2023

REPSOL Group

Management Report 1st Half 2023

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

The company

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

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

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

Further information available at www.repsol.com.

The Management Report

The ***Interim Management Report*** of the Repsol Group[1] should be read in conjunction with the consolidated Management Report for 2022. In conjunction with this report, Repsol has published condensed interim consolidated financial statements for the first half of 2023 (hereinafter, "1H23 interim financial statements"). The Board of Directors of Repsol, S.A. approved both reports of Repsol, S.A. at its meeting of July 27, 2023.

Report information

The ***financial information*** contained in this document, unless expressly indicated otherwise, has been prepared in accordance with the Group's reporting model[2], as described below:

> Repsol presents its segment results including joint ventures and other companies that are jointly managed in accordance with the Group's investment percentage, considering operational and economic indicators within the same perspective and degree of detail as those for companies consolidated under the full consolidation method. Thus, the Group considers that the nature of its businesses and the way in which results are analyzed for decision-making purposes is adequately reflected.
>
> Given the nature of its business and in order to make its disclosures more readily comparable with those of its peers, the Group relies on Adjusted Income when measuring the results of each business segment: Current cost of supply ("Current Cost of Supply", or "CCS"), net of taxes and excluding certain income and expenses ("Special Items") and before non-controlling interests.
>
> - For current cost of supply (CCS) earnings, the cost of volumes sold is calculated on the basis of procurement and production costs incurred during the period in question and not based on weighted average cost, which is the accepted methodology under European accounting law and regulations. The difference between CCS earnings and earnings at weighted average cost is included in the so-called Inventory Effect, which also includes other adjustments to the valuation of inventories (write-offs, economic hedges, etc.) and is presented net of tax. This Inventory effect largely affects the Industrial segment.
> - Adjusted Income does not include either: (i) the so-called Special Items net of tax and before non-controlling interests, i.e. certain significant items whose separate presentation is considered appropriate to enable closer monitoring of the day-to-day management of the businesses; or (ii) income attributable to non-controlling interests ("Non-controlling Interests"), which is also presented separately, net of tax.

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

The ***non-financial information*** regarding the sustainability indicators included in this document has been calculated in accordance with the corporate rules that set out the standard criteria and methodology to be applied in each case. For more information, see section 6 — Sustainability of the Group's 2022 Management Report.

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

[2] Repsol has revised its financial information reporting model effective January 1, 2023. For more information, see Note 4 — Segment information of the condensed interim consolidated financial statements for the first half of 2023.

Contents

Falling prices and normalization of energy markets.

- Resilient but low-growth global economy.
- Decline in crude oil prices and especially gas prices.
- Normalization of refining margins and fuel prices in Europe.

Strong financial performance of the businesses.

- Good results amid lower prices and industrial margins.
- Significant reduction in debt and high liquidity.
- Growing return for shareholders.

1. First half of 2023 in a nutshell

Normalization of the energy markets

The global economy held up relatively well in the first half of 2023, despite showing slower growth. The international landscape was dominated by monetary policy decisions to combat inflation and by the course of global tensions arising from the ongoing war in Ukraine.

International benchmark prices for a large number of energy products (crude oil, gas, electricity, etc.) fell significantly, due to the uncertain economic outlook in the United States and Europe, given the difficulties that both regions face in curbing global inflation, and also in China, as its economy recovery loses steam. Demand for our products was further influenced, albeit unevenly, by milder average temperatures than in the same period of the previous year. ● *For more information, see section 2. Environment.*

Strong results and financial position

Even amid this environment of falling energy prices and slowing demand, Repsol posted solid ***results***, albeit lower than those reported in the previous year.

Results for the period			
(€ million)	1H 2023	1H 2022	Δ
Upstream	884	1,678	(47)%
Industrial	1,623	1,427	14 %
Customer	322	152	112 %
LCG	46	78	(41)%
Corporate and others	(157)	(111)	(41)%
Adjusted income	**2,718**	**3,224**	**(16)%**
Inventory effect	(505)	1,241	-
Special items	(667)	(1,878)	64 %
Non-controlling interests	(126)	(48)	(163)%
Net income	**1,420**	**2,539**	**(44)%**

Adjusted income, which seeks to show the Company's performance from the normal course of its businesses, amounted to €2,718 million (€3,224 million in 2022). Reduced earnings at the Upstream businesses were mitigated by improvements at the Industrial and Customer businesses.

The performance at *Upstream* (€884 million) was impacted by the decline in crude oil realization prices (-27%) and especially gas prices (-46%).

At *Industrial*, the improvement in earnings (€1,623 million) was due to the *trading* businesses, which offset the moderation in Refining margins.

Meanwhile, the *Customer* business (€322 million) reported an improvement across all business lines. Notably, the Mobility businesses in Spain reported a recovery in its margins as it no longer has to apply the discounts rolled out by the government in 2022 and further voluntary discounts offered by the Company to mitigate the impact on customers of rising international fuel prices.

Low Carbon Generation (LCG) saw a reduction in earnings due to lower electricity prices and production (lower demand).

The ***inventory effect*** (€-505 million) reflects the impact of the downward trend in crude oil and product prices.

Special Items (€-667 million) shows lawsuit settlements and the temporary energy levy in Spain.

Non-controlling interests (€-126 million) includes the income attributable to the new partners (25%) of the Upstream and Renewables businesses.

As a result, ***net income*** obtained in the period came to €1,420 million (€2,539 million in 2022).

This net income includes a corporate income tax expense of €1,015 million (effective rate of 40%), with a total of €7,343 million in ***taxes*** paid in the first half of the year, €4,960 of which were paid in Spain.

These results, together with the sale of 25% of the Upstream business, allowed the Company to make a significant investment effort in the period and to improve the shareholder return by a ***cash generated*** of €1,299 million.

Operating cash flow (€3,522 million) showed an improvement when compared with the first half of 2022, as a result of lower prices for inventories. Free cash flow (€468 million) reflects a significant increase in investments in productive assets at LCG and Upstream and in digitalization of the Industrial and Customer businesses.

The ***shareholder return*** includes the payment of a dividend of €0.35 per share in the first half of the year and a further €0.35 in July, up 11% on 2022. Meanwhile, share capital was reduced through the redemption of treasury shares, thus improving earnings per share.

The cash generated has led to a significant reduction in ***net debt*** (€797 million, leverage of 2.8%) and consistently strong liquidity (€11,441 million). This strong financial position has been endorsed by the rating agencies, which have maintained Repsol's investment grade rating, with Fitch upgrading the Company's long-term credit rating.

● *For more information, see section 3. Financial performance and shareholder return.*

Further progress toward industrial transformation, multi-energy offer and decarbonization.

- Incorporation of non-controlling interests at the Upstream business.
- Development of the advanced biofuels plant in Cartagena; investment decision to electrify the crackers at Sines and Tarragona; further progress toward the Hydrogen strategy by including the Tarragona electrolyzer in the European Innovation Funds.
- Multi-energy range of products and services under the new "Connected Energies" program; more than 6.8 million digital customers (Waylet, etc.).
- Upward of 4.4 GW of capacity in solar and wind power generation (acquisition of Asterion Energies, new projects up and running in Spain, Chile, Italy and the United States and driving organic growth).

Businesses performance and transformation

Key actions undertaken by the Company in the first half of the year included the process of making business management more efficient and agile to be able to adapt to the new situation in the markets and the incorporation of new technologies and the digitalization of operations, on the path to achieving the decarbonization and energy transition targets.

At ***Upstream***, the sale of 25% of the Upstream business to EIG Global Energy Partners (EIG) was a particular highlight, as it unlocks the true value of the segment and will allow us to make further progress toward the key objectives set out in the Strategic Plan. Production (602 Kboe/d) was 10% higher than the same period in 2022, mainly due to new assets and wells drilled in the United States and the absence of any production stoppages over security concerns in Libya. Notably, we made further progress in developing key projects in the United States (investments in Marcellus, Eagle Ford and Blacktip), Brazil (final investment decision at Campos-33), Algeria (agreement to extract gas with Sonatrach) and Colombia (exploratory discovery), while also promoting decarbonization projects based on CO_2 capture, sequestration and storage.

At **Industrial**, the Refining complexes reduced their utilization ratios to be able to comply with plant maintenance needs, while still achieving strong margins (albeit significantly lower than in the first half of 2022). Meanwhile, the Chemicals businesses have adapted their production, logistics and commercial schemes to be able to respond to an environment of weak demand and low product prices. Repsol has continued with its drive to transform large industrial complexes as part of its ongoing commitment to the future sustainability of the industry: the Advanced Biofuels Plant (C43) located in Cartagena will be commissioned by the end of 2023, thus achieving the milestone of being the first plant in Spain specifically designed to produce renewable fuels from lipid waste; an investment decision was reached for the first wave of electrification of the large compressors of our crackers at the Sines and Tarragona plants; construction began on the project to expand the Sines Industrial Complex (Portugal); the new maritime terminal was unveiled at the Outer Port of A Coruña, thus improving the logistical handling of new products and raw materials and marking a further step towards the initiative to create a renewable energy hub in A Coruña.

At the ***Customer*** segment, highlights included the decision to maintain the discounts for our customers and accentuate the company's multi-energy profile (launch of the "Energías Conectadas" ("Connected Energies") program.

This strategy, focused on the customer and supported by digitalization, enabled us to increase our service station sales in Spain (+2%) and the number of digital customers (6.8 million at June 30). Electricity and gas customers also increased and, following the acquisition of a 50.01% stake in CHC, will reach 2 million customers.

At ***Low Carbon Generation***, the investment effort in the renewable assets portfolio was a particular highlight, including the acquisition of 100% of Asterion Energies (a development platform that manages a portfolio of renewable assets totaling 7,700 MW, mainly in Spain, Italy and France), other wind and solar projects and the start of production of new renewable solar and wind projects in Spain and Chile. Total installed capacity in operation stood at 4,241 MW, although electricity generation was down 7%, due to the lower production of combined cycle plants.

In the field of ***digitalization***, highlights in the period included the creation of the first Competence Center for generative artificial intelligence (AI) in the European energy sector.

Our ***transformation*** strategy is supported by various institutions. Repsol has submitted projects to the calls for European "*Next Generation*" funding, which would entail investments of more than three billion euros in technological innovation, decarbonization and circular economy; funds have been obtained under the "*Innovation Fund Large Scale 2022: Industry electrification and hydrogen*" for the Tarragona Hydrogen Network project (an electrolyzer with a capacity of 150 MW in its first phase); further funding has been obtained from the Spanish Official Credit Institute and from the European Investment Bank for transformation projects at our industrial complexes.

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

In pursuing our objective of ***reducing greenhouse gas emissions*** to limit the effects of climate change, a number of key improvements were made to our facilities during the period, enabling the Company to avoid CO_2 emissions of 68 thousand metric tons.

During the period, Repsol reviewed its ***Global Sustainability Plan (GSP)***, which envisions, among other objectives, new commitments for the production of renewable hydrogen and for achieving a reduction in absolute CO_2 and methane emissions to ultimately become net zero in emissions by 2050.

● *For more information, see section 5. Sustainability and Governance.*

Key figures and indicators

Financial indicators[1][2]	1H 2023	1H 2022
Results		
EBITDA	4,303	8,019
Operating income	3,934	4,894
Adjusted income	2,718	3,224
Net income	1,420	2,539
Earnings per share (€/share)	1.08	1.74
ROACE (%)	5.4	8.8
Cash and liquidity		
Operating cash flow	3,522	2,930
Free cash flow	468	1,454
Cash generated	1,299	472
Liquidity	11,441	9,380
Investments	3,047	1,435
Available capital and debt		
Capital employed (CE)	28,895	30,377
Net Debt (ND)	797	5,031
ND / CE (%)	2.8	16.6
Shareholder return		
Shareholder return (€/share)	0.35	0.30
Taxes paid (€ million)	7,343	7,566

Sustainability indicators[3][4]	1H 2023	1H 2022
People		
No. of employees	25,050	24,309
New employees	2,427	2,421
Safety		
Tier 1 process safety events	4	1
Tier 2 process safety events	1	5
Total Recordable Incident Rate (TRIR)[5]	1.31	1.59
Environment		
Annual CO2e emissions reduction (Mt)	0.068	0.194
No. of spills[6]	16	15

Stock market indicators	1H 2023	1H 2022
Share price at year-end (€/share)	13.33	14.05
Average share price (€/share)	14.09	12.76
Market capitalization at year-end (million €)	17,028	20,406

Macroeconomic environment	1H 2023	1H 2022
Brent ($/bbl) average	79.7	107.9
WTI ($/bbl) average	74.8	101.8
Henry Hub ($/MBtu) average	2.8	6.1
Electricity Pool – OMIE (€/MWh)[7]	88.9	205.6
Exchange rate ($/€) average	1.08	1.09
CO2 (€/t)	89.5	83.6

Our businesses performance[1]	1H 2023	1H 2022
Upstream		
Liquids production (kbbl/d)	207	184
Gas production (kboe/d)	395	365
Hydrocarbon production (kboe/d)	602	549
Crude oil realization price ($/bbl)	70.9	97.1
Gas realization price ($/bscf)	4.0	7.4
EBITDA	2,318	3,689
Adjusted income	884	1,678
Operating cash flow	1,383	2,458
Investments	1,272	746
Industrial		
Refining capacity (kbbl/d)	1,013	1,013
Crude oil processed (Mt)	19.9	20.9
Conversion utilization Spanish refinery (%)	95.1	88.9
Distillation utilization Spanish refinery (%)	81.6	87.0
Refining margin indicator in Spain ($/bbl)	11.0	15.5
Sales of petrochemical products (kt)	1,039	1,371
EBITDA	1,951	3,933
Adjusted income	1,623	1,427
Operating cash flow	1,725	63
Investments	430	372
Customer		
Service stations (No.)[8]	4,621	4,649
Marketing sales in Spain of diesel and gasoline (km^3)[9]	7,188	7,892
LPG sales (kt)	635	666
Electricity commercialization (GWh)	2,004	2,184
Electricity and gas customers (thousands)[10]	1,496	1,426
EBITDA	539	457
Adjusted income	322	152
Operating cash flow	399	381
Investments	132	84
LCG		
Electricity generation (GWh)	3,951	4,245
Electricity generation capacity in operation (MW)	4,241	3,860
EBITDA	108	139
Adjusted income	46	78
Operating cash flow	118	201
Investments	1,179	194

[1] In millions of euros, where applicable.
[2] For more information, see section 3 and Appendix II. Alternative performance measures.
[3] Figures and indicators calculated in accordance with the Group's management policies and guidelines. For more information, see section 6 of the 2022 Management Report.
[4] Does not include the figures corresponding to the acquired company Asterion Energies (see section 4.4 Low carbon generation), as the integration process is still ongoing.
[5] The figure for 2022 relates to year-end.
[6] Number of hydrocarbon spills greater than 1 bbl that reach the environment.
[7] Iberian Energy Market Operator.
[8] The number of service stations includes those controlled and licensed stations.
[9] Own marketing sales in Spain are those marketed through controlled and licensed subsidiaries and the Direct Sales business unit.
[10] Does not include customers of companies accounted for using the equity method (Gana Energía) or the portfolio of customers in Portugal.

