



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

Report on limited review of condensed
interim consolidated financial statements
and interim consolidated director's Report
at June 30, 2021



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 interim consolidated 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 interim consolidated 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 June 30, 2021, 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 months 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 Standard (IAS) 34, “Interim Financial Reporting”, as adopted by the European Union, for the preparation of condensed interim financial information, 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 months period ended June 30, 2021 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, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007.



Emphasis of Matter

We draw attention to Note 2.1, in which it is mentioned that these interim financial statements do not include all the information required of complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, therefore the accompanying interim financial statements should be read together with the consolidated annual accounts of the group for the year ended December 31, 2020. Our conclusion is not modified in respect of this matter.

Other matters

Interim consolidated directors' Report

The accompanying interim consolidated directors' Report for the six months period ended June 30, 2021 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 directors' Report is in agreement with that of the interim financial statements for the six months period ended June 30, 2021. Our work is limited to checking the interim consolidated directors' 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 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 the Royal Decree 1362/2007, of 19 October.

PricewaterhouseCoopers Auditores, S.L.

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned over the name Iñaki Goirienea Basualdu.

Iñaki Goirienea Basualdu

July 29, 2021

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REPSOL Group

Interim consolidated
financial statements
1st Half
2021



Repsol, S.A. and Investees comprising the Repsol Group
Balance sheet at June 30, 2021 and December 31, 2020

ASSETS	Note	€ Million	
		06/30/2021	12/31/2020
Intangible assets		3,313	3,353
Property, plant and equipment	3.1.1	20,684	20,927
Investments accounted for using the equity method	3.1.2	3,515	5,897
Non-current financial assets		969	916
Deferred tax assets		3,485	3,745
Other non-current assets		965	880
NON-CURRENT ASSETS		32,931	35,718
Non-current assets held for sale	3.1.9	830	5
Inventories	3.1.9	4,616	3,379
Trade and other receivables	3.1.9	5,231	4,056
Other current assets		288	239
Other current financial assets	3.1.6	1,697	1,584
Cash and cash equivalents	3.1.6	4,914	4,321
CURRENT ASSETS		17,576	13,584
TOTAL ASSETS		50,507	49,302

EQUITY AND LIABILITIES	Note	€ Million	
		06/30/2021	12/31/2020
Shareholders' equity		21,236	21,185
Other cumulative comprehensive income		(529)	(890)
Non-controlling interests		255	244
EQUITY	3.1.4	20,962	20,539
Non-current provisions		3,602	3,572
Non-current financial liabilities	3.1.5	8,547	12,123
Deferred tax liabilities and other tax items		2,161	2,142
Other non-current liabilities		538	407
NON-CURRENT LIABILITIES		14,848	18,244
Liabilities associated with non-current assets held for sale	3.1.9	582	—
Current provisions		639	740
Current financial liabilities	3.1.5	5,219	3,880
Trade and other payables	3.1.9	8,257	5,899
CURRENT LIABILITIES		14,697	10,519
TOTAL EQUITY AND LIABILITIES		50,507	49,302

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

Repsol, S.A. and Investees comprising the Repsol Group
Income statement corresponding to the interim periods ending June 30, 2021 and 2020

	Note	€ Million	
		06/30/2021	06/30/2020
Sales		20,742	16,488
Income from services rendered and other income		148	175
Changes in inventories of finished goods and work in progress		527	(500)
Other operating income		627	279
Procurements		(15,396)	(12,863)
Amortization of non-current assets		(982)	(1,146)
(Provision for)/Reversal of impairment provisions		(21)	(577)
Personnel expenses		(890)	(935)
Transport and freights		(530)	(757)
Supplies		(285)	(203)
Gains/(Losses) on disposal of assets		6	69
Other operating expenses		(2,222)	(1,700)
OPERATING INCOME	3.2.1	1,724	(1,670)
Net interest		(83)	(127)
Change in fair value of financial instruments		302	128
Exchange gains (losses)		63	(24)
Impairment of financial instruments		(6)	(25)
Other financial income and expenses		(106)	(117)
FINANCIAL RESULT	3.2.2	170	(165)
NET INCOME FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD ⁽¹⁾	3.1.2	117	(978)
NET INCOME BEFORE TAX		2,011	(2,813)
Income tax	3.2.3	(767)	296
CONSOLIDATED NET INCOME / (LOSS) FOR THE PERIOD		1,244	(2,517)
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		(9)	33
NET INCOME / (LOSS) ATTRIBUTABLE TO THE PARENT	2	1,235	(2,484)
EARNINGS PER SHARE ATTRIBUTABLE TO THE PARENT	3.2.4	Euros / share	
Basic		0.80	(1.59)
Diluted		0.80	(1.59)

⁽¹⁾ Net of taxes.

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

Repsol S.A. and Investees comprising the Repsol Group

Statement of recognized income and expense corresponding to the interim periods ending June 30, 2021 and 2020

	€ Million	
	06/30/2021	06/30/2020
CONSOLIDATED NET INCOME FOR THE PERIOD	1,244	(2,517)
Due to actuarial gains and losses	6	(6)
Investments in joint ventures and associates	11	(14)
Equity instruments with changes through other comprehensive income	—	—
Tax effect	—	—
OTHER COMPREHENSIVE INCOME. ITEMS NOT RECLASSIFIABLE TO INCOME	17	(20)
Cash flow hedging:	6	(38)
Valuation gains / (losses)	2	3
Amounts transferred to the income statement	4	(41)
Translation differences:	332	(191)
Valuation gains / (losses)	418	(154)
Amounts transferred to the income statement	(86)	(37)
Tax effect	24	36
OTHER COMPREHENSIVE INCOME. ITEMS RECLASSIFIABLE TO INCOME	362	(193)
TOTAL OTHER COMPREHENSIVE INCOME	379	(213)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,623	(2,730)
a) Attributable to the parent	1,613	(2,697)
b) Attributable to non-controlling interests	10	(33)

Notes 1 to 7 are an integral part of the consolidated 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, 2021 and 2020

€ Million	Equity attributable to the parent and other equity instrument holders							
	Shareholders' equity							
	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 12/31/2019	1,566	26,731	(1,170)	(3,816)	1,024	593	281	25,209
Total recognized income/(expenses)	—	(20)	—	(2,484)	—	(193)	(33)	(2,730)
Transactions with partners or owners								
Share capital increase/(reduction)	60	(60)	—	—	—	—	—	—
Dividends and shareholder remuneration	—	(236)	—	—	—	—	—	(236)
Transactions with treasury shares and own equity investments (net)	—	(5)	(156)	—	—	—	—	(161)
Other equity variations								
Transfers between equity-line items	—	(3,816)	—	3,816	—	—	—	—
Subordinated perpetual obligations	—	(25)	—	—	884	—	—	859
Other variations	—	(5)	—	—	4	—	—	(1)
Closing balance at 06/30/2020	1,626	22,564	(1,326)	(2,484)	1,912	400	248	22,940
Total recognized income/(expenses)	—	—	—	(805)	—	(1,290)	(1)	(2,096)
Transactions with partners or owners								
Share capital increase/(reduction)	41	(41)	—	—	—	—	—	—
Dividends and shareholder remuneration	—	(102)	—	—	—	—	(1)	(103)
Transactions with treasury shares and own equity investments (net)	(99)	(1,262)	1,164	—	—	—	—	(197)
Other equity variations								
Transfers between equity-line items	—	—	—	—	—	—	—	—
Subordinated perpetual obligations	—	(29)	—	—	23	—	—	(6)
Other variations	—	2	—	—	1	—	(2)	1
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 06/30/2021	1,527	16,551	(349)	1,235	2,272	(529)	255	20,962

Notes 1 to 7 are an integral part of the consolidated 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, 2021 and 2020

	€ Million	
	06/30/2021	06/30/2020
Income before tax	2,011	(2,813)
Adjustments to income:	1,019	2,904
Amortization of non-current assets	982	1,146
Other (net)	37	1,758
Changes in working capital	(1,030)	665
Other cash flows from operating activities:	(460)	(139)
Dividends received	49	56
Income tax refunded/(paid)	(316)	(9)
Other proceeds from/(payments for) operating activities	(193)	(186)
CASH FLOWS FROM OPERATING ACTIVITIES	1,540	617
Payments for investments:	(1,412)	(2,073)
Group companies and associates	(246)	(56)
Property, plant and equipment, intangible assets and investment property	(648)	(944)
Other financial assets and others	(518)	(1,073)
Proceeds from divestments:	455	3,149
Group companies and associates	128	469
Property, plant and equipment, intangible assets and investment property	28	17
Other financial assets	299	2,663
Other cash flows	12	40
CASH FLOWS FROM INVESTMENT ACTIVITIES	(945)	1,116
Proceeds from and (payments for) equity instruments:	(107)	736
Issuance	746	1,491
Repayment and redemption	(406)	(605)
Acquisition	(766)	(156)
Disposal	319	6
Proceeds from and (payments for) financial liability instruments:	731	243
Issuance	5,099	6,000
Return and amortization	(4,368)	(5,757)
Payments on shareholder remuneration and other equity instruments	(146)	(128)
Other cash flows from financing activities:	(500)	(264)
Interest payments	(180)	(230)
Other proceeds from/(payments for) financing activities	(320)	(34)
CASH FLOWS FROM FINANCING ACTIVITIES	(22)	587
EXCHANGE RATE FLUCTUATIONS EFFECT	20	(14)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	593	2,306
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,321	2,979
CASH AND CASH EQUIVALENTS AT END OF PERIOD:	4,914	5,285
Cash and banks	2,081	2,411
Other financial assets	2,833	2,874

Notes 1 to 7 are an integral part of the consolidated 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 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, 2021, as well as the Group’s earnings performance, the changes in the consolidated equity and the consolidated 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 28, 2021 and are available at www.repsol.com.

1.2 About Repsol

1.2.1 Repsol Group

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 electricity¹.

