until the end 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.

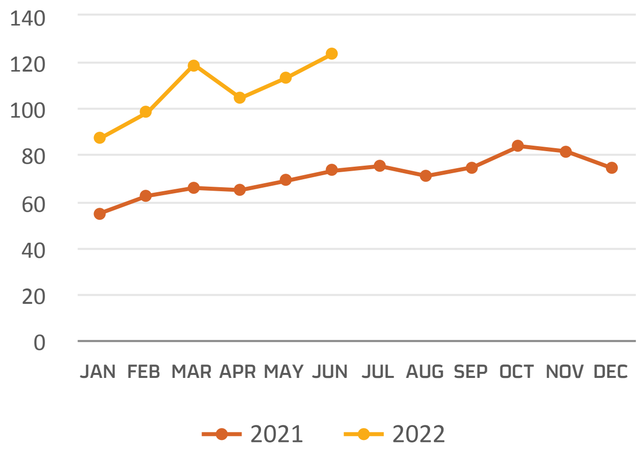
During the first six months of the year, the price of a barrel of Brent averaged 107.9 $/bbl, representing an increase of more than 66% % compared to the same period in the previous year. The war in Ukraine has been a determining factor for prices, with direct sanctions being imposed by some governments 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)**

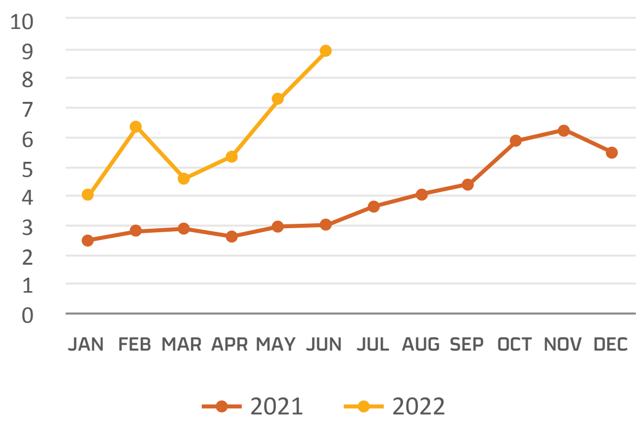



Source: Bloomberg and Repsol Research Unit

## 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)**



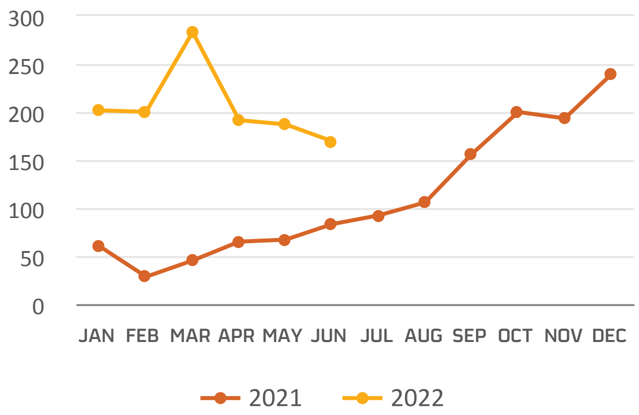

Source: Bloomberg and Repsol Research Unit

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.

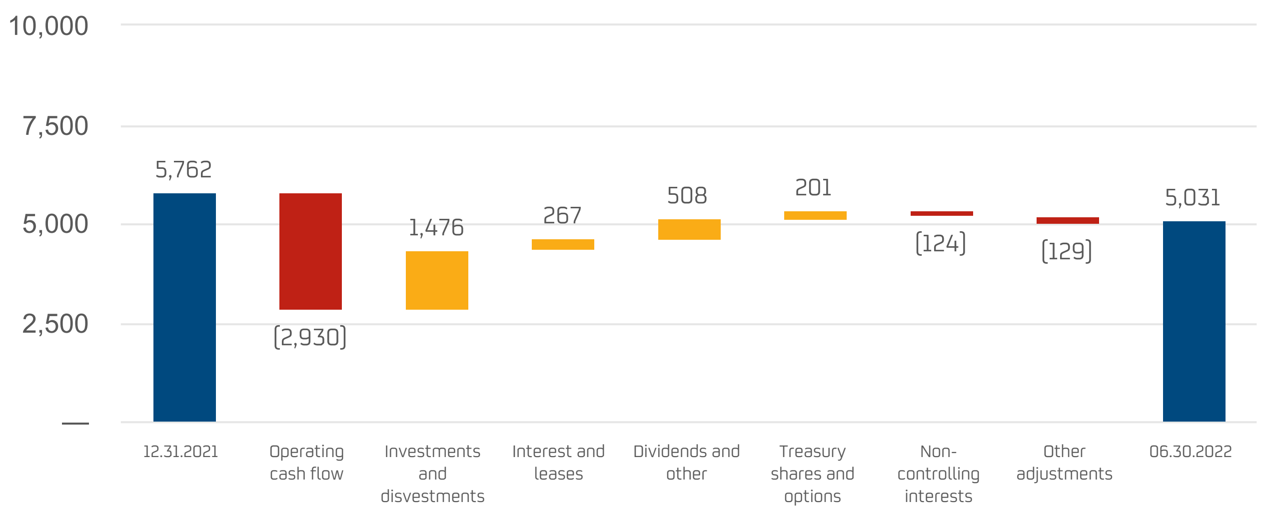
Maintaining our policy of financial prudence and our commitment to maintain a high degree of liquidity, the liquid resources held by the Group at the end of the year (in the form of cash and available lines of credit) cover debt maturities up to the third quarter of the year 2029, without the need for 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.

