

Frequently asked questions¹

The information provided herein summarizes the main features of REPSOL's Flexible Dividend Program which is again being offered to shareholders and will be developed through a capital increase in paid-up share capital (capital increase against reserves), along with Repsol's purchase commitment of free allocation rights at a guaranteed fixed price.

For further details of the Program, please see the resolution proposal related to point seven of the Agenda approved by the Annual Shareholders' Meeting held on May 8, 2020. Such proposal, together with the report of the Board of Directors dated March 25, 2020, contain detailed and complete information about the features and functioning of the Program as well as the powers vested in the Board with respect to its implementation.

On October 28, 2020, the Company announced by inside information registered with the CNMV (register number 527) the timetable relating to the execution of the paid up capital increase, scheduled for November, December 2020 and January 2021.

All these documents (proposal of agreement, report of the Board of Directors and Inside Information registered with the CNMV) are available at www.repsol.com, in the sections related to the Annual Shareholder's Meeting and Repsol on the Stock Exchange (Flexible Dividend Program).

1. DEFINITION OF THE PROGRAM AND ITS RATIONALE

1. What does the REPSOL Flexible Dividend Program consist of?

It is shareholder compensation system by means of which shareholders are offered an election to receive all or a portion of their compensation in cash or paid-up shares of REPSOL (i.e., without payment by shareholders).

The Program is developed through capital increases against reserves with the Repsol's purchase commitment of free allocation rights at a guaranteed fixed price.

The "last trading date" (the date the announcement of the capital increase in the Official Gazette of the Mercantile Registry) will be the last trading date of REPSOL shares entitled to participate in the Program - with a right to receive freeallocation rights allocation rights of REPSOL shares. It will be necessary to own a minimum

¹ **Explanatory note:** In consideration of the terms and conditions of the programs and the rules of the securities market where the American Depositary Shares/American Depositary Receipts are admitted to trading, the options, tax regime and terms available for holders of them may have certain specialties respect those described herein.

number of rights for the allocation of each new share. Such number will result from the relation between the amount of the capital increase and the number of outstanding shares.

The Rights will be traded in the Stock Exchange during 23 calendar days after the publication of the capital increase in the Official Gazette of the Commercial Registry. During that period, shareholders may elect to (i) sell the Rights to REPSOL at a fixed guaranteed price (this option may be exercised until a few days prior to the end of the trading period of the Rights in the Stock Exchange); or (ii) sell the Rights on the Stock Exchange; or (iii) keep their Rights and receive the corresponding new paid-up shares.

REPSOL will assume an irrevocable commitment to purchase Rights at a fixed price (the "Purchase Commitment"), such that shareholders who choose to do so will receive their remuneration in cash. This option is exclusively granted to those shareholders on the Record Date (i.e., the effective settlement date with respect to transactions made on the "last trading date") and is limited to those Rights allocated free-of-allocation rights. This option is not available to Rights purchased or otherwise acquired in the market.

2. Why is REPSOL doing this?

To benefit shareholders, giving them the chance to elect whether they want to receive all or a portion of their remuneration in paid-up shares without limiting their ability to receive their remuneration fully in cash.

This practice is already followed by other domestic and international companies.

3. Is this system a step backward in REPSOL's policy of paying dividends entirely in cash?

No. With this system, REPSOL offers its shareholders an election to receive, in total or partially, their compensation in cash or, if they prefer, in paid-up shares. REPSOL will guarantee that all shareholders may receive their compensation entirely in cash.

4. Is it possible to know the amount of the compensation in cash under the Repsol's purchase commitment of free allocation rights?

The purchase price that Repsol undertake to acquire the Rights is set by the formula contained in the agreement of the General Shareholders' Meeting. It is expected that the purchase price will be announced on December 11, 2020 and its calculation depends, among other things, on the quotation price of Repsol's shares during the days 4, 7, 8, 9 and 10 December 2020.