2. Environment

-26 %
Brent

-55 %
Henry Hub

88.9 €/ MWh
Electricity pool – Spain

Normalization of **energy markets** and falling **energy prices**

Low **growth**

High **inflation**

Rising **interest rates**

Weaker **USD**

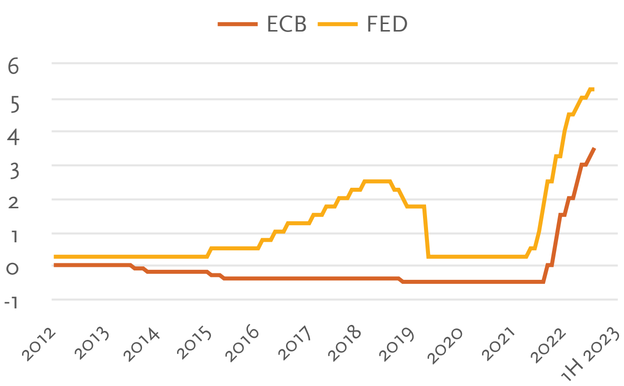
2.1 Macroeconomic environment

Recent economic trends

Throughout 2022, the economic environment and growth prospects worsened due to a combination of: (i) a shock to commodity prices following Russia's invasion of Ukraine and the ensuing sanctions; (ii) the economic slowdown in China due to both a real estate crisis and restrictions resulting from the country's zero-COVID policy; (iii) the appreciation of the dollar, which for other countries meant higher imported prices and higher cost of servicing their dollar-denominated debt.

Inflation, which has been above target levels since 2021, picked up further in 2022 due to the shock to core prices. This led to a cost-of-living crisis, and also elicited a strong response from central banks (CBs). While the CBs had previously refrained from hiking interest rates above their minimum levels in a bid to support economic growth and by arguing that the rise in inflation was transitory, they are now prioritizing inflation control and have significantly tightened their monetary policy.

Trend in ECB and Fed interest rates



Source: Bloomberg and Repsol Research Unit.

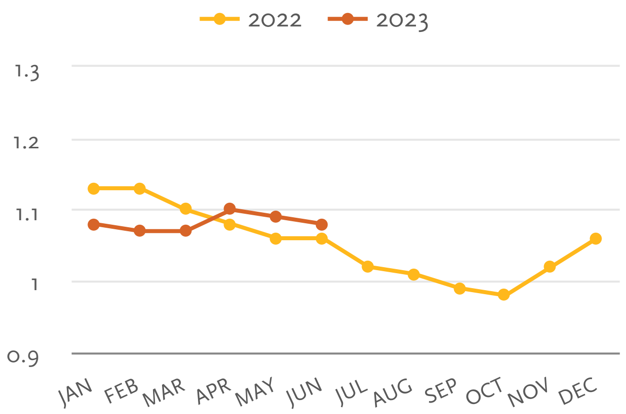
Indeed, the US Federal Reserve (Fed), which began its tightening cycle in March 2022, when it raised its benchmark rate from 0.25% to 0.5%, has just raised it to 5.25% in June 2023. Meanwhile, the European Central Bank (ECB), which abandoned negative policy rates in July 2022, made the decision to hike rates to 3.5% in June 2023.

However, the outlook improved somewhat in late 2022 and early 2023, in a context in which (i) inflation, although still high, is beginning to recede in many regions; (ii) Europe benefited from relatively warm weather during the past winter; (iii) the Chinese authorities increased their stimulus measures and ended the country's “zero-COVID” policy, thus helping economic activity to recover in the country.

All in all, the global economy held up relatively resilient in the first half of 2023, despite suffering a certain slowdown in growth (with the Eurozone finally entering recession) amid a very uncertain and risk-ridden environment. Thus, central banks now face the tricky dilemma of having to counter the risk of new episodes of financial instability (such as the failure of Silicon Valley Bank), of avoiding the risk of disinflation being disrupted by the increased rigidity of prices for many services and possible second round effects.

Turning to the exchange rate, further progress in the US economic recovery throughout 2022 led to an appreciation of the dollar against the euro; a trend that soon intensified as the Fed proved to be faster and more decisive than the ECB in its monetary tightening. The rate reached 0.96 dollars/euro at the end of September 2022. However, towards the end of 2022 and in early 2023 —coinciding with the beginning of the decline in inflation in the US and the attenuation of certain risks for Europe— the exchange rate partially reversed its previous trend, returning to a level of 1.09 dollars/euro in January-February of this year, higher than the average of 1.05 dollars/euro for the whole of 2022. Since then, the exchange rate has been fluctuating with no clear direction, reaching around 1.08 dollars/ euro at the end of June.

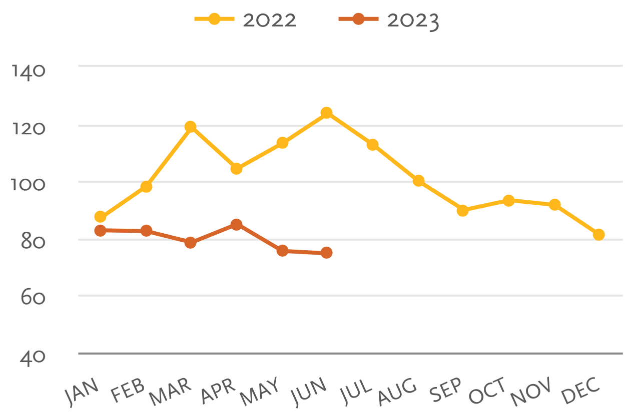
EUR/USD exchange rate performance (monthly averages)



Source: Bloomberg and Repsol Research Unit.

- *For more information, see section 6.1 Outlook for the sector*

Brent price performance ($/bbl)



Source: Bloomberg and Repsol Research Unit.

2.2 Energy landscape

Crude oil – Brent

During the first half of the year, Brent crude oil prices moved between a range of $70/bbl and $90/bbl, driven by high levels of volatility and uncertainty. They peaked at the end of January, upon reaching $88 per barrel ($/bbl), driven by the improved economic outlook on China and the expectation of a "soft" landing of the US economy. In the second half of March, the price was around $73/bbl, due to fears of a global banking crisis following the collapse of Silicon Valley Bank in the United States, but climbed to around $80/bbl at the end of April, with increases of $5/bbl following the surprise announcement of a production cut by the OPEC+ group.

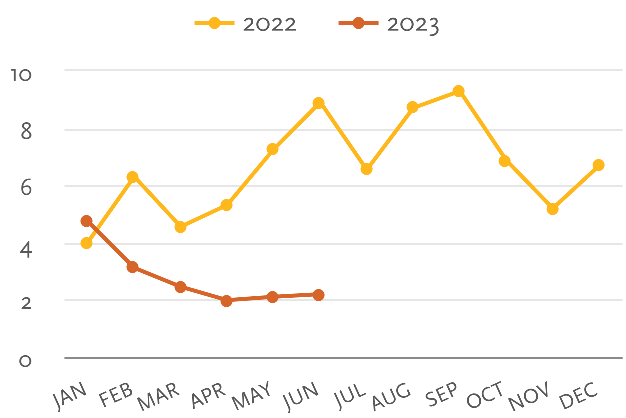
In early May, prices headed downward once again, with sharp declines following the collapse of the US regional bank First Republic Bank, rekindling fears that the US banking crisis would spread to the rest of the world. In June, oil prices seemed to have struck a delicate equilibrium of around $75/bbl, albeit subject to exceptionally high levels of volatility and uncertainty. The announcement of an additional cut of 1 mb/d by Saudi Arabia in July, with the possibility of extending it further if necessary, had a positive impact on prices, but was soon offset by fears about the health of the global economy, which in theory would lead to a reduction in oil consumption.

The latest announcement by the OPEC+ group also included the extension of voluntary cuts of 1.66 mb/d until December 31, 2024 and the reduction, from January 2024 onward, of the group's production quota by 1.4 mb/d from the quota currently in place. The limited effect of the OPEC+ group's announcement of cuts on oil prices demonstrates the disconnect between the trend in fundamentals (oil supply and demand) and the actual path that oil prices are taking, caught between expectations of a potential economic recession and fundamentals that, for the time being, show no signs of weakening.

Natural Gas – Henry Hub (HH)

During the six-month period, the US natural gas HH price averaged $2.8/MBtu, well below the price seen during the same period in 2022 ($6.1/MBtu). While the resumption of export activity at the Freeport LNG plant in April, following the technical shutdown, helped to slightly adjust the domestic market, overall LNG exports barely increased compared to 2022. Production, however, did increase steadily since the start of the year, to move past 102 bcf/d in May, almost 6 bcf/d more than in May of 2022. Faster growth in LNG production than in LNG exports is largely responsible for the low prices. Temperatures were the other big factor in the current bear market and storage surplus.

Henry Hub price performance ($/MBtu)



Source: Bloomberg and Repsol Research Unit.

Additionally, the situation in the gas market following the outbreak of the war in Ukraine caused uncertainty in the global market and kept price volatility high. The medium-term need for gas in countries such as China and India ensures a niche market in the mid term for LNG originating from the United States. In the short term, the good level of inventories in all basins is expected to keep gas prices limited over the coming weeks.

Electricity prices

The average wholesale price of electricity in 2023 was €88.9/MWh, well below the €205.6/MWh in the previous year. We would need to add to this price the adjustment made to consumers in the market following implementation of the electricity price adjustment mechanism (known as the "cap on gas"). However, as this mechanism has been offline since the end of February due to falling gas prices, the average wholesale price has barely changed in cents.

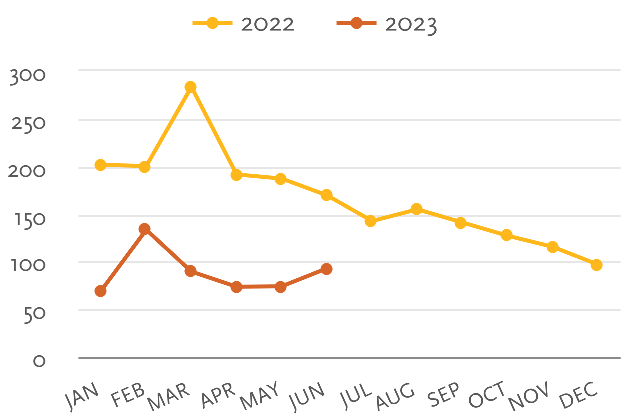
The electricity market in Spain is currently showing a series of traits that are having a strong influence on the market. The first of these is the drop in demand, due to prevailing weather conditions, an increase in self-consumption (due to new photovoltaic installations) and lower industrial consumption. The combination of these factors caused demand to fall by more than 5% in the first half of 2023 compared to the same period of the previous year.

The heavy increase in the installation of photovoltaic capacity has caused solar generation to reach an all-time high, and it accounts for almost 14% of total generation (compared to 10% last year). This increase in generation at specific times of the day, together with the reduction in consumption, has accentuated a process that had been consolidating in recent years: a drop in prices towards the middle hours of the day, when prices are much lower than even nighttime hours.

Another relevant aspect has been net electricity exchanges, which increased due to higher exports to France, while exports to Portugal also remained high.

The hydraulic situation also changed significantly in the first six months of the year. While in early 2023 the situation of the reservoirs was very good, allowing for hydro generation at levels much higher than those achieved the previous year, the scarce rainfall in April and May and the uncertainty of water availability in summer caused a sharp drop in hydroelectric generation, despite reserves being better than last year. Heavy rainfall in June turned the situation around again, and in the first 18 days the same amount had already been generated as in the entire month of June of 2022.

Trend in electricity prices (€/MWh)



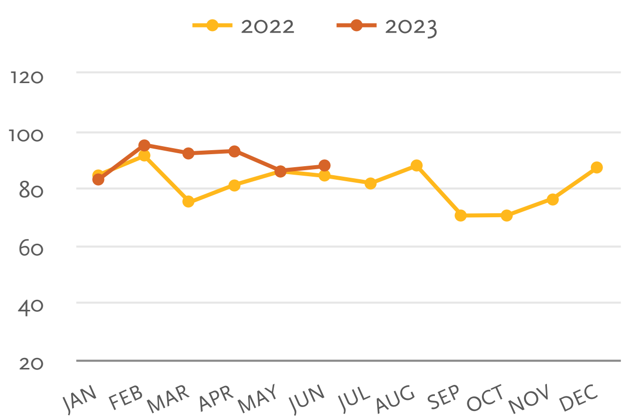
Source: Bloomberg and Repsol Research Unit.

CO_2 emission allowances

The price of CO2 emission allowances fluctuated during the first half of 2023, moving within a range of almost €25/t around an average of €89.5 €/t, slightly above the €83.6 €/t at which it traded in the same period of 2022.

Market movements were driven by gas prices and global economic uncertainty, though they were also heavily influenced by regulatory changes, including the official approval of the *Fit for 55* package with the emissions market reforms.

Trend in CO2 prices (€/t)



Source: Bloomberg and Repsol Research Unit.

3. Financial performance and shareholder return

3.1 Results

Million euros	1H 2023	1H 2022	Δ
Upstream	884	1,678	(47)%
Industrial	1,623	1,427	14 %
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Corporate and other	(157)	(111)	(41)%
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Special items	(667)	(1,878)	64 %
Non-controlling interests	(126)	(48)	(163)%
Net income	**1,420**	**2,539**	**(44)%**

The results for the first half of 2023 reveal a normalization of conditions within the energy markets, when compared to the extraordinary circumstances that unfolded in the same period of 2022.