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):

€ Million	Revenue from ordinary activities ⁽¹⁾		Operating income		Adjusted net income		Capital employed	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Exploration and Production	2,142	1,520	1,182	(4)	678	(51)	12,742	15,844
Industrial	10,478	8,164	307	409	239	296	10,368	10,037
Commercial and Renewables	9,366	7,828	312	218	228	163	4,347	3,746
Corporate and other	1	1	(122)	(129)	(186)	(219)	(109)	1,336
TOTAL	21,987	17,513	1,679	494	959	189	27,348	30,963

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

Appendix IA of the consolidated financial statements for 2020 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 2021, 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 2020. Appendix IV of these interim financial statements contains the main changes.

1.2.2 Main new developments in the period

- The availability of several vaccines and the launch of vaccination programs in most countries have led to a favorable change in the evolution of COVID-19. This, and the positive effect of public policies for reactivation, have given a boost to the economic recovery. This improved environment has favorably affected, although unevenly, the activities and results of the company’s businesses. Further explanation and details of this are given in the “COVID-19 Impacts” and “Results” sections of the Interim Consolidated Management Report for the first half of 2021.
- During the half-year, within the framework of the Company’s 2021-2025 Strategic Plan, various divestment agreements were reached that focus on the geographic areas with the greatest competitive advantages. At the date of these 2021 half-yearly financial statements, sales had been completed of the stake in AR Oil & Gaz, B.V. in Russia (a joint venture with Alliance Oil) and of the Tin Fouyet Tabenkor (TFT) asset in Algeria, and in the second half of the

¹ For further information, see section 4.1 Value chain and business segments of the 2020 Consolidated Management Report, available at www.repsol.com.

year, sales of assets in Malaysia and Vietnam are expected to be completed. In the Commercial and Renewables segment, an agreement was reached for the sale of the fuel business in Italy.

- In line with the Strategic Plan's decarbonization and energy transition objectives, progress was made on the objectives of increasing low-emission generation capacity and internationalization of the renewables business. Examples of this are the acquisition in the US of Hecate Energy LLC (see Note 3.1.3), a company that develops photovoltaic projects and batteries for energy storage and, in Spain, the entry into operation of the first phase of the Kappa photovoltaic park and the start of production tests for the Valdesolar photovoltaic project.

In the **industrial segment**, Repsol continued to make progress in transforming its industrial facilities into energy hubs capable of generating low, zero or even negative carbon footprint products. Construction began of an advanced biofuels plant at the Cartagena refinery, the first of its kind in Spain, and Repsol continued to work on several renewable hydrogen initiatives, such as development of the first 100 MW alkaline electrolyzer plant in Spain as part of the Basque Hydrogen Corridor projects (the BH2C project).

In response to the Spanish Government's call for expression of interest in the Next Generation EU funds (a recovery plan to help repair the economic and social damage caused by the pandemic), Repsol presented a portfolio of 31 projects that combine technology, decarbonization and the circular economy, creation of quality employment and territorial balance, for a total associated investment of €6,359 million.

- During the half year, the Group strengthened its **financial and liquidity position** by issuing a subordinated perpetual bond for an amount of €750 million in March (see Note 3.1.4). In June, the new comprehensive sustainable financing strategy was published (see Note 3.1.5). The main credit rating agencies confirmed the **investment grade rating**, with an improvement in the outlook from negative to stable issued by Moody's.
- In accordance with the 2021-2025 Strategic Plan, a shareholder **remuneration** equivalent to €0.288 gross per share was paid in the half year through the "scrip dividend" scheme and a share capital reduction was executed with the amortization of 40,494,510 treasury shares, aimed at offsetting the dilutive effect of the scrip dividend. In July, shareholders were paid an additional cash remuneration of €0.30 gross per share (see Note 3.1.4).

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, 2021, 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 that 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 Group's 2020 consolidated financial statements, which were approved at the Annual General Meeting of Repsol, S.A. on March 26, 2021 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.

Restatement of earnings per share

In accordance with accounting standards, earnings per share in the first half of 2020 have been restated, as the average number of outstanding shares considered in the calculation should take account of the new number of shares issued after the capital increase carried out as part of the "Repsol Flexible Dividend" described in Note 3.1.4 "Equity".

1.3.3 Application of new accounting standards

As of January 1, 2021, accounting standards adopted by the European Union have been applied². Given the nature and scope that the application of the new standards or its prospective application, there was no material impact on the financial statements for the period.

In the financial year 2021, the following documents were adopted by the European Union:

Standards and amendments to standards	Date of first application
Amendments to IFRS 3 - <i>Amendments to the Conceptual Framework for Financial Reporting</i>	January 1, 2022
Amendments to IAS 16 - <i>"Proceeds before intended use"</i>	January 1, 2022
Amendments to IAS 37 - <i>"Onerous contracts: Cost of Fulfilling a Contract"</i>	January 1, 2022
Annual improvements to IFRS: 2018-2020	January 1, 2022

In addition, during the period the IASB issued the following standards and amendments to standards, which are pending adoption by the European Union:

Standards and amendments to standards	Date of first application
Amendments to IFRS 16 - <i>"Covid-19-Related Rent Concessions"</i> beyond June-30-2021 ⁽¹⁾	April 1, 2021
IFRS 17 <i>Insurance contracts</i>	January 1, 2023
Amendments to IFRS 17- <i>Insurance contracts</i>	January 1, 2023
Amendments to IAS 1 - Classification of liabilities as current or non-current	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
Amendments to NIC 12 – Deferred tax associated with assets and liabilities arising from a single transaction	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⁾ Amendments issued on March 31, 2021 that extend the term of application of the Amendments to IFRS 16, issued on May 28, 2020. To date, no transactions have been identified within the scope of these Amendments to IFRS 16.

The Group is currently assessing the impact the application of these standards (adopted and pending adoption) may have on the consolidated financial statements, without any material impacts having 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 2020. In the first six months of 2021, there were no significant changes in the methodology for making estimates with regard to those made at 2020 year-end.

² The standards applied as of January 1, 2021 are: i) Amendments to IFRS 4 - Deferral of IFRS 9; and ii) Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 - Reform of reference interest rates (Phase 2).

(2) SEGMENT REPORTING

The segment reporting 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 2021 and www.repsol.com).

Regarding the definition of segments, see the section about this report in the Interim Consolidated Management Report for the first half of 2021 and Note 4 of the consolidated financial statements for the year 2020 (www.repsol.com).

2.2 Financial information by business segment

Income/(loss) for the period	€ Million	
	6/30/2021	6/30/2020
Exploration and Production	678	(51)
Industrial	239	296
Commercial and Renewables	228	163
Corporate and other	(186)	(219)
ADJUSTED NET INCOME	959	189
Inventory effect	489	(1,088)
Special items	(213)	(1,585)
NET INCOME	1,235	(2,484)

Other figures

€ Million	Operating income		Operating cash flow		Free cash flow		Operating investments ⁽¹⁾		Capital employed	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Exploration and Production	1,182	(4)	1,287	684	963	(2)	418	603	12,742	15,843
Industrial	307	409	254	90	55	(141)	203	227	10,368	10,038
Commercial and Renewables	312	218	570	125	137	(124)	413	259	4,347	3,742
Corporate and other	(122)	(129)	(179)	(35)	(200)	439	27	24	(109)	1,343
TOTAL	1,679	494	1,932	864	955	172	1,061	1,113	27,348	30,966

⁽¹⁾ Includes investments accrued during the period.

(3) MAIN CHANGES IN THE FINANCIAL STATEMENTS

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

3.1 Balance Sheet

3.1.1 Property, plant and equipment

The investments correspond to productive Exploration and Production assets (mainly in Norway and the Gulf of Mexico), those made for the maintenance and optimization of industrial complexes and those related to the development of renewable projects. The decrease in the heading is mainly explained by depreciations in the period and by reclassifications into the "Non-current assets held for sale" heading" (see Note 3.1.9).

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 2020 describes the Group's most significant investments. The breakdown of the balance at June 30 is as follows:

	€ Million	
	Carrying amount	
	06/30/2021	12/31/2020
Joint ventures	3,315	5,757
Associates ⁽¹⁾	200	140
TOTAL	3,515	5,897

⁽¹⁾ Includes mainly the stake in Hecate, Repsol Ibereólica Renovables Chile SpA and Oleoducto de Crudos Pesados (OCP) Ltd.

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

	€ Million	
	06/30/2021	06/30/2020
Balance at December 31	5,897	7,237
Net investments	13	9
Changes in scope of consolidation ⁽¹⁾	163	—
Net income from investments accounted for using the equity method ⁽²⁾	117	(978)
Dividends paid out	(62)	(56)
Translation differences	87	(1)
Reclassifications and other movements ⁽³⁾	(2,700)	134
Balance at June 30	3,515	6,345

⁽¹⁾ The increase is mainly due to those businesses whose activity has been favored by the rise in prices in the period. This heading does not include Other comprehensive income amounting to 98 million at June 30, 2021 (€94 million for joint ventures and €4 million for associates) and €(17) million at June 30, 2019 for joint ventures.

⁽²⁾ In 2021 mainly Oleoductos de Crudos Pesados (OCP) y Sierracol. In 2020 mainly Repsol Sinopec Brasil (RSB) and Dynasol.

In "Reclassifications and other", the amount for the period corresponds mainly to the allocation of financial assets of Repsol Sinopec Brasil, B.V. (a joint venture owned 60% by Repsol and 40% by the Sinopec group; see note 13 of the 2020 consolidated financial statements) to shareholders (see Note 3.1.5).

"Changes in scope of consolidation" includes the acquisition of 40% of Hecate Energy LLC, a company operating in the renewable energy market in the United States, specializing in the development of photovoltaic and battery projects for energy storage, with a project portfolio of more than 40 GW.

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, 2021 and December 31, 2020, are detailed below (for more information see section 5.3 of the Interim Consolidated Management Report for the first half of 2021):

€ Million	06/30/2021	12/31/2020
Equity	20,962	20,539
Net financial debt ⁽¹⁾	6,386	6,778
Capital employed ⁽¹⁾	27,348	27,317
Leverage ratio (%)	23.4	24.8

⁽¹⁾ Alternative Measure of Performance. Regarding the reconciliation of these figures with those established in IFRS-EU, see Appendix I of the Interim Consolidated Management Report for the first half of 2021.

