



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 985 224 323  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: WINTERSHALL DEA NORGE AS  
Forretningsadresse: Jåttåflaten 27  
4020 STAVANGER

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Steinar Haga  
Dato for fastsettelse av årsregnskapet: 22.02.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 05.05.2022



### Resultatregnskap

Beløp i: USD	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	3	1 514 817 000	1 478 642 000
Annen driftsinntekt	3	25 211 000	94 307 000
<b>Sum inntekter</b>		<b>1 540 028 000</b>	<b>1 572 949 000</b>
<b>Kostnader</b>			
Lete og produksjonskostnader	4	633 729 000	440 756 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	9,10	1 230 605 000	876 601 000
Annen driftskostnad	5	28 810 000	95 960 000
<b>Sum kostnader</b>		<b>1 893 144 000</b>	<b>1 413 317 000</b>
<b>Driftsresultat</b>		<b>-353 116 000</b>	<b>159 632 000</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap og tilknyttet selskap	7		9 157 000
Renteinntekt fra foretak i samme konsern	7	716 000	10 106 000
Annen renteinntekt		6 595 000	10 147 000
Agio gevinst		79 027 000	
<b>Sum finansinntekter</b>		<b>86 338 000</b>	<b>29 410 000</b>
Rentekostnad til foretak i samme konsern	7	56 509 000	27 280 000
Annen rentekostnad	7	1 068 000	66 826 000
Agio tap			30 902 000
<b>Sum finanskostnader</b>		<b>57 577 000</b>	<b>125 008 000</b>
<b>Netto finans</b>		<b>28 761 000</b>	<b>-95 598 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-324 355 000</b>	<b>64 034 000</b>
Skattekostnad på ordinært resultat		-454 212 000	151 754 000
<b>Ordinært resultat etter skattekostnad</b>		<b>129 857 000</b>	<b>-87 720 000</b>
<b>Årsresultat</b>		<b>129 857 000</b>	<b>-87 720 000</b>



## Balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	11	439 873 000	443 113 000
Goodwill	11	1 364 842 000	1 364 842 000
<b>Sum immaterielle eiendeler</b>		<b>1 804 715 000</b>	<b>1 807 955 000</b>
<b>Varige driftsmidler</b>			
Anlegg under utførelse	9	1 595 345 000	1 942 669 000
Skip, rigger, fly og lignende	9	4 797 501 000	4 414 798 000
Bruksrett	10	101 722 000	193 002 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	9	6 730 000	6 205 000
<b>Sum varige driftsmidler</b>		<b>6 501 298 000</b>	<b>6 556 674 000</b>
<b>Finansielle anleggsmidler</b>			
Andre fordringer		9 249 000	14 302 000
<b>Sum finansielle anleggsmidler</b>		<b>9 249 000</b>	<b>14 302 000</b>
<b>Sum anleggsmidler</b>		<b>8 315 262 000</b>	<b>8 378 931 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer		64 830 000	57 045 000
<b>Sum varer</b>		<b>64 830 000</b>	<b>57 045 000</b>
<b>Fordringer</b>			
Kundefordringer		209 457 000	180 874 000
Andre fordringer		398 957 000	186 402 000
Konsernfordringer		186 361 000	
<b>Sum fordringer</b>		<b>794 775 000</b>	<b>367 276 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	13	76 536 000	140 792 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>76 536 000</b>	<b>140 792 000</b>



## Balanse

Beløp i: USD	Note	2020	2019
Sum omløpsmidler		936 141 000	565 113 000
<b>SUM EIENDELER</b>		<b>9 251 403 000</b>	<b>8 944 044 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		710 992 000	710 992 000
Overkurs		233 391 000	233 391 000
Annen innskutt egenkapital		1 077 066 000	944 965 000
<b>Sum innskutt egenkapital</b>		<b>2 021 449 000</b>	<b>1 889 348 000</b>
<b>Sum egenkapital</b>		<b>2 021 449 000</b>	<b>1 889 348 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser	16	51 158 000	74 678 000
Utsatt skatt	8	2 485 268 000	2 079 078 000
Fjerningsforpliktelse		1 747 005 000	1 747 409 000
<b>Sum avsetninger for forpliktelser</b>		<b>4 283 431 000</b>	<b>3 901 165 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner		802 525 000	803 870 000
Langsiktig konserngjeld		1 568 785 000	1 568 433 000
Øvrig langsiktig gjeld		6 907 000	
Leieforpliktelse		68 447 000	157 125 000
<b>Sum annen langsiktig gjeld</b>		<b>2 446 664 000</b>	<b>2 529 428 000</b>
<b>Sum langsiktig gjeld</b>		<b>6 730 095 000</b>	<b>6 430 593 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		122 181 000	95 141 000
Skyldige offentlige avgifter		5 529 000	5 830 000
Fjerningsforpliktelse		70 691 000	34 444 000
Annen kortsiktig gjeld		240 489 000	436 527 000
Leieforpliktelse		60 969 000	52 161 000
<b>Sum kortsiktig gjeld</b>		<b>499 859 000</b>	<b>624 103 000</b>



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Sum gjeld		7 229 954 000	7 054 696 000
<b>SUM EGENKAPITAL OG GJELD</b>		<b>9 251 403 000</b>	<b>8 944 044 000</b>



**Skattedirektoratet**

Saksbehandler Inger Helene Iversen	Deres dato 28.09.2012	Vår dato 17.10.2012
Telefon 61236772	Deres referanse 39491/steinarh	Vår referanse 2012/652353

WINTERSHALL NORGE AS  
Postboks 230 Sentrum  
4001 STAVANGER

MOTTATT  
19 OKT 2012

**Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for Wintershall Norge AS, org.nr. 985 224 323**

Vi viser til deres brev av 28. september 2012 til hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Wintershall Norge AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Wintershall Norge AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

**Bakgrunn**

Fra søknaden gjengis:

**Selskapet**

*Wintershall Norge AS er et heleid datterselskap av Wintershall Norwegen Explorations- und Produktions - GmbH, som holder til i Kassel, Tyskland som igjen indirekte er et heleid datterselskap av BASF SE i Ludwigshafen, Tyskland ([www.basf.com](http://www.basf.com)). BASF SE er verdens ledende kjemikonsern med ca 111 tusen ansatte.*

*Wintershall Norge AS driver petroleumsvirksomhet på norsk kontinentalsokkel. Dette inkluderer leting etter olje og gass, utvikling og utbygging av påviste ressurser, samt produksjon og salg av disse. Selskapet har sitt hovedkontor i Stavanger. I 2011 hadde selskapet 252 millioner kroner i salgsinntekter. Mer informasjon om selskapet finnes på [www.wintershall.no](http://www.wintershall.no).*

**Bakgrunn**

*Selskapet er som nevnt ovenfor del av et internasjonalt konsern med tysk morselskap. I tillegg eier selskapet direkte 100 prosent av to datterselskap i Storbritannia, Wintershall (UK) Ltd og Wintershall (UK North Sea) Ltd.*

*All finansiering gjøres med Belgium BASF Coordination Centre (BBCC) i Belgia og BASF SE i Tyskland. Bankforbindelser er SEB i Finland, JP Morgan i USA og HSBC i Storbritannia.*

*Selskapet har også flere ansatte og styremedlemmer som ikke er norsktalende.*

*Som nevnt ovenfor opererer selskapet i en internasjonal bransje. Nesten all skriftlig*

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org. nr: 996250318	Sentralbord 800 80 000 Telefaks 22 17 08 60
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For elektronisk henvendelse se [www.skatteetaten.no](http://www.skatteetaten.no)



*kommunikasjon med våre partnere, leverandører, kunder, eiere, finansieringsforbindelser, ansatte, datterselskap og styre foregår på engelsk. Selskapet finner det derfor mest naturlig å fremlegge årsregnskap og årsberetning på engelsk, og søker derfor om slik tillatelse.*

#### Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapenes virksomhet er utpreget internasjonal og arbeidsspråket er engelsk. Videre er det vektlagt at selskapene er datterselskap av et utenlandsk selskap.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Inger Helene Iversen



Wintershall Dea Norge AS Annual report 2020



# Wintershall Dea Norge AS 2020 Annual report

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## Directors Report

### Business Objective

Wintershall Dea Norge AS carries out gas and oil activities on the Norwegian Continental Shelf (NCS). This includes the search for gas and oil, appraisal and development of discovered resources as well as production and sale of hydrocarbons. We have operated on the NCS for more than 45 years and are now amongst the leading oil and gas companies in Norway. We are the operator of around a third of our more than 100 concessions, including the producing fields Brage, Maria and Vega. We are also an active partner in several exploration, development and production assets.

Our portfolio is being expanded further with smart technical solutions. As operator of the Nova and Dvalin fields, we are further strengthening our position as an expert in subsea field development. Both fields are being developed by means of a subsea tieback, with production facilities on the seabed which are connected to existing host platforms.

Our exploration and production concessions are located in all regions on the NCS: in the North Sea, Norwegian Sea and the Barents Sea. The southernmost concession is south-west of Stavanger, while the northernmost one is well above Hammerfest. Nova and Brage are located around 120 kilometers west of Bergen. Maria and Njord lie roughly at the level of Trondheim while the Dvalin field lies even further north in the central part of the Norwegian Sea. Our registered office is in Stavanger while we also have an operational office in Bergen.

### Reserves and resources

As of 31 December 2020, we had aggregated 1P reserves of 435.9 million boe and 2P reserves of 623.1 million boe (a 1P to 2P ratio of 70%.) with a 2P reserve life of 11 years. Our 2P reserves consisted of 53% gas and 47% liquids.

### Production

Our total production in 2020 amounted to 56.4 million boe net (154 kboe/d). This is an increase compared to 2019, where we produced 53.2 million boe net. Our operated assets contributed to an overall of 15.1 million boe net.

For the operated Vega field (56.7% WI), production was lower than planned, mainly due to not being able to technically and commercially agree an increased capacity with Gjøa through a specific modification (hybrid project) as intended. Vega has had to follow the Gjøa (host) changes and has through a reduced amount of shutdown days and in periods of reduced well performance on Gjøa been able to produce above the contracted capacity, referred to as Maximum Bookable Quantity (MBQ). This has given the opportunity to compensate somewhat for the reduction of not realizing the hybrid project. As a result of the changes to the West Mira drilling rig schedule caused by the harsh winter season, it was together with the Vega license partners decided to shift the Vega infill wells scope from the West



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Mira rig to a different rig, the Deepsea Aberdeen. This rig has been contracted for the work, which is now planned to start Q2 2021 following the drilling of two exploration/appraisal wells.

Production from the operated Maria field (50% WI) was lower than planned for 2020 due to later delivery of the planned infill wells. The extremely harsh 2019/20 winter season caused late arrival of the West Mira rig to the Maria location. In addition, the rig performance was not meeting expectations. Once delivered during Q3, the wells performed very well, and production has stabilized at the expected level. The organization has also managed to lift production further through production optimization measures. The work on maturing longer-term future activities with dedicated resources has been continued and being prepared for a verification of DG1 during Q1 2021.

Despite an extremely challenging year, production from the Brage field (35.2% WI) was above expectation for 2020. Infill drilling activity was continued at the start of the year delivering a new production well in Q2 lifting the total field production. Due to the Covid-19 pandemic and the macro-economic situation, it was together with the license partners decided to initiate a 12-month break in the infill drilling activity already from Q2. With this, the already planned wells were put on hold delivering no additional new production for the rest of the year. The government-imposed production curtailment for the last 7 months of 2020 also meant a further reduction of oil production compared to the plan. With the pandemic, the activity level was reduced with a strict prioritization of critical activities, to reduce the risk of spreading the disease. The organization has continued the improvement activities through implementation of the Future Operating Model (FOM), a model and organizational set-up for increased robustness for the future, both in terms of operations and for sustainable production costs for a late-field-life.

Production from the Gjøa field (28% WI), operated by Neptune Energy, was above expectation despite a lot of significant changes compared to the plan. The main changes were related to altering the planned project and maintenance shutdowns due to the pandemic, giving reduced shutdown days. The activity level onboard Gjøa has been very high with significant amount of work performed to prepare for tie-in of Nova and Duva fields, with a major milestone of lifting onboard the 700-ton Nova module in May. In addition, the license's own P1 development has progressed with the drilling of two wells to start production in Q1 2021.

Aasta Hansteen (24% WI), operated by Equinor, has delivered strong production above expectations in 2020. The processing capacity has been increased from 23 MSm<sup>3</sup>/d to 25.8 MSm<sup>3</sup>/d. Aasta Hansteen has been producing at a production efficiency of 98% except of 5 days planned turnaround in August and a couple of minor shut ins during the year. The Asterix field (19% WI), operated by Equinor, is being developed as a subsea tie-back to Aasta Hansteen.

The Skarv Unit (28% WI), operated by AkerBP, delivered strong performance meeting our expectation. The production efficiency has been at 98% except of the planned 8 days turnaround and a couple of minors shut ins. Ærfugl phase 1 started producing in November ahead of schedule, and Ærfugl phase 2 started production from one well in April. The next Ærfugl phase 2 wells are expected in production end of 2021. Both projects have progressed very well despite the Covid-19 pandemic.