2. DESCRIPTION AND IMPLEMENTATION OF THE PROGRAM

5. Which options do shareholders have under the system?

Shareholders have the option to elect among:

- ✓ *Not selling their Rights and freely receiving the corresponding new shares resulting from the exchange ratio determined upon the implementation of the capital increase.*
- ✓ *Selling all or a portion of their Rights on the Stock Exchange. In this case, the shareholder will receive in cash the quotation price of the Rights.*
- ✓ *Selling all or a portion of the Rights to REPSOL in accordance with the Purchase Commitment. In this case, the shareholder will receive in cash the guaranteed fixed price. This option is exclusively granted to those shareholders on the Record Date (i.e., the effective settlement date with respect to transactions made on the “last trading date”) and is limited to those freeallocated rights. This option is not available with respect to Rights purchased or otherwise acquired in the market.*

6. How many Rights do shareholders receive for each share they hold?

Shareholders will receive one Right per share held.

7. Which option is the better for shareholders, receiving cash or shares?

This is a decision that shareholders must make depending on their particular personal, financial and economic circumstances.

In general terms, shareholders must consider if they prefer receiving free allocation rights of REPSOL or if they have liquidity needs and prefer cash.

However, as the specific situation of any shareholder will depend upon his or her own personal, economic and financial circumstances, as well as the tax regime that is applicable, shareholders should consult with their own advisors, if they deem it appropriate.

8. Can shareholders choose to receive a portion in free shares and a portion in cash?

Yes. In order to do so, the shareholder will have to sell a portion of his or her Rights to REPSOL or on the Stock Exchange and keep the other portion.

9. What happens if shareholders don't elect either option?

If the shares are listed on the Spanish Stock Exchanges, shareholders will receive new shares of REPSOL in accordance with the exchange ratio determined upon the implementation of the capital increase. Any outstanding Rights (insufficient number of Rights to obtain one new share) will be sold on the Stock Exchange subject to the terms and conditions of the relation between the shareholders and the entities with which their shares are deposited.

The default option of holders of American Depositary Shares will be to receive cash and to sell the Rights to REPSOL at the fixed guaranteed price (unless the shareholders reported their decision to receive new shares in previous operations).

In both cases, the default option will be subject to the terms and conditions of the relation between the shareholders and the entities with which their securities are deposited.

10. How much time do shareholders have to give notice of their election?

A shareholder who decides to sell his Rights on the Stock Exchange must contact the entity with which his shares are deposited and follow its instructions in order to be able to put the Rights up for sale during the trading period established for that purpose. Such trading period will be no less than 15 calendar days since the publication of the capital increase at the Official Gazette of the Commercial Registry.

If a shareholder decides to sell his rights to REPSOL at the guaranteed price, he must also contact the entity with which his shares are deposited and follow its instructions in order to be able to sell the Rights to REPSOL. In this case, the deadline for this option expires certain days prior to the end of the trading period of the Rights.

It is expected that in the execution of the second paid-up capital increase approved by the 2020 Annual Shareholders' Meeting, the Rights trading period begins on December 17, 2020 and expires on January 8, 2021. The period to sell the Rights to REPSOL would be in force from December 17 to December 31, 2020.

The date on which REPSOL shares will trade "ex-coupon" will be the first business day following the "last trading date" (last date on which REPSOL shares are entitled to participate in the Repsol "Flexible Dividend Program"), that is December 17, 2020.

11. If a shareholder wants to receive the amount from this system in cash (as in the dividend previously), what does the shareholder have to do?

Shareholders must contact the financial entity with which their shares are deposited in order to instruct it to sell the Rights on the Stock Exchange or to REPSOL, based on the alternative he choose and in any case, taking into account the deadlines for each alternative.

Shareholders must also consider the option which would be applicable in case he does not send any instruction to such financial entity (see question 10. What happens if shareholders don't choose either option?).

12. If a shareholder elects to receive cash, which is better, selling to REPSOL or selling on the Stock Exchange?

The sale of Rights to REPSOL will be made at a guaranteed price while the sale of Rights on the Stock Exchange will be made at their trading price. In the latter case, the shareholders may receive more, equal or less cash than the guaranteed price.

In both cases, the financial entity with which shareholders have deposited their shares may, in accordance with applicable law, freely establish fees and expenses regarding the processing of orders for the purchase and sale of Rights.

However, as the specific situation of any shareholder will depend upon his personal, economic and financial circumstances, as well as his tax regime, shareholders should consult with their own advisors, if they deem it appropriate.

13. If a shareholder elects to sell the Rights on the Stock Exchange, when will the shareholder receive the price?

The second business day after the sale, as in any other transaction made on the Stock Exchange.

