CONCEDO AS
Torvveien 1
N-1383 Asker
Tel: +47 40 00 62 55
E-mail: post@concedo.no
www.concedo.no

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concedo

Annual Report 2022

Contents

About Concedo 2
Fossils 3
Wake up call 4
Fossil energy 7
War, crisis and power shortage: The need for long-term thinking in the energy sector 8
NORWAY's revenue from the oil and gas industry 10
The new petroleum tax system in brief 12
A Security wake-up call for the Norwegian Continental Shelf 14
PDO – a brief overview of the general procedure 16
Troldhaugen-Goddo 18
David 20
Recent discoveries in the Goliat area 21
The Jurassic period 23
Licence portfolio 24
Directors' report 2022 27
Financial statements 32
Independent auditor's report 48
Board of Directors 53
Employees 54

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.

Fossils

Fossils (from Latin: fossilis, "excavated") are remains, imprints or traces of something that previously lived - organisms from the distant past. The most important prerequisite for something to become a fossil is that, as soon as possible after death, it is covered by fine-grained sediment (e.g. clay or sand), which protects against destruction and decay. The oldest evidence of life on Earth is believed to be the remains of bacteria found in Quebec, Canada. These microfossils date to between 3.77–4.28 billion years ago. Large parts of Norway consist of metamorphosed rocks and are mostly devoid of fossils. Nevertheless, there are several areas with fossiliferous sediments on mainland Norway, Svalbard and the Norwegian continental shelf. Concedo's headquarters in Asker are centrally located in the Oslo field, a geological province that stretches from Langesund in the south to Brumunddal in the north. The field consists of an old, sunken part of the Earth's crust (a so-called paleorift or graben), made up of paleozoic (251-541 million years old) rocks that separate it from the surrounding older Precambrian rocks. The area in Asker has been known as a treasure trove for those interested in rocks and fossils for more than a hundred years.

Photo: Pixabay.com - Aryok Mateus

Wake-up call

There is a war in Europe. The world has changed and a ”frozen conflict” may be the best option we can hope for in Ukraine in some years’ time. My mother who passed away in March 2023, 98 years old, was reading a newspaper every day. Her reference for a similar situation was the second world war. I believe those with some interest in history will see some similarities between the time leading up to 1939/40 and what we have seen for many years now in Europe. For a period prior to World War II, Norway had neglected the importance of military defense despite a clearly disturbing development in Europe. More recently, Europe has neglected both the importance of military defense and energy security. With the Russian invasion of Ukraine and the active use of energy as a conflict weapon, Europe has received a wake-up call.



We can expect a future with Systemic Competition as it is described in a UK Government report published already in June 2021, and Russia is not the only country potentially willing to use a variety of measures, including brutal power to undermine democratic states.

What does this mean to the energy industry? In my mind, it means that we will experience energy supply challenges and considerable price variations both in Europe and globally for many years. OPEC will also maintain the dominant position in the oil market, and, hence, will more or less determine the oil price.

Gas production from the Norwegian Continental Shelf has been increased in the short term to counteract the current European energy shortage. However, all scenarios indicate a significantly reduced Norwegian oil and gas production from about 2030. Increased investments for both exploration and production are now required to slow down the expected declining petroleum production. Time from discovery to production could be as low as 5-8 years in areas close to infrastructure and the investments are normally paid back within 2-3 years after first oil.

It is satisfactory to observe that opinion polls in Norway show a very supportive majority to the offshore oil and gas industry, and that this support has increased lately. All major political parties in Norway agree on the main elements in the petroleum policies, and both key European countries and EU now see the important role Norway plays in the European energy market. It is also clear to the public that the Norwegian Continental Shelf is among the best places in the world to produce petroleum in an environmentally friendly way. The analyst company Westwood Energy calls the North Sea a Super Basin as it provides both large volumes of petroleum with low CO_2 emissions and storage for CO_2 from European industry.

Concedo is partner in one discovery approaching the production phase, the Dugong discovery, located just north of the Snorre field. We are particularly pleased with the start-up of a feasibility study for tie-in of Dugong to the Snorre field in January 2023. Production may then commence late 2027 - early 2028.

Effective from the beginning of 2022, the tax system for oil and gas production on the Norwegian Continental Shelf changed. This change will make it easier for smaller companies to participate in the capital-intensive field development phase. So far, Concedo has divested discoveries to larger companies prior to field development, but now is the time to consider changing this business model.

Early summer 2022, Concedo initiated a strategic process with ABG Sundal Collier to evaluate all options for value creation. It is clearly an important role to play in the future for an exploration focused company like Concedo. The large and active companies need creative, competent, and financially robust partners. Competent diversity in the license groups has been key to value creation within exploration and field development. Several mergers and acquisitions the last years have resulted in fewer active oil & gas companies on the Norwegian Continental Shelf. If this continues, consequences may be very negative in the long run for value creation on the Norwegian Continental Shelf.

Over the last five years, Concedo has been very selective in its choice of exploration targets. Most of these wells, seven out of nine, have resulted in discoveries. We will continue to be selective going forward, but our ambition for drilling will include more wells per year. Most of our wells will be close to infrastructure, but we may be open to new combinations of technology to identify potential giants in less mature areas. Many oil companies do not use electromagnetic data actively in their de-risking. Concedo is one of the companies which have gained enough experience to use this technology, where applicable, in combination with seismic methods to high-grade our prospect portfolio. So far, the electromagnetic technology has been most useful for us to arrive at negative drilling decisions, but in one of our licenses we notice an attractive combination of seismic and electromagnetic anomalies. We see this as a potential drilling candidate in the future.

Our strategic process is ongoing and hopefully it is concluded before the summer of 2023. A steady income from producing fields would form a better basis for the company going forward. We look forward to more interactions with active oil & gas companies, both operators and partners, and plenty of new oil and gas discoveries on the Norwegian Continental Shelf.

Geir Lunde
CEO

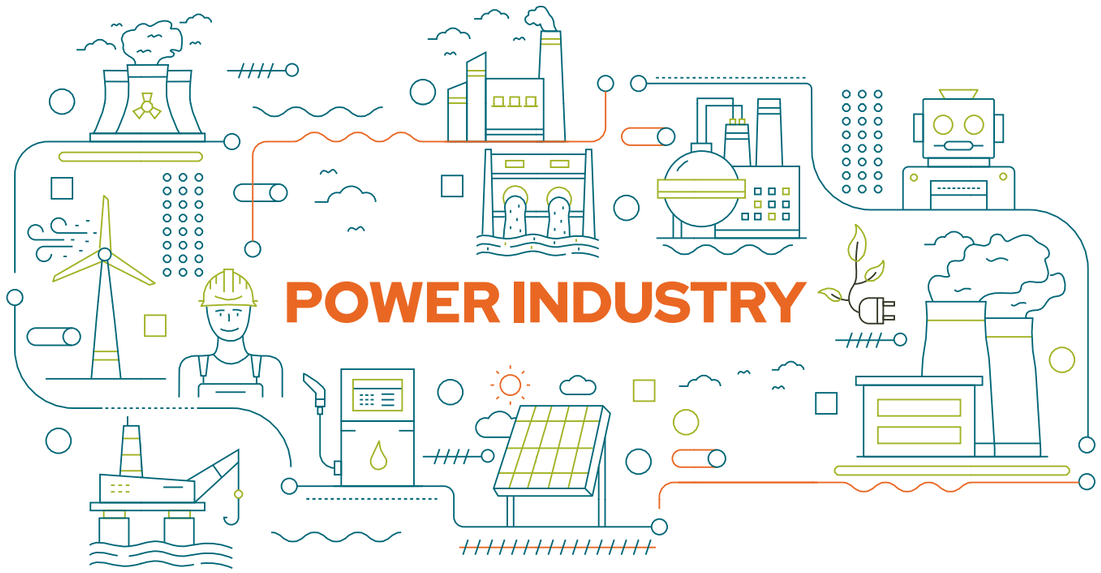
Fossil energy

Energy production based on oil, gas and coal is classified as fossil energy. Today, 90 per cent of the world's energy production consists of fossil energy sources. The organic material that is the source of most hydrocarbons has probably been derived from single-celled planktonic (free-floating) plants, such as diatoms and blue-green algae, and single-celled planktonic animals, such as foraminifera, which live in aquatic environments consisting of marine, brackish, or fresh water. Such simple organisms are known to have been abundant long before the Paleozoic Era, which began some 541 million years ago. Rapid burial of the remains of the single-celled planktonic plants and animals within fine-grained sediments effectively preserved them. This provided the organic materials, the so-called protopetroleum, for later diagenesis (a series of processes involving biological, chemical and physical changes) into true petroleum. The substances have undergone transformation processes in the Earth's crust over millions of years.

Fossil fuel is considered a non-renewable source. Perhaps not so strange, considering the large time span involved from deposition to hydrocarbon generation and accumulation. Fossil fuel is the solar energy of earlier times, first collected by single-celled green plants through photosynthesis and then stored in various converted and concentrated organic substances. The fossil-fuel deposits on the Norwegian continental shelf have been the most important source of the nation's prosperity and development in the last fifty years. Most of our petroleum resources are trapped in reservoir rocks that have been deposited in large deltas made by rivers that flowed into the sea during the Jurassic period. Although environmental issues and 'green' and renewable energy sources are pressing and important topics for the world today, fossil energy will still play an important role, in both Norway and the rest of the world, for the foreseeable future.

War, crisis and power shortage:

The need for long-term thinking in the energy sector



There are troubled times and war in Europe. The energy markets are affected, and power prices have rocketed – even in an energy-producing country like Norway. The crisis is reinforced by several negative factors, not least the war in Ukraine, and the consequences for industry, business life and households are great. Although the situation in Europe requires immediate measures, energy security is most of all about the long term.

Concedo is an oil company and knows the importance of long-term thinking: Fossil energy – the name says it all. The resources we harvest were not created yesterday. And the way forward, from the first oil exploration until we have active, operable fields ... Well, that requires both time and patience – and long-term planning. In today's crisis-ridden energy market, involving several wildly unpredictable factors, long-term thinking and planning are essential.

THE FACTORS BEHIND THE CRISIS

Although Russia's warfare is a key part of the picture, other factors are also influencing Europe's energy situation.

Fluctuations in the global energy market: even before the outbreak of war, restrictions on Russian gas exports, combined with increased demand in Asia, caused gas prices – and thus also power prices – to rise in Europe.

Climate change: Long winters with cold and dry weather result in little wind and less wind power. Increases in the prices of EU emission allowances (EUAs) make the financial consequences even more noticeable. Heat waves cause droughts and water shortages, with low inflows to hydropower. In France, the negative effects of cooling water discharged into already heated rivers have slowed production in nuclear power plants. In Germany, low water levels in the Rhine, an important transport route for coal, have led to reduced output from coal-fired power plants.

Phasing out of fossil energy sources and nuclear power: In order to achieve the climate goals in the Paris Agreement, several EU countries are phasing out energy sources such as coal power and nuclear power. Decommissioning of traditional energy sources require new and efficient replacements. Gas plays a more important role in this transitional phase, especially in periods when little solar and wind power is produced. In this transition, gas has emerged as a stable and, relatively speaking, less polluting energy source. Gas shortages during a reduction period are obviously not ideal.

ENERGY SECURITY IN EUROPE

The pressure to phase out imports of Russian oil and gas to the EU is great. The understanding of what can be considered a reliable energy source and supplier has changed. In 2021, Russia accounted for more than 40 percent of gas deliveries to the EU, 27 percent of oil and 46 percent of coal. The war in Ukraine changed these figures. The energy crisis in Europe is a fact, and what used to be energy policy is now just as much about security policy. One consequence is that gas from the Norwegian continental shelf (NCS) has increased in importance and value. As a stable and predictable contributor, we are reducing both the energy crisis in Europe, but also Russia's ability to use gas supply as a weapon. It is more important than ever to continue exploration, and to increase emergency preparedness on the NCS.

