Official Notice

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The Hague, July 29, 2021

In accordance with Law of 23 December 2016, on market abuse, Repsol International Finance B.V. (the “**Company**”) is filing the attached Interim Condensed Consolidated Financial Statements of Repsol, S.A. and investees composing the Repsol Group for the first half of 2021, including the Limited Review Report and the Interim Management Report (the “**Interim Consolidated Financial Report June 2021**”).

The Interim Consolidated Financial Report June 2021 has been filed today by Repsol, S.A. (Guarantor of the Company´s Euro 10,000,000,000 Guaranteed Euro Medium Term Note Programme) with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

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

Report on limited review of condensed interim consolidated financial statements and interim consolidated director´s Report at June 30, 2021

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

Report on limited review of condensed interim consolidated financial statements

To the shareholders of Repsol, S.A. at the request of the Board of Directors:

Introduction

We have performed a limited review of the accompanying condensed interim consolidated financial statements (hereinafter, the interim financial statements) of Repsol, S.A. (hereinafter, "the parent company") and investees comprising the Repsol Group (hereinafter, "the group"), which comprise the balance sheet as at June 30, 2021, the income statement, the statement of recognized income and expense, the statement of changes in equity, the statement of cash flows and related notes, all condensed and consolidated, for the six months period then ended. The parent company´s directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial information, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

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

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six months period ended June 30, 2021 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007.

Emphasis of Matter

We draw attention to Note 2.1, in which it is mentioned that these interim financial statements do not include all the information required of complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, therefore the accompanying interim financial statements should be read together with the consolidated annual accounts of the group for the year ended December 31, 2020. Our conclusion is not modified in respect of this matter.

Other matters

Interim consolidated directors´ Report

The accompanying interim consolidated directors' Report for the six months period ended June 30, 2021 contains the explanations which the parent company´s directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this directors' Report is in agreement with that of the interim financial statements for the six months period ended June 30, 2021. Our work is limited to checking the interim consolidated directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Repsol, S.A. and investees comprising the Repsol Group´s accounting records.

Preparation of this review report

This report has been prepared at the request of the Board of Directors in relation to the publication of the half-yearly financial report required by Article 119 of Royal Legislative Decree 4/2015 of 23 October, approving the revised text of the Securities Market Law developed by the Royal Decree 1362/2007, of 19 October.

PricewaterhouseCoopers Auditores, S.L.

Iñaki Goiriena Basualdu

July 29, 2021

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REPSOL Group

Interim consolidated financial statements

1st Half

2021

REPSOL

Repsol, S.A. and Investees comprising the Repsol Group
Balance sheet at June 30, 2021 and December 31, 2020

		€ Million	
ASSETS	Note	**06/30/2021**	**12/31/2020**
Intangible assets		3,313	3,353
Property, plant and equipment	3.1.1	20,684	20,927
Investments accounted for using the equity method	3.1.2	3,515	5,897
Non-current financial assets		969	916
Deferred tax assets		3,485	3,745
Other non-current assets		965	880
NON-CURRENT ASSETS		**32,931**	**35,718**
Non-current assets held for sale	3.1.9	830	5
Inventories	3.1.9	4,616	3,379
Trade and other receivables	3.1.9	5,231	4,056
Other current assets		288	239
Other current financial assets	3.1.6	1,697	1,584
Cash and cash equivalents	3.1.6	4,914	4,321
CURRENT ASSETS		**17,576**	**13,584**
TOTAL ASSETS		**50,507**	**49,302**

		€ Million	
EQUITY AND LIABILITIES	Note	**06/30/2021**	**12/31/2020**
Shareholders' equity		21,236	21,185
Other cumulative comprehensive income		(529)	(890)
Non-controlling interests		255	244
EQUITY	3.1.4	**20,962**	**20,539**
Non-current provisions		3,602	3,572
Non-current financial liabilities	3.1.5	8,547	12,123
Deferred tax liabilities and other tax items		2,161	2,142
Other non-current liabilities		538	407
NON-CURRENT LIABILITIES		**14,848**	**18,244**
Liabilities associated with non-current assets held for sale	3.1.9	582	—
Current provisions		639	740
Current financial liabilities	3.1.5	5,219	3,880
Trade and other payables	3.1.9	8,257	5,899
CURRENT LIABILITIES		**14,697**	**10,519**
TOTAL EQUITY AND LIABILITIES		**50,507**	**49,302**

Notes 1 to 7 are an integral part of the balance sheet.

Repsol, S.A. and Investees comprising the Repsol Group
Income statement corresponding to the interim periods ending June 30, 2021 and 2020

	Note	€ Million 06/30/2021	06/30/2020
Sales		20,742	16,488
Income from services rendered and other income		148	175
Changes in inventories of finished goods and work in progress		527	(500)
Other operating income		627	279
Procurements		(15,396)	(12,863)
Amortization of non-current assets		(982)	(1,146)
(Provision for)/Reversal of impairment provisions		(21)	(577)
Personnel expenses		(890)	(935)
Transport and freights		(530)	(757)
Supplies		(285)	(203)
Gains/(Losses) on disposal of assets		6	69
Other operating expenses		(2,222)	(1,700)
OPERATING INCOME	3.2.1	**1,724**	**(1,670)**
Net interest		(83)	(127)
Change in fair value of financial instruments		302	128
Exchange gains (losses)		63	(24)
Impairment of financial instruments		(6)	(25)
Other financial income and expenses		(106)	(117)
FINANCIAL RESULT	3.2.2	**170**	**(165)**
NET INCOME FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD [(1)]	3.1.2	117	(978)
NET INCOME BEFORE TAX		**2,011**	**(2,813)**
Income tax	3.2.3	(767)	296
CONSOLIDATED NET INCOME / (LOSS) FOR THE PERIOD		**1,244**	**(2,517)**
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		(9)	33
NET INCOME / (LOSS) ATTRIBUTABLE TO THE PARENT	2	**1,235**	**(2,484)**
EARNINGS PER SHARE ATTRIBUTABLE TO THE PARENT	3.2.4	**Euros / share**	
Basic		0.80	(1.59)
Diluted		0.80	(1.59)

(1) Net of taxes.

Notes 1 to 7 are an integral part of the consolidated income statement.

Repsol S.A. and Investees comprising the Repsol Group
Statement of recognized income and expense corresponding to the interim periods ending June 30, 2021 and 2020

	€ Million	
	06/30/2021	**06/30/2020**
CONSOLIDATED NET INCOME FOR THE PERIOD	**1,244**	**(2,517)**
Due to actuarial gains and losses	6	(6)
Investments in joint ventures and associates	11	(14)
Equity instruments with changes through other comprehensive income	—	—
Tax effect	—	—
OTHER COMPREHENSIVE INCOME. ITEMS NOT RECLASSIFIABLE TO INCOME	17	(20)
Cash flow hedging:	**6**	**(38)**
Valuation gains / (losses)	2	3
Amounts transferred to the income statement	4	(41)
Translation differences:	**332**	**(191)**
Valuation gains / (losses)	418	(154)
Amounts transferred to the income statement	(86)	(37)
Tax effect	**24**	**36**
OTHER COMPREHENSIVE INCOME. ITEMS RECLASSIFIABLE TO INCOME	362	(193)
TOTAL OTHER COMPREHENSIVE INCOME	**379**	**(213)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,623**	**(2,730)**
a) Attributable to the parent	1,613	(2,697)
b) Attributable to non-controlling interests	10	(33)

Notes 1 to 7 are an integral part of the consolidated statement of recognized income and expense.

Repsol S.A. and Investees comprising the Repsol Group
Statement of changes in equity for the interim periods ending June 30, 2021 and 2020

	Equity attributable to the parent and other equity instrument holders							
	Shareholders' equity							
€ Million	Share capital	Share premium and reserves	Treasury shares and own equity investments	Profit for the year attributable to the parent	Other equity instruments	Other cumulative comprehensive income	Non-controlling interests	Equity
Closing balance at 12/31/2019	**1,566**	**26,731**	**(1,170)**	**(3,816)**	**1,024**	**593**	**281**	**25,209**
Total recognized income/(expenses)	**—**	**(20)**	**—**	**(2,484)**	**—**	**(193)**	**(33)**	**(2,730)**
Transactions with partners or owners								
Share capital increase/(reduction)	60	(60)	—	—	—	—	—	—
Dividends and shareholder remuneration	—	(236)	—	—	—	—	—	(236)
Transactions with treasury shares and own equity investments (net)	—	(5)	(156)	—	—	—	—	(161)
Other equity variations								
Transfers between equity-line items	—	(3,816)	—	3,816	—	—	—	—
Subordinated perpetual obligations	—	(25)	—	—	884	—	—	859
Other variations	—	(5)	—	—	4	—	—	(1)
Closing balance at 06/30/2020	**1,626**	**22,564**	**(1,326)**	**(2,484)**	**1,912**	**400**	**248**	**22,940**
Total recognized income/(expenses)	**—**	**—**	**—**	**(805)**	**—**	**(1,290)**	**(1)**	**(2,096)**
Transactions with partners or owners								
Share capital increase/(reduction)	41	(41)	—	—	—	—	—	—
Dividends and shareholder remuneration	—	(102)	—	—	—	—	(1)	(103)
Transactions with treasury shares and own equity investments (net)	(99)	(1,262)	1,164	—	—	—	—	(197)
Other equity variations								
Transfers between equity-line items	—	—	—	—	—	—	—	—
Subordinated perpetual obligations	—	(29)	—	—	23	—	—	(6)
Other variations	—	2	—	—	1	—	(2)	1
Closing balance at 12/31/2020	**1,568**	**21,132**	**(162)**	**(3,289)**	**1,936**	**(890)**	**244**	**20,539**
Total recognized income/(expenses)	**—**	**17**	**—**	**1,235**	**—**	**361**	**10**	**1,623**
Transactions with partners or owners								—
Share capital increase/(reduction)	(41)	(386)	427	—	—	—	—	—
Dividends and shareholder remuneration	—	(916)	—	—	—	—	—	(916)
Transactions with treasury shares and own equity investments (net)	—	28	(614)	—	—	—	—	(586)
Other equity variations								—
Transfers between equity-line items	—	(3,289)	—	3,289	—	—	—	—
Subordinated perpetual obligations	—	(30)	—	—	336	—	—	306
Other variations	—	(5)	—	—	—	—	1	(4)
Closing balance at 06/30/2021	**1,527**	**16,551**	**(349)**	**1,235**	**2,272**	**(529)**	**255**	**20,962**

Notes 1 to 7 are an integral part of the consolidated statement of changes in equity.

Repsol S.A. and Investees comprising the Repsol Group
Statement of cash flows for the interim periods ending June 30, 2021 and 2020

	€ Million	
	06/30/2021	**06/30/2020**
Income before tax	**2,011**	**(2,813)**
Adjustments to income:	**1,019**	**2,904**
Amortization of non-current assets	982	1,146
Other (net)	37	1,758
Changes in working capital	**(1,030)**	**665**
Other cash flows from operating activities:	**(460)**	**(139)**
Dividends received	49	56
Income tax refunded/(paid)	(316)	(9)
Other proceeds from/(payments for) operating activities	(193)	(186)
CASH FLOWS FROM OPERATING ACTIVITIES	**1,540**	**617**
Payments for investments:	**(1,412)**	**(2,073)**
Group companies and associates	(246)	(56)
Property, plant and equipment, intangible assets and investment property	(648)	(944)
Other financial assets and others	(518)	(1,073)
Proceeds from divestments:	**455**	**3,149**
Group companies and associates	128	469
Property, plant and equipment, intangible assets and investment property	28	17
Other financial assets	299	2,663
Other cash flows	**12**	**40**
CASH FLOWS FROM INVESTMENT ACTIVITIES	**(945)**	**1,116**
Proceeds from and (payments for) equity instruments:	**(107)**	**736**
Issuance	746	1,491
Repayment and redemption	(406)	(605)
Acquisition	(766)	(156)
Disposal	319	6
Proceeds from and (payments for) financial liability instruments:	**731**	**243**
Issuance	5,099	6,000
Return and amortization	(4,368)	(5,757)
Payments on shareholder remuneration and other equity instruments	**(146)**	**(128)**
Other cash flows from financing activities:	**(500)**	**(264)**
Interest payments	(180)	(230)
Other proceeds from/(payments for) financing activities	(320)	(34)
CASH FLOWS FROM FINANCING ACTIVITIES	**(22)**	**587**
EXCHANGE RATE FLUCTUATIONS EFFECT	**20**	**(14)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**593**	**2,306**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**4,321**	**2,979**
CASH AND CASH EQUIVALENTS AT END OF PERIOD:	**4,914**	**5,285**
Cash and banks	2,081	2,411
Other financial assets	2,833	2,874

Notes 1 to 7 are an integral part of the consolidated statement of cash flows.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

(1) GENERAL INFORMATION

1.1 About these interim financial statements

The accompanying Interim Consolidated Financial Statements of Repsol, S.A. and its investees, comprising the Repsol Group (hereinafter, "*Repsol,*" *"Repsol Group", "Group*" or *"*Company"), present fairly the Group's equity and financial position at June 30, 2021, as well as the Group's earnings performance, the changes in the consolidated equity and the consolidated cash flows for the six-month period ending on the above date.

The Interim Consolidated Management Report for the first half of the year is published together with the interim financial statements. Both were approved by the Board of Directors of Repsol, S.A. at its meeting on July 28, 2021 and are available at www.repsol.com.

1.2 About Repsol

1.2.1 Repsol Group

Repsol is a group of companies with a presence worldwide that, with a vision of being a multi-energy efficient, sustainable and competitive company, performs activities in the hydrocarbon sector throughout its entire value chain (exploration, development and production of crude oil and natural gas, refining, production, transportation and sale of a wide range of oil and petrochemical products, oil derivatives and natural gas), as well as activities for the generation and sale of electricity[1].

The Group operates in several business segments, the main metrics of which are summarized below (metrics calculated according to the Group's reporting model, see Note 2.1):

	Revenue from ordinary activities[(1)]		Operating income		Adjusted net income		Capital employed	
€ Million	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**
Exploration and Production	2,142	1,520	1,182	(4)	678	(51)	12,742	15,844
Industrial	10,478	8,164	307	409	239	296	10,368	10,037
Commercial and Renewables	9,366	7,828	312	218	228	163	4,347	3,746
Corporate and other	1	1	(122)	(129)	(186)	(219)	(109)	1,336
TOTAL	**21,987**	**17,513**	**1,679**	**494**	**959**	**189**	**27,348**	**30,963**

(1) Corresponds to the sum of the "Sales" and "Services rendered and other income."

Appendix IA of the consolidated financial statements for 2020 details the main companies that form part of the Repsol Group and that formed part of its scope of consolidation at that date. Appendix I of these interim financial statements contains the changes in the composition of the Group that have taken place during the first six months of 2021, the most significant of which are included in the next section.

The activities of Repsol, S.A. and its subsidiaries are subject to extensive regulation, as described in Appendix III to the consolidated financial statements for 2020. Appendix IV of these interim financial statements contains the main changes.

1.2.2 Main new developments in the period

- The availability of several vaccines and the launch of vaccination programs in most countries have led to a favorable change in the evolution of COVID-19. This, and the positive effect of public policies for reactivation, have given a boost to the economic recovery. This improved environment has favorably affected, although unevenly, the activities and results of the company's businesses. Further explanation and details of this are given in the "COVID-19 Impacts" and "Results" sections of the Interim Consolidated Management Report for the first half of 2021.

- During the half-year, within the framework of the Company's 2021-2025 Strategic Plan, various divestment agreements were reached that focus on the geographic areas with the greatest competitive advantages. At the date of these 2021 half-yearly financial statements, sales had been completed of the stake in AR Oil & Gaz, B.V. in Russia (a joint venture with Alliance Oil) and of the Tin Fouyet Tabenkor (TFT) asset in Algeria, and in the second half of the

[1] For further information, see section 4.1 Value chain and business segments of the 2020 Consolidated Management Report, available at www.repsol.com.

year, sales of assets in Malaysia and Vietnam are expected to be completed. In the Commercial and Renewables segment, an agreement was reached for the sale of the fuel business in Italy.

– In line with the Strategic Plan's decarbonization and energy transition objectives, progress was made on the objectives of increasing low-emission generation capacity and internationalization of the renewables business. Examples of this are the acquisition in the US of 40% of Hecate Energy LLC (see Note 3.1.3), a company that develops photovoltaic projects and batteries for energy storage and, in Spain, the entry into operation of the first phase of the Kappa photovoltaic park and the start of production tests for the Valdesolar photovoltaic project.

  In the **industrial segment,** Repsol continued to make progress in transforming its industrial facilities into energy hubs capable of generating low, zero or even negative carbon footprint products. Construction began of an advanced biofuels plant at the Cartagena refinery, the first of its kind in Spain, and Repsol continued to work on several renewable hydrogen initiatives, such as development of the first 100 MW alkaline electrolyzer plant in Spain as part of the Basque Hydrogen Corridor projects (the BH2C project).

  In response to the Spanish Government's call for expression of interest in the Next Generation EU funds (a recovery plan to help repair the economic and social damage caused by the pandemic), Repsol presented a portfolio of 31 projects that combine technology, decarbonization and the circular economy, creation of quality employment and territorial balance, for a total associated investment of €6,359 million.

– During the half year, the Group strengthened its **financial and liquidity position** by issuing a subordinated perpetual bond for an amount of €750 million in March (see Note 3.1.4). In June, the new comprehensive sustainable financing strategy was published (see Note 3.1.5). The main credit rating agencies confirmed the **investment grade rating,** with an improvement in the outlook from negative to stable issued by Moody's.

– In accordance with the 2021-2025 Strategic Plan, a shareholder **remuneration** equivalent to €0.288 gross per share was paid in the half year through the "scrip dividend" scheme and a share capital reduction was executed with the amortization of 40,494,510 treasury shares, aimed at offsetting the dilutive effect of the scrip dividend. In July, shareholders were paid an additional cash remuneration of €0.30 gross per share (see Note 3.1.4).

1.3 Criteria for preparing these interim financial statements

1.3.1 General principles

These interim financial statements have been prepared using the accounting records of the investee companies within the Group under the International Financial Reporting Standards adopted by the European Union (IFRS-EU) as of June 30, 2021, and, specifically, pursuant to the requirements set out in International Accounting Standard (IAS) 34 "*Interim Financial Reporting*," in addition to the other provisions of the applicable regulatory framework.

In accordance with the provisions of IAS 34, these interim financial statements are prepared exclusively to update the content of the most recent annual consolidated financial statements published, placing an emphasis on new activities, events and circumstances that have taken place during the first six months of the year, without duplicating the information published in the annual consolidated financial statements for the preceding year. To facilitate the correct understanding of information contained in these interim financial statements and given that they do not contain information required by comprehensive financial statements prepared pursuant to IFRS-EU, they must be read in conjunction with the Repsol Group's 2020 consolidated financial statements, which were approved at the Annual General Meeting of Repsol, S.A. on March 26, 2021 and are available at www.repsol.com.

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

1.3.2 Comparative information

Seasonality

The Group's activities comprise a range of different businesses and are carried out in an international environment. Therefore, the effect of the seasonality of some of its businesses (the most significant being effects related to liquefied petroleum gas (LPG), residential natural gas and electricity in Spain) is not material.

Restatement of earnings per share

In accordance with accounting standards, earnings per share in the first half of 2020 have been restated, as the average number of outstanding shares considered in the calculation should take account of the new number of shares issued after the capital increase carried out as part of the "*Repsol Flexible Dividend*" described in Note 3.1.4 “Equity”.

1.3.3 Application of new accounting standards

As of January 1, 2021, accounting standards adopted by the European Union have been applied[2]. Given the nature and scope that the application of the new standards or its prospective application, there was no material impact on the financial statements for the period.

In the financial year 2021, the following documents were adopted by the European Union:

Standards and amendments to standards	Date of first application
Amendments to IFRS 3 - *Amendments to the Conceptual Framework for Financial Reporting*	January 1, 2022
Amendments to IAS 16 - *“Proceeds before intended use”*	January 1, 2022
Amendments to IAS 37 - “*Onerous contracts: Cost of Fulfilling a Contract”*	January 1, 2022
Annual improvements to IFRS: 2018-2020	January 1, 2022

In addition, during the period the IASB issued the following standards and amendments to standards, which are pending adoption by the European Union:

Standards and amendments to standards	Date of first application
Amendments to IFRS 16 - “Covid-19-Related Rent Concessions” beyond June-30-2021 (1)	April 1, 2021
IFRS 17 *Insurance contracts*	January 1, 2023
Amendments to IFRS 17- *Insurance contracts*	January 1, 2023
Amendments to IAS 1 - Classification of liabilities as current or non-current	January 1, 2023
Amendments to IAS 1 - Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8 - Definition of Accounting Estimates	January 1, 2023
Amendments to NIC 12 – Deferred tax associated with assets and liabilities arising from a single transaction	January 1, 2023
Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture	Undefined

(1) Amendments issued on March 31, 2021 that extend the term of application of the Amendments to IFRS 16, issued on May 28, 2020. To date, no transactions have been identified within the scope of these Amendments to IFRS 16.

The Group is currently assessing the impact the application of these standards (adopted and pending adoption) may have on the consolidated financial statements, without any material impacts having been identified to date.

1.3.4 Accounting estimates and judgments

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

These estimates are made on the basis of the best information available, as described in Note 3.5 “Accounting estimates and judgments” to the consolidated financial statements for 2020. In the first six months of 2021, there were no significant changes in the methodology for making estimates with regard to those made at 2020 year-end.

[2] The standards applied as of January 1, 2021 are: i) Amendments to IFRS 4 - Deferral of IFRS 9; and ii) Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 - Reform of reference interest rates (Phase 2).

(2) SEGMENT REPORTING

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

2.1 The Group's reporting model and definition of segments

The information provided in this Note, unless stated otherwise, has been prepared pursuant to the Group's reporting model and is reconciled with the IFRS-EU financial statements in Appendix III.

Some of these figures are classified as Alternative Performance Measures (APMs) in accordance with European Securities and Markets Authority (ESMA) guidelines (for further information, see Appendix I of the Interim Consolidated Management Report for the first half of 2021 and www.repsol.com).

Regarding the definition of segments, see the section about this report in the Interim Consolidated Management Report for the first half of 2021 and Note 4 of the consolidated financial statements for the year 2020 (www.repsol.com).

2.2 Financial information by business segment

	€ Million	
Income/(loss) for the period	**6/30/2021**	**6/30/2020**
Exploration and Production	678	(51)
Industrial	239	296
Commercial and Renewables	228	163
Corporate and other	(186)	(219)
ADJUSTED NET INCOME	**959**	**189**
Inventory effect	489	(1,088)
Special items	(213)	(1,585)
NET INCOME	**1,235**	**(2,484)**

Other figures

	Operating income		**Operating cash flow**		**Free cash flow**		**Operating investments [1]**		**Capital employed**	
€ Million	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**
Exploration and Production	1,182	(4)	1,287	684	963	(2)	418	603	12,742	15,843
Industrial	307	409	254	90	55	(141)	203	227	10,368	10,038
Commercial and Renewables	312	218	570	125	137	(124)	413	259	4,347	3,742
Corporate and other	(122)	(129)	(179)	(35)	(200)	439	27	24	(109)	1,343
TOTAL	**1679**	**494**	**1,932**	**864**	**955**	**172**	**1,061**	**1,113**	**27,348**	**30,966**

[1] Includes investments accrued during the period.

(3) MAIN CHANGES IN THE FINANCIAL STATEMENTS

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

3.1 Balance Sheet

3.1.1 Property, plant and equipment

The investments correspond to productive Exploration and Production assets (mainly in Norway and the Gulf of Mexico), those made for the maintenance and optimization of industrial complexes and those related to the development of renewable projects. The decrease in the heading is mainly explained by depreciations in the period and by reclassifications into the "*Non-current assets held for sale" heading*" (see Note 3.1.9).

