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Annual Report 2021

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About Concedo

Concedo is a Norwegian oil company focusing on exploration on the Norwegian Continental Shelf. The staff are highly experienced and have contributed to many discoveries in the past. The vast majority of our staff are geologists or geophysicists, all with many years' experience from both the Norwegian and international oil industry.

Concedo is a privately held company and takes the role as partner in its licences. There are no plans to change to a role as operator, to list the company or to seek opportunities internationally.

The company's business model is to divest discoveries prior to field development. Adhering to this strategy will enable us to maintain an effective organisation and be among the best exploration environments in Norway. Our strategy has been proven by considerable value creation from our position as a licensee.

What we do

Our key tools for identifying new discovery opportunities are seismic and well data and the staff's overall experience. The testing of new technology like electromagnetic data and special processing of seismic data may in certain situations prove very important. Our future is decided through our daily work, namely the interpretation, analysis and integration of the various data.

Concedo was pre-qualified as a licensee in 2007, and has since been awarded licence shares in the annual licensing rounds (APA) and numbered rounds. Discoveries have been successfully sold to Equinor, Wintershall and Neptune.

Ripple effects

Like ripples expanding across the water, our actions can reverberate throughout the physical and social world. Even though our planet is a big place, the actions of a few can impact the many, and minor actions can have major consequences. With this awareness comes responsibility, but also possibilities. Norwegian oil activity has created positive ripple effects for 50 years and continues to do so.

In this report we explore different stories of ripple effects. Stories of hope, possibilities and even the sharing of technology with a rather unexpected industry...



Lykkeland

The second season of the NRK TV series *Lykkeland* has started and reminds us of the early history of the oil industry, leading up to today's Norwegian welfare state. In a global context, the title *Lykkeland (State of Happiness)* may be more descriptive of Norway than ever before.

The Norwegian Petroleum Directorate (NPD) celebrates its 50th anniversary this year and 50 billion barrels of oil equivalents have been produced from the Norwegian Continental Shelf (NCS). NPD estimates that Norway has produced about 50% of what may be produced in total. Export income from the petroleum sector is record high and for the first time there is more income from gas than from oil. The volume in new discoveries is the highest since 2014 and new field developments are in progress. Operations are being performed with world-leading quality as regards safety, emissions and environmental protection. Innovation within exploration, field development and production continue and ripple effects of the offshore industry are easily observed all over Norway.

Could anything be better?

If we forget all the global and international issues of concern and just focus on our own «State of Happiness», I think 2021 has worked out quite well.

2021 was characterized by high activity for Concedo. Early in the year, an appraisal well was drilled on the Dugong discovery in PL 882 in the Northern North Sea. The well was located downdip from the discovery well and found the oil water contact, which was important for volume estimation. Later in the year, the well was production tested, and both the static and dynamic reservoir models were updated accordingly. The PL 882 partnership also carried out detailed field development studies. The drilling of the Dugong Tail prospect did not add any volumes, but there are other attractive prospects within the licence. Further drilling may be carried out in the second half of 2022 and the current plan is to submit a plan for development and operation (PDO) by the end of 2023.

In September 2021, Concedo participated in the drilling of the Rødhetta prospect in PL 901, just north of the Goliat field in the Barents Sea. This resulted in a small gas and oil discovery. Further evaluation of the area north of the Goliat field will be carried out by the PL 901 partnership.

As regards health, safety and environment, Concedo's most important role is to perform its «see-to-it-duty» and contribute to risk reduction during drilling operations. In 2021, Neptune Energy and Vår Energi performed efficient and safe operations on PL 882 and PL 901 respectively.

PL 1096 was awarded to Concedo in APA 2020. This licence is located between the Grane and Johan Sverdrup fields. Electromagnetic data have now been acquired in the area and this may de-risk the prospectivity further during the first half of 2022.

On the 18th January 2022, the awards in APA 2021 were announced. Concedo was offered three new licences, two in the North Sea and one next to the Goliat field in the Barents Sea. The two licences in the North Sea were additional acreage to existing licences. For Concedo, it was especially important to obtain a 50% share in PL 1168 next to the Goliat field, with Vår Energi as operator. This is an area where we have worked intensively on the analysis of both seismic and electromagnetic data. So far, both types of data support our view on the attractivity. Further work will focus on special seismic analysis before a potential drilling decision.

The organization is full of energy and working with enthusiasm on our current licences and opportunities for the future. Thank you to all my wonderful colleagues. We are very happy that Arild Andresen joined Concedo as Commercial Manager in January 2021. The integration of commercial and exploration perspectives is more important than ever. Some key individuals and consultancies have helped us with valuable support for many years and I especially want to thank the excellent team of GeoCore in Bergen. Normally we have a video meeting with Annelin, Eirik and Espen every Monday and there is always a mixture of laughter, new ideas and advanced analysis. In addition, we regularly benefit from

the vast experience of Erik Fjellanger, who has retired from ExxonMobil. He can now pursue his passion for geology together with Concedo. For the analysis of electromagnetic data, we also work with some excellent specialists.

It is fascinating to see what information we can extract from seismic and electromagnetic data, and sometimes we do so with a unique Concedo approach. We see great potential for improved exploration in the recent release of relinquishment reports too. These reports make it easier to avoid repetition of technical work and to improve exploration with new techniques and perspectives. Hopefully, we will also discover new opportunities based on all the drill cuttings information that has now been digitized by a joint industry project. Student projects, together with the company 'Innovation Effect' and summer internships, always lead to new insights.

The general tax rate for income from petroleum activity is 78%. This high tax rate is on its own a strong indication of the extraordinary high national profitability of this activity. Comments were invited on proposed changes to the petroleum tax system in late 2021 and the parliament will probably decide upon these changes before the summer of 2022. The potential tax changes may create new growth opportunities for Concedo and possibly some need to adjust our business strategy too. In addition, the energy situation in Europe might make gas opportunities more attractive for exploration. There is also a wave of consolidation among oil companies on the NCS, the most significant of which is the planned merger of Lundin and Aker BP. However, to ensure future value creation on the NCS, it is important to preserve an environment with plurality in the player landscape.

I am confident that Norway will continue to be a country where profitable industrial activity can go hand in hand with a good working environment and sound nature conservation. Concedo is proud to be part of an important industry contributing to the continued progress and welfare of "Lykkelandet" Norway.

Geir Lunde

Geir Lunde
CEO

Hammerfest – from fishing to oil

Hammerfest was once the northernmost town in the world. It was also a successful fishing town, with a large trawler fleet and one of Europe's most modern fish processing factories. Then the fishing industry declined and the ripple effects pulled the rug out from under the town. Today, prosperity has returned and the oil industry's positive ripple effects are creating activity and hope for the future in this town by the Barents Sea.

Hammerfest has a long history, with people registered as living here as early as in the 13th century. Its location at 70.7 degrees north gave it a natural connection to Arctic hunting and fishing, and the Findus factory on the quay was the town's main company from the end of the 1950s. At its peak, it employed 1,200 people in its onshore facilities alone. Every eighth inhabitant worked at the factory.

No fish, no fun

Development usually means progress, but the opposite was true for Hammerfest. Technological innovations led to the gradual closing down of the fish processing factory in the 1980s and 1990s. The downturn led to onshore and offshore jobs disappearing, the population plummeted and both private players and public services were hard up. The municipality was run down and pessimism ruled the day.

To make things even worse, in 1996 Hammerfest lost the title that had been a source of pride for more than 200 years. When the government for a short period made it easier to apply for town status, Honningsvåg grasped this opportunity. Its location north of Hammerfest meant that it also took the title of «the northernmost town in the world».

Hammerfest has reversed its fortunes before. The rebuilding following the large town fire in 1890 led to modernization: the town became the first in Norway to have a municipal electric power station and was also one of the first towns in Europe to have electric street lighting. When the oil industry appeared just over 100 years later, there was once more a need to upgrade Hammerfest's streets. At that time, the municipality was being administered by the County Governor's office due to its poor economy, and the wear and tear was very obvious.

Hammerfest enters the oil age

The first exploration well was drilled in the Barents Sea as far back as in 1980. The first gas find on the Snøhvit field, 140km north-west of the town, was made in 1984. The attention paid by the oil industry led to dawning optimism in the north, but the level of activity did not rise.

It was not until 2001 that Statoil decided to develop Snøhvit, and the Norwegian parliament (Stortinget) passed a resolution regarding this the next year. This field was the first major development on the Norwegian Continental Shelf where all the equipment was placed below the sea surface.

Gas is transported from the seabed installation to Melkøya, just outside Hammerfest town centre. In 2009, Stortinget approved the development of the Goliat field, 50km south-east of Snøhvit. From here, oil is transferred to shuttle tankers to be transported to market.

These two fields have been extremely important to Hammerfest, which has changed completely. Those who govern it say it is more or less a new town. But this success did not happen without Hammerfest's own efforts - it required both courage and a willingness to invest on the part of the town. The municipality was penniless when the Snøhvit development was agreed to, and all investments had to be approved by the County Governor. Instead of making necessary cuts, the municipality raised new loans and invested billions of kroner in everything from oil industry infrastructure to kindergartens, schools, cultural centres and town centre environments. The aim was to make the municipality attractive and convince Statoil to choose a shift scheme on Melkøya that required people to live locally. Local suppliers were also ahead of the game and established a presence early on and in large numbers. To ensure local expertise in the future, upper secondary schools started to teach petroleum subjects. The fishing fleet helped to find the best pipe tracks in the sea, and takes part in the oil spill prevention measures.

Growth leads to growth

Today, Hammerfest is a town that is growing. People have stopped moving away and the population has increased from 9,020 at its lowest to around 11,300 at present. The population is now younger and most of the incomers are 20-40 years of age. The Norwegian Confederation of Enterprise (NHO) chose Hammerfest as Norway's most successful municipality in 2014.

Oil and gas have been the triggers to reverse the negative developments, but are not the only things that will safeguard North Norway's economy in the future. Tourism is an example of an industry that has been good at capitalizing on this region's growth and obvious attributes. The land of the midnight sun has become the land of the northern lights, and winter tourism has increased significantly. Otherwise the construction, fishing and mineral industries are all areas with growth potential.

One particularly positive ripple effect of the oil industry is perhaps an increasing awareness of the importance of local business development, initiative and expertise. And they have a lot of that in Hammerfest. The fact that the "small town" of Honningsvåg grabbed their title is maybe not that important when they look at their future prospects - and not least what a town they have become!

All hands to the pumps!

The ripple effects of the oil and gas industry in Norway are considerable. In the past, oil was usually the most valuable part, but now gas has sailed up as the country's largest contributor.

For the first time ever, the UK has produced electrical power without the use of coal thanks to Norwegian gas, which accounts for around 40% of the UK gas consumption. As less coal is used, Norwegian gas contributes to more environmentally friendly power production in the UK.

Although European countries are looking for more gas from suppliers other than Russia, they cannot expect help from Norway at the present time because, according to the Ministry of Petroleum and Energy, Norway exports as much as the pipeline system can hold.

More gas will certainly be needed for the European market and Norway is in an advantageous position to contribute to this. Investing in exploration on the Norwegian Continental Shelf is necessary and helps European consumers to produce electric power in a more environmentally friendly way than when coal is used. It also helps provide domestic consumers with gas for use in households.

Recently, the European Commission presented its proposal for a so-called taxonomy, which is a classification system intended to promote green investments. The Commission

advocates the classification of gas and nuclear power as sustainable.

There has been a change in the relationship between oil and gas pricing. While the value of oil exports was five times that of gas exports in 2000, gas exports have since picked up considerably. This led to the highest trade surplus of all time in Norway. The value of gas exports reached a whopping NOK 476 billion in 2021, more than four times that of the previous year and by far the highest export value ever. Sky-high gas prices in the last six months are the main reason for this increase.

The analysis agency Menon Economics has on behalf of the Norwegian Oil and Gas Association calculated the revenues of the municipalities related to oil and gas activities in Norway. All over the country, the oil and gas industry creates workplaces that benefit the entire Norwegian people and ensures reliable energy for everyone. Over 200,000 jobs are directly in the oil and gas industry. The municipalities receive funding from the oil fund (The Government Pension Fund Global) even if they do not have oil industry operations.

Concedo plays a role in this value chain with its focus on exploration. The emphasis has been on oil prospects and, with the recent changes in the market, the future focus may also include gas opportunities.



Near field exploration around the Goliat field in the Barents Sea

Goliat area

The Snøhvit and Goliat fields in the Hammerfest Basin are today the only fields in production in the Barents Sea and will remain so until the Johan Castberg oil field will come on stream in 2024.