THINK LONG-TERM

It is in safe times that one must remember to plan for the uncertain – in uncertain times the reminder is constant. Exploration, analysis, planning, approval processes and development have one thing in common: They take time. Energy takes time. Long-term thinking is what is required. It is important to have alternatives, to think ahead and be prepared, and to balance environmental needs with the resources you actually have. According to the Norwegian Energy Commission, security of supply and the high prices are our two main challenges going forward. Could it be that the dismantling of the country's most important industry is not the way to meet these challenges?

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NORWAY's revenue from the oil and gas industry



Introduction

When the first well was drilled on Ekofisk in the summer of 1966, few understood what petroleum activities would mean for the Norwegian economy. The economical income figures are so large that we do not understand the significance it has on our welfare. We don't think about it daily, because most of the money is secured in the "Norwegian oil fund" (Government Pension fund of Norway) which is an asset few countries have the likes of.

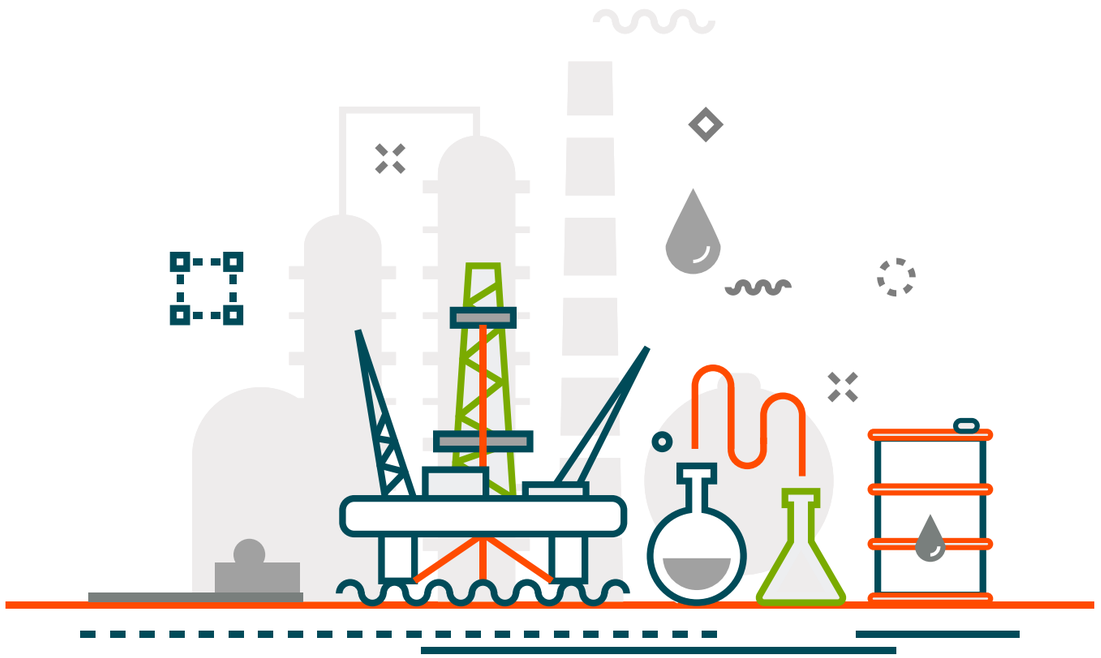
The petroleum industry is currently Norway's largest measured in terms of value, government revenues, investments, and export value. Value creation is managed in a proper way for the benefits of the Norwegian people, now and for future generations. Since the first well in 1966, the oil and gas industry has contributed to more than NOK 18 000 billion to Norway's GDP in today's value. In addition, value creation comes also from the petroleum-related supplier industry.

An important principle in petroleum management is that exploration, development, and operation of petroleum resources shall create the greatest possible value for the state and society. Value is captured by the state through taxation and the State's Direct Financial Interest (SDFI).

The estimated net government cash flow from the petroleum industry in 2022 was about NOK 1316 billion, and according to the National Budget, the estimate is even higher in 2023.

Tax revenue

Due to the extraordinary profitability of exploiting the petroleum resources, the oil companies are subject to a special tax in addition to the ordinary taxation. This gives a total tax rate of 78%. Tax revenues was about NOK 714 billion in 2022



The State's Direct Financial Interest (SDFI)

SDFI is a scheme in which the state owns interests in many oil and gas fields, pipelines, and onshore facilities. As a partner in the production licenses, the state covers its share of investments and costs and receives a corresponding share of the revenues. At the beginning of 2022, the SDFI had interests in 184 production licenses, 37 producing fields and 17 interests in pipeline and onshore facilities. Net cash flow from SDFI was about NOK 560 billion in 2022.

Revenue from direct ownership in Equinor

The state owns 67% of the shares in Equinor. As an owner in Equinor, the state receives dividend on an equal footing with other owners. The dividend in 2022 reached about NOK 35 billion.

Area and environmental taxes

The area fee shall help to ensure that licensed areas are explored and operated in an efficient manner.

As one of the first countries in the world, Norway introduced an environmental tax in 1991. The most significant environmental taxes in the petroleum activities are the CO_2 and NOx taxes.

In connection with the petroleum activities, there is also a quota requirement. This means that licensees must purchase climate quotas for every CO_2 ton they emit on NCS more than their allocated quota. Revenues in 2022 were about NOK 7 billion from area and environmental taxes.

An insane win

If oil and gas prices are kept on such high levels Norway could export oil and gas for as much as NOK 1500-2000 billion in 2023. This export is an important contribution to making the energy situation in Europe less critical.

The new petroleum tax system in brief

On 31 August 2021, just before the parliamentary election, the Norwegian Government announced that it will propose certain amendments to the Norwegian petroleum taxation system introducing a cash-based tax system effective from 1 January 2022. On 3 September 2021, the Norwegian Ministry of Finance circulated a consultation paper setting out the proposed changes. Public consultation response deadline was set at 3 December 2021. Concedo participated in several company groups to coordinate industry input to the proposal.



On 8 June 2022 the amendments to the Norwegian petroleum taxation system were approved by the parliament. Despite that the country got a new Government at the election in 2021, the amendments were in accordance with the consultation paper and effective from the tax year 2022. This illustrates that the main lines of petroleum policy in Norway are supported by all the major parties.

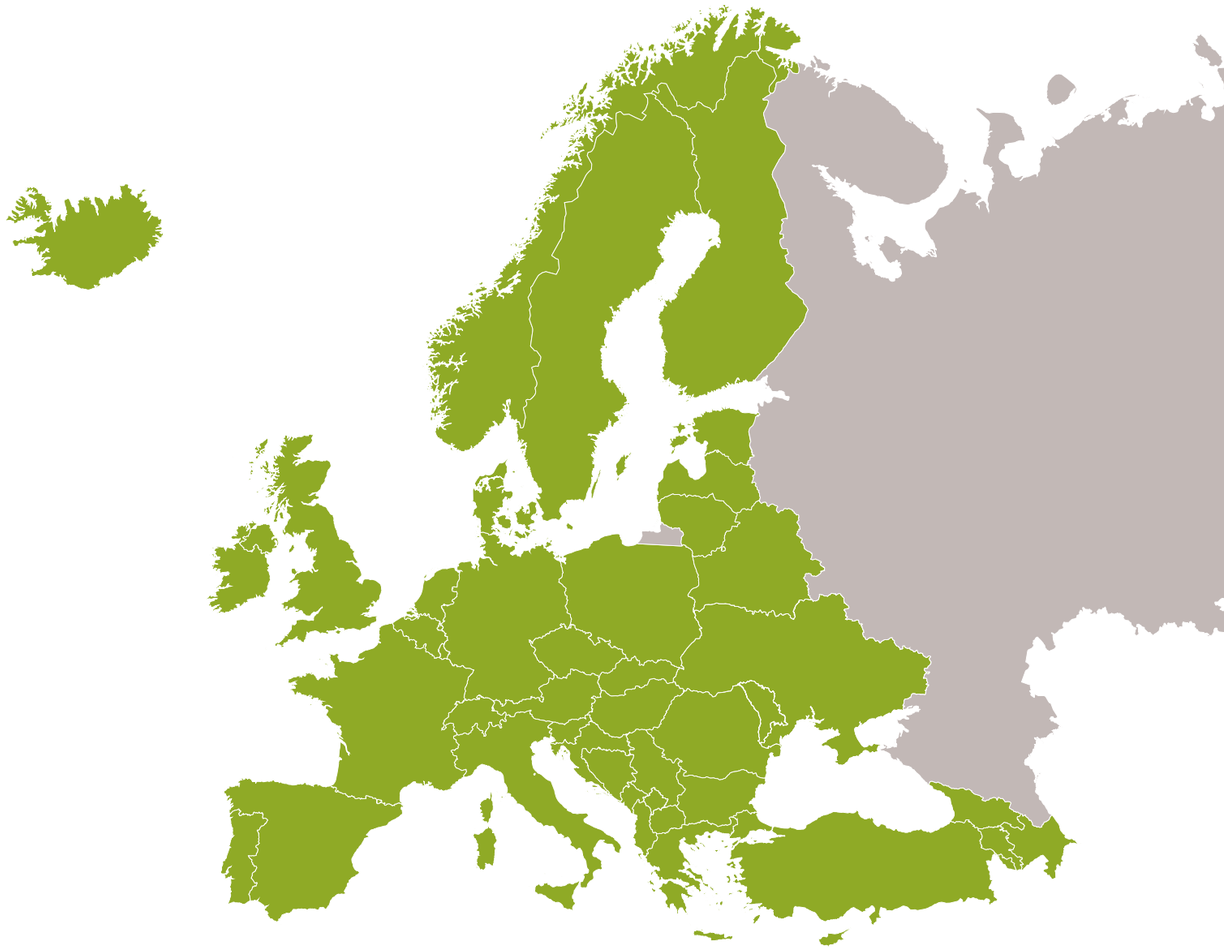
The main tax changes are that the offshore Corporation Tax ("CT") is now more like the onshore CT while the Special Petroleum Tax ("SPT") is now cash-based, which means that both profits and losses are settled every single year. The CT rate is still 22% but CT losses to be carried forward and set off against future profits from production revenues. In the CT base investments are still depreciated as a straight-line over six years for tax purposes.

The SPT rate rises from 56% to 71.8% and the CT, if negative, is fully deductible from the SPT. In this way the tax rate is still 78% for oil & gas companies with sufficient production revenues to be in full tax-position, e.g. Equinor. In the SPT base investments are expensed the year they incur for tax purposes, and uplift on investments is removed. The tax value of SPT losses is refunded in cash the year after the losses is incurred in the same way as the previous exploration tax refund. Like the exploration tax refund, the SPT refund can be pledged. The right to pledge the refund is critical for exploration companies to be able to obtain exploration loans from banks.

In summary, for oil & gas exploration companies like Concedo, the main changes are that the previous exploration tax refund of 78% of the exploration costs are replaced by an SPT refund of 71.8% of the costs, while the remaining CT element of 6.2% must be carried forward and set off against future profits from production revenues. The shareholders must therefore finance a larger part of the exploration costs than before. As part of the introduction of the revised tax system, the tax value of historical losses before 2020 will be refunded in late 2023 as part of 2022 taxation.

A security wake-up call for the Norwegian continental shelf

Preparedness on the Norwegian continental shelf (NCS) has a new factor to be concerned about. Until now, preparedness has focused mainly on the risk of accidents and oil and gas spills. The war in Ukraine has led to increased preparedness in new areas. “It cannot be compared to anything other than what we experienced during World War II,” said Lieutenant Colonel Geir Hågen Karlsen at the Norwegian Confederation of Trade Unions’ annual conference in January, where he updated employees in the oil and gas industry. Norwegian gas pipelines have become one of the most important strategic goals in Europe.



Norwegian gas exports are crucial for European energy markets. Preparedness was stepped up after the suspected sabotage of the Baltic Sea gas pipelines last autumn. In addition to these incidents, there was increased drone activity on the NCS last year, near the Johan Sverdrup, Gullfaks, Snorre and Gina Krog oil and gas fields.

