



## Repsol posts net income of €2.499 billion

- The **execution of the 2021-2025 Strategic Plan and the company's integrated business model** have enabled the company to return to its pre-pandemic results, with a **net income of €2.499 billion**.
- **Adjusted net income**, which measures the performance of the businesses, was **€2.454 billion in 2021**, with positive figures in all business segments that have led to **an acceleration of decarbonization targets to achieve zero net emissions**.
- **Net debt decreased by 15%** during the year due to **higher operating cash flow**, driven by a **significant improvement in EBITDA which tripled in 2021 to €8.170 billion**.
- **Exploration and Production** income was **€1.687 billion**, a product of prioritizing value over volume and of the rise in the price of raw materials. The **Industrial** business posted a profit of **€606 million** in an environment of gradually recovering demand.
- The recovery in sales and the greater contribution of low-carbon generation following the start-up of new projects led to **an improved result from the Commercial and Renewables unit**, which reached **€542 million**.
- The **solid financial position**, together with the **business performance** and improved pricing environment, underpin the **proposed cash dividend increase of 5% to €0.63 per share this year**, which will be submitted for approval at the General Shareholders' Meeting, together with a **share capital reduction of 75 million shares**, equivalent to 4.91%.

### Josu Jon Imaz, Chief Executive Officer of Repsol.

"These results demonstrate the fulfillment and effectiveness of the pillars of our 2021-2025 Strategic Plan in its first year of implementation. They reinforce a solid financial position accompanied by our commitment to increase shareholder remuneration, our commitment to industry as a vehicle for the energy transition, and our progress in our ambition to be a carbon neutral company by 2050."

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**€2.454 B**

Adjusted net income

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**€2.839 B**

Free cash flow

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**€1.016 B**

Reduction in net debt to  
€5.762 billion

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**€0.63 /share**

Cash dividend in 2022,  
increased by 5%

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**€5.453 B**

Cash flow from operations





Repsol posted net income of €2.499 billion last year. In the first year of the 2021-2025 Strategic Plan, the application of measures aimed at efficiency and transformation, with the ambition of becoming a carbon neutral company by 2050, allowed the company to take advantage of the context of progressive recovery of the global economy. As a result, pre-pandemic earnings levels were reached, both in terms of results and business cash flow generation, which enabled a considerable reduction in net debt and the promotion of renewable projects.

**Josu Jon Imaz: "These results demonstrate the fulfillment and solidity of the axes of our Strategic Plan in its first year of implementation"**

Adjusted net income, which specifically measures business performance, reached €2.454 billion in 2021, compared with €600 million the previous year. In addition to exceeding the €2.042 billion achieved in 2019, the last fiscal year before the COVID-19 crisis, it shows the effectiveness of the company's new strategy. The improved performance was evident in the fourth quarter, when adjusted net income stood at €872 million.

Repsol's integrated business model was fundamental in 2021 to achieve positive figures that exceeded the previous year, both in Exploration and Production and in the Industrial and Commercial and Renewables units.

The performance of the Exploration and Production business was particularly noteworthy, influenced by the upward trend in raw material prices and the efficiency measures implemented that prioritize value over volume. The number of countries in which we are present has been reduced to fifteen, concentrating activity in areas where the company has competitive advantages.

In terms of crude oil and gas prices, Brent traded for the year at an average of \$70.9 per barrel, up substantially from early 2021, and the Henry Hub averaged \$3.9 per MBtu.

In the Industrial business, the Chemicals area posted a remarkable performance for the year as a whole. The recovery of sales in Mobility and Aviation, once the restrictions on mobility as a result of the pandemic were eased with a gradual recovery in demand for fuels, and the greater contribution of Renewables and Low Carbon Generation to the Group also boosted the results.

**Operating cash flow generation increased by 70% to €5.453 billion**

In this context, operating cash flow generation reached €5.453 billion, 70% higher than the previous year, driven by EBITDA that increased significantly in all businesses to €8.170 billion. Free cash flow increased by 43% to €2.839 billion, thanks to the performance of the Exploration and Production business.

During the year, Repsol increased its investments by 30% to €2.994 billion, of which €829 million were allocated to the Commercial and Renewables business. Repsol leads its sector in the percentage of investments it will allocate to low-carbon businesses in the coming years, according to a Wood Mackenzie report from November.

In addition, during the year Repsol reduced its debt by €1.016 billion, or 15%, to €5.762 billion. The company's leverage (net debt/capital employed) stands at 20%, significantly bettering the target set out in the Strategic Plan. Liquidity at year-end amounted to €10.606 billion, sufficient to cover 2.95 times short-term debt maturities.