3.1.4 Equity

	€ Million	
	06/30/2021	12/31/2020
Shareholders' equity:	21,236	21,185
Share capital	1,527	1,568
Share premium and reserves:	16,551	21,132
Share premium	4,038	4,078
Legal reserve	314	312
Retained earnings and other reserves ⁽¹⁾	12,199	16,844
Dividends and remuneration on account	—	(102)
Treasury shares and own equity investments	(349)	(162)
Profit for the year attributable to the parent	1,235	(3,289)
Other equity instruments	2,272	1,936
Other cumulative comprehensive income	(529)	(890)
Equity instruments with changes through other comprehensive income	(3)	(3)
Hedging transactions	(53)	(62)
Translation differences	(473)	(825)
Non-controlling interests	255	244
TOTAL EQUITY	20,962	20,539

⁽¹⁾ This heading includes the transfer from income for the year attributable to the Parent for 2020. Includes a reserve for retired capital amounting to €280 million, which is equivalent to the nominal value of the shares retired in the capital reductions in 2021, 2020, 2019 and 2018 under the "Repsol Flexible Dividend" program (see the "Shareholder remuneration" section of this Note).

Share Capital

Following the capital reduction made in April through the amortization of 40,494,510 treasury shares, with the aim of offsetting the dilutive effect of the "scrip dividend" declared in January 2021 (see section "Shareholder remuneration" of this Note), the share capital of Repsol, S.A. as registered on June 30, amounts to €1,527,396,053 euros, fully subscribed and paid up, represented by 1,527,396,053 shares with a nominal value of €1 each.

In accordance with the most recent information available, Repsol, S.A.'s significant shareholders are as follows:

Significant shareholders	% of voting rights attributed to shares		% of voting rights through financial instruments	% of total voting rights
	Direct	Indirect		
Sacyr, S.A. ⁽¹⁾	—	8.034	—	8.034
JP Morgan Chase & Co ⁽²⁾	—	0.585	6.270	6.855
BlackRock, Inc. ⁽³⁾	—	4.920	0.080	5.000
Amundi Asset Management, S.A. ⁽⁴⁾	—	4.500	—	4.500

⁽¹⁾ Sacyr, S.A. holds its interest through Sacyr Securities, S.A.U., Sacyr Investments S.A.U. and Sacyr Investments II, S.A.U.

⁽²⁾ JP Morgan Chase & Co holds its stake through a number of controlled entities. The information relating to JP Morgan Chase & Co. is based on the statement submitted by that entity to the CNMV on March 19, 2020 on the share capital amount of 1,566,043,878 shares.

⁽³⁾ BlackRock, Inc. holds its interest through several controlled entities.

⁽⁴⁾ Amundi Asset Management, S.A. holds its interest through several controlled entities.

Shareholder remuneration

The following table breaks down the remuneration received by Repsol, S.A.'s shareholders during the six-month period ending on June 30, 2021, carried out under the "Repsol Flexible Dividend" program which allows shareholders to choose between taking the dividend in cash (by selling their bonus issue rights to the Company or in the market) or in the Company's shares.

	No. free allocation rights sold to Repsol	Price of purchase commitment (€/right)	Cash payout (millions of euros)	New shares issued	Remuneration in shares (millions of euros)
December 2020/January 2021	353,055,244	0.288	102	40,494,510	338

From now on, in accordance with the provisions of the 2021-2025 Strategic Plan, shareholder remuneration through the "Repsol Flexible Dividend" formula will be replaced by the payment of dividends in cash.

Consequently, a cash dividend of €0.30 gross per share was paid in July and charged to the results for the year 2020, for a total amount of €447 million.

The Annual Shareholders' Meeting, held on March 26, approved the distribution of another dividend of €0.30³ gross per share, charged to free reserves, to become effective, if appropriate, in January 2022, on a date to be specified by the Board of Directors, recorded in the heading "Creditors and other accounts payable" of the balance sheet.

Treasury shares and own equity investments

The main transactions undertaken by the Repsol Group involving treasury shares⁴ were as follows:

	No. of shares	Amount (€M)	% capital
Balance at 12/31/2020	19,601,118	162	1.25 %
Market purchases ⁽¹⁾⁽²⁾	88,157,917	907	5.77 %
Market sales ⁽¹⁾	(30,569,036)	(293)	2.00 %
Capital reduction	(40,494,510)	(427)	(2.65)%
Balance at 06/30/2021	36,695,489	349	2.40 %

⁽¹⁾ Includes any shares purchased and delivered under the Share Purchase Plan and the Plans for share purchases by the beneficiaries of the multiyear variable remuneration programs (in 2021, 569,036 shares have been delivered in accordance with the provisions of each of the plans (see Note 28.4 of the consolidated financial statements for 2020), and other transactions within the framework of discretionary treasury share trading as described in the Repsol Group's Internal Code of Conduct in the area of the securities market.

⁽²⁾ Includes purchase made under the Share Repurchase Program for their amortization (see the "Share Capital" section of this Note).

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

³ The €0.30 gross per share will be reduced by the gross amount per share that, prior to the agreed date, the Company may have agreed to distribute, and communicated to the market, as an interim dividend corresponding to the profits for the current year that have been obtained since the end of 2020.

⁴ The shareholders, at their annual meetings on May 11, 2018, authorized the Board of Directors for a period of 5 years to carry out the acquisition of Repsol shares, directly or through subsidiaries, up to a maximum number of shares such that the sum of those acquired plus treasury shares already held by Repsol and any of its subsidiaries does not exceed 10% of the Company's capital, insofar as the price or value of the consideration delivered is not less than the par value of the shares or more than their quoted price on the stock exchange.

Other equity instruments

In March 2021, Repsol International Finance, B.V. (“RIF”), a wholly owned subsidiary of the Repsol Group, finalized the terms of RIF's issuance of a series of perpetual subordinated bonds guaranteed by Repsol, S.A. for a total amount of €750 million. The bonds were placed with accredited investors and are listed on the Luxembourg Stock Exchange. Their main characteristics are as follows:

ISIN	XS2320533131
Amount	€750 million
First option to redeem ⁽¹⁾	21/03/2027
Interest (payable annually)	2.5% until 21/03/2027. Thereafter a 5-year swap rate applies plus an additional spread according to the terms and conditions of the bonds.

⁽¹⁾ There are also options to redeem at the request of the issuer in certain cases specified in the terms and conditions.

The bonds bear no maturity date and the issuer can defer the coupon payments without triggering an event of default. The coupons deferred, if applicable, will be cumulative and must be paid in certain cases specified in the terms and conditions of the issue (for further information, see the issue prospectus, available at www.repsol.com).

The bonds were recognized in “Other equity instruments” on the view that they do not satisfy the conditions to be treated for accounting purposes as a financial liability, since redemption and coupon payments are within the discretion of Repsol.

In March 2021, RIF amortized the remaining balance of the issuance of subordinated bonds made in March 2015 at their nominal value plus accrued and unpaid interest up to the repayment date for a total amount of €422 million.

3.1.5 Financial resources

	€ Million	
	06/30/2021	12/31/2020
Non-current financial liabilities:		
Non-current financial liabilities ⁽¹⁾	8,547	12,123
Non-current trade operation derivatives ⁽²⁾	122	44
Current financial liabilities:		
Current financial liabilities ⁽¹⁾⁽³⁾	5,219	3,880
Current trade operation derivatives ⁽⁴⁾	430	208
Total financial liabilities	14,318	16,255

⁽¹⁾ This change can mainly be attributed to the allocation of financial assets of Repsol Sinopec Brasil, B.V. (see Note 3.1.2) for an amount of €2,794 million and the transfer to current financial liabilities of the bonds that mature in the next year, partially offset by the issuance of bonds.

⁽²⁾ Recognized under “Other non-current liabilities” on the balance sheet.

⁽³⁾ The change is explained by the increase in commercial paper described in the following section.

⁽⁴⁾ Recognized under “Trade and other payables” on the balance sheet.

Key issue in the first half of 2021

In May 2021, RIF made an issue of bonds guaranteed by Repsol under the EMTN Program for an amount of €300 million, with maturity in May 2023 and with a variable coupon equivalent to 3-month Euribor plus 70 basis points.

RIF also maintains a Euro Commercial Paper (ECP) Program, guaranteed by Repsol, S.A., for a maximum amount of €2,000 million. Under this program, issues and cancellations were made throughout the period, with an outstanding balance at June 30, 2021 of €1,705 million (€1,370 million at December 31, 2020).

In June 2021, the new comprehensive sustainable financing strategy, offering flexibility and transparency in the issuance of financial instruments, was published to accompany the energy transition process. It is implemented through a framework (available at www.repsol.com) that incorporates both instruments for the financing of specific projects (green and transitional) and instruments linked to sustainable company commitments (sustainability-linked bonds, or SLBs). For more information, see section 5.3 of the Interim Consolidated Management Report for the first half of the year. In July 2021, two series of SLBs were issued under the EMTN Program (see Note 6).

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

3.1.6 Financial assets

	€ Million	
	06/30/2021	12/31/2020
Non-current assets		
Non-current financial assets	969	916
Non-current trade operation derivatives ⁽¹⁾	72	47
Current assets		
Other current financial assets	1,697	1,584
Current trade operation derivatives ⁽²⁾	322	200
Cash and cash equivalents ⁽³⁾	4,914	4,321
Total financial assets	7,974	7,068

⁽¹⁾ Recognized under "Other non-current liabilities" on the balance sheet.

⁽²⁾ Recognized under "Trade and other receivables of 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).

For further details on financial assets, see Appendix II.

3.1.7 Derivatives

As of June 30, 2021, the Group has options contracts on Repsol shares for a total volume of 75 million shares (50 million in call options and 25 million in put options). The main characteristics of these options, at fair value with changes in the heading "Variation at fair value of financial instruments" in the income statement, are described in Note 9.2 of the 2020 consolidated financial statements. The impact on the income statement for the half year amounted to €66 million.

