



nordsøfonden

ANNUAL REPORT

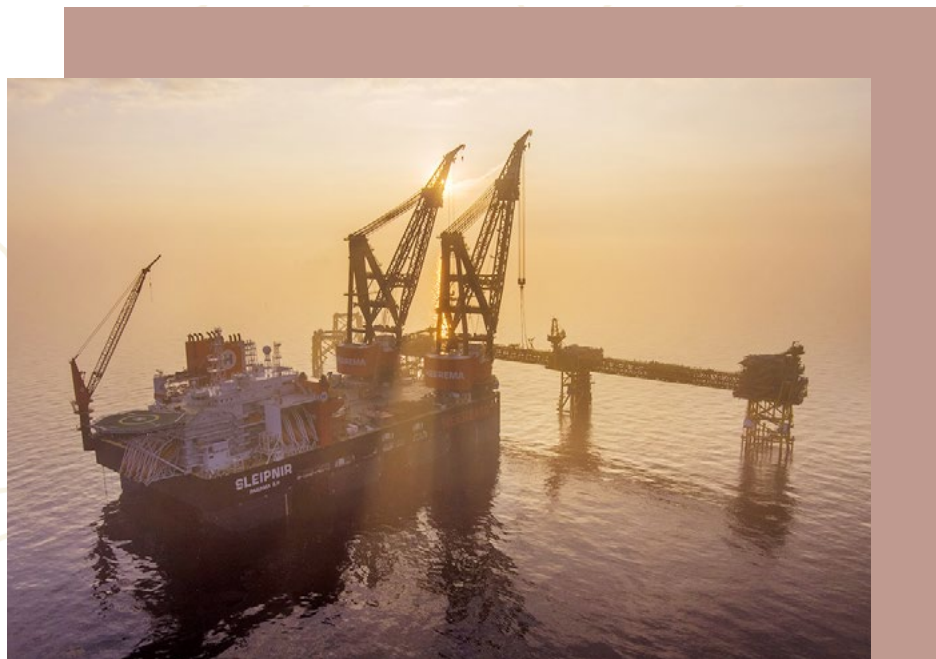
2021

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Nordsøfonden & Nordsøenheden

Unofficial translation





Nordsøfonden is administrated by Nordsøenheden, which is an independent state company. Nordsøfonden is owned by the Danish State through the Minister for Industry, Business and Financial Affairs.

The Annual Reports 2021 for Nordsøfonden (page 1-35) and for Nordsøenheden (page 36-55) are gathered in this document.



ANNUAL REPORT 2021

NORDSØFONDEN





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Photos: Nordsøfonden, TotalEnergies, Unsplash



Information on Nordsøfonden

Nordsøfonden
Rentemestervej 8
DK-2400 Copenhagen NV

Telephone: +45 72 26 57 50
Homepage: www.eng.nordsoefonden.dk
CVR No: 29 43 50 65

Municipality of reg. office: Copenhagen

Financial period: 1 January 2021 – 31 December 2021. 16th accounting year.

Nordsøfonden is administered by Nordsøenheden.

Auditors: Rigsrevisionen (external auditors) and PricewaterhouseCoopers,
Statsautoriseret Revisionspartnerselskab (internal auditors)

Nordsøfonden is the Danish state's oil and gas company. We produce oil and gas, thus helping to assure supplies of energy and raw materials and to generate income for the state coffers.

Nordsøfonden participates on behalf of the Danish state in licences in the Danish area of the North Sea, and is a partner in the Danish Underground Consortium (DUC), which accounted for approximately

85 percent of Danish oil and gas production in 2021. Nordsøfonden's mission is to create value by making the best possible use of the resources at our disposal.

Nordsøfonden is a public fund, owned by the Danish state as represented by the Minister of Industry, Business and Financial Affairs. Nordsøfonden is administrated by Nordsøenheden, which is an independent public company.





Key Figures

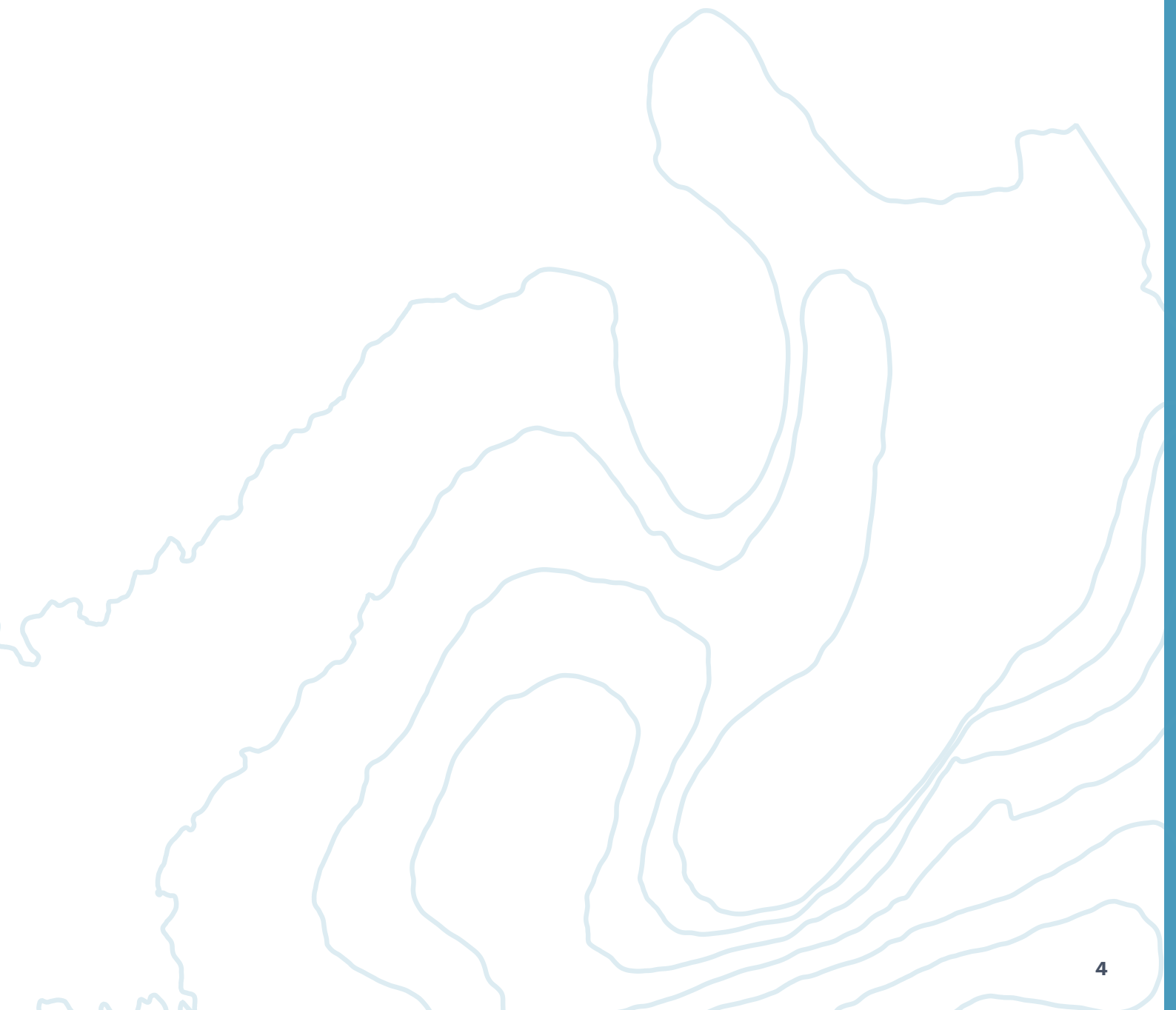
	2021	2020	2019	2018	2017
Oil production - average bbl per day (rounded)	11,200	12,100	17,700	20,100	23,100
Gas production, MWh per day (rounded)	5,800	6,800	15,700	21,600	25,000
Average oil price for the year (Brent) DKK/bbl	446	275	427	449	357
Average gas price per MWh for the year DKK	313	50	85	143	105

mill. DKK	2021	2020	2019	2018	2017
Net turnover	2,481	1,273	3,280	4,382	4,058
Exploration activities	16	44	84	34	47
Profits/loss before financial income and expenses	665	-473	791	1,455	874
Net financial result	-133	-176	-168	-155	-233
Net profits/loss for the year	341	125	565	464	466
Investments in tangible fixed assets	768	831	666	669	274
Equity	2,543	2,202	2,077	1,913	2,449
Total assets	8,987	8,032	7,455	7,795	8,248
Taxes paid	14	263	806	1,429	1,019
Transferred to the State	-	-	400	1,000	600



MANAGEMENT'S REPORT

NORDSØFONDEN





Management's Report

Significant activities during the year

The past year was distinguished by significant rises in the price of both oil and gas, with gas prices reaching levels never seen before.

The spread of COVID-19 and the consequences of the pandemic continued to affect large parts of the world once more in 2021, and Nordsøfonden's business was also impacted. For example, the pandemic presented ongoing challenges for parts of the redevelopment of the Tyra field and caused postponements and cancellations of activities in the North Sea.

However, 2021 also saw positive development in CCS activities (i.e. the capture and underground storage of CO₂) in Denmark.