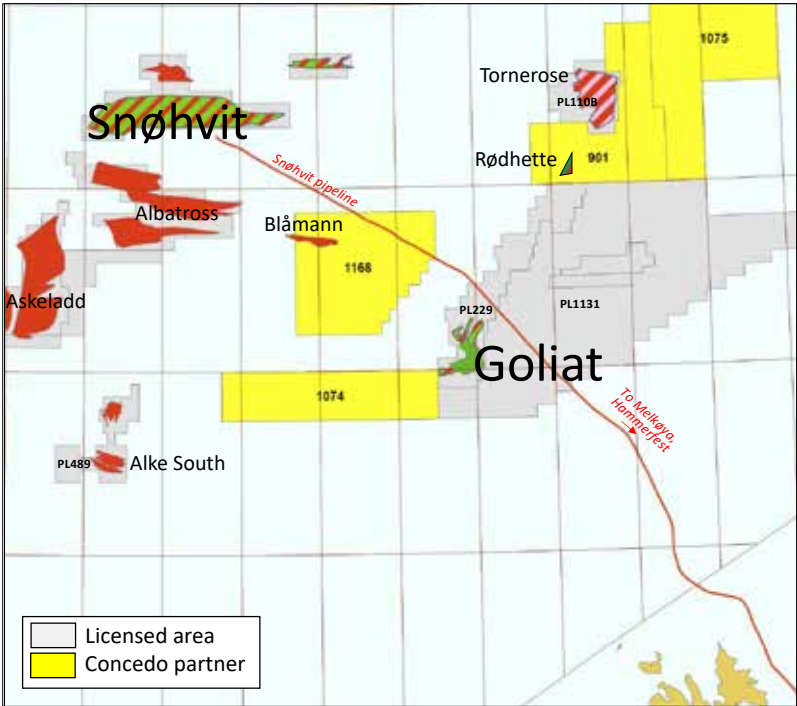
Goliat became the first oil field in the Barents Sea when the production commenced at the FPSO facility in 2016. It currently produces oil only, gas being reinjected into the reservoirs to contribute to pressure support. At PDO approval in 2009 the reserves were estimated at 176 mmbbl of oil. The PDO was approved under the condition that a plan for production of the gas resources of 50 mmboe would be submitted at a later date. The PDO assumed a production phase of 15 years. As of year-end 2021 the field has produced 100 mmbbl of oil and has still oil reserves of almost 100 mmbbl. The gas resources is today estimated to 75 mmboe.

Today, neither the Snøhvit gas pipeline going from the Snøhvit field to the LNG plant at Melkøya, nor the LNG plant, will see available capacity for third-party before around 2040.

Goliat therefore has to find another gas export solution. Alternative development scenarios, including transportation of the gas to a possible hydrogen/ammonia factory in Finnmark, are therefore being considered. To be specific, the operator Vår Energi has entered into a collaboration with Equinor and Horisont Energi to study the possibilities for the production of blue ammonia from natural gas, with CO2 purification and storage, in Hammerfest. In these plans development of Alke Sør is also included. The Alke Sør discovery is located approx. 55 km southwest of the Goliat field and contain gas and condensate resources of approx. 70 mmboe, of which mainly gas.

A future Goliat and Alke gas development solution will most likely prolong the Goliat field life beyond 2040. This will provide a potential host platform for both small and medium sized oil discoveries and a number of stranded gas discoveries along the southern margin of the Hammerfest Basin. In addition, such a development will contribute to further exploration focus and activity in the area.

Sources: Goliat PDO, NPD fact pages, Vår Energi IPO documents and Energi24.no



License	Operator	Concedo equity	Discovery				Main prospect
			Name	Year	Volume (mmboe)*	Phase	
PL 110 B	Equinor	-	Tornerose	1987	3.8	Gas and oil	
PL 229	Vår	-	Goliat	2000	275	Gas and oil	
PL 489	Vår	-	Alke S	1981	11.7	Gas	
PL 1074	Vår	20%					Enzo, Pianosa
PL 1075	Vår	40%					Trollfjord
PL 1168	Vår	50%	Blåmann	2017	12-18	Gas	David

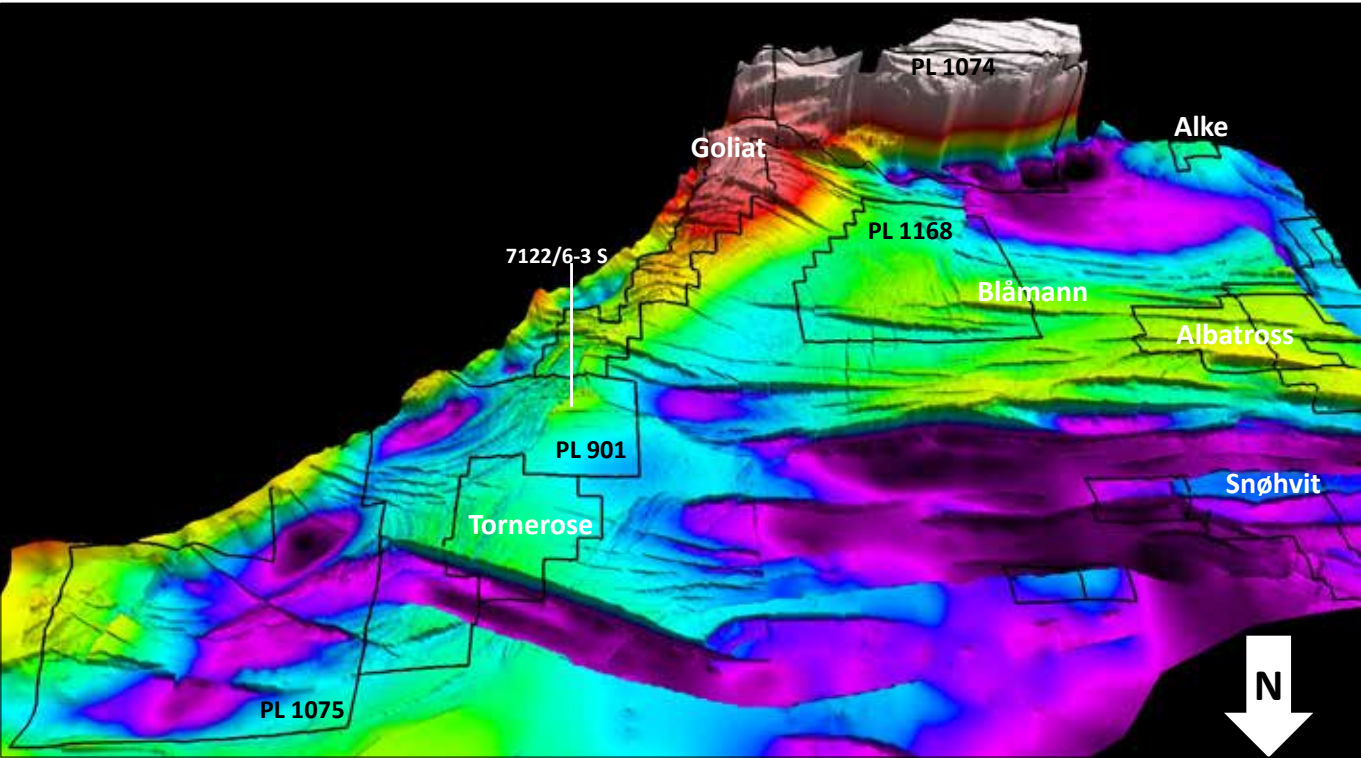
Concedo licenses

Concedo is currently partner in four licenses in the Barents Sea, all situated in the vicinity of the Goliat field.

In 2021, Concedo participated in drilling of the 7122/6-3 S Rødhette well in PL901, proving both oil and gas in the Realgrunnen Group. Together with the remaining undrilled prospects in the license, and the Trollfjord prospect in the adjacent PL 1075 license, we believe Rødhette represents possible tie-in opportunities to the Goliat field.

The PL 1074 and main prospects Enzo and Pianosa immediately west of Goliat is situated in a geophysically challenging area. Large velocity contrasts in tilted and eroded sedimentary layers are hampering the seismic imaging of the relatively shallow (<1000 m) prospects, and a large effort is being put into reprocessing of the seismic data. There is a high probability Enzo and Pianosa have hydrocarbon saturated reservoirs, but the volumes and hydrocarbon phase remain uncertain.

PL1168 was recently awarded in the APA2021 licensing round. The area was part of the previous PL1022 with Concedo as partner, but after the relinquishment Concedo remained interested in one of the undrilled prospects, David, and engaged Vår Energi to participate in the APA2021 application. There are several geophysical observations indicating hydrocarbon-filled intra-Realgrunnen sands in David, which could possibly represent a play-opener in the area. Together with Vår Energi, Concedo will further investigate geophysical data with modern techniques to get better insight to what lies within the subsurface.

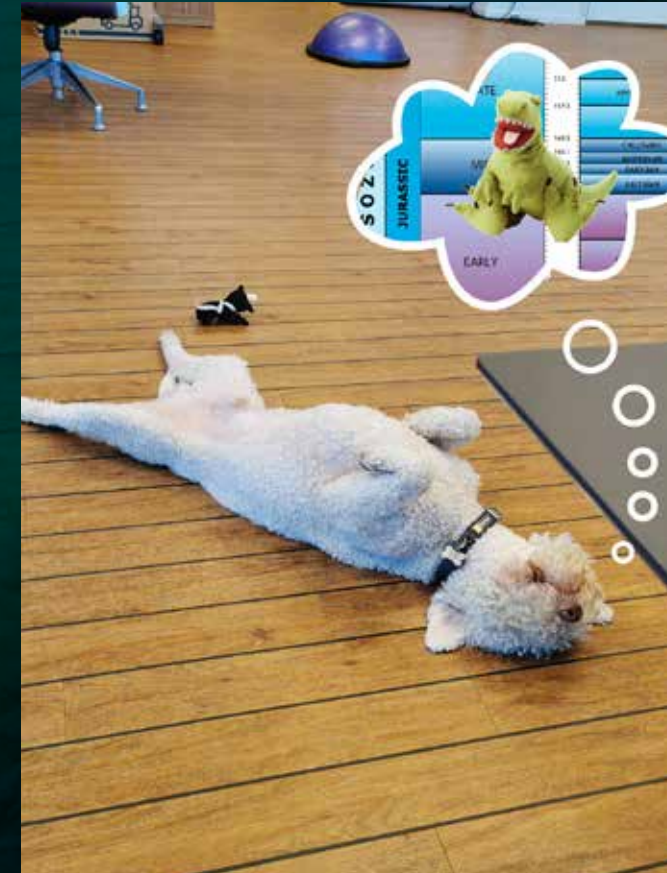


Our canine colleagues



Leah (Golden Retriever) is part of Concedo's senior staff. She is kind, patient and likes routine, and makes sure that Monday meetings are not too long. Leah is happy when you share a piece of your lunch with her, enjoys being the center of attention and is the undisputed queen of Torvveien 1, as well as a good mentor to the younger ones. She makes sure to warn you if the doorbell rings, but wags her tail in happiness when you enter. Leah gets younger every year and has gradually begun to appreciate Knut. She even waits by the door for him every morning. Leah loves hiking, food and cuddling.

Knut (Italian Water Dog) is a real Italian, bred for hunting (truffles). Young, ambitious and amorous with lots of energy – what a great combination! In the absence of truffles, he is constantly hunting for ladies, and is a well-known gentleman in the Asker area. Like Leah, he has grown up at Concedo and has developed a keen interest in exploration. He pays close attention when prospects are discussed.



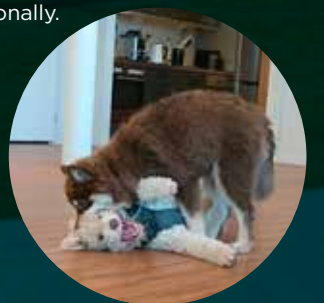
To satisfy his need for travel and exploration, Knut is now being educated at NRO – Norwegian Rescue Dog Organization, with the ambition of becoming a Search and Rescue dog. Seek and you shall find! Because of this, Knut is a great asset on Concedo's team building trips, where there's always someone who needs a hand, runs away, gets lost or is late for the train...

Knut can often be observed sleeping on the floor in the middle of the office and has a well functioning "off button". What does he think about? Probably ladies, hiking and food (in that order).



Sara (Boxer) is that typical colleague you never know when will show up. One minute she's there, entering with full speed and low altitude, the next minute she has disappeared, just as fast. She doesn't care much for quiet rooms and likes to break routine. Sarah sees open offices as a world of opportunity, and has a mind that can move mountains. She does not like phone calls, and is sure to let you know.

Sara doesn't meet the requirements of the S in the HSE department, but is good and kind, however, poor in risking. She now has a permanent home office, but we hope she drops by occasionally. Sara thrives among like-minded people, loves chicken dog beer and playing.



