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

Report on limited review of condensed consolidated interim financial statements and consolidated interim management report as at 30 June 2022

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 consolidated interim 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 consolidated interim 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 30 June 2022, and 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-month 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 Standards (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. 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-month period ended 30 June 2022 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, as provided in Article 12 of Royal Decree 1362/2007, for the preparation of condensed interim financial statements.

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Emphasis of matter

We draw attention to note 1.3.1, in which it is mentioned that these interim financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying condensed consolidated interim financial statements should be read together with the consolidated annual accounts of the Group for the year ended 31 December 2021. Our conclusion is not modified in respect of this matter.

Other matters

Consolidated interim management report

The accompanying consolidated interim management report for the six-month period ended 30 June 2022 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 management report is in agreement with that of the interim financial statements for the six-month period ended 30 June 2022. Our work as auditors is limited to checking the consolidated interim management 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 of Repsol, S.A. 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 Royal Decree 1362/2007, of 19 October.

PricewaterhouseCoopers Auditores, S.L.

Iñaki Goiriena Basualdu

28 July 2022

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REPSOL Group

Interim consolidated financial statements
1st Half

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

The Repsol Commitment
Net Zero Emissions
by 2050

REPSOL

Repsol, S.A. and Investees comprising the Repsol Group
Balance sheet at June 30, 2022 and December 31, 2021

		€ Million	
ASSETS	Note	**06/30/2022**	**12/31/2021**
Intangible assets		3,137	3,497
Property, plant and equipment	3.1.1	22,114	21,726
Investments accounted for using the equity method	3.1.2	4,204	3,554
Non-current financial assets		1,360	1,249
Deferred tax assets		2,872	2,878
Other non-current assets		1,039	908
NON-CURRENT ASSETS		**34,726**	**33,812**
Non-current assets held for sale	3.1.9	—	605
Inventories	3.1.9	9,019	5,227
Trade and other receivables	3.1.9	11,837	8,238
Other current assets		509	326
Other current financial assets	3.1.6	2,955	2,451
Cash and cash equivalents	3.1.6	4,332	5,595
CURRENT ASSETS		**28,652**	**22,442**
TOTAL ASSETS		**63,378**	**56,254**

		€ Million	
EQUITY AND LIABILITIES	Note	**06/30/2022**	**12/31/2021**
Shareholders' equity		23,484	22,320
Other cumulative comprehensive income		1,436	94
Non-controlling interests		426	380
EQUITY	3.1.4	**25,346**	**22,794**
Non-current provisions		3,662	3,264
Non-current financial liabilities	3.1.5	9,215	10,185
Deferred tax liabilities and other tax items		2,434	2,022
Other non-current liabilities		914	671
NON-CURRENT LIABILITIES		**16,225**	**16,142**
Liabilities associated with non-current assets held for sale	3.1.9	—	460
Current provisions		1,258	1,024
Current financial liabilities	3.1.5	4,664	4,611
Trade and other payables	3.1.9	15,885	11,223
CURRENT LIABILITIES		**21,807**	**17,318**
TOTAL EQUITY AND LIABILITIES		**63,378**	**56,254**

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

Repsol, S.A. and Investees comprising the Repsol Group
Income statement for the interim periods ending June 30, 2022 and 2021

		€ Million	
	Note	**06/30/2022**	**06/30/2021**
Sales		38,182	20,742
Income from services rendered and other income		149	148
Changes in inventories of finished goods and work in progress		980	527
Other operating income		883	627
Procurements		(28,202)	(15,396)
Amortization of non-current assets		(1,113)	(982)
(Provision for)/Reversal of impairment provisions	3.2.2	(1,730)	(21)
Personnel expenses		(909)	(890)
Transport and freights		(777)	(530)
Supplies		(616)	(285)
Gains/(Losses) on disposal of assets		7	6
Other operating expenses		(3,190)	(2,222)
OPERATING INCOME	3.2.1	**3,664**	**1,724**
Net interest		(57)	(83)
Change in fair value of financial instruments		1,013	302
Exchange gains (losses)		(659)	63
Impairment of financial instruments		(22)	(6)
Other financial income and expenses		(165)	(106)
FINANCIAL RESULT	3.2.3	**110**	**170**
NET INCOME FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD [1]	3.1.2	544	117
NET INCOME BEFORE TAX		**4,318**	**2,011**
Income tax	3.2.4	(1,731)	(767)
CONSOLIDATED NET INCOME / (LOSS) FOR THE PERIOD		**2,587**	**1,244**
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		(48)	(9)
NET INCOME / (LOSS) ATTRIBUTABLE TO THE PARENT	2	**2,539**	**1,235**
EARNINGS PER SHARE ATTRIBUTABLE TO THE PARENT	3.2.5	**Euros / share**	
Basic		1.74	0.80
Diluted		1.74	0.80

[1] Net of taxes.

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

Repsol S.A. and Investees comprising the Repsol Group
Statement of recognized income and expense for the interim periods ending June 30, 2022 and 2021

	€ Million	
	06/30/2022	**06/30/2021**
CONSOLIDATED NET INCOME FOR THE PERIOD	**2,587**	**1,244**
Due to actuarial gains and losses	25	6
Investments in joint ventures and associates	23	11
Tax effect	(1)	—
OTHER COMPREHENSIVE INCOME. ITEMS NOT RECLASSIFIABLE TO INCOME	47	17
Cash flow hedging:	**(274)**	**6**
Valuation gains / (losses)	(336)	2
Amounts transferred to the income statement	62	4
Translation differences:	**1,486**	**332**
Valuation gains / (losses)	1,514	418
Amounts transferred to the income statement	(28)	(86)
Participation of investments in joint ventures and associates:	7	—
Valuation gains/(losses)	7	—
Tax effect	**123**	**24**
OTHER COMPREHENSIVE INCOME. ITEMS RECLASSIFIABLE TO INCOME	1,342	362
TOTAL OTHER COMPREHENSIVE INCOME	**1,389**	**379**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**3,976**	**1,623**
a) Attributable to the parent	3,928	1,613
b) Attributable to non-controlling interests	48	10

Notes 1 to 7 are an integral part of the 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, 2022 and 2021

	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 12/31/2020	**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 6/30/2021	**1,527**	**16,551**	**(349)**	**1,235**	**2,272**	**(529)**	**255**	**20,962**
Total recognized income/(expenses)		**3**		**1,264**		**625**	**19**	**1,911**
Transactions with partners or owners								
Share capital increase/(reduction)	—	—	—	—	—	—	—	—
Dividends and shareholder remuneration	—	—	—	—	—	—	—	—
Transactions with treasury shares and own equity investments (net)	—	18	(292)	—	—	—	—	(274)
Other equity variations								
Transfers between equity-line items	—	—	—	—	—	—	—	—
Subordinated perpetual obligations	—	(33)	—	—	4	—	—	(29)
Other variations	—	1	—	—	4	(2)	2	5
Closing balance at 12/31/2021	**1,527**	**16,655**	**(641)**	**2,499**	**2,280**	**94**	**380**	**22,794**
Total recognized income/(expenses)		**47**		**2,539**		**1,342**	**48**	**3,976**
Transactions with partners or owners								—
Share capital increase/(reduction)	(75)	(723)	798	—	—	—	—	—
Dividends and shareholder remuneration	—	(951)	—	—	—	—	—	(951)
Transactions with treasury shares and own equity investments (net)	—	29	(500)	—	—	—	—	(471)
Increases/(reductions) due to scope changes	—	36	—	—	—	—	29	65
Other changes in equity								
Transfers between equity-line items	—	2,499	—	(2,499)	—	—	—	—
Subordinated perpetual obligations	—	(30)	—	—	(7)	—	—	(37)
Other variations	—	(1)	—	—	2	—	(31)	(30)
Closing balance at 6/30/2022	**1,452**	**17,561**	**(343)**	**2,539**	**2,275**	**1,436**	**426**	**25,346**

Notes 1 to 7 are an integral part of the 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, 2022 and 2021

	€ Million	
	06/30/2022	**06/30/2021**
Net Income before tax	**4,318**	**2,011**
Adjustments to net income:	**2,448**	**1,019**
Depreciation and amortization of non-current assets	1,113	982
Other (net)	1,335	37
Changes in working capital	**(3,630)**	**(1,030)**
Other cash flows from operating activities:	**(804)**	**(460)**
Dividends received	237	49
Income tax refunded/(paid)	(838)	(316)
Other proceeds from/(payments for) operating activities	(203)	(193)
CASH FLOWS FROM OPERATING ACTIVITIES	**2,332**	**1,540**
Payments for investments:	**(1,542)**	**(1,412)**
Group companies and associates	(122)	(246)
Property, plant and equipment, intangible assets and investment property	(1,209)	(648)
Other financial assets and others	(211)	(518)
Proceeds from divestments:	**139**	**455**
Group companies and associates	104	128
Property, plant and equipment, intangible assets and investment property	29	28
Other financial assets	6	299
Other cash flows from investment activities	**16**	**12**
CASH FLOWS FROM INVESTMENT ACTIVITIES	**(1,387)**	**(945)**
Proceeds from and (payments for) equity instruments:	**(383)**	**(107)**
Issuance	—	746
Repayment and redemption	—	(406)
Acquisition	(536)	(766)
Disposal	153	319
Changes in ownership interest in companies without loss of control:	**124**	**—**
Acquisition	**—**	**—**
Disposal	**124**	**—**
Proceeds from and (payments for) financial liability instruments:	**(1,264)**	**731**
Issuance	6,490	5,099
Return and amortization	(7,754)	(4,368)
Payments on shareholder remuneration and other equity instruments	**(508)**	**(146)**
Other cash flows from financing activities:	**(214)**	**(500)**
Interest payments	(193)	(180)
Other proceeds from/(payments for) financing activities	(21)	(320)
CASH FLOWS FROM FINANCING ACTIVITIES	**(2,245)**	**(22)**
EXCHANGE RATE FLUCTUATIONS EFFECT	**37**	**20**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,263)**	**593**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**5,595**	**4,321**
CASH AND CASH EQUIVALENTS AT END OF PERIOD:	**4,332**	**4,914**
Cash and banks	2,401	2,081
Other financial assets	1,931	2,833

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

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

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(1) GENERAL INFORMATION

1.1 About these interim financial statements

The accompanying interim condensed 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, 2022, as well as the Group's earnings performance, changes in equity and 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 27, 2022 and are available at www.repsol.com.

1.2 About Repsol

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		Free cash flow		Capital employed	
€ Million	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Exploration and Production	3,795	2,142	2,932	1,182	1,678	678	1,688	963	13,103	12,742
Industrial	19,676	10,478	1,898	307	1,393	239	(377)	55	13,130	10,368
Commercial and Renewables	16,748	9,366	316	312	215	228	353	137	4,238	4,347
Corporate and other	—	1	(252)	(122)	(109)	(186)	(210)	(200)	(94)	(109)
TOTAL	**40,219**	**21,987**	**4,894**	**1,679**	**3,177**	**959**	**1,454**	**955**	**30,377**	**27,348**

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

Appendix IA of the consolidated financial statements for 2021 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 2022, 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 2021. Appendix IV of these interim financial statements contains the main changes.

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, 2022, 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 to 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

[1] For further information, see section 2.1 "Value chain" and business segments of the 2021 consolidated Management Report, available at www.repsol.com.

Group's 2021 consolidated financial statements, which were approved at the Annual General Meeting of Repsol, S.A. on May 6, 2022 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.

1.3.3 Future application of new accounting standards

The new accounting standards applied by the Group as of January 1, 2022 have had no significant impact on the financial statements, given their nature and scope.[2]

The following table breaks down the standards and amendments to standards issued by the IASB that will be mandatory in the future:

Standards and amendments to standards	
Adopted by the European Union	**Date of first application**
IFRS 17 *Insurance Contracts* (1)	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
Pending adoption by the European Union	
Amendments to IAS 12 — *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	January 1, 2023
Amendments to IAS 1 — *Classification of Liabilities as Current and Non-Current*	January 1, 2023
Amendments to IFRS 17 — *Application of IFRS 17 and IFRS 9 — Comparative Information*	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) Includes the Amendments to IFRS 17 published by the IASB on June 25, 2020

The Group is analyzing the potential impact that these regulatory changes may have on its consolidated financial statements, although no significant impacts have 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 2021. In the first six months of 2022, there were no significant changes in the methodology for making estimates with regard to those made at 2021 year-end. However, certain assumptions used in these estimates and significant judgements have been revised and the assumptions regarding demand, margins and discount rates used to calculate the recoverable amount of the Group's refineries in Spain and Peru have also been updated (see Note 3.2.2).

[2] The standards applied from January 1, 2022 are as follows: i) Amendments to IFRS 3 — Reference to the Conceptual Framework; (ii) Amendments to IAS 16 — Sales of goods from assets under construction during the test period; (iii) Amendments to IAS 37 — Onerous Contracts: Costs of Fulfilling a Contract; and (iv) Annual Improvements to IFRS 2018-2020.

(2) SEGMENT INFORMATION

The segment information 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 2022 and www.repsol.com).

Regarding the definition of segments, see the section "Report information" in the interim consolidated Management Report for the first half of 2022 and Note 4 of the 2021 consolidated financial statements (www.repsol.com).