Redevelopment of the Tyra field continues

The redevelopment of the Tyra field remained Nordsøfonden's most significant activity in 2021,

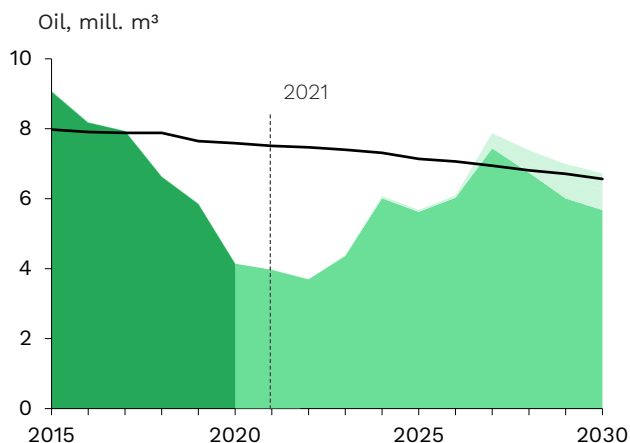
with the Danish Underground Consortium (DUC) investing more than DKK 20 billion in the new facilities.

The new installations are being built in Indonesia, Italy and Singapore, and the spread of COVID-19 gave rise to challenges once again in 2021, causing delays at a number of the shipyards engaged in the construction work. It is still expected that the new facilities will be able to restart production in June 2023, when Tyra II will once again serve as the primary hub for gas produced in the Danish sector of the North Sea.

Danish production of oil and gas makes a positive contribution to the energy security of supply in Europe and to the Danish balances of payments and trade, with the oil and gas produced being traded on the international energy market.

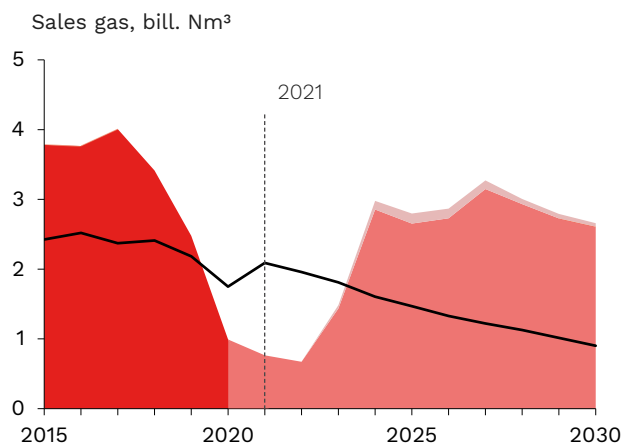
Denmark has been a net exporter of oil and gas for many years, i.e. production from Danish fields has exceeded Danish domestic consump-

Danish production and consumption of oil and gas 2015-2030



■ Production

■ Expected production



■ Potential resources

— Consumption



tion. The temporary shut-in of the Tyra field has, however, significantly reduced Danish production – in particular gas production – for several years. When Tyra II is operational again, Danish production will once more exceed the expected consumption, see the graph above.

An important milestone in the Tyra II project was achieved in September 2021 when three new modules and two new bridges were installed on Tyra East with the assistance of the largest floating crane in the world. It is now time to start work on the major tasks offshore in relation to the commissioning and hook-up scope of the Tyra II facilities. There are many additional employees required in order to complete the work over the coming years and they will be housed on the Haven accommodation platform, which was linked to the new facilities on Tyra East via a temporary bridge in the autumn of 2021.

An additional three new modules and two bridges for Tyra West have been built in Singapore and their installation is scheduled for spring 2022. The installation of the control and accommodation module, which is being built in Italy, is expected to be completed at the same time.

Significant surge in oil and gas prices

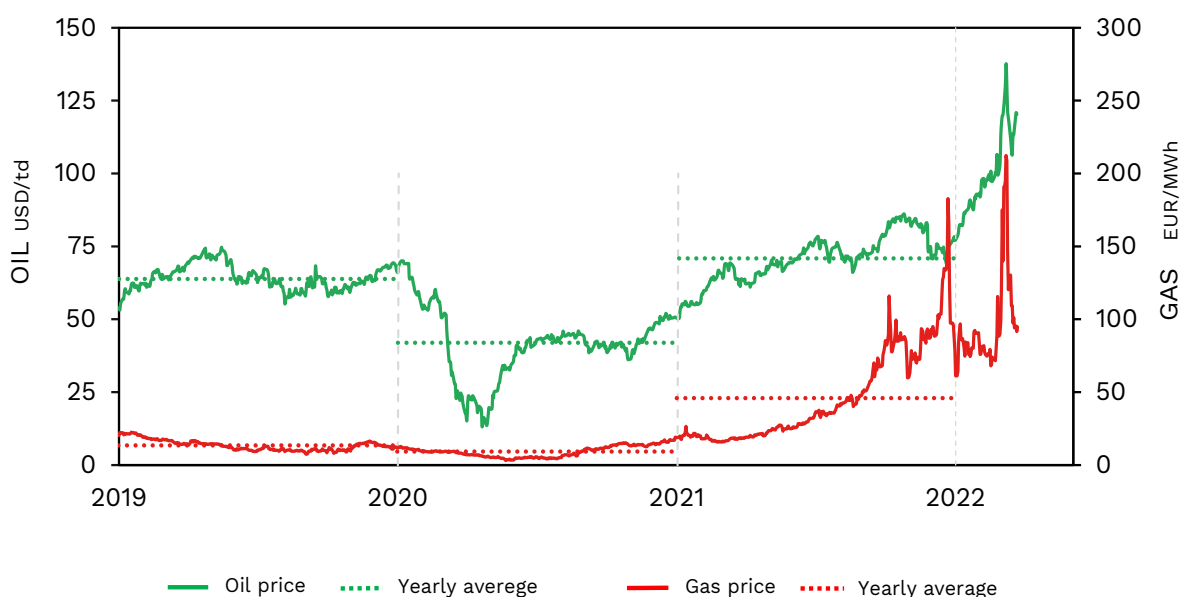
Since the start of 2020, the pandemic has had an impact on the level of commercial activity in large parts of the world. This has naturally led to major uncertainty with regard to the need for energy and, as a result, the associated energy prices. Whilst the price of oil and gas generally declined in 2020, albeit with substantial fluctuations, 2021 has been distinguished by strongly surging oil and gas prices.

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The price of gas rose to previously unseen levels in 2021. Prices were still at a historically high level at the end of the year

At the start of 2021, oil was selling at around USD 50 a barrel; the price then rose throughout the year, peaking at USD 86 per barrel. This sharp increase in price was primarily powered by a rise in demand, particularly in China, the United States, Europe and parts of Asia, as ongoing administration of Corona vaccines resulted in a steady re-opening of society.

Development of oil and gas prices 2019-2022





The price of gas rose to previously unseen levels in 2021. The upward development even continued during the summer period, when prices conventionally recede. Towards the end of December 2021, the price of gas briefly rose to EUR 183 per MWh, but by the end of the year it had dropped back to around EUR 75 per MWh, which is still a historically high level.

The steep rise in the price of gas was further exacerbated by the tense geopolitical situation. The year also witnessed lower gas production, along with less electricity generated by wind turbines and hydropower plants. In addition, maintenance work has been carried out on the gas grid, and gas reserves in Europe have not been as well-stocked as usual. Finally, Europe has found itself in competition with Asia for deliveries of liquid natural gas (LNG) and has imported less gas from Russia.

Possible development of the Solsort discovery

The Solsort oil discovery is located in the north of the Danish sector of the North Sea. The discovery encompasses licences 4/98, 3/09 and 7/89 (South Arne), and the area as a whole is referred to as the “Solsort Unit”.

A number of changes were made to in relation to the licence groups in 2021. INEOS acquired Hess’ Danish activities, while Neptune sold its Danish activities to Danoil. There are therefore now three partners in Solsort Unit today, namely INEOS, Nordsøfonden and Danoil. INEOS is now the operator of both the Solsort Unit and the South Arne field.

Work commenced in 2021 on maturing a development in the western area of the Solsort discovery as an initial phase. This initial phase comprises two long reach wells drilled from the nearby South Arne platform, and an agreement was entered into at the end of 2021 regarding the terms and conditions for the tie-in to the installations in the South Arne field. The work to mature the project continues, and it is expected that it will be possible to make a decision concerning the development of the field in 2022.

Production from the Ravn field ceased

Production of oil from the Ravn field commenced in 2017, but operations had to be suspended in spring 2020 due to technical problems with the production well. Wintershall, the operator, has now decided that there are insufficient grounds to re-establish production from the Ravn field.

Work was carried out in 2021 to assess whether it would be possible to develop oil production from a different area of licence 5/06, called “Greater Ravn”. The results from the studies and assessments that were completed indicated that there is no basis for establishing new facilities and wells, nor for the commencement of production from a larger area of the licence. This was reported to the Danish Energy Agency at the end of 2021.

All that now remains is to close the Ravn field permanently and to remove the installations. It is expected that it will then be possible to return the licence within a year or two.

Project Bifrost – CCS

In 2021, Nordsøfonden and the other partners in DUC entered into a CCS partnership entitled “Project Bifrost” together with Ørsted and the Technical University of Denmark (DTU).



The depleted fields coupled with the existing infrastructure and the experience of the sector, have the potential to enable significant carbon reductions by storing CO₂ underground.

The purpose of the project is to allow Nordsøfonden and the other partners to mature look into the potential for storing CO₂ offshore, as well as the options for transporting it to same by re-using the existing infrastructure at DUC’s Harald field in the Danish section of the North Sea.



