Audit Report on Financial Statements
issued by an Independent Auditor

CEPSA FINANCE, S.A.U.
Financial Statements and Management Report
for the year ended
December 31, 2020

Ernst & Young, S.L.
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AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

To the sole shareholder of CEPSA FINANCE, S.A.U.:

Opinion

We have audited the financial statements of Cepsa Finance, S.A.U. (the Company), which comprise the balance sheet as at December 31, 2020, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2.1 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970506.
A member firm of Ernst & Young Global Limited.

Recording of significant transactions: financing activity

Description	In 2019 and 2020 Cepsa Finance, S.A.U. issued debt instruments in order to obtain financing to grant loans to the CEPSA Group´s parent. Therefore, most of the liabilities on its balance sheet relate to bonds and other marketable securities, which arose mainly as a result of the above debt issues. Also, the asset side of the balance sheet consists mainly of the loan granted to the Sole Shareholder. These transactions are considered significant due to their amounts and the complexity of their recording. The description of this financial liability and the criteria used for its recognition are included in Notes 4.1.2 and 7 to the annual accounts. The description of this financial asset and the criteria used for its recognition are included in Notes 4.1.1 and 5 to the annual accounts. As we have stated, debt issues and credit concessions to the Sole Shareholder are one-off transactions, in relation to which we consider the recording of financial liabilities and financial assets to be a key issue in our audit, given their complexity and the significance of the amounts in the balance sheet.
Our response	In relation to this area, our audit procedures have included, among others, the following: ▶ Understanding of the processes that the Company has established in the issue of financial debt and the granting of loans to the Sole Shareholder, as well as the evaluation of the design and implementation of the relevant controls. ▶ Review of debt instruments issued to verify the correct amortization, interest payment and classification of debts as long or short term. ▶ Analysis and review of credit agreements with the Sole Shareholder to verify the correct amortization, interest payment and classification of the credit between long and short term. ▶ Performing test of the recognition of interest income from loans and of financial expenses on debt instruments issued, verifying them against the contractual documents. ▶ Review of the information included in the notes on the annual accounts in accordance with the applicable financial reporting framework.

Other information: management report

Other information refers exclusively to the 2020 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the management report is to assess and report on the consistency of the management report with the financial statements based on the knowledge of the entity obtained during the audit, and to assess and report on whether the content and presentation of the management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described in the above paragraph, the information contained in the management report is consistent with that provided in the 2020 financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2.1 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Directors of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

Francisco Rahola Carral
(Registered in the Official Register of Auditors under No. 20597)

May 31, 2021

OFFICIAL TRANSLATION

Subject-Matter:

CEPSA FINANCE, S.A.U.
Annual Accounts and Management Report for the year ended 31 December 2020

Madrid, on May 12, 2021

Laura Luca de Tena Sainz
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ANNUAL ACCOUNTS

CEPSA FINANCE, S.A.U.

For financial year 2020

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CEPSA FINANCE, S.A.

BALANCE SHEET AT 31 DECEMBER 2020

			Euros
Assets	**Note**	**31 December 2020**	**31 December 2019**
Non-current assets		1,489,090,000	497,442,500
Long-term investments in group and associated companies	**Note 5.1**	**1,489,090,000**	**497,442,500**
Current assets		15,722,229	4,003,230
Short-term investments in group and associated companies	**Note 5.2**	**15,722,229**	**4,003,230**
Total Assets		**1,504,812,229**	**501,445,730**

Euros			
Equity and liabilities	**Note**	**31 December 2020**	**31 December 2019**
Net worth		260,961	103,292
Own funds		**260,961**	**103,292**
Capital			
Assessed capital	Note 6.1	100,000	100,000
Reserves			
Legal and statutory reserves	Note 6.2	3,292	-
Balances from previous years		-	(648)
Balance for the year	Note 3	827,669	3,940
Interim dividend	Note 6.3	(670,000)	-
Non-current liabilities		1,488,953,215	497,138,485
Long-term debts	**Note 7.1**	**1,487,747,943**	**496,713,590**
Long-term accruals and deferrals		**1,205,272**	**424,895**
Current liabilities		15,598,053	4,203,953
Short-term debts	**Note 7.2**	**12,958,904**	**3,136,986**
Short-term payables to group and associated companies	**Note 7.2**	**2,630,738**	**1,066,967**
Trade and other payables		**8,411**	-
Suppliers EG		1,195	-
Sundry creditors		2,800	-
Other debts to state administrative bodies		4,416	-
Total equity and liabilities		**1,504,812,229**	**501,445,730**

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CEPSA FINANCE, S.A.

PROFIT AND LOSS ACCOUNT FOR FINANCIAL YEAR 2020

			Euros
	Note	**31 December 2020**	**31 December 2019**
Continuing operations			
Net turnover	**Note 9.1**	**16,714,696**	**4,053,335**
Interest and financial income from holding companies		16,714,696	4,053,335
Other operating expenses	**Note 9.2**	**(369,995)**	**(527,911)**
External services		(369,995)	(527,911)
Operating result		**16,344,701**	**3,525,424**
Financial expenses	**Note 9.3**	**(15,241,142)**	**(3,520,170)**
For debts in group and associated companies		(7,751)	(6,244)
For debts owed to third parties		(15,233,391)	(3,513,926)
Financial result		**(15,241,142)**	**(3,520,170)**
Profit before taxes		**1,103,559**	**5,254**
Taxation of profits	**Note 8.3**	(275,890)	(1,314)
Result for the year		**827,669**	**3,940**

Notes 1 to 14 below are an integral part of the profit and loss account for 2020.