2.2 Information by business segments

	€ Million	
Net Income/(loss) for the period	**06/30/2022**	**06/30/2021**
Exploration and Production	1,678	678
Industrial	1,393	239
Commercial and Renewables	215	228
Corporate and other	(109)	(186)
ADJUSTED NET INCOME	**3,177**	**959**
Inventory effect	1,206	489
Special items	(1,844)	(213)
NET INCOME	**2,539**	**1,235**

	€ Million									
	Operating Income		Operating cash flow		Free cash flow		Operating investments [1]		Capital employed	
Other figures	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Exploration and Production	2,932	1,182	2,458	1,287	1,688	963	746	418	13,103	12,742
Industrial	1,898	307	63	254	(377)	55	372	203	13,130	10,368
Commercial and Renewables	316	312	581	570	353	137	278	413	4,238	4,347
Corporate and other	(252)	(122)	(172)	(179)	(210)	(200)	39	27	(94)	(109)
TOTAL	**4,894**	**1,679**	**2,930**	**1,932**	**1,454**	**955**	**1,435**	**1,061**	**30,377**	**27,348**

[1] Includes investments accrued during the period.

2.3 Key events in the period

- Thanks to the favorable course that COVID-19 has taken over the first half of the year, we have witnessed a gradual recovery in both economic activity and mobility. However, the growing geopolitical tension stemming from **Russia's invasion of Ukraine** has exacerbated inflationary pressures by creating bottlenecks along the supply chain and triggering extraordinary volatility in financial and commodity markets. Although the Group successfully completed the sale of the last assets in Russia in January of this year (see Notes 4.3 and 3.1.8), the ongoing conflict has continued to affect the activities and results of the company's businesses, albeit unevenly (see section 3 "Results" of the Management Report for the first half of 2022). While the rise in hydrocarbon and derivative product prices has pushed up Exploration and Production realization prices and Refining margins, margins at the Mobility businesses in Spain (see Note 3.2.1) have been affected by the policy of discounting the sales prices of our products. Repsol has demonstrated its firm commitment to being there for its customers by offering, prior to the publication of Royal Decree-Law 6/2022, a discount of at least 10 cents per liter on the price of fuels sold via its distribution network to Repsol customers, employees and individuals who hold the Solred card or use the Waylet app. This measure was complemented by a discount of 5 cents per liter for other customers. These discounts, which are mutually compatible with the discount of 20 cents per liter offered by the Spanish Government on fuel retail prices, have been extended beyond 30 June 2022.

– During the first half of the year, further progress was made on various **divestment processes** which, in line with the 2021-2025 Strategic Plan, will enable us to focus our activities on the geographical areas that offer the greatest competitive advantages, accelerate the decarbonization of our operations and, in the case of renewables, support the asset rotation strategy. At the Exploration & Production segment, divestments in Malaysia, Ecuador, Russia and Greece have been completed. At Renewables, the sale of a 49% stake in the Valdesolar photovoltaic project (Badajoz) to The Renewables Infrastructure Group (TRIG) was completed (see Note 3.1.4) and an agreement was announced in May for the sale to Crédit Agricole Assurance and Energy Infrastructure Partners of a 25% stake in Repsol Renovables in exchange for €905 million (see Note 5), which will be completed in the second half of the year. The inclusion of partners reinforces the Strategic Plan's goal of achieving 6 GW by 2025 and new plans, including entry into new markets and technologies (offshore wind).

– As for the progress made in **transforming our businesses**, as envisioned in the 2021-2025 Strategic Plan, the Group has increased its low-emission generation capacity and achieved further internationalization of the Renewables business by following the acquisition of the Frye Solar photovoltaic project in Texas (USA), which will be the Group's largest installation to date (637 MW); the entry into operation of the Jicarillas photovoltaic project, also in the United States (63 MW); and, in Spain, the entry into operation of the first wind farms of the Delta II wind project (60 MW). The Commercial businesses have continued to drive digitalization on the path to achieving 8 million digital customers by 2025. The Waylet app, thanks to discount campaigns, has added one million new users during the half year to end June with 4.5 million users. To cement its status as a relevant player in the electricity and gas market in Spain, Repsol has continued to increase the number of customers to 1.4 million. For more information, see section 4.3 of the Management Report for the first half of 2022.

  At the Industrial segment, Repsol made further progress in transforming its industrial facilities into energy hubs, capable of generating products with a low, zero or even negative carbon footprint. In early March, work began on Spain's first advanced biofuels plant, which is being built at the Cartagena refinery, and a stake was acquired in the Canadian company Enerkem, a world leader in the production of renewable fuels and chemical products through the gasification of non-recyclable waste, for €54 million. Another of the pillars identified by the company to achieve a more sustainable industry is renewable hydrogen, where Repsol has been leading the SHYNE (Spanish Hydrogen Network) project, a Spanish consortium made up of 33 entities from different sectors that will deploy projects expected to generate more than 13,000 jobs. For more information, see section 4.2 of the Management Report for the first half of 2022.

– Turning to Repsol's financial structure, during the first half of the year: (i) the outstanding bonds issued by Repsol Oil & Gas Canada Inc. were **repurchased** for a nominal amount of $412 million; (ii) a bond issued by RIF for a nominal amount of €500 million was canceled at maturity; and (iii) the financial debt (project finance) associated with the Saint John LNG regasification plant was canceled for €586 million. The main credit rating agencies have confirmed Repsol's **investment grade** rating, with Standard & Poor's upgrading its outlook from stable to positive (see Note 3.1.5. and section 3.3 of the Management Report for the first half of 2022).

– Under the 2021-2025 Strategic Plan, shareholder **remuneration** in the first half of the year consisted of the payment in January of a cash dividend of €0.30 gross per share, for a total amount of €439 million, charged to voluntary reserves from retained earnings, and a capital reduction through the redemption of 75 million own shares (see Note 3.1.4). In July, an additional dividend of €0.33 gross per share was paid to shareholders out of 2021 earnings, for a total of €471 million.

(3) MAIN CHANGES IN THE FINANCIAL STATEMENTS

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

3.1 Balance Sheet

3.1.1 Property, plant and equipment

Investments in "*Property, plant and equipment*" largely relate to Exploration & Production assets in the US (Eagle Ford, Marcellus and Gulf of Mexico), Norway and Peru, at Industrial (in the Refining and Chemical businesses for the maintenance and improvement of the activities of the industrial complexes, while significant investments and decarbonization projects are being implemented), and at Renewables, in the organic development of projects and in the acquisition of a 100% stake in the companies Jicarilla Solar 1 LLC, Jicarilla Storage 1 and Hecate Energy Frye Solar LLC, which include solar projects such as Jicarilla 1 and Frye solar, respectively.

The change in this heading compared to December 2021 is also down to the recognition of impairment and dismantling provisions (see Note 3.2.2), as well as an increase in translation differences following the appreciation of the dollar against the euro compared to the end of 2021.

Investment commitments

During the first half of the year, several investment commitments for property, plant and equipment were signed for the construction of facilities for the supply and assembly of renewable technology equipment for the development of wind power generation projects in Spain and photovoltaic projects in the United States, for a total of €351 million to be paid out between 2022 and 2024.

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 2021 describes the Group's most significant investments. The breakdown of the balance at June 30 is as follows:

	€ Million	
	Carrying amount	
	06/30/2022	12/31/2021
Joint ventures	3,823	3,349
Associates [1]	381	205
TOTAL	**4,204**	**3,554**

[1] Includes mainly the stake in Hecate Energy LLC, in Enerkem Inc., in Oleoductos de Crudos Pesados (OCP) and in Salamanca Infrastructure LLC.

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

	€ Million	
	06/30/2022	06/30/2021
Balance at December 31	**3,554**	**5,897**
Net investments	8	13
Changes in scope of consolidation [1]	76	163
Net income from investments accounted for using the equity method [2]	544	117
Dividends paid out [3]	(301)	(62)
Translation differences	297	87
Reclassifications and other movements [4]	26	(2,700)
Balance at June 30	**4,204**	**3,515**

[1] In 2022, this heading includes the acquisition of 11.07% of Enerkem (a Canadian leader in gasification technology, producing renewable methanol and ethanol from municipal solid waste and other materials). In 2021, it includes the acquisition of 40% of Hecate Energy LLC, a company operating in the US renewable energy market.

(2) The increase is mainly due to those businesses that benefited from the rise in hydrocarbon prices during the period. This heading does not include "Other comprehensive income" amounting to €275 million at June 30, 2022 (€236 million for joint ventures and €39 million for associates) and €98 million at June 30, 2021 (€94 million for joint ventures and €4 million for associates).
(3) In 2022, mainly Repsol Sinopec Brasil (RSB), YPFB Andina, S.A. and Sierracol. In 2021, mainly Oleoductos de Crudos Pesados (OCP) and Sierracol.
(4) In 2021, it included the assignment of financial assets of Repsol Sinopec Brasil, B.V. to its owners.

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, 2022 and December 31, 2021, are detailed below (for more information see section 3.3 of the interim consolidated Management Report for the first half of 2022):

€ Million	**06/30/2022**	**12/31/2021**
Equity	25,346	22,794
Net financial debt [1]	5,031	5,762
Capital employed [1]	30,377	28,556
Leverage ratio (%)	**16.6**	**20.2**

(1) Alternative Performance Measure. Regarding the reconciliation of these figures with those established in IFRS-EU, see Appendix II of the interim consolidated Management Report for the first half of 2022.

3.1.4 Equity

	€ Million	
	06/30/2022	**12/31/2021**
Shareholders' equity:	**23,484**	**22,320**
Share capital	1,452	1,527
Share premium and reserves:	17,561	16,655
Share premium	4,038	4,038
Legal reserve	314	314
Retained earnings and other reserves [1]	13,209	12,303
Treasury shares and own equity investments	(343)	(641)
Profit for the year attributable to the parent	2,539	2,499
Other equity instruments	2,275	2,280
Other cumulative comprehensive income	**1,436**	**94**
Equity instruments with changes through other comprehensive income	(5)	(4)
Hedging transactions	(155)	51
Translation differences	1,596	47
Non-controlling interests	**426**	**380**
TOTAL EQUITY	**25,346**	**22,794**

(1) This heading includes the transfer from income for the year attributable to the Parent for 2021 and 2020. It includes a reserve for retired capital amounting to €355 million, which is equivalent to the nominal value of the shares retired in the capital reductions for the 2021–2018 period carried out under the "Repsol Flexible Dividend" program (see the "*Shareholder remuneration*" section of this Note).

Share Capital

Following the capital reduction carried out in May through the redemption of 75 million own shares described in the following section of this note on "*Shareholder remuneration*", the share capital of Repsol, S.A. at June 30 amounted to €1,452,396,053, all fully subscribed for and paid up, and represented by 1,452,396,053 shares with a par value of 1 euro each. According to the latest available information, the significant shareholders of Repsol, S.A. are:

	% of voting rights attributed to shares		**% of voting rights through financial instruments**	**% of total voting rights**
Significant shareholders	**Direct**	**Indirect**		
BlackRock, Inc. [1]	—	5.306	0.169	5.475
Amundi, S.A. [2]	—	3.203	—	3.203
Norges Bank	3.017	—	—	3.017

(1) BlackRock, Inc. holds its stake through various controlled entities. The information is based on the declaration filed by this company with the CNMV on May 2, 2022 regarding the share capital figure of 1,527,396,053 shares.
(2) Amundi, S.A. holds its stake through various controlled entities. The information is based on the declaration filed by this company with the CNMV on February 14, 2022 regarding the share capital figure of 1,567,890,563 shares.

Treasury shares and own equity investments

The main transactions undertaken by the Repsol Group involving treasury shares[3] were as follows:

	No. of shares	Amount (€M)	% capital
Balance at 12/31/2021	**64.110.571**	**641**	**4.20 %**
Market purchases (1)	46.890.181	643	3.23 %
Market sales (1)	(10.594.684)	(143)	0.73 %
Capital reduction (2)	(75.000.000)	(798)	5.16 %
Balance at 06/30/2022	**25,406,068**	**343**	**1.75 %**

(1) Includes transactions within the framework of discretionary treasury stock transactions described in the Repsol Group's Internal Code of Conduct in the securities market.
(2) Includes the redemption approved by the Annual General Meeting of 75,000,000 treasury shares (see section on "*Shareholder remuneration*" of this Note).

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

Shareholder remuneration

Shareholder remuneration at Repsol, S.A. during the six-month period ended June 30, 2022 is as follows:

- In January, a cash dividend of €0.30 gross per share was paid out of voluntary reserves from retained earnings for a total amount of €439[4] million.

- In May, the capital reduction approved at the Annual General Meeting for 2022, under agenda item seven, was carried out through the redemption of 75,000,000 own shares, with a par value of one euro each. The share capital resulting from the reduction was set at 1,452,396,053 shares (see previous section of this note on "*Share capital*").

In addition, in July, a cash dividend of €0.33 gross per share was paid out of 2021 earnings, for a total amount of €471[4] million.

The Annual General Meeting held on 6 May approved the distribution of a further dividend of €0.325 gross per share charged to unrestricted reserves, to be paid in January 2023, on a date to be determined by the Board of Directors, as recorded under "*Trade and other payables*" in the balance sheet.

Lastly, the Board of Directors, at its meeting on July 27 this year, approved another capital reduction through the redemption of 75 million treasury shares with a par value of one euro each.