It is expected that on start-up in 2027, Project Bifrost will have the capacity to store 3 million tonnes of CO₂ per annum. To put this into perspective, Denmark needs to cut a further 20 million tonnes or so from its total emissions of greenhouse gases in order to achieve the projected reduction of 70 percent by 2030. The initial phase of the project is therefore expected to be able to deliver 15 percent of this reduction.

In December 2021, Project Bifrost was awarded partial financing in the amount of DKK 75 million by EUDP (the Energy Technology Development and Demonstration Program, which is financed through funds made available in the Danish National Budget and the Independent Research Fund). This partial funding will enable the participants to mature the project concepts during 2022 and 2023.

Activities in DUC

The past year saw a number of postponements in activities within the DUC. In the autumn, the operator TotalEnergies unfortunately announced a delay in its decision regarding investment in the development of the two projects Valdemar Bo South and Halfdan North. Plans for both developments are based on utilisation of existing infrastructure.

DUC has

13

producing fields and
is a Joint Venture
between TotalEnergies,
Noreco and Nordsøfonden

The projects have been under way for several years, and oil production was scheduled to commence in 2024. On the basis of the recent an-

nouncement, however, both projects have been pushed back 2–3 years. Nordsøfonden is working to make it possible to launch new projects in DUC faster than the current plans indicate, partly to ensure optimal utilisation of existing installations and the new Tyra II production facilities.

In 2020, the DUC partners initiated a project to assess the possibility of electrifying operation of the DUC's installations in the North Sea. These facilities are principally powered by gas turbines today.

All the solutions outlined to date entail significant costs and are financially challenged, however, analyses of potential scenarios for electrification continue. The Danish Energy Agency has likewise commenced analysis of the possibilities of electrifying installations in the North Sea. Nordsøfonden is participating in this work in collaboration with its DUC partners and other companies.

Exploration

Exploration activities in 2021 have similarly been beset by postponements and cancellations. The most significant activities are the following:

- Wintershall Dea is the operator in licence 9/16 in the eastern area of the Central Graben. The assessment is now that the exploration well that the licence is committed to drill is no longer economically viable. In the light of the North Sea Agreement of December 2020, a decision from the Danish Energy Agency is awaited as to whether the licence can be relinquished without drilling the committed well Vibe-1.
- In the Sole Concession, the DUC is committed to drill an exploration well targeting the diatomite deposits. The deadline for drilling the well has been extended until 1 July 2022. At present, DUC cannot identify any economic incentive for exploring these deposits and is currently in dialogue with the Danish Energy Agency to establish the terms required in order not to drill the well.
- The Robin Hood area is covered by licence 12/06 and comprises the two discoveries



known as Broder Tuck and Lille John. Dana is the operator of the licence. The work to mature the two discoveries is set to continue in 2022 with the aim of establishing whether it would be commercially viable to develop one or both of the discoveries.

- INEOS is the operator of licence 1/06, where work has continued on maturing the Finke prospect and other exploration projects. The ongoing work in the licence is awaiting a decision from Ineos regarding the development of the Hejre discovery in the neighbouring licence 5/98.

The North Sea Agreement of December 2020 stipulates cessation of all hydrocarbon activities in 2050. As a consequence of this, no more exploration licences are expected to be issued in the Danish sector of the North Sea in the future, which means that no additional, significant exploration activities will be launched.

Corporate social responsibility and data ethics

Denmark is on the way to becoming a carbon-neutral society, and Nordsøfonden supports both the Paris Agreement and Denmark's commitment to reducing carbon emissions by 70 percent in 2030.

The production and utilisation of oil and gas has an impact on the environment and the climate. Nordsøfonden will therefore – in partnership with the other players active in the Danish sector of the North Sea – work to ensure that production is conducted in a responsible manner.

Responsibility is a key feature and an integral consideration in all of Nordsøfonden's activities. This means, inter alia, that harmful emissions released into the environment, including climate gases, are to be reduced, and that safety offshore is to be prioritised highly so as to diminish the risk of accidents.

The battle against climate change demands innovative solutions and the testing of new technolo-

gies. The entire oil and gas industry is undergoing a significant change and every effort should be made to utilise knowledge from the sector in the ongoing green transition.



The oil and gas industry is undergoing a significant change and it is imperative to utilise knowledge from the sector in the ongoing green transition

There has been appreciable focus on CCS in 2021, and this technology could come to play an important role in helping Denmark achieve its reduction targets. In this context, the depleted fields in the North Sea, the existing infrastructure and the knowledge and experience of the sector have the potential to enable significant CO₂ reductions by storing CO₂ underground. Nordsøfonden has expanded its activities and is participating in initiatives such as Project Bifrost, whose purpose is to help mature the potential for storing CO₂ in the Harald field.

Nordsøfonden's and Nordsøenheden's CSR report for 2021, cf. Section 99a of the Danish Financial Statements Act, is published (in Danish) on the Nordsøfonden website: eng.nordsoefonden.dk/about/our-responsibility/

The CSR report has been prepared in accordance with the requirements of the Danish Financial Statements Act concerning the reporting of companies' corporate social responsibility. It includes Nordsøfonden's and Nordsøenheden's policies for corporate social responsibility, how these are applied in practice and an appraisal of the results achieved.

Nordsøfonden's and Nordsøenheden's report on data ethics policy, cf. Section 99d of the Danish Financial Statements Act, is included in the CSR Report and states how Nordsøenheden works with issues of data ethics. Nordsøfonden is not subject to the provisions of Section 99b of the Danish Financial Statements Act.



Risks

Nordsøfonden works to generate value from oil and gas activities for the benefit of Danish society, and Nordsøfonden maintains constant focus on addressing the risks that may have a negative impact on value generation.



Nordsøfonden works to generate value for the benefit of Danish society

In recent years, oil and gas prices have been crucial in determining the level of value generation. The significant fluctuations in prices, including an appreciable decrease in 2020 and strong surges over the course of 2021, have produced uncertainty in the industry and had a major impact on companies' willingness to invest. In addition, the pandemic resulted in lockdowns in several countries for periods of varying length, as well as an increase in economic uncertainty. This has naturally had an impact on production, trade, transport and energy consumption as well as investments.

The tendency towards reticence with regard to launching new projects witnessed in recent years among oil and gas companies continued in 2021. Nordsøfonden has likewise noted that the industry is taking a shorter-term approach to investments today. This limits the opportunities open to Nordsøfonden to generate value.

As a state participant, Nordsøfonden is focused on ensuring that the value of Danish oil and gas production potential is actually realised in the period up to discontinuation of activities in the North Sea.

Maintenance of the older platforms in particular has been a focus area in recent years, because the condition of these platforms constitutes a significant risk to both the environment and safety, and could lead to a prolonged shut-down of production from the North Sea. In order to combat this risk, Nordsøfonden continues to work hard to ensure that maintenance work on, and modifications to, installations are carried out as and when the need arises and without undue delay.

Financial performance

For 2021, Nordsøfonden's share of the DUC oil production amounted to 4.1 million barrels, equivalent to 11,200 barrels per day. This represents an 8 percent decrease in relation to production in 2020.

Gas production for 2021 totalled 2.1 million MWh, which represents a drop of 15 percent on the figure for 2020.

The decrease in oil and gas production is primarily attributable to the natural decline in production from the fields and insufficient emphasis on production optimisation.

With Brent crude fetching an average price of USD 71 per barrel in 2021 – which is 70 percent higher than in 2020 – and an average gas price of EUR 42 per MWh during the same period – six times as high as in 2020 – Nordsøfonden's total turnover amounted to DKK 2.5 billion. Nordsøfonden does not undertake financial hedging of oil and gas prices.



Nordsøfonden invested almost DKK 725 million in the redevelopment of the Tyra field in 2021.

Nordsøfonden's share of the production costs amounted to DKK 1 billion. In 2021, Nordsøfonden invested almost DKK 725 million in the redevelopment of the Tyra field. Nordsøfonden's total investments amounted to DKK 768 million.



Nordsøfonden devoted DKK 16 million to exploration and appraisal activities in 2021. The Nordsøfonden accounts include company and hydrocarbon taxes paid in the amount of DKK 14 million. No dividend has been transferred to the state for the year; rather, the fund took out an additional state loan of DKK 500 million to finance the redevelopment of the Tyra field facilities.

Nordsøfonden's net result for 2021 was a profit of DKK 341 million, compared to a profit of DKK 125 million in 2020. The profit for 2021 is better than expected, largely on account of significantly higher average oil and gas prices for the year.

Expectations for 2022

The war in Ukraine has resulted in a sharp rise in oil and gas prices, and it is impossible to predict how they are likely to develop over the coming years. Nordsøfonden's financial results are heavily dependent on the prevailing oil and gas prices.

The ongoing redevelopment of the Tyra field facilities continues to entail a reduction of production in DUC. The forecast for 2022 indicates oil and gas production slightly below 2021 levels as a result of the natural decline in production of the fields.

Nordsøfonden's investments in 2022 comprise significant investments in the redevelopment of the Tyra field and are expected to amount to around DKK 1 billion, which is approximately 25 percent higher than in 2021.

Production costs are expected to remain at the same level as in 2021. Taking into account the recently adopted North Sea Agreement, exploration activities in 2022 are expected to be extremely limited.