3.1.2 Investments accounted for using the equity method

Repsol accounts for investments in joint ventures and associates in which it has a stake using the equity method. Note 13 to the consolidated financial statements for 2020 describes the Group's most significant investments. The breakdown of the balance at June 30 is as follows:

	€ Million	
	Carrying amount	
	06/30/2021	12/31/2020
Joint ventures	3,315	5,757
Associates [(1)]	200	140
TOTAL	**3,515**	**5,897**

[(1)] Includes mainly the stake in Hecate, Repsol Ibereólica Renovables Chile SpA and Oleoducto de Crudos Pesados (OCP) Ltd.

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

	€ Million	
	06/30/2021	06/30/2020
Balance at December 31	**5,897**	**7,237**
Net investments	13	9
Changes in scope of consolidation [(1)]	163	—
Net income from investments accounted for using the equity method [(2)]	117	(978)
Dividends paid out	(62)	(56)
Translation differences	87	(1)
Reclassifications and other movements [(3)]	(2,700)	134
Balance at June 30	**3,515**	**6,345**

[(1)] The increase is mainly due to those businesses whose activity has been favored by the rise in prices in the period. This heading does not include Other comprehensive income amounting to 98 million at June 30, 2021 (€94 million for joint ventures and €4 million for associates) and €(17) million at June 30, 2019 for joint ventures.
[(2)] In 2021 mainly Oleoductos de Crudos Pesados (OCP) y Sierracol. In 2020 mainly Repsol Sinopec Brasil (RSB) and Dynasol.

In "*Reclassifications and other*", the amount for the period corresponds mainly to the allocation of financial assets of Repsol Sinopec Brasil, B.V. (a joint venture owned 60% by Repsol and 40% by the Sinopec group; see note 13 of the 2020 consolidated financial statements) to shareholders (see Note 3.1.5).

"Changes in scope of consolidation" includes the acquisition of 40% of Hecate Energy LLC, a company operating in the renewable energy market in the United States, specializing in the development of photovoltaic and battery projects for energy storage, with a project portfolio of more than 40 GW.

3.1.3 Financial structure

The determination of the target financial structure takes into account a leverage ratio that ensures the Group's financial strength, defined as the relationship between net debt and capital employed. These ratios, as calculated on June 30, 2021 and December 31, 2020, are detailed below (for more information see section 5.3 of the Interim Consolidated Management Report for the first half of 2021):

€ Million	06/30/2021	12/31/2020
Equity	**20,962**	**20,539**
Net financial debt [(1)]	**6,386**	**6,778**
Capital employed [(1)]	**27,348**	**27,317**
Leverage ratio (%)	**23.4**	**24.8**

[(1)] Alternative Measure of Performance. Regarding the reconciliation of these figures with those established in IFRS-EU, see Appendix I of the Interim Consolidated Management Report for the first half of 2021.

3.1.4 Equity

	€ Million	
	06/30/2021	12/31/2020
Shareholders' equity:	**21,236**	**21,185**
Share capital	1,527	1,568
Share premium and reserves:	16,551	21,132
Share premium	4,038	4,078
Legal reserve	314	312
Retained earnings and other reserves [(1)]	12,199	16,844
Dividends and remuneration on account	—	(102)
Treasury shares and own equity investments	(349)	(162)
Profit for the year attributable to the parent	1,235	(3,289)
Other equity instruments	2,272	1,936
Other cumulative comprehensive income	**(529)**	**(890)**
Equity instruments with changes through other comprehensive income	(3)	(3)
Hedging transactions	(53)	(62)
Translation differences	(473)	(825)
Non-controlling interests	**255**	**244**
TOTAL EQUITY	**20,962**	**20,539**

[(1)] This heading includes the transfer from income for the year attributable to the Parent for 2020. Includes a reserve for retired capital amounting to €280 million, which is equivalent to the nominal value of the shares retired in the capital reductions in 2021, 2020, 2019 and 2018 under the "Repsol Flexible Dividend" program (see the "Shareholder remuneration" section of this Note).

Share Capital

Following the capital reduction made in April through the amortization of 40,494,510 treasury shares, with the aim of offsetting the dilutive effect of the "scrip dividend" declared in January 2021 (see section *"Shareholder remuneration"* of this Note), the share capital of Repsol, S.A. as registered on June 30, amounts to €1,527,396,053 euros, fully subscribed and paid up, represented by 1,527,396,053 shares with a nominal value of €1 each.

In accordance with the most recent information available, Repsol, S.A.'s significant shareholders are as follows:

	% of voting rights attributed to shares		% of voting rights through financial instruments	% of total voting rights
Significant shareholders	Direct	Indirect		
Sacyr, S.A.[(1)]	—	8.034	—	8.034
JP Morgan Chase & Co [(2)]	—	0.585	6.270	6.855
BlackRock, Inc. [(3)]	—	4.920	0.080	5.000
Amundi Asset Management, S.A. [(4)]	—	4.500	—	4.500

[(1)] Sacyr, S.A. holds its interest through Sacyr Securities, S.A.U., Sacyr Investments S.A.U. and Sacyr Investments II, S.A.U.
[(2)] JP Morgan Chase & Co holds its stake through a number of controlled entities. The information relating to JP Morgan Chase & Co. is based on the statement submitted by that entity to the CNMV on March 19, 2020 on the share capital amount of 1,566,043,878 shares.
[(3)] BlackRock, Inc. holds its interest through several controlled entities.
[(4)] Amundi Asset Management, S.A. holds its interest through several controlled entities.

Shareholder remuneration

The following table breaks down the remuneration received by Repsol, S.A.'s shareholders during the six-month period ending on June 30, 2021, carried out under the "*Repsol Flexible Dividend*" program which allows shareholders to choose between taking the dividend in cash (by selling their bonus issue rights to the Company or in the market) or in the Company's shares.

	No. free allocation rights sold to Repsol	Price of purchase commitment (€/ right)	Cash payout (millions of euros)	New shares issued	Remuneration in shares (millions of euros)
December 2020/January 2021	353,055,244	0.288	102	40,494,510	338

From now on, in accordance with the provisions of the 2021-2025 Strategic Plan, shareholder remuneration through the "Repsol Flexible Dividend" formula will be replaced by the payment of dividends in cash.

Consequently, a cash dividend of €0.30 gross per share was paid in July and charged to the results for the year 2020, for a total amount of €447 million.

The Annual Shareholders' Meeting, held on March 26, approved the distribution of another dividend of €0.30[3] gross per share, charged to free reserves, to become effective, if appropriate, in January 2022, on a date to be specified by the Board of Directors, recorded in the heading "*Creditors and other accounts payable*" of the balance sheet.

Treasury shares and own equity investments

The main transactions undertaken by the Repsol Group involving treasury shares[4] were as follows:

	No. of shares	Amount (€M)	% capital
Balance at 12/31/2020	**19,601,118**	**162**	**1.25 %**
Market purchases (1) (2)	88,157,917	907	5.77 %
Market sales (1)	(30,569,036)	(293)	2.00 %
Capital reduction	(40,494,510)	(427)	(2.65)%
Balance at 06/30/2021	**36,695,489**	**349**	**2.40 %**

(1) Includes any shares purchased and delivered under the Share Purchase Plan and the Plans for share purchases by the beneficiaries of the multiyear variable remuneration programs (in 2021, 569,036 shares have been delivered in accordance with the provisions of each of the plans (see Note 28.4 of the consolidated financial statements for 2020), and other transactions within the framework of discretionary treasury share trading as described in the Repsol Group's Internal Code of Conduct in the area of the securities market.

(2) Includes purchase made under the Share Repurchase Program for their amortization (see the *"Share Capital"* section of this Note).

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

3 The €0.30 gross per share will be reduced by the gross amount per share that, prior to the agreed date, the Company may have agreed to distribute, and communicated to the market, as an interim dividend corresponding to the profits for the current year that have been obtained since the end of 2020.

4 The shareholders, at their annual meetings on May 11, 2018, authorized the Board of Directors for a period of 5 years to carry out the acquisition of Repsol shares, directly or through subsidiaries, up to a maximum number of shares such that the sum of those acquired plus treasury shares already held by Repsol and any of its subsidiaries does not exceed 10% of the Company's capital, insofar as the price or value of the consideration delivered is not less than the par value of the shares or more than their quoted price on the stock exchange.

Other equity instruments

In March 2021, Repsol International Finance, B.V. ("RIF"), a wholly owned subsidiary of the Repsol Group, finalized the terms of RIF's issuance of a series of perpetual subordinated bonds guaranteed by Repsol, S.A. for a total amount of €750 million. The bonds were placed with accredited investors and are listed on the Luxembourg Stock Exchange. Their main characteristics are as follows:

ISIN	XS2320533131
Amount	€750 million
First option to redeem(1)	21/03/2027
Interest (payable annually)	2.5% until 21/03/2027. Thereafter a 5-year swap rate applies plus an additional spread according to the terms and conditions of the bonds.

(1) There are also options to redeem at the request of the issuer in certain cases specified in the terms and conditions.

The bonds bear no maturity date and the issuer can defer the coupon payments without triggering an event of default. The coupons deferred, if applicable, will be cumulative and must be paid in certain cases specified in the terms and conditions of the issue (for further information, see the issue prospectus, available at www.repsol.com).

The bonds were recognized in *"Other equity instruments"* on the view that they do not satisfy the conditions to be treated for accounting purposes as a financial liability, since redemption and coupon payments are within the discretion of Repsol.

In March 2021, RIF amortized the remaining balance of the issuance of subordinated bonds made in March 2015 at their nominal value plus accrued and unpaid interest up to the repayment date for a total amount of €422 million.

3.1.5 Financial resources

	€ Million	
	06/30/2021	**12/31/2020**
Non-current financial liabilities:		
Non-current financial liabilities (1)	8,547	12,123
Non-current trade operation derivatives (2)	122	44
Current financial liabilities:		
Current financial liabilities (1) (3)	5,219	3,880
Current trade operation derivatives (4)	430	208
Total financial liabilities	**14,318**	**16,255**

(1) This change can mainly be attributed to the allocation of financial assets of Repsol Sinopec Brasil, B.V. (see Note 3.1.2) for an amount of €2,794 million and the transfer to current financial liabilities of the bonds that mature in the next year, partially offset by the issuance of bonds.
(2) Recognized under "Other non-current liabilities" on the balance sheet.
(3) The change is explained by the increase in commercial paper described in the following section.
(4) Recognized under "Trade and other payables" on the balance sheet.

Key issue in the first half of 2021

In May 2021, RIF made an issue of bonds guaranteed by Repsol under the EMTN Program for an amount of €300 million, with maturity in May 2023 and with a variable coupon equivalent to 3-month Euribor plus 70 basis points.

RIF also maintains a Euro Commercial Paper (ECP) Program, guaranteed by Repsol, S.A., for a maximum amount of €2,000 million. Under this program, issues and cancellations were made throughout the period, with an outstanding balance at June 30, 2021 of €1,705 million (€1,370 million at December 31, 2020).

In June 2021, the new comprehensive sustainable financing strategy, offering flexibility and transparency in the issuance of financial instruments, was published to accompany the energy transition process. It is implemented through a framework (available at www.repsol.com) that incorporates both instruments for the financing of specific projects (green and transitional) and instruments linked to sustainable company commitments (sustainability-linked bonds, or SLBs). For more information, see section 5.3 of the Interim Consolidated Management Report for the first half of the year. In July 2021, two series of SLBs were issued under the EMTN Program (see Note 6).

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

3.1.6 Financial assets

	€ Million	
	06/30/2021	**12/31/2020**
Non-current assets		
Non-current financial assets	969	916
Non-current trade operation derivatives [(1)]	72	47
Current assets		
Other current financial assets	1,697	1,584
Current trade operation derivatives [(2)]	322	200
Cash and cash equivalents [(3)]	4,914	4,321
Total financial assets	**7,974**	**7,068**

(1) Recognized under "Other non-current liabilities" on the balance sheet.
(2) Recognized under "Trade and other receivables of the balance sheet.
(3) The variation is explained by the change in cash and cash equivalents in the period (see the consolidated statement of cash flows).

For further details on financial assets, see Appendix II.

3.1.7 Derivatives

As of June 30, 2021, the Group has options contracts on Repsol shares for a total volume of 75 million shares (50 million in call options and 25 million in put options). The main characteristics of these options, at fair value with changes in the heading "Variation at fair value of financial instruments" in the income statement, are described in Note 9.2 of the 2020 consolidated financial statements. The impact on the income statement for the half year amounted to €66 million.

During the first half of 2021, the call options acquired in 2020 on a volume of 40 million shares were settled in advance, at an average exercise price per share of €5.90 and with an original maturity in July 2021. The impact on the income statement for the half year amounted to €72 million.

The company contracted equity swaps on a notional number of 30 million treasury shares at an average exercise price of €10.45 per share and with contract maturity in November and December 2021. Repsol has the option to settle them early due to physical settlement or differences. These instruments are valued at fair value with changes under the "*change in fair value of financial instruments*" heading of the income statement. The impact on the income statement for the half year amounted to €3 million.

3.1.8 Financial risks

As described in Note 10 to the 2020 consolidated financial statements, the Group's own activities are exposed to several types of financial risk: market risk, liquidity risk and credit risk. The main updates are highlighted below:

Market risk

Exchange rate risk

The Group's profit and equity are exposed to fluctuations in the exchange rates of the currencies in which it transacts, with the US dollar generating the greatest level of exposure. The US dollar-euro exchange rate at June 30, 2021 and 2020 was as follows:

	June 31, 2021		December 31, 2020	
	Closing rate	**Accumulated average rate**	**Closing rate**	**Accumulated average rate**
US dollar	1.19	1.21	1.23	1.14

Interest rate risk

In connection with the process of transition to new benchmark interest rates currently under way in several jurisdictions worldwide, the Group is carrying out a review of contracts arranged in accordance with the reform timetable. The main contracts identified, under which interbank interest rates are a key benchmark, are of a financial nature: mainly loans and credit facilities. At the present date, no significant impacts are expected because of this reform. For more information about the process, see Appendix II.

Liquidity risk

In the present international context, severely impacted by COVID-19, and within the framework of the Group's financial policy, Repsol has ensured the availability of funds to meet its obligations and implement its business plans, while maintaining at all times an optimal level of liquidity and seeking greater efficiency in the management of financial resources.

At June 30, 2021, cash and other liquid financial instruments[5] and credit lines were sufficient to cover short-term debt maturities 1.77 times (2.4 times at December 31, 2020). There were also undrawn credit lines for an amount of €2,856 million (€3,425 million at December 31, 2020). At the end of the period, liquidity stood at €9,103 million (€8,926 million at December 31, 2020), including undrawn committed credit facilities.

3.1.9 Current assets and liabilities

The higher balances under "Inventories" are explained mainly by the rise in average Brent crude prices (+48%/+€ 24.6/bbl) and, to a lesser extent, by provisioning to increase inventory levels. "*Trade and other receivables*" rise mainly due to higher activity in all businesses (higher sales) because of higher demand due to fewer restrictions on mobility.

"*Trade and other payables*" are higher due to greater activity (increase in purchases).

As of June 30, the headings of “assets held for sale” and “related liabilities” include the fuel business in Italy (includes the network of 275 service stations and the direct fuel sales business) and productive Exploration and Production assets in Malaysia (includes participation in blocks PM3 CAA, Kinabalu and PM305/314) and in Vietnam (block 46 CN). The main consolidated balance sheet line-items for these assets and liabilities are as follows:

	2021	
Millions of euros	**Repsol Italia SpA**	**Productive assets Malaysia**
Non-current assets	87	392
Current assets	125	177
TOTAL ASSETS	**212**	**569**
Non-current liabilities	(55)	(191)
Current liabilities	(143)	(196)
TOTAL LIABILITIES AND MINORITY INTERESTS	**(198)**	**(387)**
NET ASSETS	**14**	**182**

3.2 Income Statement

On the same date as these Interim Consolidated Financial Statements, Repsol published its Interim Consolidated Management Report for the first half of 2021, which contains a detailed explanation of these results and other performance figures, available at www.repsol.com.

[5] Includes immediately available time deposits recorded under "Other current financial assets" amounting to €1,334 million.

3.2.1 Operating net income

Revenue from ordinary activities

The distribution, by country, of revenue from ordinary activities ("*Sales*" and "*Income from services rendered*" headings) by country in the first six months is as follows:

€ Million	06/30/2021	06/30/2020
Spain	9,766	8,194
United States	1,555	981
Peru	1,198	800
Portugal	1,040	945
Other	7,331	5,743
Total [1]	**20,890**	**16,663**

[1] The distribution by geographical area has been drawn up based on the markets to which the sales or services rendered are destined.

Ordinary income by business segment for the first six months is shown below:

€ Million	06/30/2021	06/30/2020
Exploration and Production	1,321	881
Industrial	10,305	8,036
Commercial and Renewables	9,264	7,746
Total	**20,890**	**16,663**

The increase in revenue in the first half is explained by: (i) an increase in realization of crude and gas prices in the Exploration and Production businesses, (ii) increased demand and higher prices for oil and petrochemical products in the Industrial segment (iii) an increase in sales in the commercial businesses as a result of the rise in demand due to fewer mobility restrictions and the increase in fuel and electricity prices.

Changes in inventories of finished goods and work in progress

The income recognized under this heading is explained by the rise in prices in the period for finished goods and work in progress at the industrial complexes, and the unsold inventories in the hydrocarbon exploration and production businesses.

Procurement

In the first half of 2021, the higher costs of "*Procurement*" were mainly due to higher purchase volumes because of higher activity and the rise in prices of raw materials of industrial complexes.

Transport and freight

The reduction in "*Transport and freight*" reflects lower prices in the freight market and lower activity in the Trading business.

Other operating expenses

The increase in expenses is mainly explained by the worse measured value of derivatives and commitments over commodities, higher taxes associated with increased activity and prices and higher expenses for CO_2 consumption (higher prices and activity).

3.2.2 Financial results

The financial result improved compared to the first half of 2020 due to better results from specific derivatives on treasury share positions, the dollar/euro exchange rate and lower interest on debt.

3.2.3 Income tax

The effective tax rate[6] applicable to income before taxes and before the results of entities accounted for using the equity method was 40% (tax refund expense of 767 million). In 2020, the effective tax rate on the result was 16% (income tax expense of €296 million). The change in the effective rate is mainly due to the mix of results at different nominal (significant increase in results in countries and Exploration and Production businesses with high rates).

3.2.4 Earnings per share

Earnings per share in the first six months of 2021 and 2020 are detailed below:

EARNINGS PER SHARE	06/30/2021	06/30/2020
Profit attributable to the parent (€ million)	1,235	(2,484)
Adjustment for perpetual subordinated bond (€ million) (1)	(34)	(25)
Weighted average number of shares outstanding on June 30 (millions of shares) (2)	1,502	1,581
Basic and diluted earnings per share (euros/share)	**0.80**	**(1.59)**

(1) At June 30, 2021, this item reflects the costs of amortization of the perpetual bond issued in March 2015 (see section in Note 3.1.4).

(2) The share capital recognized at June 30, 2020 comprised 1.626.379.018 shares, although the weighted average number of outstanding shares for the purposes of calculating earnings per share includes the effect of the capital increase undertaken as part of the "Repsol Flexible Dividend" shareholder payment system, as per the applicable accounting regulations (see Note 1.3.2 "*Comparative information*").

3.3 Cash Flows

In the first half **cash flow from operating activities** amounted €1,540 million, compared to €617 million in the first half of 2020. The increase was due mainly to an increase in income because of higher crude oil prices and greater demand for products in a context of greater *activity for recovery* from the international crisis triggered by COVID-19 (see Note 1.2); this effect is partly offset by the impact on working capital of the higher cost of inventories (price of inventories in the industrial businesses).

In the first half of 2021, **net cash flow from investing activities** resulted in a net outflow of €-945 million. "*Payments for/ receipts from investments in property, plant and equipment, intangible assets and investment property*" (€-648 million) decreased with respect to the comparative period, reflecting a reduction in Exploration and Production investment and an increase in the effort on innovation in the new electricity businesses and renewable projects. In 2020, the "*receipts from divestments*" heading includes the settlement of deposits in the period under the heading of "*receipts from investments in other financial instruments*" and the refund of the tax (corporate income tax prepayment) attributed to the disposal of an interest in Naturgy in May 2018. For further information, see sections 5.1, 6.1 and 6.2 of the Interim Consolidated Management Report for the first half of 2021.

During the first half of 2021, **net cash flow from financing activities** resulted in a net payment of €-22 million compared to a net receipt of €587 million in 2020, due to the net issuance of equity (see Note 3.1.4) and debt (see Note 3.1.5) instruments in 2021, as well as the investment in treasury stock (see Note 3.1.4), interest (lower cost of debt compared to the first half of 2020) and dividends.

In short, *Cash and cash equivalents* increased by €593 million compared to December 31, 2020 to reach €4,914 million, which forms part of the Group's liquidity (see Note 3.1.8).

(4) RISKS

4.1 Disputes

The information provided in this section updates the following disputes set out in Note 15.2 to the consolidated financial statements for 2020:

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

United Kingdom

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

On July 13, 2015, Addax Petroleum UK Limited ("Addax") and Sinopec International Petroleum Exploration and Production Corporation ("Sinopec") filed a "Notice of Arbitration" against Talisman Energy Inc. (currently "ROGCI") and Talisman Colombia Holdco Limited ("TCHL") in connection with the purchase of 49% of the shares of TSEUK (currently Repsol Sinopec Resources UK Limited "RSRUK"). On October 1, 2015, ROGCI and TCHL submitted the answer to the "Notice of Arbitration". On May 25, 2016, Addax and Sinopec formalized the arbitration claim, in which they requested that, in the event that their claims are upheld in full, they be paid the amount of their initial investment in RSRUK, materialized in 2012 through the purchase of 49% of this from TCHL, a wholly-owned subsidiary of ROGCI, together with any additional investment, past or future, in such company, as well as any loss of opportunity that could have occurred, which is estimated to be a total figure of approximately $5,500 million.

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

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

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

The five main matters in dispute are Reserves, Production, Abandonment, Projects and Maintenance.

The oral hearing on liability issues took place between January 29 and February 22 and between June 18 and 29, 2018, this last period being devoted mainly to the evidence of the experts proposed by the parties. The hearing on the oral conclusions was held from July 9 to 11, 2018 and the written conclusions were presented on September 29 and October 12, 2018.

On January 29, 2020, the Arbitral Tribunal issued its Second Partial Award on Reserves and found ROGCI and TCHL liable to Sinopec and Addax in respect of such matter. On April 28, 2020, Repsol challenged the Second Partial Award in the Singapore courts, as the case had been transferred to the Singapore International Commercial Court (SICC). The decision on the challenge is expected to be issued in the third quarter of 2021.

On April 20, 2021 the Arbitration Tribunal has issued a Third Partial Award in connection with the other issues in the liability phase which were awaiting determination, finding TCHL and ROGCI liable in relation to Production (overlapping with the previous award related to Reserves) and dismissing Addax and Sinopec claims on the rest of the matters (Decommissioning, Projects and Maintenance). On July 19, 2021, ROGCI and TCHL challenged this Third Partial Award in the courts of Singapore.

After this award, the arbitration proceeding will continue to the quantum phase which we do not expect to be resolved until at least the fourth quarter of 2023.

The Third Partial Award has dismissed most of Addax and Sinopec´s claims and therefore allows a better estimation of the liabilities related to this claim. Therefore, we have re-evaluated the current provision necessary to cover the corresponding risks and as a consequence of the analysis done by the company and its external lawyers and advisors, we have reduced the provision previously recorded. The company considers that the information here is sufficient in accordance with the paragraph 92 of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", because more detailed information could hamper the development and the resolution of the claim.

Additionally, on November 30, 2017 Repsol, S.A. commenced arbitration proceedings against China Petroleum Corporation and TipTop Luxembourg S.A.R.L (Sinopec Group companies) seeking relief from any adverse ruling on the arbitration mentioned above together with other damages yet unquantified. This procedure is based on their conduct towards Repsol during the months leading up to its acquisition of the Talisman Group. They are currently deciding on issues relating to the evidence. The hearing was held from May 27, 2021 to June 11, 2021 and an award is expected to be handed down during the second half of 2021. If Repsol's claim is upheld, SINOPEC should hold Repsol harmless from any judgment in the other arbitration proceedings.