Since then, the government has decided to implement measures to heighten preparedness relating to infrastructure, onshore facilities and installations. Norway has 8,000 km of underwater pipelines, which are challenging to keep a close eye on. Various defence measures have been implemented, but these cannot be disclosed for security reasons. Part of the preparedness is therefore not openly visible. The government, police, armed forces and platform/pipeline operators cooperate closely on emergency preparedness.

Norway cannot be confident that pipelines will not be subjected to acts of sabotage. Actions against pipelines may have been deliberately mapped and prepared for a long time. Vessels behaving unusually have been observed in Norwegian waters and both oil and gas pipelines and communication cables may have been mapped. The incidents in connection with Nord Stream 1 and 2, close to Bornholm, could have been caused by explosive devices placed on or near the pipelines, and the same can happen on the NCS.

Cyberattacks, another wake-up call

As Putin began his invasion of Ukraine, a network used throughout Europe faced an unprecedented cyberattack that doubled as an industry-wide wake-up call. In remote areas, many offshore installations and ships need to use a satellite network to communicate with the outside world. After the invasion of Ukraine, users were unable to communicate with KA-SAT, a Viasat satellite floating above the Earth. KA-SAT covers Europe with 82 satellite spot beams.

Alerts from customers, engineers and automated systems soon began to flood in via phones, Slack (a system for speedy alerts and emergency response) and emails, according to a senior Viasat executive who was part of the response team and spoke on condition of anonymity for fear of reprisals. Attackers were overwhelming customers’ modems with a barrage of malicious traffic and other kinds of attacks. It took Viasat hours solely to stabilize most of its network, and the executive said the company then spent many weeks fending off subsequent attacks of increasing intensity. However, the attack was a wake-up call.

Cyberattacks affecting the industry have become a daily occurrence. The Viasat hack was widely considered a harbinger of attacks to come and the offshore industry is particularly vulnerable.

Before Putin’s invasion of Ukraine, the US intelligence community warned both publicly and privately that Russia was testing its ability to hack and destroy satellite systems. Even so, it remained easy for companies to underestimate the risks – partly because there were so many new intermediaries between them and the end users, and partly because space still seemed untouchable. Denial was the norm, allowing businesses to save on infrastructure spending while leaving no single company more responsible than any other for a potential catastrophe.

Russia can also deploy radio signals to interfere with satellite data transmissions. It is well known that locations in the Barents Sea and Finnmark in northern Norway have experienced interferences in radio signals and also the jamming of GPS signal receivers.

The offshore industry is dependent on reliable, safe and secure communication systems, software and data systems. If a threat actor has access to the management system, it is almost game over.

PDO – a brief overview of the general procedure

A PDO (Plan for Development and Operation) describes the technical and financial aspects of the development of one or more gas/oil deposit(s), together with an impact assessment of the development measures. The PDO is jointly prepared by the licence partners, although the operator has a more executive role within the partnership.

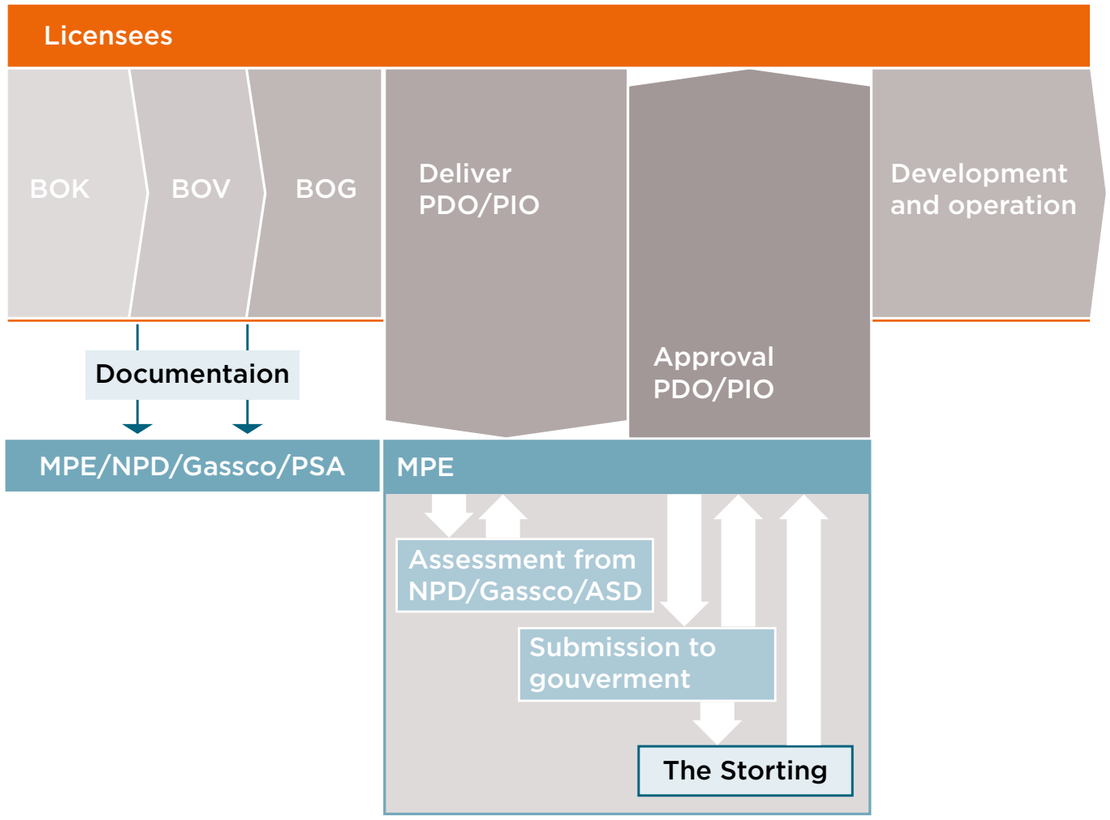
After a licence is awarded, a work programme and time schedule agreed on between the authorities and licence group are initiated. Commonly, after an oil/gas deposit is identified, detailed evaluations are carried out, structured by a series of milestones:

Concretization Decision – BOK (Beslutning om Konkretisering), Decision to Continue – BOV (Beslutning om Videreføring), and Decision to Implement – BOG (Beslutning om Gjennomføring).

- Feasibility studies clarify whether it is possible to concretize a business idea into a business opportunity. This phase ends with a "concretization decision" (BOK), when a description of one or more concepts and their cost frameworks should be available. The feasibility study for the tie-in of the Dugong discovery to the Snorre field started in January 2023 and a draft report is planned to be ready before the summer of 2023. A Concretization Decision is planned to be made before the year-end 2023.
- The concept studies concretize the technical and financial basis for a business opportunity in such a way that profitability and feasibility can be documented, before proceeding with a development solution. The concept studies lead to a "decision to continue" (BOV).
- The preliminary design work further develops the basis for a business concept to such a level that a final "decision to implement" (BOG) can be made and the PDO can be sent to the authorities.

Work obligation	Decision	Task status	Expiry date	Wellbore if drilled
Study of geology and geophysics		In process		
	Decision to drill	In process	11.03.2023	
Drill exploration well		In process		
	(BoK) Decision to concretize	In process	11.03.2025	
Conceptual studies		In process		
	(BoV) Decision to continue	In process	11.03.2027	
(PDO) Prepare plan for development		In process		
	(PDO) Decision to submit plan for development	In process	11.03.2028	

Example of a work programme for a licence (reference https://factpages.npd.no/en)



Timeline for the authorities' processing of a PDO. The figure refers to the Ministry of Petroleum and Energy (MPE) and Ministry of Labour and Social Affairs (ASD).

After passing the BOK and BOV milestones, the respective results are reported to the authorities. At the closing of the BOG, the final step is to submit the PDO to the MPE (Ministry of Petroleum and Energy), and its subordinate agencies PSA (Petroleum Safety Authority) and NPD (Norwegian Petroleum Directorate), for approval. If total investments exceed a certain amount (currently NOK 15 billion), parliamentary approval is required. However, as the NCS matures, discoveries are generally becoming smaller. These discoveries normally cannot fund large developments with their own infrastructure, such as platforms and pipelines. As a mature basin with a well-developed infrastructure, the obvious solution is to tie-in the small discoveries to infrastructure with available capacity in the vicinity. This is controlled through the TPA (Third Party Access) Regulations, and is a key element in the development section of the PDO.

Troldhaugen-Goddo

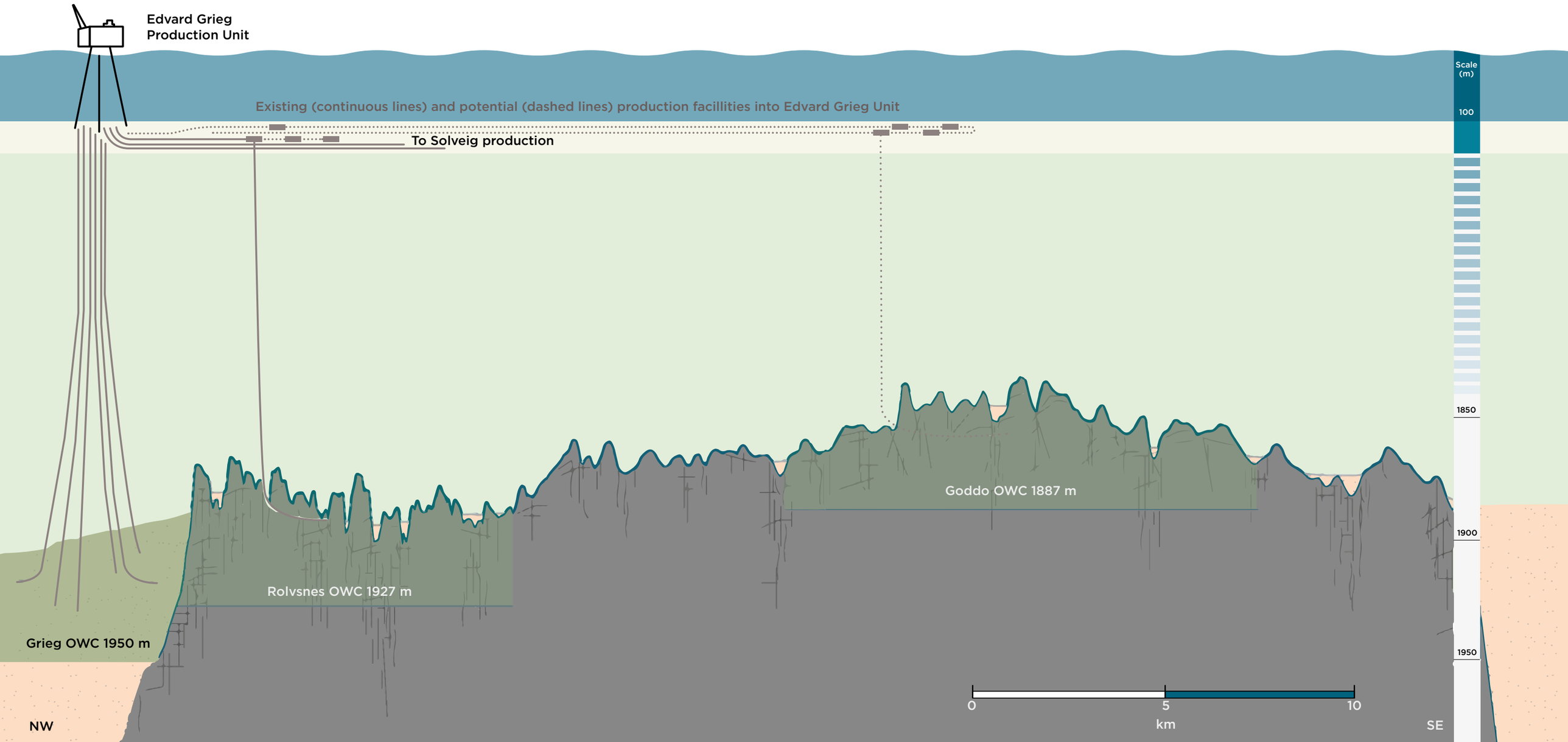
Since Goddo was drilled in 2019, this oil discovery in PL 815 on the prolific Utsira High has benefited from activities in, and insights from, neighbouring licences.