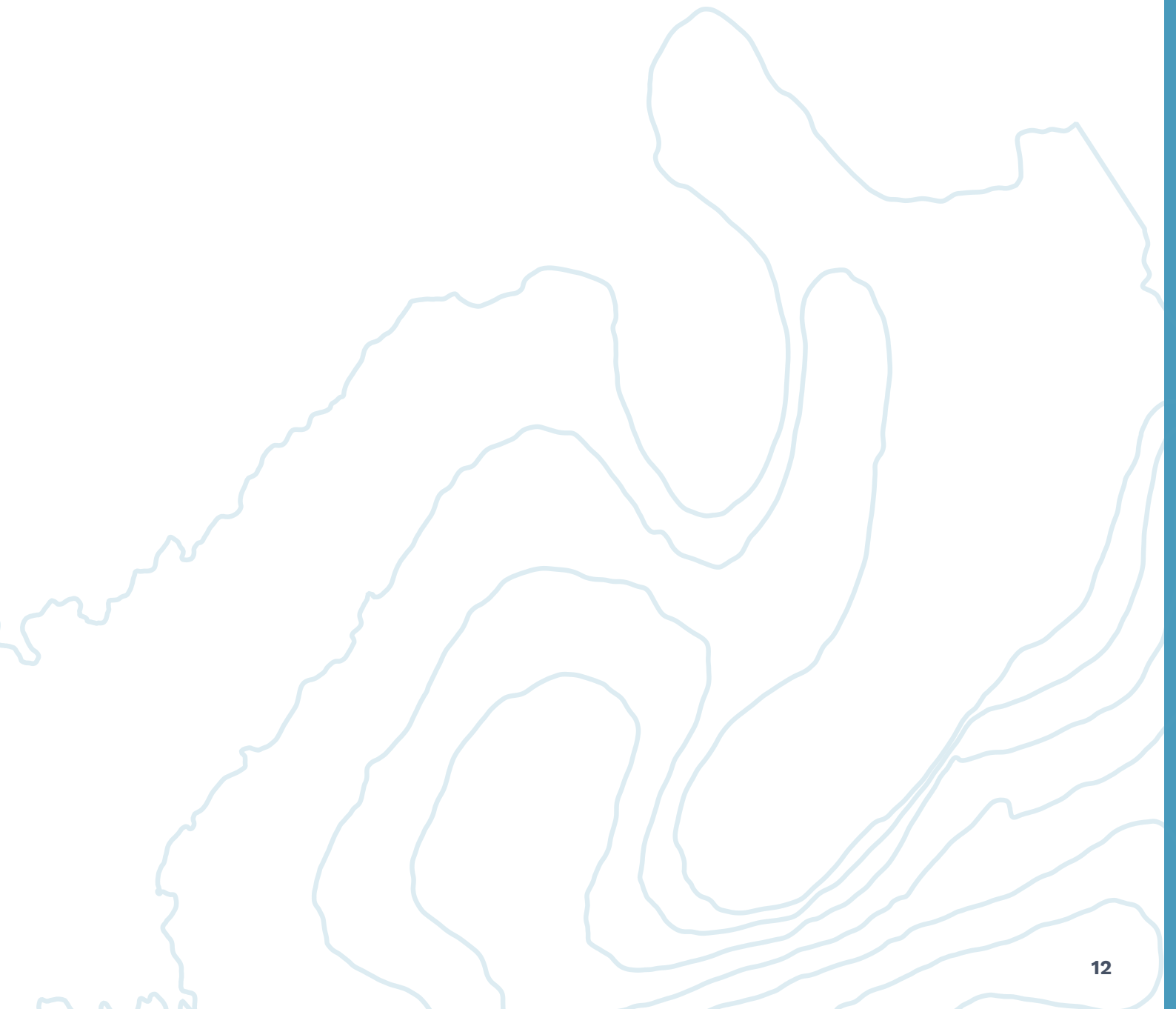
Sudden rises or falls in oil prices will naturally affect the result for 2022. At the current price levels – USD 95 per barrel for oil and EUR 70 per MWh of gas – a result of around DKK 400 million is forecast.

Subsequent incidents

No subsequent incidents have been observed that have an influence on the assessment of the Annual Report for 2021.



ACCOUNTING POLICIES **NORDSØFONDEN**





Accounting Policies

Basis of preparation

The Annual Report of Nordsøfonden for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies are the same as those applied last year.

Format, classifications and designations in the income statement and the balance sheet have been adapted to the special nature of Nordsøfonden.

Opening balance regarding entrance into DUC reflects the present value calculated, which was established as cost price as of 9 July 2012.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period.

Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Joint operations

Joint operations include jointly operated licences within oil exploration and production.

On consolidation, joint operations investments are recognised on a proportionate basis as the share of the jointly controlled assets and liabilities, classified by the nature of the assets and liabilities, and the share of the expenses incurred by the jointly controlled operation.

Accounting treatment of exploration and production

Nordsøfonden recognises exploration costs using the successful efforts method.

Exploration costs that are not directly attributable to individual exploration wells and exploration wells that turn out unsuccessfully (dry) are expensed as incurred. Costs for other exploration wells are capitalised on a licence by licence basis under exploration assets and are not amortised.

Acquired shares in exploration and appraisal licences are, as a rule, capitalised on a licence by licence basis.

The result of subsequent appraisal activities is reviewed on a licence by licence basis. On completion of an appraisal well, the wells are ex-



pensed together with the associated capitalised exploration costs, unless the results indicate with reasonable probability the existence of reserves that can be utilised commercially. If no subsequent appraisal activities are performed, capitalised exploration costs from exploration assets are written down.

Once a decision has been made on a development and operating plan for a licence, and the plan has been approved by the relevant authorities, the exploration and appraisal costs are transferred to property, plant and equipment in the course of construction.

When the field is ready for start-up of commercial production, such capitalised costs and other investments in production assets are transferred to production assets in the balance sheet.

The cost of production assets comprises direct and indirect expenses incurred in respect of fields that are considered to be commercial.

Depreciation commences when the field comes on stream. Production assets are depreciated over their useful lives, which are assessed on the basis of production expectations for the individual field/process centre.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the rates at the dates of transaction and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income statement

Revenue comprises the value of Nordsøfonden's share of oil and gas production. A provision is made at the selling price obtained under deferred income in the balance sheet to the extent that the volume of oil sold exceeds the share of the produced oil (overlift).

The item production costs comprise costs for the production and transport of oil and gas to the point of delivery. A provision is made at sales price under prepayments in the balance sheet to the extent that the volume of oil sold is smaller than the share of the produced oil (underlift).

Exploration expenses mainly include expenses relating to geological and geophysical analyses expenses and exploratory dry hole costs.

Administrative expenses primarily comprise administration fee to Nordsøenheden, expenses for insurances and advisory services, etc.

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, accretion related to asset retirement obligations as well as extra interest payments and repayment under the on-account taxation scheme.

Tax on the profit/loss for the year comprises the amount expected to be payable for the year and adjustment concerning previous years as well as adjustment of deferred tax. The amount includes the special taxes paid in connection with extraction and production of hydrocarbons.

Provision for deferred tax is made on the basis of the difference between the carrying amount and the tax base of assets and liabilities.

Deferred tax is not recognised on temporary differences which at the time of transaction have no effect on either net profit/loss or taxable income. Deferred tax assets are only recognised to the extent it is probable that the tax asset can be utilised against future taxable income and/or be repaid at cease of licence. The estimate hereof is subject to significant uncertainty.



Balance sheet

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

The cost of production facilities etc. comprises direct and indirect costs incurred in respect of appraisal and production wells and production equipment etc. relating to fields assessed to be commercial. Cost comprises the net present value of estimated asset retirement costs, which include disassembly and removal of the asset as well as cleanup. Production facilities etc. are depreciated over the expected production period/ useful lives determined individually for each field/ process centre.

The periods of depreciation and amortisation of property, plant and equipment are reassessed on an annual basis.

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined on a total assessment.

Raw materials and auxiliary items as well as oil stock are measured at the lower of average cost and net realisable value and are recognised in the item prepayments.

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made based on a specific assessment of each receivable.

Prepayments comprise prepaid expenses and underlift.

Nordsøfonden recognises provisions for asset retirement obligations relating to oil fields etc. The provisions are recognised on the basis of an actual assessment and at net present value. The provision assumptions are reassessed on an annual basis. A considerable portion of the obligation will not become payable in 20-30 years and, therefore, major uncertainty is associated with the statement of the obligation, including the assumptions applied for especially the useful lives of fields which depends on the future oil prices.

Deferred income comprises overlift.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Deferred tax assets and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Short-term debts are measured at amortised cost, which all-in-all corresponds to nominal value.

Long-term debt comprise debt to the State and are measured at amortised cost.