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STATEMENT OF RECOGNISED INCOME AND EXPENSES
FOR FINANCIAL YEAR 2020

		Euros
	FY 2020	**FY 2019**
Profit and loss account result (I)	*827,669*	*3,940*
Total recognised income and expenses (I+II+III)	*827,669*	*3,940*

Notes 1 to 14 below are an integral part of the Statement of Income and Expenses:

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR 2020						Euros
	Capital	**Reserves**	**Results from previous years**	**Result for the year**	**Interim dividend**	**Total**
Balance at the beginning of 2019	***100,000***			***(648)***		***99,352***
Total recognised income and expenses				***3,940***		***3,940***
Other changes in equity			***(648)***	***648***		
YEAR-END BALANCE FOR 2019	***100,000***		***(648)***	***3,940***		***103,292***
Balance at beginning of financial year 2020	***100,000***		***(648)***	***3,940***		***103,292***
Total recognised income and expenses				***827,669***		***827,669***
Transactions with shareholders					***(670,000)***	***(670,000)***
Dividend distribution					(670,000)	(670,000)
Other changes in equity	,	***3,292***	***648***	***(3,940)***	,	,
BALANCE AT END OF FY 2020	***100,000***	***3,292***	,	***827,669***	***(670,000)***	***260,961***

Notes 1 to 14 below are an integral part of the Statement of Changes in Equity for 2020.

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STATEMENT OF CASH FLOWS FOR THE YEAR 2020

		Euros
	2020	**2019**
Cash flows from operating activities (I)	***613,147***	***(410,627)***
Profit for the year before tax	***1,103,559***	***5,254***
Adjustments to the result	***(1,473,554)***	***(533,165)***
Financial income	(16,714,696)	(4,053,335)
Financial expenses	15,241,142	3,520,170
Changes in working capital	***2,352,558***	***424,031***
Creditors and other accounts payable	8,411	180
Other current liabilities	2,344,147	423,851
Other cash flows from operating activities	***(1,369,416)***	***(306,747)***
Interest payments	(2,190,945)	(383,184)
Interest charges	822,843	50,105
Payments of corporation tax	(1,314)	26,332
Cash flows from investing activities (II)	***(991,647,500)***	-
Payments for investments	***(991,647,500)***	-
Group and associated companies	(991,647,500)	
Cash flows from financing activities (III)	***991,034,353***	***310,627***
Receivables and payments for financial liability instruments	***991,034,353***	***(496,402,963)***
Issue of other debt	991,034,353	496,713,590
Net increase/decrease in cash or cash equivalents (I+II+III+IV)		***(100,000)***
Cash or cash equivalents at the beginning of the year	-	100,000
Cash or cash equivalents at the end of the year	-	-

Notes 1 to 14 below are an integral part of the 2020 Statement of Cash Flows.

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Notes on the annual accounts of CEPSA FINANCE, S.A.U.
for the year ended 31 December 2020

1. Company activity

CEPSA FINANCE, S.A.U. (hereinafter, the Company) was incorporated, for an indefinite period of time, in Madrid on 27 September 2018, before Carlos Solís Villa, notary public of Madrid, under a deed of incorporation, numbered 1709 in his notarial archive and registered in the Commercial Register of Madrid in Volume 38,084 of Section 8 of the Companies Book, Folio 141, Sheet M-677920, Entry 1, tax code A-88202015. The Company was established with a financial endowment.

The registered office of the Company at Torre Cepsa, Paseo de la Castellana 259-A, 28046 Madrid,

The corporate purpose of the Company is to carry out the following activities:

- Establish or participate in any way in the management and/or supervision of businesses and companies, including businesses and companies with which it forms a business group.

- Finance companies and/or projects or businesses of companies, including companies with which it forms a group of companies.

- Borrow and/or lend amounts in cash, and obtain funds through the issue of any financial instrument, including debt issues of any kind, for placement on domestic and international markets.

- To advise and provide professional financial advisory services to companies and firms with which the Company forms a group and to third parties.

- To grant guarantees, bind and obligate the Company and pledge or mortgage its assets to secure obligations of the Company and obligations of third parties, including companies with which it forms a group of companies.

- To acquire, dispose of, administer and exploit registered goods and articles of property in general.

- Deal in currencies, securities and property in general.

- Develop and market patents, trademarks, licences, know-how and other industrial property rights.

- To carry out any activity of a financial nature related to the activities described above for which the Company is duly authorised and qualified.

The activities included in the corporate purpose may be carried on by the Company totally or partially indirectly, through the acquisition or holding of shares, securities or interests in companies with an identical or similar purpose, including the incorporation, participation and administration of capital companies, temporary groupings or other legal entities, or through any other formula permitted by law.