14. If a shareholder elects to sell the Rights to REPSOL, when will the shareholder receive the price?

On the same dates as shareholders used to receive the traditional cash dividend and, as a general rule, the second business day after the expiration of the trading period of the Rights.

It is expected that in the execution of the second paid-up capital increase approved by the 2020 Annual Shareholders' Meeting, the payment date to shareholders who sell their rights to REPSOL will be made on January 12, 2021.

15. Will shareholders receive a lesser amount if they elect to receive cash?

No. REPSOL will assume an irrevocable commitment to purchase Rights at a fixed price determined before the start of the trading period of the Rights. The gross price a shareholder will receive for the sale of Rights to REPSOL will be equal (subject to rounding) to the value of the new shares.

The price received by shareholders selling their Rights on the Stock Exchange depends on the quotation price of the Rights in the market.

16. If a shareholder elects to receive new shares, does the shareholder have to pay for them?

No. The capital increase is free of expenses and fees with respect to the allocation of the new issued shares. REPSOL will assume the expenses related to the issue, subscription, placement, and admission to trading and any and all other related to the capital increase.

However, the financial entity with which shareholders have deposited their shares may, in accordance with applicable law, freely establish fees and expenses regarding the subscription of the new shares and the maintaining of the shares in the accounting records.

17. How many Rights will be needed for the allocation of one new share?

REPSOL will prepare an Informative Document containing the details of the transaction and its timetable.

The final number of Rights needed for the allocation of one new share (“exchange ratio”) will, mainly, depend on the quotation price of the shares during the days 4, 7, 8, 9 and 10 December, 2020 and the number of outstanding shares in the moment of implementation of the capital increase (currently 1,527,396,053 shares).

Before the start of the period offered to the shareholders for making their decision, REPSOL will make publicly available the number of Rights needed for the allocation of one new share and the guaranteed fixed price of the Purchase Commitment. It is expected that in the execution of the second paid-up capital increase approved by the 2020 Annual Shareholders’ Meeting, this information will be published on December 11, 2020 in the Informative Document.

18. What happens if a shareholder has shares deposited in more than one financial entity?

The exchange ratio and the number of new shares resulting from its application will be applied in each securities account in each depositary entity. Therefore, if the shares

owned are deposited in different entities, shareholders may receive a lesser number of new shares than in the case of having all their holding deposited in one single entity.

***For example,** if the exchange ratio is one new share per 20 Rights and one shareholder owns 60 shares deposited in the same entity, he will receive 3 new shares. If one shareholder owns 60 shares deposited in two entities (39 in entity A and 21 in entity B), he will receive only 2 new shares, one from each account in each financial entity, with 20 Rights remaining (19 + 1) which, absent a different instruction, will be sold on the Stock Exchange.*

19. What happens with the remaining Rights (those insufficient for the allocation of one new share)?

Subject to the terms of the relation between the shareholder and the depositary of his shares, in general terms and absent a different instruction, the Rights will be sold on the Stock Exchange.

20. If a shareholder wants more new shares than those resulting from the exchange ratio, may the shareholder acquire more Rights?

Yes. This is an investment decision not related to the REPSOL Flexible Dividend Program.

21. If a shareholder elects to receive new shares, when will the shareholder receive them?

The new shares will be allocated a few days after the cash payment to those shareholders who sold their Rights to REPSOL.

The main cause of this difference is the mandatory requirements and procedures for the listing of the new shares and their register with the relevant accounting records.

Subject to obtaining all necessary authorizations, it is expected in the execution of this second paid-up capital increase, approved by the 2020 Annual Shareholders' Meeting, that the commencement of ordinary trading of the new shares on the Spanish stock exchanges will be on January 28, 2021.

22. How much will the amount of the share capital increase?

It will depend on the number of shareholders that choose to receive new shares and the share quotation price taken as a reference to determine the number of rights needed for the allocation of one new share.

23. What is the effect of the Rights allocation on REPSOL's share price?

On the first trading day of the free allocation rights, REPSOL's shares will trade discounting the theoretical value of the Right. The date from which REPSOL shares will trade "ex-coupon" will be December 17, 2020.

24. Will the issue of new share affect the quotation price?

We do not expect it to have a material effect.

25. I am the naked owner (legal holder without beneficial ownership) of shares of REPSOL subject to a right of usufruct. How does this system work in my case?