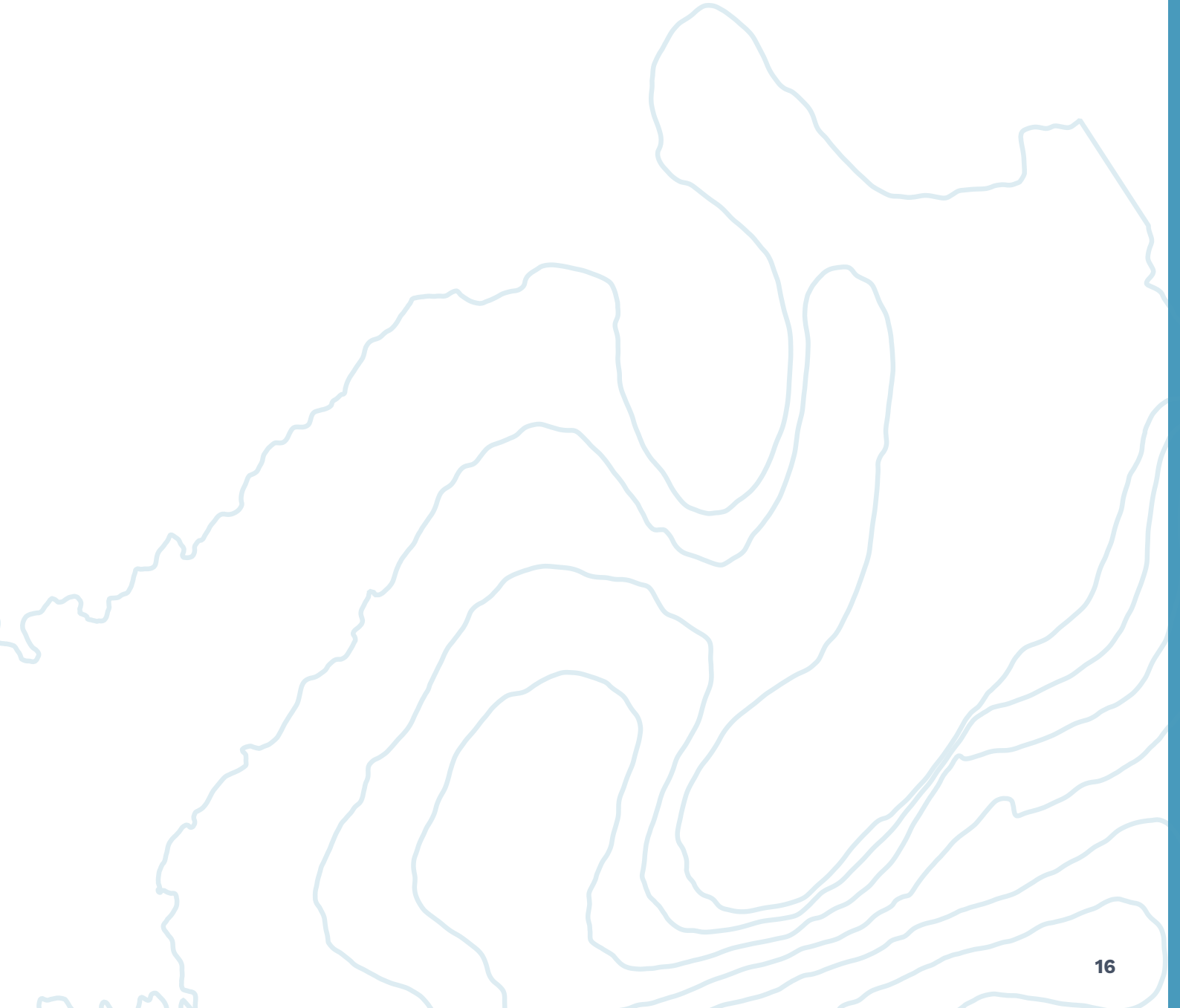
Cash Flow statement

The Cash Flow statement shows Nordsøfonden's Cash Flows for the year broken down by operating, investing and financing activities.



FINANCIAL STATEMENTS

NORDSØFONDEN





Income Statement

Note	mill. DKK	2021	2020
1	Net turnover	2,480.5	1,272.5
	Production costs	-994.1	-982.6
7	Depreciations	-775.7	-757.1
	Other income	0.7	59.6
	Gross result	711.4	-407.6
	Exploration costs	-15.5	-43.8
2	Administrative costs	-30.5	-21.5
	Profits/loss before financial income and expenses	665.4	-472.9
3	Financial income	27.9	7.1
4	Financial expenses	-160.9	-182.9
	Profits/loss before tax	532.4	-648.7
5	Tax on profits/loss for the year	-191.4	773.7
	Net profits/loss for the year	341.0	125.0
6	Distribution of result		



Balance Sheet 31 December

Assets

Note	mill. DKK	2021	2020
7	Tangible fixed assets		
	Production facilities e.o.	2,699.1	3,130.5
	Production facilities e.o. under construction	2,239.0	1,569.4
	Total fixed assets	4,938.1	4,699.9
	Stock, crude oil and inventory	214.8	220.7
	Receivables		
	Receivables oil and gas sales	355.8	133.6
	Other receivables	11.5	12.2
	Prepayments	119.4	439.0
5	Tax receivable	0.0	113.2
5	Deferred tax asset	2,001.0	2,042.0
		2,702.5	2,960.7
	Cash	1,346.4	371.3
	Total current assets	4,048.9	3,332.0
	Total assets	8,987.0	8,031.9



Balance Sheet 31 December

Liabilities and Equity

Note	mill. DKK	2021	2020
	Equity, refer below	2,543.3	2,202.3
	Total equity	2,543.3	2,202.3
8	Asset retirement obligations	4,834.9	4,479.9
	Total provisions	4,834.9	4,479.9
9	Debt Danish State	1,030.1	538.8
	Total long-term debt	1,030.1	538.8
	Operator debt	504.1	330.3
5	Tax payables	23.5	-
	Deferred income	51.1	480.6
	Total short-term debt	578.7	810.9
	Total debts	6,443.7	5,829.6
	Total liabilities and equity	8,987.0	8,031.9

Equity

	As of 1 January	2,202.3	2,077.3
	Net profits/loss for the year	341.0	125.0
	Transferred to State	-	-
	Equity at 31 December	2,543.3	2,202.3

10 Contingent liabilities and other financial obligations

11 Related parties and ownership



Cash Flow Statement

Note	mill. DKK	2021	2020
	Profits/loss before financial income and expenses	665.4	-472.9
	Depreciation and writedowns	775.7	698.5
	Working capital movements	-188.2	-147.4
5	Taxes paid	-13.6	-263.1
	Interest income	6.6	5.5
	Interest expenses	-3.8	-12.0
	Cash Flow from operations	1,242.1	-191.4
	Investment in tangible fixed assets	-767.5	-831.2
	Cash Flow from investments	767.5	-831.2
	State loan granted	495.4	540.4
	Transferred to the State	-	-
	Cash Flow from financing activities	495.4	540.4
	Cash Flow for the Year	970.0	-482.2
	Cash 1 January	371.3	859.2
	Exchange rate adjustment re. cash	5.1	-5.7
	Cash 31 December	1,346.4	371.3



Notes to the Financial Statements

Note	mill. DKK	2021	2020
1	Net turnover		
	Nordsøfonden's turnover solely comprises the fund's share of oil and gas production in Denmark.		
	Sale of oil	1,851.9	1,210.4
	Sale of gas	628.6	62.1
	Net turnover	2,480.5	1,272.5
2	Administrative expenses		
	Nordsøenheden administrates Nordsøfonden and collects a consideration herefore. The consideration is determined in the annual Finance Act and is recognised as an expense in Nordsøfonden's Profit and Loss for 2021 with DKK 30.5 mill. (DKK 21.5 mill. in 2020). Remuneration of management, other employees, rent and other costs are at the expense of Nordsøenheden, and are therefore not a part of the Financial Statements for Nordsøfonden. An administration fee is paid from Nordsøfonden to Nordsøenheden covering the latter's undertaking of these functions, of which management remuneration constitutes DKK 1.7 mill. (DKK 1.8 mill. in 2020) and Board remuneration DKK 1.2 mill. (DKK 1.2 mill. in 2020).		
	Rigsrevisionen does not charge for auditing.		
3	Financial incomes		
	Interest received in bank	6.4	5.4
	Interest received in joint ventures	0.2	0.1
	Recognition of amortisation gain - state loan	4.3	1.6
	Exchange adjustments	17.0	-
	Total	27.9	7.1



Notes to the Financial Statements

Note	mill. DKK	2021	2020
4	Financial Expenses		
	Interest paid, credit institutions and state loan	3.8	1.3
	Interest element re. abandonment obligations	156.8	165.2
	Interest paid in joint ventures	0.1	0.2
	Recognition of amortisation loss - state loan	0.2	-
	Exchange adjustments	-	16.2
	Total	160.9	182.9
5	Tax on profits/loss for the year		
	Current tax for the year	142.0	0.0
	Deferred tax assets adjustment for the year cif below	-125.5	-613.9
	Deferred tax liability adjustment for the year cif below	166.5	-157.4
	Adjustments of previous year's tax	8.3	15.6
	Total tax for the year	191.4	-773.7
	Tax to be specified as follows:		
	Calculated company tax on profit of the year	142.0	0.0
	Calculated hydrocarbon tax on profit of the year	0.0	0.0
	Adjustment deferred company tax for the year	-11.8	-171.4
	Adjustment deferred hydrocarbon tax for the year	52.9	-617.9
	Adjustment of the previous year	8.3	15.6
	Total	191.4	-773.7



Notes to the Financial Statements

Note	mill. DKK	2021	Adjustment for the year	2020
5	Deferred tax Asset related to asset retirement obligations*)			
	Company tax	906.6	3.7	902.9
	Hydrocarbon tax	1,824.8	121.8	1,703.0
	Total asset	2,731.4	125.5	2,605.9
	Liability related to differences between carrying amount and the tax base of fixed assets			
	Company tax	-187.9	8.1	-196.2
	Hydrocarbon tax	-542.4	-174.7	-367.7
	Total liability	-730.4	-166.5	-563.9
	Net deferred tax	2,001.0	-41.0	2,042.0

*) The tax asset is recognised, only to the extent it reflects expected utilisation or repayment of the hydrocarbon tax part of the asset, which will be released at licence cessation.