Adjusted income for the first half of the year amounted to €2,718 million, down on the previous year due to lower prices and weak demand. Income were down at Upstream (lower prices for crude oil and especially gas) and LCG (lower electricity prices), but up at both Industrial (higher profits at the trading businesses, partly offset by a moderation in refining margins and low chemical margins) and Customer (recovery of margins in the fuel and electricity and gas businesses in Spain).

EBITDA fell significantly (€4,303 million vs. €8,019 million in 2022), due to the decline in crude oil and gas realization prices and lower margins at Refining and Chemicals.

EBITDA *(€ million)*	1H 2023	1H 2022
Upstream	2,318	3,689
Industrial	1,951	3,933
Customer	539	457
LCG	108	139
Corporate and other	(613)	(199)
TOTAL	**4,303**	**8,019**

Upstream

Average **production** in the period was 10% higher than in 2022 (at 602 Kboe/d) and **exploratory activity and investment** was also down.

● *For more information on the activities of the segment, see section 4.1 Upstream.*

Adjusted income for this segment in the first six months of the year amounted to €884 million, down €-794 million on the same period of 2022, largely due to:

- the drop in crude oil (-27%) and especially gas (-46%), realization prices, which mainly affected the results obtained in North America, Trinidad and Tobago, Norway, Peru, Libya and Brazil;
- an increase in sales compared to the previous year, mainly in North America following the incorporation of new wells at Eagle Ford and Marcellus and in Libya and Norway due to stoppages in 2022;
- higher depreciation, largely due to increased production and investment in the United States;
- higher production costs due to the start-up of strategic projects such as new investments and wells at Eagle Ford and Marcellus in the United States, and YME in Norway;
- lower taxes on production and hydrocarbon royalties, as prices decline; as well as lower tax on profits (effective tax rate of -41%), largely due to a reduction in operating results; and
- lower exploration expenses due to a less intense exploration campaign and portfolio optimization;

Investment in the first half of the year (€1,272 million) was significantly up on 2022 (+71%). Investment activity centered on assets in production and/or under development in the United States, Trinidad and Tobago, Colombia, the United Kingdom, Brazil and Peru. Meanwhile, exploratory investment took place mainly in the Gulf of Mexico (United States) and Colombia.

Industrial

Adjusted income in the first half of 2023 amounted to €1,623 million, compared to €1,427 million for the same period in 2022.

The main reasons for this change are as follows:

- The ***Refining*** businesses reported a reduction in earnings compared to the same period in 2022. International margins have been significantly moderated throughout the period -due to lower product prices- and plant utilization levels also fell due to scheduled stoppages.
- Results at ***Chemicals*** worsened and became negative for the period, due to lower product margins, lower sales (a result of weak demand amid the current international economic situation), and reduced earnings from the cogeneration plants.
- Results at both ***Trading*** and ***Wholesale and Gas Trading*** saw an improvement on the previous year, mainly due to an increase in the value of gas contracts and commitments, taking advantage of market conditions in operations and optimization of shipping management.

Investment at Industrial in the first half of 2023 amounted to €430 million, up 16% on the same period in 2022, (which included the purchase of a 14% stake in the Canadian company Enerkem). The investments were largely made for the maintenance and improvement of activities at the industrial complexes, as significant investments and decarbonization projects are in the works (highlights in the first half of the year included the investments made in advanced biofuel plants in Cartagena -Refining- and in linear polyethylene and polypropylene plants in Sines -Chemicals-).

● *For more information on the segment's activities, see section 4.2 Industrial.*

Customer

Adjusted income in the first half of 2023 amounted to €322 million, compared to €152 million in the same period of 2022.

This improvement was due to:

- Better results at the ***Mobility*** business, mainly at service stations in Spain due to lower discounts.
- Improved results at ***Lubricants, Aviation, Asphalts and Specialties***, driven by Lubricants and Asphalts (lower cost of raw materials), though partially offset by a downturn in earnings at Aviation (despite an increase in volumes sold).
- Improvement in ***LPG*** results, largely due to the trend in international prices in the first half of the year, which supported margins.
- ***Retail Electricity and Gas*** results also saw an improvement, due to lower energy supply prices (see section 2.2 Energy landscape), despite lower consumption among customers (who increased in number to 1.75 million, including the 224 thousand customers of Gana Energía, an equity-accounted company, and 34 thousand in Portugal).

Investment at Customer in the first half of 2023 amounted to €132 million, up 57% on the same period of 2022. Investments were mainly allocated to the Electricity and Gas marketing businesses (with significant efforts made in customer acquisition) and to Service Stations in Spain.

● *For more information on the segment's activities, see section 4.3 Customer.*

Low Carbon Generation

Adjusted income in the first half of 2023 amounted to €46 million, compared to €78 million for the same period in 2022.

- At ***Renewables***, earnings were down on the first half of 2022 mainly due to lower prices captured, though partially offset by higher Hydro and Wind production.
- At ***Combined Cycles***, earnings were down due to lower production (lower thermal gap and scheduled stoppages) and lower prices captured (despite gas prices being lower).

Investment in the first half of 2023 amounted to €1,179 million (up 508% on 2022). These funds were mainly used for the acquisition of a 100% stake in Asterion Energies and a further 35% stake in the Antofagasta wind farm (Chile), and also for the development and production start-up of new renewable energy projects in Spain and the United States.

● *For more information on the segment's activities, see section 4.4 Low Carbon Generation.*

Corporate and other

The results of the first half of 2023 amounted to €-157 million (compared to €-111 million in 2022). The lower financial result was largely down to the excellent results on treasury share positions in the first half of 2022.

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

Net income

Net income is affected by the following factors:

- The **inventory effect** of €-505 million, compared with €1,241 million in the first half of 2022, due to the steady decline in the price of crude oil and other oil products.
- **Special items** in the first half of 2023 amounted to €-667 million and reflect lawsuit settlements and the temporary energy tax in Spain.

Special items *(€ million)*	**1H 2023**	**1H 2022**
Divestments	—	8
Indemnities and workforce restructuring	(23)	(16)
Impairment (1)	354	(1,262)
Provisions and others (2)	(998)	(608)
TOTAL	**(667)**	**(1,878)**

(1) Reversals at Refining Spain following the accrual in January 2023 of the temporary energy tax (see Note 3.2.1 to the 1H23 interim financial statements), which had been counted in the future cash flows of the 2022 impairment test.
(2) Includes, in 2023, provisions for credit risk in Venezuela, legal, tax and environmental litigation and the accrual of the temporary energy tax.

These settlement agreements aim to put an end to two significant lawsuits related to investees in the United States and the United Kingdom, relating to events that took place before Repsol acquired its stake in those companies. In the United States, the lawsuits related to the Maxus company (acquired by YPF in 1995) were ended; in the United Kingdom, Repsol and Sinopec -current shareholders of the joint venture Repsol Sinopec Resources UK (RSRUK)- reached an agreement, subject to the fulfillment of certain conditions, to terminate the arbitration proceedings initiated by Sinopec in relation to the process of acquiring a 49% stake in RSRUK from the Canadian group Talisman in 2012. ● *For more information, see Notes 4.1 Disputes and 3.1.2 Investments accounted for using the equity method to the 1H23 interim financial statements.*

- **Income attributable to non-controlling** interests in the first half of 2023 amounted to €-126 million, and include income attributable to the new partners (25%) of the Upstream and Renewables businesses.

As a result of the above, the Group's ***net income*** in the first half of the year came to €1,420 million, compared to €2,539 million in 2022. Profitability indicators and earnings per share are as follows:

Profitability indicators	**1H 2023**	**1H 2022**
ROACE- Return on average capital employed (%)	5.4	8.8
Earnings per share (€/share)	1.08	1.74

3.2 Cash generation

Cash flows *(€ million)*	**1H 2023**	**1H 2022**
EBITDA	4,303	8,019
Changes in working capital	325	(3,965)
Income taxes received/(paid)	(896)	(885)
Other proceeds/(payments)	(221)	(257)
Dividends received	11	18
I. Operating cash flow	**3,522**	**2,930**
Payments for investments	(3,113)	(1,617)
Proceeds from divestments	59	141
II. Cash flow from investments	**(3,054)**	**(1,476)**
Free cash flow (I + II)	**468**	**1,454**
Dividends [(1)]	(501)	(486)
Transactions with non-controlling interests [(2)]	1,952	102
Net interests and leases	(192)	(215)
Treasury shares	(428)	(383)
Cash generated	**1,299**	**472**

[(1)] Dividends include coupons from perpetual bonds (other equity instruments).
[(2)] In 2023, the sale of 25% of the Upstream business was a particular highlight.

Operating cash flow (€3,522 million) was higher than in the first half of 2022, despite the significant decline in EBITDA, due to the better performance of working capital, which in 2022 was exceptionally negative (€-3,965 million) as a result of the effect of the higher cost of inventories due to higher prices and volumes of inventories at the Industrial businesses.

The increase in investments resulted in lower **cash flow from investing activities** (€-3,054 million). Investments in the first half of 2023 include those made at the Upstream segment (particularly those carried out in the United States, including the investment to acquire Eagle Ford from INPEX) and LCG (inorganic acquisition of 100% of Asterion Energies and organic growth to continue with international expansion in the United States and undertake projects in Spain).

● *For more information on the acquisition of Asterion Energies, see Note 3.1 Balance Sheet to the 1H23 interim financial statements.*

The **free cash flow** for the first six months year was €468 million, down on the €1,454 reported in 2022.

Meanwhile, the cash obtained from the 25% dilution at the Upstream business (€1,852 million in proceeds) -as reflected under "Transactions with non-controlling interests"- allowed Repsol to pay the cost of financing and shareholder return (higher cash dividend and acquisition of treasury stock worth €-428 million, including repurchase plans for amortization of treasury stock) and **generate cash** of €1,299 million.

3.3 Financial position

In the first half of 2023, in line with the commitment to strengthen the Group's financial structure, Repsol continued to push forward with various measures that have enabled it to lower its indebtedness.

Maintaining our policy of financial prudence and our commitment to maintain a high degree of liquidity, the liquidity held at the end of the year (in the form of cash and available lines of credit) was sufficient to cover all debt maturities, without the need for refinancing, thus allowing the Group to cope with the heavy volatility and uncertainty present within the financial markets.

Main financing transactions

The main financial transactions in the first half of 2023 were as follows:

- In January and June 2023, Repsol International Finance B.V. repurchased and partially canceled the bond issued in March 2015 worth €1,000 million (maturing in March 2075 and paying an annual coupon of 4.5%), for a nominal amount of €274 million.
- In May, a bond of Repsol International Finance, B.V. (RIF) was canceled at maturity, for a nominal amount of €300 million and paying a variable coupon indexed to the 3-month Euribor + 70 basis points.

Sustainable finance

In pursuing the integral sustainable financing strategy implemented through the Sustainable Finance Framework (available at www.repsol.com), highlights in the first half of the year included:

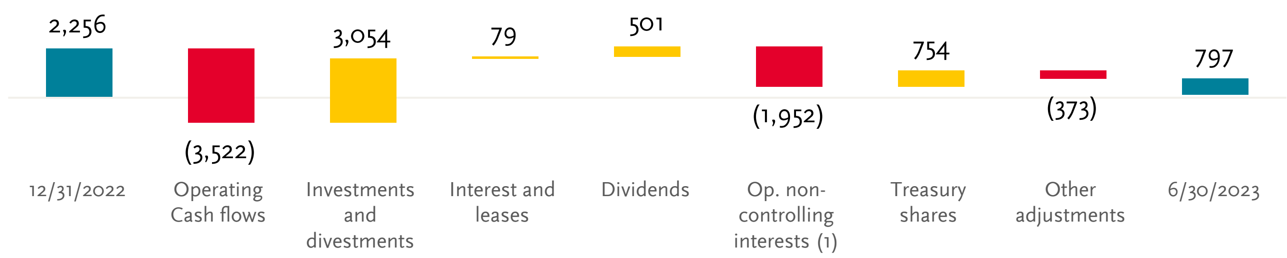
- The European Investment Bank (EIB) granted a loan of €120 million to support the construction and operation of the Cartagena advanced biofuels plant.
- The Official Credit Institute (ICO) granted a €300 million loan linked to the transformation of our industrial facilities. As of June 30, it had yet to be drawn down.

● *For more information see Note 6.3 Highlights in the second half of the year.*

Leverage

Net debt (€797 million) was significantly down compared to December 2022, mainly due to higher operating cash flow and cash obtained from the 25% dilution of the Upstream business. The **leverage** ratio (2.8%)was down from December 2022 levels(16.6%).

Trend in net debt
€ million



(1) Does not include the deferred payment from the sale of a 25% stake in Upstream, as included in *Other adjustments*.

Gross debt amounted to €11,433 million (€14,314 million at December 31, 2022) and its maturity at June 30, 2023 is as follows:

€ Million	2023	2024	2025	2026	2027	2028 and beyond	TOTAL
Bonds[(1)]	—	849	1,477	499	747	2,082	5,654
Leases	299	505	404	344	311	1,834	3,696
Loans and credits	464	119	161	60	37	199	1,041
Commercial paper (ECP)	798	—	—	—	—	—	798
Other [(2)]	76	15	4	4	21	125	245

Note: the amounts shown in the table are the accounting balances recognized in the balance sheet.

(1) The maturity of the subordinated bonds is presented as occurring on the first call date.

(2) Includes mainly institutional financing and interest, derivatives and others.

Credit ratings

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

	Standard & Poor's	Moody's	Fitch
Long-term	BBB +	Baa1	BBB+
Short-term	A-2	P-2	F-1
Outlook	stable	stable	stable
Date of latest modification	11/16/2022	12/20/2022	06/01/2023

Treasury shares

At June 30, 2023, the balance of treasury shares in equity was 535,904 shares, representing 0.04% of the share capital at that date. ● *For more information, see Note 3.1.4 Equity to the 1H23 financial statements.*

During the first half of the year, transactions with derivatives on treasury stock were completed. ● *For more information, see Note 3.1.7 Derivatives to the 1H23 financial statements.*

Liquidity

The Group's liquidity at June 30, 2023, including committed and undrawn credit lines, amounted to €11,441 million, sufficient to cover its short-term debt maturities by a factor of 5.8. Repsol had undrawn credit lines of €2,639 million at June 30, 2023 (€2,389 at December 31, 2022).