It is the naked owner's decision regarding what to do with the Rights corresponding to the shares subject to a right of usufruct. If the naked owner decides to receive new shares or to sell the rights on the Stock Exchange, the right of usufruct will apply to the new shares or to the proceeds of the sale. If the naked owner decides to sell the Rights to REPSOL, the corresponding cash will result from the shares, to which the usufructuary will be entitled.

However, as your specific situation will depend on your personal, economic and financial circumstances, as well as your applicable tax regime, you should check your decision with your own advisors, if you deem it appropriate.

26. I am the usufructuary of shares of REPSOL. How does this system work in my case?

It is the naked owner's decision regarding what to do with the free allotment rights corresponding to the shares subject to a right of usufruct. If the naked owner decides to sell the rights to REPSOL, you, as usufructuary, will receive the corresponding cash consideration, which will be considered a civil fruit arising from the shares. If the naked owner decides to receive new shares or to sell the rights on the market, the right of usufruct will apply to the new shares or to the proceeds of the sale.

However, as your specific situation will depend upon your personal, economic and financial circumstances, as well as your applicable tax regime, you should check your decision with your own advisors, if you deem it appropriate.

27. What happens with co-owned shares?

In this case, co-owners must designate one single person for the exercise of the shareholder's rights and, in such a case, make a decision in relation to the Rights corresponding to the co-owned shares.

This is subject to the terms and conditions of the relation between the shareholders and the entities with which their shares are deposited.

3. FLEXIBLE DIVIDEND PROGRAM TAX TREATMENT

General comments

The principal tax implications (questions 29 to 34) deriving from the REPSOL Flexible Dividend Program are set out below, based on the tax laws in place in the common territory and the interpretation made by the Spanish tax authorities (Dirección General de Tributos - DGT) in answers to several binding consultations, and on the foreseeable assumption that (i) the acquisition by the Company of the free allocation rights as a result of the Purchase Commitment is made with a charge to voluntary reserves from undistributed profits and (ii) the capital increase is made with a charge to share issue premium reserves.

In general, the tax regime applicable to shareholders resident in Basque Country and Navarra, Ceuta and Melilla is similar to that of the common territory, although certain differences may arise in the tax treatment.

Shareholders not resident in Spain, the holders of American Depositary Shares and the holders of Company shares listed on markets or stock exchanges other than the Madrid, Barcelona, Bilbao y Valencia Stock Exchanges should consult their tax advisers on the effects deriving from the different options for the Capital Increase, including the right to apply the provisions of double taxation treaties to which Spain is a party.

Please note that taxation of the different options for the Capital Increase set out herein do not cover all possible tax consequences nor future potential changes in the legislation that may affect the applicable taxation regime.

Consequently, shareholders and holders of the free allocation rights are recommended to consult their tax advisers on the specific tax impact of the proposed operation and to pay attention to any changes or amendments that may be made in both the laws in place at the date of this operation and the interpretation criteria, as well as the specific circumstances of each shareholder or holder of free allocation rights.

Finally, it is important to note that the Financial Transactions Tax Act 5/2020, of 15 October, (Ley del Impuesto sobre las Transacciones Financieras, "LITF" and "ITF", respectively) was published in the Official State Gazette ("BOE") on 16 October de 2020. The ITF subject certain financial transactions on Company shares (or ADRs) to taxation (at a fixed rate of 0.2%) regardless of the residence of the parties involved in the operation. The LITF will enter into force three months after its publication in the BOE.

Repsol, S.A.'s primary market transactions carried out under this program (such as the issue of shares or the delivery of paid-up shares) would be exempt from ITF. However, the tax would apply (at a fixed rate of 0.2%) to other financial transactions on Repsol, S.A. shares (or ADRs), regardless of the residence of the parties involved in the operation.

In any case, it is recommended to investors to consult their tax advisers about the potential impact derived from this new tax figure and their specific circumstances.

28. If I choose to receive the shares, do I have any withholding tax?

No. See in any case the following section.

29. If I choose to receive the shares, am I subject to additional tax consequences?

In the event that the shareholders choose to receive shares, the general applicable tax regime is as follows:

a) Shareholders that are resident and non-resident individuals without a permanent establishment in Spain

For the type of shareholders indicated, the delivery of the new shares will be considered for tax purposes as the delivery of paid-up shares and, therefore, does not constitute income for the purposes of personal income tax ("IRPF" by its initials in Spanish) or non-resident income tax ("IRNR" by its initials in Spanish). In line with the above, the delivery of the new shares is not subject to any withholdings or prepayments.