The Company forms part of the CEPSA Group, whose parent company is Compañía Española de Petróleos, S.A. (CEPSA), whose registered office is at Torre Cepsa, Paseo de la Castellana 259-A, 28046 Madrid, and which prepares the consolidated annual accounts. The consolidated annual accounts of the CEPSA Group for 2020 were authorised for issue by the directors of CEPSA at the Board of Directors' Meeting held on 4 March 2021. The CEPSA Group's consolidated annual accounts

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for 2019 were prepared by the Board of Directors and approved without changes by the shareholders at the Annual General Meeting held on 4 March 2020 and lodged at the Madrid Commercial Register.

2. Basis of presentation of the annual accounts

2.1 Regulatory framework for financial information applicable to the Company

These annual accounts have been prepared by the Joint and Several Directors in accordance within the regulatory financial reporting framework applicable to the Company, set out in:

a) The Capital Companies Law, the Commercial Code and other commercial legislation.
b) The General Accounting Plan approved by Royal Decree 1514/2007, which has been amended by Royal Decree 1159/2010 and by Royal Decree 602/2016 and its sectorial adaptations.
c) The mandatory rules approved by the Instituto de Contabilidad y Auditoría de Cuentas (Spanish Accounting and Auditing Institute) implementing the General Accounting Plan and its supplementary rules.
d) Other applicable Spanish accounting regulations.

2.2 Faithful image

The attached annual accounts, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with its accounting principles and criteria and, accordingly, present fairly the Company's equity, financial position, results of transactions and cash flows for the year. The annual accounts are expressed in euros, unless expressly stated otherwise.

These annual accounts, which have been prepared by the Joint and Several Directors of the Company, will be submitted for approval by the Sole Shareholder, and it is expected that they will be approved without any modification.

2.3 Non-mandatory accounting principles applied

No non-mandatory accounting principles have been applied. In addition, the Joint and Several Directors have prepared these annual accounts taking into account all the mandatory accounting principles and standards that have a material effect on these annual accounts. There are no mandatory accounting principles that have not been applied.

2.4 Critical Aspects of Uncertainty Valuation and Estimation

In preparing the attached annual accounts estimates were made by the Company's Joint and Several Directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates basically relate to:

- Assessment of possible impairment losses on certain assets (Note 4.1)
- Calculation of corporation tax (see Note 4.2)

Although these estimates have been made on the basis of the best information available at the end of 2020, future developments may require changes (upwards or downwards) in the coming years, which would be made prospectively, as appropriate.

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Going concern principle

At 31 December 2020, the Company had positive working capital of €124,176 (a negative €200,723 at 31 December 2019),

The WHO declared Covid-19 as an international pandemic on 11 March 2020, the subsequent evolution of which has rapidly developed into an unprecedented health crisis affecting every domestic and international business. Based on the facts described in Note 14 to the 2019 annual accounts, on Subsequent Events, in relation to the crisis due to the State of Alarm declared due to Covid-19 and the possible impacts that this may have on the Company's operations and, therefore, on its future results and cash flows, which it is not currently feasible to estimate, the Company's Sole Shareholder, Compañía Española de Petróleos, S.A., expressly stated that it would provide the necessary financial support to enable the Company to meet its payment commitments and obligations and ensure the continuity of its operations.

Accordingly, the Joint and Several Directors of the Company consider that there are no uncertainties within the time frame that might materially impair the Company's ability to meet its legal and financial obligations in the foreseeable future and have prepared the annual accounts on a going concern basis.

2.5 Comparison of information

In accordance with commercial legislation, for comparative purposes, in addition to the 2020 figures, the previous year's figures are presented with each of the items in the balance sheet, profit and loss account, statement of changes in equity and cash flow statement, in addition to the 2020 figures. The notes on the annual accounts also include quantitative information for the previous year, except where an accounting standard specifically states that this is not necessary.

The application of the accounting criteria in 2020 and 2019 has been uniform and, therefore, there are no transactions or operations that have been recorded following different accounting principles that could give rise to discrepancies in the interpretation of comparable figures from both periods.

It can be seen COVID-19 has had no impact when the FY2020 figures are compared with FY2019 figures.

2.6 Grouping of items

Certain balance sheet and profit and loss account items are grouped together for ease of understanding, although, where it is material, the information is separated in the related notes on the annual accounts.

2.7 Changes in accounting criteria

There were no changes in accounting criteria from 2019 to 2020.

2.8 Correction of errors

In preparing the attached annual accounts, no material errors were identified that resulted in a restatement of figures included in the 2019 annual accounts.

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3. Distribution of profits

The proposed distribution of the profit for the year ended 31 December 2020, formulated by the Joint and Several Directors of the Company, to be submitted for approval by the Sole Shareholder, is as follows:

Balance for distribution	Euros
Profit and loss	827,669
Allocation	Euros
To legal reserves	16,708
To voluntary reserves	140,961
Interim dividends	670,000
Total applied	827,669

The interim dividend distribution of €670,000 was approved in the minutes of the decisions taken by the Sole Shareholder on 1 December 2020 and paid out on 31 December 2020.