Goddo and its twin discovery Rolvsnes (now Troldhaugen) make up a unique type of oil discovery. They consist of fractured granitic rocks with an oil column of moderate height. Granitic rocks, traditionally overlooked in exploration, can behave as porous rocks when intensely fractured and weathered, as is the case in the Utsira High area. Seismic and well data show that Goddo and Troldhaugen are two independent accumulations but are very similar in nature and probably have similar reservoir properties.

The Troldhaugen field is the first of this kind to be production tested. A long-term production test has been ongoing since August 2021 from a 2.5 km horizontal well section through fractured granite. After a promising start, with oil rates up to 7000 barrels per day, production has declined to critical levels as water flow has been steadily increasing during the last months. This is a set-back for the recently submitted PDO (plan for development and operation) for Troldhaugen, from which Goddo could benefit for a tie-in solution. On 21st March 2023 AkerBp announced that the PDO on Troldhaugen would be stopped. Hence, the future development of the Goddo discovery will also be very uncertain.

It will take some time for the PL 815 partnership to conclude on the learnings from Troldhaugen.

The field development of a new, untested type of discovery is a demanding process. Troldhaugen has proved something that was unthinkable a few years ago in the Norwegian Continental Shelf, that oil could be produced from granitic rocks. The long, horizontal well on Troldhaugen will continue to produce and our understanding of this type of reservoir will increase, but at the moment the future for the Goddo discovery does not look bright even if the Edvard Grieg field is an excellent host platform candidate.



David

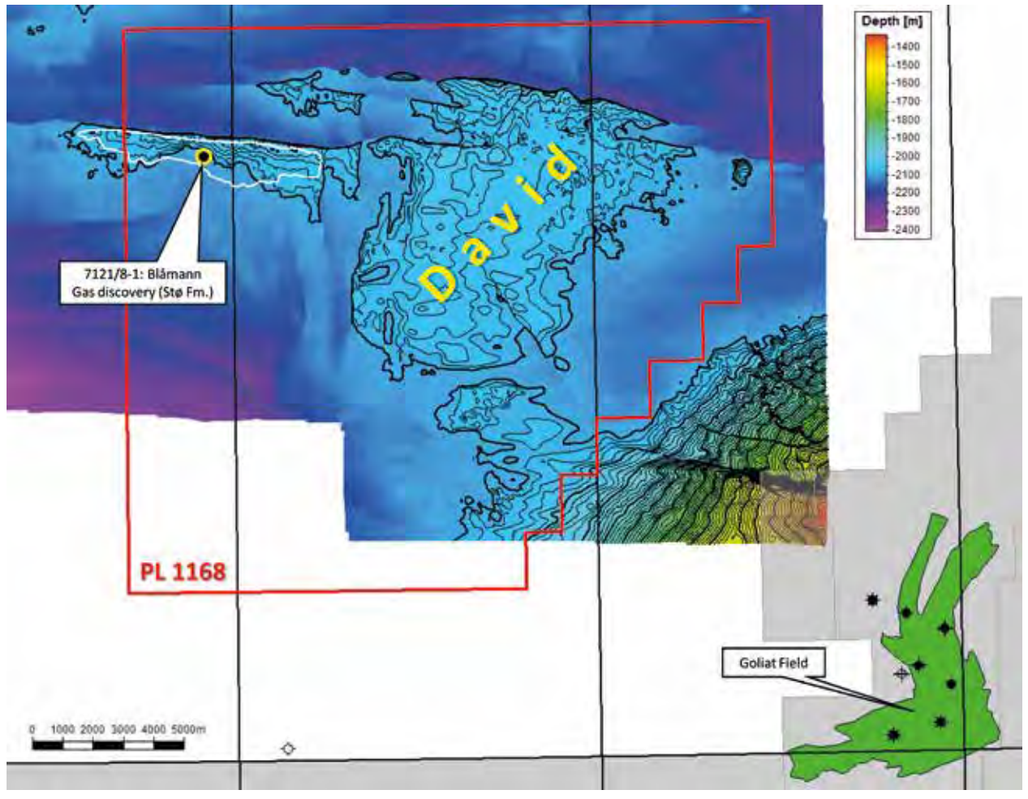
David in PL 1168 is one of our key prospects in the vicinity of the Goliat Field. The licence is operated by Vår Energi, with Concedo as the only partner. Both companies hold a 50% equity.

The David prospect has a volume potential in excess of 100 mmbbls and is based on a geological concept that is previously untested in the area and involves an intra-Realgrunnen top seal. If proven successful, it will be a play opener in the entire Hammerfest Basin. The prospect is supported by both a seismic (AVO) and electromagnetic (CSEM) anomaly, which in combination make this prospect very intriguing.

A few of the CSEM anomalies in the Barents Sea have been proven to originate from non-hydrocarbon-related resistors - for instance the high-velocity Cretaceous deposits in the dry 7121/1-2S Pointer-Setter well some 10 km north of Snøhvit. The partnership's main objective has therefore been to investigate the David CSEM anomaly and prove that it is not such a 'false positive'.

Consequently, a seismic velocity study was initiated in 2022, aiming to clarify the presence, or rather the absence, of similar high-velocity layers within the David reservoir section. Unfortunately, the study was unsuccessful in extracting valid data at large enough depths to give any conclusive results for David.

However, stones still remain unturned in the hunt for a 'false positive' origin of the David CSEM anomaly, possibly including a second velocity study that takes a different approach to the first study. The partnership therefore recently applied for a one-year extension of the licence period.

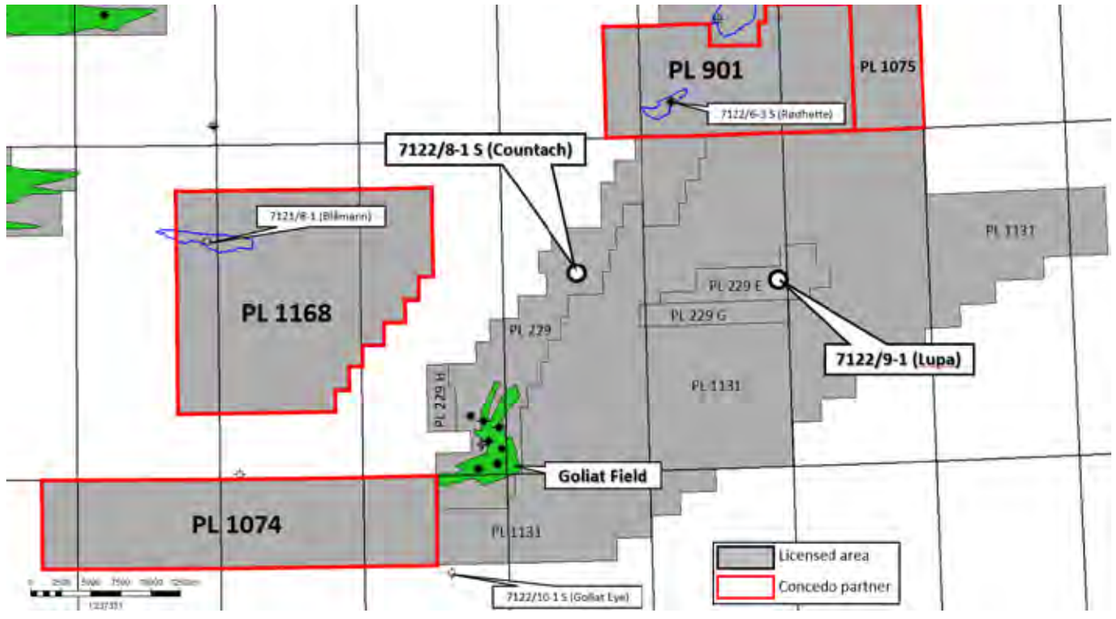


Recent discoveries in the Goliat area

Lately, two interesting discoveries have been made in the Goliat area. The results will be incorporated into the broader strategy that Concedo will develop for this region.

Well **7122/9-1** (Lupa) is a gas discovery in sandstones of the Lower Havert Formation (Early Triassic) and was completed on 26 December 2022. It is located in PL 229 E (operator: Vår Energi), which is 27 km north-east of the Goliat Field and east of PL 1168 (Concedo is a partner with 50%, operator: Vår Energi). Well 7122/9-1 was found to contain a 55 m thick gas column in sandstones of the Havert Formation with moderate to good reservoir quality. The gas-water contact was not encountered. A preliminary volume estimate is 9-21 million Sm^3 of recoverable OE (oil equivalent).

Well **7122/8-1 S** (Countach) was completed on 1 March 2023 in PL 229 (operator: Vår Energi) as an oil discovery in sandstones of the Realgrunnen Subgroup. The oil column was 13 m and the reservoir quality was moderate to good. The oil-water contact was encountered at 1,650 m TVDSS (true vertical depth sub sea). In the Kobbe Formation, the well encountered gas and oil columns of about 240 m, a total of 55 m of which were sandstone layers with poor to moderate reservoir quality. The oil-water contact was not encountered. Preliminary estimates of the size of the discovery, in the segment that was drilled, are between 0.5 and 2.1 million Sm^3 of recoverable OE.



The Jurassic period

In geological time, the Jurassic period is the period from 201 to 145 million years ago. It succeeded the Triassic period and was followed by the Cretaceous period. The first mammals with a placenta appeared in the Jurassic period, but the period is particularly famous for the dinosaurs, which included the largest land animals to have lived on Earth and which dominated land ecosystems. Tropical forests were widespread, with ferns, conifer palms and conifers. The marine wildlife was characterized by swan lizards, fish lizards and plenty of squid and clams. As early as in the Triassic period, rift formation had begun in a north-south direction along the middle of the North Sea. In the early Jurassic period, the sea to the south penetrated a levelled desert landscape. A constantly changing archipelago with shallow stretches of sea, flat land areas, swamps and deltas arose here. Large sandy delta deposits from the Early Jurassic period are found within the Statfjord Formation and are important reservoir rocks for petroleum. In the Late Jurassic period, most of the North Sea area was again below sea level, and a mud rich in organic material was deposited and transformed into Kimmeridge shale. This shale gradually became an important source rock for oil and gas and was the source for most deposits in the North Sea and further north along the Norwegian coast (e.g. Statfjord, Brent, Gullfaks and Troll).