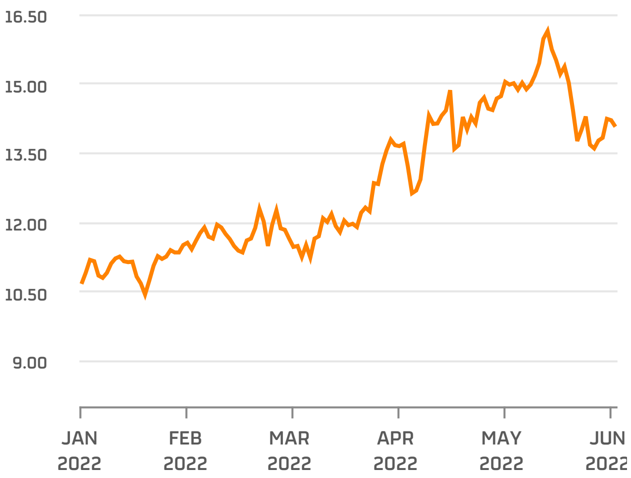
Lastly, the Board of Directors, at its meeting on July 27 this year, approved another capital reduction through the redemption of 75 million treasury shares with a par value of one euro each.

*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

| January | February | March | April | May | June |
|---|---|---|---|---|---|
| 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) |

**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**

| 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 CO2 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

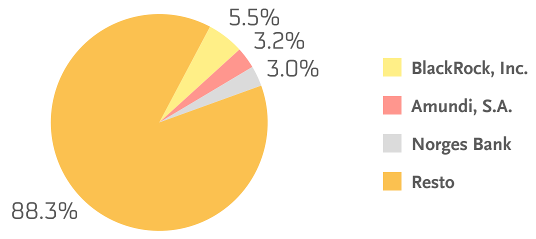
The General Meeting of Shareholders of Repsol, S.A.., held on May 6, 2022, approved the re-election, as directors, of Ms. Carmina Ganyet i Cirera and Mr. Ignacio Martín San Vicente, as well as the ratification and re-election, as Directors, of Mr. Emiliano López Achurra and Mr. Iván Martén Uliarte. All 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 $CO_2$ 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.

| | First half | | Second Quarter | |
|---|---|---|---|---|
| *Million euros* | **2022** | **2021** | **2022** | **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**

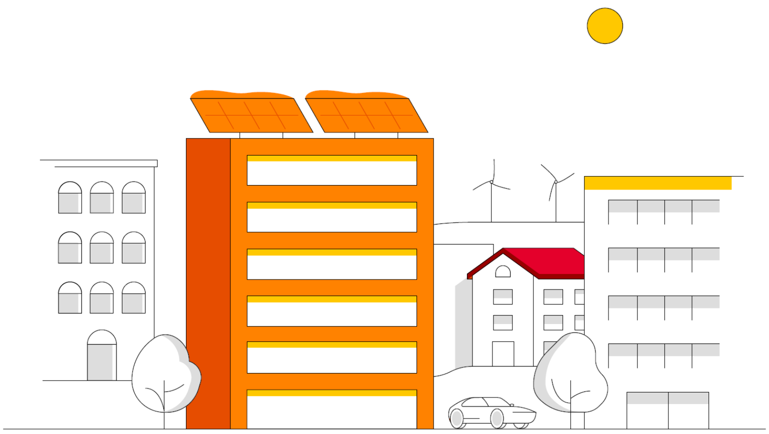
Prepared under the International Financial Reporting Standards adopted by the EU (IFRS-EU) with the intention of updating the content of the latest published Consolidated Annual Accounts, focusing on new activities, events and circumstances that occurred during the first six months of the year.

**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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