United Stated of America

The Passaic River / Newark Bay lawsuit

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

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

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

Between June 2013 and August 2014, the Defendants signed different agreements with the State of New Jersey, in which they do not acknowledge liability and through certain payments in exchange for the withdrawal by the State of New Jersey of its proceedings against them. In February 2015, Repsol file a claim against OCC for the $65 million that it had to pay to the State of New Jersey.

On April 5, 2016 the Presiding Judge decided to dismiss OCC's suit against Repsol in full. On June 17, 2016 Maxus filed for bankruptcy with the Federal Bankruptcy Court of the State of Delaware, and also requested the stay of the Cross Claim. On October 19, 2017, the Presiding Judge upheld Repsol's claim against OCC in full, ordering OCC to pay $65 million plus interest and costs.

On September 14, 2018, Maxus (declared by the Federal Bankruptcy Court of Delaware, the successor to OCC -its main creditor- as the claimant in the Cross Claim) filed an appeal against the ruling handed down in these proceeding, and that rejected the claim between Maxus and Repsol. At the same time, OCC filed an appeal against the claim ordering them to pay the $65 million that Repsol had to pay to the State of New Jersey. The hearing for both appeals was held on December 16, 2020.

On June 14, 2018, the Maxus Bankruptcy Administration filed a lawsuit ("New Claim") in the Federal Bankruptcy Court of the State of Delaware against YPF, Repsol and certain subsidiaries of both companies for the same claims as those contained in the Cross Claim. In February 2019, the Federal Bankruptcy Court rejected the petitions submitted by Repsol requesting that the Court reject the New Claim from the outset, which implies that the proceedings will be ongoing. Repsol maintains the view, as has been shown in the Cross Claim, that the claims made in the New Claim and in the Insurance Claim are unfounded.

On December 10, 2019, the bankruptcy managers of Maxus filed an Insurance Claim in Texas against Greenstone Assurance Limited (a historical captive reinsurance company of the Maxus Group and currently 100% owned by Repsol - "Greenstone"), claiming that this company would be required to pay Maxus compensation for the liabilities arising from the indemnity granted to OCC, by virtue of alleged insurance policies issued by Greenstone between 1974 and 1998.

Repsol holds to the opinion that the claims made in the Insurance Claim are unfounded. However, the parties reached a transactional agreement for an amount of $25 million. The settlement agreement was executed on March 25, 2021 and the parties jointly filed with the Court a joint motion to dismiss with prejudice on March 26, 2021, which was granted by the Court on April 9,2021.

4.2 Government and legal proceedings with tax implications

The following is an update to the information provided in Note 22.4 to the consolidated financial statements for 2020, with the latest information about proceedings opened regarding corporate income tax in Spain for the years 2006 to 2009.

In relation to the matters that the Central Economic Administrative Court had dismissed, the National High Court has issued a judgment accepting the tax incentives for R&D and, partially, the deduction of losses from business activities abroad. Against this judgment of the National Court, a cassation appeal may be filed before the Supreme Court.

4.3 Geopolitical risks

The information in this section updates the content of Note 20.3 to the consolidated financial statements for 2020.

Venezuela

In 2021, the political instability, economic recession and inflation remain. There was a significant devaluation of the Venezuelan currency against the euro (3,819,565 €/BsS compared to 1,359,495 €/BsS at December 31, 2020), with no significant impact on the Group's financial statements, since the functional currency of its subsidiaries in the country is mainly the United States dollar .

With regard to international sanctions affecting the Venezuelan government and PDVSA and its affiliates, on June 1, the US Government announced that it extends the General License 8G (now 8H) issued by OFAC to the oil company Chevron and four other US companies in the hydrocarbon sector so that these companies may not extract, sell or transport Venezuelan-origin petroleum, contract for additional personnel or pay any dividends to PDVSA or its affiliates. However, they may continue with limited activities to maintain operations that are essential for the security or preservation of their assets until December 1, 2021.

Repsol continues to take the necessary measures to maintain its activity in Venezuela in full compliance with applicable international sanctions laws, including US regulations in relation to Venezuela, and is constantly monitoring the state of affairs, and, therefore, the possible effects on its activities. However, if the current situation continues in the long term or if there are new changes to US policies, our activities in Venezuela could be affected

Repsol's total equity exposure[7] to Venezuela at June 30, 2021 amounted to €363 million (€320 million at December 31, 2020), mainly comprising the financing extended to the Venezuelan affiliates.

Libya

Following the joint declaration of a ceasefire agreed between the United Nations-backed government officially established in Tripoli (GNA) and the Libyan National Army (LNA), endorsed by the international community in September 2020, in February 2021, the Libyan Political Dialogue Forum (FDPL), sponsored by UNSMIL (United Nations Support Mission for Libya), was held in February 2021 and managed to create a transitional government until the elections in December 2021. This Forum elected Mohammad Younes Menfi as president and the government has constituted a cabinet representative of various regions and interests, in order to reconcile the country.

Production was restored on October 11, 2020 and there have been no interruptions since then.

Repsol's equity exposure in Libya at June 30, 2021 totaled around €281 million, including mainly property, plant and equipment at that date (€289 million at December 31, 2020).

(5) OTHER INFORMATION

Regarding the preliminary investigation into certain agreements between Repsol and Cenyt, in which Repsol, S.A. was summoned for investigation, see section 7 of the Interim Consolidated Management Report for the first half of the year.

[7] Equity exposure relates to the value on the Group's balance sheet of consolidated net assets exposed to risks specific to the countries for which they are reported.

(6) SUBSEQUENT EVENTS

In July 2021, Repsol Europe Finance, B.V. issued two series of bonds guaranteed by Repsol S.A. under the EMTN Program linked to sustainability objectives (*Sustainability-Linked Bonds*) for a global amount of €1,250 million. Their main characteristics and objectives are as follows..

i. €650 million with a fixed annual coupon of 0.375% and maturing in July 2029, linked to a 12% reduction target for the Carbon Intensity Indicator (CII[8]) by 2025; and

ii. €600 million with a fixed annual coupon of 0.875%, with maturity in July 2033, linked to a 25% reduction target for the CII by 2030.

If the Group were to fail to meet these targets, the Bond coupon would increase by 0.25% for the first series (to be paid in 2027, 2028 and 2029) and 0.375% for the second series (to be paid in 2032 and 2033).

In July, Repsol announced the construction of two plants at the Sines Industrial Complex in Portugal (one for linear polyethylene and the other for polypropylene), each having a capacity of 300,000 tons per year, and with an estimated total investment of €657 million. These facilities, which will be operational in 2025, will produce 100% recyclable materials and can be used for highly specialized applications aligned with the energy transition in the pharmaceutical, automotive and food industries. The Portuguese government considered this an investment of potential national interest.

(7) EXPLANATION ADDED FOR THE TRANSLATION INTO ENGLISH

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

[8] An indicator that measures carbon dioxide equivalent (CO2e) emissions per unit of energy that the Group makes available to society, measured in grams of carbon dioxide equivalent per megajoule (CO2e/MJ), calculated as per the Base Prospectus available at www.repsol.com.

APPENDIX I. MAIN CHANGES IN THE COMPOSITION OF THE GROUP

The companies that comprise the Repsol Group are set out in Appendix I of the 2020 consolidated financial statements. The main changes in the composition of the Group during the first six months of 2021 are as follows:

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

					06/30/2021		
Registered name	**Country**	**Parent**	**Item**	**Date**	**Method of consolidation (1)**	**% voting rights acquired**	**% total voting rights in entity following acquisition(2)**
Finboot Ltd.	UK	Repsol Energy Ventures, S.A.	Share increase	February 2021	E.M.	0.28 %	8.69 %
Ekiola Promoción, SL	Spain	Repsol Customer Centric, S.L.U	Acquisition	March 2021	E.M.	49.00 %	49.00 %
Ekiola Construcción, M&O, S.L.	Spain	Repsol Customer Centric, S.L.U	Acquisition	March 2021	E.M.	49.00 %	49.00 %
Ekiola Energía Comercializadora, S.L.	Spain	Repsol Customer Centric, S.L.U	Acquisition	March 2021	E.M.	51.00 %	51.00 %
Gaolania Servicios, S.L.	Spain	Repsol Customer Centric, S.L.U	Acquisition	March 2021	E.M.	70.00 %	70.00 %
SUN2HY , S.L.	Spain	Repsol Energy Ventures S.A.	Acquisition	April 2021	E.M.	50.00 %	50.00 %
Rocsole OY	Finland	Repsol Energy Ventures S.A.	Share increase	May 2021	E.M.	2.70 %	16.70 %
Repsol Renewables North America, Inc	United States	Repsol Renovables, S.L.U	Construction	May 2021	F.C.	100.00 %	100.00 %
Hecate Energy Group, LLC	United States	Repsol Renewables North America, Inc	Acquisition	June 2021	E.M.	40.00 %	40.00 %

(1) Method of consolidation:
F.C.: Full consolidation.
E.M.: Equity method. Joint ventures are identified as “JV”.
(2) Corresponds to the percentage of equity in the acquired company.

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

					06/30/2021			
Registered name	**Country**	**Parent**	**Item**	**Date**	**Method of consolidation (1)**	**% voting rights disposed or derecognized**	**% voting rights in entity following disposal**	**Profit / (Loss) generated (Millions of euros)**
Ampere Power Energy, S.L.	Spain	Repsol Energy Ventures, S.A.	Partial reduction	January 2021	F.C.	0.55 %	6.63 %	—
Dubai Marine Areas, Ltd.	UK	Repsol Exploración S.A.	Liquidation	April 2021	F.C.	50.00 %	0.00 %	—
JSC Eurotek - Yugra	Russia	Repsol Exploración Karabashsky, B.V.	Partial reduction	April 2021	F.C.	0.90 %	67.40 %	2
AR Oil & Gaz, B.V.	Netherlands	Repsol Exploración S.A.	Sale	May 2021	F.C. (JV)	49.00 %	0.00 %	See note (2)
MC Alrep, Llc.	Russia	AR Oil & Gaz, B.V.	Sale	May 2021	F.C. (JV)	49.00 %	0.00 %	See note (2)
Saneco	Russia	AR Oil & Gaz, B.V.	Sale	May 2021	F.C. (JV)	49.00 %	0.00 %	See note (2)
TNO (Tafnefteotdacha)	Russia	AR Oil & Gaz, B.V.	Sale	May 2021	F.C. (JV)	48.79 %	0.00 %	See note (2)
Finboot Ltd.	UK	Repsol Energy Ventures S.A.	Partial reduction	May 2021	F.C.	0.15 %	8.54 %	—
Nudo Manzanares 220 KV, A.I.E.	Spain	Tramperase, S.L.	Partial reduction	May 2021	F.C.	9.66 %	27.60 %	—

(1) Method of consolidation:
F.C.: Full consolidation.
E.M.: Equity method. Joint ventures are identified as “JV”.
(2) They correspond to the perimeter of the sale transaction of the Group's stake in AR Oil & Gas, which generated an after-tax result of €-88 million.

APPENDIX II. OTHER DETAILED INFORMATION

Financial instruments

Financial assets

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

	June 30, 2021 and December 31, 2020							
	At FV through profit or loss		At fair value through other comprehensive income		At amortized cost [5]		Total	
€ Million	2021	2020	2021	2020	2021	2020	2021	2020
Equity instruments [1]	28	37	87	86	—	—	115	123
Derivatives [2]	166	93	3	1	—	—	169	94
Loans	—	—	—	—	715	697	715	697
Time deposits	—	—	—	—	2	5	2	5
Other financial assets	24	28	—	—	16	16	40	44
Non-current	**218**	**158**	**90**	**87**	**733**	**718**	**1,041**	**963**
Derivatives [2]	276	268	117	125	—	—	393	393
Loans	—	—	—	—	272	199	272	199
Time deposits	—	—	—	—	1,339	1,181	1,339	1,181
Cash and cash equivalents [3]	4	3	—	—	4,910	4,318	4,914	4,321
Other financial assets	—	—	—	—	15	11	15	11
Current	**280**	**271**	**117**	**125**	**6,536**	**5,709**	**6,933**	**6,105**
TOTAL [4]	**498**	**429**	**207**	**212**	**7,269**	**6,427**	**7,974**	**7,068**

[1] Includes non-controlling financial investments in certain companies over which it does not have management influence.
[2] Includes cash flow hedging derivatives (through other comprehensive income) amounting to €117 million (€125 million in 2020).
[3] Corresponds mainly to liquid financial assets, deposits or liquid financial investments needed to meet payment obligations in the short term that can be converted into a known amount of cash within a period usually shorter than three months and that are subject to an insignificant risk of changes in value.
[4] Does not include "Other non-current assets" and "Trade and other receivables" in the consolidated balance sheet, which at June 30, 2021 and December 31, 2020 amounted to €893 million and €833 million long-term, and €4,909 million and €3,856 million short-term, respectively, corresponding to trade receivables net of the corresponding provisions for impairment.
[5] Items that do not bear explicit interest are recognized at their nominal value whenever the effect of not discounting the related cash flows is not significant.

Financial liabilities

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

	June 30, 2021 and December 31, 2020							
	At fair value [2]		At amortized cost		Total		Fair value [3]	
€ Million	2021	2020	2021	2020	2021	2020	2021	2020
Bonds and obligations	—	—	5,330	5,513	5,330	5,513	5,785	6,005
Loans [1]	—	—	—	3,250	—	3,250	—	3,250
Lease liabilities	—	—	2,434	2,505	2,434	2,505	n/a	n/a
Bank borrowings	—	—	626	667	626	667	560	675
Derivatives [2]	191	145	—	—	191	145	190	145
Other financial liabilities		—	88	87	88	87	88	87
Non-current	**191**	**145**	**8,478**	**12,022**	**8,669**	**12,167**	**6,623**	
Bonds and obligations	—	—	3,269	2,438	3,269	2,438	3,280	2,471
Loans	—	—	1,062	430	1,062	430	1,062	430
Lease liabilities	—	—	477	486	477	486	n/a	n/a
Bank borrowings	—	—	337	270	337	270	337	272
Derivatives [1]	497	452	—	—	497	452	498	452
Other financial liabilities	—	—	7	12	7	12	1	12
Current	**497**	**452**	**5,152**	**3,636**	**5,649**	**4,088**	**5,178**	
TOTAL	**688**	**597**	**13,630**	**15,658**	**14,318**	**16,255**	**11,801**	

[1] Included mainly the loan granted by Repsol Sinopec Brasil B.V (see Note a 3.1.2).

(2) In 2021, includes non-current and current hedging derivatives amounting to €65 million and €104 million, respectively (€78 million and €4 million in 2020).
(3) "*Fair value of financial instruments*" in this appendix sets out the classification of financial instruments according to their level in the fair value hierarchy.

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

ISIN	Issuer	Date of issue	Currency	Nominal amount (millions)	Average rate %	Maturity	Listed [5]
US87425EAE32 [3]	Repsol Oil & Gas Canadá Inc.	Oct-97	Dollar	50	7.250%	Oct-27	-
US87425EAH62 [3]	Repsol Oil & Gas Canadá Inc.	May-05	Dollar	88	5.750%	May-35	-
US87425EAJ29 [3]	Repsol Oil & Gas Canadá Inc.	Jan-06	Dollar	102	5.850%	Feb-37	-
US87425EAK91 [3]	Repsol Oil & Gas Canada Inc.	Nov-06	Dollar	115	6.250%	Feb-38	-
US87425EAN31 [3]	Repsol Oil & Gas Canada Inc.	May-12	Dollar	57	5.500%	May-42	-
XS0975256685 [1]	Repsol International Finance, B.V.	Oct-13	Euro	1,000	3.625%	Oct-21	LuxSE [6]
XS1148073205 [1]	Repsol International Finance, B.V.	Dec-14	Euro	500	2.250%	Dec-26	LuxSE [6]
XS1207058733 [2]	Repsol International Finance, B.V.	Mar-15	Euro	1,000	4.500% [4]	Mar-75	LuxSE [6]
XS1352121724 [1]	Repsol International Finance, B.V.	Jan-16	Euro	100	5.375%	Jan-31	LuxSE [6]
XS1613140489 [1]	Repsol International Finance, B.V.	May-17	Euro	500	0.500%	May-22	LuxSE [6]
XS2035620710 [1]	Repsol International Finance, B.V.	Aug-19	Euro	750	0.250%	Aug-27	LuxSE [6]
XS2156581394 [1]	Repsol International Finance, B.V.	Apr-20	Euro	750	2.000%	Dec-25	LuxSE [6]
XS2156583259 [1]	Repsol International Finance, B.V.	Apr-20	Euro	750	2.625%	Apr-30	LuxSE [6]
XS2241090088 [1]	Repsol International Finance, B.V.	Oct-20	Euro	850	0.125%	Oct-24	LuxSE [6]
XS2343835315 [1]	Repsol International Finance, B.V.	May-21	Euro	300	EUR 3m + 0.7%	May-23	LuxSE [6]

NOTE: Excludes perpetual subordinated bonds, which qualify as equity instruments for an outstanding nominal amount of €2,250 million at June 30 (see Note 3.1.4 of this document and Note 6.4 of the 2020 consolidated financial statements), and bonds issued in July 2021 (see Note 6).
(1) Issues made under the EMTN Program, which is guaranteed by Repsol, S.A.
(2) Subordinated bond issued by RIF and guaranteed by Repsol, S.A. This issue does not correspond to any open-ended or shelf program.
(3) Repsol Oil & Gas Canada, Inc. issues guaranteed by Repsol, S.A.
(4) Coupon scheduled for reset on March 25, 2025 and March 25, 2045.
(5) Multilateral trading facilities or other trading centers or non-official over-the-counter markets are not considered.
(6) LuxSE (Luxembourg Stock Exchange).

Fair value of financial instruments

The classification of the financial instruments recognized in the interim financial statements at their fair value at June 30, 2021 and December 31, 2020, is as follows:

	June 30, 2021 and December 31, 2020							
€ Million	Level 1		Level 2		Level 3		Total	
Financial assets	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
At fair value through profit or loss	237	129	233	263	28	37	498	429
At fair value through other comprehensive income	117	19	3	107	87	86	207	212
Total	**354**	**148**	**236**	**370**	**115**	**123**	**705**	**641**

	Level 1		Level 2		Level 3		Total	
Financial liabilities	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
At FV through profit or loss	414	113	274	484		—	688	597
Total	**414**	**113**	**274**	**484**	**—**	**—**	**688**	**597**

For further details of the calculation methodology and the fair value hierarchy, see Notes 7.6 of the 2020 consolidated financial statements.

Interest rate reform

Repsol is reviewing arranged contracts according to the schedule set for the reform, mainly affecting loans and credit facilities.

As to the hedging relations pegged to LIBOR/EURIBOR according to the Interest Rate Benchmark Reform - Amendments to IFRS 9 and IAS 39 we believe that the cash flows of the hedging instrument and the hedged item will not be altered as a result of the reform.

In addition, the Group is monitoring regulatory and market developments for an orderly transition. In this regard, the Group began to include a reference to risk-free rates in the new contracts, and specific clauses are included to govern permanent cessation events. In relation to existing contracts that will continue to be in force after the reform, the mechanisms for determining substitute benchmarks and market alternatives (i.e. ISDA 2020 IBOR, Fallbacks Protocol) are being reviewed to resolve permanent cessation events. Specifically, as of June 2021, newly created contracts will not include references to GBP LIBOR, EUR LIBOR and EONIA. Regarding new contracts negotiated in USD, although they may be referenced to USD LIBOR until 12/31/2021, as far as possible, the corresponding risk-free substitute rate will be incorporated. In any event, a permanent end to USD LIBOR referencing will be regulated after 12/31/2021.

In the second half of 2021, depending on the rate cessation date, existing contracts referenced to GBP LIBOR, EUR LIBOR and EONIA will be renegotiated to eliminate any mention of a LIBOR rate in these currencies. As regards adapting contracts referenced to USD LIBOR. Regarding the adaptation of contracts referenced to USD LIBOR, following the announcement on March 5, 2021 by the Financial Conduct Authority (FCA) of the United Kingdom of the cessation of this rate as of June 30, 2023 (18 months later than expected) for the majority of its terms, this matter will be addressed in 2022, since no instruments were found to include the 1-week or 2-month USD LIBOR (the only terms that will disappear on December 31, 2021).

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

The main financial assets and liabilities referenced to LIBOR rates as of June 30, 2021, in which the rate is a main element of the contract, are itemized below:

€ Million	**06/30/2021** **Amount /Notional**
Financial assets (excluding derivatives) [(1)]:	
USD LIBOR	156
Financial liabilities (excluding derivatives) [(2)]:	
USD LIBOR	1,299
Derivatives [(3)]:	
USD LIBOR	466

(1) Includes mainly current accounts and deposits.
(2) Includes mainly loans.
(3) Corresponds to hedging of dollar cash flows in interest rate swaps related to financing the investment in the Canaport LNG project (Canada), with a negative fair value of €65 million, as of June 30, 2021. For more information, see Note 9.1 of the 2020 consolidated financial statements.

Additionally, there are clearing accounts, interest-bearing accounts and credit facilities with interest rates based on previous rates, in which a supplementary clause allows the bank to modify the fees, remunerations and the interest rate at the moment they stop being published.

Related party transactions

Repsol carries out transactions with related parties on an arm's length basis. The transactions between Repsol, S.A. and the companies of its Group, and between these, form part of the company’s usual business as regards purpose and conditions.

At June 30, 2021, for the purposes of presenting this information, the following are considered to be related parties:

a. Significant shareholders: Sacyr, S.A. (see Note 3.1.4).

b. Directors and executive personnel: includes members of the Board of Directors as well as members of the Executive Committee, whose members are considered “*key management personnel*" for purposes of the following section (see section "*Remuneration of the members of the Board of Directors and executives*").

c. People, companies or entities within the Group: includes transactions with Group companies or entities for the part not eliminated in the consolidation process, corresponding mainly to transactions undertaken with companies consolidated using the equity method (see Note 13 to the Consolidated Financial Statements for 2020).

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

Expenses and revenues

€ Million	06/30/2021				06/30/2020			
EXPENSES AND REVENUE	**Significant shareholders**	**Directors and executives (1)**	**People, companies or entities within the Group**	**Total**	**Significant shareholders**	**Directors and executives (1)**	**People, companies or entities within the Group**	**Total**
Finance costs	—	—	14	14	—	—	53	53
Leases	1	—	—	1	1	—	—	1
Service receptions	11	—	18	29	12	—	24	36
Purchase of goods (2)	—	—	446	446	—	—	484	484
Other expenses (3)	—	—	18	18	—	—	83	83
TOTAL EXPENSES	**12**	**—**	**496**	**508**	**13**	**—**	**644**	**657**
Finance income	—	—	34	34	—	—	45	45
Service provisions	—	—	1	1	2	—	2	4
Sale of assets (4)	8	—	123	131	38	—	117	155
Other revenue	—	—	25	25	1	—	36	37
TOTAL REVENUE	**8**	**—**	**183**	**191**	**41**	**—**	**200**	**241**

Other transactions

€ Million	06/30/2021				06/30/2020			
OTHER TRANSACTIONS	**Significant shareholders**	**Directors and executives (1)**	**People, companies or entities within the Group**	**Total**	**Significant shareholders**	**Directors and executives (1)**	**People, companies or entities within the Group**	**Total**
Funding agreements: credit and capital contributions (creditor)(4)	—	—	119	119	—	—	211	211
Funding agreements: loans and capital contributions (borrower)(5)	—	—	185	185	—	—	775	775
Guarantees and sureties given(6)	—	—	498	498	—	—	566	566
Guarantees and sureties received	10	—	10	20	8	—	5	13
Commitments assumed (7)	16	—	1	17	78	—	62	140
Dividends and other profits distributed (8)	28	—	—	28	3	—	—	3
Other operations (9) (10)	8	—	2,603	2,611	5	—	822	827

Closing balances

€ Million	06/30/2021				06/30/2020			
CLOSING BALANCES	Significant shareholders	Directors and executives (1)	People, companies or entities within the Group	Total	Significant shareholders	Directors and executives (1)	People, companies or entities within the Group	Total
Customers and trade receivables	2	—	93	95	1	—	87	88
Loans and credits granted	—	—	947	947	—	—	934	934
Other receivables	—	—	89	89	—	—	90	90
TOTAL RECEIVABLES BALANCES	**2**	**—**	**1,129**	**1,131**	**1**	**—**	**1,111**	**1,112**
Suppliers and trade payables	8	—	16	24	8	—	181	189
Loans and credits received (10)	—	—	1,015	1,015	—	—	3,977	3,977
Other payment obligations (11)	—	—	—	—	55	—	1	56
TOTAL PAYABLE BALANCES	**8**	**—**	**1,031**	**1,039**	**63**	**—**	**4,159**	**4,222**

NOTE: In 2020 the tables for Expenses and Income and Other transactions include transactions with the Temasek group up until April 16 (date of sale of the entire interest).