Licence portfolio

Licence portfolio

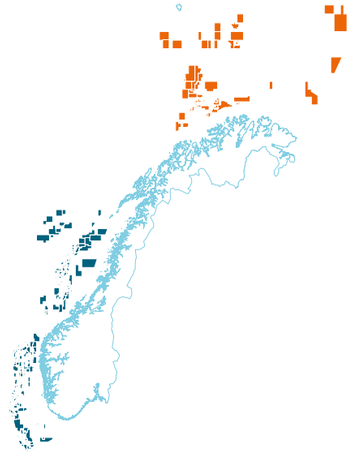
Barents Sea

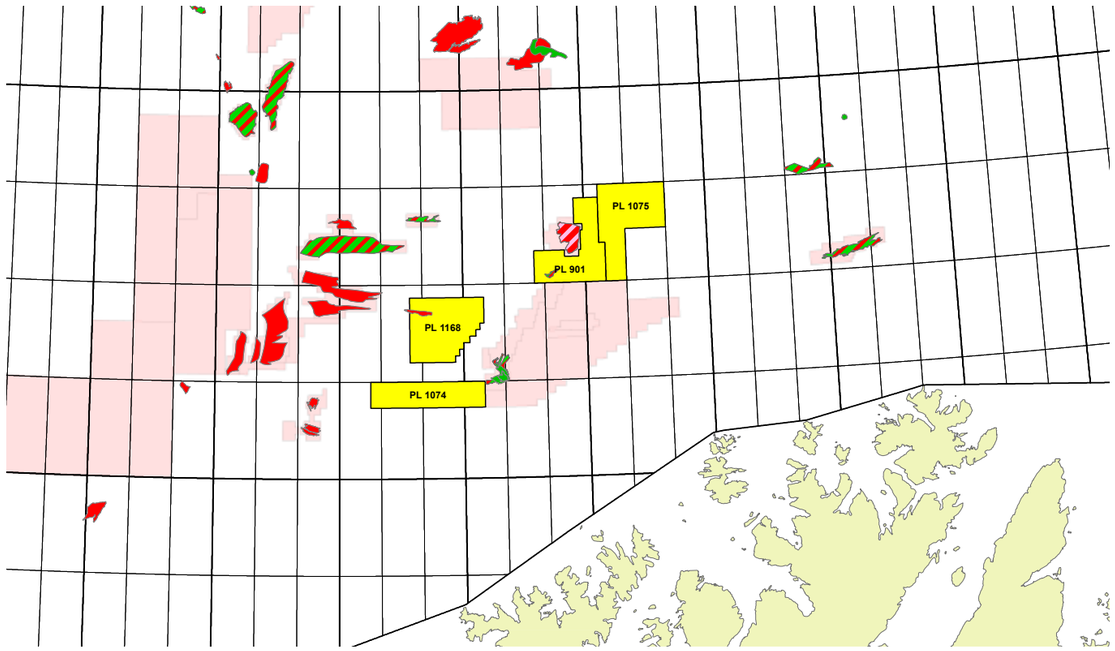
PL 901 Concedo interest: 20%
Operator: Vår Energy ASA
Granted: APA 2016

PL 1074 Concedo interest: 20%
Operator: Vår Energy ASA
Granted: APA 2019

PL 1075 Concedo interest: 40%
Operator: Vår Energy ASA
Granted: APA 2019

PL 1168 Concedo interest: 50%
Operator: Vår Energy ASA
Granted: APA 2021





Licence portfolio

North Sea

PL 784 Concedo interest: 20%
Operator: Aker BP ASA
Granted: APA 2014

PL 815 Concedo interest: 20%
Operator: Aker BP ASA
Granted: APA 2015

PL 882 Concedo interest: 15%
Operator: Neptune Energy Norge AS
Granted: APA 2016

PL 882B Concedo interest: 15%
Operator: Neptune Energy Norge AS
Granted: APA 2021

PL 989 Concedo interest: 30%
Operator: Wintershall Dea Norge AS
Granted: APA 2018

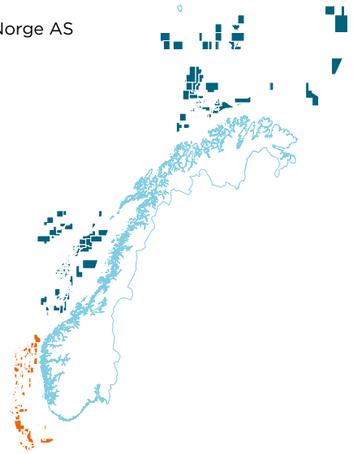
PL 992 Concedo interest: 30%
Operator: Neptune Energy Norge AS
Granted: APA 2018

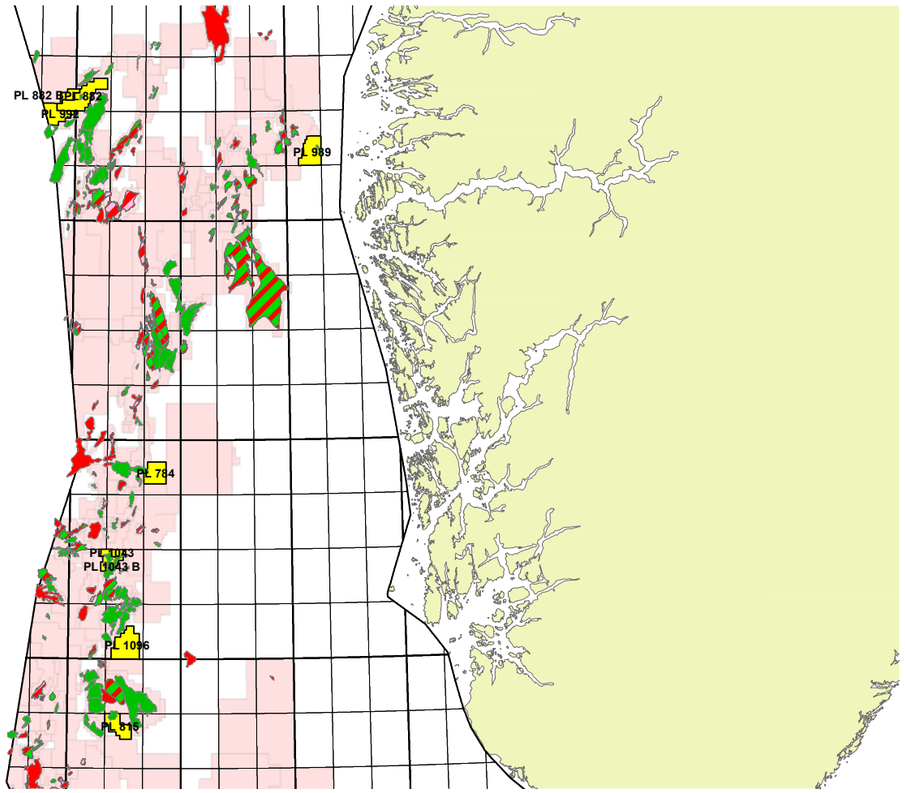
PL 1043 Concedo interest: 30%
Operator: Vår Energy ASA
Granted: APA 2019

PL 1043B Concedo interest: 30%
Operator: Vår Energy ASA
Granted: APA 2021

PL 1096 Concedo interest: 10%
Operator: Vår Energy ASA
Granted: APA 2020

PL 1176 Concedo interest: 40%
Operator: Aker BP ASA
Granted: APA 2022





Directors' report 2022

2022 was a year of limited exploration activity, but with significant corporate activity and some field development activity. No exploration wells were drilled during the year. A private placement with existing shareholders raised NOK 30 million in May. Financial advisors were engaged to evaluate strategic alternatives for the Company and assist in executing the preferred alternative. At the year-end, plans were made for a feasibility study on a potential tie-back to the Snorre field as part of the ongoing Dugong development planning.

Concedo began the year by concluding the PL 882 sales process. The Company started exploring a potential divestment of its interest in Dugong in late 2021 but did not receive any satisfactory offers.

On 30 March, a capital raise of NOK 30 million in equity was approved at an extraordinary general meeting. All shareholders were invited to participate, and the majority of the shareholders chose to do so. The private placement was successfully completed in May.

On 8 June, amendments to the Norwegian petroleum taxation system were approved by parliament. The amendments were in accordance with the consultation paper published by the Norwegian Ministry of Finance on 3 September 2021, with the important addition that it will also be possible to pledge the new special petroleum tax ("SPT") refund, as was the situation with the previous exploration tax refund. The amendments were effective from 1 January 2022.

The main tax changes are that the offshore corporation tax ("CT") is still 22% but CT losses are to be carried forward and set off against future profits from production revenues. The SPT rate rises from 56% to 71.8% and the CT, if negative, is fully deductible from the SPT, to keep the total tax rate at 78% for oil & gas companies in full tax-paying position. The tax value of SPT losses is refunded in cash the year after the losses are incurred, in the same way as the previous exploration tax refund. This means that, for exploration companies like Concedo, the previous exploration tax refund of 78% of the exploration costs is replaced by a SPT refund of 71.8% of the costs, while the remaining CT element of 6.2% is to be carried forward. The shareholders must therefore finance a larger part of the exploration costs than before until such time the Company is in a full tax-paying position. As part of the introduction of the revised tax system, a refund of the tax value of historical losses pre-2020 will be included in the 2022 taxation. As a result, Concedo will receive NOK 27 million from previous years in November/December 2023.

Plans to develop PL 882 Dugong continued during the year. A subsea tie-back to the Snorre field is the preferred development alternative for Dugong, and a development studies plan was therefore agreed with Equinor's Snorre Unit team. The new plan aims for the start-up of a feasibility study in January 2023, PDO submission in 2025 and production start-up in late 2027, two years later than initially scheduled.

As communicated to shareholders during the capital raise, Concedo committed to evaluate strategic alternatives for its assets and the Company as a whole. The process is continuing, and shareholders will be updated in due course.

During 2022, the Company continued its active participation in 14 licences including those awarded in APA (Awards in Predefined Areas) 2021. Further, in preparation for applications for the APA 2022 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, one licence was relinquished. Concedo applied for, and was awarded, one licence in APA 2022. Concedo will not participate in any wells in 2023.

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.

Financing

A two-year NOK 350 million exploration financing facility agreement with Sparebank 1 SR-Bank was established in 2019. At the end of 2020, the agreement was extended for another two years, until the year-end 2022. In September 2022, the existing agreement was amended and restated due to the new tax system

introduced in June 2022 and effective from 1 January 2022. In March 2023, the amended and restated agreement was renewed for another two years, until the year-end 2024.

Business office
Concedo has a five-year lease on its existing offices in Asker that expires at the end of 2026. The lease was renewed for five years in 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 the same year, 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 an ASA (public limited company) to an AS (private limited company) in 2020. Following many years with no changes to the board composition, three directors were replaced in 2020. In 2022, the chairman since 2006 stepped down. His position was taken over by one of the directors, whose directorship was taken over by the Company's main shareholder.

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 Offshore Norway's (previously the Norwegian Oil and Gas Association) 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 2022.

As a licensee on the NCS, Concedo bears responsibility for and makes conscious choices designed to minimize risks to itself and its partners. The Company 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. During the COVID-19 pandemic, Concedo, like most employers, introduced a flexible working environment, with staff alternating between working from home and in the office as instructed by the authorities. This flexible way of working was appreciated by the employees and survived the pandemic. The sick leave in 2022 was 53 days or 1.6% of the total working hours.

Gender equality
At the end of 2022, Concedo had 14 employees – three women and 11 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). In December 2022, the Company decided to incorporate the Norwegian Transparency Act into its management system. The Act came into force on 1 July 2022 and applies to larger enterprises but will also apply to Concedo in years when licence sale revenues exceed NOK 70 million. In addition, the Act will apply to all NCS operators. To satisfy the Act's requirements, the Company will publish a status statement in its annual report and on its website each year.

The Board of Directors held 14 meetings in 2022. Key strategic and operational issues that were discussed include:

- Execution of the PL 882 sales process
- The capital situation going forward following the aborted sale of PL 882
- The private placement of NOK 30 million directed towards existing shareholders
- Engagement of a financial advisor to evaluate strategic alternatives
- The APA 2022 application
- Amendment and restatement of the current exploration financing facility agreement
- Development planning of PL 882 Dugong
- Incorporation of the Norwegian Transparency Act into the Company's management system

The Company has established directors' liability insurance which, within the framework of the insurance wording, covers the personal liability Board members may incur as a director or the chief executive officer according to 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
Financial statements are prepared in accordance with the Norwegian 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 2022 or the result for 2022 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 2022 and of the result and cash flows for the fiscal year.

Revenues and profits
Concedo made an operating loss of NOK 58.3 million in 2022. The year's loss after tax was NOK 18.6 million. The result includes no sale of licences. The exploration costs consist of the Company's operating expenses and the cost 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 successful wells are capitalized, while costs related to dry wells and sub-commercial discoveries are expensed. In 2023, Concedo will consider expensing the PL 815 Goddo exploration well drilled in 2019. In December 2022, Aker BP submitted a field development plan for the Rolvsnes discovery (renamed Troldhaugen) in the neighbouring license. The development plan was cancelled 21 March 2023. As the Goddo discovery in PL 815 is quite similar to Rolvnes and based on a conservative approach with regards to commerciality, expensing the Goddo well cost of NOK 79 million will therefore be considered.