A pleasant workplace where people will stop by for a visit or two just to say hello.

Well test of a discovery

In September 2021, a well test was carried out on the Dugong discovery (PL 882) during a re-entry of well 34/4-16 S. Such a test is done for several reasons, but the main objectives are commonly to acquire adequate fluid samples, measure reservoir flow properties, identify potential reservoir barriers and estimate the recoverable oil and/or gas volumes.

The primary reason for drilling an exploration well is to confirm whether a prospect contains hydrocarbons (oil/gas) or is “dry” (water). In order to evaluate the well results, many types of data are acquired in the well. Typically, logs, cores and pressures are acquired, but these represent only the near-bore volume of the reservoir. In certain cases, data must be collected from a much larger volume of the reservoir. This is where a well test may provide a solution.

Preparations

As a well test normally includes flowing and burning off gas and oil, safety is of paramount importance to ensure there are no incidents like human accidents, fires, blow-outs or oil spills.

Specialist companies support the licence operator and

partners in thorough preparations and subsequently the well test itself.

Geological and reservoir data models are used to design the well test programme in order to obtain the information required.

Flowing the well and pressure build-up

After the test string containing all the tubulars, packers and tools - such as pressure gauges, valves, downhole fluid sampling chambers and perforating guns - have been installed, the test can commence. When the casing/liner is perforated, there is an initial (clean-up) flow period with a subsequent pressure build-up. This is commonly followed by a main flow and a main pressure build-up period before the test is terminated.

A computer model of the reservoir, in which certain reservoir properties are combined with the well design, is prepared in advance and used to analyse the well test. Pressure waves spreading out from the well will give a response that can be used to predict pressure barriers and flow properties.



Technical development

One of the most common workflows in petroleum exploration includes analysis of seismic data. In Concedo, we are performing various seismic data analysis using several commercial software packages from different vendors. For example, we do seismic interpretation and horizon picking using manual and automatic tracking in Petrel, frequency decomposition and RGB blending in Geoteric, and advanced AVO workflows in Hampson Russell. Each of these softwares offers a plethora of advanced functions beyond our needs, elevating both the purchase/subscription cost and user threshold.

The last decade has seen an increase in accessibility of high-level computer programming languages, allowing non-computer science educated geoscientist like ourselves to build simple software tools, and test and develop both old and new algorithms. Concedo has therefore recently initiated an in-house development of a simple exploration toolkit, the rationale being to integrate our most frequently used techniques and methods for seismic data analysis into a single software package. This software will provide both simple and advanced functions at a low user threshold, tailored specifically to our demands, and available at a reasonable cost.

The first algorithm we developed was the 3D seismic auto tracker, which lets the explorationist map out the topography of seismic reflectors in 3D, generating interpreted seismic horizons (Figure 1). This is a basic and the most fundamental algorithm used in most seismic exploration softwares, e.g. Petrel.

When a horizon has been generated, e.g. for the top of a hydrocarbon reservoir, a common next step in the exploration workflow is to derive various seismic attributes from different seismic volumes at the horizon level and visualize their lateral distribution across the horizon. This is straightforward in a software like Petrel. However, one of the methods we often use, frequency decomposition and RGB blending, we prefer doing in the Geoteric software. To perform this operation, we must export the horizon and seismic volumes from Petrel, import them into Geoteric, do the frequency decomposition and RGB blending there, generate screendumps of the resulting attribute maps, and then import and georeference them back into Petrel. This is an unnecessarily cumbersome and time-consuming process. Our in-house software will closely integrate both seismic attribute analysis and RGB blending, cutting both time and cost from our current workflow. Figure 2 shows a RGB blending of the interpreted horizon in Figure 1.

Simple AVO workflows can today be performed in software packages like Petrel and Hampson Russell, but not without some disadvantages. Certain operations in Petrel require subscription to specific and expensive analysis modules, and Hampson Russell comes with a relatively high user threshold for most explorationists. In our in-house software, we have included the most frequently used AVO workflows. Figure 3 is a screendump from this software, showing the near angle stack (upper left section) and far angle stack (lower left section) of a seismic volume, and two possible combinations of these to the right (crossplot in white inset, and AVO attribute in the black section).

Figure 1: Screen-dump of Concedo's in-house exploration toolkit currently under development

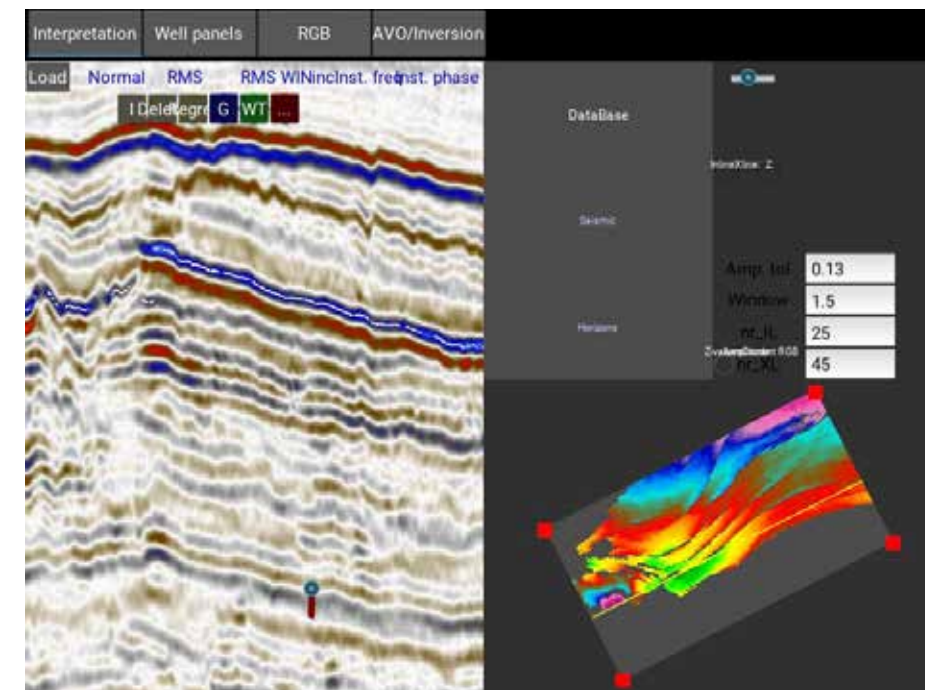


Figure 2: RGB blending of amplitudes extracted from the interpreted horizon in Figure 1.

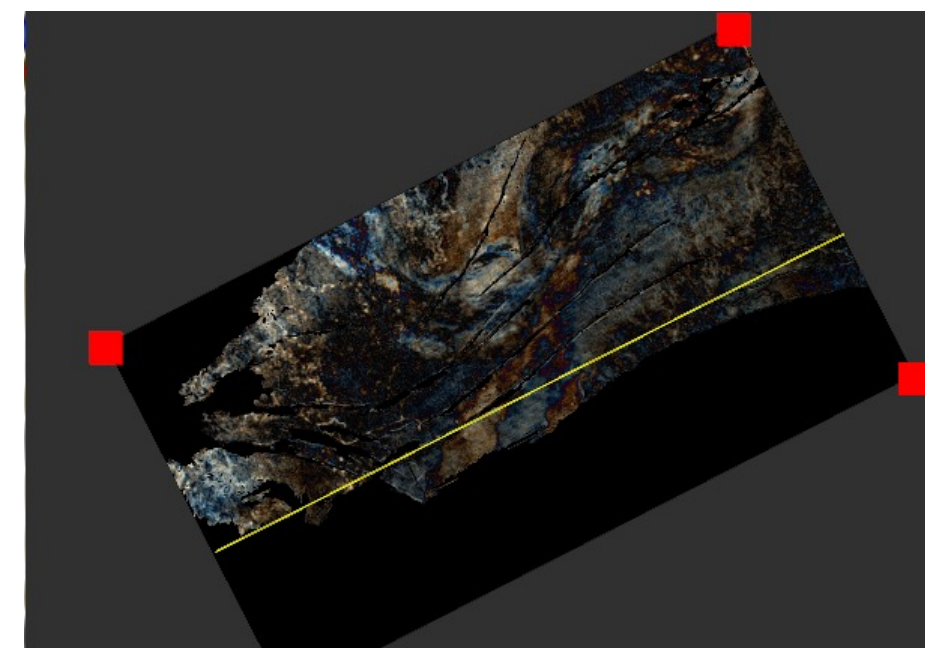
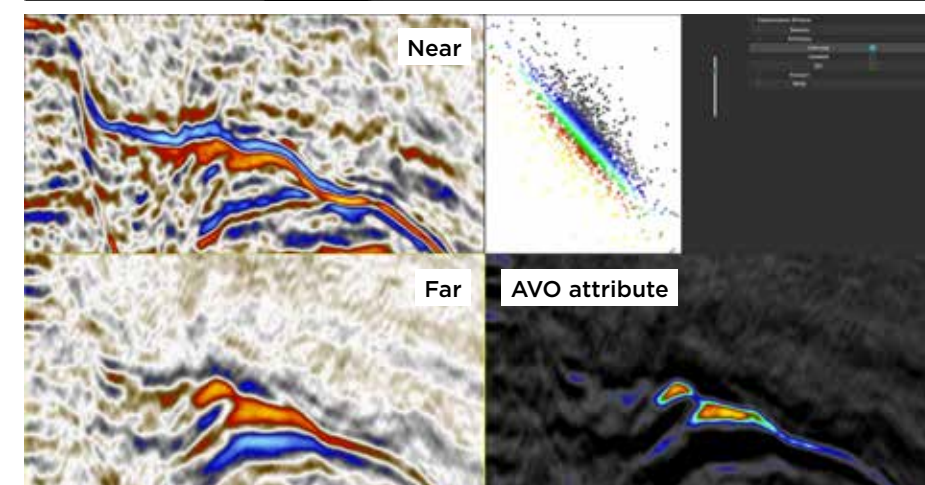


Figure 3: AVO screening setup



The application has several modules nearly finished and will probably be ready for "beta testing" before or after the summer.

Oil spill prevention in the north: cooperation with the fishing fleet

The sea has always been Norway's biggest resource. Centuries of fishing and shipping, and in more recent times the aquaculture and oil industries, have ensured our prosperity. A prerequisite for the co-existence of these different industries is cooperation. This became extremely clear when the petroleum industry established a presence in Norway's most important fishing region. Today, fishing boat owners are an important part of the oil spill prevention system along the Norwegian coast.

Different industries have different interests. What is good for one may be harmful to the other. Since the oil industry moved northwards to the Barents Sea and Norwegian Sea, area usage, safety zones, seismic shooting and discharges into the sea have been challenges that the companies and authorities have had to resolve together.

Luckily, technological developments have supported them, and the enormous progress during the past 50 years of Norwegian oil activity has made the areas of conflict smaller and smaller. Over-trawlable seabed installations and pipelines reduce the size of the sea areas commandeered. Emission-reducing solutions and environmentally friendly chemicals contribute to the goal of zero harmful emissions. Correspondingly, improvements to the fishing industry's navigation systems and trawling equipment have made it easier to both sail over pipelines and fish in areas with oil activity.

Emergency response collaboration in the Barents Sea
The Goliat field is located quite close to land. This places high demands on the coastal zone emergency response system. As a result of collaboration between the operator Eni Norge, partner Equinor, the Norwegian Clean Seas Association for Operating Companies (NOFO) and the Norwegian Fishermen's Association (North), a new permanent emergency response organization was developed, consisting of local fishing boat owners in Finnmark. The agreement with the local boat owners was important for creating a robust emergency response system that was adapted to local conditions.

The main task is to tow equipment that gathers, absorbs and stores oil, as well as to transport equipment. The vessels that can be mobilized are converted and approved for this purpose, and in addition many of the crew have taken an oil pollution course. The fishermen have unique expertise and knowledge of their own backyard. They know the seabed conditions, ocean currents and how the area is affected by the weather. In addition, smaller vessels can go closer to land in coastal operations. This is profitable and effective for all those involved. Today, fishing vessels are used for this purpose along the entire coast of Norway.

Positive ripple effects can go both ways

In the same way as the fishing fleet is a positive resource for the oil industry, the oil industry's presence contributes to increased safety for all those at sea and along the coast. The oil industry's helicopters and emergency response vessels have saved the lives of both fishermen and other sailors. In a safety and environmental perspective, the oil spill response measures have improved the general level of emergency response along the coast. The industry's seismic studies have led to greater knowledge about local seabed conditions and this also benefits the fishing fleet.