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Production from Edvard Grieg (15% WI), operated by Lundin, delivered above expectation in 2020 with a production efficiency of 99% except of 12 days planned turnaround and some minor shut ins. The expected production plateau has been prolonged on Edvard Grieg. Additional three infill wells have been planned and drilling will commence in January 2021. Edvard Grieg and Solveig have been harmonized, and the Solveig subsea tie-back project is progressing towards production start-up in 3Q 2021.

The Snorre unit (8,57% WI), operated by Equinor, has produced slightly below budget, due to extension of the planned turnaround (TAR) due to Covid-19 restrictions and operational issues. The Snorre Expansion Project started production in December, 1.5 month ahead of budget.

## Development

Dvalin (55% WI) is one of our major own operated development projects. The field, located in the Haltenbanken area of the Norwegian Sea, was discovered in 2010. The expected gross recoverable reserves are 119 mill boe. Together with our partners, we are investing around €1.1 billion in the development of Dvalin, which was expected to come onstream in the second half of 2020.

Dvalin is a gas field with a small amount of condensate and is being developed as a subsea tieback to the Equinor operated Heidrun field, via a single, four-slot template with integral manifold and a 14.9 km, pipe-in-pipe 13inch chrome flowline. There is a dedicated gas processing module for Dvalin fluids on the Heidrun Platform. There is also a dedicated 7.5 km gas export pipeline for Dvalin gas which is connected to the Polarled Gas pipeline to Nyhamna, where further gas processing, blending and shipping takes place. Dvalin is located in 381 meters water depth.

The original plan for year 2020 was centered around finalizing the drilling and well completion program, completion of installation work on Heidrun, executing a small subsea riser dewatering scope, commissioning and production startup. From early in the year, progress of the work on Heidrun was delayed following Heidrun down manning due to the Covid-19 pandemic.

In 2020, the four production wells were completed and cleaned up to the rig. There were no impacts from Covid-19 on the drilling program. Following lower than expected well productivity in the Z-3H well, the Z-2H well was drilled with a horizontal section to cross the high permeability streak 3 times and this resulted in much improved productivity.

An early targeted first gas date of mid-August was not achievable due to the slow down on Heidrun. In addition, the discovery of elevated levels of H<sub>2</sub>S and mercury in the samples taken during clean-up of the production wells, resulted in extra study work on material suitability and addressing the processing concerns at Heidrun and Nyhamna, resulting in new agreements that were put in place to enable start-up. Dvalin start up occurred on Monday 23<sup>rd</sup> November. Unfortunately, the elevated levels of mercury seen in the well clean ups were also seen in the production fluids arriving on Heidrun around 24 hours after start-up, exceeding pre-agreed limits, and the field was subsequently shut down.



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Work is currently ongoing to achieve some production in the near term as well as looking at longer term solutions for the handling of mercury and H<sub>2</sub>S.

The Dvalin project delivered another year of excellent HSEQ performance and remains within the planned budget.

Our second major own operated development project in the portfolio is Nova (45% WI). The field, which was discovered in 2012, is located in the Norwegian North Sea, around 120 km northwest of Bergen. The expected gross recoverable reserves from the field are around 80 million boe, of which the majority is oil. Together with our partners, we are investing almost €1.1 billion in the development.

Nova is being developed as a subsea tieback connecting two templates to the existing Gjøa platform which is operated by Neptune. Gjøa will process the production fluids and provide water injection and gas lift to the Nova field.

One of the main milestones in 2020 is the installation of the Nova manifolds and risers. Furthermore, the Nova topside module will be completed and lifted onto the Gjøa platform. 2020 will also mark the start of the drilling campaign. The West Mira rig will drill and complete six development wells on Nova (three production wells and three water injection wells) in 2020/21. Nova will become our fourth operated subsea field, after Vega which is also tied back to the Gjøa platform, Maria, and Dvalin.

Our HSE performance on both field developments in a year of high installation activities was excellent.

The Njord area comprises of the Njord field (50% WI), Hyme and Bauge (both 27.5% WI), and Fenja (0% WI) fields. Equinor is the operator of Njord, Hyme and Bauge while Neptune Energy is operating Fenja. The Njord Future project involves a major upgrade and refurbishment of the Njord A semi-submersible production and drilling unit and the Njord Bravo crude oil storage and offloading vessel. The project was heavily impacted by Covid-19 and consequences of earlier scope changes and under-estimation during 2020. Production start-up is now stipulated to turn-of-year 2021/2022. Overall Njord Future project gross investment is projected to €2.3 billion. The Njord field gross recoverable reserves is estimated to 172 million boe. Hyme subsea tie-back was completed in 2014 whereas the Bauge and Fenja subsea tiebacks are currently being developed. Both fields are foreseen to be on-stream shortly after Njord and Hyme start-up. The Bauge total investment is in line with the budget.

In the Skarv Unit, the Ærfugl project has progressed very well. The Ærfugl development comprises of six subsea production wells tied-back to the existing Skarv FPSO. The project is developed as a two-phased development. The Ærfugl phase 1 is developed by three satellite subsea production wells in the southern part of the field, while the Ærfugl phase 2 includes three subsea production wells in the northern part of the field. Both Ærfugl phase 1 and 2 have progressed very well. Ærfugl phase 1 started producing in November ahead of plan, according to budget and with no serious incidents. Ærfugl phase 2 started producing from one well in April, while the next two wells are expected in production end of December. The Gråsel project passed the investment decision in December 2020 and will be developed with one oil producer and one gas injector from existing infrastructure.



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## Wintershall Dea Norge AS Annual report 2020

On 12 December 2020, the Snorre Expansion Project started production ahead of plan and below budget. The project was originally scheduled to come on stream first quarter of 2021, and the investment forecast is reduced by net 52€m compared to the investment decision. The project is a major increased oil recovery project in the Snorre area and on the NCS. The project consists of 6 subsea templates with 13 producers and 11 WAG injectors tied-back to Snorre A, utilizing existing processing and utility capacities. A new riser hang-off module has been installed on Snorre A to facilitate installation of the risers. The project started producing from 4 producers and one WAG injector. The drilling campaign is continuing with 19 wells of which the last well completion is planned in 2023. The Hywind Tampen offshore floating windfarm is progressing according to plan with expected start-up in 3Q 2022. Hywind Tampen consists of 11 floating wind turbines each delivering 8 MW, whereof 6 turbines will support Snorre and 5 turbines will support Gullfaks. The project is expected to reduce the CO2 emissions by 200.000 tonnes per year.

## Exploration

Wintershall Dea had a high level of exploration drilling activity in Norway throughout 2020, participating in nine exploration wells and one operated appraisal well. The eight wells that were completed in 2020 resulted in four discoveries and four dry wells. The remaining two wells will be completed in early 2021. Participation in a further six exploration and appraisal wells are planned in 2021.

In February 2020 we completed the operated Balderbrå appraisal well in the Norwegian Sea. The well was dry with only traces of gas in sandstones of the Upper Cretaceous age, and the volumes in the 2018 Balderbrå gas discovery are expected to be non-commercial. A total net reservoir thickness of 208 meters in three separate intervals was encountered in the well. The licensees (Wintershall Dea Norge 30%, Equinor 40%, Petoro 20% and Lundin 10%) are evaluating the remaining potential of the license.

The MOL operated Iving-Evra exploration well was completed in March in PL 820S and resulted in a likely commercial oil discovery in several formations ranging from Eocene to Pre-Devonian in age. The operator's estimates placed the size of the discoveries between 12 and 71 million boe. The discovery will be further appraised by several wells in 2021. It will likely be developed via tie-back to either the Vår Energy operated Jotun FPSO to be redeployed in the Balder/Ringhorne area or the Aker BP operated Ivar Aasen platform that ties further into Edvard Grieg. At the time of discovery, MOL was the operator of PL 820S with a 40% equity. The partners were Lundin 40% and Pandion 10% and Wintershall Dea 10%.

In April 2020 we completed the operated Bergknapp exploration well in PL 836S. We made our largest oil discovery in 2020 between 26-97 million boe recoverable in the Middle to Lower Jurassic age Fangst and Båt groups. The well had to be temporary plugged and abandoned due to the onset of the Covid-19 pandemic. A Bergknapp well re-entry is planned for the second quarter of 2021 to appraise the discovery further. The appraisal program includes a drill stem test in the Garn and Tilje formations and a side-track. The discovery could be tied back to the nearby Kristin field where nearby fields, such as



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Maria, are tied back. Wintershall Dea operates PL 836S with 40% equity. DNO and Spirit Energy are partners with 30% each.

In May, June and December 2020, we participated in three wells drilled in the Equinor operated PL 089 license near the Snorre field in the North Sea. The Tordis Stafjord well found 3.5 million boe in the Lower Jurassic / Upper Triassic age Stafjord Formation. The well was completed as a development well and tied back to the Gullfaks field infrastructure. The Lomre well targeted the Middle Jurassic age Brent Group, found 7.5 million boe. The third well (7-Fjell) targeted Upper Jurassic Intra Draupne Sandstones but failed to encounter any reservoir. The well was plugged and abandoned as a dry well. Equinor is operating PL089 with 41.5% equity. Petoro 30%, Vår Energy 16.1%, Idemitsu 9,6% and Wintershall Dea 2,8% are partners.

In November and December 2020, we completed two exploration wells in the Barents Sea. The Spissa well in PL960 in the south-western Barents Sea was drilled in a frontier setting, with limited offset well control, and is the most south-westerly well to date in the Barents Sea. The well was dry but encountered 180 meters of good reservoir quality sandstones across two intervals in the Stø Formation with weak hydrocarbon traces. PL 960 is operated by Equinor with 40% equity. Partners are Wintershall Dea, Lundin and Petoro with 20% each. The Polmak well was drilled a joint venture between PL 609 and PL 1027 on the Loppa High in the Barents Sea. The main target was the Middle Triassic age Kobbe Formation. The well was dry with only traces of hydrocarbons in poor reservoir quality sandstones. Lundin is operating the well with 47.5 % equity. Partners are Wintershall Dea 25%, Idemitsu 7,5%, Inpex 10% and DNO 10%.

We continued to gain more exploration acreage in Norway during 2020. In the Awards for Predefined Areas (APA) 2019 licensing round announced in February 2020, we received shares in a total of nine new licenses awarded by the Norwegian Ministry of Petroleum and Energy. We were also awarded operatorship of three of these licenses. Four of the new licenses are in the North Sea, four in the Norwegian Sea, and one in the Barents Sea. All licenses are in our core areas.

Six exploration licenses were relinquished during 2020 including three operated licenses: PL 953 in the Barents Sea and PL847 & 847B in the Norwegian Sea. The number of new awards in (APA) 2020 will likely exceed the number of relinquishments. We maintain a large portfolio comprising over 50 exploration licenses across all three areas of the Norwegian Shelf.

## Financial Result

These comments to the financial result are based on the Balance sheet as of December 31, 2020 and Statement of Income. The comparison Statement of Income for 2019 comprises of the result of legacy Wintershall Norge AS and the merger effect since November 13, 2019.

The operating loss for the year 2020 is USD 353.1 million, compared to a profit of USD 159.6 million in 2019. The decrease is mainly attributable to lower revenues due to the significant decline in prices experienced in 2020 and increased production expenses. Higher other operating and administrative



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expenses as well as increased depreciation also contribute to the lower result. This increase in cost is mainly due to the merger with Dea Norge AS having full effect in 2020. The increase in sales volumes due to the merger compensate partly for the decline in sales prices.

Oil and gas prices decreased compared to 2019. The average realized oil price for 2020 of 43.1 USD/bbl represented a decrease of 33.7 percent compared to the previous year. Gas prices were also down by about 30 percent. The effect of lower prices offset the positive effect on revenue from the merger with Dea Norge AS having full effect in 2020. Revenues decreased compared to previous year by 2.5 percent amounting to around USD 1,515 million.

Production expenses increased by about 50 percent to USD 546.6 million. This increase is mainly due to production cost on assets coming into the portfolio due to the merger 2019 merger.

Exploration expenses for 2020 were USD 87.1 million, an increase of about USD 9.1 million compared to an amount of USD 78.0 million in 2019. In 2020 exploration expenses of USD 59.7 million related mainly to the write-off of exploration wells in PL894, PL609, PL960 and PL1027.

Depreciation and impairment charges increased by USD 354.0 million compared to 2019, amounting in 2020 to around USD 1,230.1 million. The depreciation is reduced compared to previous years on fields which have been producing for several years but this reduction is overcompensated by the effect of full year of depreciation on new assets coming into the portfolio due to the 2019 merger.

The financial result for the year 2020 amounted to USD 28.8 million, compared to a result of USD -95.6 million in 2019. This development was mainly driven by gains from foreign currency positions, which had a positive impact of USD 79.0 million in 2020 versus a negative impact of USD 30.9 million in 2019. The interest result was negative at USD -50.3 million. The positive development compared to the 2019 result which was USD -64.7 million is mainly due to increased capitalization of interest on assets under development.

