



## REPSOL EUROPE FINANCE

*(Formerly TE Holding S.A R.L.; a private company with limited liability incorporated under the laws of the Grand Duchy of Luxembourg and having its statutory seat in the Grand Duchy of Luxembourg)*

and

## REPSOL INTERNATIONAL FINANCE B.V.

*(A private company with limited liability incorporated under the laws of the Netherlands and having its statutory seat in The Hague)*

**EURO 10,000,000,000**

## Guaranteed Euro Medium Term Note Programme

Guaranteed by

**REPSOL, S.A.**

*(A sociedad anónima organised under the laws of the Kingdom of Spain)*

This supplement (the **Supplement**) to the base prospectus dated 7 May 2021, as supplemented on 24 June 2021 (together, the **Base Prospectus**), constitutes a supplement, for the purposes of Article 23(1) of Regulation (EU) 2017/1129, as amended or superseded (the **Prospectus Regulation**) and is prepared in connection with the Euro 10,000,000,000 Guaranteed Euro Medium Term Note Programme (the **Programme**) established by Repsol Europe Finance (**REF**) and Repsol International Finance B.V. (**RIF**, and together with REF, the **Issuers** and each an **Issuer**) and guaranteed by Repsol, S.A. (the **Guarantor**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to and should be read in conjunction with the Base Prospectus.

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Supplement has been prepared for the purpose of supplementing the sections of the Base Prospectus entitled “*Documents Incorporated by Reference*” to incorporate by reference certain financial information as of and for the six-month period ended 30 June 2021 in respect of the Guarantor, as well as to supplement the sections entitled “*Risk Factors*”, “*Description of Repsol Europe Finance*”, “*Description of the Guarantor and the Group*” and “*General Information*”.

The Dealers, the Trustee and the Arranger have not separately verified the information contained in the Base Prospectus, as supplemented by this Supplement. None of the Dealers or the Arranger or the Trustee makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in the Base Prospectus, as supplemented by this Supplement.

This Supplement is available on the website of the Guarantor ([www.repsol.com](http://www.repsol.com)) alongside the Base Prospectus and is also available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## **(1) Documents incorporated by reference**

Pursuant to Article 23 of the Prospectus Regulation, the section entitled “*Documents Incorporated by Reference*” on pages 36 – 41 of the Base Prospectus shall be amended through the inclusion of new paragraphs (O), (P) and (Q) in (i) the list of documents incorporated by reference and (ii) the table entitled “*Information Incorporated by Reference*”.

“(O) The unaudited interim consolidated financial statements of Repsol, S.A. and investees comprising the Repsol Group as of and for the six month-period ended 30 June 2021 and the auditor’s report on limited review thereon:

<https://www.repsol.com/interim-condensed-consolidated-financial-statements-for-the-first-half-of-2021.pdf>

(P) The Guarantor’s interim management report for the first half of 2021:

<https://www.repsol.com/interim-management-report-first-half-2021.pdf>

(Q) The Guarantor’s “Q2 2021 Results” presentation:

[https://www.repsol.com/Q2\\_2021\\_Results\\_Presentation.pdf](https://www.repsol.com/Q2_2021_Results_Presentation.pdf)

<b>“Information Incorporated by Reference</b>		<b>Page References</b>
<b>(O)</b>	<b>The sections listed below of the Interim Consolidated Financial Statements of Repsol, S.A. and investees comprising the Repsol Group as of and for the six month-period ended 30 June 2021 and the auditor’s report on limited review thereon:</b>	(top of the page)
	(a) Independent auditor’s report on limited review of condensed interim consolidated financial statements	2-3
	(b) Interim Consolidated Financial Statements for the first half of 2021 – (Please note that pages indicated in this reference list for this document are the page numbers indicated at the top left hand-side of the relevant pdf document):	4-33
	- Balance sheet at 30 June 2021 and 31 December 2020	5
	- Income statement corresponding to the interim periods ending 30 June 2021 and 2020	6
	- Statement of recognized income and expense corresponding to the interim periods ending 30 June 2021 and 2020	7
	- Statement of changes in equity for the interim periods ending 30 June 2021 and 2020	8
	- Statement of cash flow for the interim periods ending 30 June 2021 and 2020	9
	- Explanatory Notes to the financial statements	10-26
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<b>(P)</b>	<b>The sections listed below of the Guarantor’s Interim Management Report for the first half of 2021:</b>	1-45
	- About this report	2
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<b>(Q)</b>	<b>The sections listed below of the Guarantor’s “Q2 2021 Results” presentation:</b>	