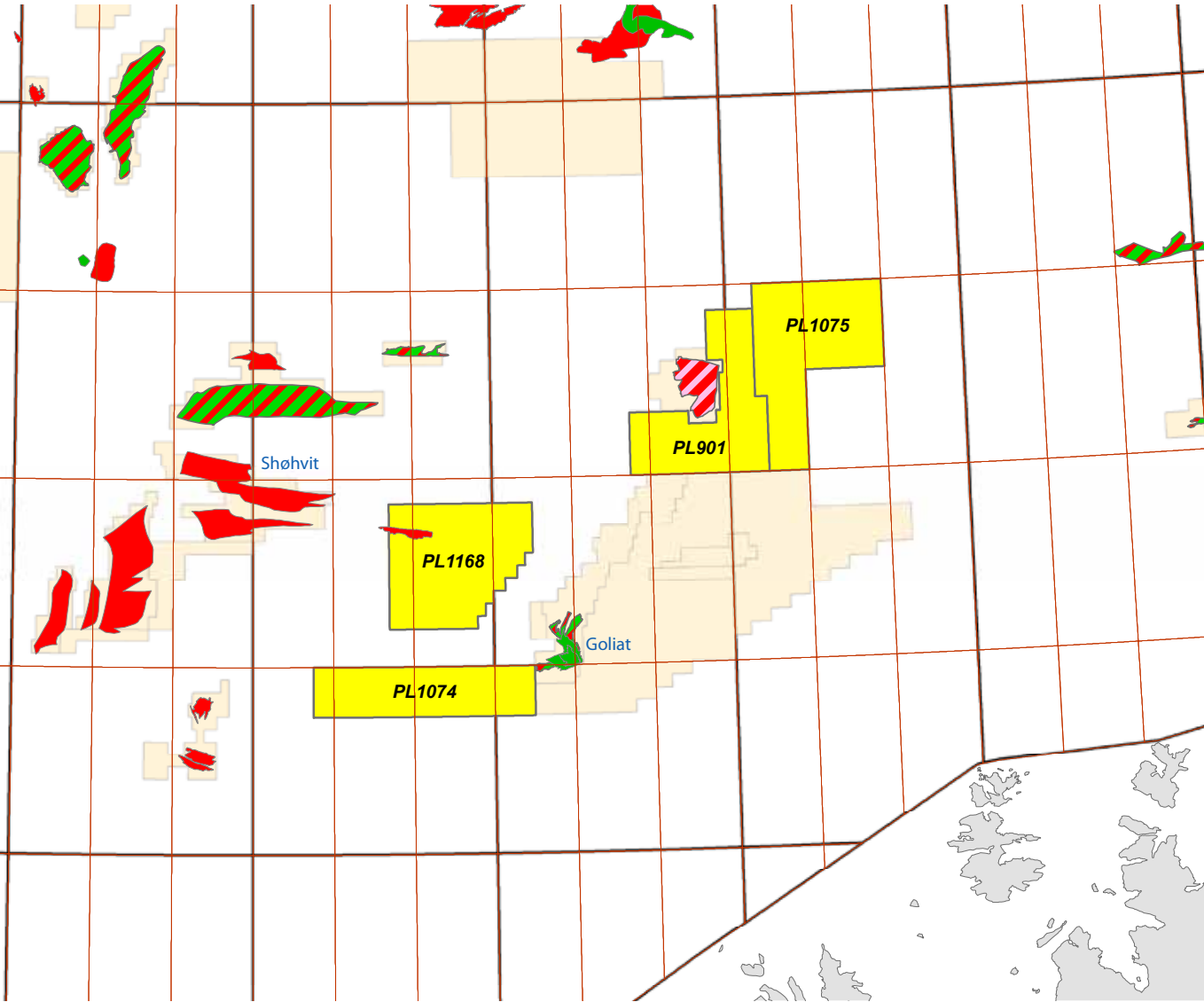
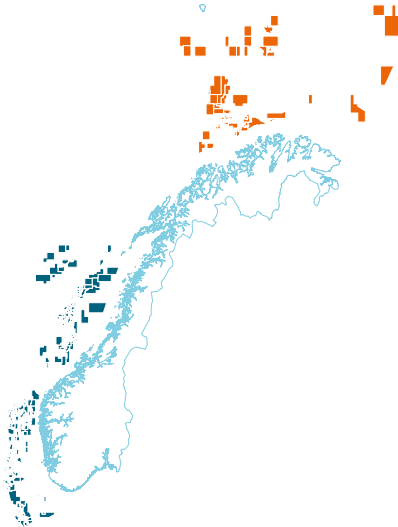
Jobs and value creation, settlements and ways of living
– yes, the entire Norwegian identity is based on natural resources off the coast. The fact that industries which may appear to have conflicting interests can learn to cooperate – and even to benefit from each other – must be the best assurance of further value creation and good management of the sea, environment and resources.



Licence portfolio

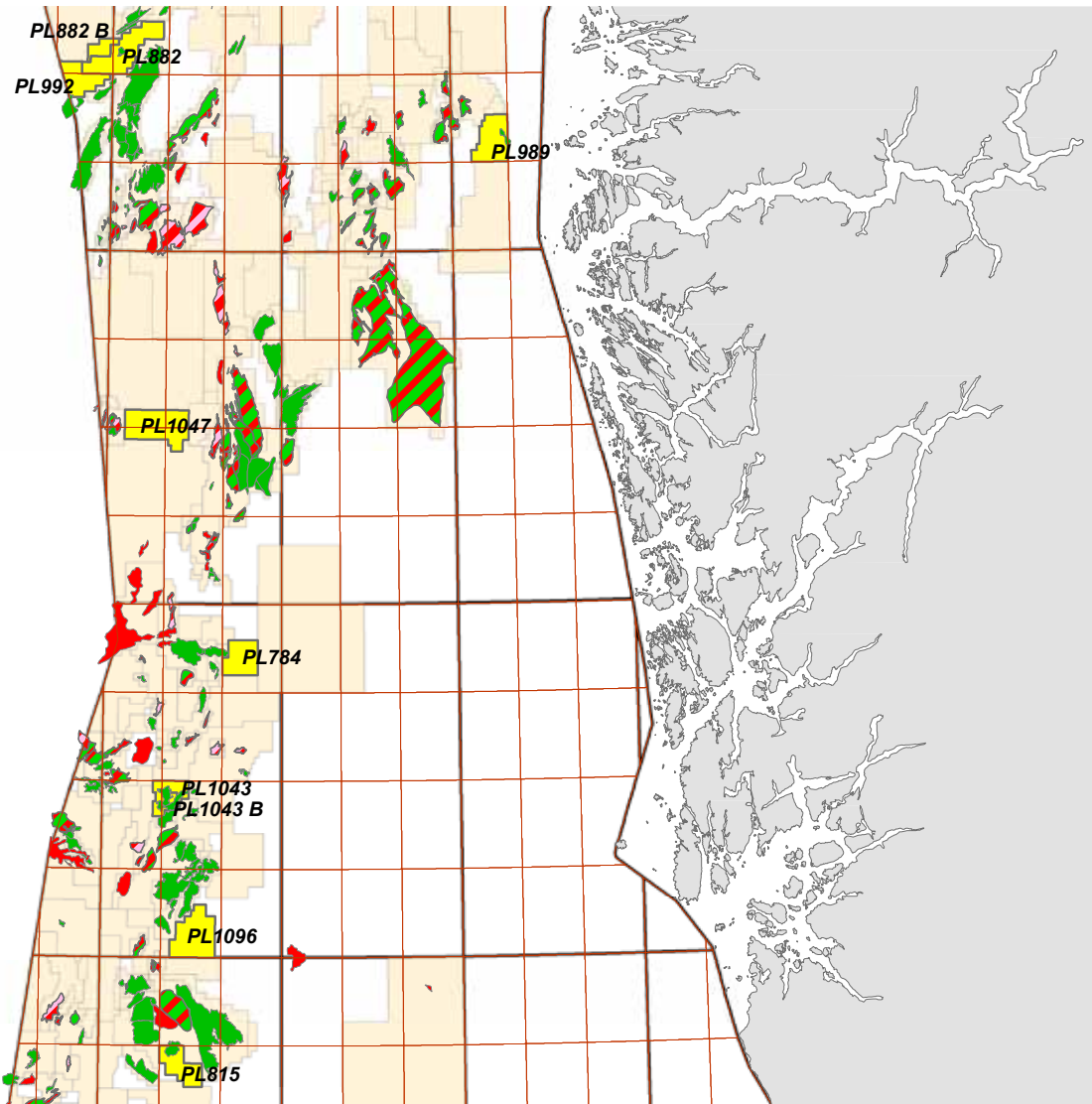
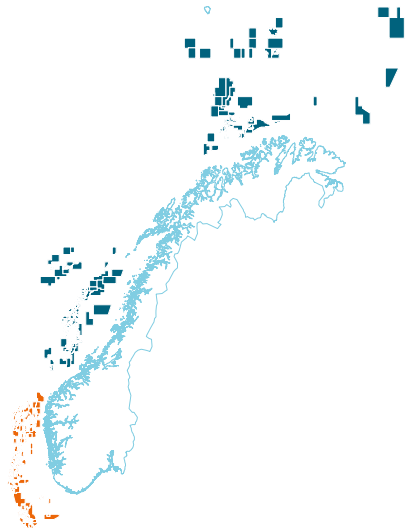
Licence portfolio
Barents Sea

- PL 901 Concedo interest: 20%
Operator: Vår Energi ASA
Granted: APA 2016
- PL 1074 Concedo interest: 20%
Operator: Vår Energi ASA
Granted: APA 2019
- PL 1075 Concedo interest: 40%
Operator: Vår Energi AS
Granted: APA 2019
- PL 1168 Concedo interest: 50%
Operator: Vår Energi ASA
Granted: APA 2021



Licence portfolio
North Sea

PL 784	Concedo interest: 20% Operator: Aker BP ASA Granted: APA 2014	PL 992	Concedo interest: 30% Operator: Neptune Energy Norge AS Granted: APA 2018
PL 815	Concedo interest: 20% Operator: Lundin Norge AS Granted: APA 2015	PL 1043	Concedo interest: 30% Operator: Vår Energy ASA Granted: APA 2019
PL 882	Concedo interest: 15% Operator: Neptune Energy Norge AS Granted: APA 2016	PL 1043 B	Concedo interest: 30% Operator: Vår Energy ASA Granted: APA 2021
PL 882 B	Concedo interest: 15% Operator: Neptune Energy Norge AS Granted: APA 2021	PL 1047	Concedo interest: 20% Operator: Aker BP ASA Granted: APA 2019
PL 989	Concedo interest: 30% Operator: Wintershall Dea Norge AS Granted: APA 2018	PL 1096	Concedo interest: 10% Operator: Vår Energy ASA Granted: APA 2020



Directors’ report 2021

2021 was the most active year in the Company’s history. During the year, the Company participated in the drilling of a Dugong appraisal well and two exploration wells, one of which was a discovery. Dugong development planning started in the autumn of 2020 and was ongoing throughout 2021. The Company explored a potential divestment of its interest in Dugong at the end of the year but did not receive any satisfactory proposals.

Concedo began the year by receiving the sales proceeds from Neptune Energy related to the sale of 5% of PL 882 effective from 1 January 2021. These proceeds were applied towards Company activities in 2021.

In February /March, an appraisal well was drilled in PL 882 (new licence interest 15%) in the Northern North Sea to appraise the Dugong/Sjøpølse discoveries. The well was drilled in an effective and safe way, without any serious incidents and below budget. The well confirmed the discovery and established oil/water contacts. It was decided to production test the well, and preparations for testing were made before the rig left the well location. The announced updated resource estimate was 40-108 million boe.

The Dugong development planning continued during the spring. The operator Neptune screened out three potential development scenarios - a subsea tie-back to either the Snorre B or Statfjord C platforms, or a stand-alone subsea development using the Knarr FPSO (Floating Production, Storage and Offloading unit). The Snorre Unit was unable to deliver feasibility and concept studies in 2021 due to internal processes. The other two cases were therefore pursued with the aim of completing FEED (Front-End Engineering Development) studies in early 2022 and submitting a PDO (Plan for Development and Operation) to the authorities in 2022.

On 18 May, the IEA (International Energy Agency) published a report entitled “Net Zero by 2050: a Roadmap for the Global Energy Sector”. The report attracted a lot of attention from environmental protection organizations and political parties, even though the oil demand curve presented was only a scenario, and not a realistic forecast demand curve. On 9 August, the UN (United Nations) published a report entitled “The Physical Science Basis”, prepared by the IPCC (Intergovernmental Panel on Climate Change). This report also attracted a lot of attention, and Norwegian oil & gas politics therefore became a hot issue in the election campaign leading up to the parliamentary election in September.