Loss before taxes was USD 324.4 million compared to a profit of USD 151.8 million the year before. This was mainly attributable to the reduction in revenue and operating profit. For 2020, Wintershall Dea Norge had a tax income of USD 454.2 million compared to tax expense of USD 151.8 million the year before. The low effective tax rate is mainly due to extraordinary high uplift from the temporary tax measures introduced in 2020.

The net profit for the year amounts to USD 129.9 million compared to a loss of USD -87.7 million in the year before.

Cashflow from operations in 2020 was positive with an amount of USD 1,465.9 million, compared to a positive cash flow from operations of USD 838.7 million in 2019.

Our result is considerably affected by changes in oil, gas and natural gas liquids prices and foreign exchange rates. We continuously secure ourselves against variations in exchange rates and

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commodity prices by entering into commodity and FX instruments. Credit risk is low as we only sell to major oil companies.

### Financial position

Total assets amounted to USD 9,251 million in 2020 (2019: USD 8,944 million). The small increase is mostly due to investments on Dvalin, Nova, Skarv, Njord and Snorre being mostly offset by depreciations and impairments on producing assets.

Total liabilities amounted to USD 7,230 million compared to the previous year's amount of USD 7,055 million. Equity increased by USD 132.1 million. This results in an equity ratio of 21.9 percent, up from 21.1 percent by the end of 2019.

The financial statements have been prepared under the assumption of going concern, and the Board confirms this assumption.

The positive operating cash flow, at USD 1,465.9 million (2019: USD 838.7 million) provides for the liquidity required to fund our capital expenditures. If required, additional liquidity can be procured directly through the existing cash pool agreement with Wintershall Dea GmbH.

### Health, Safety, Environment and Quality (HSEQ)

Management of Health, Safety, Environment, and Quality was an integrated part of all our activities. The corporate HSEQ vision of Zero Harm and the five priority areas form the foundation for our activities:

- Safety Leadership
- Safe and Healthy Workplace
- Environmental Protection
- Security
- Major Accident Prevention

The Major Accident Prevention priority is a perfect match with the Petroleum Safety Authorities main theme for 2020: *Never another major accident*. In Wintershall Dea we conducted a series of workshops, aimed at the various levels in the organization to raise awareness of how major accidents have impacted our industry and shaped the regulatory regime we comply with today. We are also implementing a Barrier Management Tool which will aid the offshore teams in managing the work offshore.

Under the Safe and Healthy Workplace priority, a specific safety campaign, "Bend the Trend" was carried out in Q2 and Q3. This campaign directly addressed dropped object prevention and safe behavior. Through presentations, group discussions and a survey on all our offshore facilities and



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drilling rigs, we strengthened individual and team behaviors in close collaboration with the contractors and offshore teams.

After the initial implementation of IOGP's Life Saving Rules in 2019, we have continued this with a series of workshops in the onshore departments. The aim is to make the rules an integral part of the mindset and planning and engineering processes onshore. This will enable the offshore teams to conduct their work even safer.

The annual "Safety Day" was conducted in October. Due to Covid-19 restrictions, two dates were offered in Stavanger, with a limitation on the number of physical stands. The Bergen office was closed due to additional local restrictions in the Bergen area. As a mitigating measure, online presentations were offered on various topics such as bicycle safety, ergonomics and heart diseases. The alternative way of doing this was well received, and online presentations will be part of the Safety Day next year as well.

Our company health service provider Stamina has proven to be of extra value in 2020 due to the Covid-19 pandemic. In addition to their normal activities, they have offered Covid-19 services such as testing, advice and support to preparation of Covid-19 specific procedures and guidelines.

The Covid-19 pandemic has had significant impact on our business in 2020, but not different from any other business as such. A "Corona Task Force" was established in February when the first signals started to emerge, and by the time the national lock-down came in March, we were prepared. Through the year we have successfully managed the situation. We have not had any confirmed cases in our offices or offshore. Open dialogue with the employees, sensible measures in line with corporate and national requirements and a flexible attitude in order to learn from and share with the rest of the industry has been key success factors in our strategy.

Under the Environmental Protection priority, we were successfully re-certified according to ISO standards 14001 and 50001 on Energy and Environmental Management. With a new Sustainability Strategy for the corporation, we will continue to reduce emissions and our environmental footprint whilst producing oil and gas in the most responsible manner.

## **Staffing**

The number of employees at the end of 2020 was 480 compared with 528 at year-end 2019. Average sick leave, including both the offshore and onshore staff, was 3.14 percent in 2020 compared with 3.61 percent in 2019.



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## Equal opportunities

We aim to provide equal opportunities for women and men and to ensure no discrimination with respect to remuneration and promotions. We are working systematically on recruiting women in positions traditionally held by men. There are no differences in salary and job description for women and men. The share of women in our company was 37% onshore, and 25% offshore by the end of the year. The management team consists of 6 female and 5 male employees. In addition, our major projects Dvalin and Nova are managed by two male employees each.

## Preventing discrimination

We work actively, systematically, and in a goal-oriented manner, to ensure equal opportunities and rights as well as preventing discrimination because of ethnicity, origin, nationality, language, religion and philosophy. The activities comprise among other things recruitment, salary and working conditions, promotion, development prospects and protection against harassment. Our employees represent more than 26 different nationalities with a big variation in age and background.

One of our objectives is to provide working places with no room for discrimination due to reduced working capability. We work actively and, in a goal-oriented manner to frame and adjust the main solutions in the physical conditions, so that our premises can be used by most people. Individually adapted working places and job tasks for handicapped employees or applicants are made.

## Outlook

We have established ourselves as a strong operator and reliable partner on the NCS through major transactions and successful exploration and development activities in recent years. We are determined to further build on this position and will increase our equity production with our own operated Dvalin and Nova assets expected to come onstream in 2021. Production is planned to also benefit from the remediation measures for Maria as well as the infill activities on the Vega field.

We started already in previous years many initiatives focusing on cost efficiency and have further build on those during 2020. These optimisation initiatives generated further solid results in 2020, securing a significant reduction in capital investments, optimising the organisation and improvements in HSEQ. This will continue in the next year.

To maintain the anticipated production level in the future, we will keep a high level of exploration activity also in the coming years. The Company will continue its strong focus on bringing the existing discoveries and current development projects into production. Overall, we have an attractive license portfolio, including producing fields, interesting exploration prospects, discoveries and development projects. We are prepared to further invest, while continuing to evaluate scope and schedule and keep cost efficiency in focus.



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**Forward-looking statements.**

This annual report contains forward-looking statements regarding the future development of the Wintershall Dea Group and its companies as well as of the economic and political environment. These statements are assessments that we have made based on information available to us at the time this document was prepared. Forward-looking statements are not guarantees of the future developments and results outlined therein. In the event that the underlying assumptions do not materialise or unforeseen risks arise, actual developments can deviate from the developments expected at present. Therefore, we cannot assume responsibility for the correctness of these statements. Wintershall Dea does not assume any obligation to update the forward-looking statements contained in this report above and beyond the legal requirements.

**Allocation of annual result**

Our accumulated retained earnings as of 31 December 2020 were USD 1,077.1 million. We posted a profit of USD 129.9 million for the year. The Board of Wintershall Dea Norge AS proposes the following allocation of the annual result at the general meeting:

Transfer to other equity	USD 129,856,940
Sum provisions and transfers	USD 129,856,940



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**Statement from the members of the Board and Managing Director**

We confirm hereby that the annual result for the period from January until 31 December 2020 is according to our best knowledge, has been prepared in accordance with the Accounting Act §3 – 9 and that the information in the accounts reflect a true and fair view of the Company's assets, liabilities, financial standing and result in total and that the information in the annual report gives a true summary of the development, result and standing of the Company, together with a specification of the most central risk and uncertainties the Company is facing.

Stavanger, 22 February 2021

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Dawn Summers  
*Signed electronically*

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Sylke Schauer  
*Signed electronically*

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Martin Romberger  
*Signed electronically*

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Michael Zechner  
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Uwe Balasus-Lange  
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Rikke Tittel  
*Signed electronically*

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Alv Bjørn Solheim  
Managing Director  
*Signed electronically*



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**Statement of Income**

Amounts in USD 1 000	Note	2020	2019
<b>Operating income and expenses</b>			
Revenue	3	1 514 817	1 478 642
Other income	3	25 211	94 307
<b>Total income</b>	<b>3</b>	<b>1 540 028</b>	<b>1 572 949</b>
<b>Operating (loss) / profit</b>			
Production expenses		546 573	362 707
Exploration expenses	4	87 156	78 049
Depreciation and impairment charges	9, 10, 11	1 230 605	876 601
Other operating and administrative expenses	5	28 810	95 960
<b>Total operating expenses</b>		<b>1 893 144</b>	<b>1 413 317</b>
<b>Operating (loss) / profit</b>		<b>(353 116)</b>	<b>159 632</b>
<b>Financial income and expenses</b>			
Foreign currency exchange rate gain/(loss)		79 027	(30 902)
Interest and other financial income		7 311	29 410
Interest and other financial expenses		(57 577)	(94 106)
<b>Net financial items</b>	<b>7</b>	<b>28 761</b>	<b>(95 598)</b>
<b>(Loss) / profit before tax</b>		<b>(324 355)</b>	<b>64 034</b>
Income tax (benefits) / expense	8	(454 212)	151 754
<b>Profit / (loss) for the year</b>		<b>129 857</b>	<b>(87 720)</b>



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## Statement of Comprehensive Income

Amounts in USD 1 000	Note	2020	2019
Profit / (Loss) for the year		129 857	(87 720)
Actuarial gain / (loss) *	16	10 199	(7 078)
Deferred tax effect on above items		(7 955)	5 521
Other comprehensive income		2 244	(1 557)
<b>Total comprehensive income / (loss).</b>		<b>132 101</b>	<b>(89 277)</b>

\* not to be reclassified to the Statement of Income at a later date.



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**Balance sheet as at December 31**

Amounts in USD 1 000	Note	2020	2019
<b>ASSETS</b>			
<b>Intangible assets</b>			
Goodwill	11	1 364 842	1 364 842
Capitalized exploration and license acquisition costs	11	439 873	443 113
<b>Total intangible assets</b>		<b>1 804 715</b>	<b>1 807 955</b>
<b>Property, plant and equipment</b>			
Production facilities in development	9	1 595 345	1 942 669
Production facilities	9	4 797 501	4 414 798
Machinery and equipment	9	6 731	6 205
Right of use assets	10	101 722	193 002
<b>Total property, plant and equipment</b>	9, 10	<b>6 501 298</b>	<b>6 556 674</b>
<b>Financial assets</b>			
Long term receivables and prepayments		9 249	14 302
<b>Total noncurrent assets</b>		<b>8 315 262</b>	<b>8 378 931</b>
<b>Current assets</b>			
<b>Inventory</b>			
Spare parts		64 830	57 045
<b>Current receivables</b>			
Trade receivables	12	209 457	180 874
Other receivables	12, 22	585 318	186 402
<b>Total current receivables</b>		<b>794 775</b>	<b>367 276</b>
Cash and cash equivalents	13	76 536	140 792
<b>Total current assets</b>		<b>936 141</b>	<b>565 113</b>
<b>Total assets</b>		<b>9 251 403</b>	<b>8 944 044</b>



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Amounts in USD 1 000	Note	2020	2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	710 992	710 992
Share premium	14	233 391	233 391
Other equity		1 077 066	944 965
<b>Total equity</b>		<b>2 021 449</b>	<b>1 889 348</b>
Deferred tax liabilities	8	2 485 268	2 079 078
Pension obligations	16	51 158	74 678
Abandonment and other provisions	15	1 747 005	1 747 409
Long term lease obligation	10	68 447	157 125
Long term loan		2 371 310	2 372 303
Other long term liabilities		6 907	-
<b>Total noncurrent liabilities</b>		<b>6 730 095</b>	<b>6 430 593</b>
Accounts payable	17	122 181	95 141
Current tax payable, taxes withheld and public duties payable		5 529	5 830
Abandonment and other provisions	15	70 691	34 444
Short term lease obligation	10	60 969	52 161
Other current liabilities	17, 22	240 489	436 527
<b>Total current liabilities</b>		<b>499 859</b>	<b>624 103</b>
<b>Total equity and liabilities</b>		<b>9 251 403</b>	<b>8 944 044</b>

Stavanger, 22 February 2021

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*Signed electronically*

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Alv Bjørn Solheim  
Managing Director  
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## Statement of Cash Flows

Amounts in USD 1 000	Note	2020	2019
<b>Cash flow from Operations</b>			
Profit / (Loss) before taxes		(324 355)	64 034
Exchange rate effects		(79 027)	29 096
Change in long term receivables		5 053	(4 567)
(Gain) / Loss on sale of assets		(2 949)	64 322
Taxes received / (paid)		636 270	(255 861)
Capitalized interest and reversal of discounting		(29 050)	19 838
Depreciations, impairments and reversal of impairments		1 250 441	876 601
Exploration expenses previously capitalized		59 742	44 564
Consumption of abandonment provision		(9 107)	(1 403)
Consumption of provision for Maria deferral volumes		(12 060)	(3 520)
Change in trade receivables		(28 583)	24 911
Change in spare parts		(7 785)	969
Change trade creditors		27 040	(23 005)
Change in pension provisions		(13 322)	24 869
Change other receivables and liabilities		(6 393)	(22 113)
<b>Net cash flow from operations</b>		<b>1 465 915</b>	<b>838 735</b>
<b>Cash flow from investments</b>			
Investments in property, plant and equipment and intangible assets, excl exploration		(1 115 193)	(410 416)
Investments related to exploration activities		(66 814)	(67 341)
Proceeds from sale of assets		2 357	256 683
<b>Net cash flow from investments</b>		<b>(1 179 650)</b>	<b>(221 074)</b>
<b>Cash flow from financing</b>			
Net financing from cash pooling with group companies		(281 385)	170 629
Net current and noncurrent loans from group companies		-	(210 936)
Net current and noncurrent loans from banks		-	800 000
Repayment of lease liability		(69 136)	(24 665)
<b>Net cash flow from financing</b>		<b>(350 521)</b>	<b>735 028</b>
Net change cash and cash equivalents		(64 256)	1 352 689
Cash effect due to Dea merger		-	(1 215 789)
Cash and cash equivalents beginning of the year	12	140 792	3 892
<b>Cash and cash equivalents year end</b>		<b>76 536</b>	<b>140 792</b>

\*) Includes interest payments of 69 874 and received interest of 1 612.