(1) Includes any transactions performed with executives and directors not included in the following section "*Remunerations to members of the Board of Directors and executives*", which correspond to the outstanding balance at the reporting date of the loans granted to members of senior management and the corresponding accrued interest, as well as dividends and other remuneration received as a result of holding shares of the Company.

(2) The column headed *"People, companies or entities within the Group"* primarily includes products purchased with Repsol Sinopec Brasil (RSB) and from BPRY Caribbean Ventures LLC (BPRY).

(3) Includes mainly supplies and provisions for credit risks of accounts receivable and financial instruments

(4) In 2021 and 2020 *"People, companies or entities within the Group"* includes mainly sales of products to Iberian Lube Base Oil, S.A. (ILBOC) and Dynasol Group for €101 million and €49 million in 2021 and €78 million and €28 million in 2020, respectively. In 2020 "Significant shareholders" included mainly the sales of crude oil to the Temasek group.
(5) Includes mainly loans and credit facilities granted to Group companies by companies accounted for using the equity method.
(6) Includes primarily guarantees granted to joint ventures in the United Kingdom, issued in the ordinary course of business to cover obligations to dismantle offshore platforms in the North Sea.
(7) Corresponds to purchase, investment or expense commitments acquired in the period.
(8) In 2021 the amounts shown as dividends and other benefits distributed include the corresponding amounts for the sale to Repsol, at the guaranteed fixed price, of the bonus share rights derived from the bonus share capital increase finalized in January 2021, in the framework of the "Repsol Flexible Dividend" remuneration program (see Note 4.1.4).
(9) In 2021 and 2020 *"People, companies or entities within the Group"* includes mainly the cancellations of guarantees and/or loan amortizations provided to joint ventures in the UK and financing agreements.
(10) This change can mainly be attributed to the allocation of financial assets of Repsol Sinopec Brasil, B.V. (see Note 3.1.2).
(11) In 2020 *"Significant Shareholders"* includes the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of the bonus share rights arising from bonus capital increase closed in July 2020. The rights were recorded as accounts payable. Does not include the amount corresponding to cash dividends to be paid in July 2021 and January 2022 (see Note 3.1.4).

Remuneration of the members of the Board of Directors and executives [9]

The information in this section is provided by way of an update on the contents of Notes 27 and 28 to the consolidated financial statements for 2020.

During the first half of 2021, a total of 16 people sat on the Board of Directors and 10 people on the Executive Committee.

The table below details the remunerations accrued during the first half of 2021 by the people who, at some point during the six-month period and during the time they occupied such positions, were members of the Board of Directors, and by the people who, similarly for the same period and with the same criterion, were members of the Executive Committee.

	€ Thousand	
Directors	**1H 2021**	**1H 2020**
Remuneration for membership of the Board and/or Board committees	3,474	3,468
Wages	600	600
Variable remuneration in cash	761	891
Share-based remuneration systems	163	104
Compensation	—	—
Long-term savings systems (1)	127	127
Other items (2)	124	111
Total remunerations received by the Directors	**5,249**	**5,301**
Total remunerations received by the Executive personnel (3)(4)	**5,726**	**6,018**

(1) Corresponds to the contributions to pension plans and savings plans for executive personnel.
(2) Includes the accrued cost of the retirement, disability, and life insurance policies for Board of Directors members, including the corresponding tax payments on account in the amount of €11 thousand in the first half of 2021 and 2020).
(3) Includes the contributions to the pension plans, contributions to savings plans and life and accident insurance premiums (including in the latter instance the corresponding payments on account) totaled €647 thousand (€666 thousand in 2020).
(4) Excludes executives who are also directors of Repsol, S.A., who are instead included in the remuneration paid to directors.

Share Purchase Program aimed at Beneficiaries of the Long-Term Incentive Programs and Plans for Share Acquisition and Share Purchases for Employees.

i.) "Share purchase program for beneficiaries of Long-term Incentive Programs (LIP)"

A total of 180 employees and executive personnel have been included in the eleventh cycle of the 2021-2024 Plan, acquiring a total of 181,660 shares on May 27, 2021, at an average price of €11.0414 per share. Additionally, shares delivered to the CEO as a partial payment of the 2017-2020 Incentive Program, which amounted to 19,337 shares, have been included in the calculation of the expected investment in this current Share Acquisition Plan by the Beneficiaries of the Long-term Incentive Programs. Therefore, the total amount of shares under this Plan amounted to 200,997 shares.

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

Thus, the maximum share delivery commitment corresponding to this eleventh cycle by the Group with employees who meet the requirements of the Plan after the three years in which it remains in force, comes to 66,999 shares.

As part of the eleventh cycle, the current members of the Executive Committee, have acquired a total of 99.517 shares.

In addition, the eighth cycle of the Plan vested on May 31, 2021. As a result, 136 beneficiaries of this cycle vested rights to a total of 40,887 shares (receiving a total of 30,174 shares after deducting the payment of income tax on account to be paid by the Company). The members of the Executive committee, together with the other Executive Directors, vested rights to 20,232 shares (after deducting the payment of income tax on account to be paid by the Company, they received a total of 14,028 shares).

ii.) *"Share Acquisition Plan"*

During the first half of 2021, the Group purchased 519,525 treasury shares for €5,334,115.08 which were delivered to employees. The members of the Executive Committee acquired a total of 4,088 shares in accordance with the plan terms and conditions during the first-half of the year.

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

In the first half of 2021, a total of 3,915 Group employees purchased 65.391 shares at an average price of 8.87 euro per share. This purchase represented the end of the Global Share Purchase Plan for TU REPSOL employees, which began in 2020. The total number of shares purchased under the Plan was 916,537. Thus, the maximum commitment to deliver shares to employees who, after the two years corresponding to the vesting period, have satisfied the requirements of the Plan, comes to 458.268 shares.

The current members of the Executive Committee participate in the Plan with a total of 1,848 shares.

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

Average headcount

The average headcount at June 30, 2021 and 2020 can be seen below:

	06/30/2021	06/30/2020
Men	14,758	15,190
Women	8,924	9,077
Average headcount	**23,682**	**24,267**

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

The reconciliation of adjusted net income/(loss) to IFRS-EU net income/(loss) for the first half of 2021 and 2020 is as follows:

	First half											
			ADJUSTMENTS									
	Adjusted income		Reclassification of joint ventures		Special items		Inventory effect [2]		Total adjustments		IFRS-EU income	
€ Million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Operating net income	1,679 [1]	494 [1]	(155)	843	(475)	(1,500)	675	(1,507)	45	(2,164)	1,724	(1,670)
Financial result	(111)	(136)	75	22	206	(51)	—	—	281	(29)	170	(165)
Net income from companies accounted for using the equity method - net of tax	4	7	113	(986)	—	1	—	—	113	(985)	117	(978)
Income before tax	**1,572**	**365**	**33**	**(121)**	**(269)**	**(1,550)**	**675**	**(1,507)**	**439**	**(3,178)**	**2,011**	**(2,813)**
Income tax	(619)	(172)	(33)	121	56	(36)	(171)	383	(148)	468	(767)	296
Net income	**953**	**193**	**—**	**—**	**(213)**	**(1,586)**	**504**	**(1,124)**	**291**	**(2,710)**	**1,244**	**(2,517)**
Profit attributable to non-controlling interests	6	(4)	—	—	—	1	(15)	36	(15)	37	(9)	33
Net income attributable to the parent	**959**	**189**	**—**	**—**	**(213)**	**(1,585)**	**489**	**(1,088)**	**276**	**(2,673)**	**1,235**	**(2,484)**

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

Revenue from ordinary activities by segments between customer and inter-segment revenue is displayed below:

	€ Million					
	Customers		**Inter-segment**		**Total**	
Segments	**06/30/2021**	**06/30/2020**	**06/30/2021**	**06/30/2020**	**06/30/2021**	**06/30/2020**
Upstream	2,142	1,520	846	630	2,988	2,150
Industrial	10,478	8,164	5,895	4,639	16,373	12,803
Commercial and Renewables	9,366	7,828	69	38	9,435	7,866
Corporate	1	1	—	—	1	1
(-) Adjustments and eliminations of operating income between segments		—	(6,810)	(5,307)	(6,810)	(5,307)
TOTAL	**21,987**	**17,513**	**—**	**—**	**21,987**	**17,513**

Appendix II of the Interim Consolidated Management Report for the first half of 2021 presents the balance sheet, the income statement and the statement of cash flows prepared according to the Group's reporting model

The reconciliation of other figures shown in Note 3 to those in IFRS-EU during the first six months of 2021 and 2020 is as follows:

	€ Million	
	06/30/2021	**06/30/2020**
Revenue from ordinary activities [1]	**21,987**	**17,513**
Adjustments		
Upstream	(821)	(639)
Industrial	(174)	(129)
Commercial and Renewables	(102)	(82)
Revenue from ordinary activities IFRS-EU (2)	**20,890**	**16,663**
Operating net income [1]	**1,679**	**494**
Adjustments		
Upstream	(386)	(593)
Industrial	595	(1,509)
Commercial and Renewables	27	(43)
Corporate	(191)	(19)
Operating net income IFRS-EU	**1,724**	**(1,670)**
Capital employed, continuing operations [1]	**27,348**	**30,966**
Adjustments		
Upstream	(144)	2,728
Industrial	—	20
Commercial and Renewables	3	14
Capital employed	**27,207**	**33,728**

(1) Figures drawn up according to the Group's reporting model described in Note 2.1 "The Group's reporting model and definition of segments".
(2) Corresponds to the sum of "*Sales*" and "*Income from services rendered and other income*" in the income statement (IFRS-EU).

APPENDIX IV. REGULATORY FRAMEWORK

The information contained in this section updates the Spanish regulatory framework content in Appendix III of the consolidated financial statements for 2020:

Spain

Climate change

Following the Paris Agreement, the commitments assumed by the signatory parties in their respective "Nationally Determined Contributions" had an important impact on the development of new climate policies and the approval of new regulations. The European Union (EU), a signatory to the Agreement, has assumed a commitment to be climate neutral by 2050. To this end, in December 2019, the European Commission presented "The European Green Deal". It constitutes the EU's new growth strategy, aiming to transform completely the European economy, and includes the following proposals for 2021: (i) European Climate Law (now adopted and pending signature and formal publication), which includes a legally binding target of zero net greenhouse gas emissions by 2050; and (ii) the Fit for 55 Package, a set of proposals to reduce greenhouse gas emissions in 2030 by at least 55% compared to 1990. These interconnected proposals reach across a range of policy areas and economic sectors.

In Spain, the "Strategic Energy and Climate Framework" includes as fundamental pillars: (i) the National Integrated Energy and Climate Plan; (ii) the Strategy for a Just Transition; and (iii) the Climate Change and Energy Transition Law (published in May 2021), which establishes, at national level, minimum objectives for reducing greenhouse gas emissions, penetration of renewable energies and improving energy efficiency by 2030, with a commitment to be climate neutral by 2050, or as soon as possible.

In relation to mobility, the Climate Change and Energy Transition Law establishes:

- the introduction of annual targets for the integration of renewable energies and the supply of sustainable alternative fuels in transport, with special emphasis on advanced biofuels and other renewable fuels of non-biological origin.
- regarding passenger cars and light commercial vehicles, the obligation on Public Administrations to adopt the necessary measures for their vehicle fleets to be free of direct CO_2 emissions by 2050, and, no later than 2040, for these fleets to be made up of vehicles with 0g CO_2/km emissions in accordance with community regulations, excluding any registered as historic vehicles not intended for commercial use.
- the obligation on licensees of fuel supply facilities and vehicle fuels to install an infrastructure for alternative fuels (for more information, see the following section "Alternative Fuels").

The Climate Change and Energy Transition Law also provides that, as of its entry into force, no new exploration authorizations, hydrocarbon research permits or exploitation concessions will be granted in the national territory. Permits and concessions already in force that are located in territorial waters, the exclusive economic zone and the continental shelf shall, in any case, not be extended beyond December 31, 2042.

Also to be noted: (i) the Hydrogen roadmap (published in October 2020), focused on the development of renewable hydrogen, with the aim of positioning Spain as a technological benchmark in it the production and use, while also contributing to achieve objectives such as becoming climate neutral, the use of surplus renewable energy and the decarbonization of sectors where electrification is not viable or profitable; and (ii) the 2050 Long-Term Decarbonization Strategy (published 11/3/2020), to move toward climate neutrality by the 2050 horizon, with milestones in 2030 and 2040.

Alternative fuels

Directive 2018/2001, on promoting the use of energy from renewable sources, provides that, in order to integrate the use of renewable energy in the transport sector, each Member State shall impose an obligation on fuel suppliers to ensure that the quota of renewable energy in final energy consumption in the transport sector is at least 14% by 2030, at the latest. This Directive is partially incorporated into our legal system through Royal Decree (RD) 205/2021 of March 30 (which modifies Royal Decree 1085/2015 of December 4, promotion of biofuels), establishing minimum mandatory targets for the sale or consumption of biofuels in the years 2021 and 2022 of 9.5% and 10% energy content, respectively.

Royal Decree 639/2016, of December 9, established a framework of measures for the implementation of an infrastructure for alternative fuels, including charging points for electric vehicles and natural gas and hydrogen refueling points. To guarantee the existence of sufficient electric recharge facilities, the Climate Change and Energy Transition Law introduces the obligation to install electric recharge infrastructures in service stations that have annual gasoline and diesel sales exceeding 5 million liters. This recharging infrastructure must have a power equal to or greater than 150 kW or 50 kW of direct current, depending on the volume of sales (greater than 10 or 5 million liters sold in 2019). From 2021, new installations or refurbished installations that require renewal of their official certification, the minimum power required will be 50 kW of direct current.

United States of America

Orders from the Biden Administration

On January 27, 2021, President Biden issued an Executive Order titled "Addressing the climate crisis at home and abroad." This Executive Order provides, among other things, "

To the extent consistent with applicable law, the Secretary of the Interior shall pause new oil and natural gas leases on public lands or in offshore waters pending completion of a comprehensive review and reconsideration of Federal oil and gas permitting and leasing practices in light of the Secretary of the Interior's broad stewardship responsibilities over the public lands and in offshore waters, including potential climate and other impacts associated with oil and gas activities on public lands or in offshore waters.

The Secretary of the Interior shall complete that review in consultation with the Secretary of Agriculture, the Secretary of Commerce, through the National Oceanic and Atmospheric Administration, and the Secretary of Energy. In conducting this analysis, and to the extent consistent with applicable law, the Secretary of the Interior shall consider whether to adjust royalties associated with coal, oil, and gas resources extracted from public lands and offshore waters, or take other appropriate action, to account for corresponding climate costs. The Executive Order does not specify any duration for the pause on new oil and natural gas leases.

There is pending litigation regarding Executive Order 14008. On June 15, 2021, a United States District Judge in Louisiana issued a preliminary injunction, with nationwide scope, against the "pause" of new oil and natural gas leases on public lands or in offshore waters found in Section 208 of this Executive Order.

REPSOL GROUP

Interim Management Report

First half 2021

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

REPSOL

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

ABOUT THIS REPORT

The **Interim Management Report** of the Repsol Group[1] should be read in conjunction with the consolidated Management Report for 2020[2]. In conjunction with this report, Repsol has published condensed interim consolidated financial statements[3] for the first half of 2021 (hereinafter, "interim financial statements for the first half of 2021"). The Board of Directors of Repsol, S.A. approved both reports of Repsol, S.A. at its meeting of July 28, 2021.

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

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

Given the nature of its business and in order to make its disclosures more readily comparable with those of its peers, the Group relies on Adjusted Net Income when measuring the results of each business segment. Adjusted Net Income means the current cost of supply (CCS), net of taxes and minority interests and excluding certain specific items of income and expense ("Special items").

For current cost of supply (CCS) earnings, the cost of volumes sold is calculated on the basis of procurement and production costs incurred during the period in question and not based on weighted average cost, which is the accepted methodology under European accounting law and regulations. The difference between CCS earnings and earnings at weighted average cost is included in the so-called Inventory Effect, which also includes other adjustments to the valuation of inventories (write-offs, economic hedges, etc.) and is presented net of taxes and minority interests. This Inventory Effect largely affects the Industrial segment.

Furthermore, Adjusted Net Income does not include Special Items, i.e. certain material items that are presented separately to provide a more reliable view of the ordinary management of the businesses.

This standard report uses Alternative Performance Measures (APMs), meaning measures that are "adjusted" to those presented under IFRS-EU. The information, breakdowns and reconciliations are included in Appendix I — 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 II.

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 8 – Sustainability of the Group's 2020 Management Report*.

[1] Hereinafter, the names "*Repsol*", "*Repsol Group*" or "*the Company*" will be used indistinctly to refer to the group of companies comprising Repsol, S.A. and its subsidiaries, associates and joint ventures.

[2] This interim Management Report has been drawn up for the sole purpose of updating the information contained in the 2020 Management Report.

[3] The interim financial statements for the first half of the year have undergone a limited independent review by the Group's auditor.

CONTENTS

1. SUMMARY OF MAIN EVENTS – FIRST HALF OF 2021

RECOVERY SCENARIO

Prices and demand recovery

In the first half of 2020, the global crisis triggered by COVID-19 caused demand and our raw materials and product prices to plummet. So far in 2021, the progress of vaccination programs and public policies to help shake off the crisis have fueled a gradual recovery in economic activity and mobility -albeit still uneven across countries- which has boosted demand and pushed up prices for these goods. These price dynamics fed through to Brent crude oil, which climbed above $70/bbl in June (averaging $65.0/bbl in the first half of the year).

PERFORMANCE AND FINANCIAL POSITION

This improved environment, together with the measures deployed by the company to overcome the crisis and join the recovery, enabled Repsol to post net income of 1,235 million euros in the first half of 2021, with a significant increase in cash generation across the businesses.

Good results supported by an integrated model

RESULTS FOR THE PERIOD *(Million euros)*	1H 2021	1H 2020	Δ
Upstream	678	(51)	729
Industrial	239	296	(57)
Commercial and Renewables	228	163	65
Corporate and other	(186)	(219)	33
Adjusted net income	**959**	**189**	**770**
Inventory effect	489	(1,088)	1,577
Special items	(213)	(1,585)	1,372
Net income	**1,235**	**(2,484)**	**3,719**

Adjusted net income amounted to 959 million euros (189 million euros in 2020), with the Upstream, Chemicals and Mobility businesses all outperforming.

The improvement in results at **Upstream** was due to rallying crude oil and gas prices, together with the efficiency measures put in place and the contribution made by Libya, where production had been halted for most of last year. At the **Industrial** segment, the decline in international margins at Refining due to the drop in demand was offset by the remarkable performance of Chemicals, which reported extraordinarily high profit margins. The results of the **Commercial and Renewables** segment were driven by recovering sales at the Mobility businesses -which at the end of the period were close to pre-pandemic levels for gasoline and diesel fuels- and also efficient cost management.

The increase in international prices for crude oil and other products has had a significant lifting effect on the value of inventories, thus generating a substantial **inventory effect**. Meanwhile, **special items** -which in 2020 reflected accounting write-downs of Upstream assets- mainly include provisions and workforce restructuring costs.

Total **net income** obtained in the period came to 1,235 million euros (-2,484 million euros in 2020).

Solid cash generation at the businesses

Following a steady recovery in economic activity, **EBITDA** for the period climbed to 3,635 million euros, **cash flow from operations** came to 1,932 million euros and **free cash flow** stood at 955 million euros.

Cash generation and balance sheet protection measures, including the issuance of subordinated hybrid bonds, succeeded in reducing **net debt** to 6,386 million euros (leverage ratio of 23.4%) and pushed up **liquidity** to 9,448 million euros (enough to cover short-term debt maturities by a factor of 2.2). This robust financial position has been endorsed by the rating agencies, which confirmed Repsol's **investment grade** rating, with Moody's upgrading its outlook from negative to stable.

Shareholder remuneration in the first half of the year amounted to 0.288 euros per share under the *Repsol Flexible Dividend* program, which replaces the 2020 interim dividend. Additionally, a cash dividend of 0.30 euros gross per share was paid out against 2020 results in July. In 2021, Repsol effected a capital reduction through the redemption of own shares, which had the effect of increasing earnings per share. The **share price** showed a significant recovery in the first half of the year when compared with the level reported at the beginning of the year.

BUSINESS ACTIVITIES

At **Upstream**, the resumption of production in Libya, coupled with cost reduction plans in place and the restructuring of asset operating plans, have allowed the Group to take advantage of the improved price environment. Production in the first half of the year (599.3 Kboe/d, down 11% on the previous year) was shaped by various factors, many of them circumstantial (winter storms in the United States, scheduled maintenance, operating incidents, etc.). The exploration campaign was carried out more selectively than in previous years, ending with one discovery in Bolivia and a delineation well in Indonesia with positive results.

Transformation of petrochemical facilities at multi-energy hubs

At **Industrial**, production, logistics and commercial structures were adjusted accordingly to adapt to weak Refining demand. Meanwhile, the Chemicals businesses were driven by historically high international margins to turn in an excellent performance. The Group also continued to focus on innovation and digitalization by launching new projects aligned with the Group's decarbonization and circular economy strategy and aimed at transforming industrial facilities into multi-energy hubs capable of generating products with low, zero or even negative carbon footprints.

Increase in installed renewable capacity

At **Commercial and Renewables**, sales at service stations in Spain were up 16%, despite the gradual lifting of mobility restrictions and the effects of Storm Filomena. Meanwhile, the entry into commercial operation of the Delta I wind farm and the first phase of the Kappa photovoltaic farm, as well as the Chile business, have meant that Repsol now has 467.9 MW of total installed capacity in renewable generation assets. Repsol also continued to promote its customer-centric model of multi-energy products and services, which has allowed it to increase the number of electricity and gas retail customers compared to the same period of the previous year.

Repsol has made further progress **in transforming the company** by flattening the organizational structure and setting up broader management scopes to streamline decision-making, gain flexibility and facilitate communication and collaboration flows. It also continued to focus on technology and digitalization, as key levers to accelerate the transition toward innovative business models that will enable the Company to decarbonize.

DRIVING DECARBONIZATION

Integrated energy transition and decarbonization strategy

Repsol accelerated compliance with the route set out in the 21-25 Strategic Plan to achieve its zero emissions target by 2050.

Upstream has continually sought to prioritize quality over quantity and focus on geographic areas with the greatest competitive advantages. Following this approach, it either sold, or reached agreements to sell assets in Russia, Malaysia, Algeria and Norway in the first half of the year, ceasing production in Spain and focusing exploratory activity in a lower number of countries. The proceeds obtained and the resulting investment savings will help finance strategic projects and new low-carbon initiatives.

At **Industrial**, highlights included the investments announced at the Tarragona industrial complexes, for circular economy projects; at Cartagena, where the Group plans to build an advanced biofuel plant; and also the integration into the consortium to develop Spain's first alkaline electrolyzer plant in the Basque Country.

At **Commercial and Renewables**, the first photovoltaic complex was brought online in Spain (Kappa, with 90.5 MW), operational testing got underway at Valdesolar (47.8 MW), construction work began on the future Delta II wind farm (859 MW) and also acquired the company Gana Energía which markets sell 100%

renewable energy. In the United States, the company started its renewables activity by acquiring a 40% stake in US company Hecate Energy.

New projects to drive transformation

In the calls for expressions of interest for Next Generation European funds launched by the Government of Spain, Repsol presented a **portfolio of 31 projects** that combine technology, decarbonization and circular economy, the creation of quality jobs and territorial balance, for a total associated investment of 6,359 billion euros.