During the first half of 2021, the call options acquired in 2020 on a volume of 40 million shares were settled in advance, at an average exercise price per share of €5.90 and with an original maturity in July 2021. The impact on the income statement for the half year amounted to €72 million.

The company contracted equity swaps on a notional number of 30 million treasury shares at an average exercise price of €10.45 per share and with contract maturity in November and December 2021. Repsol has the option to settle them early due to physical settlement or differences. These instruments are valued at fair value with changes under the "change in fair value of financial instruments" heading of the income statement. The impact on the income statement for the half year amounted to €3 million.

3.1.8 Financial risks

As described in Note 10 to the 2020 consolidated financial statements, the Group's own activities are exposed to several types of financial risk: market risk, liquidity risk and credit risk. The main updates are highlighted below:

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, 2021 and 2020 was as follows:

	June 31, 2021		December 31, 2020	
	Closing rate	Accumulated average rate	Closing rate	Accumulated average rate
US dollar	1.19	1.21	1.23	1.14

Interest rate risk

In connection with the process of transition to new benchmark interest rates currently under way in several jurisdictions worldwide, the Group is carrying out a review of contracts arranged in accordance with the reform timetable. The main contracts identified, under which interbank interest rates are a key benchmark, are of a financial nature: mainly loans and credit facilities. At the present date, no significant impacts are expected because of this reform. For more information about the process, see Appendix II.

Liquidity risk

In the present international context, severely impacted by COVID-19, and within the framework of the Group's financial policy, Repsol has ensured the availability of funds to meet its obligations and implement its business plans, while maintaining at all times an optimal level of liquidity and seeking greater efficiency in the management of financial resources.

At June 30, 2021, cash and other liquid financial instruments⁵ and credit lines were sufficient to cover short-term debt maturities 1.77 times (2.4 times at December 31, 2020). There were also undrawn credit lines for an amount of €2,856 million (€3,425 million at December 31, 2020). At the end of the period, liquidity stood at €9,103 million (€8,926 million at December 31, 2020), including undrawn committed credit facilities.

3.1.9 Current assets and liabilities

The higher balances under "Inventories" are explained mainly by the rise in average Brent crude prices (+48%/+€ 24.6/bbl) and, to a lesser extent, by provisioning to increase inventory levels. "Trade and other receivables" rise mainly due to higher activity in all businesses (higher sales) because of higher demand due to fewer restrictions on mobility.

"Trade and other payables" are higher due to greater activity (increase in purchases).

As of June 30, the headings of "assets held for sale" and "related liabilities" include the fuel business in Italy (includes the network of 275 service stations and the direct fuel sales business) and productive Exploration and Production assets in Malaysia (includes participation in blocks PM3 CAA, Kinabalu and PM305/314) and in Vietnam (block 46 CN). The main consolidated balance sheet line-items for these assets and liabilities are as follows:

Millions of euros	2021	
	Repsol Italia SpA	Productive assets Malaysia
Non-current assets	87	392
Current assets	125	177
TOTAL ASSETS	212	569
Non-current liabilities	(55)	(191)
Current liabilities	(143)	(196)
TOTAL LIABILITIES AND MINORITY INTERESTS	(198)	(387)
NET ASSETS	14	182

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 2021, which contains a detailed explanation of these results and other performance figures, available at www.repsol.com.

⁵ Includes immediately available time deposits recorded under "Other current financial assets" amounting to €1,334 million.

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:

€ Million	06/30/2021	06/30/2020
Spain	9,766	8,194
United States	1,555	981
Peru	1,198	800
Portugal	1,040	945
Other	7,331	5,743
Total ⁽¹⁾	20,890	16,663

⁽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	06/30/2021	06/30/2020
Exploration and Production	1,321	881
Industrial	10,305	8,036
Commercial and Renewables	9,264	7,746
Total	20,890	16,663

The increase in revenue in the first half is explained by: (i) an increase in realization of crude and gas prices in the Exploration and Production businesses, (ii) increased demand and higher prices for oil and petrochemical products in the Industrial segment (iii) an increase in sales in the commercial businesses as a result of the rise in demand due to fewer mobility restrictions and the increase in fuel and electricity prices.

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 2021, 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.

Transport and freight

The reduction in "*Transport and freight*" reflects lower prices in the freight market and lower activity in the Trading business.

Other operating expenses

The increase in expenses is mainly explained by the worse measured value of derivatives and commitments over commodities, higher taxes associated with increased activity and prices and higher expenses for CO₂ consumption (higher prices and activity).

3.2.2 Financial results

The financial result improved compared to the first half of 2020 due to better results from specific derivatives on treasury share positions, the dollar/euro exchange rate and lower interest on debt.

3.2.3 Income tax

The effective tax rate⁶ applicable to income before taxes and before the results of entities accounted for using the equity method was 40% (tax refund expense of 767 million). In 2020, the effective tax rate on the result was 16% (income tax expense of €296 million). The change in the effective rate is mainly due to the mix of results at different nominal (significant increase in results in countries and Exploration and Production businesses with high rates).

3.2.4 Earnings per share

Earnings per share in the first six months of 2021 and 2020 are detailed below:

EARNINGS PER SHARE	06/30/2021	06/30/2020
Profit attributable to the parent (€ million)	1,235	(2,484)
Adjustment for perpetual subordinated bond (€ million) ⁽¹⁾	(34)	(25)
Weighted average number of shares outstanding on June 30 (millions of shares) ⁽²⁾	1,502	1,581
Basic and diluted earnings per share (euros/share)	0.80	(1.59)

⁽¹⁾ At June 30, 2021, this item reflects the costs of amortization of the perpetual bond issued in March 2015 (see section in Note 3.1.4).

⁽²⁾ The share capital recognized at June 30, 2020 comprised 1.626.379.018 shares, although the weighted average number of outstanding shares for the purposes of calculating earnings per share includes the effect of the capital increase undertaken as part of the "Repsol Flexible Dividend" shareholder payment system, as per the applicable accounting regulations (see Note 1.3.2 "Comparative information").

3.3 Cash Flows

In the first half **cash flow from operating activities** amounted €1,540 million, compared to €617 million in the first half of 2020. The increase was due mainly to an increase in income because of higher crude oil prices and greater demand for products in a context of greater *activity for recovery* from the international crisis triggered by COVID-19 (see Note 1.2); this effect is partly offset by the impact on working capital of the higher cost of inventories (price of inventories in the industrial businesses).

In the first half of 2021, **net cash flow from investing activities** resulted in a net outflow of €-945 million. "*Payments for/receipts from investments in property, plant and equipment, intangible assets and investment property*" (€-648 million) decreased with respect to the comparative period, reflecting a reduction in Exploration and Production investment and an increase in the effort on innovation in the new electricity businesses and renewable projects. In 2020, the "*receipts from divestments*" heading includes the settlement of deposits in the period under the heading of "*receipts from investments in other financial instruments*" and the refund of the tax (corporate income tax prepayment) attributed to the disposal of an interest in Naturgy in May 2018. For further information, see sections 5.1, 6.1 and 6.2 of the Interim Consolidated Management Report for the first half of 2021.

During the first half of 2021, **net cash flow from financing activities** resulted in a net payment of €-22 million compared to a net receipt of €587 million in 2020, due to the net issuance of equity (see Note 3.1.4) and debt (see Note 3.1.5) instruments in 2021, as well as the investment in treasury stock (see Note 3.1.4), interest (lower cost of debt compared to the first half of 2020) and dividends.

In short, *Cash and cash equivalents* increased by €593 million compared to December 31, 2020 to reach €4,914 million, which forms part of the Group's liquidity (see Note 3.1.8).

(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 2020:

⁶ 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.

United Kingdom

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

On July 13, 2015, Addax Petroleum UK Limited (“Addax”) and Sinopec International Petroleum Exploration and Production Corporation (“Sinopec”) filed a “Notice of Arbitration” against Talisman Energy Inc. (currently “ROGCI”) and Talisman Colombia Holdco Limited (“TCHL”) in connection with the purchase of 49% of the shares of TSEUK (currently Repsol Sinopec Resources UK Limited “RSRUK”). On October 1, 2015, ROGCI and TCHL submitted the answer to the “Notice of Arbitration”. On May 25, 2016, Addax and Sinopec formalized the arbitration claim, in which they requested that, in the event that their claims are upheld in full, they be paid the amount of their initial investment in RSRUK, materialized in 2012 through the purchase of 49% of this from TCHL, a wholly-owned subsidiary of ROGCI, together with any additional investment, past or future, in such company, as well as any loss of opportunity that could have occurred, which is estimated to be a total figure of approximately \$5,500 million.

The dispute relates to events which took place in 2012, prior to Repsol’s acquisition of Talisman in 2015 -and that does not involve any actions by Repsol.

ROGCI and TCHL asked the Arbitral Tribunal to dismiss the claims of Addax and Sinopec based on contractual warranties. On August 15, 2017, the Arbitral Tribunal issued a First Partial Award dismissing Addax and Sinopec warranty claims.

The Arbitral Tribunal decided, among other procedural matters, to split the procedure into two phases: the first addressing liability and the second dealing with the amount of any liability that, eventually, could have been determined.

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

The oral hearing on liability issues took place between January 29 and February 22 and between June 18 and 29, 2018, this last period being devoted mainly to the evidence of the experts proposed by the parties. The hearing on the oral conclusions was held from July 9 to 11, 2018 and the written conclusions were presented on September 29 and October 12, 2018.

On January 29, 2020, the Arbitral Tribunal issued its Second Partial Award on Reserves and found ROGCI and TCHL liable to Sinopec and Addax in respect of such matter. On April 28, 2020, Repsol challenged the Second Partial Award in the Singapore courts, as the case had been transferred to the Singapore International Commercial Court (SICC). The decision on the challenge is expected to be issued in the third quarter of 2021.

On April 20, 2021 the Arbitration Tribunal has issued a Third Partial Award in connection with the other issues in the liability phase which were awaiting determination, finding TCHL and ROGCI liable in relation to Production (overlapping with the previous award related to Reserves) and dismissing Addax and Sinopec claims on the rest of the matters (Decommissioning, Projects and Maintenance). On July 19, 2021, ROGCI and TCHL challenged this Third Partial Award in the courts of Singapore.

