

Total Energy Marketing A/S

CVR-No. 33057695

Annual Report 2021



Approved at the General Assembly: 17 May 2022
Chairman of the meeting: Majbritt Perotti Carlson
Amerika Plads 29, 2100 Copenhagen Ø

Company information

Total Energy Marketing A/S
Amerika Plads 29
2100 Copenhagen Ø
Denmark

CVR-No.: 33057695
Date of incorporation: 5 July 2010
Registered office: Copenhagen
Financial year: 1 January 2021 - 31 December

Board of Directors

Emmanuelle Irene Genevieve Dusausoy (Chairman)
Martin Rune Pedersen
Deidre Eleese Derworiz

Executive Board

Christina Sjøberg Heineke Petersen

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen Ø

Directors' Report

Activities

Total Energy Marketing A/S (the "Company") is a wholly owned subsidiary of TotalEnergies EP Danmark A/S.

In 2021, the Company's activities were associated with an ongoing dispute over offshore gas transmission tariffs.

Up until December 2019, the Company bought, sold and marketed natural gas and oil. The Company purchased TotalEnergies' Danish entitlement gas on a producer's nomination contract and transported the gas to wholesale customers in Denmark and the Netherlands.

During 2019, all the Company's activities related to oil and natural gas were terminated.

Financial review

Financial performance of the year

The result for 2021 shows an after-tax net profit of USD 0.7 million, which is result of prior years' operations settlement after termination of oil and gas sales in 2019 (2020: after tax loss USD 3.3 million).

Guidance for 2022

The estimated result for 2022 is expected to be negative, within the range of 200-500 thousand USD due to time writing from TotalEnergies Upstream A/S for accounting tax and legal personnel services, as most of the Company's activities were terminated in 2019 and expenses mainly relate to a legal dispute on offshore gas transmission tariffs.

Subsequent Events

In March 2022, an arbitration panel ruled in favour of the Company and awarded costs to the Company in respect of an arbitration triggered following the decision made by the Western High Court in April 2020. That decision related to Company's complaint about tariffs for transportation of natural gas in the Tyra-Nybro pipeline. Outcome of the decision is also disclosed in note 3 to the financial statements.

Risks and uncertainties

The Company is subject to a variety of risks which derive from the nature of its former oil and gas trading activities, and trading of oil derivatives related hereto. In 2022, the

Company was also exposed to the risk of the outcome of the arbitration which was awarded in March.

The Company's strategic, operational, compliance, financial and emerging risks are monitored through a structured approach including systematic identification, assessment and mitigation of the risks.

Management's Statement

The Board of Directors and Executive Board have today discussed and approved the annual report of Total Energy Marketing A/S for 2021.

The annual report for 2021 of the Company 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 2021 and of the results of the Company's operations for the financial year 2021.

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 faces.

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

Copenhagen, 17 May 2022

Executive Board:



Christina Sjøberg Heineke Petersen

Board of Directors:

Emmanuelle Irene Genevieve

Dusausoy

(Chairman)

Martin Rune Pedersen

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Board of Directors:

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Dusausoy
(Chairman)



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Copenhagen, 17 May 2022

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Christina Sjøberg Heineke Petersen

Board of Directors: _____

Emmanuelle Irene Genevieve

Dusausoy

(Chairman)

Martin Rune Pedersen



Deidre Eleese Derwortz

Independent auditors' report

To the shareholder of Total Energy Marketing A/S

Opinion

We have audited the financial statements of Total Energy Marketing A/S for the financial year 1 January – 31 December 2021, comprising income statement, balance sheet 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 scepticism 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

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 17 May 2022

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

Accounting Policies

The Annual Report for 2021 of the Company has been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to class B companies.

The Annual Report is presented in USD.

Accounting policies are unchanged compared to last year.

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 6.5612 on 31 December 2021 (2020: DKK 6.0576).

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 resale of gas, oil and emission rights. Revenue is recognised in the income statement as earned.

Other operating income comprises of non-primarily income not included to "Revenue" part as per the Accounting Policy.

Other external costs comprise distribution cost (transportation costs regarding gas), administrative expenses (parent company overhead and other general administrative costs including legal expenses), loss on derivatives held for trading.

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided **only to Profit before financial items and tax**, included revenues, other operating income, and cost of raw materials and consumable expenses.

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

Tax on profit/loss for the year. The Company is jointly taxed with the number of Danish companies in TotalEnergies. Tax on profit for the year includes the amount estimated to be paid for the year as well as adjustments regarding previous years.

The Balance Sheet

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.

Derivatives are recognised on the trading date and measured at fair value and included in other receivables (positive fair value) or other payables (negative fair value).

