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

Report on limited review of condensed consolidated interim financial statements and consolidated interim management report as at 30 June 2023

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

Report on limited review of condensed consolidated interim financial statements

To the shareholders of Repsol, S.A.

Introduction

We have performed a limited review of the accompanying condensed consolidated interim financial statements (hereinafter, the interim financial statements) of Repsol, S.A. (hereinafter, the Parent company) and investees comprising the Repsol Group (hereinafter, the Group), which comprise the balance sheet as at 30 June 2023, and the income statement, the statement of recognized income and expense, the statement of changes in equity, the statement of cash flows and related notes, all condensed and consolidated, for the six-month period then ended. The Parent company's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

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

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2023 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, as provided in Article 12 of Royal Decree 1362/2007, for the preparation of condensed interim financial statements.

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Emphasis of matter

We draw attention to note 1.3.1 of the condensed consolidated interim financial statements, in which it is mentioned that these condensed consolidated interim financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying condensed consolidated interim financial statements should be read together with the consolidated annual accounts of the Group for the year ended 31 December 2022. Our conclusion is not modified in respect of this matter.

Other matters

Consolidated interim management report

The accompanying consolidated interim management report for the six-month period ended 30 June 2023 contains the explanations which the Parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this management report is in agreement with that of the interim financial statements for the six-month period ended 30 June 2023. Our work as auditors is limited to checking the consolidated interim management report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Repsol, S.A. and investees comprising the Repsol Group's accounting records.

Preparation of this review report

This report has been prepared at the request of the Board of Directors of Repsol, S.A. in relation to the publication of the half-yearly financial report required by Article 100 of Law 6/2023, of March 17, on Securities Markets and Investment Services.

PricewaterhouseCoopers Auditores, S.L.

Juan Manuel Anguita Amate

27 July 2023

2023

REPSOL Group

Interim consolidated financial statements
1st Half

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails

The Repsol Commitment
Net Zero Emissions
by 2050

REPSOL

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

APPENDICES:

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

Balance sheet at June 30, 2023 and December 31, 2022

Balance sheet

ASSETS	Note	€ Million 06/30/2023	12/31/2022
Intangible assets	3.1.1	2,672	1,976
Property, plant and equipment	3.1.1	23,798	22,470
Investments accounted for using the equity method	3.1.2	4,084	4,302
Non-current financial assets	3.1.6	2,121	1,437
Deferred tax assets		2,631	2,757
Other non-current assets		900	839
NON-CURRENT ASSETS		36,206	33,781
Non-current assets held for sale	3.1.9	13	—
Inventories	3.1.9	6,178	7,293
Trade and other receivables	3.1.9	7,821	9,027
Other current assets		278	293
Other current financial assets	3.1.6	3,612	3,058
Cash and cash equivalents	3.1.6	5,251	6,512
CURRENT ASSETS		23,153	26,183
TOTAL ASSETS		59,359	59,964

EQUITY AND LIABILITIES	Note	€ Million 06/30/2023	12/31/2022
Shareholders' equity		25,272	24,611
Other cumulative comprehensive income		270	683
Non-controlling interests		2,556	679
EQUITY	**3.1.4**	**28,098**	**25,973**
Non-current provisions	2.5 and 4.1	2,932	3,553
Non-current financial liabilities	3.1.5	9,993	10,130
Deferred tax liabilities and other tax items		2,367	2,194
Other non-current liabilities		809	1,196
NON-CURRENT LIABILITIES		**16,101**	**17,073**
Current provisions	2.5 and 4.1	1,892	1,579
Current financial liabilities	3.1.5	2,185	3,546
Trade and other payables	3.1.9	11,083	11,793
CURRENT LIABILITIES		**15,160**	**16,918**
TOTAL EQUITY AND LIABILITIES		**59,359**	**59,964**

Notes 1 to 6 are an integral part of the balance sheet.

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

Income statement for the interim periods ending June 30, 2023 and 2022

Income statement	Note	*€ Million* 06/30/2023	06/30/2022
Sales		28,339	38,182
Income from services rendered and other income		123	149
Changes in inventories of finished goods and work in progress		(391)	980
Procurements		(20,620)	(28,202)
Amortization of non-current assets		(1,174)	(1,113)
(Accrual)/Reversal of impairment	3.2.1	322	(1,730)
Personnel expenses		(971)	(909)
Transport and freights		(995)	(777)
Supplies		(387)	(616)
Gains/(Losses) on disposal of assets		(16)	7
Other operating income/(expenses) [1]		(1,921)	(2,307)
OPERATING INCOME	**3.2.1**	**2,309**	**3,664**
Net interest		61	(57)
Change in fair value of financial instruments		(96)	1,013
Exchange gains (losses)		164	(659)
(Accrual)/Reversal of impairment on financial instruments		(3)	(22)
Other financial income and expenses		(54)	(165)
FINANCIAL RESULT	**3.2.2**	**72**	**110**
Net income/(loss) from investments accounted for using the equity method [2]	3.1.2	56	544
NET INCOME BEFORE TAX		**2,437**	**4,318**
Income tax	3.2.3	(891)	(1,731)
CONSOLIDATED NET INCOME		**1,546**	**2,587**
NET INCOME/(LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		(126)	(48)
NET INCOME ATTRIBUTABLE TO THE PARENT	**2**	**1,420**	**2,539**
EARNINGS PER SHARE ATTRIBUTABLE TO THE PARENT	3.2.4	**Euros / share**	
Basic		1.08	1.74
Diluted		1.08	1.74

[1] "*Other operating income*" and "*Other operating expenses*" under "*Operating income*" were presented separately for the first half of 2022 and have now been grouped together under a single heading called "*Other operating income/(expenses)*" for the purpose of simplifying and improving the clarity of the consolidated income statement.

[2] Net of taxes.

Notes 1 to 6 are an integral part of the income statement.

Repsol S.A. and Investees comprising the Repsol Group

Statement of recognized income and expense for the interim periods ending June 30, 2023 and 2022

Statement of recognized income and expense	€ Million	
	06/30/2023	**06/30/2022**
CONSOLIDATED NET INCOME	**1,546**	**2,587**
Due to actuarial gains and losses	(1)	25
Investments accounted for using the equity method	(21)	23
Equity instruments through other comprehensive income	—	—
Tax effect	—	(1)
OTHER COMPREHENSIVE INCOME. ITEMS NOT RECLASSIFIABLE TO INCOME	(22)	47
Cash flow hedges:	**62**	**(274)**
Valuation gains/(losses)	222	(336)
Amounts transferred to the income statement	(160)	62
Translation differences:	**(388)**	**1,486**
Valuation gains/(losses)	(388)	1,514
Amounts transferred to the income statement	—	(28)
Share of investments in joint ventures and associates:	**—**	**7**
Valuation gains/(losses)	—	7
Amounts transferred to the income statement	—	—
Tax effect	**(13)**	**123**
OTHER COMPREHENSIVE INCOME. ITEMS RECLASSIFIABLE TO NET INCOME	(339)	1,342
TOTAL OTHER COMPREHENSIVE INCOME	**(361)**	**1,389**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,185**	**3,976**
a) Attributable to the parent	1,076	3,928
b) Attributable to non-controlling interests	109	48

Notes 1 to 6 are an integral part of the statement of recognized income and expense.

Repsol S.A. and Investees comprising the Repsol Group

Statement of changes in equity for the interim periods ending June 30, 2023 and 2022

	Equity attributable to the parent and other equity instrument holders							
	Shareholders' equity							
€ Million	Share capital	Share premium, reserves and dividends	Treasury shares and own equity investments	Other equity instruments	Profit for the year attributable to the parent	Other cumulative comprehensive income	Non-controlling interests	**Equity**
Closing balance at 12/31/2021	**1,527**	**16,655**	**(641)**	**2,280**	**2,499**	**94**	**380**	**22,794**
Total recognized income/(expenses)	**—**	**47**	**—**	**—**	**2,539**	**1,342**	**48**	**3,976**
Transactions with shareholders or owners								
Share capital increase/(reduction)	(75)	(723)	798	—	—	—	—	—
Dividends distributed	—	(951)	—	—	—	—	(31)	(982)
Transactions with treasury shares and own equity investments (net)	—	29	(500)	—	—	—	—	(471)
Increases/(reductions) due to changes in the scope of consolidation	—	36	—	—	—	—	29	65
Other transactions with shareholders and owners	—	—	—	—	—	—	—	—
Other changes in equity								
Transfers between equity-line items	—	2,499	—	—	(2,499)	—	—	—
Subordinated perpetual obligations	—	(30)	—	(7)	—	—	—	(37)
Other variations	—	(1)	—	2	—	—	—	1
Closing balance at 6/30/2022	**1,452**	**17,561**	**(343)**	**2,275**	**2,539**	**1,436**	**426**	**25,346**
Total recognized income/(expenses)	—	(24)	—	—	1,712	(720)	24	992
Transactions with shareholders or owners								
Share capital increase/(reduction)	(125)	(1,544)	1,669	—	—	—	—	—
Dividends distributed	—	7	—	—	—	—	(35)	(28)
Transactions with treasury shares and own equity investments (net)	—	7	(1,329)	—	—	—	—	(1,322)
Increases/(reductions) due to changes in the scope of consolidation	—	699	—	—	—	32	270	1,001
Other transactions with shareholders and owners	—	—	—	—	—	—	—	—
Other changes in equity								
Transfers between equity-line items	—	—	—	—	—	—	—	—
Subordinated perpetual obligations	—	(30)	—	9	—	—	—	(21)
Other variations	—	74	—	2	—	(65)	(6)	5
Closing balance at 12/31/2022	**1,327**	**16,750**	**(3)**	**2,286**	**4,251**	**683**	**679**	**25,973**
Total recognized income/(expenses)	—	(17)	—	—	1,420	(327)	109	1,185
Transactions with shareholders or owners								—
Share capital increase/(reduction)	(50)	(650)	700	—	—	—	—	—
Dividends distributed	—	(926)	—	—	—	—	(17)	(943)
Transactions with treasury shares and own equity investments (net)	—	(33)	(704)	(1)	—	—	—	(738)
Increases/(reductions) due to changes in the scope of consolidation	—	885	—	—	—	(12)	1,786	2,659
Other transactions with shareholders and owners	—	—	—	—	—	—	—	—
Other changes in equity:								
Transfers between equity-line items	—	4,251	—	—	(4,251)	—	—	—
Subordinated perpetual obligations	—	(30)	—	(7)	—	—	—	(37)
Other variations	—	74	—	—	—	(74)	(1)	(1)
Closing balance at 6/30/2023	**1,277**	**20,304**	**(7)**	**2,278**	**1,420**	**270**	**2,556**	**28,098**

Notes 1 to 6 are an integral part of the statement of changes in equity.

Repsol S.A. and Investees comprising the Repsol Group
Statement of cash flows for the interim periods ending June 30, 2023 and 2022

Statement of cash flows	€ Million	
	06/30/2023	**06/30/2022**
Income before tax	**2,437**	**4,318**
Adjustments to income:	**1,148**	**2,448**
Amortization of non-current assets	1,174	1,113
Other (net)	(26)	1,335
Changes in working capital	**518**	**(3,630)**
Other cash flows from operating activities:	**(849)**	**(804)**
Dividends received	132	237
Income tax refunded/(paid)	(797)	(838)
Other proceeds from/(payments for) operating activities	(184)	(203)
CASH FLOWS FROM OPERATING ACTIVITIES	**3,254**	**2,332**
Payments for investments:	**(4,480)**	**(1,542)**
Group companies and associates	(828)	(122)
Property, plant and equipment, intangible assets and investment property	(1,881)	(1,209)
Other financial assets	(1,771)	(211)
Proceeds from divestments:	**1,011**	**139**
Group companies and associates	190	104
Property, plant and equipment, intangible assets and investment property	22	29
Other financial assets	799	6
Other cash flows from investment activities	**20**	**16**
CASH FLOWS FROM INVESTMENT ACTIVITIES	**(3,449)**	**(1,387)**
Proceeds from and (payments for) equity instruments:	**(428)**	**(383)**
Acquisition	(916)	(536)
Disposal	488	153
Transactions with non-controlling interests:	**1,952**	**102**
Proceeds from/(payments for) transactions with non-controlling interests	1,988	124
Dividends paid to non-controlling interests	(36)	(22)
Proceeds from and (payments for) financial liability instruments:	**(1,483)**	**(1,264)**
Issuance	4,615	6,490
Redemption and repayment	(6,098)	(7,754)
Payments on shareholder return and other equity instruments	**(501)**	**(486)**
Other cash flows from financing activities:	**(620)**	**(214)**
Net interest and lease payments	(171)	(193)
Other proceeds from/(payments for) financing activities	(449)	(21)
CASH FLOWS FROM FINANCING ACTIVITIES	**(1,080)**	**(2,245)**
EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS	**14**	**37**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,261)**	**(1,263)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**6,512**	**5,595**
CASH AND CASH EQUIVALENTS AT END OF PERIOD:	**5,251**	**4,332**
Cash on hand and at banks	2,616	2,401
Other financial assets	2,635	1,931

Notes 1 to 6 are an integral part of the statement of cash flows.

(1) GENERAL INFORMATION

1.1 About these Interim Financial Statements

The accompanying interim condensed consolidated financial statements of Repsol, S.A. and its investees (hereinafter, "Interim Financial Statements"), comprising the Repsol Group (hereinafter, "Repsol," "Repsol Group", "Group" or "Company"), present fairly the Group's equity and financial position at June 30, 2023, as well as the Group's consolidated earnings, the changes in consolidated equity and the consolidated cash flows for the six-month period then ended.