After this award, the arbitration proceeding will continue to the quantum phase which we do not expect to be resolved until at least the fourth quarter of 2023.

The Third Partial Award has dismissed most of Addax and Sinopec’s claims and therefore allows a better estimation of the liabilities related to this claim. Therefore, we have re-evaluated the current provision necessary to cover the corresponding risks and as a consequence of the analysis done by the company and its external lawyers and advisors, we have reduced the provision previously recorded. The company considers that the information here is sufficient in accordance with the paragraph 92 of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, because more detailed information could hamper the development and the resolution of the claim.

Additionally, on November 30, 2017 Repsol, S.A. commenced arbitration proceedings against China Petroleum Corporation and TipTop Luxembourg S.A.R.L (Sinopec Group companies) seeking relief from any adverse ruling on the arbitration mentioned above together with other damages yet unquantified. This procedure is based on their conduct towards Repsol during the months leading up to its acquisition of the Talisman Group. They are currently deciding on issues relating to the evidence. The hearing was held from May 27, 2021 to June 11, 2021 and an award is expected to be handed down during the second half of 2021. If Repsol’s claim is upheld, SINOPEC should hold Repsol harmless from any judgment in the other arbitration proceedings.

United States of America

The Passaic River / Newark Bay lawsuit

The events underlying this litigation related to the sale by Maxus Energy Corporation ("Maxus") of its former chemicals subsidiary, Diamond Shamrock Chemical Company ("Chemicals") to Occidental Chemical Corporation ("OCC"). Maxus agreed to indemnify Occidental for certain environmental contingencies relating to the business and activities of Chemicals prior to September 4, 1986. After that (1995), Maxus was acquired by YPF, S.A. and subsequently (in 1999) Repsol, S.A. acquired YPF.

In December 2005, the New Jersey Department of Environmental Protection ("DEP") and the New Jersey Spill Compensation Fund (together, the "State of New Jersey") sued Repsol YPF, S.A. (today called Repsol, S.A., hereinafter, "Repsol"), YPF, YPF Holdings Inc. ("YPFH"), CLH Holdings ("CLHH"), Tierra Solutions, Inc. ("Tierra"), Maxus and OCC for the alleged contamination caused by the former Chemicals plant which allegedly contaminated the Passaic River, Newark Bay and other bodies of water and properties in the vicinity.

On September 26, 2012 OCC lodged a Second Amended Cross Claim (the "Cross Claim") against Repsol, YPF, Maxus, Tierra and CLHH (all of which together "the Defendants") demanding, among other things, that Repsol and YPF be held liable for Maxus' debts.

Between June 2013 and August 2014, the Defendants signed different agreements with the State of New Jersey, in which they do not acknowledge liability and through certain payments in exchange for the withdrawal by the State of New Jersey of its proceedings against them. In February 2015, Repsol file a claim against OCC for the \$65 million that it had to pay to the State of New Jersey.

On April 5, 2016 the Presiding Judge decided to dismiss OCC's suit against Repsol in full. On June 17, 2016 Maxus filed for bankruptcy with the Federal Bankruptcy Court of the State of Delaware, and also requested the stay of the Cross Claim. On October 19, 2017, the Presiding Judge upheld Repsol's claim against OCC in full, ordering OCC to pay \$65 million plus interest and costs.

On September 14, 2018, Maxus (declared by the Federal Bankruptcy Court of Delaware, the successor to OCC -its main creditor- as the claimant in the Cross Claim) filed an appeal against the ruling handed down in these proceeding, and that rejected the claim between Maxus and Repsol. At the same time, OCC filed an appeal against the claim ordering them to pay the \$65 million that Repsol had to pay to the State of New Jersey. The hearing for both appeals was held on December 16, 2020.

On June 14, 2018, the Maxus Bankruptcy Administration filed a lawsuit ("New Claim") in the Federal Bankruptcy Court of the State of Delaware against YPF, Repsol and certain subsidiaries of both companies for the same claims as those contained in the Cross Claim. In February 2019, the Federal Bankruptcy Court rejected the petitions submitted by Repsol requesting that the Court reject the New Claim from the outset, which implies that the proceedings will be ongoing. Repsol maintains the view, as has been shown in the Cross Claim, that the claims made in the New Claim and in the Insurance Claim are unfounded.

On December 10, 2019, the bankruptcy managers of Maxus filed an Insurance Claim in Texas against Greenstone Assurance Limited (a historical captive reinsurance company of the Maxus Group and currently 100% owned by Repsol - "Greenstone"), claiming that this company would be required to pay Maxus compensation for the liabilities arising from the indemnity granted to OCC, by virtue of alleged insurance policies issued by Greenstone between 1974 and 1998.

Repsol holds to the opinion that the claims made in the Insurance Claim are unfounded. However, the parties reached a transactional agreement for an amount of \$25 million. The settlement agreement was executed on March 25, 2021 and the parties jointly filed with the Court a joint motion to dismiss with prejudice on March 26, 2021, which was granted by the Court on April 9, 2021.

4.2 Government and legal proceedings with tax implications

The following is an update to the information provided in Note 22.4 to the consolidated financial statements for 2020, with the latest information about proceedings opened regarding corporate income tax in Spain for the years 2006 to 2009.

In relation to the matters that the Central Economic Administrative Court had dismissed, the National High Court has issued a judgment accepting the tax incentives for R&D and, partially, the deduction of losses from business activities abroad. Against this judgment of the National Court, a cassation appeal may be filed before the Supreme Court.

4.3 Geopolitical risks

The information in this section updates the content of Note 20.3 to the consolidated financial statements for 2020.

Venezuela

In 2021, the political instability, economic recession and inflation remain. There was a significant devaluation of the Venezuelan currency against the euro (3,819,565 €/BsS compared to 1,359,495 €/BsS at December 31, 2020), with no significant impact on the Group's financial statements, since the functional currency of its subsidiaries in the country is mainly the United States dollar .

With regard to international sanctions affecting the Venezuelan government and PDVSA and its affiliates, on June 1, the US Government announced that it extends the General License 8G (now 8H) issued by OFAC to the oil company Chevron and four other US companies in the hydrocarbon sector so that these companies may not extract, sell or transport Venezuelan-origin petroleum, contract for additional personnel or pay any dividends to PDVSA or its affiliates. However, they may continue with limited activities to maintain operations that are essential for the security or preservation of their assets until December 1, 2021.

Repsol continues to take the necessary measures to maintain its activity in Venezuela in full compliance with applicable international sanctions laws, including US regulations in relation to Venezuela, and is constantly monitoring the state of affairs, and, therefore, the possible effects on its activities. However, if the current situation continues in the long term or if there are new changes to US policies, our activities in Venezuela could be affected

Repsol's total equity exposure⁷ to Venezuela at June 30, 2021 amounted to €363 million (€320 million at December 31, 2020), mainly comprising the financing extended to the Venezuelan affiliates.

Libya

Following the joint declaration of a ceasefire agreed between the United Nations-backed government officially established in Tripoli (GNA) and the Libyan National Army (LNA), endorsed by the international community in September 2020, in February 2021, the Libyan Political Dialogue Forum (FDPL), sponsored by UNSMIL (United Nations Support Mission for Libya), was held in February 2021 and managed to create a transitional government until the elections in December 2021. This Forum elected Mohammad Younes Menfi as president and the government has constituted a cabinet representative of various regions and interests, in order to reconcile the country.

Production was restored on October 11, 2020 and there have been no interruptions since then.

Repsol's equity exposure in Libya at June 30, 2021 totaled around €281 million, including mainly property, plant and equipment at that date (€289 million at December 31, 2020).

(5) OTHER INFORMATION

Regarding the preliminary investigation into certain agreements between Repsol and Cenyt, in which Repsol, S.A. was summoned for investigation, see section 7 of the Interim Consolidated Management Report for the first half of the year.

⁷ 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.

(6) SUBSEQUENT EVENTS

In July 2021, Repsol Europe Finance, B.V. issued two series of bonds guaranteed by Repsol S.A. under the EMTN Program linked to sustainability objectives (*Sustainability-Linked Bonds*) for a global amount of €1,250 million. Their main characteristics and objectives are as follows..

- i. €650 million with a fixed annual coupon of 0.375% and maturing in July 2029, linked to a 12% reduction target for the Carbon Intensity Indicator (CII⁸) by 2025; and
- ii. €600 million with a fixed annual coupon of 0.875%, with maturity in July 2033, linked to a 25% reduction target for the CII by 2030.

If the Group were to fail to meet these targets, the Bond coupon would increase by 0.25% for the first series (to be paid in 2027, 2028 and 2029) and 0.375% for the second series (to be paid in 2032 and 2033).

In July, Repsol announced the construction of two plants at the Sines Industrial Complex in Portugal (one for linear polyethylene and the other for polypropylene), each having a capacity of 300,000 tons per year, and with an estimated total investment of €657 million. These facilities, which will be operational in 2025, will produce 100% recyclable materials and can be used for highly specialized applications aligned with the energy transition in the pharmaceutical, automotive and food industries. The Portuguese government considered this an investment of potential national interest.

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

⁸ An indicator that measures carbon dioxide equivalent (CO₂e) emissions per unit of energy that the Group makes available to society, measured in grams of carbon dioxide equivalent per megajoule (CO₂e/MJ), calculated as per the Base Prospectus available at www.repsol.com.