3.4 Shareholder return

During the first half of 2023, shareholders received a total of €0.35 gross per share, 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 2022 profits. The amount paid totaled €454[1] million.

In June, the capital reduction approved at the 2023 Annual General Shareholders' Meeting, under item seven on the Agenda, was carried out with the redemption of 50 million treasury shares, thus contributing to shareholder return through the resulting increase in earnings per share.

In July 2023, a final cash dividend of €0.35 gross per share was paid out of 2022 profits, for a total amount of €447[1] million.

The 2023 General Shareholders' Meeting also approved the distribution of a gross dividend of €0.375 per share, charged to free reserves. It will be paid out in January 2023, on the date specified by the Board of Directors.

Lastly, the Board of Directors, at its meeting of July 26, 2023, and further to the resolution passed by shareholders 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.

● *For more information, see Note 3.1.4 Equity to the 1H23 interim financial statements.*

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

Our share

Repsol's share price during the first half of the year declined steadily from the level reported at the beginning of the year (-10%), as did the share price of Repsol's peers (-8%) in the Oil & Gas sector[2], as all companies have been affected by the decline in hydrocarbon prices (especially gas; HH down -37%). The average share price for the period was 10% higher than in 2022.

Trend in the share price (€/share)

The Group's main stock market indicators in 2023 and 2022 were as follows:

Main stock market indicators	1H 2023	1H 2022
Shareholder return(1) (€/share)	0.35	0.30
Share price at end of period(2) (euros)	13.33	14.05
Period average share price (euros)	14.09	12.76
Period high (euros)	15.53	16.12
Period low (euros)	12.53	10.42
No. of shares outstanding at June 30 (million)	1,277	1,452
Stock market capitalization at June 30(3) (M euros)	17,028	20,406

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

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

4. Performance of our businesses

4.1 Upstream

January	February	March	April	May	June
Purchase of Inpex's **assets** in Eagle Ford (USA) completed.	New permits to explore **geothermal resources in the Canary Islands.**	**Sale of 25%** of the Upstream business.	Agreement with Sinopec to **put an end to the arbitration proceedings.**	Final investment decision made on **BM-C-33 in Brazil.**	New contract for hydrocarbon exploration **in Algeria**.

Our performance in 1H 2023

€ million	1H 2023	1H 2022	Δ
Operating income	1,455	2,932	(1,477)
Income tax	(591)	(1,268)	677
Affiliates	20	14	6
Adjusted income	**884**	**1,678**	**(794)**
Special Items	(343)	(393)	50
Non-controlling interests	(105)	—	(105)
Net income	**436**	**1,285**	**(849)**
Effective tax rate (%)	(41)	(43)	2
EBITDA	**2,318**	**3,689**	**(1,371)**
Investments	**1,272**	**746**	**526**

Main operating figures

	1H 2023	1H 2022
Net production of liquids (kbbl/d)	207	184
Net production of gas (kboe/d)	395	365
Net hydrocarbon production (kboe/d)	602	549
Crude oil realization price ($/bbl)	70.9	97.1
Gas realization price ($/kscf)	4.0	7.4

Main events in the period

Repsol completed the sale of 25% of its Upstream business as a sign of the Group's continued commitment to generating shareholder value by unlocking the embedded value of this business (the deal valued the Upstream business at $19 billion).

In the first half of the year, several major investment agreements were reached for gas extraction in Brazil (Campos 33) and Algeria (Menzel Lejmat Nord), and several decarbonization projects were promoted in the United States and Indonesia for the capture, sequestration and storage of CO_2 (CCS), as well as geothermal projects in Spain.

Average production

Average production at Upstream in the first half of the year reached 602 Kboe/d, up 10% Kboe/d higher than in the same period of 2022. This change was largely due to the commissioning of new wells at the Eagle Ford and Marcellus unconventional assets in the United States, the acquisition of Inpex's assets at Eagle Ford in the United States, start of production of the YME project in Norway, and the fact that no production stoppages over safety concerns took place at the Libyan fields. However, this improvement was partially offset by the sale of productive assets, along with maintenance operations and incidents in T&T, Brazil and the United Kingdom, and the natural decline of fields.

Exploration campaign

In 2023, drilling of three exploratory wells was completed in Colombia, of which one yielded positive results while two remain under evaluation. As of June 30, one exploratory well in Colombia and one *appraisal* well in Brazil were in progress.

Acreage

During the first half of the year, the final investment decision was made at Campos 33, located in the BM-C-33 block in Brazil, and various interests were acquired at the Alaminos Canyon and Walker Ridge areas of the U.S. Gulf of Mexico. Elsewhere, the Kanuku block in Guyana was returned.

North America

United States: technological development, increased participation in Blacktip and development of CCS projects in the Gulf of Mexico

In March, at Marcellus, Repsol was one of the first to use a new, cleaner "E-fleet" stimulation technology to transition from diesel to gas-fired turbines. By implementing this innovative technology, Repsol expects to reduce CO_2 emissions from its Marcellus operations by up to 23%.

In May, Repsol raised its stake in the Blacktip deepwater project —which includes the Blacktip and Blacktip North discoveries in the U.S. Gulf of Mexico— to 50% by acquiring interests from previous owners Shell and Equinor. The remaining 50% is held by operating partner Llog Exploration.

In May, the U.S. Department of Energy selected Repsol to head up a carbon capture and sequestration (CCS) project off the coast of Louisiana, in consortium with Crescent Midstream LLC, Cox Operating LLC and Carbon Zero US LLC.

In June, Repsol acquired a 33% interest in blocks 644, 687, 688 and 731 in the Alaminos Canyon area and a 20% interest in blocks 004, 005, 048, 090, 091, 092, 134 and 135 in the Walker Ridge area of the U.S. Gulf of Mexico.

Mexico: block 29 extension and mangrove restoration

In April, Repsol received approval from the Mexican regulator to extend the exploration period of its contract in the Area 29 Southeast / Campeche deepwater basin for three years until June 18, 2026. Repsol is the operator of Block 29 with a 30% interest.

In May, Repsol initiated two mangrove restoration projects in the states of Campeche and Tabasco.

Latin America

Brazil: final investment decision on Campos 33

In May, the final investment decision (FID) on the BM-C-33 block was approved, which will help ensure an orderly transition to a low-emission future as it will be a key supplier of gas to the Brazilian domestic market. Repsol was the operator during the exploration stage when the Gavea, Seat and Pao de Açucar fields were discovered. The investment includes an innovative concept in Brazil, namely the use of a Floating Production, Storage and Offloading Unit (FPSO) that will be able to process the gas produced at the site and specify it for sale without the need for additional processing.

Colombia: discovery at CPO-9

In May, the discovery of hydrocarbons was completed at the Tinamú-1 well located in block CPO-9, in which Ecopetrol holds a 55% interest and acts as operator, while Repsol holds the remaining 45%.

Guyana: completion of the Kanuku contract

In May, Repsol did not renew the Kanuku contract at the end of the second exploratory phase, having already fulfilled all of its exploratory commitments.

T&T: Completion of drilling campaign

In May, Repsol and its operating partner BP successfully completed phase one of the drilling campaign that began in October 2022. The campaign includes three wells at the Mango field, one well at the Savonette field and three wells at the Angelin field. The wells are producing more than 180 million standard cubic feet per day (mmscfd).

Venezuela: Improved prospects for the operation

While the political and economic landscape remained the same, the prospects for the operation improved due to the incipient relaxation of the coercive measures of the United States Government against Venezuela. ● *For more information, see Note 4.3 Geopolitical risks to the 1H23 interim financial statements.*

Europe, Africa and rest of the world

Norway: license extension at the Rev field

In April, the Norwegian regulator granted a further extension to produce at the Rev field under license PL 038 C (Viking Graben), valid from the end of 2023 to the end of 2026. Repsol is the operator at the Rev field with a 70% interest.

Spain: New geothermal permits

In February, Repsol obtained two exploratory geothermal permits on the island of Tenerife (Isora and Tajao), thus joining the recently renewed Lisa exploratory permit in Gran Canaria. Meanwhile, Repsol is taking part in the tender processes for geothermal research permits on the islands of Tenerife and La Palma, thus illustrating the progress being made by the Company in low-carbon geological solutions as a driver of growth towards the ultimate goal of zero net emissions.

UK: agreement with Sinopec

In April, Repsol and Sinopec, current shareholders of the Repsol Sinopec Resources UK (RSRUK) joint venture, reached an agreement albeit subject to the fulfillment of certain conditions to put an end to the arbitration proceedings initiated by Sinopec in relation to the process to acquire a 49% stake in RSRUK from the Talisman Group in 2012. Repsol and Sinopec will continue their extensive strategic collaboration, including through their joint venture in Brazil. ● *For further information, see Notes 3.1.2 Investments accounted for using the equity method and 4.1 Disputes to the 1H23 interim financial statements.*

Libya: operations with no incidents

Operations progressed normally during the first half of the year despite the unstable political situation. ● *For more information, see Note 4.3 Geopolitical risks to the 1H23 interim financial statements.*

Algeria: new contract for the exploitation of hydrocarbons

In June, Repsol signed a hydrocarbon exploitation contract at the Menzel Lejmat Nord (MLN) area of Block 405A. Under this new contractual framework, Repsol has agreed to undertake new investments alongside its partners —Algeria's Sonatrach and Indonesia's Pertamina— to allow the partners to recover some 150 Mboe. The new contract has yet to be officially ratified by the Algerian regulator. ● *For more information, see Note 4.3 Geopolitical risks to the 1H23 interim financial statements.*

Indonesia: engineering bidding on the Sakakemang project

In March, Repsol began work on the initial engineering and design tender for its Sakakemang project in onshore Indonesia, which aims to exploit the Kali Berau Dalam gas field and incorporate a carbon capture and storage (CCS) system.

Development of new technologies

In April, Repsol implemented, with the help of Halliburton, a new technology based on the Landmark DecisionSpace 365 Well Construction Suite tool to automate the well design process. Well Construction Suite and Digital Well Program help standardize the well design process and automate routine work to increase efficiency and minimize downtime. They will ultimately help shorten well planning time, automate engineering calculations and reduce nonproductive time.

4.2 Industrial

January
Agreement with ASAJA to convert waste into renewable fuels.

February
Investment decision to **electrify the crackers at Tarragona and Sines**.

March
Start of **Sines expansion** and inauguration of new **maritime terminal** in A Coruña.

April
Start-up of the **LNG bunker terminal** investment **in Santander**.

May
Launch of **new bio-based poleolefins**.

June
Further progress in building an **advanced biofuels plant** in Cartagena (start-up: 2023).

Our performance in 1H 2023

€ million	1H 2023	1H 2022	Δ
Operating income	2,168	1,898	270
Income tax	(544)	(472)	(72)
Affiliates	(1)	1	(2)
Adjusted income	**1,623**	**1,427**	**196**
Inventory effect	(452)	1,188	(1,640)
Special Items	392	(1,192)	1,584
Non-controlling interests	(26)	(36)	10
Net income	**1,537**	**1,387**	**150**
Effective tax rate (%)	(25)	(25)	—
EBITDA	**1,951**	**3,933**	**(1,982)**
Investments	**430**	**372**	**58**

Main operating figures	1H 2023	1H 2022
Refining capacity (kbbl/d)	**1,013**	**1,013**
Europe	896	896
Rest of the world	117	117
Conversion rate in Spain (%)	**63**	**63**
Conversion utilization Spanish Refining (%)	**95**	**89**
Distillation utilization Spanish Refining (%)	**81.6**	**87.0**
Crude oil processed (millions of t)	**19.9**	**20.9**
Europe	18.1	19.3
Rest of the world	1.8	1.6
Refining margin indicator ($/bbl)		
Spain	11.0	15.5
Peru	8.5	19.2
Chemical production capacity (kt)		
Basic petrochemicals	2,656	2,656
Petrochemical derivatives	2,243	2,243
Sales of chemical products (kt)	**1,039**	**1,371**
Chemical contribution margin indicator (€/t)	**242**	**324**
Gas sales in North America (Tbtu)	**247**	**318**

Main events in the period

Activity at the Industrial business was heavily affected by the high volatility within the raw material and product markets, and production, logistics and commercial structures had to be adjusted accordingly. All this has not detracted from the drive towards decarbonization, as evidenced by the progress made toward various projects at the industrial complexes.

Refining

Performance: high margins and further progress toward decarbonization

The prevailing volatility was evident in the case of the refining margin indicator in Spain ($11.0/bbl). The margin indicator steadily fell in the first few months of 2023, starting with a very strong January at $20.3/bbl but retreating in May by as much as 70%. This was largely down to the weak performance of middle distillates due to the ample availability of product in European stocks and slowing demand. This supply-demand mismatch is being compounded by the endemic state of refining in the European Union, which has seen its capacity pared back by more than 10% in the last decade, mainly due to the closure of 24 facilities amid an environment of low profitability and regulatory uncertainty.

Average distillation utilization was 82% in Spain compared to 87% the previous year, impacted by higher maintenance shutdowns (primarily multi-year shutdowns at the A Coruña refinery: distillation units, vacuum, reforming, hydrodesulfurization and distillation units; at the Cartagena refinery: hydrocracker and the Crude 2 unit; at the Tarragona refinery: distillation unit and visbreaker; and at the Bilbao refinery: distillation, reforming, HDT and visbreaking unit).

In Peru, the refining margin rate was $8.5/bbl, compared to $19.2/bbl in 2022. Average distillation utilization was 80% in the country compared to 69% in the previous year, impacted in 2022 by the closure of terminals following the oil spill, but down in the period due to adverse weather conditions (rough seas) in the second quarter. ● *For more information on the spill, see section 5. Sustainability and Governance, and Note 4.4 Environmental risks of the 1H23 interim financial statements.*

Development of cutting-edge decarbonization projects

In March, Repsol inaugurated the maritime terminal at the outer port of Punta Langosteira (A Coruña). This project to transfer the crude oil operations to the Outer Port has entailed an investment of more than €126 million and the construction of a large piece of infrastructure featuring the highest standards of quality, safety and environmental protection. The new facilities will be key to the ongoing industrial transformation of the complex, thus contributing to the Port Authority of A Coruña Green Port initiative for the creation of a renewable energy hub.