Shareholder remuneration has been another priority for the year. Higher cash generation from commodity prices that were higher than those contemplated in the Strategic Plan scenario, together with the performance of the businesses, allowed the company to improve shareholder remuneration for 2022 compared to the initial announcement in the Strategic Plan.

Thus, the Board of Directors will propose at the next Ordinary General Shareholders' Meeting an increase in the cash dividend of 5%, to €0.63 per share, together with a reduction in share capital through the redemption of 75 million treasury shares, representing approximately 4.91% of Repsol's share capital as of December 31, 2021.

## Greater ambition in decarbonization accompanied by a pioneering sustainable financing strategy

### Repsol issued Eurobonds linked to sustainability targets for €1.250 billion

To accompany the energy transition process, Repsol approved a [comprehensive sustainable financing strategy](#), becoming the first company in its sector to present a comprehensive framework that incorporates both instruments aimed at financing specific projects (green and transition), as well as those linked to sustainable company commitments (Sustainability Linked Bonds).

As part of this strategy, which offers flexibility and transparency, Eurobonds linked to sustainability objectives were issued, the first of their kind in Spain, for a total amount of €1.250 billion, in which demand exceeded supply several times over - a sign of investor appetite.

### 35% of Repsol's investments between 2021 and 2025 will be allocated to low-carbon initiatives

In parallel, in the second half of the year, Repsol announced an increase in its renewable generation and emissions reduction targets, along with increased investment in low-carbon solutions to accelerate its transformation.

Specifically, the company announced an increase in investment in the 2021-2025 period to €19.3 billion, with an additional €1 billion compared to the initial forecast aimed at renewable electricity generation and emission-free hydrogen production and to promote other low-carbon initiatives. Thus, 35% of the investments made by Repsol between 2021 and 2025 will be allocated to low-emission initiatives.

Likewise, in the last quarter of the year, the company increased its intermediate decarbonization targets, with a reduction in the Carbon Intensity Indicator compared to 2016 of 15% in 2025, 28% in 2030 and 55% in 2040.

### The contribution of the Digital Program amounted to €600 million in 2021.

One of the pillars of Repsol's transformation and of the 2021-2025 Strategic Plan is digitization. With artificial intelligence, big data, operations automation and cloud solutions as the main axes to transform businesses, build customer loyalty and accelerate the energy transition, the contribution of the Digital Program at the

end of 2021 amounted to €600 million. The positive impact of digitalization projects is expected to reach €800 million this year.

In 2021, Repsol, together with other large companies, created [IndesIA](#), Spain's first industrial data economy and artificial intelligence consortium, with a European ambition and willingness to integrate other companies and sectors. At the end of June, Repsol announced that it would commercialize, together with Accenture, its ARiA big data and artificial intelligence platform.



## Efficient business development for the energy transition

Last year, the implementation of the 2021-2025 Strategic Plan marked the performance of Repsol's businesses, with an efficient evolution aimed at energy transition and the promotion of new projects and objectives to accelerate its transformation in an environment of ongoing economic recovery.

The **Exploration and Production** unit posted a result of €1.687 billion euros in 2021, well above the €195 million of the previous year, supported by the recovery of international raw material benchmark prices. The business successfully complied with the Strategic Plan objectives and prioritized value over volume, making progress on focusing on key geographic areas, with a current presence in 15 countries.

### Repsol has obtained a permit to evaluate the geothermal potential in Gran Canaria

Average production was 572,000 barrels of oil equivalent a day. In line with the strategy and with a very selective exploratory campaign, hydrocarbon discoveries were made in the United States, Mexico, Indonesia and Bolivia, the latter with hydrocarbon volumes that constitute around 1 TCF of estimated resources in the Boicobo Sur-X-1ST well.

In line with its strategy of focusing on areas where it has greater competitive advantages, Repsol sold its Exploration and Production assets in Malaysia and Vietnam, in addition to its stake in the Arog joint venture in Russia. This year, the company completed the sale of its stake in the exploratory blocks it owned through its association with Gazprom Neft. In addition to these operations, in 2021 Repsol ended oil production in Spain and exploration activity in several countries. In 2022, Repsol completed the sale of its production assets in Ecuador. The unit has also made progress in the development of key projects in the United States, Colombia and Norway.

Also, as part of the company's multi-energy approach, Repsol has obtained a permit to evaluate the geothermal potential on the Spanish island of Gran Canaria. Geothermal energy produces continuous and stable renewable energy which could increase the energy independence of the islands.

