TEPKRI SARSANG A/S

CVR-No. 33870434

Annual Report 2020

Approved at the General Assembly: 12 May 2021
Chairman of the meeting: Majbritt Perotti Carlson
Amerika Plads 29, 2100 Copenhagen Ø

Company information

TEPKRI Sarsang A/S
Amerika Plads 29
2100 Copenhagen Ø

CVR-No.:	33870434
Date of incorporation:	17 August 2011
Registered office:	Copenhagen
Financial year:	1 January 2020 - 31 December

Board of Directors

Dunia Chalabi (Chairman)
Martin Rune Pedersen
Christina Sjøberg Heineke Petersen

Executive Board

Richard Alistair Doidge

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen Ø

Branch

375 English Village
Erbil
Kurdistan
Iraq

Directors' Report

Activities

The Company is a wholly owned subsidiary of Total E&P Danmark A/S.

TEPKRI Sarsang A/S participates in exploration and production of oil outside Denmark.

The Company holds an 18% non-operated equity interest in the Sarsang Production Sharing Contract (PSC) in the Kurdistan Region of Iraq. The license is operated by HKN Energy Ltd, and comprises two oil field accumulations, Swara Tika and East Swara Tika.

During 2020, owing to the sharp decline in oil prices, plus the internal and external travel restrictions imposed by the Kurdistan Regional Government (KRG) in response to the COVID-19 pandemic, most of the Sarsang field development activities were stopped. In March 2020, the ST-B3 development well was suspended above the reservoir, and the drilling rig was released. The Engineering, Procurement and Construction (EPC) project for the new 25,000 b/d production facility was placed on hold, and was restarted again during the third quarter of the year.

Production operations were also scaled-back temporarily, with the East Swara Tika production facility being shut-down for six months in order to optimally manage a reduced field operations workforce, following significant staff cuts by the Operator HKN. The overall impact was minimized by increasing production at the other facilities, and the total Sarsang production was held at around 24,000 b/d throughout most of the year, increasing to over 30,000 b/d by the end of 2020 with the reinstatement of East Swara Tika.

The entire Sarsang production continues to be sold to the KRG under an oil sales agreement.

Financial review

Financial performance for the year

The result for 2020 is a profit of USD 7 million, compared to a profit of USD 29 million in 2019 due to a drop in oil price from an average of USD 64.2/barrel for 2019 to an average of USD 41.8/barrel for 2020.

Key figures for the Company are as follows:

USD million	2020	2019	2018	2017	2016
Income statement:					
Revenue	44	70	56	21	7
Profit before financial items and tax	7	25	17	(8)	(27)
Financial items, net	0	1	0	2	0
Profit for the year after tax	7	29	23	(14)	(37)
Balance sheet:					
Total assets	180	173	144	117	103
Investments in property, plant and equipment	142	130	99	90	92
Equity	172	165	136	113	91
Profit margin	17%	36%	30%	-40%	
Solvency ratio	96%	95%	94%	96%	88%
Return on equity	4%	15%	12%	-7%	

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.

Guidance for 2021

The result for 2021 is expected to be in line with 2020 provided the market conditions in 2021 remain similar to 2020.

External environment

TEPKRI Sarsang A/S seeks to make use of environmentally friendly and energy efficient solutions to reduce negative impact on the environment.

Corporate Social Responsibility

Social responsibility is important to Total's business and TEPKRI Sarsang A/S continues its activities in line with the Total SE 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 and 99c have been fulfilled, reference to reporting for parent Company Total SE.

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 recognizes the advantages of a Board comprising a wide range of backgrounds such as global experience, style, culture and gender.

As at 31 December 2020, there is 1 man 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 and is therefore not required to set a target for increasing the number of the underrepresented gender.

The Company has no employees and is therefore not required to set a target for increasing the number of the underrepresented gender in the management.

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 99b 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 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

Management's Statement

The Board of Directors and Executive Board have today discussed and approved the annual report of TEPKRI Sarsang A/S for 2020.

The annual report for 2020 of TEPKRI Sarsang 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.

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

Copenhagen, 12 May 2021

Executive Board:

Richard Alistair Doidge

Board of Directors:

Dunia Chalabi
(Chairman)

Martin Rune Pedersen

Christina S. Heineke Petersen

Independent auditors' report

To the shareholder of TEPKRI Sarsang A/S.