Non-controlling interests

In March 2022, the 49% stake in the Valdesolar photovoltaic farm was sold to The Renewables Infrastructure Group (TRIG) in exchange for €117 million. The facility has been fully operational since the third quarter of 2021 and has a total installed capacity of 264 megawatts (MW).

3 The Annual General Meeting held on May 6, 2022 granted authorization to the Board of Directors, for a term of five years, to acquire Repsol shares, whether directly or through subsidiaries, up to a maximum number of shares which, once added to the number of shares already held by Repsol and any of its subsidiaries, does not exceed 10% of the Company's capital and for a price or value of consideration that may not be less than the par value of the shares or exceed their quoted price.

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

3.1.5 Financial resources

	€ Million	
	06/30/2022	**12/31/2021**
Non-current financial liabilities:		
Non-current financial liabilities [(1)]	9,215	10,185
Non-current trade operation derivatives [(2)]	354	180
Current financial liabilities:		
Current financial liabilities [(1)]	4,664	4,611
Current trade operation derivatives [(3)]	1,350	871
Total financial liabilities	**15,583**	**15,847**

[(1)] The change is mainly down to the maturity of bonds and the early cancellation of bonds and banks borrowings.
[(2)] Recognized under "*Other non-current liabilities*" on the balance sheet.
[(3)] Recognized under "*Trade and other payables*" in the balance sheet.

Bank borrowings

During the first half of 2022, the loans (principal and interest) arranged to finance the investment in the Saint John LNG project in Canada and the associated financial derivatives were repaid, leading to the derecognition of bank borrowings for a total of $586 million.

Key issue in the first half of 2022[5]

In May 2022, the bond issued by Repsol International Finance B.V. (RIF) in May 2017 under the EMTN Program for a nominal amount of €500 million and a fixed annual coupon of 0.500% was redeemed.

In the first half of the year, all outstanding bonds issued by Repsol Oil & Gas Canada Inc. (ROGCI) were repurchased, for a total nominal amount of $412 million, as follows:

ISIN	Issuer	Date of issue	Currency	Nominal amount (millions)	Average rate %	Maturity
US87425EAE32	Repsol Oil & Gas Canadá Inc.	Oct-97	Dollar	50	7.250%	Oct-27
US87425EAH62	Repsol Oil & Gas Canadá Inc.	May-05	Dollar	88	5.750%	May-35
US87425EAJ29	Repsol Oil & Gas Canadá Inc.	Jan-06	Dollar	102	5.850%	Feb-37
US87425EAK91	Repsol Oil & Gas Canada Inc.	Nov-06	Dollar	115	6.250%	Feb-38
US87425EAN31	Repsol Oil & Gas Canada Inc.	May-12	Dollar	57	5.500%	May-42

Meanwhile, Repsol Europe Finance, S.à.r.l. (REF) runs a Euro Commercial Paper (ECP) program, secured by Repsol, S.A., for a maximum total of €3,000 million. Commercial paper was issued and redeemed under this program during the period, with the outstanding balance at June 30, 2022 being €1,481 million (€1,418 million at December 31, 2021).

At the date of authorization for issue of these interim consolidated financial statements, the Repsol Group is not in default of any type of obligation that might trigger the acceleration or early maturity of its financial commitments.

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

Sustainable finance framework

In March 2022, the sustainable finance framework (or "Framework", available at www.repsol.com) was updated to include the new transition pathway published on "Low Carbon Day". For further information, see section 3.3 of the consolidated Management Report for the first half of the year.

[5] Main issues in the first half of 2021: In May 2021, RIF issued bonds guaranteed by Repsol S.A. under the EMTN Program worth a total of €300 million, maturing in May 2023 and paying a variable coupon equivalent to Euribor 3M plus 70 basis points.

3.1.6 Financial assets

	€ Million	
	06/30/2022	12/31/2021
Non-current assets		
Non-current financial assets	1,360	1,249
Non-current trade operation derivatives [(1)]	219	133
Current assets		
Other current financial assets	2,955	2,451
Current trade operation derivatives [(2)]	927	1,027
Cash and cash equivalents [(3)]	4,332	5,595
Total financial assets	**9,793**	**10,455**

(1) Recognized under "*Other non-current liabilities*" on the balance sheet.
(2) Recognized under "*Trade and other receivables*" on 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 and Note 3.3).

For further details on financial assets, see Appendix II.

3.1.7 Derivatives

Derivatives on own shares

At 30 June 2022, the Group had arranged options on a total of 75 million Repsol shares (50 million from the acquisition of call options and 25 million from the sale of put options). The main features of these options, which are measured at fair value with changes in the heading "*Changes in fair value of financial instruments*" in the income statement, are described in Note 9.2 to the consolidated financial statements for 2021. The impact on the income statement for the half-year period amounted to €177 million.

During the first half of 2022, equity swaps arranged in 2021 on a volume of 25 million shares were settled early, at an average exercise price of €10.50 per share and originally due to mature in July and August 2022. Additionally, equity swaps were arranged on a total of 10 million shares at an average exercise price of €14.44 per share and with contractual maturity in September 2022. Repsol has the option to settle them by physical delivery or by differences. These instruments are measured at fair value with changes in the heading "*Changes in fair value of financial instruments*" in the income statement. The impact on the income statement for the first half of the year amounted to €112 million.

3.1.8 Financial risks

As described in Note 10 to the 2021 consolidated financial statements, the Group's own activities are exposed to several types of financial risk: market risk, liquidity risk and credit risk and which have been affected to a greater or lesser extent by the international crisis caused by the war in Ukraine and the ensuing market volatility. The information at June 30 is updated as follows:

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, 2022 and at December 31, 2021 , with a stronger dollar due to the impact that the war has had on the money markets, was as follows:

	June 30, 2021		June 30, 2021		December 31, 2021	
	Closing rate	Accumulated average rate	Closing rate	Accumulated average rate	Closing rate	Accumulated average rate
US dollar	1.04	1.09	1.19	1.21	1.13	1.18

The sensitivity of net income and equity to exchange rate risk, as a result of the effect on the financial instruments held by the Group at June 30, due to the appreciation or depreciation of the euro against the dollar, is illustrated below:

	Appreciation (+) / depreciation (-) in exchange rate	€ Million	
		06/30/2022	**12/31/2021**
Effect on net income after tax	5%	1	4
	(5)%	(1)	(3)
Effect on equity	5%	(144)	234
	(5)%	130	(211)

At 30 June 2022, the Group had no exposure to the ruble.

Interest rate risk

The Group's results and equity are exposed to changes in interest rates in the markets in which it operates. Amid the ongoing war in Ukraine, the European Central Bank has decided to reduce its bond-buying stimulus plan initiated in March 2020 in response to rising inflation and to raise interest rates, which may increase the cost of debt and limit access to capital markets.

The sensitivity of net income and equity, as a result of the effect of fluctuations in interest rates on the financial instruments held by the Group at June 30, is shown in the following table:

	Increase (+) / decrease (-) in interest rates (basis points)	€ Million	
		06/30/2022	**12/31/2021**
Effect on net income after tax	50 b.p.	13	19
	-50 b.p.	(13)	(18)
Effect on equity	50 b.p.	2	38
	-50 b.p.	(2)	(39)

NOTE: Changes at 30 June 2022 have been annualized for financial assets and liabilities.

In connection with the process of transitioning to new benchmark interest rates currently underway in various jurisdictions worldwide, the Group has carried out a review of the contracts reached in accordance with the timetable foreseen for the reform, mainly affecting loans and credit lines. For more information, see Appendix II.

Commodity price risk

During the first half of the year, the price of commodities rose sharply amid the energy crisis and shortage of commodities due to the international sanctions imposed on Russia following the outbreak of the war in Ukraine.

At June 30, 2022 an increase or decrease of 10% in commodity prices would have approximately led to the following changes in net income and in equity as a result of changes in value in the financial derivatives:

	Increase (+) / decrease (-) in commodity prices	€ Million	
		06/30/2022	**12/31/2021**
Effect on net income after tax	+10%	(106)	(69)
	(10)%	106	69
Effect on equity	+10%	(125)	(35)
	(10)%	127	35

NOTE: A +/-50% change in commodity prices would have had an estimated impact of €(527) million and €527 million on net income, respectively, and €(620) million and €661 million on equity, respectively.

The sensitivity of the derivatives to increases in commodity prices partially offsets the adverse exposure of Repsol's physical operations -in inventories- inherent to its activity.

Liquidity risk

At June 30, 2022, cash and other liquid financial instruments[6] and credit lines were sufficient to cover short-term debt maturities by 2.4 times (2.3 times at December 31, 2021).

There were also undrawn credit lines for an amount of €2,747 million (€2,664 million at December 31, 2021). At the end of the period, liquidity stood at €8,975 million (€10,283 million at December 31, 2021), including undrawn committed credit facilities.

In an international environment heavily affected by the war in Ukraine, and within the framework of the Group's financial policy, Repsol has ensured the ready availability of funds so as to be able to honor its obligations and see its business plans through to completion, guaranteeing at all times the optimum level of liquid resources and seeking absolute efficiency in the management of funds.

Credit risk

The Company updated its customer credit risk management model using economic forecasts for the main countries where it operates, without this having a significant impact on the Group's financial statements from a change in the payment behavior of debtors.

For credit risk arising from financial instruments relating to operations in Venezuela, see Note 21.3 to the consolidated financial statements for 2021.

The Group's credit risk on trade receivables is not significantly concentrated as it is spread out among a large number of customers and other counterparties. The maximum net exposure to a third party after its trade receivables have become impaired, including official bodies and public sector entities, does not exceed 4.8%.

3.1.9 Current assets and liabilities

The heading "*Assets held for sale and related liabilities*" shows the derecognition of assets and liabilities following the sale of producing assets in Malaysia (including the interests in the PM3 CAA, Kinabalu and PM305/314 blocks) and in Ecuador (blocks 16 and 67) of the Exploration and Production segment, whose sale was pending certain conditions precedent at 31 December 2021.

The increases reported under "*Inventories*" are largely down to the increase in average Brent crude oil prices (+78.6% / +51.5€/bbl) and, to a lesser extent, by the increase in crude oil and product inventories to meet higher levels of demand and ensure adequate supply levels in the current environment.

"*Trade and other receivables*" increased mainly as a result of increased activity across all businesses (higher sales) in response to higher demand following the easing of mobility restrictions and prices increases.

"*Trade and other payables*" was also up due to increased activity (higher purchases).

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 2022, which contains a detailed explanation of these results and other performance figures, available at www.repsol.com.

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:

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

€ Million	06/30/2022	06/30/2021
Spain	21,634	9,766
Peru	2,468	1,198
United States	2,105	1,555
Portugal	1,672	1,040
Other	10,452	7,331
Total [1]	**38,331**	**20,890**

[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	06/30/2022	06/30/2021
Exploration and Production	2,333	1,321
Industrial	19,376	10,305
Commercial and Renewables	16,622	9,264
Total	**38,331**	**20,890**

The increase in revenue in the first half is explained by: (i) an increase in realization of crude and gas prices at the Exploration and Production businesses, (ii) increased demand and higher prices for oil and petrochemical products at Refining, (iii) at Commercial and Renewables due to an increase in sales and in the number of customers in the retail supply of gas and electricity and increased power generation at Renewables, in an environment of high electricity prices.

Pursuant to Royal Decree-Law 6/2022 of March 29, adopting urgent measures within the framework of the National Plan to respond to the economic and social consequences of the war in Ukraine, an extraordinary and temporary rebate was approved, which has been in force from April 1 to June 30 (having been subsequently extended until December 31, under the terms of Royal Decree-Law 11/2022 of June 26), on the retail price of certain energy products and additives. The Group has offered discounts of €0.30/liter (which includes the Government rebate of €0.20/liter and an additional discount of €0.10/liter provided by Repsol on all refueling paid through the Waylet app or using the Solred card) and of €0.25/liter (Government discount of €0.20/liter and an additional discount of €0.05/liter for other customers). As a result, sales revenue was recorded for both the amount collected from customers and the credit receivable from the tax authorities of €0.20/liter (in accordance with Consultation 4 of BOICAC 129), but reduced to reflect the €0.10/liter or €0.05/liter as an additional discount. These additional discounts, excluding the rebate – which is neutral in the Group's income statement –, had a negative impact on the results of the Commercial and Renewables segment in the first half of the year and, in particular, on those of the Mobility business as a result of the more than €150 million of discounts applied by Repsol on the sale price of fuels at service stations in Spain (see section 3.1 – Results of the Management Report for the first half of 2022) and were extended as of July 1 and throughout the summer, when the roads are very busy.

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 2022, 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.

Asset impairment provisions/(reversals)

Impairment totaling -€1,730 million was recognized in the first half of 2022, relating mainly to impairment of the Group's refineries in Spain and Peru and, to a lesser extent, exploratory assets at the Exploration and Production segment and mobility assets at the Commercial and Renewables segment (see Note 3.2.2).

Transport and freight

The increase in "*Transport and freight*" is a product of higher prices in the freight market.

Gains/(loss) on disposal of assets

In the first half of 2022, gains (€47 million) and losses (-€40 million) on disposal of assets related mainly to the sale of production assets in Malaysia (including the interests in the PM3 CAA, Kinabalu and PM305/314 blocks) and in Ecuador (blocks 16 and 67), respectively, at the Exploration and Production segment.