The Exploration and Production unit aims to reduce the intensity of its CO<sub>2</sub> emissions by 75% in the 2021-2025 period. Carbon capture and storage will play a key role in the development of new projects and in 2027 the company will start up a 2 million tons of CO<sub>2</sub> per year capture and storage project in Sakakemang (Indonesia), one of the largest of its kind in the world and Repsol's and Indonesia's first.

The **Industrial division** posted a solid result of €606 million, doubling the €297 million achieved in the same period of the previous year. The Chemicals business, driven by high international margins, achieved a remarkable performance, and the Refining business adapted its production, logistics and commercial schemes to an environment of low margins and lower demand caused by the global health crisis, which is gradually recovering.

Repsol's industrial complexes are carrying out significant projects and investments that reinforce the industry as an engine to overcome the crisis caused by the global pandemic and also deepen the transformation to multi-energy hubs capable of generating products with low, zero or even a negative carbon footprint. These projects drive new business models based on digitalization and technology, guaranteeing its future, profitability and economic activity. These projects - related to renewable hydrogen, the circular economy, the use of recyclable materials and the production of advanced biofuels - highlight the importance of a technology-neutral approach to decarbonization.



## **Repsol's hydrogen strategy foresees reaching a generation capacity equivalent to 552 MW in 2025 and 1.9 GW in 2030, with an investment of €2.549 billion**

One of the company's pillars for moving towards a more sustainable industry is the production of renewable hydrogen. Repsol aims to lead this field in the Iberian Peninsula and to build a relevant position in the European market. The company, [which presented its hydrogen strategy in October](#), plans to reach a generation capacity equivalent to 552 MW by 2025 and 1.9 GW by 2030, with an expected investment of €2.549 billion.

Consequently, a month ago the company presented the [SHYNE \(Spanish Hydrogen Network\) project](#), the largest renewable hydrogen consortium in Spain, made up of 33 entities from different sectors and which will deploy projects that are expected to generate more than 13,000 jobs.

In 2021, there have been other relevant initiatives in relation to renewable hydrogen, such as the start-up of the Basque Hydrogen Corridor, BH2C and the promotion, together with other entities, of the Hydrogen Valley of Catalonia (H2ValleyCat) and the Green Hydrogen Valley of the Region of Murcia. In this context, the company plans to install 100 MW electrolyzers in Bilbao and Cartagena and a 150 MW in Tarragona; it [has formalized an alliance with EDP](#) to start up different projects in the Iberian Peninsula, and it has reached an [agreement with Talgo to promote a renewable hydrogen train](#).

In biofuels, the A Coruña Industrial Complex has processed cooking oil for the first time to manufacture hydrobiodiesel. Repsol's commitment is to use three million tons of waste per year and mitigate more than seven million tons of CO<sub>2</sub> per year by 2030. In that year the company also aims to produce two million tons of low-carbon fuels. In line with these objectives, the [Cartagena advanced biofuels plant](#), the first of its kind in Spain, is scheduled to start up in 2023.

Repsol's investment plans for the rest of its industrial complexes include those announced for [Tarragona](#), mainly for circular economy projects, or [Puertollano](#), where it will invest in decarbonization and circular economy. Projects related to air transport were relevant last year, with the production in [Tarragona](#) and Bilbao of batches of biojet and the implementation, together with Iberia, of the [first flight with biofuel produced in Spain from waste](#).

The Chemicals business, in which Repsol plans to invest €1.500 billion in the 2021-2025 period, promoted important initiatives, [including the expansion of the industrial complex in Sines \(Portugal\)](#), where €657 million will be invested to build two plants for 100% recyclable polymeric materials that can be used for applications in the pharmaceutical, automotive and food industries, making it one of the most advanced in Europe. Repsol is also part of the [Ecoplanta Molecular Recycling Solutions](#) initiative, which will install a new plant in Tarragona to process some 400,000 tons of non-recyclable solid urban waste and which obtained the EU backing in November - the only Spanish project pre-selected for the European Innovation Funds. In Puertollano, Repsol will install Spain's first plant for the chemical recycling of polyurethane foam, the main component of mattresses, sofas and vehicle seats, among other uses.

## **Repsol has 1.35 million electricity and gas customers and more than 3,700 MW of total installed low-carbon generation capacity**

The **Commercial and Renewables division** posted a result of €542 million, up from €485 million in 2020. This was helped by the greater contribution of low-carbon electricity generation following the start of operation of new renewable projects and the improved performance of the Mobility and Aviation areas after mobility restrictions resulting from the global pandemic were eased. Likewise, in the customer-focused businesses, Repsol has continued to promote a multi-energy offering and innovative digital services.