The provisional accounting statement prepared by the Joint and Several Directors of the Company, in accordance with the legal requirements established in Article 277 of Royal Legislative Decree 1/2010 of 2 July 2010, approving the revised text of the Capital Companies Law in force, which showed there was sufficient liquidity for the distribution of dividends, was as follows:

Provisional balance sheet 30 November 2020

Assets	**Interim accounts as at 30 November 2020** Thousands of euros
Fixed assets	1,489,090
Long-term investments in group and associated companies	**1,489,090**
Current assets	13,863
Trade and other receivables	-
Other credits with State Administrative Bodies	-
Short-term investments in group and associated companies	**13,863**
Cash and cash equivalents	-
Total Assets	**1,502,953**

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Equity and liabilities	**Interim accounts as at 30 November 2020** Euros
Net worth	818
Own funds	**818**
Capital	
Authorised capital	100
Reserves	
Legal and statutory reserves	3
Result for the year	715
Non-current liabilities	1,488,790
Long-term debts	**1,487,567**
Advances to be distributed	**1,223**
Current liabilities	13,345
Short-term debts	**11,260**
Long-term debt with group and associated companies	**2,064**
Trade and other payables	**21**
Suppliers EG	1
Other creditors	20
Total equity and liabilities	**1,502,953**

4. Recording and valuation rules

The main accounting and valuation standards used by the Company in preparing its annual accounts for 2020, in accordance with those established in the Spanish General Accounting Plan, were as follows:

4.1 Financial instruments

4.1.1 Financial assets

Categories

The financial assets held by the Company are classified in the following categories:

- Loans and receivables: financial assets arising from the rendering of services in the ordinary course of the Company's business, or those which, not having a commercial origin, are not equity instruments or derivatives and whose yield is of a fixed or determinable amount and are not traded on an active market. There are no provisions for bad debts, as the balance at year-end 2020 on the balance sheet of receivables is nil.

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Initial valuation

Financial assets are initially recognised at the fair value of the consideration given plus directly attributable transaction costs.

Subsequent valuation

Loans, receivables and held-to-maturity investments are measured at amortised cost, net of any impairment losses incurred.

CEPSA FINANCE, S.A.U. recognises impairment losses on trade and other receivables when the due date of the receivable exceeds six months, when legal proceedings are initiated by the Company's Legal Department to resolve the collection of the receivable or when the client is subject to insolvency proceedings.

CEPSA FINANCE, S.A.U. derecognises financial assets when the rights to the cash flows from the related financial asset expire or have been transferred and all the risks and rewards of ownership have been substantially transferred, as in the case of firm asset sales.

However, CEPSA FINANCE, S.A.U. does not derecognise financial assets and recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which all the risks and rewards of ownership have been substantially retained.

4.1.2 Financial liabilities

CEPSA FINANCE, S.A.U.'s trade payables and receivables are financial liabilities which, although they do not arise from trade, cannot be considered to be derivative financial instruments.

Liabilities and debts are initially measured at the fair value of the consideration received, adjusted for directly attributable transaction costs. Subsequently, these liabilities are measured at amortised cost.

CEPSA FINANCE, S.A.U. derecognises financial liabilities when the obligations giving rise to them are extinguished.

4.2 Corporation tax

Income or costs due to corporation tax comprises the portion corresponding to current tax costs or income and the portion corresponding to deferred tax costs or income.

Current tax is the amount payable by the Company as a result of corporation tax payable for a given year. Deductions and other tax benefits on the tax liability, excluding withholdings and payments on account, as well as tax losses from previous years and effectively applied in this one, give rise to a lower amount of current tax.

Deferred tax cost or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences, which are identified as the amounts expected to be paid or recovered arising from differences between the carrying amounts of assets and liabilities and their tax bases, as well as unused tax losses and tax credits. These amounts are recognised by applying to the related temporary difference or credit the tax rate at which they are expected to be recovered or settled.

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Deferred tax liabilities are recognised for all taxable temporary differences, except those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and is not a business combination.

Deferred tax assets are only recognised to the extent that it is considered probable that future taxable profit will be available and against which they can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised with a balancing entry in equity.

At the end of each reporting period, recognised deferred tax assets are reviewed and appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Deferred tax assets not recognised in the balance sheet are also assessed at each balance sheet date and are recognised to the extent that it is probable that they will be recoverable through future taxable profits.

4.3 Income and expenses

Income and expenses are recognised on an accrual basis, i.e., when the actual flow of the related goods and services occurs, irrespective of when the resulting monetary or financial flow arises. Revenue is measured at a fair value of the consideration received, net of discounts, returns and taxes.

Income from the rendering of services is recognised by reference to the stage of completion of the transaction at the balance sheet date, provided that the outcome of the transaction can be estimated reliably.

Interest received on financial assets is recognised using the effective interest rate method and dividends are recognised when the shareholder's right to receive them is declared. In any case, interest and dividends on financial assets accrued after the time of acquisition are recognised as income in the profit and loss account.

In particular, the Net Turnover may include dividends from subsidiaries, as well as profits from the disposal of shareholdings, since the Company is a holding company whose purpose is to hold shares in the capital of group companies, as well as the activities of financing the activity of its investees, as indicated by the Spanish Accounting and Auditing Institute (I.C.A.C.).