Repsol has published a new integrated strategy targeting **sustainable financing** to accompany the energy transformation process. It offers flexibility and transparency when issuing financial instruments in the form of green and transition bonds, as well as financial instruments whose economic terms are linked to the attainment of Repsol's key sustainability objectives as a company.

SUSTAINABILITY

In the first half of the year, the 2021 Global Sustainability Plan (GSP) was approved, and further progress was made toward the local **Sustainability Plans** in more than 20 countries and industrial complexes, as we continue to pursue the 2030 Agenda of the United Nations and our own 21-25 Strategic Plan.

To achieve the goal of reducing greenhouse gas emissions to curb the effects of climate change, Repsol has implemented various improvement actions at its facilities, which have prevented 176 thousand metric tons of CO_2 emissions.

Amid COVID-19, Repsol has taken steps to protect the health and safety of its **workers**, without these affecting operations or the levels of service it offers. Both the injury frequency rate (IFR) and the process safety incident rate (PSIR) were down significantly compared to those of 2020.

MAIN FIGURES AND INDICATORS

Financial indicators [1] [2]	1H 2021	1H 2020
Result		
EBITDA	3,635	589
Operating Income	1,679	494
Adjusted net income	959	189
Net income	1,235	(2,484)
Earnings per share (€/share)	0.80	(1.59)
ROACE (%)	4.5	(7.3)
Investments	1,061	1,113
Cash and liquidity		
Cash flow from operations	1,932	864
Free cash flow	955	172
Cash generated	163	(359)
Liquidity	9,448	9,762
Debt and available capital		
Net Debt	6,386	8,026
Capital employed	27,348	30,966
Net debt / Capital employed (%)	23.4%	25.9%
Shareholder remuneration		
Shareholder remuneration (€/share)	0.288	0.424

Sustainability indicators [3]	1H 2021	1H 2020
People		
Number of employees	24,542	24,373
New employees	1,476	664
Safety and environment		
Process safety incident rate (PSIR) [4]	0.23	0.62
Total injury frequency rate (IFR) [4]	0.91	1.11
Reduction in CO_2 emissions (Mt)	0.176	0.279
No. of hydrocarbons spills > 1 bbl	5	5
Taxes paid	5,227	4,442

Our business performance [1]	1H 2021	1H 2020
Upstream		
Liquids production (kbbl/d)	221	229
Gas production (kboe/d)	378	446
Hydrocarbon production (kboe/d)	599	675
Crude oil realization price ($/bbl)	57.7	35.8
Gas realization price ($/kscf)	3.6	2.2
EBITDA	1,845	988
Adjusted net income	678	(51)
Cash flow from operations	1,287	684
Investments	418	603
Industrial		
Refining capacity (kbbl/d)	1,013	1,013
Processed crude oil (Mtoe)	18.2	18.5
Conversion utilization –Spanish Refining (%)	77.3	91.4
Distillation utilization – Spanish Refining (%)	73.4	76.1
Refining margin indicator in Spain ($/Bbl)	0.9	3.9
Sales of petrochemical products (kt)	1,382	1,297
EBITDA	1,355	(670)
Adjusted net income	239	296
Cash flow from operations	254	90
Investments	203	227
Commercial and Renewables		
Service stations [6] (No.)	4,950	4,955
Marketing own network sales	9,570	8,936
LPG sales (kt)	650	601
Installed capacity [7] - low emissions (MW)	5,935	4,966
Electricity generation (GWh)	2,052	2,293
EBITDA	519	360
Adjusted net income	228	163
Cash flow from operations	570	125
Investments	413	259

Macroeconomic scenario	1H 2021	1H 2020
Brent ($/bbl) average	65.0	40.1
WTI average	62.2	36.8
Henry Hub ($/MBtu) average	2.8	1.8
Electricity Pool – OMIE [5] (€/MWh)	58.3	29.0
Exchange rate ($/€) average	1.21	1.10
CO_2 (€/Tn)	43.8	22.1

Stock market indicators	1H 2021	1H 2020
Share price at year-end (€/share)	10.55	7.79
Average share price (€/share)	10.15	9.79
Market capitalization at year-end (million €)	16,120	12,193

(1) Where applicable, figure shown in million euros.
(2) More information in section 4 and Appendix I — *Alternative Performance Measures*.
(3) Figures and indicators calculated in accordance with the Group's management policies and guidelines. For more information, see section 8 of the 2020 Integrated Management Report.
(4) The figure for 2020 is full financial year.
(5) Iberian Energy Market Operator.
(6) The number of service stations includes those controlled and licensed.
(7) Includes installed capacity in operation and under development.

2. ENVIRONMENT

2.1 MACROECONOMIC SCENARIO

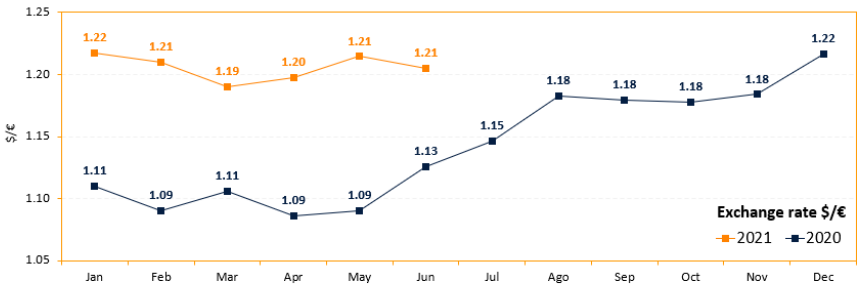
In 2020, the **global economy** encountered a huge shock in the form of the COVID-19 pandemic, which forced countries from around the world to impose lockdown measures to protect public health. The magnitude and speed of the collapse in economic activity was unprecedented and in the second quarter of 2020 the economic crunch was three times greater than during the worst moment of the global financial crisis. However, strong economic policy support protected household income and led to a subsequent rebound as the lockdown measures were eased. In 2021, the progress made toward vaccination has allowed us to plot out a clearer economic recovery and remain fairly confident of relatively low structural damage in the wake of this crisis. However, the emergence of new strains carries a definite downside risk.

6%
Forecast global growth in 2021

According to the latest forecasts released by the International Monetary Fund (IMF, *World Economic Outlook* – April 2021), and following a historic contraction of the global economy in 2020 (-3.3%), we should see significant growth of 6.0% in 2021 and of 4.4% in 2022. *For more information, see section 8.1.*

Given the widespread uncertainty and huge demand for liquidity, the **dollar strengthened** in early 2020 to reach 1.078 euros/dollar at the start of April. However, it then lost ground from that point forward through to early 2021, especially against the euro. The reason for this was the reduction in risk aversion, which made interest rate spreads and fundamentals more relevant in shaping the exchange rate. Indeed, the decision reached by the U.S. Federal Reserve to lower the benchmark interest rates to zero —a level at which the European Central Bank had already been holding them— coupled with increased financing needs in the United States due to its high fiscal and external deficit, made for a weaker dollar. However, in the final months of 2021, further progress toward the full recovery of the US economy, coupled with greater upside risks to inflation, are raising expectations of imminent rate hikes in that country. This could cause the dollar to appreciate, which has recently been hovering at around 1.18.

EUR/USD exchange rate performance (monthly average)



Source: Bloomberg and Repsol´s Division of Business Studies & Analysis.

2.2 ENERGY LANDSCAPE

Crude oil – Brent

$65.0 /bbl
Average Brent prices in the first half of the year

The reference crude oil, Brent, started 2021 at just shy of $50/bbl, while by mid-year it had already resumed May 2019 levels and in June it exceeded $70/bbl, up 60% in the year to date. The reasons for this price recovery can be observed on both the demand and supply sides. As our lives gradually return to normal, there has been a recovery and increase in mobility, both in terms of leisure and real economic activity. This has been made possible by ongoing vaccination processes, which are proving to be successful, especially in advanced countries.

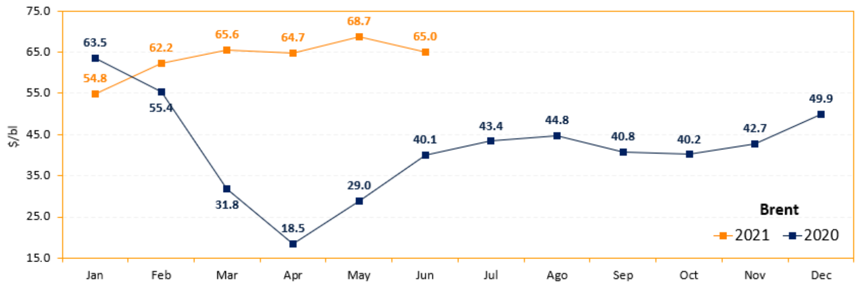
On the supply side, OPEC+ countries have honored the April 2020 agreement to lower production, thus enabling the market to rebalance and reduce global inventories. Recently, however, certain fissures among OPEC+ members have emerged and after weeks of disputes they hammered out a new compromise in July.

While the production cut agreements have been extended until December 2022, the new agreement raises the baseline for these cuts (to the following five countries from May 2022 onward: Saudi Arabia, Russia, United Arab Emirates, Iraq and Kuwait).

Despite the increase in prices, financial flows toward the oil market remain somewhat muted. Trading volumes have remained low and speculative investment in oil is also relatively low, which could pave the way for higher prices in the coming months.

Yet not all vectors are pulling the price upwards and there are also factors that are cause for concern: (i) air mobility is lagging somewhat, which is making it hard for demand to return to pre-pandemic levels; (ii) new variants of COVID-19 may lead to further lockdown measures; and (iii) the potential Iran nuclear deal may lead to a lifting of Iran's export restrictions, although the market does not expect its production to enter the system very quickly if the deal is ultimately reached.

Brent crude price performance (USD/bbl)



Source: Bloomberg and Repsol´s Division of Business Studies & Analysis.

Natural Gas - Henry Hub

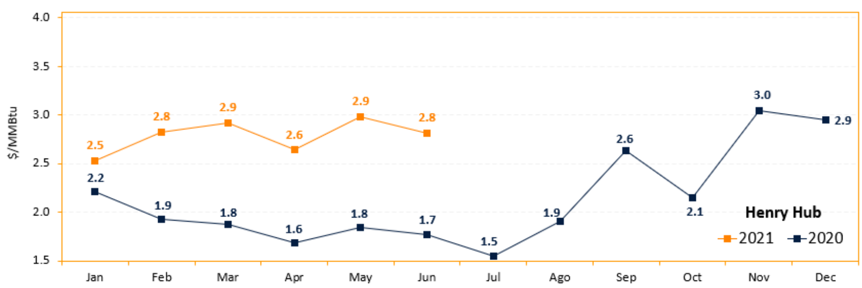
The price of US Henry Hub natural gas averaged $2.8/MBtu in the first half of 2021, roughly $1 higher than the level reported in the same period of 2020. This increase in gas prices is a product of gradual market adjustments. On the supply side, weather-related production cuts (polar vortex in February, heavy fog banks, early start of the hurricane season) have significantly slowed the production growth rates seen to date. On the demand side, below-normal temperatures until last May, coupled with extremely high exports of liquefied natural gas (LNG), which peaked at 12 Bcf/d, have supported prices, which have remained at levels well above those seen in 2020. Meanwhile, the positive course of the pandemic, with strong progress made toward vaccination programs and restoring economic activity —not only in key gas-consuming countries such as China, but also domestically— have resulted in very stable prices throughout the reporting period.

$2.8/MBtu

Average Henry Hub prices in the first half of the year

In the short term, it is expected that this price level will largely persist due to expectations of a warm summer, with stabilized production levels and a high pace of exports. We may also see a certain rebound in the coming winter as a result of this greater degree of balance between supply and demand.

Henry Hub price performance (USD/MBtu)



Source: Bloomberg and Repsol´s Division of Business Studies & Analysis.

For more information on the expected performance in the second half of the year, see section 8.1.

CO_2 emissions

The price of CO_2 emissions underwent a structural change in 2020, firstly due to the toughening of the emissions targets set by the European Union (raised to 55%), and secondly because the carbon market has become a financial product used for speculative investment, much like other commodities. This shift has continued through 2021, with prices during the first half of the year averaging close to €44/t, four times higher than the 10-year average.

During the first half of 2021, the European emissions market was influenced by other factors, such as the start-up of the UK emissions market, or the calculation of the new figures of the stability reserve, which will again withdraw allowances over the coming period, which could continue to push up the price of allowances. However, these factors have generated a one-off effect, without altering the broader upward price trend.

3. IMPACTS OF COVID-19

In 2020, the international pandemic caused by COVID-19 triggered a deep health, social and economic crisis. In the first half of 2021, the launch of various vaccination program improved the outlook and raised hopes of a change of tide in the course of the pandemic. In this context, the economic recovery has been sizable yet uneven between countries, reflecting the progress they have each made toward vaccinating the population, the effectiveness of support policies and the structural state of each country upon entering the COVID-19 crisis. *For more information, see sections 2 and 8.*

Despite the unique set of difficulties raised by this pandemic, Repsol has maintained the safe operation of its businesses all through the crisis, most of which are considered essential or strategic activities in the countries where it is present. Currently, the recovery of activity and profitability has had a positive impact across all businesses, though not to the same extent:

Upstream

The recovery of crude oil and gas prices, together with the measures put in place to improve efficiency and optimize operations and investments to offset weak levels of demand, have enabled Upstream results for the first half of the year to return to pre-pandemic levels. There has also been a notable reduction in both investment activity (-31% vs. 1H 2020) and exploratory activity.

Industrial businesses

At Refining, the drop in global demand has prompted the temporary shut-down of refineries across the globe, including Europe. Repsol's refining system had to reduce utilization but nonetheless managed to maintain reasonable levels of activity by balancing production against sales and storage capacity. In spite of all this, Repsol has been forced to implement temporary furlough plans for the workforces of the industrial complexes in Coruña, Puertollano and Bilbao. Notably, the furlough scheme at Puertollano was ended on June 21 following a recovery in demand for oil products.

Meanwhile, margins at Chemicals hit record highs due to increased demand but shorter supply due to lower available capacity (optimization shutdowns at certain plants in Europe, increased exports to Latin America and lower imports due to the blockage of the Suez Canal in March).

Commercial businesses

The lockdown measures and widespread decline in economic activity led to a notable slump in demand for fuel products, which had a heavy impact on the network of service stations and aviation supplies.

In Spain, while fuel sales at service stations have increased by 16% versus 2020, they are still down 18% on the level reported in 2019. However, by the end of the period and due to gradual recovery, sales at service stations had reached levels already comparable to those seen pre-crisis (-12% vs. June 2019, on a like-for-like basis).

Meanwhile, aviation kerosene sales remain very weak (-59% vs. first half of 2019), due to lower domestic consumption and low international activity.

Sales at the LPG business were up year on year in the hospitality, hotel, services and automotive sectors, although still falling short of 2019 levels, supported by the partial recovery of the tourism sector.

It is hard to predict to what extent and for how long the pandemic will affect Repsol's businesses in future. Global demand for crude oil, gas and petroleum products as a result of the ongoing economic situation and especially the recovery of mobility will be affected by how the pandemic pans out. The development of new vaccines and roll-out plans, the containment measures used by the health authorities and the policies put in place to mitigate the social and economic impact of the crisis will all shape the scope and duration of both the crisis and the subsequent recovery.

4. FINANCIAL PERFORMANCE AND SHAREHOLDER REMUNERATION

4.1 RESULTS

Strong results

Repsol posted a net income of 1,235 million euros in the first half of 2021. The opportunities presented by the improvement in the business environment (higher crude oil and gas prices, improvement in the international chemical margin -at historical levels-, progressive recovery of fuel demand due to the easing of mobility restrictions) have been adequately exploited thanks to the measures put in place by the company at the beginning of the pandemic to cope with the complex context of COVID-19 and the change in strategy due to expectations of an exit from the crisis.

Million euros	1H 2021	1H 2020	Δ
Upstream	678	(51)	729
Industrial	239	296	(57)
Commercial and Renewables	228	163	65
Corporate and other	(186)	(219)	
Adjusted net income	**959**	**189**	**770**
Inventory effect	489	(1,088)	1,577
Special items	(213)	(1,585)	1,372
Net income	**1,235**	**(2,484)**	**3,719**

Adjusted Net Income:

Recovering prices at the Upstream and Industrial businesses, coupled with increased sales at the commercial businesses, combined to push up **EBITDA** for the period (3,635 million euros vs. 589 million euros in the first half of 2020).

EBITDA (millions of euros)	1H 2021	1H 2020	Δ
Upstream	1,845	988	857
Industrial	1,355	(670)	2,025
Commercial and Renewables	519	360	159
Corporate and other	(84)	(89)	5
TOTAL	3,635	589	3,046

Adjusted net income came to 959 million euros, compared with 189 million euros in the same period of the previous year.

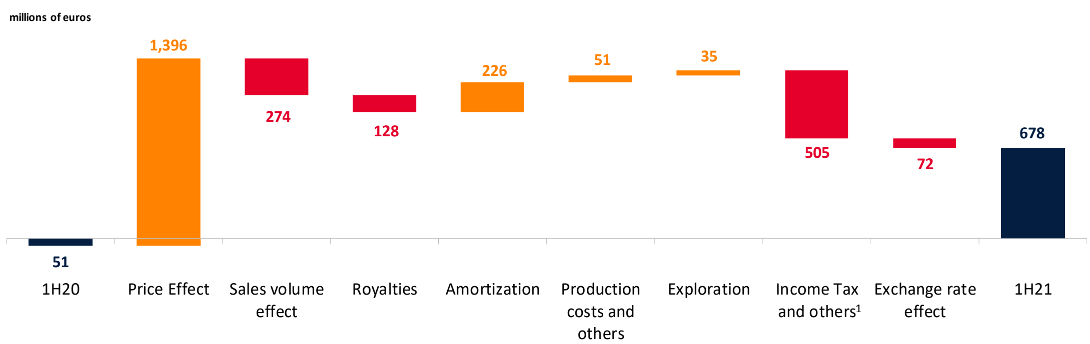
Upstream

Average **production** for the period came to 599 Kboe/d, down 11% on the same period of 2020, while **exploratory investment and activity** saw a notable reduction. **Investments** (418 million euros) was significantly down on 1H 2020 (-31%) as the Group sought to prioritize quality over quantity, focus on key geographical areas and pare back exploratory activity. Investment activity centered on assets in production and/or under development in Norway, Trinidad and Tobago, the United States and the United Kingdom. Exploratory investment took place mainly in the United States, Mexico, Bolivia and Indonesia. *For further information on the activities of the Upstream segment, see section 5.1.*

Higher crude oil and gas realization prices

Adjusted net income amounted to 678 million euros, notably up on the figure for 1H20 (-51 million euros) as a result of higher realization prices for crude oil (+61%) and gas (+64%), lower depreciation and amortization (impact of the impairment recognized in 2019 and 2020 and the decline in production) and lower costs (adjusting operations to the new environment and workforce reductions). All this was partially offset by lower production and higher taxes following an increase in operating income.

Upstream adjusted net income variation



(1) Includes the results of investees and non-controlling interests.

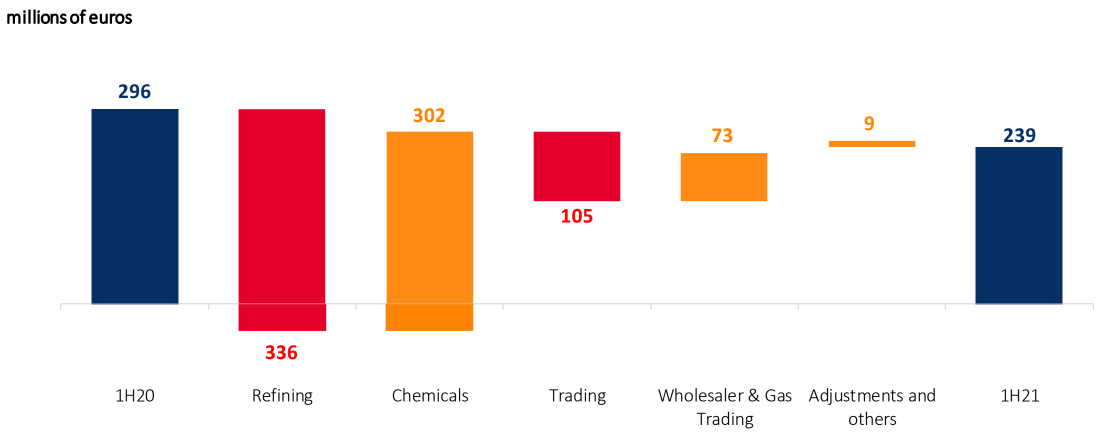
Industrial

Adjusted net income in the first half of 2021 amounted to 239 million euros, compared with 296 million euros in the first half of 2020. The change here is largely a result of:

Extraordinary margins at Chemicals and weak margins at Refining.

- At **Refining**, the drop in results due to very weak international margins and low levels of demand were partially offset by the production and logistics adjustment measures put in place at the refineries.
- At **Chemicals**, the improved results were a product of the extraordinary[1] margins (reactivation of demand plus one-off impact of incidents limiting supply), increased sales (despite the scheduled stoppage of the Puertollano plant) and the income obtained from sale of technology licenses.
- At **Trading**, lower results in almost all of the businesses, particularly in Middle distillates, Bios and Naphthas.
- At **Wholesale & Gas Trading**, results improved on the back of increased margins and volumes at the gas trading business in North America.

Industrial adjusted net income variation



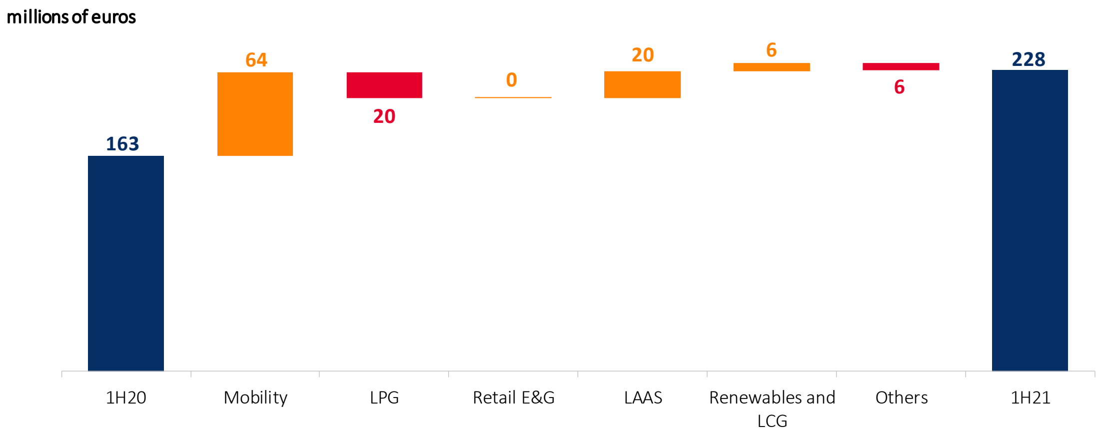
Investments in Industrial operations in the first half of 2021 came to 203 million euros (down 11% on 1H 2020). The investments were largely aimed at maintaining and improving levels of activity at industrial complexes.

For further information on the activities of the Industrial segment, see section 5.2.

Commercial and Renewables

Adjusted net income in the first half of 2021 amounted to 228 million euros, compared with 163 million euros in the first half of 2020.

Commercial and Renewables adjusted net income variation



The main reasons for this change are as follows:

- At **Mobility**, there were improved results due to the increase in volumes sold at Service Stations and Direct Sales following the gradual easing of mobility restrictions.
- At **LPG**, the drop in results were a result of lower margins on regulated bottled business in Spain, despite higher volumes sold following the recovery seen in the catering, hospitality, services and automotive industries.
- At **Retail E&G**, the numbers of customers increased and results were in line with those reported in the same period of the previous year.

Recovery of sales at Mobility and first renewable projects in commercial operation

- At **Lubricants, Asphalts, Aviation and Specialties**, results were up due to increased margins and lower provisions for credit risk at Aviation, despite the drop in volumes sold.

- At **Renewables and Low Carbon Generation**, higher results on the first half of 2020, largely due to the contribution made by renewable projects in commercial operation (Delta I and Kappa).