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## Statement of Changes in Equity

Amounts in USD 1 000	Share capital	Share premium reserve	Other equity	Total equity
Equity as of 1 January 2020	710 992	233 391	944 965	1 889 348
Profit (loss) for the period	-	-	129 857	129 857
Other comprehensive income and loss *)	-	-	2 244	2 244
<b>Equity as of 31 December 2020</b>	<b>710 992</b>	<b>233 391</b>	<b>1 077 066</b>	<b>2 021 449</b>
Equity as of 1 January 2019	710 992	228 860	625 045	1 564 897
Profit (loss) for the period	-	-	(87 720)	(87 720)
Other comprehensive income and loss *)	-	-	(1 557)	(1 557)
Net assets received in merger with Dea Norge AS	-	4 531	409 197	413 728
<b>Equity as of 31 December 2019</b>	<b>710 992</b>	<b>233 391</b>	<b>944 965</b>	<b>1 889 348</b>

\*) For details see Note 15 – Pensions and Note 2 – Significant transactions.



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## Notes to the Financial Statements

### Note 1 - Accounting Policies

#### PRINCIPAL ACTIVITIES AND CORPORATE INFORMATION

Wintershall Dea Norge AS ('the Company') is a limited liability Company registered in Norway. The Company is engaged in exploration, development and operation of oil and gas properties on the Norwegian Continental Shelf. See note 2 for details regarding the merger between Wintershall Norge AS and Dea Norge AS.

Wintershall Dea Norge AS is a subsidiary of Wintershall Dea GmbH which issues group financial statements which include Wintershall Dea Norge AS.

#### BASIS FOR PREPARATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) as per 31 December 2020, including additional Norwegian regulations. The financial statements were approved by the Board of Directors on 22 February 2021.

The functional currency of the Company is the US dollar. The financial statements are presented in thousand US dollar (USD) and rounded unless explicitly stated.

#### CHANGES IN ACCOUNTING PRINCIPLES

The International Accounting Standards Board (IASB) adopted the following new International Financial Reporting Standards (IFRS) and Amendments to existing standards, which became effective for the Company as at 1 January 2020:

- Amendments to Reference to the Conceptual Framework in IFRS Standards (2018)
- Amendments to IFRS 3 (2018) - Business Combinations
- Amendments to IAS 1 and IAS 8 (2018) - Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 (2019) - Interest Rate Benchmark Reform
- Amendments to IFRS 16 (2020) - Leases COVID-19 Related Rent Concessions

The amendments had no material impact on the Wintershall Dea Norge's financial statements.



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## AMENDMENTS TO STANDARDS AND INTREPRETATIONS WITH A FUTURE EFFECTIVE DATE

The IASB has adopted further standards and amendments to standards, which are not yet mandatory in the European Union (EU) for the fiscal year beginning on 1 January 2020. EU endorsement is still pending in most of the cases.

	<b>IASB effective date</b>
IFRS 17 (2017) - Insurance Contracts including Amendments to IFRS 17 (2020)	1 January 2023
Amendments to IAS 1 (2020) - Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IFRS 3 (2020) - Business Combinations	1 January 2022
Amendments to IAS 16 (2020) - Property, Plant and Equipment	1 January 2022
Amendments to IAS 37 (2020) - Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to Annual Improvements 2018 – 2020 (2020)	1 January 2022
Amendments to IFRS 4 'Insurance Contracts – Deferral of IFRS 9 (2020)	1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (2020) - Interest Rate Benchmark Reform – Phase 2	1 January 2021

The effects of the new standards on the Wintershall Dea Norge's financial statements are currently under review.

## FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

Foreign currency transactions are translated into US dollar using the exchange rates on the dates of the transactions. Monetary items denominated in foreign currencies are valued at the exchange rates of the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised as financial items in the income statement.

## SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Although these estimates are based on management's best knowledge of historical experience, current events and actions, actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about judgements, assumptions and estimation uncertainties is included in the following notes: 2, 9, 10, 11, 15 and 24.

## PENSIONS

The pension plans are administrated by an insurance company. The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations prepared by an independent actuary. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, state contribution, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Actuarial gains or losses are booked directly against other comprehensive income.

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#### **JOINT ARRANGEMENTS**

A joint arrangement is present where the Company holds a long-term interest which is jointly controlled by the Company and one or more other venture partners under a contractual arrangement.

The Company's exploration and production license activities that are within the scope of IFRS 11 *Joint Arrangements* have been classified as joint operations. The parties to a joint operation have rights to the assets and obligations for the liabilities, relating to their respective share of the joint arrangement. In determining whether the terms of contractual arrangements and other facts and circumstances lead to a classification as joint operations, the Company considers the nature of products and markets of the arrangement and whether the substance of their agreements is that the parties involved have rights to substantially all the arrangement's assets. The Company accounts for the assets, liabilities, revenues and expenses relating to its interests in joint operations in accordance with the principles applicable to those particular assets, liabilities, revenues and expenses.

#### **WINTERSHALL DEA NORGE AS AS OPERATOR OF JOINTLY CONTROLLED ASSETS**

Indirect cost, including personnel costs, are accumulated in cost pools. These are then allocated to corporate activities and operated licenses based on time recording. Cost allocated to partners in operated licenses is not included in the Company's result. Only the Company's share of this cost is included in the financial statements.

#### **ACQUISITIONS AND DIVESTMENTS**

For a business combination to exist, the acquired asset or group of assets must constitute a business (an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors), which generally consists of inputs, processes and outputs. This requires judgement to be applied on a case by case basis as to whether the acquisition meets the definition of a business combination.

Acquisitions of interests in oil and gas producing licenses are generally regarded as business combinations and are accounted for using the acquisition method, nevertheless an assessment is made for each individual transaction considering the specific facts and circumstances. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

At the acquisition date, the costs of a business combination are allocated by recognising the identifiable assets, liabilities and contingent liabilities at their fair values at that date. For oil and gas producing properties the purchase price is allocated between exploration rights, mineral rights, facilities, wells, deferred tax and goodwill.



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Acquired licences for which no decision to develop has been made are treated as asset purchases, whereas acquisitions of licences for which a development decision has been made are assessed under the criteria described.

The acquisition date is the date when effective control is transferred to the acquirer (transaction date). The acquirer's income statement incorporates the profits and losses of the acquired interest from the transaction date.

A transaction including various types of assets is consistently accounted for applying the methodology which is appropriate for the prevailing group of assets.

#### **GOODWILL**

Goodwill is initially measured as the excess value of the aggregate of the consideration transferred and the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date. Following initial recognition, the goodwill acquired is measured at cost less any accumulated impairment losses. Goodwill is not amortized. The goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

#### **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment is recognized at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributed to bringing the asset into operation, the initial estimate of or adjustment of estimated decommissioning obligation, if any, and, for qualifying assets, borrowing costs.

Acquired and developed properties used for petroleum production are depreciated using the unit-of-production method. The rate of depreciation is equal to the ratio of oil and gas production for the period to proved reserves. Any changes in the reserves affecting unit of production calculations are reflected prospectively.

Pipeline assets and onshore processing facilities are depreciated on a straight-line basis over the concession period. Depreciation of other assets than oil and gas properties is calculated on a straight-line basis over a period varying from three to ten years and adjusted for impairment charges and residual value, if any. Expected useful lives of long-lived assets are reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation periods are changed accordingly. Any change is accounted for prospectively. The carrying value of the property, plant and equipment on the balance sheet represents the cost less accumulated depreciation and any impairment charges.

#### **EXPLORATION AND DEVELOPMENT COST FOR OIL AND GAS PROPERTIES**

The Company applies the successful efforts method to account for exploration and development costs. All exploration costs (including seismic acquisitions, seismic studies, and internal G&G studies), except for acquisition costs of licenses and drilling costs for exploration wells, are charged to expense as incurred.

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Drilling costs for exploration wells are temporarily capitalised as intangible assets pending the evaluation of potential existence of oil and gas reserves. If an exploration well does not encounter hydrocarbons, or if the evaluation of a discovery leads to the conclusion that the discovery cannot be developed in a technically and commercially feasible manner, the drilling cost is expensed. The costs for acquiring licenses are capitalised as intangible assets and assessed for impairment at each reporting date. All evaluation costs following a discovery considered to be commercial are capitalized together with the exploration costs as intangible assets.

Capitalised exploration costs are classified as intangible assets and are re-classified to tangible assets upon start of development. All cost for developing commercial oil and/or gas fields are capitalised as tangible assets. Pre-operating cost is expensed as incurred.

#### **IMPAIRMENT OF NONCURRENT ASSETS**

Property, plant and equipment and intangible assets with finite useful lives (excluding goodwill) are reviewed for potential impairment indicators annually, and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. On occurrence of such triggering event, the asset is tested for impairment. Goodwill and other assets, which are not regularly amortized, are tested for impairment annually.

For the purpose of assessing impairment, assets are grouped into cash-generating units (CGU) at the lowest levels for which there are separate identifiable cash flows. For oil and gas properties a field is considered a CGU. For goodwill the Company as a whole is the defined CGU, reflecting that anticipated synergies and benefits leading to goodwill cannot be assigned to single assets.

An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal and its value in use. These values are generally determined on the basis of discounted cash flow calculations which, in turn, are generally based on current corporate planning. The cash flow forecasts pertain to the life-of-field period for the individual concession/licence or groups of concessions/licences. The calculations are based on historical experience as well as expectations of future market trends. The principal assumptions underlying management's determination of the recoverable amount are the forecasts for oil and natural gas market prices, reserve estimates, the production forecast as well as the discount rates. The discount rates applied are based on the weighted average cost of capital (WACC). The calculation is independent of the actual capital structure of the Company and, instead, based on a peer group.

The Company's accounting and strategic decision-making systems are fully integrated and use post-tax cash flows and post-tax discount rates to arrive at present value measures. The Company has not implemented pre-tax impairment calculations in its valuation models as required by IAS 36.55, however, management assumes that a pre-tax discount rate gives the same result, since the post-tax discount rate reflects the specific amount and timing of the future tax cash flows. Refer to *Note 9 – Property, plant and equipment* for more details regarding impairment testing.

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A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however, not to a higher amount than if no impairment loss had been recognised. Such reversal is recognised in the income statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Impairments of goodwill are never reversed.

### LEASES

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Recognition of leases and exemptions

At the lease commencement date, the Company recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Company recognizes the lease payments as other operating expenses in the statement of profit or loss when they incur.

#### Lease liabilities

The lease liability is recognized at the commencement date of the lease. The Company measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Company is reasonably certain to exercise this option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Company under residual value guarantees
- The exercise price of a purchase option, if the Company is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.



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The Company does not include variable lease payments in the lease liability. Instead, the Company recognizes these variable lease expenses in profit or loss.

#### **Right-of-use assets**

The Company measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability recognized
- Any lease payments made at or before the commencement date, less any incentives received

Right-of-use assets are generally depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Right of use production facilities are depreciated on a unit-of-production basis.

The Company applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

#### *Company as the operator of a license*

The Company distinguishes between leases where all partners in the license are considered to share the primary responsibility for lease payments, and where the Company bears the primary responsibility for the lease payment alone. Where the Company bears the responsibility alone, the lease liability is recognized on a gross basis. Where all the partners in the license share the responsibility, the Company recognize the leasing liability net based on the participation interest in the license.

#### *Company as a non-operator of a license*

The Company recognizes its proportionate share of the lease liability where the Company is a non-operator and considered to share the primary responsibility of the lease payments.

#### **SPARE PARTS**

Spare parts are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price, less the estimated selling expenses.

#### **ASSET RETIREMENT OBLIGATIONS**

In accordance with the terms of licenses where the Company has an ownership interest, the State may instruct the license holders to partly or completely remove the facilities at the end of production or when the concession period expires.