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 2020 consolidated financial statements. The main changes in the composition of the Group during the first six months of 2021 are as follows:

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

Registered name	Country	Parent	Item	Date	06/30/2021		
					Method of consolidation (1)	% voting rights acquired	% total voting rights in entity following acquisition ⁽²⁾
Finboot Ltd.	UK	Repsol Energy Ventures, S.A.	Share increase	February 2021	E.M.	0.28 %	8.69 %
Ekiola Promoción, SL	Spain	Repsol Customer Centric, S.L.U	Acquisition	March 2021	E.M.	49.00 %	49.00 %
Ekiola Construcción, M&O, S.L.	Spain	Repsol Customer Centric, S.L.U	Acquisition	March 2021	E.M.	49.00 %	49.00 %
Ekiola Energía Comercializadora, S.L.	Spain	Repsol Customer Centric, S.L.U	Acquisition	March 2021	E.M.	51.00 %	51.00 %
Gaolania Servicios, S.L.	Spain	Repsol Customer Centric, S.L.U	Acquisition	March 2021	E.M.	70.00 %	70.00 %
SUN2HY, S.L.	Spain	Repsol Energy Ventures S.A.	Acquisition	April 2021	E.M.	50.00 %	50.00 %
Rocsole OY	Finland	Repsol Energy Ventures S.A.	Share increase	May 2021	E.M.	2.70 %	16.70 %
Repsol Renewables North America, Inc	United States	Repsol Renovables, S.L.U	Construction	May 2021	F.C.	100.00 %	100.00 %
Hecate Energy Group, LLC	United States	Repsol Renewables North America, Inc	Acquisition	June 2021	E.M.	40.00 %	40.00 %

(1) Method of consolidation:

F.C.: Full consolidation.

E.M.: Equity method. Joint ventures are identified as "JV".

(2) Corresponds to the percentage of equity in the acquired company.

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

Registered name	Country	Parent	Item	Date	06/30/2021			
					Method of consolidation (1)	% voting rights disposed or derecognized	% voting rights in entity following disposal	Profit / (Loss) generated (Millions of euros)
Ampere Power Energy, S.L.	Spain	Repsol Energy Ventures, S.A.	Partial reduction	January 2021	F.C.	0.55 %	6.63 %	—
Dubai Marine Areas, Ltd.	UK	Repsol Exploración S.A.	Liquidation	April 2021	F.C.	50.00 %	0.00 %	—
JSC Eurotek - Yugra	Russia	Repsol Exploración Karabashsky, B.V.	Partial reduction	April 2021	F.C.	0.90 %	67.40 %	2
AR Oil & Gaz, B.V.	Netherlands	Repsol Exploración S.A.	Sale	May 2021	F.C. (JV)	49.00 %	0.00 %	See note ⁽²⁾
MC Alrep, Llc.	Russia	AR Oil & Gaz, B.V.	Sale	May 2021	F.C. (JV)	49.00 %	0.00 %	See note ⁽²⁾
Saneco	Russia	AR Oil & Gaz, B.V.	Sale	May 2021	F.C. (JV)	49.00 %	0.00 %	See note ⁽²⁾
TNO (Tafnefteotdacha)	Russia	AR Oil & Gaz, B.V.	Sale	May 2021	F.C. (JV)	48.79 %	0.00 %	See note ⁽²⁾
Finboot Ltd.	UK	Repsol Energy Ventures S.A.	Partial reduction	May 2021	F.C.	0.15 %	8.54 %	—
Nudo Manzanares 220 KV, A.I.E.	Spain	Tramperase, S.L.	Partial reduction	May 2021	F.C.	9.66 %	27.60 %	—

(1) Method of consolidation:

F.C.: Full consolidation.

E.M.: Equity method. Joint ventures are identified as "JV".

(2) They correspond to the perimeter of the sale transaction of the Group's stake in AR Oil & Gas, which generated an after-tax result of €-88 million.

APPENDIX II. OTHER DETAILED INFORMATION

Financial instruments

Financial assets

The breakdown of the Group's financial assets, categorized by asset type, is as follows:

€ Million	June 30, 2021 and December 31, 2020							
	At FV through profit or loss		At fair value through other comprehensive income		At amortized cost ⁽⁵⁾		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Equity instruments ⁽¹⁾	28	37	87	86	—	—	115	123
Derivatives ⁽²⁾	166	93	3	1	—	—	169	94
Loans	—	—	—	—	715	697	715	697
Time deposits	—	—	—	—	2	5	2	5
Other financial assets	24	28	—	—	16	16	40	44
Non-current	218	158	90	87	733	718	1,041	963
Derivatives ⁽²⁾	276	268	117	125	—	—	393	393
Loans	—	—	—	—	272	199	272	199
Time deposits	—	—	—	—	1,339	1,181	1,339	1,181
Cash and cash equivalents ⁽³⁾	4	3	—	—	4,910	4,318	4,914	4,321
Other financial assets	—	—	—	—	15	11	15	11
Current	280	271	117	125	6,536	5,709	6,933	6,105
TOTAL ⁽⁴⁾	498	429	207	212	7,269	6,427	7,974	7,068

⁽¹⁾ Includes non-controlling financial investments in certain companies over which it does not have management influence.

⁽²⁾ Includes cash flow hedging derivatives (through other comprehensive income) amounting to €117 million (€125 million in 2020).

⁽³⁾ 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.

⁽⁴⁾ Does not include "Other non-current assets" and "Trade and other receivables" in the consolidated balance sheet, which at June 30, 2021 and December 31, 2020 amounted to €893 million and €833 million long-term, and €4,909 million and €3,856 million short-term, respectively, corresponding to trade receivables net of the corresponding provisions for impairment.

⁽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:

€ Million	June 30, 2021 and December 31, 2020							
	At fair value ⁽²⁾		At amortized cost		Total		Fair value ⁽³⁾	
	2021	2020	2021	2020	2021	2020	2021	2020
Bonds and obligations	—	—	5,330	5,513	5,330	5,513	5,785	6,005
Loans ⁽¹⁾	—	—	—	3,250	—	3,250	—	3,250
Lease liabilities	—	—	2,434	2,505	2,434	2,505	n/a	n/a
Bank borrowings	—	—	626	667	626	667	560	675
Derivatives ⁽²⁾	191	145	—	—	191	145	190	145
Other financial liabilities	—	—	88	87	88	87	88	87
Non-current	191	145	8,478	12,022	8,669	12,167	6,623	
Bonds and obligations	—	—	3,269	2,438	3,269	2,438	3,280	2,471
Loans	—	—	1,062	430	1,062	430	1,062	430
Lease liabilities	—	—	477	486	477	486	n/a	n/a
Bank borrowings	—	—	337	270	337	270	337	272
Derivatives ⁽¹⁾	497	452	—	—	497	452	498	452
Other financial liabilities	—	—	7	12	7	12	1	12
Current	497	452	5,152	3,636	5,649	4,088	5,178	
TOTAL	688	597	13,630	15,658	14,318	16,255	11,801	

⁽¹⁾ Included mainly the loan granted by Repsol Sinopec Brasil B.V (see Note a 3.1.2).

⁽²⁾ In 2021, includes non-current and current hedging derivatives amounting to €65 million and €104 million, respectively (€78 million and €4 million in 2020).

⁽³⁾ "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 the debentures and marketable securities at June 30 is as follows:

ISIN	Issuer	Date of issue	Currency	Nominal amount (millions)	Average rate %	Maturity	Listed ⁽⁵⁾
US87425EAE32 ⁽³⁾	Repsol Oil & Gas Canadá Inc.	Oct-97	Dollar	50	7.250%	Oct-27	-
US87425EAH62 ⁽³⁾	Repsol Oil & Gas Canadá Inc.	May-05	Dollar	88	5.750%	May-35	-
US87425EAJ29 ⁽³⁾	Repsol Oil & Gas Canadá Inc.	Jan-06	Dollar	102	5.850%	Feb-37	-
US87425EAK91 ⁽³⁾	Repsol Oil & Gas Canada Inc.	Nov-06	Dollar	115	6.250%	Feb-38	-
US87425EAN31 ⁽³⁾	Repsol Oil & Gas Canada Inc.	May-12	Dollar	57	5.500%	May-42	-
XS0975256685 ⁽¹⁾	Repsol International Finance, B.V.	Oct-13	Euro	1,000	3.625%	Oct-21	LuxSE ⁽⁶⁾
XS1148073205 ⁽¹⁾	Repsol International Finance, B.V.	Dec-14	Euro	500	2.250%	Dec-26	LuxSE ⁽⁶⁾
XS1207058733 ⁽²⁾	Repsol International Finance, B.V.	Mar-15	Euro	1,000	4.500% ⁽⁴⁾	Mar-75	LuxSE ⁽⁶⁾
XS1352121724 ⁽¹⁾	Repsol International Finance, B.V.	Jan-16	Euro	100	5.375%	Jan-31	LuxSE ⁽⁶⁾
XS1613140489 ⁽¹⁾	Repsol International Finance, B.V.	May-17	Euro	500	0.500%	May-22	LuxSE ⁽⁶⁾
XS2035620710 ⁽¹⁾	Repsol International Finance, B.V.	Aug-19	Euro	750	0.250%	Aug-27	LuxSE ⁽⁶⁾
XS2156581394 ⁽¹⁾	Repsol International Finance, B.V.	Apr-20	Euro	750	2.000%	Dec-25	LuxSE ⁽⁶⁾
XS2156583259 ⁽¹⁾	Repsol International Finance, B.V.	Apr-20	Euro	750	2.625%	Apr-30	LuxSE ⁽⁶⁾
XS2241090088 ⁽¹⁾	Repsol International Finance, B.V.	Oct-20	Euro	850	0.125%	Oct-24	LuxSE ⁽⁶⁾
XS2343835315 ⁽¹⁾	Repsol International Finance, B.V.	May-21	Euro	300	EUR 3m + 0.7%	May-23	LuxSE ⁽⁶⁾

NOTE: Excludes perpetual subordinated bonds, which qualify as equity instruments for an outstanding nominal amount of €2,250 million at June 30 (see Note 3.1.4 of this document and Note 6.4 of the 2020 consolidated financial statements), and bonds issued in July 2021 (see Note 6).

⁽¹⁾ Issues made under the EMTN Program, which is guaranteed by Repsol, S.A.

⁽²⁾ Subordinated bond issued by RIF and guaranteed by Repsol, S.A. This issue does not correspond to any open-ended or shelf program.

⁽³⁾ Repsol Oil & Gas Canada, Inc. issues guaranteed by Repsol, S.A.

⁽⁴⁾ Coupon scheduled for reset on March 25, 2025 and March 25, 2045.