This initiative complements the development in Cartagena of Spain's first advanced biofuels plant; or the electrolyzers linked to the facilities in Bilbao or Tarragona (see section on Hydrogen, Circular Economy and Renewable Fuels). Repsol is also progressively increasing its production of biofuels, which has contributed positively to the results of the industrial business.

Chemicals

Performance: falling margins and demand

The performance of the Chemicals business was significantly lower than in 2022, with a significant decline in the margin indicator (€242 vs. €324/t in the first half of 2022). This reduction is down to a considerable slump in demand and has led to lower activity and adjustments to plant operations. Sales amounted to 1,039 kt, 24% lower than in the previous year.

Electrification of industrial complexes

The investment decision was made for the first wave of electrification of the large compressors of the crackers at Sines and Tarragona, for an amount of €165 million and an emission reduction of 260 kt of CO_2, meaning that these units will emit 15% less. Both projects will be operational in 2025.

Differentiation and Circular Economy

In February, Repsol Reciclex® stepped up its polyolefin production. The company will install a new production line for mechanically recycled plastics, with sufficient capacity to manufacture 25 kt/year at Puertollano (16 kt/year at present), making this center a benchmark for the circular economy in the Iberian Peninsula. The unit will come on stream in the last quarter of 2024.

In March, construction began on the project to expand the Industrial Complex at Sines (Alba Project). The project includes the construction of two new plants, one for linear polyethylene and the other for polypropylene, with a production capacity of 600 kt/year. The new products will be 100% recyclable and can be put to use in highly specialized applications in industries such as pharmaceuticals, automobiles and food. Further initiatives underway include decarbonization and energy transition programs, photovoltaic power generation projects, electrification, hydrogen and improvements to logistics infrastructures.

In May, Repsol launched bio-based polyolefins to reduce the medical sector's carbon footprint. For the manufacture of these products, traditional raw materials are replaced by oils from sustainable crops or organic waste, which have previously captured CO_2 from the atmosphere through photosynthesis during the natural growing cycle. As a result, these bio-based polyolefins deliver a negative carbon footprint according to the "*cradle-to-gate*" methodology, by effectively removing more CO_2 from the atmosphere than the emissions generated in the supply chain processes.

Trading

In the first half of 2023, 690 ships were chartered (660 in the same period of 2022) and 192 fleet voyages were made under time charter arrangements (186 in 2022).

Wholesale and Gas Trading

Performance: falling prices and reduced demand

In the first half of 2023, commercial activity took shape amid an environment of falling prices and lower demand compared to the same period of 2022, which ultimately led to a reduction in sales in the United States (247 TBtu in the first half of 2023) and for supply and marketing in Spain and International (115 TBtu in the first half of 2023).

Start-up of the Santander bunkering plant

In April, Repsol brought the Santander *bunkering* plant on stream by having tankers unload their LNG into its tanks and the first product was transferred to a vessel of our customer *Brittany Ferries*.

Hydrogen, Circular Economy and Renewable Fuels

With respect to the circular economy, in January a collaboration agreement was signed with ASAJA to transform agricultural and livestock waste into renewable fuels and to reuse by-products from the refining industry as fertilizers in agricultural soils to increase their yield and productivity.

Further progress was made towards the main renewable fuel projects in the first half of the year:

- Construction of the first advanced biofuels plant at the Cartagena refinery, which will be commissioned this year. Upwards of €200 million has been invested and the plant will have the capacity to produce 250,000 metric tons per year of advanced biofuels from waste, thus allowing for a reduction of 900,000 metric tons of CO_2 per year.
- EcoPlanta, the first plant in Spain to rely on innovative technology to recover non-recyclable municipal solid waste into circular methanol that will then be used to manufacture new materials and advanced biofuels.
- At the plant for the production of synthetic fuels from CO_2 and renewable hydrogen, and on the urban waste valorization project in Bilbao.

We would also highlight the support received from several external institutions in the context of the ongoing industrial transformation process:

- The Official Credit Institute has granted a loan of €300 million linked to sustainability criteria and focused on the transformation of Repsol's industrial complexes.
- The European Investment Bank (EIB) granted a €120 million loan to support the construction and operation of the Cartagena advanced biofuels plant.
- The IDAE has granted €25 million in aid, €10 million for the installation of a 30 MW electrolyzer at Puertollano and €15 million for a second 30 MW electrolyzer located at the former thermal power plant of Meirama (A Coruña).
- In July, the resolution of the projects proposed for the "*Innovation Fund Large-Scale Call 2022: Industry electrification and hydrogen*" was published, in which our project —Tarragona Hydrogen Network (T-HYNET)— was one of the projects put forward to receive the grant (an electrolyzer with a capacity of 150 MW during phase one) and which was ultimately awarded funding of €62.8 million.

4.3 Customer

January	February	March	April	May	June
Extension of discounts at our service stations in Spain.	New agreements to make further progress in **sustainable mobility**.	New agreements to **drive distributed generation** at Repsol (Solmatch).	Discounts linked to the new **multi-energy offer ("Connected Energy Plans")**	Launch of **Repsol Klin** (new car wash network) and new agreements reached with the airline industry.	Repsol reaches **6.8 million digital customers.**

Our performance in 1H 2023

€ million	1H 2023	1H 2022	Δ
Operating income	429	201	228
Income tax	(109)	(51)	(58)
Affiliates	2	2	—
Adjusted income	**322**	**152**	**170**
Inventory effect	(53)	53	(106)
Special items	(3)	(111)	108
Non-controlling interests	(6)	(2)	(4)
Net income	**260**	**92**	**168**
Effective tax rate (%)	(25)	(25)	—
EBITDA	**539**	**457**	**82**
Investments	**132**	**84**	**48**

Main operating figures

	1H 2023	1H 2022
Own marketing sales – Spain diesel and gasoline (km³)[(1)]	**7,188**	**7,892**
Number of service stations	**4,621**	**4,649**
Europe	3,799	3,815
Rest of the world	822	834
Sales of Lubricants, Aviation, Asphalts and Specialties (kt)	**2,342**	**2,006**
Europe	1,448	1,440
Rest of the world	893	566
LPG sales (kt)	**635**	**666**
Europe	623	654
Rest of the world	12	12
Electricity and gas commercialization		
Electricity sold	2,004	2,184
Electricity and gas customers (thousands)[(2)]	1,496	1,426

[(1)] Own marketing sales in Spain are those marketed through the controlled and licensed subsidiaries and the Direct Sales business unit.

[(2)] Does not include the 224 thousand customers of companies accounted for using the equity method (Gana Energía), or the portfolio of customers in Portugal (34 thousand customers).

Main events in the period

In the first half of the year, Repsol launched a pioneering commercial offer in Spain, which improves the value proposition we provide to our customers by linking all the energy sources needed for mobility and the home, and raises the Company's multi-energy profile.

Repsol achieved the milestone of 6.8 million digital customers, with Waylet leading the way, having now surpassed 6 million users.

Mobility

Performance: discounts and digitalization

At Service Stations in Spain, fuel sales were up 2% in the first half of the year compared to the same period in 2022, while Direct Sales (gasoline + automotive diesel) were down 26%.

Following the end of the general discount of 20 euro cents per liter approved by the government, and following a first quarter of maintaining the 10-cent bonus for Waylet users, Repsol has linked its fuel discounts to a single multi-energy offer: Energías Conectadas – Connected Energy (see callout on next page).

May witnessed the launch of Repsol Klin, a new car wash network concept with a fully personalized, digitalized service, where all payments can be made through Waylet and integrated into Repsol's commercial offer, which seeks to meet the new needs of drivers of vehicles, vans and motorcycles.

Electric mobility and sale of biofuels

In February, Repsol and Bolt reached an agreement that will expedite the energy transition for small vehicle fleet owners, self-employed with private vehicles for hire and cab drivers, thanks to a comprehensive charging service offered by Repsol with the assurance that the electricity used is 100% renewable.

An agreement has also been signed with Mercadona for Repsol to manage the charging stations installed at its stores.

In March, Repsol and SEUR signed a strategic agreement whereby Repsol will install and operate more than 150 charging stations at the courier's 55 work centers across the country in order to take a further step forward in decarbonizing its vehicle fleet.

In April, Repsol and FREENOW signed an agreement whereby Repsol became FREENOW's approved energy supplier in Spain for its drivers, with a vehicle charging service at service stations or on public roads using 100% renewable electricity.

In May, Repsol began selling 100% renewable diesel at three service stations (Madrid, Barcelona and Lisbon), becoming the first Spanish company to sell 100% renewable fuel on the Iberian Peninsula. By the end of 2023, a total of 50 service stations will supply advanced biofuel with net zero emissions in the main cities and transport corridors of the Iberian Peninsula.

Repsol currently has one of the largest electric vehicle charging networks in the country, with more than 1,500 public access charging stations installed, of which more than 690 are operational.

In April, Repsol announced the launch of a new service of collection points for used cooking oil at its service stations in the Community of Madrid. The company thus promotes the circular economy by using this oil as a raw material to produce renewable fuels, with zero net CO_2 emissions.

Distributed generation

In March, agreements were signed with the Archbishoprics of Madrid and Toledo to develop Solar Communities at their buildings in order to promote the generation and consumption of locally produced renewable electricity. During the initial phase, a total of 10 solar communities will be deployed in Madrid and almost 30 in Toledo. Through this alliance, more than 700 homes in Madrid and more than 2,800 in Toledo (near the parishes) will be able to benefit from collective self-consumption of renewable energy.

Solmatch currently has 363 solar communities in Spain, with a total installed capacity of 10,355 KWp.

Lubricants, Aviation, Asphalts and Specialties

Performance: increase in sales

Total sales at Lubricants, Asphalts and Specialties were up 17% on 2022, driven by higher sales at Asphalts and Specialties, while sales at Aviation were up 3%.

Decarbonization: new collaboration agreements

In May, a collaboration agreement was signed with Ryanair to promote the use of renewable fuels in Spain and Portugal. Thanks to this alliance, both companies are able to play a bigger role in the decarbonization of the airline industry and establish a collaboration framework for the coming years as we move toward sustainable air mobility.

Also in May, Repsol and Iberia Airport Services carried out, for the first time in Spain, the handling activities at Bilbao Airport with 100% renewable fuel. For a whole month, both companies used sustainable fuel —treated at the Petronor plant— for all aircraft and customer service operations at the airport.

LPG

Performance: reduction in sales

LPG sales in the first half of 2023 were lower than in the first half of 2022, largely a result of higher temperatures.

Decarbonization of factories

In the first six months of the year, four self-consumption photovoltaic plants continued to power the Puertollano, Montornés Pinto and Huelva factories (259,440 kWh; avoiding the emission of 123 metric tons of CO_2). This will be replicated over the rest of the year at two additional plants (Alcudia and Tarragona).

Electricity and gas commercialization

Performance: less energy sold but to more customers

The company's performance in the first half of 2023 was largely steered by an environment of lower energy prices than in 2022, which led to lower procurement costs.

Volumes traded at the end of June amounted to 2,004 GWh of electricity (2,184 GWh in 2022) and 839 GWh of gas (1,062 GWh in 2022), impacted by milder temperatures in the first half of the year.

At the end of June, Repsol had a customer base of 1.75 million customers, including the 224,000 customers of Gana Energía (a company accounted for using the equity method) and 34,000 from Portugal.

Customer portfolio acquisition

In April, an agreement was reached to acquire 50.01% of CHC Energías, an electricity and gas retail supply company with more than 300,000 customers. The agreement was completed in July following its approval by the Spanish markets and competition commission (CNMC).

Connected Energy Plans

Effective April 1, the company replaced the discounts for refueling at its service stations with a new savings proposition that includes not only fuels, but also electricity, gas, solar power and electric mobility. This extensive range allows Repsol customers to rely on a single supplier to cover all their energy needs and they can earn discounts on the fuel they buy by arranging their other energy products and making payment through the Waylet app.

Customers can accumulate savings in Waylet from 5 to 20 euro cents per liter of fuel on a permanent basis and up to 100% of the cost of recharging their electric vehicle at the company's public charging stations and service stations. They can also save up to 20% of the amount purchased at Repsol partners, depending on the number of energy services they have arranged with Repsol. The savings earned through Waylet can then be deducted from future payments at service stations and electric charging stations, from Repsol energy bills (electricity and gas), or from the cost of butane cylinders, heating oil, or gift cards, and also in any of the more than 4,400 establishments adhered to the Waylet network.

4.4 Low Carbon Generation

January	February	March	April	May	June
Start of production at the **Atacama wind farms in Chile** and at **San Bartolomé I and II in Spain**.	Acquisition of 100% of **Asterion Energies** and wind and solar assets (250 MW) from **ABO Wind**.	Start of production at the **Polux wind farm** (Spain).	**Start-up of production** at Solar Elena Phase I in **Chile**.	Increased stake in **Antofagasta in Chile** and announcement of further expansion in **Italy**.	Start-up of **production** at **Jicarilla I** (US) and agreement to promote the **offshore wind power** industry (Spain).

Our performance in 1H 2023

€ million	1H 2023	1H 2022	Δ
Operating income	77	115	(38)
Income tax	(20)	(29)	9
Affiliates	(11)	(8)	(3)
Adjusted income	**46**	**78**	**(32)**
Special items	8	4	4
Non-controlling interests	(19)	(11)	(8)
Net income	**35**	**71**	**(36)**
Effective tax rate (%)	(25)	(25)	—
EBITDA	**108**	**139**	**(31)**
Investments	**1,179**	**194**	**985**

Main operating figures

	1H 2023	1H 2022
Generation capacity in operation (MW) [(1)]	4,241	3,860
Generation capacity under development [(2)]	3,064	1,537
Electric generation (GWh) [(3)]	3,951	4,245

[(1)] Includes installed capacity at hydroelectric and pumping plants (693 MW), combined cycle gas turbine (CCGT) plants (1,625 MW), cogeneration plants located at the Group's industrial complexes (600 MW), wind generation of 744 MW and solar generation of 579 MW.

[(2)] Wind generation of 1,056 MW and solar generation of 2,009 MW.

[(3)] Does not include electricity generated by cogeneration plants.