4.4 Related party transactions

CEPSA FINANCE, S.A.U. carries out all its transactions with related parties at market values. Also, transfer prices are adequately supported and, therefore, the Company's directors consider that there are no significant risks in this connection that might give rise to material liabilities in the future.

4.5 Current and non-current items

Considered to be current assets are:

- those linked to the normal operating cycle, which is generally considered to be one year,
- other assets whose maturity, disposal or realisation is expected to occur in the short term from the reporting date,
- financial assets held for trading, with the exception of financial derivatives with a settlement period exceeding one year, and
- cash and cash equivalents.

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Assets that do not meet these requirements are classified as non-current.

Similarly, current liabilities are:

- those linked to the normal operating cycle
- financial liabilities held for trading, with the exception of financial derivatives with a settlement period longer than one year, and
- and, in general, all obligations whose maturity or extinction will occur in the short term.

Otherwise, they are classified as non-current.

4.6 Statement of cash flows

The Company presents the information relating to cash flows from transactions using the "indirect method", which begins by presenting "Profit before tax" in the profit and loss account for the period, which is subsequently adjusted for the effects of accruals made during the period, as well as the profit and loss items associated with the cash flows from operations classified as investing or financing activities.

5. Financial assets

5.1 Long-term financial assets

The carrying amount of each category of long-term financial assets is as follows:

				Euros
	Loans and receivables and other financial assets			**Total**
	2020	2019	2020	2019
Loans and credits	1,489,090,000	497,442,500	1,489,090,000	497,442,500
Total	*1,489,090,000*	*497,442,500*	*1,489,090,000*	*497,442,500*

This heading relates in full to "Non-Current Investments in Group Companies and Associates", specifically to three credit facilities granted to the Parent (CEPSA) maturing on 17 February 2025, 12 February 2026 and 14 February 2028. (See Note 10.2)

5.2 Short-term financial assets

The carrying amount of each category of short-term financial assets is as follows:

				Euros
	Loans and receivables and other financial assets			**Total**
	2020	2019	2020	2019
Loans and credits	15,722,229	4,003,230	15,722,229	4,003,230
Total	*15,722,229*	*4,003,230*	*15,722,229*	*4,003,230*

This heading relates in full to the unsettled accrued finance income on the three credit facilities granted to the Parent (CEPSA). (See Note 10.2)

No impairment losses were recognised under this heading in 2020 and 2019.

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6. Equity and own funds

6.1 Share capital and share premium

At year-end 2020 and 2019, the Company's share capital amounted to €100,000, represented by 100,000 ordinary registered shares of a single class and series, represented by securities with a par value of €1 each, numbered sequentially from 1 to 100,000, both inclusive, being fully subscribed and paid up.

These shares are owned by Compañía Española de Petróleos, S.A.

The Company's shares are not listed on the stock exchange.

6.2 Legal reserve

Under the Spanish Companies Law, 10% of the net income for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of capital stock. The legal reserve may be used to increase capital to the extent of the remaining reserve balance in excess of 10% of the increased capital stock. Except for the above purpose, until the reserve exceeds 20% of share capital, it may only be used to offset losses, provided that sufficient other reserves are not available for this purpose. At 31 December 2020 the balance was €3292.

6.3 Interim dividend

On 1 December 2020, the Sole Shareholder approved the distribution of an interim dividend from 2020 profits in the amount of €670,000, which was paid out on 31 December 2020.

7. Financial liabilities

7.1 Long-term financial liabilities

The carrying amounts of each category of long-term financial liabilities at the end of 2020 and 2019 are as follows:

						Euros
	Bonds and other marketable securities		**Derivatives and others**			**Total**
	2020	2019	2020	2019	2020	2019
Debits and payables	1,487,747,943	496,713,590	1,205,272	424,895	1,488,953,215	497,138,485
Total/	*1,487,747,943*	*496,713,590*	*1,205,272*	*424,895*	*1,488,953,215*	*497,138,485*

The main item included in long-term financial liabilities relates to the three bonds issued by the Company, one in 2019 for €500 million and two in 2020 for a further €500 million each, with annual coupons of 1.00%, 0.75% and 2.25%, respectively. The respective maturities are 16 February 2025, 12 February 2028 and 13 February 2026. They are all listed on the Irish stock exchange.

The other item included in long-term financial liabilities includes interest collected in advance, amounting to €1,205,272, relating to the contracts signed with the Sole Shareholder, with the maturities indicated in the previous paragraph.

7.2 Short-term financial liabilities

The amounts carried forward in each category of long-term financial liabilities at the end of 2020 and 2019 are as follows:

						Euros
	Bonds and other marketable securities		**Payments to group companies**		**Total**	
	2020	2019	2020	2019	2020	2019
Debits and payables	12,958,904	3,136,986	2,630,738	1,066,967	15,589,642	4,203,953
Total/	*12,958,904*	*3,136,986*	*2,630,738*	*1,066,967*	*15,589,642*	*4,203,953*

The Company issued bonds in 2019 and 2020 whose coupons are paid annually. The issue, rated as investment grade by the three main international rating agencies (Moody's, S&P and Fitch), accrues annual coupons of 1.00%, 0.75% and 2.25% respectively.

