



Repsol obtains net income of €2.539 billion in a volatile environment

- Repsol achieved a **net income of €2.539 billion** in the first half of the year, a period in which it continued to make progress in its decarbonization objectives.
- This figure, together with the €2.499 billion earned in 2021, **partially offsets** the 2019 and 2020 results, in which total **losses** of more than €7.1 billion resulted from asset adjustments to achieve zero net emissions and the global health pandemic.
- The first half of the year was marked by a **volatile international context**, conditioned by the tensions caused by the war in Ukraine, which led to an increase in commodity prices on world markets.
- The **book value of the inventories** that Repsol stores as a strategic reserve for Spain and that contribute to guaranteeing supply represented almost half of the net result, influenced by the rise in international hydrocarbon prices.
- The volatile international context and increased regulatory pressure on fossil fuels in the European Union have led the company to record **provisions for impairment** of the book value of its refining assets. These provisions accounted for most of the specific results for the half-year: -€1.844 billion.
- **Adjusted net income** amounted to €3.177 billion, with a significant contribution from the **international business**, approximately 56%, whose main component is the Exploration and Production unit, which conducts all its activity outside Spain.
- Faced with the increase in international gas and diesel prices, Repsol has demonstrated its commitment to society by offering significant discounts at its service stations, which translated into more than **€150 million in savings for its customers by the end of June**. This impacted the earnings of service stations in Spain, which did not make a profit in the second quarter.
- **Josu Jon Imaz, CEO of Repsol**
"The **effort** we are making to continue generating **employment and investment** for Spain, transforming ourselves and becoming a net zero emissions company is remarkable. We assume this **commitment** with responsibility, just as we are contributing to society, helping our customers at a complicated time and, at the same time, **guaranteeing supply**. All this,

56%

Of adjusted net income from international business

In view of the volatile international context, Repsol works to guarantee supply by increasing the volume of inventories which constitute Spain's strategic reserves

Repsol's commitment to its customers by offering discounts at its service stations in Spain has had an impact on this business, which did not make a profit in the second quarter of the year

+€150M

On fuel discounts for customers of the company's service stations in Spain



despite the uncertain international context and the fact that we have just begun to overcome a pandemic than has caused significant losses.

Repsol obtained net income of €2.539 billion in the first half of 2022, in which it continued to develop projects to advance towards its goal of zero net emissions. This figure, together with the €2.499 billion obtained in 2021, partially offsets the 2019 and 2020 financial years, where losses of more than €7.1 billion resulted from asset adjustments to achieve zero net emissions and the global health pandemic.

Repsol has invested around €1 billion a year in its refining facilities, while refining capacity was being reduced in Europe. -This have made it possible to increase and optimize the use of these facilities to respond to supply constraints in the international fuels market, in addition to contributing to employment security. This competitive advantage will allow Spain to have a guaranteed supply of gasoline and diesel in the coming months, unlike, possibly, other European countries.

Similarly, the management of the portfolio of oil and gas production assets, begun in a situation of very low prices, made it possible to improve profitability in the latest cycle of high prices.

The accounting valuation of inventories that Repsol stores to guarantee supply in Spain accounts for nearly half of the net profit for the period

Approximately half of the net result, €1.206 billion, corresponds to the accounting valuation of the inventories that the company stores as a strategic reserve for Spain. These inventories, which the company has increased in the last quarter, reinforce Repsol's capacity to guarantee supply, even in volatile situations such as those experienced around the world since the start of the health pandemic and the war in Ukraine.

The notable increase in this item, which almost tripled with respect to the first six months of the previous year, is explained by the progressive rise in the prices of hydrocarbons and their derivatives, conditioned mainly by the tensions generated by the invasion of Ukraine. The price of Brent crude oil was 66% above the same period of 2021, reaching an average of \$107.9 per barrel in the first half of the year. For its part, Henry Hub natural gas averaged \$6.1 dollars per MBtu, 118% more than between January and June 2021.

The instability of the business environment in Europe, added to the regulatory pressure in the continent with measures contested by the sector -such as the ban on the sale of cars with combustion engines in the European Union as of 2035-, and its consequent impact on the long-term profitability and competitiveness of the Group's refineries led Repsol to record provisions for impairment in the book value of these facilities. These provisions represent most of the specific results for the half-year (-€1.844 billion). Repsol remains committed to a profound transformation of its industrial complexes to become multi-energy centers and guarantee their future sustainability.

Adjusted net income for the first six months of the year amounted to €3.177 billion, of which close to 56% came from the international business, whose main component is the Exploration and Production unit. Guided by efficiency measures and a more geographically-focused management, this business showed great flexibility and capacity to maximize the value from the increase in hydrocarbon prices. In this regard, it is worth noting that during the first half of the year, its crude oil basket outperformed the international benchmark prices with a 68.3% increase. All this resulted in €1.678 billion for the area, which conducts all its activity outside Spain, more than half of the total income obtained by the company.



The international context had a very relevant impact on the Industrial area, which earned €1.393 billion. Repsol is betting heavily on the transformation of this business, which a negative net result of €612 million during 2020 and 2021. The refining margin indicator was depressed throughout last year and part of the first three months of 2022, affected by the reduction in demand for fuels.