	2021	2020
Tax payable		
As of 1 January	-113.2	134.3
Current tax for the year	142.0	0.0
Taxes paid	-13.6	-263.1
Adjustment of previous year's tax	8.3	15.6
Tax payable 31 December	23.5	-113.2
6	Proposed distribution of result	
Year result	341.0	125.0
Retained earnings	341.0	125.0



Notes to the Financial Statements

Note	mill. DKK	Production facilities e.o. u. construction	Production facilities e.o.	Total
7	Tangible fixed assets			
	Cost at 1 January	1,556.9	28,104.8	29,681.7
	Disposals for the year	-	-	-
	Additions for the year	681.2	332.7	1,013.9
	Transfer	-11.6	11.6	-
	Cost at 31 December	2,246.5	28,449.1	30,695.6
	Depreciation at 1 January	7.5	24,974.3	24,981.8
	Disposals for the year	-	-	-
	Depreciation for the period	-	775.7	775.7
	Depreciation at 31 December	7.5	25,750.0	25,757.5
	Carrying amount at 31 December	2,239.0	2,699.1	4,938.1

Note	mill. DKK	2021	2020
8	Asset retirement obligation		
	Asset retirement obligation on 1 January	4,479.6	4,719.6
	Abandonment expenditure for the year	-48.2	-252.6
	Accretion for the year	156.8	165.2
	Adjustment of obligation ^{*)}	246.3	-152.3
	Asset retirement obligation 31 December	4,834.5	4,479.9

^{*)} Adjustment in 2020 and 2021 as a result of partly changed estimate for abandonment expenses and partly addition of new facilities.

Of the total obligation DKK 0.1 bill. (DKK 0.0 bill. in 2020) is expected to be due within the coming 12 months, DKK 1.7 bill. (DKK 1.4 bill. in 2020) is expected to be due in 2-5 years, while the remaining part is expected to be due in more than 5 years.



Notes to the Financial Statements

Note	mill. DKK	Principal	Carrying amount
9	State loan		
	Balance at 1 January	500.0	538.8
	Loan granted	500.0	495.4
	Amortisation of premium		-4.1
	Balance at 31 December	1,000.0	1,030.1

The loans expire in 2029 and 2031

10 **Contingent liabilities and other financial obligations**

Obligations regarding exploration rest upon Nordsøfonden under the licences for exploration and production of hydrocarbons granted by the Minister for Climate, Energy and Utilities. Nordsøfonden is jointly and severally liable with the other partners in the licence for any damages claimed and for the satisfaction of any obligations to the State under the licences.

Nordsøfonden is jointly and severally liable with the other partners in DUC and other licences towards the Operator for contracts regarding field development, chartering of drilling rigs a. o. under contracts entered by the Operator.

Nordsøfonden has brought gas ashore at Nybro via the Ørsted Group's pipeline, but there is some disagreement as to what constitutes a reasonable tariff for this operation. Ørsted has opened arbitration proceedings against Nordsøfonden with a view to obtaining a higher tariff for the period 2014–2019. Nordsøfonden does not expect the case to result in an increase in the tariffs charged previously. Rather, Nordsøfonden has submitted a complaint to the relevant authority – the Danish Utility Regulator – concerning the tariffs charged, and has requested that the tariff charged from 2014 onwards be reduced even further.

11 **Related parties and ownership**

Nordsøfonden is a public Fund, which is responsible for the State's participation in licences for exploration and production of hydrocarbons. Related parties of Nordsøfonden are other state institutions. For information about remuneration of the administration, the management and the Board, see note 2.

Transactions with related parties consists of state loan on market terms.



Management's Statement

As the Board of Directors and Executive Board of Nordsøenheden, which is responsible for the administration of Nordsøfonden, we have today approved the Annual Report of Nordsøfonden for the financial year 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies applied as appropriate and the accounting estimates made to be reasonable.

In our opinion, the Financial Statements give a true and fair view of Nordsøfonden's assets, liabilities and financial position at 31 December 2021, and of the results of Nordsøfonden's activities and cash flows for the financial year 1 January–31 December 2021.

It is likewise our opinion that the transactions comprised by the financial reporting are in accord-

ance with the grants given, legislation and other regulations, as well as with agreements concluded and generally accepted practice. Finally, it is our opinion that due financial consideration has been made in the administration of the funds and the operation of the company covered by the financial statements and that in this connection, systems and processes have been established that support economy, productivity and efficiency.

We are of the opinion that the Management's Report includes a true and fair account of the operational development and the financial circumstances of Nordsøfonden, the results for the year and the financial position.

We recommend that the Annual Report, including the proposed distribution of profit, be adopted by the Minister for Industry, Business and Financial Affairs.

Copenhagen, 4. April 2022

Anna Birgitta B. Jacobsen
CEO, Nordsøenheden

Board of Directors, Nordsøenheden

Henrik Michael Normann
Chairman

Karsten Sivebæk Knudsen
Vice Chairman

Barbara Plucnar Jensen

Birgitte Brinch Madsen

Christian Herskind Jørgensen

Henrik Martin Sass Larsen

Mads Bo Keis Andersen



Auditor's Report

Internal Auditor's Report

**To the Danish Minister for Industry,
Business and Financial Affairs**

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of Nordsøfonden at 31 December 2021 and of the results of Nordsøfonden's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nordsøfonden for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies ("the Financial Statements").

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.



Management's responsibilities 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 as 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 Nordsøfonden'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 Nordsøfonden 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 ISAs and the additional requirements applicable in Denmark 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 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 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 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 Nordsøfonden's internal control.
- Evaluate the appropriateness of accounting policies used by Management 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 Nordsøfonden'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, where such disclosures are not adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However,



er, future events or conditions may cause Nordsøfonden 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 achieves fair presentation.

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.

Copenhagen, 4 April 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No: 33 77 12 31

Gert Fisker Tomczyk
State Authorised Public Accountant
mne9777

Kim Danstrup
State Authorised Public Accountant
mne32201



Auditor's Report

Independent Auditor's Report

**To the Danish Minister for Industry,
Business and Financial Affairs**

Report on the Financial Statements

Opinion

The Office of the Auditor General of Denmark has audited the Financial Statements of Nordsøfonden for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant 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 financial position of Nordsøfonden at 31 December 2021, and of the results of Nordsøfonden's operations and cash flows 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 public auditing standards. The audit is conducted on the basis of section 2 (1) (iii) of the Danish Executive Order on the Auditing of the Danish Government Accounts (cf. Consolidated Act no. 101 of 19. January 2012) and provisions of the Danish Act on Nordsøenheden (the Danish North Sea Partner) and Nordsøfonden (the Danish North Sea Fund). Our responsibilities under the public auditing standards are further described in the "The Office of the Auditor General of Denmark's responsibilities for the audit of the Financial Statements" section of our report.

The Auditor General is independent of Nordsøfonden in accordance with section 1 (6) of the Danish Executive Order on the Auditing of the Danish Government Accounts.

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

Management's responsibilities 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 as 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 Nordsøfonden'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 Nordsøfonden or to cease operations, or has no realistic alternative but to do so.

The Office of the Auditor General of Denmark'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 public auditing standards 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 financial statement users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with public auditing standards we exercise professional judgement and maintain professional scepticism 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 Nordsøfonden's internal control.
- Evaluate the appropriateness of accounting policies used by Management 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 Nordsøfonden'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 Nordsøfonden 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we are responsible for considering whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify



any material misstatement in Management's Review.

Report on Other Legal and Regulatory Requirements

Statement on compliance audit and performance audit

Management is responsible for the transactions comprised by the financial reporting being in accordance with the grants given, legislation and other regulations as well as with agreements concluded and generally accepted practice. Management is also responsible for due financial consideration having been made in the administration of the funds and the operation of the Institute comprised by the Financial Statements. In this connection, Management is responsible for establishing systems and processes that support economy, productivity and efficiency.

In connection with our audit of the Financial Statements, it is our responsibility to perform

a compliance audit and a performance audit of selected subject matters in accordance with public auditing standards. During our compliance audit, we verify with reasonable assurance for the subject matters selected whether the examined transactions comprised by the financial reporting are in accordance with the relevant provisions relating to the grants given, legislation and other regulations as well as with agreements concluded and generally accepted practice. During our performance audit, we assess with reasonable assurance whether the systems, processes or transactions examined support due financial consideration made in the administration of the funds and the operation of the Institute comprised by the Financial Statements.

If, on the basis of the work performed, we conclude that our audit gives rise to material critical comments, we are to report on these in this statement.

We do not have any material critical comments to report in this respect.