The interim consolidated management report for the first half of the year is published together with the Interim Financial Statements. Both were approved by the Board of Directors of Repsol, S.A. at its meeting on July 26, 2023 and are available at www.repsol.com.

In accordance with the provisions of IAS 34 "*Interim Financial Reporting*", these Interim Financial Statements are prepared solely to update the content of the most recent annual consolidated financial statements published, focusing on new activities, events and circumstances that have taken place during the first six months of the year and that were significant, without duplicating the information published in the annual consolidated financial statements for the previous year. To facilitate the correct understanding of information contained in these Interim Financial Statements and given that they do not contain information required by comprehensive financial statements prepared pursuant to IFRS-EU, they must be read in conjunction with the Group's 2022 consolidated financial statements, which were approved at the Annual General Meeting of Repsol, S.A. on May 25, 2023 and are available at www.repsol.com.

1.2 About Repsol

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

The Group operates in several business segments, the main metrics of which are summarized below (metrics calculated according to the Group's reporting model)[1]:

	Revenue from ordinary activities[(1)]		Adjusted income		Free cash flow		Capital employed	
€ Million	**06/30/2023**	**06/30/2022**	**06/30/2023**	**06/30/2022**	**06/30/2023**	**06/30/2022**	**06/30/2023**	**06/30/2022**
Exploration and Production	2,628	3,795	884	1,678	104	1,688	12,626	13,103
Industrial	13,606	19,684	1,623	1,427	1,277	(377)	11,378	13,130
Customer	13,237	15,718	322	152	260	299	2,841	2,713
LCG	307	1,021	46	78	(1,033)	54	3,207	1,525
Corporate and other	—	1	(157)	(111)	(140)	(210)	(1,157)	(94)
TOTAL	**29,778**	**40,219**	**2,718**	**3,224**	**468**	**1,454**	**28,895**	**30,377**

Note: A description of the segments is provided in Note 2.2. All figures are calculated in accordance with the Group's reporting model described in Note 2.3.

[(1)] Corresponds to the sum of "*Sales*" and "*Income from services rendered and other income"*(see Appendix III).

Appendix IIA of the consolidated financial statements for 2022 details the main companies that form part of the Repsol Group and that formed part of its scope of consolidation at that date. Appendix I of these Interim Financial Statements details the changes in the composition of the Group that have taken place during the first six months of 2023, the most significant of which are included in the next section.

The activities of Repsol, S.A. and its subsidiaries are subject to extensive regulation, as described in Appendix III to the consolidated financial statements for 2022.

[1] Effective as of January 1, 2023, Repsol has revised its financial information reporting model (for more information, see Note 2. Segment information).

1.3 Criteria for preparing these Interim Financial Statements

1.3.1 General principles

These Interim Financial Statements have been prepared using the accounting records of the investees that form part of the Group under the International Financial Reporting Standards adopted by the European Union (IFRS-EU) as of June 30, 2023, and, specifically, pursuant to the requirements set out in International Accounting Standard (IAS) 34 "*Interim Financial Reporting*", in addition to other provisions of the applicable regulatory framework.

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

1.3.2 Comparative information

The Group's activities comprise a range of different businesses and are carried out in an international environment. Therefore, the seasonal effect for some of its businesses is not material. However, the activities of some businesses are affected by seasonality, the most relevant being those related to the sale of fuel at service stations, liquefied petroleum gas (LPG), residential natural gas and electricity in Spain.

1.3.3 New accounting standards

The new developments in the accounting standards applied by the Group as of January 1, 2023 did not have a significant impact on the financial statements given their nature and scope.[2] The following table breaks down the standards and amendments to standards issued by the IASB that will be mandatory in the future:

Pending adoption by the European Union	Date of first application
Amendments to IAS 12 – *International Tax Reform – Pillar Two Model Rules*	January 1, 2023
Amendments to IAS 7 and IFRS 7 – *Supplier Finance Arrangements*	January 1, 2024
Amendments to IAS 1 – *Classification of Liabilities as Current or Non-Current* (1)	January 1, 2024
Amendments to IAS 1 – *Non-Current Liabilities with Covenants* (2)	January 1, 2024
Amendments to IFRS 16 – *Lease Liability in a Sale and Leaseback* (3)	January 1, 2024
Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Undefined

(1) Includes the deferral of the first application of the Amendments to IAS 1 issued on July 15, 2020.
(2) Amendments issued on October 31, 2022.
(3) Amendments issued on September 22, 2022.

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

1.3.4 Accounting estimates and judgments

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

These estimates are made on the basis of the best information available, as described in Note 3.5 "*Accounting estimates and judgments*" to the consolidated financial statements for 2022. In the first six months of 2023, there were no significant changes in the methodology used for its estimates with respect to those made at the end of 2022, and, except as indicated in Note 3.1 on business combinations, no new significant judgments or estimates have been identified for the preparation of these financial statements.

[2] The standards applied as of January 1, 2023, as adopted by the European Union, are: (i) IFRS 17 – *Insurance Contracts* (including amendments to IFRS 17 issued by the IASB on June 25, 2020); (ii) Amendments to IFRS 17 – *Initial Application of IFRS 17 and IFRS 9 - Comparative Information*; (iii) Amendments to IAS 1 – *Disclosure of Accounting Policies*; (iv) Amendments to IAS 8 – *Definition of Accounting Estimates*; and (v) Amendments to IAS 12 – *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction.*

(2) SEGMENT INFORMATION[3]

2.1 Changes in the reporting model

In 2023, as a result of its business performance and changes in its organizational structure, Repsol has revised the definition of its reporting segments. The business segment previously known as "*Commercial and Renewables*" is now divided into "*Customer*" (commercial businesses with a customer-focused multi-energy offering) and "*Low-Carbon Generation*" (low-emissions electricity generation and renewables business).

In 2023, following the entry of minority shareholders in the Exploration and Production and the Low-Carbon Generation businesses, Repsol also changed the way in which its results are presented. As of this year, the "*Adjusted income*" of the businesses does not include the share of minority shareholders, so that it fully reflects the income managed by the Company. Along these same lines, minority shareholders are also not taken into account in "*Inventory effect*" or in "*Special items*". The impact of "*Non-controlling interests*" is reflected in a separate line item immediately before "*Net income*".

Repsol has restated the information for 2022 to ensure that the information can be followed and compared.

2.2 Business segments

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

The definition of the Group's business segments is based on the different activities performed by the Group and their level of significance, as well as on the organizational structure and the way in which Repsol's management and directors analyze the main operating and financial aggregates in order to make decisions about resource allocation and to assess how the Company is performing.

Repsol's reporting segments are as follows:

- Exploration and Production *(Upstream or "E&P")*: activities for the exploration and production of crude oil and natural gas reserves, as well as the development of low-carbon geological solutions (geothermal, carbon capture, storage and use, etc.).
- Industrial: activities involving oil refining, petrochemicals, and the trading, transport and sale of crude oil, natural gas and fuels, including the development of new growth platforms such as hydrogen, sustainable biofuels and synthetic fuels.
- Customer: businesses involving mobility (service stations) and the sale of fuel (gasoline, diesel, aviation kerosene, liquefied petroleum gas, biofuels, etc.), electricity and gas, and lubricants and other specialties.
- Low-Carbon Generation (LCG): low-emissions electricity generation (CCGTs) and renewable sources.

Corporate and other includes (i) corporate overhead expenses and, specifically, those expenses related to managing the Group, (ii) the financial result, and (iii) intersegment consolidation adjustments.

2.3 Presentation model of the results by segments

In presenting the results and other financial aggregates of its operating segments, Repsol includes the results of its joint ventures (Group reporting model), in accordance with the Group's ownership interest, taking into consideration its operational and economic metrics in the same manner and with the same level of detail as for fully consolidated companies. The Group therefore considers that the nature of its businesses and the way in which results are analyzed for decision-making purposes is adequately reflected.

[3] Some of these figures are classified as Alternative Performance Measures (APMs) in accordance with European Securities and Markets Authority (ESMA) guidelines (for further information, see Appendix I of the interim consolidated management report for the first half of 2023 and www.repsol.com). All information shown in this Note has been reconciled with the IFRS-EU financial statements in Appendix III.

In addition, taking into consideration its business reality and to make its disclosures more comparable with those in the sector, the Group uses a measure of segment profit known as adjusted net income, which corresponds to net income from continuing operations at replacement cost ("Current Cost of Supply" or CCS), net of taxes and without including certain income and expenses ("*Special items*") or income attributable to non-controlling interests ("*Non-controlling interests*"), which are presented separately. The financial result is assigned to "*Adjusted income*" under Corporate and other. More specifically:

- The current cost of supply (CCS), commonly used in this industry to present the results of the Industrial businesses that must work with huge inventories subject to continual price fluctuations, is not an accepted European accounting regulation, yet does enable the comparability with other sector companies as well as the monitoring of businesses independently of the impact of price variations on their inventories. Under income at CCS, the cost of volumes sold during the reporting period is calculated using the procurement and production costs incurred during that same period. Therefore, adjusted income does not include the so-called inventory effect. This inventory effect is presented separately, net of tax and not taking into account the income attributable to non-controlling interests, and corresponds to the difference between income at CCS and that obtained using the weighted average cost approach, which is the method used by the Group to determine its earnings in accordance with European accounting regulations.

- Adjusted income does not include the so-called special items, i.e. certain material items whose separate presentation is considered appropriate in order to facilitate analysis of the ordinary business performance. This heading includes gains/losses on divestments, restructuring costs, asset impairment losses (provisions/reversals), provisions for contingencies and charges, and other relevant income/expenses that do not form part of the ordinary management of the businesses. These results are presented separately, net of tax and not taking into account the income attributable to non-controlling interests.

- Adjusted income also does not include the income attributable to non-controlling interests ("*Non-controlling interests*"), which is presented separately, net of tax.

2.4 Financial information by business segment

The main financial information by business segment is included in this Note and Appendix I. Additional information on the performance of the segments can be found in the accompanying interim consolidated management report for the first half of 2023, which is published together with these interim consolidated financial statements.

Results of the period	*€ Million*	
Income/(loss) for the period	**06/30/2023**	**06/30/2022**
Exploration and Production	884	1,678
Industrial	1,623	1,427
Customer	322	152
LCG	46	78
Corporate and other	(157)	(111)
ADJUSTED INCOME	**2,718**	**3,224**
Inventory effect	(505)	1,241
Special items	(667)	(1,878)
Non-controlling interests	**(126)**	**(48)**
NET INCOME	**1,420**	**2,539**

Other figures	**Operating Income**		**Operating cash flow**		**Free cash flow**		**Operating investments** (1)		**Capital employed**	
€ Million	**06/30/2023**	**06/30/2022**	**06/30/2023**	**06/30/2022**	**06/30/2023**	**06/30/2022**	**06/30/2023**	**06/30/2022**	**06/30/2023**	**06/30/2022**
Exploration and Production	1,455	2,932	1,383	2,458	104	1,688	1,272	746	12,626	13,103
Industrial	2,168	1,898	1,725	63	1,277	(377)	430	372	11,378	13,130
Customer	429	201	399	380	260	299	132	84	2,841	2,713
LCG	77	115	118	201	(1,033)	54	1,179	194	3,207	1,525
Corporate and other	(195)	(252)	(103)	(172)	(140)	(210)	34	39	(1,157)	(94)
TOTAL	**3,934**	**4,894**	**3,522**	**2,930**	**468**	**1,454**	**3,047**	**1,435**	**28,895**	**30,377**

(1) Relates to investments accrued during the period.

2.5 Main new developments in the period

Together with these Interim Financial Statements, Repsol publishes its interim consolidated management report for the first half of 2023 at www.repsol.com, which includes an explanation of the performance of its businesses and the following main new developments of the period:

The global economy has shown to be relatively resilient in the first half of 2023, albeit with low growth. The international backdrop has been marked by monetary policy decisions to address inflation and by ongoing shifts in global tensions as a result of the war in Ukraine. The ***gradual normalization of the energy markets*** and the slow recovery of the Chinese economy have weighed negatively on commodity prices and energy prices. For more information, see section 2. Environment of the interim consolidated management report for the first half of 2023.

The complex, volatile environment has affected the activities and ***results*** of the Company's businesses, but unevenly. The decline in crude oil prices and the sharp drop in gas prices have reduced the revenue of the Exploration and Production segment; Refining margins have cooled significantly throughout the period; and the margins of the Mobility businesses in Spain have recovered since the mandatory discounts imposed by the government in 2022 to cope with the rise in international fuel prices are no longer being applied. For more information, see section 3. Financial performance and shareholder return of the interim consolidated management report for the first half of 2023.

In 2023 the Company continued to make progress towards ***meeting its strategic objectives***, carrying out actions such as the following:

- The sale of a 25% interest in the Exploration and Production business to the EIG group in exchange for $3,350 million was completed (see Note 3.1.4 Equity), which implies a business valuation of $19,000 million. During the period €1,852 million was received (see Note 3.3 Cash flows) and the amounts receivable over the next three years were recognized (Note 3.1.6 Financial assets).

- In the Industrial segment, the transformation of large industrial complexes continued, focusing on the future sustainability of the industry: the Advanced Biofuels Plant (C43) located in Cartagena will start up by the end of 2023, achieving the milestone of being the first plant in Spain specifically designed to produce renewable fuels from lipid waste; construction has begun on the project to expand the Sines Industrial Complex (Portugal); the new maritime terminal at the Outer Port of A Coruña has been inaugurated —facilitating the logistics of new products and raw materials and contributing to the initiative to create a renewable energy hub in A Coruña—.

