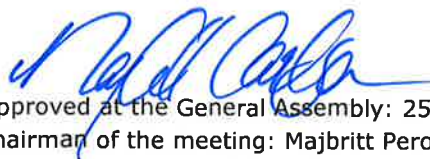


Total E&P Danmark A/S

CVR-No. 22757318

Annual Report 2020



Approved at the General Assembly: 25 May 2021

Chairman of the meeting: Majbritt Perotti Carlson

Amerika Plads 29, 2100 Copenhagen Ø

Company information

Total E&P Danmark A/S
Amerika Plads 29
2100 Copenhagen Ø

CVR-No.: 22757318
Date of incorporation: 26 September 1962
Registered office: Copenhagen
Financial year: 1 January 2020 - 31 December

Board of Directors

Arnaud Le Foll (Chairman)
Martin Rune Pedersen
Christina Sjøberg Heineke Petersen

Executive Board

Philippe Marie Rene Maurice Groueix

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen Ø

Directors' Report**Activities**

As of 31 December 2020, the Company is a wholly owned subsidiary of Total SE.

Total E&P Danmark A/S participates through subsidiaries in exploration and production of oil and gas outside Denmark and in Denmark as operator for Dansk Undergrunds Consortium's (DUC's) activities in the Danish North Sea.

Financial review**Financial performance for the year**

The 2020 results show a profit of USD 297 million, which is lower than the profit for 2019 (USD 407 million). The profit was negatively impacted by a decreased average oil price to USD 35/barrel compared to USD 65/barrel for 2019 (46% decrease), decreased oil production and sales due to drop in demand, as well as shutdown of Tyra. However partly off-set by cost reduction efforts and dividend received from subsidiaries.

Total E&P Danmark A/S delivered 23.8 thousand barrels of oil equivalent per day (boepd). The entitlement production of 26.0 thousand boepd was lower than FY 2019 (FY 2019: 41.2 thousand boepd).

Key figures for Total E&P Danmark A/S are as follows:

USD million	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Income statement:					
Revenue	271	689	1,002	914	736
Profit before financial items and tax	(78)	303	369	556	114
Financial items, net	230	258	(20)	1,355	(27)
Profit for the year after tax	297	407	247	1,636	305

Balance sheet:

Total assets	5,123	4,907	5,311	8,017	6,740
Investments in property, plant and equipment	1,130	913	860	1,113	1,258
Equity	2,653	2,357	1,950	5,942	4,855
Profit margin	(29%)	44%	37%	61%	(65%)
Solvency ratio	52%	48%	37%	74%	90%
Return on equity	6%	26%	24%	32%	2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysis. For definitions, see under accounting policies.

The key figures are restated 2016 and 2017 for the effect of the contribution of the oil and gas activities of A.P. Møller – Mærsk A/S. The previous year is not restated.

Guidance for 2021

Total E&P Danmark A/S expects to achieve a result in 2021 between USD 200 million and USD 300 million. Breakeven is reached with oil prices in the range USD 20-25 per barrel, which have been experienced due to decrease in demand due to COVID-19 precautions. Further Total E&P Danmark A/S's entitlement production has declined for 2020 as the full impact of the Tyra Redevelopment Project materialized as the shutdown was effective from September 2019.

The oil price has significantly declined during the spring of 2020 and is at the time of filing this annual report, recovering and is expected to increase during the remainder of 2021.

The Total group expects the oil price will stabilise at a higher level than the current within the coming year and have not identified impairment related to the annual report for the Company or its investments.

Management will continue to closely monitor the development in longer term market conditions and expected future earnings during the coming year.

The COVID19 situation has not directly impacted the Company or the activities in its subsidiaries but has had an indirect impact on global demand for oil and thereby on the above considerations.

Activities in subsidiaries

During 2020, two of the Company's subsidiaries Total E&P Kalaallit Nunaat A/S (Greenland) and Total E&P Middle East A/S (UAE) had been voluntarily liquidated as part of the planned international alignment of the legacy Mærsk Oil activities into Total group.

Production

In 2020, Total E&P Danmark A/S production share of crude oil from DUC's fields in the Danish part of the North Sea reached an average 19 thousand barrels of oil per day (bopd) (2019: 27 thousand bopd). Total E&P Danmark A/S share of the gas production in 2020 was 7 thousand boepd (2019: 14 thousand boepd). Both oil and gas production in 2020 have been significantly impacted by the shutdown for the Tyra Redevelopment project.