7.3 Information on the average supplier payment period

In accordance with the requirement established in the third additional provision of Law 15/2010, of 5 July, in turn amended by Law 31/2014, of 3 December, and by the Resolution of 29 January 2016 of the Spanish Accounting and Audit Institute, on the information to be included in the Notes on Annual Accounts in relation to the average payment period to suppliers in commercial transactions, the data relating to payments made and payments pending, as well as the ratios related to these magnitudes are as follows:

		Days
	2020	**2019**
Average payment period to suppliers	83.8	56.4
Ratio of paid transactions	83.8	56.4
Ratio of transactions pending payment	61.4	-

		Euros
	2020	**2019**
Total payments made	2,617,703	1,644,954
Total outstanding payments	3,995	-

8. State administrative bodies and tax situation

CEPSA FINANCE, S.A.U. files consolidated tax returns together with other companies, forming part of the 4/89 Group of which Compañía Española de Petróleos, S.A. is the head.

8.1 Current balances with state administrative bodies

At the close of the 2020 financial year, the Company has a balance with state administrative bodies amounting to €4416. At the end of the 2019 financial year there are no debts to state administrative bodies.

8.2 Reconciliation between accounting profit and taxable income for tax purposes

The reconciliation between the income and expenses for the year and the taxable income for corporate

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income tax purposes is as follows:

	Euros
Financial year 2020	
	Total
Accounting profit after tax	827,669
Corporation tax	275,890
Taxable income	*1,103,559*

	Euros
Financial year 2019	
	Total
Accounting profit after tax	3,940
Corporation tax	1,314
Taxable income	*5,254*

8.3 Reconciliation between accounting profit and corporation tax expense

The reconciliation between accounting profit and corporation tax expense is as follows:

		Euros
	2020	**2019**
Accounting profit before tax	1,103,559	5,254
Quota at 25%.	275,890	1,314
Total tax expense recognised in the profit and loss account	*275,890*	*1,314*

As the Company is taxed in the 4/89 tax group, the outstanding amount payable to the parent company has been recorded under short-term payables to group and associated companies.

8.4 Fiscal years with verifications and inspections pending

Under current legislation, taxes cannot be considered definitively settled until the returns filed have been inspected by the tax authorities or the four-year statute of limitations period has elapsed.

The Company files consolidated income tax returns with the CEPSA Group. At the end of 2020, the Company has the 2018, 2019 and 2020 corporation tax returns and the other taxes applicable to it open for review.

The Company's Joint and Several Directors consider that income tax and other applicable taxes have been appropriately assessed and, therefore, even in the event of discrepancies in the interpretation of current legislation in relation to the tax treatment of the transactions, the resulting liabilities, if any, would not have a material effect on the attached annual accounts.

8.5 Transfer Pricing

In the opinion of the Company's Joint and Several Directors and its tax advisers, transactions with related parties are carried out at market values, the transfer prices are adequately supported and it is considered that there are no significant risks in this respect that could give rise to material liabilities for the Company in the future.

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9. Income and expenses

9.1 Net turnover

Net revenues for 2020 and 2019, by business category and geographical market, are as follows:

		Euros
Activities	**2020**	**2019**
Financial income, interest income, holding company	16,714,696	4,053,335
		Euros
Geographical markets	**2020**	**2019**
Spain	16,714,696	4,053,335

9.2 Other operating expenses

The breakdown of the balances of "Other operating expenses" in the profit and loss account for 2020 and 2019 is as follows:

		Euros
Operating expenses	**2020**	**2019**
External services	(369,995)	(527,911)

9.3 Financial expenses

The amount of financial expenses calculated by applying the effective interest rate method was as follows:

		Euros
Financial expenses	**2020**	**2019**
Application of the effective interest rate method	(15,241,142)	(3,520,170)

10. Transactions and balances with related parties

10.1 Transactions with group and associated companies and other related parties

The Company conducts transactions with related parties under general market conditions.

For loans with Group companies, the average annual interest rate applied to loans granted to subsidiaries in 2020 and 2019 was similar to the average cost of their external financing for the same type of transactions.

Details of related party transactions during 2020 and 2019 are as follows:

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		Euros
2020	**Parent entity**	**Total**
Net turnover	16,714,696	**16,714,696**
Financial expenses	(7,751)	**(7,751)**
Other expenses	(9,556)	**(9,556)**
Total	16,697,389	**16,697,389**

		Euros
2019	**Parent entity**	**Total**
Net turnover	4,053,335	**4,053,335**
Financial expenses	(6,244)	**(6,244)**
Total	4,047,091	**4,047,091**

10.2 Balances with group companies, associates and other related parties

The amount of on-balance sheet balances with related parties during 2020 and 2019 is as follows:

		Euros
2020	**Parent entity**	**Total**
Long-term investments	1,489,090,000	1,489,090,000
Loans to companies	1,489,090,000	1,489,090,000
Short-term investments	15,722,229	15,722,229
Loans to companies	15,722,229	15,722,229
Short-term debts	(2,630,738)	(2,630,738)
Total	1,502,181,491	1,502,181,491

		Euros
2019	**Parent entity**	**Total**
Long-term investments	497,442,500	497,442,500
Loans to companies	497,442,500	497,442,500
Short-term investments	4,003,230	4,003,230
Loans to companies	4,003,230	4,003,230
Short-term debts	(1,066,967)	(1,066,967)
Total	500,378,763	500,378,763

The heading "Loans to companies", which includes long-term investments in group and associated companies, included in the attached balance sheet, comprises credit account agreements with the parent company.