Balance sheet and liquidity
At the year-end 2022, the Company's book equity amounted to NOK 117.5 million, equal to an equity ratio of 37.5%. As at 31 December 2022, the Company had interest-bearing debt of NOK 40.2 million, all related to the exploration financing facility. At the same date, the Company had cash and equivalents of NOK 39.5 million and a tax refund claim equal to NOK 66.7 million, of which the tax value of the 2022 exploration cost refund constitutes NOK 39.8 million.

Cash flow
The cash flow from operating activities in 2022 was NOK 112.8 million. This includes a tax refund of NOK 201.3 million. Without the tax refund, the cash flow from operating activities in 2022 would have been NOK -88.5 million, more in line with the exploration expenses of NOK -58.3 million. The cash flow from investment activities was NOK 2.5 million due to reimbursement of some 2021 well costs, while the cash flow from financing activities was NOK -118.3 million. The total cash flow in 2022 was NOK -2.9 million.

Distribution of profit
No dividend was paid in 2022.

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 to the annual financial statements.

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 affected by 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
The activity on the NCS has within the last 50 years created huge value, helped by a stable and predictable political framework, with supportive governments and broad parliamentary support for the oil & gas industry.

In recent years, we have experienced growing scepticism to the oil & gas industry among politicians and climate activists, especially related to new acreage and the

exploration tax regime. There was therefore an increasing risk that the regulatory scheme for the oil & gas industry might be changed. Just before the election in September 2021, the right-of-centre government headed by the Conservative Party announced it would propose certain amendments to the Norwegian petroleum taxation system. The new government, a coalition consisting of the Labour Party and Centre Party, supported the proposed tax changes and the amendments to the Norwegian petroleum taxation system were approved by parliament on 8 June 2022. This illustrates that there is political risk associated with conducting exploration activities on the NCS. It also illustrates that the main petroleum policy lines in Norway are supported by all the major parties.

Russia's war against Ukraine has led to a more positive view of the Norwegian oil & gas industry. The rapid reduction in the volume of Russian gas sold to Europe has contributed to an energy shortage in Europe and occasionally very high gas prices. The strong compatibility between energy sources and Norway's participation in the European power grid have ensured that high European power prices have also spread to Norway. Suddenly, people in Norway have understood the importance of the Norwegian oil & gas industry to their everyday life, and some of the scepticism towards the industry has decreased.

The political focus on the Norwegian oil & gas industry is now to «develop, not wind down». Hopefully, this focus will last for the next few decades.

Liquidity risks

The Company has cash reserves and outstanding tax refunds, and the amended and renewed exploration financing facility provides financial flexibility until 2025. The Directors are monitoring the Company's liquidity and have a close dialogue with shareholders.

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.

In early January 2022, the Brent oil price was approx. USD 80 per bbl. At the same time, after a gas price rally in the autumn of 2021 due to power shortage in Europe, the European gas price was approx. USD 145 per boe. After Russia's attack on Ukraine on 24 February 2022, European oil and gas prices increased significantly, with oil price peaks in March and June of approx. USD 125 per bbl, and a gas price peak of approx. USD 420 per boe in early March.

From June, the Brent oil price gradually trended downwards to approx. USD 80 per bbl at the year-end. The European gas price dropped to approx. USD 230 per boe in late March and decreased further to approx. USD 145 per boe in early June. From medio June, the gas price increased to a new peak of approx. USD 575 per boe in late August. After the peak, the gas price gradually declined to approx. USD 115 per boe at the year-end, mainly due to a surprisingly mild winter in Continental Europe.

During the first quarter of 2023, the Brent oil price has been quite stable with oil prices in the range of USD 75-90 per bbl, while the European gas price has fallen gradually from approx. USD 115 to USD 80 per boe.

Russia's war against Ukraine has been an eye-opener with regards to European dependency on Russian gas. The European countries are now focusing on reducing their dependency on Russian oil and gas by introducing maximum prices on Russian oil and building floating LNG import terminals in Germany. These efforts will benefit other European gas suppliers like Norway.

Going forward, due to the energy shortage and war in Europe and great compatibility between energy sources for power production, the risk of long-term very low oil and gas prices is less than it has been for many years.

Going concern

The financial statements have been prepared based on the going concern assumption. In compliance with section 3-3a of the Norwegian Accounting Act, we confirm that the requirements for a going concern have been satisfied. The Company's equity position was strengthened in 2022 by an oversubscribed share capital increase of NOK 30 million directed solely towards existing shareholders. Exploration costs in 2023 will be very low without any exploration wells and assets may be sold in the early fall effective from 1 January 2023. It is therefore the Board's opinion that the Company will have sufficient funds to support its operations throughout the year. The Board will consider the capital situation at the end of the year in connection with the drilling programme for 2024.

Future exploration prospects

Important factors for maintaining the exploration activity on the NCS are good availability of acreage, access to infrastructure and data coverage. 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.

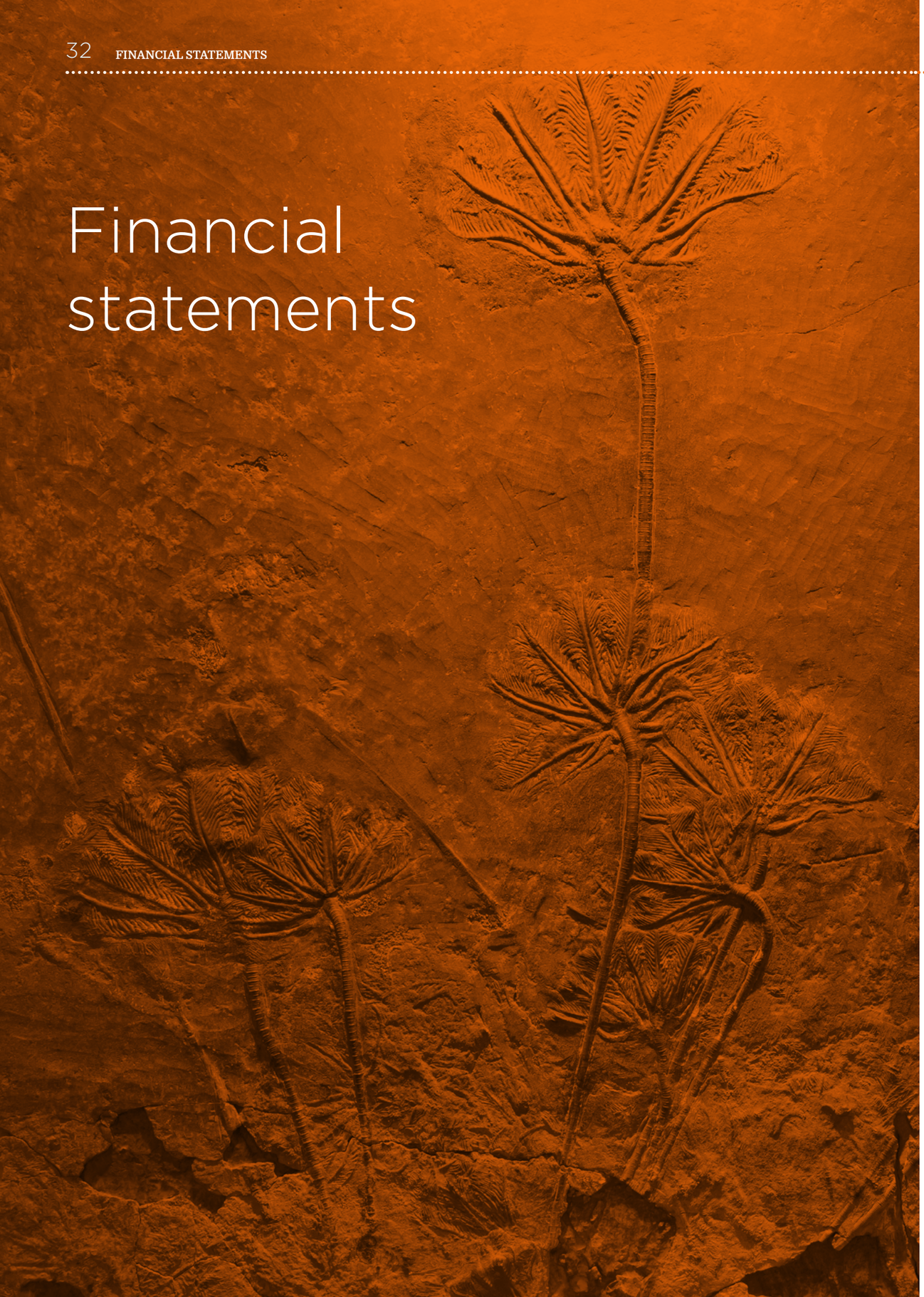
The Dugong discovery has given Concedo recoverable resources. We believe this asset, when sufficiently matured, can be sold at an attractive price, increasing Concedo's financial strength.

Concedo's exploration portfolio normally contains 10-20 licences due to annual licensing round awards and drop decisions. New opportunities appear all the time. The Company will continue to pursue the conversion of its licence portfolio prospects into drilling decisions.

The future commercial development of Dugong looks promising. We will continue our 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, 29 March 2023

Erik Sverre Jenssen Chairman	Jonas Rydell Director	Sandra Crane Director
Leif Christian Kvaal Director	Nirav Dagli Director	Geir Lunde CEO



Financial statements

Concedo AS

Profit and Loss Account 2022

Figures are given in the Norwegian currency NOK	Note	2022	2021
Sales revenue		0	0
Other operating revenues	2	0	63 652 526
Total operating revenues		**0**	**63 652 526**
Depreciation on fixed and intangible assets	3	-259 952	-296 373
Exploration expenses	4,5,6	-58 084 380	-197 417 562
Total operating expenses		**-58 344 331**	**-197 713 935**
Operating profit/loss		**-58 344 331**	**-134 061 409**
Other interest received		1 264 475	177 868
Other financial income		853 317	6 986 016
Total financial income		**2 117 793**	**7 163 884**
Other interest paid		-8 482 643	-8 292 034
Other financial expenses		-1 060 911	-6 810 005
Total financial expenses		**-9 543 554**	**-15 102 039**
Net financial items		**-7 425 761**	**-7 938 156**
Pre-tax profit/loss on ordinary activities		**-65 770 093**	**-141 999 565**
Tax cost on profit on ordinary activities	7	47 187 472	156 041 309
Ordinary profit/loss		**-18 582 621**	**14 041 744**
Income/loss for the year		**-18 582 621**	**14 041 744**
Allocations			
Other reserves		-18 582 621	14 041 744
Total	11	**-18 582 621**	**14 041 744**

Concedo AS

Balance Sheet as of 31 December 2022

Figures are given in the Norwegian currency NOK

ASSETS	Note	2022	2021
Fixed assets			
Intangible assets			
Deferred tax assets	7	0	0
Capitalised exploration expenses and licences	3,16,17,18	192 866 457	195 411 192
Total intangible assets		**192 866 457**	**195 411 192**
Tangible fixed assets			
Furniture, fixtures & machinery	3	157 044	416 996
Total tangible fixed assets		**157 044**	**416 996**
Total fixed assets		**193 023 501**	**195 828 188**
Current assets			
Receivables			
Trade debtors		0	0
Other receivables	8	80 797 885	227 064 613
Total receivables		**80 797 885**	**227 064 613**
Bank deposits, cash-in-hand etc.	9	39 520 933	42 415 465
Total bank deposits, cash-in-hand etc.		**39 520 933**	**42 415 465**
Total current assets		**120 318 818**	**269 480 078**
Total assets		**313 342 319**	**465 308 266**