⁽⁵⁾ Multilateral trading facilities or other trading centers or non-official over-the-counter markets are not considered.

⁽⁶⁾ LuxSE (Luxembourg Stock Exchange).

Fair value of financial instruments

The classification of the financial instruments recognized in the interim financial statements at their fair value at June 30, 2021 and December 31, 2020, is as follows:

€ Million	June 30, 2021 and December 31, 2020							
	Level 1		Level 2		Level 3		Total	
Financial assets	2021	2020	2021	2020	2021	2020	2021	2020
At fair value through profit or loss	237	129	233	263	28	37	498	429
At fair value through other comprehensive income	117	19	3	107	87	86	207	212
Total	354	148	236	370	115	123	705	641
Financial liabilities	2021	2020	2021	2020	2021	2020	2021	2020
At FV through profit or loss	414	113	274	484	—	—	688	597
Total	414	113	274	484	—	—	688	597

For further details of the calculation methodology and the fair value hierarchy, see Notes 7.6 of the 2020 consolidated financial statements.

Interest rate reform

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

As to the hedging relations pegged to LIBOR/EURIBOR according to the Interest Rate Benchmark Reform - Amendments to IFRS 9 and IAS 39 we believe that the cash flows of the hedging instrument and the hedged item will not be altered as a result of the reform.

In addition, the Group is monitoring regulatory and market developments for an orderly transition. In this regard, the Group began to include a reference to risk-free rates in the new contracts, and specific clauses are included to govern permanent cessation events. In relation to existing contracts that will continue to be in force after the reform, the mechanisms for determining substitute benchmarks and market alternatives (i.e. ISDA 2020 IBOR, Fallbacks Protocol) are being reviewed to resolve permanent cessation events. Specifically, as of June 2021, newly created contracts will not include references to GBP LIBOR, EUR LIBOR and EONIA. Regarding new contracts negotiated in USD, although they may be referenced to USD LIBOR until 12/31/2021, as far as possible, the corresponding risk-free substitute rate will be incorporated. In any event, a permanent end to USD LIBOR referencing will be regulated after 12/31/2021.

In the second half of 2021, depending on the rate cessation date, existing contracts referenced to GBP LIBOR, EUR LIBOR and EONIA will be renegotiated to eliminate any mention of a LIBOR rate in these currencies. As regards adapting contracts referenced to USD LIBOR. Regarding the adaptation of contracts referenced to USD LIBOR, following the announcement on March 5, 2021 by the Financial Conduct Authority (FCA) of the United Kingdom of the cessation of this rate as of June 30, 2023 (18 months later than expected) for the majority of its terms, this matter will be addressed in 2022, since no instruments were found to include the 1-week or 2-month USD LIBOR (the only terms that will disappear on December 31, 2021).

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

The main financial assets and liabilities referenced to LIBOR rates as of June 30, 2021, in which the rate is a main element of the contract, are itemized below:

<i>€ Million</i>	06/30/2021
	Amount /Notional
Financial assets (excluding derivatives) ⁽¹⁾:	
USD LIBOR	156
Financial liabilities (excluding derivatives) ⁽²⁾:	
USD LIBOR	1,299
Derivatives ⁽³⁾:	
USD LIBOR	466

⁽¹⁾ Includes mainly current accounts and deposits.

⁽²⁾ Includes mainly loans.

⁽³⁾ Corresponds to hedging of dollar cash flows in interest rate swaps related to financing the investment in the Canaport LNG project (Canada), with a negative fair value of €65 million, as of June 30, 2021. For more information, see Note 9.1 of the 2020 consolidated financial statements.

Additionally, there are clearing accounts, interest-bearing accounts and credit facilities with interest rates based on previous rates, in which a supplementary clause allows the bank to modify the fees, remunerations and the interest rate at the moment they stop being published.

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, 2021, for the purposes of presenting this information, the following are considered to be related parties:

- a. Significant shareholders: Sacyr, S.A. (see Note 3.1.4).
- 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 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 Consolidated Financial Statements for 2020).

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

Expenses and revenues

€ Million	06/30/2021				06/30/2020			
	Significant shareholders	Directors and executives ⁽¹⁾	People, companies or entities within the Group	Total	Significant shareholders	Directors and executives ⁽¹⁾	People, companies or entities within the Group	Total
EXPENSES AND REVENUE								
Finance costs	—	—	14	14	—	—	53	53
Leases	1	—	—	1	1	—	—	1
Service receptions	11	—	18	29	12	—	24	36
Purchase of goods ⁽²⁾	—	—	446	446	—	—	484	484
Other expenses ⁽³⁾	—	—	18	18	—	—	83	83
TOTAL EXPENSES	12	—	496	508	13	—	644	657
Finance income	—	—	34	34	—	—	45	45
Service provisions	—	—	1	1	2	—	2	4
Sale of assets ⁽⁴⁾	8	—	123	131	38	—	117	155
Other revenue	—	—	25	25	1	—	36	37
TOTAL REVENUE	8	—	183	191	41	—	200	241

Other transactions

€ Million	06/30/2021				06/30/2020			
	Significant shareholders	Directors and executives ⁽¹⁾	People, companies or entities within the Group	Total	Significant shareholders	Directors and executives ⁽¹⁾	People, companies or entities within the Group	Total
OTHER TRANSACTIONS								
Funding agreements: credit and capital contributions (creditor) ⁽⁴⁾	—	—	119	119	—	—	211	211
Funding agreements: loans and capital contributions (borrower) ⁽⁵⁾	—	—	185	185	—	—	775	775
Guarantees and sureties given ⁽⁶⁾	—	—	498	498	—	—	566	566
Guarantees and sureties received	10	—	10	20	8	—	5	13
Commitments assumed ⁽⁷⁾	16	—	1	17	78	—	62	140
Dividends and other profits distributed ⁽⁸⁾	28	—	—	28	3	—	—	3
Other operations ^{(9) (10)}	8	—	2,603	2,611	5	—	822	827

Closing balances

€ Million	06/30/2021				06/30/2020			
	Significant shareholders	Directors and executives ⁽¹⁾	People, companies or entities within the Group	Total	Significant shareholders	Directors and executives ⁽¹⁾	People, companies or entities within the Group	Total
CLOSING BALANCES								
Customers and trade receivables	2	—	93	95	1	—	87	88
Loans and credits granted	—	—	947	947	—	—	934	934
Other receivables	—	—	89	89	—	—	90	90
TOTAL RECEIVABLES BALANCES	2	—	1,129	1,131	1	—	1,111	1,112
Suppliers and trade payables	8	—	16	24	8	—	181	189
Loans and credits received ⁽¹⁰⁾	—	—	1,015	1,015	—	—	3,977	3,977
Other payment obligations ⁽¹¹⁾	—	—	—	—	55	—	1	56
TOTAL PAYABLE BALANCES	8	—	1,031	1,039	63	—	4,159	4,222

NOTE: In 2020 the tables for Expenses and Income and Other transactions include transactions with the Temasek group up until April 16 (date of sale of the entire interest).

⁽¹⁾ Includes any transactions performed with executives and directors not included in the following section "Remunerations to 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 2021 and 2020 "People, companies or entities within the Group" includes mainly sales of products to Iberian Lube Base Oil, S.A. (ILBOC) and Dynasol Group for €101 million and €49 million in 2021 and €78 million and €28 million in 2020, respectively. In 2020 "Significant shareholders" included mainly the sales of crude oil to the Temasek group.
- (5) Includes mainly loans and credit facilities granted to Group companies by 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 2021 the amounts shown as dividends and other benefits distributed include the corresponding amounts for the sale to Repsol, at the guaranteed fixed price, of the bonus share rights derived from the bonus share capital increase finalized in January 2021, in the framework of the "Repsol Flexible Dividend" remuneration program (see Note 4.1.4).
- (9) In 2021 and 2020 "People, companies or entities within the Group" includes mainly the cancellations of guarantees and/or loan amortizations provided to joint ventures in the UK and financing agreements.
- (10) This change can mainly be attributed to the allocation of financial assets of Repsol Sinopec Brasil, B.V. (see Note 3.1.2).
- (11) In 2020 "Significant Shareholders" includes the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of the bonus share rights arising from bonus capital increase closed in July 2020. The rights were recorded as accounts payable. Does not include the amount corresponding to cash dividends to be paid in July 2021 and January 2022 (see Note 3.1.4).

Remuneration of the members of the Board of Directors and executives ⁹

The information in this section is provided by way of an update on the contents of Notes 27 and 28 to the consolidated financial statements for 2020.

During the first half of 2021, a total of 16 people sat on the Board of Directors and 10 people on the Executive Committee.

The table below details the remunerations accrued during the first half of 2021 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.

Directors	€ Thousand	
	1H 2021	1H 2020
Remuneration for membership of the Board and/or Board committees	3,474	3,468
Wages	600	600
Variable remuneration in cash	761	891
Share-based remuneration systems	163	104
Compensation	—	—
Long-term savings systems ⁽¹⁾	127	127
Other items ⁽²⁾	124	111
Total remunerations received by the Directors	5,249	5,301
Total remunerations received by the Executive personnel ⁽³⁾⁽⁴⁾	5,726	6,018

(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 €11 thousand in the first half of 2021 and 2020).

(3) Includes the contributions to the pension plans, contributions to savings plans and life and accident insurance premiums (including in the latter instance the corresponding payments on account) totaled €647 thousand (€666 thousand in 2020).

(4) Excludes executives who are also directors of Repsol, S.A., who are instead included in the remuneration paid to directors.

Share Purchase Program aimed at Beneficiaries of the Long-Term Incentive Programs and Plans for Share Acquisition and Share Purchases for Employees.

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

A total of 180 employees and executive personnel have been included in the eleventh cycle of the 2021-2024 Plan, acquiring a total of 181,660 shares on May 27, 2021, at an average price of €11.0414 per share. Additionally, shares delivered to the CEO as a partial payment of the 2017-2020 Incentive Program, which amounted to 19,337 shares, 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 200,997 shares.

⁹ For reporting purposes in this section, Repsol considers "key management personnel" to be the members of the Executive Committee. The above 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.