The heading "Short-term payables", which includes short-term payables to group and associated companies included in the attached balance sheet, relates to the credit account agreement with the Sole Shareholder and the non-payment of corporation tax recorded at the parent company (see Note 8.3).

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10.3 Directors' remuneration

The joint and several directors of CEPSA FINANCE, S.A.U. did not receive or accrue any remuneration of any kind in 2020 and 2019, nor did they have any receivables from or pay any debt to the Company in any other connection.

Since the Company is a wholly-owned subsidiary of CEPSA, there are no senior executives at the Company, since such positions only exist at Compañía Española de Petróleos, S.A. (CEPSA).

The directors' and executives' liability insurance contracted for the CEPSA Group was renewed on 13 December 2020 for 12 months with a net annual premium of €165,000 for the entire Group.

10.4 Information in relation to situations of conflict of interest on the part of the Directors

Neither at the close of the 2020 financial year nor at the date of preparation of these Annual Accounts have any of the Company's Joint and Several Directors reported any situation of conflict, direct or indirect, that they or persons related to them may have with the interests of the Company in accordance with the provisions of the Capital Companies Law.

10.5 Contracts with the Sole Shareholder

The Company has entered into various agreements with the Sole Shareholder, Compañía Española de Petróleos, S.A., which are summarised below:

- A credit facility, with a maximum limit of €1,000,000, with the full amount drawn down at 31 December 2020. The purpose of this policy is to finance the Company's working capital, which may result in a debit or credit balance. The facility matures on 1 November 2021, with an agreed interest rate of 1%.

- A credit facility, with a maximum limit of €497,442,500, with the full amount drawn down at 31 December 2020. The purpose of this facility is to manage the Company's financing, which can only result in a credit balance for the Company. The facility matures on 17 February 2025, with an agreed interest rate of 1.2827%.

- A credit facility, with a maximum limit of €495,270,000, with the full amount drawn down at 31 December 2020. The purpose of this facility is to manage the Company's financing, which can only result in a credit balance for the Company. The facility matures on 12 February 2028, with an agreed interest rate of 0.9720%.

- A credit facility, with a maximum limit of €496,377,500, with the full amount drawn down at 31 December 2020. The purpose of this facility is to manage the Company's financing, which can only result in a credit balance for the Company. The facility matures on 16 February 2026, with an agreed interest rate of 2.5309%.

11. Environmental Information

In view of the activities in which the Company engages, it has no environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results. For this reason, no relevant items have been included in these

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notes on the annual accounts.

12. Other data

12.1 Personnel

CEPSA FINANCE, S.A.U. had no employees in 2020 and 2019.

12.2 Audit fees

During the 2020 financial year, the amount of the agreed fees relating to the account auditing services provided by the Company's auditor, ERNST&YOUNG S.L., amounted to €6000. €113,554 has also been recorded for other verification services provided by E&Y regarding the 2020 bond issue.

13. Management of the risks associated with the Company's activity

13.1 Main risks associated with the Company's activity

The Company's activities are carried out in environments in which there are a series of external factors whose evolution can affect the way in which operations are carried out and the results obtained from them.

Specifically, the Company is exposed to the following risks arising from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information on exposure to each of the above risks, risk measurement and management objectives, policies and processes, and capital management. Further quantitative breakdowns are given below.

13.2 Risk management model

The CEPSA Group, through the Audit Committee, the Risk Committee, other specific Committees and the General Managers of the respective areas, periodically supervises and controls risks, adjusting, where necessary, their profile in accordance with the circumstances.

i) Credit risk

Credit risk is defined as the possibility that a counterparty will default on its obligations under a financial instrument, resulting in a financial loss. The Company is exposed to credit risk in its financing activities.

The carrying amount of the financial assets included in the balance sheet at 31 December 2020 represents the maximum exposure to credit risk.

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In order to mitigate the credit risk arising from cash and financial debt positions, the Company only works with highly solvent financial institutions of recognised prestige at national and international level.

ii) Liquidity risk

Liquidity risk refers to the Company's ability to obtain finance at reasonable market prices, as well as to cover the financial needs required for the correct development of its activity.

The Company continuously monitors its financial situation, preparing short-term cash flow forecasts, as well as carrying out long-term financial planning in both the budget and the strategic plan.

The Company assesses the concentration of risk in relation to the refinancing of its debt on a recurring basis and has concluded that it is low.

iii) Market risk

This is the risk that the fair value of future cash flows from a financial instrument may fluctuate due to changes in market prices. The Company is exposed to market risk due to interest rates, which affect financial results.

The exposure to interest rate risk is mainly related to floating rate loans.

To manage and mitigate this risk, the Company has been financed by issues of fixed-rate bonds.

14) Post-closure events

At the date of authorisation for issue of these annual accounts, there have been no significant events or subsequent events that should be mentioned in this section.