The acquisition cost of both the new shares and the shares from which they arise will be obtained from distributing the total acquisition cost over the number of shares (both outstanding and paid-up shares). The seniority of these paid-up shares will be that corresponding to the shares from which they arise.

Consequently, in the event of a subsequent transfer, the income obtained will be calculated by reference to this new value.

b) Shareholders that are resident and non-resident legal persons that operate in Spain through a permanent establishment (to the extent that one business cycle is complete)

For this category of shareholders, the delivery of free allocation rights and paid-up shares will follow the treatment provided for in the accounting regulations, taking into account the specific features of the Spanish Accounting and Audit Institute (ICAC, by its

initials in Spanish) Resolution of 5 March 2019² (ICAC Resolution). By virtue of this resolution and as from 1 January 2020, the delivery of the free allocation rights means that a collection right is recognised for the shareholder, in all cases, along with the related finance income to be included in the tax base for corporation tax or IRNR. This is without prejudice to the special valuation rules for the purpose of determining the tax base that may be applicable depending on the nature of the reserves to which the Capital Increases are charged or the application of possible exemptions to which shareholders may be entitled (e.g. those of section 21 of the Spanish Corporation Tax Act).

The question has been raised about the delivery of free allocation rights or shares paid-up within the framework of this type of remuneration scheme being subject to withholding or payment on account (carried out by the issuing entity).

In an effort to clarify its possible obligations, the Company submitted a query to the DGT, receiving a reply on 12 May 2020 (CV 1358-20). In its reply, the DGT expressly confirmed that, in the specific case of the “Repsol Flexible Dividend” program, the delivery of fully paid-up shares is not considered income subject to withholding or payment on account of corporation or IRNR taxes for this type of shareholder.

30. If I choose to sell the Rights on the Stock Exchange, do I have any withholding tax?

Yes, the income obtained as a result of the transaction will be considered as capital gains subject to withholding, if you are a shareholder resident in Spain.

These personal income tax withholdings will be made by the corresponding custodian (and, failing this, by the financial intermediary or the notary public that took part in the transfer of these rights).

31. If I choose to sell the Rights on the Stock Exchange, am I subject to additional tax consequences?

If shareholders sell their free- allocation rights on the market, and in the case of the present program, the amount obtained from selling those rights on the market will be given the tax treatment described below:

² Resolution of 5 March 2019 of the Spanish Accounting and Audit Institute, developing the submission criteria for financial instruments and other accounting aspects related to the trade regulation of capital companies, which entered into force on 1 January 2020.

- a) *Shareholders that are resident and non-resident individuals without a permanent establishment in Spain*

For personal income tax and income tax of non-residents with no permanent establishment in Spain, the amount obtained from the sale of free allocation rights on the market will be given the same tax treatment as pre-emption subscription rights.

Consequently, the proceeds from selling the free allocation on the market will be considered a capital gain for the seller who are IRPF (Personal Income Tax) taxpayers or IRNR (Non-Resident Income Tax) taxpayers without a permanent establishment in Spain. The capital gain shall be subject to tax at the rate that is applicable at that time.

The above without prejudice to the possible application to non-resident taxpayers with no permanent establishment in Spain of the double taxation treaties signed by Spain to which they may be entitled as well as the exemptions foresee by the IRNR legislation.

- b) *Shareholders that are resident and non-resident legal persons that operate in Spain through a permanent establishment (to the extent that one business cycle is complete)*

For corporate income tax and income tax of non-residents with a permanent establishment in Spain, since a full commercial cycle is closed, it will be taxed according to the applicable accounting standards (taking into consideration the ICAC Resolution) and, where appropriate, any special tax regimes applicable to the shareholders subject to the taxes indicated.

32. If I choose to sell the Rights to REPSOL, do I have any withholding tax?

Yes. The proceeds will have the same treatment as the interim and final dividends in cash.

33. If I choose to sell the Rights to REPSOL, am I subject to any additional tax consequences?

The tax treatment applicable to the proceeds of the sale of the Rights to REPSOL will be equivalent to any ordinary dividend of REPSOL.