Operating **investments** in the first half of 2021 totaled 413 million euros (up 59% on the figure for 1H 2020). The biggest investments were the acquisition of a 40% stake in US company Hecate Energy and the development or commercial start-up of new renewable energy projects in Spain and Chile.

Acquisition of 40% of Hecate Energy

For further information on the activities of the Commercial and Renewables segment, see section 5.3.

Corporate and others

Results for the first six months amounted to -186 million euros (1H 2020: -219 million euros). The improvement in financial results was mainly a product of the lower cost of debt. Meanwhile, Repsol has continued its efforts to reduce corporate costs, in line with the objectives envisaged in the 21-25 Strategic Plan, while continuing to promote digitalization and technology initiatives.

Net income:

Adjusted net income is affected by the following factors:

- Positive **inventory effect** of 489 million euros, following the sustained recovery in the price of crude oil and other oil products during the first half of 2021, compared with the -1,088 million euros reported in the first half of 2020, when prices and demand plummeted following the rapid spread of COVID-19.

- **Special items**, which in the first half of 2021 amounted to -213 million euros, relating largely to the cost of updating provisions and workforce restructuring activities. Special items in the first half of 2020 mainly related to the recognition of impairment and valuation adjustments for certain Upstream assets.

Million euros	1H 2021	1H 2020
Divestments	1	72
Indemnities and workforce restructuring	(54)	(41)
Impairment	(5)	(1,296)
Provisions and other	(155)	(320)
TOTAL	**(213)**	**(1,585)**

As a result of all the foregoing, the Group's **Net income** for the first half of 2021 totaled 1,235 million euros (-2,484 million in 1H 2020).

Profitability indicators	1H 2021	1H 2020
ROACE – Return on average capital employed (%)	4.5	(7.3)
Earnings per share (€/share)	0.80	(1.59)

4.2 CASH FLOW

CASH FLOW *(Million euros)*	1H 2021	1H 2020
EBITDA	3,635	589
Changes in working capital	(1,158)	459
Dividends received	11	19
Income taxes received/(paid)	(343)	(10)
Other collections/(payments)	(213)	(193)
I. Cash flow from operations	1,932	864
Payments on investments	(1,107)	(1,207)
Proceeds from divestments	130	515
II. Cash flow from investing activities	(977)	(692)
FREE CASH FLOW (I + II)	955	172
Dividends and other equity instruments	(146)	(128)
Net interest and leases	(199)	(253)
Treasury stock	(447)	(150)
CASH GENERATION	163	(359)

Notable improvement in cash flow from operations

Cash flow from operations (1,932 million euros) were higher than the figure reported in the first half of 2020, following a significant increase in EBITDA across all businesses. This positive impact was partially countered by the effect of higher inventory costs on working capital (price of inventories at the industrial businesses) and an increase in taxes paid.

Investments were down during the period, mainly at Upstream and less so at Industrial, but with a notable increase at the low-carbon generation businesses (highlights here include the acquisition of a 40% stake in Hecate and the projects undertaken in Chile and Spain), in line with the Strategic Plan 21-25. Proceeds from divestment activity were down, as the first half of 2020 included the return of the taxes paid upon the divestment of Naturgy in May 2018.

Free cash flow amounted to 955 million euros, versus 172 million euros in the first half of 2020.

As a result of all of the above, and after meeting borrowing costs (-199 million euros), shareholder remuneration (-146 million euros) and acquisition of treasury shares (*for more information, see section 4.4),* **cash generation** totaled 163 million euros.

4.3 FINANCIAL POSITION

In June, a new comprehensive sustainable financing strategy was released to accompany the energy transition process, offering flexibility and transparency in the issuance of financial instruments.

Steps were also taken during the first six months to protect the balance sheet, including the issuance and buyback of subordinated hybrid bonds, thus enabling Repsol to lower its net debt and maintain its investment grade rating. In line with the policy of financial prudence and commitment to maintaining a high degree of liquidity, the funds held in cash by the Group at the end of June and available credit facilities were comfortably enough to meet debt maturities in the short term and beyond, through to 2026, without the need to refinance.

New sustainable financing strategy

The new integrated sustainable financing strategy to accompany the energy transition process takes the form of a framework (available at www.repsol.com), through which the Group can issue:

- **Bonds of special purpose financing instruments**: i) green bonds to be used to finance eligible projects as per the Taxonomy of the European Union (renewable energy and renewable hydrogen, among others); and ii) transition bonds to be assigned to additional activities and projects that positively pursue climate change mitigation and therefore Repsol's strategic energy transition strategy.

- **Bonds or financial instruments the economic conditions of which are linked to the attainment of the key sustainability targets of Repsol as a company**. These bonds (Sustainability-Linked Bonds, or SLBs) will have as their verifiable indicator the Carbon Intensity Indicator defined by Repsol, which measures the CO_2e emissions for every unit of energy that the Company delivers to society (g CO_2e/MJ).

Repsol's new sustainable financing framework, in line with the principles of transparency and best practices, has been verified and certified by rating agency ISS.

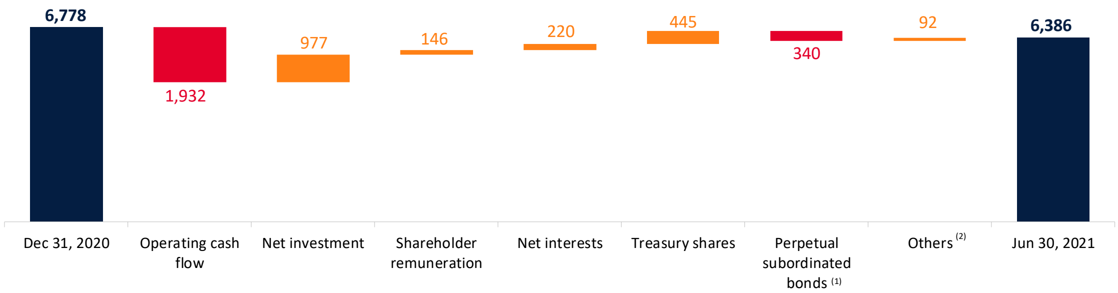
In July 2021, the Group completed the first issuance of SLB bonds under the new sustainable financing framework, worth a total of 1.25 billion euros. *For more information, see section 8.3.*

Indebtedness

Net debt (6,386 million euros) was down on the figure for 2020, mainly due to increased cash flow from operations, proceeds from divestments carried out during the period and the net funds obtained from issuances and buybacks of equity instruments (perpetual subordinated bonds) worth 340 million euros.

€6,386 M
Net Debt

Net debt performance



(1) Net impact of the issuance and partial buyback described in the section titled "*Main financing transactions*".
(2) Includes, among others, new lease agreements in the period, other proceeds/amounts used for operating activities and the exchange rate effect.

The leverage ratio (23.4%) was down on the figure for December 2020.

Leverage
23,4%
Robust financial structure

Gross debt amounted to 13,354 million euros, presenting the following maturities at 30 June 2021:

	2021	2022	2023	2024	2025	2026 and beyond	TOTAL
Bonds	997	499	0	847	1745	2436	6,825
ECP	1,705	0	0	0	0	0	1,705
Loans and credits	306	177	80	36	125	69	793
Inst. financing	0	0	0	0	4	21	26
Project finance	11	22	23	24	25	254	360
Interest, derivatives and other	53	16	-86	-	-	-	-17
Leases	295	472	337	299	267	1,991	3,662

Main financing transactions

On March 15, Repsol International Finance, B.V. (RIF) closed the pricing and terms and conditions of an issue of subordinated perpetual bonds (guaranteed by Repsol, S.A.) for a total amount of 750 million euros. The bonds are admitted to trading on the Luxembourg Stock Exchange and pay a fixed coupon of 2.500% through to the first redemption option in March 2027.

Also in March, RIF redeemed the remaining balance of the issuance of subordinated bonds known as *"€1,000,000,000 6 Year Non-Call Perpetual Securities"* and issued in March 2015 (see Note 6.4 to the consolidated financial statements for 2020), for their nominal amount plus all accrued and unpaid interest up to the redemption date, giving a total of 422 million euros.

On May 18, RIF placed an issuance of Eurobonds (guaranteed by Repsol, S.A.) worth a total of 300 million euros, admitted for trading on the Luxembourg stock exchange, paying a variable coupon equivalent to the 3-month EURIBOR + 70 bp and maturing in May 2023.

For further information, see Notes 3.1.4 and 3.1.5 to the interim financial statements for the first half of 2021.

Liquidity

Group liquidity, including committed and undrawn credit facilities, stood at 9,448 million euros at June 30, 2021, which is enough to cover its short-term debt maturities by a factor of 2.2. Repsol had undrawn credit facilities amounting to 2,867 million euros and 3,436 million euros at June 30, 2021 and December 31, 2020, respectively.

€9,448 M
Liquidity

Credit rating

Investment grade upheld

At present, the credit ratings assigned to Repsol, S.A. by the ratings agencies are as follows:

	STANDARD & POOR'S	MOODY'S	FITCH
TERM	Repsol, S.A.	Repsol, S.A.	Repsol, S.A.
Long-term	BBB	Baa2	BBB
Short-term	A-2	P-2	F-2
Outlook	stable	stable	stable
Last modified on	25/03/2020	16/06/2021	02/04/2020

Treasury shares and own equity investments

At June 30, 2021, a total of 36.7 million own shares were held in treasury, representing 2.40% of share capital at that date. *For further information, see Note 3.1.4 to the interim financial statements for the first half of 2021.*

4.4. SHAREHOLDER REMUNERATION

Remuneration received by shareholders in the first half of 2021 under the "*Repsol flexible dividend*" program includes the amount of the irrevocable commitment to purchase from shareholders their rights to receive free shares, which Repsol assumed on occasion of the scrip issue completed in January 2021 (0.288 euros per right, gross). Thus, Repsol paid out the gross sum of 102 million euros to shareholders in the first half of 2021 and delivered 40,494,510 new shares, worth 338 million euros, to those shareholders who opted to receive their dividend in the form of new shares in the Company.

The 2021 Annual General Meeting approved a capital reduction through the redemption of up to 40,494,510 treasury shares, acquired through a share buyback program aimed at all shareholders. The reduction is intended to counter the dilutive effect of the scrip issue ("*Repsol flexible dividend*") delivered in January 2021. Upon completion of the share repurchase program, the capital reduction was implemented in April through the redemption of 40,494,510 treasury shares against the share premium reserve.

Meanwhile, in July 2021 a cash dividend of 0.30 euros per share was paid out against 2020 earnings, for a total of 447 million euros.

The 2021 Annual General Meeting also approved the distribution of a dividend of 0.30[1] euros gross per share against unrestricted reserves, to be paid out, if applicable, in January 2022, on a date to be determined by the Board of Directors.

[1] The gross amount of 0.30 per share shall be reduced by the gross amount per share which, prior to the agreed payment date, the Company may have agreed to distribute and disclosed to the market, if any, as an interim dividend payable out of the current year's profits earned since the end of the 2020 financial year.

For further information, see Note 3.1.4 to the interim financial statements for the first half of 2021.

Our share price

Repsol's share price during the first half of the year saw a significant recovery from the levels reported at the beginning of the year (+28%), beating the average of the IBEX-35 (+9%) and peer companies (+21%) in the *Oil & Gas*[1] sector, which has been positively impacted by the recovery in demand and crude oil prices, albeit partially offset by the weakness of refining margins.

The main stock market indicators in 2021 and 2020 were as follows:

MAIN STOCK MARKET INDICATORS	1H 2021	1H 2020
Shareholder remuneration (€/share) (1)	0.288	0.424
Share price at end of period (2) (euros)	10.55	7.79
Period average share price (euros)	10.15	9.79
Period high (euros)	11.47	14.36
Period low (euros)	7.98	6.03
Number of shares outstanding at end of the period (million)	1,527	1,566
Market capitalization at end of the period (million euros) (3)	16,120	12,193

(1) For each period, shareholder remuneration includes dividends paid and the fixed price guaranteed by Repsol for the bonus share rights awarded under the "Repsol Flexible Dividend" program.
(2) Share price at year-end in the continuous market on the Spanish stock exchanges.
(3) Period-end closing market price per share, times the number of outstanding shares.

[1] Peers within the Oil & Gas industry for the purposes of this report: Royal Dutch Shell, Total Energies, British Petroleum, Equinor, ENI, OMV and Galp.

5. OUR BUSINESSES

5.1 UPSTREAM

Main operating figures

	1H 2021	1H 2020
Liquids production (kbbl/d)	221	229
Gas production (Mboe/d)	378	446
Hydrocarbon production (Mboe/d)	599	675
Crude oil realization price ($/bbl)	57.7	35.8
Gas realization price ($/kscf)	3.6	2.2

Our performance in 1H 2021

Million euros	1H 2021	1H 2020	Δ
Operating income	1,182	(4)	-
Income tax	(510)	(57)	(-795%)
Investees and non-controlling interests	6	10	(-40%)
Adjusted Net Income	**678**	**(51)**	**-**
Special items	(164)	(1,489)	89%
Net income	**514**	**(1,540)**	**-**
Effective tax rate (%)	(43)	[1]	-
EBITDA	**1,845**	**988**	**87%**
Investments	**418**	**603**	**(-31%)**

[1] N/A Even though income from operations is negative overall, there is a tax expense due to the mix of earnings at different effective rates in each jurisdiction (income at high rates and losses at low rates or not capitalized).

Main events of the period (1/3):

Average production:

Average production at Upstream reached 599 Kboe/d in the first half of 2021, 76 Kboe/d down on the same period of 2020. This was largely a result of production interruptions at Eagle Ford due to low temperatures in the United States in the first quarter, natural decline at the Eagle Ford and Marcellus fields (United States) and in Trinidad and Tobago, Norway and Canada, the expiration of the Piedemonte license (Colombia), maintenance activities and unscheduled shutdowns in Peru, Trinidad and the United Kingdom. All of this was partially offset by the resumption of production in Libya from October 11, 2020 onward, as well as increased volumes in Bolivia.

Exploratory campaign:

In the first six months of 2021, drilling of 2 exploratory wells was completed (1 in Bolivia with a positive result and another in Mexico with a negative result) and 1 delineation/appraisal well in Indonesia with a positive result. At June 30, 1 exploratory well in Bolivia and 1 delineation/appraisal well in Mexico were in progress.

Acreage and portfolio management:

In the United States, 8 blocks were awarded in the Gulf of Mexico (5 in the Walker Ridge area and 3 at Keathley Canyon).

During the first half of the year, the Group completed its divestments at AROG (producing assets in Russia) and Tin Fouyet Tabenkor (22.62% of the gas and liquefied petroleum gas production assets located in Algeria), as well as the process of exiting Morocco (Tanfit exploration block), all in accordance with the business reduction commitments envisaged in the Strategic Plan. Two agreements were also concluded for the sale of assets in Malaysia (35% stake in PM3 CAA, 60% in Kinabalu, 60% in PM305/314) and Vietnam (70% at the 46 CN block) and a 33.84% stake in the Brage field (Norway).

Main events of the period (2/3):

NORTH AMERICA

United States

- In February, the FEED (front-end engineering and design) process got under way for phase one of the Pikka project at the *North Slope* development in Alaska, which envisions the drilling of 43 wells and the construction of a plant capable of producing 80,000 barrels/day. The final investment decision is expected in 2022 and the start of production is slated for 2025.
- In May, the local unit has reached production figures of 20 Mboe at *Buckskin*, in deep waters off the Gulf of Mexico, within the space of two years and moreover with only two wells producing oil (together they produce 42 kboe/d, gross; 8.275 kboe/d for Repsol).

LATIN AMERICA

Brazil

- In March, Repsol and its partners Equinor and Petrobras approved the Development Concept for the BM-C-33 block, a gas and condensate field located within the Campos basin in Brazil's pre-salt layer.
- In May, Repsol embarked on a project to develop CO_2 capture projects for the production of green hydrocarbons and chemicals (environmentally friendly diesel and gasoline, or even special kerosene waxes) through industrial processes that do not emit greenhouse gases.

Peru:

- In February, Repsol returned exploratory block 103. Operations at the block had been suspended due to a force majeure event declared in 2008.

Bolivia

- In January, drilling of the Boicobo south-X1ST (BCS-X1ST) exploratory well was completed with positive results. Preliminary estimates place the discovery at around 1 TCF (trillion cubic feet) of reserves and prospective resources.
- In April and May, the Margarita block announced the commissioning of a new water treatment plant capable of processing 6,800 barrels of water per day and a new compression plant, which has helped increase recoverable reserves and gas deliveries to the market.

EUROPE AND AFRICA

Norway

- In January, the Mærsk Inspirer mobile offshore drilling and production unit was successfully installed at the YME field. After achieving this milestone, first oil is expected to be extracted in the second half of 2021. In May 2020, Repsol agreed with Maersk Drilling to take over the operation of the platform, thus generating further operational and contractual synergies for the YME license.
- In June, an agreement was reached to sell a 33.84% stake in the Brage field to Singapore-based company Lime Petroleum. There are five licenses involved in the operation (PL 053B, PL 055, PL 055B, PL 055D and PL 185), all of which expire in April 2030.

Spain

- In January, Repsol informed the Ministry for the Ecological Transition and the Demographic Challenge that it was withdrawing from four oil wells: Casablanca-11, Casablanca-12 and Rodaballo-1 at the Casablanca platform off the coast of Tarragona and at Albatros off the coast of Vizcaya.
- In June, the Cessation of Production (CoP) of the Casablanca platform in Tarragona was carried out after 40 years in operation.

Main events of the period (3/3):

Greece

- In March, following Repsol and Energean's decision not to continue with the second phase of exploration, the Aitoloakarnania block was relinquished.

Algeria

- In June, Repsol completed the transfer of its stake in the Tin Fouyet Tabenkor (TFT) production asset. Repsol had held a 22.62% stake in the gas and liquefied petroleum gas (LPG) producing asset.

Libya

- Following the joint ceasefire declaration agreed between the officially established UN-backed government in Tripoli (GNA) and the Libyan National Army (LNA) with the backing of the international community in September 2020, production was restored on 11 October 2020, with no interruptions since then.

Morocco

- In the first half of the year, Repsol returned the Tanfit I-VI exploration concession at the Missour Basin, where it was the operator and held a 37.5% WI, thus ending its presence in the country.

ASIA, RUSSIA AND REST OF THE WORLD

Indonesia

- In January, Repsol received clearance from local regulator SSK Migas to proceed with phase I development of the *Kali Berau Dalam* field at the *Sakakemang* block in South Sumatra. The aim under Phase I of the development plan is to produce gas reserves in the order of 445.10 billion cubic feet (BCF).
- In April, the Kaliberau Dalam-3X delineation/appraisal well at the Sakakemang block was completed with positive results.

Malaysia and Vietnam

- In June, Repsol agreed to sell its interests at the PM3 CAA, Kinabalu, PM305/314 assets in Malaysia and block 46 CN in Vietnam (an asset connected to the PM3 CAA production facilities) to a subsidiary of Hibiscus Petroleum, a listed company based in Kuala Lumpur. The deal, which is expected to be completed during the second half of 2021, is subject to regulatory approval and waiver of the partners' pre-emption rights.

Russia

- In May, Repsol sold its 49% WI in AR Oil & Gas (AROG), its joint venture with Alliance Oil (51%), thus marking an end to Repsol's oil production activity in Russia. AR Oil & Gas (AROG) is the owner of Saneco and Tatneftteotdacha, two small producers with oil assets in the Samara region and the Republic of Tatarstan. However, Repsol retains an interest in exploratory activities in Russia through its partnership with Gazprom Neft.

5.2 INDUSTRIAL

Main operating figures

	1H 2021	1H 2020
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 (%)	**77**	**91**
Distillation utilization - Spanish Refining (%)	**73.4**	**76.1**
Crude oil processed (millions of t)	**18.2**	**18.5**
Europe	16.3	17.0
Rest of the world	1.9	1.5
Refining margin indicator ($/Bbl)		
Spain	0.9	3.9
Peru	5.4	3.7
Petrochemical production capacity (kt)		
Base	2,603	2,603
Derivatives	2,235	2,235
Sales of petrochemical products (kt)	**1,382**	**1,297**
Gas sales in North America (TBtu)	**397**	**351**

Our performance in 1H 2021

Million euros	1H 2021	1H 2020	Δ
Operating income	307	409	(-25%)
Income tax	(77)	(109)	29%
Investees and non-controlling interests	9	(4)	-
Adjusted Net Income	**239**	**296**	**(-19%)**
Inventory effect	464	(1,066)	-
Special items	(21)	(32)	34%
Net income	**682**	**(802)**	**-**
Effective tax rate (%)	(25)	(27)	7%
EBITDA	**1,355**	**(670)**	**-**
Investments	**203**	**227**	**(-11%)**

Main events of the period (1/2):

Refining

- During the first half of the year, the refineries proved were able to adapt their production scheme to the needs of the market and showed considerable flexibility in terms of both logistics and storage, thus allowing for the continuous supply of essential products and enabling Repsol to temporarily shut down certain units at the Industrial Complexes (mainly crude distillation units) while continuing to run those processes that generate higher margins, such as the deep conversion units (hydrocrackers and cokers).
- During the first half of the year, Repsol presented a Furlough Plan (known as an ERTE in Spain) for production reasons at the industrial complexes of Bilbao, Puertollano and Coruña following the fall in demand for oil products. Notably, the furlough scheme at the Puertollano complex was ended on June 21 as demand for oil products recovered.
- In March, the *Calípolis* was unveiled, comprising a total of 11 projects in a bid to secure 259.5 million euros in European funding. The center is a joint venture between the Port of Tarragona, the local council of Vila-seca and Repsol itself. The initiatives presented include the extension of the port facilities in Tarragona and the elimination of the current single-berth, located in the open sea, by making it possible to berth large vessels on its jetty. The estimated investment, over a period of four to six years, is estimated at 1.4 billion euros in energy transition projects at the Tarragona refinery.
- In March, Repsol, through its subsidiary Petronor, and engineering company Sener signed a memorandum of understanding to begin the feasibility study for the first electrolyzer factory in Spain, with an investment of 120 million euros. Phase one of the project could be up and running by the end of 2022. The initiative is part of one of the 34 projects planned for the Basque Hydrogen Corridor (BH2C), which is a product of Repsol's strategic decision to invest in the Basque Country in projects to advance toward the energy transition. It will lead to a reduction of more than 1.5 Mt/year of CO_2.
- In March, Repsol completed construction of the new Polymer Grade Propylene (PGP) plant at the Coruña refinery, which will increase propylene production at the refinery and raise its quality to polymer grade, from which polypropylene will be obtained for subsequent use in sanitary materials, stationery, the textile industry, containers and packaging, among other applications.

Main events of the period (2/2):

Chemicals

- In March, an agreement to sell technology licenses was signed with a Chinese company for the construction of a propylene oxide and styrene monomer co-production plant, as well as two flexible polyols and polymeric plants in Jiangsu province (China).
- Also in March, Repsol announced the upcoming construction of the first chemical recycling plant for polyurethane foam in Spain at the Puertollano Complex. The plant will be able to treat around 2,000 metric tons of this waste per year and reflects the Group's commitment to industrial transformation. The plant will ultimately require an estimated investment of 12 million euros and is expected to be operational by the end of 2022.
- In April, Repsol joined the Ecoplanta project with Enerkem and Agbar to build a waste recovery plant in Tarragona with the capacity to convert some 400,000 metric tons of non-recyclable municipal solid waste into 220,000 metric tons of methanol per year, with subsequent transformation into renewable plastics or advanced biofuels, thus reducing waste that would otherwise end up in landfill.
- In May, Repsol announced that it was moving forward with its project to build a new ultra-high molecular weight polyethylene (UHMWPE) plant in Puertollano. Repsol already has a technology license agreement with DSM to build the first plant on the Iberian Peninsula capable of manufacturing UHMWPE, which will have an annual production capacity of 15 kt. The final decision on the project is expected by the end of the year.
- In July, Repsol announced the construction of two plants at the Sines Industrial Complex (one for linear polyethylene and the other for polypropylene), with an estimated total investment of 657 million euros. *For more information, see Section 8.3.*

Wholesale and Gas Trading

- In March, Repsol carried out its first LNG bunkering with carbon offsetting in Cartagena. Under the operation, a total of 420 m^3 of liquefied natural gas was delivered to the vessel Fure Vinga.

