

## Inside information

Madrid, March 27, 2025

### **Repsol announces strategic consolidation of Repsol Resources UK with NEO UK to form NEO NEXT – creating one of the largest UK North Sea independent Oil & Gas companies**

Repsol is pleased to announce a landmark agreement to consolidate its UK North Sea upstream business with NEO Energy Group Limited (“**NEO UK**”), a leading independent UK oil and gas operator, through a share-for-share combination. The resulting joint venture will position itself as a robust and diversified UK North Sea-focused oil and gas company that is poised to become one of the largest independent producers in the UK Continental Shelf (UKCS). This strategic combination will significantly enhance the operational scale, efficiency, and growth prospects of the combined entity, while also reinforcing Repsol E&P’s long-term commitment to maximizing the value of its UK assets. The transaction will immediately position the new joint venture as a market leader in the UKCS, with a projected 2025 production of approximately 130,000 barrels of oil equivalent per day (boe/d). The combined company’s enhanced, and competitive positioning is expected to drive substantial growth and long-term value creation for shareholders.

On deal completion, the joint venture will be owned by Repsol E&P Group (45%) and NEO UK (55%). This equity split reflects the contributions and strategic alignment of both parties in the creation of a market-leading entity in the UKCS. Completion of the transaction remains subject to the fulfillment of the customary conditions precedent for this type of operation and is expected in the 3<sup>rd</sup> quarter 2025.

#### **Key Highlights of the Transaction:**

- **Transformative Strategic Combination:** The transaction brings together two strong, complementary operators with over 30 years of collective experience in the UKCS, focusing this new company on resilience, yield and growth to build a sustainable business for the next decades.
- **Market Leadership:** new joint venture will immediately become the one of the largest independent oil and gas producer in the UKCS. The consolidation is projected to result in a 2025 production of approximately 130,000 boe/d, solidifying the company’s position as a key player in the North Sea.
- **Diverse and Resilient Portfolio:** the new entity will operate a highly diversified portfolio, including 11 production hubs and substantial undeveloped reserves. Its portfolio will ensure a steady production stream and the flexibility to capitalize on emerging opportunities. This

## Inside information

strong asset base will enable the company to continue to deliver operational efficiencies while pursuing organic growth.

- **Enhanced Operational Efficiency and Cost Synergies:** the combined group is targeting synergies exceeding \$1 billion, which will enhance cash generation and shareholder returns.
- **Strong Financial Position:** it will operate with a solid financial foundation, supported by strong free cash flow and an ongoing commitment to capital discipline.
- **Decommissioning:** aligned with market standards in the UKCS, Repsol E&P will retain a funding commitment up to a nominal amount of \$1.8 billion, representing approximately a 40% of the decom liabilities related to its legacy assets. Repsol E&P will continue to provide decommissioning security for existing Repsol E&P legacy assets. The transaction will not increase current exposure (already reflected in the financial statements) and will ensure a sustainable and responsible approach to decommissioning across the portfolio, supported by the highly cashflow generative portfolio of assets, with optimized synergies across operations, general and administrative costs.
- **Leadership and Governance:** the leadership of new JV will be guided by a joint executive team, representing both Repsol UK and NEO UK. The governance structure will be balanced, with members of the company board to comprise members nominated by Repsol UK and NEO Energy Holdings Limited (an investment vehicle managed by HitecVision), as well as independent directors.

Both companies are proud to give continuity to their activities on the basin, reinforcing their commitment to the oil & gas business in the UK through this consolidation.

Francisco Gea, CEO of Repsol E&P commented: “This combination will create a jointly governed business which will call upon the key strengths of both shareholders. Repsol contributes operational capabilities on production, development, and decommissioning activities which will be combined with NEO Energy expertise on financial and commercial matters. We believe this combined business has many more opportunities for profitable growth in the basin and beyond”.

John Knight, Chair of NEO UK, commented: “This is a great deal for all stakeholders. Our strategy can be summarized as “Resilience, Yield and Growth”: The combined company has much more scale and diversity and opportunities for cost consolidation and portfolio high-grading giving resilience despite the tough conditions in the UK. The benefits of synergies from consolidation will create much stronger value creation, profit and cash flow yield for shareholders and more options for capital allocation decisions well into the next decade. But this company will also be

## Inside information

very well positioned to choose both organic and inorganic growth. We will certainly look to be making more value accretive acquisitions. We have known Repsol E&P for many years and have the highest regard for them as a capable and reliable partner”.

### **About Repsol E&P**

Repsol UK has been a trusted operator in the UK North Sea for decades. Repsol UK holds interests in 48 oil and gas fields and is focused on sustainable energy production, operational excellence, and delivering value to its stakeholders. It is integrated into Repsol E&P Group, an international E&P present in 13 countries and producing over 570 Kboep/d in the year ended December 31 2024.

### **About NEO UK**

NEO UK is a leading independent operator in the UKCS, with a high-quality asset base and a strong commitment to revitalising the region’s oil and gas sector. NEO UK focuses on delivering operational efficiency, safe operations, and creating long-term value through its diversified portfolio, including stakes in significant producing fields such as Penguins, Culzean, Gannet, Shearwater, Britannia Area, and Elgin Franklin.

NEO UK is a private upstream company wholly owned by NEO Energy Holdings Limited (an investment vehicle managed by HitecVision, a leading investor in the European energy industry). NEO UK operates several key assets in the Central North Sea, including interests in major hubs like Shearwater, Britannia Area, and Elgin Franklin. Repsol UK’s portfolio, with key assets in the Piper/Claymore fields and the Monarb area, brings a complementary suite of capabilities to the new JV, including operational expertise and advanced facilities management.

## Inside information

*This document contains information and statements that constitute forward-looking statements about Repsol. Such estimates or projections may include statements about current plans, objectives and expectations, including statements regarding trends affecting Repsol's financial condition, financial ratios, operating results, business, strategy, geographic concentration, production volumes and reserves, capital expenditures, cost savings, investments and dividend policies. Such estimates or projections may also include assumptions about future economic or other conditions, such as future crude oil or other prices, refining or marketing margins and exchange rates. Forward-looking statements are generally identified by the use of terms such as "expects," "anticipates," "forecasts," "believes," "estimates," "appreciates" and similar expressions. Such statements are not guarantees of future performance, prices, margins, exchange rates or any other event, and are subject to significant risks, uncertainties, changes and other factors that may be beyond Repsol's control or may be difficult to predict. Such risks and uncertainties include those factors and circumstances identified in the communications and documents filed by Repsol and its subsidiaries with the Comisión Nacional del Mercado de Valores in Spain and with the other supervisory authorities of the markets in which the securities issued by Repsol and/or its subsidiaries are traded. Except to the extent required by applicable law, Repsol assumes no obligation - even when new information is published, or new facts are produced - to publicly report the updating or revision of these forward-looking statements.*

*This document does not constitute an offer or invitation to purchase or subscribe securities, pursuant to the provisions of the Spanish Law 6/2023, of March 17, of the Securities Markets and Investment Services and its implementing regulations. In addition, this document does not constitute an offer to purchase, sell, or exchange, neither a request for an offer of purchase, sale or exchange of securities in any other jurisdiction.*

*The information contained in the document has not been verified or revised by the Auditors of Repsol.*