- In the Customer segment, an innovative program was launched that raises the Company's multi-energy profile with the launch of the "*Connected energy*" program, which benefits customers who arrange energy products with Repsol through Waylet. Digital customers have increased to 6.8 million as of June 30.

- In the LCG business, the acquisition of 100% of Asterion Energies, which manages a portfolio of renewable assets of 7,700 MW located mostly in Spain and Italy, for €576 million is noteworthy of mention (see Note 3.1 Balance sheet). Low-emissions generation capacity has also been increased with the entry into operation of new projects in Chile, United States and Spain.

- Agreements were reached to settle two important lawsuits. In the US, the lawsuit related to Maxus, a company acquired by YPF in 1995, has been settled. In the United Kingdom, Repsol and Sinopec — the current shareholders of the Repsol Sinopec Resources UK (RSRUK) joint venture — reached an agreement, subject to the fulfillment of certain conditions, to settle the arbitration proceedings initiated by Sinopec in relation to the process of acquiring 49% of RSRUK from the Talisman Group in 2012 (see Note 4.1 Disputes). The impact of these settlements is included under "*Non-current provisions*" and "*Current provisions*".

- Shareholder return in the first half of the year stood at €0.35 gross per share in January, for a total of €454 million. In June, a capital reduction was carried out through the redemption of 50 million treasury shares. In July, shareholders were paid a final dividend of €0.35 gross per share, bringing the total to €447 million (see Note 3.1.4 Equity).

For more information, see section 4. Performance of our business of the interim consolidated management report for the first half of 2023.

(3) MAIN CHANGES IN THE FINANCIAL STATEMENTS

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

3.1 Balance sheet

Acquisition of Asterion Energies

On February 20, the Company purchased all of the shares of Asterion Energies, S.L. (the parent of the Asterion Energies group) from the European infrastructure fund Asterion Industrial Intra Fund I FCR in order to develop solar projects (ground-mounted, residential rooftop PV and industrial) and wind projects (onshore) located mainly in Spain, France and Italy.

The acquisition cost amounted to €576 million and was paid on February 20, 2023.

Given that the 12-month period since the acquisition has not yet ended, this business combination is recognized on a provisional basis and subject to review in accordance with IFRS 3 "*Business Combinations*"[4].

In accordance with accounting standards, the purchase price of this business combination has been allocated to the assets acquired and liabilities assumed based on their estimated fair values at the acquisition date.

- The fair value of the electricity generation assets (intangible assets and property, plant and equipment) was calculated following an income approach (discounted cash flow considering unobservable market variables). The most sensitive assumptions included in the cash flow projections of the assets are: (i) electricity prices, (ii) probability of project success, (iii) investments and operating costs, and (iv) discount rates. The assets acquired consist of a portfolio of renewable projects in operation and, mainly, under development of 7.7 GW, mostly located in Spain and Italy. The assets and liabilities acquired are reflected in the balance sheet (provisionally) at a net value of €337 million.

- Goodwill is the difference between the acquisition price of the businesses acquired and the fair value of the assets and liabilities recognized, including any deferred taxes arising from differences between the new fair value of the assets acquired and their tax value. The value of the goodwill is justified by the valuation of the businesses acquired, by the value of the know-how to the organization, and by the value of the portfolio of unidentified projects that do not meet the definition of an asset according to the accounting standard. The goodwill initially amounts to €239 million.

To recognize this business combination, Repsol obtained an independent valuation report with a provisional estimate of the acquisition price to be allocated to the assets acquired and liabilities assumed based on their fair value.

The detail of the net assets acquired at February 20, 2023 and the goodwill generated after this acquisition is as follows:

[4] The Group's business combinations are accounted for using the purchase method and require judgements and estimates in the allocation of fair values to the assets acquired and liabilities assumed in the transaction, and in the allocation of the purchase price to these fair values.

	€ Million	
	Fair value	**Carrying amount of the acquired company**
Intangible assets	**416**	—
Property, plant and equipment	144	146
Deferred tax assets	4	4
Other non-current assets	11	10
Other current assets	39	39
Cash and cash equivalents	20	20
Total assets	**634**	**219**
Current and non-current provisions	11	10
Current and non-current financial debt	111	110
Deferred tax liabilities	107	1
Other current liabilities	68	69
Total liabilities	**297**	**190**
NET ASSETS ACQUIRED	337	29
NET ACQUISITION COST	576	
GOODWILL	**239**	

During the period since the acquisition date, the businesses acquired generated €6 million in operating income with a net loss of €-1 million[5].

Transaction costs incurred during the period amounted to €2 million and were recognized under "*Other operating expenses*".

3.1.1 Non-current assets

The increase in "*Intangible assets*" and "*Property, plant and equipment*" compared to December 2022 is mainly explained by the investments made during the period in:

- Exploration and Production, for €1,036 million, most notably in the US (new drilling campaigns for the Marcellus and Eagle Ford production assets —including the Inpex acquisition—, developments in the Gulf of Mexico and the development in Alaska);
- Industrial, for €421 million, mainly in the Refining and Chemicals businesses for maintenance on and improvements to the activities of the industrial complexes;
- Renewables, for €1,313 million[6], as a result of the Asterion Energies business combination described in the previous note and investments for the organic development of projects in the US, Chile and Spain.

In addition, "*Property, plant and equipment*" reflects the reversal of impairment losses on the assets of the refining business in Spain (see Note 3.2.1 Operating income), since the impacts covered by the provision arose in the period.

3.1.2 Investments accounted for using the equity method

Repsol accounts for investments in joint ventures and associates in which it has an interest using the equity method. Note 13 to the consolidated financial statements for 2022 describes the Group's most significant investments. The breakdown of the balance at June 30 is as follows:

[5] If the acquisition had taken place on January 1, 2023, the operating income and net profit contributed would not have been significant for the Group.
[6] In addition, commitments to invest in non-current assets for the installation of wind turbines in Spain were acquired in the first half of the year amounting to €120 million.

Details of investments accounted for using the equity method	*€ Million*	
	Carrying amount of investment [2]	
	06/30/2023	**12/31/2022**
Joint ventures	3,678	3,916
Associates [1]	406	386
TOTAL	**4,084**	**4,302**

[1] Includes mainly the interests in Hecate Energy LLC, Enerkem Inc, Salamanca Infraestruc. LLC, OGCI Climate Investments Llp, and Oleoductos de Crudos Pesados (OCP) Ltd.
[2] In 2023, €3,108 million relates to Exploration and Production (3,383 million at December 31, 2022).

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

Investments accounted for using the equity method	*€ Million*	
	06/30/2023	**06/30/2022**
Balance at December 31	**4,302**	**3,554**
Net investments	(68)	8
Changes in the scope of consolidation	(3)	76
Net income (loss) from investments accounted for using the equity method[1]	56	544
Dividends paid[2]	(226)	(301)
Translation differences	(42)	297
Reclassifications and other movements [3]	65	26
Balance at June 30	**4,084**	**4,204**

[1] The drop in revenue in 2023 is mainly due to the Exploration and Production businesses, the income of which was affected by the significant decrease in hydrocarbon prices during the period. This heading does not include "*Other comprehensive income*" amounting to € -64 million at June 30, 2023 (€-60 million for joint ventures and €-4 million for associates) and €275 million at June 30, 2022 (€236 million for joint ventures and €39 million for associates).
[2] In 2023 this relates mainly to Repsol Sinopec Brasil (RSB) and BPTT and in 2022 mainly to RSB, YPFB Andina, S.A. and Sierracol.
[3] In 2023 this includes the restatement of provisions as a result of the equity deficit on the investments in Venezuela.

In relation to the Exploration and Production joint venture with Sinopec in the United Kingdom, it should also be mentioned that on April 28, 2023 the venturers agreed (subject to the fulfillment of certain conditions) to settle the arbitration proceedings in relation to the acquisition by Sinopec of its ownership interest in RSRUK from the Canadian group Talisman, which in turn was acquired by Repsol in 2015 (see Note 4.1 Disputes). Under this agreement Repsol will acquire from Sinopec its 49% shareholding in Repsol Sinopec Resources UK (RSRUK), which will then be wholly owned by the company. Repsol will pay Sinopec a lump-sum consideration of $2,100 million; however, after consolidating the cash available in RSRUK corresponding to the 49% interest acquired, the net cash impact for the Group is estimated to be around $1,100 million. As a result of this transaction and pending the finalization of the agreement, Repsol has adjusted the value of the provision corresponding to the arbitration proceedings, without this having a significant impact on its results.

The acquisition is expected to be completed and the arbitration proceedings settled before the end of 2023.

3.1.3 Financial structure

The determination of the target financial structure takes into account a leverage ratio that ensures the Group's financial strength, defined as the relationship between net debt and capital employed. These ratios, as calculated on June 30, 2023 and December 31, 2022, are detailed below (for more information see section 3.3 Financial position of the interim consolidated management report for the first half of 2023):

Financial structure	*€ Million*	
	06/30/2023	**12/31/2022**
Equity	28,098	25,973
Net financial debt [1]	797	2,256
Capital employed [1]	28,895	28,229
Leverage ratio (%)	**2.8**	**8.0**

[1] Alternative Performance Measures. Regarding the reconciliation of these figures with those established in IFRS-EU, see Appendix I of the interim consolidated Management Report for the first half of 2023.

3.1.4 Equity

Equity	€ Million	
	06/30/2023	**12/31/2022**
Shareholders' equity:	**25,272**	**24,611**
Share capital	1,277	1,327
Share premium and reserves:	20,304	16,750
Share premium	4,038	4,038
Legal reserve	314	314
Retained earnings and other reserves [1]	15,952	12,431
Interim dividends and remuneration	—	(33)
Treasury shares and own equity investments	(7)	(3)
Profit for the year attributable to the parent	1,420	4,251
Other equity instruments	2,278	2,286
Other cumulative comprehensive income	**270**	**683**
Equity instruments at fair value through other comprehensive income	(16)	(15)
Hedging transactions	(129)	(144)
Translation differences	415	842
Non-controlling interests	**2,556**	**679**
TOTAL EQUITY	**28,098**	**25,973**

[1] In 2023 the main changes relate to: (i) the transfer of the profit for the year attributable to the parent for 2022 and (ii) the profit from the sale without loss of control of the 25% interest in the Exploration and Production business (see Note 2.4 Financial information by business segment and "*Non-controlling interests*" of this Note).

Share Capital

The share capital of Repsol, S.A. at June 30 amounted to €1,277,396,053, represented by 1,277,396,053 fully subscribed and paid shares with a par value of €1 each. This reflects the capital reduction carried out in June through the redemption of 50 million treasury shares, as described in this Note under "*Shareholder return*".

In accordance with the most recent information available, the significant shareholders of Repsol, S.A. are:

Significant shareholders	**% of voting rights attributed to shares**		**% of voting rights through financial instruments**	**% of total voting rights**
	Direct	**Indirect**		
BlackRock, Inc.[1]	—	5.306	0.169	5.475
Norges Bank[2]	4.691	—	—	4.691
Banco Santander, S.A.[3]	2.153	—	1.060	3.213
Millennium Group Management LLC[4]	—	—	1.061	1.061

[1] BlackRock, Inc. holds its shareholding through various controlled entities. The information relating to BlackRock, Inc. is based on the statement that it submitted to the CNMV on May 2, 2022 regarding the share capital of 1,527,396,053 shares.
[2] The information relating to Norges Bank is based on the statement that it submitted to the CNMV on July 18, 2023 regarding the share capital of 1,327,396,053 shares.
[3] The information relating to Banco Santander, S.A. is based on the statement that it submitted to the CNMV on June 29, 2023 regarding the share capital of 1,327,396,053 shares.
[4] The information relating to Millennium Group Management LLC is based on the statement that it submitted to the CNMV on July 14, 2023 regarding the share capital of 1,327,396,053 shares.

Treasury shares and own equity investments

The main transactions undertaken by the Repsol Group involving treasury shares[7] were as follows:

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

Treasury shares and own equity investments		€ Million	
	No. of shares	**Amount**	**% of share capital**
Balance at 12/31/2022	**225,565**	**3**	**0.02 %**
Market purchases [1]	86,170,088	1,240	6.75 %
Market sales [1]	(35,859,749)	(536)	2.81 %
Capital reduction [2]	(50,000,000)	(700)	3.91 %
Balance at 06/30/2023	**535,904**	**7**	**0.04 %**

[1] Includes transactions within the framework of the discretionary treasury share transactions described in the Repsol Group's Internal Code of Conduct as regards the securities market.
[2] Includes the redemption approved by the shareholders at the Annual General Meeting (see "*Shareholder return*" of this Note).

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

Shareholder return

In January 2023, a total of €0.35 gross per share was paid to shareholders, corresponding to: (i) a dividend of €0.325 gross per share charged to voluntary reserves from retained earnings; and (ii) a dividend of €0.025 gross per share charged to profit for 2022. A total of €454 million was paid out.[8]

In addition, the capital reduction approved at the Annual General Meeting for 2023, under item seven on the Agenda, was carried out in June through the redemption of 50 million treasury shares with a par value of €1 each.

In July, a final cash dividend of €0.35 gross per share was paid out with a charge to profit for 2022, for a total of €447 million[7], recognized on June 30 under "*Trade and other payables*" on the balance sheet.

Furthermore, the shareholders at the Annual General Meeting held on May 25 approved the distribution of an additional dividend of €0.375 gross per share charged to unrestricted reserves, to be paid in January 2024, on a date to be determined by the Board of Directors, and was recognized under "*Trade and other payables*".