Upon initial recognition of a removal liability, the Company calculates and records the net present value related to future abandonment and decommissioning. This removal liability is viewed to be a part of the total cost of the relevant property, plant and equipment and depreciated using the unit of production method. The change in the time value (net present value) of the liability is charged as a finance cost (accretion) and increases the future liability related to abandonment and decommissioning. Any change in the best estimate related to expenditures associated with abandonment and decommissioning

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liabilities is accounted for prospectively. The discount rate used when calculating the net present value of the abandonment and decommissioning liability is calculated based on a risk-free interest rate.

### REVENUE RECOGNITION

The Company applies IFRS 15 Revenues from contracts with customers, which requires identification of the performance obligations for the transfer of goods and services in each contract. Revenue is recognised upon satisfaction of the performance obligations for the amounts that reflect the consideration to which the Company expect to be entitled in exchange for those goods and services.

On this basis sales of petroleum products are recorded as income at the time of delivery (control transfer) as the title passes to the customer based on the contractual terms of the agreement (the sales method). Gas and natural gas liquids (NGL) are usually sold on a continuous basis as produced and are invoiced monthly. Produced oil is stored in tanks on the fields or on shore.

### OVER- AND UNDERLIFT

Obligations (current liabilities) that are caused by liftings of petroleum in excess of the production entitlement for each license are valued at the higher of fair value or production cost. Receivables from the other partners (short term receivables) that are caused by lifted oil being less the production entitlement for each license, are valued at the lower of production cost and net realisable value.

### INCOME TAXES

Current income tax assets and liabilities for the current and prior periods are measured at the nominal amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the balance sheet date. The Petroleum Tax Act is applicable for the company including a marginal tax rate of 78%. Finance costs and income are in principle only applicable to the corporate income tax rate of 22%, however interest and FX on interest bearing debt are subject to an allocation between the offshore tax regime (78%) and the corporate tax regime (22%).

#### Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be



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available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax assets and liabilities in the balance sheet are measured in the functional currency USD. As the tax currency is NOK, the revaluation effect on certain items, e.g. the tax book value/remaining tax depreciation, may have a significant impact on the deferred tax income/expense.

Uplift, a special regulation for offshore activities, is included in the computation as a permanent difference. In addition, any consideration in connection with license transactions on the NCS is done on a post-tax basis, and therefore subject to permanent differences.

#### **FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to a financial instrument. Financial assets are derecognized when the Company no longer has a contractual right to the cash flows from the financial asset or when the financial asset is transferred together with all material risks and rewards of ownership and Wintershall Dea Norge AS does not have control of the financial asset after it has been transferred. For example, receivables are derecognized when they are definitively found to be uncollectible. Financial liabilities are derecognized when the contractual obligations expire, are discharged or cancelled. Sales of financial instruments are accounted for using the settlement date.

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If pricing on an active market is available, for example in the form of share prices, these are used as the basis for the measurement. Otherwise, the measurement is based on internal measurement models

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using current market parameters or external measurements, for example, from banks. These internal measurements predominantly use the net present value method and option pricing models.

Valuation allowances are recognized for expected credit losses on financial assets not measured at fair value through profit or loss, independent of the existence of any actual default events. Individual valuation allowances are recognized if there is objective evidence of permanent impairment. If this evidence no longer exists, the impairment is reversed in the statement of income up to the carrying amount of the asset had the default event not occurred. Impairments on financial instruments are booked in separate accounts.

The classification and measurement of financial assets is based on the one hand on the cash flow condition (the "solely payments of principle and interest" criterion), that is, the contractual cash flow characteristics of an individual financial asset. On the other, it also depends on the business model for managing financial asset portfolios. Based on these two criteria, Wintershall Dea Norge uses the following measurement categories for financial assets:

Financial assets and liabilities recognized at fair value through profit or loss include all assets whose cash flows are not solely payments of principal and interest in accordance with the cash flow condition established in IFRS 9. Derivatives are allocated to this measurement category, for example. The company does not generally exercise the fair value option in IFRS 9, which permits the allocation of financial instruments not measured at fair value through profit or loss on the basis of the cash flow condition or the business model criterion to the above category under certain circumstances.

Financial assets measured at amortized cost include all assets with contractual provisions that lead to cash flows at fixed points in time. These cash flows are solely payments of principal and interest on the principal amount outstanding in accordance with the cash flow condition in IFRS 9, provided the asset is held with the intention of collecting the expected contractual cash flows over its term. This measurement category includes trade accounts receivable, as well as other receivables. Initial measurement of these assets is generally at fair value, which often corresponds to the nominal value of the financial asset issued. Subsequent measurement recognized in income is performed using the effective interest method.

Valuation allowances are recognized for expected credit losses in both initial and subsequent measurement, even before the occurrence of any default event. If the counterparty is considered as having defaulted, an individual valuation allowance is generally recognized for the financial assets measured at amortized cost.

The extent of expected credit losses is determined based on the credit risk of a financial asset, as well as any changes to this credit risk: If the credit risk of a financial asset has increased significantly since initial recognition, lifetime expected credit losses are generally recognized. If, however, the credit risk has not increased significantly in this period, impairments are generally only recognized for the 12-month expected credit losses. By contrast, under the simplified approach for determining expected credit losses permitted by IFRS 9, impairments for receivables such as trade accounts receivable always cover the lifetime expected credit losses of the receivable concerned.



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At Wintershall Dea Norge, the credit risk of a financial asset is assessed using both internal information and mainly external rating information on the respective counterparty. This applies also for the determination whether there is a significant increase in counterparties credit risk since initial recognition of such financial asset. The significance of the increase in the credit risk is not reviewed for trade accounts receivable or lease receivables.

Wintershall Dea Norge uses internal and external ratings, as well as the assessments of agencies and credit insurers, when available. Individual valuation allowances are also based on historical values relating to customer solvency and customer-specific risks. Factors such as credit insurance, which covers a portion of receivables measured at amortized cost, are likewise considered when calculating valuation allowances.

If, in a subsequent period, the amount of the valuation allowance decreases due for example to a reduction in the credit risk of a counterparty, or an objective event occurring after the valuation allowance, it is reversed in the statement of income. Reversals of valuation allowances may not exceed amortized cost, less any expected future credit losses.

The following measurement categories are used for financial liabilities:

Financial liabilities are generally measured at amortized cost, provided these do not represent derivatives. They are generally measured at fair value at the time of addition, which often corresponds to the value of the consideration received. Subsequent measurement is recognized in profit or loss at amortized cost using the effective interest method.

Financial liabilities recognized at fair value in the statement of income contain liabilities resulting from derivative financial instruments. These are likewise measured at the value of the consideration received as the fair value on the date of initial recognition. The latter also represents a measure of value for these liabilities in subsequent measurement. The option to subsequently measure financial liabilities at fair value is not exercised.

Derivative financial instruments can be embedded within other contracts, creating a hybrid financial instrument. If IFRS requires separation, the embedded derivative is accounted for separately from its host contract and measured at fair value. If IFRS 9 does not provide for separation, the hybrid instrument is accounted for as a whole at fair value.

#### **CONTINGENT ASSETS AND LIABILITIES**

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed, where an inflow of economic benefits is probable.

#### **SUBSEQUENT EVENTS**

Subsequent events are favorable and unfavorable events that take place after the balance sheet date, but before the date on which these financial statements are authorized to be issued. Material new information about the situation at year end is corrected for. Events that are related to the situation after



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the balance sheet date are disclosed if they are expected to have a material impact on the Company's financial position or performance.

## COMPARATIVES

Comparative figures have been adjusted to conform to changes in presentation in the current year, where necessary.

## Note 2 - Significant Transactions

Effective 1 May 2019, BASF SE and LetterOne Holdings S.A. completed the merger of Wintershall Holding GmbH and DEA Deutsche Erdoel AG ("Dea"). Post-merger, all upstream activities were combined under Wintershall Dea GmbH. Subsequently, the Norwegian entities Wintershall Norge AS and Dea Norge AS legally merged effective 13 November 2019. The merged Company was renamed Wintershall Dea Norge AS.

The legal merger is assessed to be a transaction under common control considering both entities were under control of Wintershall Dea GmbH. Consequently, the assets and liabilities of Dea Norge AS were transferred to the combined company at their carrying amounts. Therefore, no adjustments were made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination that would otherwise have been done under the acquisition method. The merger was executed without consideration transferred and the acquired net assets were reflected within equity. The income and expenses from Dea Norge AS were included from the date control was established (13 November 2019).

The carrying amounts for the assets and liabilities of Dea Norge AS at the date of the merger were the following:

Amounts in USD 1 000	13 November 2019
<b>ASSETS</b>	
Total intangible assets	179 548
Total property, plant and equipment	2 995 516
Noncurrent financial assets	2 807
<b>Total noncurrent assets</b>	<b>3 177 870</b>
Inventory (spare parts)	23 894
Total current receivables	87 944
Cash and cash equivalents	72 897
<b>Total current assets</b>	<b>184 735</b>
<b>Total assets</b>	<b>3 362 605</b>



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Amounts in USD 1 000	13 November 2019
<b>EQUITY AND LIABILITIES</b>	
Share capital	1 177
Share premium	4 531
Other equity	408 019
<b>Total equity</b>	<b>413 728</b>
Total noncurrent liabilities	1 505 284
Total current liabilities	1 443 593
<b>Total liabilities</b>	<b>2 948 877</b>
<b>Total equity and liabilities</b>	<b>3 362 605</b>

The statement of income contribution from Dea Norge AS from the date of the merger were as follows:

Amounts in USD 1 000	Statement of income 13 Nov - 31 Dec 2019
<b>Operating income and expenses</b>	
Revenue	60 367
Other income	34 337
<b>Total income</b>	<b>94 704</b>
Production expenses	15 640
Exploration expenses	4 474
Depreciation and impairment charges	17 492
Other operating and administrative expenses	8 343
<b>Total operating expenses</b>	<b>45 949</b>
<b>Operating profit / (loss)</b>	<b>48 755</b>
<b>Financial income and expenses</b>	
Foreign currency exchange rate (loss)/gain	(1 806)
Interest and other financial expenses	860
<b>Net financial items</b>	<b>(946)</b>
<b>Profit / (loss) before tax</b>	<b>47 809</b>
Income taxes	29 970
<b>Profit / (loss) for the year</b>	<b>17 839</b>



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Had the transaction been carried out effective from 1 January 2019, the statement of income contributions from Dea Norge AS would have been as follows:

Amounts in USD 1 000		<b>Statement of income</b>
		<b>1 Jan - 31 Dec 2019</b>
<b>Operating income and expenses</b>		
Revenue		633 960
Other income		48 119
<b>Total income</b>		<b>682 079</b>
Production expenses		158 339
Exploration expenses		72 741
Depreciation and impairment charges		177 995
Other operating and administrative expenses		119 286
<b>Total operating expenses</b>		<b>528 361</b>
<b>Operating profit / (loss)</b>		<b>153 718</b>
<b>Financial income and expenses</b>		
Foreign currency exchange rate (loss)/gain		7 796
Interest and other financial expenses		(29 311)
<b>Net financial items</b>		<b>(21 515)</b>
<b>Profit / (loss) before tax</b>		<b>132 203</b>
Income taxes		71 189
<b>Profit / (loss) for the year</b>		<b>61 014</b>

## Other transactions

In November 2019 the company signed an agreement with Lundin Norway AS regarding sale of 10% share in license PL894, 5% share in license PL533 and 5% share in license PL533B. The transaction was completed 28th February 2020.

In December 2020 the company signed an agreement with Pandion Energy AS regarding sale of 2,5% share in license PL820S and 15% share in license PL617. The transaction is expected to be closed in Q1 2021.

In November 2020 the company signed an agreement with Lundin Energy Norway AS regarding sale of 1% share in license PL820S. The transaction is expected to be closed in Q1 2021.

In December 2020 the company signed an agreement with Aker BP ASA regarding sale of 1,9175% share in license PL261B (Carve out area PL261). The transaction is expected to be closed in Q1 2021.



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## Note 3 – Income

<b>Amounts in USD 1000</b>	<b>2020</b>	<b>2019</b>
Sales crude oil	791 708	813 471
Sales dry gas	567 546	533 722
Sales NGL	138 817	119 497
Sales condensate	16 746	11 951
<b>Revenue from contracts with customers*</b>	<b>1 514 817</b>	<b>1 478 642</b>

<b>Amounts in USD 1000</b>	<b>2020</b>	<b>2019</b>
Gain on sale of licenses	2 949	-
Settlement of embedded derivative with customer	37 621	-
Change in fair value oil derivatives	(23 452)	-
Income onshore processing facilities	-	27 987
Insurance settlement	-	17 416
Sale of processing capacity on offshore facility	8 093	13 061
Other	-	35 843
<b>Total other income</b>	<b>25 211</b>	<b>94 307</b>
<b>Total income</b>	<b>1 540 028</b>	<b>1 572 949</b>

Revenue per country:

<b>Amounts in USD 1000</b>	<b>2020</b>	<b>2019</b>
Norway	742 540	1 034 273
United Kindom	399 828	325 778
Switzerland	13 752	-
France	224 118	89 915
Germany	134 579	28 676
<b>Total revenue*</b>	<b>1 514 817</b>	<b>1 478 642</b>

\*All revenue is recognized at a point in time, no revenue is recognized over time. The performance obligation is limited to delivering oil, gas and NGL. Trade receivables is the only balance sheet item related to contract balances. Please refer to note 11 for information on trade receivables.