Copenhagen, 4 April 2022
Rigsrevisionen
(The Office of the Auditor General of Denmark)
CVR No: 77 80 61 13

Lone Lærke Strøm
The Auditor General

Marie Katrine Bisgaard Lindeløv
Head of Office



LICENCES AND MAP

NORDSØFONDEN





Licences with participation of Nordsøfonden, March 2022

Appraisal, development or production

Licence		Granted	Operator	Expiry
1/62	DUC	1962/2012	TotalEnergies EP Danmark A/S	2042
5/06*	Ravn, Hibonite	2006	Wintershall Noordzee B.V.	2044/2049
12/06	Broder Tuck, Lille John	2006	Dana Petroleum Denmark B.V.	2046
4/98 3/09	Solsort Unit	1998/2009	INEOS E&P A/S	2045

Exploration

Licence		Granted	Operator	Expiry
1/06		2006	INEOS E&P A/S	2040
8/06b		2006	TotalEnergies EP Danmark A/S	2042
2/16*		2016	Wintershall Noordzee B.V.	2046/2049
4/16		2016	Dana Petroleum Denmark B.V.	2046
9/16*		2016	Wintershall Dea International AG	2022

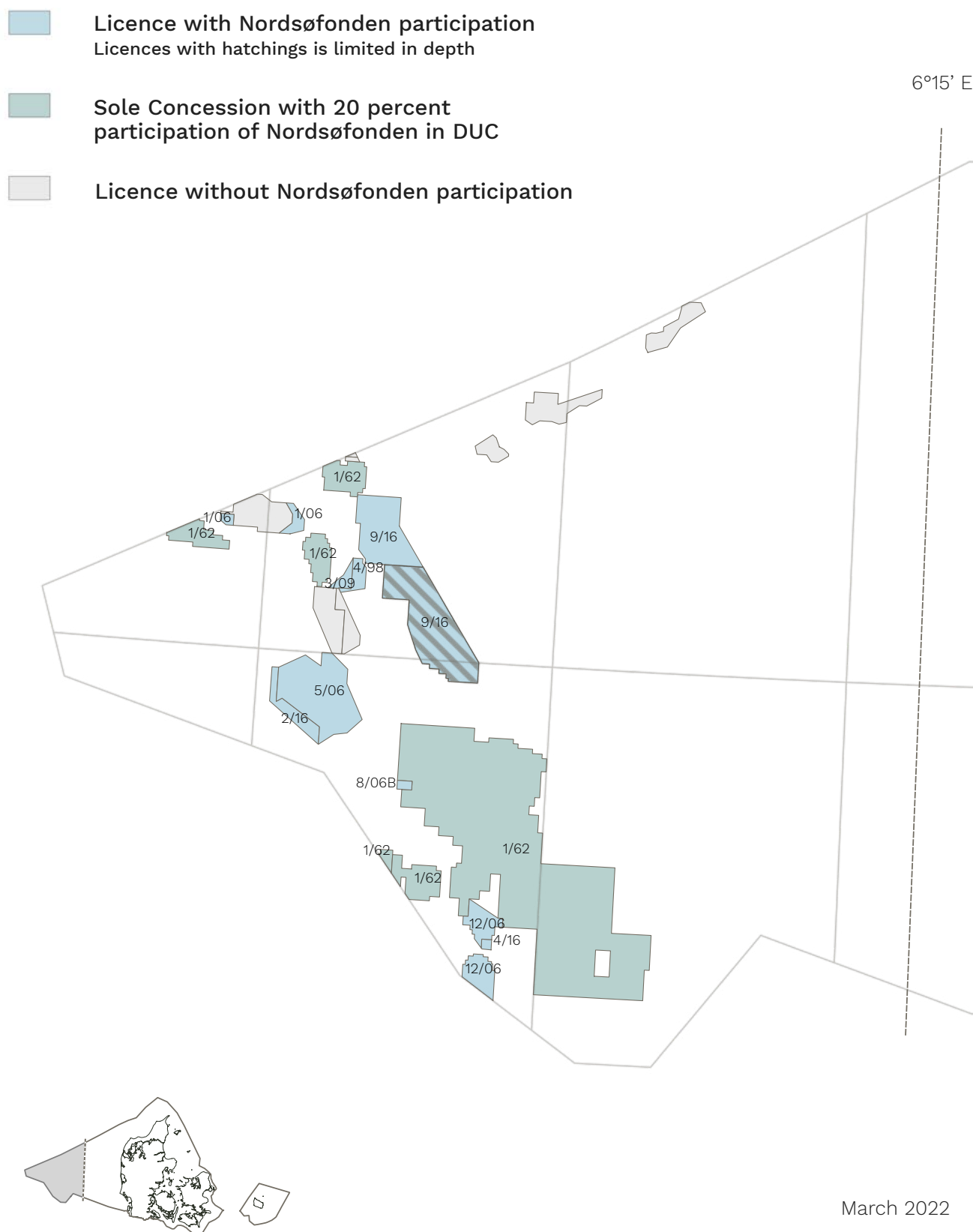
Nordsøfonden has a 20 percent share in all licences except licence 5/06 and 2/16, where Nordsøfonden has a 36.36 percent share and in Solsort Unit, where Nordsøfonden has a 18.44 percent share.

More details on the licences to be found at eng.nordsoefonden.dk/licences

* Licences are in the process of being relinquished



Licence map





ANNUAL REPORT 2021

NORDSØENHEDEN





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NORDSØENHEDEN

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Information on Nordsøenheden

Nordsøenheden (independent State company)
Rentemestervej 8
DK-2400 Copenhagen NV

Telephone: +45 72 26 57 50
Homepage: www.nordsoeenheden.dk
CVR No: 31 41 22 42

Municipality of reg. office: Copenhagen

Financial period: 1 January 2021 - 31 December 2021. 8th accounting year

CEO: Anna Birgitta B. Jacobsen

Board of Directors: Henrik Michael Normann (Chairman)
Karsten Sivebæk Knudsen (Vice Chairman)
Barbara Plucnar Jensen
Birgitte Brinch Madsen
Christian Herskind Jørgensen
Henrik Martin Sass Larsen
Mads Bo Keis Andersen

Auditors: Rigsrevisionen (external auditors) and PricewaterhouseCoopers,
Statsautoriseret Revisionspartnerselskab (internal auditors)

The Board has held four ordinary Board meetings and one extraordinary Board meeting in 2021.

Nordsøenheden is an independent public company whose principal assignment is to administrate Nordsøfonden. Nordsøenheden is owned by the Danish State, and the ownership role is handled by the Minister of Industry, Business and Financial Affairs.

Nordsøenheden's income consists of an administration fee from Nordsøfonden, which is set in the annual Danish national budget.





Management's Report

Principal activity

Nordsøenheden's principal task is to generate value through its administration of Nordsøfonden. Value is generated by contributing to the optimal utilisation of the oil and gas resources from the Danish sector of the North Sea. The assignment is handled by running a profitable business in a safe and environmentally responsible manner.

Significant events during the year

Nordsøenheden's input in relation to Nordsøfonden has principally centred on contributing to the development of and value generation from the licences in which Nordsøfonden participates. Particular emphasis has been devoted to the work of redeveloping the Tyra II installations and in bringing the Solsort project to maturity.

The Danish Government and a broad political majority have concluded an agreement for the capture, transport, storage and use of CO₂ in Denmark (CCS). This system is considered to constitute an important tool in reducing carbon emissions.

CCS activities would be a natural extension of Nordsøfonden's current activities. The Danish Minister of Industry, Business and Financial Affairs has therefore asked Nordsøenheden to investigate and facilitate opportunities for Nordsøfonden to participate in future permits for the storage of CO₂. For this reason, Nordsøenheden has made an active contribution to a variety of CCS activities, and CCS is now a strategic area of initiative for Nordsøenheden.

Nordsøenheden's result for 2021 was a profit of kDKK 6,007 compared to a loss of kDKK 3,018 in 2020.

Expectations for 2022

Licence activities will continue to constitute a significant assignment for Nordsøenheden. Nordsøenheden's resources will be used in particular to ensure continued progress in the work to redevelop the Tyra field towards re-start of production in 2023, and to help bring the Solsort project to maturity. Resources will also be devoted to initiating activities in DUC with a view to arresting the decline in production.

In 2022, a political decision will be made regarding what role the Danish state is to play in the CCS activities. With its skills and history in working with oil and gas licences, Nordsøfonden has a natural role to play as a participant in the field of carbon storage. State Participation opens the door to generating value for the state and generally safeguarding the state's interests.

In addition, Nordsøenheden anticipates doing a good deal of work on the "Bifrost" CCS project, which centres on maturing a concept for transporting CO₂ to DUC's Harald field in the North Sea and storing it there.

Subsequent incidents

No subsequent incidents have been observed that have an influence on the assessment of the Annual Report for 2021.



Board of Directors



Henrik Normann

Chairman

Reappointed July 2020 for a 2-year period
Independent

Chairman, Fournais Holding A/S,
Investeringsforeningen Maj Invest, Saga Private
Equity and Syfoglomad Limited
Vice Chairman, Esperante Investments S.à.r.l.
and Saxo Bank A/S



Karsten Knudsen

Vice Chairman

Reappointed July 2020 for a 2-year period
Independent

Chairman, Investeringskommiteen, SEED Capital
Denmark
Member of the Board, Vækst-Invest Nordjyl-
land A/S, D/S NORDEN, A/S Motortramp, A/S D/S
Orients Fond, Obel-LFI Ejendomme A/S, Polaris
Equity IV Foundation and Velliv Pension og Livs-
forsikring



Barbara Plucnar Jensen

Member of the Board

Appointed July 2020 for a 2-year period
Independent

Group CFO, Tryg A/S
Member of the Board, Kapitalforeningen Tryg
Invest Funds



Birgitte Brinch Madsen

Member of the Board

Reappointed July 2020 for a 2-year period
Independent

Chairman, Rum A/S og Oreco A/S
Member of the Board, John Wood plc, Arkil
Holding A/S, DEIF A/S, Investeringsforeningen
Danske Invest og Danske Invest Select, Metrosel-
skabet og Hovedstadens Letbane I/S and Holte
Fjernvarme a.m.b.a.