Lastly, the Board of Directors, at its meeting held on July 26, 2023 and in accordance with the resolution passed at the 2023 Annual General Meeting under item eight on the Agenda, agreed to an additional capital reduction through the redemption of 60 million treasury shares with a par value of one euro each.

Non-controlling interests

The change in "*Non-controlling interests*" relates mainly to the carrying amount of the 25% interest in the assets of the Exploration and Production business after their sale to EIG (see Note 2.4 Financial information by business segment).

3.1.5 Financial resources

Financial Liabilities	€ Million	
	06/30/2023	**12/31/2022**
Non-current financial liabilities:		
Non-current financial liabilities	9,993	10,130
Non-current trade derivatives [1]	257	639
Current financial liabilities:		
Current financial liabilities	2,185	3,546
Current trade derivatives [2]	423	718
Total financial liabilities	**12,858**	**15,033**

[1] Recognized under "*Other non-current liabilities*" on the balance sheet.
[2] Recognized under "*Trade and other payables*" on the balance sheet.

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

Key maturities and buybacks in the first half of 2023[9]

The subordinated bond issued by Repsol International Finance B.V. (RIF) on March 23, 2015, for a repurchased nominal amount of €274 million and a fixed coupon of 4.5%, was repurchased and partially redeemed.

The bond issued by Repsol International Finance B.V. (RIF) on May 25, 2021 under the EMTN Program for a nominal amount of €300 million and a variable coupon tied to 3-month Euribor plus 70 basis points was redeemed at maturity.

In addition, Repsol Europe Finance, S.à.r.l. (REF) runs a Euro Commercial Paper (ECP) program, secured by Repsol, S.A. for a maximum of €3,000 million. Commercial paper was issued and redeemed under this program throughout the period, with the outstanding balance at June 30, 2023 being €798 million (€1,532 million at December 31, 2022).

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

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

3.1.6 Financial assets

Financial assets	*€ Million*	
	06/30/2023	**12/31/2022**
Non-current assets		
Non-current financial assets(1)	2,121	1,437
Non-current trade derivatives (2)	57	73
Current assets		
Other current financial assets(1)	3,612	3,058
Current trade derivatives(3)	190	498
Cash and cash equivalents	5,251	6,512
Total financial assets	**11,231**	**11,578**

(1) The change is mainly explained by the account receivable for the deferred payment of the sale of the 25% interest in the Exploration and Production business.
(2) Recognized under "*Other non-current assets*" on the balance sheet.
(3) Recognized under "*Trade and other receivables*" on the balance sheet.

For more information on financial assets, see Appendix II.

3.1.7 Derivatives

Derivatives on treasury shares

At December 31, 2022, the Group had arranged options on a total of 75 million Repsol shares (50 million from the acquisition of call options and 25 million from the sale of put options). The main characteristics of these options are described in Note 9.2 to the consolidated financial statements for 2022. All options were settled during the first half of 2023 which had an impact of €13 million on the income statement for the first half of the year.

During the first half of 2023, equity swaps were arranged on a total of 35 million shares at an average exercise price of €13.76 per share and with contractual maturity in December 2023 and February 2024. Repsol has the option to settle them through the physical delivery of the shares or by differences. These instruments are measured at fair value with changes recognized under "*Changes in fair value of financial instruments*" in the income statement. The impact on the income statement for the first half of the year amounted to a loss of €15 million. At June 30, 2023, the Group had arranged equity swaps on a total of 35 million shares.

[9] Main redemptions in the first half of 2022: (i) the bond issued by Repsol International Finance B.V. (RIF) in May 2017 (nominal amount of €500 million and a fixed annual coupon of 0.500%) was redeemed at maturity, and (ii) all of the bonds issued by Repsol Oil & Gas Canada Inc. (ROGCI) (nominal amount of $412 million) were repurchased.

3.1.8 Financial risks

As described in Note 10 to the consolidated financial statements for 2022 the Group's activities are exposed to several types of financial risk: market risk, liquidity risk and credit risk. The information at June 30 is updated as follows:

Market risk

Exchange rate risk

The Group's net income and equity are exposed to fluctuations in the exchange rates of the currencies in which it transacts, with the US dollar generating the greatest level of exposure.

The breakdown of the US dollar-euro exchange rate at June 30, 2023 and December 31, 2022 is as follows:

€/$ Exchange rate	June 30, 2023		June 30, 2022		December 31, 2022	
	Closing rate	Accumulated average rate	Closing rate	Accumulated average rate	Closing rate	Accumulated average rate
US dollar	1.09	1.08	1.04	1.09	1.07	1.05

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

Exchange rate sensitivity	Exchange rate appreciation (+) / depreciation (-)	*€ Million* 06/30/2023	12/31/2022
Effect on net income after tax	+10%	(2)	(0.4)
	(10)%	2	0.4
Effect on equity	+10%	15	(110)
	(10)%	(12)	90

Interest rate risk

The Group's net income and equity are exposed to fluctuations in interest rates in the markets in which it operates. In response to rising inflation, central banks have decided to tighten monetary policy and therefore raise interest rates. The US Federal Reserve, which began the tightening cycle in March 2022, raised rates to 5.25% at the end of the first half of 2023. The European Central Bank abandoned negative rates in July 2022 and the marginal deposit rate ended the first half of the year at 3.5%. For more information, see section 2. Environment of the interim consolidated management report for the first half of 2023.

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

Interest rate sensitivity	Increase (+) / decrease (-) in interest rates (basis points)	*€ Million* 06/30/2023	12/31/2022
Effect on net income after tax	50 b.p.	23	13
	-50 b.p.	(23)	(12)
Effect on equity	50 b.p.	5	1
	-50 b.p.	(6)	(1)

NOTE: The changes at June 30, 2023 have been annualized for financial assets and liabilities.

In connection with the process of transitioning to new benchmark interest rates currently underway in various jurisdictions worldwide, the Group has reviewed the contracts arranged in accordance with the timetable envisaged for the reform, mainly affecting loans and credit facilities. For more information, see Appendix II.

Commodity price risk

At June 30, 2023 a 10% increase or decrease in commodity prices (mainly crude oil, petrochemical products, natural gas and electricity) would have resulted in the following changes in net income and equity as a result of changes in value of the financial derivatives:

Commodities sensitivity	**Increase (+) / decrease (-) in commodity prices**	*€ Million* **06/30/2023**	**12/31/2022**
Effect on net income after tax	+10%	(31)	(74)
	(10)%	31	74
Effect on equity	+10%	(80)	(136)
	(10)%	81	136

NOTE: A +/-50% change in commodity prices would have an estimated impact of €-153 million and €153 million, respectively, on net income and €-411 million and €432 million, respectively, on equity.

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

Liquidity risk

At June 30, 2023, the cash and cash equivalents and the undrawn credit facilities are sufficient to cover short-term debt maturities by 5.3 times (3.8 times at December 31, 2022).

There were also undrawn credit facilities amounting to €2,627 million (€2,382 million at December 31, 2022). At the end of the period, liquidity stood at €11,092 million (€11,575 million at December 31, 2022), including undrawn committed credit facilities.

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

Credit risk

The Company updated its credit risk management model using economic forecasts for the main countries where it operates, taking into account various factors including the war in Ukraine, without this having a significant impact on the Group's financial statements as a result of the change in the payment behavior of its debtors.

In relation to credit risk on financial instruments relating to operations in Venezuela, see Note 20.3 Geopolitical risks of the consolidated financial statements for 2022, which is updated in Note 4.3 Geopolitical risks of these Interim Financial Statements.

The Group does not have a significant concentration of credit risk on trade receivables (current payables classified under "*Trade and other receivables*" in the balance sheet), since this credit risk exposure is spread out over a large number of customers and other counterparties. The maximum net exposure to a third party after its trade receivables have become impaired, including official bodies and public sector entities, does not exceed 2.4%.

3.1.9 Current assets and liabilities

The balance of "*Inventories*" decreased mainly as a result of the drop in the cost of inventories (lower average price of Brent crude oil -14.1% / €-17/bbl, with higher volumes). This also reflects the net negative impact of the disposal of emission allowances for the metric tons of CO_2 emitted in 2022 and the addition of zero-cost CO_2 allowances received for 2023 (7,589 thousand metric tons at a price of €83.3/tn).

"*Trade and other receivables*" decreased mainly due to lower sales in the Industrial and Customer businesses (see Note 3.2.1 Operating income), impacted by the lower prices of the products sold by the Group.

"*Trade and other payables*" decreased mainly due to less purchases, mainly in the Industrial segment, and was also impacted by the drop in crude oil and gas prices and the cost of energy supplies (see Note 3.2.1 Operating income).

3.2 Income statement

For a detailed explanation of the results for the period, see the interim consolidated management report for the first half of 2023.

3.2.1 Operating net income

Revenue from ordinary activities

Revenue from ordinary activities ("*Sales*" and "*Income from services rendered and other income*") by business segment for the first half of the year is shown below:

€ Million	**06/30/2023**	**06/30/2022**
Exploration and Production	1,615	2,333
Industrial	13,468	19,384
Customer	13,070	15,589
LCG	309	1,025
Total	**28,462**	**38,331**

The significant decline in revenue in the first half of the year is explained by the drop in international crude oil and gas prices, as well as fuel and other derivative products, as a result of the gradual normalization of the energy markets. The following is also noteworthy of mention: (i) the decrease in realization of crude oil and gas prices in the Exploration and Production businesses, (ii) the lower prices of the products sold by the Refining and Chemicals businesses, (iii) the drop in fuel prices in Europe, which affected the Customer businesses (mainly the Mobility business, despite lower discounts[10], and (iv) lower electricity sale prices in Spain, which affected both the LCG business (despite greater production due to the start-up of renewable projects) and the sales businesses in the Customer segment.

The distribution, by country, of revenue from ordinary activities in the first six months of the year is as follows:

€ Million	**06/30/2023**	**06/30/2022**
Spain	16,122	21,634
Peru	2,172	2,468
United States	1,660	2,105
Portugal	1,466	1,672
Other	7,042	10,452
Total [(1)]	**28,462**	**38,331**

(1) The distribution by geographical area has been drawn up based on the markets to which the sales or services rendered are destined, and include the special taxes on the use of hydrocarbons.

[10] In accordance with Royal Decree Law 6/2022, an extraordinary and temporary discount was approved, which was in force from April 1 to June 30 (subsequently extended until December 31, 2022), on the sale price of certain energy products and additives. The Group therefore offered discounts of €0.30 per liter (which included the government discount of €0.20 per liter and an additional discount of €0.10 per liter provided by Repsol on all refueling paid through the Waylet app or using the SOLRED card) and €0.25 per liter (the government discount of €0.20 per liter and an additional discount of €0.05 per liter to other customers). These discounts (effective from March 16 to December 31), not including the discount that is neutral in the Group's income statement, had a negative impact on the revenue of the Mobility business for the first half of 2022. After the government discount ended last December 31, Repsol decided to extend the €0.10 discount through the Waylet app until March 31, 2023

Changes in inventories of finished goods and work in progress

The expense recognized under this heading is explained by the lower prices of both finished products and those in progress of the industrial complexes.

Procurements

In the first half of 2023, the lower costs of "*Procurements*" were mainly due to the lower commodity prices of the industrial complexes.

(Accrual)/Reversal of impairment

In the first half of 2023, net impairment reversals of €322 million were recognized for the Refining business. The impairment loss was reversed as a result of the temporary energy tax accrued in January 2023 (see "*Other operating income/(expenses)*"), which had been considered in the future cash flows of the impairment test for 2022.

The impairment losses recognized in the first half of 2022 amounted to €-1,730 million, which mainly related to impairment losses on the Group's refineries in Spain and Peru and, to a lesser extent, to exploration assets of the Exploration and Production segment and to Mobility assets of the Customer segment.

Transport and freight

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

Supplies

The decrease in "*Supplies*" reflects the lower gas and electricity prices as regards consumption by industrial complexes.

Gains/(loss) on disposal of assets

No significant disposals of assets took place in the first half of 2023.

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

Other operating income/(expenses)

"*Other operating income/(expenses)*" comprises the following items:

Other operating income/(expenses)	*€Million*	
	06/30/2023	**06/30/2022**
Other operating income	819	739
Changes in trade derivative instruments	480	(656)
Other operating expenses:	(3,220)	(2,390)
TOTAL	**(1,921)**	**(2,307)**

In the first half of 2023 "*Changes in trade derivative instruments*" reflects the improved valuation of positions and contracts for activities that involve trading and selling natural gas.

In the first half of 2023, the increase in "*Other operating expenses*" is mainly explained by the temporary energy tax accrued in Spain and the provisions updated to settle lawsuits and arbitration proceedings in the US and the UK (see Note 4.1 Disputes).

As regards the temporary energy tax (see Note 22.1.d) to the consolidated financial statements for 2022): the €444 million corresponding to transactions carried out in 2022 was recognized as an expense on January 1, 2023. The impact on results for the first half of 2023 was mitigated by the reversal of the impairment loss on the Refining business in Spain (see Note 3.2.1 Operating income). In February 2023 Repsol paid €222 million in this regard (50% of the expense incurred in this period).

Repsol considers that the temporary energy tax, in addition to being deeply unjust and harmful, is incompatible with the Spanish Constitution and European Union Law, and has therefore filed an appeal with the Courts requesting its annulment.

3.2.2 Financial results

Repsol's financial result was down on the first half of 2022. The poor valuation of derivatives on treasury shares (see Note 3.1.7 Derivatives) and foreign currency (recognized under "*Changes in fair value of financial instruments*") were mitigated by the exchange gains recognized under "*Exchange gains (losses)*" and gains recognized under "*Net interest*" (due to the returns obtained from the Group's high liquidity and a lower cost of debt -lower volume and cost-).