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Management report of Cepsa Finance, S.A.U. for the year ended 31 December 2020

The comments relating to the external context in which the various businesses have evolved, as well as those relating to the activity of Cepsa Finance, S.A.U. in its various areas of activity and the risks associated with its activity, are detailed in the Cepsa Group's Management Report.

Also, the matters mentioned in the above report with respect to significant events occurring after year-end and the foreseeable evolution of the consolidated Group are fully applicable to Cepsa Finance, S.A.U.

Company's evolution and current situation

The company Cepsa Finance, S.A.U. (hereinafter, the Company) was incorporated for an indefinite period of time in Madrid on 27 September 2018, before Carlos Solís Villa, notary public of Madrid, under a Deed of Incorporation numbered 1709 in his notarial archive and registered in the Commercial Registry of Madrid in Volume 38,084 of Section 8 of the Companies Book, Folio 141, Sheet number M-677920, Entry 1, with tax code A-88202015. The Company was established with a financial endowment.

The corporate purpose of the Company is to carry out the following activities:

- Establish or participate in any way in the management and/or supervision of businesses and companies, including businesses and companies with which it forms a business group.
- Finance companies and/or projects or businesses of companies, including companies with which it forms a group of companies.
- Borrow and/or lend amounts in cash, and obtain funds through the issue of any financial instrument, including debt issues of any kind, for placement on domestic and international markets.
- To advise and provide professional financial advisory services to companies and firms with which the Company forms a group and to third parties.
- To grant guarantees, bind and obligate the Company and pledge or mortgage its assets to secure obligations of the Company and obligations of third parties, including companies with which it forms a group of companies.
- To acquire, dispose of, administer and exploit registered goods and articles of property in general.
- Deal in currencies, securities and property in general.
- Develop and market patents, trademarks, licences, know-how and other industrial property rights.
- To carry out any activity of a financial nature related to the activities described above for which the Company is duly authorised and qualified.

The activities included in the corporate purpose may be carried on by the Company totally or partially indirectly, through the acquisition or holding of shares, securities or interests in companies with an identical or similar purpose, including the incorporation, participation and administration of capital companies, temporary groupings or other legal entities, or through any other formula permitted by law.

Results

Net turnover as at 31 December 2020 amounted to €16,714,696.

Profit before tax for 2020 amounted to €1,103,559. After deducting corporation tax, profits after tax amounted to €827,669.

Financial and equity position

The total assets of Cepsa Finance, S.A.U. amounted to €1,504,812,229 at 31 December 2020, of which €1,489,090,000 related to the net value of non-current assets. The net equity amounted to €260,961, i.e. 0.02% of total assets.

At 31 December 2020, the Company has positive working capital of €124,176 (minus €200,723 at 31 December 2019).

Capital structure and shareholdings

At year-end 2020 and 2019, the Company's share capital amounts to €100,000, represented by 100,000 ordinary registered shares of a single class and series, represented by securities with a par value of €1 each, numbered sequentially from 1 to 100,000, both inclusive, being fully subscribed and paid up.

These shares are owned by Compañía Española de Petróleos, S.A.

The Company's shares are not listed on the stock exchange,

Own shares

The Company did not hold any treasury shares at 31 December 2020, nor did it carry out any transactions involving treasury shares during that year.

Research and development

The Company has not carried out any research and development during the year.

Average payment period to suppliers

The average payment period to suppliers during the year was 83.8 days, above the maximum legal limit of 60 days established by Law 15/2010 of 5 July 2010, which established measures to combat late payment in commercial transactions. (Note 7.3 of the Annual Accounts).

Subsequent events

At the date of preparation of this Management Report, no other significant events or subsequent events had occurred that should be mentioned in this section.

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Preparation of the 2020 Annual Accounts and Management Report of CEPSA FINANCE, S.A.U.

The Annual Accounts (the Balance Sheet, Profit and Loss Account, Statement of Changes in Net Equity, Cash Flows Statement and Annual Report) and the Management Report of **CEPSA FINANCE, S.A.U.** for the financial year 2020, which are contained in this document, have been drawn up by the Joint and Several Directors of the Company on this day and are signed below in proof of conformity by all the Directors, in compliance with Article 253 of the Consolidated Text of the Capital Companies Law,

In our opinion, the annual accounts, prepared in accordance with generally applicable accounting principles give a true and fair view of the Company's assets, financial position and profit or loss, and the Management Report includes a fair review of the development and performance of the Company's business and of its position, together with a description of the principal risks and uncertainties that it faces.

Madrid, 7 April 2021 (Illegible signature)	(Illegible signature)
Carlos Luis Villanueva Girón Joint and Several Director	Gonzalo Sáenz Muñoz Joint and Several Director

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I, Laura Luca de Tena Sainz, English Official Translator, appointed on the 13th of July, 1995,

CERTIFY:

That this is the faithful translation into English of the Spanish original document attached.

Madrid, on May 12, 2021

Laura Luca de Tena Sainz, Intérprete Jurado de Inglés, nombrada con fecha 13 de julio de 1995,

CERTIFICA:

Que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

Madrid, a 12 de mayo de 2021

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