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## Note 4 - Exploration Expenses

Amounts in USD 1000	2020	2019
Field studies and geological and geophysical costs	24 745	22 909
Seismic acquisitions	2 669	10 417
Expensed exploration drilling	59 742	44 723
<b>Total exploration expenses</b>	<b>87 156</b>	<b>78 049</b>

The expensed exploration drilling in 2020 is mainly related to exploration wells in PL894, PL609, PL960 and PL1027. The expensed exploration drilling in 2019 is mainly related to exploration wells in PL539, PL847 and PL894.

## Note 5 - Other Operating and Administrative Expenses

Amounts in USD 1 000	2020	2019
Loss on sale of share in Polarled and Nyhamna	-	34 601
Loss on sale of Gullfaks AS	-	29 228
Loss on sale of other assets	-	493
New business and expensed development costs*	13 051	4 956
Administrative expenses	14 313	16 292
Release of provision for Murchison abandonment cost**	-	(11 382)
Release of provision for abandonment cost	(3 455)	-
Restructuring cost	-	5 676
Repair cost on Maria development	-	97
Other operating costs	4 901	15 999
<b>Total other operating and administrative expenses</b>	<b>28 810</b>	<b>95 960</b>

### Audit and advisory fee paid to KPMG

Audit fee	569	760
<b>Total audit and advisory fee</b>	<b>569</b>	<b>760</b>

\*New business and expensed development costs includes pre-operating costs on fields in development.

\*\*The Murchison abandonment project is close to completed. The adjustment of abandonment provision has therefore been included as "Other operating and administrative expenses".



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## Note 6 - Personnel Expenses

Amounts in USD 1 000	2020	2019
Salary and bonus	97 132	84 490
Employers part of social security	13 441	11 928
Pension cost*	6 924	21 172
Director's fees	18	23
Other salary related items	5 963	5 905
<b>Total personnel expenses</b>	<b>123 478</b>	<b>123 518</b>
Number of employees December 31	480	528

\* For more details, see Note 16 Pensions.

Compensation to Board of Directors and Managing Director	2020
Alv Bjørn Solheim	663
Board of Directors	18

Personnel expenses are normally paid in NOK and allocated to the functional cost.

### Severance pay and shares in the Company held by its Managing Director or the Board of Directors.

No agreements regarding severance pay exist between the Company and its Managing Director or the Board of Directors. The Managing Director and the Board of Directors do not hold any shares in the Company.



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## Note 7 - Financial Items

Amounts in USD 1 000	2020	2019
Net gain / (loss) on currency	79 027	(30 902)
<b>Net foreign exchange gain / (loss)</b>	<b>79 027</b>	<b>(30 902)</b>
Interest income from group companies	716	10 106
Other interest income	6 595	10 147
Dividends received	-	9 157
<b>Total interest and financial income</b>	<b>7 311</b>	<b>29 410</b>
Interest expenses to group companies	(56 509)	(27 280)
Interest expenses to financial institutions	(13 940)	(41 171)
Capitalized interest expenses *)	62 696	3 338
Other interest expenses	(5 661)	(4 893)
Accretion	(33 646)	(21 091)
Other financial expenses	(10 517)	(3 009)
<b>Total interest and financial expenses</b>	<b>(57 577)</b>	<b>(94 106)</b>
<b>Net financial items</b>	<b>28 761</b>	<b>(95 598)</b>

\*) Capitalized interest expense is calculated at an interest rate of 2.9% (2019: 1.5%).



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**Note 8 - Income Taxes**

<b>Calculation of deferred tax liabilities / deferred tax assets</b>	<b>2020</b>	<b>2019</b>
<b>Temporary differences</b>		
Fixed assets	4 512 537	4 697 250
Other provisions (including abandonment)	(1 707 796)	(1 844 840)
Net pension funds	(51 218)	(74 677)
<b>Basis for deferred tax liabilities / deferred tax asset - ordinary tax</b>	<b>2 753 523</b>	<b>2 777 733</b>
Other temporary differences	(228 401)	(156 347)
Temporary tax measures	831 116	-
<b>Basis for deferred tax liabilities / deferred tax asset - special tax</b>	<b>3 356 238</b>	<b>2 621 386</b>
Deferred tax liabilities / deferred tax assets ordinary tax	605 775	611 102
Deferred tax liabilities / deferred tax assets special tax	1 879 493	1 467 976
<b>Deferred tax liabilities / deferred tax assets in the balance sheet</b>	<b>2 485 268</b>	<b>2 079 078</b>
Deferred tax liabilities	3 940 681	3 622 444
Deferred tax assets	1 455 413	1 543 368
<b>Net deferred tax liabilities / deferred tax assets in the balance sheet</b>	<b>2 485 268</b>	<b>2 079 078</b>
<b>Basis for tax payable</b>	<b>2020</b>	<b>2019</b>
Income before taxes	(324 355)	64 034
Permanent differences	140 742	(403 754)
Norm price adjustments	1 021	(19 836)
Changes in temporary differences	34 261	364 675
Functional currency effects	(62 387)	72 438
<b>Basis for tax payable / (refund) ordinary tax</b>	<b>(210 718)</b>	<b>77 557</b>
Uplift for use current year	(354 477)	(183 223)
Net financial items allocated onshore	(4 733)	210 528
Temporary tax measures - depreciation special tax	(754 650)	-
<b>Basis for tax payable / (refund) special tax</b>	<b>(1 324 578)</b>	<b>104 862</b>
Ordinary tax	(46 358)	17 063
Special tax	(741 764)	58 723
<b>Total taxes payable / (refund)</b>	<b>(788 122)</b>	<b>75 786</b>
Revaluation/functional currency effects	(50 186)	1 966
Advanced corporation tax	491 932	(145 689)
Tax receivable previous years	(10 083)	(21 212)
<b>Tax payable / (refund) in balance sheet</b>	<b>(356 459)</b>	<b>(89 149)</b>



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<b>Income taxes charged to the income statement consist of</b>	<b>2020</b>	<b>2019</b>
Tax payable / (refund)	(788 122)	75 786
Change in deferred taxes	406 192	(163 172)
Interim period taxes recorded in the balance sheet / part of gain/loss	-	(19 655)
Changes in deferred taxes from acquisitions / sale of assets	-	254 460
Tax effect cost booked to equity*	(7 955)	5 521
Adjustment prior year (payable tax)	(64 327)	(1 186)
<b>Tax expense / (income)</b>	<b>(454 212)</b>	<b>151 754</b>

<b>Effective tax rate reconciliation</b>	<b>2020</b>	<b>2019</b>
Income before taxes	(324 355)	64 034
Calculated income tax at applicable tax rate**	(252 997)	49 946
Effect of permanent differences on acquisitions / sale of assets/shares***	-	(15 170)
Effect of other permanent differences	74 013	63 438
Interest on loss carried forward	-	(1 110)
Uplift used in current year	(198 507)	(61 348)
Effect of financial items	(44 517)	54 353
Effect of functional currency**** / other items**	(5 841)	61 697
Adjustment prior year	(26 363)	(53)
<b>Tax expense / (income)</b>	<b>(454 212)</b>	<b>151 754</b>

<b>Effective tax rate</b>	<b>140 %</b>	<b>237 %</b>
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- \* Refer to Statement of Comprehensive Income.
- \*\* Marginal tax rate of 78% for both 2019 and 2020.
- \*\*\* Permanent differences are related to acquisition costs and gain/loss on sale of assets/shares.
- \*\*\*\* Gain/loss on currency in USD is non-taxable (as NOK is tax currency).



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## Note 9 – Property, Plant and Equipment

<b>Amounts in USD 1 000</b>	<b>Production facilities in development</b>	<b>Production facilities</b>	<b>Machinery and equipment</b>	<b>Total tangible fixed assets</b>
Acquisition cost 1 January 2020	1 947 338	12 696 435	12 884	14 656 657
Additions during the year*	787 780	410 062	2 800	1 200 642
Disposals during the year	-	-	(3 875)	(3 875)
Reclassification	(1 135 104)	1 145 415	-	10 311
<b>Acquisition cost 31 December 2020</b>	<b>1 600 014</b>	<b>14 251 912</b>	<b>11 809</b>	<b>15 863 735</b>
Cumulative depreciation and impairment 1 January 2020	(4 669)	(8 281 636)	(6 679)	(8 292 984)
Depreciation of the year	-	(916 437)	(2 274)	(918 711)
Impairments of the year	-	(256 338)	-	(256 338)
Disposals during the year	-	-	3 875	3 875
<b>Cumulative depreciation and impairment 31 December 2020</b>	<b>(4 669)</b>	<b>(9 454 411)</b>	<b>(5 078)</b>	<b>(9 464 158)</b>
<b>Net book value 31 December 2020</b>	<b>1 595 345</b>	<b>4 797 501</b>	<b>6 731</b>	<b>6 399 577</b>
Acquisition cost 1 January 2019	80 189	7 277 887	9 415	7 367 491
Additions during the year	221 882	478 111	1 796	701 789
Additions due to Wintershall Dea merger	1 645 267	5 428 627	2 528	7 076 422
Disposals during the year	-	(488 191)	(854)	(489 045)
Reclassification	-	-	-	-
<b>Acquisition cost 31 December 2019</b>	<b>1 947 338</b>	<b>12 696 435</b>	<b>12 884</b>	<b>14 656 657</b>
Cumulative depreciation and impairment 1 January 2019	-	(3 471 558)	(3 452)	(3 475 010)
Depreciation of the year	-	(688 730)	(2 204)	(690 933)
Additions due to Wintershall Dea merger	(4 669)	(4 056 461)	(1 877)	(4 063 006)
Impairments of the year	-	(149 001)	-	(149 001)
Disposals during the year	-	84 113	853	84 966
<b>Cumulative depreciation and impairment 31 December 2019</b>	<b>(4 669)</b>	<b>(8 281 636)</b>	<b>(6 679)</b>	<b>(8 292 984)</b>
<b>Net book value 31 December 2019</b>	<b>1 942 669</b>	<b>4 414 798</b>	<b>6 205</b>	<b>6 363 673</b>

\*) Capitalized interest expense is calculated at an interest rate of 2.9% (2019: 1.5%). USD 62 696 was capitalized in 2020.

Machinery and equipment is depreciated on a straight-line basis over the useful life of the asset, which varies between three and ten years. Production facilities are depreciated on a unit-of-production basis.

Additions mainly related to the Dvalin, Nova, Skarv, Njord and Snorre fields in 2020 and to the Nova, Dvalin, Brage and Solveig fields in 2019. Disposal of 2019 is mostly due to the sale of Polarled and Nyhamna.

Dvalin, Ærfugl and Snorre expansion projects have been reclassified to Production facilities in 2020.



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## Impairment testing

Key economic assumptions are determined for the Wintershall Dea group as a whole and are consistently applied for Wintershall Dea Norge AS. Oil and gas price forecasts are based on the Group's current oil and gas price scenario, taking into account management's estimates and the available market data. The oil and gas price scenario include an oil price of 43 USD/bbl and a gas price of 3.8 USD/mmbtu for the year 2021.

Mostly declining commodity prices resulted in total impairments of USD 271.3 million being recognized in June 2020 on the Maria, Brage and Knarr fields. Part of the impairment on Knarr has been recognized as impairment on ROU assets (note 10). The total recoverable amount for the impaired fields was USD 296 million.

The cash flows for the June testing were discounted using a post-tax USD discount rate of 6,9% on a nominal basis. Additional year-end tests did not result in additional impairments being recognised. The cash flows for the year-end tests were discounted using a post-tax USD discount rate of 6,6% on a nominal basis.