3.2.3 Income tax

The effective tax rate[11] applicable to income before taxes and before the net income from companies accounted for using the equity method was -37% in the first half of the year (income tax expense of €-891 million). The effective tax rate on this income in the first half of 2022 was -46% (income tax expense of €-1,731 million).

The main new developments as regards tax matters are described below:

- In Brazil, a temporary tax of 9.2% on revenue derived from hydrocarbon exports was approved. This tax was applied between March 1, 2023 and June 30, 2023. In the Repsol Group, this new tax impacts the joint venture with Sinopec.

- In the United Kingdom, following the approval in 2022 of an extraordinary tax on profits obtained from oil and gas production (Energy Profit Levy); applicable rate of 35% for years 2023 to 2028), the government announced the introduction of an Energy Security Investment Mechanism (ESIM) to ensure that if hydrocarbon prices return to normal levels over a certain period of time, the Energy Profit Levy will be removed.

- With regard to the OECD minimum tax (Pillar II), although it is intended to enter into force in 2024, the countries in which the Group has a presence have yet to approve the corresponding legislation. However, several countries have already announced that they will implement this regulation (Spain, Portugal, Luxembourg, Netherlands, Norway, Canada, United Kingdom). Beyond the significant increase in administrative compliance burdens, the Repsol Group does not expect any significant economic impact from the application of this new regulation.

3.2.4 Earnings per share

Earnings per share in the first six months of 2023 and 2022 are detailed below:

EARNINGS PER SHARE (EPS)	**06/30/2023**	**06/30/2022**
Profit attributable to the parent (€ million)	1,420	2,539
Adjustment for expenses arising from perpetual subordinated bonds (€ million)	(30)	(30)
Weighted average number of shares outstanding on June 30 (millions of shares)	1,289	1,446
Basic and diluted earnings per share (euros/share)	**1.08**	**1.74**

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

3.3 Cash Flows

In the first half of 2023, cash flows from operating activities amounted to €3,254 million, compared to €2,332 million in the first half of 2022. The increase is due to the reduction in working capital "*Changes in working capital*" due to lower inventory costs (exceptionally high in the first half of 2022 as a result of high inventory prices in the industrial and commercial businesses), partially offset by the drop in revenue as a result of lower hydrocarbon and derivative product prices mainly in the Exploration and Production segment and the Industrial segment.

Cash flows from investing activities reflects a net outflow of €-3,449 million in the period, which highlights the Group's significant investment effort. Payments for investments in property, plant and equipment, intangible assets and investment property (€-1,881 million) increased with respect to the comparative period, reflecting the increase in Exploration and Production investments (most notably including the development of new wells and facilities in Eagle Ford, Marcellus and the Gulf of Mexico in the US), the improvements in the Industrial assets (maintenance and technological upgrades in refineries and petrochemical plants), and the development of renewable projects (Frye Solar, Delta II, etc.). Payments for investments in Group companies and associates (€-828 million) increased considerably and reflect the payments for the acquisition of Asterion Energies (see Note 3.1 Balance sheet) and Inpex Eagle Ford LLC (a company with gas assets in production for Eagle Ford in the US), and the payments for renewable projects in Spain, Chile and the US. Payments for other financial assets (€-1,771 million) are explained by the arrangement of deposits during the period. For more information, see sections 3 and 4 of the interim consolidated management report for the first half of 2023.

In this first half of the year, cash flows from financing activities resulted in a net cash outflow of €-1,080 million compared to € -2,245 million in 2022. This is explained by the net redemption of debt instruments (bonds of Repsol International Finance, see 3.1.5 Financial resources), by the investments in treasury shares (share buyback program and capital reductions) and by debt service and dividend payments (see Note 3.1.4 Equity). These cash outflows were partially offset by the cash obtained from the sale of 25% of the Exploration and Production segment (see Note 2.4 Financial information by business segment).

In short, cash and cash equivalents decreased by €-1,261 million compared to December 31, 2021 to reach €5,251 million, which forms part of the Group's liquidity (see Note 3.1.8 Financial risks).

(4) RISKS

4.1 Disputes

The information provided in this section updates the following disputes set out in Note 15.2 to the consolidated financial statements for 2022:

United States

The Passaic River / Newark Bay lawsuit

The events underlying this lawsuit related to the sale by Maxus Energy Corporation ("Maxus") on September 4, 1986 of its former chemicals subsidiary, Diamond Shamrock Chemical Company ("Chemicals"), to Occidental Chemical Corporation ("OCC"). Maxus agreed to indemnify Occidental for certain environmental contingencies relating to the business and activities of Chemicals prior to the date of the sale. After that (1995), Maxus was acquired by YPF, S.A. ("YPF") and subsequently (in 1999) Repsol, S.A. acquired YPF.

In December 2005, the New Jersey Department of Environmental Protection ("DEP") and the New Jersey Spill Compensation Fund (together, the "State of New Jersey") sued Repsol YPF, S.A. (currently Repsol, S.A., and hereinafter, "Repsol"), YPF, YPF Holdings Inc. ("YPFH"), CLH Holdings ("CLHH"), Tierra Solutions, Inc. ("Tierra"), Maxus and OCC for the alleged contamination caused by the former Chemicals plant which allegedly contaminated the Passaic River, Newark Bay and other bodies of water and properties in the vicinity.

On September 26, 2012 OCC lodged a Second Amended Cross Claim (the "Cross Claim") against Repsol, YPF, Maxus, Tierra and CLHH (together "the Defendants") demanding, among other things, that Repsol and YPF be held liable for Maxus' debts.

On April 5, 2016 the Presiding Judge decided to dismiss OCC's suit against Repsol in full. On June 17, 2016 Maxus filed for bankruptcy with the Federal Bankruptcy Court of the State of Delaware, and also requested the stay of the Cross Claim. On

October 19, 2017, the Presiding Judge upheld Repsol's claim against OCC in full, ordering OCC to pay $65 million plus interest and costs.

On September 14, 2018, Maxus (declared by the Federal Bankruptcy Court of Delaware, the successor to OCC —its main creditor— as the claimant in the Cross Claim) filed an appeal against the ruling handed down in these proceedings and that rejected the claim between Maxus and Repsol. At the same time, OCC filed an appeal against the claim ordering them to pay the $65 million that Repsol had to pay to the State of New Jersey. On December 27, 2021 the Appellate Court upheld the appeals filed by OCC. The ruling did not find Repsol to be liable, but rather only remands the case to the Trial Court as it considers that a Summary Judgment could not be granted in this stage of the proceeding.

On June 14, 2018, the Maxus Liquidating Trust filed a New Claim in the Federal Bankruptcy Court of the State of Delaware against YPF, Repsol and certain subsidiaries of both companies for the same claims as those contained in the Cross Claim.

On April 6, 2023, Repsol and YPF reached a settlement agreement that put an end to all outstanding lawsuits related to Maxus (the company acquired by YPF in 1995), paying a total amount of $575 million, which is divided in half between Repsol and YPF. This expense was recognized under "Other operating expenses" in the income statement with a credit to "Current provisions" in the balance sheet.

The agreement includes the arrangements reached with YPF, the Maxus Liquidating Trust, Occidental Chemical Corporation, the Environmental Protection Agency (EPA), the National Oceanic and Atmospheric Administration (NOAA) and the U.S. Department of the Interior, as well as with the States of Ohio and Wisconsin. By virtue of these agreements, Repsol obtains the waiver of actions by the various signatories and additional protections with respect to potential future actions by third parties.

These agreements are subject to court approval, which is expected to be granted in the coming months, and allow for a definitive end to all outstanding lawsuits related to Maxus.

United Kingdom

Addax arbitration in relation to the purchase of Talisman Energy UK Limited (TSEUK)

On July 13, 2015, Addax Petroleum UK Limited ("Addax") and Sinopec International Petroleum Exploration and Production Corporation ("Sinopec") filed a Notice of Arbitration against Talisman Energy Inc. (currently "ROGCI") and Talisman Colombia Holdco Limited ("TCHL") in relation to the purchase of 49% of the shares of TSEUK (currently Repsol Sinopec Resources UK Limited "RSRUK"). On May 25, 2016, Addax and Sinopec formalized the arbitration claim, in which they requested that, in the event that their claims are upheld in full, they be paid the amount of their initial investment in RSRUK, materialized in 2012 through the purchase of 49% of this interest from TCHL, a wholly-owned subsidiary of ROGCI, together with any additional investment, past or future, in such company, as well as any loss of opportunity that could have occurred, which is estimated to be a total figure of approximately $5,500 million.

The dispute relates to events that took place in 2012, prior to Repsol's acquisition of Talisman in 2015 and that does not involve any actions by Repsol.

ROGCI and TCHL asked the Arbitral Tribunal to dismiss the claims of Addax and Sinopec based on contractual guarantees. On August 15, 2017, the Arbitral Tribunal issued a First Partial Award dismissing the claims of Addax and Sinopec based on the contractual guarantees.

The Arbitral Tribunal decided, among other procedural matters, to split the procedure into two phases: the first addressing liability and the second dealing with the amount of any liability found that, where appropriate, would have been determined.

The five main matters in dispute are Reserves, Production, Abandonment, Projects and Maintenance.
On January 29, 2020, the Arbitral Tribunal issued its Second Partial Award on Reserves, determining that ROGCI and TCHL are liable to Sinopec and Addax with regard to this matter.

On April 20, 2021 the Arbitral Tribunal issued a Third Partial Award with regard to the remaining issues pending to be decided in the liability phase, whereby it declared that TCHL and ROGCI were liable for the matter related to Production — which overlaps with what was already decided in the previous award on Reserves — and dismissed the claims of Addax and Sinopec regarding the remaining matters (Abandonment, Projects and Maintenance).

On January 31, 2023, the SICC issued a judgment dismissing the appeals for annulment filed against the Second Partial Award and the Third Partial Award.

The Third Partial Award dismissed most of the claims of Addax and Sinopec and allowed for a better estimate of the liabilities that could arise from this lawsuit. Therefore, a new assessment has been carried out of the provision necessary to cover the corresponding risks and, as a result of the analysis performed by the company and its lawyers and external advisors, the provision initially recognized has been reduced.

In addition, on November 30, 2017 Repsol, S.A. commenced arbitration proceedings against China Petroleum Corporation and TipTop Luxembourg S.A.R.L (Sinopec Group companies) seeking relief from any adverse ruling on the arbitration mentioned above together with other damages yet unquantified. The Tribunal dismissed Repsol's claim in 2021, however, this decision did not have any impact on the risk assessment and the accounting provision for the Addax arbitration.

The next step in the arbitration proceedings is the quantification phase, which is not expected to be resolved until at least the fourth quarter of 2023.

However, on April 28, 2023 Repsol and Sinopec agreed that, subject to the fulfillment of certain conditions, Repsol will acquire from Sinopec its 49% interest in the shares of RSRUK (see Note 3.1.2 Investments accounted for using the equity method) and settle the arbitration proceedings. Therefore, Repsol and Sinopec suspended the arbitration proceedings on this same date. The total consideration for the agreement is $2,100 million. As of the date of publication of these Interim Financial Statements, the shares are expected to be transferred and the arbitration proceedings settled before the end of 2023.

Peru

Following the oil spill on January 15, 2022 at the facilities of the La Pampilla Refinery in Peru, which took place as a result of an uncontrolled movement of the Mare Doricum while unloading crude oil from the vessel (see Note 4.4 Environmental risks), at the end of August, leave to be heard was granted for the civil lawsuit for damages filed by the National Institute for the Defense of Competition and the Protection of Intellectual Property of Peru (INDECOPI) against Repsol, S.A., Refinería La Pampilla, S.A.A. (RELAPASAA), Repsol Comercial, S.A.C (RECOSAC), and the insurance company Mapfre, as well as the shipping companies Fratelli d'amico Armatori and Transtotal Marítima, as operators of the ship, requesting compensation of $4,500 million for liabilities in the oil spill, of which $3,000 million would correspond to direct damages and $1,500 million to pain and suffering caused to consumers, users and third parties allegedly affected by the spill.

The notice of the lawsuit has not yet been served on Repsol, S.A., Mapfre Spain or the shipowners in Italy as it follows a consular notification that normally takes few months.

Meanwhile, RELAPASAA, RECOSAC and Mapfre Perú have presented their defenses in form and substance in a timely manner, filing appeals for annulment against the order for admission of the lawsuit based on its lack of due cause, failure to rectify the defects in the suit initially indicated by the judge, lack of prior settlement proceedings by INDECOPI and lack of identification of the claimants, as well as improper accumulation of petitions. These three entities have presented their formal defenses, pleading as follows: that INDECOPI does not have the right to demand payment; that there are transactions with a growing number of people affected by the spill, as recorded in the Register prepared by the Peruvian Government; that INDECOPI's representation is defective; that the Repsol Group companies and their insurance companies against which the lawsuit is filed do not have legal standing to be defendants; and that any potential civil liability resulting from the spill depends on the outcome of ongoing investigations. Finally, they have also formalized their substantive defenses regarding non-contractual civil liability based on the lack of foundation for the amounts claimed, among other arguments.

Although the lawsuit filed by INDECOPI may entail a long process, Repsol reaffirms its assessment that, according to the criteria of the external lawyers and in view of all the opposing arguments put forward, the Peruvian Courts will finally dismiss the lawsuit, and therefore considers it a remote risk.