Development

In Denmark, the DUC partnership of which the Company holds 31.2% ownership has commenced the re-development of the Tyra field. The DUC investment cost for the modification to existing facilities and construction of new facilities (CAPEX) is estimated at approx. DKK 17bn (approximately USD 2.5bn - 3.0bn), and the DUC cost in relation to removal and decommissioning of current facilities (ABEX) is estimated at approx. DKK 4bn (approximately USD 0.6bn - 0.7bn). The redeveloped Tyra is expected to deliver approximately 60 thousand boepd at peak, and it is estimated that the redevelopment can enable the production of more than 200 million barrels of oil equivalent. Approximately 2/3 of the production is expected to be gas and 1/3 to be oil. The Tyra field was shut-in for the redevelopment in September 2019, and production is expected to recommence in July 2022.

Exploration

Exploration studies continue in the North Sea for 2021.

Total E&P Danmark A/S did not complete any exploration/appraisal wells in 2020 nor are there any plans to complete any exploration wells in 2021.

Innovation

Total E&P Danmark A/S is seeking to enhance business competitiveness by developing new knowledge and technologies to more efficiently produce hydrocarbons from complex reservoirs such as tight chalk reservoirs in the North Sea and high-pressure, high-temperature fields. An increasing part of Total E&P Danmark A/S efforts in research and development is conducted at the Danish Hydrocarbon & Technology Centre (funded by

Total E&P Danmark A/S and the other DUC partners). Here major technology programmes focus on many things, including advanced water flooding and enhanced oil recovery in the Dan & Halfdan fields; materials research and corrosion mitigation of wells and offshore installations; low cost production platforms; and innovative use of Big Data and predictive data analytics.

Other focus areas are enhanced reservoir modelling, cost effective well completions and conformance control measures in horizontal wells.

Risks and uncertainties

Total E&P Danmark A/S is subject to a variety of risks, which derive from the nature of the oil and gas production and exploration activities. In the Danish North Sea, Total E&P Danmark A/S and its DUC partners have secured safe operations by provision of stand-by rigs and hereby mitigated risk caused by subsiding seabed.

Material revision of accounting estimates relates to the updated valuation of non-current assets. The revision has included the review of amortisation and depreciation profiles as well as a full comprehensive review of the abandonment provision obligations and claims, etc.

Total E&P Danmark A/S' future is dependent upon success in finding and developing oil and gas reserves. Further, strategic, operational, compliance, financial and emerging risks are monitored through a structured approach including systematic identification, assessment and mitigation of the potential risks.

The Total Recordable Incident Frequency (TRIF) for 2020 was 2.4 per million working hours compared to 3.3 per million working hours in 2019. Total E&P Danmark A/S is focused on eliminating incidents and has set a target of zero incidents. Moreover, a major accident or oil spill remains an inherent risk in the operations. A high severity incident would first and foremost present a risk to our employees as well as potentially to the marine environment, wildlife and local communities. Additionally, it could result in large-scale impact on assets, liquidity and reputation and put our license to operate at risk. Total E&P Danmark A/S is proactively building and supporting incident free operations to mitigate this risk.

Corporate Social Responsibility

Social responsibility is important for Total E&P Danmark A/S' business and the Company has in 2020 continued its activities in line with the Total SE's Strategy.

For more information, reference is made to Total SE's Universal Registration Document 2020, page 217 at:

<https://www.total.com/en/investors/publications-and-regulated-information/regulated-information/annual-financial-reports>

Requirements according to the Danish Financial Statements Act, section 99a have been fulfilled, reference to reporting for parent company Total SE.

External environment

Total E&P Danmark A/S continuously develops the production process using the best and safest technologies. Furthermore, Total E&P Danmark A/S seeks to make use of environmentally friendly and energy efficient solutions to reduce negative impact on the environment.

Goals and policies for the underrepresented gender

The Board believes that its members should be elected on the basis of their combined qualifications and at the same time recognise the advantages of a Board comprising a wide range of backgrounds such as global experience, style, culture and gender. In May 2017, the Company's board ceased having equal representation of genders among the Company's shareholder-appointed board members. On this basis, the Board has in August 2017 defined a target to increase the share of the under-represented gender on the Board to account for at least 25% of the shareholder-appointed Board members within 4 years.