Other operating expenses

The increase in expenses is mainly explained by the reduction in the value of derivatives and commitments over commodities, (mainly at the wholesale businesses and at Gas Trading in North America) and higher expenses for CO_2 consumption (higher prices and activity at industrial complexes).

***3.2.2* Asset impairment**

Russia's invasion of Ukraine and the ensuing war between the two nations (see Notes 2.3 and 4.3) has led to significant changes both in public energy policies and in the dynamics of crude oil and product markets, not only in the short term but also in the medium and long run. In this new context, the Group has reviewed the recoverable amount of those cash-generating units where indications of impairment have been identified.

Provisions during the period amounted to €1,730 million before tax (€1,230 million after tax) and mainly relate to:

– Refineries in Spain at the Industrial segment. An impairment loss of -€1,162 million before tax was recorded.

  In the short term, the war and the sanctions imposed on Russia have caused disruptions along supply chains, making raw materials more expensive and reducing the supply of products, which has led to a widespread rise in prices and a strengthening of industrial margins. However, in its longer-term projection, during 2022 the new dynamics to have arisen from the conflict would appear to be conducive to an acceleration of the energy transition in Europe and other public policies that could reduce the competitiveness of the traditional refining industry in Spain, notably the new *RePowerEU* roadmap for decarbonization, the decision to bring forward the ban on the sale of combustion engine vehicles and the announcement of fiscal measures that will increase the taxation of fossil fuel consumption or the profits of Oil&Gas companies. In addition, the restructuring of supply chains in the crude oil and oil derivatives markets -especially in the supply of heavy crude oil- could have an impact on refinery supply alternatives. All of these factors have dampened expectations as to future use and profitability of certain traditional units and facilities present at our industrial refining complexes, which, as already envisioned in Repsol's strategic plan, will have to undergo a profound transformation to ensure their sustainability.

  Given this outlook, the activity, utilization ratios and profitability forecasts for certain refining units were downgraded at June 30, 2022. In addition, the decommissioning obligations associated with those production units that are not expected to be reconverted have been consistently reassessed, in accordance with the best estimate of the expected cost at the corresponding settlement dates.

  Lastly, as a result of the general increase in risk and interest rates, there has been an increase in the WACC rate (7.9%[7]) we use to discount the future cash flows that we expect to obtain from the operation of the assets, which has also negatively affected the valuation of our Refining business.

– La Pampilla refinery (Peru), at the Industrial segment: An impairment loss of -€300 million before tax was recognized.

  In Peru, wholesale margins have been downgraded, bringing them in line with those likely to be seen amid an international context of high prices, a complex political-social landscape and increased competition from all operators, including importers from the Gulf of Mexico. In addition, and for the reasons explained previously, the WACC discount rate has increased (9%[7]).

– Mobility business assets in Mexico at the Commercial and Renewables segment were affected not only by the worsening situation within the international commodity markets, but also by recent developments in the local political and regulatory environment, leading to impairment charges of -€61 million before tax.

[7] The pre-tax WACC rates are 10.2% and 11.7% after tax for Refining Spain and Peru, respectively.

– Various exploration assets in South East Asia and Latin America at the Exploration and Production segment: Impairment of -€136 million before tax was recognized. These assets are unlikely to be commercially viable, given the new productivity forecasts and delays in implementing the development plans needed to bring these assets into production.

  The recoverable value of the impaired assets comes to roughly €9,000 million.

3.2.3 Financial results

Repsol's financial result was down on the first half of 2021. The increased gains from one-off dollar/euro exchange rate positions and derivatives on treasury stock (see Note 3.1.7), as recognized under "*Change in fair value of financial instruments*" and, to a lesser extent, lower interest on debt, were offset by an increase in negative "*Translation differences*" and the impacts of the early cancellation of the ROGCI bonds, as recognized under "*Other financial income and expenses*".

3.2.4 Income tax

The effective tax rate[8] applicable to income before taxes and before the results of entities accounted for using the equity method was 46% (income tax expense of -€1,731 million). In 2021, the effective tax rate on such income was -40% (income tax expense of -€767 million).

3.2.5 Earnings per share

Earnings per share in the first six months of 2022 and 2021 are detailed below:

EARNINGS PER SHARE	**06/30/2022**	**06/30/2021**
Profit attributable to the parent (€ million)	2,539	1,235
Adjustment for perpetual subordinated bond (€ million) [(1)]	(30)	(34)
Weighted average number of shares outstanding on June 30 (millions of shares)	1,446	1,502
Basic and diluted earnings per share (euros/share)	**1.74**	**0.80**

(1) At June 30, 2021, reflects the costs of amortization of a bond issued in March 2015 (see Note 6.4 to the 2021 consolidated Financial Statements).

3.3 Cash Flows

In the first half of the year, **cash flows from operating activities** amounted €2,332 million, compared to €1,540 million in the first half of 2021. The increase is largely due to higher revenues from rising hydrocarbon and derivative product prices – due to the volatile environment to have arisen from the war in Ukraine – and increased demand for products, as economic activity picks up following the easing of mobility restrictions; partially offset, however, by the impact of higher inventory costs (due to both prices and volumes of inventories at the industrial and commercial businesses) and higher taxes.

In the first half of 2021, **net cash flow from investing activities** resulted in a net outflow of €-1,387 million. "*Payments for/ receipts from investments in property, plant and equipment, intangible assets and investment property"* (€-1,209 million) increased when compared with the comparison period, reflecting increased investments at Exploration and Production – notably the payment made for the producing gas assets acquired from Rockdale Marcellus in 2021 and the development of new wells and installations in the United States – as well as refinery and petrochemical plant upgrades. "*(Payments)/ proceeds from investments in Group entities and associates*" (-18 million) mainly reflects the payment made to acquire a stake in Enerkem (leader in fuel technology and renewable chemical products), the acquisition of renewable energy projects in the United States (Jicarilla and Frye Solar), and the proceeds received from the divestments in Malaysia and Russia. For further information, see sections 3.1, 4.1 and 4.2 of the Management Report for the first half of 2022.

During the first half of 2022, **net cash flow from financing activities** resulted in a net payment of €-2,245 million compared to a net payment of € -22 million in 2021, which is explained by the net redemptions of issuances and the early cancellation of debt instruments (ROGCI bonds – project finance – for Saint John) (see Note 3.1.5), investment in treasury stock (share repurchase programs), higher dividend payouts (*"Flexible Dividend"* in 2021), and the cash obtained from the sale of 49% of the Valdesolar renewable energy asset.

In short, *Cash and cash equivalents* was down €-1,263 million on December 31, 2021 to reach €4,332 million, which forms part of the Group's liquidity (see Note 3.1.8).

8 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.

(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 2021:

Peru

On May 13, 2022, the Peruvian National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI) announced the filing of a civil lawsuit against Repsol, S.A., Refinería La Pampilla, S.A.A. (RELAPASAA), Repsol Comercial, S.A.C (RECOSAC), among other defendants, seeking compensation of $4.500 million for causing the oil spill at the Pampilla Refinery facilities (see Note 4.4), of which $3.000 million would correspond to direct damages and $1.500 million to moral damages suffered by consumers, users and third parties affected by the spill.

Repsol has immediately responded by describing the lawsuit as unfounded, unjustified and incongruent, because it fails to address the causes of the accident, nor the clean-up and remediation work that Repsol has already carried out, nor the channels that have been set up with alongside the Peruvian government to provide support and compensation to those affected by the spill. Ultimately, the figures being sought in the lawsuit have absolutely no basis or founding and INDECOPI has no legal standing to bring the action. Notably, it had previously declared itself as having no standing to pursue the claim.

In addition to Repsol, S.A., RELAPASAA and RECOSAC, the lawsuit has been filed against the insurance company Mapfre, the shipping company Transtotal Marítima and Fratelli d'amico Armatori as operators of the vessel.

The lawsuit filed has yet to be admitted by the corresponding judge and therefore notice of commencement of proceedings has yet to be served on Repsol.

4.2 Government and legal proceedings with tax implications

The information contained in Note 23.4 to the consolidated financial statements for 2021 is presented below, with the following changes and developments:

In Spain, in the case partially estimated by the Audiencia Nacional (relating to the treatment of losses from foreign investments for tax years 2007 to 2009), finally no appeal in cassation was lodged with the Supreme Court, meaning that the decision is now final.

In Brazil, Repsol Sinopec Brasil, S.A. received corporate income tax (known as "CSLL") assessments for the 2017 fiscal year, in which the tax authorities questioned the way in which the company had calculated the deduction of income tax paid abroad. These assessments have been appealed and are currently awaiting the decision of the first administrative instance. The Company believes that its actions were lawful and in line with general industry practice.

In Canada, the tax authorities have closed corporate income tax inspection proceedings for fiscal year 2016 without any significant adjustments made, and have initiated inspection proceedings for international transactions carried out over the period 2016 to 2018.

In Peru, in relation to the lawsuit ongoing with the tax office (SUNAT) for the 2014 income tax of RELAPASAA, in which the authorities questioned the transfer prices for certain sales and purchases, a favorable ruling has been handed down, annulling almost in its entirety the amount originally sought by SUNAT. The company also plans to appeal the ruling in relation to the part not annulled.

4.3 Geopolitical risks

The information in this section updates the content of Note 21.3 to the consolidated financial statements for 2021.

Venezuela

In 2022, the political and economic[9] situation described in Note 21.3 of the 2021 consolidated financial statements remained very much present. However, the outlook has improved somewhat following the incipient easing of the U.S. Government's coercive measures[10] against Venezuela.

Repsol continues to adopt the necessary measures to continue its activities in Venezuela in full compliance with applicable international sanctions, including U.S. policies in relation to Venezuela, and is constantly monitoring changes and developments and, therefore, the possible effects they may have on such activities.

Repsol's total equity exposure[11] to Venezuela at June 30, 2022 amounted to €399 million (€298 million at December 31, 2021), mainly comprising the financing extended to the Venezuelan affiliates.

Libya

The deep east-west institutional divide in Libya has been rekindled, sparking rising tensions that have spilled over into the oil sector. Following the failure of the UN-led presidential elections on December 24, 2021, the parliament of Tobruk (a city in the east of the country) appointed a new government on February 9, 2022. Fathi Bashagha was appointed interim prime minister. Meanwhile, Dbeibah, who remains in power in Tripoli, has rejected the appointment, stating that he will not hand over power without a vote. So far Bashagha and his cabinet have not been able to enter Tripoli and remain in the east of the country, due to militia support for Dbeibah.

The Libyan Political Dialogue Forum (United Nations Support Mission in Libya – UNSMIL) ended on June 22, 2022, without having achieved its main objective, i.e. the holding of elections. This situation may aggravate the crisis of legitimacy and the danger of a new military escalation.

Production was halted on April 18, 2022 over safety concerns and resumed on June 2. Repsol's net crude oil production in 2022 amounted to 24.3 thousand barrels of oil per day (vs. 35.7 thousand barrels of oil per day during the same period in 2021).

Repsol's equity exposure in Libya at June 30, 2022 was around €416 million, including mainly property, plant and equipment at that date (€344 million at December 31, 2021).

Algeria

In June, the Algerian government, through the Association of Banks and Financial Institutions, ordered the country's financial institutions to freeze direct debits on all foreign trade transactions involving products to and from Spain, and broke the Treaty of Friendship, Good Neighborliness and Cooperation signed between the two countries. So far, Repsol has carried out banking operations normally and it would appear that the measure does not affect energy supply contracts.

Repsol's equity exposure in Algeria as at June 30, 2022 amounted to some €569 million (mainly property, plant and equipment at that date).

Average net production in Algeria in the first half of the year reached 12.9 thousand barrels of oil equivalent per day (vs. 25.7 thousand barrels of oil per day during the same period in 2021, which included production from the *Tin Fouyé Tabankort* (TFT) asset sold in June 2021).

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[9] The Venezuelan bolivar fell heavily against the euro in the first half of the year (€5.693/BsS vs. €1.359/BsS at December 31, 2021), though with no significant impact on the Group's financial statements, since the functional currency of its subsidiaries in the country is mainly the U.S. dollar.

[10] Various analysts are predicting a progressive easing of the coercive measures, following the progress made at the negotiation table between the Venezuelan government and the opposition. However, in relation to the international sanctions levied against the Venezuelan government and PDVSA and its subsidiaries, the extension granted by the U.S. Government on May 27, 2022 in relation to General License 8I (now 8J) of the Office of Foreign Assets Control with respect to five US companies operating in the hydrocarbons sector maintains the same scope as License 8I. Therefore, under the extension, these companies may continue to carry out only essential activities to maintain and preserve their assets until December 1, 2022.

[11] 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.

Russia's invasion of Ukraine

Following Russia's invasion of Ukraine that began on February 24, 2022, economies around the world, including the United States, the European Union and the United Kingdom, have announced successive volleys of trade sanctions targeting Russian individuals, companies and institutions. These sanctions, as well as the counter-sanctions imposed by Russia, have led to a significant reduction in trade between these economies and Russia, thus driving up commodity prices in global markets for oil, natural gas and wheat, among other commodities, and sparking inflationary pressures, supply chain bottlenecks and volatility in financial and commodity markets.