Also in relation to the spill on January 15, 2022, the Association of Persons Affected by Repsol ("the Association")) has filed a lawsuit against RELAPASAA and the insurance company Mapfre Perú, claiming 5,134 million soles (around €1,273 million) in favor of 10,268 allegedly affected persons. On November 30, 2022, RELAPASAA was served notice of this lawsuit. RELAPASAA has presented the formal and substantive defenses regarding this lawsuit in a timely manner within the corresponding deadlines, and has filed an appeal for annulment against the order for admission of the lawsuit based on improper accumulation of claims, as well as formal defenses pleading that the Association does not have the standing to bring the lawsuit on behalf of the alleged affected individuals and lack of proper identification of those individuals. Finally, the company has also formalized its substantive defense regarding non-contractual civil liability based on the lack of foundation for the amounts claimed, among other arguments. In an attempt to correct various observations made by the Judge (in which it was requested to present itemized information on the facts that gave rise to the damage and the harm and loss suffered by each of the affected persons), the Association modified the claim, reducing its request for compensation to 21.9 million soles (approximately €5.2 million) and involving only 353 members. On April 13, 2023, the competent judge rejected the claim, among other reasons, because the Association was unable to provide itemized proof of the alleged damage for each claimant as required by Peruvian law. The Association appealed this decision, which was later ratified by the higher court on June 9, confirming the ruling that rejected the claim. The ruling handed down by the courts of second instance was not challenged by the Association within the legal period and, therefore, the Court is expected to issue a ruling to definitively close the case in the next few days. Once the case is closed, it will no longer be classified as a contingency for RELAPASAA.

As a result of the spill, various Peruvian regulatory bodies (including the Environmental Assessment and Control Agency (OEFA), Supervisory Agency for Investment in Energy and Mining (OSINERGMIN), General Directorate of Captaincies and Coast Guard (DICAPI), National Service of Natural Protected Areas by the State (SERNANP), National Forestry and Wildlife Service (SERFOR) have initiated sanctioning administrative procedures against RELAPASAA against which the corresponding defenses have been presented, in addition to meeting the requirements of the authorities mentioned. Most of these administrative sanctioning procedures are still in force and their outcome will depend on the conclusions reached from the ongoing investigations.

4.2 Government and legal proceedings with tax implications

The information contained in Note 22.4 to the consolidated financial statements for 2022 is updated below, with the following new developments:

- In Spain, there are no open lawsuits or pending tax charges in relation to corporation tax for 2007 to 2009, since the Spanish tax authorities have handed down all favorable rulings (transfer pricing, tax credits for losses on foreign investments and R&D tax credits).
- In Brazil, Repsol Sinopec Brasil, S.A. received unfavorable rulings on the lawsuits in which it was required to pay PIS/ COFINS and CIDE[12] for 2009 and 2011 for payments to foreign companies related to charter contracts for exploration platforms. These rulings may be appealed.
- In Canada, the tax authorities completed the corporation tax audit for 2017 with no material adjustments.
- In the US, notice was received that tax audit of Repsol Oil&Gas USA, LLC. was completed with no proposed adjustment for corporation tax for 2019.

4.3 Geopolitical risks

The information in this section updates the content of Note 20.3 to the consolidated financial statements for 2022.

Russia's invasion of Ukraine

Repsol has no equity exposure or significant commercial position in Russia following the divestment of all its assets in this country in 2021. However, Repsol is exposed to indirect risks (described in Note 20.3 to the consolidated financial statements for 2022) arising from the new macroeconomic scenario marked by the war.

[12] CIDE: Contribuição sobre Intervençào no Dominio Econômico (Contribution on Economic Activities), PIS: Programa de Integraçào Social (Social Integration Program) and COFINS: Contribuição para o financiamento da seguridade social (Contribution for Social Security Financing).

Venezuela

The political and economic situation[13] has continued in 2023. However, the outlook has improved somewhat following the incipient easing of the US Government's coercive measures[14] against Venezuela.

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

Repsol's total equity exposure[15] to Venezuela at June 30, 2023 amounted to €327 million (€411 million at December 31, 2022), mainly comprising the financing extended to the Venezuelan subsidiaries.

Average net production in Venezuela in the first half of the year was 60.8 thousand barrels of oil equivalent per day (57.5 thousand barrels of oil equivalent per day during the same period in 2022).

Bolivia

The political and economic situation has continued in 2023. Repsol's equity exposure in Bolivia at June 30, 2023 amounted to €493 million, comprising mainly the value of productive assets — property, plant and equipment — and the value of the investment accounted for using the equity method at that date (€504 million at December 31, 2022).

Average net production in Bolivia in the first half of the year was 32.7 thousand barrels of oil equivalent per day (32.8 thousand barrels of oil equivalent per day during the same period in 2022).

Algeria

Repsol's equity exposure in Algeria at June 30, 2023 was around €406 million and mainly includes property, plant and equipment at that date (€437 million at December 31, 2022).

Average net production in Algeria in the first half of the year was 10.9 thousand barrels of oil equivalent per day (12.9 thousand barrels of oil per day during the same period in 2022).

Libya

The political instability has continued in 2023. There were no significant interruptions to production in the first half of 2023 as a result of safety conditions. Repsol's net production of crude oil in the first half of 2023 was 32.4 thousand barrels of oil per day (24.3 thousand barrels of oil per day during the same period in 2022).

Repsol's equity exposure in Libya at June 30, 2023 was around €435 million and mainly includes property, plant and equipment at that date (€337 million at December 31, 2022).

4.4 Environmental risks

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

The first response cleanup actions were completed on April 13, 2022 and were carried out with the help of nearly 3,000 workers, more than 140 pieces of heavy equipment, 38 skimmers, nearly 100 vessels of various sizes, more than 11,000 meters of containment booms and absorbent material, 18 satellites and more than 400 geo-referenced photographs taken on a daily basis. In addition, a system for predicting and monitoring the movement of the hydrocarbons was put in place.

[13] The Venezuelan bolivar fell heavily against the euro in the first half of the year (€30.575/BsS vs. €18.694/BsS at December 31, 2022), though with no significant impact on the Group's financial statements, since the functional currency of its subsidiaries in the country is mainly the US dollar.
[14] The OFAC's issuance of General Licenses 41 and 8K appears to be linked to progress at the negotiating table between the Venezuelan government and the opposition. The coercive measures are expected to be gradually reduced if these negotiations are successful.
[15] Equity exposure relates to the value on the Group's balance sheet of consolidated net assets exposed to risks specific to the countries for which they are reported.

Daily monitoring and additional cleaning actions continue to be carried out throughout the area, both at sea and on land, which are reported to the corresponding authorities on a daily basis.

The physical, chemical and hydrobiological monitoring carried out by the Company has shown that the sea and the accessible beaches have been complying with the strictest environmental standards for months and, therefore, do not represent any risk to health or the environment. These reports were drawn up by accredited laboratories and all updates have been submitted to the corresponding authorities, with the most recent complete report on the status of the affected areas submitted in April 2023.

Work is currently underway on the Rehabilitation Plan required by the authorities, which will be delivered on schedule (until October 2023).

Regarding local communities, it should be noted that to date more than 9,900 people, out of a total of 10,300 beneficiaries included on the list prepared by the government, have agreed to and received full compensation, i.e. more than 95% of those on the list.

The main expenses from the incident were already recognized in the income statement for 2022. At June 30, the costs payable amounted to $128 million. These payments may vary due to various circumstances affecting the progress made towards the planned activities, and developments in the administrative sanctioning procedures, the outcome of which will depend on the conclusions of investigations still in progress.

Repsol has insurance policies in place that provide coverage related to the consequences of this event, and is currently coordinating the actions to be followed with the experts (adjusters) appointed by the insurance companies. A total of $62 million have been collected from these insurance companies in 2023.

Without prejudice to the actions that may be taken against the party responsible for the spill, Refinería La Pampilla, S.A.A. has reaffirmed its commitment to continue mitigating and remedying the effects of the spill, while working with the authorities and affected communities, and disclosing information to the public with the utmost transparency. The company has stated its intent to develop sustainable social projects to contribute to the economic recovery in the affected areas. Social aid projects are being implemented in these areas.

The corporate insurance policies, subject to their terms and conditions, cover civil liability for pollution on land and at sea, for some countries and activities, and certain liabilities to the authorities under the Environmental Liability Act, all resulting from accidental, sudden and identifiable events, in line with customary industry practices and applicable legislation.

For additional information on ongoing lawsuits arising from the spill see 4.1 Disputes and for more information on the environmental impacts of the spill and mitigation actions see section 5. Sustainability and corporate governance of the interim consolidated management report for the first half of the year.

(5) SUBSEQUENT EVENTS

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

(6) EXPLANATION ADDED FOR THE TRANSLATION INTO ENGLISH

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

APPENDIX I. MAIN CHANGES IN THE COMPOSITION OF THE GROUP

The companies that comprise the Repsol Group are set out in Appendix I of the 2022 consolidated financial statements. The main changes in the composition of the Group during the first six months of 2023 are as follows:

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

					06/30/2023		
Name	**Country**	**Parent**	**Description**	**Date**	**Consolidation method**[1]	**% voting rights acquired**	**% total voting rights following acquisition**[2]
Repsol Eagle Ford North LLC.	United States	Repsol Oil & Gas USA, LLC.	Acquisition	January 2023	F.C.	100.00%	100.00%
Set Promotores Sax, A.I.E.	Spain	Repsol Renovables, S.A.	Incorporation	February 2023	E.M.	17.15%	17.15%
Energía Eólica Foque, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	February 2023	F.C.	100.00%	100.00%
Energía Eólica La Mayor, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	February 2023	F.C.	100.00%	100.00%
Energía Eólica Timón, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	February 2023	F.C.	100.00%	100.00%
Energía Electrones, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	February 2023	F.C.	100.00%	100.00%
Energía Célula, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	February 2023	F.C.	100.00%	100.00%
Jicarilla Solar 1 Class B LLC	United States	Repsol Renewables North America, Inc	Incorporation	February 2023	F.C.	100.00%	100.00%
Jicarilla Solar 1 Holdings LLC	United States	Jicarilla Solar 1 Class B LLC	Incorporation	February 2023	F.C.	100.00%	100.00%
Begas Motor, S.L.	Spain	Repsol Energy Ventures, S.A.	Shareholding increase	February 2023	E.M.	0.01%	17.12%
Asterion Energies, S.L. [3]	Spain	Repsol Renovables, S.A.	Acquisition	February 2023	F.C.	100.00%	100.00%
Agrovolt 01 S.r.l. [3]	Italy	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Asterion Energies Italia S.r.l. [3]	Italy	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Asterion Renewables France Ltd [3]	United Kingdom	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Asterion Energies Sunproject Uno S.r.l. [3]	Italy	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cefiro Holdco, S.L. [3]	Spain	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Eólica Montesinos, S.L. [3]	Spain	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Four Winds Investco, S.L. [3]	Spain	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Gemini Wind S.r.l. [3]	Italy	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Gruppo Visconti Turi S.r.l. [3]	Italy	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Iberia Solar Brownfield 1, S.L. [3]	Spain	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Mafra Solar S.r.l. [3]	Italy	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
PV Aries S.r.l. [3]	Italy	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
PV Italy 008 S.r.l. [3]	Italy	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
PV Sagittarius S.r.l. [3]	Italy	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
PV Scorpio S.r.l. [3]	Italy	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
PV Taurus S.r.l. [3]	Italy	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
PV Virgo S.r.l. [3]	Italy	Asterion Energies, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Araste SPV 2021, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cefiro Holdco 1, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cefiro Holdco 2, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cefiro Holdco 3, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cefiro Holdco 4, S.L.[3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cefiro Holdco 5, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cefiro Holdco 6, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cefiro Holdco 7, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cefiro Holdco 8, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cefiro Holdco 9, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cefiro Holdco 10, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%

Name	Country	Parent	Description	Date	06/30/2023 Consolidation method[1]	% voting rights acquired	% total voting rights following acquisition[2]
Cefiro Holdco 11, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cefiro Holdco 12, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Gimsan SPV 2021, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Radira SPV 2021, S.L. [3]	Spain	Cefiro Holdco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 1, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 2, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 3, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 4, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 5, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 6, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 8, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 9, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 10, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 11, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 13, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 17, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 18, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 19, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 20, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 24, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
ISC Greenfield 25, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Parque FV Centauro, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Parque FV Hercules, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Parque FV Orion, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Parque FV Taurus, S.L. [3]	Spain	Iberia Solar Brownfield 1, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
PE Levante 4W, S.L. [3]	Spain	Four Winds Investco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
PE Mistral 4W, S.L. [3]	Spain	Four Winds Investco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
PE Tramontana, S.L.[3]	Spain	Four Winds Investco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Viveiro PE Galicia, S.L. [3]	Spain	Four Winds Investco, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
PV El Tomillar, S.L. [3]	Spain	Eólica Montesinos, S.L.	Acquisition	February 2023	F.C.	100.00%	100.00%
Prejeance Industrial SAS [3]	France	Asterion Renewables France Limited	Acquisition	February 2023	F.C.	100.00%	100.00%
Aneto SAS [3]	France	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
CAL III SAS [3]	France	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
CAL IV SAS [3]	France	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
CAL V SAS [3]	France	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
CAL VI SAS [3]	France	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
CAL VII SAS [3]	France	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
CAL VIII SAS [3]	France	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
Cinto SAS [3]	France	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
KI 1 SAS [3]	France	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
PI 1 SAS [3]	France	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
PI Italy S.r.l. [3]	Italy	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
PI Italy 2 S.r.l. [3]	Italy	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
VOLT SAS [3]	France	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
VOLT III SAS [3]	France	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
Volt B SAS [3]	France	Prejeance Industrial SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
Boethia SAS [3]	France	Aneto SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
CAL II SAS [3]	France	Aneto SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
Lanas Servas SAS [3]	France	Aneto SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
Sunnprod SAS [3]	France	Aneto SAS	Acquisition	February 2023	F.C.	100.00%	100.00%