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**Note 10 – Leases**

Right-of-use assets

<b>Right-of-use assets</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Total</b>
<b>Acquisition cost 1 January 2020</b>	52 965	184 657	842	238 464
Addition of right-of-use assets	19	16 090	-	16 109
Disposals*	-	(32 000)	(116)	(32 116)
Transfers and reclassifications	-	-	-	-
<b>Acquisition cost 31 December 2020</b>	<b>52 984</b>	<b>168 747</b>	<b>726</b>	<b>222 457</b>
<b>Accumulated depreciation and impairment 1 January 2020</b>	(2 498)	(42 799)	(165)	(45 463)
Depreciation	(4 579)	(55 536)	(276)	(60 391)
Impairment losses in the period**	-	(14 962)	-	(14 962)
Disposals	-	-	81	81
Transfers and reclassifications	-	-	-	-
<b>Accumulated depreciation and impairment 31 December 2020</b>	<b>(7 077)</b>	<b>(113 297)</b>	<b>(360)</b>	<b>(120 735)</b>
<b>Carrying amount of right-of-use assets 31 December 2020</b>	<b>45 907</b>	<b>55 450</b>	<b>366</b>	<b>101 722</b>

<b>Right-of-use assets</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Total</b>
<b>Acquisition cost 1 January 2019</b>	51 025	84 350	435	135 810
Addition of right-of-use assets	9 318	42 579	476	52 373
Additions due to Wintershall Dea merger	9 926	57 728	-	67 654
Disposals/sale and leaseback	(17 304)	-	(69)	(17 373)
<b>Acquisition cost 31 December 2019</b>	<b>52 965</b>	<b>184 657</b>	<b>842</b>	<b>238 464</b>
<b>Accumulated depreciation and impairment 1 January 2019</b>	-	-	-	-
Depreciation	(1 860)	(34 966)	(195)	(37 022)
Additions due to Wintershall Dea merger	(1 482)	(7 833)	-	(9 315)
Disposals	844	-	30	874
<b>Accumulated depreciation and impairment 31 December 2019</b>	<b>(2 498)</b>	<b>(42 799)</b>	<b>(165)</b>	<b>(45 463)</b>
<b>Carrying amount of right-of-use assets 31 December 2019</b>	<b>50 467</b>	<b>141 858</b>	<b>677</b>	<b>193 002</b>

Lower of remaining lease term or economic life	5-15 years	2-10 years	2-5 years
Depreciation method	Linear	Linear / UOP	Linear

\*The disposal is due to adjustments to the Knarr lease agreement.

\*\*The impairment loss is due to part of the Knarr impairment being recognized under ROU assets. Refer also to Note 9.



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## Lease liabilities

<b>Undiscounted lease liabilities and maturity of cash outflows</b>	<b>2020</b>	<b>2019</b>
Within one year	63 564	82 491
Within 1-5 years	36 116	130 045
More than 5 years	42 408	51 974
<b>Total undiscounted lease liabilities at 31 December</b>	<b>142 088</b>	<b>264 510</b>

<b>Summary of lease liabilities</b>	<b>2020</b>	<b>2019</b>
Lease liability at 1 January / Initial application	209 286	135 810
Additions due to Wintershall Dea merger	-	56 870
New lease liabilities recognised in the year	16 109	52 373
Cash payments for the principal portion of the lease liability	(69 109)	(36 125)
Early retirement	(32 026)	(2 563)
Interest expense on lease liability	4 410	2 960
Currency exchange differences	746	(39)
<b>Total lease liabilities at 31 December</b>	<b>129 416</b>	<b>209 286</b>

Operating expenses in the period related to short-term leases amount to 1 659 (2019: 452)



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**Note 11 - Intangible Assets**

<b>Amounts in USD 1 000</b>	<b>Goodwill</b>	<b>Capitalized exploration and license acquisition cost</b>	<b>Sum</b>
Acquisition cost 1 January 2020	1 364 842	473 512	1 838 354
Additions	-	66 814	66 814
Disposals during the year	-	(59 743)	(59 743)
Reclassifications	-	(10 311)	(10 311)
<b>Acquisition cost 31 December 2020</b>	<b>1 364 842</b>	<b>470 272</b>	<b>1 835 114</b>
Cumulative amortization 1 January 2020	-	(30 399)	(30 399)
Expensed exploration expenditures previously capitalized	-	(59 743)	(59 743)
Disposals during the year	-	59 743	59 743
<b>Cumulative amortization 31 December 2020</b>	<b>-</b>	<b>(30 399)</b>	<b>(30 399)</b>
<b>Net book value 31 December 2020</b>	<b>1 364 842</b>	<b>439 873</b>	<b>1 804 715</b>
Acquisition cost 1 January 2019	1 614 532	271 183	1 885 715
Additions	-	69 648	69 649
Additions due to Wintershall Dea merger	-	177 243	177 243
Disposals during the year	(249 690)	(44 562)	(294 252)
<b>Acquisition cost 31 December 2019</b>	<b>1 364 842</b>	<b>473 512</b>	<b>1 838 354</b>
Cumulative amortization 1 January 2019	(192 300)	(30 399)	(222 699)
Expensed exploration expenditures previously capitalized	-	(44 563)	(44 563)
Disposals during the year	192 300	44 563	236 863
<b>Cumulative amortization 31 December 2019</b>	<b>-</b>	<b>(30 399)</b>	<b>(30 399)</b>
<b>Net book value 31 December 2019</b>	<b>1 364 842</b>	<b>443 113</b>	<b>1 807 955</b>

For impairment tests of intangible assets including goodwill the assumptions described under *Note 9 – Property, plant and equipment* were applied. As the CGU for goodwill is the Company, the recoverable amount is derived from the sum of fair value less cost of disposal for all assets, taking into account the likely production and cost profiles. The goodwill impairment test did not result in any impairment in 2020. A sensitivity analysis was performed at year end. The analysis shows that a 10 percent reduction in sales prices would result in no further impairments.

The fair value less cost of disposal of exploration assets is determined on a risked basis reflecting the uncertainty of the economic recoverability of the resources.

Capitalized exploration expenditures (exploration wells) are written-off immediately when a drilled well is dry. Wells which encountered hydrocarbons are regularly reviewed with respect to ongoing evaluation results to assess recoverability.



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Additions mainly include drilling cost for exploration wells. The expensed exploration drilling in 2020 is mainly related to exploration wells in PL894, PL609, PL960 and PL1027. The expensed exploration drilling in 2019 is mainly related to exploration wells in PL539, PL847 and PL894.

## Note 12 - Accounts Receivable Trade and Other Receivables

Amounts in USD 1 000	2020	2019
Trade debtors*	209 457	180 874
Other receivables		
Pre-payments	4 291	1 983
Underlift	18 896	29 886
Advanced corporation tax	356 459	89 149
Receivables from cash pooling	186 361	-
Other short term receivables and working capital billings**	19 311	65 384
<b>Total other short term receivables</b>	<b>585 318</b>	<b>186 402</b>

\*The Company has no history of incurring trade debtor losses and consider risk of losses to be insignificant.

## Note 13 - Cash and Cash Equivalents

Amounts in USD 1 000	2020	2019
<b>By category:</b>		
Cash and cash equivalents, non-restricted	70 911	135 751
Cash and cash equivalents, restricted*	5 625	5 041
<b>Total cash and cash equivalents</b>	<b>76 536</b>	<b>140 792</b>
<b>By currency:</b>		
Norwegian kroner (NOK)	76 536	108 798
US dollar (USD)	-	13 533
British pound (GBP)	-	3 493
Euro (EUR)	-	14 968
<b>Total cash and cash equivalents</b>	<b>76 536</b>	<b>140 792</b>

\*Restricted cash includes taxes withheld with USD 5.6 million in 2020 and USD 5.0 million in 2019. The taxes withheld is held in a NOK account.



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### Note 14 - Share Capital

	<b>2020</b>	<b>2019</b>
Ordinary share capital, nominal (NOK 1 000)	4 311 455	4 311 455
Number of shares	17 245 820 364	17 245 820 364
	Number of shares	Share capital (USD 1 000)
Issued and fully paid in January 1 2020	17 245 820 364	710 992
<b>Share capital December 31 2020</b>	<b>17 245 820 364</b>	<b>710 992</b>
	Share premium reserve (USD 1 000)	
Issued and fully paid in January 1 2019	17 245 820 364	710 992
<b>Share capital December 31 2019</b>	<b>17 245 820 364</b>	<b>710 992</b>

Wintershall Dea Norge AS is a subsidiary of Wintershall Dea GmbH which issues group financial statements which include Wintershall Dea Norge AS.

The nominal value of each share is NOK 0.25. The Company did not hold treasury shares in 2020 and 2019.

### Note 15 – Provisions

<b>Amounts in USD 1 000</b>	<b>ARO</b>	<b>Other</b>	<b>Total</b>
As at January 1 2020	1 706 714	75 138	1 781 852
Change in estimate / arising during the year	24 734	20 986	45 720
Change in estimate / release during the year	-	(2 301)	(2 301)
Accretion during the period	33 646	-	33 646
Consumption	(9 107)	(32 992)	(42 099)
Currency conversion effect	554	324	878
<b>As at December 31 2020</b>	<b>1 756 541</b>	<b>61 155</b>	<b>1 817 696</b>
<b>Comprising:</b>			
Current 2020	26 574	44 117	70 691
Noncurrent 2020	1 729 967	17 038	1 747 005
<b>Total current and noncurrent 2020</b>	<b>1 756 541</b>	<b>61 155</b>	<b>1 817 696</b>

Asset retirement obligations (AROs) are related to future well closure, decommissioning and removal expenditures for offshore installations. The obligations are imposed and defined by national and international legal requirements.

According to the terms of production licenses on the Norwegian Continental Shelf, Wintershall has a duty to remove offshore installations as required by the authorities upon termination of production, or when the license expires. The asset retirement obligation is calculated on the basis of an assumed removal concept, based on the Norwegian Petroleum Act of 1996 and on international regulations and guidelines. The asset retirement obligations for 2020 relate to provisions for plugging of wells and removal of well heads, pipelines and platforms.

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When calculating the net present value of the long-term portion of the provision, the Company uses an inflation rate of 2.2% (2.3% in 2019) and field specific nominal discount rates in the range 0.1% to 1.0% (2.0% in 2019). The field specific discount rates are based on USD government bonds with maturity dates equal to the expected year of abandonment of the various fields.

Change in estimate of ARO is mainly due to additions due to new installations and changes to the currency rates used in the estimates as well as inflation and discount rates.

### Note 16 - Pensions

The legacy Wintershall Norge pension schemes were adjusted in 2015. Onshore Employees born in 1963 and earlier, and offshore employees born in 1965 and earlier, kept a defined benefit plan. Employees joining the Company in 2016 and later and other employees are on a defined contribution plan.

The pension scheme for legacy Dea Norge AS employees was adjusted in 2020. Employees whose remaining length of service was more than 15 years at the time of change remain on the legacy defined benefit plan; others are entitled to benefits under a defined contribution pension plan. The change resulted in a net positive one-time effect of USD 10.7 million which have been included in the pension cost of the year.

Payments made in 2020 to the defined contribution plan and "AFP" early retirement plan have been included in the Statement of Income as pension cost of the period. The included amount for these arrangements amounts to USD 4.6 million.

The defined benefit scheme for salaries up to 12G for legacy Wintershall Norge employees is secured with the insurance company Livsforsikringselskapet Nordea Liv Norge AS. The defined benefit scheme for legacy Dea employees is secured in the insurance company DNB Livsforsikring. Both are in compliance with the Act on Occupational Pensions. Pension benefits for salaries higher than 12G are treated as an unfunded pension plan. The obligation of the unfunded plan is included in the pension liability and is presented in the table on the next page.

Some employees were granted early retirement in 2018 and 2019 as part of restructuring measures. The cost of 2018 has been reclassified to pension cost in 2019 and 2019 cost was recognized as pension cost for the year.

Unrealised gains and losses resulting from changes in actuarial assumptions are booked directly against equity. The pension obligation is calculated by an independent actuary as an estimate of the obligation as per 31 December 2020. In the life insurance company, the risk for death and disability is spread among all the customers, which is therefore used as the relevant indicator for future disability and life expectancy rate. The rates used are based on historical data relevant for the population in the life insurance company. These rates result in an adjustment to available data with respect to an increase in the life expectancy span and an increase in the expected disability rate.



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<b>Weighted average assumptions</b>	<b>2020</b>	<b>2019</b>
Discount rate	1.5%	1.8%
Estimated future increase in salary	2.0%	2.25%
Expected annual increase in pension payments	0.0%	0.7%
Expected increase in the basis for calculation of government contribution	1.75%	2.5%
Expected return on funds	1.5%	2.6%
Expected turnover	2.29%	2.5%
Demographic assumptions about mortality	K2013	K2013

  

<b>Components of net pension cost for the period</b>	<b>2020</b>	<b>2019</b>
Benefits earned during the year	12 543	9 663
Reclassification prior year provisions	-	23 369
Curtailement	(10 718)	-
Interest cost	2 021	1 081
Expected return on pension assets	(915)	(768)
Fee charged	68	137
<b>Net pension cost for the period</b>	<b>2 999</b>	<b>33 482</b>
Payroll tax	882	1 409
<b>Pension cost including social security*</b>	<b>3 881</b>	<b>34 891</b>

  

<b>Net pension obligations</b>	<b>2020</b>	<b>2019</b>
Pension funds at January 1	51 584	50 549
Expected return	915	825
Administrative expenses	(68)	(137)
Benefits paid from plan	(537)	(312)
Changes in estimates	(10 355)	(1 867)
Plan amendments and other changes	(7 411)	-
Investments	4 031	2 829
Foreign currency effects	130	(303)
Pension funds at December 31*	38 289	51 584
Pension obligation at January 1	126 263	81 365
Change in estimate	(20 554)	12 739
Benefits paid from plan	(4 258)	(540)
Plan amendments and other changes	(24 967)	-
Pension costs	13 053	33 075
Foreign currency effects	(90)	(376)
Pension obligation at December 31	89 447	126 263
<b>Estimated pension obligation at December 31</b>	<b>51 158</b>	<b>74 78</b>

\*Pension funds are invested with Nordea Liv.