Although the Group has no equity exposure, nor any significant business position, in Russia or Ukraine following the divestment of all its assets in Russia in 2021, there is a risk that lower business and consumer confidence and activity and an energy-driven inflationary shock could lead to higher unemployment rates and lower global economic growth at a time when the global economy is still recovering from the effects of the COVID-19 pandemic. The European Central Bank (ECB) has raised its inflation projections and cut its growth outlook, as the conflict is likely to keep commodity prices high, thus weakening purchasing power among households and investment capacity among companies. In response to rising inflation, the ECB has also decided to adjust its stimulus plan launched in March 2020 by paring back its bond purchase program and raising interest rates.

In relation to financial risks, see Note 3.1.8. For the extraordinary temporary rebate on the retail price of certain energy products and additives, as part of the package of urgent measures rolled out by the Spanish Government in response to the economic and social consequences of the war in Ukraine, see Note 3.2.1.

It is difficult to predict how long the war will rage on and how it will affect the future. Lower global demand for crude oil, gas and petroleum products as a result of reduced economic activity may negatively affect prices and business production and sales levels; the steady worsening of global financial conditions may affect the cost of financing, available liquidity or the creditworthiness of our customers and joint venture partners, etc. The course of the war, along with the financial and fiscal policies adopted to mitigate the social and economic impacts of the crisis, will shape the scope and duration of both the crisis and the subsequent recovery process.

4.4 Environmental risks

On January 15, 2022, an oil spill occurred at the Multiboyas Terminal No. 2 of La Pampilla Refinery, S.A.A. while the crude oil was being unloaded from the vessel *Mare Doricum* due to an anomalous movement of the vessel.

The spill has impacted populations and the natural environment, as well as on marine species along the Peruvian coastline, although the first clean-up operation of the affected areas has now been completed.

It is estimated that some $200 million will have to be paid out as a result of the incident to cover containment, clean-up and remediation activities and to provide compensation to affected parties and meet other related costs. These payments may vary due to various circumstances affecting the progress made toward the planned activities. They will also depend on how the administrative sanctioning proceedings pan out, the outcome of which will hinge on the conclusions obtained from the investigations still in progress.

Repsol has insurance policies in place that provide coverage for the claims and damages suffered, and it is currently liaising with the insurance companies' loss adjusters on how to move forward.

Without prejudice to the action that may be pursued against whomever is responsible for the spill, Refinería La Pampilla, S.A.A. has reasserted its absolute commitment to continue mitigating and remediating its effects, while working with the authorities and the affected communities and disclosing information to the public with the utmost transparency.

For more information on the environmental impacts of the spill and the actions to mitigate them, see section 5 of the consolidated Management Report for the first half of the year.

(5) OTHER INFORMATION

Entry of new shareholders at Repsol Renovables, S.L.U.

In line with the 21–25 Strategic Plan, an agreement has been reached with Crédit Agricole Assurances and Energy Infrastructure Partners to acquire 25% of Repsol Renovables, S.L.U. in exchange for €905 million, thus pricing Repsol's renewables business at €4,383 million. The transaction is expected to be completed in 2022, once the necessary regulatory clearance has been obtained. The agreement ultimately strengthens the Company's financial position and will enable it to accomplish the strategic objective of reaching an installed capacity of 6 GW by 2025 and 20 GW by 2030.

Cenyt

The Central Court of Instruction number 6 of the National Court (Audiencia Nacional) issued two judicial decrees on July 29 and September 20, 2021, in the "Separate Piece 21" regarding the hiring of Cenyt, SA ("Cenyt"), ruling the provisional dismissal and filing of the proceeding with respect to Repsol, SA ("Repsol" or "the Company") and its Chairman, as well as the provisional dismissal and filing of the investigation into the Secretary Director and two former executives.

Both rulings were overturned after being appealed, given that the Court considered that additional evidence should be taken before the proceeding could be dismissed and closed. These investigative proceedings included, among others, the testimony of Repsol´s CCO, as well as the submission of the documentation referred to in KPMG´s expert report, which served to support the suitability of Repsol´s compliance program.

Once the investigative measures ordered by the Court had been carried out, as well as other additional proceedings agreed by the investigating judge (such as the KPMG expert´s testimony), on June 2, 2022, the Central Court of Instruction number 6 of the National Court (Audiencia Nacional) decided to dismiss and file the proceeding again with respect to Repsol, its Chairman, the Secretary Director and two other former executives of the company. In his ruling, the investigating judge considers without doubt that, at the time of Cenyt´s hiring, Repsol had an effective Compliance Program with efficient controls in place for the prevention of crimes and, furthermore, complied with its obligations of supervision and control in accordance with the strictest national and international standards. With respect to the aforementioned natural persons, the investigating judge also concludes that none of them had any involvement in the events under investigation. This new ruling has been appealed by the Public Prosecutor's Office and the prosecution before the Criminal Court of the Audiencia Nacional, which has yet to deliver its decision.

As for the other investigated parties – a former director and a former employee – it should be noted that no formal charges have yet been brought against them.

Repsol reaffirms the absolute correctness of its actions and that there has been no illicit conduct or contrary to the company's Code of Ethics and Conduct by any current or former company director, manager, or employee, reiterating its support and confidence in those among them who remain under investigation and maintaining its commitment to fully cooperate with the justice system and its confidence in the work of the Spanish courts.

(6) SUBSEQUENT EVENTS

No significant events have occurred since the end of the interim period.

(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 Spanish Royal Decree 1362/2007. Consequently, certain accounting principles applied by the Group may not conform to other generally accepted accounting principles in other countries.

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 2021 consolidated financial statements. The main changes in the composition of the Group during the first six months of 2022 are as follows:

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

					06/30/2022		
Name	**Country**	**Parent company**	**Item**	**Date**	**Method of consolidation (1)**	**% voting rights acquired**	**% total voting rights in entity following acquisition(2)**
Repsol Shale Oil & Gas LLC	United States	Repsol E&P USA Holdings Inc	Incorporation	January 2022	F.C.	100.00 %	100.00 %
Jicarilla Solar 2 Holdings LLC	United States	Jicarilla Solar 2 Class B LLC	Incorporation	February 2022	F.C.	100.00 %	100.00 %
Jicarilla Solar 2 Class B LLC	United States	Repsol Renewables North America, Inc	Incorporation	February 2022	F.C.	100.00 %	100.00 %
Medusa Alternativas Suministro Eléctrico, S.L.	Spain	Repsol Customer Centric, S.L. (3)	Acquisition	February 2022	E.M.	33.00 %	33.00 %
Jicarilla Solar 1 LLC	United States	Repsol Renewables Development Company LLC	Acquisition	March 2022	F.C.	100.00 %	100.00 %
Jicarilla Storage 1 LLC	United States	Repsol Renewables Development Company LLC	Acquisition	March 2022	F.C.	100.00 %	100.00 %
Jicarilla Solar 1 Bond Purchaser LLC	United States	Jicarilla Solar 1 LLC	Acquisition	March 2022	F.C.	100.00 %	100.00 %
Jicarilla Storage Bond Purchaser LLC	United States	Jicarilla Storage 1 LLC	Acquisition	March 2022	F.C.	100.00 %	100.00 %
Enerkem Inc.	Canadá	Repsol Química, S.A.	Acquisition	March 2022	E.M.	14.21 %	14.21 %
Hecate Energy Frye Solar LLC	United States	Repsol Renewables Development Company LLC	Acquisition	April 2022	F.C.	100.00 %	100.00 %
Repsol Renewables Italia S.R.L.	Italy	Repsol Renovables, S.A.U. (4)	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Repsol Nughedu S.R.L.	Italy	Repsol Renovables, S.A.U. (4)	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Repsol Uta S.R.L.	Italy	Repsol Renovables, S.A.U. (4)	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Repsol Venosa S.R.L.	Italy	Repsol Renovables, S.A.U. (4)	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Repsol San Mauro S.R.L.	Italy	Repsol Renovables, S.A.U. (4)	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Repsol Salamanca Midstream, LLC	United States	Repsol Oil & Gas Gulf of México, LLC	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Salamanca Infrastructure, LLC	United States	Repsol Salamanca Midstream, LLC	Incorporation	May 2022	E.M.	22.50 %	22.50 %
Basque Hydrogen, S.L	Spain	Alba Emission free Energy, SA	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Repsol Financiera Renovables, S.A	Spain	Repsol Renovables, S.A.U. (4)	Incorporation	May 2022	F.C.	100.00 %	100.00 %
Ampere Power Energy S.L.	Spain	Repsol Energy Ventures, S.A.	Shareholding increase	May 2022	E.M.	0.46 %	7.10 %
Arcos 400 Renovables, A.I.E.	Spain	Arco Energía 1, S.L.U.	Acquisition	June 2022	E.M.	49.05 %	49.05 %
Nesa Vento Galego 1, S.L.	Spain	Repsol Renovables, S.A.U. (4)	Acquisition	June 2022	F.C.	100.00 %	100.00 %
Nesa Vento Galego 2, S.L.	Spain	Repsol Renovables, S.A.U. (4)	Acquisition	June 2022	F.C.	100.00 %	100.00 %
Nesa Vento Galego 3, S.L.	Spain	Repsol Renovables, S.A.U. (4)	Acquisition	June 2022	F.C.	100.00 %	100.00 %
Solar 360 de Repsol y Movistar, S.L.	Spain	Repsol Customer Centric, S.L. (3)	Acquisition	June 2022	E.M.(J.V.)	50.00 %	50.00 %
Solar 360 Soluciones de Instalación y Mantenimiento, S.L.	Spain	Repsol Customer Centric, S.L. (3)	Acquisition	June 2022	E.M.	49.00 %	49.00 %
Vento Continuo Galego, S.L.U.	Spain	Repsol Renovables, S.A.U. (4)	Acquisition	June 2022	F.C.	100.00 %	100.00 %
Cartagena Hydrogen Network, S.L.	Spain	Repsol Industrial Transformation, S.L	Incorporation	June 2022	F.C.	100.00 %	100.00 %
Tarragona Hydrogen Network, S.L.	Spain	Repsol Industrial Transformation, S.L	Incorporation	June 2022	F.C.	100.00 %	100.00 %

(1) Method of consolidation:
F.C.: Full consolidation.
E.M.: Equity method. Joint ventures are identified as “JV”.
(2) Percentage corresponding to the direct and indirect stake of the next higher parent company in the subsidiary.
(3) Company formerly known as Repsol Customer Centric, S.L.U. Name changed in February 2022.
(4) Company formerly known as Repsol Renovables, S.L.U. Named changed in February 2022.

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

					06/30/2022		
Name	**Country**	**Parent Company**	**Item**	**Date**	**Method of consolidation (1)**	**% voting rights disposed of or derecognized**	**% total voting rights in entity following disposal**
Nanogap Sub N-M Powder	Spain	Repsol Energy Ventures S.A.	Shareholding reduction	January 2022	E.M.	2.67 %	9.85 %
Repsol Oil & Gas Malaysia (PM3), Ltd.	Barbados	Fortuna International Petroleum Corporation	Disposal	January 2022	F.C.	100.00 %	0.00 %
Repsol Oil & Gas Malaysia, Ltd.	Barbados	Fortuna International Petroleum Corporation	Disposal	January 2022	F.C.	100.00 %	0.00 %
Fortuna International Petroleum Corporation	Barbados	Repsol Exploración, S.A.	Disposal	January 2022	F.C.	100.00 %	0.00 %
Talisman Vietnam, Ltd.	Barbados	Fortuna International Petroleum Corporation	Disposal	January 2022	F.C.	100.00 %	0.00 %
Repsol Ecuador, S.A.	Spain	Repsol Exploración, S.A.	Disposal	January 2022	F.C.	98.36 %	0.00 %
JSC Eurotek - Yugra	Russia	Repsol Exploración Karabashsky, B.V.	Disposal	January 2022	E.M. (J.V.)	67.40 %	0.00 %
ASB GEO	Russia	Repsol Exploración, S.A.	Disposal	February 2022	E.M. (J.V.)	50.01 %	0.00 %
Valdesolar Hive, S.L.	Spain	Repsol Renovables, S.A.U.	Shareholding reduction	March 2022	F.C.	49.00 %	51.00 %
Nanogap Therapeutics, S.L.U.	Spain	Nanogap Sub n-m Powder, S.A.	Shareholding reduction	May 2022	E.M.	36.77 %	63.23 %
Sorbwater Technology A.S	Norway	Repsol Energy Ventures, S.A.	Disposal	May 2022	E.M.	30.78 %	0.00 %
Talisman (Sumatra), Ltd.	Canada	Repsol Oil & Gas Canada, Inc.	Winding-up	May 2022	F.C.	100.00 %	0.00 %
Begas Motor, S.L.	Spain	Repsol Energy Ventures S.A.	Shareholding reduction	June 2022	E.M.	1.79 %	17.12 %

(1) Method of consolidation:
F.C.: Full consolidation.
E.M.: Equity method. Joint ventures are identified as “JV”.