Thus, the maximum share delivery commitment corresponding to this eleventh cycle by the Group with employees who meet the requirements of the Plan after the three years in which it remains in force, comes to 66,999 shares.

As part of the eleventh cycle, the current members of the Executive Committee, have acquired a total of 99.517 shares.

In addition, the eighth cycle of the Plan vested on May 31, 2021. As a result, 136 beneficiaries of this cycle vested rights to a total of 40,887 shares (receiving a total of 30,174 shares after deducting the payment of income tax on account to be paid by the Company). The members of the Executive committee, together with the other Executive Directors, vested rights to 20,232 shares (after deducting the payment of income tax on account to be paid by the Company, they received a total of 14,028 shares).

ii.) *“Share Acquisition Plan”*

During the first half of 2021, the Group purchased 519,525 treasury shares for €5,334,115.08 which were delivered to employees. The members of the Executive Committee acquired a total of 4,088 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 the first half of 2021, a total of 3,915 Group employees purchased 65.391 shares at an average price of 8.87 euro per share. This purchase represented the end of the Global Share Purchase Plan for TU REPSOL employees, which began in 2020. The total number of shares purchased under the Plan was 916,537. Thus, the maximum commitment to deliver shares to employees who, after the two years corresponding to the vesting period, have satisfied the requirements of the Plan, comes to 458.268 shares.

The current members of the Executive Committee participate in the Plan with a total of 1,848 shares.

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

Average headcount

The average headcount at June 30, 2021 and 2020 can be seen below:

	06/30/2021	06/30/2020
Men	14,758	15,190
Women	8,924	9,077
Average headcount	23,682	24,267

APPENDIX III. SEGMENT REPORTING 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 2021 and 2020 is as follows:

€ Million	First half											
	Adjusted income		ADJUSTMENTS								IFRS-EU income	
			Reclassification of joint ventures		Special items		Inventory effect ⁽²⁾		Total adjustments			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Operating net income	1,679 ⁽¹⁾	494 ⁽¹⁾	(155)	843	(475)	(1,500)	675	(1,507)	45	(2,164)	1,724	(1,670)
Financial result	(111)	(136)	75	22	206	(51)	—	—	281	(29)	170	(165)
Net income from companies accounted for using the equity method - net of tax	4	7	113	(986)	—	1	—	—	113	(985)	117	(978)
Income before tax	1,572	365	33	(121)	(269)	(1,550)	675	(1,507)	439	(3,178)	2,011	(2,813)
Income tax	(619)	(172)	(33)	121	56	(36)	(171)	383	(148)	468	(767)	296
Net income	953	193	—	—	(213)	(1,586)	504	(1,124)	291	(2,710)	1,244	(2,517)
Profit attributable to non-controlling interests	6	(4)	—	—	—	1	(15)	36	(15)	37	(9)	33
Net income attributable to the parent	959	189	—	—	(213)	(1,585)	489	(1,088)	276	(2,673)	1,235	(2,484)

⁽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:

Segments	€ Million					
	Customers		Inter-segment		Total	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Upstream	2,142	1,520	846	630	2,988	2,150
Industrial	10,478	8,164	5,895	4,639	16,373	12,803
Commercial and Renewables	9,366	7,828	69	38	9,435	7,866
Corporate	1	1	—	—	1	1
(-) Adjustments and eliminations of operating income between segments			(6,810)	(5,307)	(6,810)	(5,307)
TOTAL	21,987	17,513	—	—	21,987	17,513

Appendix II of the Interim Consolidated Management Report for the first half of 2021 presents the balance sheet, the income statement and the statement of cash flows prepared according to the Group's reporting model

The reconciliation of other figures shown in Note 3 to those in IFRS-EU during the first six months of 2021 and 2020 is as follows:

	€ Million	
	06/30/2021	06/30/2020
Revenue from ordinary activities ⁽¹⁾	21,987	17,513
<i>Adjustments</i>		
Upstream	(821)	(639)
Industrial	(174)	(129)
Commercial and Renewables	(102)	(82)
Revenue from ordinary activities IFRS-EU (2)	20,890	16,663
Operating net income ⁽¹⁾	1,679	494
<i>Adjustments</i>		
Upstream	(386)	(593)
Industrial	595	(1,509)
Commercial and Renewables	27	(43)
Corporate	(191)	(19)
Operating net income IFRS-EU	1,724	(1,670)
Capital employed, continuing operations ⁽¹⁾	27,348	30,966
<i>Adjustments</i>		
Upstream	(144)	2,728
Industrial	—	20
Commercial and Renewables	3	14
Capital employed	27,207	33,728

⁽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 IV. REGULATORY FRAMEWORK

The information contained in this section updates the Spanish regulatory framework content in Appendix III of the consolidated financial statements for 2020:

Spain

Climate change

Following the Paris Agreement, the commitments assumed by the signatory parties in their respective "Nationally Determined Contributions" had an important impact on the development of new climate policies and the approval of new regulations. The European Union (EU), a signatory to the Agreement, has assumed a commitment to be climate neutral by 2050. To this end, in December 2019, the European Commission presented "The European Green Deal". It constitutes the EU's new growth strategy, aiming to transform completely the European economy, and includes the following proposals for 2021: (i) European Climate Law (now adopted and pending signature and formal publication), which includes a legally binding target of zero net greenhouse gas emissions by 2050; and (ii) the Fit for 55 Package, a set of proposals to reduce greenhouse gas emissions in 2030 by at least 55% compared to 1990. These interconnected proposals reach across a range of policy areas and economic sectors.

In Spain, the "Strategic Energy and Climate Framework" includes as fundamental pillars: (i) the National Integrated Energy and Climate Plan; (ii) the Strategy for a Just Transition; and (iii) the Climate Change and Energy Transition Law (published in May 2021), which establishes, at national level, minimum objectives for reducing greenhouse gas emissions, penetration of renewable energies and improving energy efficiency by 2030, with a commitment to be climate neutral by 2050, or as soon as possible.

In relation to mobility, the Climate Change and Energy Transition Law establishes:

- the introduction of annual targets for the integration of renewable energies and the supply of sustainable alternative fuels in transport, with special emphasis on advanced biofuels and other renewable fuels of non-biological origin.
- regarding passenger cars and light commercial vehicles, the obligation on Public Administrations to adopt the necessary measures for their vehicle fleets to be free of direct CO₂ emissions by 2050, and, no later than 2040, for these fleets to be made up of vehicles with 0g CO₂/km emissions in accordance with community regulations, excluding any registered as historic vehicles not intended for commercial use.
- the obligation on licensees of fuel supply facilities and vehicle fuels to install an infrastructure for alternative fuels (for more information, see the following section "Alternative Fuels").

The Climate Change and Energy Transition Law also provides that, as of its entry into force, no new exploration authorizations, hydrocarbon research permits or exploitation concessions will be granted in the national territory. Permits and concessions already in force that are located in territorial waters, the exclusive economic zone and the continental shelf shall, in any case, not be extended beyond December 31, 2042.

Also to be noted: (i) the Hydrogen roadmap (published in October 2020), focused on the development of renewable hydrogen, with the aim of positioning Spain as a technological benchmark in it the production and use, while also contributing to achieve objectives such as becoming climate neutral, the use of surplus renewable energy and the decarbonization of sectors where electrification is not viable or profitable; and (ii) the 2050 Long-Term Decarbonization Strategy (published 11/3/2020), to move toward climate neutrality by the 2050 horizon, with milestones in 2030 and 2040.

Alternative fuels

Directive 2018/2001, on promoting the use of energy from renewable sources, provides that, in order to integrate the use of renewable energy in the transport sector, each Member State shall impose an obligation on fuel suppliers to ensure that the quota of renewable energy in final energy consumption in the transport sector is at least 14% by 2030, at the latest. This Directive is partially incorporated into our legal system through Royal Decree (RD) 205/2021 of March 30 (which modifies Royal Decree 1085/2015 of December 4, promotion of biofuels), establishing minimum mandatory targets for the sale or consumption of biofuels in the years 2021 and 2022 of 9.5% and 10% energy content, respectively.

Royal Decree 639/2016, of December 9, established a framework of measures for the implementation of an infrastructure for alternative fuels, including charging points for electric vehicles and natural gas and hydrogen refueling points. To guarantee the existence of sufficient electric recharge facilities, the Climate Change and Energy Transition Law introduces the obligation to install electric recharge infrastructures in service stations that have annual gasoline and diesel sales exceeding 5 million liters. This recharging infrastructure must have a power equal to or greater than 150 kW or 50 kW of direct current, depending on the volume of sales (greater than 10 or 5 million liters sold in 2019). From 2021, new installations or refurbished installations that require renewal of their official certification, the minimum power required will be 50 kW of direct current.

United States of America

Orders from the Biden Administration

On January 27, 2021, President Biden issued an Executive Order titled "Addressing the climate crisis at home and abroad." This Executive Order provides, among other things, "

To the extent consistent with applicable law, the Secretary of the Interior shall pause new oil and natural gas leases on public lands or in offshore waters pending completion of a comprehensive review and reconsideration of Federal oil and gas permitting and leasing practices in light of the Secretary of the Interior's broad stewardship responsibilities over the public lands and in offshore waters, including potential climate and other impacts associated with oil and gas activities on public lands or in offshore waters.

The Secretary of the Interior shall complete that review in consultation with the Secretary of Agriculture, the Secretary of Commerce, through the National Oceanic and Atmospheric Administration, and the Secretary of Energy. In conducting this analysis, and to the extent consistent with applicable law, the Secretary of the Interior shall consider whether to adjust royalties associated with coal, oil, and gas resources extracted from public lands and offshore waters, or take other appropriate action, to account for corresponding climate costs. The Executive Order does not specify any duration for the pause on new oil and natural gas leases.

There is pending litigation regarding Executive Order 14008. On June 15, 2021, a United States District Judge in Louisiana issued a preliminary injunction, with nationwide scope, against the "pause" of new oil and natural gas leases on public lands or in offshore waters found in Section 208 of this Executive Order.