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- 2Q21: Strong set of results reaching pre-pandemic levels	2
- 2Q21 Highlights: Solid performance across all business segments	3-4
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- Net Debt Evolution and Liquidity	15
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- Appendix III – IFRS Consolidated Financial Statements	33-38
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## **(2) Risk Factors**

Pursuant to Article 23 of the Prospectus Regulation, the risk factors entitled “*Risks related to uncertainty in the current economic context*” contained in the section “*Risk Factors—(I) Risks Factors that may affect the Issuers’ and the Guarantors’ ability to fulfil their obligations under the notes—2. Risks relating to geopolitical and macroeconomic conditions*” on pages 17 and 18 of the Base Prospectus shall be replaced in its entirety with the following:

### ***“Risk related to uncertainty in the current economic context.***

The spread of the COVID-19 epidemic, which began in early 2020, has led to an unprecedented global health and economic crisis. According to the latest International Monetary Fund (IMF) projections (World Economic Outlook July 2021), global GDP is estimated to have contracted by 3.2% in 2020, worse than during the 2008–09 financial crisis, but also a strong rebound is expected with the IMF projecting that the global economy will grow by 6.0% in 2021 and 4.9% in 2022.

There is a higher-than-usual degree of uncertainty in the current economic context. As at the date of this Supplement, developments around the COVID-19 pandemic will continue to influence economic activity, and the outcome of 2021 will depend a lot on the race between new strains of the virus and the vaccines.

On the upside, better global cooperation on vaccines could help prevent renewed waves of infection and the emergence of new variants, end the health crisis sooner than assumed, and allow for faster normalisation of activity. Moreover, a sooner-than-anticipated end to the health crisis could lead to a faster than-expected release of excess savings by households, higher confidence, and more front-loaded investment spending by firms.

On the downside, growth would be weaker than projected if logistical hurdles in procuring and distributing vaccines lead to slower pace of vaccination than assumed. Such delays would allow new variants to spread, with possibly higher risks of breakthrough infections among vaccinated populations. Moreover, households’ excess savings may be released more gradually if they remain worried about economic prospects.

Growth could also disappoint relative to the baseline if financial conditions were to tighten abruptly, for instance if inflationary pressures persist longer than expected and lead to another reassessment of the monetary policy outlook in the United States. In addition, high levels of indebtedness make many economies and markets particularly sensitive to a rise in interest rates. Therefore, an increase in interest rates could result in risks of a disorderly correction of overvalued financial assets. Moreover, a spike in bankruptcies could damage the banking system, restrict the flow of credit, and trigger credit crunches.

The global economy also faces other risks. Although global trade tensions have eased, a growing strategic competition between the U.S. and China appears to continue, threatening a decoupling between the two economies. This would have ramifications for global growth affecting investment and the demand for capital goods.

Finally, social unrest, geopolitical tensions, cyberattacks on critical infrastructure, or weather-related natural disasters could further weigh on the recovery.

The Group is exposed to the uncertain macroeconomic context in a number of ways:

- An economic downturn in any of the countries in which the Group operates negatively affects business and consumer confidence, economic activity levels, unemployment trends and the state of the residential and commercial real estate sector. This in turn,

may impact the Group's customers, resulting in their inability to pay amounts owed to the Group and may affect demand for the Group's goods and services. For example, the widespread decline in global economic activity and indicators in the wake of the COVID-19 pandemic has affected the profitability of the Group's main businesses. See sections 2 (*Covid-19: Impacts and Resilience Plan*) and 6.1 (*Financial performance and shareholder remuneration*) of the Consolidated Management Report for the year ended 31 December 2020, which is incorporated by reference in this Base Prospectus.

- Should demand for crude oil, gas, electricity or oil derivatives drop beneath the Group's forecasts as a result of an economic slowdown, the results of its main businesses would be adversely affected as this would affect business volume.
- An economic downturn also negatively affects the state of the equity, bond and foreign exchange markets, including their liquidity. This might affect the reasonable value of financial assets and liabilities and increase the Group's financing costs, all of which could give rise to an impairment of the goodwill and the intangible or tangible fixed assets of the Group.

The Group is not able to predict how the economic cycle is likely to develop in the short term or the coming years or whether there will be a return to a recessive phase of the global economic cycle. Any further deterioration of the current economic situation in the markets in which the Group operates could have an adverse impact on the business, financial position and results of operations of the Repsol Group.”