Main events in the period

Acquisition of Asterion Energies

In February, 100% of Asterion Energies was acquired from the European infrastructure fund Asterion Industrial in exchange for €576 million. The transaction includes a portfolio of 7,700 MW of renewable projects under development, 4,900 MW of solar PV and 2,800 MW of wind generation. The projects are mainly located in Spain, Italy and France. ● For more information see Note 3.1 Balance sheet to the 1H23 interim financial statements.

New assets in Spain

In February, an agreement was reached with the developer ABO Wind España to add a further 250 MW to our portfolio of renewable assets in Spain through the purchase of three wind farms (150 MW) and two solar power plants (100 MW) located in the province of Palencia. These assets are at an advanced stage of development and are scheduled to come on stream between 2024 and 2025.

Commissioning of projects in Chile, Spain and the United States

In January, the Atacama wind farm, which has an installed capacity of 165 MW and will produce more than 450 GWh per year, started producing electricity. In April, the Solar Elena photovoltaic plant came on stream. Phase one of this facility has 76.8 MWp of installed capacity. In May, an additional 35% interest in the Antofagasta wind farm (Chile) was acquired.

In January, production began at the San Bartolomé I and San Bartolomé II wind farms (99 MW of total capacity) and in March another farm was added, namely Polux (7.6 MW), all part of the larger Delta II project in Aragón, which already includes 60 MW from the Cometas I and II plants that came on stream in early 2022. The Delta II project will ultimately have 860 MW once its development is complete.

In February, production started at the Cantadal wind farm (9.8 MW) under the Pi project.

In June, trial production began at Jicarilla 1 (63 MWp) in the United States, and the associated battery storage system (20 MW/80 MWh) is now beginning to support power demand from the grid, again on a trial basis.

Total installed capacity in operation at June 30, 2023 was 4,241 MW, with a 40% increase in solar and wind renewable energy compared to the first half of 2022.

Expansion in Italy

Repsol has announced plans to develop renewable projects in Italy which, together with those described earlier in relation to Asterion Energies, will bring the total to 1,790 MW, comprising 943 MW wind and 847 MW solar. It will soon begin construction of its first two solar photovoltaic plants in Italy, which will have a capacity of 11 MW.

Agreements to support the offshore wind industry

Repsol, Ørsted and the Port Authority of A Coruña have signed an agreement to support the floating offshore wind industry by enabling the development, construction, operation and maintenance of future floating offshore wind projects.

Performance: lower production and prices

In the first half of 2023, electricity production amounted to 3,951 GWh compared to 4,245 GWh in the same period of 2022 (excluding cogeneration plant production). This reduction was a result of lower demand and the decline in combined cycle production, offset to some degree by the start-up of new renewable energy projects.

Power purchase prices fell during the period. ● *For more information, see section 2.2 Energy landscape.*

External support for the decarbonization strategy

In July, the European Investment Bank (EIB) granted a loan of €575 million for the deployment and commissioning of wind farms and photovoltaic plants in Spain with a total capacity of 1.1 GW, which are expected to be operational before the end of 2025.

5. Sustainability and Governance

Sustainability model

In the first half of 2023, the seventh edition of the new Global Sustainability Plan (GSP) was approved. The 2023 GSP envisions 43 medium-term objectives built around our Sustainability Model, and includes new commitments for the production of renewable hydrogen and the reduction of absolute CO_2 and methane emissions to move towards zero net emissions by 2050. In addition, 18 local plans were published in the first half of 2023 across 12 countries and at six industrial sites as part of the deployment of the GSP. The 2022 GSP achieved 90% compliance, while the local plans achieved more than 85% compliance.● *For more information on the Global Sustainability Plan and local Sustainability Plans, see www.repsol.com.*

As a sign of our commitment to the 2030 Agenda and our Contribution Plan, Repsol published the fourth edition of the report "Repsol's contribution to the 17 SDGs", focusing on those goals Repsol contributes the most to due to its activities, namely SDGs 7, 8 and 13 and SDG 6, 9, 12 and 17. The report shows more than 35 indicators and contribution projects.

Climate change

As every year, verifications of greenhouse gas (GHG) inventories were carried out under the ISO 14064 standard at the assets operated by Upstream, at the combined cycle plants of the Low Carbon Generation business and at the company's offices in Madrid. The industrial sites are currently in the process of adapting to the new standard, which includes Scope 3 emissions. Once the checks have been completed, the information will be made public on the website.

In addition, for the second year, the Carbon Intensity Indicator (CII) has been verified, which measures the progress made toward meeting the goal of achieving zero net emissions by 2050. External verification is carried out within the framework of the sustainability bonds issued in 2021 and the corresponding report is available on the Company's website.

The Company continues to make progress toward its decarbonization roadmap. As part of the plan to reduce greenhouse gas emissions, various improvement actions were deployed at the facilities that succeeded in avoiding 68 thousand metric tons of CO_2 emissions during the first half of 2023.

Repsol earned certification from LRQA confirming the carbon footprint of its range of high purity liquefied gases (HPLG). These products are used, among others, in cosmetics, household goods, automotive, food and insecticides.

Environment

In 2023, Repsol joined the EU Business@biodiversity Platform set up by the European Commission to work alongside companies in measuring and making the value of biodiversity part of their business decision-making processes.

For the second year running, Repsol's circular economy strategy earned the AENOR 100% Circular Strategy certificate. AENOR highlights Repsol's alignment with the circular economy principles of sharing, optimizing, virtualizing, exchanging, regenerating, innovation and transparency. Further highlights included the launch of: (i) a project at service stations in Madrid to offer a new collection service for used cooking oil, which can then be used as a raw material to produce renewable fuels; and (ii) a new range of bio-based polyolefins to reduce CO_2 emissions. ● *For more information, see section 4.2 Industrial and section 4.3 Customer.*

Technology and innovation

In the first half of 2023, the Company invested in decarbonization technologies such as RepAir, a startup dedicated to CO_2 direct air capture or GreenVal, a startup specialized in revaluing end-of-life tires through pyrolysis.

In addition, a pilot plant for high-temperature pyrolysis was set up and brought online at the Móstoles center. The pilot is a proprietary technological development of Repsol Technology Lab, which aims to produce circular olefins with a low carbon footprint, and will ultimately succeed in reducing the current footprint by up to 60%.

The Company also began work to develop a Digital Twin of the new biofuels plant in Cartagena (C43), which is able to process the new raw materials. Thanks to this data modeling tool capable of simulating real production situations, we will be able to uniquely represent hydrotreating and hydroisomerization operations to transform waste lipids into advanced biofuels, thus enabling us to optimize these processes.

In digitalization, highlights included the creation of the first Competence Center for generative artificial intelligence (AI) in the European energy sector.

Operational safety

In 2023, Repsol launched a Safety Excellence Program, promoted by the Executive Committee. The aim of the program is to improve and systematize safety processes (human factors, safety culture, indicators, potential risks, incident investigation, etc.), while focusing on improving their effectiveness, with the objective of minimizing major and high-potential accidents. The project is being coordinated by a corporate department set up specifically for this purpose, targeting inclusiveness and business leadership.

Human rights and community relations

During the period, Repsol updated its Human Rights and Community Relations Policy, which has since been approved by the Executive Committee. The policy enshrines the Company's commitment to respect, in all its activities and business relations, the human rights internationally recognized in international treaties, standards and legislation on business and human rights.

In relation to the actions undertaken in response to the oil spill that occurred in 2022 while unloading crude oil at the La Pampilla refinery, the remediation phase of the Social Action Plan was successfully completed in the first half of 2023. Notably, nearly 10,000 compensation agreements were signed with the affected persons, out of the approximately 10,300 affected persons recognized by the authorities.

In parallel, the development phase of the Social Action Plan got underway with the launch of a social and economic reactivation program at the five districts affected by the spill. The program includes various sustainable development projects to support those affected, promote entrepreneurship in the affected sectors and improve economic activity in these districts. Social cohesion activities are also included as part of the activities.

All actions are being carried out under the Social Action Plan while maintaining continuous and transparent dialogue with authorities, associations and representatives of these stakeholders in order to optimize the process and maximize its effectiveness. ● *For more information on the social and environmental management of the spill, see www.compromisorepsol.pe. For more information on the risks and contingencies associated with the spill, see Notes 4.1 Disputes and 4.4 Environmental risks to the 1H23 interim financial statements.*

Responsible tax policy

Repsol continued to make a significant tax contribution in the first half of 2023, paying €7,343 million in taxes and similar public charges overall, of which €4,960 million was paid in Spain.

Own taxes accrued amounted to €2,186 million, accounting for 59% of our profits. In particular, and in relation to corporate income tax, the Repsol Group's corporate income tax rate was 40% (well above the nominal rate in Spain of 25% and the average for OECD countries).

Repsol fosters cooperative and transparent relations with the tax authorities. Having already taken part in the pilot scheme of the OECD's International Compliance Assurance Programme (ICAP), the Company is now participating in the pilot of the European Trust and Cooperation Approach (ETACA) of the European Union. It is also worth noting that Repsol has presented its Voluntary Tax Transparency Report to the Spanish tax office (AEAT) for the eighth year running and is working alongside the Brazilian authorities in implementing the CONFIA program. Elsewhere, it has been classified by the Singaporean authorities as a "trusted" operator ("ACAP Premium").

When it comes to public transparency and accountability towards society, Repsol voluntarily publishes various reports on its website (www.repsol.com) detailing and explaining the taxes paid in the last year, including the income tax "country by country report" as well as the activity in non-cooperative jurisdictions and other controversial territories. This commitment to voluntary transparency and tax responsibility has been recognized by accredited civil society organizations. ● *For more information on tax responsibility, see www.repsol.com.*

Taxes paid in the first half of 2023(1)

	Taxes paid(2)		Own taxes			Third-party taxes			
€ million	**1H 2023**	1H 2022	**Total**	Income tax	Other taxes on profit	**Total**	VAT	TH(3)	Other
Europe	**5,709**	5,905	**705**	203	502	**5,005**	1,892	2,819	293
Latam and Caribbean	**1,073**	1,046	**576**	296	280	**497**	300	165	33
Asia and Oceania	**79**	139	**77**	77	1	**2**	—	—	2
North America	**175**	153	**139**	37	102	**36**	6	—	30
Africa	**306**	323	**304**	278	26	**2**	—	—	2
TOTAL 1H 2023	**7,343**		**1,801**	**891**	**911**	**5,542**	**2,198**	**2,984**	**360**
TOTAL 1H 2022		**7,566**	**1,716**	**899**	**817**	**5,850**	**2,536**	**2,986**	**328**

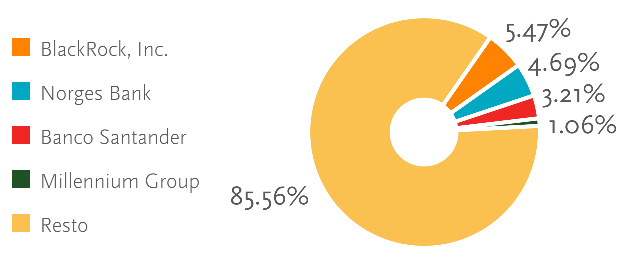
(1) Information prepared in accordance with the Group's reporting model described in "Information" (page 2 of this document).
(2) The amount includes refunds from previous years €307 million in 2023 and €112 million in 2022.
(3) Tax on hydrocarbons. Includes what is paid through logistics operators when the Company is ultimately responsible for payment.

Corporate governance

The General Shareholders' Meeting held on May 25, 2023 approved the re-election as directors of Antonio Brufau Niubó, Josu Jon Imaz San Miguel, Aránzazu Estefanía Larrañaga, María Teresa García-Milá Lloveras, Henri Philippe Reichstul and John Robinson West, and the ratification and re-election as director of Manuel Manrique Cecilia. All of them, for the bylaw-mandated term of four years. In addition, the Board appointed María del Pino Velázquez Medina as independent director.

Repsol's commitment to sustainability is recognized within the market, as evidenced by the fact that as of the reporting date, 40% of the Company's institutional investors today are socially and environmentally responsible investors.

Shareholder composition (latest information available)



6. Outlook

6.1 Outlook for the sector

Macroeconomic outlook

Global GDP growth slowed significantly throughout 2022, although several of the factors weighing heavily on economic activity have been steadily dissipating.

For instance, supply bottlenecks have been unraveling, as have the prices of energy and other raw materials, thus helping to control inflation. The rebound in China's economy following its reopening —albeit with doubts about its strength and durability—, along with solid employment figures and relatively resilient household finances, are also factors supporting the global economy.

However, given that the effects of monetary tightening take time to appear and considering also that other sources of instability persist, economic activity will remain weak by previous standards.

Notably, the IMF's April baseline scenario expects global GDP to grow by 2.8% in 2023 and 3.0% in 2024. This represents a downgrade for 2023 of 0.1 percentage point (p.p.) from the previous forecast released in January.

However, the adverse impact varies greatly between regions and countries. Europe has been more negatively affected by the war, given its greater reliance on energy imports and the impact of refugee movements. Indeed, the Eurozone's growth forecast for 2023 is just 0.8%.

IMF macroeconomic forecast

	Growth in real GDP (%)		Average inflation (%)	
	2023	**2022**	**2023**	**2022**
Global economy	2.8	3.4	7.0	8.7
Advanced countries	1.3	2.7	4.7	7.3
Spain	1.5	5.5	4.3	8.3
Emerging countries	3.9	4.0	8.6	9.8

Source: IMF (World Economic Outlook April 2023) and Repsol Research Unit.

Against this backdrop, forecasts and projections will be fraught with uncertainty. And the risks to these growth forecasts are skewed to the downside. One particular risk is that, although central banks are nearing the end of their interest rate hiking cycle, if core inflation proves to be more stubborn than expected, future interest rate cuts may take longer than expected to materialize. Another related risk is that the current monetary tightening will lead to further episodes of financial instability, a sizeable credit squeeze and a sharp reassessment of the risk exposure that investors are willing to accept. Aside from damaging growth, this situation would impair the ability of central banks to achieve both financial stability and price control.