Concedo AS

Balance Sheet as of 31 December 2022

Figures are given in the Norwegian currency NOK

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2022	2021
EQUITY			
Paid-in capital			
Share capital	10,11	3 076 662	2 448 455
Treasury shares	11	-158 379	-158 379
Share premium	11	35 754 139	5 915 107
Other paid-in capital	11	3 372 785	3 821 300
Total paid-in capital		**42 045 207**	**12 026 483**
Retained earnings			
Other reserves	11	75 429 015	94 011 636
Total retained earnings		**75 429 015**	**94 011 636**
Total equity		**117 474 222**	**106 038 118**
Long-term liabilities			
Provisions for liabilities and charges			
Deferred tax	7	144 968 631	125 407 131
Total provisions for liabilities and charges		**144 968 631**	**125 407 131**
Total long-term liabilities		**144 968 631**	**125 407 131**
Current liabilities			
Owed to credit institutions	12,13	40 249 987	188 519 987
Trade creditors		890 591	740 051
Unpaid government charges etc.		2 084 729	2 255 654
Other current liabilities	14	7 674 158	42 347 324
Total current liabilities		**50 899 466**	**233 863 016**
Total liabilities		**195 868 097**	**359 270 147**
Total Equity and Liabilities		**313 342 319**	**465 308 266**

Asker, 29 March 2023

Erik Sverre Jenssen	Leif Christian Kvaal	Sandra Crane	Jonas Rydell	Nirav Dagli	Geir Lunde
Chairman of the Board	Director	Director	Director	Director	CEO

Concedo AS

Cash Flow Statement 2022

Figures are given in the Norwegian currency NOK

OPERATING ACTIVITIES	Note	2022	2021
Pre-tax result		-65 770 093	-141 999 565
Adjustments for reconciling current year's result with cash flow from operating activities:			
Gain from sale of licence interests		-	-63 652 526
Depreciation, amortisation and write-downs	3	259 952	296 373
Capitalised exploration costs expensed		-	10 353 506
Other items having no cash effect – subscription rights		-	-
Tax reimbursement received in period	7	201 304 916	119 421 120
Change in working capital (except for cash and cash equivalents):			
(Increase) reduction in trade debtors and other receivables		11 710 784	-1 183 649
Increase (reduction) in trade creditors and other current debts		-34 693 550	15 300 718
Cash flow from operating activities		**112 812 009**	**-61 464 023**
INVESTMENT ACTIVITIES			
Investments in fixed assets	3	-	-336 536
Capitalised exploration expenses	3	-	-68 706 667
Net reduction of capitalised exploration licenses due to reduced licence costs	3	2 544 735	-
Sale of assets		-	67 096 648
Cash flow spent on investment activities		**2 544 735**	**-1 946 555**
FINANCING ACTIVITIES			
Share issue	11	30 018 724	810 552
New interest-bearing short-term debt	12	40 230 000	180 800 000
Repayments short-term debt	12	-188 500 000	-125 105 567
Cash flow spent on financing activities		**-118 251 276**	**56 504 985**
Net increase (reduction) in cash and cash equivalents		-2 894 532	-6 905 593
Cash and cash equivalents at beginning of year		42 415 465	49 321 058
Cash and cash equivalents at end of year		**39 520 933**	**42 415 465**

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. The figures in the notes are given in the Norwegian currency NOK, unless otherwise stated.

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

Other operating revenue

Other operating revenue	2022	2021
Gain sale licenses	-	63 652 526
Other operating revenue	**-**	**63 652 526**

Gain sale licenses in 2021 is related to 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 3

Tangible/ intangible assets

	Furniture & Fixtures	Plant & Machinery	License interests, exploration wells	Total
Cost at 1 January	4 743 421	77 725	195 411 192	200 232 338
Additions in licenses (net reduction due to reduced costs in one license.	-	-	-2 544 735	-2 544 735
Expensed dry wells, previously capitalised			-	-
Disposals			-	-
Cost 31 December	**4 743 421**	**77 725**	**192 866 457**	**197 687 603**
Acc. depreciation at 1 January	4 326 425	77 725		4 404 150
Current year's depreciation	259 952	-		259 952
Acc. Depreciation 31 December	**4 586 377**	**77 725**		**4 664 102**
Book value as of 31 December	**157 044**	**-**	**192 866 457**	**193 023 501**

In 2023, Concedo will consider expensing the PL 815 Goddo exploration well drilled in 2019, c.f. Note 23 Subsequent events.

Note 4

Payroll costs, number of employees, benefits etc.

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

Payroll costs	2022	2021
Salaries	21 222 265	22 474 602
Employers payroll tax	3 336 493	3 713 901
Pension costs	1 939 591	1 961 137
Other benefits	144 420	100 613
Total	**26 642 768**	**28 250 253**
Number of man-years employed during the financial year	14	15

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 14 employees.

Remuneration paid to directors and management	Salary	Pension costs	Other remuneration
Geir Lunde (CEO)	1 790 714	96 469	38 921
Olav Fjell (Chairman) - from 01.01.22 to 23.05.22			200 000
Erik Sverre Jenssen (Chairman) - from 23.05.22 to 31.12.22			125 000
Leif Christian Kvaal (Director)			50 000
Nirav Dagli (Director)			100 000
Jonas Rydell (Director)			100 000
Sandra Crane (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. Consultancy services of NOK 125 000 excl. VAT were purchased from Fjellvit AS, a company owned by the former Chairman of the Board.

Guidelines and adherence to the guidelines in 2022
In 2022, the company's remuneration policy has been in accordance with the guidelines described in the Annual Report for 2021.

Guidelines for 2023
The Board has established guidelines for 2023 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 2023.

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 2022.

Number of subscription rights	2022	2021
Outstanding as of 1 January	97 177	227 021
Awarded during year	0	0
Forfeited during year		
Cancelled during the year		
Exercised during year	-1 603	-64 060
Expired during year	-95 574	-65 784
Outstanding as of 31 December	**0**	**97 177**

1 603 subscription rights were excersised in 2022, but will be registered in 2023.

Auditor

Remuneration for Deloitte AS is as follows (excl. VAT):	2022	2021
Statutory audit	219 240	317 850
Audit-related services	114 063	24 500
Certification services	84 000	0

Note 5

Exploration costs

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

	2022	2021
Payroll costs, ref note 4	26 642 768	28 250 253
Seismic, drilling and general licence expenses	17 094 050	152 624 841
Other operating costs linked with exploration	14 347 561	16 542 469
Total	**58 084 380**	**197 417 562**

Exploration expenses and other eligible expenses for tax refunds amount to NOK 55 453 761 in 2022 (2021: NOK 255 773 087).

Note 6

Leasing agreements

Annual rental for non-capitalised assets amounts to NOK 1 341 277 (2021: 1 420 390), which relates to rent for the office premises in Asker.

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

Note 7

Income tax

Income tax for the current year is calculated as follows:	2022	2021
Change in deferred tax	19 561 500	45 263 605
Tax value of petroluem costs and tax losses (See Note 12)	-66 748 972	-201 304 914
Tax on ordinary income	**-47 187 472**	**-156 041 309**

Reconciling nominal and actual tax rates:	2022	2021
Pre-tax profit/loss	-65 770 093	-141 999 565
Anticipated income tax at nominal rate (22%/22%)	-14 469 420	-31 239 904
Anticipated income tax at special surtax rate (56.004%/56%)	-36 833 883	-79 519 756
Tax effect of following items:		
Non-deductible expenses	50 576	2 776 539
Non taxable income, 78.004%	0	-52 335 385
Tax effect of interest on loss for carrying forward (22%/56%)	-187 149	-159 457
Change in tax rate	7 802	0
Effect of surtax (56.004%/56%)	4 244 602	4 436 655
Income tax	**-47 187 472**	**-156 041 309**
Effective tax rate	71,7 %	109,9 %

Specification of tax effect of temporary differences and loss for carrying forward:

	2022		2021	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Exploration expenses and license costs	0	150 190 445	0	152 218 561
Provisions for liabilities	75 864	0	75 860	0
Loss to be carried forward	5 145 950	0	26 735 570	0
Total	5 221 814	150 190 445	26 811 430	152 218 561
Of which netted	-5 221 814	-5 221 814	-26 811 430	-26 811 430
Net deferred tax asset/ liability	**0**	**144 968 631**	**0**	**125 407 131**

Profit from oil and gas operations on the Norwegian shelf is taxed in accordance with the Norwegian Petroleum Tax Act. A special 56.004% (2021: 56%) surtax is levied in addition to the ordinary 22% (2021 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 activities, 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.

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

Note 8

Other receivables

For the 2022 tax assessment the company claims reimbursement of the tax value of petroleum costs and tax loss totalling NOK 66 748 972 (2021: NOK 201 304 914). The amount for 2022 includes tax refund for previous years of NOK 26 922 719.

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

Note 9

Bank deposits

Bank deposits, cash in hand etc. includes non-distributable withheld tax in the sum of NOK 1 197 934 (2021: NOK 1 287 974) and a rental deposit of NOK 1 014 270 (2021: NOK 1 013 295.)

Note 10

Share capital and shareholders

As of 31.12.22, 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	14 837 075	0.2073631	3 076 662
Total	**14 837 075**		**3 076 662**

Ownership structure
The ten largest shareholders as of 31.12.22

Name	Quantity of shares	Percentage interest	Home country
H. M. STRUCTURES LIMITED	4 120 724	29,3 %	CYP
EUROCLEAR BANK S.A./N.V.	2 580 000	18,3 %	BEL
MEGABAS AS	2 476 449	17,6 %	NOR
BANK JULIUS BÄR & CO. AG	866 362	6,2 %	CHE
HEATHLANDS HOLDINGS LIMITED	649 209	4,6 %	CYP
THE BANK OF NEW YORK MELLON	536 332	3,8 %	USA
KNUTSEN, JOHN ERIC TANDBERG	250 000	1,7 %	GBR
THE BANK OF NEW YORK MELLON	240 961	1,7 %	USA
KOCHHAR KHANNA, PIYA	223 587	1,6 %	GBR
FJELLVIT AS	194 529	1,4 %	NOR
OTHER SHAREHOLDERS	1 936 748	13,7 %	MISCELLANEOUS
Total	**14 074 901**	**100 %**	

Concedo holds, in addition to the table above, 763 777 (treasury shares) own shares in the company. The table above includes 1 603 shares, related to subscription rights exercised in 2022, but not registered until 2023.

Shares owned by Directors and CEO

Name	Position	Number of shares
Olav Fjell through 100% in Fjellvit AS	Board Chairman until 23.05.22	194 529
Olav Fjell	Board Chairman until 23.05.22	7 088
Geir Lunde through 23,7% in Megabas AS	CEO	587 558
Geir Lunde	CEO	51 148
Nirav Dagli	Director	19 130
Sandra Crane	Director	8 895

Note 11

Equity

	Share capital	Treasury shares	Share premium	Other paid in capital	Other	Total
Equity at 1 January	**2 448 455**	**-158 379**	**5 915 107**	**3 821 300**	**94 011 636**	**106 038 118**
Subscription rights				-		-
Share issue	628 207		29 839 032	-467 239		30 000 000
Non-registered capital increase				18 724		18 724
Current year's proft/(loss)					-18 582 621	-18 582 621
Equity at 31 December	**3 076 662**	**-158 379**	**35 754 139**	**3 372 785**	**75 429 015**	**117 474 222**

Note 12

Debt to financial institutions

The company has a credit line for 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 annual tax value of Deficit Amount. Repayments coincide with the reimbursement of exploration expenses from the tax authorities. Concedo signed at the end of 2020 a new Exploration Financing Facility agreement for two years utilisation and one year extension for repayment.
A restated and amended agreement to adapt the agreement to the changes in the petroleum taxation system, effective from January 2022, was signed in September.

As of 31 December 2022 loan amount totalled NOK 40 249 987, while the annual tax reimbursement is estimated to NOK 39 826 253 (excluding tax refund for previous years), see note 8. 95% of the estimated annual tax reimbursement amounts to NOK 37 834 940. This means that the company is not in compliance with the loan agreement. To correct this, the company paid back NOK 4 688 100 on 31.01.2023 as agreed with the bank, reducing the 2022 loan amount to NOK 35 561 887, and as of this date the Company is in compliance with the loan agreement.