The company currently has more than 3,700 MW of total installed low-carbon generation capacity. Repsol, which just a few days ago [acquired Capital Energy's portfolio of 25,000 residential and SME electricity customers](#), now has 1.35 million electricity and gas customers, making it a major player in this market in Spain. In March, the company announced the acquisition of a majority stake in the electricity and gas retailer [Gana Energía](#) and, last year, Repsol was the only major retailer in Spain to obtain the A Label from Spain's National Commission of Markets and Competition (CNMC) for the environmentally friendly origin of the electricity it supplies.

In terms of renewable electricity generation, one of the pillars of Repsol's decarbonization, the targets for installed capacity in 2030 have been increased 60% to reach 20 GW. By 2025, installed capacity will increase to 6 GW.

Among the highlights of this commitment in 2021 was the [acquisition of a 40% stake in Hecate Energy in the United States](#), which specializes in the development of photovoltaic and energy storage projects. Headquartered in Chicago, Hecate Energy has a portfolio of renewable and storage projects under development of more than 40 GW. Repsol's first renewable project in the United States, the Jicarilla 2 solar photovoltaic project, is already under development in the state of New Mexico.

Likewise, [last November, Repsol reached an agreement with Pontegadea](#), whereby the private investor took 49% of the Delta wind farm, located in Zaragoza (northeastern Spanish region of Aragon). With the incorporation of Pontegadea, Repsol consolidates its business model in renewables and ensures its goal of double-digit returns on its investments in this sector.

The company plans to continue with the organic growth of this business thanks to the development of a portfolio of projects in operation and development, mainly in OECD countries. During the year, and in relation to Repsol and Ibereólica Renovables' projects in Chile, [construction was completed on the first joint wind farm](#), Cabo Leones III, which has an installed renewable generation capacity of 188.1 MW. Other projects are also being developed in Chile, of which the Atacama wind farm is the most advanced.

In Spain, several milestones took place, such as [the inauguration of Kappa, Repsol's first photovoltaic complex](#). In addition, electricity production began at [Valdesolar](#), the company's main photovoltaic plant in Spain, with an installed capacity of 264 MW, located in municipality of Valdecaballeros, in the western province of Badajoz. [Work also began on Delta II](#), in Aragon, its largest renewable project to date, which will have a total capacity of 860 MW. The company also has leading self-consumption alternatives, such as Solify and Solmatch, and with Krean launched [Ekiluz](#), aimed at promoting citizen cooperatives for renewable generation.

At the end of the year, [Repsol signed Power Purchase Agreements with Amazon](#) to supply it with renewable energy generated by 234 MW of capacity from wind and solar projects located in Spain, as part of a strategic collaboration with Amazon Web Services (AWS). As part of this agreement, AWS will provide Repsol with new cloud services to further advance its digital transformation. Previously, in the first quarter, Repsol signed an agreement with Microsoft that includes the supply of wind and solar energy for its operations in Europe, including Spain, and collaboration on digitization and energy transition. In 2022, the company has completed a 30.5 MW virtual power purchase agreement (VPPA) with Charles River Laboratories.

In electric vehicle recharging, Repsol is working on an ambitious plan to deploy public recharging infrastructures involving more than 1,000 fast and ultra-fast recharging points by the end of 2022 or, in other words, one charging station every 50 kilometers. Currently, Repsol's public recharging network has more than 500 fast-charging points already installed. On the other hand, [Repsol sold its fuel business in Italy](#), in line with its strategy of focusing on geographic areas with the greatest competitive advantages.



In terms of digital strategy, [Repsol increased its stake in Klikin to 100%](#), a startup with which it has promoted Waylet, its payment and loyalty application that had three million registered users at the end of 2021. [Last year, the company launched Vivit](#), a mobile application aimed at household customers, and also the Repsol Más Energías community to offer a differential global service, becoming the center of the customer's digital relationship with Repsol and enable users to have a global multi-energy vision of products.

Separately, on January 15, an oil spill occurred in the facilities of the Multiboyas Terminal number 2 of La Pampilla Refinery (Peru) as a result of an uncontrolled movement of the vessel Mare Doricum while it was unloading crude oil. The company is making every effort to mitigate and remedy the effects of the spill and ratifies its commitment to collaborate with the Peruvian authorities and the affected communities.

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