Name	Country	Parent	Description	Date	06/30/2023		
					Consolidation method[(1)]	**% voting rights acquired**	**% total voting rights following acquisition**[(2)]
CAL SAS [(3)]	France	Cinto SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
Innea Project 2 SAS [(3)]	France	Cinto SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
VOLT II SAS [(3)]	France	Cinto SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
Sidney S.r.l. [(3)]	Italy	Jackson S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
BPC Energy S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Clemer S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cyrasol Energia I S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cyrasol Energia III S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Cyrasol Energia IV S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Damien S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Georges S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Giovanni S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Gustave S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Jackson S.r.l.[(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Jasper S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Keith S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Lorenzo S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Michelangelo S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Paolo S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Paul S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Pieter S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Societa Agricola Edward S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Vincent S.r.l. [(3)]	Italy	PI Italy S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Baschenis S.r.l. [(3)]	Italy	PI Italy 2 S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
New Energy Viven S.r.l. [(3)]	Italy	PI Italy 2 S.r.l.	Acquisition	February 2023	F.C.	100.00%	100.00%
Corsica Optimum 2 SAS [(3)]	France	Volt B SAS	Acquisition	February 2023	F.C.	100.00%	100.00%
Repsol Ala dei Sardi, S.r.l.	Italy	Repsol Renovables, S.A.	Incorporation	March 2023	F.C.	100.00%	100.00%
Repsol Monti, S.r.l.	Italy	Repsol Renovables, S.A.	Incorporation	March 2023	F.C.	100.00%	100.00%
Repsol Orria, S.r.l.	Italy	Repsol Renovables, S.A.	Incorporation	March 2023	F.C.	100.00%	100.00%
Biscay Eco Aggregates, S.L.	Spain	Alba Emission Free Energy, S.A.	Incorporation	March 2023	F.C.	100.00%	100.00%
Biscay Pyrolytic Ecofuels, S.L.	Spain	Alba Emission Free Energy, S.A.	Incorporation	March 2023	F.C.	100.00%	100.00%
Remolcadores Puerto A Coruña, A.I.E.	Spain	Repsol Petróleo, S.A.	Incorporation	March 2023	P.I.	60.00%	60.00%
Dominicana Offshore Wind LLC.	United States	Repsol Renewables North America, Inc	Incorporation	April 2023	F.C.	100.00%	100.00%
Gulf Coast Offshore Wind LLC.	United States	Repsol Renewables North America, Inc	Incorporation	April 2023	F.C.	100.00%	100.00%
Repsol Arroyo de la Luz, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	April 2023	F.C.	100.00%	100.00%
Repsol Bureba, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	April 2023	F.C.	100.00%	100.00%
Repsol Cerro Comitre, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	April 2023	F.C.	100.00%	100.00%
Repsol Maials, S.L.U	Spain	Repsol Renovables, S.A.	Incorporation	April 2023	F.C.	100.00%	100.00%
Repsol Paramillos S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	April 2023	F.C.	100.00%	100.00%
Repsol Renovables Olmedilla, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	April 2023	F.C.	100.00%	100.00%
Repsol Ureño, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	April 2023	F.C.	100.00%	100.00%
Repsol Velilla, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	April 2023	F.C.	100.00%	100.00%
Repsol Vientos del Solano S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	April 2023	F.C.	100.00%	100.00%
Repsol Villarrobledo, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	April 2023	F.C.	100.00%	100.00%
Eólica del Taltal, SpA	Chile	Repsol Chile, SpA	Shareholding increase	May 2023	E.M.	35.00%	50.00%

Name	Country	Parent	Description	Date	06/30/2023 Consolidation method[1]	% voting rights acquired	% total voting rights following acquisition[2]
Societat Catalana de Petrolis, S.A.	Spain	Repsol Comercial de Productos Petrolíferos, S.A.	Shareholding increase	May 2023	F.C.	6.00%	100.00%
Repsol Puertollano Sunrise, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	May 2023	F.C.	100.00%	100.00%
Repsol Virgen de Peñarroya, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	May 2023	F.C.	100.00%	100.00%
Promotores Valle- Atalaya, A.I.E.	Spain	Repsol Renovables, S.A.	Acquisition	May 2023	E.M.	26.00%	26.00%
Repsol Wind and Solar Spain, S.L.U.	Spain	Repsol Renovables, S.A.	Incorporation	June-23	F.C.	100.00%	100.00%
Set Colectora Valle, A.I.E.	Spain	Repsol Renovables, S.A.	Acquisition	June-23	E.M.	35.34%	35.34%

(1) Consolidation method:
F.C.: Full consolidation.
E.M.: Equity method. Joint ventures are identified as "JV".
(2) Percentage corresponding to the direct and indirect stake of the next higher parent company in the subsidiary.
(3) Forms part of the Asterion group acquired in February 2023.

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

Name	Country	Parent Company	Description	Date	06/30/2023 Consolidation method[1]	% voting rights disposed of or derecognized	% total voting rights in entity following disposal
Ampere Power Energy, S.L.	Spain	Repsol Energy Ventures S.A.	Disposal	January 2023	E.M.	7.33%	—%
Repsol Exploración Atlas, S.A.	Bolivia	Repsol E&P Bolivia, S.A.	Absorption	January 2023	F.C.	100.00%	0.00%
Enerkem Inc.	Canada	Repsol Química, S.A.	Shareholding reduction	February 2023	E.M.	0.05%	14.15%
Repsol E&P S.a.r.l. [2]	Luxembourg	Repsol Upstream B.V.	Shareholding reduction	March 2023	F.C.	25.00%	75.00%

(1) Consolidation method:
F.C.: Full consolidation.
E.M.: Equity method. Joint ventures are identified as "JV".
(2) Company formerly known as Repsol Lux E&P S.a.r.l. Change in February 2023.

APPENDIX II. OTHER DETAILED INFORMATION

Financial instruments

Financial assets

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

Detail of financial assets	**June 30, 2023 and December 31, 2022**							
	At fair value through profit or loss		**At fair value through other comprehensive income**		**At amortized cost [4]**		**Total**	
€ Million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Equity instruments [1]	25	26	56	56	—	—	81	82
Derivatives	51	59	20	18	—	—	71	77
Loans	—	—	—	—	1,038	965	1,038	965
Time deposits	—	—	—	—	428	355	428	355
Other financial assets	29	22		—	531	9	560	31
Non-current	**105**	**107**	**76**	**74**	**1,997**	**1,329**	**2,178**	**1,510**
Derivatives	225	845	62	149	—	—	287	994
Loans	—	—	—	—	9	67	9	67
Time deposits	—	—	—	—	3,128	2,480	3,128	2,480
Cash and cash equivalents [2]	4	4	—	—	5,247	6,508	5,251	6,512
Other financial assets	102	1	—	—	276	14	378	15
Current	**331**	**850**	**62**	**149**	**8,660**	**9,069**	**9,053**	**10,068**
TOTAL [3]	**436**	**957**	**138**	**223**	**10,657**	**10,398**	**11,231**	**11,578**

[1] Includes non-controlling financial investments in certain companies over which it does not have management influence.
[2] Corresponds mainly to liquid financial assets, deposits or liquid financial investments needed to meet payment obligations in the short term that can be converted into a known amount of cash within a period usually shorter than three months and that are subject to an insignificant risk of changes in value.
[3] Does not include "*Other non-current assets*" and "*Trade and other receivables*" in the consolidated balance sheet, which at June 30, 2023 and December 31, 2022 amounted to €843 million and €766 million non-current, and €7,631 million and €8,529 million or current assets, respectively, for trade receivables net of their corresponding provisions for impairment.
[4] Items that do not bear explicit interest are recognized at their nominal value whenever the effect of not discounting the related cash flows is not significant.

Financial liabilities

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

Financial Liabilities	**June 30, 2023 and December 31, 2022**									
	At fair value through profit or loss[1]		**At fair value through other comprehensive income[1]**		**At amortized cost**		**Total**		**Fair value[1]**	
€ Million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Bonds	—	—	—	—	5,654	5,924	5,654	5,924	5,168	5,362
Loans	—	—	—	—	1,166	1,258	1,166	1,258	1,175	1,267
Lease liabilities	—	—	—	—	2,455	2,404	2,455	2,404	n/a	n/a
Bank borrowings	—	—	—	—	718	544	718	544	719	526
Derivatives	54	332	203	307	—	—	257	639	—	—
Other financial liabilities		—		—	—	—	—	—	—	—
Non-current	**54**	**332**	**203**	**307**	**9,993**	**10,130**	**10,250**	**10,769**		
Bonds and ECP [2]		—		—	834	1,892	834	1,892	834	1,885
Loans		—		—	256	225	256	225	256	225
Lease liabilities		—		—	499	519	499	519	n/a	n/a
Bank borrowings		—		—	436	593	436	593	436	593
Derivatives	523	872	60	163	—	—	583	1,035	—	—
Other financial liabilities		—		—	—	—	—	—	—	—
Current	**523**	**872**	**60**	**163**	**2,025**	**3,229**	**2,608**	**4,264**		
TOTAL[1][2]	**577**	**1,204**	**263**	**470**	**12,018**	**13,359**	**12,858**	**15,033**		

[1] "*Fair value of financial instruments*" in this appendix sets out the classification of financial instruments according to their level in the fair value hierarchy.
[2] Euro Commercial Paper (ECP).

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

ISIN	Issuer	Date of issue	Currency	Nominal amount (millions)	Average rate %	Maturity	Listed[3]
XS1148073205 [1]	Repsol International Finance, B.V.	Dec-14	Euro	500	2.250%	Dec-26	LuxSE
XS1207058733 [2]	Repsol International Finance, B.V.	Mar-15	Euro	726	4.500%	Mar-75	LuxSE
XS1352121724 [1]	Repsol International Finance, B.V.	Jan-16	Euro	100	5.375%	Jan-31	LuxSE
XS2035620710 [1]	Repsol International Finance, B.V.	Aug-19	Euro	750	0.250%	Aug-27	LuxSE
XS2156581394 [1]	Repsol International Finance, B.V.	Apr-20	Euro	750	2.000%	Dec-25	LuxSE
XS2156583259 [1]	Repsol International Finance, B.V.	Apr-20	Euro	750	2.625%	Apr-30	LuxSE
XS2241090088 [1]	Repsol International Finance, B.V.	Oct-20	Euro	850	0.125%	Oct-24	LuxSE
XS2361358299 [1] [4]	Repsol Europe Finance, S.à.r.l.	Jul-21	Euro	650	0.375%	Jul-29	LuxSE
XS2361358539 [1] [5]	Repsol Europe Finance, S.à.r.l.	Jul-21	Euro	600	0.875%	Jul-33	LuxSE

Note: Does not include perpetual subordinated bonds, which qualify as equity instruments (see Note 6.4 Other equity instruments to the consolidated financial statements for 2022), issued by RIF in June 2020 and March 2021 for an outstanding nominal amount at December 31 of €1,500 million and €750 million, respectively.

(1) Issues made under the EMTN Program, secured by Repsol, S.A. and for a maximum of €13,000 million.
(2) Subordinated bond (does not correspond to any open-ended or shelf program) with a coupon that will be revised on March 25, 2025 and March 25, 2045.
(3) LuxSE (Luxembourg Stock Exchange). Multilateral trading facilities or other trading centers or non-official OTC markets are not considered.
(4) Bond linked to a target of a 12% reduction in the Carbon Intensity Indicator (CII) by 2025. If the Group fails to meet these targets, the coupon on the bonds will be increased by 0.25% (payable in 2027, 2028 and 2029).
(5) Bond linked to a target of a 25% reduction in the CII by 2030. If the Group fails to meet these targets, the coupon on the bonds will be increased by 0.375% (payable in 2032 and 2033). For information on the performance of the CII, see section 6.1 Energy transition and climate change of the consolidated management report for 2022 and the CII verification report (available at www.repsol.com).

Fair value of financial instruments

The financial instruments recognized at fair value in the Interim Financial Statements at June 30, 2023 and December 31, 2022 are classified as follows:

Fair value of financial liabilities	June 30, 2023 and December 31, 2022							
	Level 1		Level 2		Level 3		Total	
€ Million	2023	2022	2023	2022	2023	2022	2023	2022
At fair value through profit or loss	284	366	233	461	60	377	577	1,204
At fair value through other comprehensive income	12	1	—	73	251	396	263	470
Total	**296**	**367**	**233**	**534**	**311**	**773**	**840**	**1,674**

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

€ Million	06/30/2023
Opening balance	773
Income and expenses recognized in the income statement	(317)
Income and expenses recognized in equity	(145)
Closing balance	**311**

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

Fair value of financial assets	**June 30, 2023 and December 31, 2022**							
	Level 1		**Level 2**		**Level 3**		**Total**	
€ Million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
At fair value through profit or loss	89	256	187	647	160	54	436	957
At fair value through other comprehensive income	32	83	39	28	67	112	138	223
Total	**121**	**339**	**226**	**675**	**227**	**166**	**574**	**1,180**

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

€ Million	**06/30/2023**
Opening balance	166
Income and expenses recognized in the income statement	6
Income and expenses recognized in equity	(45)
Reclassifications and other	100
Closing balance	227

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

No financial instruments were transferred between levels of the fair value hierarchy during the first half of the year. For more information on the calculation methodology and the levels of the fair value hierarchy, see Note 8.2 to the consolidated financial statements for 2022.