Just before the election, however, the Norwegian government announced it would propose certain amendments to the Norwegian petroleum taxation system, introducing a

cash-based tax system. The main proposed changes for exploration companies like Concedo were that the current exploration tax refund of 78% of the exploration costs would be replaced by a special tax refund of 71.8%, while the remaining corporation tax element of 6.2% would have to be carried forward and set off against future profits from production. The aim was for the new tax system to be effective from the 2022 tax year. The public consultation response deadline was set at 3 December 2021. Concedo participated in several company groups to coordinate industry input to the proposal. The most important issues for Concedo were transition rules for 2022 and the right to pledge the new special tax refund.

The election led to a new government in Norway. The right-of-centre government headed by the Conservative Party was after eight years replaced by a coalition consisting of the Labour Party and Centre Party. However, the new government has similar views on the Norwegian oil & gas sector as the previous one, and the consequences for oil & gas exploration companies in general, and exploration companies like Concedo in particular, seem to be as described in the proposed tax system.

SR-Bank, the provider of the Company’s Exploration Financing Facility (EFF), has confirmed that the existing loan agreement remains in force, giving Concedo the right to draw on the EFF as usual, until the new taxation system is decided and implemented.

In September and October, the operations in PL 882 continued. First, the Dugong appraisal well was production tested. A traditional DST (Drill Stem Test) was carried out according to plan and below budget. Then the Dugong Tail prospect was drilled, approx. 4 km south of Dugong. Despite high expectations, the well was unfortunately dry. In parallel, the Rødhetta prospect in PL 901, close to the Goliat field in the Barents Sea, was drilled. This well discovered both oil and gas. However, Concedo’s view is that the volumes are too small to be commercial. The resource estimate announced was 9-12 million boe. Both exploration wells were drilled in an effective and safe way, without any serious incidents and below budget.

Due to the dry Tail well, the PL 882 licence group concluded in October that the Dugong volumes are too small to achieve a sufficiently robust economic development project based on one of the two development concepts analysed. A subsea tie-back to Snorre seems to be a more realistic alternative. The PDO 2022 process was cancelled and the process involving the Snorre Unit was re-established. The new plan aims for a PDO in 2024 and production start-up in 2026, one year later than initially planned.

During 2021, the Company continued its active participation in 13 licences (including the APA 2020 award). Further, in preparation for applications in the APA 2021 licensing round, Concedo evaluated areas across the NCS (Norwegian Continental Shelf). Applications were, as always, based on knowledge, expertise and data gained from existing and previous licences in which Concedo is or has been a partner, combined with specific G&G (geophysical and geological) studies and technologies, such as EM (electromagnetic) technology, seismic modelling and the analysis of 4D seismic data. During the year, two licences were relinquished. Concedo still believes in one of these, close to the Goliat field, and applied for almost the same area in APA 2021.

The COVID-19 pandemic continued throughout 2021. However, the world was now better prepared and able to adapt to the situation. Concedo's flexible working environment, with staff alternating between working from home and in the office as instructed by the authorities, also continued. This flexible way of working has been appreciated by the employees and will survive the pandemic.

In 2022, Concedo will most likely not participate in any wells. However, one exploration well in PL 882 may be proposed for drilling in the second half of 2022 or 2023. In PL 1043, the licence group received a six months' licence extension until DoD (Drill or Drop), and a well in 2023 might be decided on by mid-August.

Objective and strategy

Concedo's ambition is to have one of the best exploration teams on the NCS, capitalizing on the team's excellent knowledge of leads and unmapped resources on the NCS and working in areas aligned with the team's strengths. We create value by selling discoveries prior to development, thus avoiding capital-intensive investments in field development. Concedo's strategy is to preserve its financial strength so it can sell discoveries at the best possible time and be regarded as an attractive partner by other oil companies. In 2012, Concedo returned the capital initially invested in 2006 to its investors in the form of a pay-back of paid-in capital and dividends. The Company has so far not raised more equity, as it has been able to monetize assets.

Financing

A two-year NOK 350 million Exploration Financing Facility with Sparebank 1 SR-Bank was established in 2019. At the end of 2020, the agreement was extended for another two years, ending at the year-end 2022.

Business office

Concedo had a five-year lease on its existing offices in Asker, ending at the year-end 2021. The lease was renewed for a further five years in the autumn of 2021.

History

Concedo was established as an exploration company in 2006 and pre-qualified as a licensee on the NCS in 2007. From the beginning, the Company had a strong team of eight experienced employees. The team grew in pace with

assignments and the number of licences in the Company's portfolio. The first discovery (gas) was made in 2008 - the Galtvort discovery - and in 2009 oil was found in what is now known as the Hyme field. Concedo's interest in this licence was sold to Statoil in 2010. In 2010, the Maria discovery, just south of the Smørbukk South field, was proven to be oil-bearing. Concedo sold the Maria discovery to the operator Wintershall in 2011. The Novus discovery was made in early 2014 but declared non-commercial. The Kallåsen discovery and Grosbeak appraisal drilled in the adjacent licence took place in 2018. Concedo divested its share of the Grosbeak discovery in 2019. The Goddo discovery was made in 2019, while the Dugong/Sjøpølse discovery was made in 2020.

Concedo was converted from a public limited company (ASA) to a private limited company (AS) in 2020. Following many years with no changes to the board composition, three directors were replaced in 2020.

Research and development

Concedo is a member of FORCE (Forum for Reservoir Characterization, Reservoir Engineering and Exploration), which was set up by the Norwegian Petroleum Directorate to stimulate industrial cooperation, improve exploration processes and enhance the recovery of resources on the NCS.

Over the years, the Company has evaluated many new exploration technologies and chosen the ones most suitable for the different exploration areas.

Concedo has also been an active participant in the Norwegian Oil and Gas Association's exploration manager network and the Norwegian Oil Company Scout Group.

Health, safety and the environment

The Company ensures that all its activities are carried out without causing harm to people or the environment. Safeguarding people, the environment and financial assets is an integral part of our management system and daily operations. Our activities caused no spills, injuries or accidents in 2021.

As a licensee on the NCS, Concedo bears responsibility for and makes conscious choices designed to minimize risks to itself and its partners. Concedo actively supports operators by providing expertise and experience in preventing undesirable incidents while participating in drilling operations. Concedo has been actively involved in risk assessments and audit meetings.

The working environment is considered good, and we make continuous efforts to improve it further. In 2021, the COVID-19 pandemic continued and was handled satisfactorily in accordance with the guidelines issued by the Norwegian Oil and Gas Association and authorities. It has not affected Concedo's exploration work. The sick leave in 2021 was 145 days or 4.1% of the total working hours.

Gender equality

At the end of 2021, Concedo had 15 employees - three women and 12 men. The Board of Directors has five members - one woman and four men. Concedo is committed to gender equality, equal conditions, respect for cultural diversity and the equal treatment of all employees.

Sustainability and responsibility

It is an integral part of our business to ensure respect for human rights, take responsibility as an employer, minimize our impact on the environment, fight corruption and ensure a transparent corporate culture when dealing with all our stakeholders. We consider this a necessary and natural part of the way we conduct our business operations. CSR (corporate social responsibility) is part of the Company's management system. The Company has reviewed its management system with respect to the GDPR (EU General Data Protection Regulation) and CSR.

Corporate governance

Concedo's management system is based on NUES (the Norwegian Code of Practice for Corporate Governance).

The Board of Directors held eight meetings in 2021. Key strategic and operational issues that were discussed include:

- Drilling of the PL 882 Dugong appraisal well
- Health, safety and the environment, with a special focus on the COVID-19 situation and the implications for the Company
- The APA 2021 application
- The implications for NCS oil & gas exploration following the IEA report published on 18 May and the UN climate report published on 9 August
- Drilling of the PL 882 Dugong Tail and PL 901 Rødhetta exploration wells
- Market value development of the Dugong (PL 882) and Goddo (PL 815) discoveries
- Company strategy and financing alternatives going forward based on developments on the NCS and proposed tax changes effective from 1 January 2022
- Preparations for and execution of the PL 882 sales process

The Company has established Directors' liability insurance which, within the framework of the insurance wording, covers the personal liability they may incur as Director or Chief Executive Officer in accordance with applicable law.

Management and employee salaries

The Board of Concedo has prepared guidelines for determining the salaries and other remuneration of the Company's management and employees.

Financial performance 2021

Financial statements are prepared in accordance with the Private Limited Companies Act, Accounting Act and generally accepted accounting principles in Norway. To the best of the Directors' knowledge, there are no circumstances of significance for assessing the Company's position as of 31 December 2021 or the result for 2021 that are not set forth in the annual report and financial statements.

The Directors believe the annual accounts give a true presentation of Concedo's financial position as of 31 December 2021 and of the result and cash flows for the fiscal year.

Revenues and profits

Concedo made an operating loss of NOK 134.1 million in 2021. The year's profit after tax was NOK 14.0 million. The result includes the sale of licences. The exploration costs consist of the Company's operating expenses and the costs of licences. Costs related to preparations for drilling exploration wells are recognized in the balance sheet. The capitalized cost related to drilling depends on whether commercial resources are discovered. The costs related to the PL 882 appraisal well are capitalized, while costs related to the PL 882 Dugong Tail exploration well and PL 901 Rødhetta discovery well are expensed, the latter due to its small size and assumed lack of commerciality.

Balance sheet and liquidity

At the year-end 2021, the Company's book equity amounted to NOK 106.0 million, equal to an equity ratio of 22.8%. As at 31 December 2021, the Company had interest-bearing debt of NOK 188.5 million, all related to the Exploration Financing Facility. At the same date, the Company had cash and equivalents of NOK 42.4 million and a tax refund claim equal to NOK 201.3 million, of which the tax value of the exploration cost refund constitutes NOK 199.5 million.

Cash flow

The cash flow from operating activities in 2021 was NOK -61.5 million. This includes a tax refund of NOK 119.4 million. Without the tax refund cash flow from operating activities in 2021 would have been NOK -180.9 million, and more in line with the exploration expenses of NOK -197.4 million. The cash flow from investment activities was NOK -1.9 million, while the cash flow from financing activities was NOK 56.5 million. The total cash flow in 2021 was NOK -6.9 million.

Distribution of profit

No dividend was paid in 2021.

Payments/refund of tax and payments to governments

In accordance with section 3-3 d) of the Norwegian Accounting Act, companies engaged in activities within the extractive industries shall, annually, prepare and publish information about their payments to governments at country and project level, ref. Note 20 in the annual statement.

Operational, financial and market risks

Our strategy is to obtain revenues through the sale of interests in discoveries. Key risks and uncertainties in our operations are related to the results of exploration work and the potential earnings from them.

Concedo is exposed to market risks relating to the oil price and US dollar exchange rate. The Company has interest-bearing debt and is exposed to changes in interest levels. At present, Concedo does not have any contracts to hedge market risks.

Credit risks

The Company has few receivables, so the risk of our debtors or partners being unable to fulfil their obligations to Concedo is low.

Political risks

Activity on the NCS has created huge value, helped by a stable and predictable political framework for 50 years, with supportive governments and broad parliamentary support for the oil industry.

In recent years, we have experienced growing scepticism to the oil industry among politicians, especially related to new acreage and the exploration tax regime. There is therefore a risk that the regulatory scheme for the oil industry may change. On 31 August 2021, the Norwegian government announced that it will propose certain amendments to the Norwegian petroleum taxation system and introduce a cash-based tax system. On 3 September 2021, the Norwegian Ministry of Finance circulated a consultation paper setting out the proposed changes, including that the SPT (special petroleum tax) would rise from 56% at present to 71.8%. However, corporation tax (22%) is proposed to become fully deductible from the SPT, and the uplift on investments would be removed. In addition, the current exploration refund of 78% is proposed to be terminated, with companies instead having the tax value of losses (including exploration costs) refunded in cash at the revised SPT rate the year after the losses are incurred. The remaining corporation tax element (6.2%) would then be carried forward and set off against future profits from production. The Ministry of Finance is aiming to submit the necessary statutory amendments to the Norwegian parliament in the first half of 2022, with the ambition that the changes will apply to investments made as of the 2022 tax year, with the exception of investments covered by the temporary tax rules implemented in connection with the COVID-19 situation as described above. Concedo has considered ways to mitigate the risk involved in potential changes to the exploration tax refund system.

The draft parliamentary bill related to the amendments to the Norwegian petroleum taxation system was published on 8 April 2022. The proposed amendments were in accordance with the consultation paper, with the important addition that it will also be possible to pledge the new special petroleum tax refund, as is the situation today with the current exploration tax refund. The bill is expected to be considered by parliament before the summer.

Liquidity risks

The Company has cash reserves, and the Exploration Financing Facility provides financial flexibility until 2022. The Directors are monitoring the Company's liquidity as it becomes more critical and have a close dialogue with shareholders to minimize the liquidity risk.