Opinion

We have audited the financial statements of TEPKRI Sarsang 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

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.

Copenhagen, 12 May 2021

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen	Martin Pieper
State Authorised	State Authorised
Public Accountant	Public Accountant
MNE no. 34283	MNE no. 44063

Accounting Policies

The Annual Report for 2020 of TEPKRI Sarsang 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 for the Financial Statements are unchanged from last year.

The Cash Flow Statement of TEPKRI Sarsang A/S is 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 TEPKRI Sarsang 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 production.

Production costs are comprised of the Company's share of production cost under the production sharing contract incurred in generating the revenue. Production costs include materials, direct labour, royalties, depreciation of production facilities, amortisation of production intangible assets and other indirect production costs.

Other operating costs comprise of Exploration expenses, which are capitalized unless the costs do not qualify for capitalization and are then recognized in the income statement as incurred.

Expenses for initial surveys incurred before acquisition of license for hydrocarbon extraction are also included in the income statement as they are incurred.

Administrative expenses includes parent company overhead, administrative staff cost, amortisation of software and other general administrative expenses.

Other operating income comprises of gain from secondary activities of the Company not related to oil production.

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 for the year includes the amount estimated to be paid for the year as well as adjustments regarding previous years.

The Balance Sheet

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets.

Intangible assets in connection with proved oil rights are amortised from commencement of production and over the fields' expected production periods of up to 20 years. Oil rights are transferred from unproven to proven based on an assessment.

Proved oil rights is amortised over a useful life of 14 years.

IT software is amortised over a useful life of 3 years.

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

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. Depreciation on production facilities etc. is made over the expected production period/economic life.

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

Production facilities and wells are depreciated over a useful life of 14 years.

Impairment losses are recognized 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 to sell.

Property, plant and equipment under construction includes cost directly related to exploration and improving of production facilities. Assets under construction are transferred to "in service" when considered final.

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 recognized under assets include prepaid expenses.

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

Provisions are recognized when the Company has an existing legal or actual obligation and provision for unsettled claims and lawsuits. Provisions are recognized on the basis of best estimates and considering discounting when the time element is significant.

Payables to group companies, trade and other payables. mainly include balances with group companies for personnel services. The debt is measured at amortised cost price or lower net realizable value, which in most situations corresponds to the nominal value.

TEPKRI SARSANG A/S

INCOME STATEMENT FOR 2020

Note		USD 1,000 **2020**	**2019**
1.	Revenue	44.288	69.520
2, 3.	Production costs	(33,740)	(41,714)
	Gross profit	10,548	27,806
2,4	Administrative expenses	(2,928)	(2,332)
	Other operating costs	(310)	(478)
	Result before financial items and tax	7,310	24,996
	Financial income	39	535
	Financial expenses	(52)	0
	Result before tax	7,297	25,531
5.	Tax for the year	1	3,948
6.	**RESULT FOR THE YEAR**	**7,298**	**29,479**

TEPKRI SARSANG A/S

BALANCE SHEET AT 31.12.2020

Note		USD 1,000 2020	2019
	ASSETS		
	NON-CURRENT ASSETS		
2.	Intangible fixed assets		
	Oil rights, proved	22,888	18,638
	Oil rights, unproved	53,188	57,040
	Software	40	135
		76,116	75,813
3.	Property, plant and equipment		
	Production facilities	43,691	28,617
	Production facilities etc. under construction	22,173	25,432
		65,864	54,049
	TOTAL NON-CURRENT ASSETS	141,980	129,862
	CURRENT ASSETS		
	Receivables		
	Receivables from sale of oil	23,782	22,214
	Receivables Group companies	2,863	20,501
	Other receivables	9	10
7.	Prepayments	50	149
		26,704	42,874
	Cash	11,278	227
	TOTAL CURRENT ASSETS	37,982	43,101
	TOTAL ASSETS	**179,962**	**172,963**