Energy sector outlook

World oil demand is close to peaking. According to Fatih Birol, executive director of the International Energy Agency (IEA), global oil consumption will continue to grow, but growth will slow significantly after 2028, which contrasts with what was stated in the World Energy Outlook 2022 released in October last year. In that report, the IEA proclaimed that peak demand would occur after 2035. According to the IEA, global oil demand growth will slow progressively and is expected to continue to do so after 2028. The petrochemical sector will lead growth, while oil use in the transport sector will decline from 2026 onwards. Thus, global oil demand looks set to grow to 105.7 mb/d in 2028, 5.9 mb/d above 2022 levels. By product, cumulative demand growth will be highest in LPG and naphtha, feedstocks for the petrochemical industry, followed by jet fuel/kerosene used in the aviation sector, and, to a lesser extent, diesel. In contrast, the IEA expects to see negative growth in gasoline demand, whose higher consumption in developing economies would be countered by the steadily increasing penetration of electric vehicles, along with energy efficiency improvements.

Turning to the gas market in the United States, dry gas production is expected to reach 103 Bcf/d in the second half of 2023, slightly below previous estimates but still at peak levels. This downgrade in production comes in response to the drop in the HH spot price, which now stands at 75% of its peak level reported in August 2022. However, growth in associated natural gas production at the Permian Basin is expected to partially offset declines in dry gas production. Meanwhile, we expect prices to increase throughout the summer as production decreases slightly and demand for air conditioning and other cooling solutions picks up, thus increasing the sector's gas consumption for power generation. Beyond the fundamentals, demand will also be crucially influenced by the energy/climate policies that the government pursues and the strength with which Asian demand can be met in the winter.

6.2 Outlook for our businesses

The Group's business plans for the second half of 2023 fall within the context of the 2021-2025 Strategic Plan, a roadmap for the Company, which included a second period, from 2023 to 2025, in which the main growth projects would take place, thus accelerating the transformation.

The Group continues to move towards its goal of being a leader in the energy transition and meeting its goals regarding growth, diversification and focus on multi-energy, ensuring profitability and maximum value for shareholders. All this while implementing a prudent financial policy, and maintaining caution in a still volatile environment.

The Renewables business remains one of the mainstays of the energy transition. Therefore, in the second half of 2023 the Group will continue to start up development projects in Spain and the United States, and will move forward on new portfolio and international expansion projects.

The Industrial businesses will continue to drive the transformation and the circular economy through renewable hydrogen generation and advanced biofuel production projects in Cartagena, and by developing other initiatives involving biomethane, efuels, circularity and waste recovery. In tandem, they will continue with the program to decarbonize our industrial centers and increase the reliability and flexibility of the plants, while also ensuring the differentiation of high-value products and incorporating energy efficiency measures.

The commercial businesses will continue to optimize operations, accompanying customers in the energy transition, with an integrated and differentiated value proposition, and consolidating a competitive position at the service of society.

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

Meanwhile, at the corporate areas, work will continue in the second half of 2023 to increase efficiency, automate processes and contribute to the profitability of the entire organization through, among other projects, the "Second Digital Wave", which promotes the implementation of models, digital products and disruptive technologies to accelerate the digital transformation as a key lever for the energy transition and business efficiency. As an additional lever, the Technology strategy will support the businesses to improve their competitiveness by streamlining operations and providing efficiency.

In order to accelerate the Company's transformation, organic investment is expected to exceed €5,000 million by 2023 - provided that the macroeconomic and business environment is favorable-, which is a significant increase compared to previous years.

In addition, shareholders will be offered attractive returns in 2023, which are expected to exceed 30% of operating cash flow. These returns will be distributed in the form of a dividend of €0.70 per share and a capital reduction.

6.3 Highlights in the second half of the year

The following relevant events took place in the second half of 2023 and prior to publication of this report:

- A final cash dividend of €0.35 gross per share was paid out with a charge to profit for 2022 and a capital reduction was agreed to, through the redemption of 60 million shares of treasury stock with a par value of one euro each.
- The acquisition of the 50.01% interest in CHC Energía, an electricity and gas retailer with more than 300,000 customers, was completed.
- The European Investment Bank (EIB) granted a loan of €575 million for the deployment and commissioning of wind farms and photovoltaic plants in Spain with a total capacity of 1.1 GW.

6.4 Risks

The market outlook remains highly uncertain and volatile, as it did in 2022. The main risks to which the Group is exposed are disclosed in section 7.4 and Appendix IV of the 2022 Management Report. It is worth noting that Repsol has no equity exposure or significant commercial position in Russia following the divestment of all its assets in this country in 2021. However, it is exposed to indirect risks arising from the new macroeconomic scenario to have emerged from the war, as described in section 7.5 of the 2022 Management Report.

This information regarding risks is updated and complemented by the information included in Note 4 to the consolidated interim financial statements for the first half of 2023.

Appendix I: Table of conversions and abbreviations

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

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

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

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

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

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

Appendix II. Alternative performance measurements

Repsol's financial information contains indicators and measures prepared in accordance with applicable financial reporting standards and regulations, as well as other measures prepared in accordance with the Group's Reporting Model, defined as Alternative Performance Measures (APMs). APMs are measures that are "adjusted" compared to those presented in accordance with IFRS-EU or with Supplementary Information on Oil and Gas Upstream Activities, and the reader should therefore consider them in addition to, but not instead of, the latter.

Repsol presents its segment performance measures including joint ventures or other companies which are jointly managed in accordance with the Group's investment percentage, considering its operational and economic indicators within the same perspective and degree of detail as those for companies consolidated under the full consolidation method. Thus, the Group considers that the nature of its businesses and the way in which results are analyzed for decision-making purposes is adequately reflected.

In 2023, following the entry of certain non-controlling interests in our Upstream and LCG businesses, Repsol has revised the way it presents its results. As of this year, the "Adjusted income" of the businesses does not include the stakes held by non-controlling interests and therefore reflects solely the results managed by the Company. For the same reason, non-controlling interests are not taken into account either in the "Inventory effect" or in "Special items". The impact of "Non-controlling interests" is shown in a separate line immediately before "Net income". Although the amount of non-controlling interests in previous years was not significant, Repsol has restated the information for 2022 to allow readers to track the figures over time and compare periods. Repsol also updated the definitions of its reporting segments in 2023, in response to the performance of its businesses and changes in its organizational structure[1].

● *For more information, see Note 2 Segment information of the 1H23 interim financial statements.*

APMs are useful for users of financial information as they are the measures employed by Repsol's Management to evaluate its financial performance, cash flows or financial position when making operational or strategic decisions for the Group.

● *For historical quarterly APM information, see www.repsol.com.*

1. Financial performance measures

Adjusted income

Adjusted income is the key financial performance measure that Management (the Executive Committee) consults when making decisions[2].

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

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

Inventory effect

For current cost of supply (CCS) earnings, the cost of volumes sold is calculated on the basis of procurement and production costs[3] incurred during the period in question and not based on weighted average cost (WAC), which is the accepted methodology under European accounting law and regulations. The difference between CCS earnings and WAC earnings is included in the so-called ***Inventory effect***, which also includes other adjustments to the valuation of inventories (write-offs, economic hedges, etc.) and is presented net of taxes and excluding results attributable to non-controlling interests. This Inventory effect largely affects the Industrial segment. Repsol management considers that this measurement is useful for investors, considering the significant variations arising in the prices of inventories between periods.

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

Special items

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

[1] The business segment hitherto known as "Commercial and Renewables" has been split into "Customer" (commercial business with a customer-focused multi-energy offering) and "Low Carbon Generation" (low-emission power generation and renewables business).
[2] The measure of each segment's earnings (formerly known as "Adjusted Net Income") has been updated in 2023 (see introductory paragraphs).
[3] Cost of supplies is calculated on the basis of international quoted prices in the reference markets in which the Company operates. The relevant average monthly price is applied to each quality of distilled crude. Quoted prices are obtained from daily crude oil publications according to Platts, while freight rates are estimated by Worldscale (which publishes global reference prices for freight costs from one port to another). All other production costs (fixed and variable costs) are valued at the cost recognized in the accounts.

valuation of financial instruments resulting from accounting asymmetries, etc.). Special items are presented net of taxes and without counting income attributable to non-controlling interests.

Non-controlling interests:

Shows results attributable to non-controlling interests in relation to operating income, the Inventory effect and Special items, which are presented separately before Net income.

Special Items	First half		Second Quarter	
€ million	2023	2022	2023	2022
Divestments	—	8	(16)	2
Indemnities and workforce restructuring	(23)	(16)	(11)	(13)
Impairment	354	(1,262)	(7)	(1,094)
Provisions and others	(998)	(608)	(191)	(432)
Total	**(667)**	**(1,878)**	**(225)**	**(1,537)**

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

Results	Second quarter													
			Adjustments											
	Adjusted income		Reclassifications 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	1,132 [(1)]	3,080 [(1)]	(139)	(624)	(314)	733	(222)	(1,486)	—	—	(675)	(1,377)	457	1,703
Financial result	(19)	84	58	33	—	—	25	(66)	—	—	83	(33)	64	51
Net income of companies accounted for using the equity method - net of tax	17	5	78	389	—	—	(6)	(1)	—	—	72	388	89	393
Net income before tax	**1,130**	**3,169**	**(3)**	**(202)**	**(314)**	**733**	**(203)**	**(1,553)**	—	—	**(520)**	**(1,022)**	**610**	**2,147**
Income tax	(303)	(1,005)	3	202	80	(187)	(22)	16	—	—	61	31	(242)	(974)
Net income	**827**	**2,164**	—	—	**(234)**	**546**	**(225)**	**(1,537)**	—	—	**(459)**	**(991)**	**368**	**1,173**
Net income attributable to non-controlling interests	—	—	—	—	—	—	—	—	(60)	(26)	(60)	(26)	(60)	(26)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	**827**	**2,164**	—	—	**(234)**	**546**	**(225)**	**(1,537)**	**(60)**	**(26)**	**(519)**	**(1,017)**	**308**	**1,147**

[(1)] Net income from operations at current cost of supply (CCS).

[(2)] The inventory effect represents an adjustment to *"Procurement"* and *"Changes in inventories of finished goods"* on the IFRS-EU income statement.

Results	First half													
			Adjustments											
	Adjusted income		Reclassifications 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 of companies accounted for using the equity method - net of tax	18	6	44	544	—	—	(6)	(6)	—	—	38	538	56	544
Net 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)
Net income	**2,718**	**3,224**	—	—	**(505)**	**1,241**	**(667)**	**(1,878)**	—	—	**(1,172)**	**(637)**	**1,546**	**2,587**
Net income attributable to non-controlling interests	—	—	—	—	—	—	—	—	(126)	(48)	(126)	(48)	(126)	(48)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	**2,718**	**3,224**	—	—	**(505)**	**1,241**	**(667)**	**(1,878)**	**(126)**	**(48)**	**(1,298)**	**(685)**	**1,420**	**2,539**

[(1)] Net income from operations at current cost of supply (CCS).

[(2)] The inventory effect represents an adjustment to *"Procurement"* and *"Changes in inventories of finished goods"* on the IFRS-EU income statement.

EBITDA

EBITDA, or Earnings Before Interest, Taxes, Depreciation and Amortization, is a financial indicator showing the operating margin of a company before deducting interest, taxes, impairment, depreciation and amortization.

Since it does not include financial and tax indicators or accounting expenses not involving cash outflow, it is used by Management to evaluate the company's results over time, for a more straightforward exercise in making comparisons with peers within the Oil & Gas sector.

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

EBITDA	Second quarter					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU[1]	
€ million	2023	2022	2023	2022	2023	2022
Net income before tax	**614**	**2,350**	**(4)**	**(203)**	**610**	**2,147**
(-) Financial result	(5)	(18)	(59)	(33)	(64)	(51)
(-) Net Income from investments accounted for using the equity method	(12)	(5)	(77)	(388)	(89)	(393)
Operating income	**597**	**2,327**	**(140)**	**(624)**	**457**	**1,703**
Depreciation and amortization of non-current assets	**738**	**683**	**(141)**	**(140)**	**597**	**543**
Operating provisions	**249**	**1,618**	**(48)**	**43**	**201**	**1,661**
(Allowance)/Reversal of impairment	82	1,600	(32)	(29)	50	1,571
(Allowance)/Reversal of provisions for risks	167	18	(16)	72	151	90
Other items	**23**	**7**	**1**	**—**	**24**	**7**
EBITDA	**1,607**	**4,635**	**(328)**	**(721)**	**1,279**	**3,914**

[1] Relates to "*Income before tax*" and "*Adjustments to profit*" on the consolidated statement of cash flows under IFRS-EU.

EBITDA	First half					
	Group Reporting Model		Reclassifications of joint ventures		IFRS-EU(1)	
€ million	2023	2022	2023	2022	2023	2022
Net income before tax	**2,562**	**4,601**	**(125)**	**(283)**	**2,437**	**4,318**
(-) Financial result	20	(5)	(92)	(105)	(72)	(110)
(-) Net income from investments accounted for using the equity method	(13)	(1)	(43)	(543)	(56)	(544)
Operating income	**2,569**	**4,595**	**(260)**	**(931)**	**2,309**	**3,664**
Depreciation and amortization of non-current assets	**1,449**	**1,388**	**(275)**	**(275)**	**1,174**	**1,113**
Operating provisions	**264**	**2,028**	**(182)**	**(46)**	**82**	**1,982**
(Allowance)/Reversal of impairment	(182)	1,862	(140)	(132)	(322)	1,730
(Allowance)/Reversal of provisions for risks	446	166	(42)	86	404	252
Other items	**21**	**8**	**(1)**	**(1)**	**20**	**7**
EBITDA	**4,303**	**8,019**	**(718)**	**(1,253)**	**3,585**	**6,766**

[1] Relates to "*Income before tax*" and "*Adjustments to profit*" on the consolidated statement of cash flows under IFRS-EU.

EBITDA	Second Quarter					
	Group Reporting Model		**Reclassifications of joint ventures**		**IFRS-EU[2]**	
€ million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Upstream	1,007	2,004	(320)	(743)	687	1,261
Industrial	388	2,501	(1)	(20)	387	2,481
Customer	251	212	(9)	(7)	242	205
LCG	44	87	—	—	44	87
Corporate and other	(83)	(169)	2	49	(81)	(120)
EBITDA	**1,607**	**4,635**	**(328)**	**(721)**	**1,279**	**3,914**
Upstream	—	—	—	—	—	—
Industrial	271	(685)	(3)	8	268	(677)
Customer	43	(48)	—	—	43	(48)
LCG	—	—	—	—	—	—
Corporate and other	—	—	—	—	—	—
Inventory effect[1]	**314**	**(733)**	**(3)**	**8**	**311**	**(725)**
CCS EBITDA	**1,921**	**3,902**	**(331)**	**(713)**	**1,590**	**3,189**

[1] Before taxes.