As of 31 December 2020, there was 1 woman among the 3 board members appointed at the general meeting. Consequently, the Company's board is according to the Danish Companies Act considered having equal representation of genders among the Company's shareholder-appointed board members.

Total SE has adopted a group policy for the complete group with the aim to increase the share of the under-represented gender on the Company's other management levels. In accordance with this policy the Company has taken steps to look into how the Company can attract qualified women to relevant management positions. In addition, this is a focus area when identifying candidates to key positions. A description of the policy and reporting on the gender composition can be found in Total SE's Universal Registration Document 2020, page 228 at:

<https://www.total.com/en/investors/publications-and-regulated-information/regulated-information/annual-financial-reports>

Requirements according to the Danish Financial Statements Act, section 99c have been fulfilled, reference to reporting for parent company Total SE.

Payments to governments

Requirements according to the Danish Financial Statements Act, section 99c have been fulfilled, reference to reporting for parent company Total SE. The information can be found from the Total SE's Universal Registration Document 2020 page 261, 285, 445 and 464 at:

<https://www.total.com/en/investors/publications-and-regulated-information/regulated-information/annual-financial-reports>

Subsequent events

Total E&P Danmark A/S confirms that there are no subsequent events that has a significant impact to the Financial Statement of the company. All detailed information about all transactions and events that concerns the period after 31st of December 2020 up to the current date have been reviewed, disclosed, included and/or mentioned in the financial statement for 2020.

Management's Statement

The Board of Directors and Executive Board have today discussed and approved the annual report of Total E&P Danmark A/S for 2020.

The annual report for 2020 of Total E&P Danmark A/S has been prepared in accordance with Danish Financial Statements Act and in our opinion gives a true and fair view of the Company's assets, liabilities and the financial position at 31 December 2020 and of the results of the Company's operations for the financial year 2020.

In our opinion the Directors' report includes a fair review of the development in and the result of the Company's operations and financial conditions, the result for the year and financial position as well as a description of the most significant risks and uncertainty factors that the Company face.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 25 May 2021

Executive Board:


Philippe Marie Rene Maurice Groueix

Board of Directors:


Arnaud Le Foll
(Chairman)


Martin Rune Pedersen


Christina S. Heineke Petersen

Independent auditors' report

To the shareholder of Total E&P Danmark A/S.

Opinion

We have audited the financial statements of Total E&P Danmark A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines 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, Management is 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 in preparing the financial statements unless Management either intends 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 as to 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 ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the Company 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 Management's use of the going concern basis of accounting in preparing the financial statements 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 contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance 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.

Statement on the Management's review

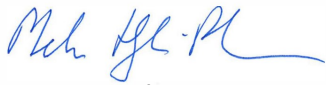
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In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing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

Copenhagen, 25 May 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Morten Høgh-Petersen
State Authorised
Public Accountant
MNE no. 34283



Martin Pieper
State Authorised
Public Accountant
MNE no. 44063

TOTAL E&P DANMARK A/S
INCOME STATEMENT FOR 2020

Note	USD 1,000	
	2020	2019
1. Revenue	271,242	688,571
2, 3. Production costs	(266,210)	(372,950)
	Gross Profit	5,032
		315,621
2, 3. Administrative expenses	(31,347)	(32,969)
Other operating income	2,491	30,635
Other operating costs	(53,732)	(9,807)
	Result before financial items and tax	(77,556)
		303,480
4. Impairment/Gain & Loss sale of subsidiaries	144	40,643
4. Income from equity investments in subsidiaries	302,357	311,521
5. Financial income	10,030	46,869
6. Financial expenses	(82,654)	(100,592)
	Result before tax	152,321
		601,921
7. Tax on result for the year	144,477	(195,149)
	RESULT FOR THE YEAR	296,798
		406,772
8. Proposed distribution of net profit		

TOTAL E&P DANMARK A/S
BALANCE SHEET AT 31.12.2020

Note	USD 1,000	
	2020	2019
ASSETS		
NON-CURRENT ASSETS		
3.	Property, plant and equipment	
	Production facilities etc.	576,757 583,499
	Production facilities etc. under construction	549,181 324,607
	Land and buildings etc	4,302 4,912
		<u>1,130,240 913,018</u>
	Financial assets	
4.	Investment in subsidiaries	689,669 764,927
4.	Long term deferred tax assets	325,867 448,222
		<u>1,015,536 1,213,149</u>
	TOTAL NON-CURRENT ASSETS	<u>2,145,776 2,126,167</u>
CURRENT ASSETS		
	Inventories	
	Crude oil and consumables	27,652 50,038
9.	Deferred tax asset	259,700 41,087
	Receivables	
	Trade receivables	19,082 22,283
	Receivables Group companies	2,431,570 2,324,986
	Receivables Joint Venture partners	184,655 227,408
	Other receivables	16,515 76,792
10.	Prepayments	26,403 3,546
		<u>2,678,224 2,655,015</u>
	Cash	11,571 34,875
	TOTAL CURRENT ASSETS	<u>2,977,147 2,781,015</u>
	TOTAL ASSETS	<u>5,122,923 4,907,182</u>