Repsol is committed to the industry as a solid source of employment, a tool for strengthening energy independence and advancing the energy transition

This situation was reversed in the second quarter of this year, when supply was insufficient to cover the demand for diesel, gasoline and aviation kerosene, which pushed up prices worldwide, especially after the supply problems resulting from the invasion of Ukraine. The volatility of the environment is evident in the correction of the refining margin indicator in recent weeks, in single-digit levels, compared to an average of US\$15.5 per barrel in the first half of the year or of \$23.3 per barrel in the second quarter.

Also contributing to this price increase was the endemic situation of refining in the European Union, which has seen its capacity reduced by more than 10% in the last decade, following the closure of 24 facilities, mainly due to an environment of low profitability and regulatory uncertainty. In contrast, consumption of gasoline, diesel and kerosene has increased by 1.3% in the same period.

Repsol plans to allocate more than 40% of its total investments between 2021 and 2025 to the Iberian Peninsula

In this context, Repsol is committed to the industry as a solid source of employment (200,000 families depend directly on the refining sector in our country), a tool for strengthening Spain's energy independence and a key lever in the energy transition. Since 2008, the company has invested €1 billion in its industrial complexes, aimed at maintaining their competitiveness, increasing their efficiency and adding new renewable fuel units, such as those to be built in Cartagena next year.

Repsol will continue with its investment effort in the Iberian Peninsula in the coming years, where it will allocate more than 40% of the total investments planned by its Strategic Plan for the period 2021-2025 (€19.3 billion). Thanks to this, and with the goal to achieve zero net emissions by 2050, Repsol is transforming its activity by developing innovative projects in areas such as the circular economy, renewable fuels, hydrogen, CO₂ capture and storage and renewable energies. In addition to its commitment to investment in Spain, the company has contributed €5.324 billion in the fiscal area in the first half of 2022.

Repsol demonstrated its commitment to its customers in discounts of more than €150 million at its service stations in Spain, which had an impact on second-quarter profits

With regard to the Commercial and Renewables area, the commitment to customers that the company is demonstrating in the face of global price dynamics affected its earnings (€215 million in the half-year), so that they were below those obtained in the same period of 2021. Repsol has implemented measures to alleviate the economic strain on consumers, which in the case of the company's service stations in Spain involved significant discounts on fuel sales. During the first half of the year, these offers led to a total saving of €150 million for customers, which

was fully covered by the company, which meant that the business did not make a profit in the second quarter of 2022. At the end of the first half of the year, gasoline and diesel prices have also fallen for four consecutive weeks, as a result of lower international benchmark prices.



In the same way, Repsol worked to mitigate the consequences of the price context of the electricity and gas retail market on its 1.5 million customers of this business, which led the unit to post a loss.

The Renewables and Low-Carbon Generation business continued to improve its earnings thanks to the progressive increase in its generation capacity. The strength of Repsol's business and growth model in this segment, created just over three years ago, was demonstrated during the first half of the year with the sale of 25% of Repsol Renovables for €905 million, in a transaction that values the company's renewables business, including debt and retail, at €4.383 billion.

Net debt closed the period at €5.031 billion, €869 million lower than at the end of the previous quarter. Liquidity stood at €9.380 billion, sufficient to cover the maturities of short-term debt 3.9 times.

Organizational changes for a new stage of growth and transformation

Repsol's Board of Directors, with Antonio Brufau as chairman, at the proposal of CEO Josu Jon Imaz, and with the agreement of the Nomination Committee, has approved changes to our Executive Committee that will enable the Company to embark on a new period of growth and transformation, in line with its 2021–2025 Strategic Plan.

The foundation of the new organizational structure will be a group of highly qualified Repsol directors with extensive experience and in-depth knowledge of the energy sector. The aim of these changes is to take advantage of the new opportunities arising within the context of the energy transition, in keeping with the principles of profitability and sustainability.

Francisco Gea, until now director of M&A (Mergers and Acquisitions) and previously director of various exploration and production (upstream) operations at Repsol, will now take the helm of the E&P business, replacing Tomás García Blanco who, for personal reasons, will now become Deputy CEO for Special Projects.

Valero Marín, corporate director of Digitalization and Global Services, will take over the Client business, which encompasses Mobility, LPG, Lubricants, Asphalts, and Specialized Products, Electricity and Gas Retail, Energy Solutions, and Electric Mobility. As such, he will be replacing María Victoria Zingoni, who will be leaving the Company after expressing her wish to begin a new chapter of her career outside Spain.

João Costeira, executive director of Low Carbon Generation, will now head up the Renewables and Low Carbon Generation business, which until now was also led by María Victoria Zingoni.

The executive managing director of Energy Transition, Technology, Institutional Affairs and Deputy CEO, Luis Cabra, will now add Digitalization and Cybersecurity to his responsibilities, while CFO Antonio Lorenzo will take over Global Services and Procurement.

Chairman Antonio Brufau, on behalf of the entire Board of Directors, has thanked María Victoria Zingoni for the work and successes achieved during her extensive career at Repsol.