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**Note 17 - Current Liabilities**

<b>Amounts in USD 1000</b>	<b>2020</b>	<b>2019</b>
<b>Other current liabilities</b>		
Working capital from joint ventures and outstanding billings	169 897	202 719
Bonus provision employees	11 624	10 612
Accrual vacation pay	7 654	7 989
Fair value of hedge	30 482	15 428
Deferred income	7 446	553
Other accruals	13 386	51 635
Short term debt to group companies	-	147 591
<b>Other current liabilities</b>	<b>240 489</b>	<b>436 527</b>

**Note 18 - Commitments and Contingencies**
**Expected contractual obligation and license commitments**

Company has the following expected obligations relating to its own and partner-operated licenses:

The Company was committed to participate in seven license approved wells end of 2020. Expected expenditures to drill these wells amounted to approximately USD 53 million.

<b>Contractual obligations (USD 1 000)</b>	<b>2020</b>
Contractual obligations in connection with construction in progress	411 652

Expected expenditures to drill committed exploration wells and contractual obligations in connection with construction in progress includes value of short-term leases.

**Guarantees**

The Company has no financial debt which is secured with mortgages.

**Legal disputes**

The Company is not involved in any material legal disputes.

**Liability for damages/insurance**

Wintershall Dea Norge's operations involve risk for damages, including pollution. Installations and operations are insured through an Offshore Energy Package Policy.



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## Note 19 - Financial Instruments

The accounting classification of each category of financial instruments, and their carrying amounts, are set below.

Amounts in USD 1 000	2020	Note	Fair value through P&L	Amortised cost	Total carrying amount
<b>Assets</b>					
Bank deposits		12	-	76 536	76 536
Long term receivable			7 957	-	7 957
Trade receivable		11	-	209 457	209 457
Other receivable		11	-	205 672	205 672
<b>Sum financial assets</b>			<b>7 957</b>	<b>491 665</b>	<b>499 622</b>
<b>Liabilities</b>					
Long term loan			-	2 371 310	2 371 310
Trade creditors		16	-	122 181	122 181
Short term loans		16	-	-	-
Other current liabilities		16	30 482	190 729	221 211
<b>Total financial liabilities</b>			<b>30 482</b>	<b>2 684 220</b>	<b>2 714 702</b>

	2019	Note	Fair value through P&L	Amortised cost	Total carrying amount
<b>Assets</b>					
Bank deposits		13	-	140 792	140 792
Long term receivables			10 347	104	10 451
Trade receivable		12	-	180 874	180 874
Other receivable		12	36 589	19 035	55 624
<b>Sum financial assets</b>			<b>46 936</b>	<b>340 805</b>	<b>387 741</b>
<b>Liabilities</b>					
Long term loan			-	2 372 303	2 372 303
Trade creditors			-	58 657	58 657
Short term loans		17	-	147 590	147 590
Other current liabilities		17	15 428	309 993	325 421
<b>Total financial liabilities</b>			<b>15 428</b>	<b>2 888 543</b>	<b>2 903 971</b>

### Financial risk factors

The Company is exposed to several different financial risks, refer to *Note 20 - Financial Risks* for more information on how the Company manages these risks.

### Fair value

Fair value of forward currency contracts is recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value based on interest rates and exchange rates on the balance sheet date. Fair value of these financial instruments at 31 December 2020 was USD -8.2 million.

The Company has designated oil-sales derivatives as hedging instruments. The price of the hedged item is defined via a price formula in the sales contract. The instruments used are Brent dated oil swaps

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for which a liquid market exists. Fair value of these financial instruments at 31 December 2020 was USD -22.3 million.

In the context of financing activities, embedded derivatives have been identified which are required to be separated. The contractual terms of the credit facilities entered into by the company contain early termination options as well as in individual cases extension options within the discretion of the company. Early termination and extension options represent embedded derivatives which have to be separated and measured at fair value through profit and loss. Changes in fair value are based on changes of interest rates and company's own credit risk. To determine the fair value an option pricing model is used, taking into account simulations of interest rates and the credit risk of the group/parent company. Fair value of these financial instruments at 31 December 2020 was USD 8.0 million.

For further details regarding accounting principles see Note 1 - Accounting Policies. For all other financial instruments, the carrying amount is either the fair value, or approximates the fair value.

Fair value based on prices quoted in an active market for identical assets or liabilities, includes financial instruments actively traded and for which the values recognised in the balance sheet are determined based on observable prices on identical instruments. This category will, in most cases, only be relevant for investments in listed instruments. Even though Company uses quoted prices whenever possible, no such instruments were held as of 31 December 2020.

Fair value based on inputs other than quoted prices which are derived from observable market transactions, includes non-standardised contracts for which fair values are determined on the basis of price inputs from observable market transactions. This will typically be when the Company uses forward prices on foreign exchange rates as inputs to the valuation models to determining the fair value of its derivative financial instruments.

## Note 20 - Financial Risks

Wintershall Dea Norge is exposed to a variety of financial risks. These include risks related to product prices, foreign currency and interest rates, as well as credit and liquidity risks. The Company seeks to minimize the impact of adverse fluctuations in financial markets on its financial performance. Risk management is an integral part of the Company's activities, including of those from financial market fluctuations.

### Commodity price risk

The Company's revenue, cash flows and profitability depend to a large extent on commodity prices. Any resulting adverse changes in market prices could have a negative impact on Wintershall Dea Norge's earnings and equity.

Commodity price risks related to production are assessed and mitigated regularly using systematic risk management. The principles of this approach are defined in the Group commodity hedging policy.



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The maximum hedge volumes are 75%, 50%, and 25% of effectively hedgeable gas production for a one, two, or three-year horizon, respectively. Existing hedges as at 31 December 2020, include forward gas sales to stabilize portions of gas revenues until 2023, as well as Dated Brent crude oil swaps to stabilize portions of our oil sales until 2022.

#### **Currency risk**

The Company is exposed to changes in foreign currency exchange rates. Revenues are to a large extent incurred in US-dollar, Euro and Great Britain pound. Invoices for services and goods and cash calls from other operators are also denominated in Norwegian krone, Euro, Great Britain pound and other currencies. Most booked exposures are being hedged by means of currency forwards against the Company's functional currency, being the US-dollar.

#### **Interest rate risk**

The Company is exposed to fluctuation in short-term interest rates, which are kept unhedged.

#### **Credit risk**

Credit risks arise when contractual partners do not fulfil their obligations. The Company is exposed to credit risks from its operating activities (primarily trade accounts receivable) and its financing activities, including deposits with banks and financial institutions, favorable derivative financial instruments (positive fair value) and other financial receivables.

Credit risk is managed on a Group basis. Wintershall Dea Norge follow Group procedures in place that address credit approval applications, the granting and renewing of counterparty limits, the proactive monitoring of exposures against these limits and requirements for triggering secured payment terms.

As part of these processes, counterparty credit exposure is regularly monitored and assessed on a timely basis. If customers are independently rated, these ratings are used for assessment. If there is no independent rating, the risk management function assesses customers' credit quality based on their financial position or bases the assessment on past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with set limits. There are no significant concentrations of credit risk. Payment risks are within limits stipulated by the management and closely monitored.

Wintershall Dea Norge's major customers, Shell Trading International Ltd, Equinor ASA and Engie, are considered financially solid counterparties.

To secure long-term entitlements or in case of counterparties of insufficient credit risk rating Company request parent company guarantees or other collaterals to mitigate the risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on credit ratings and customer balance. Historically the company has not experienced material losses on trade receivables. No provision has been made for future losses at year-end. The maximum exposure to credit risk at the reporting date is



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the carrying value of each class of financial assets disclosed in Note 11. The Company does not hold collateral as security.

### Liquidity risk

Liquidity risk management ensures that the required liquidity to meet financial obligations is available at all times and that the liquidity position of the Company is optimised. Centralised financial planning for the Wintershall Dea Group is the basis of the liquidity risk management. Financial planning is performed for the following twelve months on a monthly basis and for the following two months on a daily basis.

The Group monitors its liquidity risk by reviewing the cash flow requirements on a regular basis taking into consideration the funding sources, existing bank facilities and cash flow generation from the producing asset base. Specifically, it is ensured that there is sufficient liquidity to meet operational funding requirements and debt servicing.

With the established measures, the Company considers its liquidity risk to be minor.

## Note 21 - Dividends

### Paid dividend

In accordance with resolution made by the Annual General Meeting in Wintershall Norge AS on 6 March 2020, the Company has not paid any dividend for 2019 to its shareholders.

### Proposed dividend

No dividend payment is proposed for the fiscal year 2020.

## Note 22 - Related Parties

Amounts in USD 1 000	2020	2019
<b>Debt</b>		
Loans to affiliates Wintershall Dea Finance BV	1 582 763	1 582 411
Cash pooling Wintershall Dea GmbH	-	131 644
<b>Total debt</b>	<b>1 582 763</b>	<b>1 714 055</b>
<b>Receivables</b>		
Cash pooling Wintershall Dea GmbH	186 361	-
<b>Total receivables</b>	<b>186 361</b>	-

The Company has entered into financing agreements with Wintershall Dea GmbH and Wintershall Dea Finance B.V. The Cash Management Agreement with Wintershall Dea GmbH allows the exchange of NOK, USD, GBP and EUR and is not limited to specified amounts. The reference interest rate is NIBOR



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for NOK as well as LIBOR for USD, GBP and EUR. The interest rates are subject to a margin, which is adjusted from time to time in line with market changes. In 2019, the margin for loans was 0.50 per cent. The margin in 2019 for deposits in all four currencies was minus 0.05 per cent.

The loan Agreements with Wintershall Dea Finance B.V consists of three loans of USD 775 million, USD 400 million and USD 400 million which are due in 4, 6 and 9 years respectively. The loans have a fixed interest rate between 2.86% (4 years) and 3.69% (9 years).

In addition, group services (including IT, procurement and other back-office services) have been charged to Wintershall Dea Norge during the year. From 2019 Wintershall Dea Norge started selling gas to Wintershall Dea GmbH.

The following current positions were outstanding with Wintershall Dea Group companies at 31 December:

<b>Amounts in USD 1 000</b>	<b>2020</b>	<b>2019</b>
Trade receivables	60 241	30 071
Trade payables	21 090	7 009

### Note 23 – Financing

Wintershall Dea Norge participates in a group financing scheme arrangement by a consortium of banks (Syndicated Credit Facilities Agreement). The first tranche was drawn on 30 April 2019 and the second tranche were drawn on 2 May 2019. As of 31 December 2019, Wintershall Dea Norge had utilized a nominal amount of USD 800 million. This remained unchanged in 2020. The interest rate is set with reference to Libor plus a margin. Interest is paid on a quarterly basis. The loans have due dates for the full amounts in 2022 and 2024 respectively.

The Wintershall Dea Norge share of the arrangement was capitalized as a reduction of the loan amount in April 2019. In addition, the financing facility comprised of embedded derivatives which was separated. The positive fair value of the embedded derivatives of USD 7.9 million was initially recognized as an increase in the loan amount. Both amounts are being amortized over the term of the loans with corresponding impact on the financial result. Refer to Note 19 – Financial Instruments for more information.



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## Note 24 - Oil and Gas Reserves (unaudited)

The following tables reflect the estimated proved reserves of oil and gas at 31 December 2020:

Reserves as of 31.12.2020	Hydrocarbons - Million BOE
1P (Developed and undeveloped)	435.9
2P (Developed and undeveloped)	623.1

## Note 25 – Impact of the COVID-19 pandemic

Since the beginning of this year, the spread of COVID-19 has resulted in a global health pandemic, which has in turn led to a significant global decline in economic activity and a corresponding steep decline in commodity prices. The duration and extent of the COVID-19 pandemic and the resulting impact on the Wintershall Dea Norge cannot be ascertained at this time. However, following the decline in commodity prices, the Company has revised its commodity price assumptions triggering the necessity for an impairment test on its major assets which led to asset impairments in the second quarter. In the fourth quarter, additional impairments were recognised (see notes 9 and 10).

In June 2020, the Norwegian government enacted temporary changes to the petroleum tax system, in effort to maintain oil and gas investments during a period of falling oil prices and reduced activity due to the COVID-19 situation. The changes include an increase of the uplift allowance to 24 % for investments and the direct tax expense of both uplift allowances and capital expenditures in the special petroleum tax regime in 2020 and 2021. These changes results in a positive tax effect of \$94 million in the tax result. In addition, cash refunds for the tax value of losses from Norwegian tax authorities received in August, September and December totaled NOK 4,503 million (\$492 million). An additional negative tax instalment with an amount of NOK 2,929 million (ca. \$343 million) is expected in the 2021 fiscal year.

## Note 26 - Subsequent Events

In January 2021 Wintershall Dea Norge refinanced the USD 800 million bank loans disclosed in note 23. The refinancing was done with group financing.





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#### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, 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 the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment 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. We 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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors 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.

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### Report on Other Legal and Regulatory Requirements

#### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

#### Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 22 February 2021  
KPMG AS

Mads Hermansen  
State Authorised Public Accountant  
(This document is signed electronically)