TOTAL E&P DANMARK A/S
BALANCE SHEET AT 31.12.2020

Note	USD 1,000	
	2020	2019
LIABILITIES AND EQUITY		
EQUITY		
	30,086	30,086
	192,556	192,556
	2,430,807	2,134,009
	<u>2,653,449</u>	<u>2,356,651</u>
NON-CURRENT LIABILITIES		
11. Other provisions	891,623	741,283
	<u>891,623</u>	<u>741,283</u>
CURRENT LIABILITIES		
11. Other provisions	33,240	178,663
	264,502	260,809
	1,201,088	1,053,284
	18,951	33,754
	0	28,199
	60,066	254,539
	<u>1,577,851</u>	<u>1,809,248</u>
	<u>2,469,474</u>	<u>2,550,531</u>
TOTAL LIABILITIES AND EQUITY		
	<u>5,122,923</u>	<u>4,907,182</u>
12. Contingencies etc.		
13. Related parties		
14. Accounting policies		

TOTAL E&P DANMARK A/S
STATEMENT OF CHANGES IN EQUITY AT 31.12.2020
(USD 1,000)

	Share capital	Share premium	Retained earnings	Total
Equity 01.01	30,086	192,556	2,134,009	2,356,651
Profit for the year	0	0	296,798	296,798
Equity 31.12	30,086	192,556	2,430,807	2,653,449

Share capital consists of the
following shares:

	Number	Nominal, DKK
	174,000	1,000
Total nominal		174,000,000

Share capital, changes:

Increase of capital 8 December 2017

1,000,000

TOTAL E&P DANMARK A/S
Notes as at 31.12.2020
(USD 1,000)

Note 1, Revenue	2020	2019
<u>Segments (geographical)</u>		
Denmark	271,242	688,571
<u>Revenue by activities</u>	2020	2019
Oil sales	265,384	613,212
Gas sales	4,594	74,375
Condensates sales	1,264	984
	271,242	688,571
Note 2, Staff costs		
Salaries	162,945	172,935
Pension contribution	13,415	14,094
Other social security costs	1,196	1,453
	177,556	188,482
Average number of employees in Total E&P Danmark A/S	1,102	1,227

Staff costs included in the income statement are contained under the items operating expenses, exploration expenses and in the balance sheet under production facilities etc. under construction.

For 2020, remuneration for Executive Management amounts to USD 617 thousand and Board of Directors amounts to USD 63 thousand. For 2019, the exemption, in accordance with the Danish Financial Statements Act Section 98b (3), has been applied, with remuneration for Executive Management and Board of Directors combined amounting to USD 780 thousand.

Remuneration for Executive Management for both 2019 and 2020 represents the total remuneration received. Remuneration of the Board of Directors is based on the proportional time spent on the assignment as a member of the Board of Directors. The disclosed will therefore differ from the actual total remuneration of the Board of Directors.

The Total Group has a performance shares program, and 174 people (2019: 200 persons) are enrolled in the program. The Performance Shares will vest 3 years after the grant provided that the vesting conditions (presence and performance conditions) are met. After the vesting period, the employee becomes the owner of the Performance Shares. The employee must own the Performance Shares for 2 years calculated from end of the Vesting Period prior to selling the shares.

The value of the performance shares granted in 2020 is estimated at USD 1.6 (2019: USD 2.6 million).