### **(3) Description of Repsol Europe Finance**

Pursuant to Article 23 of the Prospectus Regulation, a new sub-section entitled “*Recent Developments*” shall be added in the section “*Description of Repsol Europe Finance*” on pages 46 and 47 of the Base Prospectus:

#### ***“Recent Developments***

On 6 July 2021, REF issued two series of SLNs for an aggregate amount of €1.25 billion under the Programme.”

#### **(4) Description of the Guarantor and the Group**

Pursuant to Article 23 of the Prospectus Regulation, the information set out below shall replace the sub-section entitled “*Board of Directors, Senior Management and Employees—Cenyt investigation*” contained in the section “*Description of the Guarantor and the Group*” on page 60 of the Base Prospectus:

##### *“Cenyt investigation*

In 2019, the Spanish High Court (*Audiencia Nacional*) commenced a preliminary investigation into certain agreements between Repsol and Cenyt, a company connected to José Manuel Villarejo, the former Spanish police commissioner who is under criminal investigation in Spain for charges relating to bribery and corruption.

Repsol has been co-operating with the Spanish judicial authorities in such investigation, which is being conducted in the context of a broader investigation called Operation Tandem concerning José Manuel Villarejo, to analyse Repsol contracting the services of Cenyt.

In the course of this investigation, Repsol’s chairman, Repsol’s secretary of the Board of Directors, as well as three former Repsol-executives and a former employee of Repsol have testified before the court in relation to Repsol’s hiring of Cenyt’s services as “investigated parties” (called “*investigados*” under Spanish law). Pursuant to Spanish criminal procedure, being declared as an investigated party in this phase of the proceedings does not mean that a formal accusation of a crime has been made.

In July 2021, Repsol, S.A. was also designated as an investigated party in this investigation and, subsequently, its legal representative testified before the court. On 29 July 2021, and after hearing such testimony, the Spanish High Court issued an order by virtue of which it dismissed and closed the proceeding with respect to Repsol, S.A. and its chairman, acknowledging the profound culture of regulatory compliance that Repsol considers intrinsic to its way of doing business.

Repsol believes it 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, beyond what is required by applicable regulations. Consequently, following the first press reports about Cenyt’s hiring by Repsol and before any judicial investigation into this matter commenced, Repsol’s compliance department carried out an internal investigation, assisted by independent external experts who performed forensic work. The investigation concluded that there had been no illegal conduct or any violation of the Group’s Code of Ethics and Conduct on the part of any director, senior manager or employee of Repsol, past or present, in connection with contracting the services of Cenyt.

Furthermore, on 21 April 2021, Repsol’s Board of Directors, following a report by the Audit and Control Committee and the Nominations Committee and a specific meeting of the Independent Directors reached the same conclusion, which was made public on 21 April and 8 July 2021, reiterating its support for Repsol’s chairman and Repsol’s secretary of the Board of Directors, as well as Repsol’s commitment to continue to fully cooperate with the ongoing investigation.”

Pursuant to Article 23 of the Prospectus Regulation, the information set out below shall replace the sub-section entitled “*Legal and Arbitration Proceedings—United Kingdom*” contained in the section “*Description of the Guarantor and the Group*” on page 61 of the Base Prospectus:

**“United Kingdom**

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

On 13 July 2015, Addax Petroleum UK Limited (**Addax**) and Sinopec International Petroleum Exploration and Production Corporation (**Sinopec**) filed a Notice of Arbitration against Talisman Energy Inc. (now known as **ROGCI**) and Talisman Colombia Holdco Limited (**TCHL**) in connection with the purchase of 49% of the shares of TSEUK (now known as **RSRUK**). On 1 October 2015, ROGCI and TCHL submitted the answer to the “Notice of Arbitration”. On 25 May 2016, Addax and Sinopec formalised 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, which materialised in 2012 through the purchase of 49% of RSRUK 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 amount of approximately U.S.\$ 5,500 million.

The dispute relates to events which took place in 2012, prior to Repsol’s acquisition of Talisman Energy Inc. in 2015 and 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 15 August 2017, the Arbitral Tribunal issued a First Partial Award dismissing the warranty claims of Addax and Sinopec.

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 be determined.

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

The oral hearing on liability issues took place between 29 January and 22 February and between 18 June and 29 June 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 9 July to 11 July 2018 and the written conclusions were presented on 29 September and 12 October 2018.