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

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

Other current liabilities

	2022	2021
Working capital liabilities in joint ventures	4 606 305	39 128 033
Wages, holiday pay and bonus	2 306 675	2 515 644
Accrued expenses	663 921	606 389
Other current liabilities	97 257	97 257
Total	**7 674 158**	**42 347 324**

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 2022 the company sponsored the following:

Asker Fotball	10 000	Frelsesarmeen	10 000
Asker Skøyteklubb	12 000	Støtteforeningen for Kreftrammede	10 000
Asker Svømmeklubb	5 000	Bleiker VGS	4 000
Bergstuderendes Forening	10 000	Norges Blindeforbund	1 884

Note 16

Licences

North Sea
PL 784 (20%): In blocks 25/3, 6. Aker BP is Operator. DoD 6 February 2024. Aker BP is acquiring seabottom seismic in the neighbouring license that may be of relevance for the PL 784 prospectivity.

PL 815 (20%): In block 16/5. Aker BP is Operator. Goddo oil discovery. Inclusion of the Rolvsnes long-term production test data will be the main license work in 2023. The horisontal Rolvsnes well continues to produce after the one year test period. A PDO on Rolvsnes was submitted before year-end 2022 and production start in 2026 was planned. PL 815 has applied for a two years license extension. On 21 March 2023 Aker BP announced that the PDO on Troldhaugen/Rolvsnes would be stopped. This also makes future development of the Goddo discovery uncertain.

PL 882/B (15%): In blocks 33/6 and 34/4. Neptune Energy is Operator. Dugong oil discovery. A feasibility study for tie-in to Snorre started in January 2023. A draft report will be completed in June 2023. DG1 is planned for in September (formal deadline 31 December 2023). Estimated Dugong production start is 4Q 2027.

PL 989 (30%): In block 36/7. Wintershall Dea is Operator. DoD 1 March 2023. Evaluation of existing, shallow, viscous oil discovery. The Operator recommended a positive drilling decision on 20 January 2023. The partners do not support a positive drilling decision. The partnership has applied for half a year extension so that the Operator may get new partners supporting the positive drilling decision.

PL 992 (30%): In blocks 33/6, 9. Neptune Energy is Operator. DoD 1 March 2023. The partnership has applied for half a year extension to complete all the geophysical work.

PL 1043/B (30%): In blocks 25/7 and 25/8. Vår Energi is Operator. DoD 14 February 2023. The partnership has decided to relinquish the licenses.

PL 1096 (10%): In block 25/11. Vår Energi is Operator. DoD 19 February 2023. The partnership has applied for one year extension of DoD. Reprocessing of seismic data is ongoing.

Barents Sea
PL 901 (20%): In blocks 7122/5, 7122/6 and 7123/4. Vår Energi is Operator. Rødhette oil and gas discovery. The estimated recoverable volume is 9-12 boe (ref. Operator). The partnership has applied for a one year license extension to evaluate the consequences of the Countach oil discovery in PL 229 south of Rødhette.

PL 1074 (20%): In blocks 7121/10, 11, 12 and 7122/10. Vår Energi is Operator. DoD 14 February 2023. The partnership has decided to relinquish the license.

PL 1075 (40%): In blocks 7123/4, 5. Vår Energi is Operator. DoD 14 February 2023. The partnership has applied for a one year license extension to consider the results of the Countach oil discovery in PL 229.

Note 17

Relinquished Licences

North Sea
PL 1047 (20%): In blocks 30/4, 5, 7 and 30/8. Aker BP is Operator. Awarded in APA 2019. Acquire and reprocess modern 3D seismic. CSEM data has been acquired and analysed. The license was relinquished in February 2022.

Note 18

Transferred interests in 2022

None

Note 19

New awarded licences in 2022 (APA 2021)

Barents Sea
PL 1168 (50%): In blocks 7121/8, 9 and 7122/7. Vår Energi is Operator. DoD 11 March 2023. The partnership has applied for one year extension.

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.

	2022	2021
Tax refund received	201 304 916	119 421 120
Interest on Tax refund, received	923 796	-
Payments of other fees	-1 039 060	-1 200 742
Total payments/refund to/from the Norwegian Government	**201 189 652**	**118 220 378**

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 Norwegian Accounting Act, we confirm that the requirements for a going concern have been satisfied. The Company's equity position was strengthened in 2022 by an oversubscribed share capital increase of NOK 30 million directed solely towards existing shareholders. Exploration costs in 2023 will be very low without any exploration wells and assets may be sold in early fall effective from 1 January 2023. It is therefore the Board's opinion that the Company will have sufficient funds to support its operations throughout the year. The Board will consider the capital situation at the end of the year in connection with the drilling programme for 2024.

Note 22

Transparency Act

The Board acknowledge the Norwegian Transparency Act that came into force 01.07.2022. The Act shall promote enterprises' respect for fundamental human rights and decent working conditions and ensure the public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions. Once in scope, Concedo AS shall carry out necessary work in a manner proportionate to its type, size, sector, and operational context, in accordance with the purposes of this act and implement the intention of the act into its Management System. In order to satisfy the act, the Company will each year publish a status statement in the Annual Report and on the website.

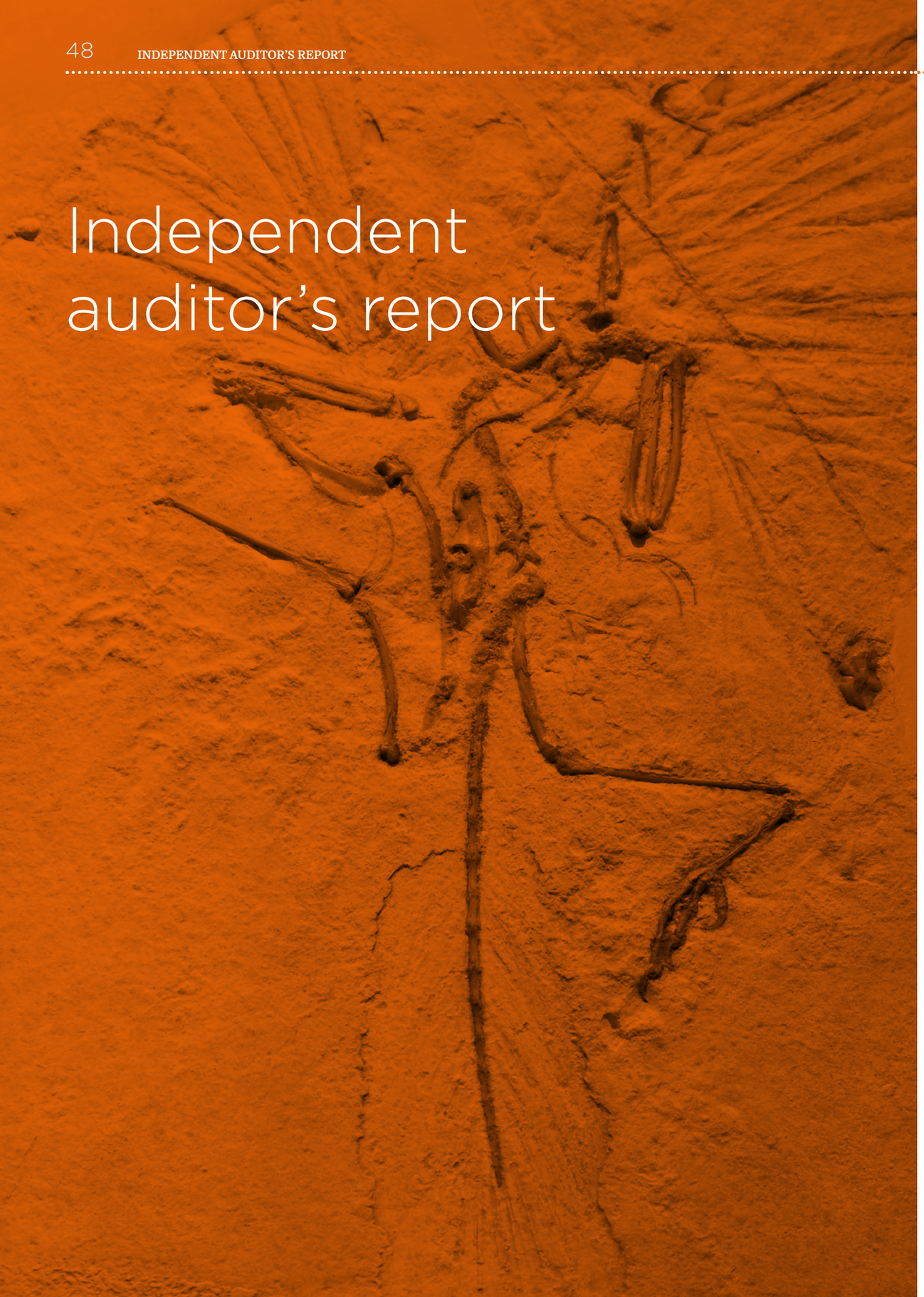
Note 23

Subsequent events

Concedo will consider writing down the PL 815 Goddo exploration well in 2023
Aker BP, on behalf of the PL 338 partnership, submitted a field development plan for Troldhaugen (Rolvsnes) in December 2022. 21 March 2023 the company announced that it has notified the Norwegian Ministry of Petroleum and Energy that it does not accede to the development plan and has discontinued the Troldhaugen project. The execution of the Troldhaugen project was subject to the performance of an extended well test (EWT) which has been producing since August 2021. The experience from the EWT has resulted in a reduction in the expected recoverable volume, and the project is no longer considered to have sufficient financial robustness.

PL 338 is the neighbouring license to PL 815, containing the Goddo discovery. Troldhaugen has a reservoir which is quite similar to Goddo. Aker BP has not yet had time to draw conclusions regarding the implications for PL 815 Goddo. The company has, on behalf of the PL 815 partnership, applied for a two-year extension of the license period to assess the significance of all activity in PL 338 over the past couple of years.

However, the Goddo exploration well from 2019 is capitalised in Concedo's balance sheet as of 31.12.22 with NOK 79 467 986. Concedo now assumes that, based on the latest development on Troldhaugen, Goddo's near-term value is low, and will consider writing down the value of the Goddo exploration well in the accounts for 2023. If so, the tax effect of expensing the Goddo discovery well will be NOK 61 988 208 (78%). The net cost post tax will then be NOK 17 479 776, with a corresponding reduction of the Company's equity.



Independent auditor's report

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tel: +47 23 27 90 00
www.deloitte.no

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 2022, 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 2022, 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 relevant laws and regulations in Norway 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 information in the Board of Directors' report and 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 Board of Directors' report nor the other information accompanying the financial statements.

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

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the report on payments to governments.

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Deloitte.

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.

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, 29 March 2023
Deloitte AS

Lars Atle Lauvsnes
State Authorised Public Accountant

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Lars Atle Lauvsnes
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Board of Directors

Erik Sverre Jenssen

Consultant and board member of several companies. Former COO of Lundin Norway AS

Leif Christian Kvaal

Investor. Previous designated member of Habrok Capital Management LLP, London

Sandra Crane

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

Nirav Dagli

Managing partner of Spinnaker LLC and founder and CEO of Spinnaker Analytics.

Jonas Rydell

Investor and investment consultant. Advisor to Elliott, 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.



Ole Herman Fjelltun
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

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).



Dirk van der Wel
Principal Production Geologist

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



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. Retired in 2022



Ane Marta Skaug Rasmussen
Senior Geologist

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.



Elisabet Malmquist
Geological Advisor

Has more than 30 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

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.



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.



Anders G. Finstad
Senior Geophysicist

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



Tommi Rautakorpi
Senior Geologist

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.



Sebastian Scheel Rey
Senior Geologist

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.



Morten Hedemark
HSEQ and Operational Manager

Has a background in well operations and petroleum technology. Mr Hedemark graduated from Heriot-Watt University in 1987.



Jens Fredrik Kolnes
Exploration Geophysicist

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.



Arild Andresen
Commercial Manager

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.