**Note 3, Property,
plant and equipment,**

	2020	2020	2020	2020
	Production facilities, buildings etc.	Production facilities etc. under construction	Land and buildings etc.	Total
Cost at 01.01	6,223,933	324,607	7,559	6,556,099
Additions during the year, including change in abandonment	64,859	240,201	0	305,060
Transferred	15,627	(15,627)	0	0
Cost price 31.12	6,304,419	549,181	7,559	6,861,159
Depreciation and impairments at 01.01	5,640,434	0	2,647	5,643,081
Depreciation during the year	87,228	0	610	87,838
Depreciation and impairments at 31.12	5,727,662	0	3,257	5,730,919
Carrying amount 31.12	576,757	549,181	4,302	1,130,240

Note 4, Financial assets

	<u>2020</u>	<u>2019</u>
Long-term Deferred tax assets		
Deferred tax asset at 01.01	448,222	457,453
Deferred tax adjustment during the year	<u>(122,355)</u>	<u>(9,231)</u>
Deferred tax asset at 31.12	<u>325,867</u>	<u>448,222</u>

	<u>2020</u>
Shares in subsidiaries	
Cost at 01.01	4,304,569
Cost price 31.12	<u>4,304,569</u>
Value adjustments at 01.01	(3,539,642)
Other equity adjustments in subsidiaries	<u>(75,258)</u>
Value adjustments at 31.12	<u>(3,614,900)</u>
Carrying amount 31.12	<u>689,669</u>

As of 31 December 2020, the carrying amount is USD 689,669 thousand. Subsidiaries with a negative equity are impaired to USD 0 thousand.

	<u>2020</u>	<u>2019</u>
Income from equity investment in subsidiaries		
Dividends received from subsidiaries during the year	<u>302,357</u>	<u>311,521</u>

As of 31 December 2020, Total E&P Danmark A/S is a wholly owned subsidiary of Total SE (Paris) and is included in the accounts for the Total SE and is the parent company for the following subsidiaries:

Total E&P ALS A/S, Copenhagen
 Total E&P Algérie Berkine A/S, Copenhagen
 Total Oil Colombia A/S, Copenhagen
 Total Energy Marketing A/S, Copenhagen
 TEPKRI Sarsang A/S, Copenhagen
 TEPKRI PIRAMAGRUN Holdings A/S, Copenhagen
 TEPKRI PIRAMAGRUN A/S, Copenhagen
 Total E&P NCE A/S, Copenhagen
 TEPKRI Qala Dze A/S, Copenhagen

Note 4, Financial assets (continued)

Total Exploration Netherlands B.V., The Netherlands
 Total E&P Ethiopia A/S, Copenhagen
Total E&P Three PL B.V., The Netherlands
Total E&P Dunga GmbH., Germany
Total E&P International Ltd., United Kingdom
 Total E&P International K1 Ltd., United Kingdom
 Total E&P International K2 Ltd., United Kingdom
 Total E&P International K3 Ltd., United Kingdom
Total E&P Aktobe Limited, United Kingdom
Total Danmark Pipelines A/S, Copenhagen

	<u>2020</u>	<u>2019</u>
Note 5, Financial income		
Interest income	2,027	371
Interest income from group companies	8,003	38,327
Exchange rate adjustments etc.	0	8,171
	<u>10,030</u>	<u>46,869</u>

Note 6, Financial expenses

Interest expenses	8	6,735
Interest expense to group companies	21,130	50,765
Other financial expenses (Discounting effect of provisions)	40,898	41,417
Exchange rate adjustments etc.	20,618	1,675
	<u>82,654</u>	<u>100,592</u>

Note 7, Corporate tax

	<u>2020</u>	<u>2019</u>
Corporate Tax current year	4,446	(111,049)
Corporate Tax prior years	43,882	5,221
Deferred tax for the year	96,149	(89,321)
Total tax for the year	<u>144,477</u>	<u>(195,149)</u>

Joint tax liability for previous periods still exists.

Note 8, Proposed distribution of net profits

	<u>2020</u>	<u>2019</u>
Retained earnings	296,798	406,772
	<u>296,798</u>	<u>406,772</u>

Note 9, Deferred tax

	<u>2020</u>	<u>2019</u>
Deferred tax asset, current		
Deferred tax asset at 01.01	41,087	125,924
Deferred tax adjustment during the year	<u>218,613</u>	<u>(84,837)</u>
Deferred tax asset at 31.12	<u>259,700</u>	<u>41,087</u>

Note 10, Prepayments

Prepayments mainly include prepayments to operators, insurance expenses, rental expenses and other costs related to future periods.

Note 11, Provisions

Other non-current provisions include discounted abandonment provisions USD 892 million (2019: USD 741 million) and no other obligations (2020: USD 0 million).

Other current provisions include discounted abandonment provisions USD 31 million (2019: USD 168 million) and other obligations USD 2 million (2019: USD 11 million).