Christian Herskind

Member of the Board

Reappointed July 2020 for a 2-year period

Independent

Chairman, Taulov Dryport A/S, Fonden Amager Bakke, Labflex A/S and Skive Holding Aps

Chairman of the Board, SKAKO A/S, SKAKO Vibration A/S, LM Byg A/S, Su Misura A/S, Fonden Peter Skram, BNS A/S, Associated Danish Ports A/S and Pihl & Søn A/S



Henrik Sass Larsen

Member of the Board

Appointed July 2020 for a 2-year period

Independent

CEO, Aktive Ejere



Mads Andersen

Member of the Board

Reappointed July 2020 for a 2-year period

Independent

Chairman, Industrigruppen 3F and Industriens Pension

Vice Chairman, CO-industri

Member of the Board, Danmarks Innovationsfond



Accounting Policies

Basis of Preparation

The Annual Report of Nordsøenheden for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Format, classifications and designations in the income statement and the balance sheet have been adapted to the special nature of Nordsøenheden.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the rates at the dates of transaction and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Nordsøenheden is not taxable of its activities, and thus taxes are not included in the Financial Statements.

Income Statement

Revenue comprises only administration fee related to administration of Nordsøfonden, which is determined by law.

Administrative expenses primarily comprise salaries, office expenses and cost of consultancies, professional forums etc.

Financial income and expenses comprise interest and realised and unrealised exchange adjustments.

Balance sheet

Receivables and short term debt are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made based on a specific assessment of each receivable.

Prepayments under assets comprise prepaid expenses in particular covering Insurance Broker.



FINANCIAL STATEMENTS

NORDSØENHEDEN





Income Statement

Note	'000 DKK	2021	2020
	Administration fee	30,500	21,500
	Other income	276	-
	Total income	30,776	21,500
	Administrative costs	24,757	24,494
	Profits/loss before financial income and expenses	6,019	-2,994
1	Financial expenses	12	24
	Net profits/loss for the year	6,007	-3,018

2 Proposed distribution of result



Balance Sheet 31 December

Assets

Note	'000 DKK	2021	2020
	Receivables		
	Other receivables	466	2,768
	Prepayments	3,392	1,084
	Total receivables	3,858	3,852
	Cash	20,278	15,747
	Total current assets	24,136	19,599
	Total assets	24,136	19,599



Balance Sheet 31 December

Liabilities and Equity

Note	'000 DKK	2021	2020
	Equity	21,742	15,735
3	Total equity	21,742	15,735
	Payables		
	Suppliers, goods and services	692	840
4	Other payables	1,702	3,024
	Total short-term debt	2,394	3,864
	Total debts	2,394	3,864
	Total liabilities and equity	24,136	19,599

5 Employee matters

6 Related parties and ownership



Notes to the Financial Statements

Note	'000 DKK	2021	2020
1	Financial expenses		
	Interest paid	12	24
	Total	12	24
2	Proposed distribution of result		
	Year result	6,007	-3,018
	Retained earnings (in equity)	6,007	-3,018
3	Equity (retained earnings)		
	Equity 1 January	15,735	18,753
	Net profits/loss for the year	6,007	-3,018
	Equity at 31 December	21,742	15,735
4	Other payables		
	Holiday allowance obligation	858	796
	Frozen vacation earnings payable	-	1,154
	Other	844	1,074
	Total other payables	1,702	3,024



Notes to the Financial Statements

Note	'000 DKK	2021	2020
5	Employee matters		
	In 2021 average number of employees was 18 (18 in 2020)		
	Total employee costs are recognised in administrative costs and compose:		
	Salaries and wages	12,738	12,226
	Pension contributions	2,073	2,004
	Other costs of social security	-240	-276
	Total	14,571	13,954
	Remuneration of Management is included in the above with	1,711	1,753
	In addition, remuneration to the Board:		
	Henrik Normann - Chairman (10/2014)	370	370
	Karsten Knudsen - Vice Chairman (10/2014)	160	160
	Barbara Plucnar Jensen (7/2020)	132	132
	Birgitte Brinch Madsen (10/2014)	132	132
	Christian Herskind (10/2014)	132	132
	Henrik Sass Larsen (7/2020)	132	132
	Mads Andersen (10/2014)	132	132
	Sanne Weidner (10/2014 - 7/2020)	-	66
	Søren Houman (4/2018 - 7/2020)	-	66
	Total	1,190	1,190
6	Related parties and ownership		

Nordsøenheden is an independent State company. Related parties of Nordsøenheden are other State institutions. Transactions with related parties comprise administrative services on market terms.



Management's Statement

The Board of Directors and Executive Board have today examined and approved Nordsøenheden's annual report for the financial year 1 January–31 December 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies applied as appropriate and the accounting estimates made to be reasonable.

In our opinion, the financial statements give a true and fair view of Nordsøenheden's assets, liabilities and financial position at 31 December 2021, and of the results of Nordsøenheden's activities for the financial year 1 January–31 December 2021.

It is likewise our opinion that the transactions comprised by the financial reporting are in ac-

cordance with the grants given, legislation and other regulations as well as with agreements concluded and generally accepted practice. Finally, it is our opinion that due financial consideration has been made in the administration of the funds and the operation of the company covered by the financial statements and that in this connection, systems and processes have been established that support economy, productivity and efficiency.

We are of the opinion that the Management's Report includes a true and fair account of the operational development and the financial circumstances of Nordsøenheden, the results for the year and the financial position.

We recommend that the Annual Report be approved by the annual general meeting.

Copenhagen, 4 April 2022

Anna Birgitta B. Jacobsen
CEO, Nordsøenheden

Board of Directors, Nordsøenheden:

Henrik Michael Normann
Chairman

Karsten Sivebæk Knudsen
Vice Chairman

Barbara Plucnar Jensen

Birgitte Brinch Madsen

Christian Herskind Jørgensen

Henrik Martin Sass Larsen

Mads Bo Keis Andersen



Auditor's Report

Internal Auditor's Report

To the Danish Minister for Industry, Business and Financial Affairs

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of Nordsøenheden at 31 December 2021 and of the results of Nordsøenheden's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nordsøenheden for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet and notes, including summary of significant accounting policies ("the Financial Statements").

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.



Management's responsibilities 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 as 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 Nordsøenheden'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 Nordsøenheden 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 ISAs and the additional requirements applicable in Denmark 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 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 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 Nordsøenheden'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 Nordsøenheden'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 Nordsøenheden 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.

Copenhagen, 4 April 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No: 33 77 12 31

Gert Fisker Tomczyk
State Authorised Public Accountant
mne9777

Kim Danstrup
State Authorised Public Accountant
mne32201



Auditor's Report

The independent Auditor's Report

To the Danish Minister for Industry, Business and Financial Affairs

Report on the Financial Statements

Opinion

The Office of the Auditor General of Denmark has audited the Financial Statements of Nordsøenheden for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet and notes, including summary of significant 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 financial position of Nordsøenheden at 31 December 2021 and of the results of Nordsøenheden'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 public auditing standards. The audit is conducted on the basis of section 2 (1) (iii) of the Danish Executive Order on the Auditing of the Danish Government Accounts (cf. Consolidated Act no. 101 of 19. January 2012) and provisions of the Danish Act on Nordsøenheden (the Danish North Sea Partner) and Nordsøfonden (the Danish North Sea Fund). Our responsibilities under the public auditing standards are further described in the "The Office of the Auditor General of Denmark's responsibilities for the audit of the Financial

Statements" section of our report.

The Auditor General is independent of Nordsøenheden in accordance with section 1 (6) of the Danish Executive Order on the Auditing of the Danish Government Accounts.

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of the Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as 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 Nordsøenheden'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 Nordsøenheden or to cease operations, or has no realistic alternative but to do so.

The Office of the Auditor General of Denmark'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 public auditing standards 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 financial statement users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with public auditing standards we exercise professional judgement and maintain professional scepticism 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 Nordsøenheden'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 Nordsøenheden'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 Nordsøenheden 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 Management's Review

Management is responsible for Management's Review. Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.



Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Report on Other Legal and Regulatory Requirements

Statement on compliance audit and performance audit

Management is responsible for the transactions comprised by the financial reporting being in accordance with the grants given, legislation and other regulations as well as with agreements concluded and generally accepted practice. Management is also responsible for due financial consideration having been made in the administration of the funds and the operation of the Institute comprised by the Financial Statements. In this connection, Management is responsible for establishing systems and processes that support economy, productivity and efficiency.

In connection with our audit of the Financial Statements, it is our responsibility to perform a compliance audit and a performance audit of selected subject matters in accordance with public auditing standards. During our compliance audit, we verify with reasonable assurance for the subject matters selected whether the examined transactions comprised by the financial reporting are in accordance with the relevant provisions relating to the grants given, legislation and other regulations as well as with agreements concluded and generally accepted practice. During our performance audit, we assess with reasonable assurance whether the systems, processes or transactions examined support due financial consideration made in the administration of the funds and the operation of the Institute comprised by the Financial Statements.

If, on the basis of the work performed, we conclude that our audit gives rise to material critical comments, we are to report on these in this statement.

We do not have any material critical comments to report in this respect.

Copenhagen, 4 April 2022

Rigsrevisionen
(The Office of the Auditor General of Denmark)
CVR No: 77 80 61 13

Lone Lærke Strøm
The Auditor General

Marie Katrine Bisgaard Lindeløv
Head of Office



**The Danish
production
of oil and gas
strengthens
our security of
supply**