TEPKRI SARSANG A/S

BALANCE SHEET AT 31.12.2020

Note		USD 1,000 2020	2019
	LIABILITIES AND EQUITY		
	EQUITY		
	Share capital	966	966
	Retained earnings	171,336	164,038
		172,302	165,004
	NON-CURRENT LIABILITIES		
8.	Provisions	3,242	3,049
		3,242	3,049
	CURRENT LIABILITIES		
	Trade payables	3,727	1,685
	Payables to group companies	691	3,225
		4,418	4,910
	TOTAL LIABILITIES	7,660	7,959
	TOTAL LIABILITIES AND EQUITY	**179,962**	**172,963**

9. Contingencies etc.
10. Related parties

TEPKRI SARSANG A/S

STATEMENT OF CHANGES IN EQUITY AT 31.12.2020
(USD 1,000)

	Share capital	Retained earnings	Total
Equity 01.01	966	164,038	165,004
Profit for the year		7,298	7,298
Equity 31.12	**966**	**171,336**	**172,302**

Share capital consists of the following shares:	Number	Nominal, DKK
	5,500	1,000
	Total nominal value in DKK	5,500,000

Share capital, changes:	
Increase of capital 25 March 2014	500,000
Increase of capital 21 September 2017	500,000
Increase of capital 22 November 2017	500,000

TEPKRI SARSANG A/S

Notes as at 31.12.2020

(USD 1,000)

Note 1, Revenue

The revenue was generated from selling oil in Kurdistan.

Note 2, Intangible assets	**2020** Oil rights, proved	**2020** Oil rights, unproved	**2020** Software
Cost at 01.01	19,412	227,660	274
Additions during the year	2,250	0	0
Transferred	3,852	(3,852)	0
Cost price 31.12	25,514	223,808	274
Depreciation, amortisation and write-downs at 01.01	774	170,620	139
Depreciation and amortisation for the year	1,852	0	95
Depreciation, amortisation and write-downs at 31.12	2,626	170,620	234
Carrying amount 31.12	22,888	53,188	40

Allocation of Depreciation and amortisation in Income Statement	**2020**
Production costs	1,852
Administrative expenses	95
	1,947

Note 3, Property, plant and equipment

	2020 Production facilities etc.	2020 Production facilities etc. under construction
Cost at 01.01	33,556	25,432
Additions during the year	3,927	12,237
Transferred	15,496	(15,496)
Cost price 31.12	52,979	22,173
Depreciation, amortisation and write-downs at 01.01	4,939	0
Depreciation and amortisation for the year	4,349	0
Depreciation, amortisation and write-downs at 31.12	9,288	0
Carrying amount 31.12	43,691	22,173

Allocation of Depreciation and amortisation in Income Statement	2020
Production costs	4,349

Note 4, Staff costs

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

With reference to provision 98b, 3 of the Danish Financial Statements Act, no Board of Directors' fee and Management remuneration is shown due to only one person receiving remuneration: Managing Director. The Board of Directors members receive 0 in remuneration.

Note 5, Corporate tax

Tax income on profit for the year is USD 1 thousand (2019: income of USD 3,948 thousand) due to an adjustment related to prior years.

	2020	2019
Adjustment prior years (Joint tax for previous periods)	1	3,948
	1	3,948

Note 6, Proposed distribution of net result	2020	2019
Retained earnings	7,298	29,479
	7,298	29,479

Note 7, Prepayment

Prepayments include prepaid expenses (other external expenses accrued: e.g. insurance, other administrative expenses).

Note 8, Provisions

Other non-current provisions include discounted abandonment provision of USD 3 million (2019: USD 3 million).

Provisions are recognised when the Company has an existing legal or actual obligation and includes provision for unsettled claims, lawsuits and abandonment. Provisions are recognised on the basis of best estimates and take discounting into consideration when the time element is significant.

Note 9, Contingencies

For development activities in Kurdistan the Company is liable jointly and severally with the other partners for development commitment and obligations in connection with field developments.

As of 31 December 2020, the Company is jointly taxed with the Danish companies within the Total Group. 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 tax is divided between the members of the joint taxation scheme by use of the full allocation method.

Joint tax liability for previous periods still exists.

Note 10, 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:

	2020
Purchase of services from affiliate	(2,152)

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 4.

Payables and receivables to group entities are disclosed in the balance sheet.

Parties exercising control

The Company is 100% owned by Total E&P Danmark A/S.

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.