Derivatives classified as held for trading are recognised at fair value. Any change in fair value for oil price derivatives is recognised in the income statement under other income/costs. Derivatives comprise of futures and swaps and are settled on a day to day basis at market prices. Fair value of open positions is primarily subject to change in respect of oil price changes and currency exchange rate changes. Operations with derivatives are ceased as of 1st January 2021.

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 provision for unsettled claims and lawsuits. Provisions are recognised on the basis of best estimates and considering discounting when the time element is significant.

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

TOTAL ENERGY MARKETING A/S
INCOME STATEMENT
FOR 2021

Note	USD 1,000	
	2021	2020
1. Gross profit	1,088	(2,352)
Profit (loss) before financial items and tax	1,088	(2,352)
Financial income	11	778
Financial expenses	(39)	(3,931)
Profit (loss) before tax	1,060	(5,505)
2. Tax on profit (loss) for the year	(328)	2,230
PROFIT (LOSS) FOR THE YEAR	732	(3,275)

	2021	2020
Proposed distribution of net profits (losses)		
Retained earnings	732	(3,275)
	732	(3,275)

TOTAL ENERGY MARKETING A/S
BALANCE SHEET AT 31.12.2021

Note	USD 1,000	
	2021	2020
ASSETS		
CURRENT ASSETS		
Receivables		
Receivables from sale of oil and gas	0	179
Receivables from group companies	577	2,922
Other receivables	749	0
	1,326	3,101
Cash	751	1,331
Cash in total	751	1,331
TOTAL CURRENT ASSETS	2,077	4,432
TOTAL ASSETS	2,077	4,432

TOTAL ENERGY MARKETING A/S
BALANCE SHEET AT 31.12.2021

Note	USD 1,000	
	2021	2020
LIABILITIES AND EQUITY		
EQUITY		
Share capital	86	86
Retained earnings	1,870	1,138
	1,956	1,224
NON-CURRENT LIABILITIES		
Other provisions	0	1,678
	0	1,678
CURRENT LIABILITIES		
Payables to group companies	0	1,530
Other payables	121	0
	121	1,530
TOTAL LIABILITIES	121	3,208
TOTAL LIABILITIES AND EQUITY	2,077	4,432
3.	Contingencies etc.	
4.	Related parties	

TOTAL ENERGY MARKETING A/S
STATEMENT OF CHANGES IN EQUITY AT 31.12.2021
(USD 1,000)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 01.01	86	1,138	1,224
Result for the year	0	732	732
Equity 31.12	86	1,870	1,956

Share capital consists of the following shares:

<u>Number</u>	<u>Nominal, DKK</u>
500	1,000
Total nominal value in DKK	<u>500,000</u>

There have been no changes to the share capital during the past five years.

TOTAL ENERGY MARKETING A/S

Notes as at 31.12.2021

(USD 1,000)

Note 1, Staff costs

The Company has no employees, as all those engaged are employed in other TotalEnergies companies.

Note 2, Corporate tax

Tax expense for the year is USD 0.3 million (2020: income USD 2.2 million).

	2021	2020
Current tax for the year	(229)	1,225
Prior year tax	(99)	672
Adjustment prior years	0	333
Total tax for the year	<u>(328)</u>	<u>2,230</u>

Note 3, Contingencies and subsequent events

Contingencies

As of 31 December 2021, the Company is jointly taxed with the Danish companies within TotalEnergies group of companies. This entails unlimited joint liability for Danish corporation taxes and withholding taxes on dividends, interests and royalties within the jointly taxed companies. A similar obligation exists for joint registration of VAT.

The Company has been involved in a dispute which was ruled upon by the Western High Court in April 2020 in relation to Company's complaint about tariffs for transportation of natural gas in the Tyra-Nybro pipeline connecting the DUC offshore production facilities at the Tyra field with the Nybro Gas Treatment facility located at the Western Coast of Denmark. The ruling did not have any significant impact on the financial position of the Company. Following the high court ruling, the Danish Utility Regulator (DUR) will revisit its decision on the Company's complaint in relation to the disputed tariffs. The Company will have expenses (e.g. legal fees) during the complaints process and the DUR decision (and potential appeals) may have significant financial impact on the Company if the result changes the previous decision made by DUR regarding the Company's complaint.

Subsequent Events

In March 2022, an arbitration panel ruled in favour of Company and awarded costs to Company in respect of an arbitration triggered following the decision made by the Western High Court in April 2020. That decision related to Company's complaint about tariffs for transportation of natural gas in the Tyra-Nybro pipeline.

Note 4, Related parties

Parties exercising control

The Company is 100% owned by TotalEnergies EP Danmark A/S.

As of 31 December 2021, the ultimate parent company is TotalEnergies SE, Tour Coupole, 2 place Jean Millier, 92078 Paris la Défense, France. The consolidated Financial Statements of TotalEnergies are available at:

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

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