Currency risks

Some of the exploration costs are in USD. The Board has evaluated the situation related to USD versus NOK and

decided not to hedge the currencies. Large parts of the Company's costs are in NOK. Revenues from the sale of discoveries are often oil-linked, with an indirect USD exposure.

Risk of low oil and gas prices

Low oil and gas prices have some positive effects for Concedo, as exploration costs tend to be significantly reduced, mainly due to lower rig rates. However, low prices also reduce the prices obtained for the sale of oil and gas discoveries. In the longer term, stable and quite high oil and gas prices are desirable, as this will increase and stabilize the value of oil and gas discoveries and make it easier to sell such discoveries at acceptable prices.

During 2021, the oil price increased from approx. USD 50 per bbl in January to USD 74 in December. In the first quarter of 2022, the oil price has increased significantly due to Russia's aggression and subsequent war against Ukraine, with peaks above USD 115 per bbl in February and March. The European gas price also increased in the autumn of 2021 due to the power shortage in Europe and has been above USD 115 per boe since September, with peaks above USD 200 per boe in October, December and March.

Russia's war against Ukraine has created additional uncertainty in the European energy markets. The war has been an eye-opener with regards to European dependency on Russian gas. Last week, Russia stopped gas supplies to Poland and Bulgaria as the countries refuse to pay for the gas in Russian currency. Other countries may experience the same. European efforts will now be made to reduce the dependency on Russian gas and eventually cut it completely. These efforts will benefit other European gas suppliers like Norway. Going forward, with energy shortage and war in Europe, and great compatibility between energy sources for power production, the risk of low oil and gas prices are lower than in many years.

Going concern

The financial statements have been prepared based on the going concern assumption. In compliance with section 3-3a of the Accounting Act, we confirm that the requirements for a going concern have been satisfied. The Company's equity position has been strengthened by an oversubscribed share capital increase of NOK 30 million directed solely towards existing shareholders. The registration of the share capital increase in the Brønnøysund Register Centre and the subsequent distribution of new shares is remaining. Following the share capital increase it is the Board's assessment that the Company will have sufficient funds to support the operations throughout the year. The Board will consider the capital situation at the end of the year in connection with the drilling programme for 2023.

Future prospects

Important factors for maintaining the exploration activity on the NCS are good availability of acreage, access to infrastructure and data coverage. In the recent oil downturn, substantial cost cuts have also contributed to the drilling of

many exploration wells. Significant exploration success in the future depends on a combination of improved knowledge, the use of new seismic technologies and the application of advanced digital analytics. Concedo has implemented and targeted these areas for its future exploration success.

New discoveries provide the basis for continued activity, create major spin-offs for the rest of society, and will be important for future value creation. Concedo works hard to support technological progress within exploration. Digitalization provides better data and tools which contribute to increased geological understanding and enable the identification of new exploration concepts. We trust that these efforts will reduce the exploration risk and increase the number of discoveries. Its focus on exploration alone puts Concedo in a unique position.

The Dugong and Goddo discoveries have given Concedo recoverable resources. We believe these assets, when sufficiently matured, can be sold at attractive prices, increasing Concedo's financial strength and possibly funding a dividend to shareholders.

Concedo's exploration portfolio normally contains 12-20 licences due to annual licensing round awards and drop decisions. New opportunities appear continuously. The Company will continue to pursue the conversion of its licence portfolio prospects into drilling decisions.

The future commercial development of Dugong and Goddo looks promising. We will continue the annual licensing round work to maintain a good portfolio. Financially, our strategy will still be to maintain strength and flexibility, making it possible to optimize the Company's assets.

Asker, 2 May 2022



Olav Fjell
Chairman



Jonas U. Rydell
Director



Sandra Dee Crane
Director



Erik Sverre Jenssen
Director



Nirav Dagli
Director



Geir Lunde
CEO

Autotune: how seismic exploration technology changed pop music

Can ripple effects from the petroleum industry spread all the way to the top of the pop charts?

The petroleum industry is constantly developing. There has been enormous progress since the Norwegian oil story started in the late 1960s, and research and innovation are key factors in this success. Technological innovation has not only ensured safe, effective operations and reduced the strain on the environment, but has also in many cases benefited completely different industries. Some ripple effects were perhaps more difficult to foresee than others...

The Cher effect

«Do you believe in life after love?» Whatever your answer, you no doubt remember Cher's huge hit in 1998, the song with the metallic, rather robot-like voice. This song introduced a new digital tool that has since increasingly been used in pop music. A tool that originated in the petroleum industry, developed by an engineer and scientist researching a new seismic method.

Autotune is used in music production to correct a voice's pitch so that the singer hits the correct note. In normal use, where only the off-key notes are fixed, the listener will probably not notice this. It is the deliberately exaggerated use of this that gives the unnatural feature often called the Cher effect.

Andy Hildebrand

Andy Hildebrand worked for Exxon, dealing with geophysical exploration technology. Analyses of the

sound waves following controlled explosions on the seabed revealed where the oil was located. This technology ended up saving the company enormous amounts of money, and Hildebrand understood that he possessed valuable knowledge. Could this perhaps be used in other areas too?

After leaving the petroleum industry, Hildebrand started to study music composition at a Texan university in 1989. This was where he founded Antares Audio Technology, based on his experience of analysing and editing sound waves and composition for synthesizer. In 1996, he developed a system to tune tones in real time, apparently inspired by the wife of a business partner who found it difficult to sing on-key in the church choir. This was the technology that was later called Autotune.

Is seismology relevant in pop music?

Today, Autotune has become a normal part of the music industry. Some artists have embraced the exaggerated, metallic effect made known by Cher – to both the joy and despair of music lovers. The rapper T-Pain is maybe the person who is best known for having made this effect a key part of his songs. However, Autotune is mainly used quietly and fixes errors and false notes. The technology is assumed to be used in 90 per cent of all commercial voice productions in the world. Not bad for a ripple effect.



Financial statements

Concedo AS

Profit and Loss Account 2021

Figures are given in the Norwegian currency NOK

	Note	2021	2020
Sales revenue		-	0
Other operating revenues	6	63 652 526	0
Total operating revenues		63 652 526	0
Depreciation on fixed and intangible assets	3	-296 373	-254 483
Exploration expenses	2,10,14,15	-197 417 562	-90 518 696
Total operating expenses		-197 713 935	-90 773 179
Operating profit/loss		-134 061 409	-90 773 179
Other interest received		177 868	2 135 387
Other financial income		6 986 016	4 071 730
Total financial income		7 163 884	6 207 117
Other interest paid		-8 292 034	-6 011 678
Other financial expenses		-6 810 005	-4 892 727
Total financial expenses		-15 102 039	-10 904 405
Net financial items		-7 938 156	-4 697 289
Pre-tax profit/loss on ordinary activities		-141 999 565	-95 470 467
Tax cost on profit on ordinary activities	7	156 041 309	71 836 983
Ordinary profit/loss		14 041 744	-23 633 484
Income/loss for the year		14 041 744	-23 633 484
Allocations			
Other reserves	5	14 041 744	-23 633 484
Total		14 041 744	-23 633 484

Concedo AS

Balance Sheet as of 31 December 2021

Figures are given in the Norwegian currency NOK

ASSETS	Note	2021	2020
Fixed assets			
Intangible assets			
Deferred tax assets	7	0	0
Capitalised exploration expenses and licences	3,16,17,18	195 411 192	152 713 131
Total intangible assets		195 411 192	152 713 131
Tangible fixed assets			
Furniture, fixtures & machinery	3	416 996	376 832
Total tangible fixed assets		416 996	376 832
Total fixed assets		195 828 188	153 089 964
Current assets			
Receivables			
Trade debtors		0	0
Other receivables	9	227 064 613	143 997 170
Total receivables		227 064 613	143 997 170
Bank deposits, cash-in-hand etc.	8	42 415 465	49 321 058
Total bank deposits, cash-in-hand etc.		42 415 465	49 321 058
Total current assets		269 480 078	193 318 227
Total assets		465 308 266	346 408 191

Concedo AS

Balance Sheet as of 31 December 2021

Figures are given in the Norwegian currency NOK

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2021	2020
EQUITY			
Paid-in capital			
Share capital	4,5	2 448 455	2 430 066
Treasury shares	5	-158 379	-158 379
Share premium	5	5 915 107	4 567 126
Other paid-in capital	5	3 821 300	4 377 118
Total paid-in capital		12 026 483	11 215 931
Retained earnings			
Other reserves	5	94 011 636	79 969 891
Total retained earnings		94 011 636	79 969 891
Total equity		106 038 118	91 185 822
Long-term liabilities			
Provisions for liabilities and charges			
Deferred tax	7	125 407 131	92 354 504
Total provisions for liabilities and charges		125 407 131	92 354 504
Total long-term liabilities		125 407 131	92 354 504
Current liabilities			
Owed to credit institutions	11,13	188 519 987	132 825 554
Trade creditors		740 051	2 371 676
Unpaid government charges etc.		2 255 654	2 146 471
Other current liabilities	12	42 347 324	25 524 165
Total current liabilities		233 863 016	162 867 865
Total liabilities		359 270 147	255 222 369
Total Equity and Liabilities		465 308 266	346 408 191

Asker, 2 May 2022


 Olav Fjell
 Chairman of
 the Board


 Erik Sverre Jenssen
 Director


 Sandra Dee Crane
 Director


 Jonas Ulrik Rydell
 Director


 Nirav Dagli
 Director


 Geir Lunde
 CEO

Concedo AS

Cash Flow Statement

OPERATING ACTIVITIES	Note	2021	2020
Pre-tax result		-141 999 565	-95 470 467
Adjustments for reconciling current year's result with cash flow from operating activities:			
Gain from sale of licence interests		-63 652 526	0
Depreciation, amortisation and write-downs	3	296 373	254 483
Capitalised exploration costs expensed		10 353 506	301 670
Other items having no cash effect – subscription rights		0	202 006
Tax reimbursement received in period	7	119 421 120	137 539 516
Change in working capital (except for cash and cash equivalents):			
(Increase) reduction in trade debtors and other receivables		-1 183 649	-2 620 560
Increase (reduction) in trade creditors and other current debts		15 300 718	9 384 971
Cash flow from operating activities		-61 464 023	49 591 619
INVESTMENT ACTIVITIES			
Investments in fixed assets	3	-336 536	-36 333
Capitalised exploration expenses	3	-68 706 667	-61 753 506
Sale of assets		67 096 648	0
Cash flow spent on investment activities		-1 946 555	-61 789 839
FINANCING ACTIVITIES			
Share issue	5	810 552	1 023 057
New interest-bearing short-term debt	11	180 800 000	103 200 000
Repayments short-term debt	11	-125 105 567	-97 948 428
Cash flow from financing activities		56 504 985	6 274 629
Net increase (reduction) in cash and cash equivalents		-6 905 593	-5 923 591
Cash and cash equivalents at beginning of year		49 321 058	55 244 649
Cash and cash equivalents at end of year		42 415 465	49 321 058

Note 1

Accounting Principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

Main principles for valuing and classifying assets and liabilities

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. Classification of current and long-term liabilities is based on the same criteria.

Fixed assets are carried at historical cost net of accumulated depreciation. Fixed assets that have a limited economic life are depreciated according to a reasonable schedule. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Current assets are valued at the lower of historical cost and fair value.

Other long-term and current liabilities are valued at their nominal value.

Interests in oil and gas licenses

Ownership in oil and gas licenses are recognised by including Concedo's share of assets, liabilities, income and expense in the license on a line by line basis (gross method).

Accounting for exploration costs

The company follows the «successful efforts» method of accounting for exploration costs in oil and gas operations. Costs for acquiring mineral interests in oil and gas areas and for drilling exploration wells, are capitalised pending determinations of whether recoverable reserves have been found. Costs for drilling exploration wells where no recoverable reserves are found, geological and geophysical costs and other exploration costs, are expensed.

Exploration wells that have shown reserves, but where classification as proven reserves depends on whether substantial investments are justified, may remain capitalised for more than one year. Capitalised exploration wells and acquisition costs are reviewed continuously for impairment.

Receivables

Trade receivables and other receivables are recognised at their nominal value less provision for expected loss.

Bank deposits, cash in hand, etc.

Bank deposits, cash in hand and cash equivalents include cash in hand, bank deposits and other means of payment having maturity of less than three months from the date of purchase.

Revenue

Revenue is recognised when it is earned, i.e. when both the risk and control have been transferred to the customer.

Expenses

Expenses are generally entered in the same period as the corresponding income.

Leasing agreements

Significant lease contracts that are classified as financial leases are recognised as assets and depreciated using the straight- line method based on the estimated useful life. Operational leases are expensed as incurred.

Pensions

The company is required to maintain an occupational pension scheme in accordance with the Norwegian Act relating to mandatory pensions ("Lov om obligatorisk tjenestepensjon"). The company's pension scheme satisfies the requirements in that Act.