5.3 COMMERCIAL AND RENEWABLES

Main operating figures

	1H 2021	1H 2020
Number of service stations [1]	**4,950**	**4,955**
Europe	4,094	4,125
Rest of the world	856	830
Marketing own network sales (kt)	**9,570**	**8,936**
LPG Sales (kt)	**650**	**601**
Europe	638	593
Rest of the world	11	8
Installed electricity capacity in operation (MW) [2]	**3,386**	**2,918**
Installed electricity capacity under development (MW) [2]	**2,549**	**2,048**
Electricity generation (GWh) [2]	**2,052**	**2,293**
Electricity commercialization (GWh)	**1,907**	**1,912**
Gas commertialization (GWh)	**921**	**683**

(1) Includes controlled and licensed service stations.
(2) Installed electricity capacity includes capacity at cogeneration plants and capacity relating to Repsol's percentage stake in the joint venture in Chile (1,049 MW). Electricity generation does not include energy produced at the cogeneration assets of the Industrial segment, at which virtually all production is used for self-consumption.

Our performance in 1H 2021

Million euros	1H 2021	1H 2020	Δ
Operating income	312	218	43%
Income tax	(78)	(52)	(-50%)
Investees and non-controlling interests	(6)	(3)	(-100%)
Adjusted Net Income [1]	**228**	**163**	**40%**
Inventory effect	25	(22)	-
Special items	(5)	(12)	58%
Net income	**248**	**129**	**92%**
Effective tax rate (%)	(25)	(24)	(-4%)
EBITDA	**519**	**360**	**44%**
Investments	**413**	**259**	**59%**

Main events of the period (1/2):

Mobility:

- In February, WiBLE and Cabify signed a collaboration agreement whereby WiBLE services will also be available on the Cabify app as a further sustainable mobility option.
- In April, Repsol agreed to sell its fuel business in Italy to Tamoil (subject to securing the pertinent administrative clearance). The transaction includes Repsol's 275 service stations in Italy and the direct fuel sales business in the country.
- In April, Repsol put into operation the first ultra-fast charging station (150 kW) for electric vehicles in Portugal, which provides the most powerful vehicles with a range of 250 kilometers in just 15 minutes of charging.
- Waylet had 2.4 million users at the end of June.

Retail Electricity & Gas:

- In March, Repsol acquired electricity and gas marketer Gana Energía, founded in 2015 in Valencia, which operates online and offers 100% renewable energy. At the time of the acquisition, the company had 36 thousand customers approximately, 55 employees and a turnover of 25 million euros.
- In March, Repsol and Microsoft renewed their strategic partnership agreement, which is focused on accelerating Repsol's digital transformation and the global energy transition. Under this long-term alliance, the two companies will jointly develop new digital solutions based on artificial intelligence and Repsol will supply renewable energy to Microsoft for its operations in Europe, including Spain.
- In April, Repsol secured the highest level of assurance -the A label- for the second straight year, for its environmentally friendly sourcing of the electricity it supplies, according to the National Markets and Competition Commission (CNMC). Repsol is the only major retail marketer in Spain, in terms of customers supplied, that guarantees 100% renewable electricity.

Main events of the period (2/2):

Lubricants, Asphalts, Aviation and Specialties:

- In March, Repsol launched EV-FLUIDS, a new range of lubricants exclusively for electric vehicles and motorbikes, thus cementing its leadership in lubricants in the Iberian Peninsula.

LPG:

- On January 1, the P15Y marking on I350 cylinders began at the Algeciras factory and at approved workshops. The marking increases the useful life of the products by a further five years.
- In February, Repsol sold the last 4,230 piped propane supply points to Redexis. This latest deal comes on top of the one carried out in 2015, in which Redexis acquired 70,000 points.
- In March, Repsol launched the new QueroGás platform, which allows orders to be placed for Repsol Gas cylinders in Portugal.

Low Carbon Generation:

- In May, Repsol started work on Delta II, which will have a total capacity of 859 MW, distributed among 26 wind farms located in the three provinces of Aragon (Zaragoza, Huesca and Teruel). In this phase one of construction, Repsol has begun work on the first two wind farms, totaling 60 MW, which are scheduled to come on stream in the first quarter of 2022. Delta II is slated for completion in 2023, whereupon it will be able to supply electricity to around 800,000 homes.
- In May, Repsol signed an agreement to acquire 40% of Hecate Energy, a US company engaged in the development of photovoltaic and battery projects for energy storage. Hecate Energy has a portfolio of over 40 GW of renewable and storage projects under development. Of this number, 16.8 GW relate to advanced photovoltaic projects and 4.3 GW to battery projects. The vast majority of Hecate Energy's assets are located in US electricity markets.

  The agreement is fully aligned with Repsol's 21-25 Strategic Plan and represents a significant step toward the goals of achieving low-emission generation capacity and the internationalization of this business by 2025, making Repsol a major player in the US photovoltaic and battery sector.
- In May, Repsol and Krean (Mondragon Corporation) joined forces to promote the creation of citizen cooperatives for renewable generation, through the launch of Ekiluz. This type of energy community will enable widespread access to photovoltaic electricity, even in complex environments such as city centers or rural areas, by installing solar panels for a very long period of operation (25 years or even longer).
- During the first half of the year, commercial operation under phase one of the Kappa photovoltaic project got underway, with 90.5 MW of installed capacity, while phase one of the Valdesolar photovoltaic project, with 47.8 MW of installed capacity, began operational testing. In addition, Repsol and the Ibereólica Renovables Group began construction of phase two of the Cabo Leones III wind farm in Chile, with a capacity of 110 MW (55 MW relating to Repsol). Phase one of this wind farm, with an installed capacity of 78 MW (39 MW relating to Repsol), began commercial operation in December 2020.
- Phase two of the Kappa project (36.1 MW) and phases two and three of the Valdesolar photovoltaic plant (215.9 MW) are due to be completed in the latter half of the year.

6. SUSTAINABILITY

With regard to the information published in section 8 of the 2020 Management Report, we would now highlight the following updates on the subject of sustainability:

Sustainability Model and Sustainable Development Goals

The Executive Committee has approved the **Global Sustainability Plan 2021** (GSP), which sets out 48 medium-term objectives built around the six pillars of the Sustainability Model, aimed at the businesses, supply chain, employees and society. This Sustainability Plan, aligned with the United Nations 2030 Agenda for Sustainable Development (Agenda 2030), sets out the Company's sustainability roadmap and includes commitments to move toward zero net emissions by pursuing the 21-25 Strategic Plan. This fifth edition features objectives related to health and cybersecurity.

The GSP is then used to devise and launch Local Sustainability Plans, with annual initiatives that pursue the Company's objectives and respond to the needs of local stakeholders. A total of 20 local plans have now been deployed in different countries and industrial complexes. Further information on global and local sustainability plans can be found at www.repsol.com.

In the first half of the year, the second report on the **Sustainable Development Goals** (SDGs) was published for 2020, presenting Repsol's contribution to the 2030 Agenda through more than 40 different indicators, as well as different challenges and objectives showing the efforts made by the Company at both global and local level (for more information, see www.repsol.com).

Further highlights include the role played by Repsol in leading the development of the new SDG Roadmap presented by IPIECA (a global oil and gas sector association specializing in environmental and social issues). This roadmap identifies how companies in the sector can work toward a low-carbon future and a healthier, more prosperous world, in line with the 2030 Agenda.

Climate change

As happens every year, verifications of greenhouse gas (GHG) inventories have been carried out under ISO 14064 at the various industrial centers and assets operated by Repsol.

Repsol is making progress in its commitment to becoming a zero net emissions company by 2050. The fight against climate change and the energy transition call for significant technological transformations and changes within strategy. Significant milestones in the first half of 2021 include the first LNG bunkering with emissions offsetting, joining an international consortium to undertake Spain's first) alkaline electrolyzer plant for renewable hydrogen production, and the sale of Upstream assets in Malaysia and CN Block 46 in Vietnam.

Repsol has also devised a global sustainable financing framework to accompany and support its decarbonization strategy. *For more information, see Section 4.3.*

Circular economy

During the first half of the year, the Company made further progress in developing its roster of strategic projects, such as the construction of the biorefinery in Cartagena and the production of new grades of the Reciclex® range, a material featuring a high percentage of recycled plastics. The progress made toward these projects will help the Company accomplish its long-term objectives: achieving a production capacity of two million metric tons of advanced biofuels by 2050 and recycling the equivalent of 20% of our polyolefin production by 2030.

Meanwhile, Repsol continues to define new projects that reflect its strategic objectives. Notable examples include the construction of the first polyurethane foam recycling plant at Puertollano and the alliance with Enerkem and Agbar to build the first plant on the Iberian Peninsula (Tarragona) that will transform waste into chemical by-products.

Technology and digitalization

During the first half of the year, the Company continued to make progress in the **development of cutting-edge decarbonization technologies**. Highlights include the launch of Tech Lab at the pilot photoelectrocatalysis plant for the production of renewable hydrogen developed together with Enagas, and the start of the conceptual engineering of the demo e-fuels and waste-to-gas plants.

The Company has also been working toward the design of advanced industrial products, such as the EMS (Energy Management System) product, a highly efficient energy management system that relies on artificial intelligence algorithms and advanced optimization. It is mainly aimed at customers in the commercial segment and will be tested in real environments thanks to the collaboration agreements signed with various partners.

In addition, state-of-the-art enabling technologies such as robotization, computational chemistry and advanced simulation continue to be implemented as key levers in transforming the Company's assets in order to optimize operations and facilitate decision-making.

On the subject of **digitalization**, more than 40% of the cases included in Repsol's digital portfolio contribute directly to the SDGs. New digital cases and functionalities with a direct impact on sustainability were implemented in the first half of 2021, especially in the realm of emissions reductions and energy consumption. Notable examples here include various initiatives that rely on satellite imagery to detect fugitive methane emissions by applying Artificial Intelligence models or deploying a single, standard methodology for calculating emissions at all our Upstream assets; in the industrial realm, we have the transportation of raw materials and products at industrial facilities to achieve low CO_2 emissions; initiatives to reduce emissions at the trading business by lowering bunker consumption (fuel in ships); or the market launch of new functionalities for our customers, such as "origin of your energy", which introduces Repsol's renewable energy farms to customers, who can choose the wind turbine or the section of solar panels from which they want their energy to come and view the production of their farm in real time. Repsol has also continued to migrate its applications to the cloud, which has positively impacted energy efficiency. It has also continued to strengthen the technologies that allow for remote and distributed working arrangements.

In the calls for expressions of interest for Next Generation European funds launched by the Government of Spain, Repsol presented a portfolio of 31 projects that combine technology, decarbonization and circular economy, the creation of quality jobs and territorial balance, for a total associated investment of 6,359 billion euros. There are eight renewable hydrogen projects, nine circular economy projects, four renewable generation and storage projects, eight distributed energy and electric mobility projects, one addressing digital transformation infrastructure and the last one focusing on transforming the energy value chain through artificial intelligence and data economics.

People

Repsol has continued to focus on the proper management of COVID-19, carrying out local actions in countries, adapting protocols accordingly as the pandemic has evolved (maximum human presence on site, secure facilities, diagnostic protocols, etc.), monitoring cases and liaising and providing all the necessary information to the health authorities in order to mitigate the risk.

At the operational level, Repsol is in the midst of a transformation process. A new organizational structure has been implemented to put our customers at the center of our commercial business and to meet any and all energy and mobility needs. At the corporate and business staffing areas, Repsol has proceeded to flatten the organizational structure and set up broader management scopes to streamline decision-making, gain flexibility and facilitate communication and collaboration flows. At some of the industrial complexes, temporary furlough schemes (known as ERTEs in Spain) have been presented to address the drop in demand and prevailing market conditions.

The total headcount in June 2021 was 24,542. Employees on permanent contracts numbered 21,965, compared with 22,281 in December 2020.

An Expert Group on Human Rights was also set up at Repsol in the first half of the year, comprising the company's specialized areas and departments on all matters relating to human rights. This group coordinates the global strategy, optimizes internal coordination between the businesses and expert areas, undertakes new projects and shares best practices on human rights. One of its first initiatives was to launch a new course on human rights available to all employees in 2021 and to be rolled out across the value chain from 2022 onward.

Safe operation

Due to the ongoing threat posed by the COVID-19 health crisis, we have been forced to run our main operations under unprecedented conditions for a long period of time. While this situation persists, Repsol has focused on business continuity and had to cope with limited on-site presence of personnel. It has also sought to prioritize health aspects, requiring us to rethink processes, toughen risk management and continue to ensure the sound management of the health emergency.

In these complex times, accident ratios have continued to fall, as they had been doing prior to 2020. Safety, crisis and emergency management training has been maintained and redesigned to make us more ready and to incorporate aspects of remote management, while making us more adept at responding to lasting global crises.

Responsible tax policy

In the first half of 2021, Repsol paid 5,227 million euros in taxes and similar public levies, having filed more than 25,000 tax returns. Repsol's tax contribution relating to environmental protection amounted to 2,600 million euros[1] (2,262 million euros in the first half of 2020).

[1] It includes both the tax burden borne (electricity taxes, energy efficiency fund, cost of CO_2 emissions, etc.) and the taxes collected from third parties (excise taxes on fuels -according to Eurostat criteria- some of which have a partial environmental component).

Million euros	Taxes paid		Tax burden			Taxes collected			
	1H 2021	**1H 2020**	**Total**	Corp. tax	Others	**Total**	VAT	Hydrocarbons tax[(2)]	Others
Europe	4,190	3,595	**381**	91	290	**3,809**	1,266	2,339	204
LATAM & Caribbean	499	467	**196**	56	140	**303**	161	125	17
Asia and Oceania	164	193	**149**	88	61	**15**	8	0	7
North America	98	101	**64**	4	60	**34**	4	0	30
Africa	276	86	**274**	244	30	**2**	0	0	2
TOTAL [(1)]	**5,227**	**4,442**	**1,064**	483	581	**4,163**	1,439	2,464	260

(1) Information drawn up in accordance with the Group's reporting model described in *About this report*. Only taxes actually paid during the year are computed, meaning, therefore, the following are not included: (i) income taxes accrued in the period but to be paid in the future; and (ii) tax rebates for prior years (133 million euros in 2021 and 671 million euros in 2020).

(2) Hydrocarbon tax. Includes receipts from logistics operators where the Company is ultimately responsible for payment.

Repsol has obtained the highest rating in fiscal transparency in the "*Fiscal Contribution and Transparency 2020*" report of *Fundación Compromiso y Transparencia*, which evaluates the good tax practices of IBEX-35 companies. This rating reflects Repsol's firm commitment to transparency, wealth creation and fiscal contribution in the countries where it operates.

For more information, see the section on 'Responsible tax policy' at www.repsol.com.

Supply chain and customers

Repsol's commitment to sustainability spans the entire life cycle of the Company's operations and promotes compliance with the highest international standards among employees, contractors, suppliers and partners. With the aim of disseminating and championing this commitment among suppliers and ensuring the health and integrity of the supply chain, a new space has been created on Repsol's website (www.repsol.com) titled "Sustainable management in the supply chain". The awareness-raising actions aimed at our suppliers include the plan to promote the SDGs and the 2030 Agenda and to disseminate the Ten Basic Safety Rules.

7. CORPORATE GOVERNANCE

On March 26, Repsol held its **Annual General Meeting (AGM)** as both a face-to-face and remote event. The 2021 Annual General Meeting is an absolute necessity for the Company to carry on its business normally and accomplish its objectives, in the interests of all its shareholders and other stakeholders. Even so, Repsol's Board of Directors endeavored to protect the health of everyone involved in organizing and staging the AGM.

33%
Women on the Board

At the meeting, it was agreed, among other matters, to re-elect Manuel Manrique Cecilia, Mariano Marzo Carpio, Isabel Torremocha Ferrezuelo and Luis Suárez de Lezo Mantilla as directors, to ratify and re-elect Rene Dahan as director, and to appoint Aurora Catá Sala as director. All shall serve a four-year term as set out in the Bylaws.

CENYT investigation

On July 8, 2021, the Central Court number 6 of the Audiencia Nacional issued an order in which Repsol, S.A. was declared as investigated party in the Separate Piece number 21, related to the hiring of the research company Cenyt. This condition of investigated party in the judicial investigation has no consequence whatsoever on the company, its governance or its activity.

Repsol has historically maintained an exemplary track record in terms of regulatory compliance and crime prevention, with a code of ethics and conduct and a compliance system that meets the strictest national and international standards, before and beyond what is required by the regulations. This was recognized by the Board of Directors last April 21, following a report by the Audit and Control Committee and the Nominations Committee, and a specific meeting of the Independent Directors. Its conclusions, as well as the assessment of the aforementioned Order, were made public in two press releases dated April 21 and July 8. Therefore, and in its defense, Repsol will take whatever actions are necessary within the scope of the proceedings in which it is being investigated, collaborating without restriction with the Courts in the clarification of the facts, as it has been doing up to now.

8. OUTLOOK

8.1 OUTLOOK

Macroeconomic outlook

Following an unprecedented decline of -3.3% in 2020, according to the latest IMF forecast (WEO April 2021) the global economy is expected to grow by 6% in 2021 and 4.4% in 2022. However, the recovery will be an uneven affair across industries and countries. The scope for additional stimulus, the speed of vaccination, and the pre-pandemic sectoral composition will shape the performance of each country.

The United States is a forerunner and is expected to grow by 6.4% in 2021, boosted by the fiscal stimulus plans ushered in by President Biden. Spain should also grow by 6.4%, but its starting point is further back, because the United States contracted by 3.5% in 2020 while Spain shed 11%. In fact, the speed of recovery is best viewed in terms of activity levels rather than growth rates. Looking at it this way, China already recovered to pre-pandemic levels in 2020 and the United States will have done so by mid-2021. Meanwhile, the Eurozone as a whole will not recover to pre-pandemic levels until early 2022, Spain until late 2022, and some emerging countries not before 2023.

Macroeconomic forecasts, key figures

	Real GDP growth (%)		Average inflation (%)	
	2021	2020	2021	2020
Global economy	6.0	-3.3	3.2	3.5
Advanced countries	5.1	-4.7	1.6	0.7
Spain	6.4	-11.0	1.0	-0.3
Emerging countries	6.7	-2.2	4.9	5.1

Source: IMF (*World Economic Outlook* April 2021) and Repsol´s Division of Business Studies & Analysis.

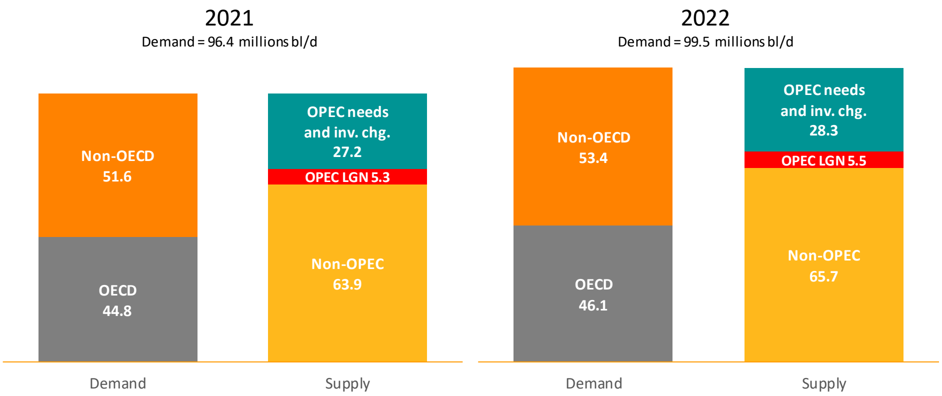
The global outlook is still shrouded by considerable levels of uncertainty. Faster progress in vaccination could improve the outlook, while a further prolongation of the pandemic with virus variants that cannot be prevented by current vaccines could lead to a downward correction of prognoses. Recoveries at different speeds could carry financial risks if interest rates rise unexpectedly in the United States, leading to risks of a disorderly correction of overvalued financial assets, an abrupt tightening of financial conditions, and a deterioration of recovery prospects for emerging markets. Other risks include a possible escalation of trade protectionism and reconfigurations of international supply chains, leading to production disruption and/or productivity issues.

Short-term energy sector outlook

According to June estimates of the International Energy Agency (IEA), global demand should rise 5.36 Mbbl/d in 2021 to reach average demand in 2021 of 96.4 Mbbl/d. Consumption in non-OECD countries looks set to rise by 2.65 Mbbl/d, while in OECD countries it will likely gain 2.7 Mbbl/d. The IEA expects non-OPEC to increase production by 0.87 Mbbl/d in 2021, with recovery concentrated mainly in Canada, Russia and Norway, while the United States is expected to contract marginally. On the OPEC+ side, the market will be watching closely for compliance with the oil cut agreements, although the IEA expects OPEC's crude oil needs to increase by 4.4 Mbbl/d.

By 2022, the IEA estimates world oil demand to reach 99.5 Mbbl/d, revealing an annual increase of 3.1 Mbbl/d, with non-OECD contributing 1.8 Mbbl/d and OECD 1.3 Mbbl/d. The global demand estimated by the IEA for 2022 would still fall short of the 2019 level, though only by a difference of 0.3 Mbbl/d. However, the quarterly performance shows that consumption in the fourth quarter of 2022 would be slightly higher than consumption in the corresponding quarter of 2019. On the supply side, the IEA estimates that the non-OPEC region will increase its output by +1.8 million Mbbl/d, while OPEC crude oil requirements would increase by 1.1 Mbbl/d.

Global supply/demand balance – 2021 and 2022



Source: International Energy Agency (IEA) and Repsol´s Division of Business Studies & Analysis.

Turning to the Henry Hub natural gas market, the gradual recovery of economic activity since the start of 2021, particularly in Asia, has led to an increase in LNG exports. This circumstance, together with a cold winter, has shaped a scenario with a tight balance sheet and low inventory levels in the United States. The stability of the Henry Hub price, with a slow but progressive recovery to above \$3/MMBtu, has been strongly supported by exports and lower production growth compared to pre-pandemic rates. Meanwhile, domestic demand has endured thanks to the alternation between consumption peaks in the residential/commercial sector (due to low temperatures) and consumption for electricity generation (more sensitive to prices). Thus, consumption slumps in one sector have largely been offset by increases in the other, and vice versa.

Prices are expected to remain stable throughout the latter half of 2021, partly because of the growth in liquefied natural gas (LNG) exports and party due to increased domestic consumption of natural gas outside the electricity sector. These fundamentals should keep the Henry Hub at average levels of around \$3/MMBtu. In 2022, however, a lower average is expected due to a slowdown in LNG export growth and an increase in domestic gas production.

8.2 OUTLOOK BY BUSINESS

The Group's business plans for the second half of 2021 are in line with the new Strategic Plan 21-25, albeit in a more favorable price scenario than the one envisioned in the plan. In this first year of the plan, given the still uncertain environment, the Group will continue to prioritize capital efficiency and discipline, throttled investment activity and a prudent financial policy.

In the second half of the year, low-carbon platforms and, in particular, the renewable energy business will continue to be our main pillar in the energy transition and in investment. The aim will be to increase renewable generation capacity by commissioning projects currently under construction in Spain and Chile and making further progress in developing new projects.

The Upstream segment will continue to focus on value generation through asset rotation and active portfolio management. At Industrial, further progress will be made toward the decarbonization program by promoting projects associated with the energy transition, increasing plant reliability and flexibility, identifying and utilizing high-value products and incorporating energy efficiency measures. The commercial businesses will continue to focus on optimizing operations, supporting our customers through the energy transition and placing them at the center of our decisions. This will be based on digital solutions and with an end-to-end differentiated value proposition, thus maximizing the value of the business and bolstering our competitive position. In the second half of the year, Repsol will continue to prioritize efficiency in corporate areas by automating processes, thus making the entire organization more profitable.

In the current environment, Repsol expects that in 2021 it will be able to generate cash to finance its investment needs and reward its shareholders.