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, 2022 and December 31, 2021							
	At FV through profit or loss		At fair value through other comprehensive income		At amortized cost [5]		Total	
€ Million	2022	2021	2022	2021	2022	2021	2022	2021
Equity instruments [1]	29	27	94	89	—	—	123	116
Derivatives	181	203	41	22	—	—	222	225
Loans	—	—	—	—	1,059	913	1,059	913
Time deposits	—	—	—	—	141	85	141	85
Other financial assets	21	24	—	—	13	19	34	43
Non-current	**231**	**254**	**135**	**111**	**1,213**	**1,017**	**1,579**	**1,382**
Derivatives	1,813	860	101	319	—	—	1,914	1,179
Loans	—	—	—	—	54	57	54	57
Time deposits	—	—	—	—	1,897	2,232	1,897	2,232
Cash and cash equivalents [3]	4	4	—	—	4,328	5,591	4,332	5,595
Other financial assets	1	1	—	—	16	9	17	10
Current	**1,818**	**865**	**101**	**319**	**6,295**	**7,889**	**8,214**	**9,073**
TOTAL [4]	**2,049**	**1,119**	**236**	**430**	**7,508**	**8,906**	**9,793**	**10,455**

[1] Includes non-controlling financial investments in certain companies over which it does not have management influence.
[2] 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.
[3] Does not include "*Other non-current assets*" and "*Trade and other receivables*" in the consolidated balance sheet, which at June 30, 2022 and December 31, 2021 amounted to €790 million and €745 million non-current, and €10,910 million and €7,211 million current, respectively, corresponding to trade receivables net of the corresponding provisions for impairment.
[4] Relates to cash flow hedging derivatives.
[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, 2022 and December 31, 2021									
	At fair value through profit or loss [1]		At fair value through other comprehensive income [1]		At amortized cost		Total		Fair value [3]	
€ Million	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Bonds and obligations	—	—	—	—	5,920	6,584	5,920	6,584	5,561	6,970
Loans	—	—	—	—	—	—	—	—	—	—
Lease liabilities	—	—	—	—	2,560	2,441	2,560	2,441	n/a	n/a
Bank borrowings	—	—	—	—	617	983	617	983	648	852
Derivatives [2]	153	207	201	51	—	—	354	258	—	—
Other financial liabilities	—	—	—	—	118	99	118	99	117	102
Non-current	**153**	**207**	**201**	**51**	**9,215**	**10,107**	**9,569**	**10,365**		
Bonds and obligations	—	—	—	—	1,823	1,986	1,823	1,986	1,860	1,977
Loans	—	—	—	—	1,468	1,087	1,468	1,087	1,468	1,087
Lease liabilities	—	—	—	—	537	507	537	507	n/a	n/a
Bank borrowings	—	—	—	—	456	904	456	904	456	904
Derivatives [1]	1,319	747	411	244	—	—	1,730	991	—	—
Other financial liabilities	—	—	—	—	—	7	—	7	1	6
Current	**1,319**	**747**	**411**	**244**	**4,284**	**4,491**	**6,014**	**5,482**		
TOTAL	**1,472**	**954**	**612**	**295**	**13,499**	**14,598**	**15,583**	**15,847**		

[1] "*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 bonds and marketable securities at June 30 is as follows:

ISIN	Issuer	Date of issue	Currency	Nominal amount (millions)	Average rate %	Maturity	Listed [3]
XS1148073205 [1]	Repsol International Finance, B.V.	Dec-14	Euro	500	2.250%	Dec-26	LuxSE
XS1207058733 [2]	Repsol International Finance, B.V.	Mar-15	Euro	1,000	5%	Mar-75	LuxSE
XS1352121724 [1]	Repsol International Finance, B.V.	Jan-16	Euro	100	5.375%	Jan-31	LuxSE
XS2035620710 [1]	Repsol International Finance, B.V.	Aug-19	Euro	750	0.250%	Aug-27	LuxSE
XS2156581394 [1]	Repsol International Finance, B.V.	Apr-20	Euro	750	2.000%	Dec-25	LuxSE
XS2156583259 [1]	Repsol International Finance, B.V.	Apr-20	Euro	750	2.625%	Apr-30	LuxSE
XS2241090088 [1]	Repsol International Finance, B.V.	Oct-20	Euro	850	0.125%	Oct-24	LuxSE
XS2343835315 [1]	Repsol International Finance, B.V.	May-21	Euro	0.0003	EUR 3m + 0.7%	May-23	LuxSE
XS2361358299 [1] [4]	Repsol Europe Finance, S.à.r.l.	Jul-21	Euro	650	0.375%	Jul-29	LuxSE
XS2361358539 [1] [5]	Repsol Europe Finance, S.à.r.l.	Jul-21	Euro	600	0.875%	Jul-33	LuxSE

Note: Excludes perpetual subordinated bonds, which qualify as equity instruments (see Note 6.4 of the 2021 consolidated financial statements), issued by RIF in June 2020 and March 2021 for an outstanding nominal amount at December 31 of €1,500 million and €750 million, respectively.

(1) Issues made under the EMTN Program.

(2) Subordinated bond (does not correspond to any open-ended or shelf program) with a coupon that will be revised on March 25, 2025 and March 25, 2045.

(3) LuxSE (Luxembourg Stock Exchange). Multilateral trading systems or other trading centers or non-official OTC markets are not considered.

(4) Bond linked to a target of a 12% reduction in the Carbon Intensity Indicator (CII) by 2025. If the Group fails to meet these targets, the coupon on the bonds will be increased by 0.25% (payable in 2027, 2028 and 2029).

(5) Bond linked to a target of a 25% reduction in the CII by 2030. If the Group fails to meet these targets, the coupon on the bonds will be increased by 0.375% (payable in 2032 and 2033). For information on the performance of the CII, see section 6.1 of the 2021 consolidated Management Report and the CII verification report (available at www.repsol.com).

Fair value of financial instruments

The financial instruments recorded in the interim financial statements at fair value at June 30, 2022 and December 31, 2021 are classified as follows:

	June 30, 2022 and December 31, 2021							
€ Million	Level 1		Level 2		Level 3		Total	
Financial liabilities	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
At FV through profit or loss	1,180	647	226	301	66	7	1,472	955
At FV through other comprehensive income	58	96	326	132	228	66	612	294
Total	**1,238**	**743**	**552**	**433**	**294**	**73**	**2,084**	**1,249**

The reconciliation between the opening and closing balances of financial liabilities classified as level 3 is as follows:

€ Million	06/30/2022
Opening balance	**73**
Income and expenses recognized in profit and loss	59
Income and expenses recognized in equity	162
Closing balance	**294**

NOTE: None of the foreseeable scenarios of the assumptions used would result in significant changes in the fair value of the instruments classified under value hierarchy 3.

€ Million	June 30, 2022 and December 31, 2021							
	Level 1		Level 2		Level 3		Total	
Financial assets	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
At FV through profit or loss	656	567	1,337	496	56	56	2,049	1,119
At FV through other comprehensive income	94	294	7	2	135	134	236	430
Total	**750**	**861**	**1,344**	**498**	**191**	**190**	**2,285**	**1,549**

The reconciliation between the opening and closing balances of financial assets classified as level 3 is as follows:

€ Million	06/30/2022
Opening balance	190
Income and expenses recognized in profit or loss	—
Income and expenses recognized in equity	1
Reclassifications and other	
Closing balance	191

NOTE: None of the foreseeable scenarios of the assumptions used would result in significant changes in the fair value of the instruments classified under value hierarchy 3.

During the first half of the year there were no transfers between hierarchy levels in financial instruments. For further details of the calculation methodology and the fair value hierarchy, see Apendix II of the 2021 consolidated financial statements.

Interest rate reform

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

In relation to the transition process, the new contracts incorporate the reference to risk free rates, except where the rates so allow (renewals of contracts entered into prior to January 1, 2022 referenced to USD LIBOR), and in any case, specific clauses are included to regulate the event of permanent discontinuation. In relation to the previously existing contracts, which will remain in effect after the final discontinuation dates (GBP LIBOR in late 2022 and USD LIBOR in mid-2023), the transition to the new rates is proceeding in accordance with the company's rolling plan for their completion within the required timeframe.

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

The main financial assets and liabilities pegged to LIBOR rates as at June 30, 2022, in which the rate is a main element of the contract, are itemized below:

€ Million	06/30/2022 Amount /Notional
Financial assets [(1)]:	
USD LIBOR	1088
GBP LIBOR	3
Financial liabilities [(2)]:	
USD LIBOR	568

NOTE: Does not include assets and liabilities of a commercial nature.
(1) Includes mainly current accounts, deposits and loans, net of impairment, tied to financing in Venezuela (see Note 8 of the 2021 consolidated financial statements).
(2) Includes mainly loans.

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, 2022, for the purposes of presenting this information, the following are considered to be related parties:

a. Sacyr, S.A.: following the sale of the entire stake, it is classified under "*Other related parties*" due to the presence on Repsol's Board of Directors of its Chairman and CEO, Manuel Manrique Cecilia (at June 30, 2021 it qualified as a "*Significant shareholder*").

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 the 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 2021 consolidated financial statements).

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

Expenses and revenues

€ Million	06/30/2022				06/30/2021			
EXPENSES AND REVENUE	**Directors and executives [1]**	**People, companies or entities within the Group**	**Other related parties**	**Total**	**Significant shareholders**	**Directors and executives [1]**	**People, companies or entities within the Group**	**Total**
Finance costs	—	6	—	6	—	—	14	14
Leases	—	1	1	2	1	—	—	1
Service receptions	—	38	4	42	11	—	18	29
Purchase of goods [2]	—	982	2	984	—	—	446	446
Other expenses [3]	—	33	—	33	—	—	18	18
TOTAL EXPENSES	**—**	**1,060**	**7**	**1,067**	**12**	**—**	**496**	**508**
Finance income	—	38	—	38	—	—	34	34
Service provisions	—	1	—	1	—	—	1	1
Sale of assets [4]	—	434	9	443	8	—	123	131
Other revenue	—	24	—	24	—	—	25	25
TOTAL REVENUE	**—**	**497**	**9**	**506**	**8**	**—**	**183**	**191**

Other transactions

€ Million	06/30/2022				06/30/2021			
OTHER TRANSACTIONS	**Directors and executives [1]**	**People, companies or entities within the Group**	**Other related parties**	**Total**	**Significant shareholders**	**Directors and executives [1]**	**People, companies or entities within the Group**	**Total**
Funding agreements: credit and capital contributions (creditor)[4]	—	324	—	324	—	—	119	119
Funding agreements: loans and capital contributions (borrower)[5]	—	572	—	572	—	—	185	185
Guarantees and sureties given[6]	—	546	—	546	—	—	498	498
Guarantees and sureties received	—	3	8	11	10	—	10	20
Commitments assumed [7]	—	2	—	2	16	—	1	17
Dividends and other profits distributed [8]	1	—	14	15	28	—	—	28
Other operations [9] [10]	—	384	3	387	8	—	2,603	2,611

Closing balances

€ Million	06/30/2022				06/30/2021			
CLOSING BALANCES	Directors and executives (1)	People, companies or entities within the Group	Other related parties	Total	Significant shareholders	Directors and executives (1)	People, companies or entities within the Group	Total
Customers and trade receivables	—	292	3	295	2	—	93	95
Loans and credits granted	—	1,114	—	1,114	—	—	947	947
Other receivables	—	104	—	104	—	—	89	89
TOTAL RECEIVABLES BALANCES	**—**	**1,510**	**3**	**1,513**	**2**	**—**	**1,129**	**1,131**
Suppliers and trade payables	—	309	2	311	8	—	16	24
Loans and credits received	—	1,468	—	1,468	—	—	1,015	1,015
TOTAL PAYABLE BALANCES	**—**	**1,777**	**2**	**1,779**	**8**	**—**	**1,031**	**1,039**

(1) Includes any transactions performed with executives and directors not included in the following section "*Remuneration of the 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 2022 and 2021, *"People, companies or entities within the Group"* includes mainly sales of products to Iberian Lube Base Oil, S.A. (ILBOC) and Dynasol Group, for €295 million and €91 million in 2022 and €101 million and €49 million in 2021.
(5) Includes loans granted and new drawdowns of credit facilities in the period, as well as capital contributions to Group companies with 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 2022. the amounts shown as "*Dividends and other benefits distributed*" include the amounts relating to the cash dividend paid in January 2022 and, in 2021, the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of the bonus share rights derived from the bonus share capital increase finalized in January 2022, in the framework of the "Repsol Flexible Dividend" remuneration program.]
(9) In 2022 and 2021, *"People, companies or entities within the Group"* includes mainly the cancellation of guarantees and/or loan repayments provided to joint ventures in the UK and financing agreements.
(10) In 2021, it included the allocation of financial assets of Repsol Sinopec Brasil, B.V. to its shareholders.

Remuneration of the members of the Board of Directors and executives[12]

The information in this section is provided by way of an update on the contents of Notes 28 and 29 to the consolidated financial statements for 2021.

During the first half of 2022, a total of 15 people sat on the Board of Directors and 10 people on the Executive Committee.

The table below details the remuneration accrued during the first half of 2022 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 2022**	**1H 2021**
Remuneration for membership of the Board and/or Board committees	3,397	3,474
Wages	600	600
Variable remuneration in cash	908	761
Share-based remuneration systems	308	163
Long-term savings systems (1)	127	127
Other items (2)	150	124
Total remunerations received by the Directors	**5,490**	**5,249**
Total remunerations received by the Executive personnel (3)(4)(5)	**6,799**	**5,726**

(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 €14 thousand in the first half of 2022 (first half of 2021: €11 thousand).

[12] For reporting purposes in this section, Repsol considers "*key management personnel*" to be the members of the Executive Committee. This 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.