With these organizational changes, set to take effect on September 1st, the composition of the Repsol Executive Committee, led by CEO Josu Jon Imaz, will now be as follows:

- Josu Jon Imaz, CEO.
- Luis Cabra, executive managing director of Energy Transition, Technology, Institutional Affairs and Deputy CEO.



- Antonio Lorenzo, CFO.
- Miguel Klingenberg, general counsel.
- Juan Abascal, executive managing director of Industrial Transformation and Circular Economy.
- Valero Marín, executive managing director of Client.
- Carmen Muñoz, executive managing director of People and Organization.
- Francisco Gea, executive managing director of Exploration and Production (Upstream).
- João Costeira, executive managing director of Low Carbon Generation.



Milestones of the semester

- Repsol reached agreements for the sale of minority stakes in several renewable assets, which contribute to the objective of obtaining double-digit returns on its investments in this sector. At the end of March, it signed with the [investment company TRIG](#) the sale of a 49% stake in the Valdesolar photovoltaic project (Badajoz), which values 100% of this asset at €239 million. In addition, in November 2021, the [Pontegadea group acquired 49% of the Delta wind farm project](#).
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- In early March, work began on the [first advanced biofuels plant in Spain](#), which the company is building at its Cartagena refinery. This facility, in which Repsol will invest €200 million, will supply 250,000 tons per year of advanced biofuels, which can be used in current aircraft, ships, trucks and cars without the need for engine modifications. They will be produced from waste, and their use will reduce emissions by 900,000 tons of CO₂ per year.
- On January 19, [Shyne](#) was presented, the largest renewable hydrogen consortium in Spain, made up of 33 entities from different sectors, which will deploy projects that are expected to generate more than 13,000 jobs. Repsol is leading this initiative in line with its [renewable hydrogen strategy](#), which it presented in October 2021. The company plans to invest €2.549 billion by 2030 in this area, which is of great importance for the energy model of the future.
- In April, the company acquired [a stake in Canada's Enerkem](#), a world leader in the production of renewable fuels and chemicals through the gasification of non-recyclable waste. This investment will enable Repsol to accelerate its decarbonization projects by integrating Enerkem's technology into its industrial facilities and future plants.
- On April 27, Repsol began producing electricity at the 62.5 MW [Jicarilla 2 solar park](#), its first renewable project in the United States. At the same site, it is developing another photovoltaic project, Jicarilla 1, with 62.5 MW of installed capacity and 20 MW of battery storage. In addition, the company announced its intention to invest in a 600 MW project in the state of Texas, which will become the group's largest solar facility to date and is expected to be operational by the end of 2023.
- Also, in April, the company [signed an agreement with Ørsted](#) to identify and, if appropriate, jointly develop floating offshore wind projects in Spain. This alliance will combine Repsol's experience as a global multi-energy supplier and Ørsted's experience as a world leader in offshore wind.
- In early February, Repsol [acquired Capital Energy's portfolio of 25,000 residential and SME electricity customers](#).
- In early March, Repsol formed a [joint venture with Telefonica to offer a comprehensive self-consumption solution to its customers](#).
- Repsol obtained a permit to evaluate the geothermal potential on the island of Gran Canaria. Geothermal energy produces renewable energy in a continuous and stable manner, without CO₂ emissions, and could provide the archipelago with greater energy independence.
- Average hydrocarbon production for the first half of the year was 549,300 barrels of oil equivalent per day.



This document contains information and statements that constitute forward-looking statements about Repsol.

Such estimates or projections may include statements about current plans, objectives and expectations, including statements regarding trends affecting Repsol's financial condition, financial ratios, operating results, business, strategy, geographic concentration, production volumes and reserves, capital expenditures, cost savings, investments and dividend policies. Such estimates or projections may also include assumptions about future economic or other conditions, such as future crude oil or other prices, refining or marketing margins and exchange rates. Forward-looking statements are generally identified by the use of terms such as "expects," "anticipates," "forecasts," "believes," "estimates," "estimates," "appreciates" and similar expressions. Such statements are not guarantees of future performance, prices, margins, exchange rates or any other event, and are subject to significant risks, uncertainties, changes and other factors that may be beyond Repsol's control or may be difficult to predict. Such risks and uncertainties include those factors and circumstances identified in the communications and documents filed by Repsol and its subsidiaries with the Comisión Nacional del Mercado de Valores in Spain and with the other supervisory authorities of the markets in which the securities issued by Repsol and/or its subsidiaries are traded.

Except to the extent required by applicable law, Repsol assumes no obligation - even when new information is published, or new facts are produced - to publicly report the updating or revision of these forward-looking statements.

Some of the aforementioned resources do not constitute proven reserves to date and will be recognized under such concept when they meet the formal criteria required by the SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Resources Management System" (SPE-PRMS) (SPE - Society of Petroleum Engineers).

In October 2015, the European Securities Markets Authority (ESMA) published Guidelines on Alternative Performance Measures (ARMs), mandatory for regulated information to be published on or after July 3, 2016. The information and breakdowns relating to the MARs used in this document are updated quarterly on Repsol's website.

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