On 29 January 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 28 April 2020, Repsol challenged the Second Partial Award in the Singapore courts, as the case had been transferred to the Singapore International Commercial Court (**SICC**). As at the date of this Supplement, it is expected that the decision on the challenge is expected to be issued in the third quarter of 2021.

On 20 April 2021, the Arbitration Tribunal 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 the Addax and Sinopec claims in respect of the other matters (Decommissioning, Projects and Maintenance). On 19 July 2021, ROGCI and TCHL challenged this Third Partial Award in the courts of Singapore.

Following this award, the arbitration proceeding will continue to the quantum phase which, as of the date of this Supplement, is not expected to be resolved until at least the fourth quarter of



2023.

The Third Partial Award dismissed most of Addax and Sinopec's claims and therefore allows a better estimation of the liabilities related to this claim. Therefore, the Group has re-evaluated the current provision necessary to cover the corresponding risks and, as a consequence of the analysis done by the Group and its external lawyers and advisers, the Group has reduced the provision previously recorded.

Additionally, on 30 November 2017, the Guarantor commenced arbitration proceedings against China Petroleum Corporation and TipTop Luxembourg S.A.R.L. (which are both Sinopec group companies) seeking relief from any adverse ruling on the arbitration referred to above together with other damages yet unquantified as at the date of this Supplement. This procedure is based on their conduct towards Repsol during the months leading up to its acquisition of Talisman Energy Inc. and its group. The Arbitration Tribunal is currently deciding on issues relating to the evidence. The hearing was held from 27 May 2021 to 11 June 2021 and, as at the date of this Supplement, it is expected that an award may be handed down during the second half of 2021. If the Guarantor's claim is upheld, Sinopec should hold the Guarantor harmless from any judgement in the other arbitration proceedings."

Pursuant to Article 23 of the Prospectus Regulation, the information set out below shall replace the sub-section entitled "*Administrative and legal proceedings with tax implications—Spain*" contained in the section "*Description of the Guarantor and the Group*" on pages 65 and 66 of the Base Prospectus:

"Spain

*Financial years 2006 to 2009.* The matters discussed relate mainly to transfer prices, deduction of losses on overseas businesses and deductions for investments, the majority of them as a result in changes in the criteria maintained by the tax administration in previous actions. In relation to the transfer price adjustments, the settlements have been annulled as a consequence of the resolution of a dispute by the Arbitration Board of the Economic Agreement with the Basque Country, the resolution of an amicable procedure with the U.S. and two rulings handed down by the Central Economic Administrative Tribunal; the tax authorities issued a new assessment for the 2007-2009 period applying the criteria already accepted in subsequent years by the tax administration and the Group as taxpayer (the assessment for 2006 is still pending). In relation to the other matters, the Central Economic Administrative Court partially upheld the Group's appeal, and the Group appealed to the National High Court for the aspects that were not upheld (tax incentives for research and development, deduction of losses on overseas businesses). The National High Court has issued a judgment accepting the tax incentives for research and development and, partially, the deduction of losses on overseas businesses. Against this judgment of the National High Court, a cassation appeal will be filed before the Supreme Court.

*Financial years 2010 to 2013.* The actions were concluded in 2017 without any penalties being imposed and, for the large part, by means of assessments signed on an uncontested basis or agreements from which no significant liabilities have arisen for the Group. However, with regards to two issues (deductibility of interest for the late payment of taxes and the deduction of losses on overseas businesses), the administrative decision was subject to appeal, as the Group believed it had acted within the law. The Central Economic Administrative Tribunal rejected this claim. An appeal for judicial review has been lodged with the National High Court against the ruling of the Central Economic Administrative Tribunal.

*Financial years 2014 to 2016.* The audit ended in December 2019 without the imposition of any penalty and, for the most part, with assessments signed on an uncontested basis or agreements that did not generate significant liabilities for the Group. However, there are still disputes regarding the deduction of losses on overseas businesses and the corresponding claim has been

filed against the administrative ruling, since the Group believes it has acted within the law.”

## **(5) General information**

Pursuant to Article 23 of the Prospectus Regulation, the information set out below shall replace in its entirety the information contained in paragraph 5 of the section entitled “*General Information*” on page 142 of the Base Prospectus:

“5. To the best of the knowledge of the Guarantor, there has been no material adverse change in its prospects since 31 December 2020 (being the date of the last published audited financial statements) nor has there been any significant change in the financial position or financial performance of the Group since 30 June 2021.”