Interest rate reform

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

In connection with the process of transitioning to new benchmark interest rates in various jurisdictions worldwide, the Group has reviewed the contracts arranged in accordance with the timetable envisaged for the reform, mainly affecting loans and credit facilities. The new contracts include reference to risk free rates and, in any case, specific clauses are included to regulate the event of permanent discontinuation. All contracts that were tied to GBP Libor have transitioned to the new corresponding rate (SONIA), the discontinuation date of which was December 31, 2022. In relation to contracts tied to USD Libor, the discontinuation date of which was June 30, 2023, the transition to the corresponding new rate (SOFR) will take place on July 1, 2023.

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

The main financial assets and liabilities tied to LIBOR rate as at June 30, 2023, in which the interest rate is a main element of the contract, are detailed below:

	06/30/2023
€ Million	Amount /Notional
Financial assets [(1)]:	
USD LIBOR	887
Financial liabilities [(2)]:	
USD LIBOR	386

NOTE: Does not include assets and liabilities of a commercial nature.
[(1)] Includes mainly current accounts, deposits and loans, net of impairment, tied to financing in Venezuela (see Note 8 Financial assets to the consolidated financial statements for 2022).
[(2)] Includes mainly loans.

Related party transactions

Repsol carries out transactions with related parties on an arm's length basis. The transactions between Repsol, S.A. and the Group companies, and between them, form part of the Company's normal business activities in terms of their purpose and conditions.

At June 30, 2023, for the purpose of presenting this information, the following are considered to be related parties:

a. Directors and executives: includes members of the Board of Directors and members of the Executive Committee, who are considered "executives" for the purpose of the following section (see "*Remuneration of the members of the Board of Directors and executives*").

b. People, companies or entities within the Group: includes the transactions with Group companies or entities that are not eliminated in the consolidation process, corresponding mainly to transactions performed with companies accounted for using the equity method (see Note 13. Investments accounted for using the equity method to the consolidated financial statements for 2022).

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

Revenue and expenses	06/30/2023				06/30/2022			
€ Million	Directors and executives (1)	People, companies or entities within the Group	Other related parties	Total	Directors and executives (1)	People, companies or entities within the Group	Other related parties	Total
Finance costs	—	34	—	34	—	6	—	6
Leases	—	1	—	1	—	1	1	2
Service received	—	33	—	33	—	38	4	42
Purchase of goods (2)	—	675	—	675	—	982	2	984
Other expenses (3)	—	44	—	44	—	33	—	33
TOTAL EXPENSES	**—**	**787**	**—**	**787**	**—**	**1,060**	**7**	**1,067**
Finance income	—	63	—	63	—	38	—	38
Services rendered	—	5	—	5	—	1	—	1
Sale of goods (4)	—	293	—	293	—	434	9	443
Other revenue	—	41	—	41	—	24	—	24
TOTAL REVENUE	**—**	**402**	**—**	**402**	**—**	**497**	**9**	**506**

Other transactions	06/30/2023				06/30/2022			
€ Million	Directors and executives (1)	People, companies or entities within the Group	Other related parties	Total	Directors and executives (1)	People, companies or entities within the Group	Other related parties	Total
Financing agreements: loans and capital contributions (lender) (5)	—	203	—	203	—	324	—	324
Financing agreements: loans and capital contributions (borrower)	—	302	—	302	—	572	—	572
Guarantees and sureties given (6)	—	697	—	697	—	546	—	546
Guarantees and sureties received	—	2	—	2	—	3	8	11
Commitments assumed (7)	—	—	—	—	—	2	—	2
Dividends and other profits distributed (8)	1	—	—	1	1	—	14	15
Other transactions (9)	—	30	—	30	—	384	3	387

Closing Balances	06/30/2023				06/30/2022			
€ Million	Directors and executives (1)	People, companies or entities within the Group	Other related parties	Total	Directors and executives (1)	People, companies or entities within the Group	Other related parties	Total
Trade and other receivables	—	152	—	152	—	292	3	295
Loans and credits granted	—	1,036	—	1	—	1,114	—	1,114
Other receivables	—	103	—	103	—	104	—	104
TOTAL BALANCES RECEIVABLE	**—**	**1,291**	**—**	**1,291**	**—**	**1,510**	**3**	**1,513**
Suppliers and trade payables	—	188	—	188	—	309	2	311
Loans and credits received	—	1,422	—	1,422	—	1,468	—	1,468
Other payment obligations	—	1	—	1	—	—	—	—
TOTAL BALANCES PAYABLE	**—**	**1,611**	**—**	**1,611**	**—**	**1,777**	**2**	**1,779**

(1) Includes any transactions performed with executives and directors not included in the following section "*Remuneration to members of the Board of Directors and executives*", which correspond to the outstanding balance at the reporting date of the loans granted to members of senior management and the corresponding accrued interest, as well as dividends and other remuneration received as a result of holding shares of the Company.
(2) "*People, companies or entities within the Group*" primarily includes products purchased with Repsol Sinopec Brasil (RSB) and Iberian Lube Base Oil, S.A. (ILBOC) amounting to €460 million and €102 million in 2023 and €607 million and €132 million in 2022, respectively.
(3) Includes mainly provisions for credit risks of accounts receivable and financial instruments.
(4) In 2023 and 2022, "*People, companies or entities within the Group*" includes mainly sales of products to Iberian Lube Base Oil, S.A. (ILBOC) and the Dynasol Group for €182 million and €57 million in 2023 and €295 million and €91 million in 2022.
(5) Includes loans granted and new drawdowns on credit facilities in the period, as well as capital contributions to Group companies with companies accounted for using the equity method.
(6) Includes primarily guarantees granted to joint ventures in the United Kingdom, issued in the ordinary course of business to cover obligations to dismantle offshore platforms in the North Sea.
(7) Corresponds to purchase, investment or expense commitments acquired in the period.
(8) In 2022 the amounts recognized under "*Dividends and other profits distributed*" include the amounts relating to the cash dividend paid in January 2022; and in 2021 the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of the bonus issue rights arising from the capital increase through the issue of bonus shares finalized in January 2021, in the framework of the "*Repsol Flexible Dividend*" remuneration program.
(9) In 2023 and 2022, "*People, companies or entities within the Group*" includes mainly the repayment and/or cancellation of guarantees and/or loan provided to joint ventures in the UK and financing agreements.

Remuneration of the members of the Board of Directors and executives[16]

The information in this section updates the content of Notes 28 and 29 to the consolidated financial statements for 2022.

During the first half of 2023, a total of 15 people sat on the Board of Directors and 10 people on the Executive Committee.

The table below details the remuneration accrued during the first half of 2023 by the people who, at some point during the six-month period and during the time they held such positions, were members of the Board of Directors, and by the people who, for the same period and with the same criterion, were members of the Executive Committee.

Directors	*€ Thousand*	
	06/30/2023	**06/30/2022**
Remuneration for membership of the Board and/or Board committees	3,392	3,397
Wages	600	600
Variable remuneration in cash	991	908
Share-based remuneration systems	350	308
Long-term savings systems (1)	127	127
Other items (2)	159	150
Total remunerations received by the directors	**5,619**	**5,490**
Total remunerations received by the executives (3)(4)(5)(6)	**7,173**	**6,799**

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

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

(2) Includes the accrued cost of the retirement, disability, and life insurance policies for Board members, including that corresponding prepayments amounting to €15 thousand in the first half of 2023 (€14 thousand in the first half of 2022).
(3) Includes contributions to pension plans, contributions to savings plans ,and life and accident insurance premiums (the latter of which includes the corresponding prepayments) totaling €518 thousand (€616 thousand in 2022).
(4) Does not include executives who are also directors of Repsol, S.A., who are instead included in the remuneration paid to directors.
(5) Includes the settlement of outstanding long-term incentive programs as consideration for the non-compete covenant.
(6) Includes the amounts recognized for termination benefits and non-compete clauses, which amounted to €2.3 million at June 30, 2023.

Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs and Plans for Share Acquisition and Purchase for employees

i) "Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs (LIP)"

A total of 229 employees and executives were included in the thirteenth cycle of the 2023-2026 Plan, acquiring a total of 159,514 shares on June 23, 2023, at an average price of €13.0146 per share. In addition, the 10,845 shares delivered to the CEO as a partial payment of the 2019-2022 Incentive Program have been included in the calculation of the expected investment in this current Share Purchase Plan for the Beneficiaries of the Long-Term Incentive Programs. Therefore, a total of 170,359 shares were included under this Plan. Thus, the maximum commitment to deliver shares under the thirteenth cycle of the Plan, by the Group to those employees who meet the relevant requirements after the three-year vesting period, amounts to 56,716 shares. The current members of the Executive Committee are set to acquire a total of 48,023 shares in this thirteenth cycle.

In addition, the vesting period for the tenth cycle of the Plan was completed on May 29, 2023. As a result, 196 beneficiaries of this cycle vested rights to a total of 87,451 shares (receiving a total of 65,690 shares after deducting the personal income tax withholdings to be made by the Company). The members of the Executive Committee, together with the other Executive Directors, vested rights to 28,804 shares (after deducting the income tax prepayment made by the Company, they received a total of 19,688 shares).

ii) "Share Acquisition Plan"

During the first half of 2023, the Group purchased 443,819 treasury shares for €6,283,635.15, which were delivered to employees. In accordance with the terms and conditions of the Plan, the members of the Executive Committee acquired a total of 1,826 shares during the first half of the year.

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

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

In February 2023, once the 2-year period had elapsed, the corresponding bonus shares were delivered to the beneficiaries.

In 2020, the current members of the Executive Committee acquired a total of 1,078 shares under the TU REPSOL Plan. Under the terms of the Plan, these shares entitled them to receive a total of 539 shares in February 2023 (they received 524 shares once withholdings were discounted).

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

Average headcount

The average headcount at June 30, 2023 and 2022 can be seen below:

Average headcount	**06/30/2023**	**06/30/2022**
Men	14,625	14,343
Women	9,474	9,123
Average headcount	**24,099**	**23,466**

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

The reconciliation of adjusted net income/(loss) to IFRS-EU net income/(loss) for the first half of 2023 and 2022 is as follows:

Income	First half													
			ADJUSTMENTS											
	Adjusted income		Reclassification of joint ventures		Inventory effect[2]		Special items		Non-controlling interests		Total adjustments		IFRS-EU income	
€ Million	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operating net income	3,934 [1]	4,894 [1]	(260)	(931)	(679)	1,661	(686)	(1,960)	—	—	(1,625)	(1,230)	2,309	3,664
Financial result	(19)	100	91	105	—	—	—	(95)	—	—	91	10	72	110
Net income from companies accounted for using the equity method - net of tax	18	6	44	544	—	—	(6)	(6)	—	—	38	538	56	544
Income before tax	**3,933**	**5,000**	**(125)**	**(282)**	**(679)**	**1,661**	**(692)**	**(2,061)**	—	—	**(1,496)**	**(682)**	**2,437**	**4,318**
Income tax	(1,215)	(1,776)	125	282	174	(420)	25	183	—	—	324	45	(891)	(1,731)
Consolidated income for the period	**2,718**	**3,224**	—	—	**(505)**	**1,241**	**(667)**	**(1,878)**	—	—	**(1,172)**	**(637)**	**1,546**	**2,587**
Income attributable to non-controlling interests	—	—	—	—	—	—	—	—	(126)	(48)	(126)	(48)	(126)	(48)
Income attributable to the parent	**2,718**	**3,224**	—	—	**(505)**	**1,241**	**(667)**	**(1,878)**	**(126)**	**(48)**	**(1,298)**	**(685)**	**1,420**	**2,539**

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

Revenue from ordinary activities by segments between customers and inter-segment transactions is detailed below:

Revenue from ordinary activities by segment	*€ Million*					
	Customers		Inter-segment		Total	
Segments	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Exploration and Production	2,628	3,795	1,125	1,478	3,753	5,273
Industrial	13,606	19,684	8,816	12,836	22,422	32,520
Customer	13,237	15,718	111	133	13,348	15,851
LCG	307	1,021	292	302	599	1,323
Corporate	—	1	5	3	5	4
(-) Inter-segment operating income adjustments and eliminations	—	—	(10,349)	(14,752)	(10,349)	(14,752)
TOTAL	**29,778**	**40,219**	—	—	**29,778**	**40,219**

The reconciliation of other figures shown in Note 2 to those under IFRS-EU during the first six months of 2023 and 2022 is as follows:

	€ Million	
	06/30/2023	**06/30/2022**
Revenue from ordinary activities [(1)]	**29,778**	**40,219**
Adjustments:		
Exploration and Production	(1,013)	(1,462)
Industrial	(138)	(300)
Customer	(167)	(129)
LCG	2	3
Revenue from ordinary activities IFRS-EU [(2)]	**28,462**	**38,331**
Operating income [(1)]	**3,934**	**4,894**
Adjustments:		
Exploration and Production	(591)	(1,153)
Industrial	(259)	(77)
Customer	(89)	(44)
LCG	11	5
Corporate	(697)	39
Operating income IFRS-EU	**2,309**	**3,664**
Capital employed [(1)]	**28,895**	**30,377**
Adjustments:		
Exploration and Production	494	359
Industrial	(25)	(34)
Customer	11	—
LCG	—	—
Capital employed	**29,375**	**30,702**

[(1)] Figures drawn up in accordance with the Group's reporting model described in Note 2.2 "*Business segments*".
[(2)] Corresponds to the sum of "*Sales*" and "*Income from services rendered and other income*" in the income statement (IFRS-EU).

Appendix II of the interim consolidated management report for the first half of 2023 shows the balance sheet, income statement and statement of cash flows prepared under the Group's reporting model.