(3) Includes contributions to pension plans, contributions to savings plans and life and accident insurance premiums (including in the latter instance the corresponding payments on account) totaling €616 thousand (€647 thousand in 2021).
(4) Excludes executives who are also directors of Repsol, S.A., who are instead included in the remuneration paid to directors.
(5) Includes the settlement of outstanding long-term incentive programs as consideration for the non-compete covenant..

Share Purchase Program aimed at beneficiaries of employee Long-term Incentive Programs and Plans for Share Acquisition and Purchase

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

A total of 214 employees and executive personnel have been included in the twelfth cycle of the 2022-2025 Plan, acquiring a total of 120,880 shares on June 1, 2022, at an average price of €15.10982 per share. Additionally, the 13,184 shares delivered to the CEO as a partial payment of the 2018-2021 Incentive Program 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 134,064 shares. Thus, the maximum commitment to deliver shares under the twelfth cycle of the Plan, by the Group to those employees who meet the relevant requirements after the three-year vesting period, amounts to 44,652 shares.

In this twelfth cycle, the current members of the Executive Committee are set to acquire a total of 48,756 shares.

In addition, the ninth cycle of the Plan vested on 3 June, 2022. As a result, 166 beneficiaries of this cycle vested rights to a total of 60,793 shares (receiving a total of 44,653 shares after deducting the payment of income tax on account made by the Company). The members of the Executive committee, together with the other Executive Directors, vested rights to 26,915 shares (after deducting the payment of income tax on account made by the Company, they received a total of 18,416 shares).

ii.) *"Share Acquisition Plan"*

During the first half of 2022, the Group purchased 386,847 own shares for €4,930,531.15, which were delivered to employees. The members of the Executive Committee acquired a total of 3,934 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 2020, the TU REPSOL Plan was launched, whereby all employees may set aside part of their remuneration to purchase shares in the Company and receive one bonus share for every two shares initially acquired, provided the shares are then held for two years and the employees continue to meet the other terms and conditions of the Plan.

In 2020, the current members of the Executive Committee acquired a total of 1,540 shares under the TU REPSOL Plan. Under the terms of the Plan, these shares will entitle them to receive a further 770 shares in February 2023.

The shares to be delivered under plans i), ii) and iii) above 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 satisfaction of the commitments assumed.

Average headcount

The average headcount at June 30, 2022 and 2021 can be seen below:

	06/30/2022	06/30/2021
Men	14,343	14,758
Women	9,123	8,924
Average headcount	**23,466**	**23,682**

APPENDIX III. SEGMENT INFORMATION 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 2022 and 2021 is as follows:

	First half											
			ADJUSTMENTS									
	Adjusted income		Reclassification of joint ventures		Special items		Inventory effect [2]		Total adjustments		IFRS-EU income	
€ Million	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Operating net income	4,894 [1]	1,679 [1]	(931)	(155)	(1,960)	(475)	1,661	675	(1,230)	45	3,664	1,724
Financial result	100	(111)	105	75	(95)	206	—	—	10	281	110	170
Net income from companies accounted for using the equity method - net of tax	6	4	544	113	(6)	—	—	—	538	113	544	117
Net income before tax	**5,000**	**1,572**	**(282)**	**33**	**(2,061)**	**(269)**	**1,661**	**675**	**(682)**	**439**	**4,318**	**2,011**
Income tax	(1,776)	(619)	282	(33)	183	56	(420)	(171)	45	(148)	(1,731)	(767)
Net income	**3,224**	**953**	**—**	**—**	**(1,878)**	**(213)**	**1,241**	**504**	**(637)**	**291**	**2,587**	**1,244**
Net income attributable to non-controlling interests	(47)	6	—	—	34	—	(35)	(15)	(1)	(15)	(48)	(9)
Net income attributable to the parent	**3,177**	**959**	**—**	**—**	**(1,844)**	**(213)**	**1,206**	**489**	**(638)**	**276**	**2,539**	**1,235**

[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	**06/30/2022**	**06/30/2021**	**06/30/2022**	**06/30/2021**	**06/30/2022**	**06/30/2021**
Exploration and Production	3,795	2,142	1,478	846	5,273	2,988
Industrial	19,676	10,478	12,844	5,895	32,520	16,373
Commercial and Renewables	16,748	9,366	(46)	69	16,702	9,435
Corporate	—	1	3	—	3	1
(-) Adjustments and eliminations of operating income between segments	—	—	(14,279)	(6,810)	(14,279)	(6,810)
TOTAL	**40,219**	**21,987**	**—**	**—**	**40,219**	**21,987**

The reconciliation of other figures shown in Note 3 to those under IFRS-EU during the first six months of 2022 and 2021 is as follows:

	€ Million	
	06/30/2022	**06/30/2021**
Revenue from ordinary activities [(1)]	**40,219**	**21,987**
Adjustments		
Exploration and Production	(1,462)	(821)
Industrial	(300)	(174)
Commercial and Renewables	(126)	(102)
Revenue from ordinary activities IFRS-EU (2)	**38,331**	**20,890**
Operating net income [(1)]	**4,894**	**1,679**
Adjustments		
Exploration and Production	(1,153)	(386)
Industrial	(77)	595
Commercial and Renewables	(39)	27
Corporate	39	(191)
Operating net income IFRS-EU	**3,664**	**1,724**
Capital employed [(1)]	**30,377**	**27,348**
Adjustments		
Exploration and Production	359	(144)
Industrial	(34)	—
Commercial and Renewables	—	3
Capital employed	**30,702**	**27,207**

[(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 II to the consolidated Management Report for the first half of 2022 shows the balance sheet, income statement and statement of cash flows prepared under the Group's reporting model.

APPENDIX IV. REGULATORY FRAMEWORK

The activities of Repsol, S.A. and its subsidiaries are heavily regulated. The main aspects of this regulatory framework are described in Appendix IV to the 2021 consolidated financial statements, which is updated below, though including only those sections to have undergone changes during the six-month period.

Spain

Oil products

The price of oil derivatives is deregulated, with the exception of LPG.

In the retail side of the business, exclusive supply contracts for the distribution of motor fuels have a maximum term of one year, though they may be automatically rolled over for additional one-year periods at the sole discretion of the distributor, up to a maximum of three years. Clauses that fix, recommend or influence, directly or indirectly, the price at which fuel is sold to the public are prohibited. Likewise, exclusive supply contracts are prohibited from containing exclusivity clauses with regard to the provision of charging services to electric vehicles.

There are also limits on growth in the number of fuel supply facilities of wholesalers with provincial markets shares of over 30%. Law 8/2015 stipulates that this market share shall no longer be measured in terms of points of sale but rather based on sales figures for the previous year, allowing the government to revise this percentage threshold in three years' time or even lift the restriction altogether, market trends and the sector's business structure so permitting. This period has now elapsed, without the government having reviewed the above measure for the time being.

Lastly, Law 8/2015 allows retail distributors of oil products to supply products to other retail distributors, simply by registering in advance with the excise tax registry.

In order to mitigate the impact on businesses and households of the escalation in fuel prices caused by the military aggression against Ukraine, Royal Decree-Law 6/2022, of March 29, ushered in an extraordinary and temporary rebate of 20 cents per liter/kilogram on the price of certain energy products from April 1, 2022 through to June 30, 2022, which has since been extended until December 31, 2022 by Royal Decree-Law 11/2022, of June 25[13]. To help implement this relief measure, wholesale operators of oil products with refining capacity in Spain and an annual turnover of more than €750 million must now pay a non-tax public contribution. These operators, including Repsol, may be exempted from this obligation if they undertake to unequivocally provide a discount of at least €0.05 per liter/kilogram on sales to end consumers of the energy products covered by the rebate. This commitment was assumed by Repsol and has been renewed prior to July 1, 2022. The National Markets and Competition Commission is responsible for verifying effective compliance with the rebate commitment.

LPG

Under certain circumstances, LPG prices are subject to retail price ceilings. The prices of bulk LPG and bottled LPG in cylinders with capacity of under 8 kg or over 20 kg are deregulated. Law 18/2014, of October 15, has had the effect of also deregulating the prices of containers with capacity of more than 8 kg or less than 20 kg with a tare weight of no more than 9 kg, with the exception of LPG mixes intended for use for fuel purposes; this measure favors certain players over others as a function of the tare weight of the containers sold and, in practice, does not constitute full sector deregulation.

Ministerial Order IET/389/2015, of March 5, 2015, updates the system for automatically determining the maximum price at which regulated bottled LPG (LPG bottles weighing between 8 and 20 kilograms and whose tare weight is above 9 kg) can be retailed and for determining the price of piped LPG, adjusting the formulae used to calculate raw material costs in order to, as per the wording of the Order, adapt them "to the supply reality in the Spanish market in recent years". Adaptation of these formulae does not apply to sales costs, thereby resulting in a reduction in maximum bottled LPG retail prices and piped LPG retail prices.

Additionally, Law 18/2014 consolidates users' right to home delivery of containers weighing between 8 and 20 kilograms by obliging the LPG wholesalers with the biggest market shares in the corresponding mainland and island territories to perform this home delivery service. The list of LPG wholesalers so obliged is determined by a resolution issued by the General Directorate of Energy Policy and Mining every three years. Every five years, the Spanish government is entitled to revise the terms of this obligation and has the power to lift it. The current list of mandatory home suppliers is as follows: Repsol Butano on the mainland and in the Balearic Islands, DISA in the Canary Islands and Atlas in Ceuta and Melilla.

In short, the regulatory framework described above particularly affects Repsol Butano, which is the majority operator on the mainland and the Balearic Islands, and whose LPG inventories consist mainly of heavy containers with a tare weight of more than 9 kg.

Lastly, Royal Decree-Law 11/2022 of June 25 once again updates the maximum selling price of containers until December 31.

Natural gas

Law 12/2007, of July 2, which amended the Hydrocarbon Sector Law, incorporated measures for achieving a completely liberalized market. This legislation establishes the framework for eliminating the tariff system and creates the role of the supplier of last resort with ultimate liability for supplying customers lacking sufficient bargaining power. Moreover, these suppliers are subject to a price cap ("last resort tariff"), set by MITECO. Business operations in the natural gas sector can be classified into: i) regulated activities: transport (including storage, regasification and transport per se) and distribution of natural gas; and ii) deregulated activities: production, acquisition and sale of natural gas. The Natural Gas System Operator, Enagás S.A., is responsible for coordinating and ensuring that the system works properly.

Law 8/2015 creates an official natural gas hub with a view to facilitating entry into the market of new suppliers and increasing competition, creating a new single hub operator, tasked with management of the gas hub, the MIBGAS (which stands for Iberian Gas Market in Spanish), which ensures that all participating entities comply with the rules in place.

Under the scope of the redistribution of competences regulated by Royal Decree Law 1/2019, the CNMC approved Circular 6/2020, of July 22, establishing the methodology for calculating transmission, local network and natural gas regasification tariffs. In particular, the methodology for determining access tariffs to regasification facilities, with the exception of the tariff for other regasification costs, entered into force on October 1, 2020. The methodologies for the remaining tariffs took effect as of October 1, 2021.

The Royal Decree establishing the methodologies for calculating gas system charges, the regulated remuneration of basic underground storage facilities and the tariffs applied for their use is still being processed.

On December 10, 2020, the CNMC approved the resolution establishing the list of dominant operators in the energy sectors, including the Repsol Group among the dominant operators in the natural gas market. Subsequently, the Resolution of the Council of Ministers dated February 2, 2021 established Repsol's obligation to act as a market maker in the Spanish Organized Gas Market. The conditions for the participation of the Repsol Group were established in the Resolution dated July 9, 2021 of the Secretary of State for Energy, which establishes the terms and

[13] Royal Decree-Law 11/2022 of June 25, adopting and extending certain measures in response to the economic and social consequences of the war in Ukraine, to address situations of social and economic vulnerability and to ensure the economic and social recovery of the island of La Palma.

conditions governing the service making it mandatory for dominant operators to act as market makers in the natural gas market.

The CNMC issued a further resolution on December 16, 2021, updating the information on the dominant operators in the energy sectors based on 2020 data, with the Repsol Group once again appearing as the dominant operator in the natural gas market.

Minimum security stocks

Law 34/1998 of October 7, 1998, on the hydrocarbons sector (LSH for its acronym in Spanish), imposes obligations to maintain minimum security stocks of petroleum products and natural gas, given their particular importance to the life of the economy.

With regard to petroleum products, Royal Decree-Law 15/2013, of December 13, 2013, introduced an amendment to the LSH, stating that regulations must be enacted to establish the administrative procedures and obligations necessary to permanently guarantee a level of minimum security stocks equivalent, at least, to either 90 days of average daily net imports, or 61 days of average daily domestic consumption corresponding to the reference year, in equivalent oil, whichever is the highest.

Royal Decree 1766/2007, as per its drafting under Royal Decree 1766/2007, regulates the obligation to maintain minimum stocks in the oil and natural gas sectors and the obligation to diversify the supply of oil and natural gas, and the activities of the Corporation of Strategic Reserves of Oil Products (CORES for its acronym in Spanish). The obligation to maintain minimum security stocks of petroleum products in Spain, excluding LPG, currently amounts to 92 days equivalent of sales for the previous 12 months. Of this computable consumption, which must be maintained at all times, Repsol must maintain an inventory equivalent to 50 days of sales, while the remainder, until the obligation is met, is held by CORES itself on behalf of the various operators (strategic stocks).