Asset retirement obligations, which result from a legal or constructive obligation, are recognized based on a reasonable estimate in the period in which the obligation arises. This estimate is based on information available in terms of costs and work program. It is regularly reviewed to take into account the changes in laws and regulations, the estimates of reserves and production, the analysis of site conditions and technologies. The discount rate is reviewed annually.

Note 12, Contingencies

The Company vouches for its subsidiaries' obligations through performance guarantees with variable periods, which may comprise considerable amounts.

At the end of 2020, Total E&P Danmark A/S has capital commitments etc. amounting to USD 41 million. (2019: USD 28m). The amount is chartering of drilling and production rigs etc. Operating lease obligations are amounting to USD 9 million. (2019: USD 7 million).

As part of the company's activities there can be various claims that are related to the nature of the company. Management considers these claims to be less likely, and may be passed on to other entities in the Total group; therefore, no provision has been made as of 31 December 2020.

Capital commitments, million

Maturity	<1 year	1-5 years	>5 years	Total
Tangible asset purchase obligations	11	11	2	24
Other binding purchase obligations for goods and services	7	4	6	17
Total Capital commitments	18	15	8	41

Operating Lease, million

Maturity	<1 year	1-5 years	>5 years	Total
Tangible asset purchase obligations	1	4	4	9

The Company is currently involved in a tax case relating to prior years. The provisions made based on the contingencies, in this relation are deemed to be reasonable and appropriate, and at this point in time management does not expect additional material impact on the Company's financial position.

Note 13, Related parties

Companies in the Total Group and the Executive board and board members of the Company are related parties.

Transactions during 2020 with related parties:

USD 1,000	<u>2020</u>	<u>2019</u>
Revenue	272,713	716,141
Expenses	169,316	124,475

Remuneration to the Company's Executive Board and Board of Directors is disclosed in note 2.

Payables and receivables to group entities are disclosed in the balance sheet, and financial items are disclosed in note 5 and 6. Dividends income is disclosed in Note 4.

Parties exercising control

As of 31 December 2020, the Company is 100% owned by Total SE.

As of 31 December 2020, the ultimate parent company is Total SE, Tour Coupole, 2 place Jean Millier, 92078 Paris la Défense, France. The consolidated Financial Statements of the Total group are available at

<https://www.total.com/en/investors/publications-and-regulated-information/regulated-information/annual-financial-reports>

The Company is included in the consolidated Financial Statements as a subsidiary.

Note 14, Accounting Policies

The Annual Report for 2020 of Total E&P Danmark A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to large class C companies.

The accounting policies in the Financial Statements are unchanged from last year.

Pursuant to provision 112, section 1 of the Danish Financial Statements Act, the Company has not prepared consolidated Financial Statements. The Company is included in the Group Annual Report of the parent company Total SE. The Group Annual report may be obtained at Total SE, Tour Coupole 2 place Jean Millier, 92078 Paris la Défense, France or

<https://www.total.com/investors/publications-and-regulated-information/regulated-information/annual-financial-reports>

The cash flow of Total E&P Danmark A/S are recognized in the consolidated financial statements of Total SE, Tour Coupole, 2 place Jean Millier, 92078 Paris la Défense, France.

Therefore, cash flow statement is not presented in the annual report of Total E&P Danmark A/S, cf. Danish Financial Statements Act provision 86 section 4.

Fee to auditors appointed at the general meeting has not been disclosed in accordance with section 96 section 3 of the Danish Financial Statements Act. Reference is made to the consolidated Financial Statements of Total SE where this is presented for the Group as a whole.

Key Figures

The ratios shown in the Directors' Report are computed as follows:

$$\text{Profit margin} = \frac{\text{Result before financial items}}{\text{Revenue}}$$

$$\text{Solvency ratio} = \frac{\text{Equity, closing}}{\text{Total assets, closing}}$$

$$\text{Return on equity} = \frac{\text{Result before taxes}}{\text{Equity, closing}}$$

Foreign Currency

The functional currency is USD. The Annual Report is presented in USD, in accordance with provision 16 of the Danish Financial Statements Act. The exchange rate of USD to DKK was 6.0576 at 31 December 2020 (2019: DKK 6.6759).

Monetary assets and liabilities in currencies other than USD are translated at the exchange rate at the balance sheet date. Transactions in currencies other than USD are translated at the exchange rate prevailing at the date of the transaction.