8.3 HIGHLIGHTS IN THE SECOND HALF OF THE YEAR

In July, the Group, through Repsol Europe Finance (with the guarantee of Repsol, S.A.) completed an issuance of Eurobonds linked to sustainability targets (SLB) for a total of 1,250 million euros. The issue consists of a 650 million euros tranche paying a fixed annual coupon of 0.375% and maturing in July 2029, and a further 600 million euros tranche paying a fixed annual coupon of 0.875% and maturing in July 2033.

Also in July, Repsol announced the construction of two plants at the Sines Industrial Complex (one for linear polyethylene and the other for polypropylene), each able to produce 300,000 metric tons per year and with an estimated total investment of 657 million euros. These facilities, which will be operational in 2025, will produce 100% recyclable materials and can be used for highly specialized applications aligned with the energy transition in the pharmaceutical, automotive and food industries. The Portuguese government has considered this investment to be of potential national interest.

APPENDIX I. ALTERNATIVE PERFORMANCE MEASURES

Repsol's financial disclosures contain figures and measurements prepared in accordance with the regulations applicable to financial information, as well as other measurements prepared in accordance with the Group's Reporting Model known as Alternative Performance Measurements (APMs). APMs are measurements which are "adjusted" compared to those presented as IFRS-EU or with information on Oil and Gas Exploration and Production Activities, and the reader should therefore consider them in addition to, but not instead of, the latter.

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

For quarterly historical information on our APMs, please visit www.repsol.com.

1. Financial performance measurements

Adjusted net income

Adjusted net income is the key financial performance measurement which Management (Executive Committee) relies on when making decisions.

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.

Adjusted net income is calculated as the ***Result from continuing operations at Current Cost of Supply (CCS)***, net of taxes and non-controlling interests, and without including specific income and expenses (***Special items***) or the so-called ***Inventory effect***. ***Financial result*** is taken to Adjusted net income for the "Corporate and other" segment.

Adjusted net income is a useful APM for investors to evaluate the performance of operating segments while permitting 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 costs1 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 earnings at weighted average cost is included in the so-called **Inventory Effect**, which also includes other adjustments to the valuation of inventories (write-offs, economic hedges, etc.) and is presented net of taxes and minority interests. This Inventory Effect largely affects the Industrial segment. 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.

[1] To calculate the cost of supply, international quotations on the benchmark markets in which the Company operates are used. The relevant average monthly price is applied to each quality of distilled crude. Quotations are obtained from daily crude oil publications according to Platts, plus freight costs estimated by Worldscale (an association that publishes world reference prices for freight costs between specific ports). All other production costs (fixed and variable costs) are valued at the cost recognized in the accounts.

Special items

Significant items of which separate presentation is considered convenient to easily monitor the ordinary management of business operation. Includes capital gains/losses arising from divestment, restructuring costs, impairments, provisions for risks and expenses and other relevant income/expenses outside the ordinary management of the business. Special items are presented net of taxes and minority interests.

The following table shows special items for the first half and second quarter of 2021 and 2020:

	1H		2Q	
Million euros	2021	2020	2021	2020
Disinvestments	1	72	(5)	3
Headcount restructuring	(54)	(41)	(31)	(35)
Impairment	(5)	(1,296)	(15)	(1,296)
Provisions and other	(155)	(320)	(18)	(113)
TOTAL	**(213)**	**(1,585)**	**(69)**	**(1,441)**

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

	First half											
			ADJUSTMENTS									
	Adjusted net income		Reclassification of Joint Ventures		Special items		Inventory Effect[2]		Total Adjustments		EU-IFRS income/loss	
Million euros	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Operating income	1,679[1]	494[1]	(155)	843	(475)	(1,500)	675	(1,507)	45	(2,164)	1,724	(1,670)
Financial result	(111)	(136)	75	22	206	(51)	-	-	281	(29)	170	(165)
Net income from equity affiliates	4	7	113	(986)	-	1	-	-	113	(985)	117	(978)
Net income before tax	**1,572**	**365**	**33**	**(121)**	**(269)**	**(1,550)**	**675**	**(1,507)**	**439**	**(3,178)**	**2,011**	**(2,813)**
Income tax	(619)	(172)	(33)	121	56	(36)	(171)	383	(148)	468	(767)	296
Consolidated income for the year	**953**	**193**	**-**	**-**	**(213)**	**(1,586)**	**504**	**(1,124)**	**291**	**(2,710)**	**1,244**	**(2,517)**
Income attributed to minority interests	6	(4)		-	-	1	(15)	36	(15)	37	(9)	33
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	**959**	**189**	**-**	**-**	**(213)**	**(1,585)**	**489**	**(1,088)**	**276**	**(2,673)**	**1,235**	**(2,484)**

(1) Result from continuing operations at current cost of supply (CCS).
(2) The inventory effect represents an adjustment to "*Supplies*" and "*Changes in inventory of finished goods*" of the income statement under IFRS-EU.

	Second quarter											
			ADJUSTMENTS									
	Adjusted net income		Reclassification of Joint Ventures		Special items		Inventory Effect[2]		Total Adjustments		EU-IFRS income/loss	
Million euros	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Operating income	917[1]	(169)[1]	(45)	947	(379)	(1,550)	233	(401)	(191)	(1,004)	726	(1,173)
Financial result	(138)	(125)	57	28	218	(38)	-	-	275	(10)	137	(135)
Net income from equity affiliates	4	2	99	(944)	-	1	-	-	99	(943)	103	(941)
Net income before tax	**783**	**(292)**	**111**	**31**	**(161)**	**(1,587)**	**233**	**(401)**	**183**	**(1,957)**	**966**	**(2,249)**
Income tax	(296)	34	(111)	(31)	92	146	(60)	100	(79)	215	(375)	249
Consolidated income for the year	**487**	**(258)**		**-**	**(69)**	**(1,441)**	**173**	**(301)**	**104**	**(1,742)**	**591**	**(2,000)**
Income attributed to minority interests	1	-		-	-	-	(5)	3	(5)	3	(4)	3
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	**488**	**(258)**		**-**	**(69)**	**(1,441)**	**168**	**(298)**	**99**	**(1,739)**	**587**	**(1,997)**

(1) Result from continuing operations at current cost of supply (CCS).
(2) The inventory effect represents an adjustment to "*Supplies*" and "*Changes in inventory of finished goods*" of the income statement under IFRS-EU.

EBITDA:

EBITDA ("Earnings Before Interest, Tax, Depreciation and Amortization") is a financial indicator that measures the operating margin of a company prior to deducting interest, taxes, impairment losses, 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 other companies in the *Oil & Gas* sector.

The EBITDA is calculated as Operating Income + Amortization + Impairment as well as other items which do not represent cash inflows or outflows from transactions (restructuring, capital gains/losses from divestment, provisions etc.). Operating income corresponds to the result from continuing operations at average weighted cost (AWC). Where ***Income from continuing operations at current cost of supply*** (CCS) is used, it is known as ***EBITDA at CCS.***

	First half					
	Group Reporting Model		Joint venture reclassification and other		IFRS-EU [1]	
	2021	2020	2021	2020	2021	2020
Upstream	1,845	988	(595)	(488)	1,250	500
Industrial	1,355	(670)	(30)	(15)	1,325	(685)
Commercial and Renewables	519	360	(6)	(2)	513	358
Corporate and other	(84)	(89)	26	7	(58)	(82)
EBITDA	**3,635**	**589**	**(605)**	**(498)**	**3,030**	**91**
Inventory effect	(675)	1,507	-	-	-	-
EBITDA at CCS	**2,960**	**2,096**	**(605)**	**(498)**	**3,030**	**91**

(1) Corresponds to "*Net income before tax*" and "*Result adjustments*" on the consolidated Cash Flow Statements prepared under IFRS-EU.

	First half					
	Group Reporting Model		Joint venture reclassification and other		IFRS-EU [1]	
	2021	2020	2021	2020	2021	2020
Net income before tax	1,978	(2,692)	33	(121)	2,011	(2,813)
Adjusted result:						
Depreciation of property, plant and equipment	1,254	1,547	(272)	(401)	982	1,146
Operating provisions	502	1,614	(188)	(939)	314	675
Other items	(99)	120	(178)	963	(277)	1,083
EBITDA	**3,635**	**589**	**(605)**	**(498)**	**3,030**	**91**

[1] Corresponds to "*Net income before tax*" and "*Result adjustments*" on the consolidated Cash Flow Statements prepared under IFRS-EU.

	Second quarter					
	Group Reporting Model		Joint venture reclassification and other		IFRS-EU [1]	
	2021	2020	2021	2020	2021	2020
Upstream	918	331	(289)	(186)	629	145
Industrial	647	(156)	(17)	(6)	630	(162)
Commercial and Renewables	277	118	(4)	-	273	118
Corporate and other	(44)	(53)	2	4	(42)	(49)
EBITDA	**1,798**	**240**	**(308)**	**(188)**	**1,490**	**52**
Inventory effect	(233)	401	-	-	-	-
EBITDA at CCS	**1,565**	**641**	**(308)**	**(188)**	**1,490**	**52**

[1] Corresponds to "*Net income before tax*" and "*Result adjustments*" on the consolidated Cash Flow Statements prepared under IFRS-EU.

	Second quarter					
	Group Reporting Model		Joint venture reclassification and other		IFRS-EU [1]	
	2021	2020	2021	2020	2021	2020
Net income before tax	855	(2,280)	111	31	966	(2,249)
Adjusted result:						
Depreciation of property, plant and equipment	611	762	(133)	(198)	478	564
Operating provisions	401	1,591	(130)	(937)	271	654
Other items	(69)	167	(156)	916	(225)	1,083
EBITDA	**1,798**	**240**	**(308)**	**(188)**	**1,490**	**52**

[1] Corresponds to "*Net income before tax*" and "*Result adjustments*" on the consolidated Cash Flow Statements prepared 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 invested capital (equity and debt).

ROACE ("Return on average capital employed") is calculated as: (Adjusted Net Income, before non-controlling interests and excluding Financial Result, + Inventory Effect + Special Items) / (average **Capital employed** for the period from continuing operations, which measures own and third-party capital invested in the company and relates to Total Equity + **Net debt**). It includes the amount pertaining to joint ventures or other companies whose operations are managed as such. If the Inventory Effect is not used in the calculation process, it is known as ***CCS ROACE***.

NUMERATOR (*Millions of euros*)	1H 2021	1H 2020
Operating income EU-IFRS	**1,724**	**(1,670)**
Joint venture reclassification	155	(843)
Income tax [(1)]	(658)	150
Results of companies accounted for using the equity method - net of tax	4	8
I. ROACE result at average weighted cost	**1,225**	**(2,355)**

DENOMINATOR *(Millions of euros)*	1H 2021	1H 2020
Total equity	20,962	22,940
Net Debt	6,386	8,026
Capital employed at year-end	**27,348**	**30,966**
II. Average capital employed [(2)]	**27,333**	**32,128**
ROACE (I/II)[(3) (4)]	**4.5%**	**(-7.3%)**

(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 period.

(3) ROACE for the six-month period. In previous periods this magnitude was annualized by simply extrapolating the results (with the exception of special results and earnings).

(4) CCS ROACE (without taking into account the Inventory Effect) amounts to 2.6%.

2. Cash flow measurements

Cash flow from operations

The cash flow from operations measures generation of cash from operating activities, and is calculated as: EBITDA +/- Changes to current capital (also called Working Capital) + Collection of dividends +Collections/-payments of income tax + Other collections/-payments from operating activities.

Free cash flow

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

Cash generation

The ***cash flow generated*** corresponds to ***free cash flow*** after deducting all payments for dividends, remuneration of other equity instruments such as net interest and payments for leases and treasury stock. This APM measures the funds generated by the Company before financial transactions (mainly from debt issuance and repayments).

The following is a reconciliation of ***Free cash flow*** and ***Cash flow generated*** with the consolidated cash flow statements prepared under IFRS-EU:

	First half					
	Adjusted cash flow		Reclassification of joint arrangements and other		IFRS-EU cash flow statement	
	2021	2020	2021	2020	2021	2020
I. Cash flow from / (used in) operating activities (cash flow from operations)	1,932	864	(392)	(247)	1,540	617
II. Cash flow from / (used in) investing activities	(977)	(692)	32	1,808	(945)	1,116
Free cash flow (I+II)	**955**	**172**	**(360)**	**1,561**	**595**	**1,733**
Cash generation	**163**	**(359)**	**(341)**	**1,605**	**(178)**	**1,246**
III. Cash flow from / (used in) financing activities and others [(1)]	(286)	2,127	284	(1,554)	(2)	573
Net increase / (decrease) in cash and cash equivalents (I+II+III)	**669**	**2,299**	**(76)**	**7**	**593**	**2,306**
Cash and cash equivalents at the beginning of the period	4,578	3,218	(257)	(239)	4,321	2,979
Cash and cash equivalents at the end of the period	5,247	5,517	(333)	(232)	4,914	5,285

	Second quarter					
	Adjusted cash flow		Reclassification of joint arrangements and other		IFRS-EU cash flow statement	
	2021	2020	2021	2020	2021	2020
I. Cash flow from / (used in) operating activities (cash flow from operations)	902	268	(177)	35	725	303
II. Cash flow from / (used in) investing activities	(454)	(485)	(271)	1,053	(725)	568
Free cash flow (I+II)	**448**	**(217)**	**(448)**	**1,088**	**-**	**871**
Cash generation	**351**	**(337)**	**(438)**	**1,121**	**(87)**	**784**
III. Cash flow from / (used in) financing activities and others [(1)]	273	2,300	442	(1,050)	715	1,250
Net increase / (decrease) in cash and cash equivalents (I+II+III)	**721**	**2,083**	**(6)**	**38**	**715**	**2,121**
Cash and cash equivalents at the beginning of the period	4,526	3,434	(327)	(270)	4,199	3,164
Cash and cash equivalents at the end of the period	5,247	5,517	(333)	(232)	4,914	5,285

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

The Group measures **Liquidity** as the total of "*Cash and cash equivalents*", the cash deposits of immediate availability contracted with financial institutions and undrawn long- and short-term credit lines at year end under facilities granted by financial institutions which may be drawn down by the company in installments, the amount, and the other terms of the agreement.

	First half					
	Group Reporting Model		Joint venture reclassification		IFRS-EU	
	Jun - 2021	Dec - 2020	Jun - 2021	Dec - 2020	Jun - 2021	Dec - 2020
Cash and cash equivalents	5,247	4,578	(333)	(257)	4,914	4,321
Undrawn credit lines	2,867	3,436	(11)	(11)	2,856	3,425
Time deposits of immediate availability [(1)]	1,334	1,181	-	-	1,334	1,181
Liquidity	**9,448**	**9,195**	**(344)**	**(268)**	**9,104**	**8,926**

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

Operating investments:

Group management uses this APM to measure each period's investment effort, as well as its allocation by businesses segment, and corresponds to investments in the operation of resources made by different Group businesses. It includes that which corresponds to joint ventures or other companies whose operations are managed as such.

Investments may be presented as organic (acquisition of projects, assets or companies for the expansion of the Group's activities) or inorganic (funds invested in the development or maintenance of the Group's projects and assets). This distinction is useful in understanding how the Group's Management allocates its resources and allows for a more reliable comparison of investment between periods.

	First half					
	Operating investments		Reclassification of joint arrangements and other		IFRS-EU[1]	
	2021	2020	2021	2020	2021	2020
Upstream	418	603	(162)	(99)	256	504
Industrial	203	227	(3)	(1)	200	226
Commercial and Renewables	413	259	(2)	(13)	411	246
Corporate and other	27	24	-	-	27	24
TOTAL	1,061	1,113	(167)	(113)	894	1,000

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

	Second quarter					
	Operating investments		Reclassification of joint arrangements and other		IFRS-EU[1]	
	2021	2020	2021	2020	2021	2020
Upstream	212	214	78	(42)	134	172
Industrial	129	104	2	(3)	127	101
Commercial and Renewables	200	141	22	(1)	178	141
Corporate and other	19	20	-	-	19	20
TOTAL	560	479	102	(46)	458	433

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

3. Financial position measures

Debt and financial position ratios[1]:

Net Debt is the main APM used by management to measure the Company's level of debt. It is comprised of financial liabilities less financial assets, cash and cash equivalents, and the effect arising from net market valuation of financial derivative (excluding interest rates). They include the debt corresponding to joint ventures and other companies operationally managed as such.

	Net Debt	Joint venture classification	IFRS-EU balance sheet
	Jun-21	Jun-21	Jun-21
Non-current assets			
Non-current financial instruments [(1)]	52	802	854
Current assets			
Other current financial assets	1,524	173	1,697
Cash and cash equivalents	5,247	(333)	4,914
Non-current liabilities			
Non-current financial debt	(9,206)	659	(8,547)
Current liabilities			
Current financial liabilities	(4,371)	(848)	(5,219)
Items not included on the balance sheet			
Net mark to market valuation of financial derivatives (ex: exchange rate)[(2)]	368	(312)	56
NET DEBT [(3)]	**(6,386)**	**141**	**(6,245)**

(1) Relates to the consolidated balance sheet heading, "*Non-current financial assets*" without including equity instruments.
(2) The net mark to market value of financial derivatives different from exchange rate derivatives has been eliminated from this section.
(3) Reconciliations of this measurement for previous half-year periods are available at www.repsol.com.

Gross Debt is the measure used to analyze the Group's solvency; it includes its financial liabilities and the net fair value of its exchange rate derivatives. They include the debt corresponding to joint ventures and other companies operationally managed as such.

	Gross debt	Joint venture classification	IFRS - EU balance sheet
	Jun-21	Jun-21	Jun-21
Current financial liabilities	(4,304)	(846)	(5,151)
Net valuation at the market rates of financial derivative, such as current exchange rate	1	-	1
Current gross debt	**(4,303)**	**(846)**	**(5,150)**
Non-current financial liabilities	(9,137)	659	(8,478)
Net mark-to-market valuation of non-current foreign exchange derivatives	86	-	86
Non-current gross debt	**(9,051)**	**659**	**(8,392)**
GROSS DEBT [(1)]	(13,354)	(187)	(13,542)

(1) Reconciliations of this figure for previous periods are available at www.repsol.com.

1 To facilitate the task of monitoring the previous Strategic Plan, until 2020 the debt and profitability measures were further broken down excluding the effect of lease liabilities.

The following ratios are used by Group management to evaluate leverage ratios as well as Group solvency.

The ***Leverage*** ratio corresponds to ***Net Debt*** divided by ***Capital employed*** at year end. This ratio can be used to determine the financial structure and degree of indebtedness with regard to capital contributed by shareholders and entities which provide financing. It is the chief measure used to evaluate and compare the Company's financial position with others in the Oil & Gas sector.

	First half					
	Group Reporting Model		Reclassif. Joint ventures		Figure as per IFRS – EU balance sheet	
Million euros	Jun-21	Dec-20	Jun-21 [1]	Dec-20 [1]	Jun-21	Dec-20
Net debt	(6,386)	(8,026)	141	(2,762)	(6,245)	(10,788)
Capital employed	27,348	30,966	(141)	2,762	27,207	33,728
Leverage	23.4%	25.9%			23.0%	32.0%

(1) In 2020, it mainly included the net financing of the Repsol Sinopec Brasil Group (joint venture owned 60% by Repsol and 40% by the Sinopec Group; see Note 13 to the 2020 consolidated financial statements). In the first half of 2021, the partial spin-off of Repsol Sinopec Brasil, B.V. was completed, whereupon the loans granted to its shareholders were transferred to the subsidiaries attached to each of them, thus reducing the value of the investment in this company and derecognizing the related loan from the consolidated balance sheet (see Note 3.1.2 to the interim financial statements for the first half of the year).

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 handle its current debt using its existing liquidity.

	First half					
	Group Reporting Model		Reclassif. Joint ventures		Figure as per IFRS – EU balance sheet	
Million euros	Jun - 2021	Dec - 2020	Jun - 2021	Dec - 2020	Jun - 2021	Dec - 2020
Liquidity	9,448	9,195	(345)	(269)	9,103	8,926
Current gross debt	4,303	2,850	847	822	5,150	3,213
Solvency	2.2	3.2			1.8	2.8

APPENDIX II. REPSOL REPORTING MODEL – CONSOLIDATED FINANCIAL STATEMENTS

Drawn up in accordance with the Group's reporting policy (see *About this report).*
(Figures not audited, in million euros)

1. Balance sheet

	30/06/2021	31/12/2020
NON-CURRENT ASSETS		
Goodwill	1,497	1,476
Other intangible assets	1,928	1,990
Property, plant and equipment	25,681	25,907
Investments in property, plant and equipment	23	23
Investments accounted for using the equity method	482	279
Non-current financial assets	166	154
Deferred tax assets	3,824	4,081
Other non-current assets	911	823
CURRENT ASSETS		
Non-current assets held for sale	841	15
Inventories	4,805	3,540
Trade and other receivables	6,495	5,275
Other current assets	305	257
Other current financial assets	1,524	1,425
Cash and cash equivalents	5,247	4,578
TOTAL ASSETS	**53,729**	**49,823**
TOTAL EQUITY		
Attributed to the parent and other equity instrument holders	20,707	20,295
Attributed to non-controlling interests	255	244
NON-CURRENT LIABILITIES		
Non-current provisions	5,165	5,034
Non-current financial debt	9,206	9,547
Deferred and other tax liabilities	2,749	2,771
Other non-current liabilities	538	407
CURRENT LIABILITIES		
Liabilities associated with non-current assets held for sale	583	1
Current provisions	691	813
Current financial liabilities	4,371	3,620
Trade and other payables	9,464	7,091
TOTAL LIABILITIES	**53,729**	**49,823**

2. Income statement

	1H 21	1H 20
Revenue	21,987	17,513
Operating income	**1,679**	**494**
Financial result	(111)	(136)
Net income from companies accounted for using the equity method	4	7
Net income before tax	**1,572**	**365**
Income tax	(619)	(172)
Income from continuing operations	**953**	**193**
Income attributed to non-controlling interests	6	(4)
ADJUSTED NET INCOME	959	189
Inventory effect	489	(1,088)
Special items	(213)	(1,585)
NET INCOME	1,235	(2,484)

3. Cash flow statement

	1H 21	1H 20
I. STATEMENT OF CASH FLOW FROM OPERATIONS		
EBITDA	3,635	589
Changes in working capital	(1,158)	459
Dividends received	11	19
Income taxes received/(paid)	(343)	(10)
Other receipts/(payments) for operating activities	(213)	(193)
	1,932	**864**
II. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for investments:	(1,107)	(1,207)
Organic investments	(873)	(1,156)
Non-organic investments	(234)	(51)
Proceeds from divestments	130	(515)
	(977)	**(692)**
FREE CASH FLOW (I + II)	**955**	**172**
Dividend payments and remuneration from other equity instruments	(146)	(128)
Net interest	(199)	(253)
Treasury stock	(447)	(150)
CASH GENERATED IN PERIOD	**163**	**(359)**
Financing activities and other	506	2,658
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**669**	**2,299**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**4,578**	**3,218**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5,247**	**5,517**

APPENDIX III: 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	0.16	0.14	162.60	5,615	$1.7x10^3$
	1 cubic meter [1]	m^3	1,000	6.29	1	0.86	1,033	36,481	10,691.5
	1 ton of oil equivalent [1]	toe	1,160.49	7.30	1.16	1	1,187	41,911	12,407.4
GAS	1 cubic meter	m^3	0.98	0.01	0,001	0,001	1	35.32	10.35
	1,000 cubic feet = $1.04x10^6$ Btu	ft^3	27.64	0.18	0.03	0.02	28.3	1,000	293.1
ELECTRICITY	1 megawatt hour	MWh	93.53	0.59	0.10	0.08	96.62	3,412.14	1,000

[1] Measurement of reference: 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	ft^3	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	m^3	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	Mm^3/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 meters	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 watts)
Btu/MBtu	*British thermal unit/* Btu/million Btu	km^2	Square kilometer	MWh	Megawatts per hour
LPG	Liquefied Petroleum Gas	Kt/Mt	Thousand tons/Million tons	TCF	Trillion cubic feet
LNG	Liquefied Natural Gas	Mbbl	Million barrels	toe	Ton of oil equivalent
Gwh	Gigawatts per hour	Mboe	Million barrels of oil equivalent	USD / Dollar / $	US dollar