In relation to petroleum products, the minimum stocks obligation has been eased following Russia's invasion of Ukraine. The last update was made through Order TED/553/2022, of June 16, whereby minimum security stocks of oil products are released within the framework of a coordinated action of the International Energy Agency, thus being temporarily set at 86.4 days.

With respect to natural gas, Royal Decree-Law 6/2022 has modified the security stock obligations provided for in Royal Decree 1716/2004 by extending the minimum stockholding obligation of agents involved in the natural gas sector from 20 days to 27.5 days of their firm sales or consumption in the previous calendar year.

Of these stocks, minimum security stocks of a strategic nature equivalent to 10 days of the agents' firm sales or consumption in the previous calendar year shall be kept in underground storage facilities within the basic network. In addition to the strategic stocks, all agents required to hold minimum security stocks of natural gas must have, in underground storage facilities, operating stocks: at all times for a volume of gas equivalent to 10 days of their firm sales or consumption in the previous calendar year, plus at least during November 1, a volume of gas equivalent to 7.5 days of their firm sales or consumption in the previous calendar year.

Electricity sector regulation in Spain

Remuneration system for marketing activity

Marketing activity is based on the principles of freedom of contract and choice of supplier by the customer. Marketing, as a deregulated activity, has a freely agreed remuneration between the parties.

Of note is Law 24/2013, as subsequently developed by Royal Decree 216/2014, of March 28, which establishes the methodology for calculating voluntary prices for small electricity consumers and their legal contracting regime. These prices are defined, in line with those previously known as last resort tariffs, as the maximum prices that reference resellers may charge to consumers who use them (consumers of less than a certain contracted power, 10 kW, who wish to use this modality as opposed to a bilateral negotiation with a free reseller). These prices will be unique throughout the entire Spanish territory. The term last resort tariffs is reserved for two groups of consumers: the so-called vulnerable consumers (which also includes the new categories of severely vulnerable and at risk of social exclusion) and those consumers who, without being entitled to voluntary prices for the small consumer, temporarily do not have a supply contract with a marketer. These voluntary prices for small consumers shall include in an additive manner, by analogy with the tariff of last resort, the concepts of electricity production cost, the corresponding access tolls and charges and the corresponding marketing costs. In addition, this Royal Decree provides as an alternative that the consumer can contract a fixed price of energy for one year with the reference reseller. It also sets out the criteria for designating reference resellers and their obligations in relation to supply to certain consumer groups.

Royal Decree 469/2016, of November 18, amending Royal Decree 216/2014, establishes the methodology for calculating the marketing costs of the reference resellers to be included in the calculation of the voluntary price for small consumers. Ministerial Order ETU/1948/2016, of December 22, established the values of the marketing costs of the reference resellers to be included in the calculation of the voluntary price for small electricity consumers in the 2014-2018 period, which result from applying the new approved methodology. In turn, Royal Decree Law 7/2016 and Royal Decree 897/2017, are the current frame of reference for everything relating to the rate subsidy and the vulnerable consumer.

Royal Decree Law 17/2021, of September 14, on urgent measures to mitigate the impact of rising natural gas prices on the retail gas and electricity markets, passed extraordinary measures in view of the high electricity prices and their effects on consumers during the autumn and winter months, which included fiscal measures eliminating the tax on the value of electricity production in the fourth quarter of 2021 and reducing the special tax on electricity; established a mechanism to reduce the excess remuneration that certain facilities receive as a result of the marginal operation of the market until March 2022; and created a minimum vital supply to combat energy poverty, among other measures. Royal Decree Law 23/2021, of 26 October, on urgent energy measures to protect consumers and ensure transparency in the wholesale and retail electricity and natural gas markets, introduces a clarification with regard to Royal Decree Law 17/2021 regarding the mechanism for reducing the excess remuneration of the electricity market caused by the quoted price of natural gas, indicating that it will not apply to energy produced by electricity generation facilities that is covered by a forward contracting instrument, when the hedging price is fixed, and provided that the forward contracting instrument was entered into prior to the entry into force of the Royal Decree Law or when, having been entered into after the entry into force of the Royal Decree Law, its hedging period is longer than one year.

In particular, Royal Decree Law 30/2020, of September 29, has expanded the consideration of vulnerable consumers in their principal residence and, therefore, extended the possibility of receiving the subsidized electricity tariff (*bono social*) to consumers who are unemployed, subject to a temporary redundancy procedure, or, being entrepreneurs, have reduced their working hours as a result of having to care for others or that are enduring similar circumstances that entail a substantial loss of income. Royal Decree Law 23/2021 increased the discounts of the subsidized electricity tariff until the first quarter of 2022.

Royal Decree-Law 6/2022, of March 29, on urgent measures within the framework of the national response plan to the economic and social consequences of the war in Ukraine, extends until June 30, 2022 the discounts of the *bono social* applicable to vulnerable and severely vulnerable consumers and introduces, as beneficiaries, both families and people living together in the same household, by extending its application to all recipients of the minimum wage with a supply contract in effect – taking as a reference the co-living unit rather than the family unit. The Law also ushers in a support mechanism for the electrointensive industry, consisting of a reduction in the electricity bill of 80% of the cost corresponding to the access tariffs to the electricity transmission and distribution networks, with this support to remain in effect from January 1 through to December 31, 2022.

Royal Decree-Law 11/2022 of June 25 has extended until December 31, 2022 the discounts of the *bono social* applicable to vulnerable and severely vulnerable consumers – vulnerable consumer as defined under Article 5 of Royal Decree-Law 8/2021 – as well as the prohibition on suspending the supply of electricity, natural gas and water to vulnerable or severely vulnerable consumers or those at risk of social exclusion.

Order TED/517/2022, of June 8, determining the date of entry into operation of the production cost adjustment mechanism for the reduction of the price of electricity in the wholesale market regulated in Royal Decree-Law 10/2022, dated May 13, publicizes the European Commission's decision authorizing that mechanism. According to the decision, the adjustment mechanism provided for in Royal Decree-Law 10/2022, which affects matching in the wholesale electricity market, will take effect from June 14. What the Royal Decree-Law is seeking to do is reduce the marginal price of electricity in the wholesale markets of the Iberian peninsula (Spain and Portugal) and, ultimately, to achieve a reduction in the retail prices borne by all end electricity consumers. The measure will apply for 12 months.

The measure relies on a mathematical formula to limit the price of gas consumed by thermal power plants that is passed on in the bids that set the wholesale electricity market price. The gas reference price set under the mechanism will be variable, starting at €40/MWh over the first six months and then increasing in successive monthly steps of €5/MWh until reaching a value of €70/MWh in the last month. The adjustment mechanism will only be applicable to the energy traded in energy sale offer units as before the market operator (not to energy declared under bilateral contracts).

The facilities covered by the law are electricity production facilities in the form of: (a) natural gas combined cycle plants; (b) conventional generation technologies that use coal as fuel; (c) facilities that include a cogeneration plant; (d) facilities covered by the first transitional provision of Royal Decree 413/2014 that had previously been covered by the second transitional provision of Royal Decree 661/2007 (facilities that use slurry and oil sludge), provided that these are not subject to any of the remuneration frameworks provided for in Article 14 of the Electricity Sector Law; or (e) cogeneration plants that use natural gas as their primary energy source and that are covered by the general remuneration regime, under the terms provided in Article 4, paragraph B of Portuguese Decree-Law No. 23/2010, of March 25 (Diário da República, No. 59/2010, Série I, of March 25, 2010).

Contributions to the National Energy Efficiency Fund

Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency makes it binding on member states to justify a quantity of energy savings by 2020, obliging each state to establish energy efficiency obligation schemes such that energy distributors and/or retailers are obliged to achieve a cumulative quantity of energy savings by year-end 2020 means of annual savings between 2014 and 2020 equivalent to 1.5% of their annual energy sales. Royal Decree Law 8/2014 and Law 18/2014 transposed this EU Directive into Spanish law by establishing a National Energy Efficiency Fund (NEEF) by virtue of which gas and electricity distributors, oil product wholesalers and liquid petroleum gas wholesalers are allocated an annual energy saving target at the national level known as savings obligations, which can be quantified in financial terms.

Royal Decree Law 23/2020, of June 23, extended the Spanish energy efficiency obligation scheme until December 31, 2030, thus complying with Directive (EU) 2018/2002 of the European Parliament and of the Council of December 11, which calls on Member States to achieve new annual savings of 0.8% of annual final energy consumption from January 1, 2021 to December 31, 2030.

Climate change

Following the Paris Agreement, the commitments assumed by the signatories under their respective National Determined Contributions had a significant impact on the development of new climate policies and on the approval of new regulations. The European Union (EU), also a signatory of the Paris Agreement, has made a commitment to climate neutrality by 2050. To this end, in December 2019 the European Commission presented the "European Green Deal", which constitutes the new EU growth strategy, and which aims to completely transform the European economy, highlighting the following proposals for 2021: (i) European Climate Law (which entered into force on July 29, 2021), which includes a legally binding target of net zero greenhouse gas emissions by 2050; and (ii) the "Fit for 55" package of proposals presented in July 2021 to reduce greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. These proposals are interconnected and stretch across a variety of policy areas and economic sectors.

In Spain, the "Strategic Framework for Energy and Climate" includes the following fundamental pillars: (i) the National Energy and Climate Plan (the Ministry for the Ecological Transition and the Demographic Challenge began to review the plan in the first quarter of 2022 in accordance with Regulation (EU) 2018/1999); (ii) the Strategy for a Just Transition; and (iii) Law 7/2021, of May 20, on climate change and the energy transition (published in May 2021), which establishes, at the country level, minimum targets for reducing greenhouse gas emissions, the penetration of renewable energies and improving energy efficiency by 2030 with a commitment to achieve climate neutrality by 2050 or in the shortest possible time frame.

In relation to mobility, this Law establishes:

i. the introduction of annual targets for the integration of renewable energies and the supply of sustainable alternative fuels in transport, focusing on advanced biofuels and other renewable fuels of non-biological origin;

ii. the obligation of public authorities to adopt the necessary measures, in accordance with that established in EU regulations, so as to: (i) ensure that passenger cars and light commercial vehicles no longer generate direct CO_2 emissions by 2050, and (ii) gradually reduce the emissions of new passenger cars and light commercial vehicles, excluding those registered as historic vehicles, not intended for commercial uses, so that these vehicles have emissions of 0 g CO_2/ km no later than 2040;

iii. the obligation to install an alternative fuels infrastructure for those operators of facilities supplying fuels for vehicles (for more information, see "Alternative fuels") below.

The following are also noteworthy: (i) the Hydrogen Roadmap (published in October 2020), which focuses on the development of renewable hydrogen, with the aim of positioning Spain as a technological benchmark in the production and use of renewable hydrogen, while at the same time contributing to achieving objectives such as reaching climate neutrality, the use of surplus renewable energy or the decarbonization of sectors where electrification is not viable or profitable; and (ii) the 2050 Long Term Decarbonization Strategy (published on November 3, 2020), to move towards climate neutrality by 2050, with milestones in 2030 and 2040.

Meanwhile, Royal Decree-Law 6/2002 transposes Article 7 bis of Directive 98/70/EC of the European Parliament and of the Council, of October 13, 1998, relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (Fuel Quality Directive, or FQD), establishing a new mandatory target of a 6% reduction in the intensity of greenhouse gas emissions during the life cycle in transport per unit of fuel and energy supplied in transport. This measure applies to (i) wholesale operators and retail distributors of petroleum products; (ii) consumers of petroleum products for the part of consumption not covered by the above; (iii) wholesale operators and retail marketers of LPG; (iv) consumers of LPG for the part of consumption not covered by the above; (v) retailers of natural gas; and (vi) direct consumers on the market for the part of consumption not covered by the above.

Alternative fuels

Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources provides that, in order to integrate the use of renewable energies in the transport sector, each Member State must impose an obligation on fuel suppliers to ensure that the share of renewable energies in final energy consumption in the transport sector is at least 14% by 2030. This Directive is partially transposed into the laws of Spain through Royal Decree 376/2022, of May 17, regulating sustainability and reduction criteria for greenhouse gas emissions of biofuels, bioliquids and biomass fuels, as well as the system of guarantees of origin of renewable gases (which amends Royal Decree 1085/2015 of December 4, 2015 on the promotion of biofuels), establishing mandatory minimum targets for the sale or consumption of biofuels for the years 2023, 2024, 2025 and 2026 of 10.5%, 11%, 11.5% and 12% in energy content, respectively. The 2026 biofuels and biogas target for transport purposes will continue to apply in subsequent years to the extent that no new targets are established.

Royal Decree 639/2016, of December 9, established a framework of measures for the implementation of infrastructure for alternative fuels, including charging points for electric vehicles and refueling points for natural gas and hydrogen. To ensure that there are sufficient electric charging points, the Climate Change and Energy Transition Law introduces obligations that require service stations with annual sales of gasoline and diesel exceeding 5 million liters to install infrastructure for charging electric vehicles. This charging infrastructure must have a power output equal to or greater than 150 kW or 50 kW in direct current depending on the sales volume (greater than 10 or 5 million liters sold in 2019). The minimum power for new installations as of 2021, or those that undertake a reform of their installation that requires the administrative title to be reviewed, will be direct current of 50 kW. Last but not least, Decree 184/2022, of March 8, regulating the provision of energy recharging services for electric vehicles, is another significant legislative development.