Contribution plans are accounted for according to the matching principle. The year's contribution to the pension scheme is expensed.

Share-based remuneration

The fair value of the services the company has received from the employees in return for the awarded subscription rights is entered as an expense. The total sum expensed over the earning period is calculated on the fair value of the subscription rights awarded.

At each balance sheet date, the company re-estimates the number of subscription rights likely to be exercised. The company enters the effect of any change in the original estimates in the P/L account with a corresponding adjustment of equity capital. After deduction of attributable transaction costs, payments received when rights are exercised are credited to share capital (nominal value) and the share premium account when subscription rights are exercised.

Taxes

Tax expenses are matched with book income before tax. Tax expenses consist of payable tax (tax on the year's direct taxable income), change in net deferred tax and anticipated reimbursements related to exploration costs. Deferred tax and deferred tax benefits in the same tax regime are presented net in the balance sheet. Deferred tax benefit is recognised in the balance sheet provided that the future use is rendered probable.

Cash flow analysis

The cash flow analysis is prepared using the indirect method.

Note 2

Payroll costs, number of employees, benefits etc.

Company payments and pension costs for employees are presented in the following table:

Payroll costs	2021	2020
Salaries	22 474 602	20 840 770
Employers' payroll tax	3 713 901	3 104 576
Pension costs	1 961 137	1 764 204
Share-based remuneration	0	202 006
Other benefits	100 613	98 444
Total	28 250 253	26 010 000
Number of man-years employed during the financial year	15	14

Employers payroll tax comprises of tax on payroll and exchange of subscription rights as part of the incentive scheme.

Concedo AS has adopted a contribution-based pension scheme, which has an individual choice of investment. The scheme covers a total of 15 employees.

Remuneration paid to directors and management	Salary	Pension costs	Other remuneration
Geir Lunde (CEO)	1 736 464	97 379	273 255
Olav Fjell (Chairman)			208 542
Nirav Dagli (Director)			100 000
Jonas U Rydell (Director)			100 000
Sandra D Crane (Director)			100 000
Erik Sverre Jensen (Director)			100 000

The CEO has a severance pay contract under which he, if he leaves at the company's request, is entitled to salary for 6 months after his period of notice expires. For subscription rights awarded to the CEO and directors in connection with the incentive scheme, see Note 5. Consultancy services of NOK 250 000 excl. VAT were purchased from Fjellvit AS, a company owned by the Chairman of the Board.

Guidelines and adherence to the guidelines in 2021

In 2021, the company's remuneration policy has been in accordance with the guidelines described in the Annual Report for 2020.

Guidelines for 2022

The Board has established guidelines for 2022 for salaries and other remuneration to the Chief Executive Officer and other senior executives. The guidelines will be reviewed at the company's annual general meeting in 2022.

Senior executives receive a basic salary, adjusted annually. The company's senior executives participate in the general arrangements applicable to all the company's employees as regards pension plans and other payments in kind, such as subsidized fitness centre fees. No incentive and bonus scheme has been established for 2022.

Share-based remuneration

The employee incentive system was terminated in 2019 and no subscription rights granted for 2021, nor proposed for 2022.

In 2021 NOK 0 was expensed in the profit and loss statement related to vested subscription rights in this period. At 31 December 2021, the estimated amount of share-based remuneration cost yet to be expensed throughout the vesting period is NOK 0.

As of 31 December 2021, a provision for "Employers payroll tax" of NOK 97 257 has been expensed.

The fair value of the subscription rights awarded and outstanding as of 31.12.2021, calculated according to Black & Scholes option pricing model, was NOK 647 377.

The calculation is based on a risk-free interest (Government bonds with 3-5 years maturity), and expected exercise of subscription rights after 48 months. The volatility rated used has been between 50-60%.

Number of subscription rights	2021	2020
Outstanding as of 1 January	227 021	337 764
Awarded during year	0	0
Forfeited during year	0	0
Cancelled during year	0	0
Exercised during year	-64 060	-54 122
Expired during year	-65 784	-56 621
Outstanding as of 31 December	97 177	227 021

54 122 subscription rights were excersised in 2020, but will be registered in 2021.

Auditor

Remuneration to Deloitte AS is as follows (excl. VAT):	2021	2020
Statutory audit	317 850	193 100
Audit-related services	24 500	15 000
Certification services	0	0

Note 3

Tangible/ intangible assets

	Furniture & Fixtures	Plant & Machinery	License interests, exploration wells	Total
Cost at 1 January	4 406 885	77 725	152 713 131	157 197 741
Additions	336 536	0	68 706 667	69 043 203
Expensed dry wells, previously capitalised			-10 353 506	-10 353 506
Disposals			-15 655 100	-15 655 100
Cost 31 December	4 743 421	77 725	195 411 192	200 232 338
Acc. depreciation at 1 January	4 030 052	77 725		4 107 777
Current year's depreciation	296 373	0		296 373
Acc. depreciation 31 December	4 326 425	77 725		4 404 150
Book value as of 31 December	416 996	0	195 411 192	195 828 188

Note 4

Share capital and shareholders

As of 31.12.21, the company's share capital consisted of one class of shares, all of which bear the same voting rights. Acquisition of shares by purchase or as a gift or by any other means requires board approval.

	Number of shares	Nominal value	Book value
Shares	11 807 572	0.2073631	2 448 455
Total	11 807 572		2 448 455

Subscription rights

The right to exercise subscription rights lapses in the event of the company being listed on the stock exchange. The subscription rights may be exercised during a period of from 3 to 5 years from the date of allocation.

An overview of the subscription rights in the company is shown below.

Name	Number of rights	Subscription Price (NOK)	Total Price (NOK)	Allocation date
Employees and Directors	97 177	13	1 263 301	19th December 2017
Total	97 177		1 263 301	

The above figures include 9 819 subscription rights allocated to Geir Lunde (CEO) and 1 603 to Nirav Dagli (Director) in connection with the incentive scheme.

Ownership structure

Name	Quantity of shares	Percentage interest	Home country
H. M. STRUCTURES LIMITED	3 220 682	29,1 %	CYP
EUROCLEAR BANK S.A./N.V.	2 580 000	23,3 %	BEL
MEGABAS AS	2 176 449	19,7 %	NOR
BANK JULIUS BÄR & CO. AG	570 000	5,1 %	CHE
HEATHLANDS HOLDINGS LIMITED	503 967	4,6 %	CYP
KNUTSEN, JOHN ERIC TANDBERG	250 000	2,3 %	GBR
KOCHHAR KHANNA, PIYA	170 000	1,5 %	GBR
FJELLVIT AS	154 529	1,4 %	NOR
GILBO INVEST AS	120 924	1,1 %	NOR
PARSIFAL S.A.S DI M.A CREMONESI C	115 000	1,0 %	ITA
OTHER SHAREHOLDERS	1 211 747	10,9 %	Miscellaneous
Total	11 073 298	100 %	

Concedo holds, in addition to the table above, 763 777 (treasury shares) own shares in the company. The table above includes 29 503 shares, related to subscription rights exercised in 2021, but not registered until 2022.

Shares owned by Directors and CEO

Name	Position	Number of shares
Olav Fjell through 100% in Fjellvit AS	Board Chairman	154 529
Olav Fjell	Board Chairman	7 088
Geir Lunde through 22,4% in Megabas AS	CEO	487 525
Geir Lunde	CEO	41 148
Nirav Dagli	Director	12 000
Sandra D Crane	Director	6 000

Note 5

Equity

	Share capital	Treasury shares	Share premium	Other paid in capital	Other	Total
Equity at 1 January	2 430 066	-158 379	4 567 126	4 377 118	79 969 891	91 185 822
Subscription rights				0		0
Share issue	18 389		1 347 981	-1 023 057		343 313
Non-registered capital increase				467 239		467 239
Current year's profit/(loss)					14 041 744	14 041 744
Equity at 31 December	2 448 455	-158 379	5 915 107	3 821 300	94 011 636	106 038 118

The value of subscription rights expensed in 2021 of NOK 0 has been calculated according to the Black-Scholes formula.

The share capital at the end of the year is NOK 2 448 455 consisting of 11 807 572 shares at a nominal value of 0.207363131, including 763 777 treasury shares.

Note 6

Other operating revenue

Other operating revenue	2021	2020
Gain sale licenses ⁽¹⁾	63 652 526	0
Other operating revenue	63 652 526	0

⁽¹⁾ Gain sale licenses is related sale of 5% in the Dugong discovery (PL 882), effective from January 2021. In addition to the gain, a carry of total NOK 23,8 millions

has been invoiced to the buyer, Neptune Energy Norge AS. The carry was calculated as 10% of the total well costs related to drilling the Dugong Tail Well.

Note 7

Income tax

Income tax for the current year is calculated as follows:	2021	2020
Adjustment for tax refund in earlier years	0	0
Change in deferred tax	45 263 605	47 584 140
Tax value of exploration costs (See Note 9)	-201 304 914	-119 421 123
Tax on ordinary income	-156 041 309	-71 836 983

Reconciling nominal and actual tax rates:	2021	2020
Pre-tax profit/loss	-141 999 565	-95 470 467
Anticipated income tax at nominal rate (22%/22%)	-31 239 904	-21 003 503
Anticipated income tax at special surtax rate (56%/56%)	-79 519 756	-53 463 462
Tax effect of following items:		
Non-deductible expenses	2 776 539	313 098
Non taxable income, 78%	-52 335 385	0
Tax effect of interest on loss for carrying forward (22%/56%)	-159 457	-341 055
Effect of surtax (56%/56%)	4 436 655	2 657 939
Income tax	-156 041 309	-71 836 983
Effective tax rate	109,9 %	75,2 %

Specification of tax effect of temporary differences and loss carryforwards:

	2021		2020	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Exploration expenses and licence costs	0	152 218 561	0	118 930 617
Provisions for liabilities	75 860	0	0	0
Loss carryforwards	26 735 570	0	26 576 113	0
Total	26 811 430	152 218 561	26 576 113	118 930 617
Of which netted	-26 811 430	-26 811 430	-26 576 113	-26 576 113
Net deferred tax asset/liability	0	125 407 131	-	92 354 504

Profit from oil and gas operations on the Norwegian shelf is taxed in accordance with the Norwegian Petroleum Tax Act. A special 56% (2020: 56%) surtax is levied in addition to the ordinary 22% (2020 22%) corporate tax. The taxpayer may claim payment from the government for the tax value of direct and indirect expenses (with the exception of financing expenses) for petroleum exploration, provided that the sum does not exceed the year's loss on, respectively, ordinary income in the shelf tax district and the basis for surtax. For 2020 and 2021, the companies can, in addition, claim a refund of the tax loss for these years.

Shelf loss may be utilized against a possible future shelf gain. Alternatively, the tax value of loss carry forwards connected to operations on the Norwegian Shelf will be received in the event of a possible termination of the business.

Deferred tax effect has been capitalised to the extent future realisation is deemed probable.

Note 8

Bank deposits

Bank deposits, cash in hand etc. includes non-distributable withheld tax in the sum of NOK 1 287 974 (2020: NOK 1 234 337) and a rental deposit of NOK 1 013 293 (2020: NOK 973 453)

Note 9

Other receivables

For the 2021 tax assessment the company claims reimbursement of the tax value of petroleum exploration costs and tax loss totalling NOK 201 304 914 (2020: NOK 119 421 123), see Petroleum Tax Act, 5th paragraph of section 3c.

Outstanding accounts with operators and others are also in the financial line item “Other receivables”.

Note 10

Leasing agreements

Annual rental for non-capitalised assets amounts to NOK 1 420 390 (2020: 1 634 672), which relates to rent for the office premises in Asker.

The tenancy was renewed in 2021 for five years starting 01.11.2021.

Note 11

Debt to financial institutions

The company has a credit line of NOK 350 000 000 in SpareBank 1 SR-Bank ASA. The interest rate is NIBOR plus a margin of 2,30 %.

Withdrawals are limited to 95% of the tax value of petroleum exploration expenses. Repayments coincide with the reimbursement of exploration expenses from the tax authorities. Concedo signed at the end of 2020 a new Exploration Finance Facility agreement for two years utilisation and with one year extension.

As of 31 December 2021 the exploration loan amount totalled NOK 188 519 987. The tax reimbursement is estimated to NOK 201 304 914, of which NOK 199 503 008 is reimbursement of exploration costs and NOK 1 801 906 is reimbursement of other costs, see notes 7 and 9. 95% of the estimated exploration tax reimbursement amounts to NOK 189 527 858. This means that the company is in compliance with the exploration loan agreement.

The exploration loan is secured by the tax reimbursement scheme and balances thereon, and monetary claims in respect of all present and future insurances.