[2] Relates to *"Income before tax"* and *"Adjustments to profit"* on the consolidated statement of cash flows under IFRS-EU.

EBITDA	First half					
	Group Reporting Model		**Reclassifications of joint ventures**		**IFRS-EU[2]**	
€ million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Upstream	2,318	3,689	(731)	(1,256)	1,587	2,433
Industrial	1,951	3,933	(2)	(34)	1,949	3,899
Customer	539	457	(16)	(11)	523	446
LCG	108	139	—	—	108	139
Corporate and other	(613)	(199)	31	48	(582)	(151)
EBITDA	**4,303**	**8,019**	**(718)**	**(1,253)**	**3,585**	**6,766**
Upstream	—	—	—	—	—	—
Industrial	605	(1,587)	(11)	9	594	(1,578)
Customer	74	(74)	—	—	74	(74)
LCG	—	—	—	—	—	—
Corporate and other	—	—	—	—	—	—
Inventory effect[1]	**679**	**(1,661)**	**(11)**	**9**	**668**	**(1,652)**
CCS EBITDA	**4,982**	**6,358**	**(729)**	**(1,244)**	**4,253**	**5,114**

[1] Before taxes.

[2] Relates to *"Income before tax"* and *"Adjustments to profit"* on the consolidated statement of cash flows under IFRS-EU.

ROACE:

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

ROACE (*"Return on average capital employed"*) is calculated as: (Adjusted income, excluding the financial result, + Inventory effect + Special items) / (Average ***capital employed*** for the period in operations, which measures own and external capital employed by the Company, and comprises Total equity + Net debt). The figure includes joint ventures or other companies managed operationally as joint ventures. If the Inventory effect is not used in the calculation process, it is known as ***CCS ROACE***.

NUMERATOR (*€ million*)	**1H 2023**	**1H 2022**
Operating income (IFRS-EU)	**2,309**	**3,664**
Reclassification of joint ventures	260	931
Income tax[1]	(1,035)	(1,990)
Net income of companies accounted for using the equity method - net of tax	12	—
I. ROACE result at weighted average cost	**1,546**	**2,605**

DENOMINATOR (*€ million*)	**1H 2023**	**1H 2022**
Total equity	28,098	25,346
Net financial debt	797	5,031
Capital employed at period-end	**28,895**	**30,377**
II. Average capital employed[2]	**28,561**	**29,467**
ROACE (I/II)[3]	**5.4 %**	**8.8 %**

[1] Does not include income tax corresponding to financial results.
[2] Corresponds to the average balance of capital employed at the beginning and end of the year.
[3] ROACE on CCS (without taking into account the Inventory Effect) amounts to 7.3%.

2. Cash flow measurements

Operating cash flow, free cash flow, cash generated and liquidity:

Operating cash flow measures the generation of cash flow corresponding to operations and is calculated as: EBITDA +/- Changes in working capital + Dividends received + Income tax received / - paid + Other proceeds / - payments relating to operating activities. Due to its usefulness and to show how cash flow changes between periods by isolating changes in working capital, operating cash flow can be presented excluding working Capital (Operating cash flow "ex working capital" or "OCF exWC").

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

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

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

Cash flow measurements	**Second quarter**					
	Cash flow		**Reclassification of joint ventures and others**		**Statement of cash flows IFRS-EU**	
€ million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
I. Cash flows from/(used in) operating activities (operating cash flow)	1,695	1,839	(49)	(212)	1,646	1,627
II. Cash flows from/(used in) investing activities	(1,303)	(754)	(66)	178	(1,369)	(576)
Free cash flow (I+II)	**392**	**1,085**	**(115)**	**(34)**	**277**	**1,051**
Cash generated	**133**	**692**	**(88)**	**(21)**	**45**	**671**
III. Cash flows from/(used in) financing activities and others (1)	(595)	(1,716)	79	44	(516)	(1,672)
Net increase / (decrease) in cash and cash equivalents (I+II+III)	**(203)**	**(631)**	**(36)**	**10**	**(239)**	**(621)**
Cash and cash equivalents at the beginning of the period	5,790	5,357	(300)	(404)	5,490	4,953
Cash and cash equivalents at the end of the period	5,587	4,726	(336)	(394)	5,251	4,332

Cash flow measurements	First half					
	Cash flow		Reclassification of joint ventures and others		Statement of cash flows IFRS-EU	
€ million	2023	2022	2023	2022	2023	2022
I. Cash flows from/(used in) operating activities (operating cash flow)	3,522	2,930	(268)	(598)	3,254	2,332
II. Cash flows from/(used in) investing activities	(3,054)	(1,476)	(395)	89	(3,449)	(1,387)
Free cash flow (I+II)	**468**	**1,454**	**(663)**	**(509)**	**(195)**	**945**
Cash generated	**1,299**	**472**	**(642)**	**(487)**	**657**	**(15)**
III. Cash flows from/(used in) financing activities and others (1)	(1,826)	(2,634)	760	426	(1,066)	(2,208)
Net increase / (decrease) in cash and cash equivalents (I+II+III)	**(1,358)**	**(1,180)**	**97**	**(83)**	**(1,261)**	**(1,263)**
Cash and cash equivalents at the beginning of the period	6,945	5,906	(433)	(311)	6,512	5,595
Cash and cash equivalents at the end of the period	5,587	4,726	(336)	(394)	5,251	4,332

(1) Includes payments for dividends and returns on other equity instruments, interest payments, other proceeds from/ (payments for) financing activities, proceeds from / (payments for) the issue / (return) of equity instruments, proceeds from / (payments for) financial liabilities and the effect of exchange rate fluctuations.

The Group measures ***liquidity*** as the sum of "Cash and cash equivalents" in the form of immediately available cash deposits arranged with financial institutions, and undrawn short- and long-term credit facilities loans at the end of the period relating to credit granted by financial institutions and that the Company may draw on for the amounts and subject to the timeframes and other terms agreed upon in the contract.

Liquidity	First half					
	Group Reporting Model		Reclassification of joint ventures and others		IFRS-EU	
€ million	Jun 2023	Dec 2022	Jun 2023	Dec 2022	Jun 2023	Dec 2022
Cash and banks	2,911	3,021	(296)	(345)	2,615	2,676
Other cash equivalents	2,676	3,924	(40)	(88)	2,636	3,836
Cash and cash equivalents	5,587	6,945	(336)	(433)	5,251	6,512
Deposits with immediate availability (1)	3,214	2,681	—	—	3,214	2,681
Undrawn credit lines	2,639	2,389	(13)	(7)	2,627	2,382
Liquidity	**11,441**	**12,014**	**(349)**	**(440)**	**11,092**	**11,575**

(1) Repsol arranges time deposits but with immediate availability, as recognized under "*Other current financial assets*", and which do not meet the accounting criteria for classification as cash and cash equivalents.

Operating investments (investments):

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

Investments may be presented as organic (funds invested in the development or maintenance of the Group's projects and assets) or inorganic (acquisition of projects, assets or companies for the expansion of the Group's activities).

Investments	Second quarter									
	Operating investments						Reclassification of joint ventures and others		IFRS-EU (1)	
	2023			2022			2023	2022	2023	2022
€ million	Organic	Inorganic	TOTAL	Organic	Inorganic	TOTAL				
Upstream	531	—	531	450	—	450	(120)	(135)	411	315
Industrial	273	—	273	206	—	206	(5)	(4)	268	202
Customer	78	—	78	45	3	48	(13)	—	65	49
LCG	330	88	418	110	18	128	(50)	(67)	368	60
Corporate and other	21	—	21	27	—	27	(1)	(1)	20	26
Total	**1,233**	**88**	**1,321**	**838**	**21**	**859**	**(189)**	**(207)**	**1,132**	**652**

Investments	First half									
	Operating investments						Reclassification of joint ventures and others		IFRS-EU[1]	
	2023			2022			2023	2022	2023	2022
€ million	Organic	Inorganic	TOTAL	Organic	Inorganic	TOTAL				
Upstream	1,143	129	1,272	746	—	746	(239)	(25)	1,033	721
Industrial	430	—	430	318	54	372	(9)	(6)	421	366
Customer	132	—	132	77	7	84	(29)	—	103	84
LCG	482	697	1,179	154	40	194	(61)	(72)	1,118	122
Corporate and other	34	—	34	39	—	39	—	(1)	34	38
Total	**2,221**	**826**	**3,047**	**1,334**	**101**	**1,435**	**(338)**	**(104)**	**2,709**	**1,331**

[1] Relates to "*Payments on investments*" on the consolidated statement of cash flows prepared under IFRS-EU, and does not include items corresponding to "Other financial assets".

3. Financial position measures

Debt and financial position ratios:

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

Net Debt	Net debt	Reclassifications of joint ventures	IFRS-EU balance sheet
€ million	Jun-2023	Jun-2023	Jun-2023
Non-current assets			
Non-current financial instruments [1]	1,386	652	2,038
Current assets			
Other current financial assets	3,776	(164)	3,612
Cash and cash equivalents	5,587	(336)	5,251
Non-current liabilities			
Non-current financial liabilities [2]	(9,449)	(544)	(9,993)
Current liabilities			
Current financial liabilities [2]	(2,097)	(88)	(2,185)
NET DEBT [3]	**(797)**	**(480)**	**(1,277)**

[1] Amounts included under "*Non-current financial assets*" in the consolidated balance sheet.
[2] Includes net non-current and current leases amounting to €-3,048 and €-619 million, respectively, according to the Reporting model and € -2,449 and €-489 million, respectively, according to the IFRS-EU balance sheet.
[3] The reconciliations in previous period are available at www.repsol.com.

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

Gross Debt	Gross debt	Reclassifications of joint ventures	IFRS-EU balance sheet
€ million	Jun-2023	Jun-2023	Jun-2023
Current financial liabilities	(1,937)	(97)	(2,034)
Net mark to market valuation of current exchange rate financial derivatives	(48)		(48)
Current gross debt	**(1,985)**	**(97)**	**(2,082)**
Non-current financial liabilities	(9,449)	(536)	(9,984)
Net mark to market valuation of non-current exchange rate derivatives			—
Non-current gross debt	**(9,449)**	**(536)**	**(9,984)**
GROSS DEBT [1]	**(11,433)**	**(633)**	**(12,066)**

[1] The reconciliations in previous periods for this figure are available at www.repsol.com.

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

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

Leverage	**First half**					
	Group Reporting Model		**Reclassifications of joint ventures**		**IFRS-EU balance sheet**	
€ million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Net debt	797	5,031	(480)	(325)	1,277	5,356
Capital employed	28,895	30,377	480	325	29,375	30,702
Leverage	**2.8 %**	**16.6 %**			**4.3 %**	**17.4 %**

Solvency	**First half**					
	Group Reporting Model		**Reclassifications of joint ventures**		**IFRS-EU balance sheet**	
€ million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Liquidity	11,441	9,380	(349)	(405)	11,092	8,975
Current gross debt	1,985	2,402	97	1,278	2,082	3,674
Solvency	**5.8**	**3.9**			**5.3**	**2.4**

Appendix III. Consolidated Financial Statements – Repsol reporting model

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

(Unaudited figures in millions of euros)

Balance Sheet

	06/30/2023	12/31/2022
NON-CURRENT ASSETS		
Intangible assets	2,751	2,077
Property, plant and equipment	28,480	27,237
Investments accounted for using the equity method	773	684
Non-current financial assets	1,250	557
Deferred tax assets	2,909	3,048
Other non-current assets	926	883
CURRENT ASSETS		
Non-current assets held for sale	41	6
Inventories	6,377	7,516
Trade and other receivables	8,843	10,187
Other current assets	283	301
Other current financial assets	3,777	3,148
Cash and cash equivalents	5,587	6,945
TOTAL ASSETS	**61,997**	**62,589**

	06/30/2023	12/31/2022
TOTAL EQUITY		
Shareholders' equity	25,272	24,611
Other cumulative comprehensive income	270	683
Non-controlling interests	2,556	679
NON-CURRENT LIABILITIES		
Non-current provisions	3,995	4,616
Non-current financial liabilities	9,449	9,540
Deferred tax liabilities and other tax items	3,253	3,100
Other non-current liabilities	812	1,199
CURRENT LIABILITIES		
Liabilities associated with non-current assets held for sale	26	—
Current provisions	1,924	1,645
Current financial liabilities	2,097	3,497
Trade and other payables	12,343	13,019
TOTAL LIABILITIES	**61,997**	**62,589**

Income statement

	06/30/2023	06/30/2022
Revenue from operating activities	29,778	40,219
Operating net income	**3,934**	**4,894**
Financial result	(19)	100
Net income from investments accounted for using the equity method	18	6
Net income before tax	**3,933**	**5,000**
Income tax	(1,215)	(1,776)
Net Income / loss after taxes	**2,718**	**3,224**
Net income / loss attributable to non controlling interests	—	—
ADJUSTED INCOME	**2,718**	**3,224**
Inventory effect	(505)	1,241
Special items	(667)	(1,878)
Non-controlling interests	(126)	(48)
NET INCOME (1)	**1,420**	**2,539**

(1) Corresponds to net income attributable to the parent

Statement of cash flows

	06/30/2023	06/30/2022
I. CASH FLOWS FROM OPERATING ACTIVITIES		
EBITDA	4,303	8,019
Changes in working capital	325	(3,965)
Dividends received	11	18
Income tax refunded/(paid)	(896)	(885)
Other proceeds from/ (payments for) operating activities	(221)	(257)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	**3,522**	**2,930**
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES		
Payments for investments:	(3,113)	(1,617)
Organic investments	(2,296)	(1,274)
Inorganic investments	(817)	(343)
Proceeds from divestments:	59	141
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES	**(3,054)**	**(1,476)**
FREE CASH FLOW (I+II)	**468**	**1,454**
Transactions with non-controlling interests	1,952	102
Payments for dividends and payments on other equity instruments	(501)	(486)
Net interest and leases	(192)	(215)
Treasury shares	(428)	(383)
CASH GENERATED IN THE PERIOD	**1,299**	**472**
Financing activities and others	(2,657)	(1,652)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,358)**	**(1,180)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**6,945**	**5,906**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5,587**	**4,726**

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