Exchange rate gains and losses are included in the income statement as financial income and expenses.

The Income Statement

Revenue comprises the value of the Company's share of the oil and gas production as well as oil traded. If the Company sells more or less than its share of the produced oil (overlift/underlift), this is recognised at sales price in the balance sheet under "Deferred income/Inventory". Revenue is measured at the agreed consideration excluding VAT and

taxes charged on behalf of third parties. All discounts granted are recognized in the revenue.

Business activities are seen as one segment and are reported as oil and gas production, which is in line with the internal management reporting.

Geographical split on revenue is based on geographical location where the asset is located.

Other operating income comprises operator fee, administrative fee and recharges/time writing and gains by sale of licence shares, etc. The operating income consists of services provided to subsidiaries as well as operator fee.

Production costs comprise costs incurred in generating the revenue for the year including purchase of oil and gas.

Other operating costs comprise other operational expenses not related to primary activity and Exploration expenses, which are capitalised unless the costs do not qualify for capitalisation and are then recognised in the income statement as incurred. Expenses for initial surveys incurred before acquisition of licence for hydrocarbon extraction are also included in the income statement as they are incurred.

Income from equity investments in subsidiaries comprise dividends received from the Companies' subsidiaries.

Financial items comprise interest and currency exchange rate gains and losses from translation of cash, receivables and debt in foreign currencies other than USD.

The Company is jointly taxed with a number of Danish companies within the Total Group.

Tax on profit for the year includes the amount estimated to be paid for the year as well as adjustments regarding previous years and change in deferred tax.

The Balance Sheet

Property, plant and equipment are measured at cost less accumulated depreciation and impairments.

The cost price of production facilities etc. comprises direct and indirect costs for appraisal and production wells and production equipment, etc. for fields considered commercial. Cost includes the net present value of estimated costs of abandonment, removal and restoration. The cost of an asset is divided into separate components, which are depreciated separately if the useful lives of the individual components differ. Depreciation

on production facilities etc. is made over the expected production period/economic life determined individually for each development plan.

Depreciation method for production equipment is UOP: Unit of Production Method, therefore useful life in years is not relevant for production facilities.

Fixtures and operating equipment are depreciated within three years.

Buildings are depreciated within range of 25-50 years.

Leaseholds improvements are depreciated within range 5-10 years (depending on lease contracts).

Depreciation periods and residual values for intangible assets and property, plant and equipment are re-evaluated annually.

Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit exceeds the higher of the estimated value in use and fair value less costs of disposals.

Investments in subsidiaries and associated companies are at initial recognition measured at costs. If there is indication of impairment, impairment testing is carried out. Where the carrying amount exceeds the recoverable amount it is written down to the recoverable amount.

Long-term deferred tax assets are recognised as the discounted value of future tax benefits from abandonment obligations not included in deferred tax asset.

Inventories are measured at cost, following the FIFO method. Write-down is made to net realisable value if lower. Underlift is measured at market price.

Provision for deferred tax is made on temporary differences between the accounting and tax values of assets and liabilities. Deferred tax on temporary differences which at the time of the transaction does not affect the financial result or the taxable income is not recognised.

Deferred tax asset is calculated on temporary differences between the carrying amounts and tax bases of assets and liabilities. A deferred tax asset is recognised to the extent that it is probable that it can be utilised within a foreseeable future.

Receivables are measured at nominal value which in all material respects corresponds to amortised cost. Write-down is made for anticipated losses on an individual basis.

Prepayments recognised under assets include prepaid expenses.

Dividend for distribution regarding the financial year is included as part of the **equity**.

Provisions are recognised when the Company has an existing legal or actual obligation and includes actuarial calculated pension obligations, deferred tax and provision for abandonment of oil fields, etc. Provisions for asset retirement obligations are measured at the present value of the expected clearance and closure obligation at the balance sheet date. The provision is based on existing encumbrances and estimated costs discounted to present value. Specific risks considered to attach to the obligation are included in the estimated costs. A discount rate is applied which reflects the current market interest rate. The obligations are included as they occur and continuously adjusted to reflect changed requirements and price levels, etc. The present value of the costs is included in the costs of the relevant tangible assets and depreciated accordingly. The increase in the present value over time is recognized in the Income statement under financial expenses.

Payables to group companies, trade and other payables are measured at amortised cost price or lower net realisable value, which in most situations corresponds to the nominal value.