Note 12

Other current liabilities

	2021	2020
Working capital liabilities in joint ventures	39 128 033	22 365 299
Wages, holiday pay and bonus	2 515 644	2 328 485
Accrued expenses	606 389	830 380
Other current liabilities	97 257	0
Total	42 347 324	25 524 165

Note 13

Financial market risk

The company employs financial instruments such as bank loans and deposits. The purpose of these instruments is to procure capital for the investments required for the company's activities. Other financial instruments are trade debtors etc. that are directly linked with everyday operations. The company does not trade in derivatives.

The most significant financial risks the company is exposed to are related to oil prices, interest rates, capital needs and loan terms. The risk of trade debtors and partners being unable to fulfil their obligations towards Concedo is considered to be low. The company is to a limited degree exposed to currency risk. The company has not entered into any contracts to offset the risks.

Note 14

Exploration costs

Exploration costs in the profit and loss statement consist of the following:

	2021	2020
Payroll costs, ref note 2	28 250 253	26 010 000
Seismic, drilling and general licence expenses	152 624 841	47 369 183
Other operating costs linked to exploration	16 542 469	17 139 513
Total	197 417 562	90 518 696

Exploration expenses eligible for tax refunds amount to NOK 255 773 087 in 2021 (2020: NOK 151 694 422).

Note 15

Sponsorships

In line with the company's Anti-bribery and corruption procedures the information on sponsorships shall be given in the notes of the Annual report. In 2021 the company sponsored the following:

Asker Skøyteklubb	NOK 16 000	Bergstuderendes Forening	NOK 5 000
Asker Fotball	NOK 10 000	Petroleum Fotballklubb Trondheim	NOK 5 000
Frelsesarmeen	NOK 10 000	Stiftelsen NaKuHel Asker	NOK 5 000
Støtteforeningen for Kreftrammede	NOK 10 000	Norges Blindeforbund	NOK 1 639
Asker Svømmeklubb	NOK 5 000		

Note 16

Licences

North Sea
PL 784 (20%): in blocks 25/3, 6. Operator is Aker BP ASA. G&G work ongoing. It was decided to apply for two years extension of DoD until February 2024.

PL 815 (20%): in block 16/5. Lundin Energy Norway AS is Operator. Well 16/5-8S was drilled in August 2019 into the Goddo prospect and proved oil in weathered basement. The discovery will be further evaluated, in particularly, in relation with the results from the long-term test of 16/1-12 (Rolfsnes) oil discovery, starting 3Q 2021.

PL 882 (15%): in blocks 33/6 and 34/4. Neptune Energy Norge AS is Operator. Awarded in APA 2016. Concedo sold 5% of its share to Neptune in January 2021. The 34/4-15S discovery was delineated by well 34/4-16S, March 2021, which proved an OWC. A DST was performed in well 34/4-16S during August. Permanent pressure gauges were installed later in 2021. The announced discovered recoverable volumes are 40-108 million boe (ca 80% oil). The Tail prospect was drilled by well 33/6-5S in autumn 2021. The Brent target was proved dry. PL 882 is now preparing for a PDO in 2024.

PL 989 (30%): in block 36/7. Wintershall Dea Norge AS is Operator. DoD is extended to February 2023. The main focus in the partnership is on the potential recovery of the shallow oil discovery within the license.

PL 992 (30%): in blocks 33/6, 9. Neptune Energy Norge AS is Operator. The work programme, to acquire and reprocess 3D seismic, has been fulfilled. DoD has been extended to February 2023.

PL 1043 (30%): in blocks 25/7 and 25/8. Operator is Vår Energi ASA. The work programme, to acquire modern 3D seismic, has been fulfilled. DoD extended six months until August 2022.

PL 1047 (20%): in blocks 30/4, 5, 7 and 30/8. Aker BP ASA is Operator. Acquire and reprocess modern 3D seismic. EM feasibility. EM data has been acquired and analysed. DoD February 2022. The license will be dropped.

PL 1096 (10%) in block 25/11. Awarded in APA 2021. The work programme includes acquiring of 3D and EM (fulfilled) and reprocess 3D seismic. DoD February 2023.

Barents Sea
PL 901 (20%): in blocks 7122/5, 7122/6 and 7123/4. Vår Energi ASA is Operator. Awarded in APA 2016. 3D seismic has been acquired and reprocessed. The Rødhetta prospect was drilled by well 7122/6-3S in autumn 2021. The well proved 9-12 million boe oil and gas. One year extension of BOK, until October 2023, has been approved.

PL 1074 (20%): in blocks 7121/10, 11,12 and 7122/10. Awarded in APA 2019. Operator is Vår Energi ASA. Reprocessing 3D/acquire new 3D. License extension of one year has been approved. DoD by February 2023.

PL 1075 (40%): block 7123/4, 5. Awarded in APA 2019. Operator is Vår Energi ASA. The work programme is fulfilled (acquire 3D seismic). DoD has been extended by one year until February 2023.

Note 17

Relinquished Licences

North Sea
PL 926 (30%): in blocks 33/9,12 and 34/10. DNO Norge AS is Operator. Awarded in APA 2017. The work programme includes acquire and/or reprocess 3D seismic. DoD was by February 2021. The licence was relinquished March 2021.

Barents Sea
PL 1022 (30%): in blocks 7121/9 and 7122/7. Awarded in APA 2018. Aker BP ASA is Operator. Reprocess 3D seismic before DoD February 2021. The license was relinquished March 2021.

Note 18

Transferred interests in 2021

North Sea
PL 882 (15%): Concedo divested a 5% interest (out of 20%) in PL 882 to Neptune Energy Norge AS with

effective date 01.01.2021. The divestment also included a well-carry cost agreement.

Note 19

New awarded licences in 2022 (APA 2021)

North Sea
PL 882B (15%): block 33/6, 34/4. Neptune is Operator. Additional accreage to PL 882.

Barents Sea
PL 1168 (50%): block 7121/8,9 7122/7. Vår Energi is Operator.

PL 1043B (30%): block 25/8. Vår Energi is Operator. Additional accreage to PL 1043.

Note 20

Payments/refund of tax and payments to Government

In accordance with the Norwegian Accounting Act Section § 3-3 d), companies engaged in activities within the extractive industries shall annually prepare and publish information about their payments to governments at country and project level. The Company has only activity on the Norwegian Continental Shelf and taxes in Norway are levied on company basis and not

project basis. The table set out below, shows the payments to and refund from the Norwegian Government, related to tax and other fees, derived from the Company's business on the Norwegian Continental Shelf. Payments from Joint Venture where the Company participate, are done by the operator, and are not included in the payments below.

	2021	2020
Tax refund received	119 421 120	137 539 516
Interest on tax refund, received	0	1 865 802
Payments of other fees	-1 200 742	-891 644
Total payments/refunds to/from the Norwegian Government	118 220 378	138 513 674

For information about investments, revenue and purchases of goods and services, reference is made to the Income Statement and the related notes.The Company has no production or petroleum revenue.

Note 21

Going concern

The financial statements have been prepared based on the going concern assumption. In compliance with section 3-3a of the Accounting Act, we confirm that the requirements for a going concern have been satisfied. The Company's equity position has been strengthened by an oversubscribed share capital increase of NOK 30 million directed solely towards existing shareholders. The registration of the share capital increase in the Brønnøysund Register Centre and the subsequent distribution of new shares is remaining. Following the share capital increase it is the Board's assessment that the Company will have sufficient funds to support the operations throughout the year. The Board will consider the capital situation at the end of the year in connection with the drilling programme for 2023.

Russia's war against Ukraine has contributed to increased oil and gas prices and created additional uncertainty in the European energy markets. The war has been an eye-opener with regards to European dependency on Russian gas. European efforts will now be made to reduce the dependency on Russian gas and eventually cut it completely. These efforts will benefit other European gas suppliers like Norway. Going forward, with power and gas shortage and war in Europe, and great compatibility between energy sources for power production, the risk of low oil and gas prices are lower than in many years.

Independent auditor's report

Deloitte.

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To the General Meeting of Concedo AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Concedo AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the other information. The purpose is to consider if there is material inconsistency between the other information and the financial statements or our knowledge obtained in the audit, or whether the other information appears to be materially misstated. We are required to report if there is a material misstatement in the other information. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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side 2
Independent Auditor's Report -
Concedo AS

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 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.

Oslo, 2 May 2022
Deloitte AS

Lars Atle Lauvsnes
State Authorised Public Accountant

Penneo Dokumentnøkkel: HQ5GV-3SVZ3-XBFY7-5HCKL-3F1CS-8HEA6



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Lars Atle Lauvsnes

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Board of Directors



Olav Fjell

Olav Fjell is the Chairman of the Board of Directors. He has held a number of leading positions in Norwegian corporations, including being President and CEO of Statoil (Equinor). Mr Fjell has retired from executive positions and is currently serving on the non-executive boards of several companies.



Sandra Dee Crane

Principal of the consultancy SC Governance Ltd. Former CFO and COO of Habrok Capital Management LLP



Erik Sverre Jenssen

Consultant and board member of several companies. Former COO of Lundin Petroleum Company, Norway



Nirav Dagli

Nirav Dagli, Director, is managing partner of Spinnaker LLC and founder and CEO of Spinnaker Analytics.



Jonas U. Rydell

Investor and investment consultant. Advisor to Elliot, London

Employees



Geir Lunde
Managing Director

CEO, has more than 30 years' experience in exploration, geology and seismic interpretation. He graduated in petroleum prospecting from NTH, the Norwegian University of Science and Technology, in 1978.



Erik Klausen
HSEQ Advisor

HSE manager, has more than 30 years' experience in developing oil and gas projects on the Norwegian shelf. He graduated in engineering from Heriot-Watt University in 1976.



Odd Eirik Baglo
Chief Geophysicist

Geophysical advisor, has wide experience in exploration activities and seismic interpretation. He graduated in applied geophysics from the University of Oslo in 1989.



Enric Leon
Senior Geologist

Geologist, has experience in exploration activities. He graduated as a geologist from Barcelona University in 1992. He took his master's degree in petroleum geology/geophysics at the University of Oslo in 2007.



Dirk van der Wel
Principal Production Geologist

Principal production geologist in reservoir evaluation, has experience in prospect valuation, reservoir evaluation and applied geostatistics. He graduated in geology and mineralogy from the University of Oslo in 1974.



Anders G. Finstad
Senior Geophysicist

Senior geophysicist, has 15 years' experience in the oil industry. He graduated from the Royal School of Mines, London and University of Oslo.



Morten Hedemark
HSEQ and Operational Manager

Operations manager, has a background in well operations and petroleum technology. Mr Hedemark graduated from Heriot-Watt University in 1987.



Jens Fredrik Kolnes
Exploration Geophysicist

Jens Fredrik Kolnes recently graduated from the department of geoscience at the University of Oslo. Jens has been with us since the summer of 2019, and has mainly been working on geophysical related topics.



Ole Herman Fjelltn
Chief Reservoir Geologist

Chief Reservoir Geologist, has over 25 years' experience as an exploration and reservoir geologist. He graduated in geology from NTH, the Norwegian University of Science and Technology, in 1981.



Juergen Schlaf
Senior Geologist

Juergen Schlaf has 15 years' experience from the industry and has worked for a range of companies. He has an academic background in carbonate sedimentology and sequence stratigraphy from the University of Vienna (Austria).



Elisabet Malmquist
Geological Advisor

Elisabet Malmquist has more than 25 years' experience from the oil and gas industry. She has worked as a geologist within exploration covering the whole Norwegian shelf. Ms Malmquist graduated with a MSc degree in Geology from Stockholm University in 1983.



Hilde Alnæs
Senior Geophysicist

Hilde Alnæs has a broad background in geology and geophysics from the University of Tromsø, Svalbard, and the University of Oslo which she holds a master's degree in applied Geophysics.



Tommi Rautakorpi
Senior Geologist

Tommi Rautakorpi has an academic background from Åbo Akademi University and the University of Oslo. He has 15 years of experience from the industry, covering both mineral and oil exploration.



Ane Marta Skaug Rasmussen
Senior Geologist

Ane Rasmussen has a master's degree in petroleum geology and geophysics from the University of Oslo. She has experience of exploration and prospect evaluation, applications for both numbered and TFO licensing rounds as well as licence work on the Norwegian continental shelf.



Sebastian Scheel Rey
Senior Geologist

Sebastian Scheel Rey graduated with a master's degree in applied geophysics from the University of Oslo in 2003, and has 15 years of experience as an exploration geoscientist.



Arild Andresen
Commercial Manager

Arild Andresen has more than 30 years' experience within drilling and well operations, business development, financing and strategy. He graduated in petroleum engineering from NTH in 1990 and in business from NHH in 1996.

